

Create the
extraordinary

Message from our CEO



"We are all stakeholders, and we are all in this together."

Revathi Advaiti

CEO

June 26, 2020

Dear fellow shareholder,

As I look back over the last twelve months, and my first full fiscal year with Flex, I believe we have started a transformation journey for our company that will result in sustainable and long-term change. We established consistent execution and operational discipline, we redefined our strategy and, most importantly, we rethought our purpose and values. These steps are foundational for the next stages of the company, regardless of the adversity in the macro-environment. I am very proud of how we performed, and even more proud of how we rose as a team to meet the numerous challenges we faced. I want to express my sincere appreciation to the tens of thousands of Flex employees around the world, who have worked tirelessly to overcome these challenges and deliver our current financial results while firmly establishing our strategic framework to deliver superior results in the future. I also want to thank our customers and suppliers for their trust and partnership and our shareholders who believe in the potential of Flex and the path we are now on. We are all stakeholders, and we are all in this together.

Operating safely through a pandemic

We are still in the midst of a global crisis, but we have, and we will continue to work through this difficult time. Many of the products we make are essential, some directly contributing to combatting the effects of the disease and saving lives. Through this pandemic we demonstrated the true agility of which we are capable. In a matter of weeks not months, we initiated and ramped multiple ventilator programs for our customers—a monumental task, but we did not stop there. Our customers turned to us to quickly ramp up production of new, and highly accurate virus and antibody testing equipment, and we rapidly increased production of other critical care products such as ventilators, personal protective equipment, oxygen concentrators, infusion pumps, and ICU beds to meet the growing demand. Flex is also contributing indirectly by supporting our customers producing the cloud, compute and networking infrastructure as well as other products that support critical communications applications and the work-from-home movement.

Ultimately it takes people to make these important products, and our number one priority remains the health and safety of our employees and their families. It must be. Flex has more than 160,000 people operating in 30 countries, and it is our obligation to provide a safe and positive work environment. We've learned quickly how to

implement protocols to physically protect our employees, operate effectively under strict safety conditions, and when necessary, provide a support system for our employees who test positive. Where possible, we mandated work-from-home, both for safety but also to minimize the burden on employees who are caregivers dealing with high-risk situations and disruptions to schools and childcare. We even embarked on making our own protective masks, both to ensure supply for our employees, and avoid tying up crucial supply from healthcare workers and first responders. We have refined and replicated our safety playbook across the globe, showing our ability to quickly improvise and adapt, and we will only continue to improve, because it's the right thing to do.

Leading in a changing landscape

This last year has seen a number of transformations across the global landscape. Although many started before the COVID-19 pandemic, some will likely accelerate as a result.

We saw continued increases in our customers' product complexity, as many traditional industries look to incorporate more features utilizing leading-edge technologies, including expanded capabilities around connectivity, data collection and compute. Another transformation we are experiencing is the increasing number of companies and governments looking for more adaptive supply chains, manufacturing capabilities and partners, as the crisis reveals many weaknesses to the supply chain status quo.

There is no single point of competitive differentiation that answers these challenges, but a combination of many acquired capabilities, technologies, domain expertise and learned experience that is rare and very difficult to replicate.

Staying ahead of these changes, we continue to build increasingly complex manufacturing capabilities across our global footprint. We are expanding core competencies in leading edge technology, advancing engineering and design capabilities, as well as domain expertise in focused end markets. Lastly, we apply our capabilities synergistically across the organization and at every level of our customer engagement. This combination is how we differentiate, and why we win.

Making significant progress

We have taken our own transformative steps. 2020 was the time to renew focus on our core, as well as redefine our purpose, vision, and our mission, of which I am very proud.

Our Purpose: To make great products for our customers that create value and improve people's lives

Our Vision: To be the most trusted global technology, supply chain, & manufacturing solutions partner to improve the world

Our Mission:

- Provide a safe environment with growth opportunities for our employees to prosper
- Leverage our global supply chain know-how to minimize risk and complexity for our customers
- Steward sustainable manufacturing and operations practices to minimize environmental impact
- Use our manufacturing expertise to make products that contribute positively to the world

We introduced our core strategic goals to be a leader in the markets where we compete, return to profitable growth, and deliver higher margins and consistent earnings. We will accomplish these goals by continuing to shift our mix to a more diversified, higher value portfolio, focusing on large, underpenetrated markets where we can win and differentiate through our growing bundle of capabilities. We defined six primary end-markets, refocused each market-facing business group to be highly targeted in the sub-markets they will prioritize. Equally important is knowing where not to play, and so we exited certain short-cycle, highly volatile businesses.

In support of our strategy, this year, we defined and began the transition to our new 'two operating segments' model, Flex Agility Solutions and Flex Reliability Solutions, to support the distinct end-market strategies and

requirements, delivering the highest quality in the most efficient manner.

Focusing even more on ESG

We also made substantial progress on further enhancements to our Environmental, Social and Governance commitments.

Two of our new mission statements are to “make great products that contribute positively to the world” and “steward sustainable manufacturing and operations practices to minimize environmental impact.” We will only pursue business that is in line with these values.

In the last year, we continued our progress in creating circular economies, starting with products such as servers, computers, printers and other mobile devices, that often end up in landfills. We are creating processes to help our customers design products and source materials that minimize the environmental impact, repair and refurbish, and then maximize value recovery through end-of-life parts harvest and recycling. We have enhanced circular capabilities in Europe, North America and Brazil.

Finally, we overhauled our governance focus as we strive to be leaders in board governance practices and ethics and compliance across our global footprint.

Achieving strong results

Through the challenges of fiscal year 2020, we achieved positive results on a number of fronts. While our net sales declined 8% from fiscal year 2019 to \$24.2 billion, in part from our planned exit from over \$1.2 billion of high-volatility, short cycle business as well as suffering pressures from COVID-19. Our adjusted operating income came to \$898 million, increasing 3% over fiscal year 2019, despite the macro challenges. We achieved a full year adjusted operating margin of 3.7%, which is the highest since 2001. Our adjusted EPS for the year was \$1.23 which was within our original fiscal year guidance of \$1.20-1.30. This year, we generated a strong \$672 million in adjusted free cash flow, and we repurchased \$260 million worth of shares; an increase of 38% compared to the prior year. We exited the year with a strong liquidity position, and we are well prepared to weather the near-term difficult environment, and well positioned to benefit as we eventually emerge from the crisis.

Looking forward

We have made good progress, but there are still challenges to come and work to do. This year will be hard to predict, and economic uncertainty remains high. We will continue to remain hyper vigilant to the indicators, and we will act appropriately and decisively. We will remain good stewards of capital, while ensuring we can identify and respond as demand eventually returns, in whatever shape the recovery forms. We have the right strategy and framework that will drive growth, differentiation, efficiency, consistency, and ultimately, superior future returns, and I am extremely confident in our future. We are all stakeholders, and we are all in this together.





FLEX LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number 199002645H)

Friday
August 7, 2020
9:00 a.m., Pacific time

Flex Ltd.
6201 America Center Drive,
San Jose, CA 95002, U.S.A.

Vote via Internet
at www.proxyvote.com



Vote by Mail
Sign and return your proxy card in the
postage-paid envelope



Vote in Person at the Meeting
on August 7, 2020 at 9:00 a.m., Pacific time



Please refer to the enclosed proxy materials or the information forwarded by your bank or other holder of record to see which voting methods are available to you.

Notice of Annual General Meeting of Shareholders

To Be Held on August 7, 2020

To Our Shareholders:

You are cordially invited to attend, and NOTICE IS HEREBY GIVEN of, the annual general meeting of shareholders of FLEX LTD. ("Flex" or the "Company"), which will be held at our offices located at 6201 America Center Drive, San Jose, CA 95002, U.S.A., at 9:00 a.m., Pacific time, on August 7, 2020, for the purposes summarized below and described in more detail in the accompanying proxy statement.

Special notice regarding COVID-19. The health and safety of our employees, shareholders, and community members is of utmost importance to us. In consideration of current public health concerns, we ask that you follow recommended guidance, mandates, and applicable executive orders from federal and state authorities, particularly as they relate to social distancing and attendance at public gatherings. If you are not feeling well or think you may have been exposed to COVID-19, we ask that you vote by proxy for the 2020 annual general meeting. Should further developments with the COVID-19 situation necessitate that we change any material aspects of the annual general meeting, we will make public disclosure of such changes. We thank you for your cooperation as we prioritize the safety of our community and our shareholders.

We urge you to read the entire proxy statement carefully before voting. Unless the context requires otherwise, references in this notice and/or the proxy statement to "Flex," "the Company," "we," "us," "our" and similar terms mean Flex Ltd. and its subsidiaries. Flex is incorporated under the Companies Act (Chapter 50) of Singapore, which we refer to in this notice and proxy statement as the "Singapore Companies Act" or the "Companies Act."

Important Notice Regarding Electronic Availability of Proxy Statement and Annual Report

We are pleased to take advantage of Securities and Exchange Commission rules that allow the Company to furnish proxy materials to our shareholders on the Internet. On or about June 26, 2020, we will mail to our shareholders (including all of our registered shareholders) a Notice of Availability of Proxy Materials on the Internet (referred to as the Notice) containing instructions on how to: (i) access the proxy statement and our annual report, (ii) submit their proxies via the Internet, and (iii) request a printed copy of our proxy materials.

Proxy Voting Matters

You may revoke your proxies at any time prior to the time they are voted. Registered shareholders who are present at the meeting may revoke their proxies and vote in person or, if they prefer, may abstain from voting in person and allow their proxies to be voted.

Voting Matters at the Annual General Meeting

- To re-elect directors of the Company nominated for re-election (*Proposal No. 1*);
- To approve the re-appointment of Deloitte & Touche LLP as our independent auditors for the 2021 fiscal year and to authorize the Board of Directors, upon the recommendation of the Audit Committee, to fix their remuneration (*Proposal No. 2*);
- To hold a non-binding, advisory vote on executive compensation (*Proposal No. 3*);
- To approve the amendment and restatement of the Flex Ltd. 2017 Equity Incentive Plan (*Proposal No. 4*);
- To approve a general authorization for the Directors of Flex to allot and issue ordinary shares (*Proposal No. 5*); and
- To approve a renewal of the Share Purchase Mandate permitting Flex to purchase or otherwise acquire its own issued ordinary shares (*Proposal No. 6*).

Resolutions Proposed for Shareholder Approval As Ordinary Business

The full text of the resolutions proposed for approval by our shareholders is as follows:

1. To re-elect each of the following Directors, who will retire pursuant to Article 94 of our Constitution, to the Board of Directors:
 - (a) Revathi Advaiti;
 - (b) Michael D. Capellas;
 - (c) Jennifer Li;
 - (d) Erin L. McSweeney;
 - (e) Marc A. Onetto;
 - (f) Willy C. Shih, Ph.D.;
 - (g) Charles K. Stevens, III;
 - (h) Lay Koon Tan;
 - (i) William D. Watkins; and
 - (j) Lawrence A. Zimmerman.
2. To consider and vote upon a proposal to re-appoint Deloitte & Touche LLP as our independent auditors for the fiscal year ending March 31, 2021, and to authorize our Board of Directors, upon the recommendation of the Audit Committee of the Board of Directors, to fix their remuneration.

Resolutions Proposed for Shareholder Approval As Special Business

The full text of the resolutions proposed for approval by our shareholders is as follows:

3. To consider and put to a non-binding, advisory vote the following non-binding, advisory resolution:

"RESOLVED THAT, the shareholders of Flex approve, on a non-binding, advisory basis, the compensation of the Company's named executive officers, as disclosed pursuant to Item 402 of SEC Regulation S-K, including the Compensation Discussion and Analysis and the compensation tables and related disclosures contained in the section of the accompanying proxy statement captioned 'Executive Compensation'."

This resolution is being proposed to shareholders as required pursuant to Section 14A of the U.S. Securities Exchange Act of 1934, as amended. The shareholders' vote on this resolution is advisory and non-binding in nature, will have no legal effect and will not be enforceable against Flex or its Board of Directors.

4. To pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT, approval be and is hereby given for the amendment and restatement of the Flex Ltd. 2017 Equity Incentive Plan (which we refer to as the "2017 Plan" and, as amended and restated, the "Amended 2017 Plan"), a summary of which is set out in the attached proxy statement and the rules of which, for the purpose of identification, have been subscribed to by the Chairman of the Meeting under which awards of our ordinary shares in our capital will be granted to selected eligible persons (details of which are set out in the attached proxy statement) which includes (but is not limited to) our employees and directors and those of our subsidiaries and affiliates, officers, members of our Board of Directors (including both employee and non-employee Directors), and consultants of the Company and our subsidiaries and affiliates.

5. To pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT, pursuant to the provisions of Section 161 of the Singapore Companies Act, Cap. 50, but subject otherwise to the provisions of the Singapore Companies Act, Cap. 50 and our Constitution, authority be and is hereby given to our Directors to:

- (a) (i) allot and issue ordinary shares in our capital ("Ordinary Shares"); and/or
 (ii) make or grant offers, agreements, options, performance units or restricted share units that might or would require Ordinary Shares to be allotted and issued, whether after the expiration of this authority or otherwise (including but not limited to the creation and issuance of warrants, debentures or other instruments convertible into Ordinary Shares),

at any time to and/or with such persons and upon such terms and conditions and for such purposes as our Directors may in their absolute discretion deem fit, and with such rights or restrictions as our Directors may think fit to impose and as are set forth in the Constitution of the Company; and

- (b) (notwithstanding that the authority conferred by this resolution may have ceased to be in force) allot and issue Ordinary Shares in pursuance of any offer, agreement, option, performance unit or restricted share unit made or granted by our Directors while this resolution was in force, and unless revoked or varied by the Company in general meeting, that such authority shall continue in force until (i) the conclusion of our next annual general meeting or (ii) the expiration of the period within which our next annual general meeting is required by law to be held, whichever is the earlier."

6. To pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT:

- (a) for the purposes of Sections 76C and 76E of the Singapore Companies Act, Cap. 50, the exercise by our Directors of all of our powers to purchase or otherwise acquire issued Ordinary Shares in the capital of the Company not exceeding in aggregate the number of issued Ordinary Shares representing 20% of the total number of issued Ordinary Shares outstanding as of the date of the passing of this resolution (excluding treasury shares and any Ordinary Shares which are held by our subsidiary under Sections 21(4B) or 21(6C) of the Companies Act, as at that date) at such price or prices as may be determined by our Directors from time to time up to the maximum purchase price described in paragraph (c) below, whether by way of:

- (i) market purchases on the Nasdaq Global Select Market or any other stock exchange on which our Ordinary Shares may for the time being be listed and quoted; and/or
 (ii) off-market purchases (if effected other than on the Nasdaq Global Select Market or, as the case may be, any other stock exchange on which our Ordinary Shares may for the time being be listed and quoted) in accordance with any equal access scheme(s) as may be determined or formulated by our Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Singapore Companies Act, Cap. 50,

and otherwise in accordance with all other laws and regulations and rules of the Nasdaq Global Select Market or, as the case may be, any other stock exchange on which our Ordinary Shares may for the time being be listed and quoted as may be applicable, be and is hereby authorized and approved generally and unconditionally;

- (b) unless varied or revoked by our shareholders in a general meeting, the authority conferred on our Directors pursuant to the mandate contained in paragraph (a) above may be exercised by our Directors at any time and from time to time during the period commencing from the date of the passing of this resolution and expiring on the earlier of:
 - (i) the date on which our next annual general meeting is held; or
 - (ii) the date by which our next annual general meeting is required by law to be held;
- (c) the maximum purchase price (excluding brokerage commission, applicable goods and services tax and other related expenses) which may be paid for an Ordinary Share purchased or acquired by us pursuant to the mandate contained in paragraph (a) above, shall not exceed:
 - (i) in the case of a market purchase of an ordinary share, the highest independent bid or the last independent transaction price, whichever is higher, of our Ordinary Shares quoted or reported on the Nasdaq Global Select Market or, as the case may be, any other stock exchange on which our Ordinary Shares may for the time being be listed and quoted, or shall not exceed any volume weighted average price, or other price determined under any pricing mechanism, permitted under SEC Rule 10b-18, at the time the purchase is effected; and
 - (ii) in the case of an off-market purchase pursuant to an equal access scheme, at a premium of up to but not greater than 5 percent above the average of the closing price per Ordinary Share over the five trading days before the day on which the purchases are made; and
- (d) our Directors and/or any of them be and are hereby authorized to complete and do all such acts and things (including executing such documents as may be required) as they and/or he or she may consider expedient or necessary to give effect to the transactions contemplated and/or authorized by this resolution.”

Notes

Singapore Financial Statements

At the 2020 annual general meeting, our shareholders will have the opportunity to discuss and ask any questions that they may have regarding our Singapore audited financial statements for the fiscal year ended March 31, 2020, together with the directors’ statement and auditors’ report thereon, in compliance with Singapore law. Shareholder approval of our audited financial statements is not being sought by the accompanying proxy statement and will not be sought at the 2020 annual general meeting.

Eligibility to Vote at Annual General Meeting

Receipt of Notice. The Board of Directors has fixed the close of business on June 8, 2020 as the record date for determining those shareholders of the Company who will be entitled to receive copies of this notice and accompanying proxy statement. However, all shareholders of record on August 7, 2020, the date of the 2020 annual general meeting, will be entitled to vote at the 2020 annual general meeting.

Quorum

Representation of at least 33-1/3% of all outstanding Ordinary Shares of the Company is required to constitute a quorum to transact business at a general meeting of our shareholders.

Proxies

A shareholder entitled to attend and vote at the 2020 annual general meeting is entitled to appoint a proxy to attend and vote on his or her behalf. A proxy need not also be a shareholder. **Whether or not you plan to attend the meeting, we encourage you to vote promptly. You may vote your shares through one of the methods described in the enclosed proxy statement. A proxy card submitted by mail must be received by Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717 not less than 48 hours before the time appointed for holding the 2020 annual general meeting. Please review the instructions on the proxy card and Notice of Availability of Proxy Materials regarding the submission of proxies via the Internet, which provide, among other things, for the transmission of voting instructions up until 11:59 p.m. Eastern Time the day before the meeting.** You may revoke your proxy at any time prior to the time it is voted. Registered shareholders who are present at the meeting may revoke their proxies and vote in person or, if they prefer, may abstain from voting in person and allow their proxies to be voted.

Disclosure Regarding Share Purchase Mandate Funds

Only funds legally available for purchasing or acquiring our issued Ordinary Shares in accordance with our Constitution and the applicable laws of Singapore will be used for the purchase or acquisition by us of our own issued Ordinary Shares pursuant to the proposed renewal of the Share Purchase Mandate referred to in this notice. We intend to use our internal sources of funds and/or borrowed funds to finance the purchase or acquisition of our issued Ordinary Shares. The amount of financing required for us to purchase or acquire our issued Ordinary Shares, and the impact on our financial position, cannot be ascertained as of the date of this notice, as these will depend on, among other things, the number of Ordinary Shares purchased or acquired and the price at which such Ordinary Shares are purchased or acquired and whether the Ordinary Shares purchased or acquired are held in treasury or cancelled. Our net tangible assets and the consolidated net tangible assets of the Company and its subsidiaries will be reduced by the purchase price (including any expenses) of any Ordinary Shares purchased or acquired and cancelled or held as treasury shares. We do not anticipate that the purchase or acquisition of our Ordinary Shares in accordance with the Share Purchase Mandate would have a material impact on our financial condition and cash flows.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 2020 annual general meeting and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder's personal data by us (or our agents or service providers) for the purpose of the processing, administration and analysis by us (or our agents or service providers) of proxies and representatives appointed for the 2020 annual general meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 2020 annual general meeting (including any adjournment thereof), and in order for us (or our agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to us (or our agents or service providers), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by us (or our agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the shareholder will indemnify us in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

By order of the Board of Directors,



Tay Hong Chin Regina
Company Secretary
Singapore
June 26, 2020

You should read the entire proxy statement carefully prior to returning your proxy card or otherwise submitting your proxy appointment through electronic communications in the manner set out in the accompanying proxy statement.




Important Notice Regarding the Availability of Proxy Materials for the 2020 Annual General Meeting of Shareholders to Be Held on August 7, 2020. This notice of the annual general meeting and the accompanying proxy statement and our annual report to shareholders are available on our website at <https://investors.flex.com/financials>.

Table of Contents

Proxy Statement Summary	12	Executive Compensation	65
Corporate Governance	18	Summary Compensation Table	65
Board of Directors	18	Grants of Plan-Based Awards in Fiscal Year 2020	67
Board Leadership Structure	18	Outstanding Equity Awards at 2020 Fiscal Year-End	68
Attendance and Meetings	19	Shares Vested in Fiscal Year 2020	69
Director Independence	19	Pension Benefits in Fiscal Year 2020	69
Director Candidates	19	Nonqualified Deferred Compensation in Fiscal Year 2020	69
Board's Role in Risk Oversight	20	Nonqualified Deferred Compensation Table	70
Board Evaluations	21	Potential Payments Upon Termination or Change of Control	70
Succession Planning	21	Potential Payments Upon Termination or Change of Control as of March 31, 2020	72
Board Committees	21	CEO Pay Ratio	74
Director Education	23		
Stakeholder Engagement and Outreach Engagement and Outreach	23	Proposal No. 4: Ordinary Resolution to Approve the Amendment and Restatement of The Flex Ltd. 2017 Equity Incentive Plan	75
Corporate Governance Policies	25	Key Features of the Amended 2017 Plan	75
Shareholder Communications with our Board of Directors	25	Proposed Amendments	76
		Determination of Additional Shares Amount	76
Fiscal Year 2020 Non-Management Directors' Compensation	26	Summary of the Amended 2017 Plan	77
Non-Employee Director Compensation Program	26	U.S. Federal Income Tax Consequences	81
Fiscal Year 2020 Annual Compensation	27	New Plan Benefits	82
Fiscal Year 2020 Equity Compensation	27		
Compensation for the Non-Employee Chair of the Board	28	Proposal No. 5: Ordinary Resolution to Authorize Ordinary Share Issuances	83
Director Share Ownership Guidelines	29		
Director Summary Compensation in Fiscal Year 2020	30	Proposal No. 6: Ordinary Resolution to Renew the Share Purchase Mandate	84
Treatment of Unvested Restricted Share Unit Awards upon a Change of Control	30	Limit on Allowed Purchases	84
		Duration of Share Purchase Mandate	85
Sustainability	31	Manner of Purchases or Acquisitions of Ordinary Shares	85
COVID-19	31	Purchase Price	85
Sustainability Governance and Strategy	32	Treasury Shares	85
		Sources of Funds	86
Proposals to be considered at the 2020 Annual General Meeting of Shareholders	34	Status of Purchased or Acquired Ordinary Shares	86
		Financial Effects	86
Proposal No. 1: Re-election of Directors	34	Rationale for the Share Purchase Mandate	87
Nominees to our Board of Directors	34	Take-Over Implications	87
Qualifications of Nominees	35		
		Executive Officers	88
Proposal No. 2: Re-Appointment of Independent Auditors for Fiscal Year 2021 and Authorization of our Board to Fix Their Remuneration	40	Equity Compensation Plan Information	89
Principal Accountant Fees and Services	40	Security Ownership of Certain Beneficial Owners and Management	90
Audit Committee Pre-Approval Policy	40	Certain Relationships and Related-Person Transactions	92
Message from the Audit Committee	41	Review of Related-Person Transactions	92
Audit Committee Report	41	Transactions with Related-Persons	92
		Delinquent Section 16(a) Reports	93
Proposal No. 3: Non-Binding, Advisory Resolution on Executive Compensation	42	Shareholder Proposals for the 2021 Annual General Meeting	93
Message from the Compensation Committee	42	Incorporation of Certain Documents by Reference	93
Compensation Committee Report	43	Singapore Statutory Financial Statements	94
		Other Matters	94
Compensation Discussion and Analysis	44	Electronic Delivery of our Shareholder Communications	94
Introduction	44	Information About the Meeting	94
Executive Summary	44	Voting Rights and Solicitation of Proxies	95
Compensation Philosophy	51		
Compensation-Setting Process and Decisions for Fiscal Year 2020	52	Annex A: Amended And Restated 2017 Equity Incentive Plan	A-1
Fiscal Year 2020 Executive Compensation	55		
Benefits	60	Annex B: Reconciliation of Gaap to Non-Gaap Financial Measures Flex Ltd Reconciliation of Gaap to Non-Gaap Financial Measures	B-1
Termination and Change of Control Arrangements	61		
Executive Share Ownership Guide lines	63	Annex C: Ms. Advaiti's Unvested Equity Value	C-1
Executive Incentive Compensation Recoupment Policy	63		
Hedging and Pledging Policy	63		
Compensation Risk Assessment	64		

Proxy Statement Summary

This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider, and you should read the proxy statement carefully before voting. For more complete information regarding the Company's 2020 fiscal year performance, please review the Company's 2020 Annual Report. For additional information regarding voting rights and proxy solicitation, please see "Other Matters" on page 94.




 Place: 6201 America Center Drive, San Jose, CA 95002, U.S.A.	 Time and Date: 9:00 a.m., Pacific time August 7, 2020	 Record Date: June 8, 2020
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Voting Matters at the Annual General Meeting

Proposal	Recommendation	Page Reference
1. Re-election of directors	<input checked="" type="checkbox"/> FOR each nominee	34
2. Re-appointment of Deloitte & Touche LLP	<input checked="" type="checkbox"/> FOR	40
3. Advisory vote on executive compensation	<input checked="" type="checkbox"/> FOR	42
4. Approval of the amendment and restatement of the 2017 Equity Incentive Plan	<input checked="" type="checkbox"/> FOR	75
5. General authorization to allot and issue ordinary shares	<input checked="" type="checkbox"/> FOR	83
6. Authorization to repurchase ordinary shares	<input checked="" type="checkbox"/> FOR	84

How to Cast Your Vote

Each Ordinary Share is entitled to one vote for each director nominee and one vote for each of the other proposals. Your vote is important to us, and we encourage you to vote using one of these methods:

Vote in Person at the Meeting		<p>If you are a beneficial holder and hold your shares through a bank, broker, or other nominee, you must request a "legal proxy" from the nominee in order to vote at the meeting. You will find instructions on how to request a "legal proxy" at www.proxyvote.com or in a paper copy of Flex's proxy materials.</p>
Vote via Internet		<p>at www.proxyvote.com</p> <p>Look at your Notice for the box marked by the arrow and follow the instructions. If you are a beneficial holder and hold your shares through a bank, broker, or other nominee, your nominee may not permit you to vote online.</p>
Vote by Mail		<p>Sign and return your proxy card. If you do not have a proxy card, you can request one by contacting us at:</p> <p>Flex Ltd. 6201 America Center Drive San Jose, California 95002 (408) 577-4632</p>

Corporate Governance Highlights (pg. 18)

Flex strives for excellence in corporate governance practices, which we recognize is fundamental to maintaining the trust of our shareholders, customers, and employees. Flex's management, together with our Board of Directors, continually evaluate processes and implement procedures designed to maintain strong governance and operational standards. Below are some highlights of our corporate governance practices.

No Classified Board	Last year, our shareholders approved a management proposal to de-classify our Board of Directors. We now have annual elections for all directors.
Refreshed Directors	We continuously evaluate the composition of the Board. Five new directors have joined Flex in the past three years.
Diverse Directors	Our directors come from diverse backgrounds. Of particular note, our Board is composed of 36% women.
Increased Executive and Director Share Ownership Requirements	We recently enhanced our executive and director share ownership requirements to increase the amount of Flex equity our directors and officers are required to hold.
Shareholder Outreach	We value the input and participation of our shareholders. As part of our commitment to our shareholders, we maintain an annual shareholder outreach program. Members of management and directors participate in our outreach efforts as appropriate. During fiscal year 2020, we proactively contacted twenty-two firms representing approximately 74% of our share voting power and engaged with holders of approximately 61% of our share voting power. Among other changes based on shareholder feedback, in fiscal year 2020, we enhanced our director attendance tracking program resulting in an average director attendance of 98% and made demonstrable enhancements to our executive compensation program.

Board Nominees (pg. 34)

The following table provides summary information about each nominee standing for re-election to the Board. All directors, excluding Ms. Advaiti, are independent. As previously disclosed, Ms. Greenthal, who is retiring by rotation pursuant to Article 94 of our Constitution, as amended, has decided not to stand for re-election due to other time commitments and will be retiring from the Board effective as of the conclusion of the 2020 annual general meeting.

Name	Principal Occupation	Committee Memberships	Director Since	Number of Additional Public Company Boards
Revathi Advaiti	CEO, Flex Ltd.	None	2019	0
Michael D. Capellas	Principal, Capellas Strategic Partners	Nominating and Corporate Governance ☆	2014	1
Jennifer Li	General Partner, Changcheng Investment Partners	Compensation	2018	2
Erin L. McSweeney	Executive Vice President, Chief Human Resources Officer, Optum, Inc.	Compensation	2020	0
Marc A. Onetto	Principal, Leadership from the Mind and the Heart LLC	Audit	2014	0
Willy C. Shih, Ph.D.	Professor of Management Practice in Business Administration, Harvard School of Business	Compensation	2008	0
Charles K. Stevens, III	Former Chief Financial Officer, General Motors	Audit	2018	3
Lay Koon Tan	Former President, Chief Executive Officer and member of the Board of Directors, STATS ChipPAC Ltd.	Audit	2012	0
William D. Watkins	Former Chief Executive Officer, Imergy Power Systems, Inc.	Compensation ☆ Nominating and Corporate Governance	2009	2
Lawrence A. Zimmerman	Former Vice Chairman and CFO, Xerox Corporation	Audit ☆ Nominating and Corporate Governance	2012	1

☆ Chair

Sustainability Highlights (pg. 31)

We strive to make a lasting positive impact for our employees, customers and investors and aim to follow social and environmental practices that make our stakeholders proud to work with or invest in us. Our sustainability efforts have been widely recognized garnering awards for sustainability and supply chain leadership from the Manufacturing Leadership Council; inclusion in the FTSE4GOOD index for the fourth consecutive year; a negligible risk score from Sustainalytics; and an Industry Mover Sustainability Award from the Dow Jones Sustainability Index. Below are some highlights of our sustainability practices.

Clean Water Initiative	Our Flex Foundation partnered with customer Xylem to bring clean water to underserved communities. In October, we worked with nearly 100 volunteers in the state of Aguascalientes (in Mexico) to install water filtration systems in ten schools. In November, we helped build the same number of rain-water collection systems in Guadalajara in a community with no access to water.
Accelerated Medical Equipment Production	We collaborated with local governments and our customers to quickly accelerate the production of critical medical equipment used to diagnose and treat COVID-19.
Worker Empowerment Training Program	We developed a program focused on universal workforce development training for our factory partners through a 15-course curriculum on attitude, skills, knowledge and training-of-trainers. We have trained over 7,000 workers to lead the future of automation.
Energy Conservation	In addition to completing nearly 300 energy conservation projects in 2019, we commissioned our newest 1.56MW Roof Top Solar System in our San Luis Rio, Colorado factory, which increased our renewable energy capacity by 13%.
Reduced CO2 Emissions	We avoided more than 41,000 Scope 1 and Scope 2 CO2e emissions through our Energy Management Program and offset approximately 70,000 tonnes of Scope 3 CO2e emissions through Certified Emission Reductions.

Executive Compensation Highlights (pg. 44)

Our pay-for-performance compensation philosophy aims to tie actual pay delivery to performance, where above-target performance should be rewarded when achieved, and below-target performance should lead to reduced compensation, including zero payouts for performance-based compensation elements when performance thresholds are not met. We also believe we should deliver a significant portion of executive pay in the form of equity awards, which are directly aligned with value delivered to shareholders.

Performance based pay elements reflected the fact that our fiscal year 2020 performance results were below targeted levels.

- ✓ **Base salaries maintained with one exception:** Pay changes for fiscal year 2020 were focused on performance-based pay and we maintained the NEOs' base salaries with no increase, with the exception of Mr. Collier, who received a 1.4% increase.
- ✓ **Bonus plan payouts well below target:** Based on overall financial results that were below targeted performance levels, our CEO's fiscal year 2020 bonus paid out at 48.9% of target. Other NEO bonuses paid out between 22.7% and 48.9%, excluding Mr. Britt who resigned prior to the bonus payment date and received no payout.
- ✓ **Performance share plan (rTSR) payouts = 0%:** No payouts were earned under the rTSR PSUs for the three-year performance cycle ending in fiscal year 2020, as the threshold performance level was not achieved.
- ✓ **Performance share and cash LTI plan (FCF) payouts = 0%:** The Flex fiscal year (2018 - 2020) FCF PSU and long-term cash incentive cycle were not earned because cumulative adjusted FCF results over the three-year period were below the threshold levels despite significant improvement in fiscal year 2020. In an effort to more closely align pay delivery for our NEOs with shareholder value delivered, we granted only rTSR PSUs in fiscal years 2019 and 2020.
- ✓ **Performance-based deferred compensation funding below target:** Deferred compensation contributions are funded 50% based on performance in the prior fiscal year. We funded the performance-based portion in fiscal year 2020 with a funding factor of 74.8%, which was the Company funding percentage used for fiscal year 2019 bonus payouts.

Business Summary

What We Do

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

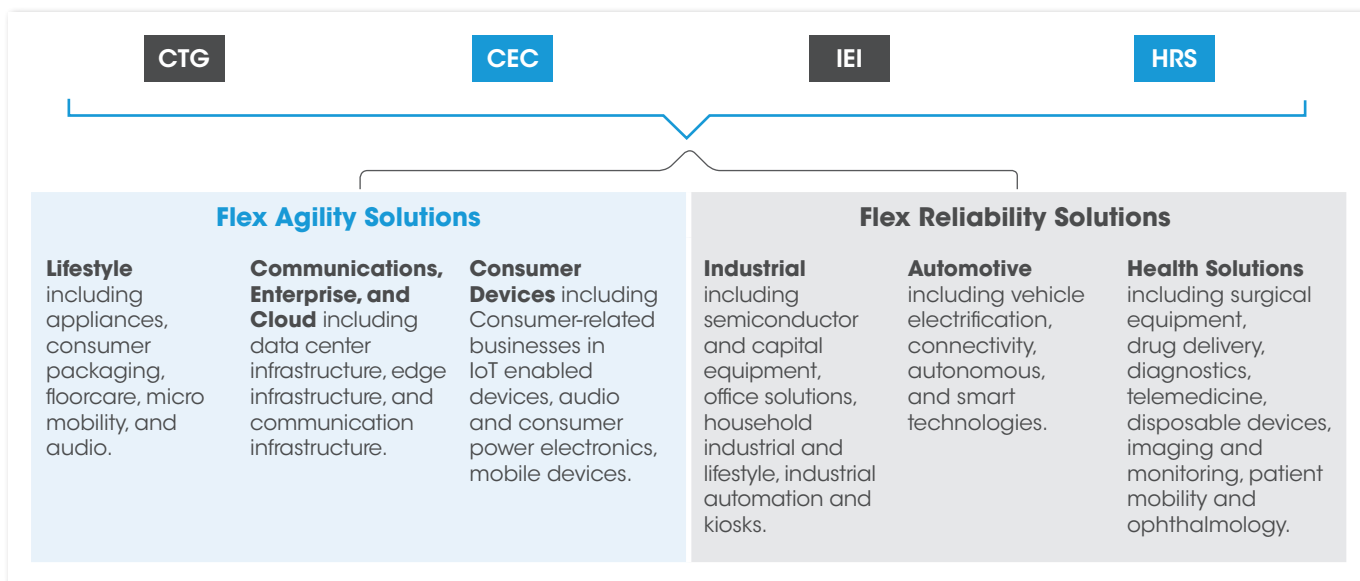
We provide design, manufacturing and supply chain services through a network of over 100 locations in 30 countries across five continents. We have established global scale through an extensive network of innovation labs, design centers, manufacturing and services sites in the world's major consumer and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

Flex offers solutions that span from initial design through ramp-up and volume manufacturing as well as through end of life and circularity offerings. This full range of capabilities provides our customers with expertise across the entire value chain. Technology innovation is at the center of delivering these end-to-end capabilities.

For fiscal year 2020, our reporting business segments were High Reliability Solutions ("HRS"); Industrial and Emerging Industries ("IEI"); Communications & Enterprise Compute ("CEC"); and Consumer Technologies Group ("CTG").

HRS	IEI	CEC	CTG
<p>High Reliability Solutions</p> <p>Including our health solutions business, including surgical equipment, drug delivery, diagnostics, telemedicine, disposable devices, imaging and monitoring, patient mobility and ophthalmology; and our automotive business, including vehicle electrification, connectivity, autonomous, and smart technologies.</p>	<p>Industrial and Emerging Industries</p> <p>Including energy including advanced metering infrastructure, energy storage, smart lighting, smart solar energy; and industrial, including semiconductor and capital equipment, office solutions, household industrial and lifestyle, industrial automation and kiosks.</p>	<p>Communications & Enterprise Compute</p> <p>Including our telecom business of radio access base stations, remote radio heads and small cells for wireless infrastructure; our networking business, which includes optical, routing, and switching products for data and video networks; our server and storage platforms for both enterprise and cloud-based deployments; next generation storage and security appliance products; and rack-level solutions, converged infrastructure and software-defined product solutions.</p>	<p>Consumer Technologies Group</p> <p>Including our consumer-related businesses in IoT enabled devices, audio and consumer power electronics, mobile devices; and various supply chain solutions for consumer, computing and printing devices.</p>

In March 2020, we announced a change in organization structure as part of our strategy to further drive growth and productivity with two focused delivery models.



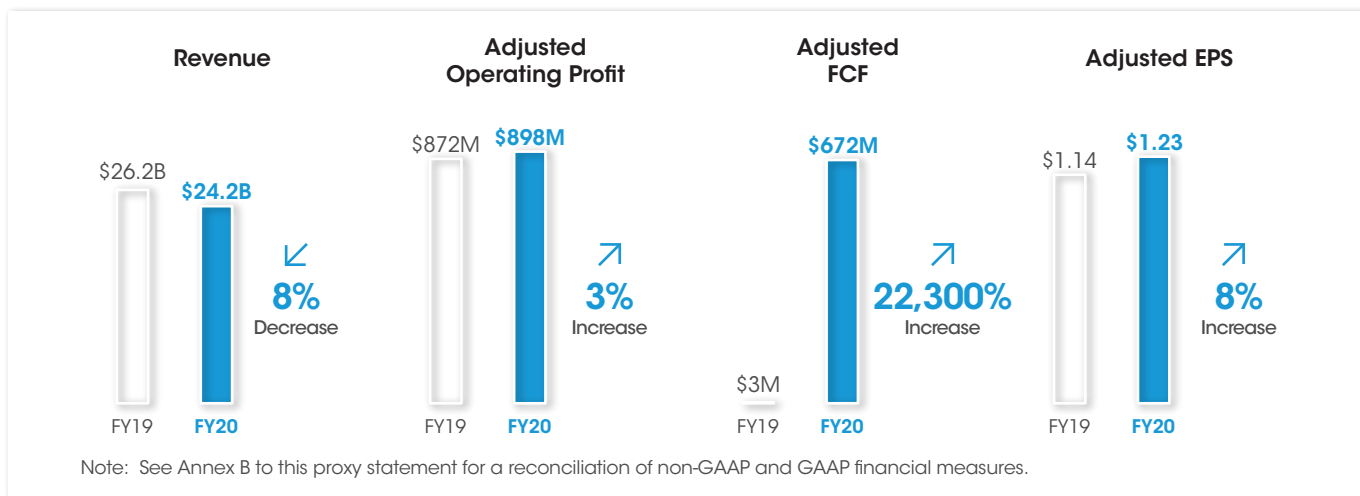
Flex Forward: Our Strategy

Over the past several years, Flex has been engaged in a long-term strategy focused on portfolio evolution and driving higher value-added services that align with our customers’ needs and requirements in order to improve operating and financial results, including improving profit margins, capitalizing on prior investments, streamlining our investment portfolio and returning to strong free cash flow generation. The Company is focused on disciplined sustainable execution on our core business processes as well as selective and disciplined growth in areas that can drive margin improvement and provide value for the Company and its customers. We believe that our continued business transformation is strategically positioning us to take advantage of the long-term, future growth prospects for outsourcing of advanced manufacturing capabilities, design and engineering services and after-market services.

Fiscal Year 2020 Highlights

Performance and Company Highlights For Fiscal Year 2020

During fiscal year 2020, we achieved overall positive results on several fronts. Key financial highlights from the fiscal year include:



The decrease in our fiscal year 2020 revenue was primarily driven by two factors:

- Our efforts to actively manage our portfolio to improve mix and profitability, and
- Unanticipated impacts of the COVID-19 crisis emerging during the fourth quarter of our fiscal year.

Despite the revenue decline, we were able to grow all other key measures of operating performance: adjusted operating profit, adjusted EPS and adjusted FCF.

Who We Are

As part of our strategic planning process in 2019, we updated our vision and mission statements to align to our strategy as well as reflect our aspirations for all of our major stakeholders. We also developed a purpose statement for the first time at our company to provide clarity and a framework for why we exist and what kind of company we want to be. Culture underlies our stakeholder experience. It aligns us as we pursue our purpose, uphold our mission, live our values, advance towards our vision and activate our strategy. These statements are more than words on a poster, they will provide a framework for how we make decisions and will influence the company culture we wish to create. Our new values are intended to reflect and guide our behaviors and shape our culture going forward.

Vision

Our direction

Our vision is to become the world's most trusted global technology, supply chain and manufacturing solutions partner.

Purpose

Our reason for being

Our purpose as a company, why we exist, is to make great products for our customers that create value and improve people's lives.

Mission

Our approach

Our mission has five elements:

1. Provide a safe environment with growth opportunities for our employees to prosper.
2. Leverage our global supply chain know-how to minimize risk and complexity for our customers.
3. Use our manufacturing expertise to make products that contribute positively to the world.
4. Steward sustainable manufacturing and operations practices to minimize environmental impact.
5. Deliver consistent results and increased value to our shareholders.

Values

Our philosophy

How we live our values define our culture:

- We support each other as we strive to find a better way.
- We move fast with discipline and purpose.
- We do the right thing always.

Corporate Governance

We are proud of Flex's legacy of corporate governance throughout the past 50+ years. We continually build on that legacy with ethical business oversight, robust risk management, and pay-for-performance compensation programs in order to assure accountability to our shareholders, customers, employees, and communities.

Board of Directors

Our Constitution gives our Board of Directors general powers to manage our business. The Board oversees and provides policy guidance on our strategic and business planning processes, oversees the conduct of our business by senior management, and is principally responsible for the succession planning for our key executives, including our Chief Executive Officer.

Board Leadership Structure

Our Board of Directors believes that the most effective leadership structure for Flex at the present time is for the roles of CEO and Chair of the Board to be separated, and for the Chair of the Board to be an independent director. Flex has separated the roles of Chair and CEO since 2003. Our Board of Directors believes that having an independent Chair ensures a greater role for the independent directors in the oversight of the Company, and also provides the continuity of leadership necessary for the Board to fulfill its responsibilities. The Board retains the authority to modify this leadership structure as appropriate to best address the Company's unique circumstances at any given time and to serve the best interests of our shareholders, customers, and employees.

Ms. Advaiti has served as our Chief Executive Officer and as a member of our Board of Directors since February 11, 2019. The Board appointed Mr. Capellas, an independent director, as Chair of the Board in 2017. The following chart demonstrates how the Company has separated these two leadership roles.



Michael D. Capellas

Board Chair

- Oversees CEO succession
- Oversees the board evaluation process
- Calls meetings of the Board and independent directors
- Provides management with feedback regarding the information that is necessary for the independent directors to effectively and responsibly perform their duties
- Acts as a liaison between the independent directors and CEO on sensitive/critical issues



Revathi Advaiti

Chief Executive Officer

- Sets strategic direction for the Company
- Provides day-to-day leadership over Company operations
- Focuses on execution of business strategy, growth and development
- Sets the tone-at-the-top for company culture
- Develops and oversees enterprise-wide initiatives

Attendance and Meetings

Each of our directors remains committed to providing prudent oversight of our business through regularly scheduled meetings, special meetings, ad hoc conversations, and time spent with management. In fiscal year 2020, our Board of Directors held a total of 13 meetings. Collectively, our Board and Committees held 38 meetings in fiscal year 2020. We instituted a rigorous attendance tracking program resulting in a 98% average attendance rate (with every director attending over 75% of the Board and applicable committee meetings held during their period of service).

In fiscal year 2019, Jennifer Li did not attend over 75% of the Board and applicable committee meetings. Our shareholders expressed appropriate concern that her attendance record was not satisfactory. In response to Board and shareholder dissatisfaction shown through the level of shareholder support for the re-election of Ms. Li during last year's annual general meeting, the Board took action to ensure well above the requisite level of director attendance. The Board determined that the reasons for Ms. Li's attendance issues in fiscal year 2019 were correctable and that Ms. Li continues to bring critical perspectives and contributions to the Board. In addition, Ms. Li made a specific commitment to attend at least 90% of the Board and applicable Committee meetings.

Ms. Li's fiscal year 2019 attendance record	<ul style="list-style-type: none"> Ms. Li was not able to attend certain special meetings that were scheduled on short notice. Ms. Li carefully read materials from all meetings from which she was absent and provided her insights to the Board and Committee Chairs. Ms. Li was briefed by the Chair on all meetings from which she was absent.
Ms. Li's commitment to fiscal year 2020 attendance	<ul style="list-style-type: none"> Ms. Li attended over 95% of the Board and applicable committee meetings held in fiscal year 2020.
Ms. Li's unique contributions to our Board of Directors	<ul style="list-style-type: none"> Ms. Li brings a diverse and global perspective with strong financial, global operational, and technology industry experience, particularly in the highly-regulated Chinese market.

All directors are encouraged to attend the annual general meeting, but attendance is not required. Every director who was on the Board at the time attended the Company's 2019 annual general meeting.

Our non-employee directors meet at regularly scheduled executive sessions without management participation. During fiscal year 2020, our non-employee directors met in executive session 11 times.

Director Independence

Flex's director independence guidelines incorporate the definition of "independence" adopted by The Nasdaq Stock Market LLC, where we are listed, and which we refer to as Nasdaq in this proxy statement. Using these guidelines, our Board has determined that each of the Company's directors, other than Ms. Advaiti, is independent. This means that, other than Ms Advaiti, no director has any business or family relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director or any otherwise disqualifying relationship. In evaluating independence, the Board broadly considers all relevant facts and circumstances. Our director independence guidelines are included in our comprehensive Corporate Governance Guidelines.

Director Candidates

Our Nominating and Corporate Governance Committee strives to achieve a balance and diversity of knowledge, experience, and capabilities on our Board and ensure that our Board has the benefit of a variety of skills derived from our directors' business and professional experience. To that end, the Nominating and Corporate Governance Committee engages in Board succession planning by assessing the need to adjust the size of the Board or supplement the Board's expertise in a particular substantive area, and by determining whether prospective nominees have relevant skills and experience.

Upon review of our Board composition, the Nominating and Corporate Governance Committee decided that our Board would benefit from additional expertise in the area of human capital management. In June 2020, upon the recommendation of an independent director, the Board appointed a new independent director, Ms. Erin L. McSweeney. Ms. McSweeney brings a wealth of human capital management expertise, along with a familiarity with the manufacturing and healthcare industries, to the Board of Directors. The addition of Ms. McSweeney further enhances the diversity of background and expertise of the Board of Directors, which will aid the Company as we continue to focus on hiring and retaining high-performing talent. The appointment of Ms. McSweeney, along with the other additions to the Board of Directors over the past several years, demonstrates our Board of Directors' continued focus on its composition and refreshment and ensuring the Board of Directors is composed of members with the optimal balance of skills, diversity, experience and tenure in light of our business needs. Ms. McSweeney is being nominated by the Board of Directors for re-election by our shareholders at our 2020 annual general meeting.

The Nominating and Corporate Governance Committee generally recruits, evaluates, and recommends nominees for our Board based upon recommendations from our directors and management. From time to time, we retain a third-party search firm to help identify potential candidates. The Nominating and Corporate Governance Committee will also consider recommendations submitted by shareholders and will evaluate such prospective nominees using the same standards that are applicable for all Board candidates. Shareholders can recommend qualified candidates for our Board by contacting our corporate secretary at Flex Ltd., No. 2 Changi South Lane, Singapore 486123. Submissions for individuals who meet the criteria outlined above will be forwarded to the Nominating and Corporate Governance Committee for review and consideration. Shareholder recommendations for our 2021 annual general meeting should be made before February 26, 2021 to ensure adequate time for meaningful consideration. To date, we have not received any such recommendations from our shareholders for the 2020 annual general meeting.

Board's Role in Risk Oversight

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

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

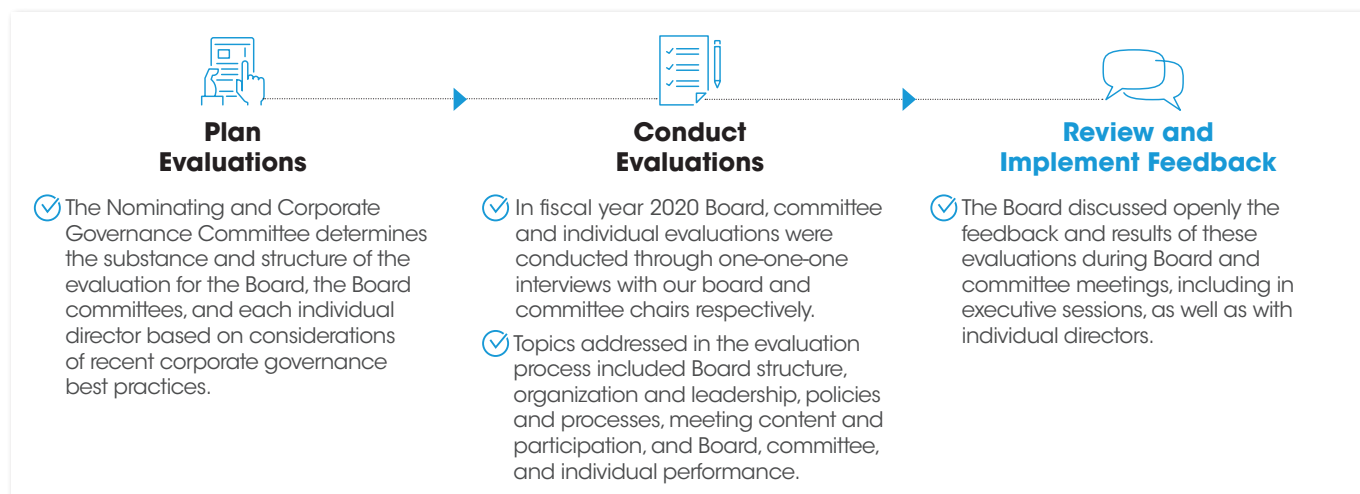


Flex has a resiliency framework that includes crisis management, information technology, disaster recovery and business continuity planning. Combined, these programs provide a readiness umbrella for crisis situations designed to meet the needs of our company. Every crisis is situational, and the framework we have adopted is adaptable. To address COVID-19, Flex has a worldwide crisis management team of senior leadership enabling a centralized view of the global impact of COVID-19 and a single point of strategic orchestration. Additionally, several global specialized teams were organized to focus on specific areas. Regionally, seven crisis management teams were activated, chaired by regional leaders and guiding the response to COVID-19 in specified geographies for all Flex sites and operations. Finally, every major Flex site has a local crisis management team to execute actions and measures.

Our Board of Directors as a whole is regularly informed by our resiliency advisory, crisis management, and executive leadership teams and is actively engaged in identifying, monitoring, and mitigating the risks to Flex’s stakeholders that arise from time to time, including the risks arising as a result of the global COVID-19 pandemic. During this unprecedented time, the Board is meeting regularly and working closely with our management teams to review information, assess potential issues, and oversee the development and implementation of strategies to effectively navigate this pandemic.

Board Evaluations

Self-evaluations are a critical component of a well-functioning Board and an annual undertaking at Flex. Each year, our Nominating and Corporate Governance Committee determines the substance and structure of the evaluation for the Board, the Board committees, and each individual director based on corporate governance best practices.



Succession Planning

On at least an annual basis, the Board, with the assistance of the Compensation Committee, reviews and assesses succession plans for the Chief Executive Officer position as well as other executive officers in order to ensure that Flex continues to have the talent we need to successfully develop and execute our strategy and business. This review includes a broader discussion about developing and retaining executive talent. Directors become familiar with potential successors for key executive positions through various means, including regular organization and talent reviews, presentations to the Board, and formal and informal meetings.

Board Committees

Our Board has delegated oversight responsibility for certain risks and operations to our three standing committees: Audit, Compensation, and Nominating and Corporate Governance. Our Board standing committees are composed of members with deep levels of relevant experience, understanding and expertise. All three standing committees are composed entirely of independent directors, and the directors who serve on our Audit and Compensation Committees also meet all heightened independence requirements prescribed by the Securities and Exchange Commission (SEC) and Nasdaq for members of such committees. Our Board has adopted, and annually reviews, a charter for each standing committee. All committees regularly meet in executive session without members of management present.

Audit Committee

Members:

- Lawrence A. Zimmerman (In) ☆
- Jill A. Greenthal (In)*
- Marc A. Onetto (In)
- Charles K. Stevens, III (In)
- Lay Koon Tan (In)
- ☆ Chair

Meetings during fiscal 2020: 9

Average attendance during fiscal 2020: 97%



Each director on our Audit Committee is financially literate and our Board has determined that Messrs. Zimmerman, Stevens, and Tan qualify as "audit committee financial experts" as defined in SEC rules.

Purpose:

To assist the Board in overseeing Flex's financial statements; accounting and financial reporting processes and systems of internal control; independent auditors; capital structure and financial risk; cybersecurity; and compliance with legal and regulatory requirements.

Key Responsibilities:

- **Facilitate Communication:** Coordinate and facilitate communication regarding our financial statements and accounting and financial reporting processes and systems of internal control among our independent auditors, our financial and senior management and our Board.
- **Auditor Appointment & Pre-Approval of Audit Services:** Decide whether to appoint and determine the compensation of our independent auditors.
- **Enterprise Risk Management:** Regularly review and guide management's identification, monitoring, and mitigation of risk.

* Ms. Greenthal is not standing for re-election and is retiring from the Board effective as of the conclusion of the 2020 annual general meeting.

Compensation Committee

Members:

- William D. Watkins (In) ☆
- Jennifer Li (In)
- Erin L. McSweeney (In)
- Willy C. Shih, Ph.D. (In)
- ☆ Chair

Meetings during fiscal 2020: 9

Average attendance during fiscal 2020: 94%

Purpose:

To assist the Board in overseeing Flex's compensation and succession of executive officers; administration of equity plans; and global human capital management strategy.

Key Responsibilities:

- **NEO Compensation:** Determine the compensation of the Company's Chief Executive Officer and NEOs.
- **CEO Succession:** Assist the Board of Directors in succession planning for our CEO and other executive officers.
- **Equity Compensation:** Administration of our equity compensation plans, including the granting of our incentive, equity-based compensation awards.
- **Human Capital Management Strategy:** Oversee the Company's global human capital management strategy, including corporate culture, inclusion and diversity initiatives, and high-level talent attraction, retention, and training programs.

Delegation of Authority

When appropriate, our Compensation Committee may form and delegate authority to subcommittees. In addition, the Compensation Committee may delegate to our Chief Executive Officer its authority to grant equity awards to employees who are not directors, executive officers, or other senior level employees who report directly to the Chief Executive Officer.

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee has ever served as an officer of Flex. None of our directors has an interlocking or other relationship with another board or compensation committee that would require disclosure under Item 407(e)(4) of SEC Regulation S-K.

Nominating and Corporate Governance Committee

Members:

- Michael Capellas (In) ☆
- William D. Watkins (In)
- Lawrence A. Zimmerman (In)
- ☆ Chair

Meetings during fiscal 2020: 7

Average attendance during fiscal 2020: 100%

Purpose:

To assist the Board in overseeing Flex's board composition; shareholder communications; and environmental, social, and corporate governance policies and procedures.

Key Responsibilities:

- **Board Performance and Composition:** Regularly review the composition and performance of the Board and its committees and make recommendations to the Board regarding Board and committee membership.
- **Director Nominations:** Recruit and evaluate, and recommend to the Board, individuals for appointment or election to serve as directors.
- **Environmental, Social, and Corporate Governance Policies:** Shape and oversee our corporate governance, including the Company's environmental, social, and corporate governance policies and procedures. Review and enhance on an ongoing basis our corporate governance policies, principles, and practices.
- **Shareholder Communications:** Oversee Board communications with shareholders.

Director Education

Flex is a complex company operating in an ever-changing, multi-national geopolitical landscape. To ensure our directors stay abreast of the new and changing risks we face, we maintain a robust continuing director education program.

The key objectives of our program are to:

- ✓ Keep directors current on leading and next-level boardroom practices
- ✓ Ensure decisions and judgments are based on sound interpretations of the current and future environment
- ✓ Guarantee that directors understand emerging issues, so that they can engage management in knowledge-based discussions about associated opportunities, risks, and challenges
- ✓ Strengthen any weaknesses of individual board members; and update directors' knowledge on corporate governance issues, compliance matters and industry trends

Each year, the Nominating and Corporate Governance Committee designs the structure and substance of the annual director continuing education program.

In fiscal year 2020, our director education program was conducted utilizing briefings prepared by internal experts and education sessions conducted by external experts.

The director education topics included:

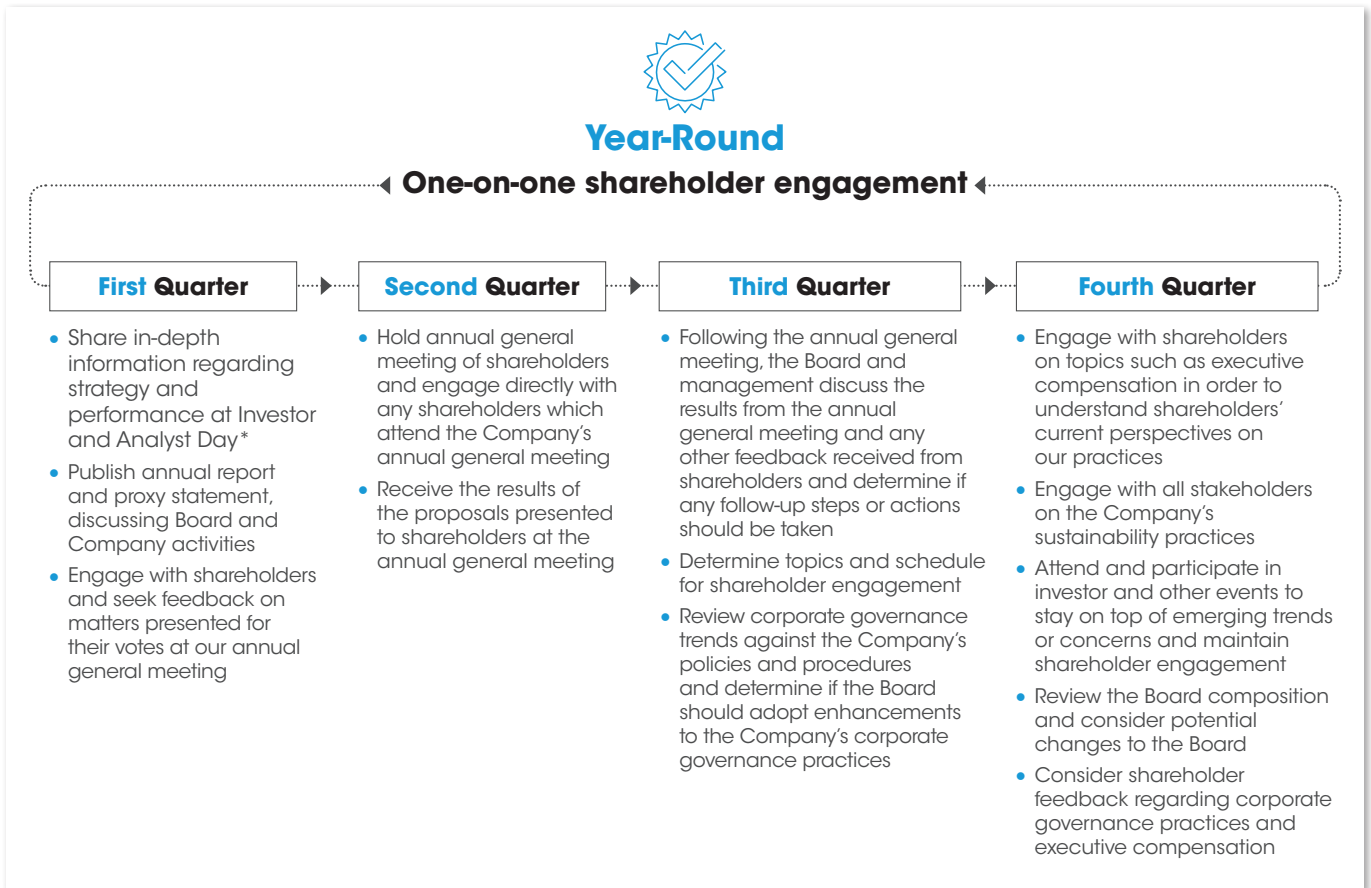
- ✓ Corporate governance trends
- ✓ Executive compensation

Stakeholder Engagement and Outreach

Our Board and management team engage on a year-round basis with a range of stakeholders, including not only our shareholders, but also our employees, vendors, and customers. As part of Flex's dedication to producing a positive effect on all of our stakeholders, including our shareholders, our dedicated workforce, our trusted vendors, and global customers, the Company has designed an engagement program that provides our stakeholders with ongoing opportunities to provide feedback and influence Flex's corporate activity and sustainable growth.

Year-Round Shareholder Engagement

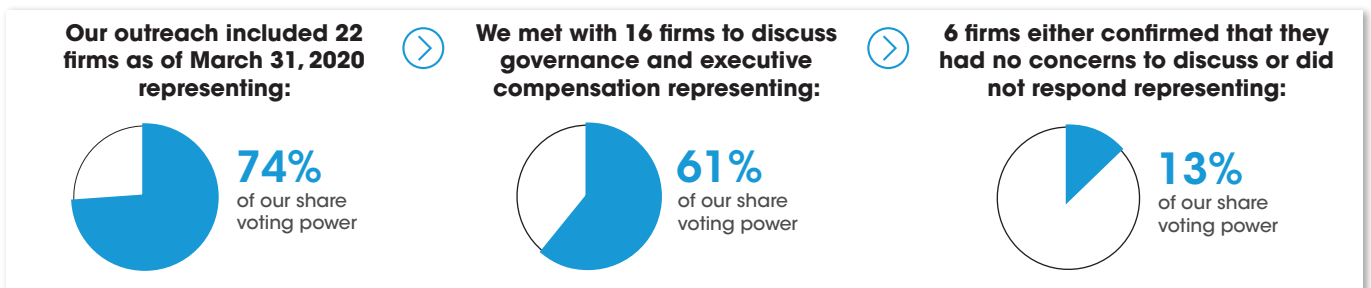
The Company’s Board of Directors and management team understand that engagement benefits both our shareholders and the Company. Ongoing shareholder engagement is a priority and we maintain a robust shareholder engagement program throughout the year. The following illustrates the key elements of our ongoing shareholder outreach and engagement throughout the calendar year:



* Given our commitment to the health and safety of our employees and shareholders, we elected to cancel our in-person Investor and Analyst Day in March 2020. Instead, we hosted a webcast during which Flex’s executive leadership team presented an in-depth discussion regarding the Company’s response to the COVID-19 pandemic, our corporate strategy update, evolution around the Company’s segments, and our financial framework.

2020 Shareholder Engagement Highlights

Over the past twelve months, in addition to the other shareholder engagement activities described above, our Chair of the Board, Michael Capellas, along with certain members of our executive leadership, proactively reached out to shareholders to solicit feedback about our business, corporate governance, and our executive compensation programs in one-on-one sessions.



During these meetings, we listened to our shareholders provide feedback on our corporate governance practices, results of the 2019 annual general meeting, our executive compensation program, and additional considerations. Mr. Capellas played an integral role in conducting these meetings and shared the feedback with our Board of Directors.

2020 Focus Areas and Our Responses

Shareholder Outreach Focus Areas	Feedback and Response
<p>Corporate governance highlights:</p> <ul style="list-style-type: none"> • Declassification of Board of Directors elections • Board refreshment • Diversity on the Board • Sustainability 	<p>We received positive feedback from our shareholders regarding our corporate governance program and enhancements made – including the amendment to our Constitution to declassify director re-elections, our director recruiting efforts, the strength of our diverse and skilled Board and our sustainability program.</p>
<p>Director attendance and engagement</p>	<p>We instituted a rigorous attendance tracking program resulting in 98% average attendance by our directors in fiscal year 2020.</p> <p>We enhanced our review of and provided feedback regarding director engagement during our annual board, committee, and individual director evaluation process.</p>
<p>Elements of our fiscal year 2019 executive compensation program:</p> <ul style="list-style-type: none"> • Former CEO severance • On-boarding CEO grant and make-whole portion • Time-based retention grants to NEOs 	<p>We presented enhanced disclosures regarding our compensation programs and made changes that specifically addressed each issue. For example, among other actions:</p> <ul style="list-style-type: none"> • We are providing additional disclosure regarding Ms. Advaiti's equity grants to make her whole from her prior employer • No special equity grants were made to NEOs in fiscal year 2020. <p>For more information see page 48.</p>

Corporate Governance Policies

Built upon our dedication to corporate governance, Flex has in place a comprehensive corporate governance framework, which among the other policies and procedures governing our operations, includes our Constitution; Code of Business Conduct and Ethics ("CBCE"); Corporate Governance Guidelines; and Board Committee Charters.

Flex is a company built on relationships, and trust is the cornerstone of all relationships. We build on that trust by striving to do the right thing. Our values are shaped by a commitment to transparency, accountability, respect and inclusion. Our CBCE provides the framework of ethics that governs our business. Among other things, our CBCE provides guidance and policy regarding ethics, compliance, harassment, conflicts of interests, antitrust and competition, bribery, insider trading, and environmental protection. The CBCE applies to all of our directors, officers, and employees and we require annual training on the CBCE and related topics. In keeping with SEC rules, we use the Investor Relations section of our website to disclose any substantive amendment to, or material waiver from, any provision of the CBCE that applies to our principal executive officer, principal financial officer, principal accounting officer, controller, or any individual who performs similar functions.

The following documents are available on the Corporate Governance page of the Investor Relations section of our website at www.flex.com:

- Charters for each of the three standing Board committees
- Code of Business Conduct and Ethics
- Corporate Governance Guidelines (including our Related-Party Transactions Policy)

Shareholder Communications with our Board of Directors

Our shareholders may communicate with our Board of Directors by sending an e-mail to Board@flex.com. Communications submitted to this e-mail address are regularly reviewed by the Company's CEO, CFO, or General Counsel and are submitted to the Chair of the Board, the entire Board of Directors, or individual directors, as appropriate, depending on the facts and circumstances outlined in the communication. Certain items that are unrelated to the duties and responsibilities of the Board of Directors are generally redirected or excluded, as appropriate.

Fiscal Year 2020 Non-Management Directors' Compensation

Non-Employee Director Compensation Program

Objective of Non-Employee Director Compensation Program

The key objective of our non-employee director compensation program is to attract and retain a diverse group of highly-qualified directors with the necessary skills, experience, and character to serve on the Company's Board of Directors. By using a combination of cash and equity-based compensation, the Nominating and Corporate Governance Committee intends to recognize the time commitment, expertise, and potential liability relating to active Board service, while also aligning the interests of our directors with the long-term interests of our shareholders.

Review of Non-Employee Director Compensation Program

The Nominating and Corporate Governance Committee, annually at minimum, reviews and makes recommendations to our Board for the compensation of our non-employee directors. Management, with input and guidance from our independent compensation consultant, assists the Nominating and Corporate Governance Committee in this task by compiling director compensation data from the annual reports and proxy statements of companies in our peer comparison group. For information regarding our peer group, see "Compensation Discussion and Analysis—Competitive Positioning" (page 54).

In fiscal year 2020, the Nominating and Corporate Governance Committee retained Mercer, a wholly-owned subsidiary of Marsh & McLennan Companies, Inc., to help the Committee determine whether the compensation paid to our non-employee directors is competitive when compared to the practices of our peer group companies. The Nominating and Corporate Governance Committee reviewed, among other things, the existing cash compensation of our non-employee directors and the grant date fair value of restricted share unit awards. With Mercer's assistance, the Nominating and Corporate Governance Committee also considered compensation trends and share ownership guidelines for non-employee directors. The Nominating and Corporate Governance Committee concluded that our program remains competitive.

Components of Non-Employee Director Compensation Program

Our non-employee director compensation program consists of two components:

- Annual cash compensation, in amounts that vary based on committee and chair services; and
- Annual discretionary restricted share unit awards.

As described in further detail below, each non-employee director can elect to receive his or her annual cash compensation, or any portion thereof, in the form of fully-vested, unrestricted shares of the Company.

The share election option and structure of our non-employee director compensation program emphasizes equity compensation, which rewards increases in stock price, over cash fees. The Board of Directors believes our overall pay mix, which is consistent with peer practice, supports alignment of directors' interests with those of Flex's shareholders.

In addition to the compensation provided to our non-employee directors, each non-employee director is reimbursed for any reasonable out-of-pocket expenses incurred in connection with attending in-person meetings of the Board of Directors and Board committees, as well as for any fees incurred in attending continuing education courses for directors.

We do not pay Management directors for Board service in addition to their regular employee compensation. The compensation paid to our Management director, Ms. Advaiti, for services provided as our CEO is discussed in the sections of this proxy statement entitled "Compensation Discussion and Analysis" and "Executive Compensation."

Fiscal Year 2020 Annual Compensation

Under the Singapore Companies Act, we may only provide cash compensation to our non-employee directors for services rendered in their capacity as directors with the prior approval of our shareholders at a general meeting. Our shareholders approved the current cash compensation arrangements for our non-employee directors, with the most recent modifications approved at our 2017 annual general meeting. The current arrangements include the following annual cash retainers, all of which are paid quarterly in arrears:

Amount (\$)	Who receives
90,000	Each non-employee director
15,000	Each member of the Audit Committee and the Compensation Committee, including the chairs
40,000	Chairs of the Audit Committee and the Compensation Committee
8,000	Each member of the Nominating and Corporate Governance Committee, including the chair
15,000	Chair of the Nominating and Corporate Governance Committee
50,000	Chairman of the Board, in addition to applicable retainers listed above

The cash compensation for non-employee directors who serve less than a full quarter is pro-rated for the number of days actually served. Non-employee directors do not receive any non-equity incentive compensation or participate in any pension plan or deferred compensation plan.

At our 2013 annual general meeting of shareholders, our shareholders approved a change in the structure of our non-employee director compensation program that allows each non-employee director to receive compensation in the form of Company shares, cash, or a combination thereof, at the director's election. Accordingly, each non-employee director can elect to receive the annual retainer(s) described above, in whole or in part, in the form of fully-vested, unrestricted Flex Ordinary Shares. A director making such an election will receive shares having an aggregate value equal to the portion of cash compensation exchanged, with the value based on the closing price of our shares on the date the compensation would otherwise be paid in cash.

COVID-19 Related Non-Employee Director Compensation Changes

At the end of fiscal year 2020, in light of the uncertainty created by the effects of the COVID-19 pandemic and the Company's initiatives to reduce operating and corporate costs, our Board of Directors decreased all non-employee director cash compensation payments by 30% for the first two quarters of fiscal year 2021.

Fiscal Year 2020 Equity Compensation

Yearly Restricted Share Unit Awards

Each non-employee director is eligible to receive grants of restricted share unit awards at the discretion of our Board of Directors. In accordance with the compensation program recommended by the Nominating and Corporate Governance Committee and approved by the Board, each non-employee director receives, following each annual general meeting, a restricted share unit award with an aggregate fair market value of \$185,000 on the date of grant. These yearly restricted share unit awards vest in full on the day immediately prior to the next year's annual general meeting. During fiscal year 2020, each non-employee director received a restricted share unit award covering 18,611 Ordinary Shares under this program.

Initial Awards

Upon initially becoming a director of the Company, each non-employee director receives a pro-rated portion of the annual restricted share unit award granted to our continuing directors. The pro-rated award vests on the date immediately prior to our next annual general meeting. In connection with her appointment to the Board on June 3, 2020, Ms. McSweeney received a restricted share unit award covering 3,097 Ordinary Shares under this program.

Compensation for the Non-Employee Chair of the Board

In keeping with the Company's philosophy pertaining to non-employee director compensation, the Nominating and Corporate Governance Committee seeks to provide competitive compensation to the non-employee Chair of the Board that recognizes the extensive time commitment and additional responsibilities the Chair role entails while ensuring the Chair's interests remain aligned with the long-term interests of our shareholders. Flex's Chair, Mr. Capellas, brings deep experience, unparalleled dedication, institutional knowledge, and strong leadership to Flex.

The Nominating and Corporate Governance Committee, with the assistance of both Mercer LLC (which we refer to in this proxy statement as "Mercer") and Frederic W. Cook & Co., Inc. (which we refer to in this proxy statement as "FW Cook"), reviewed the compensation of the Chair of the Board. As with the review of compensation for the non-employee directors generally, this review considered whether the compensation paid to our Chair was competitive when compared to the practices of our peer group of companies. The review by both Mercer and FW Cook supported the view that our Chair compensation is competitive with the market and aligned with shareholder interests.

Components of Compensation for the Non-Employee Chair

In June 2017, in connection with his appointment as Chair of the Board and as Chair and member of the Nominating and Corporate Governance Committee, Mr. Capellas elected to continue his previous practice of receiving fully-vested Ordinary Shares of the Company under the director share election program in lieu of cash compensation. In addition to the cash and equity grants described above, our non-employee Chair is entitled to receive, following each annual general meeting, an additional yearly restricted share unit award with an aggregate fair market value of \$50,000 on the date of grant. These shares will vest on the day immediately prior to the next year's annual general meeting.

Additionally, while Company aircraft are generally used for Company business only, our Chair of the Board may be permitted to use the Company aircraft for personal travel if it is not needed for business purposes at the time. In such cases, the Chair is required to reimburse the Company for the incremental costs related to his use of the aircraft. We calculate the incremental cost to the Company for use of Company aircraft by using an hourly rate, based on the variable operational costs of each flight, for each flight hour. In fiscal year 2020, Mr. Capellas did not use Company aircraft for personal use.

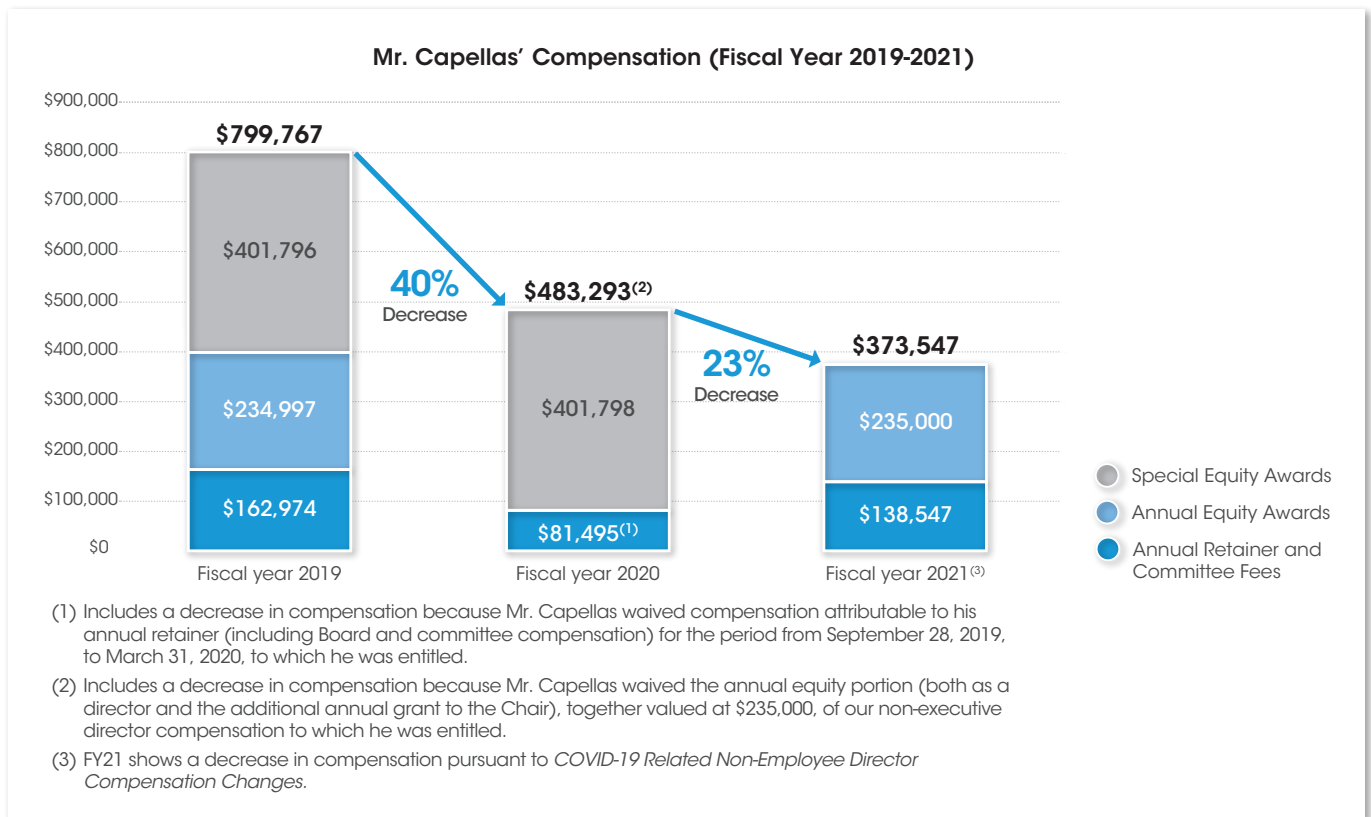
Special Grant to the Chair for CEO Transition and Onboarding Leadership and Support; Waiver of Substantial Fiscal Year 2020 Compensation

During our recent CEO transition and onboarding, Mr. Capellas spearheaded the CEO search and provided crucial stability and leadership. Mr. Capellas demonstrated his extraordinary commitment through his engagement in countless meetings with members of the Board, management, executive search firms, CEO candidates, and shareholders. He provided valuable mentoring and coaching to our CEO. His experience, around-the-clock dedication, and leadership were critical, and resulted in a smooth and effective CEO transition and onboarding that benefited the Company and our shareholders.

In recognition of Mr. Capellas' crucial role and his undertaking responsibilities beyond his duties as Chair relating to the CEO search, transition, and onboarding, in June 2019, the disinterested members of the Board, upon the recommendation of the Nominating and Corporate Governance Committee, approved a special grant to Mr. Capellas of 41,854 restricted share units. This additional compensation was paid solely in connection with the CEO transition and onboarding, which concluded in fiscal year 2020 and there will be no additional, related compensation.

Mr. Capellas elected to decline the annual equity portion of both his director grant and additional grant as Chair, together valued at \$235,000, to which he was entitled. Further, Mr. Capellas also elected to waive his entitlement to the portion of his annual retainer (equal to \$81,495 for Board and committee compensation) for the period from September 28, 2019, to March 31, 2020.

Mr. Capellas' decreasing remuneration from fiscal year 2019 to fiscal year 2021 is illustrated below.



While not required, in furtherance of his commitment to Flex and our shareholders, Mr. Capellas has held all Flex equity granted to him during his entire tenure as a Flex director.

Director Share Ownership Guidelines

We increased Flex's director share ownership guidelines during fiscal year 2020 to require our non-employee directors to hold a minimum number of our Ordinary Shares equivalent to five (5) times their annual cash retainer (currently \$90,000) for serving as a director. Directors should reach this goal within five years of the date of their election to our Board. As the minimum holding requirements were increased in fiscal year 2020 (from the previous requirement of four times the annual cash retainer), non-employee directors then in office were given an additional three-year grace period to meet this obligation. All of our non-employee directors have already met the higher minimum share ownership requirements or are on target to be in compliance with the requirements before the applicable deadline.

Director Summary Compensation in Fiscal Year 2020

The following table sets forth the fiscal year 2020 compensation for our non-employee directors.

Name	Fees Earned or Paid in Cash (\$) ⁽¹⁾	Share Awards (\$) ⁽²⁾	All Other Compensation (\$)	Total (\$)
Michael D. Capellas ⁽³⁾	—	483,300	—	483,300
Jill A. Greenthal	95,000	185,000	—	280,000
Jennifer Li ⁽⁴⁾	53,125	238,125	—	291,250
Marc A. Onetto	105,000	185,000	—	290,000
Willy C. Shih, Ph.D.	106,250	185,000	—	291,250
Charles K. Stevens, III	105,000	185,000	—	290,000
Lay Koon Tan ⁽⁵⁾	—	290,000	38,152	328,152
William D. Watkins	153,000	185,000	—	338,000
Lawrence A. Zimmerman	153,000	185,000	—	338,000

(1) This column represents the amount of cash compensation earned in fiscal year 2020 for Board and committee service.

(2) This column represents the grant date fair value of restricted share unit awards granted in fiscal year 2020 in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718. The grant date fair value of restricted share unit awards is the closing price of our Ordinary Shares on the date of grant. For additional information regarding the assumptions made in calculating the amounts reflected in this column, see Note 5 to our audited consolidated financial statements for the fiscal year ended March 31, 2020, "Share-Based Compensation," included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2020. No option awards were granted in fiscal year 2020.

(3) In lieu of his cash compensation, Mr. Capellas elected to receive fully vested Ordinary Shares of the Company under the director share election program for his Board and Committee service. As a result, Mr. Capellas received 7,798 restricted share units attributable to the period from April 1, 2019 through September 28, 2019, the value of which is reflected in the table above under "Share Awards." The "Share Awards" amount for Mr. Capellas also reflects the award of 41,854 restricted share units made to Mr. Capellas in June 2019 in recognition of his assistance in the CEO transition and onboarding as described above. Mr. Capellas waived compensation attributable to his award retainer (including Board and committee compensation) for the period from September 28, 2019 to March 31, 2020, to which he was entitled.

(4) In lieu of half of her cash compensation for her Board and Committee service, Ms. Li elected to receive fully vested Ordinary Shares of the Company under the director share election program. As a result, Ms. Li received 4,863 restricted share units, the value of which is reflected in the table above under "Share Awards."

(5) In lieu of his cash compensation for his Board and Committee service, Mr. Tan elected to receive fully vested Ordinary Shares of the Company under the director share election program. As a result, Mr. Tan received 9,599 restricted share units, the value of which is reflected in the table above under "Share Awards." In addition, Mr. Tan incurred U.S. Federal and California state taxes as a result of serving on our Board of Directors. The Company agreed to compensate Mr. Tan in equity in connection with his double taxation. Mr. Tan received \$3,596 (in the form of 319 restricted share units) and \$34,556 (in the form of 3,069 restricted share units) for his tax equalization in 2017 and 2018, respectively, on April 15, 2019. These amounts are reflected in the table above under "All Other Compensation."

The table below shows the aggregate number of Ordinary Shares underlying unvested restricted share units held by our non-employee directors as of the 2020 fiscal year-end:

Name ⁽¹⁾	Number of Ordinary Shares Underlying Outstanding Restricted Share Units (#)
Michael D. Capellas	—
Jill A. Greenthal	18,611
Jennifer Li	18,611
Marc A. Onetto	18,611
Willy C. Shih, Ph.D.	18,611
Charles K. Stevens, III	18,611
Lay Koon Tan	18,611
William D. Watkins	18,611
Lawrence A. Zimmerman	18,611

(1) Erin L. McSweeney was appointed to the Board of Directors following the 2020 fiscal year end and, accordingly, is not included in the above table.

The directors do not hold any share options.

Treatment of Unvested Restricted Share Unit Awards upon a Change of Control

All of our non-employee directors have outstanding restricted share unit awards. Information regarding the treatment of outstanding restricted share units share units is described in the section entitled "Potential Payments upon Termination or Change in Control."

Sustainability

Flex's purpose is to make great products for our customers that create value and improve people's lives. Sustainability is at the core of our purpose and is embedded in our culture. We work to have a lasting positive impact in the form of value for our employees, customers and investors and aim for the social and environmental change that makes our stakeholders proud to work with or for us. We seek to address material issues, risks and opportunities by conforming to internal and external standards and thoughtfully executing our social and environmental management system, programs, and initiatives.

We aim to achieve social and environmental compliance through our robust Sustainability management system. Our Sustainability system, which is modeled largely upon the Responsible Business Alliance (RBA) requirements, consolidates several management systems into one, and incorporates current environmental, labor, human rights, health, safety, and ethics standards. As a Founding Member of the RBA, Flex is committed to modelling its requirements.

We are also a member of the Responsible Minerals Initiative (RMI), Global Business Initiative Human Rights (GBI), GRI Gold Members (GRI), the Business for Social Responsibility (BSR) Network, the Environmental Leadership Council (ELC), the Clean Electronics Production Network (CEPN), and the Supplier Ethical Data Exchange (Sedex). Additionally, Flex has signed the WBCSD Pledge for Access to Safe Water, Sanitation, and Hygiene at the Workplace. Finally, our CEO, who is a member of the Business Roundtable (BRT), signed the new BRT Statement on the Purpose of a Corporation, which declares that corporations have a role beyond meeting investors' financial expectations.

As part of our commitment to social and environmental compliance, we seek to both monitor and comply with social and environmental requirements across our supply chain. To that end, our supplier standards contain specific guidelines regarding labor, ethics, health and safety, and environmental protection.

COVID-19

The COVID-19 pandemic is felt by every global citizen, country, community, and company. At Flex, our first priority is ensuring the health and safety of our employees, suppliers and business partners, while supporting essential manufacturing for infrastructure services and critical healthcare products to aid in the global response to the pandemic.

We took several actions in response to the outbreak.

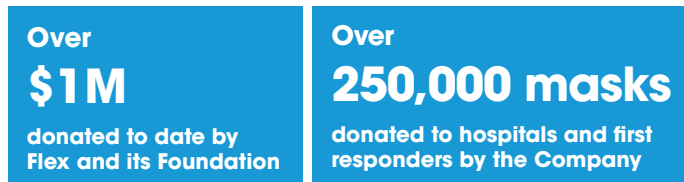
- ✓ On a company-wide basis, we deployed the contingency and resiliency plans that are encompassed in our business continuity programs.
- ✓ Our leadership teams initiated enhanced health and safety measures across all facilities, as our foremost focus has been the health and safety of our employees.
- ✓ We modified practices at our manufacturing locations and offices to require personal protective equipment, sanitization measures, temperature checks, and social distancing well before these measures were mandated.

As one of the world's largest medical device manufacturers, we recognized that we had a responsibility to do our part to make a difference in the fight against this disease. With many of the products we make for our healthcare customers related to critical care quickly running in short supply, we ramped up our efforts to expand delivery of critical products, including ventilators, personal protective equipment, oxygen concentrators, patient monitors, infusion pumps, and ICU beds. At the heart of this extraordinary effort are the tens of thousands of Flex workers in our factories who are working around the clock to live up to our purpose.



We ramped up our efforts to expand delivery of critical products including ventilators, personal protective equipment, oxygen concentrators, patient monitors, infusion pumps, and ICU beds.

In addition to helping our customers to deliver critical medical equipment to combat the COVID-19 virus, the Company and the Flex Foundation have donated over \$1 million to date. For example, as members of the U.N. Global Compact (“UNGC”), we supported their COVID-19 crisis fund with the World Health Organization and have also made donations locally to the communities where we operate. The Company also donated over 250,000 masks to hospitals and first responders.



Sustainability Governance and Strategy

Given our commitment to sustainability, we have developed a strong foundation of sustainability governance. Our Board of Directors engages in an annual review of Flex’s sustainability program and environmental, social, and governance efforts as well as an annual environmental, social, and governance director education session. Our Nominating and Governance Committee has oversight of Flex’s sustainability risks and remediation efforts, including the Company’s corporate responsibility and sustainability policies and programs with respect to human rights, social and environmental risks.

Sustainability updates are delivered regularly to our executive management team. The Corporate Sustainability Leadership Committee, a multidisciplinary group composed of global leaders of the Company representing the key functional areas with responsibility for sustainability efforts, including operations, human resources, supply chain, regulatory compliance, account management, and communications meets semi-annually to share information with individuals across various organizations who are directly responsible for implementing and managing sustainability initiatives.

Our strategy and global efforts, including our current Flex 20 by 2020 Goals, are aligned with the principles set forth in UNGC, and the 2030 Sustainable Development Goals (“SDGs”).

In fiscal year 2021, we intend to develop our next set of long-term sustainability goals that will focus on key areas where the Company can make a measurable, direct, and positive impact by 2025 through 2030. We will continue to align to the UN SDGs as well as strive for increased transparency, utilizing Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) reporting standards. Further information can be found in our annual sustainability executive and GRI reports, as well as the Flex 20 by 2020 bi-annual report posted in flex.com/about/sustainability.

Employee Impact

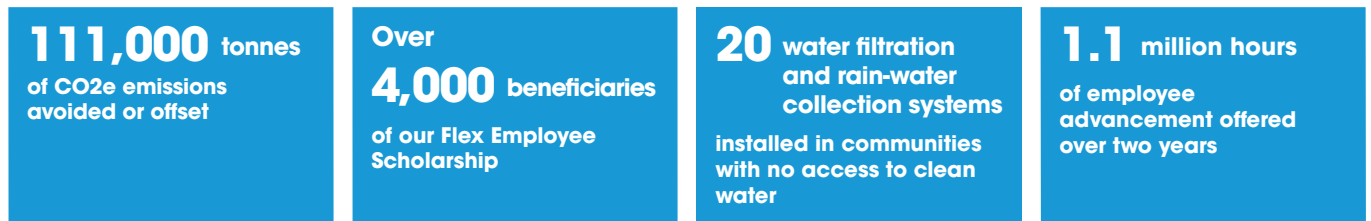
- We ensure all of our sites have a health and safety management system which we verify through physical audits performed by the corporate team. Additionally, all sites are also required to convene committees to address safety issues and concerns and we undertake targeted respect and dignity audits of high-risk sites.
- We engage our employees and receive their feedback through coffee talks and town halls, lunch and learn sessions, management workshops, leadership skills training, recognition programs and annual surveys.
- We participate in RBA Task Forces on the UN Guiding Principles, Trafficking and Forced Labor, Transparency, and Environmental Compliance, which set guidelines for the working hours and conditions for employees.
- We launched the Flex Employee Scholarship Program, in collaboration with local accredited educational institutions, which enables our employees to take on-site classes toward obtaining a technical certification, a high-school diploma, a university degree at a local university or school, or a master’s degree.
- We launched the Flex Living Well Program to help and support our employees establish and sustain healthy practices in their daily lives by providing access to training and resources focused primarily on health, financial, and emotional wellness.

Social Impact

- 15,000 of our volunteers gave back over 55,000 hours of service to their communities in 2018.
- We created and executed the Flex Worker Empowerment Training Program to train production line workers at our supplier companies in new skillsets needed for the era of automation. Over 7,000 individuals were trained through our Worker Empowerment Training Program.
- We support several nonprofit organizations in our SDG-aligned community focus areas of decent work, quality education, affordable clean energy and responsible production and consumption through the Flex Foundation.
- Our Flex Foundation partnered with customer Xylem to bring clean water to underserved communities. In October, we worked with nearly 100 volunteers in the state of Aguascalientes (in Mexico) to install water filtration systems in ten schools. In November, we helped build the same number of rain-water collection systems in Guadalajara in a community with no access to water.

Environmental Impact

- In addition to completing nearly 300 energy conservation projects in 2019, we commissioned our newest 1.56MW Roof Top Solar System in our San Luis Rio, Colorado factory, which increased our renewable energy capacity by 13%.
- In 2018, we avoided more than 41,000 Scope 1 and Scope 2 CO₂e emissions through our Energy Management Program and offset approximately 70,000 tonnes of Scope 3 CO₂e emissions through Certified Emission Reductions.



Our commitment to sustainability has earned us positive feedback from shareholders and recognition from some of the most prestigious sustainability ratings agencies.



Proposals to be considered at the 2020 Annual General Meeting of Shareholders

Proposal No. 1: Re-election of Directors


Article 94 of our Constitution requires that at each annual general meeting, all of the Directors for the time being shall retire from office.

Retiring directors are eligible for re-election. Upon the recommendation of our Nominating and Corporate Governance Committee, the Board of Directors has nominated 10 of our incumbent directors, who will retire from office at the 2020 annual general meeting pursuant to Article 94 of our Constitution, for re-election. Ms. Greenthal, who is retiring by rotation pursuant to Article 94 of our Constitution, has decided not to stand for reelection and will be retiring from the Board effective as of the conclusion of the 2020 annual general meeting.

If any nominee under Proposal No. 1 fails to receive the affirmative vote of a majority of the shares present and voting on the resolution to approve his or her re-election (that is, if the number of shares voted "FOR" the director nominee does not exceed the number of votes cast "AGAINST" that nominee), he or she will not be re-elected to the Board and the number of directors comprising the Board of directors will be reduced accordingly. Abstentions, if any, will have no effect.

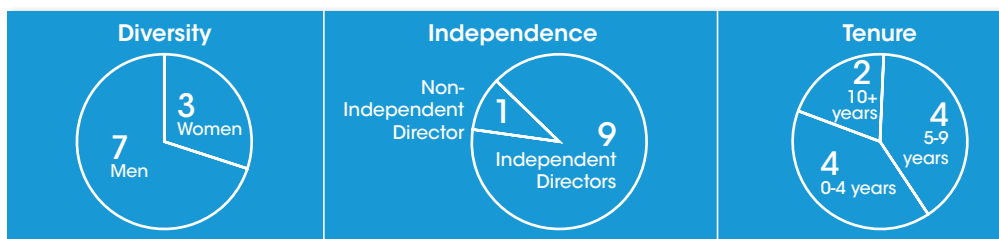
The Singapore Companies Act requires that we must have at all times at least one director ordinarily resident in Singapore. As Mr. Tan is the only member of our Board of Directors who is ordinarily resident in Singapore, any purported vacation of Mr. Tan's office at the 2020 annual general meeting shall be deemed to be invalid absent a prior appointment of another director to the Board who is ordinarily resident in Singapore.

The proxy holders intend to vote all proxies received by them in the accompanying form of proxy card for the nominees for directors under Proposal No. 1 listed below under "Nominees to our Board of Directors." In the event that any nominee is unable or declines to serve as a director at the time of the 2020 annual general meeting, the proxies will be voted for any nominee who shall be designated by the present Board of Directors of the Company, in accordance with Article 99 of our Constitution, to fill the vacancy. As of the date of this proxy statement, our Board of Directors is not aware of any nominee who is unable or will decline to serve as a director.

 The Board recommends a vote **"FOR"** the re-election of each of the Director nominees.

Nominees to our Board of Directors

Flex is committed to having a diverse and predominantly independent Board of Directors representing a range of critical skills. As shown below, our nominees represent a responsible blend of long-serving directors who have in-depth knowledge of our business and newer members who bring fresh perspectives and additional skills.








Board refreshment



Qualifications of Nominees

Our Nominating and Corporate Governance Committee is responsible for assessing the composition and performance of the Board of Directors and its committees, and for recruiting, evaluating, and recommending candidates to be presented for appointment or election to our Board. The general attributes we expect all directors to have are high professional and personal ethics and values, an understanding of the Company's business and industry, advanced education, broad-based business acumen, and the ability to think strategically. In addition, the Company and the Nominating and Corporate Governance Committee are committed to actively seeking highly-qualified diverse candidates (including diversity of experience, expertise, gender, race, and ethnicity) for consideration when the Board undertakes director searches.

The following matrix highlights many of the specific skills and qualifications our nominees for director bring to the Company and that are considered when evaluating and recommending candidates for appointment or election to our Board.

	Revathi Advaiithi	Michael Capellas	Jennifer Li	Erin McSweeney	Marc Onetto	Willy Shih	Charles Stevens	Lay Koon Tan	William Watkins	Lawrence Zimmerman
 Corporate Governance	✓	✓	✓			✓	✓		✓	✓
 Financial and Audit	✓	✓	✓		✓		✓	✓	✓	✓
 Risk and Compliance	✓	✓	✓		✓		✓	✓	✓	✓
 Extensive Industry Leadership	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
 Environmental and Sustainability	✓	✓	✓				✓	✓	✓	✓
 Human Capital Management	✓	✓	✓	✓		✓	✓	✓	✓	✓
 Global Operations	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
 Supply Chain	✓	✓			✓	✓				
 Business Development and Strategic Planning	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
 Technology	✓	✓	✓	✓	✓	✓			✓	
Tenure on Flex's Board	1	6	2	0	6	12	1	8	11	7



Corporate Governance. Experience on other public company boards, demonstrating an understanding of Flex’s reporting obligations and responsibilities to our shareholders, and positioning our Board to adopt best practices in public company corporate governance.



Financial and Audit. Experience in accounting and audit functions and the ability to analyze financial statements and oversee budgets, providing critical oversight and support of Flex’s financial reporting and responsibility to shareholders and other stakeholders.



Risk and Compliance. Experience identifying, mitigating, and managing risk in enterprise operations, which allows our Board to fulfill its risk oversight responsibilities.



Extensive Industry Leadership. Experience in executive positions within the technology sector or within the manufacturing sector – areas that are fundamental to Flex’s business, strategic plan, and growth.



Environmental and Sustainability. Experience in environmental and sustainability topics, which is instrumental to Flex’s foundation of sustainability governance and the Company’s position as a leader in sustainability efforts.



Human Capital Management. Experience in human resources, compensation and benefits, recruiting and retaining employees, succession planning, and developing and maintaining a strong workplace culture. Our Board recognizes that human capital management is a high priority for the Company as an important component to maintaining our competitiveness and world-class capabilities and as we focus on hiring and retaining the world’s best talent.



Global Operations. Experience operating in a global context by managing international enterprises, residence abroad, and studying other cultures adds impactful insight and diversity to our Board’s oversight of Flex’s global footprint, including its workforce and operations in 30 countries across five continents, and enables our Board to support management in producing solutions across international markets.



Supply Chain. Experience in executive positions overseeing supply chain management and exposure to supply chain issues, which is invaluable in overseeing and guiding Flex’s supply chain services that involve a network of over 100 locations across the globe.



Business Development and Strategic Planning. Executive level experience with business and customer development and long-term strategic planning and execution, allowing our Board to actively support the development and execution of Flex’s long-term strategy and continued business transformation.



Technology. Experience in the technology sector enables our Board to guide Flex’s strategy regarding the design and manufacturing of enterprise and consumer products.

The Nominating and Corporate Governance Committee considered the specific experience described in the biographical snapshots below in determining whether each individual nominee should serve on our Board of Directors.

Revathi Advaiti

CEO, Flex Ltd

Director Since: **2019**

Age: **52**

Board Committee:

- None

Other Public Company Boards:

- None

Career Highlights:

- CEO of Flex since February 2019
- President and Chief Operating Officer, Electrical Sector, of Eaton Corporation plc, a power management company (September 2015 to February 2019)
- President of Electrical Sector, Americas of Eaton (April 2012 to August 2015)
- Other positions of increasing responsibility at Eaton between 2008 and 2012, including vice president and general manager of the Electrical Components Division
- Several senior roles within the sourcing and supply chain functions at Honeywell between 2002 and 2008, including vice president and general manager of Honeywell’s Field Solutions business
- Various positions at Eaton between 1995 and 2002, including leading the Electrical Sector in the Americas and Asia-Pacific, with a three-year assignment in Shanghai

Michael D. Capellas, Chair of the Board since June 2017

Principal, Capellas Strategic Partners

Director Since: **2014**

Age: **65**

INDEPENDENT

Board Committees:

- Nominating and Corporate Governance ☆

Other Public Company Boards:

- Cisco Systems, Inc. (since 2006)

Recent Prior Public Company Experience:

- MuleSoft, Inc. (from 2015 to 2018; lead independent director)

Career highlights:

- Principal at Capellas Strategic Partners since June 2013
- Chairman of the Board of VCE Company, LLC (a joint venture between EMC Corporation and Cisco, with investments from VMware, Inc. and Intel Corporation) (January 2011 to November 2012)
- Chief Executive Officer of VCE (May 2010 to September 2011)
- Chairman and Chief Executive Officer of First Data Corporation (September 2007 to March 2010)
- Senior Advisor at Silver Lake Partners (October 2006 to July 2007)
- Chief Executive Officer of MCI, Inc., previously WorldCom, Inc., (November 2002 to January 2006)
- President of MCI (March 2004 to January 2006)
- Chairman of the Board of WorldCom (November 2002 to March 2004), and a member of the board of directors of MCI until January 2006
- President of Hewlett-Packard Company (May 2002 to November 2002)
- Mr. Capellas held various positions with Compaq, including President and Chief Executive Officer for three years and Chairman of the Board for two years
- Other positions of increasing responsibility at Compaq, including Chief Information Officer and Chief Operating Officer

Jennifer Li

General Partner, Changcheng Investment Partners

Director Since: **2018**

Age: **52**

INDEPENDENT

Board Committees:

- Compensation

Other Public Company Boards:

- ABB Ltd. (since 2018)
- Philip Morris International Inc. (since 2010)

Career highlights:

- General Partner of Changcheng Investment Partners since 2018
- Chief Executive Officer and General Managing Director of Baidu Capital, the investment arm of Baidu, Inc. (the largest Internet search engine in China and the third-largest independent search engine in the world) (2017-2018)
- Chief Financial Officer, Baidu, Inc. (2008-2017), responsible for a wide range of corporate functions, including Finance, Human Resources, International Operations, Marketing, Communications, and Purchasing
- Various senior finance positions at General Motors companies in China, Singapore, the United States, and Canada (1994-2008), rising to Chief Financial Officer of GM China and Financial Controller of the North American Operations of GMAC

Erin L. McSweeney

Executive Vice President, Chief Human Resources Officer, Optum, Inc.

Director Since: **2020**

Age: **55**

INDEPENDENT

Board Committees:

- Compensation

Other Public Company Boards:

- None

Career highlights:

- Executive Vice President, Chief Human Resources Officer, Optum, Inc. (the health services platform of UnitedHealth Group) since 2017
- Executive Vice President and Chief Human Resources Officer (2015-2017); Senior Vice President, Human Resources, Products and Marketing (2013-2015); Chief Human Resources Officer and Vice President, Virtual Computing Environment (2009-2012) at EMC (now Dell EMC)

Marc A. Onetto

Principal, Leadership from the Mind and the Heart LLC

Director Since: **2014**

Age: **69**

INDEPENDENT

Board Committees:

- Audit

Other Public Company Boards:

- None

Career highlights:

- Principal providing executive leadership consulting through his company "Leadership from the Mind and the Heart LLC" (since 2013)
- Senior Vice President of Worldwide Operations and Customer Service for Amazon.com (2006 to 2013)
- Executive Vice President of Worldwide Operations for Solectron Corporation, which was acquired by Flex in 2007 (June 2003 to June 2006)
- Various positions over a 15-year career with General Electric, including Vice President of GE Corporate's European operations and head of global supply chain and operations, global quality, and global Component Division for GE Medical Systems
- Various positions over a 12-year career with Exxon Corporation in supply operations, information systems, and finance
- Serves on the Business Board of Advisors of the Tepper School of Business at Carnegie-Mellon University

Willy C. Shih, Ph.D.

Professor of Management Practice in Business Administration, Harvard School of Business

Director Since: **2008**

Age: **69**

INDEPENDENT

Board Committees:

- Compensation

Other Public Company Boards:

- None

Career Highlights:

- Professor of Management Practice in Business Administration, Harvard School of Business (since January 2007)
- Executive Vice President of Thomson, a provider of digital video technologies (August 2005 to September 2006)
- Intellectual property consultant (from February to August 2005) and Senior Vice President (1997 to 2005) of Eastman Kodak Company
- Ph.D. in Chemistry, the University of California, Berkeley
- Broad industry career experience, including significant accomplishments for globally recognized organizations such as Kodak, IBM, Silicon Graphics, and Thomson

Charles K. Stevens, III

Former Chief Financial Officer of General Motors

Director Since: **2018**

Age: **60**

INDEPENDENT

Board Committees:

- Audit

Other Public Company Boards:

- Eastman Chemical Company (since 2020)
- Masco Corporation (since 2018)
- Tenneco Inc. (since 2020)

Career Highlights:

- Advisor to General Motors Company (September 2018 to March 2019)
- Chief Financial Officer and Executive Vice President of General Motors Company (January 2014 to September 2018), responsible for leading the financial and accounting operations on a global basis
- Chief Financial Officer for North America at General Motors North America, Inc. (January 2010 to 2014)
- Led GM's financial operations for U.S. Sales, Service and Marketing, GM Canada (2006 to 2008), GM Mexico (2008 to 2010), North America Manufacturing, Customer Care and Aftersales, and Global Connected Consumer
- Interim Chief Financial Officer of GM South America (December 2011 to January 2013)
- Various leadership positions at GM in China, Singapore, Indonesia, and Thailand

Lay Koon Tan

Former President and Chief Executive Officer and a member of the Board of Directors of STATS ChipPAC Ltd.

Director Since: **2012**

Age: **61**

INDEPENDENT

Board Committees:

- Audit

Other Public Company Boards:

- None

Career Highlights:

- Founding President and Chief Executive Officer and a member of the Board of Directors of STATS ChipPAC Ltd. (August 2004 to November 2015) after leading the formation of the company, and of its predecessor, ST Assembly Test Services Ltd. (June 2002 to 2004)
- Chief Financial Officer, ST Assembly Test Services Ltd. (May 2000 to August 2004)
- Investment banker with Salomon Smith Barney, the global investment banking unit of Citigroup Inc.
- Various senior positions in government and financial institutions in Singapore

William D. Watkins

Former Chief Executive Officer of Imergy Power Systems, Inc.

Director Since: **2009**

Age: **67**

INDEPENDENT

Board Committees:

- Compensation ☆
- Nominating and Corporate Governance

Other Public Company Boards:

- Maxim Integrated Products, Inc. (since 2008)
- Avaya Holdings Corp. (since 2017, Chair of the Board)

Career Highlights:

- Chief Executive Officer (September 2013 to August 2016) and Chairman of the Board (January 2015 to August 2016) of Imergy Power Systems, Inc., a leading innovator in cost-effective energy storage products
- Chairman of the Board (February 2013 to December 2013) and Chief Executive Officer (January 2010 to February 2013) of Bridgelux, Inc.
- Chief Executive Officer (2004 to January 2009) and President and Chief Operating Officer (2000 to 2004) Seagate Technology, responsible for Seagate's hard disc drive operations, including recording heads, media, and other components, and related R&D and product development organizations
- Various other positions with Seagate (1996 to 2000)

Lawrence A. Zimmerman

Former Vice Chairman and CFO, Xerox Corporation

Director Since: **2012**

Age: **77**

INDEPENDENT

Board Committees:

- Audit ☆
- Nominating and Corporate Governance

Other Public Company Boards:

- Aptiv PLC (since 2009)

Recent Public Company Experience:

- Brunswick Corporation (2006 to 2015)

Career Highlights:

- Vice Chairman and Chief Financial Officer (2009 to 2011) and Executive Vice President and Chief Financial Officer (2002 to 2009) at Xerox Corporation
- Various senior finance positions over a 32-year career at IBM, including Corporate Controller including Vice President of Finance for IBM's Europe, Middle East and Africa operations

☆ Chair

Proposal No. 2: Re-Appointment of Independent Auditors for Fiscal Year 2021 and Authorization of our Board to Fix Their Remuneration

Our Audit Committee has approved, subject to shareholder approval, the re-appointment of Deloitte & Touche LLP, which has been the Company's independent registered public accounting firm since 2002, as the Company's independent registered public accounting firm to audit our financial statements and records for the fiscal year ending March 31, 2021, and to perform other appropriate services. In addition, pursuant to Section 205(16) of the Singapore Companies Act, our Board of Directors is requesting that the shareholders authorize the directors, upon the recommendation of the Audit Committee, to fix the auditors' remuneration for services rendered through the 2021 annual general meeting. We expect that a representative from Deloitte & Touche LLP will be present at the 2020 annual general meeting. This representative will have the opportunity to make a statement if he or she so desires and is expected to be available to respond to appropriate questions.

The Company has been advised by Deloitte & Touche LLP that neither it nor any of its associates has any direct or material indirect financial interest in the Company.

Principal Accountant Fees and Services

Set forth below are the aggregate fees billed by our principal accounting firm, Deloitte & Touche LLP, a member firm of Deloitte Touche Tohmatsu, and its respective affiliates for services performed during fiscal years 2020 and 2019. All audit and permissible non-audit services reflected in the fees below were pre-approved by the Audit Committee in accordance with established procedures.

(in millions)	Fiscal year	
	2020 (\$)	2019 (\$)
Audit Fees	11.5	11.1
Audit-Related Fees	0.1	0.1
Tax Fees	1.0	1.3
All Other Fees	0.0	0.0
Total	12.6	12.5

Audit Fees consist of fees for professional services rendered by our independent registered public accounting firm for the audit of our annual consolidated financial statements included in our Annual Report on Form 10-K (including services incurred with rendering an opinion under Section 404 of the Sarbanes-Oxley Act of 2002) and the review of our consolidated financial statements included in our Quarterly Reports on Form 10-Q. These fees include fees for services that are normally incurred in connection with statutory and regulatory filings or engagements, such as comfort letters, statutory audits, consents and the review of documents filed with the SEC.

Audit-Related Fees consist of fees for assurance and related services by our independent registered public accounting firm that are reasonably related to the performance of the audit and not included in Audit Fees.

Tax Fees consist of fees for professional services rendered by our independent registered public accounting firm for tax compliance, tax advice, and tax planning services, including assistance regarding federal, state and international tax compliance, return preparation, tax audits and customs and duties.

All Other Fees consist of fees for professional services rendered by our independent registered public accounting firm for permissible non-audit services.

Audit Committee Pre-Approval Policy

Our Audit Committee's policy is to pre-approve all audit and permissible non-audit services provided by our independent registered public accounting firm. These services may include audit services, audit-related services, tax services and other services. Pre-approval is generally provided for up to one year, and any pre-approval is detailed as to the particular service or category of services. The independent registered public accounting firm and management are required to periodically report to the Audit Committee regarding the extent of services provided by the independent registered public accounting firm in accordance with this pre-approval, and the fees for the services performed to date. The Audit Committee may also pre-approve particular services on a case-by-case basis.

Our Audit Committee has determined that the provision of non-audit services under appropriate circumstances may be compatible with maintaining the independence of Deloitte & Touche LLP, and that all such services provided by Deloitte & Touche LLP to us in the past were compatible with maintaining such independence. The Audit Committee is sensitive to the concern that some non-audit services, and related fees, could impair independence and the Audit Committee believes it important that independence be maintained. However, the Audit Committee also recognizes that in some areas, services that are identified

by the relevant regulations as “tax fees” or “other fees” are sufficiently related to the audit work performed by Deloitte & Touche LLP that it would be highly inefficient and unnecessarily expensive to use a separate firm to perform those non-audit services. The Audit Committee intends to evaluate each such circumstance on its own merits, and to approve the performance of non-audit services where it believes efficiency can be obtained without meaningfully compromising independence.



The Board recommends a vote **“FOR”** the re-appointment of Deloitte & Touche LLP as our independent auditors for fiscal year 2021 and authorization of the Board, upon the recommendation of the Audit Committee, to fix their remuneration.

Message from the Audit Committee

We, the members of Flex’s Audit Committee, assist our Board of Directors in overseeing financial accounting and reporting processes; systems of internal controls; the appointment, compensation and oversight of our external auditor; and our compliance with legal and regulatory requirements. We are committed to the values of independence and transparency in the discharge of our duties.

In furtherance of independent oversight, our committee is composed of entirely independent and financially literate directors including two financial experts. Further, we annually assess the independence of our external auditors considering any non-audit fees or services and the tenure of our lead audit partner.

We also take measures to ensure transparency between ourselves, members of management, and our external auditors including regular private sessions with external auditors; open lines of communication with members of management; and annual assessments of the qualifications and work quality of our external auditors.

Audit Committee Report

The Audit Committee has reviewed and discussed with both the management of the Company and our independent auditors, Deloitte & Touche LLP, our audited consolidated financial statements for the fiscal year ended March 31, 2020, as well as management’s assessment and our independent auditors’ evaluation of the effectiveness of our internal control over financial reporting as of March 31, 2020. Our management represented to the Audit Committee that our audited consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America.

The Audit Committee also discussed with our independent auditors the matters required to be discussed by the applicable rules of the Public Company Accounting Oversight Board and the SEC. The Audit Committee also has discussed with our independent auditors the firm’s independence from Company management and the Company, and reviewed the written disclosures and letter from the independent registered public accounting firm required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm’s communications with the Audit Committee concerning independence. The Audit Committee has also considered whether the provision of non-audit services by our independent auditors is compatible with maintaining the independence of the auditors. The Audit Committee’s policy is to pre-approve all audit and permissible non-audit services provided by our independent auditors. All audit and permissible non-audit services performed by our independent auditors during fiscal years 2020 and 2019 were pre-approved by the Audit Committee in accordance with established procedures.

Our independent auditors perform an independent audit of our consolidated financial statements in accordance with generally accepted auditing standards and express an opinion on these consolidated financial statements. In addition, our independent auditors express their own opinion on the effectiveness of our internal control over financial reporting. The Audit Committee monitors these processes.

Based on the Audit Committee’s discussions with the management of the Company and our independent auditors and based on the Audit Committee’s review of our audited consolidated financial statements together with the reports of our independent auditors on the consolidated financial statements and the representations of our management with regard to these consolidated financial statements, the Audit Committee recommended to the Company’s Board of Directors that the audited consolidated financial statements be included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2020, which was filed with the SEC on May 28, 2020.

Submitted by the Audit Committee of the Board of Directors:

Lawrence A. Zimmerman

Jill A. Greenthal

Marc A. Onetto

Charles K. Stevens, III

Proposal No. 3: Non-Binding, Advisory Resolution on Executive Compensation

We are asking our shareholders to approve, in a non-binding, advisory vote, the compensation of our named executive officers (NEOs) as reported in this proxy statement in the Compensation Discussion and Analysis and the compensation tables and accompanying narrative disclosure under "Executive Compensation."

Flex's compensation philosophy is that pay should be meaningfully aligned to performance. Our pay programs are designed to tie actual pay delivery for our executives to performance against the Company's short-term and long-term performance goals and the creation of shareholder value. A key objective of our compensation programs is to attract, retain and motivate superior executive talent by providing competitive pay opportunities and then paying for the achievement of rigorous Company objectives, while balancing the need to avoid excessive or inappropriate risk-taking, and maintaining an appropriate cost structure.

We urge shareholders to carefully read the Compensation Discussion and Analysis section of this proxy statement. The Compensation Discussion and Analysis describes how our executive compensation policies and procedures operate and are designed to achieve our compensation objectives and shows the link between our performance and our executives' incentive compensation. We also encourage shareholders to review the Summary Compensation Table and the other related compensation tables and narrative, which provide detailed information on the compensation of our NEOs.

While the vote on this resolution is advisory and not binding on the Company, each member of the Compensation Committee and the Board values the opinions of our shareholders and will consider the outcome of the vote on this resolution when making decisions regarding future executive compensation arrangements. We have held a say-on-pay advisory vote on an annual basis since 2011; the next say-on-pay vote is anticipated to occur at our 2021 annual general meeting.



The Board recommends a vote **"FOR"** the approval of the non-binding, advisory resolution on executive compensation.

Message from the Compensation Committee

Over the course of the year, our CEO, Ms. Advaiti, introduced our core strategic goals to be a leader in the markets where we compete, return to profitable growth, and deliver higher margins and consistent earnings. We, the Compensation Committee, are committed to compensation programs that help drive Flex's focus on disciplined growth. We periodically assess our compensation programs to ensure they are appropriately aligned with our business strategy and are achieving their objectives. In addition, we regularly review external data and best practices in the executive compensation area to ensure our compensation programs and associated governance provisions remain shareholder friendly and keep pace with evolving market trends. We have recommended and our Board has approved changes in our compensation policies and practices in order to align with best practices.

74%
of our shares
outstanding

In connection with the decrease in last year's say-on-pay support level, the Board of Directors conducted substantial shareholder outreach. Our outreach included 22 firms representing 74% of our share voting power (as of March 31, 2020). We met with 16 firms to discuss governance and executive compensation (61% of our share voting power). 6 firms either confirmed that they had no concerns to discuss or did not respond (13% of our share voting power). Based on the feedback we received, and to align to best practices, the Company made a number of shareholder-aligned changes to support the link between pay and performance in our pay programs and to improve associated governance policies. The Company has also directly responded to the feedback by providing a detailed rationale for the fiscal year 2019 CEO stock grant and demonstrating that 100% of the award was a make-whole grant. For more information, see page 48.

Compensation Committee Report

The Compensation Committee of the Board of Directors has reviewed and discussed with management the Compensation Discussion and Analysis that follows this report. Based on this review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company's proxy statement for the 2020 annual general meeting of shareholders.

Submitted by the Compensation Committee of the Board of Directors:

William D. Watkins

Jennifer Li

Lay Koon Tan

Willy C. Shih, Ph.D.

Compensation Discussion and Analysis

This CD&A is organized into the following key sections:

Executive Summary	44
Compensation Philosophy	51
Compensation-Setting Process and Decisions for Fiscal Year 2020	52
Fiscal Year 2020 Executive Compensation	55

Introduction

In this Compensation Discussion and Analysis (CD&A) section, we discuss the material elements of our compensation programs and policies, including our overall compensation philosophy, program objectives, and how and why the Compensation Committee arrived at specific compensation policies and decisions involving our Named Executive Officers (NEOs). Our NEOs for fiscal year 2020 were:

Name	Position
Revathi Advaiti	Chief Executive Officer
Christopher Collier	Chief Financial Officer
Francois P. Barbier	President, Global Operations and Components
Douglas Britt⁽¹⁾	President, Agility Solutions
Paul Humphries	President, Reliability Solutions

(1) Mr. Britt resigned from his position of President, Agility Solutions effective April 28, 2020.

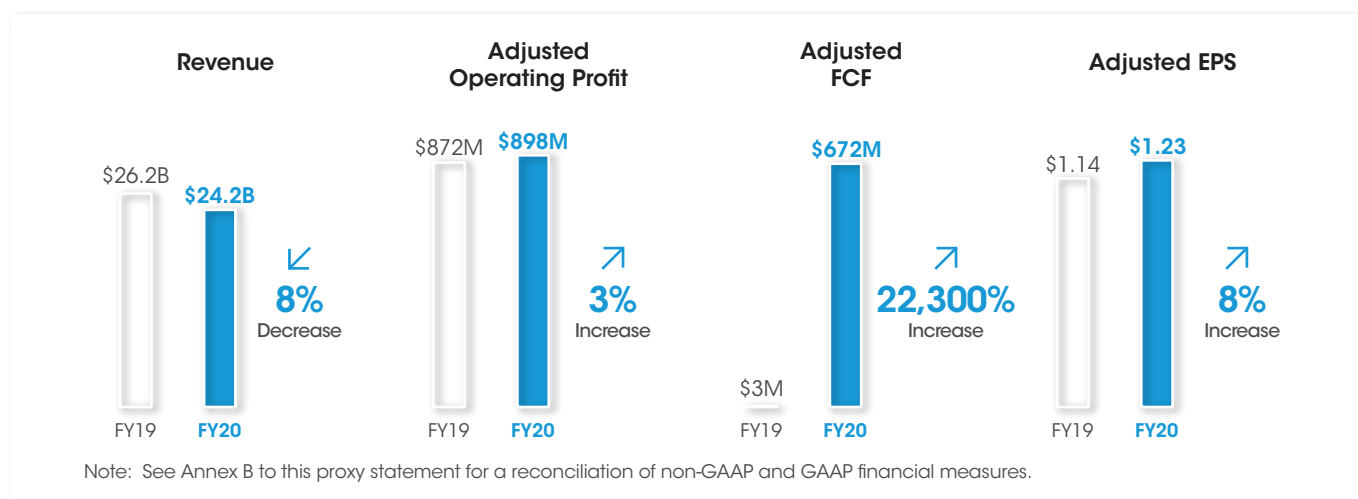
In March 2020, we announced a change in organization structure as part of our strategy to further drive growth and productivity with two focused delivery models, Agility Solutions and Reliability Solutions. Prior to this change in organization structure, Mr. Britt was President of our Integrated Solutions segment and Mr. Humphries was President of our High Reliability Solutions segment and references to such prior segments are included below in our discussions of fiscal year 2020 compensation and performance.

Executive Summary

Our pay programs are designed to align executives' compensation with performance against the Company's short-term and long-term objectives and the creation of shareholder value. We use a mix of performance metrics that are intended to reward different aspects of Company achievement.

Performance and Company Highlights For Fiscal Year 2020

There are four performance metrics that we use to determine short-term incentive compensation for the NEOs: revenue, adjusted operating profit, adjusted earnings per share (adjusted EPS), and adjusted free cash flow (adjusted FCF). These are the same metrics we focus on in our quarterly performance updates to shareholders. Our recent history of performance on these metrics, shown below, highlights our improved margins, profitability, and cash flow in fiscal year 2020.



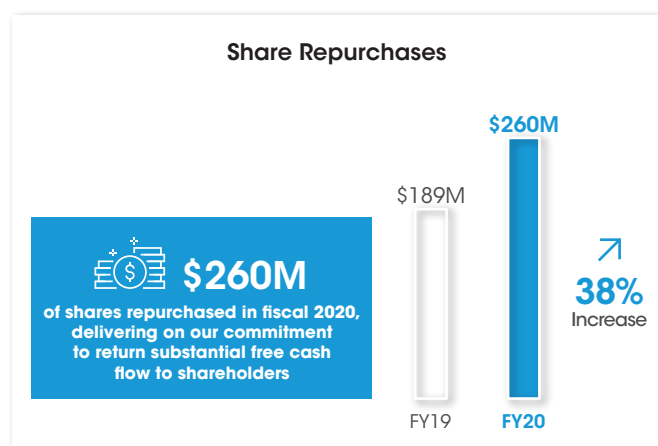
The drop in our fiscal year 2020 revenue was primarily driven by two factors:

- Our efforts to actively manage our portfolio to improve mix and profitability; and
- Unanticipated impacts of the COVID-19 crisis emerging during the fourth quarter of our fiscal year.

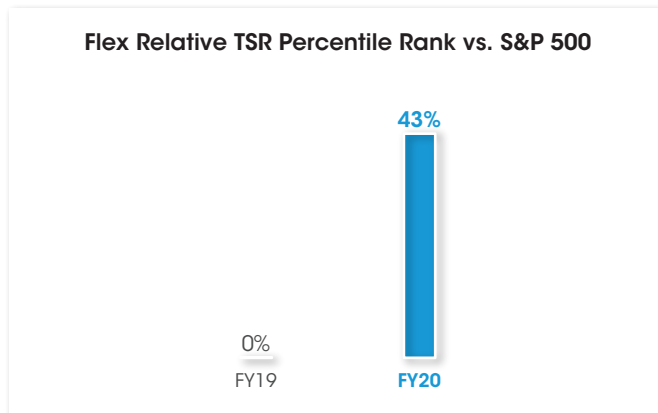
Despite the revenue decline, we were able to grow all other key measures of operating performance: adjusted operating profit, adjusted EPS and adjusted FCF. This growth was enabled by our key business principles of:

- Driving disciplined, sustainable execution;
- Pursuing design-led manufacturing for better margins;
- Driving profitable growth and market leadership; and
- Generating adjusted FCF with prudent capital allocation.

Our adjusted FCF performance as well as improved profitability enabled us to improve our return of capital to shareholders through our share repurchase program, as shown below.



We consider the operating performance measures described above to be the key drivers of our total shareholder return (TSR), which is compared to the return of the S&P 500 index (rTSR) to determine the funding for our long-term performance share units (PSUs). Absolute stock performance is an implicit metric for our PSUs and our service-based restricted share unit awards (RSUs) because it determines the value our NEOs ultimately realize from their PSU and RSU awards at vesting. Our operating results, together with broader macro-economic and stock market developments, translated into the shareholder returns shown below.



Compensation Highlights For Fiscal Year 2020

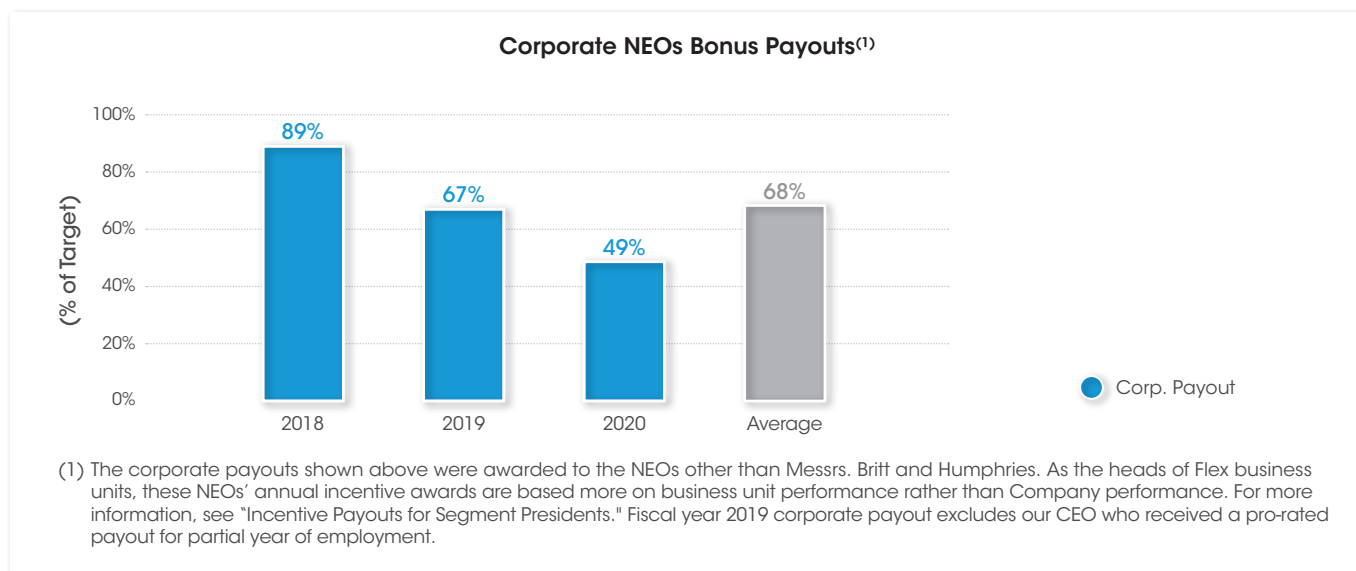
Our pay-for-performance compensation philosophy aims to tie actual pay delivery to performance, where above-target performance should be rewarded when achieved, and below-target performance should lead to reduced compensation, including zero payouts for performance-based compensation elements when performance thresholds are not met. We also believe we should deliver a significant portion of executive pay in the form of equity awards, which are directly aligned with value delivered to shareholders.

Performance based pay elements reflected the fact that our fiscal year 2020 performance results were below targeted levels.

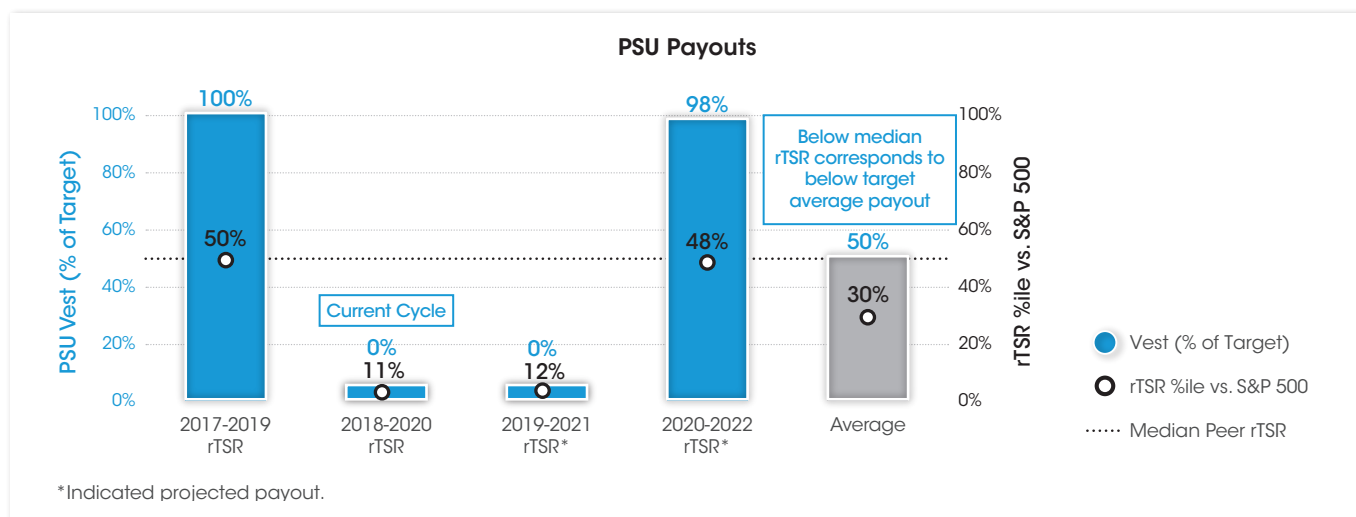
- ✓ **Base salaries maintained with one exception:** Pay changes for fiscal year 2020 were focused on performance-based pay and we maintained the NEOs' base salaries with no increase, with the exception of Mr. Collier, who received a 1.4% increase.
- ✓ **Bonus plan payouts well below target:** Based on overall financial results that were below targeted performance levels, our CEO's fiscal year 2020 bonus paid out at 48.9% of target. Other NEO bonuses paid out between 22.7% and 48.9%, excluding Mr. Britt who resigned prior to the bonus payment date and received no payout.
- ✓ **Performance share plan (rTSR) payouts = 0%:** No payouts were earned under the rTSR PSUs for the three-year performance cycle ending in fiscal year 2020, as the threshold performance level was not achieved.
- ✓ **Performance share and cash LTI plan (FCF) payouts = 0%:** The Flex fiscal year (2018 – 2020) FCF PSU and long-term cash incentive cycle were not earned because cumulative adjusted FCF results over the three-year period were below the threshold levels despite significant improvement in fiscal year 2020. In an effort to more closely align pay delivery for our NEOs with shareholder value delivered, we granted only rTSR PSUs in fiscal years 2019 and 2020.
- ✓ **Performance-based deferred compensation funding below target:** Deferred compensation contributions are funded 50% based on performance in the prior fiscal year. We funded the performance-based portion in fiscal year 2020 with a funding factor of 74.8%, which was the Company funding percentage used for fiscal year 2019 bonus payouts.

Pay and Performance Alignment For Fiscal Year 2020

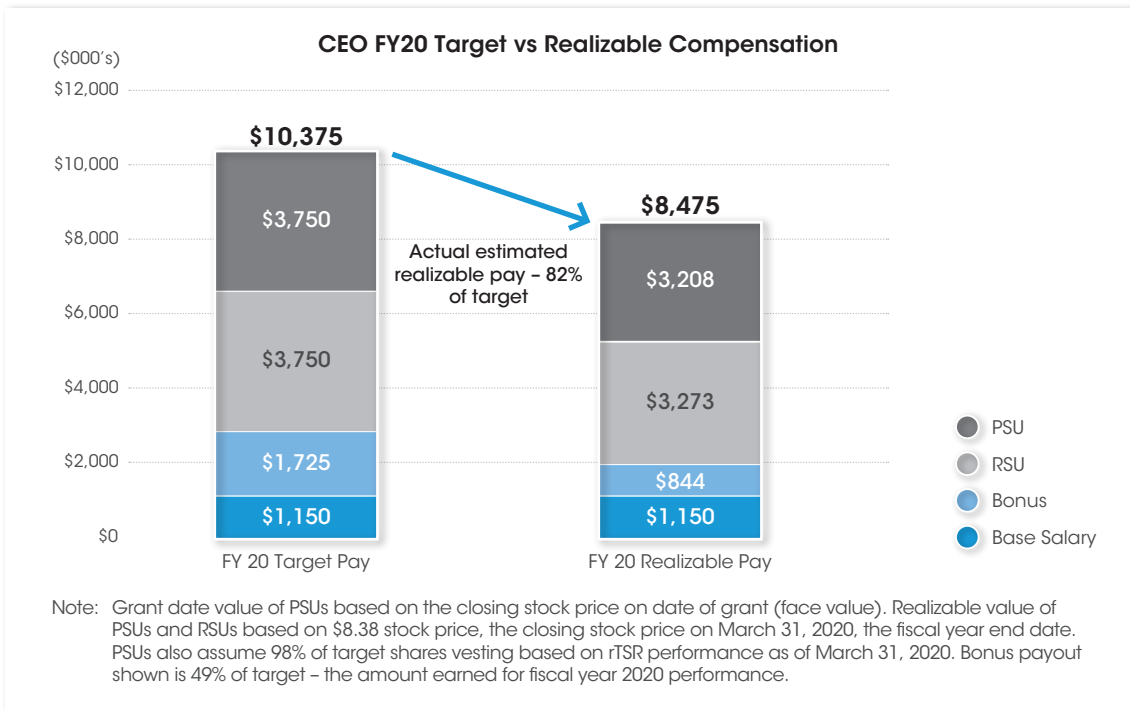
The key vehicles we use to ensure that compensation realized by our executives is aligned with results generated for our shareholders are the annual incentive bonus and the PSU programs. We set rigorous targets under our annual bonus plan, and funding of our NEO bonuses has averaged 68% of target over the last three years, including 48.9% in fiscal year 2020, as performance results have fallen short of target.



PSUs are a major component of our NEOs' target total direct compensation. As further illustrated below, our two most recently completed performance cycles have funded at an average of 50% of target shares, including 0% for the cycle ending in fiscal year 2020, based on rTSR that was below the targeted level against the S&P 500. As of the end of fiscal year 2020, the two other in-progress rTSR PSU cycles are projected to fund at an average of 49%.

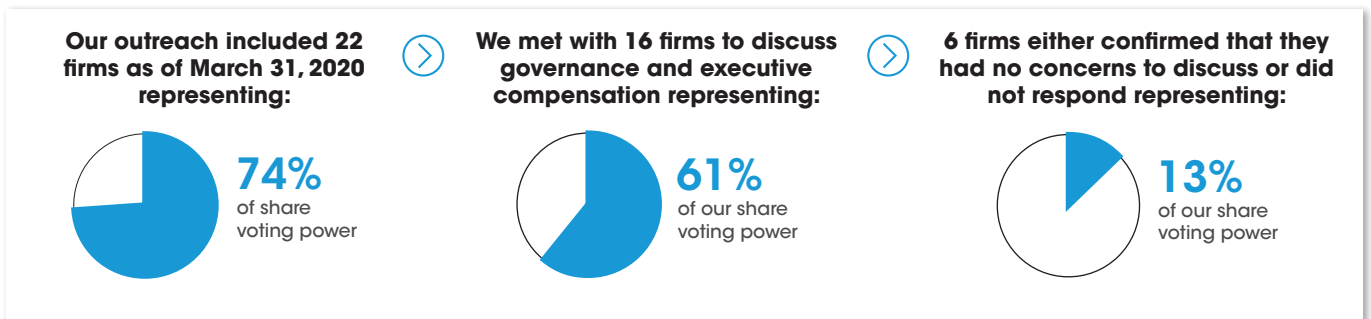


As shown below, realizable compensation values from all target direct compensation provided to our CEO in fiscal year 2020 are approximately 82% of the original targeted value based on results through year end. This illustrates the performance-based nature of our pay program, rigorous goal setting, and the program’s alignment with shareholders.



Say-on-Pay Advisory Vote Results and Fiscal Year 2020 Shareholder Engagement

Our “say-on-pay” advisory vote on executive compensation received the support of approximately 51% of the votes cast at the 2019 annual general meeting. In response, we initiated an elevated level of shareholder outreach in fiscal year 2020 to solicit feedback about our business, corporate governance, and our executive compensation programs.



Much of the shareholder feedback we received centered on several one-time pay actions taken in fiscal year 2019 in connection with our CEO transition. This feedback, and the responsive actions taken by the Compensation Committee, are summarized below.

What We Heard...

Severance	<i>The terms of our separation with our former CEO did not appear to clearly support the payment of a severance package.</i>
CEO Onboarding Grant	<i>Sufficient information supporting the determination of the value of our CEO's sign-on RSU grant was not provided.</i>
Time-Based Retention Grants	<i>Certain retention grants issued in connection with our CEO transition were time-based.</i>

What We Did

- ✓ During fiscal 2019, we implemented, a formal, market-aligned, executive severance plan to provide clarity regarding how various forms of departure from Flex would be treated and clarify that no severance will be paid in connection with an executive's retirement. Ms. Advaiti's offer letter contains specified severance terms.
- ✓ In early fiscal year 2021, we examined current market practices with respect to treatment of unvested equity upon various termination events, and formally updated Flex's approach.
- ✓ We are providing disclosure of Ms. Advaiti's unvested equity at her prior employer, Eaton Corporation plc., based on Eaton's public filings. See Annex C. This information demonstrates that Flex's \$2 million sign-on RSU grant to Ms. Advaiti had a lower value than the time-vested awards she would forfeit, and a much lower value than the total equity she would forfeit in connection with her departure from Eaton Corporation. As information above illustrates, 100% of Ms. Advaiti's sign-on RSU value was a make-whole grant.
- ✓ The value of the CEO sign-on RSU grant was intended to make Ms. Advaiti whole for equity grants that she would forfeit in connection with her departure from Eaton Corporation. There was no additional value provided as an inducement award.
- ✓ The Compensation Committee acknowledges shareholder feedback regarding fiscal year 2019 one-time pay decisions, and commits to consider such feedback regarding similar decisions in the future.
- ✓ No special equity grants were made in fiscal year 2020.

In response to the overall low support level for the say-on-pay advisory vote, the Compensation Committee recommended, and the Board made a number of other shareholder-friendly compensation governance and design changes, as summarized below.

Program Enhancements


Peer Group	<i>We updated our peer group to explicitly reflect Flex's market cap. This update resulted in a group of peers with slightly reduced revenue statistics and significantly reduced market cap statistics.</i>
Bonus Plan	<i>We reduced maximum bonus payout from 250% to 200% of target. We moved from a quarterly to annual performance measurement.</i>
Executive Stock Ownership Guidelines	<i>We increased our required stock ownership multiples as follows:</i> <ul style="list-style-type: none"> • CEO: from 4X to 6X • CFO: from 2.5X to 3.5X • Other NEOs: from 1.5X to 2.5X
Personal Travel on Company Aircraft	<i>We will not permit our Chief Executive Officer and Chief Financial Officer to use Company aircraft for personal travel.</i>

Timing

Fiscal year 2020
Fiscal year 2020 to 2021
Fiscal year 2020
Fiscal year 2021

COVID-19 Related Executive Compensation Reductions

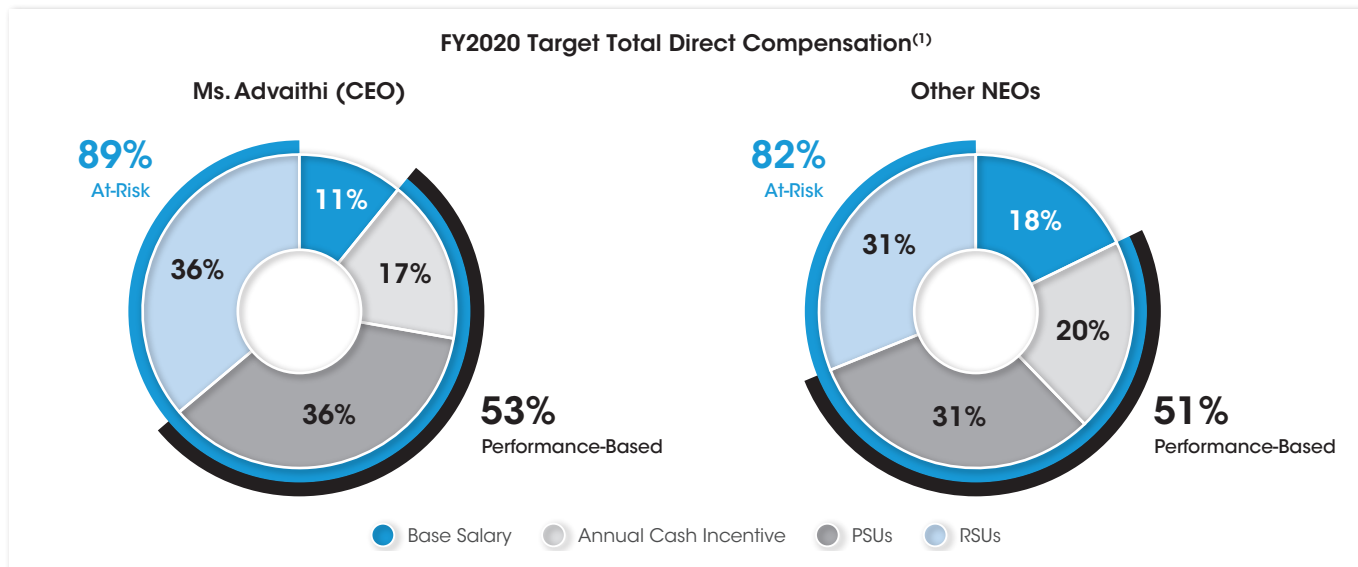
In addition to the actions listed above, at the end of fiscal year 2020, in light of the uncertainty created by the effects of the COVID-19 pandemic and the Company’s initiatives to reduce costs, the CEO and the other NEOs proposed and the Compensation Committee and the Board of Directors agreed to the following executive compensation changes:

Compensation Reductions	Effective Period
 <p>Target Cash Reductions</p> <p>Base salaries for our NEOs were reduced—by 50% for the CEO and by 30% for the other NEOs</p> <p>Bonus targets were reduced to zero</p>	<p>☑ Intended to be in place for the first two quarters of fiscal year 2021, with the option to adjust the effective period as business conditions evolve.</p>

As the COVID-19 pandemic’s impact on our business evolves, the Compensation Committee and the Board will continue to evaluate our executive compensation program to ensure it fulfills the key objectives of our executive compensation philosophy and that it serves the best interests of our Company and our shareholders.

Fiscal Year 2020 Executive Compensation Summary

Our executive compensation program is structured to be competitive and allow us to attract and retain a high caliber leadership team. Further, it is intended to provide direct alignment between pay and performance. The illustrations below show how we allocated the key elements of our direct executive compensation program for fiscal year 2020, where the majority of pay is performance-based and over 80% is at risk.



(1) Performance-based long-term incentives are shown at face value (the target number of shares awarded multiplied by the closing stock price on the grant date).

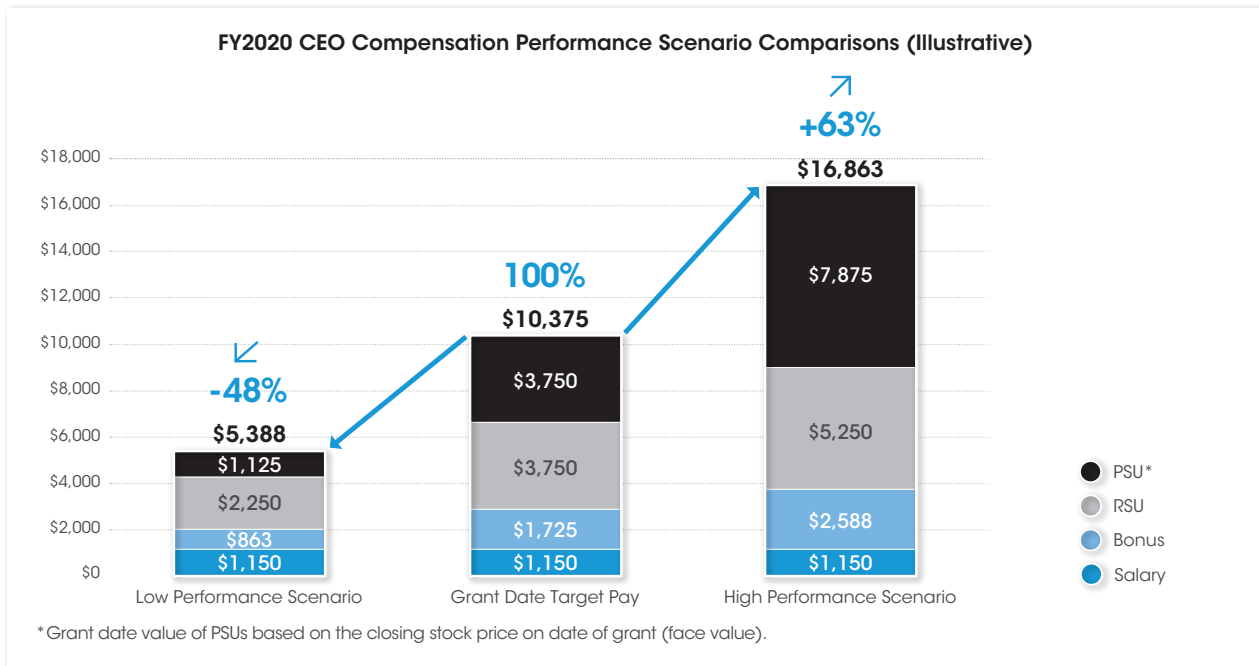
Compensation Element	Description						
Base salary	<ul style="list-style-type: none"> ✓ In fiscal year 2020, only one NEO received a salary increase of 1.4%. 						
Short-Term Incentive <table border="1"> <thead> <tr> <th></th> <th>Corporate</th> <th>Business Unit NEOs</th> </tr> </thead> <tbody> <tr> <td>Vehicles & Weights</td> <td> <ul style="list-style-type: none"> 20% Revenue 30% Adj. OP Growth 25% Adj. EPS 25% Adj. FCF </td> <td> <ul style="list-style-type: none"> 20% BU Rev/N.B.W. 30% BU OP Growth 25% BU EPS 25% BU FCF Proforma </td> </tr> </tbody> </table>		Corporate	Business Unit NEOs	Vehicles & Weights	<ul style="list-style-type: none"> 20% Revenue 30% Adj. OP Growth 25% Adj. EPS 25% Adj. FCF 	<ul style="list-style-type: none"> 20% BU Rev/N.B.W. 30% BU OP Growth 25% BU EPS 25% BU FCF Proforma 	<ul style="list-style-type: none"> ✓ Corporate executives are measured entirely on Flex financial objectives. For fiscal year 2020, 100% of the award opportunity was measured against annual outcomes. ✓ Business Unit NEOs are measured on direct business unit results across related metrics (Business Unit (BU) Revenue Growth / New Business Wins, BU OP \$ Growth, BU EPS, BU FCF Pro forma). ✓ For fiscal year 2020, revenue weighting was reduced to 20% (from 25% in 2019) to provide greater emphasis on profitability. At the same time, the Operating Profit weighting increased from 25% to 30%. ✓ For fiscal year 2020, we replaced the ROIC metric with adjusted FCF based on shareholder feedback regarding importance of adjusted FCF as a key strategic metric for value creation.
	Corporate	Business Unit NEOs					
Vehicles & Weights	<ul style="list-style-type: none"> 20% Revenue 30% Adj. OP Growth 25% Adj. EPS 25% Adj. FCF 	<ul style="list-style-type: none"> 20% BU Rev/N.B.W. 30% BU OP Growth 25% BU EPS 25% BU FCF Proforma 					
Long-Term Incentive <table border="1"> <thead> <tr> <th>Vehicles & Weights</th> <th></th> </tr> </thead> <tbody> <tr> <td>50%</td> <td>Relative TSR PSUs</td> </tr> <tr> <td>50%</td> <td>Service-Based RSUs</td> </tr> </tbody> </table>	Vehicles & Weights		50%	Relative TSR PSUs	50%	Service-Based RSUs	<ul style="list-style-type: none"> ✓ 50% are PSUs that are eligible to be earned based on Flex's TSR versus that of the S&P 500 over a 3-year period. ✓ 50% are RSUs that vest equally over a four-year period.
Vehicles & Weights							
50%	Relative TSR PSUs						
50%	Service-Based RSUs						
Deferred Compensation	<ul style="list-style-type: none"> ✓ Flex also provides long-term cash incentives under our Deferred Compensation Plan, with a target value equal to 30% of salary for each NEO with 50% of actual funding linked to corporate bonus payout results. 						

Compensation Philosophy

Flex's compensation philosophy is that pay should be meaningfully aligned to performance. Our pay programs are designed to tie actual pay delivery for our executives to performance against the Company's short-term and long-term performance objectives and the creation of shareholder value. A key objective of our compensation programs is to attract, retain and motivate superior executive talent by providing competitive pay opportunities and then paying for the achievement of rigorous Company objectives, while balancing the need to avoid excessive or inappropriate risk-taking, and maintaining an appropriate cost structure. We actively manage our pay-for-performance philosophy as described below.

Element	Overview
Base salaries and target cash compensation	<ul style="list-style-type: none"> • We regularly benchmark pay against a set of industry peers. • Base salaries and target cash compensation are competitively positioned for our NEOs to manage fixed costs and emphasize paying for performance.
Substantial emphasis on at-risk compensation	<ul style="list-style-type: none"> • Programs are designed to link pay delivery to the achievement of pre-determined performance goals that directly correlate to enhanced shareholder value. • 89% of Ms. Advaiti's fiscal year 2020 target total direct compensation was at-risk and 81% to 84% of our other non-CEO NEOs target total direct compensation was at-risk. • 100% of at-risk compensation is based on achievement of core financial metrics or is subject to market risk based on absolute or rTSR performance. All incentive outcomes were based on a formulaic calculation of results against pre-determined, financial or stock price based, performance targets. • The Board, or the Compensation Committee if so delegated by the Board, maintains the authority to adjust annual incentive bonus payouts if such payouts do not align with the Company's overall performance.
Focus on long-term performance	<ul style="list-style-type: none"> • While measurement of short-term results maintains day-to-day focus, we believe that shareholder value is built over the long term. • For Ms. Advaiti's fiscal year 2020 target total direct compensation, 72% was in the form of long-term incentives, half of which are linked to achievement of long-term TSR performance versus the S&P 500. On average, 62% of target total direct compensation for our other NEOs was in the form of long-term incentives, half of which are tied to achievement of long-term TSR performance versus the S&P 500. • We emphasize the NEOs' alignment with our shareholders' long-term interests by enforcing rigorous, and recently increased, share ownership guidelines for our executives.

Our compensation program is also highly responsive to changes in our operating and stock price performance, as illustrated below, with respect to our CEO’s total direct compensation (salary, bonus, and equity incentives).



Illustrative Assumptions	Bonus & PSU Payouts	Stock Price (\$)
Low Performance Scenario	50% of Target	5.76 (Grant Price - 40%)
High Performance Scenario	150% of Target	13.44 (Grant Price + 40%)

Compensation-Setting Process and Decisions for Fiscal Year 2020

Alignment with Compensation and Corporate Governance Best Practices

The Compensation Committee regularly reviews our compensation programs, peer company data, and best practices in the executive compensation area. We have adopted corporate governance and compensation practices and policies that our Compensation Committee, along with our Board, believes help to advance our compensation goals and philosophy, including those shown below.

What We Do

- ✓ Our Compensation Committee is composed entirely of independent members with a robust review process.
- ✓ We use a pay-for-performance executive compensation model that focuses primarily on corporate performance with a significant portion of executive compensation at-risk and long-term.
- ✓ We maintain a clawback policy to recoup compensation paid to an executive officer in the event of a material restatement of financial results where a covered officer engaged in fraud or misconduct that caused the need for the restatement.
- ✓ Our Compensation Committee retains an independent compensation advisor.
- ✓ We conduct regular shareholder outreach and consider shareholder advisory votes and views in determining executive compensation strategies.
- ✓ We maintain robust share ownership guidelines for NEOs and Directors.
- ✓ We prohibit “share recycling” and options/SAR repricing (including cash buyouts) under our 2017 Plan.

What We Don't Do

- ✗ We do not enter into NEO employment agreements.
- ✗ We do not allow hedging or short sales of Company equity, and we do not permit pledging of Company equity as collateral for loans.
- ✗ We do not provide excise tax gross-ups with respect to compensation awarded following change of control events.
- ✗ We do not have single trigger accelerated vesting of equity awards upon a change in control.
- ✗ We do not maintain a supplemental executive retirement plan.
- ✗ We do not provide excessive or non-customary executive perquisites.
- ✗ We do not pay dividends or dividend equivalents on our unvested equity awards.

Compensation Committee

The Compensation Committee is responsible for recommending to our Board the compensation of our Chief Executive Officer and all other NEOs. The Compensation Committee also oversees management’s decisions concerning the compensation of other Company officers, administers our equity compensation plans, and evaluates the effectiveness of our overall executive compensation programs. Our Compensation Committee also reviews the Company’s talent assessment and succession planning.

The Compensation Committee regularly assesses our compensation programs to ensure they are appropriately aligned with our business strategy and are achieving their objectives. The Compensation Committee also reviews market trends and changes in competitive pay practices. Based on its review and assessment, the Compensation Committee regularly approves changes in our compensation programs or recommends such changes to our Board.

Independent Consultants and Advisors

The Compensation Committee has the authority to retain and terminate any independent, third-party compensation consultants and to obtain advice and assistance from internal and external legal, accounting, and other advisors. In the first half of fiscal year 2020, the Compensation Committee engaged Mercer as its independent adviser for certain executive compensation matters. During 2019, the Compensation Committee retained FW Cook as its independent compensation consultant to replace Mercer.

In fiscal 2020 Mercer and FW Cook furnished the Compensation Committee with reports on the following topics: peer group composition, compensation data and analysis relating to the compensation of our NEOs, short and long-term compensation program design, compensation program risk assessment, annual share utilization and shareowner dilution levels resulting from equity plans, and executive share ownership and retention values.

Mercer’s fees in connection with providing consulting services with respect to the compensation of our executive officers and non-employee directors in fiscal year 2020 were approximately \$328,500. Additionally, during our 2020 fiscal year, Marsh & McLennan Companies, Inc. (the parent company of Mercer) and its affiliates, which we refer to collectively as MMC, were retained by the Company to provide other services unrelated to executive and director compensation matters. These services included various consulting and business services, and our Compensation Committee did not review or approve such other services provided by MMC, as those services were approved by management in the ordinary course of business. The

aggregate fees paid for those other services in fiscal year 2020 were approximately \$945,000. The Compensation Committee has determined that the provision by MMC of services unrelated to executive and director compensation matters in fiscal year 2020 was compatible with maintaining Mercer’s objectivity in its role as compensation consultant to the Compensation Committee, and that the consulting advice received from Mercer was not influenced by MMC’s other relationships with the Company.

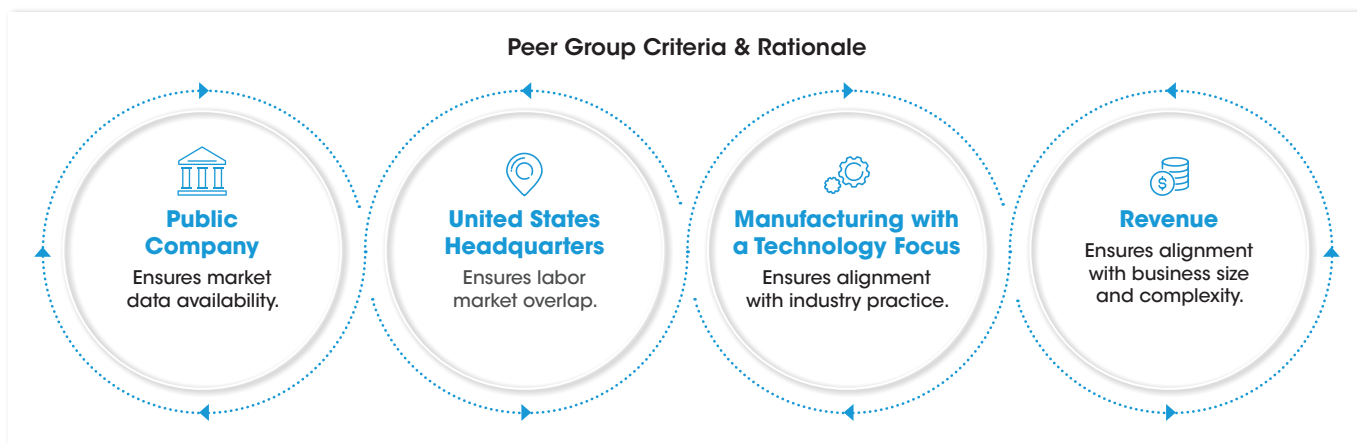
FW Cook informed the Compensation Committee, and the Committee agreed, that there are no personal or business relationships between the FW Cook’s employees and any member of the Compensation Committee or an NEO beyond the Flex relationship. Based on the above and other factors, including the factors set forth under Rule 10C-1 under the Securities Exchange Act of 1934, as amended (referred to in this proxy statement as the Exchange Act), the Compensation Committee assessed the independence of FW Cook and concluded that no conflict of interest exists that would prevent FW Cook from independently representing the Compensation Committee. Outside of engaging on executive and Board member compensation and related matters, FW Cook does not provide any other services to the Company.

Role of Executive Officers in Compensation Decisions

The Compensation Committee meets with our Chief Executive Officer and other executives to obtain recommendations with respect to the structure of our compensation programs. The CEO and certain other executives also assess the performance of other individual executives and make recommendations regarding their compensation. Decisions related to the compensation of the CEO (including recommendations to the Board regarding the same) are made independently by the Compensation Committee, without recommendations from management. In addition, our CEO and other executives develop recommendations for performance measures and target payout opportunities under our incentive bonus plan based on management’s business forecast—both at the Company and business unit levels. These recommendations are approved by the Compensation Committee as well as by our Board when appropriate.

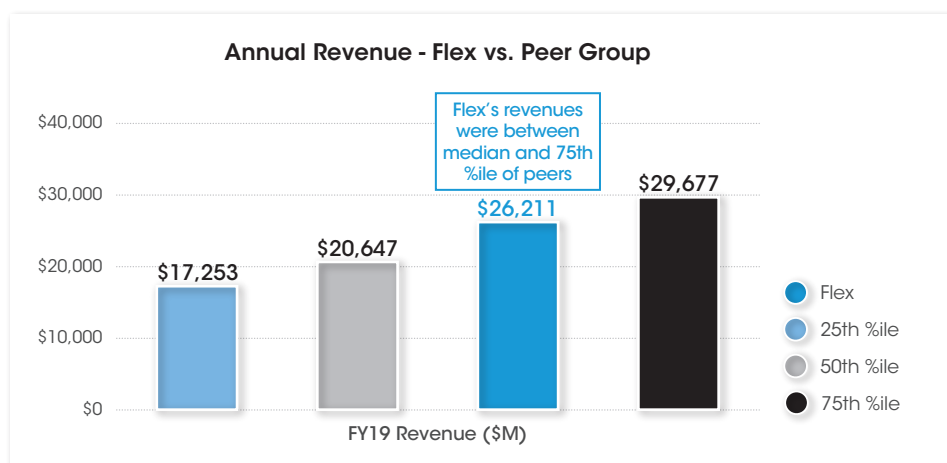
Competitive Positioning

On an annual basis, relying upon data provided by our independent compensation consultant, the Compensation Committee undertakes a review of the compensation peers that we use to provide insight into market competitive pay programs, levels and practices. In March 2019, Mercer presented, and the Compensation Committee approved, 17 companies that are comparable to Flex as our compensation peers for fiscal year 2020 considering the following criteria:



Our peer group for fiscal year 2020 compensation decisions consisted of the following companies:

Arrow Electronics, Inc.	Raytheon Company	Honeywell International Inc.
Avnet, Inc.	TE Connectivity Ltd.	Jabil, Inc.
Eaton Corporation plc	Xerox Corporation	Northrop Grumman Corporation
General Dynamics Corporation	Applied Materials, Inc.	Seagate Technology Plc
Illinois Tool Works Inc.	Danaher Corporation	Western Digital Corporation
Johnson Controls International plc	Emerson Electric Co.	



In addition to our peer group companies, the Compensation Committee reviews standardized surveys of large technology and manufacturing firms to evaluate the competitiveness of Flex's compensation programs in the context of general compensation practices.

Fiscal Year 2020 Executive Compensation

Base Salary

The following table sets forth the base salaries of our NEOs as of the end of fiscal year 2020. Except for a slight merit-based increase in the base salary of the CFO, there were no increases from fiscal year 2019.

Name and Title	Annualized Base Salary for Fiscal Year 2019 (\$)	Annualized Base Salary for Fiscal Year 2020 (\$)	Percentage Increase
Revathi Advaiithi Chief Executive Officer	1,150,000	1,150,000	0%
Christopher Collier Chief Financial Officer	700,000	710,000	1.4%
Francois P. Barbier President, Global Operations and Components	710,000	710,000	0%
Douglas Britt President, Flex Integrated Solutions	710,000	710,000	0%
Paul Humphries, President, High Reliability Solutions	710,000	710,000	0%

The Compensation Committee typically reviews base salaries every year and makes recommendations to the Board of Directors regarding adjusting or maintaining salary levels to reflect competitive market data, individual performance, and promotions or changes in responsibilities. At the end of fiscal year 2020, in light of the uncertainty created by the effects of the COVID-19 pandemic, and the Company's initiatives to reduce costs, the CEO and the other NEOs proposed and the Compensation Committee and the Board of Directors approved the reductions of base salaries for our NEOs – by 50% for the CEO and by 30% for the other NEOs during the first two quarters of fiscal year 2021.

Incentive Bonus Plan

Our annual incentive payouts are based entirely on achievement of financial performance objectives for the following performance metrics:

Performance Metrics – Corporate Level for Corporate Executives:

- Revenue growth (20%);
- Adjusted operating profit (30%);
- Adjusted EPS (25%); and
- Adjusted FCF (25%).

Metrics for President, Reliability Solutions and President, Agility Solutions are measured at the segment (business unit) level.

In designing the incentive bonus plan, our Chief Executive Officer and management team develop and recommend performance metrics and targets, which are reviewed and are subject to adjustment by the Compensation Committee. Performance metrics and payout levels are determined based on management’s business forecasts—both at the Company and business unit levels—as reviewed and approved by the Compensation Committee and, subsequently, the Board. Maximum payout levels were tied to “stretch” levels of performance.

The following table summarizes the key features of our fiscal year 2020 incentive bonus plan.

Feature	Component	Objectives
Performance targets	<ul style="list-style-type: none"> • Based on key Company and business unit financial metrics for the fiscal year 	<ul style="list-style-type: none"> • Aligns executive incentives with performance • Rewards achievement of annual objectives
Performance measures	<ul style="list-style-type: none"> • Revenue growth, adjusted operating profit, adjusted EPS and adjusted FCF at the Company and business unit level • Weightings for these metrics are fixed, and measured at the corporate level for corporate executives and at the business unit level for business unit executives 	<ul style="list-style-type: none"> • Emphasizes pay-for-performance by linking individual compensation to performance on metrics that are key drivers of shareholder value • Promotes accountability by tying payout to achievement of minimum performance threshold
Bonus payments	<ul style="list-style-type: none"> • Based entirely on achievement of financial performance objectives, with no individual performance component • Target bonus opportunities set at percentage of base salary, based on executive’s level of responsibility • Annual bonuses range from 0% of target to a maximum of 250% of target (200% for fiscal year 2021) • No payout awarded for any measure where threshold performance is not achieved • The Board, or the Compensation Committee if so delegated by the Board, has the authority to adjust bonus payouts if appropriate in the context of the Company’s overall performance. 	<ul style="list-style-type: none"> • Reflects the Company’s emphasis on pay-for-performance by linking individual compensation to financial performance • Encourages accountability by conditioning bonus payments on the achievement of at least the minimum performance threshold

Non-GAAP Adjustments

We used adjusted non-GAAP performance measures (adjusted operating profit, adjusted EPS and adjusted FCF) for our incentive bonus plan in fiscal year 2020. We used adjusted measures to eliminate the distorting effect of certain unusual income or expense items. The adjusted performance measures are consistent with those used in our quarterly earnings releases. The adjustments were intended to:

- align award payout opportunities with the underlying growth of our business; and
- avoid mis-alignment in outcomes based on unusual items.

In calculating non-GAAP financial measures, we excluded certain items to facilitate a review of the comparability of the Company’s operating performance on a period-to-period basis because such items are not, in the Compensation Committee’s view, related to the Company’s ongoing operational performance. The non-GAAP measures are used to evaluate more accurately the Company’s operating performance, for calculating return on investment, and for benchmarking performance against competitors. For fiscal year 2020, non-GAAP adjustments consisted of excluding after-tax stock-based compensation expense, amortization of intangible, customer related assets impairments, restructuring charges, the new revenue standard adoption impact, legal and other, interest and other, net and other charges (income), net. All adjustments are subject to approval by the Compensation Committee to ensure that payout levels are consistent with performance. See Annex B to this proxy statement for a reconciliation of non-GAAP and GAAP financial measures.

Target Incentive Awards

Fiscal year 2020 bonus targets for the NEOs as a percent of base salary were not increased from fiscal year 2019 and are shown below.

Name and Title	Fiscal year 2020 Target Bonus (% of Salary)	Fiscal year 2020 Target (\$)
Revathi Advaiti Chief Executive Officer	150%	1,725,000
Christopher Collier Chief Financial Officer	110%	781,000
Francois P. Barbier President, Global Operations and Components	110%	781,000
Douglas Britt President, Flex Agility Solutions	110%	781,000
Paul Humphries, President, Reliability Solutions	110%	781,000

The following table sets forth the payout opportunities that were available for Ms. Advaiti and Messrs. Collier, and Barbier based on different levels of corporate performance. Bonuses for Messrs. Britt and Humphries were based on the results of their respective business units.

No payout is made if the threshold performance level is not achieved. Achievement of payouts at the maximum level for the annual bonus would require sustained strong performance over the course of a full year; these targets are considered rigorous and were validated within the context of analyst expectations.

Incentive Payouts for CEO, CFO, and President, Global Operations and Components

Performance targets are determined based on Board approved financial plans—both at the Company and business unit levels. Maximum payout levels were tied to “stretch” levels of performance.

	Weight	Payout (% of Target)			Actual Performance (\$)	Actual Payout (% of Target)	
		0%	50%	100%			150%
Revenue (\$000s)	20%		\$25,821	\$27,294	\$27,867	24,210	0%
Adjusted OP (\$000s)	30%		\$904	\$987	\$1,018	898	0%
Adjusted EPS	25%		\$1.21	\$1.30	\$1.35	1.23	65%
Adjusted FCF (\$000s)	25%		\$200	\$550	\$750	672	131%

● Actual Payout Based on Performance

For fiscal year 2020, the Company’s performance was below the targeted amounts for all metrics, except Adjusted FCF, which was above target, resulting in aggregate payouts of 48.9% of target.

Incentive Payouts for Business Unit Presidents

We treat the business unit performance measures as confidential. In fiscal year 2020, the businesses that Mr. Humphries led performed below target, resulting in a fiscal year 2020 payout at 22.7% of target.

Mr. Britt resigned from his position with the Company prior to the payout of fiscal year 2020 bonuses. Under the terms of our bonus plan, due to the timing of his resignation, Mr. Britt was not eligible for payment of a fiscal year 2020 bonus.

Final Incentive Awards for the NEOs

The bonus payout levels for all of our NEOs were as follows:

Name	Fiscal Year 2020 Annual Incentive Bonus Target (Potential Bonus as a percentage of Base Salary)	Fiscal Year 2020 Annual Incentive Actual Bonus (\$)	Fiscal Year 2020 Actual Annual Incentive Bonus as a Percentage of Target Bonus
Ms. Advaiti	150%	843,698	48.9%
Mr. Collier	110%	381,987	48.9%
Mr. Barbier	110%	381,987	48.9%
Mr. Humphries	110%	177,459	22.7%

Note: Mr. Britt resigned from his position with the Company prior to the payout of fiscal year 2020 bonuses. Under the terms of our bonus plan, due to the timing of his resignation, Mr. Britt was not eligible for payment of a fiscal year 2020 bonus.

Long-Term Share-Based Incentive Compensation

In fiscal year 2020, the Board, upon the recommendation of the Compensation Committee, granted share-based long-term incentives to our senior executives as an incentive to maximize the Company’s long-term performance and drive shareholder value creation. These long-term incentives are designed to align the interests of the NEOs with those of our shareholders and to provide each individual with a significant incentive to manage the Company from the perspective of an owner, with a direct stake in the business. Long-term equity awards are also intended to promote retention, as unvested shares are forfeited if an executive voluntarily leaves the Company.

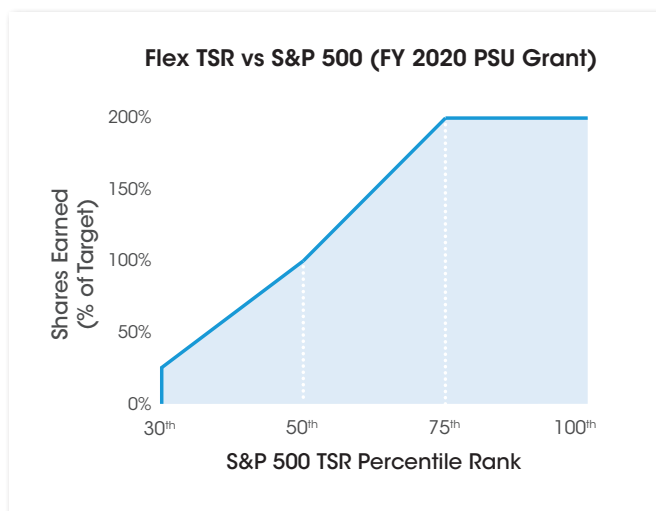
Restricted Share Unit Awards (RSUs)

Fifty percent of our NEOs’ share-based long-term incentives is in the form of RSUs. These service-based RSUs vest in four equal installments on each anniversary of the grant date, subject to continued employment. Payouts are made in shares, so the value of an RSU award goes up or down based on share price performance from the beginning of the grant, further aligning the interests of the executive with long-term shareholder value creation. Before an RSU vests, the executive has no ownership rights in our shares.

Performance Share Units (PSUs)

The other fifty percent of our NEOs’ share-based long-term incentives (based on target grant date fair value) is in the form of PSUs that are eligible to be earned based upon Flex’s rTSR performance versus the S&P 500 over a three-year period. (The actual grant value mix may deviate somewhat from this 50/50 RSU/PSU split due to fluctuations in the Monte Carlo valuations for the TSR-based PSUs.) The Compensation Committee believes this allocation between RSUs and PSUs promotes retention, serves to link long-term compensation to the Company’s long-term performance and shareholder outcomes, and limits the dilutive effect of equity awards.

The PSU awards granted in fiscal year 2020 will be earned based upon Flex’s percentile rank of TSR over a three-year period compared to the S&P 500 constituents. The number of shares earned is dependent on the percentile rank achieved, as shown below.



Note: Straight-line interpolation is used to determine shares earned when results are between targets.

Grants During Fiscal Year 2020

The Compensation Committee and the Board considered the following factors when determining the value of 2020 NEO equity awards:

- Peer group compensation data for similarly situated executives;
- Future potential to contribute to the Company's growth, potential to grow in current role and expand scope of responsibility and contribution over time; and
- Peer group data on annual share usage and overall shareholder dilution.

Long-Term Incentive Awards

The table below summarizes the approved PSUs and service-based RSUs awards granted to our NEOs in fiscal year 2020.

The amount of the award to Ms. Advaiti was delineated within the terms of her offer of employment.

Executive Officer	Target TSR-Based PSUs (Shares)	Service-Based RSUs (Shares)	Target Total Equity Award Value (\$)
Revathi Advaiti	390,625	390,625	7,500,000
Christopher Collier	146,692	146,693	2,816,496
Francois P. Barbier	113,747	113,747	2,183,942
Douglas Britf	113,747	113,747	2,183,942
Paul Humphries	113,747	113,747	2,183,942

The target award values shown above vary from the values shown in the Summary Compensation Table, because the accounting cost of our PSUs is based on a Monte Carlo valuation. The intended award value was calculated as the target number of shares multiplied by the share price at grant. The actual value to be earned will depend on Flex's multi-year TSR performance versus the S&P 500.

Payouts of Prior PSUs and FCF LTIP

The performance period for the TSR-based PSUs granted in fiscal year 2017 ended in fiscal 2020. The fiscal year 2017 rTSR PSU grants measured our TSR versus the constituents of the S&P 500 from June 14, 2016 (the grant date) through June 14, 2019 (the performance period end), using a trailing 90-day average trading price for both the beginning and the end of the performance period. Our rTSR achievement of -15.6% over the performance period was below the 30th percentile level and resulted in a payout of 0% of target.

The performance cycle for Flex's FCF long-term cash incentive awards granted in fiscal year 2018 ended on March 31, 2020. Flex's cumulative adjusted FCF over the three-year performance period was \$911 million, which was below the threshold performance level, resulting in a payment of 0% of target.

Administration of Equity Award Grants

As a matter of good corporate governance, equity awards are not timed in relation to the release of material information.

Benefits

Deferred Compensation Awards

Each of the NEOs participates in a deferred compensation plan (2010 Deferred Compensation Plan) which is intended to promote retention by providing a long-term savings opportunity on a tax-efficient basis. The key terms of this program are summarized below:

Deferred Compensation Plan Design Element	Description
Annual Targeted Amount	<ul style="list-style-type: none"> • Target amount is 30% of each participant's base salary • Maximum amount is 37.5% of each participant's base salary, if the performance-based portion is funded at maximum <ul style="list-style-type: none"> • Subject to approval of Compensation Committee • Subject to offsets for non-U.S. executives' pension and other benefits
Funding Basis	<ul style="list-style-type: none"> • 50% of the targeted funding (15% of salary at target) is based on the corporate funding level of the annual corporate bonus plan • 50% of the targeted funding (15% of salary) is not tied to performance
Vesting Schedule	<ul style="list-style-type: none"> • Flex's contributions, together with earnings on those contributions, will vest in full after four years, provided that the participant remains employed by the Company
Investment of Balances	<ul style="list-style-type: none"> • Deferred balances in a participant's account are deemed to be invested in hypothetical investments designated by the participant • The appreciation, if any, in the account balances is due solely to the performance of these underlying investments
Distribution Options	<ul style="list-style-type: none"> • Vested balances may be distributed upon termination of employment either through a lump sum payment or in installments over a period of up to ten years • Participants also may elect in-service distributions through a lump sum payment or in installments over a period of up to ten years

The deferred account balances are unfunded and unsecured obligations of the Company, receive no preferential standing, and are subject to the same risks as any of the Company's other general obligations.

Initial Company contributions are 50% of base salary and are not tied to Company performance. Thereafter, annual Company contributions are equal to 30% at target (37.5% at maximum) of each participant's base salary (subject to offsets for non-U.S. executives' pension and other benefits). Ms. Advaiti's initial contribution for fiscal year 2020 was established in connection with her hiring package. Mr. Barbier receives Company contributions to his French pension in lieu of deferred compensation contributions.

The Company may make an additional discretionary matching contribution in connection with voluntary deferrals to reflect limitations on our matching contributions under our 401(k) plan.

Company Deferred Compensation Awards for Fiscal 2020

For fiscal year 2020, Messrs. Britt, Collier, and Humphries each received deferred cash awards with a value that averaged about 26.2% of their respective 2019 base salaries. Ms. Advaiti did not receive deferred cash awards in fiscal year 2020. In connection with her appointment as CEO, Ms. Advaiti was credited with a one-time funding payment of \$2,000,000 in fiscal year 2019 under the 2010 Deferred Compensation Plan, which will cliff vest on the third anniversary of her employment commencement date, provided Ms. Advaiti remains employed by the Company. This amount is intended to cover values that she relinquished when departing from her previous employer to join the Company.

Voluntary Contributions

Under the 2010 Deferred Compensation Plan, participants may defer up to 70% of their base salary and bonus, net of certain statutory and benefit deductions. Participants are 100% vested in their own deferrals at all times.

Additional Information

For additional information about the NEOs' contributions to their respective deferral accounts, Company contributions to the NEOs' deferral accounts, earnings on the NEOs' deferral accounts, withdrawals from the NEOs' deferral accounts, and deferral account balances as of the end of fiscal year 2020, see the section entitled "Executive Compensation—Nonqualified Deferred Compensation in Fiscal Year 2020."

Executive Perquisites

Perquisites represent a small part of the overall compensation program for the NEOs. In fiscal year 2020, we paid the premiums on long-term disability insurance for all of our NEOs.

While Company aircraft are generally used for Company business only, under our Policy Regarding Use of Corporate Airplanes effective in fiscal year 2020, our Chief Executive Officer and Chief Financial Officer and their spouses and guests were permitted to use Company aircraft for personal travel if the aircraft were not needed for business purposes at the time. We also provided Ms. Advaiti with access to the Company plane for travel between the location of her former home in Pennsylvania and Flex's headquarters during her transition period into the role of Flex's CEO. While this accommodation was made in order to facilitate rapid on-boarding and accelerate the pace of performance improvement for the Company, IRS and SEC tax and disclosure rules require that we report these as additional benefits provided to Ms. Advaiti. We calculate the incremental cost to the Company for use of the Company aircraft by using an hourly rate for each flight hour. The hourly rate is based on the variable operational costs of each flight, including but not necessarily limited to fuel, maintenance, flight crew travel expense, catering, communications, and fees, which include flight planning, ground handling and landing permits. No gross-ups are provided. These benefits are quantified under the "All Other Compensation" column in the Summary Compensation Table.

Commencing in fiscal year 2021, our Chief Executive Officer and Chief Financial Officer and their spouses and guests are not permitted to use Company aircraft for personal travel.

Relocation Assignments

In connection with Ms. Advaiti's commuting and relocation to the Company's headquarters in San Jose, we agreed to reimburse housing expenses of \$137,675 and transportation expenses of \$29,004. In connection with Mr. Barbier's international assignment to the Company's San Jose facility we agreed to reimburse him for certain relocation expenses including a housing allowance of \$6,600 per month and an auto allowance of up to \$1,200 per month. These benefits are quantified under the "All Other Compensation" column in the Summary Compensation Table. For Mr. Barbier, the amount includes \$204,018 in tax equalization payments related to his international assignment.

To avoid duplication of benefits, the Company's contributions to the defined contribution schemes mandated under French law on Mr. Barbier's behalf make Mr. Barbier ineligible for Company paid non-qualified deferred compensation contributions (equal to 30% of base salary at target for other NEOs). Had Mr. Barbier been a participant in the Company paid non-qualified deferred compensation program, his target contribution for fiscal year 2020 would have been approximately \$213,000.

401(k) Plan; French Defined Contribution Pension Plan

Under our 401(k) Plan, all of our employees are eligible to receive matching contributions. We also offer annual discretionary matching contributions based on Company performance and other economic factors as determined at the end of the fiscal year. For fiscal year 2020, we elected not to make a discretionary contribution. We do not provide an excess 401(k) plan for our executive officers.

Mr. Barbier participates in defined contribution pension schemes mandated under French law. For fiscal year 2020, the Company made required contributions aggregating approximately \$83,804 (this amount was converted into dollars from Euros based on the average exchange rate for the 2020 fiscal year) consistent with the terms of his international assignment.

Other Benefits

Executive officers are eligible to participate in all of the Company's employee benefit plans, such as medical, dental, vision, group life, disability, and accidental death and dismemberment insurance, in each case on the same basis as other U.S. employees, subject to applicable law.

Termination and Change of Control Arrangements

The NEOs are entitled to certain termination and change of control benefits. These benefits are described and quantified under the section entitled "*Executive Compensation—Potential Payments Upon Termination or Change of Control.*"

The Compensation Committee has adopted the Flex Ltd. Executive Severance Plan (the "Severance Plan") which covers senior level employees of the Company, including all of the NEOs except the Chief Executive Officer whose severance benefits were defined under a letter agreement entered into in connection with her hiring. Under the Severance Plan, in the event of a termination of employment by the Company without "cause" or by a participant for "good reason" (each such term as defined in the Severance Plan), the participant will receive the following benefits, subject to the participant entering into and complying with a transition and release agreement in a form provided by the Company ("Transition Agreement"):

Severance Plan Termination Benefit	Description
Salary and Benefits Continuation	<ul style="list-style-type: none"> Salary and benefits coverage continuation for duration of transition period provided in the Transition Agreement
Bonus Treatment	<ul style="list-style-type: none"> Pro-rated portion of annual bonus, based on actual performance through the end of the performance period
Equity Vesting	<ul style="list-style-type: none"> Time-vested and performance-based RSUs, PSUs, and deferred compensation awards continue vesting during the transition period Following the transition period, accelerated vesting of RSUs and deferred compensation awards that would have vested during the one-year period following the transition period. <ul style="list-style-type: none"> Continued vesting is subject to the participant's release of claims and compliance with post-termination covenants under the Transition Agreement All other unvested awards are forfeited.

During the transition period, participants are required to discharge their transition duties and comply with other terms and conditions to be set forth in the Transition Agreement, including customary non-competition, non-solicitation, non-disclosure, non-disparagement, and cooperation provisions. Any violation of such obligations may result in cessation of benefits and clawback rights of the Company.

Ms. Advaiti's employment may be terminated by Ms. Advaiti or the Company at any time, with or without "cause". Pursuant to the severance benefits defined under the letter agreement entered into with Ms. Advaiti at her hiring, in the event that Ms. Advaiti terminates her employment for "good reason," or is terminated without cause, Ms. Advaiti would be entitled to receive, subject to execution and non-revocation of a standard release of claims, the benefits summarized below:

Termination Benefit	Description
Sign-On Compensation Acceleration	<ul style="list-style-type: none"> Acceleration of sign-on equity and deferred compensation contribution
Cash Compensation Continuation	<ul style="list-style-type: none"> Two years' continued payment of base salary and two years of her target annual bonus amount
Equity and Deferred Compensation Vesting	<ul style="list-style-type: none"> Two years' continued vesting of outstanding equity awards and deferred compensation
Benefits Coverage	<ul style="list-style-type: none"> Two years' continued benefits coverage
"Good Reason" Definition	<ul style="list-style-type: none"> Material diminution in position, authority, duties or responsibilities; assignment of any duties materially inconsistent with status as an officer Failure by the Company to obtain the written assumption of the executive severance plan by a successor to the Company Material reduction in target base salary and target bonus opportunity Mandatory relocation of 50 miles or more

The following are the termination benefits applicable for all NEOs in the event of a change of control:

Termination Benefit	Description
Deferred Compensation Vesting	<ul style="list-style-type: none"> Under our 2010 Deferred Compensation Plan, vesting of initial and annual awards will accelerate Acceleration triggered only if employment is terminated without cause or by the executive for good reason within two years of the change of control (i.e., "double trigger" accelerated vesting)
Equity Vesting	<ul style="list-style-type: none"> Under the terms of our equity incentive plans, unvested awards will automatically accelerate if not assumed or replaced by the acquiror on an economically equivalent basis (double trigger) Under the terms of our equity plans, the Compensation Committee also has the ability to provide that certain awards may automatically accelerate upon an involuntary termination of service within a designated time period (not to exceed eighteen months) following a change of control

Executive Share Ownership Guidelines

In fiscal year 2020, to more closely align the interests of management with those of our shareholders, our Board of Directors, upon the recommendation of our Nominating and Corporate Governance and Compensation Committees, increased our previous share ownership guidelines for all of our executive officers and direct reports of the Chief Executive Officer. The new ownership guidelines for our NEOs are summarized below:

Ownership Guideline Design Element	Description
Targeted Ownership Value	<ul style="list-style-type: none"> • CEO – 6x salary (previously 4x) • CFO – 3.5x salary (previously 2.5x) • Other NEOs – 2.5X salary (previously 1.5x)
Forms of Ownership Counted Toward Guideline	<ul style="list-style-type: none"> • All Ordinary Shares held outright by our executives • Unvested service-based RSUs
Compliance Period	<ul style="list-style-type: none"> • 5 years for new hired or newly promoted executives • If an executive's stock ownership requirement is increased, a 3 year compliance transition period will be provided to acquire the incremental shares

The Company has determined that the NEOs either are in compliance or are on target to be in compliance with the requirements under the guidelines by the applicable deadline.

Executive Incentive Compensation Recoupment Policy

Our Executive Incentive Compensation Recoupment Policy covers our executive officers and direct reports of our Chief Executive Officer, and applies to bonuses or awards under the Company's short- and long-term incentive plans, awards under our equity incentive plans, and contributions under our deferred compensation plans where the contributions are based on the achievement of financial results. In the event of a material restatement of financial results where a covered officer engaged in fraud or misconduct that caused the need for the restatement, the Board will have discretion to recoup incentive compensation of any covered officer if and to the extent the amount of compensation that was paid or that vested would have been lower if the financial results had been properly reported. In the case of equity awards that vested based on the achievement of financial results that were subsequently reduced, the Board also may seek to recover gains from the sale or disposition of vested shares (including shares purchased upon the exercise of options that vested based on the achievement of financial results). In addition, the Board will have discretion to cancel outstanding equity awards where the financial results that were later restated were considered in granting such awards. The Board may seek recoupment only in cases where the restatement occurs within 36 months of the publication of the audited financial statements that are restated.

Hedging and Pledging Policy

Our insider trading policy prohibits short-selling, trading in options or other derivatives on our shares, and engaging in hedging transactions by all employees (including executive officers) and directors. Our insider trading policy also prohibits using our shares as collateral for margin accounts or pledging our shares as collateral for loans.

Compensation Risk Assessment

With the assistance of FW Cook, the Compensation Committee reviewed our compensation policies and practices and determined that our compensation programs do not encourage excessive or inappropriate risk-taking. The Compensation Committee believes that the design and mix of our compensation programs appropriately encourage our executive and senior officers to focus on the creation of long-term shareholder value. In its review, the Compensation Committee noted the following features:

- The Company's pay levels are generally aligned with market pay levels (i.e., not so low that management would pursue extreme risk to achieve significantly higher pay, nor so high they have excessive incentives to meet or exceed target payouts).
- The Company's compensation programs utilize best practices designed to mitigate risk, including, but not limited to:
 - Balanced mix of short-term cash and long-term equity pay;
 - Incentive programs that pay out based on a mix of performance metrics over varying time frames;
 - Long-term incentive program that includes both service-based RSUs and performance-based PSUs
 - Incentive programs that have payout caps and reasonable leverage;
 - Share ownership guidelines and anti-hedging/pledging policies that encourage long-term equity ownership;
 - Compensation Committee having the ability to exercise discretion over formulaic incentive plan outcomes; and
 - Board-adopted, incentive compensation recoupment policy.

Executive Compensation

The following table sets forth the fiscal years 2018, 2019 and 2020 compensation for:

- Revathi Advaiti, our chief executive officer;
- Christopher Collier, our chief financial officer; and
- Francois P. Barbier, Douglas Britt, and Paul Humphries.

The executive officers included in the Summary Compensation Table are referred to in this proxy statement as our NEOs. A detailed description of the plans and programs under which our NEOs received the following compensation can be found in the section entitled "Compensation Discussion and Analysis" of this proxy statement. Additional information about these plans and programs is included in the additional tables and discussions that follow the Summary Compensation Table.

Summary Compensation Table

Name and Principal Position	Year	Salary (\$) ⁽³⁾	Bonus (\$) ⁽⁴⁾	Share Awards (\$) ⁽⁵⁾	Non-Equity Incentive Plan Compensation (\$) ⁽⁶⁾	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$) ⁽⁷⁾	All Other Compensation (\$) ⁽⁸⁾	Total (\$)
Revathi Advaiti Chief Executive Officer ⁽¹⁾	2020	1,150,000	—	8,566,406	843,698	—	252,827	10,812,931
	2019	165,865	3,000,000	1,999,995	234,792	—	118,113	5,518,765
Christopher Collier Chief Financial Officer	2020	707,500	283,685	3,216,965	381,987	—	57,681	4,647,818
	2019	700,000	279,966	5,349,008	512,849	90,201	79,222	7,011,246
	2018	700,000	—	2,226,994	1,149,454	215,588	55,083	4,347,119
Francois P. Barbier President, Global Operations and Components	2020	710,000	—	2,494,472	381,987	—	433,362	4,019,821
	2019	710,000	—	5,194,693	520,176	23,717	422,750	6,871,336
	2018	710,000	—	2,058,517	1,149,483	26,032	451,681	4,395,713
Douglas Britt President, Flex Integrated Solutions ⁽²⁾	2020	710,000	224,214	2,494,472	—	—	9,362	3,438,048
	2019	682,500	216,981	6,694,693	1,016,384	—	12,498	8,623,056
Paul Humphries President, High Reliability Solutions	2020	710,000	278,411	2,494,472	177,459	—	13,528	3,673,870
	2019	710,000	288,532	5,194,693	815,264	66,465	13,476	7,088,430
	2018	710,000	—	2,080,695	1,695,865	170,307	21,583	4,678,450

(1) Ms. Advaiti was appointed Chief Executive Officer effective February 11, 2019, approximately one and a half months before the end of the fiscal year 2019.

(2) Mr. Britt became an NEO of the Company in fiscal year 2019 and resigned from his position of President, Agility Solutions effective April 28, 2020.

(3) Includes amounts contributed by executive to deferred compensation plan and 401(k) savings plan accounts.

(4) This column shows (except with respect to Ms. Advaiti) the unvested portion of deferred compensation accounts that vested during these respective fiscal years. No deferred compensation amounts vested during fiscal year 2018. For additional information about the Company's deferred compensation arrangements, see the section entitled "Compensation Discussion and Analysis—Deferred Compensation Awards" of this proxy statement and the discussion under the section entitled "Nonqualified Deferred Compensation in Fiscal Year 2020" of this proxy statement. The amount shown for Ms. Advaiti for fiscal year 2019 is a sign-on bonus paid upon commencement of employment with Flex, which she is required to repay if, within 18 months of her employment commencement date, either she voluntarily terminates her employment with us (other than for good reason as defined in our Executive Severance Plan) or we terminate her employment for cause (as defined in our Executive Severance Plan).

(5) Share awards consist of service-based RSUs and PSUs. The amounts in this column do not reflect compensation actually received by the NEOs, nor do they reflect the actual value that will be realized by the NEO. Instead, the amounts reflect the grant date fair value for grants made by us in fiscal years 2018, 2019 and 2020, calculated in accordance with FASB ASC Topic 718. The rTSR PSUs included in this column are at the target number of shares as follows for fiscal year 2020: 390,625 PSUs, or \$4,816,406 for Ms. Advaiti; 146,692 PSUs, or \$1,808,712 for Mr. Collier; 113,747 PSUs, or \$1,402,501 for Mr. Barbier; 113,747 PSUs, or \$1,402,501 for Mr. Britt; and 113,747 PSUs, or \$1,402,501 for Mr. Humphries.

For additional information regarding the assumptions made in calculating the amounts reflected in this column, see Note 5 to our audited consolidated financial statements, "Share-Based Compensation," included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2020.

- (6) The amounts in this column represent incentive cash bonuses earned in fiscal year 2020. For additional information, see the section entitled "Compensation Discussion and Analysis—Fiscal Year 2020 Executive Compensation—Incentive Bonus Plan" of this proxy statement.
- (7) The amounts in this column represents the above-market earnings on the vested portions of the nonqualified deferred compensation account of our NEOs. None of our NEOs participated in any defined benefit or actuarial pension plans in any period presented. Above-market earnings represent the difference between market interest rates determined pursuant to SEC rules and earnings credited to the vested portion of the NEOs' deferred compensation accounts. See the Nonqualified Deferred Compensation in Fiscal Year 2020 table of this proxy statement for additional information.
- (8) The following table provides a breakdown of compensation included in the "All Other Compensation" column for fiscal year 2020:

Name	Pension/ Savings Plan Company Match Expenses/ Social Security (\$) ⁽¹⁾	Medical/ Enhanced Long-Term Disability (\$) ⁽²⁾	Personal Aircraft Usage (\$) ⁽³⁾	Relocation/ Expatriate Assignment Expenses (\$) ⁽⁴⁾	Tax Reimbursements (\$) ⁽⁵⁾	Other (\$)	Total (\$)
Revathi Advaiti	—	2,965	83,183	166,679	—	—	252,827
Christopher Collier	11,152	2,087	44,442	—	—	—	57,681
Francois P. Barbier	83,804	35,943	—	98,036	215,579	—	433,362
Douglas Britt	6,952	2,410	—	—	—	—	9,362
Paul Humphries	11,052	2,476	—	—	—	—	13,528

- (1) The amounts in this column represent the Company's regular employer matching contributions to the 401(k) saving plan accounts for Messrs. Collier, Britt, and Humphries. In the case of Mr. Barbier, it represents Company contributions to the mandatory social security programs under applicable French law. Amounts for Mr. Barbier have been converted into dollars from Euros based on the average exchange rate for the 2020 fiscal year.
- (2) The amounts in this column represent the Company's contribution to the executive long-term disability program, which provides additional benefits beyond the basic employee long-term disability program. An amount equal to \$33,412 represents medical and accidental death and disability premiums paid for Mr. Barbier for his French benefits. The amount was converted into dollars from Euros based on the average exchange rate for the 2020 fiscal year.
- (3) The amounts in this column represent the aggregate incremental costs resulting from the personal use of the Company aircraft, which, for Ms. Advaiti, was in support of her relocation. Costs include a portion of ongoing maintenance and repairs, aircraft fuel, satellite communications and travel expenses for the flight crew. It excludes non-variable costs that would have been incurred regardless of whether there was any personal use of aircraft.
- (4) These amounts represent the costs associated with Ms. Advaiti's and Mr. Barbier's respective relocation and commuting to the Company's San Jose facility. The relocation and commuting amounts for Ms. Advaiti represent housing expenses of \$137,675 and transportation expenses of \$29,004. The relocation amounts for Mr. Barbier represent housing allowances of \$79,200, vehicle allowances of \$14,400, and Home Leave Airfare of \$4,436.
- (5) For Mr. Barbier, the amount includes reimbursement of \$204,018 for the incremental taxes due as a result of his relocation to the Company's San Jose facility, \$1,180 for taxes dues on tax preparation fees and \$10,381 for the payment of Basic Social Security (which amount was converted into dollars from Euros based on the average exchange rate for the 2020 fiscal year). See the section entitled "Compensation Discussion and Analysis—Benefits—Executive Perquisites" of this proxy statement.

Grants of Plan-Based Awards in Fiscal Year 2020

The following table presents information about non-equity incentive plan awards and RSU and PSU awards that we granted in our 2020 fiscal year to our NEOs. We did not grant any stock options to our NEOs during our 2020 fiscal year.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards ⁽¹⁾			Estimated Future Payouts Under Equity Incentive Plan Awards ⁽²⁾			All Other Share Awards: Number of Shares of Stock or Units (#) ⁽³⁾	Grant Date Fair Value of Share Awards (\$) ⁽⁴⁾
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)		
Revathi Advaiti	6/11/2019				97,656	390,625	781,250		4,816,406
	6/11/2019							390,625	3,750,000
		862,500	1,725,000	4,312,500					
Christopher Collier	6/11/2019				36,673	146,692	293,384		1,808,712
	6/11/2019							146,693	1,408,253
		390,500	781,000	1,952,500					
Francois P. Barbier	6/11/2019				28,436	113,747	227,494		1,402,501
	6/11/2019							113,747	1,091,971
		390,500	781,000	1,952,500					
Douglas Britt	6/11/2019				28,436	113,747	227,494		1,402,501
	6/11/2019							113,747	1,091,971
		390,500	781,000	1,952,500					
Paul Humphries	6/11/2019				28,436	113,747	227,494		1,402,501
	6/11/2019							113,747	1,091,971
		390,500	781,000	1,952,500					

- (1) These amounts show the range of possible payouts under our cash incentive programs for fiscal year 2020. The amounts correspond to the range of possible payouts under the incentive bonus plan. The maximum payment represents 250% of the target payment. The threshold payment represents 50% of target payout levels. For the annual incentive bonus plan, the amounts actually earned for fiscal year 2020 are reported as Non-Equity Incentive Plan Compensation in the Summary Compensation Table. For additional information, see the section entitled "Compensation Discussion and Analysis—Fiscal Year 2020 Executive Compensation—Incentive Bonus Plan" of this proxy statement.
- (2) These rows show the range of estimated future vesting of TSR PSUs granted in fiscal year 2020 under our 2017 Plan. The TSR PSUs cliff vest after three years, with vesting based on the percentile rank of the Company's TSR relative to the return of the S&P 500 Index. The maximum payout for each executive officer represents 200% of the target payout. The threshold payout for each NEO represents 25% of target payout levels. For additional information, see the section entitled "Compensation Discussion and Analysis—Fiscal Year 2020 Executive Compensation—Long-Term Share-Based Incentive Compensation" of this proxy statement.
- (3) Shows the number of service-based RSUs granted June 11, 2019 under our 2017 Plan. For each NEO, the RSUs vest in four annual installments at a rate of 25% per year, provided that the executive continues to remain employed on the vesting dates. For additional information, see the section entitled "Compensation Discussion and Analysis—Long-Term Share-Based Incentive Compensation—Grants During Fiscal Year 2020" of this proxy statement.
- (4) This column shows the grant date fair value of service-based RSUs and TSR PSUs, at the target level, under FASB ASC Topic 718 granted to our NEOs in fiscal year 2020. The grant date fair value is the amount that we will expense in our financial statements over the awards' vesting schedule. For service-based RSUs, the grant date fair value is the closing price of our Ordinary Shares on the grant date. For TSR PSUs where vesting is contingent on meeting a market condition, the grant date fair value was calculated using a Monte Carlo simulation. Additional information on the valuation assumptions is included in Note 5 of our audited consolidated financial statements, "Share-Based Compensation," included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2020.

Outstanding Equity Awards at 2020 Fiscal Year-End

The following table presents information about outstanding share awards held by our NEOs as of March 31, 2020. The table shows information about: (i) service-based RSUs and (ii) PSUs.

The market value of the share awards is based on the closing price of our Ordinary Shares as of March 31, 2020, which was \$8.38. For PSUs, the number of unearned shares and the market values shown assume all performance criteria are met at either threshold, or target, depending on performance through March 31, 2020. For additional information on our equity incentive programs, see the section entitled "Compensation Discussion and Analysis—Long-Term Share-Based Incentive Compensation" of this proxy statement.

Name	Share Awards			
	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) ⁽¹⁾	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) ⁽²⁾
Revathi Advaiithi	130,208 ⁽³⁾	1,091,143	—	—
	390,625 ⁽³⁾	3,273,438	390,625 ⁽⁸⁾	3,273,438
Christopher Collier	24,214 ⁽⁴⁾	202,913	—	—
	42,075 ⁽⁴⁾	352,589	10,519 ⁽⁹⁾	—
	61,730 ⁽⁴⁾	517,297	20,577 ⁽⁹⁾	—
	—	—	29,727 ⁽¹⁰⁾	249,112
	242,718 ⁽⁴⁾	2,033,977	—	—
Francois P. Barbier	146,693 ⁽⁴⁾	1,229,287	146,692 ⁽⁸⁾	1,229,279
	23,455 ⁽⁵⁾	196,553	—	—
	38,892 ⁽⁵⁾	325,915	9,723 ⁽⁹⁾	—
	57,675 ⁽⁵⁾	483,317	19,225 ⁽⁹⁾	—
	—	—	29,727 ⁽¹⁰⁾	249,112
Douglas Britt	242,718 ⁽⁵⁾	2,033,977	—	—
	113,747 ⁽⁵⁾	953,200	113,747 ⁽⁸⁾	953,200
	19,501 ⁽⁶⁾	163,418	—	—
	33,660 ⁽⁶⁾	282,071	8,415 ⁽⁹⁾	—
	57,675 ⁽⁶⁾	483,317	19,225 ⁽⁹⁾	—
Paul Humphries	—	—	29,727 ⁽¹⁰⁾	249,112
	388,349 ⁽⁶⁾	3,254,365	—	—
	113,747 ⁽⁶⁾	953,200	113,747 ⁽⁸⁾	953,200
	23,860 ⁽⁷⁾	199,947	—	—
	39,311 ⁽⁷⁾	329,426	9,828 ⁽⁹⁾	—
Paul Humphries	57,675 ⁽⁷⁾	483,317	19,225 ⁽⁹⁾	—
	—	—	29,727 ⁽¹⁰⁾	249,112
	242,718 ⁽⁷⁾	2,033,977	—	—
	113,747 ⁽⁷⁾	953,200	113,747 ⁽⁸⁾	953,200

(1) This column includes rTSR PSUs granted in fiscal years 2018, 2019 and 2020 under our 2010 Equity Incentive Plan (the 2010 Plan) and 2017 Plan, and also stock price-based PSUs under our 2017 Plan. Vesting of the rTSR PSUs granted in fiscal years 2018, 2019 and 2020 is based on the Company's TSR relative to the return of the S&P 500 Index. Vesting for the stock-priced PSUs is based on achieving certain stock price conditions.

(2) The projected payouts for rTSR PSUs for the 2017-2020 and 2018-2021 cycles are shown at threshold. The projected payouts for the rTSR PSUs for the 2019-2022 cycle and the stock-price based PSUs are reported at target.

(3) 130,208 shares vest at a rate of 65,104 shares per year for two years, with the first vesting date on February 11, 2021; and 390,625 shares vest at a rate of 97,656 shares per year for four years, with the first vesting date on June 11, 2020.

(4) 24,214 shares vest on June 14, 2020; 42,075 shares vest at a rate of 21,037 shares per year for two years, with the first vesting date on June 29, 2020; 61,730 shares vest at a rate of 20,576 shares per year for three years, with the first vesting date on June 19, 2020; 146,693 shares vest at a rate of 36,673 shares per year for four years, with the first vesting date on June 11, 2020; and 242,718 shares will vest in full on March 5, 2021.

- (5) 23,455 shares vest on June 14, 2020; 38,892 shares vest at a rate of 19,446 shares per year for two years, with the first vesting date on June 29, 2020; 57,675 shares vest at a rate of 19,225 shares per year for three years, with the first vesting date on June 19, 2020; 113,747 shares vest at a rate of 28,436 shares per year for four years, with the first vesting date on June 11, 2020; and 242,718 shares will vest in full on March 5, 2021.
- (6) 19,501 shares vest on June 14, 2020; 33,660 shares vest at a rate of 16,830 shares per year for two years, with the first vesting date on June 29, 2020; 57,675 shares vest at a rate of 19,225 shares per year for three years, with the first vesting date on June 19, 2020; 113,747 shares vest at a rate of 28,436 shares per year for four years, with the first vesting date on June 11, 2020; and 388,349 shares will vest in full on March 5, 2021. Mr. Britt voluntarily terminated from the Company on April 28, 2020, and the unvested shares were forfeited upon his termination date.
- (7) 23,860 shares vest on June 14, 2020; 39,311 shares vest at a rate of 19,655 shares per year for two years, with the first vesting date on June 29, 2020; 57,675 shares vest at a rate of 19,225 shares per year for three years, with the first vesting date on June 19, 2020; 113,747 shares vest at a rate of 28,436 shares per year for four years, with the first vesting date on June 11, 2020; and 242,718 shares will vest in full on March 5, 2021.
- (8) Shares vest on June 11, 2022 assuming a target payout.
- (9) Shares granted in fiscal year 2018 (to vest on June 29, 2020) and fiscal year 2019 (to vest on June 19, 2021) are reported at the minimum threshold of 25%.
- (10) Target shares to vest by December 7, 2021 assuming certain stock price conditions are achieved.

Shares Vested in Fiscal Year 2020

The following table presents information for each of our NEOs regarding the number of shares acquired upon the vesting of share awards in the form of RSUs and PSUs during fiscal year 2020 and the value realized, in each case before payment of any applicable withholding tax and broker commissions. There were no option exercises by our NEOs in 2020 and the NEOs do not hold any unexercised options.

Name	Share Awards	
	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$) ⁽¹⁾
Revathi Advaiithi	65,104	872,719
Christopher Collier	121,380	1,263,274
Francois P. Barbier	117,129	1,222,942
Douglas Britt	105,942	1,117,086
Paul Humphries	117,743	1,228,645

(1) The amounts in this column reflect the aggregate dollar amount realized upon the vesting of RSUs determined by multiplying the number of Ordinary Shares underlying such awards by the market value of the underlying shares on the vesting date.

Pension Benefits in Fiscal Year 2020

Our NEOs do not receive any compensation in the form of pension benefits.

Nonqualified Deferred Compensation in Fiscal Year 2020

Each of our NEOs participates in our 2010 Deferred Compensation Plan, except for Mr. Barbier, who no longer participates in this plan. Our deferred compensation program is intended to promote retention by providing a long-term savings opportunity on a tax-efficient basis. Beginning in fiscal year 2011, we replaced our existing deferred compensation plans with the 2010 Deferred Compensation Plan. Under the 2010 plan, participating officers may defer up to 70% of their base salary and bonus, net of certain statutory and benefit deductions. The Company may make a discretionary matching contribution for these deferrals to reflect limitations on our matching contribution under our 401(k) plan. Under this plan, we may also make annual contributions, in amounts up to 37.5% of each participant's base salary (subject to offsets for non-U.S. executives' pension and other benefits), which will cliff vest after four years. For these annual contributions, 50% of the funding is paid as a percent of base salary and the remaining 50% is performance-based, up to a maximum of 150%. This aligns to the distribution of performance and time-based elements in our long-term compensation programs. Amounts credited to the deferral accounts are deemed to be invested in hypothetical investments selected by a participant or an investment manager on behalf of each participant. Participants in the 2010 Deferred Compensation Plan may receive their vested deferred compensation balances upon termination of employment at such time as is specified in their deferral agreements, which may include a lump sum payment or installment payments made over a period of years. Participants also may elect in-service distributions through a lump sum payment or in installments over a period of up to ten years.

Under each of our deferred compensation plans, we entered into trust agreements providing for the establishment of irrevocable trusts into which we are required to deposit cash or other assets as specified in the applicable deferral agreement, equal to the aggregate amount required to be credited to the participant's deferral account, less any applicable taxes to be withheld. The deferred account balances of the participants in deferred compensation plans are unfunded and unsecured obligations of the Company, receive no preferential standing, and are subject to the same risks as any of our other general obligations.

For a discussion of the contributions granted to each of the NEOs and their vesting terms, including vesting upon the executive's termination or a change of control of the Company, see the sections entitled "Compensation Discussion and Analysis—Fiscal Year 2020 Executive Compensation—Deferred Compensation Awards" of this proxy statement and "Executive Compensation—Potential Payments Upon Termination or Change of Control" below.

The following table presents information for fiscal year 2020 about: (i) contributions to the NEOs deferred compensation plan accounts by the executive; (ii) contributions to the NEOs' deferred compensation plan accounts by the Company; (iii) aggregate earnings (or losses) on the deferred compensation plan accounts; (iv) aggregate withdrawals and distributions from the deferred compensation plan accounts; and (v) the deferred compensation plan account balances as of the end of the fiscal year. For fiscal year 2020, Messrs. Britt, Collier and Humphries each received deferred compensation awards that averaged approximately 26.2% of their 2019 respective base salaries. Ms. Advaiti's \$2,000,000 contribution was made pursuant to her offer letter dated February 11, 2019.

Nonqualified Deferred Compensation Table

Name	Executive Contributions in Last Fiscal Year (\$) ⁽¹⁾	Registrant Contributions in Last Fiscal Year (\$) ⁽²⁾	Aggregate Earnings (Losses) in Last Fiscal Year (\$) ⁽³⁾	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at Fiscal Year-End (\$) ⁽⁴⁾
Revathi Advaiti	—	2,000,000	20,081	—	2,020,081
Christopher Collier	71,951	183,488	(278,404)	541,333	3,660,578
Francois P. Barbier ⁽⁵⁾	—	—	(16,234)	—	977,276
Douglas Britt	—	186,109	23,035	283,744	689,131
Paul Humphries	340,493	186,109	(403,124)	322,363	4,810,642

(1) Reflects the salary payments deferred by our NEOs during the fiscal year. These amounts are included in the Summary Compensation Table under the "Salary" and "Bonus" columns, as applicable.

(2) These amounts represent contributions under the 2010 deferred compensation plan. These awards cliff vest after four years, except for Ms. Advaiti, whose award cliff vests after three years from the commencement of her employment with Flex. None of these awards have vested under this plan as of March 31, 2020. These amounts, including any earnings or losses thereon, will be reported under the "Bonus" column of the Summary Compensation Table upon vesting in future years if the executive continues to be an NEO. For additional information on these contributions and their vesting terms, including vesting upon the executive's termination or change of control of the Company, see the sections entitled "Compensation Discussion and Analysis—Fiscal Year 2020 Executive Compensation—Deferred Compensation Awards" of this proxy statement and "Executive Compensation—Potential Payments Upon Termination or Change of Control."

(3) Reflects earnings (or losses) for each NEO on both the vested and unvested portions of the executive's deferred compensation account(s). The above-market portion of the earnings on the vested portion of the executive's deferred compensation account(s) is included under the "Change in Pension Value and Nonqualified Deferred Compensation Earnings" column in the Summary Compensation Table. Any earnings that vest in a given year are reported in the "Bonus" column in the Summary Compensation Table.

(4) The amounts in this column have previously been reported in the Summary Compensation Table for this and prior fiscal years as follows: Christopher Collier—\$2,336,364; Francois P. Barbier—\$1,090,158; Douglas Britt—\$224,214; and Paul Humphries—\$1,530,415. The amounts in this column include the following unvested balances related to the respective 2010 deferred compensation plan account of the NEOs: Revathi Advaiti—\$2,020,081; Christopher Collier—\$681,258; Douglas Britt—\$436,803; and Paul Humphries—\$478,345.

(5) Mr. Barbier does not participate in the 2010 Deferred Compensation Plan. The information in the table reflects earnings on the account balance of his senior management plan account.

Potential Payments Upon Termination or Change of Control

As described in the section entitled "Compensation Discussion and Analysis" of this proxy statement, our NEOs do not have employment agreements with us. Our NEOs are eligible for certain termination and change of control benefits under our Executive Severance Plan, the 2010 Deferred Compensation Plan and under our equity incentive plans. Additionally, severance benefits for Ms. Advaiti were included in her employment offer letter.

Acceleration of Vesting of Deferred Compensation

If the employment of any participant in the 2010 Deferred Compensation Plan is involuntarily terminated by the Company without cause or is terminated by the executive with good reason within two years following a change of control (as defined in the 2010 Deferred Compensation Plan), the entire unvested portion of the deferred compensation account of the NEO will vest.

Acceleration of Vesting of Equity Awards

The number of unvested equity awards held by each NEO as of March 31, 2020 is listed above in the Outstanding Equity Awards at 2020 Fiscal Year-End table. All unvested outstanding equity awards held by our NEOs at the end of fiscal year 2020 were granted under the 2010 Plan and 2017 Plan which provide certain benefits to plan participants in the event of the termination of such participant's employment or a change of control of the Company. The terms of these benefits are described below.

Treatment of Certain Awards Upon Retirement

Subject to any waiver by the Compensation Committee, all unvested RSU awards and unvested stock options held by a plan participant will be forfeited if the participant ceases to provide services to the Company for any reason. However, certain award agreements for TSR PSUs granted under our 2010 Plan and 2017 Plan provide that if a plan participant ceases to provide services to the Company due to a qualifying retirement (meaning a voluntary termination of service after the participant has attained the age of sixty (60) years and completed at least ten (10) years of service as an employee of the Company), then the award will not terminate and a pro-rata number of shares subject to the award shall be issued to the participant upon the vesting of the award agreement pursuant to the original performance criteria. At the current time, Messrs. Barbier and Humphries are the only NEOs that satisfy the retirement criteria.

Double-Trigger Vesting Upon a Change of Control

Our equity incentive plans are "double trigger" plans, meaning that unvested RSU awards vest immediately only if (i) there is a change of control of the Company and (ii)(x) such awards are not converted, assumed or replaced by the successor or survivor corporation or (y) if provided by the Compensation Committee as described below, the service of the award recipient is involuntarily terminated within a designated period following the effective date of such change of control.

Under the terms of the 2010 Plan and the 2017 Plan (together, the "Plans"), unless otherwise provided in the applicable award agreement or other agreement between the Company and the participant, in the event of a change of control of the Company (as defined in the Plans) in which the participant's awards are not converted, assumed, or replaced by a successor or survivor corporation, or a parent or subsidiary thereof, then all forfeiture restrictions on such awards will lapse immediately prior to the change of control and, following the consummation of such a change of control, all such awards will terminate and cease to be outstanding.

Where awards under the Plans are assumed or continued after a change of control, the Compensation Committee may provide that one or more awards will automatically accelerate upon an involuntary termination of service within a designated period (not to exceed eighteen (18) months) following the effective date of such change of control. If the Compensation Committee so determines, immediately upon an involuntary termination of service following a change of control all forfeiture restrictions on such award will lapse.

2019 Executive Severance Plan

On January 17, 2019, the Compensation Committee adopted the Flex Ltd. Executive Severance Plan (the "Severance Plan"). The Severance Plan covers senior level employees of the Company, including the Company's Chief Financial Officer and other NEOs, but not including the Company's Chief Executive Officer. Under the Plan, in the event of a termination of employment by the Company without "cause" or by a participant for "good reason" (each such term as defined in the Plan), the participant will receive the following benefits, subject to the participant entering into and complying with a transition and release agreement in a form provided by the Company ("Transition Agreement"):

- continuation of base salary and benefits coverage during the transition period provided in the Transition Agreement and pro rata payment of annual bonus;
- continued vesting of RSUs, PSUs and deferred compensation awards during the transition period; and
- following the transition period, accelerated vesting of RSUs and deferred compensation awards that would have vested during the one-year period following the transition period.

During the transition period, the participant will be required to discharge his or her transition duties and comply with other terms and conditions to be set forth in the Transition Agreement, including customary non-competition, non-solicitation, non-disclosure, non-disparagement and cooperation provisions. Any violation of such obligations may result in cessation of benefits and clawback rights of the Company.

There are no tax gross-ups in the severance plan.

CEO Severance Benefits

Pursuant to the terms of the CEO offer letter, dated February 11, 2019, in the event of a termination of employment by the Company without "cause" or by the CEO for "good reason" (each such term as defined in the Severance Plan), the CEO will receive the following benefits:

- continuation of base salary, target bonus and benefits coverage for 24 months;
- 2 years continued vesting on outstanding RSUs, PSUs, and deferred compensation awards; and
- subject to execution of a release agreement, accelerated vesting and immediate payment of sign-on compensation (cash bonus, deferred compensation contribution, and sign-on equity RSU award).

Potential Payments Upon Termination or Change of Control as of March 31, 2020

The following table and accompanying notes show the estimated payments and benefits that would have been provided to each NEO as a result of (i) the accelerated vesting of deferred compensation in the case of a change of control with a termination of employment and (ii) the accelerated vesting of restricted and performance share unit awards in the event of a change of control if such awards are not assumed by the successor company in connection with the change of control, (iii) involuntary termination without cause or voluntary termination for good reason under the Company's Severance Plan or (iv) retirement. Mr. Britt voluntarily terminated from the Company on April 28, 2020 and under the terms of applicable plans was not eligible for any termination benefits.

Calculations for this table assume that the triggering event took place on March 31, 2020, the last business day of our 2020 fiscal year, and are based on the price per share of our Ordinary Shares on such date, which was \$8.38. The following table does not include potential payouts under our NEOs' nonqualified deferred compensation plans relating to vested benefits.

Name	Change in Control with Termination (\$)	Change in Control and No Assumption of Award ⁽¹⁾ (\$)	Involuntary Termination without Cause or Voluntary Termination for Good Reason ⁽²⁾ (\$)	Retirement ⁽³⁾ (\$)
Revathi Advaiti				
Base Salary Continuation ⁽⁴⁾	2,300,000	—	2,300,000	—
Benefits Continuation ⁽⁴⁾	43,228	—	43,228	—
Bonus Payments ⁽⁴⁾	3,450,000	—	3,450,000	—
Vesting of Deferred Compensation ⁽⁴⁾⁽⁵⁾	2,020,081	—	2,020,081	—
Vesting of Service-based RSUs ⁽⁴⁾	2,727,858	4,364,581	2,727,858	—
Vesting of Performance-based RSUs	—	3,273,438	—	—
Pro Rata Vesting of PSUs	—	—	—	—
Total	10,541,167	7,638,019	10,541,167	—
Christopher Collier				
Base Salary Payment Continuation ⁽⁶⁾	710,000	—	710,000	—
Benefits Continuation ⁽⁶⁾	20,305	—	20,305	—
Bonus Payments ⁽⁷⁾	381,987	—	381,987	—
Vesting of Deferred Compensation ⁽⁵⁾	765,154	—	402,617	—
Vesting of Service-based RSUs ⁽⁸⁾	3,548,980	4,336,063	3,548,980	—
Vesting of Performance-based RSUs ⁽⁸⁾	249,112	1,478,391 ⁽⁹⁾	249,112	—
Pro Rata Vesting of PSUs	—	—	—	—
Total	5,675,538	5,814,454	5,313,001	—

Name	Change in Control with Termination (\$)	Change in Control and No Assumption of Award ⁽¹⁾ (\$)	Involuntary Termination without Cause or Voluntary Termination for Good Reason ⁽²⁾ (\$)	Retirement ⁽³⁾ (\$)
Francois P. Barbier				
Base Salary Payment Continuation ⁽⁴⁾	710,000	—	710,000	—
Benefits Continuation ⁽⁴⁾	130,900	—	130,900	—
Bonus Payments ⁽⁷⁾	381,987	—	381,987	381,987
Vesting of Deferred Compensation	—	—	—	—
Vesting of Service-based RSUs ⁽⁸⁾	3,355,251	3,992,961	3,355,251	—
Vesting of Performance-based RSUs ⁽⁸⁾	249,112	1,202,312 ⁽⁹⁾	249,112	—
Pro Rata Vesting of PSUs	—	—	—	255,691 ⁽⁹⁾
Total	4,827,250	5,195,273	4,827,250	637,678
Paul Humphries				
Base Salary Payment Continuation ⁽⁴⁾	710,000	—	710,000	—
Benefits Continuation ⁽⁴⁾	14,997	—	14,997	—
Bonus Payments ⁽⁷⁾	177,459	—	177,459	177,459
Vesting of Deferred Compensation ⁽⁵⁾	798,012	—	400,098	—
Vesting of Service-based RSUs ⁽⁸⁾	3,362,157	3,999,866	3,362,157	—
Vesting of Performance-based RSUs ⁽⁸⁾	249,112	1,202,312 ⁽⁹⁾	249,112	—
Pro Rata Vesting of PSUs	—	—	—	255,691 ⁽⁹⁾
Total	5,311,737	5,202,178	4,913,823	433,150

(1) The amounts shown represent the estimated value of the accelerated vesting of RSUs and PSUs (at target) following a change of control under the terms of our equity incentive plans, which assumes that such RSUs are not assumed or replaced by the successor corporation or its parent. If such awards are assumed or replaced in a change of control transaction, the vesting of such awards will not accelerate; provided, that the Compensation Committee may determine that awards under the Plans may be accelerated if the executive is involuntarily terminated within a certain period (not to exceed 18 months) following a change of control. PSUs may be accelerated on a pro-rata basis following a change of control. All amounts shown in this column represent the intrinsic value of the awards based on the closing price of our Ordinary Shares on March 31, 2020, the assumed date of the triggering event.

(2) The amounts shown represent, except for Ms. Advaiti, the estimated value of amounts payable under the Severance Plan subject to the participant entering into and complying with a Transition Agreement.

(3) For termination of service due to retirement, (i) the PSUs will not terminate and (ii) a pro-rata number of vested shares shall be issued to the executive upon the vesting of the award pursuant to achieving the performance criteria at the end of the original performance period. The amounts reported assume vesting at 100% of target shares.

(4) Represents two years' continued payment of base salary and two years of target annual bonus amount, two years' continued vesting of outstanding equity awards and deferred compensation, two years' continued benefits coverage, and accelerated vesting of sign-on RSUs and deferred compensation awards.

(5) The amount shown represents the portion of the unvested balance of the executive's deferred compensation account that would vest in the event the executive is terminated by the Company without cause or resigns with good reason following a change of control of the Company (as defined in the 2010 deferred compensation plan). No executive's deferred compensation account will vest upon a change of control (without any termination following such change of control) or upon the executive's retirement.

(6) Assumes a 12-month transition period for illustrative purposes (actual transition period length may differ), during which the Company would continue base salary payments and maintain benefits.

(7) Represents payment of a pro-rated portion of the participant's annual bonus.

(8) Includes RSUs that vest between March 31, 2020 - March 31, 2022 and PSUs that vest between March 31, 2020 - March 31, 2021, in addition to the acceleration of retention awards granted on December 7, 2018 (stock price-based) and March 5, 2019 (service-based).

(9) The amounts shown represent actual RTSR PSU performance through March 31, 2020.

CEO Pay Ratio

As required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 402(u) of Regulation S-K, we are providing the following disclosure about the median annual total compensation of our employees in relation to the annual total compensation of our Chief Executive Officer.

As of March 31, 2020, approximately 81% of our manufacturing capacity was located in emerging markets, including Brazil, China, Hungary, India, Indonesia, Malaysia, Mexico, Poland, Romania, and Ukraine. For the fiscal year ended March 31, 2020, we had revenues of \$24.2 billion. Approximately 85% of our revenues are generated outside of the U.S. With this large scale, global manufacturing-intensive business model, we have approximately 160,000 employees globally. To better understand the following pay ratio disclosure, it is important to recognize that our compensation programs are designed to reflect local market practices across our global operations. We offer market-based competitive wages and benefits in all geographies in which we operate. Our CEO's compensation is structured to align pay with performance, with pay levels set in line with our peers that are companies of similar size and scale complexity.

Fiscal Year 2020 Pay Ratio

- The annual total compensation of our median employee among all non-contractor employees (excluding the CEO) was \$6,037.
- Our CEO's annual total compensation, as reported in the Summary Compensation Table, was \$10,812,931.

Based on this information, the ratio of the annual total compensation of our CEO relative to the annual total compensation of our median employee was 1791 to 1.

The pay ratio disclosed above is a reasonable estimate, calculated in a manner consistent with the SEC rules based on our payroll and employment records and the methodologies described below. The SEC rules for identifying the median compensated employee and calculating the pay ratio allow companies to use different methodologies, to apply certain exclusions, and to make reasonable estimates and assumptions that reflect their compensation practices. As such, the pay ratio disclosed by other companies may not be comparable to the pay ratio disclosed above, as other companies may have different employment and compensation practices and may utilize different methodologies, exclusions, estimates, and assumptions in calculating their own pay ratios. Moreover, there are a number of factors that make a meaningful comparison of pay ratios difficult, such as industry-specific pay differentials, the geographic location of employee populations, and the size and nature of a company's manufacturing operations.

Identification of the Median Employee

Per the SEC rules, we are allowed to use the same median employee for up to three years. We have used the same median employee from 2019 in the 2020 pay ratio, as we believe there have been no changes in our employee population or compensation arrangements (including those of the median employee) that would result in a significant change to our pay ratio disclosure. We measured actual compensation for the median employee using the 12-month period ending March 31, 2020. No cost-of-living adjustments were made.

Consistent with 2019, our median employee is a full-time, salaried employee working in Mexico. The employee's annual total compensation in 2020 was \$6,037. For purposes of this disclosure, we converted the employee's total compensation from Mexican Pesos to U.S. dollars using the exchange rate (23.3975 MXN to 1 USD) as of March 31, 2020, an increase from 19.3580 in 2019.

Calculation of Median Employee's Compensation and CEO's Annualized Compensation

In determining the annual total compensation in 2020 of approximately \$6,037 for our median employee, as required by SEC rules, we calculated the employee's compensation in accordance with Item 402(c)(2)(x) of Regulation S-K, consistent with how we determine our CEO's total compensation for fiscal year 2020 in the Summary Compensation Table.

Proposal No. 4: Ordinary Resolution to Approve the Amendment and Restatement of The Flex Ltd. 2017 Equity Incentive Plan

We are asking our shareholders to approve the amendment and restatement of the Flex Ltd. 2017 Equity Incentive Plan (which we refer to as the 2017 Plan and, as amended and restated, the Amended 2017 Plan). Our Board approved the Amended 2017 Plan on June 3, 2020, upon the recommendation of our Compensation Committee, and subject to the approval of our shareholders. The proposed material changes to the terms of the 2017 Plan are described in "Proposed Amendments" below. The Amended 2017 Plan is attached as Annex A to this Proxy Statement.

The 2017 Plan was originally approved by our Board on June 29, 2017 and by our shareholders at our 2017 annual general meeting on August 15, 2017, and reserved 22,000,000 Ordinary Shares for issuance under the 2017 Plan. The 2017 Plan replaced our 2010 Equity Incentive Plan (which we refer to as the 2010 Plan and which replaced our 2001 Equity Incentive Plan, and which we refer to together as the Prior Plans) and is our sole plan under which equity awards may be granted. Other than the amendments provided by the Amended 2017 Plan, the 2017 Plan has not been amended since our shareholders approved the 2017 Plan on August 15, 2017. As of March 31, 2020, there were 10,487,784 Ordinary Shares remaining available for the grant of equity awards under the 2017 Plan. If the Amended 2017 Plan is approved, the total number of Ordinary Shares remaining available for grant after the effective date of the Amended 2017 Plan will be 31,587,784 Ordinary Shares (including the 10,487,784 Ordinary Shares that remained available as of March 31, 2020, plus 21,100,000 newly requested Ordinary Shares), less one share for every one share that is subject to an award granted under the 2017 Plan after March 31, 2020 and prior to the effective date of the Amended 2017 Plan.

Key Features of the Amended 2017 Plan

The Amended 2017 Plan maintains the following provisions which are designed to serve shareholders' interests:

- **Limitation on Individual Grants.** The Amended 2017 Plan limits the number of shares subject to an award (or awards) granted to a single participant in any one calendar year to 10,000,000 (or, for cash settled awards, an amount equal to 10,000,000 multiplied by the average daily trading price of the Company's shares during the preceding calendar year). We have retained these limits under the Amended 2017 Plan, which under the 2017 Plan only were applicable to grants intended to comply with the former provisions of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code").
- **No "Evergreen" Provision.** Shares authorized for issuance under the Amended 2017 Plan cannot be automatically replenished.
- **No Single Trigger Accelerated Vesting upon a Change of Control.** The Amended 2017 Plan does not provide for a single trigger accelerated vesting of equity awards upon a change of control.
- **Limitation on Term of Stock Options.** The maximum term of each stock option is 10 years for employees (other than employees of certain "Affiliates" (as defined in the Amended 2017 Plan), who are subject to a five-year maximum term for stock options) and five years for non-employee directors, consultants and employees of certain Affiliates.
- **No Fungible Share Reserve.** The Amended 2017 Plan does not contain a "fungible share reserve;" instead, all shares subject to awards are counted against the Amended 2017 Plan's share limit as one (1) share for every one (1) share granted or subject to grant under any award.
- **Limitation on Awards to Non-Employee Directors.** The aggregate value of cash compensation and grant date fair market value of shares that may be paid or granted during any calendar year to a non-employee director is limited to \$800,000.
- **No Dividends Paid on Unvested Awards.** No dividends may be paid with respect to an award prior to the vesting of such award.
- **No Repricing or Regranting of Awards.** The Amended 2017 Plan does not permit, without shareholder approval, the repricing or regranteeing of any previously granted award, through cancellation or by lowering the exercise price for such award.
- **No Liberal Share Recycling.** Only shares subject to awards (including any previous outstanding grants made under any Prior Plan) that are terminated, forfeited, canceled, expired, lapsed or settled in cash are permitted to be added back to the Amended 2017 Plan's share reserve. Shares which are withheld to satisfy the exercise price or withholding taxes related to an award will not become available for issuance for future awards under the Amended 2017 Plan.
- **One-Year Minimum Vesting Period.** The Amended 2017 Plan imposes a one-year minimum vesting period on awards granted under the plan, except that share-based awards that do not satisfy this one-year minimum vesting requirement may be granted in an aggregate amount that does not exceed 5% of the total shares reserved and available for grant and issuance under the plan.
- **Clawback Feature.** All awards granted under the Amended 2017 Plan will be subject to recoupment in accordance with our Executive Incentive Compensation Recoupment Policy, as such policy may be amended, and any other clawback policy that we adopt in the future.

Proposed Amendments

The following is a summary of the material changes to the 2017 Plan to be made as part of the amendment and restatement of the 2017 Plan. These changes are being submitted for shareholder approval at the 2020 annual general meeting and will not be effective unless our shareholders approve the Amended 2017 Plan.

Authorization of Additional Shares

An additional 21,100,000 Ordinary Shares, less one share for every one share that is subject to an award granted under the 2017 Plan after March 31, 2020 and prior to the effective date of the Amended 2017 Plan, will be available under the Amended 2017 Plan. We believe that the proposed increase is essential to our continued ability to attract, retain and incentivize talented employees and therefore is in the best interests of the Company and our shareholders.

Based on the current range of our stock price and after carefully forecasting our anticipated needs for the next few years, we believe that the share reserve under the Amended 2017 Plan should be sufficient to fund our long-term incentive compensation awards for approximately the next two to three years under our current operating assumptions. However, while this forecast is based on current operating assumptions that we believe to be reasonable, there can be no guarantee that future events, including changes in future business conditions and our stock price, won't require us to grant equity awards more rapidly or slowly than currently expected.

Section 162(m)-Related Provisions

In fiscal years prior to our 2019 fiscal year, compensation in excess of \$1,000,000 paid to any one of certain executive officers in a taxable year was deductible only if it was "performance-based compensation" within the meaning of Section 162(m) of the Code. The 2017 Plan permitted (but did not require) us to grant compensation that was intended to qualify as performance-based under Section 162(m) of the Code. The 2017 U.S. Tax Cuts and Jobs Act (the "Tax Act") generally eliminated this performance-based exception for our 2019 fiscal year and later years. The proposed amendment and restatement of the 2017 Plan would remove certain provisions relating to performance-based compensation under Section 162(m) of the Code. These changes do not increase the types of awards that may be granted under the Amended 2017 Plan and we still will be permitted (but not required) to grant awards that vest based on the achievement of performance goals. The per person limits on the number or value of grants that may be made during any calendar year have not been changed.

Determination of Additional Shares Amount

As of March 31, 2020, there were 10,487,784 Ordinary Shares remaining available for the grant of equity awards under the 2017 Plan. If the Amended 2017 Plan is approved, the total number of Ordinary Shares remaining available for grant after the effective date of the Amended 2017 Plan will be 31,587,784 Ordinary Shares (including the 10,487,784 Ordinary Shares that remained available as of March 31, 2020, plus 21,100,000 newly requested Ordinary Shares), less one share for every one share that is subject to an award granted under the 2017 Plan after March 31, 2020 and prior to the effective date of the Amended 2017 Plan. We believe that the additional shares requested to be reserved for issuance under the Amended 2017 Plan is in the best interests of the Company and our shareholders because of the continuing need to provide equity awards that are competitive in the market for talent that is capable of delivering innovative technology solutions with world class manufacturing and supply chain expertise, and to give recognition to the contributions made or to be made by non-employee directors to the success of the Company.

In determining the appropriate additional share amount for inclusion in the Amended 2017 Plan, the Compensation Committee reviewed an analysis, which took into account burn rate, dilution and overhang metrics, as well as peer group market practices and trends, and the cost of the Amended 2017 Plan. The analysis, which is based on generally accepted evaluation methodologies used by proxy advisory firms, concluded that the number of shares under the Amended 2017 Plan is within generally accepted standards as measured by an analysis of the plan cost relative to industry standards.

The following table sets forth information about outstanding awards and shares that may be issued under the Company's equity plans as of March 31, 2020.

Plan Name ⁽¹⁾	Number of RSUs Outstanding	Number of PSUs Outstanding ⁽²⁾	Number of Options Outstanding ⁽³⁾	Number of Shares Available for Grants
2017 Equity Incentive Plan	10,394,846	3,032,318	—	10,487,784
2010 Equity Incentive Plan	1,904,831	666,599	4,188	—
NEXTracker Plan	33,830	18,216	457,561	—
BrightBox Plan	—	—	12,313	—
Total	12,333,507	3,717,133	474,062	10,487,784

(1) There are no awards outstanding under the 2001 Equity Incentive Plan. The NEXTracker, Inc. 2014 Equity Incentive Plan and the BrightBox Technologies, Inc. 2013 Stock Incentive Plan (as amended) are plans we assumed as part of acquisitions during fiscal years 2016 and 2017, respectively.

(2) Represents performance RSUs outstanding at the target amount.

(3) The weighted average exercise price and weighted average remaining term for outstanding options under the equity plans are as follows: 2010 Equity Incentive Plan - \$11.10 and 1.42 years, respectively; NEXTracker, Inc. 2014 Equity Incentive Plan - \$4.03 and 6.22 years, respectively; and BrightBox Technologies, Inc. 2013 Stock Incentive Plan - \$0.52 and 6.13 years, respectively. For all plans together, the weighted average exercise price is \$4.00 and the weighted average remaining term is 6.18 years.

A company's burn rate is equal to the total number of equity awards the company granted in a fiscal year divided by the weighted average total issued Ordinary Shares for the year. The Company's three-year average burn rate for fiscal years 2020, 2019 and 2018 was approximately 1.50%, as further detailed in the table below. We will continue to monitor our equity use in future years to ensure that our burn rate is maintained within competitive market norms.

Fiscal Year	Stock Options Granted (a)	Full-Value Awards Granted (b)	Total (a)+(b)	Weighted Average Ordinary Shares Outstanding	Burn Rate
2020	0	8,259,272	8,259,272	508,774,000	1.62%
2019	0	8,257,502	8,257,502	526,519,000	1.57%
2018	288,386	6,680,739	6,969,125	529,782,000	1.32%
Three-Year Average					1.50%

Summary of the Amended 2017 Plan

The principal provisions of the Amended 2017 Plan are summarized below. This summary is not a complete description of the Amended 2017 Plan's provisions and is qualified in its entirety by reference to the Amended 2017 Plan, which is attached to this proxy statement as Annex A.

Term of the Amended 2017 Plan

Unless terminated earlier, the Amended 2017 Plan will continue until June 29, 2027, 10 years after the date the 2017 Plan was originally adopted by our Board.

Eligibility

All of our employees and directors and those of our subsidiaries and affiliates, including officers, members of our Board of Directors (including both employee and non-employee directors), and consultants of the Company and our subsidiaries and affiliates, are eligible to be selected as award recipients under the Amended 2017 Plan. By approving the Amended 2017 Plan, shareholders would be approving the potential grant of awards to the aforesaid categories of eligible persons, in accordance with the rules of the Amended 2017 Plan and subject to the applicable limits therein. A participant in the Amended 2017 Plan may not receive awards for more than 10,000,000 Ordinary Shares (or if settled in cash, an amount equal to 10,000,000 multiplied by the average daily trading price of the Company's Ordinary Shares during the preceding calendar year) in the aggregate per calendar year under the Amended 2017 Plan. Awards under the Amended 2017 Plan will generally be exercisable or payable only while the participant is an employee or director, as applicable. However, certain awards may be paid or exercised following certain terminations of service, a change of control event, or the retirement, death or disability of the participant.

As of the record date of June 8, 2020, approximately 1,800 employees, including six executive officers, and ten non-employee directors were eligible to participate in the 2017 Plan and would continue to be eligible to participate in the Amended 2017 Plan. Flex uses consultants from time to time, but our historical practice has not been to grant awards to consultants.

Administration

The Amended 2017 Plan is administered by the Compensation Committee of our Board. The Compensation Committee has complete discretion, subject to the provisions of the Amended 2017 Plan, to select each eligible individual to whom awards will be granted and to determine the type and amount of awards to be granted, the timing of such awards, and the other terms and conditions of awards granted under the Amended 2017 Plan. Under the terms of the Amended 2017 Plan, the Compensation Committee may delegate its authority under the Amended 2017 Plan to a committee of the Board or to one or more officers of the Company, except for awards granted to Section 16 officers or directors of the Company. The Compensation Committee also has the power to interpret the Amended 2017 Plan and award agreements, to establish rules and regulations relating to the Amended 2017 Plan, and to make all other determinations necessary or advisable for administering the Amended 2017 Plan.

Available Awards

The Amended 2017 Plan authorizes the Company to provide equity-based compensation in the form of: (i) stock options, including incentive stock options entitling the option holder to favorable tax treatment under Section 422 of the Code; (ii) restricted share units; (iii) share appreciation rights; (iv) performance share awards and performance units; and (v) other share-based awards that are not inconsistent with the Amended 2017 Plan. Each type of award is described below under the section captioned "*Types of Awards Authorized Under the Amended 2017 Plan.*" Each award granted under the Amended 2017 Plan will be evidenced by an award agreement that sets forth the terms, conditions and limitations applicable to such award as determined by the Compensation Committee in its discretion.

Minimum One-Year Vesting Period

All awards shall have a minimum vesting period of one year, except that awards that do not satisfy this minimum vesting period requirement may be granted in an aggregate amount that does not exceed 5% of the total shares reserved for grant and issuance under the Amended 2017 Plan (as determined under "*Shares Available for Awards*" and "*Share Counting*")

below), provided that under the Amended 2017 Plan the following shall be excluded from this requirement: (i) substitute awards; (ii) awards to non-employee directors granted on or about the date of an annual general meeting of shareholders that vest on the day of or the day prior to the next annual general meeting of shareholders which is at least 50 weeks after the preceding year's annual general meeting; and (iii) Ordinary Shares delivered in lieu of fully earned non-employee directors cash compensation obligations.

Shares Available for Awards

If the Amended 2017 Plan is approved, the total number of Ordinary Shares remaining available for grant after the effective date of the Amended 2017 Plan will be 31,587,784 Ordinary Shares (including the 10,487,784 Ordinary Shares that remained available as of March 31, 2020, plus 21,100,000 newly requested Ordinary Shares), less one share for every one share that is subject to an award granted under the 2017 Plan after March 31, 2020 and prior to the effective date of the Amended 2017 Plan. Accordingly, the total number of Ordinary Shares reserved for grant since August 15, 2017, the date the 2017 Plan was originally approved by our shareholders, includes the original share reserve of 22,000,000 shares, plus the 21,100,000 newly requested shares, less one share for every one share that is subject to an award granted under the 2017 Plan after March 31, 2020 and prior to the effective date of the Amended 2017 Plan. The Amended 2017 Plan will be the sole plan under which equity grants may be made on or after the effective date of the Amended 2017 Plan.

Valuation

The fair market value of our Ordinary Shares on any relevant date under the Amended 2017 Plan is the closing sales price per share on that date on the Nasdaq Global Select Market. As of June 8, 2020, the closing price of our Ordinary Shares on the Nasdaq Global Select Market was \$11.83 per share.

Share Counting

Under the Amended 2017 Plan, each Ordinary Share that is subject to any award will count against the aggregate Amended 2017 Plan limit as one Ordinary Share. To the extent that an award (including any previously outstanding grants made under any Prior Plan) terminates, is forfeited, is canceled, expires, lapses for any reason, or is settled in cash, any Ordinary Shares in respect of which the award terminates, is forfeited, is canceled, expires, lapses or is settled in cash, will again be available for the grant of an award pursuant to the Amended 2017 Plan. Ordinary Shares that are withheld (if and to the extent permitted by applicable law) to satisfy the grant or exercise price or tax withholding obligations pursuant to any award will be treated as issued under the Amended 2017 Plan and will not be added back to the aggregate number of shares available for grant under the Amended 2017 Plan, and the gross number of shares subject to a share appreciation right shall be deducted from the share reserve, regardless of the number of shares delivered to a participant upon exercise.

Limitation on Non-Employee Director Compensation

The aggregate value of cash compensation and grant date fair market value of shares that may be paid or granted during any calendar year of the Company to any non-employee director shall not exceed \$800,000. By approving the Amended 2017 Plan, shareholders would be approving the grant of awards under the Amended 2017 Plan (which may be amended from time to time) to current non-employee directors and such other persons each of whom may be appointed as a non-employee director of the Company from time to time.

Repricing Prohibited Without Shareholder Approval

The Compensation Committee will not, without the approval of the Company's shareholders, (a) lower the exercise price of an option or grant price of a share appreciation right after it is granted, (b) cancel an option or share appreciation right when the exercise price or grant price exceeds the fair market value of one Ordinary Share in exchange for cash or another award (other than in connection with a change of control or substitute awards), or (c) take any other action with respect to an option or share appreciation right that would be treated as a repricing under the rules and regulations of the Nasdaq Stock Market.

Types of Awards Authorized Under the Amended 2017 Plan:

- **Stock Options.** Stock options may be granted that entitle the option holder to purchase Ordinary Shares at a price set forth in the applicable award agreement. Stock options may be granted as non-qualified stock options or as incentive stock options, or in any combination of the two. The exercise price of any stock option may not be less than the fair market value of an Ordinary Share on the date of grant, and the maximum term for any stock option is 10 years (five years, in the cases of grants to any non-employee member of our Board of Directors, consultant or employee of any of our "Affiliates" (as defined in the Amended 2017 Plan) that are not "related corporations" (as defined under the Singapore Companies Act)). The Compensation Committee will determine the methods by which the exercise price of a stock option may be paid, which may include: (i) a payment in cash or by check; (ii) the withholding of shares (if and to the extent permitted by applicable law) otherwise deliverable upon exercise of the option, whereby the participant shall be (x) deemed to have waived his or her right to delivery of the full number of shares in respect of which the option is exercised; and (y) deemed to have agreed to receive the number of shares (after deducting the number of shares which have a fair market value on the date of exercise equal to the aggregate exercise price of the shares as to which the option shall be exercised) as calculated by the Compensation Committee in its absolute discretion; (iii) a "same day sale" commitment from the participant and a broker-dealer whereby the option holder irrevocably elects to exercise the stock option and to sell a portion of the Ordinary Shares so purchased to pay the exercise price, and whereby the broker-dealer irrevocably commits upon receipt of such

Ordinary Shares to forward the exercise price directly to the Company; (iv) delivery of other property acceptable to the Compensation Committee; or (v) any combination of the foregoing methods of payment. Incentive stock options may be granted only to our employees and those of our subsidiaries. In addition, in the case of any incentive stock options granted to any individual who owns, as of the date of grant, shares possessing more than 10 percent of the total combined voting power of all classes of our shares, the incentive stock option must have an exercise price that is not less than 110% of the fair market value of an Ordinary Share on the date of grant and the maximum term of any such incentive stock option is five years. The aggregate fair market value (determined as of the time the option is granted) of all shares with respect to which incentive stock options are first exercisable by a grantee in any calendar year may not exceed \$100,000 or such other limitation as imposed by Section 422(d) of the Code.

- **Share Appreciation Rights.** A share appreciation right is a right, exercisable by the surrender of all or a portion of the share appreciation right, to receive a payment equal to the product of: (i) the excess of (A) the fair market value of an Ordinary Share on the date the share appreciation right is exercised over (B) the grant price of the share appreciation right; and (ii) the number of Ordinary Shares with respect to which the share appreciation right is exercised. No share appreciation right may be exercisable more than ten years from the date of grant. The Amended 2017 Plan provides for a maximum term of 10 years (a change from a maximum term of seven years under the 2017 Plan) for share appreciation rights in order to align with the maximum term for stock options. A share appreciation right may be paid in cash, in Ordinary Shares (based on the fair market value of such Ordinary Shares on the date the share appreciation right is exercised) or in a combination of cash and Ordinary Shares, as determined by the Compensation Committee.
- **Restricted Share Units.** A restricted share unit is a type of contingent share award that generally entitles the participant to receive a number of our Ordinary Shares, or the value of such shares, in connection with the satisfaction of vesting conditions determined by the Compensation Committee, as specified in the award agreement for the restricted share units. Restricted share units may be denominated in unit equivalents of Ordinary Shares and/or units of value including the dollar value of shares. At the time of grant of the restricted share unit award, the Compensation Committee will specify the date or dates on which the award will become vested and non-forfeitable, and may specify any other terms and conditions. In addition, the Compensation Committee will specify the settlement date applicable to each restricted share unit, which may not be earlier than the vesting date or dates of the award. Settlement of restricted share units may be made in Ordinary Shares or in cash (in an amount reflecting the fair market value of the Ordinary Shares that would have been issued) or any combination of cash and shares, as determined by the Compensation Committee in its sole discretion.
- **Performance Shares and Performance Units.** Performance shares represent the right to receive Ordinary Shares of the Company, the payment of which is contingent upon achieving certain performance criteria established by the Compensation Committee. Performance units are denominated in units of value, which may include the value of Ordinary Shares, and represent the right to receive a payment which is contingent upon achieving certain performance goals established by the Compensation Committee. Performance share awards and performance units may be linked to any one or more of the performance goals specified in the Amended 2017 Plan or such other specific performance goals determined appropriate by the Compensation Committee (as further discussed under "Performance Measures" below), in each case on a specified date or dates or over any performance period or periods determined by the Compensation Committee. In addition, the Compensation Committee will specify the settlement date applicable to each performance share award or performance unit award, which may not be earlier than the vesting date or dates of the award. Settlement of a performance share or a performance unit may be made in Ordinary Shares or in cash (in an amount reflecting the fair market value of the Ordinary Shares that would have been issued) or in any combination of cash and shares, as determined by the Compensation Committee in its sole discretion.
- **Other Share-Based Awards.** In addition to restricted share units, performance share awards and performance unit awards, the Compensation Committee is authorized under the Amended 2017 Plan to make any other award to an eligible individual that is not inconsistent with the provisions of the Amended 2017 Plan and that by its terms involves or might involve the issuance of: (i) Ordinary Shares; (ii) a right with an exercise or conversion privilege related to the passage of time, the occurrence of one or more events, or the satisfaction of performance criteria specified in the Amended 2017 Plan or other conditions; or (iii) any other security with the value derived from the value of our Ordinary Shares.

Singapore law currently prohibits us from issuing restricted shares or restricted share awards (i.e., awards involving the immediate transfer by the Company to a participant of ownership of a specified number of Ordinary Shares of the Company, which are subject to restrictions on transfer and may be forfeited prior to vesting) and we do not intend to issue any such awards at this time. However, if there is a change in Singapore law or other development that would permit us to grant restricted share awards, the Amended 2017 Plan would provide us with the flexibility to do so.

Grants of certain performance-based compensation will be subject to the attainment of one or more specified performance goals over a specified period of time. We refer to this time period as a performance period. The performance goals will be based upon certain performance criteria selected by the Compensation Committee, as described below under the section captioned "Performance Measures." As soon as practicable following the completion of a performance period or periods applicable to a performance-based award, the Compensation Committee shall determine the extent to which the applicable performance goals have been achieved and, as applicable, the resulting final value of the award earned by the participant.

Performance Measures

In granting awards that are contingent upon the achievement of certain performance goals, the Compensation Committee will base a performance goal on one or more of the following performance criteria or such other specific performance criteria determined appropriate by the Compensation Committee, which may be applied to the performance of the Company or any of its affiliates, or any business unit of the Company or any of its affiliates:

- net revenue and/or net revenue growth;
- earnings before income taxes and amortization and/or earnings before income taxes and amortization growth;
- operating income and/or operating income growth;
- net income and/or net income growth;
- cash flow, operating income, or net income margins;
- earnings per share and/or earnings per share growth;
- total shareholder return and/or total shareholder return growth;
- stock price;
- return on equity;
- operating or free cash flow;
- economic value added;
- return on invested capital;
- environmental, social and governance objectives; and
- individual objectives.

The Compensation Committee, in its discretion, may provide for the appropriate adjustments or modifications of the performance goals for a performance period to reflect any objectively determinable component of a performance goal, including foreign exchange gains and losses, asset write downs, acquisitions and divestitures, change in fiscal year, unbudgeted capital expenditures, special charges such as restructuring or impairment charges, debt refinancing costs, unusual or noncash items, infrequently occurring, nonrecurring or one-time events affecting the Company or its financial statements, or changes in law or accounting principles, or any other events or occurrences for which the Compensation Committee determines an adjustment or modification should be made.

Amendment and Termination

The Compensation Committee may at any time amend or modify the Amended 2017 Plan in any or all respects, except that any such amendment or modification may not materially and adversely affect the rights of any holder of an award previously granted under the Amended 2017 Plan unless such holder consents, other than to the extent necessary to comply with applicable income tax laws and regulations. The Compensation Committee may terminate the Amended 2017 Plan at any time. However, without the approval of our shareholders and except as described below under "Adjustments", the Compensation Committee may not:

- amend the Amended 2017 Plan to materially increase the maximum number of Ordinary Shares issuable under the Amended 2017 Plan or the maximum number of Ordinary Shares for which any plan participant may be granted awards;
- materially modify the eligibility requirements for participation in the Amended 2017 Plan; or
- materially increase the benefits accruing to participants in the Amended 2017 Plan.

Further, the Compensation Committee may not amend the Amended 2017 Plan in any manner that requires shareholder approval under Nasdaq or other stock exchange listing requirements applicable to the Company.

Dividends and Dividend Equivalents

No dividends may be paid to a plan participant with respect to an award prior to the vesting of such award. A full-value award (generally an award other than a stock option or share appreciation right) may provide for dividends or dividend equivalents to accrue on behalf of a participant as of each dividend payment date during the period between the date the award is granted and the date the award is exercised, vested, expired, credited or paid, and to be converted to vested cash or shares at the same time and in all events subject to the same restrictions and risk of forfeiture that apply to the shares to which such dividends or dividend equivalents relate.

Adjustments

The Compensation Committee shall make certain adjustments to the Amended 2017 Plan and to the outstanding awards under the Amended 2017 Plan in the event of any stock split, stock dividend, recapitalization, combination of shares, exchange of shares, spin-off, extraordinary cash dividend or other change affecting the outstanding Ordinary Shares as a class without the Company's receipt of consideration. In the event of such a change, appropriate adjustments will be made to:

- the maximum number and/or class of securities issuable under the Amended 2017 Plan;
- the maximum number and/or class of securities for which any participant may be granted awards under the terms of the Amended 2017 Plan or that may be granted generally under the terms of the Amended 2017 Plan; and
- the number and/or class of securities and price per Ordinary Share in effect under each outstanding award.

Any such adjustments to the outstanding awards will be effected in a manner as to preclude the enlargement or dilution of rights and benefits under such awards. However, in no event will fractions of an Ordinary Share be issued and the Committee shall determine, in its discretion, whether cash shall be given in lieu of fractional shares or whether such fractional shares shall be eliminated by rounding down as appropriate.

Change of Control

Where awards are assumed or continued after a change of control, the Compensation Committee may provide that one or more awards will automatically accelerate upon an involuntary termination of service (as defined in the Amended 2017 Plan) within a designated period (not to exceed eighteen (18) months) following the effective date of such change of control. If the Compensation Committee so determines, any such award will, immediately upon an involuntary termination of service following a change of control, become fully exercisable and all forfeiture restrictions on such award will lapse.

Unless otherwise provided in the applicable award agreement or other plan or agreement between the Company and the participant, in the event of a change of control of the Company (as defined in the Amended 2017 Plan) in which the participant's awards are not converted, assumed, or replaced by a successor or survivor corporation, or a parent or subsidiary thereof, then such awards will automatically vest and become fully exercisable and all forfeiture restrictions on such awards will lapse immediately prior to the change of control and, following the consummation of such a change of control, all such awards will terminate and cease to be outstanding.

Deferral

The Compensation Committee may, in an award agreement or otherwise, provide or permit for the deferred delivery of shares or cash upon settlement, vesting or other events with respect to awards.

Compliance with Section 409A of the Internal Revenue Code

To the extent applicable, it is intended that the Amended 2017 Plan and any grants made under the Amended 2017 Plan will comply with or be exempt from the provisions of Section 409A of the Code, so that the income inclusion provisions of Section 409A(a)(1) of the Code do not apply to the participants. The Amended 2017 Plan and any grants made under the Amended 2017 Plan will be administered and interpreted in a manner consistent with this intent.

Prohibition on Transfers of Awards

In general, awards granted under the Amended 2017 Plan may not be transferred in any manner other than by will or by the laws of descent and distribution. Awards may, if so provided in the applicable award agreement, be transferred to family members or charitable institutions through a gift, pursuant to conditions and procedures established by the Compensation Committee. Options and share appreciation rights may not be transferred to a third-party financial institution for value.

Withholding Taxes

The Company or any affiliate of the Company, as appropriate, may deduct or withhold, or require a participant to remit to the Company, an amount sufficient to satisfy U.S. federal, state and local taxes and any taxes imposed by jurisdictions outside of the United States (including income tax, social insurance contributions, payment on account and any other taxes that may be due) required by law to be withheld with respect to any taxable event concerning a participant arising as a result of the Amended 2017 Plan. In addition, the Company or any affiliate of the Company may take any action as may be necessary in its opinion to satisfy withholding obligations for the payment of taxes by any means authorized by the Compensation Committee. No Ordinary Shares will be delivered under the Amended 2017 Plan to any participant or other person until the participant or such other person has made arrangements acceptable to the Compensation Committee for the satisfaction of applicable tax obligations arising as a result of awards made under the Amended 2017 Plan.

U.S. Federal Income Tax Consequences

The following is a general summary as of the date of this proxy statement of the United States federal income tax consequences to the Company and the directors, officers and employees participating in the Amended 2017 Plan. Tax laws may change and the federal, state and local tax consequences for any participating employee will depend upon his or her individual circumstances. In addition, the following discussion does not purport to describe state or local income tax consequences in the United States, nor tax consequences for participants who are subject to tax in other countries. The following general description does not constitute tax advice and should not be relied upon as such. Each participating employee has been and is encouraged to seek the advice of a qualified tax adviser regarding the tax consequences of participation in the Amended 2017 Plan.

- **Nonqualified Stock Options.** A participant will generally not recognize any taxable income upon the grant of a nonqualified stock option under the Amended 2017 Plan and the Company will not receive a deduction at the time of such grant. Upon exercise of a nonqualified stock option, the participant generally will realize ordinary income in an amount equal to the excess of the fair market value of the Ordinary Shares on the date of exercise over the exercise price, and the Company will generally be allowed a deduction equal to the amount recognized by the participant as ordinary income. The participant's tax basis in the shares received will be equal to the exercise price plus the amount recognized as ordinary income. Upon a subsequent sale of such shares, the participant will recognize capital gain or loss.

- Incentive Stock Options.** No taxable income is recognized by a participant at the time of grant of an incentive stock option, and no taxable income is generally recognized at the time the option is exercised. (However, the excess of the fair market value of the Ordinary Shares received upon exercise over the option exercise price is an item of tax preference income which may be subject to the alternative minimum tax.) Instead, the participant will recognize taxable income in the year in which the acquired shares are sold or otherwise disposed of. If the sale or other disposition is made after the participant has held the shares for more than two years after the option grant date and more than one year after the date on which the shares are transferred to the participant (referred to as a “qualifying disposition”) pursuant to the option’s exercise, any gain or loss, generally measured by the difference between the amount realized on the sale of shares and the option exercise price, will be treated as long-term capital gain or loss. However, if either of these two holding period requirements is not satisfied (referred to as a “disqualifying disposition”), then upon the disqualifying disposition, the participant generally recognizes ordinary income in the amount of the lesser of (i) the difference between the fair market value of the shares at the time of the option’s exercise and the option’s exercise price, or (ii) the difference between the amount realized on the sale and the option’s exercise price. Any ordinary income recognized is added to the participant’s basis for purposes of determining any additional gain on the sale and any such additional gain will be capital gain. If the participant makes a disqualifying disposition of the acquired shares, we may be entitled to a deduction from our U.S. taxable income for the taxable year in which such disposition occurs, equal to the amount of ordinary income the participant recognizes. In no other instance will we be allowed a deduction with respect to the participant’s disposition of the acquired shares.
- Share Appreciation Rights.** The grant of a share appreciation right will generally not create any tax consequences for the participant or the Company. Upon the exercise of a share appreciation right, the participant will recognize ordinary income in an amount equal to the cash or fair market value of the Ordinary Shares received from the exercise. The participant’s tax basis in any Ordinary Shares received upon the exercise of the share appreciation right will be equal to the ordinary income recognized with respect to the shares. Upon disposition of the shares, the participant will recognize capital gain or loss equal to the difference between the amount realized and his or her basis in the shares. Upon the exercise of a share appreciation right, the Company generally will be entitled to a deduction in the amount of the compensation income recognized by the participant.
- Restricted Share Units, Performance Units and Performance Share Awards.** In general, a participant will not recognize income with respect to restricted share unit awards, performance unit awards or performance share awards until there is a settlement of the award. On that date, the participant will recognize ordinary income in an amount equal to the cash or fair market value of the Ordinary Shares received. The participant’s tax basis in any shares received is the amount included in his or her income, and the participant’s holding period in the shares commences on the day after receipt of the shares. Upon disposition of the shares, the participant will recognize capital gain or loss equal to the difference between the amount realized and his or her basis in the shares. The Company will generally be entitled to a deduction equal to the amount included in the participant’s ordinary income in the year in which such amount is recognized by the participant.

Section 162(m)

Section 162(m) of the Code imposes an annual deduction limitation of \$1,000,000 on the amount of compensation paid to certain of the Company’s executive officers. Prior to the Tax Act, the deduction limit did not apply to “performance-based compensation” that complied with conditions imposed by Section 162(m) regulations, which included having the material terms of such compensation disclosed to and approved by shareholders. Effective November 2, 2017, the Tax Act eliminated the Section 162(m) provisions exempting performance-based compensation from the \$1,000,000 deduction limit. The Tax Act provides limited transition relief for “performance-based compensation” pursuant to certain grandfathered arrangements in effect as of November 2, 2017. The compensation to certain officers from stock options, share appreciation rights and performance awards granted under the Amended 2017 Plan and described above may not be deductible for federal income tax purposes as it may be limited by Section 162(m). The Compensation Committee believes it is appropriate to retain the flexibility to authorize payments of compensation that may not qualify for deductibility if, in the Compensation Committee’s judgment, it is in the Company’s best interest to do so.

New Plan Benefits

The number of shares to be issued under the Amended 2017 Plan to participants in the plan, including eligible employees, executive officers and non-employee directors of the Company, and the net values to be realized upon such issuances, are discretionary, and therefore, not determinable. Our grants of performance share units and restricted share units to our Named Executive Officers are described in the Compensation Discussion and Analysis and Executive Compensation sections of this proxy statement. The equity grant program for our non-employee directors is described under the Non-Management Directors’ Compensation For Fiscal Year 2020 section of this proxy statement.



The Board recommends a vote **“FOR”** the resolution to amend and restate the Flex Ltd. 2017 Equity Incentive Plan.

Proposal No. 5: Ordinary Resolution to Authorize Ordinary Share Issuances

We are incorporated in the Republic of Singapore. Under Singapore law, our directors may only issue Ordinary Shares and make or grant offers, agreements, options or performance units or restricted share units that might or would require the issuance of Ordinary Shares, with the prior approval from our shareholders. We are submitting this proposal because we are required to do so under the laws of Singapore before we can issue any Ordinary Shares in connection with our equity compensation plans, possible future strategic transactions, or public and private offerings.

If this proposal is approved, and unless revoked or varied by the Company in general meeting, the authorization would be effective from the date of the 2020 annual general meeting until the earlier of (i) the conclusion of the 2021 annual general meeting or (ii) the expiration of the period within which the 2021 annual general meeting is required by law to be held. Under the Singapore Companies Act, the 2021 annual general meeting is required to be held within six months after the date of our 2021 fiscal year end (except that Singapore law allows for a one-time application for an extension of up to a maximum of two months to be made with the Singapore Accounting and Corporate Regulatory Authority).

Our Board believes that it is advisable and in the best interests of our shareholders for our shareholders to authorize our directors to issue Ordinary Shares and to make or grant offers, agreements, options or performance units or restricted share units that might or would require the issuance of Ordinary Shares. In the past, the Board has issued shares or made agreements that would require the issuance of new Ordinary Shares in the following situations:

- in connection with strategic transactions and acquisitions;
- pursuant to public and private offerings of our Ordinary Shares as well as instruments convertible into our Ordinary Shares; and
- in connection with our equity compensation plans and arrangements.

If this proposal is not approved, we would not be permitted to issue any new Ordinary Shares, including shares issuable pursuant to compensatory equity awards (other than shares issuable on exercise or settlement of outstanding options, performance share units, restricted share units and other instruments convertible into or exercisable for Ordinary Shares, which were previously granted when the previous shareholder approved share issue mandates were in force). If we are unable to rely upon equity as a component of compensation, we would have to review our compensation practices, and would likely have to substantially increase cash compensation to retain key personnel.

Notwithstanding this general authorization to issue our Ordinary Shares, we will be required to seek shareholder approval with respect to future issuances of Ordinary Shares where required under the rules of Nasdaq, such as where the Company proposes to issue Ordinary Shares that will result in a change in control of the Company or in connection with a private offering involving the issuance of Ordinary Shares representing 20% or more of our outstanding Ordinary Shares at a price less than the lower of the closing price or the five-day average closing price of our Ordinary Shares.

Our Board expects that we will continue to issue Ordinary Shares and grant options, performance unit awards and restricted share unit awards in the future under circumstances similar to those in the past. As of the date of this proxy statement, other than issuances of Ordinary Shares or agreements that would require the issuance of new Ordinary Shares in connection with our equity compensation plans and arrangements, we have no specific plans, agreements or commitments to issue any Ordinary Shares for which approval of this proposal is required. Nevertheless, our Board believes that it is advisable and in the best interests of our shareholders for our shareholders to provide this general authorization in order to avoid the delay and expense of obtaining shareholder approval at a later date and to provide us with greater flexibility to pursue strategic transactions and acquisitions and raise additional capital through public and private offerings of our Ordinary Shares as well as instruments convertible into our Ordinary Shares.

If this proposal is approved, our directors would be authorized to issue, during the period described above, Ordinary Shares subject only to applicable Singapore laws and the rules of Nasdaq. The issuance of a large number of Ordinary Shares could be dilutive to existing shareholders or reduce the trading price of our Ordinary Shares on Nasdaq.

We are not submitting this proposal in response to a threatened takeover. In the event of a hostile attempt to acquire control of the Company, we could seek to impede the attempt by issuing Ordinary Shares, which may dilute the voting power of our existing shareholders. This could also have the effect of impeding the efforts of our shareholders to remove an incumbent director and replace him with a new director of their choice. These potential effects could limit the opportunity for our shareholders to dispose of their Ordinary Shares at the premium that may be available in takeover attempts.



The Board recommends a vote **"FOR"** the resolution to authorize Ordinary Share issuances.

Proposal No. 6: Ordinary Resolution to Renew the Share Purchase Mandate

Our purchases or acquisitions of our Ordinary Shares must be made in accordance with, and in the manner prescribed by, the Singapore Companies Act, the applicable listing rules of Nasdaq and such other laws and regulations as may apply from time to time.

Singapore law requires that we obtain shareholder approval of a “general and unconditional share purchase mandate” given to our directors if we wish to purchase or otherwise acquire our Ordinary Shares. This general and unconditional mandate is referred to in this proxy statement as the Share Purchase Mandate, and it allows our directors to exercise all of the Company’s powers to purchase or otherwise acquire our issued Ordinary Shares on the terms of the Share Purchase Mandate.

Although our shareholders approved a renewal of the Share Purchase Mandate at the annual general meeting of shareholders held in 2019, the Share Purchase Mandate renewed at the annual general meeting will expire on the date of the 2020 annual general meeting. Accordingly, we are submitting this proposal to seek approval from our shareholders at the annual general meeting for another renewal of the Share Purchase Mandate. Pursuant to the Singapore Companies Act, share repurchases under our share repurchase plans were subject to an aggregate limit of 20% of our issued Ordinary Shares outstanding as of the date of the annual general meeting held on August 20, 2019. On August 20, 2019, the Board authorized the repurchase of up to an aggregate of \$500 million of Ordinary Shares of the Company to be conducted in tranches. Until the 2020 annual general meeting, any repurchases would be made under the Share Purchase Mandate renewed at the annual general meeting held in 2019. Commencing on the date of the 2020 annual general meeting, any repurchases may only be made if the shareholders approve the renewal of the Share Purchase Mandate at the annual general meeting. The share purchase program does not obligate the Company to repurchase any specific number of shares and may be suspended or terminated at any time without prior notice.

If renewed by shareholders at the annual general meeting, the authority conferred by the Share Purchase Mandate will, unless varied or revoked by our shareholders at a general meeting, continue in force until the earlier of the date of the 2021 annual general meeting or the date by which the 2021 annual general meeting is required by law to be held. Under the Singapore Companies Act, the 2021 annual general meeting is required to be held within six months after the date of our 2021 fiscal year end (except that Singapore law allows for a one-time application for an extension of up to a maximum of two months to be made with the Singapore Accounting and Corporate Regulatory Authority).

The authority and limitations placed on our share purchases or acquisitions under the proposed Share Purchase Mandate, if renewed at the annual general meeting, are summarized below.

Limit on Allowed Purchases

We may only purchase or acquire Ordinary Shares that are issued and fully paid up. The prevailing limitation under the Singapore Companies Act that is currently in force does not permit us to purchase or acquire more than 20% of the total number of our issued Ordinary Shares outstanding at the date of the annual general meeting. Any of our Ordinary Shares that are held as treasury shares will be disregarded for purposes of computing this 20% limitation. For this purpose, a reference herein to treasury shares in computing the 20% limitation includes a reference to any Ordinary Shares held by our subsidiaries under the limited exceptions in Sections 21(4B) and 21(6C) of the Singapore Companies Act, if applicable.

We are seeking approval for our Board of Directors to authorize the purchase or acquisition of our issued Ordinary Shares not exceeding 20% of our total number of issued Ordinary Shares outstanding as of the date of the passing of this proposal (excluding any Ordinary Shares that are held as treasury shares as at that date).

Purely for illustrative purposes, on the basis of 497,769,563 Ordinary Shares outstanding as of June 8, 2020, and assuming no additional Ordinary Shares are issued or repurchased on or prior to the date of the annual general meeting, based on the prevailing 20% limit, we would be able to purchase not more than 99,553,912 issued Ordinary Shares pursuant to the proposed renewal of the Share Purchase Mandate.

During fiscal year 2020, we repurchased approximately 23.7 million shares for an approximate aggregate purchase value of \$260 million under the Share Purchase Mandate and cancelled all of these shares.

Duration of Share Purchase Mandate

Purchases or acquisitions of Ordinary Shares may be made, at any time and from time to time, on and from the date of approval of the Share Purchase Mandate up to the earlier of:

- the date on which our next annual general meeting is held or required by law to be held; or
- the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by our shareholders at a general meeting.

Manner of Purchases or Acquisitions of Ordinary Shares

Purchases or acquisitions of Ordinary Shares may be made by way of:

- market purchases on Nasdaq or any other stock exchange on which our Ordinary Shares may for the time being be listed and quoted, through one or more duly licensed dealers appointed by us for that purpose; and/or
- off-market purchases (if effected other than on Nasdaq or, as the case may be, any other stock exchange on which our Ordinary Shares may for the time being be listed and quoted), in accordance with an equal access scheme as prescribed by the Singapore Companies Act.

If we decide to purchase or acquire our Ordinary Shares in accordance with an equal access scheme, our directors may impose any terms and conditions as they see fit and as are in our interests, so long as the terms are consistent with the Share Purchase Mandate, the applicable rules of Nasdaq, the provisions of the Singapore Companies Act and other applicable laws. In addition, an equal access scheme must satisfy all of the following conditions:

- offers for the purchase or acquisition of Ordinary Shares must be made to every person who holds Ordinary Shares to purchase or acquire the same percentage of their Ordinary Shares;
- all of those persons must be given a reasonable opportunity to accept the offers made; and
- the terms of all of the offers must be the same (except differences in consideration that result from offers relating to Ordinary Shares with different accrued dividend entitlements and differences in the offers solely to ensure that each person is left with a whole number of Ordinary Shares).

Purchase Price

The maximum purchase price (excluding brokerage commission, applicable goods and services tax and other related expenses of the purchase or acquisition) to be paid for each Ordinary Share will be determined by our directors. The maximum purchase price to be paid for the Ordinary Shares as determined by our directors must not exceed:

- in the case of a market purchase, the highest independent bid or the last independent transaction price, whichever is higher, of our Ordinary Shares quoted or reported on Nasdaq or, as the case may be, any other stock exchange on which our Ordinary Shares may for the time being be listed and quoted, or shall not exceed any volume weighted average price, or other price determined under any pricing mechanism, permitted under SEC Rule 10b-18, at the time the purchase is effected; and
- in the case of an off-market purchase pursuant to an equal access scheme, 105 percent of the average of the closing price per Ordinary Share over the five consecutive trading days on which our Ordinary Shares are traded on the Nasdaq Global Select Market, or, as the case may be, any other stock exchange on which our Ordinary Shares may for the time being be listed and quoted, immediately preceding the date on which we effect the off-market purchase.

Treasury Shares

Under the Singapore Companies Act, Ordinary Shares purchased or acquired by us may be held as treasury shares. Some of the provisions on treasury shares under the Singapore Companies Act are summarized below.

Maximum Holdings

The number of Ordinary Shares held as treasury shares may not at any time exceed 10% of the total number of issued Ordinary Shares. For this purpose, the reference to treasury shares includes a reference to any Ordinary Shares held by our subsidiaries under the limited exceptions in Sections 21(4B) and 21(6C) of the Singapore Companies Act, if applicable.

Voting and Other Rights

We may not exercise any right in respect of treasury shares, including any right to attend or vote at meetings and, for the purposes of the Singapore Companies Act, we shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights. In addition, no dividend may be paid, and no other distribution of our assets may be

made, to the Company in respect of treasury shares, other than the allotment of Ordinary Shares as fully paid bonus shares. A subdivision or consolidation of any treasury share into treasury shares of a greater or smaller amount is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before the subdivision or consolidation, respectively.

Disposal and Cancellation

Where Ordinary Shares are held as treasury shares, we may at any time:

- sell the treasury shares for cash;
- transfer the treasury shares for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;
- transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- cancel the treasury shares; or
- sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance of Singapore.

Sources of Funds

Only funds legally available for purchasing or acquiring Ordinary Shares in accordance with our Constitution and the applicable laws of Singapore shall be used. We intend to use our internal sources of funds and/or borrowed funds to finance any purchase or acquisition of our Ordinary Shares. Our directors do not propose to exercise the Share Purchase Mandate in a manner and to such an extent that would materially affect our working capital requirements.

The Singapore Companies Act permits us to purchase or acquire our Ordinary Shares out of our capital and/or profits. Acquisitions or purchases made out of capital are permissible only so long as we are solvent for the purposes of Section 76F(4) of the Singapore Companies Act. A company is solvent if, at the date of the payment made in consideration of the purchase or acquisition (which shall include any expenses—including brokerage or commission) the following conditions are satisfied: (a) there is no ground on which the company could be found unable to pay its debts; (b) if it is not intended to commence winding up of the company, the company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and (c) the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase or acquisition, become less than the value of its liabilities (including contingent liabilities).

Status of Purchased or Acquired Ordinary Shares

Any Ordinary Share that we purchase or acquire will be deemed cancelled immediately on purchase or acquisition, and all rights and privileges attached to such Ordinary Share will expire on cancellation (unless such Ordinary Share is held by us as a treasury share). The total number of issued shares will be diminished by the number of Ordinary Shares purchased or acquired by us and which are not held by us as treasury shares.

We will cancel and destroy certificates in respect of purchased or acquired Ordinary Shares as soon as reasonably practicable following settlement of any purchase or acquisition of such Ordinary Shares. Where such Ordinary Shares are purchased or acquired and held by us as treasury shares, we will cancel and issue new certificates in respect thereof.

Financial Effects

Our net tangible assets and the consolidated net tangible assets of our subsidiaries will be reduced by the purchase price (including any expenses) of any Ordinary Shares purchased or acquired and cancelled or held as treasury shares. We do not anticipate that the purchase or acquisition of our Ordinary Shares in accordance with the Share Purchase Mandate would have a material impact on our consolidated financial condition and cash flows.

The financial effects on us and our group (including our subsidiaries) arising from purchases or acquisitions of Ordinary Shares which may be made pursuant to the Share Purchase Mandate will depend on, among other things, whether the Ordinary Shares are purchased or acquired out of our profits and/or capital, the number of Ordinary Shares purchased or acquired, the price paid for the Ordinary Shares and whether the Ordinary Shares purchased or acquired are held in treasury or cancelled.

Under the Singapore Companies Act, purchases or acquisitions of Ordinary Shares by us may be made out of profits and/or our capital so long as the Company is solvent.

Our purchases or acquisitions of our Ordinary Shares may be made out of our profits and/or our capital. Where the consideration (including any expenses) paid by us for the purchase or acquisition of Ordinary Shares is made out of our profits, such consideration (including any expenses such as brokerage or commission) will correspondingly reduce the amount available for the distribution of cash dividends by us. Where the consideration that we pay for the purchase or acquisition of Ordinary Shares is made out of our capital, the amount available for the distribution of cash dividends by us will not be reduced. To date, we have not declared any cash dividends on our Ordinary Shares.

Rationale for the Share Purchase Mandate

We believe that a renewal of the Share Purchase Mandate at the annual general meeting will benefit our shareholders by providing our directors with appropriate flexibility to repurchase Ordinary Shares if the directors believe that such repurchases would be in the best interests of our shareholders. Our decision to repurchase our Ordinary Shares from time to time will depend on our continuing assessment of then-current market conditions, our need to use available cash to finance acquisitions and other strategic transactions, the level of our debt and the terms and availability of financing.

As noted above, the approval of the Share Purchase Mandate does not obligate the Company to repurchase any specific number of shares and may be suspended or terminated at any time without prior notice. As previously announced, the Company suspended its share repurchase activity due to the uncertainty resulting from COVID-19. To ensure that we are prepared for an uncertain demand environment, we have aggressively cut costs and are preserving cash. Our goal is to maintain as many jobs as we can and maintain our ability to invest where we need to enable future business. Among other measures, we made the decision to suspend our share repurchase program during the first quarter of our fiscal year 2021 and postponed all non-critical capital expenditures. We have established a robust contingency planning methodology and will adjust our actions based on how future events evolve.

Take-Over Implications

If, as a result of our purchase or acquisition of our issued Ordinary Shares, a shareholder's proportionate interest in the Company's voting capital increases, such increase will be treated as an acquisition for the purposes of The Singapore Code on Take-overs and Mergers. If such increase results in a change of effective control, or, as a result of such increase, a shareholder or a group of shareholders acting in concert obtains or consolidates effective control of the Company, such shareholder or group of shareholders acting in concert with a director could become obliged to make a take-over offer for the Company under Rule 14 of The Singapore Code on Take-overs and Mergers.

The circumstances under which shareholders (including directors and persons acting in concert with them respectively) will incur an obligation to make a take-over offer are set forth in Rule 14 of The Singapore Code on Take-overs and Mergers, Appendix 2. The effect of Appendix 2 is that, unless exempted, shareholders will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring our issued Ordinary Shares, the voting rights of such shareholders would increase to 30% or more, or if such shareholders hold between 30% and 50% of our voting rights, the voting rights of such shareholders would increase by more than 1% in any period of six months. Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under The Singapore Code on Take-overs and Mergers as a result of any share purchase by us should consult the Securities Industry Council of Singapore and/or their professional advisers at the earliest opportunity.



The Board recommends a vote **"FOR"** the resolution to approve the proposed renewal of the Share Purchase Mandate.

Executive Officers

The names, ages and positions of our executive officers as of June 8, 2020 are as follows:

Name	Age	Position
Revathi Advaiti	52	Chief Executive Officer
Christopher E. Collier	51	Chief Financial Officer
Francois P. Barbier	61	President, Global Operations and Components
David P. Bennett	50	Chief Accounting Officer
Paul J. Humphries	65	President, Reliability Solutions
Scott Offer	55	Executive Vice President and General Counsel

Revathi Advaiti

Ms. Advaiti has served as our Chief Executive Officer since February 11, 2019. Prior to joining the Company, Ms. Advaiti was President and Chief Operating Officer, Electrical Sector, of Eaton Corporation plc, a power management company, a position she had held since September 1, 2015. Prior to that, she served as President of Electrical Sector, Americas of Eaton from April 1, 2012 through August 31, 2015. She joined Eaton in 1995 and led the Electrical Sector in the Americas and Asia-Pacific, with a three-year assignment in Shanghai. Between 2002 and 2008, Ms. Advaiti worked at Honeywell, where she held several senior roles within the sourcing and supply chain functions of the aerospace sector before being named vice president and general manager of Honeywell's Field Solutions business in 2006. Ms. Advaiti returned to Eaton in 2008 as vice president and general manager of the Electrical Components Division. She has a bachelor's degree in mechanical engineering from the Birla Institute of Technology and Science in Pilani, India, and an MBA in international business from Thunderbird-Garvin School of International Business in Glendale, Arizona.

Christopher E. Collier

Mr. Collier has served as our Chief Financial Officer since May 2013. He served as our Senior Vice President, Finance from December 2004 to May 2013 and our Principal Accounting Officer from May 2007 to July 2013. Prior to his appointment as Senior Vice President, Finance in 2004, Mr. Collier served as Vice President, Finance and Corporate Controller since he joined us in April 2000 in connection with the acquisition of The Dii Group. Mr. Collier is a certified public accountant and he received a B.S. in Accounting from State University of New York at Buffalo.

Francois P. Barbier

Mr. Barbier has served as our President, Global Operations and Components since February 2012. Prior to holding this position, Mr. Barbier served as our President, Global Operations since June 2008. Prior to his appointment as President, Global Operations, Mr. Barbier was President of Special Business Solutions and has held a number of executive management roles in Flex Europe. Prior to joining Flex in 2001, Mr. Barbier was Vice President of Alcatel Mobile Phone Division. Mr. Barbier holds an Engineering degree in Production from Couffignal School in Strasbourg.

David P. Bennett

Mr. Bennett has served as our Principal Accounting Officer since July 2013. Mr. Bennett served as Vice President, Finance from 2009 to 2014, Corporate Controller from 2011 to 2013 and Senior Vice President, Finance from 2014. Prior to joining us in 2005, he was a Senior Manager at Deloitte and Touche LLP. Mr. Bennett is a certified public accountant and earned a B.S. in Business and Administration with an emphasis in Accounting and Finance from the University of Colorado Boulder.

Paul J. Humphries

Mr. Humphries has served as our President, Flex Reliability Solutions since April 2020. From April 2011 to March 2020, Mr. Humphries served as our President, High Reliability Solutions. From April 2006 to April 2011, Mr. Humphries served as our Executive Vice President of Human Resources. Prior to that Mr. Humphries served as SVP Global Operations for our mechanicals business unit from April 2000 to April 2006. He holds a BA (Hons) in Applied Social Studies from Lanchester Polytechnic (now Coventry University) and post-graduate certification in human resource management from West Glamorgan Institute of Higher Education. Mr. Humphries also serves as a director of Superior Industries International, Inc. and of the Silicon Valley Education Foundation.

Scott Offer

Mr. Offer has served as our Executive Vice President and General Counsel since September 2016. Previously, he served as Senior Vice President and General Counsel at Lenovo from January 2016 until August 2016 and had served as Chief Counsel for the Lenovo Mobile Business Group since October 2014. Prior to that, he served as Senior Vice President and General Counsel, Motorola Mobility, a Google company, from August 2010 and Senior Vice President and General Counsel, Motorola Mobility, Inc. from July 2010. Prior to that, he held several senior positions at Motorola. Prior to joining Motorola, he worked for the law firm of Boodle Hatfield. He received his law degree from the London School of Economics and Political Science and is qualified as a lawyer in the United Kingdom and United States.

Equity Compensation Plan Information

As of March 31, 2020, we maintained our 2010 Plan and our 2017 Plan, which replaced our 2010 Plan with respect to further grants of equity awards. In addition, we maintained the NEXTracker, Inc. 2014 Equity Incentive Plan and the BrightBox Technologies, Inc. 2013 Stock Incentive Plan (as amended), which we assumed as part of acquisitions during fiscal years 2016 and 2017, respectively. The following table provides information about equity awards outstanding under these plans as of March 31, 2020. The below does not reflect the effect of our fiscal 2021 grants under the 2017 Plan and the vesting of awards in fiscal 2021.

Plan Category	Number of Ordinary Shares to be Issued Upon Exercise of Outstanding Options and Vesting of Restricted Share Unit Awards (a)	Weighted-Average Exercise Price of Outstanding Options ⁽¹⁾ (b)	Number of Ordinary Shares Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Ordinary Shares Reflected in Column (a)) (c)
Equity compensation plans approved by shareholders	16,002,782	\$ 11.10	10,487,784 ⁽²⁾
Equity compensation plans not approved by shareholders ⁽³⁾⁽⁴⁾	521,920 ⁽⁵⁾	\$ 3.94	—
Total	16,524,702⁽⁶⁾	\$ 4.00	10,487,784⁽²⁾

(1) The weighted-average exercise price does not take into account Ordinary Shares issuable upon the vesting of outstanding restricted share unit awards, which have no exercise price.

(2) Consists of Ordinary Shares available for grant under the 2017 Plan. The 2017 Plan provides for grants of up to 22.0 million Ordinary Shares, plus Ordinary Shares available for grant as a result of the forfeiture, expiration or termination of options and restricted share unit awards granted under the 2010 Plan (if such Ordinary Shares are issued under such other stock options or restricted share unit awards, they will not become available under the 2017 Plan).

(3) In connection with the acquisition of NEXTracker, Inc. on September 28, 2015, we assumed the NEXTracker, Inc. 2014 Equity Incentive Plan, including all outstanding options to purchase NEXTracker, Inc. common stock with exercise prices equal to, or less than, \$7.34 per share. Each assumed option was converted into an option to acquire our Ordinary Shares at the applicable exchange rate of 1.4033. As a result, we assumed approximately 5.6 million unvested restricted stock units and unvested options with exercise prices ranging from between \$0.08 and \$10.65 per ordinary share. Options granted under this plan generally have an exercise price not less than the fair value of the underlying shares of NEXTracker, Inc. on the date of grant. The awards generally vest over four years, and options generally expire ten years from the date of grant. Unvested awards are forfeited upon termination of employment.

(4) In connection with the acquisition of BrightBox Technologies, Inc. on May 16, 2016, we assumed the BrightBox Technologies, Inc. 2013 Stock Incentive Plan (as amended), including all outstanding options to purchase BrightBox Technologies, Inc.'s common stock with exercise prices equal to, or less than, \$0.08 per share. Each assumed option was converted into an option to acquire our Ordinary Shares at the applicable exchange rate of 6.4959. As a result, we assumed approximately 0.2 million unvested options with exercise prices ranging from between \$0.45 and \$0.52 per ordinary share. Options granted under this plan generally have an exercise price not less than the fair value of the underlying shares of BrightBox Technologies, Inc. on the date of grant. The options generally vest over four years, and options generally expire ten years from the date of grant. Unvested options are forfeited upon termination of employment.

(5) Consists of 457,561 and 12,313 Ordinary Shares issuable upon the exercise of outstanding stock options under the NEXTracker and BrightBox equity plans, respectively, and 33,830 and 18,216 Ordinary Shares issuable upon the vesting of restricted share unit awards and performance share unit awards, respectively, under the NEXTracker equity plan.

(6) Includes 16,050,640 Ordinary Shares issuable upon the vesting of restricted share unit and performance share unit awards and 474,062 Ordinary Shares issuable upon the exercise of outstanding stock options. For awards subject to market and free cash flow performance criteria, the amount reported reflects the number of shares to be issued if the target level is achieved. An additional 3,490,828 shares would be issued if the maximum market performance and free cash flow levels are achieved.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information as of June 8, 2020 except as otherwise indicated, regarding the beneficial ownership of our Ordinary Shares by:

- each shareholder known to us to be the beneficial owner of more than 5% of our outstanding Ordinary Shares;
- each of our named executive officers;
- each director; and
- all executive officers and directors as a group.

Unless otherwise indicated, the address of each of the individuals named below is: c/o Flex Ltd., No. 2 Changi South Lane, Singapore 486123.

Information in this table as to our directors, named executive officers and all directors and executive officers as a group is based upon information supplied by these individuals and Forms 3, 4, and 5 filed with the SEC. Information in this table as to our greater than 5% shareholders is based solely upon the Schedules 13G filed by these shareholders with the SEC. Where information regarding shareholders is based on Schedules 13G, the number of shares owned is as of the date for which information was provided in such schedules.

Beneficial ownership is determined in accordance with the rules of the SEC that deem shares to be beneficially owned by any person who has or shares voting or investment power with respect to such shares. Ordinary shares subject to options that are currently exercisable or are exercisable within 60 days of June 8, 2020 and Ordinary Shares subject to restricted share unit awards that vest within 60 days of June 8, 2020 are deemed to be outstanding and to be beneficially owned by the person holding such awards for the purpose of computing the percentage ownership of such person, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person. Unless otherwise indicated below, the persons and entities named in the table have sole voting and sole investment power with respect to all the shares beneficially owned, subject to community property laws where applicable.

For each individual and group included in the table below, percentage ownership is calculated by dividing the number of shares beneficially owned by such person or group by the sum of the 497,769,563 Ordinary Shares outstanding on June 8, 2020 plus the number of Ordinary Shares that such person or group had the right to acquire on or within 60 days after June 8, 2020.

Name and Address of Beneficial Owner	Shares Beneficially Owned	
	Number of Shares	Percent
5% Shareholders:		
PRIMECAP Management Company ⁽¹⁾ 177 E. Colorado Blvd., 11 th Floor, Pasadena, CA 91105	76,763,434	15.42%
FMR LLC ⁽²⁾ 245 Summer Street, Boston, MA 02210	50,399,122	10.12%
Wellington Management Co. LLP ⁽³⁾ 280 Congress Street, Boston, Massachusetts 02210	36,221,400	7.28%

Name of Beneficial Owner	Shares Beneficially Owned	
	Number of Shares	Percent
Named Executive Officers and Directors:		
Revathi Advaiti ⁽⁴⁾	140,206	*
Francois P. Barbier ⁽⁵⁾	204,078	*
Douglas Britt ⁽⁶⁾	199,226	*
Christopher Collier ⁽⁷⁾	511,318	*
Paul Humphries ⁽⁸⁾	474,113	*
Michael Capellas	223,592	*
Jill A. Greenthal ⁽⁹⁾	36,168	*
Jennifer Li ⁽⁹⁾	48,178	*
Marc Onetto ⁽⁹⁾⁽¹⁰⁾	109,408	*
Willy Shih, Ph.D. ⁽⁹⁾	212,281	*
Charles K. Stevens, III ⁽⁹⁾	36,168	*
Lay Koon Tan ⁽⁹⁾	179,442	*

Name of Beneficial Owner	Shares Beneficially Owned	
	Number of Shares	Percent
William Watkins ⁽⁹⁾	65,209	*
Lawrence Zimmerman ⁽⁹⁾	123,955	*
All executive officers and directors as a group (16 persons) ⁽¹¹⁾	2,794,227	0.56%

* Less than 1%.

(1) Based on information supplied by PRIMECAP Management Company in an amended Schedule 13G filed with the SEC on February 12, 2020. PRIMECAP Management Company has sole voting power over 73,002,028 shares and sole dispositive power over 76,763,434 shares.

(2) Based on information supplied by FMR LLC in an amended Schedule 13G filed with the SEC on June 10, 2020. FMR LLC has sole voting power of 5,113,992 of these shares and sole dispositive power over 50,399,122 of these shares.

(3) Based on information supplied by Wellington Management Co. LLP in a Form 13F filed with the SEC on May 14, 2020.

(4) Includes 97,656 shares issuable upon settlement of restricted share unit awards that vest within 60 days of June 8, 2020.

(5) Includes 90,562 shares issuable upon settlement of restricted share unit awards that vest within 60 days of June 8, 2020.

(6) Includes 83,992 shares issuable upon settlement of restricted share unit awards that vest within 60 days of June 8, 2020. Also includes 5,426 shares owned by Mr. Britt's spouse.

(7) Includes 102,501 shares issuable upon the settlement of restricted share unit awards that vest within 60 days of June 8, 2020.

(8) Includes 91,176 shares issuable upon the settlement of restricted share unit awards that vest within 60 days of June 8, 2020.

(9) Includes 18,611 shares issuable upon the settlement of restricted share unit awards that vest within 60 days of June 8, 2020.

(10) Includes 90,797 shares held indirectly by a living trust, which Mr. Onetto is a trustee.

(11) Includes 682,017 shares issuable upon settlement of restricted share unit awards that vest within 60 days of June 8, 2020.

Certain Relationships and Related-Person Transactions

Review of Related-Person Transactions

Our Code of Business Conduct and Ethics provides guidance for addressing actual or potential conflicts of interests, including those that may arise from transactions and relationships between us and our executive officers or directors. In addition, in order to formalize our policies and procedures for the review, approval or ratification, and disclosure of related-person transactions, our Board of Directors adopted a Statement of Policy with Respect to Related-Person Transactions. The policy generally provides that the Nominating and Corporate Governance Committee (or another committee comprised solely of independent directors) will review, approve in advance or ratify, all related-person transactions between us and any director, any nominee for director, any executive officer, any beneficial owners of more than 5% of our Ordinary Shares or any immediate family member of any of the foregoing individuals. Under the policy, some ordinary course transactions or relationships are not required to be reviewed, approved or ratified by the applicable Board committee, including, among other things, the following transactions:

- transactions involving less than \$25,000 for any individual related-person;
- compensation arrangements with directors and executive officers resulting solely from their service on the Board or as executive officers, so long as such arrangements are disclosed in our filings with the SEC or, if not required to be disclosed, are approved by our Compensation Committee; and
- indirect interests arising solely from a related-person's service as a director and/or owning, together with all other related-persons, directly or indirectly, less than a 10% beneficial ownership interest in a third party (other than a partnership) which has entered into or proposes to enter into a transaction with us.

We have various procedures in place to identify potential related-person transactions, and the Nominating and Corporate Governance Committee works with our management and our Office of General Counsel in reviewing and considering whether any identified transactions or relationships are covered by the policy. Our Statement of Policy with Respect to Related-Person Transactions is included in our Guidelines with Regard to Certain Governance Matters, a copy of which is available along with a copy of the Company's Code of Business Conduct and Ethics on the Corporate Governance page of the Investor Relations section of our website at www.flex.com.

Transactions with Related-Persons

The wife of Mr. Britt, the former President, Flex Integrated Solutions of the Company, was employed by the Company for a portion of fiscal year 2020. Kelly Britt was employed as Senior Director Business Development for CEC and earned approximately \$269,227 in salary, share awards, benefits, and severance during fiscal year 2020. Ms. Britt departed Flex in October 2019.

The employment and compensation of the family member described above was approved and established by the Company in accordance the Statement of Policy with Respect to Related-Person Transactions as described above and the family member's employment and compensation was in accordance with the Company's employment and compensation practices applicable to employees with equivalent qualifications and responsibilities and holding similar positions.

Other than the foregoing and the compensation agreements and other arrangements described under the sections entitled "Executive Compensation" of this proxy statement and "Non-Management Directors' Compensation for Fiscal Year 2020" of this proxy statement, during fiscal year 2020, there was not, nor is there currently proposed, any transaction or series of similar transactions to which we are or will be a party:

- in which the amount involved exceeded or will exceed \$120,000; and
- in which any director, nominee, executive officer, holder of more than 5% of our Ordinary Shares or any member of their immediate family had or will have a direct or indirect material interest.

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires our directors and executive officers, and persons who own more than 10% of our ordinary shares to file initial reports of ownership and reports of changes in ownership with the SEC. Based solely on our review of such forms filed with the United States Securities and Exchange Commission and written representations from our executive officers and directors, we believe that all Section 16(a) filing requirements for the fiscal year ended March 31, 2020 were met, except that due to an administrative oversight, Mr. Britt made one late filing on Form 4 concerning four transactions by his spouse. Mr. Britt disclaims beneficial ownership of these shares.

Shareholder Proposals for the 2021 Annual General Meeting

Shareholder proposals submitted under SEC Rule 14a-8 and intended for inclusion in the proxy statement for our 2021 annual general meeting of shareholders must be received by us no later than February 26, 2021 in order to be deemed timely submissions. Any such shareholder proposals must be mailed to us at 6201 America Center Drive, San Jose, California, 95002, U.S.A., Attention: Chief Executive Officer. Any such shareholder proposals may be included in our proxy statement for the 2021 annual general meeting so long as they are provided to us on a timely basis and satisfy the other conditions set forth in applicable rules and regulations promulgated by the SEC. Shareholder proposals submitted outside the processes of SEC Rule 14a-8 are subject to the requirements of the Singapore Companies Act, as described in the following paragraph, and applicable rules and regulations promulgated by the SEC. The proxy designated by us will have discretionary authority to vote on any matter properly presented by a shareholder for consideration at the 2021 annual general meeting of shareholders unless notice of such proposal is received by the applicable deadlines prescribed by the Singapore Companies Act.

Under Section 183 of the Singapore Companies Act, registered shareholders representing (i) at least 5% of the total voting rights of all registered shareholders having at the date of the requisition, the right to vote at the meeting to which the requisition relates, or (ii) not fewer than 100 registered shareholders holding shares in the Company on which there has been paid up an average sum of at least \$500 per shareholder may, at their expense (unless the Company resolves otherwise), requisition that we include and give notice of their proposal for the 2021 annual general meeting. Any such requisition must satisfy the requirements of Section 183 of the Singapore Companies Act, and must be signed by all the requisitionists and be deposited at our registered office in Singapore, No. 2 Changi South Lane, Singapore 486123, at least six weeks prior to the date of the 2021 annual general meeting in the case of a requisition requiring notice of a resolution, or at least one week prior to the date of the 2021 annual general meeting in the case of any other requisition.

Incorporation of Certain Documents by Reference

Flex incorporates by reference the following sections of our Annual Report on Form 10-K for the fiscal year ended March 31, 2020:

- [Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations;"](#)
- [Item 7A, "Quantitative and Qualitative Disclosures About Market Risk;"](#) and
- [Item 8, "Financial Statements and Supplementary Data."](#)

Singapore Statutory Financial Statements

Our Annual Report on Form 10-K for the fiscal year ended March 31, 2020, which was filed with the SEC on May 28, 2020, includes our audited consolidated financial statements, prepared in conformity with accounting principles generally accepted in the United States of America, or U.S. GAAP, together with the Independent Registered Public Accounting Firm's Report of Deloitte & Touche LLP, our independent auditors for the fiscal year ended March 31, 2020. We publish our U.S. GAAP financial statements in U.S. dollars, which is the principal currency in which we conduct our business.

Our Singapore statutory financial statements, prepared in conformity with the provisions of the Singapore Companies Act will be made available to our shareholders on our website at <https://investors.flex.com/financials> prior to the date of the 2020 annual general meeting, as required under Singapore law.

Our Singapore statutory financial statements include:

- our consolidated financial statements (which are identical to those included in the Annual Report on Form 10-K, described above);
- supplementary financial statements (which reflect solely the Company's standalone financial results, with our subsidiaries accounted for under the equity method rather than consolidated);
- a Directors' Statement; and
- the Independent Auditors' Report of Deloitte & Touche LLP, our Singapore statutory auditors for the fiscal year ended March 31, 2020.

Other Matters

Electronic Delivery of our Shareholder Communications

We have elected to provide access to our proxy materials to our shareholders by notifying them of the availability of our proxy materials on the Internet. On or about June 26, 2020, we will mail to our shareholders (including all of our registered shareholders) a Notice of Availability of Proxy Materials on the Internet (referred to as the Notice) containing instructions on how to access this proxy statement and our annual report and to submit their proxies via the Internet. If you hold your

shares through a broker, bank or other nominee, rather than directly in your own name, your intermediary will either forward to you printed copies of the proxy materials or will provide you with instructions on how you can access the proxy materials electronically. For beneficial holders and registered shareholders who receive a Notice, instructions on how to request a printed copy of our proxy materials may be found in the Notice.

Information About the Meeting

We are furnishing this proxy statement in connection with the solicitation by our Board of Directors of proxies to be voted at the 2020 annual general meeting of our shareholders, or at any adjournments thereof, for the purposes set forth in the notice of the annual general meeting that accompanies this proxy statement.

Proxy Mailing

The Notice of Internet Availability of Proxy Materials (which we refer to as the Notice) or the proxy materials and the enclosed proxy card were first mailed on or about June 26, 2020 to shareholders of record as of June 8, 2020.

Costs of Solicitation

The entire cost of soliciting proxies will be borne by us. Following the original mailing of the proxies and other soliciting materials, our directors, officers and employees may also solicit proxies by mail, telephone, e-mail, fax or in person. These directors, officers and employees will not receive

additional compensation for those activities, but they may be reimbursed for any reasonable out-of-pocket expenses. Following the original mailing of the proxies and other soliciting materials, we will request that brokers, custodians, nominees and other record holders of our Ordinary Shares forward copies of the proxies and other soliciting materials to persons for whom they hold Ordinary Shares and request authority for the exercise of proxies. In these cases, we will reimburse such holders for their reasonable expenses if they ask that we do so. We have retained D.F. King & Co., an independent proxy solicitation firm, to assist in soliciting proxies at an estimated fee of \$11,500, plus reimbursement of reasonable expenses.

Registered and Principal Executive Office

The mailing address of our registered office, which also constitutes our principal executive office, is No. 2 Changi South Lane, Singapore 486123.

Voting Rights and Solicitation of Proxies

The close of business on June 8, 2020 is the record date for shareholders entitled to notice of the 2020 annual general meeting. All of the Ordinary Shares issued and outstanding on August 7, 2020, the date of the annual general meeting, are entitled to be voted at the annual general meeting, and shareholders of record on August 7, 2020 and entitled to vote at such meeting will, on a poll, have one vote for each Ordinary Share so held on the matters to be voted upon. As of June 8, 2020, we had 497,769,563 Ordinary Shares outstanding.

Proxies

Ordinary shares represented by proxies in the forms made available in connection with this proxy statement that are properly executed and returned to us will be voted at the 2020 annual general meeting, as applicable, in accordance with our shareholders' instructions. If your Ordinary Shares are held through a broker, a bank, or other nominee, which is sometimes referred to as holding shares in "street name," you have the right to instruct your broker, bank or other nominee on how to vote the shares in your account. Your broker, bank or other nominee will send you a voting instruction form for you to use to direct how your shares should be voted.

Quorum and Required Vote

Representation at the 2020 annual general meeting of at least 33-1/3% of all of our issued and outstanding Ordinary Shares is required to constitute a quorum to transact business at the 2020 annual general meeting.

- Consistent with the Company's historical practice, the chair of the 2020 annual general meeting will demand a poll in order to enable the Ordinary Shares represented in person or by proxy to be counted for voting purposes.
- The affirmative vote by a simple majority of the votes cast is required at the 2020 annual general meeting, to re-elect the directors nominated pursuant to Proposal No. 1, to re-appoint Deloitte & Touche LLP as our independent auditors pursuant to Proposal No. 2, to approve the non-binding, advisory resolution regarding executive compensation contained in Proposal No. 3, to approve the ordinary resolution to amend and restate the Flex Ltd. 2017 Equity Incentive Plan contained in Proposal No. 4, to approve the ordinary resolution to allot and issue Ordinary Shares contained in Proposal No. 5, and to approve the ordinary resolution to renew the Share Purchase Mandate contained in Proposal No. 6.

Under the Singapore Companies Act and our Constitution, the shareholders may, by passing an ordinary resolution requiring the simple majority of affirmative votes of shareholders present and voting at an annual general meeting, remove an incumbent director and appoint another person as director to replace the removed director provided that such shareholders have satisfied the procedural requirements and deadlines set forth in the Companies Act and our Constitution.

Abstentions and Broker Non-Votes

Abstentions and "broker non-votes" are considered present and entitled to vote at the 2020 annual general meeting for purposes of determining a quorum. A "broker non-vote" occurs when a broker, a bank or other nominee who holds shares for a beneficial owner does not vote on a particular proposal because the broker, bank or other nominee has not received directions from the beneficial owner and does not have discretionary power to vote on that particular proposal. If a broker, bank or other nominee indicates on the proxy card that it does not have discretionary authority to vote as to a particular matter, those shares, along with any abstentions, will not be counted in the tabulation of the votes cast on the proposal being presented to shareholders.

If you are a beneficial owner, your broker, bank or other nominee has authority to vote your shares for or against Proposal No. 2 regarding the re-appointment of our independent auditors, even if the broker does not receive voting instructions from you. Your broker, bank or other nominee, however, does not have the discretion to vote your shares on any other proposals included in this proxy statement without receiving voting instructions from you. **It is very important that you instruct your broker, bank or other nominee how to vote on these proposals.** If you do not complete the voting instructions, your shares will not be considered in the election of directors or any other proposal included in this proxy statement other than Proposal No. 2 regarding the re-appointment of our independent auditors.

If you are a registered shareholder and you vote by proxy card without giving specific instructions, your shares represented by proxies will be voted in accordance with the recommendations of the Board (see Voting Matters at the Annual General Meeting, above) at the 2020 annual general meeting.

Our management does not know of any matters to be presented at the 2020 annual general meeting other than those set forth in this proxy statement and in the notices accompanying this proxy statement. If other matters should properly be put before the meeting, the proxy holders will vote on such matters in accordance with their best judgment.

Any shareholder of record has the right to revoke his or her proxy at any time prior to voting at the 2020 annual general meeting by:

- submitting a subsequently dated proxy; or
- by attending the meeting and voting in person.

If you are a beneficial holder who holds your Ordinary Shares through a broker, a bank or other nominee and you wish to change or revoke your voting instructions, you will need to contact the broker, the bank or other nominee who holds your shares and follow their instructions. If you are a beneficial holder and not the shareholder of record, you may not vote your shares in person at the 2020 annual general meeting unless you obtain a legal proxy from the record holder giving you the right to vote the shares.

Singapore Financial Statements; Monetary Amounts

We have prepared, in accordance with Singapore law, Singapore statutory financial statements, which are posted to our website at <https://investors.flex.com/financials>. Except as otherwise stated herein, all monetary amounts in this proxy statement have been presented in U.S. dollars.

Our management does not know of any matters to be presented at the 2020 annual general meeting other than those set forth herein and in the notice accompanying this proxy statement. If any other matters are properly presented for a vote at the 2020 annual general meeting, the enclosed proxies confer discretionary authority to the individuals named as proxies to vote the shares represented by such proxy, as to those matters.

It is important that your shares be represented at the 2020 annual general meeting, regardless of the number of shares you hold. **We urge you to promptly execute and return the accompanying proxy card in the envelope that has been enclosed for your convenience, or to vote or give voting instructions in accordance with the proxy card or Notice.**

Registered shareholders who are present at the 2020 annual general meeting may revoke their proxies and vote in person or, if they prefer, may abstain from voting in person and allow their proxies to be voted.

Some banks, brokers and other nominee record holders may be participating in the practice of "householding" proxy statements and annual reports for our beneficial shareholders. This means that only one copy of our proxy materials and our Annual Report on Form 10-K may have been sent to multiple shareholders in your household, unless your bank, broker or nominee received contrary instructions from one or more shareholders in your household. If you want to receive separate copies of our proxy materials or annual reports in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker or other nominee record holder. We will promptly deliver a separate copy of either document to you if you request one by writing or calling us at the contact information listed later on this page.

We incorporate by reference information from Note 5 to our audited consolidated financial statements for the fiscal year ended March 31, 2020, "Share-Based Compensation," included in our Annual Report on Form 10-K and the sections entitled "Financial Statements and Supplementary Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Quantitative and Qualitative Disclosures About Market Risk." Upon request, we will furnish without charge by first class mail or other

equally prompt means within one business day of receipt of such request, to each person to whom a proxy statement is delivered a copy of our Annual Report on Form 10-K (not including exhibits). You may request a copy of such information, at no cost, by writing or telephoning us at:

**Flex Ltd.
6201 America Center Drive
San Jose, California 95002 U.S.A.
Telephone: (408) 577-4632**

Web links throughout this proxy statement are provided for convenience only, and the content on the referenced websites does not constitute part of this proxy statement.

Cautionary Note Regarding Forward-Looking Statements:

Except for historical information contained herein, certain matters included in this proxy statement are, or may be deemed to be forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 and Section 27A of the Securities Act of 1933. The words "will," "may," "designed to," "believe," "should," "anticipate," "plan," "expect," "intend," "estimate" and similar expressions identify forward-looking statements, which speak only as of the date of this proxy statement. Because these forward-looking statements are subject to risks and uncertainties, actual results could differ materially from the expectations expressed in the forward-looking statements. Additional information concerning these and other risks is described under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our reports on Forms 10-K and 10-Q that we file with the U.S. Securities and Exchange Commission. In addition, new risks emerge from time to time and it is not possible for management to predict all such risk factors or to assess the impact of such risk factors on our business. Given these risks and uncertainties, the reader should not place undue reliance on these forward-looking statements. We undertake no obligation to update or revise these forward-looking statements to reflect subsequent events or circumstances.

Upon request, we will furnish without charge to each person to whom this proxy statement is delivered a copy of any exhibit listed in our Annual Report on Form 10-K for the fiscal year ended March 31, 2020. You may request a copy of this information at no cost, by writing or telephoning us at:

**Flex Ltd.
6201 America Center Drive
San Jose, California 95002 U.S.A.
Telephone: (408) 577-4632**

Annex A: Amended And Restated 2017 Equity Incentive Plan

FLEX LTD. 2017 EQUITY INCENTIVE PLAN (AS AMENDED AND RESTATED AS OF __, 2020)

Article 1. Purposes of the Plan

The purposes of the Flex Ltd. 2017 Equity Incentive Plan (as it may be amended from time to time, the "Plan") are to attract and retain the best available personnel, to provide additional incentives to Employees, Directors and Consultants, to give recognition to the contributions made or to be made by Outside Directors to the success of the Company and to promote the success of the Company's business by linking the personal interests of Employees, Directors and Consultants to those of the Company's shareholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to the Company's shareholders.

Article 2. Definitions

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. Except when otherwise indicated by the context, words in the masculine gender when used in the Plan shall include the feminine gender, the singular shall include the plural, and the plural shall include the singular.

- 2.1** "Affiliate" means any corporation or other entity (including but not limited to partnerships and joint ventures) which is, directly or indirectly through one or more intermediary entities controlled by, or under common control with, the Company.
- 2.2** "Award" means an award of an Option, SAR, Performance Share, Performance Unit, Restricted Share Unit, or any other right or benefit, including any other Share-Based Award under ARTICLE 8, granted to a Participant pursuant to the Plan.
- 2.3** "Award Agreement" means any written agreement, contract, or other instrument or document evidencing the terms and conditions of an Award, including through electronic medium.
- 2.4** "Board" means the Board of Directors of the Company.
- 2.5** "Change of Control" shall mean the occurrence of any of the following events:
- (a)** A transaction or series of transactions (other than an offering of the Shares to the general public through a registration statement filed with the Securities and Exchange Commission ("SEC")) whereby any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) (other than the Company, any of its Subsidiaries, an employee benefit plan maintained by the Company or any of its Subsidiaries or a "person" that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than 50% of the total combined voting power of the Company's securities outstanding immediately after such acquisition; or
 - (b)** During any one-year period, individuals who, at the beginning of such period, constitute the Board together with any new Director(s) (other than any one or more Directors designated by any person who shall have entered into an agreement with the Company in connection with any transaction described in Section 2.5(a) or Section 2.5(c) hereof) whose election or appointment by the Board or nomination for election by the Company's shareholders was approved by a vote of at least a majority of the Directors then still in office who either were Directors at the beginning of the one-year period (other than vacant seats) or whose election or appointment or nomination for election was previously so approved, cease for any reason to constitute a majority of the Board pursuant to a transaction or other mechanism outside of the normal election process of Directors under the Companies Act and/or the Company's Constitution; or
 - (c)** The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (z) the acquisition of assets or shares of another entity, in each case other than a transaction:
 - (i)** Which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly

or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "Successor Entity") directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

- (ii) After which no person or group, beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; *provided, however*, that no person or group shall be treated for purposes of this Section 2.5(c)(ii) as beneficially owning 50% or more of combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction; or
- (d) The Company's shareholders approve a liquidation or dissolution of the Company.

A transaction will not constitute a Change of Control or other consolidating event if effected for the purpose of changing the place of incorporation or form of organization of the ultimate parent entity (including where the Company is succeeded by an issuer incorporated under the laws of another state, country or foreign government for such purpose and whether or not the Company remains in existence following such transaction) where all or substantially all of the persons or group that beneficially own all or substantially all of the combined voting power of the Company's voting securities immediately prior to the transaction beneficially own all or substantially all of the combined voting power of the Company in substantially the same proportions of their ownership after the transaction. The Committee shall have full and final authority, which shall be exercised in its discretion, to determine conclusively whether a Change of Control of the Company has occurred pursuant to the above definition, and the date of the occurrence of such Change of Control and any incidental matters relating thereto.

- 2.6 "Code" means the U.S. Internal Revenue Code of 1986, as amended.
- 2.7 "Committee" means the Compensation Committee of the Board, or such other committee appointed by the Board to administer the Plan.
- 2.8 "Companies Act" means the Companies Act (Cap 50) of Singapore, as amended.
- 2.9 "Company" means Flex Ltd., a company incorporated in Singapore, or any successor corporation.
- 2.10 "Consultant" means an individual consultant or independent contractor who provides services to the Company or any Parent, Subsidiary or Affiliate and who is a natural person, so long as such person (a) renders bona fide services that are not in connection with the offer or sale of the Company's securities in a capital raising transaction and (b) does not directly or indirectly promote or maintain a market for the Company's securities.
- 2.11 "Director" means a member of the Board, or as applicable, a member of the board of directors of a Parent, Subsidiary or Affiliate qualified under Section 146 of the Companies Act (where applicable in the case of a Singapore incorporated company).
- 2.12 "Disability" means that a Participant is unable to carry out the responsibilities and functions of the position held by the Participant by reason of any medically determined physical or mental impairment for a period of not less than ninety (90) consecutive days. A Participant shall not be considered to have incurred a Disability unless he or she furnishes proof of such impairment, such as a treating physician's written certification, sufficient to satisfy the Committee in its discretion. Notwithstanding the foregoing, for purposes of Incentive Stock Options granted under this Plan, "Disability" means that the Participant is disabled within the meaning of Section 22(e)(3) of the Code.
- 2.13 "Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended.
- 2.14 "Effective Date" and "Initial Effective Date" shall have the respective meanings set forth in Section 12.1 hereof.
- 2.15 "Eligible Individual" means any person who is an Employee, Director or Consultant, as determined by the Committee.
- 2.16 "Employee" means a full time or part time employee of the Company or any Parent, Subsidiary or Affiliate, including an officer or Director, who is treated as an employee in the personnel records of the Company or any Parent, Subsidiary or Affiliate for the relevant period, but shall exclude individuals who are classified by the Company or any Parent, Subsidiary or Affiliate as (a) leased from or otherwise employed by a third party, (b) independent contractors or (c) intermittent or temporary, even if any such classification is changed retroactively as a result of an audit, litigation or otherwise. A Participant shall not cease to be an Employee in the case of (i) any vacation or sick time or otherwise approved paid time off in accordance with the Company or a Parent, Subsidiary or Affiliate's policy or (ii) transfers between locations of the Company or between the Company and/or any Parent, Subsidiary or Affiliate. Neither services as a Director nor payment of a director's fee by the Company or Parent, Subsidiary or Affiliate shall be sufficient to constitute "employment" by the Company or any Parent, Subsidiary or Affiliate.
- 2.17 "Fair Market Value" means, as of any given date, (a) if Shares are traded on any established stock exchange, the closing price of a Share as quoted on the principal exchange on which the Shares are listed, as reported in the Wall Street Journal (or such other source as the Committee may deem reliable for such purposes) for such date, or if no sale occurred on such date, the first trading date immediately prior to such date during which a sale occurred; or (b) if Shares are not traded on an exchange but are regularly quoted on a national market or other quotation system, the closing sales price on such date as quoted on such market or system, or if no sales occurred on such date, then on the date immediately prior to such date on which sales prices are reported; or (c) in the absence of an established market for the Shares of the type described in (a) or (b) of this Section 2.17, the fair market value established by the Committee acting in good faith. For purposes of a "net exercise" procedure for Options, the Committee may apply a different method for calculating Fair Market Value.

- 2.18** "Full-Value Award" means any Award other than an Option, SAR or other Award for which the Participant pays a minimum of the Fair Market Value of the Shares, as determined as of the date of grant.
- 2.19** "Gross Share Reserve" shall have the meaning set forth in Section 3.1(a).
- 2.20** "Incentive Stock Option" or "ISO" means an Option that is intended to meet the requirements of Section 422 of the Code or any successor provision thereto.
- 2.21** "Insider" means an officer or Director of the Company or any other person whose transactions in the Company's Shares are subject to Section 16 of the Exchange Act.
- 2.22** "Non-Qualified Stock Option" means an Option that is not intended to be an Incentive Stock Option.
- 2.23** "Option" means a right granted to a Participant pursuant to ARTICLE 5 to purchase a specified number of Shares at a specified price during specified time periods. An Option may either be an Incentive Stock Option or a Non-Qualified Stock Option.
- 2.24** "Ordinary Shares" or "Shares" means ordinary shares in the capital of the Company for delivery under this Plan, and any successor security.
- 2.25** "Outside Director" means a member of the Board who is not an Employee.
- 2.26** "Parent" means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company if each of such corporations other than the Company owns Shares possessing more than 50% of the total combined voting power of all classes of Shares in one of the other corporations in such chain or a "parent corporation" within the meaning of Section 424(e) of the Code.
- 2.27** "Participant" means any Eligible Individual who, as a Director, Employee or Consultant, has been granted an Award pursuant to the Plan.
- 2.28** "Performance Criteria" means such factors as may be selected by the Committee, in its sole discretion, to determine whether the Performance Goals established by the Committee and applicable to Awards have been satisfied, including without limitation, the following measures:
- (a)** Net revenue and/or net revenue growth;
 - (b)** Earnings before income taxes and amortization and/or earnings before income taxes and amortization growth;
 - (c)** Operating income and/or operating income growth;
 - (d)** Net income and/or net income growth;
 - (e)** Cash flow, operating income, or net income margins;
 - (f)** Earnings per share and/or earnings per share growth;
 - (g)** Total shareholder return and/or total shareholder return growth;
 - (h)** Share price;
 - (i)** Return on equity;
 - (j)** Operating or free cash flow;
 - (k)** Economic value added;
 - (l)** Return on invested capital;
 - (m)** Environmental, social and governance objectives; and
 - (n)** Individual objectives.
- 2.29** "Performance Goals" means, for a Performance Period, the goals established in writing by the Committee for the Performance Period based upon the Performance Criteria. Depending on the Performance Criteria used to establish such Performance Goals, the Performance Goals may be expressed in terms of overall Company performance, the performance of a Parent, Subsidiary or Affiliate, the performance of a division or a business unit of the Company or a Parent, Subsidiary or Affiliate, or the performance of an Eligible Individual, and may, as applicable, be measured either on an absolute basis or relative to a pre-established target, to a previous period's results, or to a designated comparison group or index. Any Performance Goals based on financial metrics may be determined in accordance with U.S. Generally Accepted Accounting Principles ("GAAP") or in accordance with accounting principles established by the International Accounting Standards Board ("IASB Principles"), and may be adjusted when established to include or exclude any items otherwise includable or excludable under GAAP or under IASB Principles. The Committee, in its discretion, may provide for the appropriate adjustment or modification of the Performance Goals for such Performance Period to reflect any Extraordinary Events or any other events or occurrences for which the Committee determines an adjustment or modification should be made. "Extraordinary Events" means any objectively determinable component of a Performance Goal, including without limitation, foreign exchange gains and losses, asset write downs, acquisitions and divestitures,

change in fiscal year, unbudgeted capital expenditures, special charges such as restructuring or impairment charges, debt refinancing costs, unusual or noncash items, infrequently occurring, nonrecurring or one-time events affecting the Company or its financial statements, or changes in law or accounting principles.

- 2.30** “Performance Period” means the one or more periods of time, which may be of varying and overlapping durations, as the Committee may select, over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant’s right to, and the payment of, a performance-based Award.
- 2.31** “Performance Share” means a right granted to a Participant pursuant to Section 8.2 hereof, to receive a payment which is contingent upon achieving certain Performance Goals, and shall be evidenced by a bookkeeping entry representing the equivalent of one Share.
- 2.32** “Performance Unit” means a right granted to a Participant pursuant to Section 8.3 hereof, to receive a payment which is contingent upon achieving certain Performance Goals, and shall be evidenced by a bookkeeping entry representing the equivalent of the unit of value.
- 2.33** “Plan” means this Flex Ltd. 2017 Equity Incentive Plan, as it may be amended from time to time.
- 2.34** “Prior Plan(s)” means the Company’s 2001 Equity Incentive Plan and/or the Company’s 2010 Equity Incentive Plan.
- 2.35** “Restricted Share Unit” means an Award granted pursuant to Section 8.4 hereof and shall be evidenced by a bookkeeping entry representing the equivalent of one Share.
- 2.36** “Securities Act” shall mean the U.S. Securities Act of 1933, as amended.
- 2.37** “Share-Based Award” means any Award that may be settled in Shares granted under ARTICLE 8 of this Plan.
- 2.38** “Share Appreciation Right” or “SAR” means a right granted pursuant to ARTICLE 7 to receive a payment equal to the excess of the Fair Market Value of a specified number of Shares on the date the SAR is exercised over the grant price on the date the SAR was granted as set forth in the applicable Award Agreement.
- 2.39** “Subsidiary” means any “subsidiary corporation” as defined in Section 424(f) of the Code and any applicable regulations promulgated thereunder, and any other entity of which a majority of the outstanding voting shares or voting power is beneficially owned directly or indirectly by the Company. For purposes of granting Options or any other “stock rights” within the meaning of Section 409A of the Code, an entity shall not be considered a Subsidiary if granting such stock right would result in the stock right becoming subject to Section 409A of the Code.
- 2.40** “Substitute Awards” means Awards granted or Shares issued by the Company in assumption of, or in substitution or exchange for, awards previously granted, or the right or obligation to make future awards, in each case by a company acquired by the Company or any Affiliate or with which the Company or any Affiliate merges.
- 2.41** “Termination of Service” or “Terminated” means, for purposes of this Plan with respect to a Participant, that the Participant has for any reason ceased to provide services as an Employee, Director or Consultant. An Employee will not be deemed to have ceased to provide services in the case of (i) sick leave, (ii) vacation leave, (iii) military leave, (iv) transfers of employment between the Company and any Parent, Subsidiary or Affiliate, or (v) any other leave of absence approved by the Committee, provided, that such leave is for a period of not more than 90 days, unless reemployment upon the expiration of such leave is guaranteed by contract or statute or unless provided otherwise pursuant to formal policy adopted from time to time by the Company and issued and promulgated to Employees in writing. In the case of any Employee on an approved leave of absence, the Committee may make such provisions respecting suspension of vesting of the Award while on leave from the employ of the Company or a Parent, Subsidiary or Affiliate as it may deem appropriate, except that in no event may an Option be exercised after the expiration of the term set forth in the applicable Award Agreement. The divestiture of all or part of a Subsidiary, business unit or division as a result of which the Participant no longer provides services as an Employee, Director or Consultant to the Company or any Parent, Subsidiary or Affiliate shall be considered a Termination of Service for purposes of the Plan. The Committee will have sole discretion to determine whether a Participant has ceased to provide services and the effective date on which the Participant ceased to provide services (the “Termination Date”).

Article 3. Shares Subject to the Plan and Limitations

3.1 Number of Shares Available.

- (a)** Subject to ARTICLE 10, as of the Effective Date, the total number of Shares reserved and available for grant and issuance pursuant to this Plan (including upon the exercise of an Incentive Stock Option) will be 31,587,784 Shares, less one (1) Share for every one (1) Share that was subject to an Award granted under the Plan after March 31, 2020 and prior to the Effective Date. Since the Initial Effective Date, the total number of Shares reserved and available for grant and issuance pursuant to this Plan (including upon the exercise of an Incentive Stock Option) will be 43,100,000 Shares, less one (1) Share for every one (1) Share that was subject to an Award granted under the Plan after March 31, 2020 and prior to the Effective Date (the “Gross Share Reserve”). The Shares authorized for delivery to Participants under this Plan of up to the number of Shares in the Gross Share Reserve may be used to grant Incentive Stock Options (“ISOs”) during the term of this Plan. Any Shares that are subject to an Award shall be counted against this limit as one (1) Share for every one (1) Share granted or subject to grant for any such Award. After August 15, 2017, the date the shareholders of the Company originally approved the Plan, no awards may be granted under the Prior Plans.

To the extent that an Award, including, after August 15, 2017, the date the shareholders of the Company originally approved the Plan, any previous outstanding awards granted under any Prior Plan, terminates, is forfeited, is canceled, expires, lapses for any reason, or is settled in cash (in whole or in part), the Shares in respect of which the Award (or, after August 15, 2017, the award granted under a Prior Plan) terminates, is forfeited, is canceled, expires, lapses or is settled in cash, shall again be available for the grant of an Award pursuant to the Plan.

- (b) Any Shares withheld to satisfy the grant or Exercise Price and/or tax withholding obligation pursuant to any Award (or, after August 15, 2017, an award under any Prior Plan), whereby the Participant shall be (i) deemed to have waived his right to delivery of the full number of Shares in respect of which the Award (or award under any Prior Plan) is exercised or is settled; and (ii) deemed to have agreed to receive the number of Shares (after deducting the number of Shares withheld) as calculated by the Committee in its absolute discretion, shall not again become available for grant under Section 3.1(a) (or, in the case of an award under any Prior Plan, shall not become available for grant under Section 3.1(a)). For the avoidance of doubt, upon the exercise of a SAR (or, after August 15, 2017, a stock appreciation right under any Prior Plan), the gross number of Shares for which the SAR is exercised shall be deducted from the aggregate number of Shares which may be issued under Section 3.1(a) (or, in the case of a stock appreciation right under any Prior Plan, any Shares for which the stock appreciation right is exercised but not issued, shall not become available for grant under Section 3.1(a)) regardless of the number of Shares delivered to the applicable Participant. To the extent permitted by applicable law, including the Companies Act, if the Exercise Price of an Option (or, after August 15, 2017, the exercise price of an option under any Prior Plan) is paid by Shares tendered by the Participant (either actually or by attestation), the gross number of Shares for which the Option is exercised shall be deducted from the aggregate number of Shares which may be issued under Section 3.1(a) (or, in the case of an option under any Prior Plan, any Shares for which the option is exercised but not issued, shall not become available for grant under Section 3.1(a)) regardless of the number of Shares delivered to the applicable Participant. Shares issued under Substitute Awards that qualify for an exemption from the applicable shareholder-approval requirements under Nasdaq Listing Rule 5635(c) or its successor shall not reduce the Shares authorized for grant under the Plan and shall not be subject to the applicable limitations authorized for grant to a Participant under Section 3.3, nor shall Shares subject to a Substitute Award again be available for Awards under the Plan to the extent of any forfeiture, cancellation, expiration, lapse or cash settlement as otherwise provided in Section 3.1(a).

- 3.2** Shares Distributed. Any Shares distributed pursuant to an Award may consist in whole or in part, of Shares allotted and issued and/or transferred to the Participant (which may in the case of a transfer of Shares and to the extent permitted by law, include Shares held by the Company as treasury Shares).
- 3.3** Limitation on Number of Shares Subject to Awards. Notwithstanding any provision in the Plan to the contrary, and subject to ARTICLE 10, the maximum number of Shares that are subject to or covered or measured by one or more Awards that may be granted to any one Participant during any calendar year shall be 10,000,000 Shares. Further, the maximum amount that may be paid in cash during any calendar year with respect to any one or more Awards shall be an amount equal to the preceding share limitation multiplied by the average daily trading price of the Shares during the preceding calendar year. In applying the foregoing limitation with respect to a Participant, to the extent that any Award is canceled, the canceled portion of the Award shall continue to count against the maximum number of Shares with respect to which an Award may be granted to a given Participant.
- 3.4** Limit on Non-Employee Director Compensation. The aggregate value of cash compensation and grant date Fair Market Value of Shares that may be paid or granted during any calendar year of the Company to any Outside Director shall not exceed \$800,000.
- 3.5** Minimum Vesting Requirements. Notwithstanding any other provision of the Plan to the contrary, no Award granted under the Plan shall become exercisable or vested prior to the one-year anniversary of the date of grant (excluding, for this purpose, any (i) Substitute Awards, (ii) Awards to Outside Directors granted on or about the date of an annual general meeting of shareholders that vest on the day of or the day prior to the next annual general meeting of shareholders which is at least 50 weeks after the immediately preceding year's annual general meeting, and (iii) Shares delivered in lieu of fully earned Outside Director cash compensation obligations); provided, however, that, such restriction shall not apply to Awards granted under this Plan with respect to the number of Shares which, in the aggregate, does not exceed five percent (5%) of the Gross Share Reserve under Section 3.1(a) (subject to Section 10.1). For the avoidance of doubt, this Section 3.5 does not apply to the Committee's discretion to provide for accelerated exercisability or vesting of any Award, including in cases of retirement, death, Disability or a Change of Control, in the terms of the Award Agreement or otherwise.

Article 4. Eligibility and Participation.

- 4.1** Eligibility. Awards may be granted to Eligible Individuals; however, ISOs shall only be awarded to "employees" of the Company, or a Parent or Subsidiary within the meaning of Section 422 of the Code. A person may be granted more than one Award under this Plan.
- 4.2** Participation. Subject to the provisions of the Plan, the Committee may, from time to time, select from among all Eligible Individuals, those to whom Awards shall be granted and shall determine the nature and amount of each Award. No Eligible Individual shall have any right by virtue of this Plan to receive an Award pursuant to this Plan.

Article 5. Options

5.1 General. The Committee is authorized to grant Options to Eligible Individuals on the following terms and conditions:

- (a) Exercise Price. Other than in connection with Substitute Awards, the exercise price per Share ("Exercise Price") subject to an Option shall be determined by the Committee and set forth in the Award Agreement; provided that: (i) the Exercise Price shall not be less than 100% of the Fair Market Value of a Share on the date of grant and the Exercise Price of any ISO granted to a Ten Percent Shareholder (as set forth in Section 5.2(c) below) will not be less than 110% of the Fair Market Value of the Shares on the date of grant.
- (b) Time and Conditions of Exercise. The Committee shall determine the time or times at which an Option may be exercised in whole or in part; provided that the term of any Option granted under the Plan shall not exceed (i) ten (10) years from the date of grant thereof for Employees (other than Employees of Affiliates which are not related corporations (as defined under the Companies Act) of the Company); and (ii) five (5) years from the date of grant thereof for Outside Directors, Consultants and Employees of Affiliates which are not related corporations (as defined under the Companies Act) of the Company. The Committee shall also determine the performance goals or other conditions, if any, that must be satisfied before all or part of an Option may be exercised.
- (c) Payment. The Committee shall determine the form and methods by which the Exercise Price of an Option may be paid, including, without limitation: (i) cash or check, (ii) through the withholding of Shares otherwise deliverable upon exercise of the Award, whereby the Participant shall be (1) deemed to have waived his right to delivery of the full number of Shares in respect of which the Option is exercised; and (2) deemed to have agreed to receive the number of Shares (after deducting the number of Shares which have a Fair Market Value on the date of exercise equal to the aggregate Exercise Price of the Shares as to which the Award shall be exercised) as calculated by the Committee in its absolute discretion, (iii) through a "same day sale" commitment from the Participant and a broker-dealer that is a member of the Financial Industry Regulatory Authority (a "FINRA" dealer) whereby the Participant irrevocably elects to exercise the Option and to sell a portion of the Shares so purchased to pay the Exercise Price, and whereby the FINRA dealer irrevocably commits upon receipt of such Shares, to remit such amounts to the Company provided that treasury shares shall be utilized for delivery in this connection, (iv) other property acceptable to the Committee (including through the delivery of a notice that the Participant has placed a market sell order with a broker with respect to Shares then issuable upon exercise of the Option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Exercise Price where treasury shares shall be utilized for delivery in this connection; provided that payment of such proceeds is then made to the Company upon settlement of such sale, or (v) any combination of the foregoing methods of payment. The Committee shall also determine the methods by which Shares shall be delivered or deemed to be delivered to Participants. Notwithstanding any other provision of the Plan to the contrary, no Participant who is a Director of the Company (as defined under the Companies Act from time to time) or an "executive officer" of the Company within the meaning of Section 13(k) of the Exchange Act shall be permitted to pay the Exercise Price of an Option, or continue any extension of credit with respect to the Exercise Price of an Option with a loan from the Company or a loan arranged by the Company in violation of Section 13(k) of the Exchange Act and/or Section 162 of the Companies Act.
- (d) Evidence of Grant. All Options shall be evidenced by an Award Agreement between the Company and the Participant. The Award Agreement shall include such additional provisions as may be specified by the Committee.

5.2 Incentive Stock Options. ISOs shall be granted only to "employees" of the Company, or a Parent or Subsidiary within the meaning of Section 422 of the Code, and the terms of any ISOs granted pursuant to the Plan, in addition to the requirements of Section 5.1 hereof, must comply with the provisions of this Section 5.2.

- (a) Expiration. Subject to Section 5.2(c) hereof, an ISO shall expire and may not be exercised to any extent by anyone after the first to occur of the following events:
 - (i) Ten (10) years from the date it is granted unless an earlier time is set forth in the Award Agreement;
 - (ii) Three months after the Participant's Termination of Service; and
 - (iii) One year after the date of the Participant's Termination of Service on account of Disability or death. Upon the Participant's Disability or death, any ISOs exercisable at the Participant's Disability or death may be exercised by the Participant's legal representative or representatives, by the person or persons entitled to do so pursuant to the Participant's last will and testament, or, if the Participant fails to make testamentary disposition of such ISO or dies intestate, by the person or persons entitled to receive the ISO pursuant to the applicable laws of descent and distribution.
- (b) Dollar Limitation. The aggregate Fair Market Value (determined as of the time the Option is granted) of all Shares with respect to which ISOs are first exercisable by a Participant in any calendar year may not exceed \$100,000 or such other limitation as imposed by Section 422(d) of the Code, or any successor provision. To the extent that ISOs are first exercisable by a Participant in excess of such limitation, the excess shall be considered Non-Qualified Stock Options.

- (c) Ten Percent Shareholder. An ISO shall be granted to any individual who, at the date of grant, owns shares possessing more than ten percent of the total combined voting power of all classes of Shares of the Company (a "Ten Percent Shareholder") only if such Option is granted at an Exercise Price that is not less than 110% of Fair Market Value on the date of grant and the Option is exercisable for no more than five years from the date of grant.
 - (d) Notice of Disposition. The Participant shall give the Company prompt notice of any disposition of Shares acquired by exercise of an ISO within (i) two years from the date of grant of such Incentive Stock Option or (ii) one year after the transfer of such Shares to the Participant.
 - (e) Right to Exercise. During a Participant's lifetime, an ISO may be exercised only by the Participant.
 - (f) Failure to Meet Requirements. Any Option (or portion thereof) purported to be an ISO, which, for any reason, fails to meet the requirements of Section 422 of the Code shall be considered a Non-Qualified Stock Option.
- 5.3** Exemption from Section 409A. It is intended that all Options granted under this Plan will be exempt from Section 409A of the Code.
- 5.4** Substitution of SARs. The Committee may provide in the Award Agreement evidencing the grant of an Option that the Committee, in its sole discretion, shall have to right to substitute a SAR for such Option at any time prior to or upon exercise of such Option; provided, that such SAR shall be exercisable with respect to the same number of Shares for which such substituted Option would have been exercisable.

Article 6. Grants to Outside Directors

- 6.1** Types of Options and Shares. Options granted under this Plan and subject to this ARTICLE 6 shall be Non-Qualified Stock Options.
- 6.2** Eligibility. Options subject to this ARTICLE 6 shall be granted only to Outside Directors. In no event, however, may any Outside Director be granted any Options under this ARTICLE 6 if such grant is prohibited, or restricted (either absolutely or subject to various securities requirements, whether legal or administrative, being complied with), in the jurisdiction in which such Outside Director is resident under the relevant securities laws of that jurisdiction.
- 6.3** Vesting and Exercisability. The date an Outside Director is granted an Option is referred to in this Plan as the "Start Date" for such Option. Each Option will vest and become exercisable according to the terms set forth by the Committee in the applicable Award Agreement as long as the Outside Director continuously remains a Director or a Consultant on each applicable vesting date. Notwithstanding anything to the contrary in ARTICLE 5, no Options granted to an Outside Director will be exercisable after the expiration of five (5) years from the date the Option is granted to such Outside Director. If the Outside Director is Terminated, the Outside Director may exercise his or her Options only to the extent that such Options would have been exercisable upon the Termination Date for such period as set forth in the Award Agreement. Notwithstanding any provision to the contrary, in the event of a Change of Control, the Committee may accelerate the vesting of all Options granted to Outside Directors in its discretion and such Options will become exercisable in full prior to the consummation of such Change of Control at such times and on such conditions as the Committee determines, and must be exercised, if at all, within three (3) months of the consummation of said Change of Control event.
- 6.4** Exercise Price. The Exercise Price of an Option granted under this ARTICLE 6 shall be not less than 100% of the Fair Market Value of a Share on the Start Date.

Article 7. Share Appreciation Rights

- 7.1** Grant of SARs.
- (a) A SAR shall be subject to such terms and conditions not inconsistent with the Plan as the Committee shall impose and shall be evidenced by an Award Agreement, provided that the term of any SAR shall not exceed ten (10) years.
 - (b) A SAR shall entitle the Participant (or other person entitled to exercise the SAR pursuant to the Plan) to exercise all or a specified portion of the SAR (to the extent then exercisable pursuant to its terms) and to receive from the Company an amount equal to the product of (i) the excess of (A) the Fair Market Value of the Shares on the date the SAR is exercised over (B) the grant price of the SAR and (ii) the number of Shares with respect to which the SAR is exercised, subject to any limitations the Committee may impose.
- 7.2** Grant Price. The grant price per Share subject to a SAR shall be determined by the Committee and set forth in the Award Agreement; provided that, other than with respect to Substitute Awards, the per Share grant price for any SAR shall not be less than 100% of the Fair Market Value of a Share on the date of grant.
- 7.3** Payment and Limitations on Exercise.
- (a) Subject to Section 7.3(b) hereof, payment of the amounts determined under Section 7.1(b) hereof shall be in cash, in Shares (based on their Fair Market Value as of the date the SAR is exercised) or a combination of both, as determined by the Committee.
 - (b) To the extent any payment under Section 7.1(b) hereof is effected in Shares, it shall be made subject to satisfaction of all provisions of ARTICLE 5 pertaining to Options.

Article 8. Other Types of Share-Based Awards

- 8.1** General Restrictions on Share-Based Awards. Share-Based Awards granted under this ARTICLE 8 may be based on the achievement of Performance Goals as determined by the Committee and/or on the completion of a specified number of years or period of service with the Company or a Parent, Subsidiary, or Affiliate of the Company. As soon as practicable following the completion of the Performance Period or Periods applicable to a performance-based Award, the Committee shall determine the extent to which the applicable Performance Goals have been achieved and, as applicable, the resulting final value of the Award earned by the Participant. Any rights to dividends or dividend equivalents are subject to Section 9.8.
- 8.2** Performance Share Awards. Performance Share Awards shall be denominated in a number of Shares and may be linked to any one or more of the Performance Criteria determined appropriate by the Committee, in each case on a specified date or dates or over any Performance Period or Periods determined by the Committee.
- 8.3** Performance Unit Awards. Performance Unit Awards shall be denominated in units of value which may include the dollar value of Shares and may be linked to any one or more of the Performance Criteria determined appropriate by the Committee, in each case on a specified date or dates or over any Performance Period or Periods determined by the Committee.
- 8.4** Restricted Share Units. Restricted Share Units represent an unfunded and unsecured obligation of the Company, subject to the terms and conditions of the applicable Award Agreement evidencing the grant of the Restricted Share Units. Restricted Share Unit Awards shall be denominated in unit equivalents of Shares and/or units of value including the dollar value of Shares, in such amounts and subject to such terms and conditions as determined by the Committee. At the time of grant, the Committee shall specify the date or dates on which the Restricted Share Units shall become fully vested and nonforfeitable, and may specify such conditions to vesting as it deems appropriate. On the settlement date, the Company shall, subject to Section 9.7, transfer to the Participant one unrestricted, fully transferable Share for each Restricted Share Unit scheduled to be paid out on such date and not previously forfeited. Alternatively, settlement of Restricted Share Units may be made in cash or any combination of cash and Shares, as determined by the Committee, in its sole discretion, at the time of grant of the Restricted Share Units.
- 8.5** Other Share-Based Awards. The Committee is authorized under the Plan to make any other Award to an Eligible Individual that is not inconsistent with the provisions of the Plan and that by its terms involves or might involve the issuance of (i) Shares, (ii) a right with an exercise or conversion privilege related to the passage of time, the occurrence of one or more events, or the satisfaction of Performance Criteria or other conditions, or (iii) any other security with the value derived from the value of the Shares. The Committee may establish one or more separate programs under the Plan for the purpose of issuing particular forms of Awards to one or more classes of Participants on such terms and conditions as determined by the Committee from time to time.
- 8.6** Term. Except as otherwise provided herein, the term of any Award of Performance Shares, Performance Units, Restricted Share Units and any other Share-Based Award granted pursuant to this ARTICLE 8 shall be set by the Committee in its discretion.
- 8.7** Form of Payment. Payments with respect to any Awards granted under this ARTICLE 8 shall be made in cash, in Shares or a combination of both, as determined by the Committee, at the time of grant of the Awards.
- 8.8** Timing of Settlement. At the time of grant and subject to Section 9.7, the Committee shall specify the settlement date applicable to an Award of Performance Shares, Performance Units, Restricted Share Units or any other Share-Based Award granted pursuant to this ARTICLE 8, which shall be no earlier than the vesting date(s) applicable to the relevant Award and may be later than the vesting date(s) to the extent and under the terms determined by the Committee.

Article 9. Provisions Applicable to Awards

- 9.1** Stand-Alone and Tandem Awards. Awards granted pursuant to the Plan may, in the discretion of the Committee, be granted either alone, in addition to, or in tandem with, any other Award granted pursuant to the Plan. Awards granted in addition to or in tandem with other Awards may be granted either at the same time as or at a different time from the grant of such other Awards.
- 9.2** Award Agreement. Awards under the Plan shall be evidenced by Award Agreements that set forth the terms, conditions and limitations for each Award which may include the term of an Award, the provisions applicable in the event of a Participant's Termination of Service, and the Company's authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind an Award.
- 9.3** Limits on Transfer. No right or interest of a Participant in any Award may be pledged, encumbered, or hypothecated to or in favor of any party, or shall be subject to any lien, obligation, or liability of such Participant to any other party other than to or in the favor of the Company or a Parent, Subsidiary or Affiliate to the extent permitted by and in accordance with the provisions of the Companies Act. Except as otherwise provided herein, no Award shall be assigned, transferred, or otherwise disposed of by a Participant other than by will or the laws of descent and distribution or pursuant to beneficiary designation procedures approved from time to time by the Committee (or the Board in the case of Awards granted to Outside Directors). The Committee by express provision in the Award Agreement or an amendment thereto may, subject

to applicable laws, permit an Award (other than an ISO) to be transferred to, exercised by and paid to members of the Participant's family, charitable institutions, or trusts or other entities whose beneficiaries or beneficial owners are members of the Participant's family and/or charitable institutions, pursuant to such conditions and procedures as the Committee may establish. Any permitted transfer shall be subject to the condition that the Committee receive evidence satisfactory to it that the transfer is being made for estate and/or tax planning purposes (or to a "blind trust" in connection with the Participant's Termination of Service or employment with the Company or a Parent, Subsidiary or Affiliate to assume a position with a governmental, charitable, educational or similar non-profit institution) and on a basis consistent with the Company's lawful issue of securities. For the avoidance of doubt, Options and SARs may not be transferred to a third-party financial institution for value.

- 9.4** Termination of Service. Any Award granted under this Plan to a Participant who is an Employee or Director shall only be exercisable or payable while the Participant is an Employee or Director, as applicable; provided, however, that the Committee in its sole and absolute discretion may provide that any Award may be exercised or paid subsequent to a Termination of Service, as applicable, or following a Change of Control, or because of the Participant's retirement, death or Disability, or otherwise. The effect of a Participant's Termination of Service on a Participant's performance-based Award shall be as determined by the Committee and set forth in the Award Agreement evidencing such performance-based Award or in another written agreement entered into between the Company and the Participant.
- 9.5** Beneficiaries. Notwithstanding Section 9.3 hereof, a Participant may, if permitted by the Committee and any applicable local laws, designate a beneficiary to exercise the rights of the Participant and to receive any distribution with respect to any Award upon the Participant's death. A beneficiary, legal guardian, legal representative, or other person claiming any rights pursuant to the Plan is subject to all terms and conditions of the Plan and any Award Agreement applicable to the Participant, except to the extent the Plan and Award Agreement otherwise provide, and to any additional restrictions deemed necessary or appropriate by the Committee. If the Participant is married and resides in a community property state, a designation of a person other than the Participant's spouse as his or her beneficiary with respect to more than 50% of the Participant's interest in the Award shall not be effective without the prior written consent of the Participant's spouse. If no beneficiary has been designated or survives the Participant, payment shall be made to either the person's estate or legal representative or the person entitled thereto pursuant to the Participant's will or the laws of descent and distribution (or equivalent laws outside the U.S.). Subject to the foregoing, a beneficiary designation may be changed or revoked by a Participant at any time provided the change or revocation is filed with the Committee.
- 9.6** Share Certificates. Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates evidencing Shares pursuant to the exercise or vesting of any Award, unless and until the Committee has determined, with advice of counsel, that the issuance and delivery of such certificates is in compliance with all applicable laws, regulations of governmental authorities and, if applicable, the requirements of any exchange on which the Shares are listed or traded. All certificates evidencing Shares delivered pursuant to the Plan are subject to any stop-transfer orders and other restrictions as the Committee deems necessary or advisable to comply with federal, state local, securities or other laws, including laws of jurisdictions outside of Singapore and the United States, rules and regulations and the rules of any national securities exchange or automated quotation system on which the Shares are listed, quoted, or traded. The Committee may place legends on any certificate evidencing Shares to reference restrictions applicable to the Shares. In addition to the terms and conditions provided herein, the Committee may require that a Participant make such reasonable covenants, agreements, and representations as the Committee, in its discretion, deems advisable in order to comply with any such laws, regulations, or requirements. The Committee shall have the right to require any Participant to comply with any timing or other restrictions with respect to the settlement or exercise of any Award, including a window-period limitation, as may be imposed in the discretion of the Committee.
- 9.7** Deferrals. The Committee may, in an Award Agreement or otherwise, provide or permit for the deferred delivery of Shares or cash upon settlement, vesting or other events with respect to Performance Shares, Performance Units, Restricted Share Units, or other Share-Based Awards, as applicable. Notwithstanding anything herein to the contrary, in no event will an election to defer the delivery of Shares or any other payment with respect to any Award be allowed if the Committee determines, in its sole discretion, that the deferral would result in the imposition of the additional tax under Section 409A(a)(1)(B) of the Code. None of the Company, the Board or the Committee shall have any liability to a Participant, or any other party, if an Award that is intended to be exempt from, or compliant with, Section 409A of the Code is not so exempt or compliant or for any action taken by the Company, the Board or the Committee.
- 9.8** Dividends and Dividend Equivalents. No dividends may be paid to a Participant with respect to an Award prior to the vesting of such Award. A Full-Value Award may provide for dividends or dividend equivalents to accrue on behalf of a Participant as of each dividend payment date during the period between the date the Award is granted and the date the Award is exercised, vested, expired, credited or paid, and to be converted to vested cash or Shares at the same time and in all events subject to the same restrictions and risk of forfeiture to the same extent as the Award with respect to which such dividend or dividend equivalents have been credited and shall not be paid until and unless the underlying Award vests.

Article 10. Changes in Capital Structure

10.1 Adjustments. Should any change be made to the Shares issuable under the Plan by reason of any stock split, stock dividend, recapitalization, combination of shares, exchange of shares, spin-off, extraordinary cash dividend or other change affecting the outstanding Shares as a class without the Company's receipt of consideration, then appropriate adjustments shall be made to (i) the maximum number and/or class of securities issuable under the Plan, (ii) the maximum number and/or class of securities for which any Participant may be granted Awards under the terms of the Plan or that may be granted generally under the terms of the Plan, and (iii) the number and/or class of securities and price per Share in effect under each Award outstanding under ARTICLE 5 through ARTICLE 8. Such adjustments to the outstanding Awards are to be effected in a manner which shall preclude the enlargement or dilution of rights and benefits under such Awards. Notwithstanding anything herein to the contrary, an adjustment to an Award under this Section 10.1 may not be made in a manner that would result in the grant of a new Option or SAR under Code Section 409A. The adjustments determined by the Committee shall be final, binding and conclusive.

10.2 Change of Control.

- (a)** Notwithstanding Section 10.1 hereof, and except as may otherwise be provided in any applicable Award Agreement or other plan or written agreement entered into between the Company and a Participant, if a Change of Control occurs and a Participant's Full-Value Awards are not converted, assumed, or replaced by a comparable award by a successor or survivor corporation, or a parent or subsidiary thereof, such Full-Value Awards shall automatically vest and all forfeiture restrictions on such Awards shall lapse immediately prior to the Change of Control and following the consummation of such Change of Control, the Award shall terminate and cease to be outstanding. Further, if a Change of Control occurs and a Participant's Options or SARs are not converted, assumed or replaced by a comparable award by a successor or survivor corporation, or a parent or subsidiary thereof, such Options or SARs outstanding at the time of the Change of Control, shall automatically vest and become fully exercisable immediately prior to the Change of Control and thereafter shall automatically terminate. In the event that the terms of any agreement (other than the Award Agreement) between the Company or any Subsidiary or Affiliate and a Participant contains provisions that conflict with and are more restrictive than the provisions of this Section 10.2(a), this Section 10.2(a) shall prevail and control and the more restrictive terms of such agreement (and only such terms) shall be of no force or effect. The determination of comparability in this Section 10.2(a) shall be made by the Committee, and its determination shall be final, binding and conclusive.
- (b)** Where Awards are assumed or continued after a Change of Control, the Committee may provide that one or more Awards will automatically accelerate upon an involuntary Termination of Service within a designated period (not to exceed eighteen (18) months) following the effective date of such Change of Control. If the Committee so determines, any such Award shall accordingly, upon an involuntary Termination of Service following a Change of Control, become fully exercisable and all forfeiture restrictions on such Awards shall lapse.
- (c)** The portion of any Incentive Stock Option accelerated in connection with a Change of Control shall remain exercisable as an Incentive Stock Option only to the extent the applicable One Hundred Thousand Dollar (\$100,000) limitation is not exceeded. To the extent such dollar limitation is exceeded, the accelerated portion of such Option shall be exercisable as a Non-Statutory Option under the U.S. federal tax laws.

10.3 No Other Rights. Except as expressly provided in the Plan, no Participant shall have any rights by reason of any subdivision or consolidation of Shares of any class, the payment of any dividend, any increase or decrease in the number of Shares of any class or any dissolution, liquidation, merger, or consolidation of the Company or any other corporation. Except as expressly provided in the Plan or pursuant to action of the Committee under the Plan, no issuance by the Company of Shares of any class, or securities convertible into Shares of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number of Shares subject to an Award or the grant or the Exercise Price of any Award.

Article 11. Administration

11.1 Authority of Committee. This Plan will be administered by the Committee or by the Board acting as the Committee. Subject to the general purposes, terms and conditions of this Plan, and to the direction of the Board, the Committee will have full power to implement and carry out this Plan. The Committee will have the authority to:

- (a)** construe and interpret this Plan, any Award Agreement and any other agreement or document executed pursuant to this Plan;
- (b)** prescribe, amend and rescind rules and regulations relating to this Plan or any Award;
- (c)** designate Eligible Individuals to receive Awards;
- (d)** determine the form and terms of Awards;
- (e)** determine the number of Awards to be granted and the number of Shares or other consideration subject to Awards;
- (f)** determine whether Awards will be granted singly, in combination with, in tandem with, in replacement of, or as alternatives to, other Awards under this Plan or any other incentive or compensation plan of the Company or any Parent, Subsidiary or Affiliate of the Company;

- (g) grant waivers of Plan or Award conditions;
 - (h) determine the terms and conditions of any Award granted pursuant to the Plan, including, but not limited to, the Exercise Price or grant price, any restrictions or limitations on the Award, any schedule for the lapse of forfeiture restrictions or restrictions on the exercisability of an Award, vesting, and accelerations or waivers thereof, any provisions related to non-competition and recapture of gain on an Award, based in each case on such considerations as the Committee in its sole discretion determines;
 - (i) correct any defect, supply any omission or reconcile any inconsistency in this Plan, any Award or any Award Agreement;
 - (j) determine whether the Performance Goals under any performance-based Award have been met;
 - (k) determine whether, to what extent, and pursuant to what circumstances an Award may be settled in cash, Shares, other Awards, or other property, or an Award may be canceled, forfeited, or surrendered;
 - (l) determine the methods that may be used to pay the Exercise Price or grant price of an Award;
 - (m) establish, adopt, or revise any rules and regulations including adopting sub-plans to the Plan as the Committee may deem necessary or advisable under local law;
 - (n) suspend or terminate the Plan at any time provided that such suspension or termination does not impair the rights and obligations under any outstanding Award without written consent of the affected Participant;
 - (o) determine the Fair Market Value of the Shares for any purpose;
 - (p) subject to the provisions of the Plan, including Section 13.1, amend, modify, extend, cancel or renew any Award; and
 - (q) make all other decisions and determinations that may be required pursuant to the Plan or as the Committee deems necessary or advisable to administer the Plan.
- 11.2 Committee Discretion.** Any determination made by the Committee with respect to any Award will be made in its sole discretion at the time of grant of the Award or, unless in contravention of any express term of this Plan or Award, at any later time, and such determination will be final and binding on the Company and on all persons having an interest in any Award under this Plan.
- 11.3 Delegation of Authority.** To the extent permitted by applicable law, the Committee may from time to time delegate to a committee of one or more members of the Board or one or more officers of the Company the authority to grant or amend Awards to Participants other than Insiders. For the avoidance of doubt, provided it meets the limitation in the preceding sentence, this delegation shall include the right to modify Awards as necessary to accommodate changes in the laws or regulations, including in jurisdictions outside the United States. Any delegation hereunder shall be subject to the restrictions and limits that the Committee specifies at the time of such delegation, and the Committee may at any time rescind the authority so delegated or appoint a new delegatee. At all times, the delegatee appointed under this Section 11.3 shall serve in such capacity at the pleasure of the Committee.

Article 12. Effective and Expiration Date

- 12.1 Effective Date.** The Plan was originally effective as of the date the Plan was adopted by the Board (the "Initial Effective Date"). The effective date of the amendment and restatement of this Plan shall be the date the amended and restated Plan is approved by the Company's shareholders at the 2020 annual general meeting of shareholders (the "Effective Date"). The amended and restated Plan will be deemed to be approved by the shareholders at the 2020 annual general meeting of shareholders if it is approved by a majority of the votes cast and a quorum representing the requisite percentage of outstanding voting shares is, either in person or by proxy, present and voting on the amended and restated Plan.
- 12.2 Expiration Date.** The Plan will expire on, and no Award may be granted pursuant to the Plan after the tenth anniversary of the Initial Effective Date, except that no Incentive Stock Options may be granted under the Plan after the earlier of the tenth anniversary of (a) the date the Plan is approved by the Board or (b) the Initial Effective Date. Any Awards that are outstanding on the tenth anniversary of the Initial Effective Date shall remain in force according to the terms of the Plan and the applicable Award Agreement.

Article 13. Amendment, Modification, and Termination

- 13.1 Amendment, Modification, and Termination.** The Committee has complete and exclusive power and authority to amend, terminate or modify the Plan (or any component thereof) in any or all respects whatsoever. However, no such amendment or modification shall materially and adversely affect rights and obligations with respect to Awards at the time outstanding under the Plan, unless the Participant consents to such amendment, other than to the extent necessary to comply with applicable income tax laws and regulations. In addition, the Committee may not, without the approval of the Company's shareholders, amend the Plan to (i) materially increase the maximum number of Shares issuable under the Plan or the maximum number of Shares for which any one individual participating in the Plan may be granted Awards, (ii) materially modify the eligibility requirements for Plan participation, (iii) materially increase the benefits accruing to

Participants or (iv) in any manner that requires such shareholder approval under Nasdaq or other stock exchange listing requirements then applicable to the Company. Further, other than pursuant to ARTICLE 10, the Committee shall not without the approval of the Company's shareholders (a) lower the Exercise Price of an Option or grant price of a SAR after it is granted, (b) cancel an Option or SAR when the Exercise Price or grant price exceeds the Fair Market Value of one Share in exchange for cash or another Award (other than in connection with a Change of Control or Substitute Awards), or (c) take any other action with respect to an Option or SAR that would be treated as a repricing under the rules and regulations of the Nasdaq Stock Market (or such other principal U.S. national securities exchange on which the Shares are traded).

- 13.2** Awards Previously Granted. Except with respect to amendments made pursuant to Section 14.13 hereof, no termination, amendment, or modification of the Plan shall adversely affect in any material way any Award previously granted pursuant to the Plan without the prior written consent of the Participant; provided, however, that an amendment or modification that may cause an Incentive Stock Option to become a Non-Qualified Stock Option shall not be treated as adversely affecting the rights of the Participant.

Article 14. General Provisions

- 14.1** No Rights to Awards. No Eligible Individual or other person shall have any claim to be granted any Award pursuant to the Plan, and neither the Company nor the Committee is obligated to treat Eligible Individuals, Participants or any other persons uniformly.
- 14.2** No Shareholders Rights. Except as otherwise provided herein, a Participant shall have none of the rights of a shareholder with respect to Shares covered by any Award, including the right to vote or receive dividends, until the Participant becomes the owner of such Shares, notwithstanding the exercise or vesting of an Option or other Award.
- 14.3** Withholding. The Company or any Subsidiary or Affiliate, as appropriate, shall have the authority and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy U.S. federal, state, or local taxes and any taxes imposed by jurisdictions outside of the United States (including income tax, social insurance contributions, payment on account and any other taxes that may be due) required by law to be withheld with respect to any taxable event concerning a Participant arising as a result of this Plan or to take such other action as may be necessary in the opinion of the Company or a Parent, Subsidiary or Affiliate, as appropriate, to satisfy withholding obligations for the payment of taxes by any means authorized by the Committee. No Shares shall be delivered hereunder to any Participant or other person until the Participant or such other person has made arrangements acceptable to the Committee for the satisfaction of these tax obligations with respect to any taxable event concerning the Participant or such other person arising as a result of Awards made under this Plan.
- 14.4** No Right to Employment or Services. Nothing in the Plan or any Award Agreement shall interfere with or limit in any way the right of the Company or any Parent, Subsidiary or Affiliate to terminate any Participant's employment or services at any time, nor confer upon any Participant any right to continue in the employ or service of the Company or any Parent, Subsidiary or Affiliate.
- 14.5** Unfunded Status of Awards. The Plan is intended to be an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any Award Agreement shall give the Participant any rights that are greater than those of a general creditor of the Company or any Subsidiary or Affiliate.
- 14.6** Relationship to other Benefits. No payment pursuant to the Plan shall be taken into account in determining any benefits pursuant to any pension, retirement, savings, profit sharing, group insurance, termination programs and/or indemnities or severance payments, welfare or other benefit plan of the Company or any Parent, Subsidiary or Affiliate except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder, or as expressly provided by applicable law.
- 14.7** Expenses. The expenses of administering the Plan shall be borne by the Company and/or its Subsidiaries and/or Affiliates.
- 14.8** Titles and Headings. The titles and headings of the Sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.
- 14.9** Fractional Shares. No fractional Shares shall be issued and the Committee shall determine, in its discretion, whether cash shall be given in lieu of fractional shares or whether such fractional shares shall be eliminated by rounding down as appropriate.
- 14.10** Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan, the Plan, and any Award granted or awarded to any Participant who is then subject to Section 16 of the Exchange Act, shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 under the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

- 14.11** Government and Other Regulations. The obligation of the Company to make payment of Awards in Shares or otherwise shall be subject to all applicable laws, rules, and regulations of Singapore and the United States and jurisdictions outside of Singapore and United States, and to such approvals by government agencies, including government agencies in jurisdictions outside of Singapore and the United States, in each case as may be required or as the Company deems necessary or advisable. Without limiting the foregoing, the Company shall have no obligation to issue or deliver evidence of title for Shares subject to Awards granted hereunder prior to: (i) obtaining any approvals from governmental agencies that the Company determines are necessary or advisable, and (ii) completion of any registration or other qualification with respect to the Shares under any applicable law in Singapore or the United States or in a jurisdiction outside of Singapore or the United States or ruling of any governmental body that the Company determines to be necessary or advisable or at a time when any such registration or qualification is not current, has been suspended or otherwise has ceased to be effective. The inability or impracticability of the Company to obtain or maintain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained. The Company shall be under no obligation to register Shares issued or paid pursuant to the Plan under the Securities Act. If the Shares issued pursuant to the Plan may in certain circumstances be exempt from registration pursuant to the Securities Act the Company may restrict the transfer of such Shares in such manner as it deems advisable to ensure the availability of any such exemption.
- 14.12** Governing Law. The Plan and all Award Agreements, and all controversies thereunder or related thereto, shall be construed in accordance with and governed by the laws of the State of California, without regard to principles of conflict of laws.
- 14.13** Section 409A. Except as provided in [Section 14.14](#) hereof, to the extent that the Committee determines that any Award granted under the Plan is subject to Section 409A of the Code, the Award Agreement evidencing such Award shall incorporate the terms and conditions required by Section 409A of the Code. To the extent applicable, the Plan and Award Agreements shall be interpreted in accordance with Section 409A of the Code and U.S. Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the Initial Effective Date. Notwithstanding any provision of the Plan to the contrary, in the event that following the Initial Effective Date the Committee determines that any Award may be subject to Section 409A of the Code and related U.S. Department of Treasury guidance (including such U.S. Department of Treasury guidance as may be issued after the Initial Effective Date), the Committee may adopt such amendments to the Plan and the applicable Award Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Committee determines are necessary or appropriate to (a) exempt the Award from Section 409A of the Code and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (b) comply with the requirements of Section 409A of the Code and related U.S. Department of Treasury guidance and thereby avoid the application of any penalty taxes under such Section. Should any payments made in accordance with the Plan to a "specified employee" (as defined under Section 409A of the Code) be determined to be payments from a nonqualified deferred compensation plan and are payable in connection with a Participant's "separation from service" (as defined under Section 409A of the Code), that are not exempt from Section 409A of the Code as a short-term deferral or otherwise, these payments, to the extent otherwise payable within six (6) months after the Participant's separation from service, and to the extent necessary to avoid the imposition of taxes under Section 409A of the Code, will be paid in a lump sum on the earlier of the date that is six (6) months and one day after the Participant's date of separation from service or the date of the Participant's death. For purposes of Section 409A of the Code, the payments to be made to a Participant in accordance with this Plan shall be treated as a right to a series of separate payments
- 14.14** No Representations or Covenants with respect to Tax Qualification. Although the Company may endeavor to (i) qualify an Award for favorable tax treatment under the laws of the United States or jurisdictions outside of the United States (e.g., Incentive Stock Options) or (ii) avoid adverse tax treatment (e.g., under Section 409A of the Code), the Company makes no representation to that effect and expressly disavows any covenant to maintain favorable or avoid unfavorable tax treatment, anything to the contrary in this Plan, including [Section 14.13](#) hereof, notwithstanding. The Company shall be unconstrained in its corporate activities without regard to the potential negative tax impact on holders of Awards under the Plan.
- 14.15** Prior Section 162(m). Upon the Effective Date, the amended and restated Plan eliminates certain restrictions on awards granted to a "covered employee" as defined in Section 162(m)(3) of the Code and the regulations promulgated thereunder, intended to result in qualified performance-based compensation for the purposes of Section 162(m) of the Code as applicable to the Company before its first taxable year beginning after December 31, 2017 ("Prior 162(m)"). Any award granted before April 1, 2018 to a covered employee and intended to result in qualified performance-based compensation under Prior 162(m) will continue to be subject to the terms of the Plan as in effect before the Effective Date.
- 14.16** Recoupment. All Awards granted under the Plan will be subject to recoupment in accordance with any clawback policy that the Company adopts (or has adopted, including the Executive Incentive Compensation Recoupment Policy, as amended from time to time), including any clawback policy the Company is required to adopt pursuant to the listing standards of any national securities exchange or association on which the Company's securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other applicable law. In addition, the Board may impose such other clawback, recovery or recoupment provisions in an Award Agreement as the Board determines necessary or appropriate.

Annex B: Reconciliation of GAAP to Non-GAAP Financial Measures Flex Ltd Reconciliation of GAAP to Non-GAAP Financial Measures

(In thousands, except per share amounts)	Twelve-Month Periods Ended	
	March 31, 2020	March 31, 2019
GAAP gross profit	\$ 1,337,956	\$ 1,517,775
Stock-based compensation expense	15,174	19,554
Customer related asset impairments ⁽¹⁾	101,578	46,684
Restructuring charges ⁽²⁾	190,424	99,005
New revenue standard adoption impact ⁽³⁾	-	9,291
Legal and other ⁽⁴⁾	22,701	15,123
Non-GAAP gross profit	\$ 1,667,833	\$ 1,707,432
GAAP income before income taxes	\$ 158,485	\$ 182,126
Intangible amortization	64,106	74,396
Stock-based compensation expense	71,546	76,032
Customer related asset impairments ⁽¹⁾	105,940	87,093
Restructuring charges ⁽²⁾	216,407	113,313
New revenue standard adoption impact ⁽³⁾	-	9,291
Legal and other ⁽⁴⁾	26,270	35,644
Other charges, net ⁽⁵⁾	91,550	110,414
Interest and other, net ⁽⁵⁾	163,727	183,454
Non-GAAP operating income	\$ 898,031	\$ 871,763
GAAP provision for income taxes	\$ 70,906	\$ 88,727
Intangible amortization benefit	8,379	8,888
Other tax related adjustments ⁽⁶⁾	(30,579)	(20,439)
Tax benefit on restructuring and other ⁽⁶⁾	56,030	7,573
Non-GAAP provision for income taxes	\$ 104,736	\$ 84,749
GAAP net income	\$ 87,579	\$ 93,399
Intangible amortization	64,106	74,396
Stock-based compensation expense	71,546	76,032
Restructuring charges ⁽²⁾	216,407	113,313
Customer related asset impairments ⁽¹⁾	105,940	87,093
New revenue standard adoption impact ⁽³⁾	-	9,291
Legal and other ⁽⁴⁾	26,453	35,644
Other charges, interest and other, net ⁽⁵⁾	93,411	109,980
Adjustments for taxes ⁽⁶⁾	(33,830)	3,978
Non-GAAP net income	\$ 631,612	\$ 603,126
Diluted earnings per share:		
GAAP	\$ 0.17	\$ 0.18
Non-GAAP	\$ 1.23	\$ 1.14
Diluted shares used in computing per share amounts	512,437	530,070
Net cash used in operating activities⁽⁷⁾	\$ (1,533,276)	\$ (2,971,024)
Add: Cash collection of ABS positions and other ⁽⁷⁾	2,561,619	3,605,299
Less: Net capital expenditures	(355,995)	(631,387)
Adjusted Free Cash Flow	\$ 672,348	\$ 2,888

- (1) Customer related asset impairments for the three-month and twelve-month periods ended March 31, 2020 and March 31, 2019 primarily relate to additional provision for doubtful accounts receivable, asset impairment, and reserves for excess and obsolete inventory for certain customers experiencing financial difficulties and/or related to inventory that will not be recovered due to significant reductions in future customer demand as the Company reduces its exposure to certain higher volatility businesses.
- (2) During the first half of fiscal year 2020 in connection with the recent geopolitical developments and uncertainties, primarily impacting one customer in China, the Company experienced a reduction in demand for products assembled for that customer. As a result, the Company accelerated its strategic decision to reduce its exposure to certain high-volatility products in both China and India. The Company also initiated targeted activities to restructure its business to further reduce and streamline its cost structure. During fiscal year 2020, the Company recognized \$216.4 million of restructuring charges. The Company incurred cash charges of approximately \$159.3 million, that were predominantly for employee severance, in addition to non-cash charges of \$57.1 million, primarily related to asset impairments.
During fiscal year 2019, the Company completed the wind-down of our Nike operations in Mexico and recognized in total \$66 million for the fiscal year. The charge primarily consisted of non-cash asset impairments.
- (3) During the first quarter of fiscal year 2019, the Company amended certain non-substantive terms of its existing contracts for its smaller customers. The amendments removed the consideration regarding over-time recognition under ASC 606. Accordingly, these customer contracts are now accounted for consistent with prior accounting and revenue is recognized upon shipment of product.
- (4) Legal and other consists primarily of costs not directly related to ongoing or core business results such as (i) costs incurred relating to the independent investigation undertaken by the Audit Committee of the Company's Board of Directors completed in June 2018, (ii) certain charges related to Multek China that was divested in the second quarter of fiscal year 2019, (iii) certain direct and incremental costs associated with the disengagement of a certain customer in the second, third, and fourth quarters of fiscal year 2020, and (iv) certain gains resulting from the recognition of prior year expenses paid to the government now considered probable of recovery and reasonably estimable due to a favorable tax ruling received in fiscal year 2020. These costs are excluded by the Company's management in assessing current operating performance and forecasting its earnings trends and are therefore excluded by the Company from its non-GAAP measures.
- (5) During fiscal year 2020, and in connection with the Company's ongoing assessment of its investment portfolio strategy, the Company concluded that the carrying amounts of certain non-core investments were other than temporarily impaired and recognized a \$97.7 million total impairment, of which \$74.8 million was recorded in the fourth quarter. The impairments in the fourth quarter of fiscal year 2020 were primarily related to Elementum and certain other non-core investments, reflecting recent market valuation changes, in addition to capturing additional risks due to the economic challenges in light of COVID-19. This was offset by a \$10.9 million realized gain from a distribution by one of our non-core investments in the fourth quarter of fiscal year 2020.
In addition, during fiscal year 2020, the Company incurred debt extinguishment costs of \$7.2 million, related to full repayments of the Notes due February 2020 and Term Loan due November 2021.
During the last half of fiscal 2019, the Company reassessed its strategy with respect to its entire investment portfolio. As a result, the Company recognized an aggregate net charge related to investment impairments and dispositions of approximately \$119 million and \$193 million for the three-month and twelve-month periods ended March 31, 2019, respectively, primarily related to a non-core investment and Elementum.
During the first quarter of fiscal year 2019, the Company transferred primarily employees and equipment into Bright Machines which later received additional equity funding from third party investors upon which the Company deconsolidated the entity and recognized a gain of approximately \$87 million in other income, net for the year ended March 31, 2019.
- (6) During the third quarter of fiscal year 2020, the Company recorded \$9.2 million related to the remeasurement of deferred tax positions with specific countries due to the change in their corporate income tax rates.
During the second quarter of fiscal year 2020, the Company recorded \$8 million of withholding tax liabilities for future planned liquidations of certain legal entities.
During the fourth quarter of fiscal year 2019, the company incurred an expense of \$15 million pertaining to initial implementation of advanced pricing arrangements finalized with the Mexican tax authorities during the fiscal year. The remaining balance is primarily related to adjustment for exchange rate fluctuation on income tax receivable position of an operating subsidiary recognized in a prior period.
In addition, the Company has included the tax effects of the various adjustments that are incorporated into Non-GAAP measures under tax benefits on restructuring and other.
- (7) In the first quarter of fiscal year 2019, the adoption of the new cash flow accounting standard resulted in a reclassification of cash flows related to the collection of certain receivables sold through the Company's asset-backed receivable securitization ("ABS") program from operating activities to investing activities.
During the second quarter of fiscal year 2020, certain invoices were sold and transferred to certain financial institutions under a customer's supplier financing program. However, under the governing law in the jurisdiction of sale, the assignment of receivables is effective against third parties only upon registration of the transferred assets with a governmental agency. The Company was not able to complete the registration of the receivables before the end of the fiscal quarter and accordingly, the Company recognized the \$336 million cash received from the financial institutions as cash inflow under other financing activities, net on the statement of cash flows. The Company subsequently registered all of the invoices in October 2019 and the \$336 million cash was reflected as cash outflow under financing activities, net and operating cash inflow for the three-month period ended December 31, 2019.
In the third quarter of fiscal year 2020, the Company amended the existing ABS program and removed the requirement for the deferred purchase price receivable. At the effective date of the amendment, approximately \$1.3 billion representing the outstanding balance of sold receivables was repurchased by the Company by exchanging outstanding deferred purchase price receivable of \$0.4 billion and re-investing \$0.9 billion of trade account receivables into the new ABS Programs. Cash collections on repurchased deferred purchase price receivables are reported as investing activities in the condensed consolidated statements of cash flows and were approximately \$0.1 billion and \$0.4 billion for the three-month and twelve-month periods ended March 31, 2020.
The Company utilizes net cash flow from its various A/R sales programs as a low-cost source to fund operations and as a critical net working capital management tool. The Company views and manages all collections under the programs similarly without bifurcation and accordingly provides the adjustment to reflect adjusted free cash flow inclusive of all collections of receivables sold through the programs described above as well as collections on the repurchased receivables as part of the ABS program amendment. The company also excludes the impact related to certain vendor programs that is required for GAAP.

Annex C: Ms. Advaiti's Unvested Equity Value

In February 2019, Revathi Advaiti became our CEO following an extensive and thorough search led by the Board. Flex awarded Ms. Advaiti a sign-on equity grant totaling \$2 million. Given the value of equity forfeited upon the cessation of her employment at her former employer, and the market practice of make-whole grants for new CEO hires, the Company and its outside advisors believe the grant value to have been a prudent decision, representing a good value for our shareholders.

In establishing a compensation approach for our new CEO, we considered the following: (i) external market data for peer group CEOs, with relatively conservative initial pay positioning for first time CEOs; (ii) Flex's competitive position as a "turn-around" opportunity with some risk; and (iii) Ms. Advaiti's compensation package, including unvested and unpaid elements, in her then-current role as president and chief operating officer for the Eaton's Electrical Sector.

Based on our calculations, pursuant to public disclosures,⁽¹⁾ the value of Ms. Advaiti's forfeited equity upon the cessation of her employment at her former employer totaled approximately \$8 million. Time-vested awards comprised approximately \$2.8 million of that total.

Calculation Details:

Unvested Equity

# of Options – Unexercisable	Strike Price	Stock Price on Date of Resignation (2/8/2019)	Unvest Option Value – on Date of Resignation
28,950	\$ 81.96	\$ 75.83	\$ 0
24,254	\$ 71.89	\$ 75.83	\$ 95,561
18,071	\$ 56.55	\$ 75.83	\$ 348,409
Total			\$ 443,970

RSUs/RS

Unvested RSUs/RS	Grant Date	Stock Price on Date of Resignation (2/8/2019)	Unvested RS/RSU Value – on Date of Resignation
6,015	2/27/2018	\$ 75.83	\$ 456,117
4,831	2/21/2017	\$ 75.83	\$ 366,335
3,353	2/23/2016	\$ 75.83	\$ 254,258
4,865	2/27/2015	\$ 75.83	\$ 368,913
4,450	2/27/2014	\$ 75.83	\$ 337,444
7,045	2/27/2013	\$ 75.83	\$ 534,222
Total			\$ 2,317,289

Performance-Based Grants – Assumes Target Performance

Unvested PSUs	Grant Date	Stock Price on Date of Resignation (2/8/2019)	Unvested RS/RSU Value – on Date of Resignation
12,030	2/27/2018	\$ 75.83	\$ 912,235
14,415	2/21/2017	\$ 75.83	\$ 1,093,089
42,378	2/23/2016	\$ 75.83	\$ 3,213,524
Total			\$ 5,218,848

Total by Vehicle:

Options	\$ 443,970
RSUs	\$ 2,317,289
PSUs	\$ 5,218,848
Total by Vehicle:	\$ 7,980,107

(1) Estimates above are based upon Eaton's Proxy Statement filing on March 15, 2019, disclosing compensation information, including unvested options, RSUs and PSUs for the fiscal year ended December 31, 2018.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended March 31, 2020

Or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 000-23354

FLEX LTD.

(Exact name of registrant as specified in its charter)

Singapore

(State or other jurisdiction of incorporation or organization)

2 Changi South Lane,

Singapore

(Address of registrant's principal executive offices)

Not Applicable

(I.R.S. Employer Identification No.)

486123

(Zip Code)

Registrant's telephone number, including area code

(65) 6876-9899

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

Title of each class

Ordinary Shares, No Par Value

Trading Symbol(s)

FLEX

Name of each exchange on which registered

The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act—**NONE**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated filer Non-accelerated filer Smaller reporting company
Emerging growth company

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of September 27, 2019, the aggregate market value of the Company's ordinary shares held by non-affiliates of the registrant was approximately \$5.3 billion based upon the closing sale price as reported on the Nasdaq Global Select Market.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class

Ordinary Shares, No Par Value

Outstanding at May 20, 2020

497,611,169

DOCUMENTS INCORPORATED BY REFERENCE

Document

Proxy Statement to be delivered to shareholders in connection with the Registrant's 2020 Annual General Meeting of Shareholders

Parts into Which Incorporated

Part III

TABLE OF CONTENTS

	<u>Page</u>
PART I	
Forward-Looking Statements	3
Item 1. Business	3
Item 1A. Risk Factors	11
Item 1B. Unresolved Staff Comments	27
Item 2. Properties	27
Item 3. Legal Proceedings	28
Item 4. Mine Safety Disclosures	28
PART II	
Item 5. Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities	29
Item 6. Selected Financial Data	32
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	33
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	53
Item 8. Financial Statements and Supplementary Data	55
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	106
Item 9A. Controls and Procedures	106
Item 9B. Other Information	109
PART III	
Item 10. Directors, Executive Officers and Corporate Governance	109
Item 11. Executive Compensation	109
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters	109
Item 13. Certain Relationships and Related Transactions, and Director Independence	109
Item 14. Principal Accountant Fees and Services	109
PART IV	
Item 15. Exhibits and Financial Statement Schedules	110
Item 16. Form 10-K Summary	110
Exhibit Index	110
Signatures	114

PART I

FORWARD-LOOKING STATEMENTS

Unless otherwise specifically stated, references in this report to "Flex," "the Company," "we," "us," "our" and similar terms mean Flex Ltd. and its subsidiaries.

Except for historical information contained herein, certain matters included in this annual report on Form 10-K are, or may be deemed to be forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 and Section 27A of the Securities Act of 1933. The words "will," "may," "designed to," "believe," "should," "anticipate," "plan," "expect," "intend," "estimate" and similar expressions identify forward-looking statements, which speak only as of the date of this annual report. These forward-looking statements are contained principally under Item 1, "Business," and under Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations." Because these forward-looking statements are subject to risks and uncertainties, actual results could differ materially from the expectations expressed in the forward-looking statements. Important factors that could cause actual results to differ materially from the expectations reflected in the forward-looking statements include those described in Item 1A, "Risk Factors" and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations." In addition, new risks emerge from time to time and it is not possible for management to predict all such risk factors or to assess the impact of such risk factors on our business. Given these risks and uncertainties, the reader should not place undue reliance on these forward-looking statements. We undertake no obligation to update or revise these forward-looking statements to reflect subsequent events or circumstances.

ITEM 1. BUSINESS

OVERVIEW

Flex is the manufacturing partner of choice that helps a diverse customer base design and build products that improve the world. Through the collective strength of a global workforce across approximately 30 countries and responsible, sustainable operations, Flex delivers technology innovation, supply chain, and manufacturing solutions to diverse industries and end markets. As of March 31, 2020, our reporting business segments were as follows:

- High Reliability Solutions ("HRS"), which is comprised of our health solutions business, including surgical equipment, drug delivery, diagnostics, telemedicine, disposable devices, imaging and monitoring, patient mobility and ophthalmology; and our automotive business, including vehicle electrification, connectivity, autonomous, and smart technologies;
- Industrial and Emerging Industries ("IEI"), which is comprised of energy including advanced metering infrastructure, energy storage, smart lighting, smart solar energy; and industrial, including semiconductor and capital equipment, office solutions, household industrial and lifestyle, industrial automation and kiosks;
- Communications & Enterprise Compute ("CEC"), which includes our telecom business of radio access base stations, remote radio heads and small cells for wireless infrastructure; our networking business, which includes optical, routing, and switching products for data and video networks; our server and storage platforms for both enterprise and cloud-based deployments; next generation storage and security appliance products; and rack-level solutions, converged infrastructure and software-defined product solutions; and
- Consumer Technologies Group ("CTG"), which includes our consumer-related businesses in IoT enabled devices, audio and consumer power electronics, mobile devices; and various supply chain solutions for consumer, computing and printing devices.

These segments represent components of the Company for which separate financial information is available that is utilized on a regular basis by the Chief Operating Decision Maker ("CODM"). Our segments are determined based on several factors, including the nature of products and services, the nature of production processes, customer bases, delivery channels and similar economic characteristics. Refer to note 20 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data" for additional information on our operating segments.

In March 2020, we announced a change in organization structure as part of our strategy to further drive growth and productivity with two focused delivery models. As a result, beginning in fiscal year 2021, we expect to report our financial performance based on two reportable segments (Flex Agility Solutions Group and Flex Reliability Solutions Group) and analyze operating income as the measure of segment profitability.

We provide design, manufacturing and supply chain services through a network of over 100 locations in approximately 30 countries across five continents. We have established global scale through an extensive network of innovation labs, design centers, manufacturing and services sites in the world's major consumer and enterprise products markets (Asia, the Americas, and Europe) in order to serve the supply chain needs of both multinational and regional companies. Our services provide customers with a competitive advantage by delivering leading-edge manufacturing technology, supply chain expertise, improved product quality, increased flexibility, faster time to market, and overall value. Our customers leverage our services to meet their requirements throughout their products' entire life cycles. For the fiscal year ended March 31, 2020, we had revenue of \$24.2 billion and net income of \$88 million.

Flex offers solutions that span from initial design through ramp-up and volume manufacturing as well as through end of life and circularity offerings. This full range of capabilities provides our customers with expertise across the entire value chain. Technology innovation is at the center of delivering these end-to-end capabilities.

We believe that the combination of our design and engineering services, advanced supply chain management solutions and manufacturing technology capabilities along with our global scale and regional presence provide us with a competitive advantage.

INDUSTRY OVERVIEW

Our areas of expertise are design, manufacturing and supply chain services for a broad range of products, from medical devices, connected automotive systems and smart home appliances to cloud and data center infrastructures. As such, the closest broad definition of our industry remains the outsourced EMS industry.

In recent years, we have seen an increased level of diversification by many companies, in the technology, automotive and healthcare industries along with the convergence of many industries being transformed by technology advances. Increasingly complex products require highly customized solutions, in turn resulting in significant changes to the overall manufacturing and supply chain landscape. The estimated growth of the EMS industry for calendar year 2019 was minimal at approximately 1%.

The intensely competitive nature of the electronics industry, the increasing complexity and sophistication of electronics products, and pressures on OEMs to reduce product costs and shorten product life cycles are all factors that encourage OEMs to utilize supply chain service providers as part of their business and manufacturing strategies. Utilizing global manufacturing and service providers allows OEMs to take advantage of the global design, manufacturing and supply chain management expertise of outsource providers, and enables OEMs to concentrate on product research, development, marketing, and sales. We believe that OEMs realize a number of important benefits through their strategic relationships with EMS providers, including:

- Improved inventory management and purchasing power;
- Access to worldwide design, engineering, manufacturing, and after-market service capabilities;
- Ability to focus on core branding and R&D initiatives;
- Accelerated time to market and time-to-volume production;
- Improved efficiency and optimized production costs;
- Improved product quality through advanced design and production at scale; and
- Reduced capital investment requirements and fixed costs;

We believe that growth in the EMS industry will be largely driven by the need for OEMs to respond to rapidly changing industries, markets and technologies, as well as the increasing complexity of supply chains and the continued pressure to be innovative and cost competitive. Additionally, we believe that there are significant opportunities for global EMS providers to win additional business from OEMs in markets or industry segments that have yet to substantially outsource manufacturing. Finally, we believe that the COVID-19 pandemic is highlighting numerous new vulnerabilities and challenges for OEMs, which will require OEMs from all markets and industries to value and evaluate their supply chain resiliency, which may drive further growth opportunities.

SERVICE OFFERINGS

We offer a broad range of customizable services to our customers. We believe that Flex has the broadest worldwide product development lifecycle capabilities in the industry, from concept design to manufacturing to aftermarket services. We

believe our key competitive advantages are our people, our processes, and our capabilities for making products, systems and solutions for our customers:

- *Speed:* Our sophisticated supply chain management tools and expertise allow us to provide customers with access to real-time information that increases visibility throughout the entire product lifecycle, reducing risk while accelerating execution. Our experience with new product introductions and manufacturing ramps provides customers with a time to market advantage.
- *Scope:* Our full range of services, *from Sketch-to-Scale*[®], include innovation and design, engineering, manufacturing, forward and reverse logistics, and circular economy supply chain management. Our deep cross-industry knowledge and multi-domain expertise accelerate the production of increasingly complex products for increasingly interconnected industries.
- *Scale:* Our physical infrastructure includes over 100 facilities in approximately 30 countries, staffed by approximately 160,000 employees, providing our customers with truly global scale and strategic geographic distribution capabilities.

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

Our services include all processes necessary to design, build, ship, and service a wide range of products for our customers. These services include:

Innovation Services. We provide a comprehensive set of services that enable companies to successfully ideate, create new products and solutions, and gain access to new markets. These services span the entire product introduction and solution lifecycle by providing access to new cross-industry and technology platforms and building block technologies, accelerating innovation and product development from early concepts to final production-ready design, and providing advanced manufacturing and testing for new product introduction and market access to grow our customers' offerings.

- *Innovation and Design Centers.* Our Innovation and Design Centers specialize in supporting customer design and product development. Customers gain access to our design and engineering facilities, technical subject matter expertise, and rapid prototyping resources such as metal and plastic 3D printers and soft tooling capabilities.
- *Cross-industry Technologies.* Along with our portfolio of specific building block technologies in electrical/electronics, electromechanical, and software, we also have deep technical expertise in cross-industry technologies including: Human Machine Interface (HMI), Audio and Video, System in Package (SIP), Miniaturization, IoT Platforms and Power Management.
- *Systems Integration Services.* Through systems integration, we design and integrate advanced data center servers, storage and networking equipment, and data center appliances. These systems provide engineering and design services with an emphasis on multivendor integration and open technologies that promote interoperability at a lower cost.

Design and Engineering Services. We offer a comprehensive range of value-added design and engineering services, tailored to specific industries and markets, and the needs of our customers.

Our design and engineering services are provided by our global market-based engineering teams and cover a broad range of technical competencies:

- System Architecture, User Interface and Industrial Design;
- Hardware Design;
- Software Design; and
- Design for Excellence.

We are exposed to different or greater potential liabilities from our various design services than those we typically face in our core assembly and manufacturing services. See "Risk Factors—*The success of certain of our activities depends on our ability to protect our intellectual property rights; claims of infringement or misuse of intellectual property and/or breach of license agreement provisions against our customers or us could harm our business.*"

Systems Assembly and Manufacturing. Our assembly and manufacturing operations, which generate the majority of our revenues, include printed circuit board assembly and assembly of systems and subsystems that incorporate printed circuit boards and complex electromechanical components. We assemble electronics products with custom electronic enclosures on either a build-to-order or configure-to-order basis. In these operations, we employ just-in-time, ship-to-stock and ship-to-line programs, continuous flow manufacturing, demand flow processes, and statistical process controls. As our customers seek to provide greater functionality in physically smaller products, they increasingly require more sophisticated manufacturing technologies and processes. Our investment in advanced manufacturing equipment and our expertise in innovative miniaturization, packaging and interconnect technologies, enables us to offer a variety of leading-edge manufacturing solutions. We support a wide range of product demand profiles, from low-volume, high-complexity programs, to high-volume production. Our systems assembly and manufacturing capabilities includes the following:

- *Enclosures.* We offer a comprehensive set of custom electronics enclosures and related products and services. Our services include the design, manufacture, integration and deployment of electronics packaging systems, including custom enclosure systems, power and thermal subsystems, interconnect subsystems, cabling, and cases. In addition to standard sheet metal and plastic fabrication services, we assist in the design of electronics packaging systems that protect sensitive electronics and enhance functionality. Our enclosure design services focus on functionality, manufacturability, and testing. These services are integrated with our other assembly and manufacturing services to provide our customers with improved overall supply chain management.
- *Testing Services.* We offer computer-aided testing services for assembled printed circuit boards, systems, and subsystems. These services significantly improve our ability to deliver high-quality products on a consistent basis. Our test services include management defect analysis, in-circuit testing and functional testing as well as environmental stress tests of board and system assemblies. We also offer design for test, manufacturing, and environmental services to jointly improve customer product design and manufacturing.
- *Materials Procurement and Inventory Management.* Our manufacturing and assembly operations capitalize on our materials inventory management expertise and volume procurement capabilities. As a result, we believe that we are able to achieve highly competitive cost reductions and shorten total manufacturing cycle times for our customers. Materials procurement and management consists of the planning, purchasing, expediting, and warehousing of components and materials used in the manufacturing process. In addition, our strategy includes having third-party suppliers of custom components located in our industrial parks to reduce material and transportation costs, simplify logistics, and facilitate inventory management. We also use a sophisticated automated manufacturing resource planning system and enhanced electronic data interchange capabilities to ensure inventory control and optimization. Electronic data interchange allows customers to share demand and product forecasts, deliver purchase orders and assists suppliers with satisfying just-in-time delivery and supplier-managed inventory requirements. There are a number of sources for these materials, including customers for whom we are providing systems assembly and manufacturing services. On some occasions, there have been shortages of certain electronic components, most recently for connectors, capacitors, LCD panels and memory (both DRAM and Flash). As a result of the COVID-19 pandemic, we experienced component shortages and other supply chain constraints in the fourth quarter of our fiscal year 2020, and such component shortages and supply chain constraints have continued to a lesser extent in the first quarter of our fiscal year 2021. See "Risk Factors—*We may be adversely affected by supply chain issues, including shortages of required electronic components.*"

Power Modules. We offer a full-service power supply business that provides a range of solutions from custom to highly scalable system solutions. We have expertise in high efficiency and high-density switching power supplies ranging from 1 to 3,000 watts. Our product portfolio includes chargers for smartphones and tablets, adapters for notebooks and gaming systems, and power supplies for the server, storage, and networking markets. Our Power Modules business designs and manufactures a wide range of isolated DC/DC converters and non-isolated Point of Load (PoL) converters intended primarily, although not exclusively, for the Information and Communications Technology market, including Servers and High-Performance Computing applications. We also offer specialized power module solutions suitable for other markets. Our products are fully compliant with environmental and Energy Star requirements that drive efficiency specifications in our industry.

Logistics. Through our Flex Global Services business, we provide after-market and forward supply chain logistics services. Our suite of services is tailored to customers operating in the computing, consumer digital, infrastructure, industrial, mobile, automotive and medical industries. Our expansive global infrastructure includes over 30 sites strategically located throughout the Americas, Europe, and Asia. We provide multiple logistics solutions including supplier-managed inventory, inbound freight management, product postponement, build/configure to order, order fulfillment and distribution, asset tracking, and supply chain network design.

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

STRATEGY

We help our customers responsibly build products that create value and improve people's lives. We do this by providing our customers with product development lifecycle services, from innovation, design, and engineering, to manufacturing, supply chain solutions, logistics, and circularity offerings. Our strategy is to enable and scale innovation for our customers, maintain our leadership in our capabilities, and build extended offerings in high-growth industries and markets.

Talent. To maintain our competitiveness and world-class capabilities, we focus on hiring and retaining the world's best talent. We have taken steps to attract the best engineering, functional and operational leaders and have accelerated efforts to develop the future leaders of the company.

Customer Focus. We believe that building strong partnerships with our customer and delivering on our commitments strengthens trust and customer retention. Our customers come first, and we have a relentless focus on delivering distinctive products and services in a cost-effective manner with fast time to market. We are highly collaborative and leverage our global system and processes to operate with speed and responsiveness to provide our customers with a reliant supply chain partner.

Market Focus. We focus on companies that are leaders in their industry and value our superior capabilities in design, manufacturing, and supply chain services. We focus on high-growth industries and markets where we have distinctive competence and compelling value propositions. Examples include our investments in specific technologies and industries including healthcare, automotive, industrial markets, and energy. Our market-focused approach to managing our business increases our customers' competitiveness by leveraging our deep vertical industry and cross-industry expertise, as well as global scale, regional presence and agility to respond to changes in market dynamics.

Global Operations Capabilities. We continue to invest in maintaining the leadership of our world-class manufacturing and services capabilities including automation, new product introduction and large-scale manufacturing. We continue to capitalize on our industrial park concept, where we co-locate our design, manufacturing, and service resources globally in lower-cost regions, to provide a competitive advantage by minimizing logistics, manufacturing costs, and cycle times while increasing flexibility and responsiveness.

COMPETITIVE STRENGTHS

We continue to enhance our business through the development and expansion of our product and service offerings. We strive to maintain the efficiency and flexibility of our organization, with repeatable execution that adapts to macro-economic changes to provide clear value to our customers, while increasing their competitiveness. We have a focused strategy on delivering value to our customers through innovation and design services, manufacturing technology, supply chain solutions, and domain expertise.

Significant Scope and Global Scale. We believe that global scale and regional capability are a significant competitive advantage, as our customers increasingly require a broad range of manufacturing and supply chain services and solutions globally. Increasingly, our customers are transitioning to regional based supply chains to take advantage of time to market and specific customization required to win in those markets. Additionally, our procurement and global supply chain capability provides us with an ability to use our worldwide supplier relationships to achieve leading-edge technologies, access, supply chain flexibility and advantageous pricing for our customers.

Digitized Supply Chain Solutions. We offer a comprehensive range of worldwide supply chain services that simplify and improve global product development processes, providing meaningful time and cost savings to our customers.

Long-Standing Customer Relationships. We believe that our long-term relationships with key customers is a result of our track record of meeting commitments and delivering value that increases our customers' competitiveness.

Extensive Design and Engineering Capabilities. We have an industry-leading global design service offering, with extensive product design engineering resources, that provides design services, product developments, and solutions to satisfy a wide array of customer requirements across all of our key industries and markets.

Geographic, Customer and End Market Diversification. We believe that we are operating one of the most well-balanced and diversified portfolio from a product, geographical and customer diversification perspective. We have no customer accounting for more than 10% and our ten largest accounted for 39% of our net sales in fiscal year 2020. We believe we are well-positioned through our diverse portfolio and global footprint to grow faster than the industry average.

Customer and Product Innovation Hubs. We have established state-of-the art innovation hubs in the Americas, Asia and Europe, with differentiated offerings and specialized services for specific industries and markets. These innovation hubs offer our customers a geographically focused version of our design services, taking their product from concept to volume production and go-to-market in a rapid, cost effective and low risk manner.

Industrial Parks; Cost-Efficient Manufacturing Services. We have developed self-contained campuses that co-locate our manufacturing and logistics operations with our suppliers in various cost-efficient locations. These sites enhance our supply chain management efficiency, while providing multi-technology solution value for our customers.

We have deployed manufacturing operations in regions around the world to provide our customers with a wide array of solutions where our customers and/or their customers are located. As of March 31, 2020, approximately 81% of our manufacturing capacity was located in emerging markets, including Brazil, China, Hungary, India, Indonesia, Malaysia, Mexico, Poland, Romania, and Ukraine.

CUSTOMERS

Our customers include many of the world's leading technology companies. We have focused on establishing long-term relationships with our customers and have been successful in expanding our relationships to incorporate additional product lines and services.

As our business spans multiple end markets, we believe that we are well-positioned through our market diversification to grow faster than the industry average and successfully navigate through difficult economic times such as the current COVID-19 pandemic. As examples, we serve the following key customers across our diverse business groups: health solutions customers Abbott, Philips and Johnson & Johnson and auto customers Ford, Nexteer and Fiat Chrysler in our HRS segment; Teradyne, Dyson and Xerox in our IEI segment; Cisco, Nokia Solutions and Ericsson in our CEC segment; and Lenovo/Motorola, HP and Bose in our CTG segment.

In fiscal year 2020, our ten largest customers accounted for approximately 39% of net sales. No customer accounted for greater than 10% of the Company's net sales in fiscal year 2020.

BACKLOG

Although we obtain firm purchase orders from our customers, OEM customers typically do not place firm orders for delivery of products more than 30 to 90 days in advance. In addition, OEM customers may reschedule or cancel firm orders depending on contractual arrangements. Therefore, we do not believe that the backlog of expected product sales covered by firm purchase orders is a meaningful measure of future sales.

COMPETITION

Our market is extremely competitive and includes many companies, several of which have achieved substantial market share. We compete against numerous domestic and foreign manufacturing service providers, as well as our current and prospective customers, who evaluate our capabilities in light of their own capabilities and cost structures. We face particular competition from Asian-based competitors, including Taiwanese Original Design Manufacturing ("ODM") suppliers who compete in a variety of our end markets and have a substantial share of global information technology hardware production.

We also compete with different companies depending on the type of service we are providing or the geographic area in which an activity takes place. We believe that the principal competitive factors in the manufacturing services market are quality and range of services; design and technological capabilities; cost; location of sites; and responsiveness and flexibility. We believe we are extremely competitive with regard to all of these factors.

CORPORATE SOCIAL RESPONSIBILITY

Sustainability remains central to who we are and how we operate. Our sustainability governance principles are a core part of our business operations. Through innovation and smart technologies, our sustainable solutions positively impact people and the environment.

Since February 2018, we have been participants of the United Nations Global Compact ("UNGC"), the world's largest corporate sustainability initiative, to showcase our commitment to integrate sustainability throughout our company and across our entire supply chain. Our commitment aims to help customers, partners and other businesses increase their own efforts to build a more sustainable future.

Our strategy and global efforts, through our sustainability programs and multi-year objectives are aligned with the principles set forth in the UNGC, and the 2030 Sustainable Development Goals ("SDGs"). While our global efforts contribute to most of the SDGs, we have prioritized them and focus on decent work, quality education, clean energy and responsible consumption and production.

The Flex Social and Environmental framework is based upon the principles, policies, and standards prescribed by the Responsible Business Alliance ("RBA"), a worldwide association of electronics companies committed to promoting an industry code of conduct for global electronics supply chains to improve working and environmental, health and safety conditions, as well as other relevant international standards (e.g., ISO 14001, United Nations Guiding Principles on Business and Human Rights). Flex is a founding member of the RBA and a member of the Global Business Initiative Human Rights and the Business for Social Responsibility Network. Social responsibility is also an area of increasing concern, with specific regulations such as the California Transparency in Supply Chains Act, the U.S. Federal Acquisition Regulation on Human Trafficking and the U.K. Modern Slavery Act of 2015, all creating new compliance and disclosure obligations for the Company and for our customers.

We are committed to providing a positive work environment for Flex employees, respecting their dignity and striving to advance human rights around the world. Our foremost focus in our response to the COVID-19 pandemic has been the health and safety of our employees. Our philosophy, strategies, and policies in human rights, health and safety, diversity and inclusion, support the inclusion of all people in our working environment. Some of the cornerstone specific goals through which we measure our performance include increasing employee development, social and environmental management system audits, human rights policy training completion, RBA compliance for rest day requirements and decreasing incident rates.

We work with nonprofits, community leaders and governments to promote inclusive and sustainable economic growth, employment and decent work for all. We help protect the environment, support resource conservation and provide disaster relief. We accomplish this through grants from the Flex Foundation, corporate and employee donations and volunteerism. Our multi-year goals in this area cover increasing volunteer hours and the percentage of sites with community activities and Flex Foundation community grants. In response to the COVID-19 pandemic, the Flex Foundation has been working with leading organizations and making financial contributions to help support efforts in combating COVID-19 in the countries where we have a presence.

All of these activities are the subject of our annual sustainability reporting, done in accordance with the Global Reporting Initiative's ("GRI") standards, and further information can be found in our annual sustainability executive and GRI reports posted on our website.

ENVIRONMENTAL REGULATION

Our operations are regulated under various federal, state, local and international laws governing the environment, including laws governing the discharge of pollutants into the air and water, the management and disposal of hazardous substances and wastes and the cleanup of contaminated sites. We have implemented processes and procedures to ensure that our operations are in compliance with all applicable environmental regulations. We do not believe that costs of compliance with these laws and regulations will have a material adverse effect on our capital expenditures, operating results, or competitive position. In addition, we are responsible for cleanup of contamination at some of our current and former manufacturing facilities and at some third-party sites. We engage environmental consulting firms to assist us in the evaluation of environmental liabilities associated with our ongoing operations, historical disposal activities and closed sites in order to establish appropriate accruals in our financial statements. We determine the amount of our accruals for environmental matters by analyzing and estimating the probability of occurrence and the reasonable possibility of incurring costs in light of information currently available.

The imposition of more stringent standards or requirements under environmental laws or regulations, the results of future testing and analysis undertaken by us at our operating facilities, or a determination that we are potentially responsible for the release of hazardous substances at other sites could result in expenditures in excess of amounts currently estimated to be required for such matters. Additionally, we could be required to alter our operations in order to comply with any new standards or requirements under environmental laws or regulations. There can be no assurance that additional environmental matters will not arise in the future or that costs will not be incurred with respect to sites as to which no issue is currently known.

We are also required to comply with an increasing number of product environmental compliance regulations focused upon the restriction of certain hazardous substances. The electronics industry is subject to various regulations based on region or country. For example:

- Restrictions on Hazardous Substances ("RoHS") 2011/65/EU
- Waste Electrical and Electronic Equipment ("WEEE") 2012/19/EU directives
- The regulation EC 1907/2006 EU Directive REACH ("Registration, Evaluation, Authorization, and Restriction of Chemicals")
- China RoHS entitled, Management Methods for Controlling Pollution for Electronic Information Products ("EIPs").

Similar legislation has been or may be enacted in other jurisdictions, including the United States. Our business requires close collaboration with our customers and suppliers to mitigate risks of non-compliance. We have developed rigorous compliance programs designed to meet the needs and specifications of our customers as well as the regulations. These programs vary from collecting compliance or material data from our Flex controlled or managed suppliers to full laboratory testing, and we include compliance requirements in our standard supplier contracts. Non-compliance could result in significant costs and/or penalties.

RoHS and other similar legislation ban or restrict the use of lead, mercury and certain other specified substances in electronics products and WEEE requires EU importers and/or producers to assume responsibility for the collection, recycling and management of waste electronic products and components. In the case of WEEE, although the compliance responsibility rests primarily with the EU importers and/or producers rather than with EMS companies, OEMs may turn to EMS companies for assistance in meeting their WEEE obligations. Flex continues to monitor developments related to product environmental compliance and is working with our customers and other technical organizations to anticipate and minimize any impacts to our operations.

EMPLOYEES

Our policies, philosophy and strategies support the inclusion of all people in our working environment. We're committed to respecting the human rights of our employees and improving their quality of life. We encourage our people to engage in lifelong learning and growth. And we give them opportunities to perform to the best of their abilities.

As of March 31, 2020, our global workforce totaled approximately 160,000 employees including our contractor workforce. In certain international locations, our employees are represented by labor unions and by work councils. Although we have experienced various work stoppages due to the pandemic outlined below, we have never experienced a significant work stoppage due to strike, and we believe that our employee relations are good.

Our success depends to a large extent upon the continued services of key managerial and technical employees. The loss of such personnel could seriously harm our business, results of operations and business prospects. To date, we have not experienced significant difficulties in attracting or retaining such personnel.

In response to the COVID-19 outbreak, we deployed our contingency and resiliency plans that are encompassed in our business continuity programs. Our resiliency advisory and crisis management teams defined work streams and set up "war" rooms with hundreds of employees, organizing across our global footprint, and coordinating and communicating with our suppliers and customers. Our leadership teams initiated enhanced health and safety measures across all facilities, as our foremost focus has been the health and safety of our employees. We modified practices at our manufacturing locations and offices to require personal protective equipment, sanitization measures, temperature checks and social distancing well before these measures were mandated. Our protocols to protect employees and safely operate our facilities have been in partnership with several governments, including in China, Mexico, Malaysia, Brazil and Europe. These measures also have enabled us to continue to conduct operations which are considered to be essential services, including but not limited to the manufacture of critical health care products.

INTELLECTUAL PROPERTY

We own or license various United States and foreign patents relating to a variety of technologies. For certain of our proprietary processes, inventions, and works of authorship, we rely on trade secret or copyright protection. We also maintain trademark rights (including registrations) for our corporate name and several other trademarks and service marks that we use in our business in the United States and other countries throughout the world. We have implemented appropriate policies and procedures (including both technological means and training programs for our employees) to identify and protect our intellectual property, as well as that of our customers and suppliers. As of March 31, 2020, and 2019, the carrying value of our intellectual property was not material.

Although we believe that our intellectual property assets and licenses are sufficient for the operation of our business as we currently conduct it, from time to time third parties assert patent infringement claims against us or our customers. In addition, we provide design and engineering services to our customers and also design and make our own products. As a consequence of these activities, our customers are sometimes requiring us to take responsibility for intellectual property to a greater extent than in our manufacturing and assembly businesses. If and when third parties make assertions regarding the ownership or right to use intellectual property, we could be required to either enter into licensing arrangements or to resolve the issue through litigation. Such license rights might not be available to us on commercially acceptable terms, if at all, and any such litigation might not be resolved in our favor. Additionally, litigation could be lengthy and costly and could materially harm our financial condition regardless of the outcome. We also could be required to incur substantial costs to redesign a product or re-perform design services. See "Risk Factors - *The success of certain of our activities depends on our ability to protect our intellectual property rights; claims of infringement or misuse of intellectual property and/or breach of license agreement provisions against our customers or us could harm our business.*"

ADDITIONAL INFORMATION

Our Internet address is <https://www.flex.com>. We make available through our Internet website the Company's annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) of the Securities Exchange Act of 1934 as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission.

We were incorporated in the Republic of Singapore in May 1990. Our principal corporate office is located at 2 Changi South Lane, Singapore 486123. Our U.S. corporate headquarters is located at 6201 America Center Drive, San Jose, CA 95002.

ITEM 1A. RISK FACTORS

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

The COVID-19 pandemic has resulted in a widespread public health crisis and numerous disease control measures being taken to limit its spread, including travel bans and restrictions, quarantines, shelter-in-place orders, and shutdowns. These measures have materially impacted and are continuing to impact our workforce and operations, the operations of our customers, and those of our respective vendors and suppliers. We have significant operations worldwide, including in China, Mexico, the United States, Brazil, India, Malaysia and Europe, and each of these geographies has been affected by the outbreak and has taken measures to try to contain it, resulting in disruptions at many of our manufacturing operations and facilities. Further measures may be implemented and there can be no assurance as to when any such restrictions may be eased or lifted. The impact of the pandemic on our business has included and could in the future include:

- disruptions to or restrictions on our ability to ensure the continuous provision of our manufacturing services and solutions;
- temporary closures or reductions in operational capacity of our manufacturing facilities;
- reductions in our capacity utilization levels;
- temporary closures of our direct and indirect suppliers, resulting in adverse effects to our supply chain, and other supply chain disruptions, which adversely affect our ability to procure sufficient inventory to support customer orders;

- temporary shortages of skilled employees available to staff manufacturing facilities due to shelter-in-place orders and travel restrictions within as well as into and out of countries;
- restrictions or disruptions of transportation, such as reduced availability of air transport, port closures, and increased border controls or closures;
- increases in operational expenses and other costs related to requirements implemented to mitigate the impact of the pandemic;
- delays or limitations on the ability of our customers to perform or make timely payments;
- reductions in short- and long-term demand for our manufacturing services and solutions, or other disruptions in technology buying patterns;
- workforce disruptions due to illness, quarantines, governmental actions, other restrictions, and/or the social distancing measures we have taken to mitigate the impact of COVID-19 at our locations around the world in an effort to protect the health and well-being of our employees, customers, suppliers and of the communities in which we operate (including working from home, restricting the number of employees attending events or meetings in person, limiting the number of people in our buildings and factories at any one time, further restricting access to our facilities and suspending employee travel); and
- our management team continuing to commit significant time, attention and resources to monitoring the COVID-19 pandemic and seeking to mitigate its effects on our business and workforce.

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

The extent to which the COVID-19 pandemic will continue to impact our business and financial results going forward will be dependent on future developments such as the length and severity of the crisis, the potential resurgence of COVID-19 in the future, future government actions in response to the crisis and the overall impact of the COVID-19 pandemic on the global economy and capital markets, among many other factors, all of which remain highly uncertain and unpredictable. We cannot at this time quantify or forecast the business impact of COVID-19, and there can be no assurance that the COVID-19 pandemic will not have a material and adverse effect on our business, financial results and financial condition. In addition, the COVID-19 pandemic increases the likelihood and potential severity of other risks described in this "Risk Factors" section.

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

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

Additionally, the withdrawal of the United Kingdom from the EU ("Brexit") may also adversely impact worldwide economic conditions. The U.K. left the EU on January 31, 2020, and is currently in an 11-month transition period following which it will leave the single market and customs union pursuant to terms of a trade agreement currently being negotiated by the U.K. and the EU. The terms of this trade agreement are uncertain, and the political and economic instability created by Brexit caused and may continue to cause significant volatility in global markets. Additionally, conditions may be adversely impacted by and the actions that the U.S. or other countries have taken or may take with respect to certain treaty and trade relationships with other countries. The U.S. has thus far signaled a desire to reach a broad trade deal with a post-Brexit U.K. this year, but demands for concessions on issues like tariffs, non-tariff barriers, tax policies, and market access could present obstacles to achieving an agreement. Disagreements over similar issues, including market access, non-tariff barriers, and digital

service taxes continue to raise the possibility of the U.S. imposing more tariffs on EU goods, even as the U.S. government signals a desire to reach a trade deal with the EU. The COVID-19 pandemic has served to further delay any potential progress on any U.S.-U.K. and U.S.-EU trade deal. Meetings between U.S. and U.K. trade officials to discuss a bilateral trade deal, which were scheduled for the end of March, then postponed indefinitely, as both countries instead dealt with the COVID-19 pandemic.

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

We depend on industries that continually produce technologically advanced products with short product life cycles and our business would be adversely affected if our customers' products are not successful or if our customers lose market share.

For the period ended March 31, 2020, we derived our revenues from customers in the following business groups (which, beginning in fiscal year 2021, we expect to realign in two reportable segments (Flex Agility Solutions Group and Flex Reliability Solutions Group)):

- HRS, which is comprised of our health solutions business, including surgical equipment, drug delivery, diagnostics, telemedicine, disposable devices, imaging and monitoring, patient mobility and ophthalmology; and our automotive business, including vehicle electrification, connectivity, autonomous, and smart technologies;
- IEI, which is comprised of energy including advanced metering infrastructure, energy storage, smart lighting, smart solar energy; and industrial, including semiconductor and capital equipment, office solutions, household industrial and lifestyle, industrial automation and kiosks;
- CEC, which includes our telecom business of radio access base stations, remote radio heads and small cells for wireless infrastructure; our networking business, which includes optical, routing, and switching products for data and video networks; our server and storage platforms for both enterprise and cloud-based deployments; next generation storage and security appliance products; and rack-level solutions, converged infrastructure and software-defined product solutions; and
- CTG, which includes our consumer-related businesses in IoT enabled devices, audio and consumer power electronics, mobile devices; and various supply chain solutions for consumer, computing and printing devices.

Factors affecting any of these industries in general or our customers in particular, could adversely impact us. These factors include:

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

- there may be recessionary periods in our customers' markets, including as a result of the COVID-19 pandemic.

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

Cancellations, reductions, or delays by a significant customer or by a group of customers have harmed, and may in the future harm, our results of operations by reducing the volumes of products we manufacture and deliver for those customers, by causing a delay in the repayment of our expenditures for inventory in preparation for customer orders and/or an impairment loss for inventory, and by lowering our asset utilization and overhead absorption resulting in lower gross margins and earnings. Additionally, current and prospective customers continuously evaluate our capabilities against other providers as well as against the merits of manufacturing products themselves. Our business would be adversely affected if customers decide to perform these functions internally or transfer their business to another provider. In addition, we face competition from the manufacturing operations of some of our current and potential customers, who are continually evaluating the merits of manufacturing products internally against the advantages of outsourcing. In the past, some of our customers moved a portion of their manufacturing from us in order to more fully utilize their excess internal manufacturing capacity. Any of these developments could cause a decline in our sales, loss of market acceptance of our products or services, decreases of our profits or loss of our market share.

As a provider of design and manufacturing services and components for electronics, we must provide increasingly rapid product turnaround times for our customers. We generally do not obtain firm, long-term purchase commitments from our customers, and we often experience reduced lead times in customer orders which may be less than the lead time we require to procure necessary components and materials.

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

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

Our industry is extremely competitive; if we are not able to continue to provide competitive services, we may lose business.

We compete with a number of different companies, depending on the type of service we provide or the location of our operations. For example, we compete with major global EMS providers, other smaller EMS companies that have a regional or product-specific focus and ODMs with respect to some of the services that we provide. We also compete with our current and prospective customers, who evaluate our capabilities in light of their own capabilities and cost structures. Our industry is extremely competitive, many of our competitors have achieved substantial market share, and some may have lower cost structures or greater design, manufacturing, financial or other resources than we do. We face particular competition from Asian-based competitors, including Taiwanese ODM suppliers who compete in a variety of our end markets and have a substantial share of global information technology hardware production. If we are unable to provide comparable manufacturing services and improved products at lower cost than the other companies in our market, our net sales could decline.

A significant percentage of our sales come from a small number of customers and a decline in sales to any of these customers could adversely affect our business.

Sales to our ten largest customers represent a significant percentage of our net sales. Our ten largest customers accounted for approximately 39%, 43% and 41% of net sales in fiscal years 2020, 2019 and 2018, respectively. No customer accounted for more than 10% of net sales in fiscal year 2020, 2019 and 2018. Our principal customers have varied from year to year. These customers may experience dramatic declines in their market shares or competitive position, due to economic or other forces, that may cause them to reduce their purchases from us or, in some cases, result in the termination of their relationship with us. Significant reductions in sales to any of these customers, or the loss of major customers, would materially harm our business. If we are not able to timely replace expired, canceled or reduced contracts with new business, our revenues and profitability could be harmed. Additionally, mergers, acquisitions, consolidations or other significant transactions involving our key customers generally entail risks to our business. If a significant transaction involving any of our key customers results in

the loss of or reduction in purchases by any of our largest customers, it could have a materially adverse effect on our business, results of operations, financial condition and prospects.

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

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

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

Our exposure to financially troubled customers or suppliers may adversely affect our financial results.

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

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

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

From time to time, we have experienced shortages of some of the electronic components that we use. These shortages can result from strong demand for those components or from problems experienced by suppliers, such as shortages of raw materials. We have also experienced, and may continue to experience, such shortages due to the effects of the COVID-19 pandemic. These unanticipated component shortages have resulted and could continue to result in curtailed production or delays in production, which may prevent us from making scheduled shipments to customers. Our inability to make scheduled shipments could cause us to experience a reduction in sales, increase in inventory levels and costs, and could adversely affect relationships with existing and prospective customers. Component shortages may also increase our cost of goods sold because we may be required to pay higher prices for components in short supply and redesign or reconfigure products to accommodate substitute components. As a result, component shortages could adversely affect our operating results. Our performance depends, in part, on our ability to incorporate changes in component costs into the selling prices for our products.

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

Our margins and profitability may be adversely affected due to substantial investments, start-up and production ramp costs in our design services.

As part of our strategy to enhance our end-to-end service offerings, we continue to expand our design and engineering capabilities. Providing these services can expose us to different or greater potential risks than those we face when providing our manufacturing services.

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

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

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

We conduct operations in a number of countries and are subject to the risks inherent in international operations.

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

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

Because our manufacturing operations are located in a number of countries throughout the Americas, Asia and Europe, we are subject to risks of changes in economic and political conditions in those countries, including:

- fluctuations in the value of local currencies;
- labor unrest, difficulties in staffing and geographic labor shortages;
- longer payment cycles;
- cultural differences;

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

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

The attractiveness of our services to customers and our ability to conduct business with certain customers can be affected by changes in U.S. and other countries' trade policies. In 2018, the U.S. imposed tariffs on a large variety of products of Chinese origin. The U.S. government has also indicated a readiness to further expand the scope of the tariffs on Chinese goods if negotiations are not successful, and most recently, effective May 10, 2019, increased tariffs on \$200 billion of Chinese goods to 25%. Further, on May 15, 2019, President Trump issued an executive order designed to secure the information and communications technology and services supply chain, which would restrict the acquisition or use in the United States of information and communications technology or services designed, developed, manufactured, or supplied by persons owned by, controlled by, or subject to the jurisdiction or direction of foreign adversaries. The executive order is subject to implementation by the Secretary of Commerce and applies to contracts entered into prior to the effective date of the order. In addition, the U.S. Commerce Department has implemented additional restrictions and may implement further restrictions that would affect conducting business with certain Chinese companies. A "phase one" trade deal signed between the U.S. and China on January 15, 2020 accompanied a U.S. decision to cancel a plan to increase tariffs on an additional list of Chinese products and to reduce the tariffs imposed on May 13, 2019 from 15% to 7.5% effective February 14, 2020. While the signing of the agreement and granting of several tariff exclusions by the U.S. Trade Representative signal a cooling of tensions between the U.S. and China over trade, many of the additional tariffs on Chinese origin goods remain as do concerns over the stability of bilateral trade relations, particularly given the limited scope of the phase one agreement. In addition, the economic disruption caused by the COVID-19 pandemic could make it harder for China to meet its obligations under the deal and increases the potential for China to invoke the deal's "disaster clause," which could further challenge US-China bilateral trade relations. Depending upon their duration and implementation, as well as our ability to mitigate their impact, these tariffs, the executive order and its

implementation and other regulatory actions could materially affect our business, including in the form of increased cost of goods sold, decreased margins, increased pricing for customers, and reduced sales. Further, one of our former customers, Huawei Technologies Co., Ltd., and some of its affiliates have been added to the U.S. Department of Commerce's Entity List, and were recently made subject to enhanced restrictions designed to prevent them from having access to foreign-produced items using U.S.-origin semiconductor technology and equipment; we could be subject to reputational harm based on its business activities, including activities with sanctioned countries.

In addition, some countries in which we operate, such as Brazil, Hungary, India, Mexico, Malaysia and Poland, have experienced periods of slow or negative growth, high inflation, significant currency devaluations or limited availability of foreign exchange. Furthermore, in countries such as China, Brazil, India and Mexico, governmental authorities exercise significant influence over many aspects of the economy, and their actions could have a significant effect on us. We could be seriously harmed by inadequate infrastructure, including lack of adequate power and water supplies, transportation, raw materials and parts in countries in which we operate. In addition, we may encounter labor disruptions and rising labor costs, in particular within the lower-cost regions in which we operate. Any increase in labor costs that we are unable to recover in our pricing to our customers could adversely impact our operating results.

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

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

We retain certain intellectual property rights to some of the technologies that we develop as part of our engineering, design and manufacturing services and components offerings. The measures we have taken to prevent unauthorized use of our technology may not be successful. If we are unable to protect our intellectual property rights, this could reduce or eliminate the competitive advantages of our proprietary technology, which would harm our business.

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

Given the diverse and varied nature of our business and the location of our business around the world, certain activities we perform, such as providing assembly services in China and India, may fall outside the scope of those licenses or may not be subject to the applicable intellectual property rights. Our licensors may disagree and claim royalties are owed for such activities. In addition, the basis (e.g., base price) for any royalty amounts owed are audited by licensors and may be challenged. Our customers are increasingly requiring us to indemnify them against the risk of intellectual property-related claims and licensors are claiming that activities we perform are covered by licenses to which we are a party. In March 2018, we received an inquiry from a licensor referencing a patent license agreement, and requesting information relating royalties for products that we assemble for a customer in China. If any of these inquiries result in a claim, the Company intends to contest any such claim vigorously. If a claim is asserted and we are unsuccessful in its defense, a material loss is reasonably possible. We cannot predict or estimate an amount or reasonable range of outcomes with respect to the matter.

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

We also face certain heightened risks to our intellectual property rights due to our extensive operations in foreign jurisdictions, including the risk of theft or misuse of our intellectual property rights in certain foreign jurisdictions. The laws of certain countries in which we operate may not protect intellectual property rights to the same extent as the laws of the United States, and the mechanisms to enforce intellectual property rights may be inadequate to protect our rights, which could harm our business.

We are subject to risks relating to litigation and regulatory investigations and proceedings, which may have a material adverse effect on our business.

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

On May 8, 2018, a putative class action was filed in the Northern District of California against the Company and certain officers alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and Rule 10b-5, promulgated thereunder, alleging misstatements and/or omissions in certain of the Company's financial results, press releases and SEC filings made during the putative class period of January 26, 2017 through April 26, 2018. On October 1, 2018, the Court appointed lead plaintiff and lead plaintiff's counsel in the case. On November 28, 2018, lead plaintiff filed an amended complaint alleging misstatements and/or omissions in certain of the Company's SEC filings, press releases, earnings calls, and analyst and investor conferences and expanding the putative class period through October 25, 2018. On April 3, 2019, the Court vacated its prior order appointing lead plaintiff and lead plaintiff's counsel and reopened the lead plaintiff appointment process. On September 26, 2019, the Court appointed a new lead plaintiff and lead plaintiff's counsel in the case. On November 8, 2019, lead plaintiff filed a further amended complaint. On December 4, 2019, Defendants filed a motion to dismiss the amended complaint. The motion has been fully briefed. On March 12, 2020, the Court vacated the hearing date and took the motion under submission without argument. No decision has yet been issued. Any existing or future lawsuits could be time-consuming, result in significant expense and divert the attention and resources of our management and other key employees, as well as harm our reputation, business, financial condition or results of operations.

On February 14, 2019, we submitted an initial notification of voluntary disclosure to the U.S. Department of the Treasury, Office of Foreign Assets Control ("OFAC") regarding possible noncompliance with U.S. economic sanctions requirements among certain non-U.S. Flex-affiliated operations. We have initiated an internal investigation regarding this matter which is ongoing. We expect to complete the investigation and report to OFAC by the end of the second quarter of fiscal year 2021, and cannot at this time estimate the amount, or the range of reasonably possible amounts, of penalties the Company could be subject to, which could have a material adverse effect on the Company's financial position, results of operations or cash flows..

If we do not effectively manage changes in our operations, our business may be harmed; we have taken substantial restructuring charges in the past and we may need to take material restructuring charges in the future.

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

In recent years, including fiscal years 2020, 2019 and 2018, we initiated targeted restructuring activities focused on optimizing our portfolio, in particular customers and products in our CTG business, optimizing our cost structure in lower growth areas and, more importantly, streamlining certain corporate and segment functions. Restructuring charges are recorded based upon employee termination dates, site closure and consolidation plans generally in conjunction with an overall corporate initiative to drive cost reduction and realign the Company's global footprint.

We may be required to take additional charges in the future to align our operations and cost structures with global economic conditions, market demands, cost competitiveness, and our geographic footprint as it relates to our customers' production requirements and in response to the economic challenges in light of recent events with COVID-19. We may consolidate certain manufacturing facilities or transfer certain of our operations to lower cost geographies. If we are required to

take additional restructuring charges in the future, our operating results, financial condition, and cash flows could be adversely impacted. Additionally, there are other potential risks associated with our restructurings that could adversely affect us, such as delays encountered with the finalization and implementation of the restructuring activities, work stoppages, and the failure to achieve targeted cost savings.

A breach of our IT or physical security systems, or violation of data privacy laws, may cause us to incur significant legal and financial exposure.

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

In addition, new data privacy laws and regulations, including the new European Union General Data Protection Regulation ("GDPR") effective May 2018, pose increasingly complex compliance challenges, which may increase compliance costs, and any failure to comply with data privacy laws and regulations could result in significant penalties. Additionally, California recently enacted legislation, the California Consumer Privacy Act ("CCPA"), which became effective January 1, 2020. The CCPA, among other requirements, require covered companies to provide new disclosures to California consumers, and allow such consumers new abilities to opt-out of certain sales of personal information. The CCPA was amended in September 2018 and November 2019, and modifications were proposed in February 2020. It is unclear whether further modifications will be made to this law. Additionally, new privacy laws and regulations are under development at the U.S. Federal and state level and many international jurisdictions.

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

Our strategic relationships with major customers create risks.

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

- we may need to pay a purchase price to the divesting customers that exceeds the value we ultimately may realize from the future business of the customer;
- the integration of the acquired assets and facilities into our business may be time-consuming and costly, including the incurrence of restructuring charges;
- we, rather than the divesting customer, bear the risk of excess capacity at the facility;
- we may not achieve anticipated cost reductions and efficiencies at the facility;
- we may be unable to meet the expectations of the customer as to volume, product quality, timeliness and cost reductions;
- our supply agreements with the customers generally do not require any minimum volumes of purchase by the customers, and the actual volume of purchases may be less than anticipated; and
- if demand for the customers' products declines, the customer may reduce its volume of purchases, and we may not be able to sufficiently reduce the expenses of operating the facility or use the facility to provide services to other customers.

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

If our compliance policies are breached, we may incur significant legal and financial exposure.

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

We are subject to the risk of increased income taxes.

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

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

In addition, the Company and its subsidiaries are regularly subject to tax return audits and examinations by various taxing jurisdictions around the world. In determining the adequacy of our provision for income taxes, we regularly assess the likelihood of adverse outcomes resulting from tax examinations. While it is often difficult to predict the final outcome or the timing of the resolution of a tax examination, we believe that our reserves for uncertain tax benefits reflect the outcome of tax positions that are more likely than not to occur. However, we cannot assure you that the final determination of any tax examinations will not be materially different than that which is reflected in our income tax provisions and accruals. Should additional taxes be assessed as a result of a current or future examination, there could be a material adverse effect on our tax provision, operating results, financial position and cash flows in the period or periods for which that determination is made.

Changes in financial accounting standards or policies have affected, and in the future may affect, our reported financial condition or results of operations.

We prepare our financial statements in conformity with U.S. GAAP. These principles are subject to interpretation by the Financial Accounting Standards Board (FASB), the American Institute of Certified Public Accountants (AICPA), the SEC and various bodies formed to interpret and create accounting policies. For example, significant changes to lease accounting rules have been enacted and applied to us in fiscal year 2020 per Accounting Standard Update ("ASU") 2016-02 "Leases". Changes to accounting rules or challenges to our interpretation or application of the rules by regulators may have a material adverse effect on our reported financial results or on the way we conduct business. Refer to "Recently Adopted Accounting Pronouncements" within note 2 of Item 8, Financial Statements and Supplementary Data.

We may encounter difficulties with acquisitions and divestitures, which could harm our business.

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

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

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

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

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

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

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

As a medical device manufacturer, we have additional compliance requirements. We are required to register with the U.S. Food and Drug Administration ("FDA") and are subject to periodic inspection by the FDA for compliance with the FDA's Quality System Regulation ("QSR") requirements, which require manufacturers of medical devices to adhere to certain

regulations, including testing, quality control and documentation procedures. Compliance with applicable regulatory requirements is subject to continual review and is rigorously monitored through periodic inspections and product field monitoring by the FDA. If any FDA inspection reveals noncompliance with QSR or other FDA regulations, and the Company does not address the observation adequately to the satisfaction of the FDA, the FDA may take action against us. FDA actions may include issuing a letter of inspectional observations, issuing a warning letter, imposing fines, bringing an action against the Company and its officers, requiring a recall of the products we manufactured for our customers, refusing requests for clearance or approval of new products or withdrawal of clearance or approval previously granted, issuing an import detention on products entering the U.S. from an offshore facility, or shutting down a manufacturing facility. If any of these actions were to occur, it would harm our reputation and cause our business to suffer.

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

If our products or components contain defects, demand for our services may decline and we may be exposed to product liability and product warranty liability.

Defects in the products we manufacture or design, whether caused by a design, engineering, manufacturing or component failure or deficiencies in our manufacturing processes, could result in product or component failures, which may damage our business reputation and expose us to product liability or product warranty claims.

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

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

Fluctuations in foreign currency exchange rates could increase our operating costs.

We have manufacturing operations and industrial parks that are located in various part of the world, including Asia, Eastern Europe, Mexico and Brazil. A portion of our purchases and our sale transactions are denominated in currencies other than the United States dollar. As a result, we are exposed to fluctuations in these currencies impacting our fixed cost overhead or our supply base relative to the currencies in which we conduct transactions.

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

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

Our operating results may fluctuate significantly due to seasonal demand.

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

We depend on our executive officers and skilled personnel.

Our success depends to a large extent upon the continued services of our executive officers and other key employees. Generally, our employees are not bound by employment or non-competition agreements, and we cannot assure you that we will retain our executive officers and other key employees. We could be seriously harmed by the loss of any of our executive officers or other key employees, or if such employees are unable to work effectively or at all due to the COVID-19 pandemic. We will need to recruit and retain skilled management personnel, and if we are not able to do so, our business could be harmed. In addition, in connection with expanding our design services offerings, we must attract and retain experienced design engineers. There is substantial competition in our industry for highly skilled employees. Additionally, hiring, training and retaining skilled employees may be adversely impacted by global economic uncertainty and office closures caused by COVID-19. Our failure to recruit and retain experienced design engineers, or if they are unable to work effectively or at all due to the COVID-19 pandemic, could limit the growth of our design services offerings, which could adversely affect our business.

Our failure to comply with environmental laws could adversely affect our business.

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

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

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

Failure to comply with domestic or international employment and related laws could result in the payment of significant damages, which would reduce our net income.

We are subject to a variety of domestic and foreign employment laws, including those related to safety, wages and overtime, discrimination, whistle-blowing, classification of employees and severance payments. Enforcement activity relating to these laws, particularly outside of the United States, can increase as a result of increased media attention due to violations by

other companies, changes in law, political and other factors. There can be no assurance that we won't be found to have violated such laws in the future, due to a more aggressive enforcement posture by governmental authorities or for any other reason. Any such violations could lead to the assessment of fines against us by federal, state or foreign regulatory authorities or damages payable to employees, which fines could be substantial and which would reduce our net income.

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

There is an increasing focus on corporate social and environmental responsibility in our industry. A number of our customers have adopted, or may adopt, procurement policies that include social and environmental responsibility provisions that their suppliers should comply with, or they may seek to include such provisions in their procurement terms and conditions. We currently comply with the sustainability standards set forth by various voluntarily sustainability initiatives and organizations, and we have joined the U.N. Global Compact, a voluntary initiative for businesses to develop, implement and disclose sustainability policies and practices. These social and environmental responsibility practices, policies, provisions and initiatives are subject to change, can be unpredictable, and may be difficult and expensive for us to comply with.

Our business could be impacted as a result of actions by activist shareholders or others.

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

Our debt level may create limitations.

As of March 31, 2020, our total debt was approximately \$2.8 billion. This level of indebtedness could limit our flexibility as a result of debt service requirements and restrictive covenants, and may limit our ability to access additional capital or execute our business strategy. In addition, in May 2020, we issued \$425 million aggregate principal amount of 3.750% Notes due 2026 and \$325 million aggregate principal amount of 4.875% Notes due 2030, which increased our level of indebtedness.

Changes in our credit rating may make it more expensive for us to raise additional capital or to borrow additional funds. We are also exposed to interest rate fluctuations on our outstanding borrowings and investments.

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

In addition, we are exposed to interest rate risk under our variable rate terms loans, bilateral facilities and revolving credit facility for indebtedness we have incurred or may incur under such facilities. The interest rates under these borrowings are based on either (i) a margin over LIBOR or (ii) the base rate (the greatest of the agent's prime rate, the federal funds rate plus 0.50% and LIBOR for a one-month interest period plus 1.00%) plus an applicable margin, in each case depending on our credit rating. Refer to the discussion in note 8, "Bank Borrowings and Long-Term Debt" to the consolidated financial statements for further details of our debt obligations. We are also exposed to interest rate risk on our invested cash balances, our securitization facilities and our factoring activities.

In addition, the U. K.'s Financial Conduct Authority, which regulates LIBOR, announced that it intends to phase out LIBOR by the end of 2021. The U.S. Federal Reserve has begun publishing a Secured Overnight Funding Rate ("SOFR"), which is intended to replace U.S. dollar LIBOR. Plans for alternative reference rates for other currencies have also been announced. At this time, we cannot predict how markets will respond to these proposed alternative rates or the effect of any changes to LIBOR or the discontinuation of LIBOR. If LIBOR is no longer available or if our lenders have increased costs due to changes in LIBOR, we may experience potential increases in interest rates on our variable rate debt, which could adversely impact our interest expense, results of operations and cash flows.

Catastrophic events could have a material adverse effect on our operations and financial results.

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

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

Our business could be adversely affected by any delays, or increased costs, resulting from issues that our common carriers are dealing with in transporting our materials, our products, or both.

We rely on a variety of common carriers to transport our materials from our suppliers to us, and to transport our products from us to our customers. Problems suffered by any of these common carriers, whether due to the COVID-19 pandemic, a natural disaster, labor problem, increased energy prices, criminal activity or some other issue, could result in shipping delays, increased costs, or other supply chain disruptions, and could therefore have a material adverse effect on our operations.

Our business and operations could be adversely impacted by climate change initiatives.

Concern over climate change has led to international legislative and regulatory initiatives directed at limiting carbon dioxide and other greenhouse gas emissions. Proposed and existing efforts to address climate change by reducing greenhouse gas emissions could directly or indirectly affect our costs of energy, materials, manufacturing, distribution, packaging and other operating costs, which could impact our business and financial results.

Our goodwill and identifiable intangible assets could become impaired, which could reduce the value of our assets and reduce our net income in the year in which the write-off occurs.

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

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

Refer to note 2 to the consolidated financial statements and "Critical Accounting Policies" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" for further discussion of the impairment testing of goodwill and identifiable intangible assets.

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

Compliance with government regulations regarding the use of "Conflict Minerals" may result in increased costs and risks to us.

As part of the Dodd-Frank Act, the SEC has promulgated disclosure requirements regarding the use of certain minerals ("Minerals") that may have originated in the Democratic Republic of the Congo or adjoining countries. In our most recent report on Form SD, we reported that, based on our diligence review, we were unable to determine whether Minerals contained in our products originated in the Democratic Republic of the Congo or adjoining countries or whether the mining or trade of such Minerals directly or indirectly financed or otherwise benefited armed groups in those countries. We expect to undertake further reviews of our supply chain as necessary to comply with the SEC's requirements. Additionally, customers rely on us to provide critical data regarding the products they purchase and request information on such Minerals. Our materials sourcing is

broad-based and multi-tiered, and we may not be able to easily verify the origins of the Minerals used in the products we sell. We have many suppliers and each may provide the required information in a different manner, if at all. Accordingly, because the supply chain is complex, our reputation may suffer if we are unable to sufficiently verify the origins of the Minerals, if any, used in our products. Additionally, customers may demand that the products they purchase be free of any Minerals originating in the specified countries. The implementation of this requirement could affect the sourcing and availability of products we purchase from our suppliers. This may reduce the number of suppliers that may be able to provide products and may affect our ability to obtain products in sufficient quantities to meet customer demand or at competitive prices.

The market price of our ordinary shares is volatile.

The stock market in recent years has experienced significant price and volume fluctuations that have affected the market prices of companies, including technology companies. These fluctuations have often been unrelated to or disproportionately impacted by the operating performance of these companies. The market for our ordinary shares has been and may in the future be subject to similar volatility. Factors such as fluctuations in our operating results, announcements of technological innovations or events affecting other companies in the electronics industry, currency fluctuations, general market fluctuations, and macro-economic conditions may cause the market price of our ordinary shares to decline.

We are subject to risks associated with investments.

We invest in private funds and companies for strategic reasons and may not realize a return on our investments. We make investments in private funds and companies to further our strategic objectives, support key business initiatives, and develop business relationships with related portfolio companies. Many of the instruments in which we invest are non-marketable at the time of our initial investment. During the last half of fiscal year 2019, we reassessed our strategy with respect to our investment portfolio. We focused on streamlining our investment portfolio and disposed of some of our investments and recognized certain charges. If any of the funds or companies in which we invest fail, we could lose all or part of our investment. From time-to-time we have identified observable price changes, or impairments in investments, and we have written down certain investments fair values and recognized a loss.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our facilities consist of a global network of industrial parks, regional manufacturing operations, and design, engineering and product introduction centers, providing approximately 27 million square feet of productive capacity as of March 31, 2020. We do not identify or allocate assets by operating segment, as they are interchangeable in nature and used by multiple operating segments.

The composition of the square footage of our facilities, by region, is as follows:

	Leased (Manufacturing)	Owned (Manufacturing)	Total (Manufacturing)	Non- manufacturing	Total
(in million square feet)					
Americas	3.8	5.6	9.4	8.8	18.2
Asia	6.8	5.9	12.7	7.8	20.5
Europe	2.3	2.6	4.9	4.9	9.8
Total	12.9	14.1	27.0	21.5	48.5

Our facilities include large industrial parks, ranging in size from approximately 100,000 to 5.7 million square feet in Brazil, China, India, and Mexico. We also have regional manufacturing operations, generally ranging in size from under 100,000 to approximately 2.7 million square feet in Austria, Brazil, Canada, China, Denmark, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Malaysia, Mexico, The Netherlands, Poland, Romania, Singapore, Spain, Switzerland, Ukraine and the United States. We also have smaller design and engineering centers, innovation centers and product introduction centers at a number of locations in the world's major industrial and electronics markets.

Our facilities are well maintained and suitable for the operations conducted. The productive capacity of our plants is adequate for current needs.

ITEM 3. *LEGAL PROCEEDINGS*

For a description of our material legal proceedings, see note 13 "Commitments and Contingencies" to the consolidated financial statements included under Item 8, which is incorporated herein by reference.

ITEM 4. *MINE SAFETY DISCLOSURES*

Not applicable

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

MARKET AND SHAREHOLDER INFORMATION

Our ordinary shares are quoted on the Nasdaq Global Select Market under the symbol "FLEX."

As of May 20, 2020 there were 2,994 holders of record of our ordinary shares. This does not include persons whose stock is in nominee or "street name" accounts through brokers.

DIVIDENDS

Since inception, we have not declared or paid any cash dividends on our ordinary shares. We currently do not have plans to pay any dividends in fiscal year 2021.

STOCK PRICE PERFORMANCE GRAPH

The following stock price performance graph and accompanying information is not deemed to be "soliciting material" or to be "filed" with the SEC or subject to Regulation 14A under the Securities Exchange Act of 1934 or to the liabilities of Section 18 of the Securities Exchange Act of 1934, and will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, regardless of any general incorporation language in any such filing.

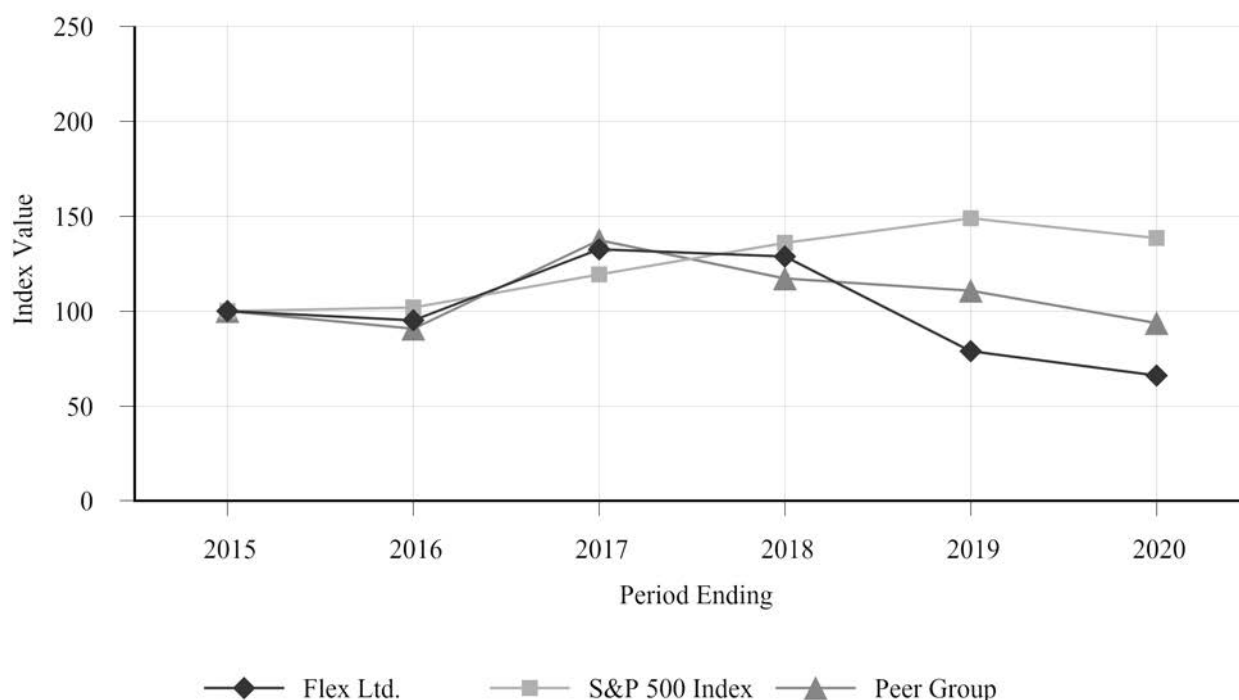
The graph below compares the cumulative total shareholder return on our ordinary shares, the Standard & Poor's 500 Stock Index and a peer group comprised of Benchmark Electronics, Inc., Celestica Inc., Jabil Inc., and Sanmina Corporation.

The graph below assumes that \$100 was invested in our ordinary shares, in the Standard & Poor's 500 Stock Index and in the peer group described above on March 31, 2015 and reflects the annual return through March 31, 2020, assuming dividend reinvestment.

The comparisons in the graph below are based on historical data and are not indicative of, or intended to forecast, the possible future performances of our ordinary shares.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN

Flex, the S&P 500 Index, and Peer Group



	3/15	3/16	3/17	3/18	3/19	3/20
Flex Ltd.	100.00	95.11	132.49	128.79	78.86	66.05
S&P 500 Index	100.00	101.78	119.26	135.95	148.86	138.47
Peer Group	100.00	90.70	137.35	117.24	110.69	93.72

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Index Data: Copyright Standard and Poor's, Inc. Used with permission. All rights reserved.

Issuer Purchases of Equity Securities

The following table provides information regarding purchases of our ordinary shares made by us for the period from January 1, 2020 through March 31, 2020.

Period (2)	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
January 1 - January 31, 2020	727,887	\$ 13.05	727,887	\$ 392,523,252
February 1 - February 28, 2020	3,690,995	12.98	3,690,995	344,627,426
February 29 - March 31, 2020	3,015,107	9.75	3,015,107	315,227,484
Total	7,433,989		7,433,989	

- (1) During the period from January 1, 2020 through March 31, 2020 all purchases were made pursuant to the program discussed below in open market transactions. All purchases were made in accordance with Rule 10b-18 under the Securities Exchange Act of 1934.

- (2) On August 20, 2019, our Board of Directors authorized repurchases of our outstanding ordinary shares for up to \$500 million. This is in accordance with the share purchase mandate whereby our shareholders approved a repurchase limit of 20% of our issued ordinary shares outstanding at the Annual General Meeting held on the same date as the Board authorization. As of March 31, 2020, shares in the aggregate amount of \$315.2 million were available to be repurchased under the current plan.

RECENT SALES OF UNREGISTERED SECURITIES

None.

INCOME TAXATION UNDER SINGAPORE LAW

Dividends. Singapore does not impose a withholding tax on dividends. All dividends on our ordinary shares are not taxable in Singapore to shareholders, provided that any dividends are paid to shareholders outside of Singapore for this purpose and such dividends are not received or deemed to be received in Singapore by shareholders and are not derived by shareholders pursuant to any trade or business carried on in Singapore. Certain tax exemptions are available for foreign-sourced dividends received by Singapore tax residents, subject to conditions. Since inception, we have not declared or paid any cash dividends on our ordinary shares, and we currently do not have plans to pay any dividends.

Gains on Disposal. Under current Singapore tax law there is no tax on capital gains, and thus any profits from the disposal of shares are not taxable in Singapore unless the gains arising from the disposal of shares are income in nature and subject to tax, especially if they arise from activities which the Inland Revenue Authority of Singapore regards as the carrying on of a trade or business in Singapore (in which case, the profits on the sale would be taxable as trade profits rather than capital gains).

Shareholders who apply, or who are required to apply, the Singapore Financial Reporting Standard 39 Financial Instruments—Recognition and Measurement ("FRS 39") for the purposes of Singapore income tax may be required to recognize gains or losses (not being gains or losses in the nature of capital) in accordance with the provisions of FRS 39 (as modified by the applicable provisions of Singapore income tax law) even though no sale or disposal of shares is made.

Stamp Duty. There is no stamp duty payable for holding shares, and no duty is payable on the issue of new shares. When existing shares are acquired in Singapore, a stamp duty of 0.2% is payable on the instrument of transfer of the shares at market value. The stamp duty is borne by the purchaser unless there is an agreement to the contrary. If the instrument of transfer is executed outside of Singapore, the stamp duty must be paid only if the instrument of transfer is received in Singapore.

Estate Taxation. The estate duty was abolished for deaths occurring on or after February 15, 2008. For deaths prior to February 15, 2008 the following rules apply:

If an individual who is not domiciled in Singapore dies on or after January 1, 2002, no estate tax is payable in Singapore on any of our shares held by the individual.

If property passing upon the death of an individual domiciled in Singapore includes our shares, Singapore estate duty is payable to the extent that the value of the shares aggregated with any other assets subject to Singapore estate duty exceeds S \$600,000. Unless other exemptions apply to the other assets, for example, the separate exemption limit for residential properties, any excess beyond S\$600,000 will be taxed at 5% on the first S\$12,000,000 of the individual's chargeable assets and thereafter at 10%.

An individual shareholder who is a U.S. citizen or resident (for U.S. estate tax purposes) will have the value of the shares included in the individual's gross estate for U.S. estate tax purposes. An individual shareholder generally will be entitled to a tax credit against the shareholder's U.S. estate tax to the extent the individual shareholder actually pays Singapore estate tax on the value of the shares; however, such tax credit is generally limited to the percentage of the U.S. estate tax attributable to the inclusion of the value of the shares included in the shareholder's gross estate for U.S. estate tax purposes, adjusted further by a pro rata apportionment of available exemptions. Individuals who are domiciled in Singapore should consult their own tax advisors regarding the Singapore estate tax consequences of their investment.

Tax Treaties Regarding Withholding. There is no reciprocal income tax treaty between the U.S. and Singapore regarding withholding taxes on dividends and capital gains.

ITEM 6. *SELECTED FINANCIAL DATA*

These historical results are not necessarily indicative of the results to be expected in the future. The following selected consolidated financial data set forth below was derived from our historical audited consolidated financial statements and is qualified by reference to, and should be read in conjunction with, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 8, "Financial Statements and Supplementary Data." On April 1, 2018, we adopted the new revenue standard and as a result we recognized the cumulative effect of initially applying the new revenue standard as an adjustment to the opening balance of retained earnings. The comparative information has not been restated and continues to be reported under the accounting standards in effect at the time. (Amounts may not sum due to rounding).

	Fiscal Year Ended March 31,				
	2020	2019	2018	2017	2016
(In millions, except per share amounts)					
CONSOLIDATED STATEMENT OF OPERATIONS DATA:					
Net sales	\$ 24,210	\$ 26,211	\$ 25,441	\$ 23,863	\$ 24,419
Cost of sales	22,681	24,594	23,778	22,303	22,811
Restructuring charges (3)	190	99	67	39	—
Gross profit	1,338	1,518	1,596	1,521	1,608
Selling, general and administrative expenses	834	953	1,019	937	955
Intangible amortization	64	74	79	81	66
Restructuring charges (3)	26	14	24	11	—
Interest and other, net	164	183	123	100	84
Other charges (income), net (1)	92	110	(170)	21	48
Income before income taxes	158	182	521	371	455
Provision for income taxes	71	89	92	51	11
Net income	\$ 88	\$ 93	\$ 429	\$ 320	\$ 444
Diluted earnings per share:					
Total	\$ 0.17	\$ 0.18	\$ 0.80	\$ 0.59	\$ 0.79

	As of March 31,				
	2020	2019	2018	2017	2016
(In millions)					
CONSOLIDATED BALANCE SHEET DATA:					
Working capital (2)	\$ 1,875	\$ 1,506	\$ 1,902	\$ 1,883	\$ 1,743
Total assets	13,690	13,499	13,716	12,593	12,385
Total long-term debt, excluding current portion (4)	2,689	2,422	2,898	2,891	2,709
Shareholders' equity	2,831	2,972	3,019	2,678	2,606

- (1) For fiscal years 2020, 2019 and 2018, refer to note 16 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data" for further discussion.

During fiscal year 2016, the Company incurred non-cash losses of \$47.7 million primarily due to a \$26.8 million loss on the disposition of a non-strategic Western European manufacturing facility, which included a non-cash foreign currency translation loss of \$25.3 million, and a \$21.8 million loss from the impairment of a non-core investment offset by immaterial currency translation gains.

- (2) Working capital is defined as current assets, less current liabilities.
- (3) The Company initiated restructuring plans during fiscal years 2020, 2019, 2018 and 2017. For the restructuring plans initiated during fiscal years 2020, 2019, and 2018, refer to note 15 to the consolidated financial statements in Item 8, "Financial Statements

and Supplementary Data" for further discussion. During fiscal year 2017, the Company initiated a restructuring plan to accelerate its ability to support more *Sketch-to-Scale*[®] efforts across the Company and reposition away from historical legacy programs and structures through rationalizing its current footprint at existing sites and at corporate SG&A functions. The Company recognized restructuring charges of approximately \$49.4 million primarily for employee termination costs under the above plan. Of these total charges, approximately \$38.8 million was recognized in cost of sales.

- (4) In May 2020, the Company issued \$425 million aggregate principal amount of 3.750% Notes due February 2026, at 99.617% of face value, and \$325 million aggregate principal amount of 4.875% Notes due May 2030, at 99.562% of face value. Refer to note 8 to the consolidated financial statement in Item 8, "Financial Statements and Supplementary Data"

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This report on Form 10-K contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. The words "expects," "anticipates," "believes," "intends," "plans" and similar expressions identify forward-looking statements. In addition, any statements which refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. We undertake no obligation to publicly disclose any revisions to these forward-looking statements to reflect events or circumstances occurring subsequent to filing this Form 10-K with the Securities and Exchange Commission. These forward-looking statements are subject to risks and uncertainties, including, without limitation, those discussed in this section and in Item 1A, "Risk Factors." In addition, new risks emerge from time to time and it is not possible for management to predict all such risk factors or to assess the impact of such risk factors on our business. Accordingly, our future results may differ materially from historical results or from those discussed or implied by these forward-looking statements. Given these risks and uncertainties, the reader should not place undue reliance on these forward-looking statements.

OVERVIEW

We are the manufacturing partner of choice that helps a diverse customer base design and build products that improve the world. Through the collective strength of a global workforce across approximately 30 countries and responsible, sustainable operations, we deliver technology innovation, supply chain, and manufacturing solutions to diverse industries and end markets. As of March 31, 2020, our reporting business segments were as follows:

- High Reliability Solutions ("HRS"), which is comprised of our health solutions business, including surgical equipment, drug delivery, diagnostics, telemedicine, disposable devices, imaging and monitoring, patient mobility and ophthalmology; and our automotive business, including vehicle electrification, connectivity, autonomous, and smart technologies;
- Industrial and Emerging Industries ("IEI"), which is comprised of energy including advanced metering infrastructure, energy storage, smart lighting, smart solar energy; and industrial, including semiconductor and capital equipment, office solutions, household industrial and lifestyle, industrial automation and kiosks;
- Communications & Enterprise Compute ("CEC"), which includes our telecom business of radio access base stations, remote radio heads and small cells for wireless infrastructure; our networking business, which includes optical, routing, and switching products for data and video networks; our server and storage platforms for both enterprise and cloud-based deployments; next generation storage and security appliance products; and rack-level solutions, converged infrastructure and software-defined product solutions; and
- Consumer Technologies Group ("CTG"), which includes our consumer-related businesses in IoT enabled devices, audio and consumer power electronics, mobile devices; and various supply chain solutions for consumer, computing and printing devices.

These segments represent components of the Company for which separate financial information is available that is utilized on a regular basis by our Chief Operating Decision Maker ("CODM"). Our segments are determined based on several factors, including the nature of products and services, the nature of production processes, customer base, delivery channels and similar economic characteristics. Refer to note 20 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data" for additional information on our operating segments.

In March 2020, we announced a change in organization structure as part of our strategy to further drive growth and productivity with two focused delivery models. As a result, beginning in fiscal year 2021, we expect to report our financial performance based on two reportable segments (Flex Agility Solutions Group and Flex Reliability Solutions Group) and analyze operating income as the measure of segment profitability.

Our strategy is to provide customers with a full range of cost competitive, vertically-integrated global supply chain solutions through which we can design, build, ship and service a complete packaged product for our customers. This enables our customers to leverage our supply chain solutions to meet their product requirements throughout the entire product life cycle.

Over the past few years, we have seen an increased level of diversification by many companies, primarily in the technology sector. Some companies that have historically identified themselves as software providers, Internet service providers or e-commerce retailers have entered the highly competitive and rapidly evolving technology hardware markets, such as mobile devices, home entertainment and wearable devices. This trend has resulted in a significant change in the manufacturing and supply chain solutions requirements of such companies. While the products have become more complex, the supply chain solutions required by such companies have become more customized and demanding, and it has changed the manufacturing and supply chain landscape significantly.

We use a portfolio approach to manage our extensive service offerings. As our customers change the way they go to market, we have the capability to reorganize and rebalance our business portfolio in order to align with our customers' needs and requirements in an effort to optimize operating results. The objective of our business model is to allow us to be flexible and redeploy and reposition our assets and resources as necessary to meet specific customer's supply chain solutions needs across all the markets we serve and earn a return on our invested capital above the weighted average cost of that capital.

During the past several years, we have evolved our long-term portfolio towards a mix of businesses which possess longer product life cycles and higher segment operating margins as reflected in our IEI and HRS businesses. We have expanded our design and engineering relationships through our product innovation centers and global design centers.

During fiscal year 2019, we took actions to optimize our portfolio with greater focus to be placed on higher margin, less volatile businesses. During the first half of fiscal year 2020, in connection with the recent geopolitical developments and uncertainties, primarily impacting one customer in China, we experienced a reduction in demand for products assembled for that customer. As a result, we accelerated our strategic decision to reduce our exposure to certain high-volatility products in both China and India. We also initiated targeted activities to restructure our business to further reduce and streamline our cost structure. We recognized \$216 million of charges during the fiscal year 2020, comprised of approximately \$159 million of cash charges predominantly for employee severance, and \$57 million of non-cash charges primarily related to asset impairments. While the bulk of the restructuring activities were executed in fiscal year 2020 and prior, we may be required to execute additional restructuring activities as we continue to streamline our cost structure while focusing on higher margin, less volatile businesses and in response to the economic challenges in light of recent events with COVID-19 as discussed below.

We believe that our continued business transformation is strategically positioning us to take advantage of the long-term, future growth prospects for outsourcing of advanced manufacturing capabilities, design and engineering services and after-market services.

Impact of COVID-19 on Our Business

The COVID-19 pandemic has resulted in a widespread public health crisis and numerous disease control measures being taken to limit its spread, including travel bans and restrictions, quarantines, shelter-in-place orders, and shutdowns. These measures have materially impacted and are continuing to impact our workforce and operations, the operations of our customers, and those of our respective vendors and suppliers. We have significant operations worldwide, including in China, Mexico, the United States, Brazil, India, Malaysia and Europe, and each of these geographies has been affected by the outbreak and taken measures to try to contain it, resulting in disruptions at many of our manufacturing operations and facilities. The extent to which the COVID-19 pandemic will continue to impact our business and financial results going forward will be dependent on future developments such as the length and severity of the crisis, the potential resurgence of COVID-19 in the future, future government actions in response to the crisis and the overall impact of the COVID-19 pandemic on the global economy and capital markets, among many other factors, all of which remain highly uncertain and unpredictable. See “Risk Factors - *The COVID-19 pandemic has materially and adversely affected our business and results of operations. The duration and extent to which it will continue to adversely impact our business and results of operations remains uncertain and could be material.*”

In response to the outbreak, we deployed our contingency and resiliency plans that are encompassed in our business continuity programs. Our resiliency advisory and crisis management teams defined work streams and set up “war” rooms with hundreds of employees, organizing across our global footprint, and coordinating and communicating with our suppliers and customers. Our leadership teams initiated enhanced health and safety measures across all facilities, as our foremost focus has been the health and safety of our employees. We modified practices at our manufacturing locations and offices to require personal protective equipment, sanitization measures, temperature checks and social distancing well before these measures were mandated. Our protocols to protect employees and safely operate our facilities have been implemented in partnership with several governments, including in China, Mexico, Malaysia, Brazil, and Europe. These measures also have enabled us to

continue to conduct operations which are considered to be essential services, including but not limited to the manufacture of critical health care products.

As one of the largest medical device manufacturers, we recognized that we had a responsibility to do our part to make a difference in the fight against this disease. With many of the products we make for our healthcare customers related to critical care quickly running in short supply, we ramped our efforts to expand delivery of critical products, including oxygen concentrators, patient monitors, infusion pumps, and ICU beds. We are also greatly increasing our testing equipment production for both point of care and large laboratory systems and are currently partnering with our customers to manufacture ventilators at six sites around the globe.

We are presently operating in the majority of our manufacturing facilities across the globe. Our China operations are now fully up and running. There are a few regions that were impacted by acute outbreaks, such as Italy, or have seen complete country shutdowns, including India and Malaysia. In these geographies, we remain in contact with the local and national governments, and have received or are in the process of receiving waivers to safely return factories to full capacity. In addition, we have also shut down our automotive facilities (including in Mexico and Europe) in line with shutdowns executed by the major North American and European auto makers. For those employees who are not working at our manufacturing facilities, including corporate and regional headquarters, we have been operating on a work-from-home basis. We do not believe that our work-from-home protocols have materially adversely impacted our internal controls, financial reporting systems or our operations.

All of our business segments were impacted in the fourth quarter of our fiscal year 2020, with our High Reliability Solutions segment impacted by factory shutdowns by several of our large OEM customers of our automotive business, although our health solutions business has experienced a significant increased demand for critical health care products. Our Industrial and Emerging Industries segment was impacted by supply chain disruptions that impacted product ramps for various industrial and home and lifestyle customers. Our Communications & Enterprise Compute segment was impacted by production disruptions in certain of our Asian facilities and late quarter disruptions in our Mexican facilities. Finally, our Consumer Technologies Group segment was impacted by significant China-based supply chain constraints. Overall, we absorbed additional direct incremental costs of approximately \$52 million primarily related to costs associated with enhanced health and safety infrastructure, labor incentives and incremental supply chain expenses. The facility and supply chain constraints, increased incremental costs, as well as lower customer demand for certain product categories have continued in the first quarter of our fiscal year 2021.

To ensure that we are prepared for an uncertain demand environment, we have aggressively cut costs and are preserving cash. Our goal is to maintain as many jobs as we can and maintain our ability to invest where we need to enable future business. To accomplish these objectives, we implemented a combination of graduated salary cuts, furloughs and other programs to cut costs, including aggressively reducing discretionary corporate spend. In particular, our Chief Executive Officer and the Board agreed to reduce her base salary by 50% during the first two quarters of fiscal year 2021. Our other named executive officers proposed and the Board agreed to reduce their base salaries by 30% during the first two quarters of fiscal year 2021. We also made the decision to suspend our share repurchase program during the first quarter of our fiscal year 2021 and postponed all non-critical capital expenditures. We have established a robust contingency planning methodology and will adjust our actions based on how future events evolve.

Business Overview

We are one of the world's largest providers of global supply chain solutions, with revenues of \$24.2 billion in fiscal year 2020. We have established an extensive network of manufacturing facilities in the world's major consumer and enterprise markets (Asia, the Americas, and Europe) to serve the growing outsourcing needs of both multinational and regional customers. We design, build, ship, and service consumer and enterprise products for our customers through a network of over 100 facilities in approximately 30 countries across four continents. As of March 31, 2020, our total manufacturing capacity was approximately 27 million square feet. In fiscal year 2020, our net sales in the Americas, Asia and Europe represented approximately 42%, 39% and 19%, respectively, of our total net sales, based on the location of the manufacturing site. The following tables set forth the relative percentages and dollar amounts of net sales and net property and equipment, by country, based on the location of our manufacturing sites (amounts may not sum due to rounding):

	Fiscal Year Ended March 31,								
	2020		2019		2018				
	(In millions)								
Net sales:									
China	\$	5,665	23%	\$	6,649	25%	\$	7,450	29%
Mexico		4,449	18%		4,539	17%		4,362	17%
U.S.		3,719	15%		3,106	12%		2,860	11%
Brazil		1,831	8%		2,181	8%		2,578	10%
Malaysia		1,539	6%		1,996	8%		2,005	8%
Hungary		1,355	6%		1,290	5%		1,175	5%
India		1,298	5%		1,805	7%		609	2%
Other		4,354	19%		4,646	18%		4,402	18%
	\$	<u>24,210</u>		\$	<u>26,211</u>		\$	<u>25,441</u>	

	Fiscal Year Ended March 31,							
	2020			2019				
	(In millions)							
Property and equipment, net:								
Mexico			\$	555	25%	\$	537	23%
China				396	18%		523	22%
U.S.				378	17%		361	15%
India				207	9%		219	9%
Malaysia				111	5%		138	6%
Hungary				100	4%		103	4%
Other				469	22%		454	21%
			\$	<u>2,216</u>		\$	<u>2,336</u>	

We believe that the combination of our extensive open innovation platform solutions, design and engineering services, advanced supply chain management solutions and services, significant scale and global presence, and manufacturing campuses in low-cost geographic areas provide us with a competitive advantage and strong differentiation in the market for designing, manufacturing and servicing consumer and enterprise products for leading multinational and regional customers. Specifically, we have launched multiple product innovation centers ("PIC") focused exclusively on offering our customers the ability to simplify their global product development, manufacturing process, and after sales services, and enable them to meaningfully accelerate their time to market and cost savings.

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

- the impacts on our business due to component shortages or other supply chain related constraints including as a result of the COVID-19 pandemic;
- the effects of the COVID-19 pandemic on our business and results of operations;
- changes in the macro-economic environment and related changes in consumer demand;
- the mix of the manufacturing services we are providing, the number, size, and complexity of new manufacturing programs, the degree to which we utilize our manufacturing capacity, seasonal demand, shortages of components and other factors;
- the effects on our business when our customers are not successful in marketing their products, or when their products do not gain widespread commercial acceptance;

- our ability to achieve commercially viable production yields and to manufacture components in commercial quantities to the performance specifications demanded by our customers;
- the effects that current credit and market conditions (including as a result of the COVID-19 pandemic) could have on the liquidity and financial condition of our customers and suppliers, including any impact on their ability to meet their contractual obligations;
- the effects on our business due to certain customers' products having short product life cycles;
- our customers' ability to cancel or delay orders or change production quantities;
- our customers' decisions to choose internal manufacturing instead of outsourcing for their product requirements;
- integration of acquired businesses and facilities;
- increased labor costs due to adverse labor conditions in the markets we operate;
- changes in tax legislation; and
- changes in trade regulations and treaties.

The attractiveness of our services to customers and our ability to conduct business with certain customers can be affected by changes in U.S. and other countries' trade policies. In 2018, the U.S. imposed tariffs on a large variety of products of Chinese origin. The U.S. government has also indicated a readiness to further expand the scope of the tariffs on Chinese goods if negotiations are not successful, and most recently, effective May 10, 2019, increased tariffs on \$200 billion of Chinese goods to 25%. Further, on May 15, 2019, President Trump issued an executive order designed to secure the information and communications technology and services supply chain, which would restrict the acquisition or use in the United States of information and communications technology or services designed, developed, manufactured, or supplied by persons owned by, controlled by, or subject to the jurisdiction or direction of foreign adversaries. The executive order is subject to implementation by the Secretary of Commerce and applies to contracts entered into prior to the effective date of the order. In addition, the U.S. Commerce Department has implemented additional restrictions and may implement further restrictions that would affect conducting business with certain Chinese companies. A "phase one" trade deal signed between the U.S. and China on January 15, 2020 accompanied a U.S. decision to cancel a plan to increase tariffs on an additional list of Chinese products and to reduce the tariffs imposed on May 13, 2019 from 15% to 7.5% effective February 14, 2020. While the signing of the agreement and granting of several tariff exclusions by the U.S. Trade Representative signal a cooling of tensions between the U.S. and China over trade, many of the additional tariffs on Chinese origin goods remain as do concerns over the stability of bilateral trade relations, particularly given the limited scope of the phase one agreement. In addition, the economic disruption caused by the COVID-19 pandemic could make it harder for China to meet its obligations under the deal and increases the potential for China to invoke the deal's "disaster clause," which could further challenge US-China bilateral trade relations. Depending upon their duration and implementation, as well as our ability to mitigate their impact, these tariffs, the executive order and its implementation and other regulatory actions could materially affect our business, including in the form of increased cost of goods sold, decreased margins, increased pricing for customers, and reduced sales. Further, one of our former customers, Huawei Technologies Co., Ltd., and some of its affiliates have been added to the U.S. Department of Commerce's Entity List, and were recently made subject to enhanced restrictions designed to prevent them from having access to foreign-produced items using U.S.-origin semiconductor technology and equipment; we could be subject to reputational harm based on its business activities, including activities with sanctioned countries.

We also are subject to other risks as outlined in Item 1A, "Risk Factors".

Net sales for fiscal year 2020 decreased 8%, or \$2.0 billion, to \$24.2 billion from the prior year. With the exception of our IEI segment whose net sales increased \$1.1 billion, net sales for all of our remaining segments declined from the previous year. Our CTG segment decreased \$1.7 billion, primarily resulting from our targeted reductions of high volatility, low margin, short-cycle customers and product categories, in addition to significant COVID-19 related supply chain constraints in our fourth quarter. Our CEC segment decreased \$1.4 billion, driven by reduced demand in our networking and telecommunication businesses due to the slower roll-out of 5G technology, in addition to our previously announced disengagement with Huawei Technologies Co., coupled with production disruptions in our fourth quarter due to COVID-19. Our HRS segment modestly declined \$87 million driven primarily by COVID-19 disruptions directly impacting our automotive business towards the end of our fiscal year as multiple factories shut down late in the fourth quarter. This decline in our HRS segment was offset to some extent by the growth we saw in the earlier part of the fiscal year as we ramped new programs. Our IEI segment increased \$1.1

billion, mainly driven by strong sales within our solar energy business and our home and lifestyle business throughout the year which more than offset the underlying supply chain disruptions due to COVID-19 that impacted product ramps for various industrial and home and lifestyle businesses in our fourth quarter. Our fiscal year 2020 gross profit totaled \$1.3 billion, representing a decrease of \$180 million, or 12%, from the prior year. The decline was primarily driven by the geopolitical challenges and uncertainties which impacted specific customers resulting in restructuring charges recorded in the first half of fiscal year 2020 as well as the write-down of inventory in the second quarter of fiscal year 2020 that will not be recovered due to significant reductions in future customer demand as we reduce our exposure to certain higher volatility businesses. In addition, we also incurred direct incremental costs absorbed in the fourth quarter of fiscal year 2020 due to COVID-19. These were partially offset by the favorable product mix and the increased revenues and gross profit from our IEI segment and benefits realized from our earlier restructuring activities initiated in fiscal year 2019. Our net income totaled \$88 million, representing a decrease of \$6 million, or 6%, compared to fiscal year 2019, due to the factors explained above, coupled with our ongoing investment portfolio strategy as part of which we incurred certain charges. Refer to note 2 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data" for details of the investment impairments.

Cash used in operations decreased by approximately \$1.5 billion to \$1.5 billion for fiscal year 2020 compared with \$3.0 billion for fiscal year 2019 primarily due to reduced cash outflows related to accounts receivable. Cash collections from the securitized portion of our Asset-Backed Securitization agreements ("ABS Programs"), called the deferred purchase price, of \$2.6 billion were included in cash from investing activities compared to \$3.6 billion in fiscal year 2019 (refer to note 11 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data"). Our net working capital is calculated as current quarter accounts receivable, net of allowance for doubtful accounts, adding back the reduction in accounts receivable resulting from non-cash accounts receivable sales, plus inventories and contract assets, less accounts payable and certain other current liabilities related to vendor financing programs. Our net working capital as a percentage of annualized sales for fiscal year 2020 decreased slightly by 0.4% to 6.3% from the prior year.

We believe adjusted free cash flow is an important liquidity metric because it measures, during a given period, the amount of cash generated that is available to repay debt obligations, make investments, fund acquisitions, repurchase company shares and for certain other activities. Our adjusted free cash flow is defined as cash from operating activities, plus cash collections of deferred purchase price receivables, less net purchases of property and equipment to present adjusted cash flows on a consistent basis for investor transparency. We also excluded the impact to cash flows related to certain vendor programs that is required for US GAAP presentation. Our adjusted free cash flow was \$672 million for fiscal year 2020 compared to \$3 million for fiscal year 2019. The increase in adjusted free cash flow is primarily due to the lower level of cash used in operating activities, as discussed above, coupled with a lower level of capital expenditures in the current fiscal year. Refer to the Liquidity and Capital Resources section for the adjusted free cash flows reconciliation to the most directly comparable GAAP financial measure of cash flows from operations. Cash provided by investing activities decreased by approximately \$1.0 billion to \$2.3 billion for fiscal year 2020, compared with \$3.3 billion for fiscal year 2019, primarily due to lower cash collections on deferred purchase price receivables and lower capital expenditures as described above. Cash used in financing activities totaled \$508 million during fiscal year 2020, which increased by approximately \$478 million from \$30 million in the prior year, primarily due to higher net repayments of bank borrowings and long-term debt, and higher incremental share repurchases in fiscal year 2020.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP" or "GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Due to the COVID-19 pandemic, there has been and will continue to be uncertainty and disruption in the global economy and financial markets. We have made estimates and assumptions taking into consideration certain possible impacts due to COVID-19. These estimates may change, as new events occur, and additional information is obtained. Actual results may differ from those estimates and assumptions.

We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements. For further discussion of our significant accounting policies, refer to note 2 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data."

Leases

We are a lessee with several non-cancellable operating leases, primarily for warehouses, buildings, and other assets such as vehicles and equipment. We determine if an arrangement is a lease at contract inception. A contract is a lease or contains a lease when (1) there is an identified asset, and (2) the customer has the right to control the use of the identified asset.

Beginning with the adoption of ASC 842 on April 1, 2019, we recognize a right-of-use (“ROU”) asset and a lease liability at the lease commencement date for our operating leases. For operating leases, the lease liability is initially measured at the present value of the unpaid lease payments at the lease commencement date. We have elected the short-term lease recognition and measurement exemption for all classes of assets, which allows us to not recognize ROU assets and lease liabilities for leases with a lease term of 12 months or less and with no purchase option we are reasonably certain of exercising. We have also elected the practical expedient to account for the lease and nonlease components as a single lease component, for all classes of underlying assets. Therefore, the lease payments used to measure the lease liability include all of the fixed considerations in the contract. Lease payments included in the measurement of the lease liability comprise the following: fixed payments (including in-substance fixed payments), and variable payments that depend on an index or rate (initially measured using the index or rate at the lease commencement date). As we cannot determine the interest rate implicit in the lease for our leases, we use our estimate of the incremental borrowing rate as of the commencement date in determining the present value of lease payments. Our estimated incremental borrowing rate is the rate of interest we would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. The lease term for all of our leases includes the non-cancellable period of the lease plus any additional periods covered by either an option to extend (or not to terminate) the lease that we are reasonably certain to exercise, or an option to extend (or not to terminate) the lease controlled by the lessor. Refer to note 3 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data" for further details.

Revenue Recognition

In determining the appropriate amount of revenue to recognize, we apply the following steps: (i) identify the contracts with the customers; (ii) identify performance obligations in the contracts; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations per the contracts; and (v) recognize revenue when (or as) we satisfy a performance obligation. Further, we assess whether control of the product or services promised under the contract is transferred to the customer at a point in time (PIT) or over time (OT). We are first required to evaluate whether our contracts meet the criteria for OT recognition. We have determined that for a portion of our contracts, we are manufacturing products for which there is no alternative use (due to the unique nature of the customer-specific product and IP restrictions) and we have an enforceable right to payment including a reasonable profit for work-in-progress inventory with respect to these contracts. As a result, revenue is recognized under these contracts OT based on the cost-to-cost method as it best depicts the transfer of control to the customer measured based on the ratio of costs incurred to date as compared to the total estimated costs at completion of the performance obligation. For all other contracts that do not meet these criteria, we recognize revenue when we have transferred control of the related manufactured products which generally occurs upon delivery and passage of title to the customer. Refer to note 4 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data" for further details.

Customer Contracts and Related Obligations

Certain of our customer agreements include potential price adjustments which may result in variable consideration. These price adjustments include, but are not limited to, sharing of cost savings, committed price reductions, material margins earned over the period that are contractually required to be paid to the customers, rebates, refunds tied to performance metrics such as on-time delivery, and other periodic pricing resets that may be refundable to customers. We estimate the variable consideration related to these price adjustments as part of the total transaction price and recognize revenue in accordance with the pattern applicable to the performance obligation, subject to a constraint. We constrain the amount of revenues recognized for these contractual provisions based on our best estimate of the amount which will not result in a significant reversal of revenue in a future period. We determine the amounts to be recognized based on the amount of potential refunds required by the contract, historical experience and other surrounding facts and circumstances. Refer to note 2 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data" for further details.

Customer Credit Risk

We have an established customer credit policy through which we manage customer credit exposures through credit evaluations, credit limit setting, monitoring, and enforcement of credit limits for new and existing customers. We perform ongoing credit evaluations of our customers' financial condition and make provisions for doubtful accounts based on the outcome of those credit evaluations. We evaluate the collectability of accounts receivable based on specific customer circumstances, current economic trends, historical experience with collections and the age of past due receivables. To the extent we identify exposures as a result of customer credit issues, we also review other customer related exposures, including but not limited to inventory and related contractual obligations.

Restructuring Charges

We recognize restructuring charges related to our plans to close or consolidate excess manufacturing facilities and rationalize administrative functions and to realign our corporate cost structure. In connection with these activities, we recognize restructuring charges for employee termination costs, long-lived asset impairment and other exit-related costs.

The recognition of these restructuring charges requires that we make certain judgments and estimates regarding the nature, timing and amount of costs associated with the planned restructuring activity. To the extent our actual results differ from our estimates and assumptions, we may be required to revise the estimates of future liabilities, requiring the recognition of additional restructuring charges or the reduction of liabilities already recognized. Such changes to previously estimated amounts may be material to the consolidated financial statements. At the end of each reporting period, we evaluate the remaining accrued balances to ensure that no excess accruals are retained, and the utilization of the provisions are for their intended purpose in accordance with developed exit plans.

Refer to note 15 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data" for further discussion of our restructuring activities.

Inventory Valuation

Our inventories are stated at the lower of cost (on a first-in, first-out basis) or net realizable value. Our industry is characterized by rapid technological change, short-term customer commitments and rapid changes in demand. We purchase our inventory based on forecasted demand, and we estimate write downs for excess and obsolete inventory based on our regular reviews of inventory quantities on hand, and the latest forecasts of product demand and production requirements from our customers. If actual market conditions or our customers' product demands are less favorable than those projected, additional write downs may be required. In addition, unanticipated changes in the liquidity or financial position of our customers and/or changes in economic conditions may require additional write downs for inventories due to our customers' inability to fulfill their contractual obligations with regards to inventory procured to fulfill customer demand.

Valuation of Private Company Investments

We assess our investments for impairment whenever events or changes in circumstances indicate that the assets may be impaired. The factors we consider in our evaluation of potential impairment of our investments, include, but are not limited to a significant deterioration in the earnings performance or business prospects of the investee, or factors that raise significant concerns about the investee's ability to continue as a going concern, such as negative cash flows from operation or working capital deficiencies. The carrying value of certain of our investments are individually material, thus there is the potential for material charges in future periods if we determine that those investments are impaired.

During fiscal year 2020, and in connection with the Company's ongoing assessment of its investment portfolio strategy, the Company concluded that the carrying amounts of certain non-core investments were other than temporarily impaired and recognized a \$98 million total impairment in other charges (income), net on the consolidated statement of operations. The impairments in fiscal year 2020 were primarily related to Elementum and certain other non-core investments, reflecting recent market valuation changes, in addition to capturing additional risks due to the economic challenges in light of COVID-19.

During the last half of fiscal year 2019, the Company reassessed its strategy with respect to its entire investment portfolio. As a result the Company recognized aggregate net charges related to investment impairments and dispositions of approximately \$193 million for the fiscal year ended March 31, 2019, primarily related to a non-core cost method investment and Elementum.

Carrying Value of Goodwill and Long-Lived Assets

We review property and equipment and acquired amortizable intangible assets for impairment at least annually and whenever events or changes in circumstances indicate that the carrying amount of the asset group may not be recoverable. An impairment loss is recognized when the carrying amount of the asset group exceeds its fair value. Recoverability of property and equipment and acquired amortizable intangible assets are measured by comparing their carrying amount to the projected cash flows the assets are expected to generate. If such asset groups are determined to be impaired, the impairment loss recognized, if any, is the amount by which the carrying amount of the property and equipment and acquired amortizable intangible assets exceeds fair value. Our judgments regarding projected cash flows for an extended period of time and the fair value of assets may be impacted by changes in market conditions, general business environment and other factors including future developments of the COVID-19 pandemic which remain highly uncertain and unpredictable. To the extent our estimates relating to cash flows and fair value of assets change adversely we may have to recognize additional impairment charges in the future.

Goodwill is tested for impairment on an annual basis and whenever events or changes in circumstances indicate that the carrying amount of goodwill may not be recoverable. Recoverability of goodwill is measured at the reporting unit level by comparing the reporting unit's carrying amount, including goodwill, to the fair value of the reporting unit, which is measured based upon, among other factors, market multiples for comparable companies as well as a discounted cash flow analysis. These approaches use significant unobservable inputs, or Level 3 inputs, as defined by the fair value hierarchy and require us to make various judgmental assumptions about sales, operating margins, growth rates and discount rates which consider our budgets, business plans and economic projections, and are believed to reflect market participant views. Some of the inherent estimates

and assumptions used in determining fair value of the reporting units are outside the control of management, including interest rates, cost of capital, tax rates, market EBITDA comparables and credit ratings. While we believe we have made reasonable estimates and assumptions to calculate the fair value of the reporting units, it is possible a material change could occur. If our actual results are not consistent with our estimates and assumptions used to calculate fair value, it could result in material impairments of our goodwill. Refer to note 2 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data" for further detail.

During the fourth quarter of fiscal year 2020, due to the ongoing COVID-19 global pandemic which negatively impacted the overall macroeconomy as well as the Company's market capitalization and estimated near-term financial performance, the Company considered this a triggering event and performed an interim impairment test via a quantitative valuation as of March 31, 2020. Based on the results of the impairment test, the fair values exceed the respective carrying values for each reporting unit, with the percentage excess ranging from 17% for CTG to 108% for IEI. Accordingly, the Company concluded that no impairment of goodwill existed as of March 31, 2020. The estimated forecasted results used in the discounted cash flow portion of the impairment analysis reflect the Company's best estimates as of March 31, 2020 and include near term negative impacts to our auto businesses from the plant closures, challenged CEC telecommunication businesses, and weaker consumer demand for our customers' mobility products due to COVID-19. These estimates could change depending on the future developments of the COVID-19 pandemic such as the length and severity of the crisis, the potential resurgence of COVID-19 in the future, future government actions in response to the crisis and the overall impact of the COVID-19 pandemic on the global economy and capital markets, among many other factors, all of which remain highly uncertain and unpredictable.

Contingent Liabilities

We may be exposed to certain liabilities relating to our business operations, acquisitions of businesses and assets and other activities. We make provisions for such liabilities when it is probable that the settlement of the liability will result in an outflow of economic resources or the impairment of an asset. We make these assessments based on facts and circumstances that may change in the future resulting in additional expenses.

Refer to note 13 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data" for further discussion of our contingent liabilities.

Income Taxes

Our deferred income tax assets represent temporary differences between the carrying amount and the tax basis of existing assets and liabilities, which will result in deductible amounts in future years, including net operating loss carry forwards. Based on estimates, the carrying value of our net deferred tax assets assumes that it is more likely than not that we will be able to generate sufficient future taxable income in certain tax jurisdictions to realize these deferred income tax assets. Our judgments regarding future profitability may change due to future market conditions, changes in U.S. or international tax laws and other factors. If these estimates and related assumptions change in the future, we may be required to increase or decrease our valuation allowance against deferred tax assets previously recognized, resulting in additional or lesser income tax expense.

We are regularly subject to tax return audits and examinations by various taxing jurisdictions and around the world, and there can be no assurance that the final determination of any tax examinations will not be materially different than that which is reflected in our income tax provisions and accruals. Should additional taxes be assessed as a result of a current or future examination, there could be a material adverse effect on our tax position, operating results, financial position and cash flows. Refer to note 14 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data" for further discussion of our tax position.

RESULTS OF OPERATIONS

The following table sets forth, for the periods indicated, certain statements of operations data expressed as a percentage of net sales. The financial information and the discussion below should be read in conjunction with the consolidated financial statements and notes thereto included in Item 8, "Financial Statements and Supplementary Data." The data below, and discussion that follows, represents our results from operations.

	Fiscal Year Ended March 31,		
	2020	2019	2018
Net sales	100.0%	100.0%	100.0%
Cost of sales	93.7	93.8	93.5
Restructuring charges	0.8	0.4	0.3
Gross profit	5.5	5.8	6.2
Selling, general and administrative expenses	3.4	3.6	4.0
Intangible amortization	0.3	0.3	0.3
Restructuring charges	0.1	0.1	0.1
Interest and other, net	0.7	0.7	0.5
Other charges (income), net	0.4	0.4	(0.7)
Income before income taxes	0.6	0.7	2.0
Provision for income taxes	0.3	0.3	0.4
Net Income	0.3%	0.4%	1.6%

Net sales

Net sales during fiscal year 2020 totaled \$24.2 billion, representing a decrease of \$2.0 billion, or 8%, from \$26.2 billion during fiscal year 2019. With the exception of our IEI segment whose net sales increased \$1.1 billion, net sales for all of our remaining segments declined from the previous year. Net sales were also lower in our Asia and Europe regions during fiscal year 2020, with decreases of \$2.1 billion and \$66 million, respectively, partially offset by slightly higher sales in Americas with an increase of \$172 million during the same period.

Net sales during fiscal year 2019 totaled \$26.2 billion, representing an increase of \$0.8 billion, or 3%, from \$25.4 billion during fiscal year 2018. The overall increase in sales was driven by increases in three of our segments offset by a decline in sales in our CTG segment. During fiscal year 2019, the increase in net sales was primarily driven by an increase of \$0.5 billion in Europe, \$0.3 billion in Asia, and to a lesser extent, \$12 million in the Americas.

The following table sets forth net sales by segments and their relative percentages. Historical information has been recast to reflect realignment of customers and/or products between segments:

<u>Segments:</u>	Fiscal Year Ended March 31,								
	2020		2019		2018				
(In millions)									
High Reliability Solutions	\$	4,742	20%	\$	4,829	18%	\$	4,770	19%
Industrial & Emerging Industries		7,277	30%		6,183	24%		5,972	24%
Communications & Enterprise Compute		6,986	29%		8,336	32%		7,729	30%
Consumer Technologies Group		5,204	21%		6,863	26%		6,970	27%
	\$	24,210		\$	26,211		\$	25,441	

Net sales during fiscal year 2020 decreased \$1.7 billion, or 24%, in our CTG segment driven by our targeted reductions of high volatility, low margin, short-cycle customers and product categories and further impacted by significant COVID-19 related supply chain constraints in our fourth quarter. Net sales in our CEC segment decreased \$1.4 billion, or 16%, driven by reduced demand in our networking and telecommunication businesses due to the slower roll-out of 5G technology and our previously announced disengagement with Huawei Technologies Co., coupled with production disruptions due to COVID-19 in our fourth quarter. Net sales in our HRS segment modestly decreased \$87 million, or 2%, driven primarily by COVID-19

disruptions directly impacting our automotive business towards the end of our fiscal year as multiple factories shut down late in the fourth quarter. This decline was offset to some extent by the growth we saw in the earlier part of the fiscal year from ramping programs. Our IEI segment increased by \$1.1 billion, or 18%, mainly driven by strong sales within our solar energy business and our home and lifestyle business throughout the year which more than offset the underlying supply chain disruptions due to COVID-19 that impacted product ramps for various industrial and home and lifestyle businesses in our fourth quarter.

Net sales during fiscal year 2019 increased \$0.6 billion, or 8%, in our CEC segment driven by momentum from our cloud and data center business as well as the expansion of network infrastructure programs to support 4G and 5G technology, offset by declines in our data networking business due to weakness with some legacy product lines. Net sales in our IEI segment increased \$0.2 billion or 4%, which was mainly driven by new programs and customer launches within our industrial, home and lifestyle businesses, offset by declines in our capital equipment and energy businesses. Net sales in our HRS segment increased \$59 million, or 1%, from higher sales in our health solutions business as we benefited from prior year investments in design, engineering and automation that have strengthened and improved our capabilities and competitive positioning that more than offset year over year declines from our automotive customers primarily in Asia. These segment increases were partially offset by a decrease of \$107 million, or 1.5%, in our CTG segment, primarily within the legacy consumer sectors of the segment and as a result of actively repositioning the portfolio of customers and rationalizing underperforming customers and eliminating certain product categories.

Our ten largest customers during fiscal years 2020, 2019 and 2018 accounted for approximately 39%, 43% and 41% of net sales, respectively. We have made substantial efforts to diversify our portfolio which allows us to operate at scale in many different industries, and, as a result, no customer accounted for greater than 10% of net sales in fiscal year 2020, 2019 or 2018.

Gross profit

Gross profit is affected by a number of factors, including the number and size of new manufacturing programs, product mix, component costs and availability, product life cycles, unit volumes, pricing, competition, new product introductions, capacity utilization and the expansion or consolidation of manufacturing facilities including specific restructuring activities from time to time. The flexible design of our manufacturing processes allows us to manufacture a broad range of products in our facilities and better utilize our manufacturing capacity across our diverse geographic footprint and service customers from all segments. In the cases of new programs, profitability normally lags revenue growth due to product start-up costs, lower manufacturing program volumes in the start-up phase, operational inefficiencies, and under-absorbed overhead. Gross margin for these programs often improves over time as manufacturing volumes increase, as our utilization rates and overhead absorption improve, and as we increase the level of manufacturing services content. As a result of these various factors, our gross margin varies from period to period.

Gross profit decreased \$0.2 billion to \$1.3 billion in fiscal year 2020, from \$1.5 billion in fiscal year 2019. Gross margin decreased 30 basis points, to 5.5% of net sales in fiscal year 2020, from 5.8% of net sales in fiscal year 2019. The decrease in both gross profit and gross margin is primarily due to lower sales coupled with an additional \$91 million, or 40 basis points, of restructuring charges incurred during fiscal year 2020 versus fiscal year 2019. In addition, we wrote down inventory in the second quarter of fiscal year 2020 that will not be recovered due to significant reductions in future customer demand as we reduced our exposure to certain high volatility businesses. We also incurred approximately \$52 million, or 21 basis points, of direct incremental costs due to COVID-19 in the fourth quarter of fiscal year 2020. These were partially offset by the favorable product mix and the increased revenues and gross profit from our IEI segment and benefits realized from our earlier restructuring activities initiated in fiscal year 2019.

Gross profit decreased \$0.1 billion to \$1.5 billion from \$1.6 billion from fiscal year 2018 to fiscal year 2019. Gross margin decreased 40 basis points, to 5.8% of net sales in fiscal year 2019, from 6.2% of net sales in fiscal year 2018. The decrease is primarily due to an additional \$32 million, or 10 basis points, of restructuring charges coupled with approximately \$47 million of additional charges related to distressed customers incurred during fiscal year 2019 versus fiscal year 2018. During the year, we completed the wind down of our NIKE Mexico operations and incurred a total of \$66 million of charges primarily for non-cash asset impairments in the second and third quarters of fiscal year 2019. Additional gross profit and gross margin declines were due to revenue reductions in some of our higher margin businesses, such as automotive and semi-cap equipment and further due to the Multek China divestiture. Also negatively pressuring the gross profit margin was the significant revenues from ramping new programs in India.

Segment income

An operating segment's performance is evaluated based on its pre-tax operating contribution, or segment income. Segment income is defined as net sales less cost of sales, and segment selling, general and administrative expenses, and does not include amortization of intangibles, stock-based compensation, customer related assets impairments, restructuring charges,

the new revenue standard adoption impact, legal and other, interest and other, net and other charges (income), net. A portion of depreciation is allocated to the respective segment together with other general corporate research and development and administrative expenses.

The following table sets forth segment income and margins. Historical information has been recast to reflect realignment of customers and/or products between segments (amounts may not sum due to rounding):

	Fiscal Year Ended March 31,								
	2020		2019		2018				
	(In millions)								
Segment income & margin:									
High Reliability Solutions	\$	316	6.7%	\$	371	7.7%	\$	381	8.0%
Industrial & Emerging Industries		466	6.4%		269	4.4%		235	3.9%
Communications & Enterprise Compute		142	2.0%		215	2.6%		186	2.4%
Consumer Technologies Group		88	1.7%		121	1.8%		112	1.6%
Corporate and Other		(114)			(104)			(128)	
Total segment income		898	3.7%		872	3.3%		786	3.1%
Reconciling items:									
Intangible amortization		64			74			79	
Stock-based compensation		72			76			85	
Customer related asset impairments (1)		106			87			6	
Restructuring charges (Note 15)		216			113			91	
New revenue standard adoption impact (Note 4)		—			9			—	
Legal and other (2)		26			35			52	
Interest and other, net		164			183			123	
Other charges (income), net (Note 16)		92			110			(170)	
Income before income taxes	\$	158		\$	182		\$	521	

- (1) Customer related asset impairments for fiscal year 2020, primarily relate to non-cash impairments of certain property and equipment for customers we have disengaged or are in the process of disengaging, additional provision for doubtful accounts receivable, charges for other asset impairments, and reserves for excess and obsolete inventory for certain customers experiencing financial difficulties and/or related to inventory that will not be recovered due to significant reductions in future customer demand.

Customer related asset impairments for fiscal year 2019, primarily relate to provision for doubtful accounts receivable, inventory and impairment of other assets for certain customers experiencing significant financial difficulties and/or the Company is disengaging.

- (2) Legal and other during fiscal year 2020, primarily consists of direct and incremental costs associated with certain wind-down activities related to the disengagement of a certain customer primarily in China and India, offset by certain gains resulting from the recognition of prior year expenses paid to the government now considered probable of recovery and reasonably estimable due to a favorable tax ruling.

Legal and other during fiscal year 2019, primarily consists of costs incurred relating to the independent investigation undertaken by the Audit Committee of the Company's Board of Directors which was completed in June 2018. In addition, Legal and other also includes certain charges related to the China based Multek operations that was divested in the second quarter of fiscal year 2019.

During fiscal year 2018, the Company incurred charges in connection with certain legal matters, for loss contingencies where it believed that losses were probable and estimable. Additionally, the Company incurred various other charges predominately related to damages incurred from a typhoon that impacted a China facility, as well as certain assets impairments during fiscal year 2018.

Corporate and other primarily includes corporate services costs that are not included in the CODM's assessment of the performance of each of the identified reporting segments.

HRS segment margin decreased 100 basis point to 6.7% for fiscal year 2020, from 7.7% during fiscal year 2019, primarily due to accelerated investments and costs associated with new program ramps and pricing pressure with demand declines in the global market that impacted product mix, coupled with under absorption of costs associated with the temporary closure of several automotive sites in the fourth quarter of fiscal year 2020 due to COVID-19. HRS segment

margin decreased 30 basis point to 7.7% for fiscal year 2019, from 8.0% during fiscal year 2018, primarily due to reduced revenues from our automotive products and services, which carry higher gross margins partially offset by greater contribution from our growing health solutions business.

IEI segment margin increased 200 basis points to 6.4% for fiscal year 2020, from 4.4% during fiscal year 2019, as a result of a favorable business mix resulting from increased demand from new business particularly in Energy and in Home & Lifestyle, greater levels of design and engineering led engagements and improved operational execution. IEI segment margin increased 50 basis points to 4.4% for fiscal year 2019, from 3.9% during fiscal year 2018, as a result of improved overhead absorption benefits from the increased revenues and greater levels of design led programs which have higher gross margins, as well as leverage of its installed cost structure.

CEC segment margin decreased 60 basis points to 2.0% for fiscal year 2020, from 2.6% during fiscal year 2019. The decrease in CEC margin during fiscal year 2020 is primarily due to geopolitical challenges and uncertainties which impacted demand from specific customers as well as a specific drop in demand in our networking and telecommunication businesses due to the slower roll-out of 5G technology. We also encountered disruptions in production in the fourth quarter of fiscal year 2020 due to COVID-19. These pressured margins due to the underabsorbed manufacturing overhead costs resulting from the lower revenue levels. CEC segment margin increased 20 basis points to 2.6% for fiscal year 2019, from 2.4% during fiscal year 2018. The increase was driven by operational efficiencies and improved absorption of overhead as a result of the 8% increase in revenues.

CTG segment margin decreased 10 basis points to 1.7% for fiscal year 2020, from 1.8% during fiscal year 2019, as it remained pressured during our portfolio transition and ongoing repositioning of our operating structure. In addition, we experienced manufacturing inefficiencies due to supply chain disruptions and constraints in the fourth quarter of fiscal year 2020 due to COVID-19. CTG segment margin increased 20 basis points to 1.8% for fiscal year 2019, from 1.6% during fiscal year 2018, as a result of lower losses from our NIKE operations in Mexico, which we exited in the third quarter of fiscal year 2019, partially offset by under-performance of certain accounts.

Restructuring charges

During fiscal year 2019, we took actions to optimize our portfolio with greater focus to be placed on higher margin, less volatile businesses. During the first half of fiscal year 2020 in connection with the recent geopolitical developments and uncertainties, primarily impacting one customer in China, we experienced a reduction in demand for products assembled for that customer. As a result, we accelerated our strategic decision to reduce our exposure to certain high-volatility products in both China and India. We also initiated targeted activities to restructure our business to further reduce and streamline our cost structure. During fiscal year 2020, we recognized \$216 million of restructuring charges. We incurred cash charges of approximately \$159 million, that were predominantly for employee severance, in addition to non-cash charges of \$57 million, respectively, primarily related to asset impairments.

During fiscal year 2019, we took targeted actions to optimize our portfolio, most notably within CTG. We recognized restructuring charges of approximately \$113 million during the fiscal year ended March 31, 2019, of which \$73 million were non-cash charges primarily for asset impairments. A significant component of our charges were associated with the wind down of our NIKE operations in Mexico in the third quarter of fiscal year 2019. In addition, we executed targeted head-count reductions at existing operating and design sites and corporate functions and exited certain immaterial businesses. Of these total charges, approximately \$99 million was recognized as a component of cost of sales during the fiscal year ended March 31, 2019.

During fiscal year 2018, we initiated targeted restructuring activities, focused on optimizing our cost structure in lower growth areas and, more importantly, streamlining certain corporate and segment functions in order to make Flex a faster, more responsive and agile company, better positioned to react to marketplace opportunities. We recognized \$79 million of pre-tax cash charges, predominantly related to employee severance costs, and \$12 million of pre-tax non-cash charges for asset impairment and other exit charges. We classified \$67 million of these charges as a component of cost of sales and \$24 million as a component of selling, general and administrative expenses during fiscal year 2018.

Refer to note 15 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data" for further discussion of our restructuring activities.

Selling, general and administrative expenses

Selling, general and administrative expenses ("SG&A") totaled \$834 million, or 3.4% of net sales, during fiscal year 2020, compared to \$953 million, or 3.6% of net sales, during fiscal year 2019, decreasing by \$119 million or 12%, due to strict cost discipline focused on driving further productivity improvements which enabled us to respond quickly to current market

conditions by taking targeted actions on our discretionary spends coupled with a refined cost structure benefiting from prior restructuring initiatives.

SG&A totaled \$953 million or 3.6% of net sales, during fiscal year 2019, compared to \$1.0 billion, or 4.0% of net sales, during fiscal year 2018, decreasing by \$66 million or 7%, due to strong cost discipline focused on driving further productivity improvements and a refined cost structure benefiting from prior restructuring initiatives.

Intangible amortization

Amortization of intangible assets in fiscal years 2020 and 2019 were \$64 million and \$74 million, respectively, representing a decrease of \$10 million and \$5 million, from their respective prior years as a result of certain intangible assets being fully amortized during the respective periods.

Interest and other, net

Interest and other, net was \$164 million during fiscal year 2020, compared to \$183 million during fiscal year 2019, decreasing \$19 million primarily due to increases in net foreign exchange gains, a lower interest rate environment and lower expenses from our asset-backed securitization programs, partially offset by debt extinguishment costs incurred during fiscal year 2020.

Interest and other, net was \$183 million during fiscal year 2019, compared to \$123 million during fiscal year 2018, increasing \$60 million due to a \$23 million increase of interest expense primarily from higher weighted average interest rates and a higher average borrowing level, as well as a \$21 million increase in interest expense from our accounts receivable sales program, partially offset by a \$14 million decrease in foreign exchange gains as compared to the prior year.

Other charges (income), net

During fiscal year 2020, and in connection with the Company's ongoing assessment of its investment portfolio strategy, we concluded that the carrying amounts of certain non-core investments were other than temporarily impaired and recognized a \$98 million total impairment charge. Refer to note 2 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data" for details on the investment impairments. No other components of other charges and income, net incurred during fiscal year 2020 were material.

During the last half of fiscal year 2019, we reassessed our strategy with respect to our entire investment portfolio. As a result, we recognized an aggregate net charge related to investment impairments and dispositions of approximately \$193 million for the year ended March 31, 2019. The aggregate charge was primarily driven by write-downs of our investment positions in a non-core cost method investment and Elementum that were recognized in the third and fourth quarters of fiscal 2019, respectively. We also incurred other investment impairments that were individually immaterial as a result of our strategy shift and due to market valuation changes. Offsetting these charges was an \$87 million non-cash gain from the deconsolidation of Bright Machines.

During fiscal year 2018, we recognized \$152 million of gain from the deconsolidation of Elementum, and \$39 million of gain from the sale of a non-strategic cost basis investment. We also recorded \$22 million related to the impairment of certain non-core investments during fiscal year 2018. No other components of other charges and income, net incurred during fiscal year 2018 were material.

Income taxes

We work to ensure that we accrue and pay the appropriate amount of income taxes according to the laws and regulations of each jurisdiction in which we operate. Certain of our subsidiaries have, at various times, been granted tax relief in their respective countries, resulting in lower income taxes than would otherwise be the case under ordinary tax rates. The consolidated effective tax rates were 44.7%, 48.7% and 17.7% for the fiscal years 2020, 2019 and 2018, respectively. The effective rate varies from the Singapore statutory rate of 17.0% in each year as a result of the following items:

Fiscal Year Ended March 31,

	2020	2019	2018
Income taxes based on domestic statutory rates	17.0%	17.0%	17.0%
Effect of tax rate differential	(51.2)	(74.1)	(46.9)
Change in unrecognized tax benefit	(0.6)	(8.4)	4.3
Change in valuation allowance	58.4	105.4	57.1
Recognition of prior year taxes recoverable	8.4	3.0	(10.3)
Expiration of tax attributes	—	2.3	—
APB23 tax liability	5.5	1.1	0.3
Other	7.2	2.4	(3.8)
Provision for income taxes	<u>44.7%</u>	<u>48.7%</u>	<u>17.7%</u>

The variation in our effective tax rate each year is primarily a result of recognition of earnings in foreign jurisdictions which are taxed at rates lower than the Singapore statutory rate including the effect of tax holidays and tax incentives we received primarily for our subsidiaries in China, Malaysia, Costa Rica, India, Netherlands and Israel of \$16 million, \$24 million and \$22 million in fiscal years 2020, 2019 and 2018, respectively. Additionally, our effective tax rate is impacted by changes in our liabilities for uncertain tax positions of (\$1) million, (\$15) million, and \$22 million and changes in our valuation allowances on deferred tax assets of \$93 million, \$192 million and \$279 million in fiscal years 2020, 2019 and 2018, respectively. We generate most of our revenues and profits from operations outside of Singapore.

We are regularly subject to tax return audits and examinations by various taxing jurisdictions and around the world, and there can be no assurance that the final determination of any tax examinations will not be materially different than that which is reflected in our income tax provisions and accruals. Should additional taxes be assessed as a result of a current or future examinations, there could be a material adverse effect on our tax position, operating results, financial position and cash flows.

We provide a valuation allowance against deferred tax assets that in our estimation are not more likely than not to be realized. During fiscal year 2020, we released valuation allowance of \$1 million related to certain operations in China as this amount was deemed to be more likely than not to be realized due to the sustained profitability during the past three fiscal years as well as continued forecasted profitability of those subsidiaries. In addition, a valuation allowance of \$3 million was added for a different operating subsidiary in China due to continued losses and the determination the company would be less likely than not to utilize its deferred tax assets. Various other valuation allowance positions were also reduced due to varying factors such as recognition of uncertain tax positions impacting deferred tax assets, one-time income recognition in loss entities, and foreign exchange impacts on deferred tax balances. Lastly, these valuation allowance reductions and eliminations were offset by current period valuation allowance additions due to increased deferred tax assets as a result of current period losses in legal entities with existing full valuation allowance positions.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2020, we had cash and cash equivalents of \$1.9 billion and bank and other borrowings of approximately \$2.8 billion. We have a \$1.75 billion revolving credit facility that is due to mature in June 2022, under which we had no borrowings outstanding as of March 31, 2020. We also entered into a JPY 33.525 billion term loan (approximately USD \$310 million as of March 31, 2020) due April 2024, at three-month Yen LIBOR plus 0.50%, which was then swapped to U.S. dollars. In addition, we issued \$650 million of 4.875% Notes due 2029 (the "2029 Notes") in fiscal year 2020. The proceeds were used to repay the outstanding balance of our existing 4.625% Notes due February 2020, and the Term Loan due November 2021, resulting in a net debt reduction of \$216 million. Refer to note 8 to the consolidated financial statement in Item 8, "Financial Statements and Supplementary Data" for additional details. As of March 31, 2020, we were in compliance with the covenants under all of our credit facilities and indentures.

In May 2020, we issued \$425 million aggregate principal amount of 3.750% Notes due February 2026, at 99.617% of face value, and \$325 million aggregate principal amount of 4.875% Notes due May 2030, at 99.562% of face value. The total proceeds of \$740 million, net of discount and issuance costs, are expected to be used for general corporate purposes, which may include repaying, redeeming or repurchasing outstanding debt and for working capital, capital expenditures and acquisitions.

Our cash balances are held in numerous locations throughout the world. As of March 31, 2020, over half of our cash and cash equivalents were held by foreign subsidiaries outside of Singapore. Although substantially all of the amounts held outside

of Singapore could be repatriated, under current laws, a significant amount could be subject to income tax withholdings. We provide for tax liabilities on these amounts for financial statement purposes, except for certain of our foreign earnings that are considered indefinitely reinvested outside of Singapore (approximately \$1.4 billion as of March 31, 2020). Repatriation could result in an additional income tax payment; however, for the majority of our foreign entities, our intent is to permanently reinvest these funds outside of Singapore and our current plans do not demonstrate a need to repatriate them to fund our operations in jurisdictions outside of where they are held. Where local restrictions prevent an efficient intercompany transfer of funds, our intent is that cash balances would remain outside of Singapore and we would meet our liquidity needs through ongoing cash flows, external borrowings, or both.

Fiscal Year 2020

Cash used in operating activities was \$1.5 billion during fiscal year 2020. The total cash used in operating activities resulted primarily from \$88 million of net income for the period plus \$811 million of non-cash charges such as depreciation, amortization, restructuring and impairment charges, provision for doubtful accounts, and stock-based compensation. Depreciation expense was \$422 million and slightly lower than prior years. These additions were more than offset by a net change in our operating assets and liabilities of \$2.4 billion, primarily driven by cash outflows related to accounts receivable. Cash collections from the deferred purchase price on our ABS sales programs of \$2.6 billion were included in cash from investing activities (refer to note 11 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data" for a discussion of the amendments to the ABS Programs).

We believe net working capital ("NWC"), and net working capital as a percentage of annualized sales are key metrics that measure our liquidity. Net working capital is calculated as current quarter accounts receivable, net of allowance for doubtful accounts, adding back the reduction in accounts receivable resulting from non-cash accounts receivable sales, plus inventories and contract assets, less accounts payable and certain other current liabilities related to vendor financing programs. NWC decreased by \$289 million to \$1.4 billion as of March 31, 2020, from \$1.7 billion as of March 31, 2019. This decrease is primarily driven by a \$470 million decrease in accounts receivable adding back reductions from non-cash accounts receivable sales, offset by a \$66 million increase in contract assets, a \$62 million increase in inventories, and a \$39 million decrease in accounts payable. We no longer have any non-cash accounts receivable sales balance outstanding as of March 31, 2020 due to the amendments of our ABS Programs. Our net working capital as a percentage of annualized net sales as of March 31, 2020 decreased slightly to 6.3% as compared to 6.7% of annualized net sales as of March 31, 2019.

Cash provided by investing activities totaled \$2.3 billion during fiscal year 2020. This was primarily driven by \$2.6 billion of cash collections on deferred purchase price receivables from our ABS Programs offset by approximately \$356 million of net capital expenditures for property and equipment to continue expanding capabilities and capacity in support of our expanding IEI and HRS businesses. In addition, other investing activities include \$44 million of proceeds from the sale of our partial investment in Bright Machines (refer to note 2 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data" for discussion of the sale).

Cash used in financing activities was \$508 million during fiscal year 2020. This was primarily the result of (i) \$672 million of cash paid for the repayment of the term loan due November 2021, (ii) \$500 million of cash paid for the tender and redemption of the outstanding balance of our 4.625% Notes due February 2020, (iii) \$91 million of cash paid to pay off the outstanding balance of our short-term bank borrowings facility in India, and (iv) \$260 million of cash paid for the repurchase of our ordinary shares. Partially offsetting the payments described above were \$663 million of proceeds, net of discount and premium, received following the issuance of the 2029 Notes, \$300 million of proceeds following the execution of our term loan agreement due in April 2024, \$59 million of proceeds from drawdowns from our India term loan facility coupled with \$47 million of proceeds from the execution of our term loan due in March 2021. For further information, see note 8 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data".

Fiscal Year 2019

Cash used in operating activities was \$3.0 billion during fiscal year 2019. As further discussed below, cash collections on the deferred purchase price from our ABS Programs of \$3.6 billion were included in cash from investing activities instead of cash from operating activities in accordance with new accounting guidance adopted in fiscal year 2019. The total cash used in operating activities resulted primarily from \$93 million of net income for the period plus \$804 million of non-cash charges such as depreciation, amortization, restructuring and impairment charges, provision for doubtful accounts, and stock-based compensation, net of a gain of \$87 million from the deconsolidation of Bright Machines which were included in the determination of net income. Depreciation expense was \$433 million and relatively consistent with prior years. These additions were more than offset by a net change in our operating assets and liabilities of \$3.9 billion. In accordance with the new accounting guidance adopted in fiscal year 2019, cash collections on deferred purchase price from our ABS Programs were classified as cash flows from investing activities and no longer included in cash receipts related to accounts receivable. As a result, while accounts receivable only increased by approximately \$95 million from fiscal year 2018 to fiscal year 2019, the

impact to operating cash flows is an outflow of \$3.6 billion. Year over year increases in inventory and contract assets also added to the net change in our operating assets and liabilities reflected on our cash flow from operations.

Cash provided by investing activities totaled \$3.3 billion during fiscal year 2019. This was primarily driven by the impact of our adoption of ASU 2016-15 during fiscal year 2019 referred to above, which requires us to classify cash collections on deferred purchase price from our ABS Programs that were previously classified as operating cash inflows as cash flows from investing activities. In addition, we received \$267 million of proceeds, net of cash held, in connection with the divestitures of our China-based Multek operations as further described in note 18 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data". We also invested \$631 million of net capital expenditures for property and equipment to expand capabilities and capacity in support of our expanding IEI and HRS businesses.

Cash used in financing activities was \$30 million during fiscal year 2019. This was primarily the result of repurchases of ordinary shares in the amount of \$189 million, offset by \$170 million received from the drawdown of India Facilities.

Fiscal Year 2018

Cash used in operating activities for fiscal year 2018 was recast to \$3.9 billion, subsequent to the adoption of ASU 2016-15 in fiscal year 2019, as further described above. Cash collections on the deferred purchase price from our ABS Programs of \$4.6 billion were included in cash from investing activities instead of cash from operating activities in accordance with new accounting guidance. The total cash used in operating activities resulted primarily from \$429 million of net income for the period plus \$478 million of non-cash charges such as depreciation, amortization and stock-based compensation, net of a gain from the deconsolidation of Elementum that are included in the determination of net income. Depreciation expense was \$434 million of those non-cash charges. These were more than offset by a net change in our operating assets and liabilities of \$4.8 billion, driven primarily by the \$4.6 billion reclass of cash collection on deferred purchase price discussed above, coupled with a \$354 million increase in inventories, an \$88 million increase in other current and noncurrent assets, and a \$347 million increase in accounts receivable, including the change in sales of accounts receivable, offset by a \$623 million increase in accounts payable.

Cash provided by investing activities for fiscal year 2018 was also recast to \$3.7 billion subsequent to the adoption of ASU 2016-15 in fiscal year 2019, as further described above. This resulted primarily from the \$4.6 billion reclassification of cash collections on the deferred purchase price, partially offset by \$214 million paid for the acquisition of AGM Automotive for our HRS segment, net of cash acquired, and \$55 million paid for a power module business for our CEC segment, net of cash acquired. Further, we invested \$517 million of net capital expenditures for property and equipment to expand capabilities and capacity in support of our automotive, medical, footwear and IEI businesses. In addition, other investing activities includes \$73 million of cash derecognized as of the date of the Elementum deconsolidation, and \$46 million of payments for non-core investments, net of cash received.

Cash used in financing activities was \$188 million during fiscal year 2018. This was primarily the result of repurchases of ordinary shares in the amount of \$180 million, and the repayment of \$55 million of debt, partially offset by \$65 million received from third party investors in fiscal year 2018 in exchange for an additional noncontrolling equity interest in Elementum prior to the deconsolidation described above.

Adjusted Free Cash Flow

We believe adjusted free cash flow is an important liquidity metric because it measures, during a given period, the amount of cash generated that is available to repay debt obligation, make investments, fund acquisitions, repurchase company shares and for certain other activities. Our adjusted free cash flow is defined as cash from operations, plus cash collections of deferred purchase price receivables, less net purchases of property and equipment to present adjusted cash flows on a consistent basis for investor transparency (refer to note 8 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data" for discussion of the amendments of the ABS Programs). We also excluded the impact to cash flows related to certain vendor programs that is required for U.S. GAAP presentation. Our adjusted free cash flow was \$672 million, \$3 million and \$236 million for fiscal years 2020, 2019 and 2018, respectively. Adjusted free cash flow is not a measure of liquidity under U.S. GAAP, and may not be defined and calculated by other companies in the same manner. Adjusted free cash flow should not be considered in isolation or as an alternative to net cash provided by operating activities. Adjusted free cash flows reconcile to the most directly comparable GAAP financial measure of cash flows from operations as follows:

Fiscal Year Ended March 31,

	2020	2019	2018
	(In millions)		
Net cash used in operating activities	\$ (1,533)	\$ (2,971)	\$ (3,866)
Cash collection of deferred purchase price and other	2,561	3,605	4,620
Purchases of property and equipment	(462)	(725)	(562)
Proceeds from the disposition of property and equipment	106	94	44
Adjusted free cash flow	<u>\$ 672</u>	<u>\$ 3</u>	<u>\$ 236</u>

Our cash balances are generated and held in numerous locations throughout the world. Liquidity is affected by many factors, some of which are based on normal ongoing operations of the business and some of which arise from fluctuations related to global economics and markets. Local government regulations may restrict our ability to move cash balances to meet cash needs under certain circumstances; however, any current restrictions are not material. We do not currently expect such regulations and restrictions to impact our ability to pay vendors and conduct operations throughout the global organization. We believe that our existing cash balances, together with anticipated cash flows from operations and borrowings available under our credit facilities, will be sufficient to fund our operations through at least the next twelve months.

In response to the recent challenging environment following the COVID-19 pandemic, we have evaluated our ability to meet our obligations over the next 12 months and expect that our current financial condition, including our liquidity sources are adequate to fund future commitments. As of March 31, 2020, we had cash and cash equivalents of \$1.9 billion and access to a \$1.75 billion revolving credit facility that is due to mature in June 2022, under which we had no borrowings outstanding. The revolving credit facility provides us flexibility to manage working capital and capital expenditures. Further, in May 2020, we issued \$425 million aggregate principal amount of 3.750% Notes due February 2026, at 99.617% of face value, and \$325 million aggregate principal amount of 4.875% Notes due May 2030, at 99.562% of face value. The total proceeds of \$740 million, net of discount and issuance costs, are expected to be used for general corporate purposes, which may include repaying, redeeming or repurchasing outstanding debt and for working capital, capital expenditures and acquisitions. As discussed above, we also took a number of steps to enhance our liquidity positions including (1) suspending share repurchases, (2) further tightening capital expenditures to only fund critical investments in our highest margin opportunities, and (3) aggressively reducing discretionary corporate spend and enacting targeted pay reductions. We believe we are well positioned with ample access to liquidity.

Future liquidity needs will depend on fluctuations in levels of inventory, accounts receivable and accounts payable, the timing of capital expenditures for new equipment, the extent to which we utilize operating leases for new facilities and equipment, and the levels of shipments and changes in the volumes of customer orders.

We maintain global paying services agreements with several financial institutions. Under these agreements, the financial institutions act as our paying agents with respect to accounts payable due to our suppliers who elect to participate in the program. The agreements allow our suppliers to sell their receivables to one of the participating financial institutions at the discretion of both parties on terms that are negotiated between the supplier and the respective financial institution. Our obligations to our suppliers, including the amounts due and scheduled payment dates, are not impacted by our suppliers' decisions to sell their receivables under this program. During fiscal years ended March 31, 2020 and 2019, the cumulative payments due to suppliers participating in the programs amounted to approximately \$0.9 billion and \$0.5 billion, respectively. Pursuant to their agreement with one of the financial institutions, certain suppliers may elect to be paid early at their discretion. We are not always notified when our suppliers sell receivables under these programs. The available capacity under these programs can vary based on the number of investors and/or financial institutions participating in these programs at any point in time.

In addition, we maintain various uncommitted short-term financing facilities including but not limited to commercial paper program and revolving sale and repurchase of subordinated note established under the securitization facility, under which there were no borrowings outstanding as of March 31, 2020.

Historically, we have funded operations from cash and cash equivalents generated from operations, proceeds from public offerings of equity and debt securities, bank debt and lease financings. We also sell a designated pool of trade receivables under ABS Programs and sell certain trade receivables, which are in addition to the trade receivables sold in connection with these securitization agreements. We anticipate that we will enter into debt and equity financings, sales of accounts receivable and lease transactions to fund acquisitions and anticipated growth.

During fiscal years 2020, 2019 and 2018, we received approximately \$7.6 billion, \$6.8 billion and \$8.0 billion, respectively from transfers of receivables under our ABS Programs, and \$1.6 billion, \$2.7 billion and \$1.5 billion, respectively from other sales of receivables. As of March 31, 2020, and 2019, the outstanding balance on receivables sold for cash was \$1.2 billion and \$1.3 billion, respectively, under all our asset-backed securitization programs and accounts receivable factoring program, which were removed from accounts receivable balances in our consolidated balance sheets.

Historically we have been successful in refinancing and extending the maturity dates on our term loans and credit facilities. In June 2017, we entered into a five-year credit facility consisting of a \$1.75 billion revolving credit facility and a \$503 million term loan, which is due to mature on June 30, 2022 (the "2022 Credit Facility"). The outstanding principal of the term loan portion of the 2022 Credit Facility is repayable in quarterly installments of approximately \$6 million from September 30, 2017 through June 30, 2020 and approximately \$13 million from September 30, 2020 through March 31, 2022 with the remainder due upon maturity.

The sale or issuance of equity or convertible debt securities could result in dilution to current shareholders. Further, we may issue debt securities that have rights and privileges senior to those of holders of ordinary shares, and the terms of this debt could impose restrictions on operations and could increase debt service obligations. This increased indebtedness could limit our flexibility as a result of debt service requirements and restrictive covenants, potentially affect our credit ratings, and may limit our ability to access additional capital or execute our business strategy. Any downgrades in credit ratings could adversely affect our ability to borrow as a result of more restrictive borrowing terms. We continue to assess our capital structure and evaluate the merits of redeploying available cash to reduce existing debt or repurchase ordinary shares. Under our current share repurchase program, our Board of Directors authorized repurchases of our outstanding ordinary shares for up to \$500 million in accordance with the share purchase mandate approved by our shareholders at the date of the most recent Annual General Meeting which was held on August 20, 2019. During fiscal year 2020, we paid \$260 million to repurchase shares (under the current and prior repurchase plans) at an average price of \$10.98 per share. As of March 31, 2020, shares in the aggregate amount of \$315 million were available to be repurchased under the current plan.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Bank borrowings and long-term debt are as follows:

	As of March 31,	
	2020	2019
	(In millions)	
4.625% Notes due February 2020	\$ —	\$ 500
Term Loan, including current portion, due in installments through November 2021	—	672
Term Loan, including current portion, due in installments through June 2022	433	459
5.000% Notes due February 2023	500	500
Term Loan due April 2024 - three-month Yen LIBOR plus 0.50%	310	—
4.750% Notes due June 2025	597	597
4.875% Notes due June 2029	662	—
India Facilities (1)	138	170
Other	211	168
Debt issuance costs	(13)	(11)
	<u>2,838</u>	<u>3,055</u>
Current portion, net of debt issuance costs	(149)	(633)
Non-current portion	<u>\$ 2,689</u>	<u>\$ 2,422</u>

- (1) India Facilities as of March 31, 2019 include an approximately \$91.4 million drawdown of short-term bank borrowings under a facility entered in February 2019 which was repaid in May 2019 and a \$78.8 million drawdown from the \$200 million term loan facility entered in July 2018.

Refer to the discussion in note 8 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data" for further details of our debt obligations. In May 2020, we issued \$425 million aggregate principal amount of 3.750% Notes due February 2026, at 99.617% of face value, and \$325 million aggregate principal amount of 4.875% Notes due May 2030, at 99.562% of face value. The total proceeds of \$740 million, net of discount and issuance costs, are expected to be used for general corporate purposes, which may include repaying, redeeming or repurchasing outstanding debt and for working capital, capital expenditures and acquisitions.

We have purchase obligations that arise in the normal course of business, primarily consisting of binding purchase orders for inventory related items and capital expenditures. Additionally, we have leased certain of our property and equipment under finance lease commitments, and certain of our facilities and equipment under operating lease commitments.

Future payments due under our purchase obligations, debt including finance leases and related interest obligations and operating leases are as follows (amounts may not sum due to rounding):

	<u>Total</u>	<u>Less Than 1 Year</u>	<u>1 - 3 Years</u>	<u>4 - 5 Years</u>	<u>Greater Than 5 Years</u>
	(In millions)				
Contractual Obligations:					
Purchase obligations	\$ 3,706	\$ 3,706	\$ —	\$ —	\$ —
Bank borrowings, long-term debt and finance lease obligations:					
Bank borrowings and long-term debt	2,852	149	1,080	363	1,259
Finance leases	29	12	16	1	—
Interest on long-term debt obligations	550	110	198	105	137
Operating leases, net of subleases	755	133	216	152	254
Restructuring costs	23	23	—	—	—
Total contractual obligations	<u>\$ 7,915</u>	<u>\$ 4,133</u>	<u>\$ 1,510</u>	<u>\$ 621</u>	<u>\$ 1,650</u>

We have excluded \$246 million of liabilities for unrecognized tax benefits from the contractual obligations table as we cannot make a reasonably reliable estimate of the periodic settlements with the respective taxing authorities. See note 14, "Income Taxes" to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data" for further details.

Our purchase obligations can fluctuate significantly from period to period and can materially impact our future operating asset and liability balances, and our future working capital requirements. We intend to use our existing cash balances, together with anticipated cash flows from operations to fund our existing and future contractual obligations.

OFF-BALANCE SHEET ARRANGEMENTS

We sell designated pools of trade receivables to unaffiliated financial institutions under our ABS Programs. Effective November 2019, we amended the structure and removed the requirement for the deferred purchase price receivable. Under the amended ABS Programs, the entire purchase price of sold receivables are paid in cash and are guaranteed. For further information on the amendment see note 11 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data". Prior to November 2019, under the ABS Programs, in addition to cash, we received a deferred purchase price receivable for each pool of the receivables sold. Each of these deferred purchase price receivables served as additional credit support to the financial institutions and was recorded at its estimated fair value. As of March 31, 2019, the fair value of our deferred purchase price receivable was approximately \$293 million. There are no deferred purchase price receivables outstanding as of March 31, 2020.

As of March 31, 2020 and 2019, the outstanding balance on receivables sold for cash was \$1.2 billion and \$1.3 billion, respectively, under our asset-backed securitization programs and accounts receivable factoring program, which were removed from accounts receivable balances in our consolidated balance sheets. For further information, see note 11 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data".

RECENT ACCOUNTING PRONOUNCEMENTS

Refer to note 2 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data" for recent accounting pronouncements.

ITEM 7A. *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK*

INTEREST RATE RISK

A portion of our exposure to market risk for changes in interest rates relates to our highly liquid investment portfolio, with maturities of three months or less from original dates of purchase and are classified as cash equivalents on our consolidated balance sheet. We do not use derivative financial instruments in our highly liquid investment portfolio. We place cash and cash equivalents with various major financial institutions and highly rated money market accounts. Our investment policy has strict guidelines focusing on preservation of capital. The portfolio is comprised of various instruments including term deposits with banks, marketable securities and money market accounts. Our cash is principally invested in the U.S. dollar and China renminbi serving as a natural hedge of our renminbi denominated costs. As of March 31, 2020, the outstanding amount in the highly liquid investment portfolio was \$0.4 billion, the largest components of which were U.S. dollar, Brazilian real, China renminbi and Indian rupee denominated money market accounts with an average return of 2.72%. A hypothetical 10% change in interest rates would not be expected to have a material effect on our financial position, results of operations and cash flows over the next fiscal year.

We had variable rate debt outstanding of approximately \$1.0 billion as of March 31, 2020. Variable rate debt obligations consisted of borrowings under our term loans. Interest on these obligations is discussed in note 8 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data".

Our variable rate debt instruments create exposures for us related to interest rate risk. Primarily due to the current low interest rates, a hypothetical 10% change in interest rates would not be expected to have a material effect on our financial position, results of operations and cash flows over the next fiscal year.

As of March 31, 2020, the approximate average fair value of our debt outstanding under our term loan facilities that mature in June 2022, and Notes due February 2023, June 2025 and June 2029 was 98.3% of the face value of the debt obligations based on broker trading prices.

In July 2017, the Financial Conduct Authority ("FCA") that regulates LIBOR announced it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. As a result, the Federal Reserve Board and the Federal Reserve Bank of New York organized the Alternative Reference Rates Committee which identified the Secured Overnight Financing Rate ("SOFR") as its preferred alternative to USD-LIBOR in derivatives and other financial contracts. We are not able to predict when LIBOR will cease to be published or precisely how SOFR will be calculated and published. Any changes adopted by FCA or other governing bodies in the method used for determining LIBOR may result in a sudden or prolonged increase or decrease in reported LIBOR. If that were to occur, our interest payments could change.

If a contract is not transitioned to an alternative rate and LIBOR is discontinued, the impact is likely to vary by contract. If LIBOR is discontinued or if the method of calculating LIBOR changes from its current form, interest rates on our current or future indebtedness may be adversely affected. While we expect LIBOR to be available in substantially its current form until the end of 2021, it is possible that LIBOR will become unavailable prior to that point. This could result, for example, if sufficient banks decline to make submissions to the LIBOR administrator. In that case, the risks associated with the transition to an alternative reference rate will be accelerated and magnified.

FOREIGN CURRENCY EXCHANGE RISK

We transact business in various foreign countries and are, therefore, subject to risk of foreign currency exchange rate fluctuations. We have established a foreign currency risk management policy to manage this risk. To the extent possible, we manage our foreign currency exposure by evaluating and using non-financial techniques, such as currency of invoice, leading and lagging payments and receivables management. In addition, we may borrow in various foreign currencies and enter into short-term foreign currency derivative contracts, including forward, swap, and option contracts to hedge only those currency exposures associated with certain assets and liabilities, mainly accounts receivable and accounts payable, and cash flows denominated in non-functional currencies.

We endeavor to maintain a partial or fully hedged position for certain transaction exposures. These exposures are primarily, but not limited to, revenues, customer and vendor payments and inter-company balances in currencies other than the functional currency unit of the operating entity. The credit risk of our foreign currency derivative contracts is minimized since all contracts are with large financial institutions and accordingly, fair value adjustments related to the credit risk of the counterparty financial institution were not material. The gains and losses on foreign currency derivative contracts generally offset the losses and gains on the assets, liabilities and transactions hedged. The fair value of currency derivative contracts is reported on the balance sheet. The aggregate notional amount of outstanding contracts as of March 31, 2020 amounted to \$9.8 billion and the recorded fair values of the associated assets and liabilities were not material. The majority of these foreign exchange contracts expire in less than three months and all expire within one year. They will settle primarily in the Brazilian real, British

pound, China renminbi, Euro, Hungarian forint, Indian rupee, Israeli shekel, Malaysian ringgit, Mexican peso, Swedish krona, and U.S. dollar.

Based on our overall currency rate exposures as of March 31, 2020, including the derivative financial instruments intended to hedge the nonfunctional currency-denominated monetary assets, liabilities and cash flows, and other factors, a 10% appreciation or depreciation of the U.S. dollar from its cross-functional rates would not be expected, in the aggregate, to have a material effect on our financial position, results of operations and cash flows in the near-term.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Flex Ltd., Singapore

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Flex Ltd. and subsidiaries (the "Company") as of March 31, 2020 and 2019, and the related consolidated statements of operations, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2020, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of March 31, 2020, based on the criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated May 28, 2020, expressed an unqualified opinion on the Company's internal control over financial reporting.

Change in Accounting Principles

As discussed in Note 2 to the financial statements, the Company changed its method of accounting for leases in fiscal year 2020 due to the adoption of Accounting Standard Update (ASU) No. 2016-02, *Leases*. In fiscal year 2019, the Company changed its method of accounting for revenue from contracts with customers due to the adoption of ASU No. 2014-09, *Revenue from Contracts with Customers*, using the modified retrospective approach.

Basis of Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the US federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our audits also included assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Goodwill - Consumer Technologies Group and Communications & Enterprise Compute Reporting Units - Refer to Note 2 to the financial statements

Critical Audit Matter Description

The Company's evaluation of goodwill for impairment involves the comparison of the fair value of each reporting unit to its carrying value. The Company determines the fair value of its reporting units using a combination of a discounted cash flow model and the market approach. The determination of the fair value using the discounted cash flow model and market approach requires management to make significant judgments and assumptions related to forecasts of future revenues, earnings before interest, taxes, depreciation, and amortization (EBITDA), and capital expenditures, and the selection of the discount rate.

As of March 31, 2020, the goodwill balance was approximately \$1.1 billion, of which \$103.3 million and \$129.3 million was allocated to the Consumer Technologies Group (“CTG”) and Communications & Enterprise Compute (“CEC”) reporting units, respectively. The fair values of the CTG and CEC reporting units exceeded their carrying values as of the measurement date and, therefore, no impairment was recognized.

We identified the goodwill valuation for CTG and CEC as a critical audit matter due to the relatively small excess of each reporting unit’s fair value over its book value, the significant judgments and assumptions made by management to estimate the fair value of the reporting units, and the inherent uncertainty of future forecasts that are dependent on the Company executing against its strategy for CTG and CEC. These factors required a high degree of auditor judgement and an increased extent of effort, including the need to involve our fair value specialists, when performing audit procedures to evaluate the reasonableness of management’s judgments and assumptions related to forecasts of future revenues, EBITDA and capital expenditures, and the selection of the discount rate. For these reasons we identified the valuation of CTG and CEC goodwill as a critical audit matter.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the forecasts of the CTG and CEC reporting units’ future revenues, EBITDA and capital expenditures, and the selection of the discount rate, included the following, among others:

- We tested the effectiveness of internal controls over management’s goodwill impairment evaluation, including those over the forecasts of future revenue, EBITDA and capital expenditures, and selection of the discount rate.
- We evaluated the reasonableness of management’s revenue, EBITDA and capital expenditures forecasts by comparing the forecasts to:
 - Historical revenues, EBITDA, and capital expenditures;
 - Internal communications to management and the Board of Directors;
 - Forecasted information included in Company press releases as well as in analyst and industry reports of the Company and companies in its peer group.
- With the assistance of our fair value specialists, we evaluated the reasonableness of (1) the valuation methodology and (2) the discount rate by:
 - Testing the source information underlying the determination of the discount rate and the mathematical accuracy of the calculation;
 - Developing a range of independent estimates and comparing those to the discount rate selected by management.

Revenue - Customer Contracts and Related Obligations - Refer to Notes 2 and 4 to the financial statements

Critical Audit Matter Description

Certain of the Company’s customer agreements include potential price adjustments which are accounted for as variable consideration under the relevant accounting literature. For arrangements that include potential price adjustments the Company limits the amount of revenue recognized to that amount which is not probable of significant reversal, considering potential refunds required by the contract, historical experience and other surrounding facts and circumstances. The amount of variable consideration that is deferred is recorded in ‘customer-related accruals’ on the consolidated balance sheets, which totaled \$195.1 million as of March 31, 2020.

Auditing the Company’s estimates of variable consideration required extensive audit effort and a high degree of auditor judgment. For these reasons we identified the measurement of variable consideration and the associated customer-related accruals as a critical audit matter.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to variable consideration and associated customer related accruals included the following, among others:

- We tested the effectiveness of controls the Company has in place relating to reviewing customer contracts to identify price adjustment clauses, estimating variable consideration and assessing the reasonableness of customer related accrual balances.
- We evaluated the Company’s accounting policy with respect to variable consideration, as well as its process for identifying contracts that include potential price adjustment clauses.
- We selected a sample of contracts with customers that included potential price adjustment clauses and performed the following:
 - We read the customer contracts to develop an understanding of clauses that could give rise to variable consideration and evaluated whether the Company’s accounting conclusions with respect to those clauses were reasonable.

- We obtained and tested the mathematical accuracy of the Company’s calculations of customer related accruals and evaluated the Company’s judgments regarding the amount of variable consideration that should be deferred. In making this evaluation we considered both the terms included in the customer contract and the Company’s historical experience in settling amounts with the customer.
- We tested the recognition of previous deferrals for variable consideration to determine whether the conditions that resulted in the prior deferral had been resolved to support recognition of revenues in the current year.

/s/ DELOITTE & TOUCHE LLP

San Jose, California

May 28, 2020

We have served as the Company’s auditors since 2002.

FLEX LTD.
CONSOLIDATED BALANCE SHEETS

	As of March 31,	
	2020	2019
(In thousands, except share amounts)		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,922,686	\$ 1,696,625
Accounts receivable, net of allowance for doubtful accounts (Note 2)	2,435,982	2,612,961
Contract assets	282,444	216,202
Inventories	3,785,073	3,722,854
Other current assets	660,085	854,790
Total current assets	9,086,270	9,103,432
Property and equipment, net	2,215,991	2,336,213
Operating lease right-of-use assets, net	605,070	—
Goodwill	1,064,553	1,073,055
Other intangible assets, net	262,418	330,995
Other assets	455,315	655,672
Total assets	\$ 13,689,617	\$ 13,499,367
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Bank borrowings and current portion of long-term debt	\$ 149,130	\$ 632,611
Accounts payable	5,108,251	5,147,236
Accrued payroll	363,644	391,591
Other current liabilities	1,590,060	1,426,075
Total current liabilities	7,211,085	7,597,513
Long-term debt, net of current portion	2,689,109	2,421,904
Operating lease liabilities, non-current	528,967	—
Other liabilities	429,303	507,590
Commitments and contingencies (Note 13)		
Shareholders' equity		
Shareholders' equity		
Ordinary shares, no par value; 547,665,632 and 566,787,620 issued, and 497,426,277 and 516,548,265 outstanding as of March 31, 2020 and 2019, respectively	6,336,445	6,523,750
Treasury stock, at cost; 50,239,355 shares as of March 31, 2020 and 2019, respectively	(388,215)	(388,215)
Accumulated deficit	(2,902,410)	(3,012,012)
Accumulated other comprehensive loss	(214,667)	(151,163)
Total shareholders' equity	2,831,153	2,972,360
Total liabilities and shareholders' equity	\$ 13,689,617	\$ 13,499,367

The accompanying notes are an integral part of these consolidated financial statements.

FLEX LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS

Fiscal Year Ended March 31,

	2020	2019	2018
	(In thousands, except per share amounts)		
Net sales	\$ 24,209,870	\$ 26,210,511	\$ 25,441,131
Cost of sales	22,681,490	24,593,731	23,778,404
Restructuring charges	190,424	99,005	66,845
Gross profit	1,337,956	1,517,775	1,595,882
Selling, general and administrative expenses	834,105	953,077	1,019,399
Intangible amortization	64,106	74,396	78,640
Restructuring charges	25,983	14,308	23,846
Interest and other, net	163,727	183,454	122,823
Other charges (income), net	91,550	110,414	(169,719)
Income before income taxes	158,485	182,126	520,893
Provision for income taxes	70,906	88,727	92,359
Net income	<u>\$ 87,579</u>	<u>\$ 93,399</u>	<u>\$ 428,534</u>
Earnings per share:			
Basic	<u>\$ 0.17</u>	<u>\$ 0.18</u>	<u>\$ 0.81</u>
Diluted	<u>\$ 0.17</u>	<u>\$ 0.18</u>	<u>\$ 0.80</u>
Weighted-average shares used in computing per share amounts:			
Basic	508,774	526,519	529,782
Diluted	512,437	530,070	536,598

The accompanying notes are an integral part of these consolidated financial statements.

FLEX LTD.**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Fiscal Year Ended March 31,		
	2020	2019	2018
	(In thousands)		
Net income	\$ 87,579	\$ 93,399	\$ 428,534
Other comprehensive income (loss):			
Foreign currency translation adjustments, net of zero tax	(23,397)	(59,508)	45,618
Unrealized gain (loss) on derivative instruments and other, net of zero tax	(40,107)	(5,810)	(3,320)
Comprehensive income	<u>\$ 24,075</u>	<u>\$ 28,081</u>	<u>\$ 470,832</u>

The accompanying notes are an integral part of these consolidated financial statements.

FLEX LTD.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Ordinary Shares		Accumulated Other Comprehensive Loss				Total
	Shares Outstanding	Amount	Accumulated Deficit	Unrealized Gain (Loss) on Derivative Instruments And Other	Foreign Currency Translation Adjustments	Total Accumulated Other Comprehensive Loss	
BALANCE AT MARCH 31, 2017	531,294	\$6,345,324	\$(3,572,648)	\$(32,426)	\$(95,717)	\$(128,143)	\$2,644,533
Repurchase of Flex Ltd. ordinary shares at cost	(10,829)	(180,050)	—	—	—	—	\$(180,050)
Exercise of stock options	667	2,774	—	—	—	—	2,774
Issuance of Flex Ltd. vested shares under restricted share unit awards	6,946	—	—	—	—	—	—
Issuance of subsidiary shares, net	—	—	—	—	—	—	63,363
Net income	—	—	428,534	—	—	—	428,534
Stock-based compensation, net of tax	—	80,484	—	—	—	—	80,484
Deconsolidation of subsidiary entity	—	—	—	—	—	—	(90,638)
Total other comprehensive income	—	—	—	(3,320)	45,618	42,298	42,298
BALANCE AT MARCH 31, 2018	528,078	6,248,532	\$(3,144,114)	\$(35,746)	\$(50,099)	\$(85,845)	3,018,573
Repurchase of Flex Ltd. ordinary shares at cost	(17,726)	(188,978)	—	—	—	—	(188,978)
Exercise of stock options	244	245	—	—	—	—	245
Issuance of Flex Ltd. vested shares under restricted share unit awards	5,952	—	—	—	—	—	—
Net income	—	—	93,399	—	—	—	93,399
Stock-based compensation, net of tax	—	76,032	—	—	—	—	76,032
Cumulative effect on opening equity of adopting accounting standards and other	—	(296)	38,703	—	—	—	38,407
Total other comprehensive loss	—	—	—	(5,810)	(59,508)	(65,318)	(65,318)
BALANCE AT MARCH 31, 2019	516,548	6,135,535	\$(3,012,012)	\$(41,556)	\$(109,607)	\$(151,163)	2,972,360
Repurchase of Flex Ltd. ordinary shares at cost	(23,672)	(259,913)	—	—	—	—	(259,913)
Exercise of stock options	327	1,502	—	—	—	—	1,502
Issuance of Flex Ltd. vested shares under restricted share unit awards	4,223	—	—	—	—	—	—
Net income	—	—	87,579	—	—	—	87,579
Stock-based compensation, net of tax	—	71,546	—	—	—	—	71,546
Cumulative effect on opening equity of adopting accounting standards and other	—	(440)	22,023	—	—	—	21,583
Total other comprehensive loss	—	—	—	(40,107)	(23,397)	(63,504)	(63,504)
BALANCE AT MARCH 31, 2020	497,426	\$5,948,230	\$(2,902,410)	\$(81,663)	\$(133,004)	\$(214,667)	\$2,831,153

The accompanying notes are an integral part of these consolidated financial statements.

FLEX LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Year Ended March 31,		
	2020	2019	2018
	(In thousands)		
Cash flows from operating activities:			
Net income	\$ 87,579	\$ 93,399	\$ 428,534
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	422,407	433,413	434,432
Amortization and other impairment charges	325,643	331,539	120,932
Provision for doubtful accounts (Note 2)	23,732	41,977	8,225
Non-cash other loss (income)	(38,914)	12,655	(58,223)
Stock-based compensation	71,546	76,032	81,346
Gain from deconsolidation of subsidiary (Note 2)	—	(86,614)	(151,574)
Deferred income taxes	6,476	(13,856)	43,187
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable	(2,126,355)	(3,628,129)	(4,916,843)
Contract assets	(66,297)	215,877	—
Inventories	(66,462)	(360,152)	(354,319)
Other current and noncurrent assets	(19,345)	(7,541)	(138,184)
Accounts payable	(14,554)	68,070	623,148
Other current and noncurrent liabilities	(138,732)	(147,694)	13,004
Net cash used in operating activities	(1,533,276)	(2,971,024)	(3,866,335)
Cash flows from investing activities:			
Purchases of property and equipment	(461,745)	(725,606)	(561,997)
Proceeds from the disposition of property and equipment	105,750	94,219	44,780
Acquisitions of businesses, net of cash acquired	(1,390)	(12,796)	(268,377)
Proceeds from divestiture of businesses, net of cash held in divested businesses	3,402	267,147	(2,949)
Cash collections of deferred purchase price	2,565,555	3,585,901	4,619,933
Other investing activities, net	67,458	44,032	(120,442)
Net cash provided by investing activities	2,279,030	3,252,897	3,710,948
Cash flows from financing activities:			
Proceeds from bank borrowings and long-term debt	1,069,578	3,199,460	1,366,000
Repayments of bank borrowings and long-term debt	(1,315,691)	(3,059,828)	(1,420,977)
Payments for repurchases of ordinary shares	(259,912)	(188,979)	(180,050)
Other financing activities, net	(2,435)	19,643	47,242
Net cash used in financing activities	(508,460)	(29,704)	(187,785)
Effect of exchange rates on cash	(11,233)	(27,968)	(15,079)
Net change in cash and cash equivalents	226,061	224,201	(358,251)
Cash and cash equivalents, beginning of year	1,696,625	1,472,424	1,830,675
Cash and cash equivalents, end of year	\$ 1,922,686	\$ 1,696,625	\$ 1,472,424

The accompanying notes are an integral part of these consolidated financial statements.

FLEX LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION OF THE COMPANY

Flex Ltd. ("Flex" or the "Company") was incorporated in the Republic of Singapore in May 1990. The Company's operations have expanded over the years through a combination of organic growth and acquisitions. The Company is the manufacturing partner of choice that helps a diverse customer base design and build products that improve the world. Through the collective strength of a global workforce across approximately 30 countries and responsible, sustainable operations, the Company delivers technology innovation, supply chain, and manufacturing solutions to diverse industries and end markets. As of March 31, 2020, the Company's reportable segments were as follows:

- High Reliability Solutions ("HRS"), which is comprised of our health solutions business, including surgical equipment, drug delivery, diagnostics, telemedicine, disposable devices, imaging and monitoring, patient mobility and ophthalmology; and our automotive business, including vehicle electrification, connectivity, autonomous, and smart technologies;
- Industrial and Emerging Industries ("IEI"), which is comprised of energy including advanced metering infrastructure, energy storage, smart lighting, smart solar energy; and industrial, including semiconductor and capital equipment, office solutions, household industrial and lifestyle, industrial automation and kiosks;
- Communications & Enterprise Compute ("CEC"), which includes our telecom business of radio access base stations, remote radio heads and small cells for wireless infrastructure; our networking business, which includes optical, routing, and switching products for data and video networks; our server and storage platforms for both enterprise and cloud-based deployments; next generation storage and security appliance products; and rack-level solutions, converged infrastructure and software-defined product solutions; and
- Consumer Technologies Group ("CTG"), which includes our consumer-related businesses in IoT enabled devices, audio and consumer power electronics, mobile devices; and various supply chain solutions for consumer, computing and printing devices.

The Company's service offerings include a comprehensive range of value-added design and engineering services that are tailored to the various markets and needs of its customers. Other focused service offerings relate to manufacturing (including enclosures, metals, plastic injection molding, precision plastics, machining, and mechanicals), system integration and assembly and test services, materials procurement, inventory management, logistics and after-sales services (including product repair, warranty services, re-manufacturing and maintenance) and supply chain management software solutions and component product offerings (including flexible printed circuit boards and power adapters and chargers).

2. SUMMARY OF ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Flex and its majority-owned subsidiaries, after elimination of intercompany accounts and transactions. Amounts included in these consolidated financial statements are expressed in U.S. dollars unless otherwise designated. The Company consolidates its majority-owned subsidiaries and investments in entities in which the Company has a controlling interest. For the consolidated majority-owned subsidiaries in which the Company owns less than 100%, the Company recognizes a noncontrolling interest for the ownership of the noncontrolling owners. The associated noncontrolling owners' interest in the income or losses of these companies is not material to the Company's results of operations for all periods presented, and is classified as a component of interest and other, net, in the consolidated statements of operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP" or "GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates are used in accounting for, among other things: allowances for doubtful accounts; inventory write-downs; valuation allowances for deferred tax assets; uncertain tax positions; valuation and useful lives of long-lived assets including property, equipment, intangible assets and goodwill; valuation of investments in privately held companies; asset impairments; fair values of financial instruments including highly liquid investments, notes receivable and derivative instruments; restructuring charges; contingencies; warranty provisions; incremental borrowing rate in determining the present value of lease payments; accruals for potential price adjustments arising from customer contracts; fair values of assets obtained and liabilities assumed in business combinations and the fair values of stock options and restricted share unit awards granted under the Company's stock-based compensation plans. Due to the COVID-19 pandemic, there has been and will continue to be uncertainty and disruption in the global economy and financial markets. The Company has made estimates and assumptions taking into consideration certain possible impacts due to COVID-19. These estimates may change, as new events occur, and additional information is obtained. Actual results may differ from previously estimated amounts, and such differences may be material to the consolidated financial statements. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the period they occur.

Translation of Foreign Currencies

The financial position and results of operations for certain of the Company's subsidiaries are measured using a currency other than the U.S. dollar as their functional currency. Accordingly, all assets and liabilities for these subsidiaries are translated into U.S. dollars at the current exchange rates as of the respective balance sheet dates. Revenue and expense items are translated at the average exchange rates prevailing during the period. Cumulative gains and losses from the translation of these subsidiaries' financial statements are reported as other comprehensive loss, a component of shareholders' equity. Foreign exchange gains and losses arising from transactions denominated in a currency other than the functional currency of the entity involved, and re-measurement adjustments for foreign operations where the U.S. dollar is the functional currency, are included in operating results. Non-functional currency transaction gains and losses, and re-measurement adjustments were not material to the Company's consolidated results of operations for all periods presented, and have been classified as a component of interest and other, net in the consolidated statements of operations.

Revenue Recognition

In determining the appropriate amount of revenue to recognize, Flex applies the following steps: (i) identify the contracts with the customers; (ii) identify performance obligations in the contracts; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations per the contracts; and (v) recognize revenue when (or as) the Company satisfies a performance obligation. Further, the Company assesses whether control of the product or services promised under the contract is transferred to the customer at a point in time (PIT) or over time (OT). Flex is first required to evaluate whether its contracts meet the criteria for OT recognition. The Company has determined that for a portion of its contracts, it is manufacturing products for which there is no alternative use (due to the unique nature of the customer-specific product and IP restrictions) and Flex has an enforceable right to payment including a reasonable profit for work-in-progress inventory with respect to these contracts. As a result, revenue is recognized under these contracts OT based on the cost-to-cost method as it best depicts the transfer of control to the customer measured based on the ratio of costs incurred to date as compared to the total estimated costs at completion of the performance obligation. For all other contracts that do not meet these criteria, the Company recognizes revenue when it has transferred control of the related manufactured products which generally occurs upon delivery and passage of title to the customer. Refer to note 4 "Revenue Recognition" for further details.

On April 1, 2018, the Company adopted the Accounting Standard Codification 606 ("ASC 606") using the modified retrospective approach by applying the guidance to all open contracts at the adoption date and has implemented revised accounting policies, new operational and financial reporting processes, enhanced systems capabilities and relevant internal controls. In addition to the following disclosures, note 4 "Revenue Recognition" provides further disclosures required by the new standard.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Concentration of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk are primarily accounts receivable, derivative instruments, and cash and cash equivalents.

Customer Credit Risk

The Company has an established customer credit policy, through which it manages customer credit exposures through credit evaluations, credit limit setting, monitoring, and enforcement of credit limits for new and existing customers. The Company performs ongoing credit evaluations of its customers' financial condition and makes provisions for doubtful accounts based on the outcome of those credit evaluations. The Company evaluates the collectability of its accounts receivable based on specific customer circumstances, current economic trends, historical experience with collections and the age of past due receivables. To the extent the Company identifies exposures as a result of credit or customer evaluations, the Company also reviews other customer related exposures, including but not limited to inventory and related contractual obligations.

The following table summarizes the activity in the Company's allowance for doubtful accounts during fiscal years 2020, 2019 and 2018:

	Balance at Beginning of Year	Charged to Costs and Expenses	Deductions/ Write-Offs	Balance at End of Year
	(In thousands)			
Allowance for doubtful accounts:				
Year ended March 31, 2018	\$ 57,302	\$ 8,225	\$ (5,476)	\$ 60,051
Year ended March 31, 2019 (1)	60,051	41,977	(10,632)	91,396
Year ended March 31, 2020 (1)	91,396	23,732	(19,198)	95,930

(1) Charges incurred during fiscal years 2020 and 2019 are primarily for costs and expenses related to various distressed customers.

No customer accounted for greater than 10% of the Company's net sales in fiscal years 2020, 2019 and 2018. One customer within the Company's CTG segment accounted for approximately 10% of the Company's total balance of accounts receivable, net in fiscal year 2020. One customer within the Company's CTG segment accounted for approximately 11% and 17% of the Company's total balances of accounts receivable, net in fiscal years 2019 and 2018, respectively.

The Company's ten largest customers accounted for approximately 39%, 43% and 41%, of its net sales in fiscal years 2020, 2019 and 2018, respectively.

Derivative Instruments

The amount subject to credit risk related to derivative instruments is generally limited to the amount, if any, by which a counterparty's obligations exceed the obligations of the Company with that counterparty. To manage counterparty risk, the Company limits its derivative transactions to those with recognized financial institutions. See additional discussion of derivatives in note 9.

Cash and Cash Equivalents

The Company maintains cash and cash equivalents with various financial institutions that management believes to be of high credit quality. These financial institutions are located in many different locations throughout the world. The Company's investment portfolio, which consists of short-term bank deposits and money market accounts, is classified as cash equivalents on the consolidated balance sheets.

All highly liquid investments with maturities of three months or less from original dates of purchase are carried at cost, which approximates fair market value, and are considered to be cash equivalents. Cash and cash equivalents consist of cash deposited in checking accounts, money market funds and time deposits.

FLEX LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Cash and cash equivalents consisted of the following:

	As of March 31,	
	2020	2019
	(In thousands)	
Cash and bank balances	\$ 1,519,029	\$ 1,222,737
Money market funds and time deposits	403,657	473,888
	<u>\$ 1,922,686</u>	<u>\$ 1,696,625</u>

Inventories

Inventories are stated at the lower of cost (on a first-in, first-out basis) or net realizable value. The stated cost is comprised of direct materials, labor and overhead. The components of inventories, net of applicable lower of cost or net realizable value write-downs, were as follows:

	As of March 31,	
	2020	2019
	(In thousands)	
Raw materials	\$ 2,835,582	\$ 2,922,101
Work-in-progress	373,513	366,135
Finished goods	575,978	434,618
	<u>\$ 3,785,073</u>	<u>\$ 3,722,854</u>

Property and Equipment, Net

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are recognized on a straight-line basis over the estimated useful lives of the related assets, with the exception of building leasehold improvements, which are depreciated over the term of the lease, if shorter. Repairs and maintenance costs are expensed as incurred. Property and equipment is comprised of the following:

	Depreciable Life (In Years)	As of March 31,	
		2020	2019
		(In thousands)	
Machinery and equipment	3 - 10	\$ 3,265,387	\$ 3,305,335
Buildings	30	1,085,887	1,111,708
Leasehold improvements	up to 30	510,404	453,119
Furniture, fixtures, computer equipment and software	3 - 7	491,959	501,994
Land	—	112,016	121,976
Construction-in-progress	—	271,026	291,458
		<u>5,736,679</u>	<u>5,785,590</u>
Accumulated depreciation and amortization		<u>(3,520,688)</u>	<u>(3,449,377)</u>
Property and equipment, net		<u>\$ 2,215,991</u>	<u>\$ 2,336,213</u>

Total depreciation expense associated with property and equipment was approximately \$422.4 million, \$433.4 million and \$434.4 million in fiscal years 2020, 2019 and 2018, respectively.

The Company reviews property and equipment for impairment at least annually and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of property and equipment

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

is determined by comparing its carrying amount to the lowest level of identifiable projected undiscounted cash flows the property and equipment are expected to generate. An impairment loss is recognized when the carrying amount of property and equipment exceeds its fair value.

Deferred Income Taxes

The Company provides for income taxes in accordance with the asset and liability method of accounting for income taxes. Under this method, deferred income taxes are recognized for the tax consequences of temporary differences between the carrying amount and the tax basis of existing assets and liabilities by applying the applicable statutory tax rate to such differences. Additionally, the Company assesses whether each income tax position is "more likely than not" of being sustained on audit, including resolution of related appeals or litigation, if any. For each income tax position that meets the "more likely than not" recognition threshold, the Company would then assess the largest amount of tax benefit that is greater than 50% likely of being realized upon effective settlement with the tax authority.

Accounting for Business and Asset Acquisitions

The Company has strategically pursued business and asset acquisitions, which are accounted for using the acquisition method of accounting. The fair value of the net assets acquired and the results of the acquired businesses are included in the Company's consolidated financial statements from the acquisition dates forward. The Company is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and results of operations during the reporting period. Estimates are used in accounting for, among other things, the fair value of acquired net operating assets, property and equipment, intangible assets and related deferred tax liabilities, useful lives of plant and equipment and amortizable lives for acquired intangible assets. Any excess of the purchase consideration over the fair value of the identified assets and liabilities acquired is recognized as goodwill.

The Company estimates the preliminary fair value of acquired assets and liabilities as of the date of acquisition based on information available at that time. Contingent consideration is recorded at fair value as of the date of the acquisition with subsequent adjustments recorded in earnings. Changes to valuation allowances on acquired deferred tax assets are recognized in the provision for, or benefit from, income taxes. The valuation of these tangible and identifiable intangible assets and liabilities is subject to further management review and may change materially between the preliminary allocation and end of the purchase price allocation period. Any changes in these estimates may have a material effect on the Company's consolidated operating results or financial position.

Goodwill

Goodwill is tested for impairment on an annual basis and whenever events or changes in circumstances indicate that the carrying amount of goodwill may not be recoverable. Recoverability of goodwill is measured at the reporting unit level by comparing the reporting unit's carrying amount, including goodwill, to the fair value of the reporting unit, which typically is measured based upon, among other factors, market multiples for comparable companies as well as a discounted cash flow analysis. These approaches use significant unobservable inputs, or Level 3 inputs, as defined by the fair value hierarchy and require management to make various judgmental assumptions about sales, operating margins, growth rates and discount rates which consider its budgets, business plans and economic projections, and are believed to reflect market participant views. Some of the inherent estimates and assumptions used in determining fair value of the reporting units are outside the control of management, including interest rates, cost of capital, tax rates, market EBITDA comparable and credit ratings. While the Company believes it has made reasonable estimates and assumptions to calculate the fair value of the reporting units, it is possible a material change could occur. If the actual results are not consistent with management's estimates and assumptions used to calculate fair value, it could result in material impairments of the Company's goodwill.

If the recorded value of the assets, including goodwill, and liabilities ("net book value") of any reporting unit exceeds its fair value, an impairment loss may be required to be recognized. Further, to the extent the net book value of the Company as a whole is greater than its fair value in the aggregate, all, or a significant portion of its goodwill may be considered impaired.

The Company has four reporting units as of March 31, 2020, which correspond to its four reportable operating segments: HRS, IEI, CEC and CTG. The Company concluded that there was no change to its reporting units in fiscal year 2020 and performed its annual goodwill impairment assessment on January 1, 2020. The Company performed a quantitative assessment of its goodwill and determined that no impairment existed as of the date of the impairment test because the fair value of each one of its reporting units exceeded its respective carrying value.

FLEX LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

During the fourth quarter of fiscal year 2020, due to the ongoing COVID-19 global pandemic which negatively impacted the overall macroeconomy as well as the Company's market capitalization and estimated near-term financial performance, the Company considered this a triggering event and performed an interim impairment test via a quantitative valuation as of March 31, 2020. Based on the results of the impairment test, the fair values exceed the respective carrying values for each reporting unit, with the percentage excess ranging from 17% for CTG to 108% for IEI. Accordingly, the Company concluded that no impairment of goodwill existed as of March 31, 2020. The estimated forecasted results used in the discounted cash flow portion of the impairment analysis reflect the Company's best estimates as of March 31, 2020 and include near term negative impacts to our auto businesses from the plant closures, challenged CEC telecommunication businesses, and weaker consumer demand for our customers' mobility products due to COVID-19. These estimates could change depending on the future developments of the COVID-19 pandemic such as the length and severity of the crisis, the potential resurgence of COVID-19 in the future, future government actions in response to the crisis and the overall impact of the COVID-19 pandemic on the global economy and capital markets, among many other factors, all of which remain highly uncertain and unpredictable.

The following table summarizes the activity in the Company's goodwill during fiscal years 2020 and 2019 (in thousands):

	<u>HRS</u>	<u>IEI</u>	<u>CEC</u>	<u>CTG</u>	<u>Total</u>
Balance, as of March 31, 2018	\$ 550,983	\$ 337,707	\$ 124,732	\$ 107,748	\$ 1,121,170
Additions (1)	—	—	10,984	—	10,984
Divestitures (2)	(5,303)	(4,450)	(6,391)	(4,484)	(20,628)
Foreign currency translation adjustments (3)	(38,471)	—	—	—	(38,471)
Balance, as of March 31, 2019	507,209	333,257	129,325	103,264	1,073,055
Divestitures (2)	(1,102)	(137)	—	—	(1,239)
Foreign currency translation adjustments (3)	(7,263)	—	—	—	(7,263)
Balance, as of March 31, 2020	<u>\$ 498,844</u>	<u>\$ 333,120</u>	<u>\$ 129,325</u>	<u>\$ 103,264</u>	<u>\$ 1,064,553</u>

- (1) The goodwill generated from the Company's business combinations completed during the fiscal year 2019 are primarily related to value placed on the employee workforce, service offerings, capabilities and expected synergies. The goodwill is not deductible for income tax purposes. Refer to the discussion of the Company's business acquisitions in note 18.
- (2) During the fiscal year ended March 31, 2019, the Company divested its China-based Multek operations along with another non-strategic immaterial business, and as a result, recorded an aggregate reduction of goodwill of \$20.6 million.
- (3) During the fiscal years ended March 31, 2020 and 2019, the Company recorded \$7.3 million and \$38.5 million, respectively, of foreign currency translation adjustments primarily related to historical acquisitions, as the U.S. Dollar fluctuated against foreign currencies.

Other Intangible Assets

The Company's acquired intangible assets are subject to amortization over their estimated useful lives and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an intangible asset may not be recoverable. An impairment loss is recognized when the carrying amount of an intangible asset exceeds its fair value. The Company reviewed the carrying value of its intangible assets as of March 31, 2020 and concluded that such amounts continued to be recoverable.

Intangible assets are comprised of customer-related intangible assets that include contractual agreements and customer relationships; and licenses and other intangible assets, that are primarily comprised of licenses and also include patents and trademarks, and developed technologies. Generally, both customer-related intangible assets and licenses and other intangible assets are amortized on a straight-line basis, over a period of up to ten years. No residual value is estimated for any intangible assets. The fair value of the Company's intangible assets purchased through business combinations is determined based on management's estimates of cash flow and recoverability. The components of acquired intangible assets are as follows:

FLEX LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	As of March 31, 2020			As of March 31, 2019		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	(In thousands)					
Intangible assets:						
Customer-related intangibles	\$ 275,678	\$ (128,155)	\$ 147,523	\$ 297,306	\$ (113,627)	\$ 183,679
Licenses and other intangibles	244,917	(130,022)	114,895	274,604	(127,288)	147,316
Total	<u>\$ 520,595</u>	<u>\$ (258,177)</u>	<u>\$ 262,418</u>	<u>\$ 571,910</u>	<u>\$ (240,915)</u>	<u>\$ 330,995</u>

Total intangible asset amortization expense recognized in operations during fiscal years 2020, 2019 and 2018 was \$64.1 million, \$74.4 million and \$78.6 million, respectively. The gross carrying amounts of intangible assets are removed when fully amortized. During fiscal year 2020, the gross carrying amounts of fully amortized intangible assets totaled \$43.4 million. The Company also recorded \$5.2 million foreign currency translation adjustments during fiscal year 2020, as the U.S. Dollar fluctuated against foreign currencies for certain intangibles. As of March 31, 2020, the weighted-average remaining useful lives of the Company's intangible assets was approximately 5.6 years for customer-related intangibles and approximately 4.7 years for licenses and other intangible assets. The estimated future annual amortization expense for acquired intangible assets is as follows:

<u>Fiscal Year Ending March 31,</u>	<u>Amount</u>
	<u>(In thousands)</u>
2021	\$ 59,798
2022	51,422
2023	43,797
2024	42,262
2025	37,343
Thereafter	27,796
Total amortization expense	<u>\$ 262,418</u>

The Company owns or licenses various United States and foreign patents relating to a variety of technologies. For certain of the Company's proprietary processes, inventions, and works of authorship, the Company relies on trade secret or copyright protection. The Company also maintains trademark rights (including registrations) for the Company's corporate name and several other trademarks and service marks that the Company uses in the Company's business in the United States and other countries throughout the world. The Company has implemented appropriate policies and procedures (including both technological means and training programs for the Company's employees) to identify and protect the Company's intellectual property, as well as that of the Company's customers and suppliers. As of March 31, 2020 and 2019, the carrying value of the Company's intellectual property was not material.

Derivative Instruments and Hedging Activities

All derivative instruments are recognized on the consolidated balance sheets at fair value. If the derivative instrument is designated as a cash flow hedge, effectiveness is tested monthly using a regression analysis of the change in spot currency rates and the change in present value of the spot currency rates. The spot currency rates are discounted to present value using functional currency Inter-bank Offering Rates over the maximum length of the hedge period. The effective portion of changes in the fair value of the derivative instrument (excluding time value) is recognized in shareholders' equity as a separate component of accumulated other comprehensive income (loss), and recognized in the consolidated statements of operations when the hedged item affects earnings. Ineffective and excluded portions of changes in the fair value of cash flow hedges are recognized in earnings immediately. If the derivative instrument is designated as a fair value hedge, the changes in the fair value of the derivative instrument and of the hedged item attributable to the hedged risk are recognized in earnings in the current period. Additional information is included in note 9.

FLEX LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Other Current Assets

Other current assets include approximately \$292.5 million as of March 31, 2019, for the deferred purchase price receivable from the Company's Asset-Backed Securitization programs. There are no deferred purchase price receivables outstanding as of March 31, 2020. See note 11 for additional information.

Investments

The Company has an investment portfolio that consists of strategic investments in privately held companies, and certain venture capital funds which are included within other assets. These privately held companies range from startups to more mature companies with established revenue streams and business models. As of March 31, 2020, and March 31, 2019, the Company's investments in non-consolidated companies totaled \$128.1 million and \$294.1 million, respectively.

During fiscal year 2020, and in connection with the Company's ongoing assessment of its investment portfolio strategy, the Company concluded that the carrying amounts of certain non-core investments were other than temporarily impaired and recognized a \$98 million total impairment in other charges (income), net on the consolidated statement of operations. The impairments in fiscal year 2020 were primarily related to Elementum and certain other non-core investments, reflecting recent market valuation changes, in addition to capturing additional risks due to the economic challenges in light of COVID-19.

During the last half of fiscal year 2019, the Company reassessed its strategy with respect to its entire investment portfolio. As a result the Company recognized aggregate net charges related to investment impairments and dispositions of approximately \$193 million for the fiscal year ended March 31, 2019, primarily related to a non-core cost method investment and Elementum.

Non-consolidated investments in entities are accounted for using the equity method when the Company has an investment in common stock or in-substance common stock, and either (a) has the ability to significantly influence the operating decisions of the issuer, or (b) if the Company has a voting percentage equal to or generally greater than 20% but less than 50%, and for non-majority-owned investments in partnerships when generally greater than 5%. The equity in the earnings or losses of the Company's equity method investments was not material to the consolidated results of operations for any period presented and is included in interest and other, net. Cost method is used for investments which the Company does not have the ability to significantly influence the operating decisions of the investee, or if the Company's investment is in securities other than common stock or in-substance common stock.

The Company monitors these investments for impairment indicators and makes appropriate reductions in carrying values as required whenever events or changes in circumstances indicate that the assets may be impaired. The factors the Company considers in its evaluation of potential impairment of its investments include, but are not limited to, a significant deterioration in the earnings performance or business prospects of the investee, or factors that raise significant concerns about the investee's ability to continue as a going concern, such as negative cash flows from operation or working capital deficiencies. Fair values of these investments, when required, are estimated using unobservable inputs, or Level 3 inputs, as defined by the fair value hierarchy, and require management to make various judgmental assumptions about primarily comparable company multiples and discounted cash flow projections. Some of the inherent estimates and assumptions used in determining fair value of the investments are outside the control of management. While the Company believes it has made reasonable estimates and assumptions to calculate the fair value of the investments, it is possible a material change could occur. If the actual results are not consistent with management's estimates and assumptions used to calculate fair value, it could result in material impairments of investments.

For investments accounted for under cost method that do not have readily determinable fair values, the Company has elected, per ASU 2016-01 and commencing on April 1, 2018, to measure them at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer.

Investment in Elementum SCM (Cayman) Ltd ("Elementum")

Starting in fiscal year 2014, the Company had a majority owned subsidiary, Elementum, which qualified as a variable interest entity for accounting purposes. The Company owned a majority of Elementum's outstanding equity (consisting primarily of preferred stock) and as of March 31, 2017, controlled its board of directors, which gave the Company the power to direct the activities of Elementum that most significantly impacted its economic performance.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

During the second quarter of fiscal year 2018, the Company and other minority shareholders of Elementum amended certain agreements resulting in joint control of the board of directors between the Company and other non-controlling interest holders. As a result, the Company concluded it was no longer the primary beneficiary of Elementum and accordingly, deconsolidated the entity and recognized a gain on deconsolidation of approximately \$151.6 million with no related tax impact, which is included in other charges (income), net on the consolidated statement of operations for the year ended March 31, 2018. Further, the Company derecognized approximately \$72.6 million of cash of Elementum as of the date of deconsolidation, which was reflected as an outflow from investing activities within other investing activities, net in the consolidated statement of cash flows for the year ended March 31, 2018. The Company no longer recognizes the carrying value of the noncontrolling interest as a component of total shareholder's equity.

During the fourth quarter of fiscal year 2019, the Company and Elementum executed agreements that provided for, among other things, the termination of certain commercial agreements between the Company and Elementum, the repurchase of certain shares of Elementum held by the Company and the removal of certain rights associated with such shares, including the Company's right to elect certain members of Elementum's board of directors. Management initiated a valuation of the Company's remaining investment using the guideline public company approach which relied on inputs such as comparable company multiples that would be considered Level 3 inputs in the fair value hierarchy. The valuation of the remaining investment, at that time, resulted in a total charge of approximately \$84 million, which is included in other charges (income), net on the consolidated statement of operations for the year ended March 31, 2019.

During the fourth quarter of fiscal year 2020, the Company recorded an additional impairment charge of approximately \$38 million, reflecting recent market valuation changes and a significant deterioration of Elementum's business.

The Company's remaining investment in Elementum is accounted for as a cost method investment and is immaterial as of March 31, 2020.

Bright Machines

During the first quarter of fiscal year 2019, the Company transferred existing employees and equipment with a net book value of approximately \$35 million along with certain related software and Intellectual Property ("IP"), into the newly created Bright Machines, in exchange for shares of preferred stock and a controlling financial interest in Bright Machines. Bright Machines is a privately held software-as-a service (SaaS) and hardware company focused on developing and deploying an automation solution worldwide. The Company has concluded that Bright Machines does not qualify as a variable interest entity for purposes of evaluating whether it has a controlling financial interest.

Subsequent to the initial formation and prior to June 29, 2018, Bright Machines received equity funding from third party investors and expanded the board of directors, resulting in dilution of the Company's voting interest to below 50%. As a result, the Company concluded it no longer held a controlling financial interest in Bright Machines and accordingly, deconsolidated the entity.

The fair value of the Company's non-controlling interest in Bright Machines upon deconsolidation was approximately \$127.6 million as of the date of deconsolidation. The Company initially accounted for its investment in Bright Machines under the equity method, with the carrying amount included in other assets on the consolidated balance sheet. The value of the Company's interest on the date of deconsolidation was based on management's estimate of the fair value of Bright Machines at that time. Management relied on a multi-stage process which involved calculating the enterprise and equity value of Bright Machines, then allocating the equity value of the entity to the Company's securities. The enterprise value of Bright Machines was estimated based on the value implied by the equity funding Bright Machines received from third parties in the same period (i.e., Level 2 inputs). The Company recognized a gain on deconsolidation of approximately \$87 million with no material tax impact, which is included in other charges (income), net on the consolidated statement of operations for the year ended March 31, 2019.

Concurrently with the deconsolidation, the Company engaged Bright Machines as a strategic partner to develop and deploy automation solutions for Flex and entered into a 5-year subscription agreement for use of fixed assets along with other automation services. The subscription agreement provides the Company with the use of the assets previously contributed to Bright Machines and accordingly is accounted for as a finance lease. As a result, the Company has recognized a finance lease asset with balances of \$25.4 million and \$30.3 million and obligation with balances of \$22.8 million and \$34.8 million as of March 31, 2020 and 2019, respectively, in the consolidated balance sheets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Pro-forma financials have not been presented because the effects were not material to the Company's consolidated financial position and results of operation for all periods presented. Subscription fees under the Bright Machines agreement were immaterial for the fiscal years ended March 31, 2020 and 2019.

During fiscal year 2020, the Company and Bright Machines executed agreements that provided for, among other things, the repurchase of certain preferred stock of Bright Machines held by the Company and the removal of certain rights associated with such shares, including the Company's right to elect certain members of Bright Machines' board of directors. In conjunction with this transaction, the Company received consideration of approximately \$44 million and recognized a total charge of \$23 million, which is included in other charges (income), net on the consolidated statement of operations.

As a result of the transaction, the Company no longer has the ability to exercise significant influence, and therefore accounts for its remaining investment in Bright Machines as a cost method investment, which is included in other assets on the consolidated balance sheet as of March 31, 2020. Bright Machines is no longer a related party of the Company subsequent to the transaction described above.

Other Current Liabilities

Other current liabilities include customer working capital advances of \$264.2 million and \$266.3 million, customer-related accruals of \$195.1 million and \$260.1 million, and contract liabilities, identified as deferred revenue of \$361.5 million and \$271.8 million as of March 31, 2020 and 2019, respectively. The customer working capital advances are not interest bearing, do not have fixed repayment dates and are generally reduced as the underlying working capital is consumed in production.

Leases

The Company is a lessee with several non-cancellable operating leases, primarily for warehouses, buildings, and other assets such as vehicles and equipment. The Company determines if an arrangement is a lease at contract inception. A contract is a lease or contains a lease when (1) there is an identified asset, and (2) the customer has the right to control the use of the identified asset. Beginning with the adoption of ASC 842 on April 1, 2019, the Company has elected to adopt the package of transition practical expedients and, therefore, has not reassessed (1) whether existing or expired contracts contain a lease, (2) lease classification for existing or expired leases or (3) the accounting for initial direct costs that were previously capitalized. The Company recognizes a right-of-use ("ROU") asset and a lease liability at the lease commencement date for the Company's operating leases. For operating leases, the lease liability is initially measured at the present value of the unpaid lease payments at the lease commencement date. The Company has elected the short-term lease recognition and measurement exemption for all classes of assets, which allows the Company to not recognize ROU assets and lease liabilities for leases with a lease term of 12 months or less and with no purchase option the Company is reasonably certain of exercising. The Company has also elected the practical expedient to account for the lease and nonlease components as a single lease component, for all classes of underlying assets. Therefore, the lease payments used to measure the lease liability include all of the fixed considerations in the contract. Lease payments included in the measurement of the lease liability comprise the following: fixed payments (including in-substance fixed payments), and variable payments that depend on an index or rate (initially measured using the index or rate at the lease commencement date). As the Company cannot determine the interest rate implicit in the lease for the Company's leases, the Company uses the Company's estimate of the incremental borrowing rate as of the commencement date in determining the present value of lease payments. The Company's estimated incremental borrowing rate is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. The lease term for all of the Company's leases includes the non-cancellable period of the lease plus any additional periods covered by either an option to extend (or not to terminate) the lease that the Company is reasonably certain to exercise, or an option to extend (or not to terminate) the lease controlled by the lessor.

The adoption of ASC 842 had a material impact to the Company's consolidated balance sheet, but did not materially impact the consolidated statement of operations or consolidated statement of cash flows. The most significant changes to the consolidated balance sheet relate to the recognition of ROU assets and lease liabilities for operating leases. The Company's accounting for finance leases remains substantially unchanged and the balances are not material for any periods presented.

As a result of adopting ASC 842 as of April 1, 2019, the Company recognized additional operating liabilities of \$658 million with a corresponding ROU asset of \$624 million and a deferred gain of \$22 million for sale leaseback transactions to opening retained earnings.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of March 31, 2020, current operating lease liabilities were \$114.1 million which are included in other current liabilities on the consolidated balance sheets.

Restructuring Charges

The Company recognizes restructuring charges related to its plans to close or consolidate excess manufacturing facilities and rationalize administrative functions. In connection with these activities, the Company records restructuring charges for employee termination costs, long-lived asset impairment and other exit-related costs.

The recognition of restructuring charges requires the Company to make certain judgments and estimates regarding the nature, timing and amount of costs associated with the planned exit activity. To the extent the Company's actual results differ from its estimates and assumptions, the Company may be required to revise the estimates of future liabilities, requiring the recognition of additional restructuring charges or the reduction of liabilities already recognized. Such changes to previously estimated amounts may be material to the consolidated financial statements. At the end of each reporting period, the Company evaluates the remaining accrued balances to ensure that no excess accruals are retained, and the utilization of the provisions are for their intended purpose in accordance with developed restructuring plans. See note 15 for additional information regarding restructuring charges.

Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, "Leases", and subsequent updates (collectively, referred to as Accounting Standard Codification 842 or "ASC 842"). ASC 842 requires a lessee to recognize a right of use ("ROU") asset and lease liability. Leases will be classified as finance or operating, with classification affecting the recognition of expense and presentation in the income statement. The Company adopted ASC 842 on April 1, 2019 using the optional transition method, by which companies may elect not to recast the comparative periods presented in financial statements in the period of adoption and recognize a cumulative effect adjustment in the period of adoption. As a result, the Company was not required to adjust its comparative period financial information for effects of the standard or make the new required lease disclosures for periods before the Company's adoption date. Details of the impact of adopting ASC 842 has been described in the Leases section above.

In October 2018, the FASB issued ASU 2018-16 "Derivatives and Hedging (Topic 815): Inclusion of the Secured Overnight Financing Rate (SOFR) Overnight Index Swap (OIS) Rate as a Benchmark Interest Rate for Hedge Accounting Purposes" to expand the lists of eligible benchmark interest rates to include OIS based on SOFR to facilitate the marketplace transition from LIBOR. The Company adopted the guidance during the first quarter of fiscal year 2020 with an immaterial impact on its financial position, results of operations and cash flows.

In August 2018, the FASB issued ASU 2018-15 "Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract" to provide guidance on a customer's accounting for implementation, set-up, and other upfront costs incurred in a cloud computing arrangement that is hosted by the vendor, i.e., a service contract. Under the new guidance, customers will apply the same criteria for capitalizing implementation costs as they would for an arrangement that has a software license. The new guidance also prescribes the balance sheet, income statement, and cash flow classification of the capitalized implementation costs and related amortization expense, as well as requires additional quantitative and qualitative disclosures. The guidance is effective for the Company beginning in the first quarter of fiscal year 2021 with early adoption permitted. The Company early adopted the guidance during the second quarter of fiscal year 2020 with an immaterial impact to its consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13 "Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement", which amends ASC 820 to add, remove, and modify fair value measurement disclosure requirements. The Company adopted the guidance during the first quarter of fiscal year 2020 with an immaterial impact on its financial position, results of operations and cash flows.

In June 2018, the FASB issued ASU 2018-07 "Compensation - Stock Compensation (Topic 718): Improvement to Nonemployee Share-Based Payment Accounting" with the objective of simplifying several aspects of the accounting for nonemployee share-based payment transactions in current GAAP. The Company adopted this guidance during the first quarter of fiscal year 2020 with an immaterial impact on its consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In August 2017, the FASB issued ASU 2017-12 "Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities" with the objective of improving the financial reporting of hedging relationships and simplifying the application of the hedge accounting guidance in current GAAP. The Company adopted this guidance during the first quarter of fiscal year 2020 with an immaterial impact on its consolidated financial statements.

Recently Issued Accounting Pronouncements

In March 2020, the FASB issued ASU 2020-04 "Facilitation of the Effects of Reference Rate Reform on Financial Reporting", which temporarily simplifies the accounting for contract modifications, including hedging relationships, due to the transition from LIBOR and other interbank offered rates to alternative reference interest rates. For example, entities can elect not to remeasure the contracts at the modification date or reassess a previous accounting determination if certain conditions are met. Additionally, entities can elect to continue applying hedge accounting for hedging relationships affected by reference rate reform if certain conditions are met. The guidance is effective upon issuance and may be applied prospectively to contract modifications made and hedging relationships entered into or evaluated on or before December 31, 2022. The Company is currently evaluating the impact of the transition from LIBOR to alternative reference interest rates and expects the new guidance will have an immaterial impact on its consolidated financial statements.

In January 2020, the FASB issued ASU 2020-01 "Investments - Equity Securities (Topic 321), Investments - Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815): Clarifying the Interactions Between Topic 321, Topic 323, and Topic 815 — a consensus of the FASB Emerging Issues Task Force", which makes improvements related to the following two topics: (1) accounting for certain equity securities when the equity method of accounting is applied or discontinued, and (2) scope considerations related to forward contracts and purchased options on certain securities. The guidance is effective for the Company beginning in the first quarter of fiscal year 2022 with early adoption permitted. The Company expects the new guidance will have an immaterial impact on its consolidated financial statements, and intends to adopt the guidance when it becomes effective in the first quarter of fiscal year 2022.

In December 2019, the FASB issued ASU 2019-12 "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes", which removes certain exceptions for recognizing deferred taxes for investments, performing intraperiod allocation and calculating income taxes in interim periods. The ASU also adds guidance to reduce complexity in certain areas, including recognizing deferred taxes for tax goodwill and allocating taxes to members of a consolidated group. The guidance is effective for the Company beginning in the first quarter of fiscal year 2022 with early adoption permitted. The Company expects the new guidance will have an immaterial impact on its consolidated financial statements, and intends to adopt the guidance when it becomes effective in the first quarter of fiscal year 2022.

In June 2016, the FASB issued ASU 2016-13 "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" and also issued subsequent amendments to the initial guidance: ASU 2018-19, ASU 2019-04, ASU 2019-05, ASU 2019-10, ASU 2019-11, ASU 2020-02, and ASU 2020-03, which replaces the existing incurred loss impairment model with an expected credit loss model and requires a financial asset measured at amortized cost to be presented at the net amount expected to be collected. The guidance is effective for the Company beginning in the first quarter of fiscal year 2021. The Company is assessing the impacts and currently expects the new guidance will have an immaterial impact on its consolidated financial statements.

3. LEASES

The Company has several commitments under operating leases for warehouses, buildings, and equipment. The Company also has a minimal number of finance leases with an immaterial impact on its consolidated financial statements. Leases have initial lease terms ranging from 1 year to 23 years.

The components of lease cost recognized under ASC 842 were as follow (in thousands):

<u>Lease cost</u>	<u>Year Ended</u>	
	<u>March 31, 2020</u>	
Operating lease cost	\$	162,749

FLEX LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Amounts reported in the consolidated balance sheet as of the period ended March 31, 2020 were (in thousands, except weighted average lease term and discount rate):

	As of March 31, 2020
<i>Operating Leases:</i>	
Operating lease right of use assets	\$ 605,070
Operating lease liabilities	643,054
Weighted-average remaining lease term (In years)	
Operating leases	7.9
Weighted-average discount rate	
Operating leases	4.1%

Other information related to leases was as follow (in thousands):

	Year Ended
	March 31, 2020
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 149,948

During the fiscal year ended March 31, 2020, the Company sold and leased back certain properties and received cash proceeds of \$69.6 million, resulting in total gains of \$32.7 million, recorded in cost of sales within the consolidated statements of operations. During the fiscal year ended March 31, 2019 the Company sold and leased back certain properties and received cash proceeds of \$67.6 million and recorded a deferred gain of \$22 million. As a result of adopting ASC 842 as of April 1, 2019, the Company recognized the deferred gain to prior year retained earnings.

Future lease payments under non-cancellable leases as of March 31, 2020 are as follows (in thousands):

Fiscal Year Ended March 31,	Operating Leases
2021	\$ 134,817
2022	115,465
2023	100,779
2024	84,374
2025	67,772
Thereafter	253,768
Total undiscounted lease payments	756,975
Less: imputed interest	113,921
Total lease liabilities	\$ 643,054

As previously disclosed in our Annual Report on Form 10-K for the fiscal year ended March 31, 2019 and under the previous lease accounting standard ASC 840, the aggregate future non-cancellable minimum rental payments on our operating lease, as of March 31, 2019, are as follows:

FLEX LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

<u>Fiscal Year Ending March 31,</u>	<u>Operating Leases</u>
	<u>(In thousands)</u>
2020	\$ 155,391
2021	113,245
2022	93,777
2023	81,335
2024	67,341
Thereafter	171,828
Total minimum lease payments	<u>\$ 682,917</u>

4. REVENUE

Revenue Recognition

The Company provides a comprehensive suite of services for its customers that range from advanced product design to manufacturing and logistics to after-sales services. The first step in its process for revenue recognition is to identify a contract with a customer. A contract is defined as an agreement between two parties that creates enforceable rights and obligations and can be written, verbal, or implied. The Company generally enters into master supply agreements (“MSA”) with its customers that provide the framework under which business will be conducted. This includes matters such as warranty, indemnification, transfer of title and risk of loss, liability for excess and obsolete inventory, pricing formulas, payment terms, etc., and the level of business under those agreements may not be guaranteed. In those instances, the Company bids on a program-by-program basis and typically receives customer purchase orders for specific quantities and timing of products. As a result, the Company considers its contract with a customer to be the combination of the MSA and the purchase order, or any other similar documents such as a statement of work, product addenda, emails or other communications that embody the commitment by the customer.

In determining the appropriate amount of revenue to recognize, the Company applies the following steps: (i) identify the contracts with the customers; (ii) identify performance obligations in the contracts; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations per the contracts; and (v) recognize revenue when (or as) the Company satisfies a performance obligation. Further, the Company assesses whether control of the product or services promised under the contract is transferred to the customer at a point in time (PIT) or over time (OT). The Company is first required to evaluate whether its contracts meet the criteria for OT recognition. The Company has determined that for a portion of its contracts the Company is manufacturing products for which there is no alternative use (due to the unique nature of the customer-specific product and IP restrictions) and the Company has an enforceable right to payment including a reasonable profit for work-in-progress inventory with respect to these contracts. As a result, revenue is recognized under these contracts OT based on the cost-to-cost method as it best depicts the transfer of control to the customer measured based on the ratio of costs incurred to date as compared to the total estimated costs at completion of the performance obligation. For all other contracts that do not meet these criteria, the Company recognizes revenue when it has transferred control of the related manufactured products which generally occurs upon delivery and passage of title to the customer.

Customer Contracts and Related Obligations

Certain of the Company’s customer agreements include potential price adjustments which may result in variable consideration. These price adjustments include, but are not limited to, sharing of cost savings, committed price reductions, material margins earned over the period that are contractually required to be paid to the customers, rebates, refunds tied to performance metrics such as on-time delivery, and other periodic pricing resets that may be refundable to customers. The Company estimates the variable consideration related to these price adjustments as part of the total transaction price and recognizes revenue in accordance with the pattern applicable to the performance obligation, subject to a constraint. The Company constrains the amount of revenues recognized for these contractual provisions based on its best estimate of the amount which will not result in a significant reversal of revenue in a future period. The Company determines the amounts to be recognized based on the amount of potential refunds required by the contract, historical experience and other surrounding facts and circumstances. Often these obligations are settled with the customer in a period after shipment through various methods which include reduction of prices for future purchases, issuance of a payment to the customer, or issuance of a credit note

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

applied against the customer's accounts receivable balance. In many instances, the agreement is silent on the settlement mechanism. Any difference between the amount accrued upon shipment for potential refunds and the actual amount agreed to with the customer is recorded as an increase or decrease in revenue. These potential price adjustments are included as part of other current liabilities on the consolidated balance sheet and disclosed as part of customer-related accruals in note 2.

Performance Obligations

The Company derives its revenues primarily from manufacturing services, and to a lesser extent, from innovative design, engineering, and supply chain services and solutions.

A performance obligation is an implicitly or explicitly promised good or service that is material in the context of the contract and is both capable of being distinct (customer can benefit from the good or service on its own or together with other readily available resources) and distinct within the context of the contract (separately identifiable from other promises). The Company considers all activities typically included in its contracts, and identifies those activities representing a promise to transfer goods or services to a customer. These include, but are not limited to, design and engineering services, prototype products, tooling, etc. Each promised good or service with regards to these identified activities is accounted for as a separate performance obligation only if it is distinct - i.e., the customer can benefit from it on its own or together with other resources that are readily available to the customer. Certain activities on the other hand are determined not to constitute a promise to transfer goods or service, and therefore do not represent separate performance obligations for revenue recognition (e.g., procurement of materials and standard workmanship warranty).

A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The majority of the Company's contracts have a single performance obligation as the promise to transfer the individual good or service is not separately identifiable from other promises in the contract and is, therefore, not distinct. Promised goods or services that are immaterial in the context of the contract are not separately assessed as performance obligations. In the event that more than one performance obligation is identified in a contract, the Company is required to allocate the transaction price between the performance obligations. The allocation would generally be performed on the basis of a relative standalone price for each distinct good or service. This standalone price most often represents the price that the Company would sell similar goods or services separately.

Contract Balances

A contract asset is recognized when the Company has recognized revenue, but not issued an invoice for payment. Contract assets are classified separately on the consolidated balance sheets and transferred to receivables when rights to payment become unconditional.

A contract liability is recognized when the Company receives payments in advance of the satisfaction of performance and is included in other current liabilities on the consolidated balance sheets. Contract liabilities, identified as deferred revenue, were \$361.5 million and \$271.8 million as of March 31, 2020 and 2019, respectively.

Disaggregation of Revenue

The following table presents the Company's revenue disaggregated based on timing of transfer - point in time and over time for the fiscal years ended March 31, 2020 and 2019:

	Year Ended March 31, 2020				
	HRS	IEI	CEC	CTG	Total
	(In thousands)				
Timing of Transfer					
Point in time	\$ 3,705,387	\$ 5,045,270	\$ 5,503,322	\$ 4,196,530	\$ 18,450,509
Over time	1,037,037	2,232,080	1,482,347	1,007,897	5,759,361
Total segment	<u>\$ 4,742,424</u>	<u>\$ 7,277,350</u>	<u>\$ 6,985,669</u>	<u>\$ 5,204,427</u>	<u>\$ 24,209,870</u>

FLEX LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Year Ended March 31, 2019				
	HRS	IEI	CEC	CTG	Total
	(In thousands)				
Timing of Transfer					
Point in time	\$ 3,773,735	\$ 4,395,773	\$ 6,126,454	\$ 4,744,911	\$ 19,040,873
Over time	1,055,215	1,786,864	2,209,876	2,117,683	7,169,638
Total segment	\$ 4,828,950	\$ 6,182,637	\$ 8,336,330	\$ 6,862,594	\$ 26,210,511

5. SHARE-BASED COMPENSATION

Equity Compensation Plans

The Company's primary plan used for granting equity compensation awards is the Company's 2017 Equity Incentive Plan (the "2017 Plan").

Share-Based Compensation Expense

The following table summarizes the Company's share-based compensation expense for all equity incentive plans:

	Fiscal Year Ended March 31,		
	2020	2019	2018
	(In thousands)		
Cost of sales	\$ 15,174	\$ 19,554	\$ 19,102
Selling, general and administrative expenses	56,372	56,478	66,142
Total share-based compensation expense	\$ 71,546	\$ 76,032	\$ 85,244

Cash flows resulting from excess tax benefits (tax benefits related to the excess of proceeds from employee exercises of share options over the share-based compensation cost recognized for those options) are classified as operating cash flows. During fiscal years 2020, 2019 and 2018, the Company did not recognize any excess tax benefits as an operating cash inflow.

As of March 31, 2020, the Company had approximately 10.5 million shares available for grant under the 2017 Plan. Options issued to employees under this plan generally vest over four years and expire ten years from the date of grant. Options granted to non-employee directors generally expire five years from the date of grant.

The exercise price of options granted to employees is determined by the Company's Board of Directors or the Compensation Committee and may not be less than the closing price of the Company's ordinary shares on the date of grant.

As of March 31, 2020, the total unrecognized compensation cost related to unvested share options granted to employees under all plans was not material.

The Company also grants restricted share unit ("RSU") awards under its 2017 Plan. RSU awards are rights to acquire a specified number of ordinary shares for no cash consideration in exchange for continued service with the Company. RSU awards generally vest in installments over a three to four-year period and unvested RSU awards are forfeited upon termination of employment.

Vesting for certain RSU awards is contingent upon both service and market conditions.

As of March 31, 2020, the total unrecognized compensation cost related to unvested RSU awards under all plans was approximately \$116.7 million. These costs will be amortized generally on a straight-line basis over a weighted-average period of approximately 2.3 years. Approximately \$20.0 million of the total unrecognized compensation cost is related to RSU awards granted to certain key employees whereby vesting is contingent on meeting a certain market condition.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Determining Fair Value - Options and RSU awards

Valuation and Amortization Method—The Company estimates the fair value of share options granted under the 2017 Plan using the Black-Scholes valuation method and a single option award approach. This fair value is then amortized on a straight-line basis over the requisite service periods of the awards, which is generally the vesting period. The fair market value of RSU awards granted, other than those awards with a market condition, is the closing price of the Company's ordinary shares on the date of grant and is generally recognized as compensation expense on a straight-line basis over the respective vesting period.

Expected Term—The Company's expected term used in the Black-Scholes valuation method represents the period that the Company's share options are expected to be outstanding and is determined based on historical experience of similar awards, giving consideration to the contractual terms of the share options, vesting schedules and expectations of future employee behavior as influenced by changes to the terms of its share options.

Expected Volatility—The Company's expected volatility used in the Black-Scholes valuation method is derived from a combination of implied volatility related to publicly traded options to purchase Flex ordinary shares and historical variability in the Company's periodic share price.

Expected Dividend—The Company has never paid dividends on its ordinary shares and accordingly the dividend yield percentage is zero for all periods.

Risk-Free Interest Rate—The Company bases the risk-free interest rate used in the Black-Scholes valuation method on the implied yield currently available on U.S. Treasury constant maturities issued with a term equivalent to the expected term of the option.

There were no options granted under the 2017 Plan during fiscal years 2020, 2019, and 2018.

Determining Fair Value - RSU awards with service and market conditions

Valuation and Amortization Method—The Company estimates the fair value of RSU awards granted under the 2017 Plan whereby vesting is contingent on meeting certain market conditions using Monte Carlo simulation. This fair value is then amortized on a straight-line basis over the vesting period, which is the service period.

Expected volatility of Flex—Volatility used in a Monte Carlo simulation is derived from the historical volatility of Flex's stock price over a period equal to the service period of the RSU awards granted. The service period is three years for those RSU awards granted in fiscal years 2020, 2019, and 2018.

Average peer volatility—Volatility used in a Monte Carlo simulation is derived from the historical volatilities of the Standard and Poor's ("S&P") 500 index for the RSU awards granted in fiscal years 2020, 2019, and 2018.

Average Peer Correlation—Correlation coefficients were used to model the movement of Flex's stock price relative to the S&P 500 index for the RSU awards granted in fiscal years 2020, 2019, and 2018.

Expected Dividend and Risk-Free Interest Rate assumptions—Same methodology as discussed above.

The fair value of the Company's RSU awards under the 2017 Plan, whereby vesting is contingent on meeting certain market conditions, for fiscal years 2020, 2019, and 2018 was estimated using the following weighted-average assumptions:

	Fiscal Year Ended March 31,		
	2020	2019	2018
Expected volatility	38.8%	27.4%	25.1%
Average peer volatility	24.9%	25.6%	28.7%
Average peer correlation	0.5	0.5	0.6
Expected dividends	—%	—%	—%
Risk-free interest rate	1.8%	2.7%	1.5%

FLEX LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Share-Based Awards Activity

Option activity for all plans is immaterial for all periods presented.

Cash received from option exercises under all plans, which was reflected within other financing activities in the consolidated statement of cash flows, was immaterial for fiscal years 2020 and 2019, and totaled \$2.8 million for fiscal year 2018.

The following table summarizes the Company's RSU award activity under all plans ("Price" reflects the weighted-average grant-date fair value):

	Fiscal Year Ended March 31,					
	2020		2019		2018	
	Shares	Price	Shares	Price	Shares	Price
Unvested RSU awards outstanding, beginning of fiscal year	14,903,886	\$13.76	14,619,692	\$14.39	17,242,019	\$12.24
Granted (1)	8,259,272	9.81	8,257,502	12.59	6,680,739	16.97
Vested (1)	(4,222,524)	13.33	(5,952,039)	13.12	(6,945,393)	11.86
Forfeited	(2,889,994)	12.89	(2,021,269)	14.51	(2,357,673)	12.20
Unvested RSU awards outstanding, end of fiscal year	<u>16,050,640</u>	<u>\$11.87</u>	<u>14,903,886</u>	<u>\$13.76</u>	<u>14,619,692</u>	<u>\$14.39</u>

- (1) Included in the fiscal years 2018 amounts are 0.7 million of RSU awards, representing the number of awards achieved above target levels based on the achievement of certain market conditions, as further described in the table below. These awards were issued and immediately vested in accordance with the terms and conditions of the underlying awards.

Of the 8.3 million unvested RSU awards granted in fiscal year 2020, approximately 6.5 million are plain-vanilla unvested RSU awards with no performance or market conditions with an average grant date price of \$9.24 per share. Further, approximately 1.8 million of these unvested RSU awards granted in fiscal year 2020 represents the target amount of grants made to certain key employees whereby vesting is contingent on certain market conditions, with an average grant date fair value estimated to be \$11.92 per award calculated using a Monte Carlo simulation. Vesting information for these shares is further detailed in the table below.

Of the 16.1 million unvested RSU awards outstanding under all plans as of the fiscal year ended March 31, 2020, approximately 3.3 million unvested RSU awards represent the target amount of grants made to certain key employees whereby vesting is contingent on meeting certain market conditions summarized as follows:

Year of grant	Targeted number of awards as of March 31, 2020 (in shares)	Average grant date fair value (per share)	Range of shares that may be issued (1)		Assessment dates
			Minimum	Maximum	
Fiscal 2020	1,721,031	\$ 11.92	—	3,442,062	June 2022
Fiscal 2019	1,103,198	\$ 14.00	—	2,206,396	June 2021
Fiscal 2018 (2)	491,417	\$ 20.25	—	982,834	June 2020
Totals	<u>3,315,646</u>		—	<u>6,631,292</u>	

- (1) Vesting ranges from zero to 200% based on measurement of Flex's total shareholder return against the Standard and Poor's ("S&P") 500 Composite Index.
- (2) As of March 31, 2020, the Company deemed the vesting of RSU awards with market conditions granted in fiscal year 2018 as not probable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company will continue to recognize share-based compensation expense for awards with market conditions regardless of whether such awards will ultimately vest. During fiscal year 2020, no shares vested in connection with the RSU awards with market conditions granted in fiscal year 2017.

The total intrinsic value of RSU awards vested under all the Company's plans was \$41.7 million, \$80.2 million and \$116.4 million during fiscal years 2020, 2019 and 2018, respectively, based on the closing price of the Company's ordinary shares on the date vested.

6. EARNINGS PER SHARE

Basic earnings per share excludes dilution and is computed by dividing net income by the weighted-average number of ordinary shares outstanding during the applicable periods.

Diluted earnings per share reflects the potential dilution from stock options and RSU awards. The potential dilution from stock options exercisable into ordinary share equivalents and restricted share unit awards was computed using the treasury stock method based on the average fair market value of the Company's ordinary shares for the period.

The following table reflects the basic weighted-average ordinary shares outstanding and diluted weighted-average ordinary share equivalents used to calculate basic and diluted income per share:

	Fiscal Year Ended March 31,		
	2020	2019	2018
	(In thousands, except per share amounts)		
Basic earnings per share:			
Net income	\$ 87,579	\$ 93,399	\$ 428,534
Shares used in computation:			
Weighted-average ordinary shares outstanding	508,774	526,519	529,782
Basic earnings per share	<u>\$ 0.17</u>	<u>\$ 0.18</u>	<u>\$ 0.81</u>
Diluted earnings per share:			
Net income	\$ 87,579	\$ 93,399	\$ 428,534
Shares used in computation:			
Weighted-average ordinary shares outstanding	508,774	526,519	529,782
Weighted-average ordinary share equivalents from stock options and RSU awards (1) (2)	3,663	3,551	6,816
Weighted-average ordinary shares and ordinary share equivalents outstanding	<u>512,437</u>	<u>530,070</u>	<u>536,598</u>
Diluted earnings per share	<u>\$ 0.17</u>	<u>\$ 0.18</u>	<u>\$ 0.80</u>

- (1) An immaterial amount of options to purchase ordinary shares during fiscal years 2020, 2019, and 2018 were excluded from the computation of diluted earnings per share due to their anti-dilutive impact on the weighted average ordinary shares equivalents.
- (2) RSU awards of 3.6 million and 6.8 million during fiscal years 2020 and 2019 were excluded from the computation of diluted earnings per share due to their anti-dilutive impact on the weighted average ordinary shares equivalents. Less than 0.1 million of anti-dilutive RSU awards were excluded from the computation of diluted earnings per share during fiscal year 2018.

FLEX LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. SUPPLEMENTAL CASH FLOW DISCLOSURES

The following table represents supplemental cash flow disclosures and non-cash investing and financing activities:

	Fiscal Year Ended March 31,		
	2020	2019	2018
	(In thousands)		
Net cash paid for:			
Interest	\$ 171,719	\$ 190,204	\$ 152,750
Income taxes	98,943	134,178	91,846
Non-cash investing and financing activity:			
Unpaid purchases of property and equipment	\$ 104,260	\$ 111,989	\$ 128,044
Non-cash investment in Elementum (Note 2)	—	—	132,679
Non-cash proceeds from sales of a non-strategic cost basis investment	—	—	59,000
Non-cash investment in Bright Machines (Note 2)	—	127,641	—
Finance lease for Bright Machines assets (Note 2)	22,806	34,828	—

8. BANK BORROWINGS AND LONG-TERM DEBT

Bank borrowings and long-term debt are as follows:

	As of March 31,	
	2020	2019
	(In thousands)	
4.625% Notes due February 2020	\$ —	\$ 500,000
Term Loan, including current portion, due in installments through November 2021	—	671,563
Term Loan, including current portion, due in installments through June 2022	433,406	458,531
5.000% Notes due February 2023	500,000	500,000
Term Loan due April 2024 - three-month Yen LIBOR plus 0.50%	310,115	—
4.750% Notes due June 2025	597,265	596,815
4.875% Notes due June 2029	661,908	—
India Facilities (1)	138,238	170,206
Other	210,684	168,039
Debt issuance costs	(13,377)	(10,639)
	<u>2,838,239</u>	<u>3,054,515</u>
Current portion, net of debt issuance costs	(149,130)	(632,611)
Non-current portion	<u>\$ 2,689,109</u>	<u>\$ 2,421,904</u>

- (1) India Facilities as of March 31, 2019 include an approximately \$91.4 million drawdown from a short-term bank borrowings facility entered in February 2019 which was repaid in May 2019 and a \$78.8 million drawdown from the \$200 million term loan facility entered in July 2018.

The weighted-average interest rates for the Company's long-term debt were 4.0% and 4.2% as of March 31, 2020 and 2019, respectively.

Scheduled repayments of the Company's bank borrowings and long-term debt are as follows:

FLEX LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

<u>Fiscal Year Ending March 31,</u>	<u>Amount</u> <u>(In thousands)</u>
2021	\$ 149,456
2022	209,586
2023	870,178
2024	53,109
2025	310,115
Thereafter	1,259,172
Total	<u>\$ 2,851,616</u>

Term Loan due November 2021

During fiscal year 2020, the Company repaid the total outstanding balance under the Term Loan due November 2021 with parts of the proceeds obtained from the new JPY 33.525 billion term loan (approximately USD \$310 million as of March 31, 2020) due April 2024 and the new \$650 million of 4.875% Notes due June 15, 2029 (see below for additional details on the new debts). As the transaction was determined to fall under extinguishment accounting, the Company recognized an immaterial loss on extinguishment during its fiscal year ended March 31, 2020, which was recorded in interest and other, net on the consolidated statements of operations.

Term Loan Agreement due June 2022 and Revolving Line of Credit

In June 2017, the Company entered into a five-year credit facility consisting of a \$1.75 billion revolving credit facility and a \$502.5 million term loan, which is due to mature on June 30, 2022 (the "2022 Credit Facility"). This 2022 Credit Facility replaced the Company's \$2.1 billion credit facility, which was due to mature in March 2019. The outstanding principal of the term loan portion of the 2022 Credit Facility is repayable in quarterly installments of approximately \$6.3 million from September 30, 2017 through June 30, 2020 and approximately \$12.6 million from September 30, 2020 through March 31, 2022 with the remainder due upon maturity. The Company determined that effectively extending the maturity date of the revolving credit and repaying the term loan due March 2019 qualified as a debt modification and consequently all unamortized debt issuance costs related to the \$2.1 billion credit facility are capitalized and are being amortized over the term of the 2022 Credit Facility.

Borrowings under the 2022 Credit Facility bear interest, at the Company's option, either at (i) the Base Rate, which is defined as the greatest of (a) the Administrative Agent's prime rate, (b) the federal funds effective rate, plus 0.50% and (c) the LIBOR (the London Interbank Offered Rate) rate that would be calculated as of each day in respect of a proposed LIBOR loan with a one-month interest period, plus 1.0%; plus, in the case of each of clauses (a) through (c), an applicable margin ranging from 0.125% to 0.875% per annum, based on the Company's credit ratings (as determined by Standard & Poor's Financial Services LLC, Moody's Investors Service, Inc. and Fitch Ratings Inc.) or (ii) LIBOR plus the applicable margin for LIBOR loans ranging between 1.125% and 1.875% per annum, based on the Company's credit ratings.

The 2022 Credit Facility is unsecured and contains customary restrictions on the ability of the Company and its subsidiaries to (i) incur certain debt, (ii) make certain investments, (iii) make certain acquisitions of other entities, (iv) incur liens, (v) dispose of assets, (vi) make non-cash distributions to shareholders, and (vii) engage in transactions with affiliates. These covenants are subject to a number of significant exceptions and limitations. The 2022 Credit Facility also requires that the Company maintain a maximum ratio of total indebtedness to EBITDA (earnings before interest expense, taxes, depreciation and amortization), and a minimum interest coverage ratio during the term of the 2022 Credit Facility. As of March 31, 2020, the Company was in compliance with the covenants under the 2022 Credit Facility agreement.

Notes due February 2020 and February 2023

In February 2013, the Company issued \$500 million of 4.625% Notes due February 15, 2020 and \$500 million of 5.000% Notes due February 15, 2023 in a private offering pursuant to Rule 144A and Regulation S under the Securities Act. In July 2013, the Company exchanged these notes for new notes (collectively the "Notes") with substantially similar terms and completed the registration of the Notes with the Securities and Exchange Commission.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Interest on the Notes is payable semi-annually, which commenced on August 15, 2013. The Notes are senior unsecured obligations of the Company, rank equally with all of the Company's other existing and future senior and unsecured debt obligations, and up until June 30, 2017 were guaranteed, jointly and severally, fully and unconditionally on an unsecured basis, by certain of the Company's 100% owned subsidiaries (the "guarantor subsidiaries"). The Company replaced its \$2.1 billion credit facility, which was due to expire in March 2019 and was guaranteed by the guarantor subsidiaries, with the 2022 Credit Facility, which is not guaranteed by the guarantor subsidiaries. Effective upon the replacement, all guarantor subsidiaries were released from their guarantees under the indenture governing the Notes.

At any time prior to maturity, the Company may redeem some or all of the Notes at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus an applicable premium accrued and unpaid interest, if any, to the applicable redemption date. Upon the occurrence of a change of control repurchase event (as defined in the Notes indenture), the Company must offer to repurchase the Notes at a repurchase price equal to 101% of the principal amount of the Notes repurchased, plus accrued and unpaid interest, if any, to the applicable repurchase date. During fiscal year 2020, the Company tendered and redeemed the total outstanding balance under the Notes due February 15, 2020 with parts of the proceeds obtained from the new JPY 33.525 billion term loan due April 2024 and the new \$650 million of 4.875% Notes due June 15, 2029. As the transaction was determined to fall under extinguishment accounting, the Company recognized an immaterial loss on extinguishment during its fiscal year ended March 31, 2020, which was recorded in interest and other, net on the consolidated statements of operations.

The indenture governing the Notes contains covenants that, among other things, restrict the ability of the Company and certain of the Company's subsidiaries to create liens; enter into sale-leaseback transactions; create, incur, issue, assume or guarantee any funded debt; and consolidate or merge with, or convey, transfer or lease all or substantially all of the Company's assets to, another person. These covenants are subject to a number of significant limitations and exceptions set forth in the indenture. The indenture also provides for customary events of default, including, but not limited to, cross defaults to certain specified other debt of the Company and its subsidiaries. In the case of an event of default arising from specified events of bankruptcy or insolvency, all outstanding Notes will become due and payable immediately without further action or notice. If any other event of default under the indenture occurs or is continuing, the applicable trustee or holders of at least 25% in aggregate principal amount of the then outstanding Notes may declare all of the Notes to be due and payable immediately. As of March 31, 2020, the Company was in compliance with the covenants in the indenture governing the Notes.

Term Loan due April 2024

In April 2019, the Company entered into a JPY 33.525 billion term loan agreement due April 2024, at three-month Yen LIBOR plus 0.50%, which was then swapped to U.S. dollars. The term loan, which is due at maturity and subject to quarterly interest payments, is used to fund general operations and refinance certain other outstanding debts. As the term loan is denominated in Japanese Yen, the debt balance is remeasured to USD at end of each reporting period. Foreign currency contracts have been entered into with respect to this Japanese yen denominated term loan. Refer to note 9 for additional details.

This term loan is unsecured, and contains customary restrictions on the ability of the Company and its subsidiaries to (i) incur certain debt, (ii) make certain investments, (iii) make certain acquisitions of other entities, (iv) incur liens, (v) dispose of assets, (vi) make non-cash distributions to shareholders, and (vii) engage in transactions with affiliates. These covenants are subject to a number of exceptions and limitations. This term loan agreement also requires that the Company maintain a maximum ratio of total indebtedness to EBITDA (earnings before interest expense, taxes, depreciation and amortization), and a minimum interest coverage ratio, as defined therein, during its term. As of March 31, 2020, the Company was in compliance with the covenants under this term loan agreement.

Notes due June 2025

In June 2015, the Company issued \$600 million of 4.750% Notes ("2025 Notes") due June 15, 2025 in a private offering pursuant to Rule 144A and Regulation S under the Securities Act, at 99.213% of face value, and an effective yield of approximately 4.850%. The Company received net proceeds of approximately \$595.3 million from the issuance which was used for general corporate purposes. During January 2016, the Company exchanged these notes for new notes with substantially similar terms and completed the registration of these notes with the Securities and Exchange Commission.

The Company incurred approximately \$7.9 million of costs in conjunction with the issuance of the 2025 Notes. The issuance costs were capitalized and presented on the balance sheet as a direct deduction from the carrying amount of the 2025 Notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Interest on the 2025 Notes is payable semi-annually, commencing on December 15, 2015. The 2025 Notes are senior unsecured obligations of the Company, rank equally with all of the Company's other existing and future senior and unsecured debt obligations, and up until June 30, 2017 were guaranteed, jointly and severally, fully and unconditionally on an unsecured basis, by each of the Company's 100% owned subsidiaries (the "guarantor subsidiaries"). The Company replaced its \$2.1 billion credit facility, which was due to expire in March 2019 and was guaranteed by the guarantor subsidiaries, with the 2022 Credit Facility, which is not guaranteed by the guarantor subsidiaries. Effective upon the replacement, all guarantor subsidiaries were released from their guarantees under the indenture for the 2025 Notes.

At any time prior to March 15, 2025, the Company may redeem some or all of the 2025 Notes at a redemption price equal to 100% of the principal amount of the 2025 Notes redeemed, plus an applicable premium and accrued and unpaid interest, if any, to the applicable redemption date. Upon the occurrence of a change of control repurchase event (as defined in the 2025 Notes indenture), the Company must offer to repurchase the 2025 Notes at a repurchase price equal to 101% of the principal amount of the 2025 Notes repurchased, plus accrued and unpaid interest, if any, to the applicable repurchase date.

The indenture governing the 2025 Notes contains covenants that, among other things, restrict the ability of the Company and certain of the Company's subsidiaries to create liens; enter into sale-leaseback transactions; create, incur, issue, assume or guarantee any funded debt; and consolidate or merge with, or convey, transfer or lease all or substantially all of the Company's assets to, another person, or permit any other person to consolidate, merge, combine or amalgamate with or into the Company. These covenants are subject to a number of significant limitations and exceptions set forth in the indenture. The indenture also provides for customary events of default, including, but not limited to, cross defaults to certain specified other debt of the Company and its subsidiaries. In the case of an event of default arising from specified events of bankruptcy or insolvency, all outstanding 2025 Notes will become due and payable immediately without further action or notice. If any other event of default under the agreement occurs or is continuing, the applicable trustee or holders of at least 25% in aggregate principal amount of the then outstanding 2025 Notes may declare all of the 2025 Notes to be due and payable immediately, but upon certain conditions such declaration and its consequences may be rescinded and annulled by the holders of a majority in principal amount of the 2025 Notes. As of March 31, 2020, the Company was in compliance with the covenants in the indenture governing the 2025 Notes.

Notes due June 2029

In June 2019, the Company issued \$450 million of 4.875% Notes due June 15, 2029 (the "Existing 2029 Notes"), at 99.607% of face value. In November 2019, as a further issuance of the Existing 2029 Notes, the Company issued under the same terms, an additional \$200 million of 4.875% Notes due June 15, 2029 (together with the "Existing 2029 Notes", the "2029 Notes"), at 107.289% of face value. Immediately after the issuance of the notes issued in November 2019, the Company has \$650 million aggregate principal amount of 4.875% Notes due 2029 outstanding. The Company received in aggregate, proceeds of approximately \$662.8 million, net of discount and premium, from the issuances which were used, together with available cash, to refinance certain other outstanding debt. The Company incurred and capitalized as a direct reduction to the carrying amount of the notes presented on the balance sheet approximately \$6.6 million of costs in conjunction with the issuance of the 2029 Notes.

Interest on the 2029 Notes is payable on June 15 and December 15 of each year, beginning on December 15, 2019. The 2029 Notes are senior unsecured obligations of the Company and rank equally with all of the Company's other existing and future senior and unsecured indebtedness.

The Indenture governing the 2029 Notes contains covenants that, among other things, restrict the ability of the Company and certain of the Company's subsidiaries to create liens; enter into sale-leaseback transactions; and consolidate or merge with, or convey, transfer or lease all or substantially all of the Company's assets to, another person, or permit any other person to consolidate, merge, combine or amalgamate with or into the Company. These covenants are subject to a number of significant limitations and exceptions set forth in the indenture. The indenture also provides for customary events of default, including, but not limited to, cross defaults to certain specified other debt of the Company and its subsidiaries. In the case of an event of default arising from specified events of bankruptcy or insolvency, all outstanding 2029 Notes will become due and payable immediately without further action or notice. If any other event of default under the indenture occurs or is continuing, the trustee or holders of at least 25% in aggregate principal amount of the then outstanding 2029 Notes may declare all of the 2029 Notes to be due and payable immediately, but upon certain conditions such declaration and its consequences may be rescinded and annulled by the holders of a majority in principal amount of the 2029 Notes. As of March 31, 2020, the Company was in compliance with the covenants in the indenture governing the 2029 Notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Other Borrowings

In July 2018, a subsidiary of the Company entered into a \$200 million term loan facility (the "Facility"), under which there was \$138.2 million in borrowings outstanding as of March 31, 2020. The Facility was used to fund capital expenditures to support the Company's expansion plans for India. The availability period during which drawdowns can be made was from the date of the agreement to and including January 2020. The maximum maturity of each drawdown will be 5 years from the funded Capex shipment date. As a result, the longest maturity date of any drawdown under the Facility will be June 2023. Borrowings under this term loan bear interest at LIBOR plus a margin of 0.90% to 1.15% depending on loan duration.

In January 2017, the Company borrowed €100 million (approximately \$110.1 million as of March 31, 2020), under a 5-year, term-loan agreement due January 2, 2022. Borrowings under this term loan bear interest at EURIBOR minus 0.1% plus the applicable margin ranging between 0.40% and 1.35%, based on the Company's credit ratings. The loan is repayable upon maturity.

In October 2015, the Company borrowed €50 million (approximately \$50.2 million as of March 31, 2020), under a 5-year, term-loan agreement due September 30, 2020. Borrowings under this term loan bear interest at EURIBOR plus the applicable margin ranging between 0.80% and 2.00%, based on the Company's credit ratings. The loan is repayable beginning December 30, 2016 in quarterly payments of €312,500 through June 30, 2020 with the remainder due upon maturity. As of March 31, 2020, the borrowings have been included as current liabilities under the consolidated balance sheet.

These term loans are unsecured and are guaranteed by the Company. These term loan agreements contain customary restrictions on the Company's and its subsidiaries' ability to (i) incur certain debt, (ii) make certain investments, (iii) make certain acquisitions of other entities, (iv) incur liens, (v) dispose of assets, (vi) make non-cash distributions to shareholders, and (vii) engage in transactions with affiliates. These covenants are subject to a number of exceptions and limitations. These term loan agreements also require that the Company maintain a maximum ratio of total indebtedness to EBITDA (earnings before interest expense, taxes, depreciation and amortization), and a minimum interest coverage ratio, as defined therein, during their terms. As of March 31, 2020, the Company was in compliance with the covenants under these term loan agreements.

As of March 31, 2020, the Company and certain of its subsidiaries had various uncommitted revolving credit facilities, lines of credit and other credit facilities in the amount of \$327.7 million in the aggregate. There were no borrowings outstanding under these facilities as of March 31, 2020 and 2019. These unsecured credit facilities, and lines of credit and other credit facilities bear annual interest at the respective country's inter-bank offering rate, plus an applicable margin.

In April 2020, the Company executed amendments to increase the allowable cash restructuring charges excludable in the debt to EBITDA covenant calculation in its existing credit facilities. These amendments increase the Company's flexibility in the event that additional cost reduction activities are required given the uncertainty in future demand that could impact profitability as a result of the COVID-19 pandemic.

In May 2020, the Company issued \$425 million aggregate principal amount of 3.750% Notes due February 2026, at 99.617% of face value, and \$325 million aggregate principal amount of 4.875% Notes due May 2030, at 99.562% of face value. The total proceeds of \$740 million, net of discount and issuance costs, are expected to be used for general corporate purposes, which may include repaying, redeeming or repurchasing outstanding debt and for working capital, capital expenditures and acquisitions.

9. FINANCIAL INSTRUMENTS**Foreign Currency Contracts**

The Company transacts business in various foreign countries and is therefore exposed to foreign currency exchange rate risk inherent in forecasted sales, cost of sales, and monetary assets and liabilities denominated in non-functional currencies. The Company has established risk management programs to protect against volatility in the value of non-functional currency denominated monetary assets and liabilities, and of future cash flows caused by changes in foreign currency exchange rates. The Company tries to maintain a partial or fully hedged position for certain transaction exposures, which are primarily, but not limited to, revenues, customer and vendor payments and inter-company balances in currencies other than the functional currency unit of the operating entity. The Company enters into short-term and long-term foreign currency derivatives contracts, including forward, swap, and options contracts to hedge only those currency exposures associated with certain assets and liabilities, primarily accounts receivable and accounts payable, and cash flows denominated in non-functional currencies. Gains

FLEX LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

and losses on the Company's derivative contracts are designed to offset losses and gains on the assets, liabilities and transactions hedged, and accordingly, generally do not subject the Company to risk of significant accounting losses. The Company hedges committed exposures and does not engage in speculative transactions. The credit risk of these derivative contracts is minimized since the contracts are with large financial institutions and accordingly, fair value adjustments related to the credit risk of the counterparty financial institution were not material.

As of March 31, 2020, the aggregate notional amount of the Company's outstanding foreign currency derivative contracts was \$9.8 billion as summarized below:

Currency	Foreign Currency Amount		Notional Contract Value in USD	
	Buy	Sell	Buy	Sell
(In thousands)				
Cash Flow Hedges				
CNY	1,430,500	—	\$ 201,755	\$ —
EUR	45,679	38,009	50,075	43,078
ILS	344,500	—	96,283	—
JPY	33,525,000	—	300,000	—
MXN	5,111,000	—	218,442	—
Other	N/A	N/A	239,421	9,524
			1,105,976	52,602
Other Foreign Currency Contracts				
BRL	—	603,000	—	117,999
CNY	4,250,664	331,088	604,494	46,749
EUR	2,080,415	2,203,938	2,278,226	2,413,824
GBP	55,892	78,988	68,333	96,952
HUF	55,435,797	59,591,932	171,813	184,694
ILS	271,500	134,500	75,880	37,591
INR	5,685,000	5,931,167	75,957	79,185
JPY	3,705,195	34,778,855	34,287	321,655
MXN	4,839,428	3,576,516	206,835	152,859
MYR	2,919,100	2,653,490	661,927	601,698
SEK	649,418	711,823	65,373	70,713
Other	N/A	N/A	179,509	114,956
			4,422,634	4,238,875
Total Notional Contract Value in USD			\$ 5,528,610	\$ 4,291,477

As of March 31, 2020 and 2019, the fair value of the Company's short-term foreign currency contracts was included in other current assets or other current liabilities, as applicable, in the consolidated balance sheets. Certain of these contracts are designed to economically hedge the Company's exposure to monetary assets and liabilities denominated in a non-functional currency and are not accounted for as hedges under the accounting standards. Accordingly, changes in the fair value of these instruments are recognized in earnings during the period of change as a component of interest and other, net in the consolidated statements of operations. As of March 31, 2020 and 2019, the Company also has included net deferred gains and losses in accumulated other comprehensive loss, a component of shareholders' equity in the consolidated balance sheets, relating to changes in fair value of its foreign currency contracts that are accounted for as cash flow hedges. Deferred losses totaled \$30.8 million as of March 31, 2020, and are expected to be recognized primarily as a component of cost of sales in the consolidated statement of operations primarily over the next twelve-month period, except for the USD JPY cross currency swap, which is further discussed below.

FLEX LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company entered into a USD JPY cross currency swap to hedge the foreign currency risk on the JPY term loan due April 2024, and the fair value of the cross currency swap was included in other assets as of March 31, 2020. The changes in fair value of the USD JPY cross currency swap are reported in accumulated other comprehensive loss, with the impact of the excluded component reported in interest and other, net. In addition, a corresponding amount is reclassified out of accumulated other comprehensive loss to interest and other, net to offset the remeasurement of the underlying JPY loan principal which also impacts the same line.

The following table presents the fair value of the Company's derivative instruments utilized for foreign currency risk management purposes at March 31, 2020 and 2019:

Fair Values of Derivative Instruments						
Asset Derivatives			Liability Derivatives			
Balance Sheet Location	Fair Value		Balance Sheet Location	Fair Value		
	March 31, 2020	March 31, 2019		March 31, 2020	March 31, 2019	
(In thousands)						
Derivatives designated as hedging instruments						
Foreign currency contracts	Other current assets	\$ 7,257	\$ 10,503	Other current liabilities	\$ 46,645	\$ 10,282
Foreign currency contracts	Other assets	\$ 13,849	\$ —	Other liabilities	\$ —	\$ —
Derivatives not designated as hedging instruments						
Foreign currency contracts	Other current assets	\$ 83,086	\$ 16,774	Other current liabilities	\$ 102,709	\$ 17,144

The Company has financial instruments subject to master netting arrangements, which provide for the net settlement of all contracts with a single counterparty. The Company does not offset fair value amounts for assets and liabilities recognized for derivative instruments under these arrangements, and as such, the asset and liability balances presented in the table above reflect the gross amounts of derivatives in the consolidated balance sheets. The impact of netting derivative assets and liabilities is not material to the Company's financial position for any of the periods presented.

10. ACCUMULATED OTHER COMPREHENSIVE LOSS

The changes in accumulated other comprehensive loss by component, net of tax, during fiscal years ended March 31, 2020, 2019 and 2018 are as follows:

FLEX LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Unrealized loss on derivative instruments and other	Foreign currency translation adjustments	Total
	(In thousands)		
Beginning balance on April 1, 2017	\$ (32,426)	\$ (95,717)	\$ (128,143)
Other comprehensive gain before reclassifications	15,667	46,022	61,689
Net gains reclassified from accumulated other comprehensive loss	(18,987)	(404)	(19,391)
Net current-period other comprehensive gain (loss)	(3,320)	45,618	42,298
Ending balance on March 31, 2018	<u>\$ (35,746)</u>	<u>\$ (50,099)</u>	<u>\$ (85,845)</u>
Other comprehensive loss before reclassifications	(48,302)	(59,508)	(107,810)
Net losses reclassified from accumulated other comprehensive loss	42,492	—	42,492
Net current-period other comprehensive loss	(5,810)	(59,508)	(65,318)
Ending balance on March 31, 2019	<u>\$ (41,556)</u>	<u>\$ (109,607)</u>	<u>\$ (151,163)</u>
Other comprehensive loss before reclassifications	(42,837)	(21,951)	(64,788)
Net (gains) losses reclassified from accumulated other comprehensive loss	2,730	(1,446)	1,284
Net current-period other comprehensive loss	(40,107)	(23,397)	(63,504)
Ending balance on March 31, 2020	<u>\$ (81,663)</u>	<u>\$ (133,004)</u>	<u>\$ (214,667)</u>

Net (gains) losses reclassified from accumulated other comprehensive loss were immaterial during fiscal year 2020.

Net losses reclassified from accumulated other comprehensive loss during fiscal year 2019 relating to derivative instruments and other includes \$40.6 million attributable to the Company's cash flow hedge instruments which were recognized as a component of cost of sales in the consolidated statement of operations.

Net gains reclassified from accumulated other comprehensive loss during fiscal year 2018 relating to derivative instruments and other includes \$20.8 million attributable to the Company's cash flow hedge instruments which were recognized as a component of cost of sales in the consolidated statement of operations.

11. TRADE RECEIVABLES SECURITIZATION

The Company sells trade receivables under two asset-backed securitization programs and an accounts receivable factoring program.

Asset-Backed Securitization Programs

The Company continuously sells designated pools of trade receivables under its Global Asset-Backed Securitization Agreement (the "Global Program") and its North American Asset-Backed Securitization Agreement (the "North American Program," collectively, the "ABS Programs") to affiliated special purpose entities, each of which in turn sells the receivables to unaffiliated financial institutions.

Prior to November 2019, these programs allowed the operating subsidiaries to receive a cash payment and a deferred purchase price receivable for sold receivables. The portion of the purchase price for the receivables which was not paid by the unaffiliated financial institutions in cash was a deferred purchase price receivable, which was paid to the special purpose entity as payments on the receivables were collected from account debtors. The deferred purchase price receivable represented a beneficial interest in the transferred financial assets and was recognized at fair value as part of the sale transaction. The accounts receivable balances that were sold under the ABS Programs were removed from the consolidated balance sheets and

FLEX LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

the net cash proceeds received by the Company were included as cash provided by operating activities in the consolidated statements of cash flows. The Company recognized these proceeds net of the deferred purchase price, consisting of a receivable from the purchasers that entitled the Company to certain collections on the receivable. The Company recognized the collection of the deferred purchase price in net cash provided by investing activities in the consolidated statements of cash flows.

Effective November 2019, the Company amended the ABS Programs to extend the facilities to November 26, 2021, and removed the requirement for the deferred purchase price receivable. Under the amended ABS Programs, the entire purchase price of sold receivables are paid in cash. The amended ABS Programs contain a guarantee of payment by the special purpose entity, in an amount equal to approximately the net cash proceeds under the programs, and is collateralized by certain receivables held by the special purpose entity. The fair value of the guarantee obligation was immaterial as of March 31, 2020. The accounts receivable balances sold under the amended ABS Programs were removed from the consolidated balance sheets and the cash proceeds received by the Company were included as cash provided by operating activities in the consolidated statements of cash flows.

At the effective date of the amended ABS Programs, approximately \$1.3 billion representing the outstanding balance of sold receivables was repurchased by the Company by exchanging outstanding deferred purchase price receivable of \$0.4 billion and re-investing \$0.9 billion of trade account receivables into the amended ABS Programs. These repurchases are considered non-cash investing activities in the consolidated statements of cash flows. As of March 31, 2020, the Company collected on all repurchased deferred purchase price receivables, which are reported as cash collections under deferred purchase price in the consolidated statements of cash flows.

The deferred purchase price receivables, included in other current assets as of March 31, 2019 were carried at the expected recovery amount of the related receivables. Prior to the amendments of the ABS Programs, the difference between the carrying amount of the receivables sold under these programs and the sum of the cash and fair value of the deferred purchase price receivables received at time of transfer was recognized as a loss on sale of the related receivables, and recorded in interest and other, net in the consolidated statements of operations and were immaterial for all periods presented. There are no deferred purchase price receivables outstanding as of March 31, 2020.

Following the transfer of the receivables to the special purpose entities, the transferred receivables are legally isolated from the Company and its affiliates, and upon the sale of the receivables from the special purpose entities to the unaffiliated financial institutions, effective control of the transferred receivables is passed to the unaffiliated financial institutions, which have the right to pledge or sell the receivables. Although the special purpose entities are consolidated by the Company, they are separate corporate entities and their assets are available first to satisfy the claims of their creditors. The investment limits set by the financial institutions are \$790 million for the Global Program, of which \$615 million is committed and \$175 million is uncommitted, and \$285 million for the North American Program, of which \$210 million is committed and \$75 million is uncommitted.

The Company services, administers and collects the receivables on behalf of the special purpose entities and receives a servicing fee of 0.1% to 0.5% of serviced receivables per annum. Servicing fees recognized during the fiscal years ended March 31, 2020, 2019 and 2018 were not material and are included in interest and other, net within the consolidated statements of operations. As the Company estimates the fee it receives in return for its obligation to service these receivables is at fair value, no servicing assets or liabilities are recognized.

As of March 31, 2020, approximately \$0.8 billion of accounts receivable had been sold to the special purpose entities under the amended ABS Programs for which the Company had received net cash proceeds for the same amount. As of March 31, 2019, approximately \$1.2 billion of accounts receivable had been sold to the special purpose entities for which the Company had received net cash proceeds of \$0.9 billion and deferred purchase price receivables of \$0.3 billion. The deferred purchase price balance as of March 31, 2019, also represent the non-cash beneficial interest obtained in exchange for securitized receivables.

For the fiscal years ended March 31, 2020, 2019 and 2018, cash flows from sales of receivables under the ABS Programs consisted of approximately \$7.6 billion, \$6.8 billion and \$8.0 billion, respectively, for transfers of receivables, and approximately \$2.6 billion, \$3.6 billion and \$4.6 billion, respectively, for collections on deferred purchase price receivables. The Company's cash flows from transfer of receivables consist primarily of proceeds from collections reinvested in revolving-period transfers. Cash flows from new transfers were not significant for all periods presented.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Trade Accounts Receivable Sale Programs

The Company also sold accounts receivables to certain third-party banking institutions. The outstanding balance of receivables sold and not yet collected on accounts where the Company has continuing involvement was approximately \$0.4 billion and \$0.5 billion as of March 31, 2020 and 2019, respectively. For the fiscal years ended March 31, 2020, 2019 and 2018, total accounts receivable sold to certain third party banking institutions was approximately \$1.6 billion, \$2.7 billion and \$1.5 billion, respectively. The receivables that were sold were removed from the consolidated balance sheets and the cash received is reflected as cash provided by operating activities in the consolidated statements of cash flows.

12. FAIR VALUE MEASUREMENT OF ASSETS AND LIABILITIES

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact, and it considers assumptions that market participants would use when pricing the asset or liability. The accounting guidance for fair value establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The fair value hierarchy is as follows:

Level 1 - Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

The Company has deferred compensation plans for its officers and certain other employees. Amounts deferred under the plans are invested in hypothetical investments selected by the participant or the participant's investment manager. The Company's deferred compensation plan assets are included in other noncurrent assets on the consolidated balance sheets and include investments in equity securities that are valued using active market prices. There were no investments classified as level 1 in the fair value hierarchy as of March 31, 2020.

Level 2 - Applies to assets or liabilities for which there are inputs other than quoted prices included within level 1 that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets) such as cash and cash equivalents and money market funds; or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

The Company values foreign exchange forward contracts using level 2 observable inputs which primarily consist of an income approach based on the present value of the forward rate less the contract rate multiplied by the notional amount.

The Company's cash equivalents are comprised of bank time deposits and money market funds, which are valued using level 2 inputs, such as interest rates and maturity periods. Due to their short-term nature, their carrying amount approximates fair value.

The Company's deferred compensation plan assets also include money market funds, mutual funds, corporate and government bonds and certain convertible securities that are valued using prices obtained from various pricing sources. These sources price these investments using certain market indices and the performance of these investments in relation to these indices. As a result, the Company has classified these investments as level 2 in the fair value hierarchy.

Level 3 - Applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The Company has accrued for contingent consideration in connection with its business acquisitions as applicable, which is measured at fair value based on certain internal models and unobservable inputs. There were no contingent consideration liabilities outstanding as of March 31, 2020 and 2019.

The Company's deferred purchase price receivables relating to its asset-backed securitization program are recorded initially at fair value based on a discounted cash flow analysis using unobservable inputs (i.e., level 3 inputs), which are primarily risk free interest rates adjusted for the credit quality of the underlying creditor. Due to its high credit quality and short-term maturity, the fair value approximates carrying value. Significant increases in either of the major unobservable inputs (credit spread, risk free interest rate) in isolation would result in lower fair value estimates, however the impact is not material. The interrelationship between these inputs is also insignificant. There are no deferred purchase price receivables outstanding as of March 31, 2020 due to the amended ABS Programs as further discussed in Note 11.

FLEX LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

There were no transfers between levels in the fair value hierarchy during fiscal years 2020 and 2019.

Financial Instruments Measured at Fair Value on a Recurring Basis

The following table presents the Company's assets and liabilities measured at fair value on a recurring basis as of March 31, 2020 and 2019:

	Fair Value Measurements as of March 31, 2020			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Assets:				
Money market funds and time deposits (Note 2)	\$ —	\$ 403,657	\$ —	\$ 403,657
Foreign currency contracts (Note 9)	—	104,192	—	104,192
Deferred compensation plan assets:				
Mutual funds, money market accounts and equity securities	—	49,086	—	49,086
Liabilities:				
Foreign currency contracts (Note 9)	\$ —	\$ (149,354)	\$ —	\$ (149,354)

	Fair Value Measurements as of March 31, 2019			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Assets:				
Money market funds and time deposits (Note 2)	\$ —	\$ 473,888	\$ —	\$ 473,888
Foreign currency contracts (Note 9)	—	27,277	—	27,277
Deferred compensation plan assets:				
Mutual funds, money market accounts and equity securities	2,845	76,852	—	79,697
Liabilities:				
Foreign currency contracts (Note 9)	\$ —	\$ (27,426)	\$ —	\$ (27,426)

FLEX LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Other financial instruments

The following table presents the Company's major debts not carried at fair value as of March 31, 2020 and 2019:

	As of March 31, 2020		As of March 31, 2019		Fair Value Hierarchy
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	
	(In thousands)		(In thousands)		
Term Loan, including current portion, due in installments through June 2022	\$ 433,406	\$ 413,903	\$ 458,531	\$ 457,958	Level 1
5.000% Notes due February 2023	500,000	499,710	500,000	499,950	Level 1
Term Loan due April 2024 - three-month Yen LIBOR plus 0.50%	310,115	310,115	—	—	Level 2
4.750% Notes due June 2025	597,265	613,152	596,815	599,940	Level 1
4.875% Notes due June 2029	661,908	628,419	—	—	Level 1
Euro Term Loans	207,646	207,646	165,270	165,270	Level 2
India Facilities	138,238	138,238	170,206	170,206	Level 2

The Term Loan due June 2022, and the Notes due February 2023, June 2025 and June 2029 are valued based on broker trading prices in active markets.

The Company values its Term Loan due April 2024, India Facilities, and Euro Term Loans due September 2020, March 2021 and January 2022, based on the current market rate, and as of March 31, 2020, the carrying amounts approximate fair values.

13. COMMITMENTS AND CONTINGENCIES

Commitments

As of March 31, 2020 and 2019, the gross carrying amount and associated accumulated depreciation of the Company's property and equipment financed under finance leases, and the related obligations was not material. The Company also leases certain of its facilities and equipment under non-cancelable operating leases. These operating leases expire in various years through 2038 and require the following minimum lease payments:

<u>Fiscal Year Ending March 31,</u>	<u>Operating Lease</u>
	<u>(In thousands)</u>
2021	\$ 134,817
2022	115,465
2023	100,779
2024	84,374
2025	67,772
Thereafter	253,768
Total minimum lease payments	<u>\$ 756,975</u>

Litigation and other legal matters

In connection with the matters described below, the Company has accrued for loss contingencies where it believes that losses are probable and estimable. The amounts accrued are not material. Although it is reasonably possible that actual losses could be in excess of the Company's accrual, the Company is unable to estimate a reasonably possible loss or range of loss in excess of its accrual, except as discussed below, due to various reasons, including, among others, that: (i) the proceedings are in

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

early stages or no claims have been asserted, (ii) specific damages have not been sought in all of these matters, (iii) damages, if asserted, are considered unsupported and/or exaggerated, (iv) there is uncertainty as to the outcome of pending appeals, motions, or settlements, (v) there are significant factual issues to be resolved, and/or (vi) there are novel legal issues or unsettled legal theories presented. Any such excess loss could have a material adverse effect on the Company's results of operations or cash flows for a particular period or on the Company's financial condition.

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

From time to time, the Company enters into IP licenses (e.g., patent licenses and software licenses) with third-parties which obligate the Company to report covered behavior to the licensor and pay license fees to the licensor for certain activities or products, or that enable the Company's use of third-party technologies. The Company may also decline to enter into licenses for intellectual property that it does not think is useful for or used in its operations, or for which its customers or suppliers have licenses or have assumed responsibility. Given the diverse and varied nature of its business and the location of its business around the world, certain activities the Company performs, such as providing assembly services in China and India, may fall outside the scope of those licenses or may not be subject to the applicable intellectual property rights. The Company's licensors may disagree and claim royalties are owed for such activities. In addition, the basis (e.g., base price) for any royalty amounts owed are audited by licensors and may be challenged. Some of these disagreements, may lead to claims and litigation that might not be resolved in the Company's favor. Additionally, litigation could be lengthy and costly and could materially harm the Company's financial condition regardless of the outcome. In March 2018, the Company received an inquiry from a licensor referencing its patent license agreement with the Company, and requesting information relating to royalties for products that the Company assembles for a customer in China. The Company and licensor have had subsequent discussions, during which the licensor claimed that the Company owes a material amount under the patent license agreement, which the Company disputes and would contest vigorously. While the Company cannot predict the outcome with respect to this claim or estimate an amount or reasonable range of loss, a material loss is reasonably possible.

On May 8, 2018, a putative class action was filed in the Northern District of California against the Company and certain officers alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and Rule 10b-5, promulgated thereunder, alleging misstatements and/or omissions in certain of the Company's financial results, press releases and SEC filings made during the putative class period of January 26, 2017 through April 26, 2018. On October 1, 2018, the Court appointed lead plaintiff and lead plaintiff's counsel in the case. On November 28, 2018, lead plaintiff filed an amended complaint alleging misstatements and/or omissions in certain of the Company's SEC filings, press releases, earnings calls, and analyst and investor conferences and expanding the putative class period through October 25, 2018. On April 3, 2019, the Court vacated its prior order appointing lead plaintiff and lead plaintiff's counsel and reopened the lead plaintiff appointment process. On September 26, 2019, the Court appointed a new lead plaintiff and lead plaintiff's counsel in the case. On November 8, 2019, lead plaintiff filed a further amended complaint. On December 4, 2019, Defendants filed a motion to dismiss the amended complaint. The motion has been fully briefed. On March 12, 2020, the Court vacated the hearing date and took the motion under submission without argument. No decision has yet been issued. The Company believes that the claims are without merit and intends to vigorously defend this case.

On April 21, 2016, SunEdison, Inc. (together with certain of its subsidiaries, "SunEdison") filed for protection under Chapter 11 of the U.S. Bankruptcy Code. During the fiscal year ended March 31, 2016, the Company recognized a bad debt reserve charge of \$61.0 million associated with its outstanding SunEdison receivables and accepted return of previously shipped inventory of approximately \$90.0 million. SunEdison stated in schedules filed with the Bankruptcy Court that, within the 90 days preceding SunEdison's bankruptcy filing, the Company received approximately \$98.6 million of inventory and cash transfers of \$69.2 million, which in aggregate represents the Company's estimate of the maximum reasonably possible contingent loss. On April 15, 2018, a subsidiary of the Company together with its subsidiaries and affiliates, entered into a tolling agreement with the trustee of the SunEdison Litigation Trust to toll any applicable statute of limitations or other time-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

related defense that might exist in regards to any potential claims that either party might be able to assert against the other for a period that will end at the earlier to occur of: (a) 60 days after a party provides written notice of termination; (b) six years from the effective date of April 15, 2018; or (c) such other date as the parties may agree in writing. No preference claims have been asserted against the Company and consideration has been given to the related contingencies based on the facts currently known. The Company has a number of affirmative and direct defenses to any potential claims for recovery and intends to vigorously defend any such claim, if asserted.

One of the Company's Brazilian subsidiaries has received assessments for certain sales and import taxes. There were originally six tax assessments totaling 373.7 million Brazilian reais (approximately USD \$73.1 million based on the exchange rate as of March 31, 2020). Four of the assessments are in various stages of the review process at the administrative level; the Company successfully defeated one of the six assessments in September 2019 (totaling approximately 60.5 million Brazilian reais or USD \$11.8 million); that assessment remains subject to appeal and no tax proceeding has been finalized yet. The Company was unsuccessful at the administrative level for one of the assessments and has filed an annulment action in federal court in Sao Paolo, Brazil on March 23, 2020; the value of that assessment is 33.9 million Brazilian reais (approximately USD \$6.6 million). The Company believes there is no legal basis for any of these assessments and has meritorious defenses. The Company will continue to vigorously oppose all of these assessments, as well as any future assessments. The Company does not expect final judicial determination on any of these claims for several years.

On February 14, 2019, the Company submitted an initial notification of voluntary disclosure to the U.S. Department of the Treasury, Office of Foreign Assets Control ("OFAC") regarding possible noncompliance with U.S. economic sanctions requirements among certain non-U.S. Flex-affiliated operations. The Company has initiated an internal investigation regarding this matter which is ongoing. The Company expects to complete the investigation and report to OFAC by the end of the second quarter of fiscal year 2021, and cannot at this time estimate the amount, or the range of reasonably possible amounts, of penalties the Company could be subject to, which could have a material adverse effect on the Company's financial position, results of operations or cash flows.

A foreign Tax Authority ("Tax Authority") has assessed a cumulative total of approximately \$94 million in taxes owed for multiple Flex legal entities within its jurisdiction for various fiscal years ranging from fiscal year 2010 through fiscal year 2018. The assessed amounts related to the denial of certain deductible intercompany payments. The Company disagrees with the Tax Authority's assessments and is actively contesting the assessments through the administrative and judicial processes. As the final resolution of the assessment remains uncertain, the Company continues to provide for the uncertain tax positions based on the more likely than not standard. While the resolution of the issues may result in tax liabilities, interest and penalties, which may be significantly higher than the amounts accrued for these matters, management currently believes that the resolution will not have a material adverse effect on the Company's financial position, results of operations or cash flows.

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

14. INCOME TAXES

The domestic (Singapore) and foreign components of income before income taxes were comprised of the following:

	Fiscal Year Ended March 31,		
	2020	2019	2018
	(In thousands)		
Domestic	\$ (2,903)	\$ (10,498)	\$ 323,522
Foreign	161,388	192,624	197,371
Total	<u>\$ 158,485</u>	<u>\$ 182,126</u>	<u>\$ 520,893</u>

FLEX LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The provision for income taxes consisted of the following:

	Fiscal Year Ended March 31,		
	2020	2019	2018
	(In thousands)		
Current:			
Domestic	\$ 1,781	\$ 1,517	\$ 2,894
Foreign	62,558	99,894	50,889
	<u>64,339</u>	<u>101,411</u>	<u>53,783</u>
Deferred:			
Domestic	(38)	(40)	422
Foreign	6,605	(12,644)	38,154
	<u>6,567</u>	<u>(12,684)</u>	<u>38,576</u>
Provision for income taxes	<u>\$ 70,906</u>	<u>\$ 88,727</u>	<u>\$ 92,359</u>

The domestic statutory income tax rate was approximately 17.0% in fiscal years 2020, 2019 and 2018. The reconciliation of the income tax expense expected based on domestic statutory income tax rates to the expense for income taxes included in the consolidated statements of operations is as follows:

	Fiscal Year Ended March 31,		
	2020	2019	2018
	(In thousands)		
Income taxes based on domestic statutory rates	\$ 26,943	\$ 30,961	\$ 88,552
Effect of tax rate differential	(81,213)	(135,033)	(244,128)
Change in unrecognized tax benefit	(896)	(15,381)	22,180
Change in valuation allowance	92,543	191,896	297,330
Recognition of prior year taxes recoverable	13,305	5,439	(53,757)
Expiration of tax attributes	—	4,277	—
APB23 tax liability	8,653	2,047	1,741
Other	11,571	4,521	(19,559)
Provision for income taxes	<u>\$ 70,906</u>	<u>\$ 88,727</u>	<u>\$ 92,359</u>

A number of countries in which the Company is located allow for tax holidays or provide other tax incentives to attract and retain business. In general, these holidays were secured based on the nature, size and location of the Company's operations. The aggregate dollar effect on the Company's income resulting from tax holidays and tax incentives to attract and retain business for the fiscal years ended March 31, 2020, 2019 and 2018 was \$15.6 million, \$24.4 million and \$21.7 million, respectively. For the fiscal year ended March 31, 2020, the effect on basic and diluted earnings per share was \$0.03 and \$0.03, respectively, and the effect on basic and diluted earnings per share during fiscal years 2019 and 2018 were \$0.05 and \$0.05, and \$0.04 and \$0.04, respectively. Unless extended or otherwise renegotiated, the Company's existing holidays will expire in various years through the end of fiscal year 2028.

The Company provides a valuation allowance against deferred tax assets that in the Company's estimation are not more likely than not to be realized. During fiscal year 2020, 2019 and 2018, the Company released valuation allowances totaling \$1.1 million, \$2.8 million and \$1.3 million, respectively. For fiscal year 2020, this valuation allowance release was related to certain operations in China as this amount was deemed to be more likely than not to be realized due to the sustained profitability during the past three fiscal years as well as continued forecasted profitability of those subsidiaries. In addition, a valuation allowance of \$3.4 million was added for a different operating subsidiary in China due to continued losses and the determination the company would be less likely than not to utilize its deferred tax assets. Various other valuation allowance positions were also reduced due to varying factors such as recognition of uncertain tax positions impacting deferred tax assets, one-time income recognition in loss entities, and foreign exchange impacts on deferred tax balances. Lastly, these valuation allowance reductions

FLEX LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

and eliminations were offset by current period valuation allowance additions due to increased deferred tax assets as a result of current period losses in legal entities with existing full valuation allowance positions. For fiscal years ended March 31, 2020, 2019 and 2018, the offsetting amounts totaled \$90.2 million, \$194.8 million and (\$65.9) million, respectively.

Under its territorial tax system, Singapore generally does not tax foreign sourced income until repatriated to Singapore. The Company has included the effects of Singapore's territorial tax system in the rate differential line above. The tax effect of foreign income not repatriated to Singapore for the fiscal years ended March 31, 2020, 2019 and 2018 were \$27.9 million, \$7.5 million and \$65.8 million, respectively.

The components of deferred income taxes are as follows:

	As of March 31,	
	2020	2019
	(In thousands)	
Deferred tax liabilities:		
Fixed assets	\$ (36,789)	\$ (39,376)
Intangible assets	(49,637)	(57,939)
Others	(25,818)	(14,879)
Total deferred tax liabilities	<u>(112,244)</u>	<u>(112,194)</u>
Deferred tax assets:		
Fixed assets	58,623	67,980
Intangible assets	6,568	7,442
Deferred compensation	17,456	13,864
Inventory valuation	26,742	11,082
Provision for doubtful accounts	5,120	4,797
Net operating loss and other carryforwards	1,820,980	1,944,782
Others	207,910	243,016
Total deferred tax assets	<u>2,143,399</u>	<u>2,292,963</u>
Valuation allowances	<u>(1,939,279)</u>	<u>(2,083,082)</u>
Total deferred tax assets, net of valuation allowances	<u>204,120</u>	<u>209,881</u>
Net deferred tax asset	<u>\$ 91,876</u>	<u>\$ 97,687</u>
The net deferred tax asset is classified as follows:		
Long-term asset	\$ 162,737	\$ 164,611
Long-term liability	(70,861)	(66,924)
Total	<u>\$ 91,876</u>	<u>\$ 97,687</u>

Utilization of the Company's deferred tax assets is limited by the future earnings of the Company in the tax jurisdictions in which such deferred assets arose. As a result, management is uncertain as to when or whether these operations will generate sufficient profit to realize any benefit from the deferred tax assets. The valuation allowance provides a reserve against deferred tax assets that are not more likely than not to be realized by the Company. However, management has determined that it is more likely than not that the Company will realize certain of these benefits and, accordingly, has recognized a deferred tax asset from these benefits. The change in valuation allowance is net of certain increases and decreases to prior year losses and other carryforwards that have no current impact on the tax provision.

FLEX LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company has recorded deferred tax assets of approximately \$1.9 billion related to tax losses and other carryforwards against which the Company has recorded a valuation allowance for all but \$81.9 million of the deferred tax assets. These tax losses and other carryforwards will expire at various dates as follows:

Expiration dates of deferred tax assets related to operating losses and other carryforwards	
	(In thousands)
2021 - 2026	\$ 613,769
2027 - 2032	476,336
2033 and post	199,327
Indefinite	629,835
	<u>\$ 1,919,267</u>

The amount of deferred tax assets considered realizable, however, could be reduced or increased in the near-term if facts, including the amount of taxable income or the mix of taxable income between subsidiaries, differ from management's estimates.

The Company does not provide for income taxes on approximately \$1.4 billion of undistributed earnings of its subsidiaries which are considered to be indefinitely reinvested outside of Singapore as management has plans for the use of such earnings to fund certain activities outside of Singapore. The estimated amount of the unrecognized deferred tax liability on these undistributed earnings is approximately \$128 million. As a result, as of March 31, 2020, the Company has provided for earnings in foreign subsidiaries that are not considered to be indefinitely reinvested and therefore subject to withholding taxes on \$97.6 million of undistributed foreign earnings, recording a deferred tax liability of approximately \$8.7 million thereon.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	Fiscal Year Ended March 31,	
	2020	2019
	(In thousands)	
Balance, beginning of fiscal year	\$ 251,722	\$ 227,590
Additions based on tax position related to the current year	24,052	82,966
Additions for tax positions of prior years	4,137	5,575
Reductions for tax positions of prior years	(3,162)	(15,432)
Reductions related to lapse of applicable statute of limitations	(18,355)	(14,786)
Settlements	—	(22,174)
Impact from foreign exchange rates fluctuation	(12,386)	(12,017)
Balance, end of fiscal year	<u>\$ 246,008</u>	<u>\$ 251,722</u>

The Company's unrecognized tax benefits are subject to change over the next twelve months primarily as a result of the expiration of certain statutes of limitations and as audits are settled. The Company believes it is reasonably possible that the total amount of unrecognized tax benefits could decrease by an estimated of an additional approximately \$16 million within the next twelve months primarily due to potential settlements of various audits and the expiration of certain statutes of limitations.

The Company and its subsidiaries file federal, state, and local income tax returns in multiple jurisdictions around the world. With few exceptions, the Company is no longer subject to income tax examinations by tax authorities for years before 2008.

Of the \$246.0 million of unrecognized tax benefits at March 31, 2020, \$165.6 million will affect the annual effective tax rate (ETR) if the benefits are eventually recognized. The amount that doesn't impact the ETR relates to positions that would be settled with a tax loss carryforward previously subject to a valuation allowance.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company recognizes interest and penalties accrued related to unrecognized tax benefits within the Company's tax expense. During the fiscal years ended March 31, 2020, 2019 and 2018, the Company recognized interest and penalty of approximately (\$0.9) million and (\$2.9) million and (\$3.3) million, respectively. The Company had approximately \$12.3 million, \$13.3 million and \$16.2 million accrued for the payment of interest and penalty as of the fiscal years ended March 31, 2020, 2019 and 2018, respectively.

15. RESTRUCTURING CHARGES***Fiscal Year 2020***

During the first half of fiscal year 2020 in connection with the recent geopolitical developments and uncertainties, primarily impacting one customer in China, the Company experienced a reduction in demand for products assembled for that customer. As a result, the Company accelerated its strategic decision to reduce its exposure to certain high-volatility products in both China and India. The Company also initiated targeted activities to restructure its business to further reduce and streamline its cost structure. During fiscal year 2020, the Company recognized \$216.4 million of restructuring charges. The Company incurred cash charges of approximately \$159.3 million, that were predominantly for employee severance, in addition to non-cash charges of \$57.1 million, respectively, primarily related to asset impairments.

Restructuring charges are not included in segment income, as disclosed further in note 20.

Fiscal Year 2019

During fiscal year 2019, the Company took targeted actions to optimize its portfolio, most notably within CTG. The Company recognized restructuring charges of approximately \$113.3 million during the fiscal year ended March 31, 2019, of which \$73.2 million were non-cash charges primarily for asset impairments. A significant component of its charges were associated with the wind down of its NIKE operations in Mexico in the third quarter of fiscal year 2019 where it recognized charges of \$66 million primarily for non-cash asset impairments.

In addition, the Company executed targeted head-count reductions at existing operating and design sites and corporate functions and exited certain immaterial businesses. Of these total restructuring charges, approximately \$99.0 million was recognized as a component of cost of sales during the fiscal year ended March 31, 2019.

Fiscal Year 2018

During fiscal year 2018, the Company initiated targeted restructuring activities focused on optimizing the Company's cost structure in lower growth areas and, more importantly, streamlining certain corporate and segment functions. Restructuring charges are recorded based upon employee termination dates, site closure and consolidation plans generally in conjunction with an overall corporate initiative to drive cost reduction and realign the Company's global footprint. The Company recognized approximately \$78.6 million of cash charges predominantly related to employee severance costs and \$12.1 million of non-cash charges for asset impairment and other exit charges under the above plan. Of these total charges, approximately \$66.8 million was recognized in cost of sales. A majority of the fiscal year 2018 restructuring activities were completed as of March 31, 2018.

FLEX LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Severance	Long-Lived Asset Impairment	Other Exit Costs	Total
	(In thousands)			
Balance as of March 31, 2017	\$ 16,359	\$ —	\$ 7,142	\$ 23,501
Provision for charges incurred in fiscal year 2018	69,439	9,417	11,835	90,691
Cash payments for charges incurred in fiscal year 2017 and prior	(13,237)	—	(3,671)	(16,908)
Cash payments for charges incurred in fiscal year 2018	(24,555)	—	—	(24,555)
Non-cash charges incurred in fiscal year 2018	—	(9,417)	(1,968)	(11,385)
Balance as of March 31, 2018	48,006	—	13,338	61,344
Provision for charges incurred in fiscal year 2019	38,634	46,365	28,314	113,313
Cash payments for charges incurred in fiscal year 2018 and prior	(40,623)	—	(4,293)	(44,916)
Cash payments for charges incurred in fiscal year 2019	(22,783)	—	(1,330)	(24,113)
Non-cash charges incurred in fiscal year 2019	—	(46,365)	(26,829)	(73,194)
Balance as of March 31, 2019	23,234	—	9,200	32,434
Provision for charges incurred in fiscal year 2020	123,341	45,623	47,443	216,407
Cash payments for charges incurred in fiscal year 2019 and prior	(14,610)	—	(2,800)	(17,410)
Cash payments for charges incurred in fiscal year 2020	(112,463)	—	(34,647)	(147,110)
Non-cash charges incurred in fiscal year 2020	—	(45,623)	(15,296)	(60,919)
Balance as of March 31, 2020	19,502	—	3,900	23,402
Less: Current portion (classified as other current liabilities)	19,502	—	3,900	23,402
Accrued restructuring costs, net of current portion (classified as other liabilities)	\$ —	\$ —	\$ —	\$ —

16. OTHER CHARGES (INCOME), NET

Other charges (income), net for the fiscal years ended March 31, 2020, 2019 and 2018 are primarily composed of the following:

	Fiscal Year Ended March 31		
	2020	2019	2018
	(In thousands)		
Gain on deconsolidation of subsidiary (1)	\$ —	\$ (87,348)	\$ (151,574)
Gain on sale of non-strategic business (2)	—	—	(38,689)
Investment impairments and dispositions (3)	97,691	193,063	21,895

- (1) During fiscal year 2019, the Company recognized other income of approximately \$87 million from the deconsolidation of Bright Machines. The fiscal year ended March 31, 2018 includes a \$151.6 million gain from the deconsolidation of Elementum. See note 2 for additional information on the deconsolidations of Bright Machines and Elementum.
- (2) The Company recognized other income of \$38.7 million from the sale of a non-strategic cost basis investment during fiscal year 2018.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- (3) During fiscal year 2020, and in connection with the Company's ongoing assessment of its investment portfolio strategy, the Company concluded that the carrying amounts of certain non-core investments were other than temporarily impaired and recognized a \$97.7 million total impairment charge (See note 2 for additional information). During fiscal year 2019, the Company recognized investment impairments of \$193.1 million, under other charges, which is primarily driven by an \$84 million impairment in its investment in Elementum, coupled with a \$76 million loss for the portion of its investment in an unrelated third-party venture backed company, also determined to be impaired. The Company recognized \$21.9 million of impairment during fiscal year 2018 for certain non-core investments.

17. INTEREST AND OTHER, NET

Interest and other, net for the fiscal years ended March 31, 2020, 2019 and 2018 are primarily composed of the following:

	Fiscal Year Ended March 31		
	2020	2019	2018
	(In thousands)		
Interest expenses on debt obligations (1)	\$ 145,978	\$ 145,658	\$ 123,098
ABS and AR sales programs related expenses	42,807	46,344	25,002
Interest income	(19,382)	(19,496)	(18,840)
Gain on foreign exchange transactions	(9,677)	(1,175)	(15,222)

- (1) Interest expense on debt obligations for the fiscal year 2020 include debt extinguishment costs of \$7.2 million, related to the full repayments of the Notes due February 2020 and the Term Loan due November 2021. There were no debt extinguishment costs incurred during the fiscal years 2019 or 2018.

18. BUSINESS AND ASSET ACQUISITIONS & DIVESTITURES***Fiscal 2020 Business acquisition and divestitures***

During fiscal year 2020, the Company completed an acquisition that was not significant to the consolidated financial position, result of operations and cash flows of the Company.

Further, during fiscal year 2020, the Company disposed of two immaterial non-strategic businesses that operated across most of its segments. The net gain on disposition was not material to the Company's consolidated financial results, and was included in other charges (income), net in the consolidated statements of operations for the fiscal year 2020.

Pro-forma results of operations for the acquisition and divestitures have not been presented because the effects were not individually, nor in the aggregate, material to the Company's consolidated financial results for all periods presented.

Fiscal 2019 Business acquisition

In October 2018, the Company completed the acquisition of a business that was not significant to the consolidated financial position, result of operations and cash flows of the Company. The acquired business expanded the Company's design capabilities in the telecom market within the CEC segment. The assets acquired and liabilities assumed were not material to the Company's consolidated financial results. Results of operations were included in the Company's consolidated financial results beginning on the date of acquisition, and were not material to the Company's consolidated financial results for all periods presented.

Fiscal 2019 Divestitures

During the third quarter of fiscal year 2019, the Company disposed of an immaterial non-strategic business in Brazil that operated across all of its segments. The net loss on disposition was not material to the Company's consolidated financial results, and was included in other charges (income), net in the consolidated statement of operation for the fiscal year 2019.

During the second quarter of fiscal year 2019, the Company divested its China-based Multek operations, for proceeds of approximately \$267.1 million, net of cash. The Company transferred approximately \$231.4 million of net assets, primarily

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

property and equipment, accounts receivable, and accounts payable. Further, the Company incurred various selling costs as part of this divestiture and allocated approximately \$19.0 million of goodwill to the divested business. This transaction resulted in the recognition of an immaterial loss which is included in other charges (income), net in the consolidated statements of operations for the fiscal year 2019.

Pro-forma results of operations for these divestitures have not been presented because the effects were not individually, nor in the aggregate, material to the Company's consolidated financial results for all periods presented.

Fiscal 2018 Business and asset acquisitions

During the fiscal year ended March 31, 2018, the Company completed two acquisitions that were not individually, nor in the aggregate, significant to the consolidated financial position, results of operation and cash flows of the Company.

In April 2017, the Company completed its acquisition of AGM, which expanded its capabilities in the automotive market, and is included within the HRS segment. The Company paid \$213.7 million, net of cash acquired.

Additionally, in September 2017, the Company acquired a power modules business, which expanded its capabilities within the CEC segment. The Company paid \$54.7 million, net of cash acquired.

The intangibles of AGM comprised solely of customer relationships, will amortize over a weighted-average estimated useful life of 10 years. The intangibles of the power modules business, comprised of \$16.0 million of customer relationships and \$17.3 million of licenses and other intangibles, will amortize over a weighted-average estimated useful life of 10 years and 8 years, respectively.

The results of operations of the acquisitions were included in the Company's consolidated financial results beginning on the respective acquisition dates, and the total amount of net income and revenue, collectively, were immaterial to the Company's consolidated financial results for the fiscal year ended March 31, 2018. Pro-forma results of operations for the acquisitions completed in fiscal year 2018 have not been presented because the effects, individually and in aggregate, were not material to the Company's consolidated financial results for all periods presented.

19. SHARE REPURCHASE PLAN

During fiscal year 2020, the Company repurchased approximately 23.7 million shares for an aggregate purchase value of approximately \$259.9 million and retired all of these shares.

Under the Company's current share repurchase program, the Board of Directors authorized repurchases of its outstanding ordinary shares for up to \$500 million in accordance with the share repurchase mandate approved by the Company's shareholders at the date of the most recent Annual General Meeting held on August 20, 2019. As of March 31, 2020, shares in the aggregate amount of \$315.2 million were available to be repurchased under the current plan.

20. SEGMENT REPORTING

Operating segments are defined as components of an enterprise for which separate financial information is available that is evaluated regularly by the Chief Operating Decision Maker ("CODM"), or a decision making group, in deciding how to allocate resources and in assessing performance. Resource allocation decisions and the Company's performance are assessed by its Chief Executive Officer ("CEO"), with support from certain direct staff who oversee operations of the Company's businesses, collectively identified as the CODM or the decision making group.

The Company has four reportable segments as of March 31, 2020: HRS, IEI, CEC and CTG. These segments represent components of the Company for which separate financial information is available that is utilized on a regular basis by the CODM. These segments are determined based on several factors, including the nature of products and services, the nature of production processes, customer base, delivery channels and similar economic characteristics. Refer to note 1 for a description of the various product categories manufactured under each of these segments.

An operating segment's performance is evaluated based on its pre-tax operating contribution, or segment income. Segment income is defined as net sales less cost of sales, and segment selling, general and administrative expenses, and does not include amortization of intangibles, stock-based compensation, customer related assets impairments, restructuring charges, the new revenue standard adoption impact, legal and other, interest and other, net and other charges (income), net.

FLEX LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Selected financial information by segment is in the table below.

	Fiscal Year Ended March 31,		
	2020	2019	2018
	(In thousands)		
Net sales:			
High Reliability Solutions	\$ 4,742,424	\$ 4,828,950	\$ 4,769,464
Industrial & Emerging Industries	7,277,350	6,182,637	5,972,496
Communications & Enterprise Compute	6,985,669	8,336,330	7,729,350
Consumer Technologies Group	5,204,427	6,862,594	6,969,821
	<u>\$ 24,209,870</u>	<u>\$ 26,210,511</u>	<u>\$ 25,441,131</u>
Segment income and reconciliation of income before tax:			
High Reliability Solutions	\$ 316,007	\$ 371,003	\$ 380,878
Industrial & Emerging Industries	465,707	269,172	235,422
Communications & Enterprise Compute	142,347	214,723	186,335
Consumer Technologies Group	87,518	121,336	111,629
Corporate and Other	(113,548)	(104,471)	(127,810)
Total income	<u>898,031</u>	<u>871,763</u>	<u>786,454</u>
Reconciling items:			
Intangible amortization	64,106	74,396	78,640
Stock-based compensation	71,546	76,032	85,244
Customer related asset impairments (1)	105,940	87,093	6,251
Restructuring charges (Note 15)	216,407	113,313	90,691
New revenue standard adoption impact (Note 4)	—	9,291	—
Legal and other (2)	26,270	35,644	51,631
Interest and other, net	163,727	183,454	122,823
Other charges (income), net (Note 16)	91,550	110,414	(169,719)
Income before income taxes	<u>\$ 158,485</u>	<u>\$ 182,126</u>	<u>\$ 520,893</u>

- (1) Customer related asset impairments for fiscal year 2020, primarily relate to non-cash impairments of certain property and equipment for customers we have disengaged or are in the process of disengaging, additional provision for doubtful accounts receivable, charges for other asset impairments, and reserves for excess and obsolete inventory for certain customers experiencing financial difficulties and/or related to inventory that will not be recovered due to significant reductions in future customer demand.

Customer related asset impairments for fiscal year 2019, primarily relate to provision for doubtful accounts receivable, inventory and impairment of other assets for certain customers experiencing significant financial difficulties and/or the Company is disengaging.

- (2) Legal and other during fiscal year 2020, primarily consists of direct and incremental costs associated with certain wind-down activities related to the disengagement of a certain customer primarily in China and India, offset by certain gains resulting from the recognition of prior year expenses paid to the government now considered probable of recovery and reasonably estimable due to a favorable tax ruling.

Legal and other during fiscal year 2019, primarily consists of costs incurred relating to the independent investigation undertaken by the Audit Committee of the Company's Board of Directors which was completed in June 2018. In addition, Legal and other also includes certain charges related to the China based Multek operations that was divested in the second quarter of fiscal year 2019.

During fiscal year 2018, the Company incurred charges in connection with certain legal matters, for loss contingencies where it believed that losses were probable and estimable. Additionally, the Company incurred various other charges predominately related to damages incurred from a typhoon that impacted a China facility, as well as certain assets impairments during fiscal year 2018.

FLEX LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Corporate and other primarily includes corporate services costs that are not included in the CODM's assessment of the performance of each of the identified reporting segments.

The Company provides an overall platform of assets and services, which the segments utilize for the benefit of their various customers. The shared assets and services are contained within the Company's global manufacturing and design operations and include manufacturing and design facilities. Most of the underlying manufacturing and design assets are co-mingled in the operating campuses and are compatible to operate across segments and highly interchangeable throughout the platform. Given the highly interchangeable nature of the assets, they are not separately identified by segments nor reported by segment to the Company's CODM.

Property and equipment on a segment basis is not disclosed as it is not separately identified and is not internally reported by segment to the Company's CODM as described above. During fiscal year 2020, 2019 and 2018, depreciation expense included in the segments' measure of operating performance above is as follows. Historical information has been recast to reflect realignment of customers and/or products between segments:

	Fiscal Year Ended March 31,		
	2020	2019	2018
(In thousands)			
Depreciation expense:			
High Reliability Solutions	\$ 103,266	\$ 96,854	\$ 97,114
Industrial & Emerging Industries	85,273	92,606	75,366
Communication & Enterprise Compute	89,286	103,162	118,150
Consumer Technologies Group	112,813	104,298	110,276
Corporate and Other	31,769	36,493	33,526
Total depreciation expense	<u>\$ 422,407</u>	<u>\$ 433,413</u>	<u>\$ 434,432</u>

Geographic information of net sales is as follows:

	Fiscal Year Ended March 31,					
	2020		2019		2018	
(In thousands)						
Net sales:						
Asia	\$ 9,362,089	39%	\$ 11,469,617	44%	\$ 11,210,793	44%
Americas	10,065,568	42%	9,893,072	38%	9,880,626	39%
Europe	4,782,213	19%	4,847,822	18%	4,349,712	17%
	<u>\$ 24,209,870</u>		<u>\$ 26,210,511</u>		<u>\$ 25,441,131</u>	

Revenues are attributable to the country in which the product is manufactured, or service is provided.

During fiscal years 2020, 2019 and 2018, net sales generated from Singapore, the principal country of domicile, were approximately \$574.6 million, \$642.7 million and \$686.9 million, respectively.

The following table summarizes the countries that accounted for more than 10% of net sales in fiscal year 2020, 2019, and 2018:

FLEX LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Fiscal Year Ended March 31,								
	2020		2019		2018				
	(In thousands)								
Net sales:									
China	\$	5,664,742	23%	\$	6,648,549	25%	\$	7,449,591	29%
Mexico		4,449,266	18%		4,538,720	17%		4,361,814	17%
U.S.		3,719,095	15%		3,106,222	12%		2,860,242	11%
Brazil		1,831,214	8%		2,181,025	8%		2,578,466	10%

No other country accounted for more than 10% of net sales for the fiscal periods presented in the table above.

Geographic information of property and equipment, net is as follows:

	As of March 31,					
	2020		2019			
	(In thousands)					
Property and equipment, net:						
Americas	\$	1,037,018	47%	\$	1,003,708	43%
Asia		737,551	33%		903,288	39%
Europe		441,422	20%		429,217	18%
	\$	<u>2,215,991</u>		\$	<u>2,336,213</u>	

As of March 31, 2020 and 2019, property and equipment, net held in Singapore were approximately \$8.6 million and \$12.3 million, respectively.

The following table summarizes the countries that accounted for more than 10% of property and equipment, net in fiscal year 2020 and 2019:

	Fiscal Year Ended March 31,					
	2020		2019			
	(In thousands)					
Property and equipment, net:						
Mexico	\$	555,077	25%	\$	537,396	23%
China		396,179	18%		523,124	22%
U.S.		377,800	17%		361,098	15%

No other country accounted for more than 10% of property and equipment, net for the fiscal periods presented in the table above.

21. QUARTERLY FINANCIAL DATA (UNAUDITED)

The Company's third fiscal quarter ends on December 31, and the fourth fiscal quarter and fiscal year ends on March 31 of each year. The first fiscal quarters of 2020 and 2019 ended on June 28, 2019 and June 29, 2018, respectively, and the second fiscal quarters of 2020 and 2019, ended on September 27, 2019 and September 28, 2018, respectively.

The following table contains unaudited quarterly financial data for fiscal years 2020 and 2019. For fiscal year 2019, the Company recognized the cumulative effect of initially applying the new revenue standard as an adjustment to the opening balance of retained earnings.

FLEX LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Fiscal Year Ended March 31, 2020				Fiscal Year Ended March 31, 2019			
	First	Second	Third	Fourth	First	Second	Third	Fourth
	(In thousands, except per share amounts)							
Net sales	\$6,175,939	\$6,088,054	\$6,461,387	\$5,484,490	\$6,398,956	\$6,662,604	\$6,922,827	\$6,226,124
Gross profit (1)	352,759	189,093	430,477	365,627	377,854	402,301	357,325	380,295
Net income (loss) (2)	44,872	(116,940)	111,388	48,259	116,035	86,885	(45,169)	(64,352)
Earnings (loss) per share (3):								
Net income:								
Basic	\$ 0.09	\$ (0.23)	\$ 0.22	\$ 0.10	\$ 0.22	\$ 0.16	\$ (0.09)	\$ (0.12)
Diluted	\$ 0.09	\$ (0.23)	\$ 0.22	\$ 0.10	\$ 0.22	\$ 0.16	\$ (0.09)	\$ (0.12)

- (1) The Company recorded a total of \$128.3 million of restructuring charges during the second quarter of fiscal year 2020. The Company classified approximately \$114.0 million of these charges as a component of cost of sales and \$14.4 million as a component of selling, general and administrative expenses. Refer to note 15 for additional information on these charges. The Company recorded a total of \$56.2 million of restructuring charges during the first quarter of fiscal year 2020. The Company classified approximately \$47.4 million of these charges as a component of cost of sales and \$8.8 million as a component of selling, general and administrative expenses. The Company recorded a total of \$65.8 million of restructuring charges during the third quarter of fiscal year 2019. The Company classified \$60.4 million of these charges as a component of cost of sales and approximately \$5.4 million as a component of selling, general and administrative expenses.
- (2) During the fourth quarter of fiscal year 2020, and in connection with the Company's ongoing assessment of its investment portfolio strategy, the Company concluded that the carrying amounts of certain non-core investments were other than temporarily impaired and recognized a \$74.8 million total impairment charge. Refer to note 2 to the consolidated financial statements in Item 8, "Financial Statements and Supplementary Data" for additional information on investment impairment. Net income for the fourth quarter of fiscal year 2019 was primarily affected by an \$84 million charge for the impairment of the Company's investment in Elementum. Net income for the third quarter of fiscal year 2019 was primarily affected by a \$70 million charge for the impairment of the Company's investment in an unrelated third-party company. Net income for the first quarter of fiscal year 2019 was affected by a \$91.8 million gain on the deconsolidation of Bright Machines.
- (3) Earnings per share are computed independently for each quarter presented and basic shares are used in the quarters with losses; therefore, the sum of the quarterly earnings per share may not equal the total earnings per share amounts for the fiscal year.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of the Chief Executive Officer and Chief Financial Officer has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of March 31, 2020. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2020, the Company's disclosure controls and procedures were effective in ensuring that information required to be disclosed by the Company in reports that it files or submits under the Securities Exchange Act of 1934, as amended, is (i) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and (ii) accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

(b) ***Management's Annual Report on Internal Control over Financial Reporting***

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended. Internal control over financial reporting consists of policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) are designed and operated to provide reasonable assurance regarding the reliability of the Company's financial reporting and the Company's process for the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements. Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements or prevent or detect instances of fraud. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls may be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As of March 31, 2020, under the supervision and with the participation of management, including the Company's Chief Executive Officer and Chief Financial Officer, an evaluation was conducted of the effectiveness of the Company's internal control over financial reporting based on the framework in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on that evaluation, management concluded that the Company's internal control over financial reporting was effective as of March 31, 2020.

(c) ***Attestation Report of the Registered Public Accounting Firm***

The effectiveness of the Company's internal control over financial reporting as of March 31, 2020 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report which appears in this Item under the heading "Report of Independent Registered Public Accounting Firm."

(d) ***Changes in Internal Control Over Financial Reporting***

There were no changes in our internal control over financial reporting that occurred during the fourth quarter ended March 31, 2020 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Flex Ltd., Singapore

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Flex Ltd. and subsidiaries (the "Company") as of March 31, 2020, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2020, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended March 31, 2020 of the Company and our report dated May 28, 2020, expressed an unqualified opinion on those financial statements and included an explanatory paragraph related to the Company's change in method of accounting for leases in fiscal year 2020 due to the adoption of Accounting Standard Update (ASU) No. 2016-02, *Leases*, and change in method of accounting for revenue from contracts with customers in fiscal year 2019 due to the adoption of ASU No. 2014-09, *Revenue from Contracts with Customers*.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting, may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP
San Jose, California
May 28, 2020

ITEM 9B. *OTHER INFORMATION*

Not applicable.

PART III

ITEM 10. *DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE*

Information with respect to this item may be found in the Company's definitive proxy statement to be delivered to shareholders in connection with the Company's 2020 Annual General Meeting of Shareholders. Such information is incorporated by reference.

ITEM 11. *EXECUTIVE COMPENSATION*

Information with respect to this item may be found in the Company's definitive proxy statement to be delivered to shareholders in connection with the Company's 2020 Annual General Meeting of Shareholders. Such information is incorporated by reference.

ITEM 12. *SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS*

Information with respect to this item may be found in the Company's definitive proxy statement to be delivered to shareholders in connection with the Company's 2020 Annual General Meeting of Shareholders. Such information is incorporated by reference.

ITEM 13. *CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE*

Information with respect to this item may be found in the Company's definitive proxy statement to be delivered to shareholders in connection with the Company's 2020 Annual General Meeting of Shareholders. Such information is incorporated by reference.

ITEM 14. *PRINCIPAL ACCOUNTANT FEES AND SERVICES*

Information with respect to this item may be found in the Company's definitive proxy statement to be delivered to shareholders in connection with the Company's 2020 Annual General Meeting of Shareholders. Such information is incorporated by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

- (a) Documents filed as part of this annual report on Form 10-K:
1. *Financial Statements.* See Item 8, "Financial Statements and Supplementary Data."
 2. *Financial Statement Schedules.* "Schedule II—Valuation and Qualifying Accounts" is included in the financial statements, see Concentration of Credit Risk in Note 2, "Summary of Accounting Policies" of the Notes to Consolidated Financial Statements in Item 8, "Financial Statements and Supplementary Data."
 3. *Exhibits.* Reference is made to Item 15(b) below.
- (b) *Exhibits.* The Exhibit Index, which immediately precedes the signature page to this annual report on Form 10-K, is incorporated by reference into this annual report on Form 10-K.
- (c) *Financial Statement Schedules.* Reference is made to Item 15(a)(2) above.

ITEM 16. FORM 10-K SUMMARY

None

EXHIBIT INDEX

Exhibit No.	Exhibit	Form	Incorporated by Reference		Exhibit No.	Filed Herewith
			File No.	Filing Date		
3.01	Constitution of the Registrant (incorporating all amendments as at August 20, 2019)	10-Q	000-23354	10/30/2019	3.01	
4.01	Indenture, dated as of February 20, 2013, by and between the Registrant, the Guarantors party thereto and U.S. Bank National Association, as Trustee, related to the Registrant's 5.000% Notes due 2023	8-K	000-23354	2/22/2013	4.1	
4.02	Form of 5.000% Note due 2023	8-K	000-23354	2/22/2013	4.1	
4.03	First Supplemental Indenture, dated as of March 28, 2013, among the Registrant, the Guarantor party thereto and U.S. Bank National Association, as Trustee, to the Indenture, dated as of February 20, 2013, by and between the Registrant, the Guarantors party thereto and U.S. Bank National Association, as Trustee, related to the Registrant's 5.000% Notes due 2023	10-K	000-23354	5/28/2013	4.11	
4.04	Second Supplemental Indenture, dated as of August 25, 2014, among the Registrant, the Guarantor party thereto and U.S. Bank National Association, as Trustee, to the Indenture, dated as of February 20, 2013, by and between the Registrant, the Guarantors party thereto and U.S. Bank National Association, as Trustee, related to the Registrant's 5.000% Notes due 2023	10-Q	000-23354	10/30/2014	4.01	
4.05	Third Supplemental Indenture, dated as of September 11, 2015, among the Registrant, the Guarantor party thereto and U.S. Bank National Association, as Trustee, related to the Registrant's 5.000% Notes due 2023	S-4	333-20706 7	9/22/2015	4.11	

Exhibit No.	Exhibit	Incorporated by Reference			Exhibit No.	Filed Herewith
		Form	File No.	Filing Date		
4.06	Indenture, dated as of June 8, 2015, by and between the Registrant, the Guarantors party thereto and U.S. Bank National Association, as Trustee	8-K	000-23354	6/8/2015	4.1	
4.07	Form of 4.750% Note due 2025	8-K	000-23354	6/8/2015	4.1	
4.08	First Supplemental Indenture, dated as of September 11, 2015, among the Registrant, the Guarantor party thereto and U.S. Bank National Association, as Trustee, related to the Registrant's 4.750% Notes due 2025	S-4	333-20706 7	9/22/2015	4.04	
4.09	Indenture, dated as of June 6, 2019, by and between the Company and U.S. Bank National Association, as trustee	8-K	000-23354	6/6/2019	4.1	
4.10	First Supplemental Indenture, dated as of June 6, 2019, by and between the Company and U.S. Bank National Association, as trustee	8-K	000-23354	6/6/2019	4.2	
4.11	Form of 4.875% Global Note due 2029 (included in Exhibit 4.10)	8-K	000-23354	6/6/2019	4.3	
4.12	Second Supplemental Indenture, dated as of November 7, 2019, by and between the Company and U.S. Bank National Association, as trustee	8-K	000-23354	11/7/2019	4.3	
4.13	Form of 4.875% Global Note due 2029 (included in Exhibit 4.12)	8-K	000-23354	11/7/2019	4.4	
4.14	Description of Registrant's Securities					X
10.01	Credit Agreement, dated as of June 30, 2017, among Flex Ltd. and certain of its subsidiaries, from time to time party thereto, as borrowers, Bank of America, N.A., as Administrative Agent and Swing Line Lender, and the other Lenders party thereto	8-K	000-23354	6/30/2017	10.01	
10.02	First Amendment to Credit Agreement, dated as of January 28, 2020 among Flex Ltd., the lenders party thereto, and Bank of America, N.A., as Administrative Agent					X
10.03	Form of Indemnification Agreement between the Registrant and its Directors and certain officers†	10-K	000-23354	5/20/2009	10.01	
10.04	Form of Indemnification Agreement between Flextronics Corporation and Directors and certain officers of the Registrant†	10-K	000-23354	5/20/2009	10.02	
10.05	Flex Ltd. 2010 Equity Incentive Plan†	8-K	000-23354	7/28/2010	10.01	
10.06	Form of Share Option Award Agreement under 2010 Equity Incentive Plan†	10-Q	000-23354	8/5/2010	10.02	
10.07	Flex Ltd. 2017 Equity Incentive Plan†	DEF 14A	000-23354	7/5/2017	Annex A	
10.08	Form of Restricted Share Unit Award Agreement under the 2017 Equity Incentive Plan for time-based vesting awards†	10-Q	000-23354	10/30/2017	10.05	
10.09	Form of Restricted Share Unit Award Agreement under the 2017 Equity Incentive Plan for performance-based vesting awards†	10-Q	000-23354	10/30/2017	10.06	
10.10	Flextronics International USA, Inc. Third Amended and Restated 2005 Senior Management Deferred Compensation Plan†	10-Q	000-23354	2/6/2009	10.02	

Exhibit No.	Exhibit	Form	Incorporated by Reference		Exhibit No.	Filed Herewith
			File No.	Filing Date		
10.11	Flextronics International USA, Inc. Third Amended and Restated Senior Executive Deferred Compensation Plan†	10-Q	000-23354	2/6/2009	10.01	
10.12	Summary of Directors' Compensation†	10-Q	000-23354	10/30/2017	10.02	
10.13	Executive Incentive Compensation Recoupment Policy†	10-Q	000-23354	8/5/2010	10.06	
10.14	2010 Flextronics International USA, Inc. Deferred Compensation Plan†	10-Q	000-23354	11/3/2010	10.04	
10.15	Form of Award Agreement under 2010 Deferred Compensation Plan†	10-Q	000-23354	7/30/2012	10.01	
10.16	Summary of Compensation Arrangements of Certain Executive Officers of Flex Ltd.†					X
10.17	Form of Restricted Share Unit Award Agreement under the 2010 Equity Incentive Plan for time-based vesting awards†	10-Q	000-23354	11/1/2013	10.02	
10.18	Form of 2010 Deferred Compensation Plan Award Agreement (performance targets, cliff vesting)†	10-Q	000-23354	8/2/2013	10.02	
10.19	Form of 2010 Deferred Compensation Plan Award Agreement (non-performance, periodic vesting, continuing Participant)†	10-Q	000-23354	8/2/2013	10.03	
10.20	Award Agreement under the 2010 Deferred Compensation Plan†	10-Q	000-23354	7/28/2014	10.01	
10.21	Form of Restricted Share Unit Award Agreement under the 2017 Equity Incentive Plan for retention performance-based vesting awards†	10-Q	000-23354	2/6/2019	10.01	
10.22	Form of Restricted Share Unit Award Agreement under the 2017 Equity Incentive Plan for retention service-based vesting awards†	10-K	000-23354	5/21/2019	10.23	
10.23	Form of Restricted Share Unit Award Agreement under the 2017 Equity Incentive Plan for performance-based vesting awards (20-day trading average)†	10-Q	000-23354	7/26/2019	10.02	
10.24	Description of Annual Incentive Bonus Plan for Fiscal 2020†	10-Q	000-23354	7/26/2019	10.01	
10.25	NEXTracker Inc. 2014 Equity Incentive Plan†	S-8	333-207325	10/7/2015	99.01	
10.26	BrightBox Technologies, Inc. 2013 Stock Incentive Plan†	S-8	333-212267	6/27/2016	99.01	
10.27	Flex Ltd. Executive Severance Plan†	10-K	000-23354	5/21/2019	10.27	
10.28	Separation and Release of Claims dated December 24, 2018 between Flex Ltd. and Michael M. McNamara†	10-Q	000-23354	2/6/2019	10.02	
10.29	Scott Offer Amended Offer Letter, dated as of January 27, 2019†					X
10.30	Revathi Advaiti Offer Letter, dated February 7, 2019†	10-K	000-23354	5/21/2019	10.29	
10.31	Francois Barbier Relocation Expenses Addendum, dated as of July 8, 2019†					X
21.01	Subsidiaries of Registrant					X
23.01	Consent of Deloitte & Touche LLP					X

Exhibit No.	Exhibit	Form	Incorporated by Reference			Filed Herewith
			File No.	Filing Date	Exhibit No.	
24.01	Power of Attorney (included on the signature page to this Form 10-K)					X
31.01	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act					X
31.02	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act					X
32.01	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350*					X
101.INS	Inline XBRL Instance Document					X
101.SCH	Inline XBRL Taxonomy Extension Scheme Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101)					X

* This exhibit is furnished with this Annual Report on Form 10-K, is not deemed filed with the Securities and Exchange Commission, and is not incorporated by reference into any filing of Flex Ltd. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and irrespective of any general incorporation language contained in such filing.

† Management contract, compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirement of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Flex Ltd.

By: _____ /s/ REVATHI ADVAITHI

Revathi Advaiti
Chief Executive Officer

Date: May 28, 2020

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints jointly and severally, Revathi Advaiti and Christopher E. Collier and each one of them, her or his attorneys-in-fact, each with the power of substitution, for her or him in any and all capacities, to sign any and all amendments to this Report, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or her or his substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
/s/ REVATHI ADVAITHI Revathi Advaiti	Chief Executive Officer and Director (Principal Executive Officer)	May 28, 2020
/s/ CHRISTOPHER E. COLLIER Christopher E. Collier	Chief Financial Officer (Principal Financial Officer)	May 28, 2020
/s/ DAVID P. BENNETT David P. Bennett	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)	May 28, 2020
/s/ MICHAEL D. CAPELLAS Michael D. Capellas	Chairman of the Board	May 28, 2020
/s/ JILL A. GREENTHAL Jill A. Greenthal	Director	May 28, 2020
/s/ JENNIFER LI Jennifer Li	Director	May 28, 2020
/s/ MARC A. ONETTO Marc A. Onetto	Director	May 28, 2020
/s/ WILLY C. SHIH, PH.D. Willy C. Shih, Ph.D.	Director	May 28, 2020
/s/ CHARLES K. STEVENS, III Charles K. Stevens, III	Director	May 28, 2020
/s/ LAY KOON TAN Lay Koon Tan	Director	May 28, 2020
/s/ WILLIAM D. WATKINS William D. Watkins	Director	May 28, 2020
/s/ LAWRENCE A. ZIMMERMAN Lawrence A. Zimmerman	Director	May 28, 2020

Shareholder Information

CORPORATE HEADQUARTERS

2 Changi South Lane
Singapore 486123
Tel: +65.6876.9899

ANNUAL GENERAL MEETING

The Annual General Meeting of Shareholders will be held beginning at 9:00 A.M. Pacific time on August 7, 2020. The meeting will be held at:

Flex Ltd.
6201 America Center Drive San Jose,
CA 95002
Tel: +1.408.576.7000

STOCK LISTING

The Company's Ordinary Shares are traded on the NASDAQ Global Select Market under the symbol FLEX.

WEBSITE

www.flex.com

INVESTOR RELATIONS

For shareholder or investor related inquiries, contact:

Flex Ltd.
Investor Relations
6201 America Center Drive San Jose,
CA 95002
Tel: +1.408.577.4632
investors.flex.com

In order to help reduce costs, please report any duplicate mailings of shareholder materials by contacting Investor Relations.

SEC FILINGS

The Company makes available through its Internet website, annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, Section 16 reports and amendments to those reports filed or furnished pursuant to Section 13(a) of the Securities Exchange Act of 1934 as soon as reasonably practicable after electronically filing such material with, or furnishing it to, the Securities and Exchange Commission. **Upon request, we will furnish without charge to each person to whom this report is delivered a copy of any exhibit listed in our Annual Report on Form 10-K for the fiscal year ended March 31, 2020. You may request a copy of this information at no cost, by writing or telephoning us at our principal U.S. offices at the Investor Relations contact above.**

TRANSFER AGENT AND REGISTRAR

For questions regarding misplaced share certificates, changes of address or the consolidation of accounts, please contact the Company's transfer agent:

Computershare Trust Company NA
First Class, Registered and Certified Mail
Computershare
PO, Box 505000 Louisville, KY
40233
Shareholder Contact Center: 1.877.373.6374
Overnight Courier Computershare
462 South 4th Street, Suite 1600
Louisville, KY 40202
Tel: 1.781.575.2879

EXECUTIVE OFFICERS

Revathi Advaiti—*Chief Executive Officer*
Christopher E. Collier—*Chief Financial Officer*
François P. Barbier—*President, Global Operations and Components*
David P. Bennett—*Chief Accounting Officer*
Douglas M. Britt—*President, Agility Solutions*
Paul J. Humphries—*President, Reliability Solutions*
Scott Offer—*Executive Vice President and General Counsel*

DIRECTORS

Revathi Advaiti—*Chief Executive Officer, Flex Ltd.*
Michael D. Capellas—*Principal, Capellas Strategic Partners*
Jill A. Greenthal—*Senior Advisor in Private Equity, The Blackstone Group*
Jennifer Li—*General Partner, Changcheng Investment Partners*
Erin L. McSweeney—*Executive Vice President and Chief Human Resource Officer, Optum, Inc.*
Marc A. Onetto—*Principal, Leadership from the Mind and the Heart LLC*
Willy C. Shih, Ph.D.—*Professor of Management Practice in Business Administration, Harvard Business School*
Charles K. Stevens, III—*Former Chief Financial Officer, General Motors Co.*
Lay Koon Tan—*Former President, Chief Executive Officer and Director, STATS ChipPAC Ltd.*
William D. Watkins—*Former Chairman and Chief Executive Officer, Imergy Power Systems, Inc.*
Lawrence A. Zimmerman—*Former Vice Chairman and Chief Financial Officer, Xerox Corporation*

FORWARD LOOKING STATEMENTS

Except for historical information contained herein, certain matters included in this annual report on Form 10-K are, or may, be deemed to be forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 and Section 27A of the Securities Act of 1933. The words “will,” “may,” “designed to,” “believe,” “should,” “anticipate,” “plan,” “expect,” “intend,” “estimate” and similar expressions identify forward-looking statements, which speak only as of the date of this annual report. These forward-looking statements are contained principally under Item 1, “Business,” and under Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Because these forward-looking statements are subject to risks and uncertainties, actual results could differ materially from the expectations expressed in the forward-looking statements. Important factors that could cause actual results to differ materially from the expectations reflected in the forward-looking statements include those described in Item 1A, “Risk Factors” and Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” In addition, new risks emerge from time to time and it is not possible for management to predict all such risk factors or to assess the impact of such risk factors on our business. Given these risks and uncertainties, the reader should not place undue reliance on these forward-looking statements. We undertake no obligation to update or revise these forward-looking statements to reflect subsequent events or circumstances.

Information in this document is subject to change without notice. FLEX and Flextronics are trademarks of Flex Ltd. All other trademarks are the properties of their respective owners.

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Flex Ltd.

Annual General Meeting of Shareholders Directions and Parking Information

August 7, 2020

9:00 A.M. Pacific time

The Annual General Meeting of Shareholders will be held at 6201 America Center Dr., San Jose, CA 95002 at beginning 9:00 A.M. Pacific time.

Directions from San Francisco International Airport

- Head North on International Terminal Departures
- Take the ramp to US-101 S
- Keep left at the fork and merge onto US-101 S and continue on US-101 S to Milpitas
- Take the exit onto CA-237 E toward Alviso/Milpitas
- Take the exit toward Lafayette Street
- Turn left onto Great America Parkway
- At the traffic circle, continue straight to stay on America Center Drive
- Destination will be on the left

Directions from Mineta San Jose International Airport

- Head Northwest on Airport Blvd toward Airport Pkwy
- Slight right onto Airport Pkwy
- Turn right onto Matrix Blvd. and then a sharp left onto N. 1st Street
- Slight right to merge onto US-101 N
- Take the Great America Pkwy exit toward Bowers Avenue
- Turn right onto Great America Pkwy and continue onto America Center Drive
- At the traffic circle, continue straight to stay on America Center Drive
- Destination will be on the left

Directions from Oakland International Airport

- Head Southeast the slight left toward Airport Drive
- Continue onto Airport Drive
- Continue onto Bessie Coleman Drive
- Continue onto 98th Avenue then slight right onto I-880 S ramp to San Jose
- Continue onto I-880 S
- Take the CA-237 W exit toward Mountain View and merge onto CA-237 W
- Take the Great America Pkwy exit toward Lafayette Street
- Turn right onto Great America Pkwy and continue onto America Center Drive
- At the traffic circle, continue straight to stay on America Center Drive
- Destination will be on the left

Parking

Flex has reserved parking spaces for shareholders attending the meeting. These spaces will be designated as “Reserved for Flex Shareholders’ Meeting.”

