

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

FLEXTRONICS INTERNATIONAL KFT.

BALANCE SHEET VERSION "A" Balance as at 31 March 2023

(All balances are given in EUR)

ASSETS

	31 March 2022	31 March 2023
A. FIXED ASSETS	428,718,777	448,425,402
I. Intangible assets	228,019	161,209
1. Capitalised value of foundation/reorganisation	0	0
2. Capitalised value of research & development	0	0
3. Valuable rights	185,553	130,290
4. Intellectual property	42,466	30,919
5. Goodwill	0	0
6. Advances on intangible assets	0	0
7. Value adjustment of intangible assets	0	0
II. Tangible assets	115,827,366	141,791,039
1. Land and buildings and related valuable rights	28,867,041	34,507,439
2. Technical equipment, machines, vehicles	62,144,804	75,256,798
3. Other equipment, facilities, vehicles	4,525,243	5,471,869
4. Livestock	0	0
5. Construction projects, renovations	20,290,278	26,554,933
6. Advances on construction projects	0	0
7. Value adjustment of tangible assets	0	0
III. Investments	312,663,392	306,473,154
1. Long-term shares in affiliated parties	40,902,704	41,900,232
2. Long-term loans given to affiliated parties	271,760,688	264,572,922
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 debt securities	0	0
9. Value adjustment of investments	0	0
B. CURRENT ASSETS	838,423,409	916,184,530
I. Inventories	236,898,881	241,942,888
1. Materials	205,270,254	212,127,236
2. Work in progress and semi-finished goods	11,491,936	12,135,368
3. Young, store and other livestock	0	0
4. Finished goods	12,691,989	11,937,703
5. Goods	2,179,090	1,627,135
6. Advances on inventories	5,265,612	4,115,446
II. Receivables	596,133,511	672,604,656
1. Trade receivables (debtors)	120,303,148	165,323,497
2. Receivables from affiliated parties	469,389,684	504,584,277
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	6,440,679	2,696,882
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 accounts	5,391,017	1,636,986
1. Cash on hand, cheques	4,437	2,205
2. Bank deposits	5,386,580	1,634,781
C. PREPAYMENTS	59,565,740	79,622,579
1. Accrued income	42,146,143	50,731,471
2. Prepaid expenses	17,419,597	28,891,108
3. Deferred expenses	0	0
TOTAL ASSETS	1,326,707,926	1,444,232,511

Tab, 26 July 2023

Nagy László Managing director	Péter Ágota Erika Managing director
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(All balances are given in EUR)

LIABILITIES

	31 March 2022	31 March 2023
D. EQUITY	293,522,711	318,019,325
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	61,635,219	61,635,219
IV. Profit reserve	79,982,779	117,516,817
V. Tied-up reserve	108,779,860	108,779,860
VI. Valuation reserve	0	0
VII. After-tax profit	37,534,038	24,496,614
E. PROVISIONS	5,929,871	6,282,621
1. Provisions for expected liabilities	5,929,871	6,282,621
2. Provisions for future expenses	0	0
3. Other provisions	0	0
F. LIABILITIES	950,208,897	1,054,089,894
I. Subordinated liabilities	0	0
1. Subordinated liabilities due to affiliated parties	0	0
2. Subordinated liabilities owed to parties 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	270,549,827	262,474,081
1. Long-term loans received	0	0
2. Convertible bonds	0	0
3. Bonds payable	270,548,131	262,474,081
4. Investment and development loans	0	0
5. Other long-term loans	0	0
6. Long-term liabilities to affiliated parties	0	0
7. Long-term liabilities to parties associated with major participating interest	0	0
8. Long-term liabilities to other related parties	0	0
9. Other long-term liabilities	1,696	0
III. Current liabilities	679,659,070	791,615,813
1. Short-term loans	0	0
- of this: convertible bonds	0	0
2. Short-term borrowings	22,163,850	20,531,544
3. Advances received from customers	845,134	2,252,813
4. Trade payables (creditors)	311,194,798	331,765,526
5. Bills payable	0	0
6. Short-term liabilities to affiliated parties	316,685,376	395,028,048
7. Short-term liabilities to parties associated with major participating interest	0	0
8. Short-term liabilities to other related parties	0	0
9. Other short-term liabilities	28,769,912	42,037,882
G. ACCRUALS	77,046,447	65,840,671
1. Prepaid income	26,280,726	25,006,957
2. Accrued expenses	38,937,182	30,731,123
3. Deferred income	11,828,539	10,102,591
TOTAL EQUITY AND LIABILITIES	1,326,707,926	1,444,232,511

Tab, 26 July 2023

Nagy László	Péter Ágota Erika
Managing director	Managing director

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FLEXTRONICS INTERNATIONAL KFT.

INCOME STATEMENT (TOTAL COST METHOD) VERSION "A" FOR THE FINANCIAL YEAR BETWEEN 1 APRIL 2022 AND 31 MARCH 2023

(All balances are given in EUR)

	1 April 2021 - 31 March 2022	1 April 2022 - 31 March 2023
1. Net domestic sales	28,581,418	33,966,550
2. Net export sales	1,833,859,097	1,837,500,894
I. Net sales revenue	<u>1,862,440,515</u>	<u>1,871,467,444</u>
3. Change in self-manufactured inventories	-8,199,655	-110,854
4. Own work capitalised	<u>0</u>	<u>0</u>
II. Value of own performance capitalised	-8,199,655	-110,854
III. Other income	21,981,459	32,709,540
of this: reversed impairment	5,308,101	8,746,838
5. Material costs	1,197,163,034	1,246,569,433
6. Services used	173,559,993	224,278,817
7. Value of other services	626,542	364,093
8. Cost of goods sold	144,673,809	25,262,801
9. Performance of subcontractors	<u>161,491,746</u>	<u>196,682,124</u>
IV. Material type expenditure	1,677,515,124	1,693,157,268
10. Payroll costs	98,632,928	107,623,600
11. Other payments to staff	8,019,719	11,771,730
12. Payroll taxes	<u>16,789,976</u>	<u>15,182,045</u>
V. Staff costs	123,442,623	134,577,375
VI. Depreciation	20,509,297	23,772,533
VII. Other expenditure	29,166,044	27,589,950
of this: impairment	7,762,556	5,724,449
A. OPERATING PROFIT	<u>25,589,231</u>	<u>24,969,004</u>
13. Dividend, profit share received (due)	0	0
of this: from affiliates	0	0
14. Income and capital gain on participations	0	0
Of this: received from associated 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)	4,367,332	27,934,747
Of this: received from associated parties	4,137,469	27,900,717
17. Other income from financial transactions	<u>79,904,519</u>	<u>100,020,777</u>
VIII. Income from financial transactions	84,271,851	127,955,524
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. Payable interest and similar expenditure	7,086,834	26,639,229
Of which: granted to affiliated parties	3,196,940	8,172,978
21. Impairment of shares, securities, long-term loans given and bank deposits	-9,267,988	0
22. Other expenditure of financial transactions	<u>74,201,817</u>	<u>102,039,144</u>
IX. Expenditures of financial transactions	72,020,663	128,678,373
B. PROFIT ON FINANCIAL TRANSACTIONS	<u>12,251,188</u>	<u>-722,849</u>
C. PRE-TAX PROFIT	<u>37,840,419</u>	<u>24,246,155</u>
X. Tax expense	306,381	-250,459
D. AFTER-TAX PROFIT	<u>37,534,038</u>	<u>24,496,614</u>

Tab, 26 July 2023

Nagy László
Managing director

Péter Ágota Erika
Managing director

FLEXTRONICS INTERNATIONAL KFT.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE BUSINESS YEAR ENDED 31 MARCH 2023

(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, Gorcev 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, design R&D 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, Üllő 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. No impairment was recorded in the current year.

FLEXTRONICS INTERNATIONAL KFT.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE BUSINESS YEAR ENDED 31 MARCH 2023

(all amounts are in EUR unless otherwise indicated)

<u>Flex Precision Plastic Solution AG.</u>	<u>Balance sheet position on 31.03.2023 *</u>
Registered capital	3,000,000
General reserve	1,085,000
Other reserves	10,320,000
After-tax profit	-4,366,508
Equity	10,038,492

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

The Company recognised EUR 41,900,232 as long-term participation in affiliated parties.

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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, Office Park I, Top B07/02), 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 (8983 Nagylengyel, Arany János utca 55.) and Péter Ágota Erika managing director (8900 Zalaegerszeg, Becsali tető 24256/1).

Person responsible for the management and supervision of the accounting function: Kovács Gabriella. Registration number: 153262.

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)
Chamber registration number: 000083

Registered auditor:
Pádár Péter
Chamber registration number: 007251

Auditor's fee without VAT (27 %): EUR 244,000

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 2022 and 2023 and the income statements for the years ended on 31 March 2022 and 2023 were prepared in accordance with the provisions of the Act.

FLEXTRONICS INTERNATIONAL KFT.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE BUSINESS YEAR ENDED 31 MARCH 2023

(all amounts are in EUR unless otherwise indicated)

2.2. Balance sheet preparation date

The Company set the balance sheet preparation date to be 1 April 2023.

2.3. Bookkeeping currency

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

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

2.4. Intangible assets

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

2.5. Tangible assets

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

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

Expected useful life of assets:

<u>Item</u>	<u>Year</u>	<u>%</u>
Buildings	50	2
Structures	50 / 16.6	2 / 6
Technical equipment, machines and vehicles	7 / 3 / 5	14.5 / 33 / 20
Other	7	14.5

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

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.

FLEXTRONICS INTERNATIONAL KFT.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE BUSINESS YEAR ENDED 31 MARCH 2023

(all amounts are in EUR unless otherwise indicated)

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.

FLEXTRONICS INTERNATIONAL KFT.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE BUSINESS YEAR ENDED 31 MARCH 2023

(all amounts are in EUR unless otherwise indicated)

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 2022 and 2023 are illustrated by the following indicators, cash flow statement and profitability indicators.

Financial indicators:

	<u>31 March 2022</u>	<u>31 March 2023</u>
Liquidity ratio = ((current assets+prepayments)/(current liabilities+accruals)) =	1.19	1.16
Quick ratio = ((current assets - inventories+prepayments)/(current liabilities+accrued expenses)) =	0.87	0.88
Debtor days on sales (accounts receivable / sales revenue x 365 days) =	24	32

FLEXTRONICS INTERNATIONAL KFT.
NOTES TO TE FINANCIAL STATEMENTS
FOR THE BUSINESS YEAR ENDED 31 MARCH 2023

(all amounts are in EUR unless otherwise indicated)

Cash Flow Statement

	2022	2023
I. Cash flows from ordinary activities (1-13)	(70,622,602)	49,630,713
1.a Pre-tax profit	37,840,419	24,246,155
2. Amortisation and depreciation recognised	20,509,297	23,772,533
3. Impairment recognised and reversed (-)	(1,495,666)	2,192,299
4. Difference between provisions made and used	746,212	352,750
5. Gain on disposals of fixed assets	(3)	197,533
6. Change in trade payables	(485,245,916)	98,913,400
7. Change in other short-term liabilities	13,888,468	14,675,650
8. Change in accruals	(1,096,011)	(11,205,776)
9. Change in trade receivables	433,297,242	(80,216,623)
10. Change in current assets (w/o accounts receivable and cash and bank balances)	(63,753,798)	(3,490,828)
11. Change in prepayments	(25,006,465)	(20,056,839)
12. Taxes paid, payable on profit	(306,381)	250,459
13. Dividend and profit sharing paid and payable	-	-
II. Cash flows from investing activities (14-18)	(211,271,709)	(43,676,692)
14. Purchase of fixed assets	(41,870,702)	(50,982,179)
15. Sale of fixed assets	175,464	117,721
16. Repayment, termination and conversion of long-term loans given and bank	100,971,659	8,074,049
17. Long-term loans granted and long-term bank deposits	(270,548,130)	(886,283)
18. Dividend and profit sharing received	-	-
III. Cash flows from financing activities (lines 19-29)	284,648,132	(9,708,052)
21. Proceeds from the issue of shares and capital increase	-	-
22. Proceeds from the issue of bonds and debentures	270,548,131	-
23. Loans and borrowings received	14,100,001	-
24. Repayment, termination and conversion of long-term loans given and bank	-	-
25. Non-repayable funds received	-	-
26. Withdrawal of shares, divestment (capital decrease)	-	-
27. Repayment of bonds and debentures	-	(8,075,746)
28. Repayment of loans and borrowings	-	(1,632,306)
29. Long-term loans granted and long-term bank deposits	-	-
30. Non-repayable funds transferred	-	-
31. Change in liabilities to founders and other long-term liabilities	-	-
Changes in cash and bank accounts (I.+II.+III.)	2,753,821	(3,754,031)
Change in cash from balance sheet	2,753,821	(3,754,031)
Opening balance	2,637,196	5,391,017
Closing balance	5,391,017	1,636,986

FLEXTRONICS INTERNATIONAL KFT.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE BUSINESS YEAR ENDED 31 MARCH 2023

(all amounts are in EUR unless otherwise indicated)

Profitability indicators:

	<u>31 March 2022</u>	<u>31 March 2023</u>
Turnover of assets (Revenue / Assets)	1.40	1.30
Operating margin (Operating profit / Revenue)	0.01	0.01

FLEXTRONICS INTERNATIONAL KFT.
NOTES TO TE FINANCIAL STATEMENTS
FOR THE BUSINESS YEAR ENDED 31 MARCH 2023

(all amounts are in EUR unless otherwise indicated)

4. INTANGIBLE AND TANGIBLE ASSETS

Change in intangible and tangible assets in the fiscal year ended on 31 March 2023:

	Valuable rights	Land and buildings	Production machinery	Other equipment	Capital expenditure	Total
Gross value						
Opening balance at 31.03.2022	2,725,669	53,371,066	179,222,960	34,507,323	20,290,278	290,117,296
Capitalisation	77,685	8,162,572	31,594,342	3,136,854	-42,971,453	0
Increase	0	0	0	7,355	49,634,427	49,641,782
Disposals and other decrease	-2,613	-632,529	-4,644,693	-1,186,909	-101,662	-6,568,406
Reclassification	8,170	0	-23,048	14,878	0	0
Other	0	0	0	0	-296,657	-296,657
Closing balance at 31.03.2023	2,808,911	60,901,109	206,149,561	36,479,501	26,554,933	332,894,015
Depreciation						
Opening balance at 31.03.2022	2,497,650	24,504,025	117,078,156	29,982,080	0	174,061,911
Disposals and other decrease	-2,613	-510,044	-4,562,186	-1,178,306	0	-6,253,149
Depreciation recognised	152,665	2,399,689	18,399,841	2,173,455	0	23,125,650
Reclassification	0	0	-23,048	30,403	0	7,355
Closing balance at 31.03.2023	2,647,702	26,393,670	130,892,763	31,007,632	0	190,941,767
Net value as at 31.03.2023	161,209	34,507,439	75,256,798	5,471,869	26,554,933	141,952,248

The movement table of tangible assets does not contain assets of small value, the total value of which was EUR 646,883 for the business year 2023.

Most of the growth in assets comes from the acquisition of assembly lines in the car manufacturing business line.

FLEXTRONICS INTERNATIONAL KFT.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE BUSINESS YEAR ENDED 31 MARCH 2023

(all amounts are in EUR unless otherwise indicated)

5. INVESTMENTS

	<u>31 March 2022</u>	<u>31 March 2023</u>
Long-term shares in affiliated parties	40,902,704	41,900,232

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 41,900,232 as long-term shares in associated parties. The reason for the increase is the exchange rate change.

The Company provided the proceeds of the bond issue in the form of a long-term loan to its parent company, Flex Ltd, in December 2021 with a ten-year term. The outstanding loan amount is EUR 262,474,081. In addition, investments include a loan of EUR 2,098,841 to a major business partner.

6. IMPAIRMENT OF INVENTORIES

	<u>31 March 2022</u>	<u>31 March 2023</u>
Opening impairment	2,527,514	6,734,082
Impairment recognised	5,847,359	5,014,183
Reversed impairment	-1,640,790	-6,734,082
Closing impairment	<u>6,734,082</u>	<u>5,014,183</u>

7. MATERIALS

The break-down of materials is the following:

	<u>31 March 2022</u>	<u>31 March 2023</u>
Raw materials	178,010,244	190,416,390
Inventories in transit	27,259,925	21,710,761
Non-serial material	85	85
Total	<u>205,270,254</u>	<u>212,127,236</u>

The average turnover of inventories was 40 days in 2022 and 47 days in 2023.

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8. CHANGE IN SELF-MANUFACTURED INVENTORIES

Opening balance 31 March 2022	24,183,925
Closing balance 31 March 2023	24,073,071
Change in self-manufactured inventories	-110,854

9. RECEIVABLES

Receivables were as follows:

	31 March 2022	31 March 2023
Trade receivables	120,303,148	165,323,497
Gross value	132,097,303	177,119,334
Impairment	11,794,155	11,795,837
Receivables from other Flextronics affiliates	469,389,684	504,584,277
Flextronics International Singapore PTE Ltd., Singapore	62,549,906	315,264,436
Flextronics International SPA, Italy	81,818,324	81,878,196
Flextronics International Ltd., USA	58,180,207	69,439,541
Flextronics International Mexico	29,402,812	48,491,974
Other Flextronics companies	38,497,457	25,220,829
Flextronics International Netherlands	18,715,949	16,722,338
Flextronics International Sweden AB, Sweden	32,154	10,194,821
Flextronics International Israel Ltd., Israel	8,884,997	9,285,976
Flextronics Magyarország	25,983,795	8,723,680
Flextronics International Great Britain	3,196,576	7,219,560
Flextronics International Ltd., Ireland	3,287,941	5,696,488
Flextronics International Malaysia SDN.BHD.	551,924	3,111,933
Flextronics International Switzerland	986,022	1,197,326
Flextronics Design S.R.O., Czech Republic	492,731	490,694
Flextronics International Finland	134,725	379,749
Flextronics International Poland, Poland	15,388	261,757
Flextronics International Denmark, Denmark	200,766	195,771
Flextronics Industrial Technology Ltd., China	316,573	185,757
Flextronics International India	165,517	54,232
Flextronics International France	13,480	15,839
Flextronics International Germany, Germany	20,319	14,840
Flextronics International Technology Ltd., Brazil	1,022	8,756
Flextronics International GmbH., Austria	135,941,099	-99,470,216

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CHANGES IN IMPAIRMENT	Related to trade receivables
Opening impairment as at 31 March 2022	11,794,155
Addition	1,681
Write-back	<u>0</u>
Balance as at 31 March 2023	<u><u>11,795,836</u></u>

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	<u>31 March 2022</u>	<u>31 March 2023</u>
Other receivables	6,440,679	2,696,882
Value added tax	5,443,454	1,038,295
Corporate income tax	150,913	735,929
Foreign VAT	254,361	430,678
Receivables due from employees	314,994	426,454
Other	261,368	65,526
Other NAV receivables	13,572	0
Self-revision fees	1,589	0
Environmental product charge	428	0

10. BANK DEPOSITS

The Company's bank deposits in EUR were as follows:

	<u>31 March 2022</u>	<u>31 March 2023</u>
CHF bank deposits	724,152	1,064,438
HUF bank deposits	1,387,668	557,908
EUR bank deposits	193,909	12,435
USD bank deposits	3,080,851	0
Total	<u>5,386,580</u>	<u>1,634,781</u>

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11. PREPAYMENTS

Prepayments were as follows:

	<u>31 March 2022</u>	<u>31 March 2023</u>
Accrued income	42,146,143	50,731,471
Revenue from the sale of goods	12,009,190	20,618,315
Price difference (to charge to customers)	661,428	10,172,609
Transfer price (APA)	1,983,868	6,794,493
Recharge of project costs	12,944,906	6,194,848
Cost recharge to affiliated party	3,157,201	3,332,088
Exchange rate gain on futures transactions	2,197,524	1,887,704
Rechargeable freight costs	1,743,494	872,869
Rechargeable tools expenses	3,218,419	574,500
Rechargeable material costs	943,061	184,582
Other	0	99,463
Accrued loan interest	3,182,987	0
Rechargeable public utility fee	104,065	0
Prepaid expenses	17,419,597	28,891,108
Project costs	13,744,116	22,704,709
Price difference	3,458,555	3,067,397
Lease	122,851	1,364,193
Material costs	0	1,177,900
Public utility charges	0	564,383
Other	28,558	12,526
Total	<u>59,565,740</u>	<u>79,622,579</u>

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12. EQUITY

The summary of the registered capital is as follows:

Shareholder	Initial contribution		Business share	
	31 March 2022	31 March 2023	31 March 2022	31 March 2023
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	Shareholders' equity
Balance as at 31 March 2022	5,590,815	61,635,219	79,982,779	108,779,860	37,534,038	293,522,711
Reclassification of the 2022 profit			37,534,038		-37,534,038	0
Adjusting items						
Profit (loss) for 2023					24,496,614	24,496,614
Balance as at 31 March 2023	5,590,815	61,635,219	117,516,817	108,779,860	24,496,614	318,019,325

* The Company's capital reserve of EUR 61,635,219 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 memorandum and articles of association 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 806,317.

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13. PROVISIONS

The provisions as of 31 March 2022 and 2023 were the following:

Provisions for expected liabilities	<u>31 March 2022</u>	<u>31 March 2023</u>
For warranty obligations	2,579,892	2,973,807
For severance pay, unused leave	2,922,991	3,069,303
Other	426,988	239,511
Total	<u>5,929,871</u>	<u>6,282,621</u>

PROVISIONS MOVEMENT TABLE

Legal grounds	31 March 2022	Charge	Release	31 March 2023
For warranty obligations	2,579,892	2,973,807	2,579,892	2,973,807
For severance pay, unused leave	2,922,991	3,069,303	2,922,991	3,069,303
For deductions	132,340	178,750	132,340	178,750
Waste management	59,648	60,761	59,648	60,761
Other	235,000	0	235,000	0
Total	<u>5,929,871</u>	<u>6,282,621</u>	<u>5,929,871</u>	<u>6,282,621</u>

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

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14. LONG-TERM LIABILITIES

In December 2021, the Company issued 2,000 bonds with a nominal value of HUF 50,000,000 each, for a total nominal value of HUF 100,000,000,000, with a ten-year maturity, with a total value of EUR 262,474,081 as shown in the balance sheet.

15. SHORT-TERM BORROWINGS

The Company had a short-term overdraft facility of EUR 20,531,544 as of 31 March 2023. The purpose of the loan was to bridge potential short-term (days) HUF and USD financing needs.

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16. SHORT-TERM LIABILITIES DUE TO AFFILIATED PARTIES

Breakdown of short-term liabilities to affiliated parties:

	<u>31 March 2022</u>	<u>31 March 2023</u>
Flextronics International Italy	146,402,646	206,228,744
Flextronics International Europe B.V., The Netherlands	89,659,420	117,101,931
Flextronics International Ltd., Ireland	20,115,427	31,280,563
Other concerns	15,077,699	12,638,174
Flextronics Magyarország	27,718,180	12,103,371
Flextronics International Germany, Germany	1,684,836	2,926,224
Flextronics Industrial Technology Ltd., China	1,149,635	2,866,279
Flextronics International Singapore PTE Ltd., Singapore	2,980,792	2,498,595
Flextronics International GmbH., Austria	991,481	2,014,864
Flextronics International Tecnologia Ltda., Brazil	751,758	1,414,229
Flextronics International Ltd., USA	1,344,791	1,210,794
Flextronics Int. Latin America (Ltd.), Mexico	1,445,763	795,953
Flextronics International Israel	764,391	772,231
Flextronics International Poland, Poland	4,600,239	668,737
Flextronics International France SA, France	294,992	302,355
Flextronics Romania SRL	2,666	101,381
Flextronics International Scotland, Great Britain	86,987	80,165
Flextronics Int. Malaysia SDN.BHD., Malaysia	10,316	7,453
Flextronics International Norway	7,694	6,151
Flextronics International India	1,567,877	4,714
Flextronics International Switzerland	26,347	3,616
Flextronics International Sweden AB, Sweden	1,439	1,524
Total	<u>316,685,376</u>	<u>395,028,048</u>

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17. OTHER SHORT-TERM LIABILITIES

Other short-term liabilities are as follows:

	<u>31 March 2022</u>	<u>31 March 2023</u>
Liabilities related to financing the purchase of raw materials	16,389,367	25,435,304
Liabilities to employees	5,984,145	6,953,281
Health insurance liability	1,268,511	1,557,343
Personal income tax	1,166,960	1,387,874
National Health Care Fund	930,132	1,098,881
Liabilities to the local tax authority	792,601	1,617,596
Rehabilitation contribution	370,166	392,046
Pension insurance liability (private and voluntary)	151,070	169,095
Settlements with the central budget	111,004	545,905
Vocational training contribution	53,663	53,606
Other	1,552,293	2,826,951
Total	<u>28,769,912</u>	<u>42,037,882</u>

FLEXTRONICS INTERNATIONAL KFT.
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18. ACCRUALS

Accruals in the current year:

	31 March 2022	31 March 2023
Prepaid income	26,280,726	25,006,957
Deferred income of product sales	11,234,154	15,848,360
Project in progress	13,711,851	8,173,502
Price difference (Customer discounts)	1,334,721	985,095
Accrued expenses	38,937,182	30,731,123
Project costs	1,047,535	2,143,217
Operating costs	5,463,704	4,929,669
Accrued wages and contributions	6,857,218	4,838,034
Exchange rate losses on forward transactions	3,386,788	4,318,648
Accrued interest	3,109,134	3,002,991
Transport charges	2,931,396	2,569,288
Contract work	0	1,892,675
Management bonus	1,090,070	1,850,055
Royalty fee	708,692	1,301,594
Passenger transport	812,616	842,991
Audit, advisory	99,995	572,197
Material costs	653,479	409,480
Operating leases	559,383	389,446
Maintenance fee	726,677	338,512
HR and business entertainment	182,930	296,037
Other	101,520	231,217
Rechargeable costs to customers	9,279,590	180,901
Customs expenses	669,661	162,271
Storage	46,338	130,175
Cost recharge to affiliated party	40,251	89,958
IT and telephone charges	197,222	85,559
Health care services	13,636	57,730
Environmental product charge	91,140	43,749
Vehicle lease	22,588	25,509
Price difference charges	793,708	15,000
Education, training	51,911	14,220
Deferred income	11,828,539	10,102,591
Deferral of subsidies	11,828,539	10,102,591
Total	77,046,447	65,840,671

FLEXTRONICS INTERNATIONAL KFT.
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19. SALES RECORDED IN FOREIGN CURRENCY

Sales recorded in foreign currency were as follows:

	<u>31 March 2022</u>	<u>31 March 2023</u>
Domestic sales	28,581,418	33,966,550
Export sales	<u>1,833,859,097</u>	<u>1,837,500,894</u>
Total	<u>1,862,440,515</u>	<u>1,871,467,444</u>

Revenue from affiliated parties:

	<u>31 March 2022</u>	<u>31 March 2023</u>
Revenue from related parties	219,211,843	262,290,500
Of which parent and subsidiary:		
Flextronics International GmbH	6,595,017	6,855,805
Flex Precision Plastic Solution AG	2,242,177	2,311,666

20. EXPORT SALES IN GEOGRAPHICAL BREAKDOWN

Export sales in geographical breakdown:

	<u>31 March 2022</u>	<u>31 March 2023</u>
EU	731,636,935	1,006,442,922
Asia	716,493,040	413,971,747
Europe, non-EU	297,680,667	287,399,250
North-America	84,566,152	123,724,732
Australia and Oceania	3,010,919	5,037,243
South America	308,216	430,711
Africa	163,168	494,289
Total	<u>1,833,859,097</u>	<u>1,837,500,894</u>

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The following is a breakdown of export sales by products and services:

	<u>31 March 2022</u>	<u>31 March 2023</u>
Intra-community product supply	974,125,310	1,175,788,226
Product exports	524,253,754	310,978,123
Intra-community services	189,137,506	174,629,419
Service exports	<u>174,923,945</u>	<u>210,071,676</u>
Total	<u>1,862,440,515</u>	<u>1,871,467,444</u>

21. OTHER INCOME

Other income:

	<u>31 March 2022</u>	<u>31 March 2023</u>
Reversal of impairment of inventories	5,306,761	8,746,838
Other	5,610,063	6,782,794
Subsequent contractual discount	2,875,690	6,284,075
Provisions released	5183658	5,929,871
Release of the deferral of grants received	2,164,007	2,981,258
Income associated with damage events	36,222	798,467
Scrap paid for by customers	487,700	784,371
Penalties, fines, damage events	110,581	259,725
Sales of tangible assets	175,464	117,721
Cost compensation	24,870	24,420
Amount collected from receivables written off	5,103	0
Reversal of impairment of receivables	1,340	0
Total	<u>21,981,459</u>	<u>32,709,540</u>

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22. IMPORT PURCHASES

The following is a breakdown by geographies of the import of products and services:

Product imports	<u>31 March 2022</u>	<u>31 March 2023</u>
EU	370,908,330	505,599,112
Asia	338,943,469	404,685,047
Europe (non-EU)	102,154,982	97,974,806
North-America	49,939,787	83,521,655
Africa	10,626,354	11,436,756
South America	40,430	60,439
Total	<u>872,613,352</u>	<u>1,103,277,815</u>
Service imports	<u>31 March 2022</u>	<u>31 March 2023</u>
NON-EU	6,423,285	5,526,594
EU	200,455,147	247,277,700
Total	<u>206,878,432</u>	<u>252,804,294</u>

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23. SERVICES USED

Services used were the following:

	<u>31 March 2022</u>	<u>31 March 2023</u>
Services related to production	46,864,360	82,275,071
Staff costs	55,906,313	65,209,069
Management services	41,425,197	33,423,183
Operation and maintenance cost	11,338,893	11,680,474
Operating lease fees	9,763,456	11,505,349
Passenger transport	6,356,253	7,043,107
Administrative services	448,667	4,566,270
Royalty fee	-2,805,848	3,947,920
Costs of book-keeping and audit services	1,965,328	1,836,731
Transportation, loading, warehousing	670,619	1,465,017
EDP/IT services	462,889	643,857
Rental fees	481,351	420,094
Advertising and promotional costs	90,726	180,985
Other	591,789	81,690
Total	<u>173,559,993</u>	<u>224,278,817</u>

24. OTHER SERVICES

Breakdown of other services:

	<u>31 March 2022</u>	<u>31 March 2023</u>
Financial and investment service fees	327,341	339,222
Administrative fees and duties	40,645	61,637
Bank charges	87,038	59,416
Insurance premium	171,518	-96,182
Total	<u>626,542</u>	<u>364,093</u>

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25. OTHER EXPENDITURES

Other expenses were the following:

	<u>31 March 2022</u>	<u>31 March 2023</u>
Taxes	8,025,249	9,294,133
Provisioning	5,929,871	6,282,621
Impairment of inventory	7,545,944	5,722,768
Inventory scrapping	5,317,867	5,207,453
Payments relating to damage events	0	749,050
Fine, penalty	76,988	213,261
Scrapping of tangible assets	0	176,713
Expenses related to warranty	168,340	59,822
Book value of tangible assets sold	175,461	27,125
Donations given	5,752	1,980
Impairment of trade receivables	216,612	1,681
Credit loss	32,926	1,336
Discounts given and settled	156,232	-20,686
Various other expenditures	1,514,802	-127,307
Total	<u>29,166,044</u>	<u>27,589,950</u>

26. INCOME FROM FINANCIAL TRANSACTIONS

Income from financial transactions:

	<u>31 March 2022</u>	<u>31 March 2023</u>
Other received interest, interest-type income	4,367,332	27,934,747
Interest received from Flextronics companies	4,137,469	12,129,436
Interest income ETC	229,140	15,771,281
Interest income from financial institutions	723	34,030
Other income from financial transactions	79,904,519	100,020,777
Exchange rate gain on receivables and liabilities	53,318,190	67,684,817
Realised capital gain on futures	15,319,353	31,132,807
Unrealised capital gain on receivables and liabilities	11,265,446	1,184,765
Income from cash discounts	1,530	18,388
Total	<u>84,271,851</u>	<u>127,955,524</u>

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27. EXPENDITURE OF FINANCIAL TRANSACTIONS

Breakdown of expenditures of financial transactions:

	<u>31 March 2022</u>	<u>31 March 2023</u>
Interest payable and similar expenditure	7,086,834	26,639,229
Interest payable to financial institutions	3,571,282	17,738,894
Interest paid to Flextronics member firms	3,196,940	8,172,978
Expenditures of factored trade receivables*	318,612	727,357
Impairment of shares, securities, long-term loans given and bank deposits	-9,267,988	0
Other expenditures of financial transactions	74,201,817	102,039,144
Exchange rate loss on receivables and liabilities	55,642,976	81,224,231
Realised FX loss on futures	5,333,657	13,727,110
Unrealised exchange rate losses on receivables and liabilities	12,934,495	7,016,040
Expenditures of cash discounts	290,689	71,763
Total	<u>72,020,663</u>	<u>128,678,373</u>

* The Company recognises the net difference between the proceeds of trade receivables factored under the securitisation arrangement and their book value here (see Note 9).

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28. 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 2022 and 31 March 2023.

29. STAFF

The average headcount by employee group was as follows:

	<u>2022</u>	<u>2023</u>
Direct	3,278	3,468
Indirect	<u>2,975</u>	<u>3,162</u>
Total	<u>6,253</u>	<u>6,630</u>

Wage costs and other staff benefits paid by category:

	<u>Payroll costs</u>		<u>Other payments to staff</u>		<u>Total</u>	
	2022	2023	2022	2023	2022	2023
Direct	54,059,993	59,398,551	4,945,935	7,819,235	59,005,928	67,217,786
Indirect	44,572,935	48,225,049	3,073,784	3,952,495	47,646,719	52,177,544
Total	<u>98,632,928</u>	<u>107,623,600</u>	<u>8,019,719</u>	<u>11,771,730</u>	<u>106,652,647</u>	<u>119,395,330</u>

The amount of wage contributions related to the salaries, wages and other payroll related costs:

	<u>2022</u>	<u>2023</u>
Direct	10,614,654	9,925,721
Indirect	<u>6,175,322</u>	<u>5,256,324</u>
Total	<u>16,789,976</u>	<u>15,182,045</u>

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30. CORPORATE INCOME TAX

The items modifying the Company's corporate income tax base in 2023 were the following:

	2022	2023
Pre-tax profit	<u>37,840,419</u>	<u>24,246,155</u>
Deductibles	<u>61,667,196</u>	<u>58,447,798</u>
Amount recorded as income in the tax year due to the use of provisions	5,183,658	5,929,871
Amount deducted from the previous years' deferred losses in the tax year	3,404,234	0
Depreciation recognised as per the tax law	20,833,333	23,924,108
Allowance received on students who take part in vocational training	20,109	12,221
Exchange rate gain on the revaluation of shares	2,252,197	997,528
Reversal of impairment recorded on receivables	1,340	0
Direct costs of research and development	20,704,337	27,584,070
Other deductibles	9,267,988	0
Additions	<u>27,231,011</u>	<u>30,708,464</u>
Provisions for expected liabilities and future expenses	5,929,871	6,282,621
Depreciation as per the Accounting Act -	20,885,596	23,976,371
Costs not incurred in the interest of the Company	183,445	431,186
Fine imposed by a final ruling	15,487	16,605
Impairment of trade receivables	216,612	1,681
Tax base	<u>3,404,234</u>	<u>-3,493,179</u>
Tax 9%	306,381	0
Amount of sports subsidy	0	0
Amount of cultural subsidy	0	0
Tax liability	<u>306,381</u>	<u>0</u>

In FY 2023 the Company incurred no corporate income tax liability.

In 2023 the Company performed self-revision for the years 2019, 2021 and 2022, which was accepted by the tax authority. This brought a total tax reduction of EUR 250,459 for the previous years. This amount of self-revision is included in line X. Tax expense of the income statement.

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(all amounts are in EUR unless otherwise indicated)

31. 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 2023:

(The table contains unaudited data)

<i>Data in Kg</i>	<u>2022</u>	<u>2023</u>
Opening stock	6,842	5,152
Amount generated	570,986	700,228
Amount recognised	572,676	700,087
Closing inventories	5,152	5,293

32. OFF-BALANCE SHEET LIABILITIES

The Company's open F/X futures positions as of 31 March 2023 were as follows:

Currency	Amount	Direction	Expected result
EUR	-64,881,000	Sell	-383,733
EUR	132,002,000	Buy	1,538,109
HUF	-25,085,499,000	Sell	-152,737
HUF	43,404,657,000	Buy	392,135
CHF	-3,420,000	Sell	4,170
CHF	8,155,000	Buy	-3,873
USD	-166,153,000	Sell	1,026,747
USD	308,652,000	Buy	-3,456,635
JPY	-67,366,000	Sell	6,612
JPY	134,732,000	Buy	-8,434

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

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(all amounts are in EUR unless otherwise indicated)

The closing balance of the Company's bank guarantees as of 31 March 2023 is as follows:

<u>Transaction ID</u>	<u>Maturity</u>	<u>Currency</u>	<u>Balance</u>
BUDAGO0013905	31 December 2023	EUR	414,539.13
BUDAGO0007347	31 December 2024	HUF	45,200,000.00
BUDAGO0011021	30 September 2023	EUR	225,453.60
BUDAGO0014765	31 December 2023	EUR	142,767.01
BUDAGO0008230	31 December 2024	HUF	250,000,000.00
Overdraft facility	31 December 2049	EUR	5,000,000.00

The Company's bank guarantees serve as coverage for customs procedures and the LBT allowance received.

33. THE GOING CONCERN PRINCIPLE

In the financial year, the direct effects of the coronavirus were no longer significant at all, nor the semi-conductor shortage typical of 2022.

The impact of the energy crisis, the defining event of the financial year 2023, was also felt by the Company. These effects have been partly reflected in product prices, thus mitigating the impact on profit.

In order to maintain liquidity, we paid particular attention to working closely with supply chain partners, exploring alternative sources of finance as far as discussions with our customers have allowed, and thus keeping inventory levels under control in the circumstances.

In addition, our company successfully participated in the Bond Funding for Growth Scheme last year where HUF 100bn of corporate bonds were subscribed by institutional investors.

Based on increased revenues and restricted costs compared to last year, the company's management is positive about the outlook for 2024. We expect growth in key business areas with high added value in the next years.

The Russian-Ukrainian conflict

The direct impact of the Ukrainian crisis on our activities in Hungary is minimal. There is no Ukrainian partner in the supply chain for critical components.

Our only exposure is to the Sárvár plant, where Flex Munkachevo plant supplies electronics. The plant's stable operation on the western border has so far not experienced any production downtime, and customer orders are fulfilled without any significant disruption.

Tab, 26 July 2023

.....
Nagy László
Managing director

.....
Péter Ágota Erika
Managing director

FLEXTRONICS INTERNATIONAL KFT.
BUSINESS REPORT for the year ended 31 March 2023

Our Company, Flextronics International Termelő és Szolgáltató Vámzabaderületi 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 located 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 manufacturing of a world famous company's small kitchen appliances. 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.

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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.

In the financial year, the direct effects of the coronavirus were no longer significant at all. Nor the semi-conductor shortage typical of 2022.

The impact of the energy crisis, the defining event of the financial year 2023, was also felt by the Company. These effects have been partly reflected in product prices, thus mitigating the impact on profit.

In order to maintain liquidity, we paid particular attention to working closely with supply chain partners, exploring alternative sources of finance as far as discussions with our customers have allowed, and thus keeping inventory levels under control in the circumstances.

In addition, our company successfully participated in the Bond Funding for Growth Scheme last year where HUF 100bn of corporate bonds were subscribed by institutional investors.

Based on increased revenues and restricted costs compared to last year, the company's management is positive about the outlook for 2024. We expect growth in key business areas with high added value in the next years.

FLEXTRONICS INTERNATIONAL KFT.
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In the financial year ending 31 March 2023, the Company achieved a profit after tax of EUR 24.5m, lower by almost EUR 13m compared to the previous year. We have managed to shift our portfolio towards products with a higher margin; this is reflected in the fact that, despite the energy crisis, we achieved an operating result of EUR 25 million, which is only EUR 0.6 million lower than last year.

	<u>31 March 2022</u>	<u>31 March 2023</u>
ROE (retained profit / equity)	0.10	0.08
ROA (retained profit / assets)	0.02	0.02
Adjusted ROA ((operating profit + interest paid) / assets)	0.02	0.04
Turnover of assets (Revenue / Assets)	1.40	1.30
Operating margin (Operating profit / Revenue)	0.01	0.01

Sales increased by EUR 9 m compared to the previous year, mainly from the Automotive business, home security and smart devices and solar components.

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.

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 continued to decline compared to the previous year, with the business no longer representing a significant item in our portfolio due to its low added value.

Revenue from our industrial products showed an upward trend in the financial year, thanks to the increase in the number of orders won in previous years.

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

FLEXTRONICS INTERNATIONAL KFT.
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Financing of Flextronics International Kft. has been transformed significantly compared to previous years due to the successful bond issue last year. 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.

The development centre in Budapest is engaged in research and product development activities. They are specialised in network communication tools and high level self-driving systems.

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.

Zalaegerszeg, 26 July 2023

Nagy László
Managing director

László Tamás
Managing director