

**FLEXTRONICS INTERNATIONAL KFT.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE BUSINESS YEAR ENDED 31 MARCH 2024**

*(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 Company performs R&D activities in Zalaegerszeg and Budapest.

Of one Nyíregyháza site, the lease on the property has expired, so the site is cancelled from the books, and the remaining Nyíregyháza site is used for logistical purposes.

Since 1 April 2011, the Company has been the single 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 4, Top A.54/55) 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.

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| <u>Flex Precision Plastic Solution AG.</u> | <u>Balance sheet position on 31.03.2024 *</u> |
|--|---|
| Registered capital                         | 3,000,000                                     |
| General reserve                            | 1,085,000                                     |
| Other reserves                             | 10,320,000                                    |
| After-tax profit                           | -6,733,507                                    |
| <b>Equity</b>                              | <b>7,671,493</b>                              |

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

The Company recognised EUR 35,615,140 as long-term participation in affiliated parties.

Statistical code: 11222149-2640-113-14

Company registration number: 14-09-300339

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

The consolidated financial statements of the group are consolidated into the financial statements of the parent company, Flextronics International GmbH (Austria, 1300 Vienna Airport, Office Park 4, Top A.54/55), 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, Mosoly utca 13.).

Person responsible for the management and supervision of the accounting function: Tóth-Kovács Krisztina. Registration number: 194202.

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 449,000

## **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 2023 and 2024 and the income statements for the years ended on 31 March 2023 and 2024 were prepared in accordance with the provisions of the Act.

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**2.2. Balance sheet preparation date**

The Company set the balance sheet preparation date to be 1 April 2024.

**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>Megnevezés</u>             | <u>Év</u> | <u>%</u>       |
|-------------------------------|-----------|----------------|
| Épületek                      | 50        | 2              |
| Építmények                    | 50 / 16,6 | 2 / 6          |
| Gépek, berendezések, járművek | 7 / 3 / 5 | 14,5 / 33 / 20 |
| Egyéb                         | 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.

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**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.

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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 2023 and 2024 are illustrated by the following indicators, cash flow statement and profitability indicators.

Financial indicators:

|   | <u>31 March 2023</u> | <u>31 March 2024</u> |
|---|----------------------|----------------------|
| Liquidity ratio = ((current assets+prepayments)/(current liabilities+accruals)) =                   | 1.16                 | 1.21                 |
| Quick ratio = ((current assets - inventories+prepayments)/(current liabilities+accrued expenses)) = | 0.88                 | 0.97                 |
| Debtor days on sales (accounts receivable / sales revenue x 365 days) =                             | 32                   | 37                   |

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**Cash Flow Statement**

|  | 2023               | 2024               |
|--|--------------------|--------------------|
| <b>I. Cash flows from ordinary activities (1-13)</b>                                 | <b>49,630,713</b>  | <b>11,627,108</b>  |
| 1.a Pre-tax profit   | 24,246,155         | 11,844,987         |
| 1.b Adjustments to pre-tax profit  |                    |                    |
| Unrealised exchange rate difference from loans and borrowings                        |                    |                    |
| Revaluation of participations  |                    |                    |
| Capitalised interest   |                    |                    |
| Dividend received  |                    |                    |
| Non-repayable funds transferred/received for development purposes                    |                    |                    |
| Non-repayable assets transferred/received  |                    |                    |
| Year-end revaluation difference of forex cash and bank balances                      |                    |                    |
| 2. Amortisation and depreciation recognised  | 23,772,533         | 26,794,500         |
| 3. Impairment recognised and reversed (-)  | 2,192,299          | 2,236,399          |
| 4. Difference between provisions made and used                                       | 352,750            | 3,907,402          |
| 5. Profit on disposals of fixed assets   | 197,533            | 1,695,126          |
| 6. Change in trade payables  | 98,913,400         | -99,915,329        |
| 7. Change in other short-term liabilities  | 14,675,650         | 4,039,673          |
| 8. Change in accruals  | -11,205,776        | 41,621,436         |
| 9. Change in trade receivables   | -80,216,623        | -32,415,900        |
| 10. Change in current assets (w/o accounts receivable and cash and bank balances)    | -3,490,828         | 39,941,643         |
| 11. Change in prepayments  | -20,056,839        | 11,993,322         |
| 12. Taxes paid, payable on profit  | 250459             | -116151            |
| 13. Dividend and profit sharing paid and payable                                     |                    |                    |
| <b>2 Cash flows from investing activities (14-18)</b>                                | <b>-43,676,692</b> | <b>-11,228,791</b> |
| 14. Purchase of fixed assets   | -50,982,179        | -23,832,123        |
| 15. Sale of fixed assets   | 117,721            | 1,982,375          |
| 16. Repayment, termination and conversion of long-term loans given and bank deposits | 8,074,049          | 10,620,957         |
| 17. Long-term loans granted and long-term bank deposits                              | -886,283           | 0                  |
| 18. Dividend and profit sharing received   | 0                  | 0                  |
| <b>III. Cash flows from financing activities (lines 19-29)</b>                       | <b>-9,708,052</b>  | <b>-693,868</b>    |
| 21. Proceeds from the issue of shares and capital increase                           | 0                  | 0                  |
| 22. Proceeds from the issue of bonds and debentures                                  | 0                  | 0                  |
| 23. Loans and borrowings received  | 0                  | 9,146,507          |
| 24. Repayment, termination and conversion of long-term loans given and bank deposits | 0                  | 0                  |
| 25. Non-repayable funds received   | 0                  | 0                  |
| 26. Withdrawal of shares, divestment (capital decrease)                              | 0                  | 0                  |
| 27. Repayment of bonds and debentures  | -8075746           | -9840375           |
| 28. Repayment of loans and borrowings  | -1,632,306         | 0                  |
| 29. Long-term loans granted and long-term bank deposits                              | 0                  | 0                  |
| 30. Non-repayable funds transferred  | 0                  | 0                  |
| 31. Change in liabilities to founders and other long-term liabilities                | 0                  | 0                  |
| <b>Changes in cash and bank accounts (I.+II.+III.)</b>                               | <b>-3,754,031</b>  | <b>-295,551</b>    |
| <b>Change in cash from balance sheet</b>   | <b>0</b>           | <b>-295,551</b>    |
| <b>Opening balance</b>   | <b>1,636,986</b>   | <b>1,636,986</b>   |
| <b>Closing balance</b>   | <b>1,636,986</b>   | <b>1,341,435</b>   |

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Profitability indicators:

|   | <u>31 March 2023</u> | <u>31 March 2024</u> |
|---|----------------------|----------------------|
| Turnover of assets (Revenue / Assets)         | 1.30                 | 1.36                 |
| Operating margin (Operating profit / Revenue) | 0.01                 | 0.01                 |

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**4. INTANGIBLE AND TANGIBLE ASSETS**

Change in intangible and tangible assets in the fiscal year ended on 31 March 2024:

|                                     | <b>Valuable<br/>rights</b> | <b>Land and<br/>buildings</b> | <b>Production<br/>machinery</b> | <b>Other<br/>equipment</b> | <b>Capital<br/>expenditure</b> | <b>Total</b>       |
|-------------------------------------|----------------------------|-------------------------------|---------------------------------|----------------------------|--------------------------------|--------------------|
| <b>Gross value</b>                  |                            |                               |                                 |                            |                                |                    |
| Opening balance as of<br>31.03.2023 | 2,808,911                  | 60,901,109                    | 206,149,561                     | 36,479,501                 | 26,554,933                     | 332,894,015        |
| Capitalisation                      | 139,739                    | 8,874,708                     | 29,334,920                      | 2,143,849                  | -40,493,216                    | 0                  |
| Increase                            | 0                          | 0                             | 813,298                         | 0                          | 20,751,995                     | 21,565,293         |
| Disposals and other<br>decrease     | -19,095                    | 0                             | -8,977,577                      | -2,694,644                 | 0                              | -11,691,316        |
| Reclassification                    | 0                          | 0                             | -123,441                        | 5,000                      | 0                              | -118,441           |
| Other                               | 0                          | 0                             | 0                               | 0                          | 0                              | 0                  |
| Closing balance at<br>31.03.2024    | 2,929,555                  | 69,775,817                    | 227,196,761                     | 35,933,706                 | 6,813,712                      | 342,649,551        |
| <b>Accumulated depreciation</b>     |                            |                               |                                 |                            |                                |                    |
| Opening balance as of<br>31.03.2023 | 2,647,702                  | 26,393,670                    | 130,892,763                     | 31,007,632                 | 0                              | 190,941,767        |
| Disposals and other<br>decrease     | -19,095                    | 0                             | -5,473,257                      | -2,521,463                 | 0                              | -8,013,815         |
| Depreciation recognised             | 209,996                    | 3,108,694                     | 20,852,561                      | 2,233,957                  | 0                              | 26,405,208         |
| Reclassification                    | 0                          | 0                             | -49,954                         | -3,058                     | 0                              | -53,012            |
| Closing balance at<br>31.03.2024    | 2,838,603                  | 29,502,364                    | 146,222,113                     | 30,717,068                 | 0                              | 209,280,148        |
| <b>Net value</b>                    | <b>90,952</b>              | <b>40,273,453</b>             | <b>80,974,648</b>               | <b>5,216,638</b>           | <b>6,813,712</b>               | <b>133,369,403</b> |

The movement table of tangible assets does not contain assets of small value, the total value of which was EUR 388,995 for the business year 2024.

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



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**5. INVESTMENTS**

|  | 31 March 2023 | 31 March 2024 |
|--|---------------|---------------|
| Long-term shares in affiliated parties | 41,900,232    | 35,615,140    |

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 35,615,140 as long-term shares in associated parties. The decrease is due to the recognition of an impairment of EUR 8,228,059 and a revaluation due to exchange rate changes, which in turn caused an increase.

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 252,633,706. In addition, investments include a loan of EUR 1,318,259 to a major business partner.

**6. IMPAIRMENT OF INVENTORIES**

|                       | 31 March 2023    | 31 March 2024    |
|-----------------------|------------------|------------------|
| Opening impairment    | 6,734,082        | 5,014,183        |
| Impairment recognised | 5,014,183        | 8,794,664        |
| Reversed impairment   | -6,734,082       | -7,737,124       |
| Closing impairment    | <b>5,014,183</b> | <b>6,071,723</b> |

**7. MATERIALS**

The break-down of materials is the following:

|                        | 31 March 2023      | 31 March 2024      |
|------------------------|--------------------|--------------------|
| Raw materials          | 190,416,390        | 135,362,333        |
| Inventories in transit | 21,710,761         | 22,595,019         |
| Non-serial material    | 85                 | 85                 |
| <b>Total</b>           | <b>212,127,236</b> | <b>157,957,437</b> |

The average turnover of inventories was 47 days in 2023 and 41 days in 2024.

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**8. CHANGE IN SELF-MANUFACTURED INVENTORIES**

|  |                   |
|--|-------------------|
| Opening balance 31 March 2023                  | 24,073,071        |
| Closing balance 31 March 2024                  | 22,572,812        |
| <b>Change in self-manufactured inventories</b> | <b>-1,500,259</b> |

**9. RECEIVABLES**

Receivables were as follows:

|   | 31 March 2023      | 31 March 2024      |
|---|--------------------|--------------------|
| <b>Trade receivables</b>                                | <b>165,323,497</b> | <b>192,847,094</b> |
| Gross value   | 177,119,334        | 193,749,664        |
| Impairment  | 11,795,837         | 902,570            |
| <br>  |                    |                    |
| <b>Receivables from other Flextronics affiliates</b>    | <b>504,584,277</b> | <b>520,369,847</b> |
| Flextronics International Singapore PTE Ltd., Singapore | 315,264,436        | 329,666,642        |
| Flextronics International SPA, Italy                    | 81,878,196         | 83,004,653         |
| Flextronics International Mexico                        | 48,491,974         | 32,451,153         |
| Flextronics International Netherlands                   | 16,722,338         | 23,323,067         |
| Other Flextronics companies                             | 25,220,829         | 17,494,511         |
| Flextronics International Israel Ltd., Israel           | 9,285,976          | 13,362,916         |
| Flextronics International Great Britain                 | 7,219,560          | 5,080,455          |
| Flextronics International Ltd., Ireland                 | 5,696,488          | 4,308,068          |
| Flextronics International GmbH., Austria                | -99,470,216        | 2,748,485          |
| Flextronics International Malaysia SDN.BHD.             | 3,111,933          | 2,608,124          |
| Flextronics International Ltd., USA                     | 69,439,541         | 1,866,721          |
| Flextronics International Switzerland                   | 1,197,326          | 1,371,549          |
| Flextronics International India                         | 54,232             | 945,017            |
| Flextronics Industrial Technology Ltd., China           | 185,757            | 667,728            |
| Flextronics International Denmark, Denmark              | 195,771            | 391,998            |
| Flextronics Design S.R.O., Czech Republic               | 490,694            | 386,267            |
| Flextronics International Poland, Poland                | 261,757            | 252,281            |
| Flextronics Magyarország                                | 8,723,680          | 244,525            |
| Flextronics International Germany, Germany              | 14,840             | 134,944            |
| Flextronics International Sweden AB, Sweden             | 10,194,821         | 40,908             |
| Flextronics International France                        | 15,839             | 11,920             |
| Flextronics International Technology Ltd., Brazil       | 8,756              | 7,915              |
| Flextronics International Finland                       | 379,749            | 0                  |

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**CHANGES IN IMPAIRMENT**

|  |                       |
|--|-----------------------|
| Opening impairment as at 31 March 2023 | 11,795,836            |
| Addition                               | 902,570               |
| Write-back                             | <u>-11,795,836</u>    |
| Closing balance as at 31 March 2024    | <u><u>902,570</u></u> |

|                                | <u>31 March 2023</u>             | <u>31 March 2024</u>             |
|--------------------------------|----------------------------------|----------------------------------|
| <b>Other receivables</b>       | <b>2,696,882</b>                 | <b>9,008,970</b>                 |
| Value added tax                | 1,038,295                        | 4,358,186                        |
| Corporate income tax           | 735,929                          | 377,739                          |
| Foreign VAT                    | 430,678                          | 403,684                          |
| Receivables due from employees | 426,454                          | 836,942                          |
| Other                          | 65,526                           | 3,032,419                        |
| Other NAV receivables          | 0                                | 0                                |
| Self-revision fees             | 0                                | 0                                |
| Environmental product charge   | 0                                | 0                                |
| <b>Total</b>                   | <b><u><u>672,604,656</u></u></b> | <b><u><u>722,225,911</u></u></b> |

**10. BANK DEPOSITS**

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

|                   | <u>31 March 2023</u>           | <u>31 March 2024</u>           |
|-------------------|--------------------------------|--------------------------------|
| HUF bank deposits | 557,908                        | 1,057,359                      |
| CHF bank deposits | 1,064,438                      | 280,795                        |
| EUR bank deposits | 12,435                         | 1,894                          |
| USD bank deposits | 0                              | 0                              |
| <b>Total</b>      | <b><u><u>1,634,781</u></u></b> | <b><u><u>1,340,048</u></u></b> |

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**11. PREPAYMENTS**

Prepayments were as follows:

|  | 31 March<br>2023  | 31 March<br>2024  |
|--|-------------------|-------------------|
| <b>Accrued income</b>                        | <b>50,731,471</b> | <b>43,047,453</b> |
| Revenue from the sale of goods               | 20,618,315        | 16,351,692        |
| Accrued loan                                 | 0                 | 11,803,224        |
| Recharge of project costs                    | 6,194,848         | 8,240,070         |
| Cost recharge to affiliated party            | 3,332,088         | 2,310,822         |
| Exchange rate gain on futures transactions   | 1,887,704         | 1,764,089         |
| Rechargeable freight costs                   | 872,869           | 992,616           |
| Rechargeable tools expenses                  | 574,500           | 693,311           |
| Price difference (to charge to customers)    | 10,172,609        | 664,002           |
| Other  | 99,463            | 152,819           |
| Rechargeable material costs                  | 184,582           | 74,808            |
| Transfer price (APA)                         | 6,794,493         | 0                 |
| Rechargeable public utility fee              | 0                 | 0                 |
| <br>   |                   |                   |
| <b>Prepaid expenses</b>                      | <b>28,891,108</b> | <b>24,581,804</b> |
| Project costs                                | 22,704,709        | 22,017,637        |
| Lease  | 1,364,193         | 1,151,987         |
| Material costs                               | 1,177,900         | 632,288           |
| Public utility charges                       | 564,383           | 486,399           |
| Other  | 12,526            | 193,696           |
| Price difference                             | 3,067,397         | 99,797            |
| Insurance premium                            | 0                 | 0                 |
| Loan interest                                | 0                 | 0                 |
| <br>   |                   |                   |
| <b>Deferred expenses*</b>                    | <b>0</b>          | <b>0</b>          |
| Subsidy                                      | 0                 | 0                 |
| Gas and electricity development contribution | 0                 | 0                 |
| <br>   |                   |                   |
| <b>Total</b>                                 | <b>79,622,579</b> | <b>67,629,257</b> |

**FLEXTRONICS INTERNATIONAL KFT.**  
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**12. EQUITY**

The summary of the registered capital is as follows:

| Shareholder                               | Initial contribution |                  | Business share |               |
|---|----------------------|------------------|----------------|---------------|
|   | 31 March 2023        | 31 March 2024    | 31 March 2023  | 31 March 2024 |
| Flextronics International GmbH,<br>Vienna | 5,590,032            | 5,590,032        | 99.99%         | 99.99%        |
| Flextronics Sárvár Logistics Kft.         | 783                  | 783              | 0.01%          | 0.01%         |
| <b>Total</b>                              | <b>5,590,815</b>     | <b>5,590,815</b> | <b>100%</b>    | <b>100%</b>   |

|                                     | Registered capital | Capital reserve*  | Profit reserve     | Tied-up reserve    | After-tax profit  | Equity             |
|-------------------------------------|--------------------|-------------------|--------------------|--------------------|-------------------|--------------------|
| <b>Balance as at 31 March 2023</b>  | <b>5,590,815</b>   | <b>61,635,219</b> | <b>117,516,817</b> | <b>108,779,860</b> | <b>24,496,614</b> | <b>318,019,325</b> |
| Reclassification of the 2023 profit |                    |                   | 24,496,614         |                    | -24,496,614       | 0                  |
| Adjusting items                     |                    |                   |                    |                    |                   | 0                  |
| Profit (loss) for 2024              |                    |                   |                    |                    | 11,728,836        | 11,728,836         |
| <b>Balance as at 31 March 2024</b>  | <b>5,590,815</b>   | <b>61,635,219</b> | <b>142,013,431</b> | <b>108,779,860</b> | <b>11,728,836</b> | <b>329,748,161</b> |

\* 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.

Based on our proposal, no dividends are paid from the 2024 profit.

**FLEXTRONICS INTERNATIONAL KFT.**  
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*(all amounts are in EUR unless otherwise indicated)*

**13. PROVISIONS**

The provisions as of 31 March 2023 and 2024 were the following:

|  | <u>31 March 2023</u>    | <u>31 March 2024</u>     |
|--|-------------------------|--------------------------|
| <b>Provisions for expected liabilities</b> |                         |                          |
| For warranty obligations                   | 2,973,807               | 3,267,113                |
| For severance pay, unused leave            | 3,069,303               | 5,624,724                |
| Other                                      | 239,511                 | 1,298,186                |
| <b>Total</b>                               | <b><u>6,282,621</u></b> | <b><u>10,190,023</u></b> |

**PROVISIONS MOVEMENT TABLE**

| <b>Legal grounds</b>              | <b><u>31 March 2023</u></b> | <b><u>Charge</u></b>     | <b><u>Release</u></b>   | <b><u>31 March 2024</u></b> |
|-----------------------------------|-----------------------------|--------------------------|-------------------------|-----------------------------|
| For warranty obligations          | 2,973,808                   | 3,267,113                | 2,973,808               | 3,267,113                   |
| For severance pay, unused leave   | 3,069,303                   | 5,624,724                | 3,069,303               | 5,624,724                   |
| For deductions                    | 178,750                     | 115,738                  | 178,750                 | 115,738                     |
| Waste management                  | 60,761                      | 61,408                   | 60,761                  | 61,408                      |
| Other                             | 0                           | 458,906                  | 0                       | 458,906                     |
| Provisions for future liabilities | 0                           | 662,134                  | 0                       | 662,134                     |
| <b>Total</b>                      | <b><u>6,282,622</u></b>     | <b><u>10,190,023</u></b> | <b><u>6,282,622</u></b> | <b><u>10,190,023</u></b>    |

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

**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 252,633,706 as shown in the balance sheet.

**15. SHORT-TERM BORROWINGS**

The Company had a short-term overdraft bank facility of EUR 29,678,051 as of 31 March 2024 as part of the group level “notional cash pool” programme.

**FLEXTRONICS INTERNATIONAL KFT.**  
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**16. SHORT-TERM LIABILITIES DUE TO AFFILIATED PARTIES**

Breakdown of short-term liabilities to affiliated parties:

|   | <u>31 March 2023</u>      | <u>31 March 2024</u>      |
|---|---------------------------|---------------------------|
| Flextronics International GmbH., Austria                | 2,014,864                 | 182,165,959               |
| Flextronics International Europe B.V., The Netherlands  | 117,101,931               | 94,306,715                |
| Flextronics International Italy                         | 206,228,744               | 87,596,224                |
| Flextronics Magyarország                                | 12,103,371                | 9,103,470                 |
| Flextronics International Ltd., Ireland                 | 31,280,563                | 5,869,444                 |
| Other concerns  | 12,638,174                | 5,048,895                 |
| Flextronics Industrial Technology Ltd., China           | 2,866,279                 | 2,026,663                 |
| Flextronics International Germany, Germany              | 2,926,224                 | 1,597,253                 |
| Flextronics Int. Latin America (Ltd.), Mexico           | 795,953                   | 982,119                   |
| Flextronics International Ltd., USA                     | 1,210,794                 | 924,901                   |
| Flextronics International Singapore PTE Ltd., Singapore | 2,498,595                 | 880,147                   |
| Flextronics International Technologia Ltda., Brazil     | 1,414,229                 | 850,569                   |
| Flextronics International Poland, Poland                | 668,737                   | 738,040                   |
| Flextronics International Israel                        | 772,231                   | 350,149                   |
| Flextronics International Scotland, Great Britain       | 80,165                    | 118,489                   |
| Flextronics Ind. Malaysia SDN.BHD., Malaysia            | 7,453                     | 77,994                    |
| Flextronics International Switzerland                   | 3,616                     | 6,082                     |
| Flextronics International India                         | 4,714                     | 4,842                     |
| Flextronics International Sweden AB, Sweden             | 1,524                     | 1,484                     |
| Flextronics Romania SRL                                 | 101,381                   | 112                       |
| Flextronics International France SA, France             | 302,355                   | 0                         |
| Flextronics International Norway                        | 6,151                     | -461                      |
| <b>Total</b>  | <b><u>395,028,048</u></b> | <b><u>392,649,090</u></b> |

**FLEXTRONICS INTERNATIONAL KFT.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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*(all amounts are in EUR unless otherwise indicated)*

**17. OTHER SHORT-TERM LIABILITIES**

Other short-term liabilities are as follows:

|  | <u>31 March 2023</u>            | <u>31 March 2024</u>            |
|--|---------------------------------|---------------------------------|
| Liabilities to employees                               | 6,953,281                       | 6,913,754                       |
| Health insurance liability                             | 1,557,343                       | 1,527,010                       |
| Personal income tax                                    | 1,387,874                       | 1,538,547                       |
| National Health Care Fund                              | 1,098,881                       | 1,199,836                       |
| Liabilities to the local tax authority                 | 1,617,596                       | 848,966                         |
| Rehabilitation contribution                            | 392,046                         | 404,406                         |
| Pension insurance liability (private and voluntary)    | 169,095                         | 166,324                         |
| Other settlements with the central budget              | 545,905                         | 515,783                         |
| Vocational training contribution                       | 53,606                          | 108                             |
| Liabilities related to the financing of base materials | 25,435,304                      | 23,305,005                      |
| Other  | <u>2,826,951</u>                | <u>2,857,695</u>                |
| <b>Total</b>   | <b><u><u>42,037,882</u></u></b> | <b><u><u>39,277,434</u></u></b> |



**FLEXTRONICS INTERNATIONAL KFT.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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*(all amounts are in EUR unless otherwise indicated)*

**18. ACCRUALS**

Accruals in the current year:

|  | 31 March<br>2023  | 31 March<br>2024   |
|--|-------------------|--------------------|
| <b>Prepaid income</b>                        | <b>25,006,957</b> | <b>18,498,002</b>  |
| Deferred income of product sales             | 15,848,360        | 12,370,744         |
| Project in progress                          | 8,173,502         | 5,857,739          |
| Price difference (Customer discounts)        | 985,095           | 269,519            |
| <b>Accrued expenses</b>                      | <b>30,731,123</b> | <b>81,193,199</b>  |
| APA (transfer-price adjustmen)               | 0                 | 52,270,161         |
| Accrued wages and contributions              | 8,580,764         | 9,123,334          |
| Exchange rate losses on forward transactions | 4,318,648         | 4,845,363          |
| Accrued interest                             | 3,002,991         | 2,915,324          |
| Transport charges                            | 2,569,288         | 2,088,279          |
| Operating costs                              | 4,929,669         | 1,623,061          |
| Project costs                                | 2,143,217         | 1,483,457          |
| Royalty fee                                  | 1,301,594         | 1,212,105          |
| Storage                                      | 130,175           | 833,477            |
| Price difference charges                     | 15,000            | 787,873            |
| Environmental product charge                 | 43,749            | 657,533            |
| Other  | 231,217           | 596,897            |
| Passenger transport                          | 842,991           | 524,057            |
| Material costs                               | 409,480           | 472,364            |
| Audit, advisory                              | 572,197           | 423,907            |
| Cost recharge to affiliated party            | 89,958            | 389,130            |
| Education, training                          | 14,220            | 306,123            |
| Operating leases                             | 389,446           | 292,095            |
| Maintenance fee                              | 338,512           | 121,866            |
| Health care services                         | 57,730            | 114,603            |
| IT and telephone charges                     | 85,559            | 57,886             |
| Customs expenses                             | 162,271           | 40,422             |
| HR and business entertainment                | 296,037           | 8,856              |
| Vehicle lease                                | 25,509            | 5,026              |
| Rechargeable costs to customers              | 180,901           | 0                  |
| <b>Deferred income</b>                       | <b>10,102,591</b> | <b>7,770,906</b>   |
| Deferral of subsidies*                       | 10,102,591        | 7,770,906          |
| Assets received without consideration        | 0                 | 0                  |
| <b>Total</b>                                 | <b>65,840,671</b> | <b>107,462,107</b> |

**FLEXTRONICS INTERNATIONAL KFT.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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*(all amounts are in EUR unless otherwise indicated)*

**19. SALES RECORDED IN FOREIGN CURRENCY**

Sales recorded in foreign currency were as follows:

|                | 31 March 2023        | 31 March 2024        |
|----------------|----------------------|----------------------|
| Domestic sales | 33,966,550           | 51,999,018           |
| Export sales   | 1,837,500,894        | 1,865,163,276        |
| <b>Total</b>   | <b>1,871,467,444</b> | <b>1,917,162,294</b> |

Revenue from affiliated parties:

|                                    | 31 March 2023 | 31 March 2024 |
|------------------------------------|---------------|---------------|
| Revenue from related parties       | 262,290,500   | 326,150,921   |
| Of which parent and subsidiary:    |               |               |
| Flextronics International GmbH     | 6,855,805     | 5,567,071     |
| Flex Precision Plastic Solution AG | 2,311,666     | 2,526,481     |

**20. EXPORT SALES IN GEOGRAPHICAL BREAKDOWN**

Export sales in geographical breakdown:

|                       | 31 March<br>2023     | 31 March<br>2024     |
|-----------------------|----------------------|----------------------|
| EU                    | 1,006,442,922        | 1,084,429,793        |
| Asia                  | 413,971,747          | 519,404,908          |
| Europe, non-EU        | 287,399,250          | 154,037,925          |
| North-America         | 123,724,732          | 75,417,115           |
| South America         | 430,711              | 28,128,277           |
| Australia and Oceania | 5,037,243            | 3,057,398            |
| Africa                | 494,289              | 687,860              |
| <b>Total</b>          | <b>1,837,500,894</b> | <b>1,865,163,276</b> |

**FLEXTRONICS INTERNATIONAL KFT.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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*(all amounts are in EUR unless otherwise indicated)*

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

|                                | <u>31 March 2023</u>        | <u>31 March 2024</u>        |
|--------------------------------|-----------------------------|-----------------------------|
| Intra-community product supply | 1,175,788,226               | 1,204,496,963               |
| Product exports                | 310,978,123                 | 318,571,148                 |
| Intra-community services       | 174,629,419                 | 178,893,274                 |
| Service exports                | 210,071,676                 | 215,200,909                 |
| <b>Total</b>                   | <b><u>1,871,467,444</u></b> | <b><u>1,917,162,294</u></b> |

**21. OTHER INCOME**

Other income:

|   | <u>31 March 2023</u>     | <u>31 March 2024</u>     |
|---|--------------------------|--------------------------|
| Reversal of impairment of inventories         | 8,746,838                | 7,737,124                |
| Provisions released                           | 5,929,871                | 6,282,622                |
| Release of the deferral of grants received    | 2,981,258                | 2,409,238                |
| Sales of tangible assets                      | 117,721                  | 1,990,155                |
| Penalties, fines, damage events               | 259,725                  | 1,227,183                |
| Subsequent contractual discount               | 6,284,075                | 1,072,251                |
| Other   | 6,782,794                | 547,167                  |
| Scrap paid for by customers                   | 784,371                  | 275,051                  |
| Income associated with damage events          | 798,467                  | 49,928                   |
| Cost compensation                             | 24,420                   | 2,089                    |
| Amount collected from receivables written off | 0                        | 0                        |
| Reversal of impairment of receivables         | 0                        | 0                        |
| <b>Total</b>                                  | <b><u>32,709,540</u></b> | <b><u>21,592,808</u></b> |

**FLEXTRONICS INTERNATIONAL KFT.**  
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*(all amounts are in EUR unless otherwise indicated)*

**22. IMPORT PURCHASES**

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

| Product imports       | <u>31 March 2023</u>        | <u>31 March 2024</u>        |
|-----------------------|-----------------------------|-----------------------------|
| EU                    | 505,599,112                 | 482,911,495                 |
| Asia                  | 404,685,047                 | 471,674,752                 |
| Europe (non-EU)       | 97,974,806                  | 78,436,814                  |
| North-America         | 83,521,655                  | 44,077,554                  |
| Africa                | 11,436,756                  | 12,748,945                  |
| South America         | 60,439                      | 148,899                     |
| Australia and Oceania | 0                           | 13,051                      |
| <b>Total</b>          | <b><u>1,103,277,815</u></b> | <b><u>1,090,011,510</u></b> |

  

| Service imports | <u>31 March 2023</u>      | <u>31 March 2024</u>      |
|-----------------|---------------------------|---------------------------|
| EU              | 247,277,700               | 214,887,179               |
| NON-EU          | 5,526,594                 | 3,564,615                 |
| <b>Total</b>    | <b><u>252,804,294</u></b> | <b><u>218,451,794</u></b> |

**FLEXTRONICS INTERNATIONAL KFT.**  
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*(all amounts are in EUR unless otherwise indicated)*

**23. SERVICES USED**

Services used were the following:

|  | <u>31 March 2023</u>             | <u>31 March 2024</u>             |
|--|----------------------------------|----------------------------------|
| Staff costs                              | 65,209,069                       | 57,579,757                       |
| Services related to production           | 82,275,071                       | 52,919,438                       |
| APA (transfer-price adjustment)          | 0                                | 52,270,161                       |
| Management services                      | 33,423,183                       | 31,740,575                       |
| Operating lease fees                     | 11,505,349                       | 12,508,609                       |
| Operation and maintenance cost           | 11,680,474                       | 12,463,811                       |
| Passenger transport                      | 7,043,107                        | 5,601,821                        |
| Royalty fee                              | 3,947,920                        | 2,719,131                        |
| Other                                    | 81,690                           | 2,165,058                        |
| Rental fees                              | 420,094                          | 2,329,607                        |
| Transportation, loading, warehousing     | 1,465,017                        | 1,837,491                        |
| Costs of book-keeping and audit services | 1,836,731                        | 1,690,426                        |
| <br>                                     |                                  |                                  |
| EDP/IT services                          | 643,857                          | 633,494                          |
| Administrative services                  | 4,566,270                        | 342,024                          |
| Advertising costs (P&A)                  | 180,985                          | 114,860                          |
| <b>Total</b>                             | <b><u><u>224,278,817</u></u></b> | <b><u><u>236,916,263</u></u></b> |

**24. OTHER SERVICES**

Breakdown of other services:

|                                       | <u>31 March<br/>2023</u>     | <u>31 March<br/>2024</u>     |
|---------------------------------------|------------------------------|------------------------------|
| Financial and investment service fees | 339,222                      | 323,088                      |
| Bank charges                          | 59,416                       | 14,236                       |
| Insurance premium                     | -96,182                      | 11,409                       |
| Administrative fees and duties        | 61,637                       | 10,405                       |
| <b>Total</b>                          | <b><u><u>364,093</u></u></b> | <b><u><u>359,138</u></u></b> |

**FLEXTRONICS INTERNATIONAL KFT.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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*(all amounts are in EUR unless otherwise indicated)*

**25. OTHER EXPENDITURES**

Other expenses were the following:

|                                    | 31 March<br>2023         | 31 March<br>2024         |
|------------------------------------|--------------------------|--------------------------|
| Provisioning                       | 6,282,621                | 10,190,023               |
| Impairment of inventory            | 5,722,768                | 8,794,664                |
| Inventory scrapping                | 5,207,453                | 3,844,067                |
| Book value of tangible assets sold | 27,125                   | 2,907,665                |
| Impairment of trade receivables    | 1,681                    | 1,482,081                |
| Expenses related to warranty       | 59,822                   | 602,409                  |
| Various other expenditures         | -127,307                 | 963,052                  |
| Scrapping of tangible assets       | 176,713                  | 605,070                  |
| Fine, penalty                      | 213,261                  | 217,305                  |
| Credit loss                        | 1,336                    | 112,903                  |
| Donations given                    | 1,980                    | 3,079                    |
| Payments relating to damage events | 749,050                  | 1,878                    |
| Discounts given and settled        | -20,686                  | -16,498                  |
| Taxes                              | 9,294,133                | 8,547,272                |
| <b>Total</b>                       | <b><u>27,589,950</u></b> | <b><u>38,254,970</u></b> |

**26. INCOME FROM FINANCIAL TRANSACTIONS**

Income from financial transactions:

|  | 31 March 2023             | 31 March 2024            |
|--|---------------------------|--------------------------|
| <b>Other received interest, interest-type income</b>   | <b>27,934,747</b>         | <b>40,533,188</b>        |
| Interest received from Flextronics companies           | 12,129,436                | 14,608,833               |
| Interest income ETC                                    | 15,771,281                | 25,761,669               |
| Interest income from financial institutions            | 34,030                    | 162,686                  |
| <b>Other income from financial transactions</b>        | <b>100,020,777</b>        | <b>38,486,858</b>        |
| Exchange rate gain on receivables and liabilities      | 67,684,817                | 30,716,149               |
| Realised capital gain on futures                       | 31,132,807                | 5,035,044                |
| Unrealised capital gain on receivables and liabilities | 1,184,765                 | 2,709,426                |
| Income from cash discounts                             | 18,388                    | 26,239                   |
| <b>Total</b>   | <b><u>127,955,524</u></b> | <b><u>79,020,046</u></b> |

**FLEXTRONICS INTERNATIONAL KFT.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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*(all amounts are in EUR unless otherwise indicated)*

**27. EXPENDITURE OF FINANCIAL TRANSACTIONS**

Breakdown of expenditures of financial transactions:

|  | 31 March 2023                | 31 March<br>2024            |
|--|------------------------------|-----------------------------|
|  | <hr/>                        | <hr/>                       |
| <b>Interest payable and similar expenditure</b>                                      | <b>26,639,229</b>            | <b>38,709,055</b>           |
| Interest payable to financial institutions   | 17,738,894                   | 14,642,551                  |
| Interest paid to Flextronics member firms  | 8,172,978                    | 22,097,464                  |
| Expenditures of factored trade receivables*  | 727,357                      | 1,969,040                   |
| Lease interest   | 0                            | 0                           |
| <b>Impairment of shares, securities, long-term<br/>loans given and bank deposits</b> | <b>0</b>                     | <b>8,228,059</b>            |
| <b>Other expenditures of financial transactions</b>                                  | <b>102,039,144</b>           | <b>32,215,113</b>           |
| Exchange rate loss on receivables and liabilities                                    | 81,224,231                   | 30,686,730                  |
| Realised FX loss on futures  | 13,727,110                   | 1,443,032                   |
| Unrealised exchange rate losses on receivables<br>and liabilities                    | 7,016,040                    | 0                           |
| Expenditures of cash discounts   | 71,763                       | 85,351                      |
| <b>Total</b>   | <b><hr/><hr/>128,678,373</b> | <b><hr/><hr/>79,152,227</b> |

\* The Company recognises the net difference between the proceeds of trade receivables factored under the securitisation arrangement and their book value here (see Note 9). The ABS programme was terminated as of 31.03.2024.

**FLEXTRONICS INTERNATIONAL KFT.**  
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*(all amounts are in EUR unless otherwise indicated)*

**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 2023 and 31 March 2024.

**29. STAFF**

The average headcount by employee group was as follows:

|              | <u>2023</u>         | <u>2024</u>         |
|--------------|---------------------|---------------------|
| Direct       | 3,468               | 3,253               |
| Indirect     | 3,162               | 3,138               |
| <b>Total</b> | <b><u>6,630</u></b> | <b><u>6,391</u></b> |

Wage costs and other staff benefits paid by category:

|              | <u>Payroll costs</u>      |                           | <u>Other payments to staff</u> |                          | <u>Total</u>              |                           |
|--------------|---------------------------|---------------------------|--------------------------------|--------------------------|---------------------------|---------------------------|
|              | 2023                      | 2024                      | 2023                           | 2024                     | 2023                      | 2024                      |
| Direct       | 59,398,551                | 66,513,852                | 7,819,235                      | 8,681,498                | 67,217,786                | 75,195,350                |
| Indirect     | 48,225,049                | 55,638,814                | 3,952,495                      | 4,773,912                | 52,177,544                | 60,412,726                |
| <b>Total</b> | <b><u>107,623,600</u></b> | <b><u>122,152,666</u></b> | <b><u>11,771,730</u></b>       | <b><u>13,455,410</u></b> | <b><u>119,395,330</u></b> | <b><u>135,608,076</u></b> |

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

|              | <u>2023</u>              | <u>2024</u>              |
|--------------|--------------------------|--------------------------|
| Direct       | 9,925,721                | 11,638,417               |
| Indirect     | 5,256,324                | 5,896,605                |
| <b>Total</b> | <b><u>15,182,045</u></b> | <b><u>17,535,022</u></b> |



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**30. CORPORATE INCOME TAX**

The items modifying the Company's corporate income tax base in 2024 were the following:

|  | <b>2023</b>       | <b>2024</b>       |
|--|-------------------|-------------------|
| <b>Pre-tax profit</b>  | <b>24,246,155</b> | <b>11,844,987</b> |
| <b>Deductibles</b>   | <b>58,447,798</b> | <b>64,537,086</b> |
| Amount recorded as income in the tax year due to the use of provisions   | 5,929,871         | 6,282,621         |
| Amount deducted from the previous years' deferred losses in the tax year | 0                 | 0                 |
| Depreciation recognised as per the tax law                               | 23,924,108        | 30,208,939        |
| Allowance received on students who take part in vocational training      | 12,221            | 9,523             |
| Exchange rate gain on the revaluation of shares                          | 997,528           | 1,942,968         |
| Reversal of impairment recorded on receivables                           | 0                 | 0                 |
| Direct costs of research and development                                 | 27,584,070        | 26,093,035        |
| Other deductibles  | 0                 | 0                 |
| <b>Additions</b>   | <b>30,708,464</b> | <b>51,253,818</b> |
| Provisions for expected liabilities and future expenses                  | 6,282,621         | 10,190,023        |
| Depreciation as per the Accounting Act -                                 | 23,976,371        | 30,261,202        |
| Costs not incurred in the interest of the Company                        | 431,186           | 1,079,035         |
| Fine imposed by a final ruling   | 16,605            | 13,418            |
| Impairment of trade receivables  | 1,681             | 1,482,081         |
| Amount of uncollectible receivables written off and forgiven receivables | 0                 | 0                 |
| Exchange rate loss on the revaluation of shares                          | 0                 | 0                 |
| Impairment on shares   | 0                 | 8,228,059         |
| Subsidies given without the obligation of repayment                      | 0                 | 0                 |
| Other additions  | 0                 | 0                 |
| <b>Tax base</b>  | <b>-3,493,179</b> | <b>-1,438,281</b> |
| <b>Tax 9%</b>  | <b>0</b>          | <b>0</b>          |
| <b>Amount of sports subsidy</b>  | <b>0</b>          | <b>0</b>          |
| <b>Amount of cultural subsidy</b>  | <b>0</b>          | <b>0</b>          |
| <b>Tax payable</b>   | <b>0</b>          | <b>0</b>          |

In FY 2024 the Company incurred no corporate income tax liability.

The tax liability in line X of the income statement is the liability arising from the self-revision for the year 2022, which was accepted by the tax authority.

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**31. HAZARDOUS WASTE**

In the current year the Company made provisions for environmental liabilities in the value of EUR 61,408. 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 2024:

(The table contains unaudited data)

| <i>Data in Kg</i>   | 2023         | 2024         |
|---------------------|--------------|--------------|
| Opening stock       | <b>5,152</b> | <b>5,293</b> |
| Amount generated    | 700,228      | 586,435      |
| Amount recognised   | 700,087      | 586,857      |
| Closing inventories | <b>5,293</b> | <b>4,871</b> |

**32. OFF-BALANCE SHEET LIABILITIES**

The Company's open F/X futures positions as of 31 March 2024 were as follows:

| Currency | Amount          | Direction | Expected result |
|----------|-----------------|-----------|-----------------|
| EUR      | -31,366,000     | Sell      | 151,183         |
| EUR      | 60,343,000      | Buy       | -330,342        |
| HUF      | -18,652,835,000 | Sell      | 301,073         |
| HUF      | 88,908,288,000  | Buy       | -2,364,164      |
| CHF      | -5,287,000      | Sell      | 9,781           |
| CHF      | 11,692,000      | Buy       | -119,150        |
| USD      | -158,003,000    | Sell      | -796,304        |
| USD      | 246,483,000     | Buy       | 1,221,051       |
| JPY      | -67,370,000     | Sell      | -1,276          |
| JPY      | 134,740,000     | Buy       | 483             |

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

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**The closing balance of the Company's bank guarantees as of 31 March 2024 is as follows:**

| <u>Transaction ID</u> | <u>Maturity</u> | <u>Currency</u> | <u>Balance</u> |
|-----------------------|-----------------|-----------------|----------------|
| BUDAGO0013905         | 2025. 12. 31.   | EUR             | 439,952.88     |
| BUDAGO0007347         | 2025. 12. 31.   | HUF             | 45,200,000.00  |
| BUDAGO0019330         | 2025. 12. 31.   | EUR             | 172,623.96     |
| BUDAGO0014765         | 2024. 06. 29.   | EUR             | 142,767.01     |
| BUDAGO0008230         | 2025. 12. 31.   | HUF             | 250,000,000.00 |
| Overdraft facility    | 2049. 12. 31.   | 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**

The Company also managed to improve its liquidity compared to last year due to more efficient inventory management and a slight improvement in the contribution of customers to working capital financing. Also, due to seasonality in sales and the expiry of an agreement for the previous financial year, trade payables decreased in 2024.

Based on increased revenues and restricted costs compared to last year, the company's management is positive about the outlook for 2025. We expect growth in key business areas with high added value in the next years. such as orders from the automotive industry related to electric and hybrid cars. We are establishing a new site in Zalaegerszeg, and the real estate investment has commenced. The new site will be dedicated to the production of components for the electric and hybrid cars mentioned earlier. We also expect growth in the services and industry businesses.

**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 the Munkácsi Flex 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, 18 July 2024

.....  
Nagy László  
Managing director

.....  
Christian Pfister  
Managing director