UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2022

Or

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

For the transition period from to

Commission file number 0-23354

FLEX LTD.

(Exact name of registrant as specified in its charter)

Singapore (State or other jurisdiction of incorporation or organization)	**Not Applicable** (I.R.S. Employer Identification No.)
2 Changi South Lane, Singapore (Address of registrant's principal executive offices)	**486123** (Zip Code)

(65) 6876-9899

Registrant's telephone number, including area code

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Ordinary Shares, No Par Value	FLEX	The Nasdaq Stock Market LLC

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, a smaller reporting company, or an emerging growth company. See the 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 ☒

The number of shares of the registrant's ordinary shares outstanding as of October 21, 2022 was 452,783,958.

FLEX LTD.

INDEX

PART I. FINANCIAL INFORMATION

ITEM 1. *FINANCIAL STATEMENTS*

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Flex Ltd., Singapore

Results of Review of Interim Financial Information

We have reviewed the accompanying condensed consolidated balance sheet of Flex Ltd. and its subsidiaries (the "Company") as of September 30, 2022, the related condensed consolidated statements of operations, comprehensive income, and redeemable noncontrolling interest and shareholders' equity for the three-month and six-month periods ended September 30, 2022 and October 1, 2021, the condensed consolidated statements of cash flows for the six-month periods ended September 30, 2022 and October 1, 2021, and the related notes (collectively referred to as the "interim financial information"). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of Flex Ltd. and its subsidiaries as of March 31, 2022 and the related consolidated statements of operations, comprehensive income, redeemable noncontrolling interest and shareholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated May 20, 2022, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of March 31, 2022 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

The interim financial information is the responsibility of the Company's management. 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 reviews in accordance with the standards of the PCAOB. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ DELOITTE & TOUCHE LLP
San Jose, California
October 28, 2022

FLEX LTD.

CONDENSED CONSOLIDATED BALANCE SHEETS

	As of September 30, 2022	As of March 31, 2022
	(In millions, except share amounts) (Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,453	$ 2,964
Accounts receivable, net of allowance of $8 and $56, respectively	3,956	3,371
Contract assets	531	519
Inventories	7,726	6,580
Other current assets	964	903
Total current assets	15,630	14,337
Property and equipment, net	2,201	2,125
Operating lease right-of-use assets, net	596	637
Goodwill	1,325	1,342
Other intangible assets, net	328	411
Other assets	543	473
Total assets	$ 20,623	$ 19,325
LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Bank borrowings and current portion of long-term debt	$ 916	$ 949
Accounts payable	6,818	6,254
Accrued payroll	479	470
Deferred revenue and customer working capital advances	2,700	2,002
Other current liabilities	1,233	1,036
Total current liabilities	12,146	10,711
Long-term debt, net of current portion	3,081	3,248
Operating lease liabilities, non-current	495	551
Other liabilities	631	608
Total liabilities	16,353	15,118
Redeemable noncontrolling interest	90	78
Shareholders’ equity		
Ordinary shares, no par value; 1,500,000,000 authorized, 503,876,758 and 510,799,667 issued, and 453,637,403 and 460,560,312 outstanding, respectively	5,852	6,052
Treasury stock, at cost; 50,239,355 shares as of September 30, 2022 and March 31, 2022	(388)	(388)
Accumulated deficit	(932)	(1,353)
Accumulated other comprehensive loss	(352)	(182)
Total shareholders’ equity	4,180	4,129
Total liabilities, redeemable noncontrolling interest, and shareholders' equity	$ 20,623	$ 19,325

The accompanying notes are an integral part of these condensed consolidated financial statements.

FLEX LTD.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three-Month Periods Ended		Six-Month Periods Ended	
	September 30, 2022	October 1, 2021	September 30, 2022	October 1, 2021
	(In millions, except per share amounts) (Unaudited)			
Net sales	$ 7,766	$ 6,229	$ 15,113	$ 12,571
Cost of sales	7,175	5,755	13,987	11,625
Restructuring charges	—	9	—	9
Gross profit	591	465	1,126	937
Selling, general and administrative expenses	245	213	486	414
Intangible amortization	21	15	43	30
Operating income	325	237	597	493
Interest and other, net	53	(134)	93	(111)
Income before income taxes	272	371	504	604
Provision for income taxes	34	35	71	62
Net income	238	336	433	542
Net income attributable to redeemable noncontrolling interest	6	—	12	—
Net income attributable to Flex Ltd.	$ 232	$ 336	$ 421	$ 542
Earnings per share attributable to the shareholders of Flex Ltd.:				
Basic	$ 0.51	$ 0.70	$ 0.92	$ 1.11
Diluted	$ 0.50	$ 0.69	$ 0.91	$ 1.10
Weighted-average shares used in computing per share amounts:				
Basic	455	482	457	487
Diluted	460	487	464	493

The accompanying notes are an integral part of these condensed consolidated financial statements.

FLEX LTD.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three-Month Periods Ended		Six-Month Periods Ended	
	September 30, 2022	October 1, 2021	September 30, 2022	October 1, 2021
	(In millions) (Unaudited)			
Net income	$ 238	$ 336	$ 433	$ 542
Other comprehensive income (loss):				
Foreign currency translation adjustments, net of zero tax	(92)	(16)	(163)	(11)
Unrealized loss on derivative instruments and other, net of tax	(6)	(10)	(7)	(7)
Comprehensive income	$ 140	$ 310	$ 263	$ 524
Comprehensive income attributable to redeemable noncontrolling interest	6	—	12	—
Comprehensive income attributable to Flex Ltd.	$ 134	$ 310	$ 251	$ 524

The accompanying notes are an integral part of these condensed consolidated financial statements.

FLEX LTD.

CONDENSED CONSOLIDATED STATEMENTS OF REDEEMABLE NONCONTROLLING INTEREST AND SHAREHOLDERS' EQUITY

Three Months Ended September 30, 2022	Redeemable Noncontrolling Interest Amount	Ordinary Shares: Shares Outstanding	Ordinary Shares: Amount	Accumulated Deficit	Accumulated Other Comprehensive Loss: Unrealized Loss on Derivative Instruments and Other	Accumulated Other Comprehensive Loss: Foreign Currency Translation Adjustments	Accumulated Other Comprehensive Loss: Total Accumulated Other Comprehensive Loss	Total Shareholders' Equity
				(In millions) Unaudited				
BALANCE AT JULY 1, 2022	$ 84	458	$ 5,509	$ (1,164)	$ (67)	$ (187)	$ (254)	$ 4,091
Repurchase of Flex Ltd. ordinary shares at cost	—	(4)	(72)	—	—	—	—	(72)
Net income	6	—	—	232	—	—	—	232
Stock-based compensation	—	—	27	—	—	—	—	27
Total other comprehensive loss	—	—	—	—	(6)	(92)	(98)	(98)
BALANCE AT SEPTEMBER 30, 2022	$ 90	454	$ 5,464	$ (932)	$ (73)	$ (279)	$ (352)	$ 4,180

Six Months Ended September 30, 2022	Redeemable Noncontrolling Interest Amount	Ordinary Shares: Shares Outstanding	Ordinary Shares: Amount	Accumulated Deficit	Accumulated Other Comprehensive Loss: Unrealized Loss on Derivative Instruments and Other	Accumulated Other Comprehensive Loss: Foreign Currency Translation Adjustments	Accumulated Other Comprehensive Loss: Total Accumulated Other Comprehensive Loss	Total Shareholders' Equity
				(In millions) Unaudited				
BALANCE AT MARCH 31, 2022	$ 78	461	$ 5,664	$ (1,353)	$ (66)	$ (116)	$ (182)	$ 4,129
Repurchase of Flex Ltd. ordinary shares at cost	—	(15)	(253)	—	—	—	—	(253)
Issuance of Flex Ltd. vested shares under restricted share unit awards	—	8	—	—	—	—	—	—
Net income	12	—	—	421	—	—	—	421
Stock-based compensation	—	—	53	—	—	—	—	53
Total other comprehensive loss	—	—	—	—	(7)	(163)	(170)	(170)
BALANCE AT SEPTEMBER 30, 2022	$ 90	454	$ 5,464	$ (932)	$ (73)	$ (279)	$ (352)	$ 4,180

Three Months Ended October 1, 2021	Redeemable Noncontrolling Interest Amount	Ordinary Shares Shares Outstanding	Ordinary Shares Amount	Accumulated Deficit	Accumulated Other Comprehensive Loss: Unrealized Loss on Derivative Instruments and Other	Accumulated Other Comprehensive Loss: Foreign Currency Translation Adjustments	Accumulated Other Comprehensive Loss: Total Accumulated Other Comprehensive Loss	Total Shareholders' Equity
					(In millions) Unaudited			
BALANCE AT JULY 2, 2021	$ —	489	$ 5,702	$ (2,083)	$ (39)	$ (72)	$ (111)	$ 3,508
Repurchase of Flex Ltd. ordinary shares at cost	—	(18)	(328)	—	—	—	—	(328)
Net income	—	—	—	336	—	—	—	336
Stock-based compensation	—	—	24	—	—	—	—	24
Total other comprehensive loss	—	—	—	—	(10)	(16)	(26)	(26)
BALANCE AT OCTOBER 1, 2021	$ —	471	$ 5,398	$ (1,747)	$ (49)	$ (88)	$ (137)	$ 3,514

Six Months Ended October 1, 2021	Redeemable Noncontrolling Interest Amount	Ordinary Shares Shares Outstanding	Ordinary Shares Amount	Accumulated Deficit	Accumulated Other Comprehensive Loss: Unrealized Loss on Derivative Instruments and Other	Accumulated Other Comprehensive Loss: Foreign Currency Translation Adjustments	Accumulated Other Comprehensive Loss: Total Accumulated Other Comprehensive Loss	Total Shareholders' Equity
					(In millions) Unaudited			
BALANCE AT MARCH 31, 2021	$ —	492	$ 5,844	$ (2,289)	$ (42)	$ (77)	$ (119)	$ 3,436
Repurchase of Flex Ltd. ordinary shares at cost	—	(27)	(490)	—	—	—	—	(490)
Exercise of stock options	—	1	—	—	—	—	—	—
Issuance of Flex Ltd. vested shares under restricted share unit awards	—	5	—	—	—	—	—	—
Net income	—	—	—	542	—	—	—	542
Stock-based compensation	—	—	44	—	—	—	—	44
Total other comprehensive loss	—	—	—	—	(7)	(11)	(18)	(18)
BALANCE AT OCTOBER 1, 2021	$ —	471	$ 5,398	$ (1,747)	$ (49)	$ (88)	$ (137)	$ 3,514

The accompanying notes are an integral part of these condensed consolidated financial statements.

FLEX LTD.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six-Month Periods Ended	
	September 30, 2022	October 1, 2021
	(In millions) (Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 433	$ 542
Depreciation, amortization and other impairment charges	247	236
Changes in working capital and other, net	(539)	(264)
Net cash provided by operating activities	141	514
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(296)	(210)
Proceeds from the disposition of property and equipment	18	5
Acquisition of businesses, net of cash acquired	4	—
Other investing activities, net	3	2
Net cash used in investing activities	(271)	(203)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from bank borrowings and long-term debt	—	20
Repayments of bank borrowings and long-term debt	(39)	(9)
Payments for repurchases of ordinary shares	(253)	(490)
Other financing activities, net	(4)	(8)
Net cash used in financing activities	(296)	(487)
Effect of exchange rates on cash and cash equivalents	(85)	(3)
Net decrease in cash and cash equivalents	(511)	(179)
Cash and cash equivalents, beginning of period	2,964	2,637
Cash and cash equivalents, end of period	$ 2,453	$ 2,458
Non-cash investing activities:		
Unpaid purchases of property and equipment	$ 181	$ 122
Right-of-use assets obtained in exchange of operating lease liabilities	56	28

The accompanying notes are an integral part of these condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. ORGANIZATION OF THE COMPANY AND BASIS OF PRESENTATION

Organization of the Company

Flex Ltd. ("Flex" or the "Company") is the diversified manufacturing partner of choice that helps market-leading brands design, build and deliver innovative products that improve the world. Through the collective strength of a global workforce across approximately 30 countries with responsible, sustainable operations, Flex delivers advanced manufacturing solutions and operates one of the most trusted global supply chains, supporting the entire product lifecycle with fulfillment, after-market, and circular economy solutions for diverse industries including cloud, communications, enterprise, automotive, industrial, consumer devices, lifestyle, healthcare, and energy. Flex's three operating and reportable segments are:

- Flex Agility Solutions ("FAS"), which is comprised of the following end markets:
  - *Communications, Enterprise and Cloud*, including data infrastructure, edge infrastructure and communications infrastructure;
  - *Lifestyle*, including appliances, consumer packaging, floorcare, micro mobility and audio; and
  - *Consumer Devices*, including mobile and high velocity consumer devices.
- Flex Reliability Solutions ("FRS"), which is comprised of the following end markets:
  - *Automotive*, including next generation mobility, autonomous, connectivity, electrification, and smart technologies;
  - *Health Solutions*, including medical devices, medical equipment and drug delivery; and
  - *Industrial*, including capital equipment, industrial devices, and renewables and grid edge.
- Nextracker, the leading provider of intelligent, integrated solar tracker and software solutions used in utility-scale and ground-mounted distributed generation solar projects around the world. Nextracker's products enable solar panels to follow the sun’s movement across the sky and optimize plant performance.

The Company's service offerings include a comprehensive range of value-added design and engineering services that are tailored to the various markets and needs of its customers. Other focused service offerings relate to manufacturing (including enclosures, metals, plastic injection molding, precision plastics, machining, and mechanicals), system integration and assembly and test services, materials procurement, inventory management, logistics and after-sales services (including product repair, warranty services, re-manufacturing and maintenance), supply chain management software solutions, and component product offerings (including flexible printed circuit boards and power adapters and chargers).

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP” or “GAAP”) for interim financial information and in accordance with the requirements of Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements, and should be read in conjunction with the Company’s audited consolidated financial statements as of and for the fiscal year ended March 31, 2022 contained in the Company’s Annual Report on Form 10-K. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair statement have been included. Operating results for the three and six-month periods ended September 30, 2022 are not necessarily indicative of the results that may be expected for the fiscal year ending March 31, 2023. Certain prior period amounts in the condensed consolidated financial statements, as well as in the Notes thereto, have been reclassified to conform to the current presentation.

The first quarters for fiscal years 2023 and 2022 ended on July 1, 2022, which is comprised of 92 days in the period, and July 2, 2021, which is comprised of 93 days in the period, respectively. The second quarters for fiscal years 2023 and 2022 ended on September 30, 2022 and October 1, 2021, respectively, which are comprised of 91 days in both periods.

The accompanying unaudited condensed consolidated financial statements include the accounts of Flex and its majority-owned subsidiaries, after elimination of intercompany accounts and transactions. 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. In all cases other than the redeemable noncontrolling interest in Nextracker, 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 condensed consolidated statements of operations. Noncontrolling interest that is redeemable upon the occurrence of conditions outside of the control of the Company is reported as temporary equity in the consolidated balance sheets. The amount of consolidated net income attributable to Flex Ltd. and to the redeemable noncontrolling interest is presented in the condensed consolidated statements of operations.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates are used in accounting for, among other things: allowances for doubtful accounts; inventory write-downs; valuation allowances for deferred tax assets; uncertain tax positions; valuation and useful lives of long-lived assets including property, equipment, and intangible assets; valuation of goodwill; valuation of investments in privately-held companies; asset impairments; fair values of financial instruments, notes receivable and derivative instruments; restructuring charges; contingencies; warranty provisions; incremental borrowing rates in determining the present value of lease payments; accruals for potential price adjustments arising from customer contracts; fair values of assets obtained and liabilities assumed in business combinations; and the fair values of stock options and restricted share unit awards granted under the Company's stock-based compensation plans. Due to the COVID-19 pandemic and geopolitical conflicts (including the Russian invasion of Ukraine), 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 the COVID-19 pandemic and the Russian invasion of Ukraine. 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 condensed consolidated financial statements. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the period they occur.

Recently Adopted Accounting Pronouncement

In July 2021, the FASB issued ASU 2021-05 "Leases (Topic 842): Lessors - Certain Leases with Variable Lease Payments", which requires a lessor to classify a lease with variable lease payments that don’t depend on an index or a rate as an operating lease on the commencement date of the lease if specified criteria are met. The guidance is effective for the Company beginning in the first quarter of fiscal year 2023 with early adoption permitted. The Company adopted the guidance during the first quarter of fiscal year 2023 with an immaterial impact on its condensed consolidated financial statements.

Recently Issued Accounting Pronouncement

In September 2022, the FASB issued ASU 2022-04 "Liabilities - Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations", which requires a buyer in a supplier finance program to disclose sufficient information about the program to allow a user of financial statements to understand the program's nature, activity during the period, changes from period to period, and potential magnitude. To achieve that objective, the buyer should disclose qualitative and quantitative information about its supplier finance programs. The amendments in this update do not affect the recognition, measurement, or financial statement presentation of obligations covered by supplier finance program. The guidance is effective for the Company beginning in the first quarter of fiscal year 2024, except for the amendment on rollforward information which is effective in fiscal year 2025, with early adoption permitted. The Company expects the new guidance will have an immaterial impact on its condensed consolidated financial statements, and intends to adopt the guidance when it becomes effective in the first quarter of fiscal year 2024.

2. BALANCE SHEET ITEMS

Inventories

The components of inventories, net of applicable lower of cost and net realizable value write-downs, were as follows:

	As of September 30, 2022	As of March 31, 2022
	(In millions)	
Raw materials	$ 6,196	$ 5,290
Work-in-progress	737	602
Finished goods	793	688
	$ 7,726	$ 6,580

Goodwill and Other Intangible Assets

During the six-month period ended September 30, 2022, there was no material activity in the Company's goodwill account for each of its reportable segments, other than foreign currency translation adjustments of $15 million, which primarily impacted its FRS segment.

The components of acquired intangible assets are as follows:

	As of September 30, 2022			As of March 31, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	(In millions)					
Intangible assets:						
Customer-related intangibles	$ 349	$ (168)	$ 181	$ 385	$ (157)	$ 228
Licenses and other intangibles	270	(123)	147	319	(136)	183
Total	$ 619	$ (291)	$ 328	$ 704	$ (293)	$ 411

The gross carrying amounts of intangible assets are removed when fully amortized.

The estimated future annual amortization expense for intangible assets is as follows:

Fiscal Year Ending March 31,	Amount
	(In millions)
2023 (1)	$ 38
2024	64
2025	58
2026	39
2027	33
Thereafter	96
Total amortization expense	$ 328

(1) Represents estimated amortization for the remaining fiscal six-month period ending March 31, 2023.

Customer Working Capital Advances

Customer working capital advances were $2.0 billion and $1.4 billion, as of September 30, 2022 and March 31, 2022, respectively. The customer working capital advances are not interest-bearing, do not generally have fixed repayment dates and are generally reduced as the underlying working capital is consumed in production.

Other Current Liabilities

Other current liabilities include customer-related accruals of $236 million and $227 million as of September 30, 2022 and March 31, 2022, respectively.

Redeemable Noncontrolling Interest

As a result of the sale by a subsidiary of the Company of redeemable preferred units (“Series A Preferred Units”), representing a 16.67% interest in the Company's subsidiary, Nextracker LLC ("Nextracker"), to TPG Rise Flash, L.P. ("TPG Rise") on February 1, 2022, the Company recognized approximately $6 million and $12 million of a payable-in-kind dividend due to TPG Rise during the three and six-month periods ended September 30, 2022, respectively, based on a dividend rate of 5% per annum.

At TPG Rise’s election, the Company is required to purchase all of the outstanding Series A Preferred Units at their liquidation preference, which shall include all contributed but unreturned capital plus accrued but unpaid dividends, at the earlier of certain change in control events and February 1, 2028. Additionally, if Nextracker has not completed a qualified initial public offering (a "Qualified Public Offering") prior to February 1, 2027, then TPG Rise may cause the Company to purchase all of the outstanding Series A Preferred Units at their fair market value. The Company has determined that a Qualified Public Offering is likely and that the change in control is not probable as of September 30, 2022 and, as such, it is not probable that the noncontrolling interest will become redeemable.

3. 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 (“MSAs”) with its customers that provide the framework under which business will be conducted. This includes matters such as warranty, indemnification, transfer of title and risk of loss, liability for excess and obsolete inventory, pricing formulas, payment terms, etc., and the level of business under those agreements may not be guaranteed. In those instances, the Company bids on a program-by-program basis and typically receives customer purchase orders for specific quantities and timing of products. As a result, the Company considers its contract with a customer to be the combination of the MSA and the purchase order, or any other similar documents such as a statement of work, product addendum, emails or other communications that embody the commitment by the customer.

In determining the appropriate amount of revenue to recognize, the Company applies the following steps: (i) identifies the contracts with the customers; (ii) identifies performance obligations in the contracts; (iii) determines the transaction price; (iv) allocates the transaction price to the performance obligations per the contracts; and (v) recognizes revenue when (or as) the Company satisfies a performance obligation. Further, the Company assesses whether control of the products or services promised under the contract is transferred to the customer at a point in time (PIT) or over time (OT). The Company is first required to evaluate whether its contracts meet the criteria for OT recognition. The Company has determined that for a portion of its contracts, the Company is manufacturing products for which there is no alternative use (due to the unique nature of the customer-specific product and intellectual property restrictions) and the Company has an enforceable right to payment including a reasonable profit for work-in-progress inventory with respect to these contracts. For certain other contracts, the Company’s performance creates and enhances an asset that the customer controls as the Company performs under the contract. As a result, revenue is recognized under these contracts OT based on the cost-to-cost method as it best depicts the transfer of control to the customer measured based on the ratio of costs incurred to date as compared to the total estimated costs at completion of the performance obligation. For all other contracts that do not meet these criteria, the Company recognizes revenue when it has transferred control of the related manufactured products which generally occurs upon delivery and passage of title to the customer.

Customer Contracts and Related Obligations

Certain of the Company’s customer agreements include potential price adjustments which may result in variable consideration. These price adjustments include, but are not limited to, sharing of cost savings, committed price reductions, material margins earned over the period that are contractually required to be paid to the customers, rebates, refunds tied to performance metrics such as on-time delivery, and other periodic pricing resets that may be refundable to customers. The Company estimates the variable consideration related to these price adjustments as part of the total transaction price and recognizes revenue in accordance with the pattern applicable to the performance obligation, subject to a constraint. The Company constrains the amount of revenues recognized for these contractual provisions based on its best estimate of the amount which will not result in a significant reversal of revenue in a future period. The Company determines the amounts to be recognized based on the amount of potential refunds required by the contract, historical experience and other surrounding facts and circumstances. Often these obligations are settled with the customer in a period after shipment through various methods which include reduction of prices for future purchases, issuance of a payment to the customer, or issuance of a credit note applied against the customer’s accounts receivable balance. In many instances, the agreement is silent on the settlement mechanism. Any difference between the amount accrued 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 condensed 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 condensed 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. Contract liabilities, identified as deferred revenue, were $792 million and $704 million as of September 30, 2022 and March 31, 2022, respectively, of which $731 million and $615 million, respectively, is included in deferred revenue and customer working capital advances under current liabilities.

Disaggregation of Revenue

The following table presents the Company's revenue disaggregated based on timing of transfer, point in time or over time, for the three and six-month periods ended September 30, 2022 and October 1, 2021, respectively. Historical information for the first and second quarters of the fiscal year ended March 31, 2022 have been recast to reflect the new operating and reportable segments in the table below.

	Three-Month Periods Ended		Six-Month Periods Ended	
	September 30, 2022	October 1, 2021	September 30, 2022	October 1, 2021
Timing of Transfer	(In millions)			
FAS				
Point in time	$ 3,787	$ 3,250	$ 7,566	$ 6,498
Over time	217	187	429	371
Total	4,004	3,437	7,995	6,869
FRS				
Point in time	3,110	2,308	5,900	4,715
Over time	189	157	368	332
Total	3,299	2,465	6,268	5,047
Nextracker				
Point in time	10	12	33	21
Over time	463	327	835	659
Total	473	339	868	680
Intersegment eliminations				
Point in time	(10)	(12)	(18)	(25)
Over time	—	—	—	—
Total	(10)	(12)	(18)	(25)
Flex				
Point in time	6,897	5,558	13,481	11,209
Over time	869	671	1,632	1,362
Total	$ 7,766	$ 6,229	$ 15,113	$ 12,571

4. SHARE-BASED COMPENSATION

The Company's primary plan used for granting equity compensation awards is the 2017 Equity Incentive Plan (the "2017 Plan").

The following table summarizes the Company’s share-based compensation expense:

	Three-Month Periods Ended		Six-Month Periods Ended	
	September 30, 2022	October 1, 2021	September 30, 2022	October 1, 2021
	(In millions)			
Cost of sales	$ 7	$ 6	$ 14	$ 11
Selling, general and administrative expenses	20	18	39	33
Total share-based compensation expense	$ 27	$ 24	$ 53	$ 44

Total number of options outstanding and exercisable were immaterial as of September 30, 2022. All options have been fully expensed as of September 30, 2022.

During the six-month period ended September 30, 2022, the Company granted 5.7 million unvested restricted share unit ("RSU") awards. Of this amount, approximately 4.7 million are plain-vanilla unvested RSU awards that vest over a period of three years, with no performance or market conditions, and with an average grant date price of $16.50 per award. In addition, approximately 0.5 million unvested shares represent the target amount of grants made to certain key employees whereby vesting is contingent on certain performance conditions, and with an average grant date price of $16.68 per award. The number of shares contingent on performance conditions that ultimately will vest will range from zero up to a maximum of approximately 1.0 million based on a measurement of the Company's adjusted earnings per share growth over certain specified periods, and will cliff vest after a period of three years, to the extent such performance conditions have been met. Further, approximately 0.5 million unvested shares represent the target amount of grants made to certain key employees whereby vesting is contingent on certain market conditions. The average grant date fair value of these awards contingent on certain market conditions was estimated to be $23.45 per award and was calculated using a Monte Carlo simulation. The number of shares contingent on market conditions that ultimately will vest will range from zero up to a maximum of approximately 1.0 million based on a measurement of the percentile rank of the Company’s total shareholder return over certain specified periods against the Company's peer companies, and will cliff vest after a period of three years, to the extent such market conditions have been met.

As of September 30, 2022, approximately 14.8 million unvested RSU awards under all plans were outstanding, of which vesting for a targeted amount of 2.1 million shares is contingent on meeting certain market conditions, and vesting for a targeted amount of 0.9 million shares is contingent on meeting certain performance conditions. The number of shares tied to market conditions that will ultimately be issued can range from zero to 4.2 million based on the achievement levels. The number of shares tied to performance conditions that will ultimately be issued can range from zero to 1.8 million based on the achievement levels. During the six-month period ended September 30, 2022, 2.4 million shares vested in connection with the awards with market conditions granted in fiscal year 2020.

As of September 30, 2022, total unrecognized compensation expense related to unvested RSU awards under all plans, not including the 2022 Nextracker plan below, was approximately $186 million, and will be recognized over a weighted-average remaining vesting period of 2.2 years.

During the first half of fiscal year 2023, Nextracker granted 11.8 million equity-based compensation awards, which included approximately 5.9 million unit options, 4.5 million RSU awards and 1.4 million performance-based restricted share unit awards (“PSU”) to its employees under the First Amended and Restated 2022 Nextracker LLC Equity Incentive Plan (the “2022 Nextracker Plan”). Vesting for the awards granted under the 2022 Nextracker Plan is contingent upon continued employee service and certain performance conditions, including a liquidity event such as the occurrence of an initial public offering or the sale of Nextracker.

Total unrecognized compensation expense related to unvested awards under the 2022 Nextracker Plan was approximately $55 million, which is expected to be recognized over a weighted-average period of approximately 3 years. No expense was recognized for equity-based compensation awards granted under the 2022 Nextracker Plan for the six-month period ended September 30, 2022 as there was no occurrence of a liquidity event. Nextracker will record cumulative stock-based compensation expense related to these awards in the period when its liquidity event is completed for the portion of the awards for which the relevant service condition has been satisfied with the remaining expense recognized over the remaining service period.

5. EARNINGS PER SHARE

The following table reflects basic weighted-average ordinary shares outstanding and diluted weighted-average ordinary share equivalents used to calculate basic and diluted earnings per share attributable to the shareholders of Flex:

	Three-Month Periods Ended		Six-Month Periods Ended	
	September 30, 2022	October 1, 2021	September 30, 2022	October 1, 2021
	(In millions, except per share amounts)			
Basic earnings per share attributable to the shareholders of Flex Ltd.				
Net income	$ 238	$ 336	$ 433	$ 542
Net income attributable to redeemable noncontrolling interest	6	—	12	—
Net income attributable to Flex Ltd.	$ 232	$ 336	$ 421	$ 542
Shares used in computation:				
Weighted-average ordinary shares outstanding	455	482	457	487
Basic earnings per share	$ 0.51	$ 0.70	$ 0.92	$ 1.11
Diluted earnings per share attributable to the shareholders of Flex Ltd.				
Net income	$ 238	$ 336	$ 433	$ 542
Net income attributable to redeemable noncontrolling interest	6	—	12	—
Net income attributable to Flex Ltd.	$ 232	$ 336	$ 421	$ 542
Shares used in computation:				
Weighted-average ordinary shares outstanding	455	482	457	487
Weighted-average ordinary share equivalents from RSU awards (1)	5	5	7	6
Weighted-average ordinary shares and ordinary share equivalents outstanding	460	487	464	493
Diluted earnings per share	$ 0.50	$ 0.69	$ 0.91	$ 1.10

(1) An immaterial amount of RSU awards and 3.4 million RSU awards for the three and six-month periods ended September 30, 2022, respectively, and an immaterial amount of RSU awards for the three and six-month periods ended October 1, 2021, respectively, were excluded from the computation of diluted earnings per share due to their anti-dilutive impact on the weighted-average ordinary share equivalents.

6. BANK BORROWINGS AND LONG-TERM DEBT

Bank borrowings and long-term debt as of September 30, 2022 are as follows:

	As of September 30, 2022	As of March 31, 2022
	(In millions)	
5.000% Notes due February 2023	$ 500	$ 500
Term Loan due April 2024 - three-month TIBOR plus 0.446%	232	273
4.750% Notes due June 2025	598	598
3.750% Notes due February 2026	688	690
4.875% Notes due June 2029	659	659
4.875% Notes due May 2030	688	690
Euro Term Loans	337	389
3.600% HUF Bonds due December 2031	232	301
India Facilities	79	84
Other	—	31
Debt issuance costs	(16)	(18)
	3,997	4,197
Current portion, net of debt issuance costs	(916)	(949)
Non-current portion	$ 3,081	$ 3,248

The weighted-average interest rate for the Company's long-term debt was 4.2% and 4.0% as of September 30, 2022 and March 31, 2022, respectively.

Scheduled repayments of the Company's bank borrowings and long-term debt as of September 30, 2022 are as follows:

Fiscal Year Ending March 31,	Amount
	(In millions)
2023 (1)	$ 863
2024	53
2025	232
2026	1,287
2027	—
Thereafter	1,578
Total	$ 4,013

(1) Represents estimated repayments for the remaining fiscal six-month period ending March 31, 2023.

The 2027 Credit Facility

In July 2022, the Company entered into a new $2.5 billion credit agreement which matures in July 2027 (the "2027 Credit Facility") and consists of a $2.5 billion revolving credit facility with a sub-limit of $360 million available for swing line loans, and a sub-limit of $175 million available for the issuance of letters of credit. The 2027 Credit Facility replaced the previous $2.0 billion revolving credit facility, which was due to mature in January 2026.

Borrowings under the 2027 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 Term Secured Overnight Financing Rate (Term SOFR) rate plus 1.0%; plus, in the case of each of clauses (a) through (c), an applicable margin ranging from 0.125% to 0.750% per annum, based on the Company’s credit ratings or (ii) Term SOFR (or (x) the “Alternative Currency Term Rate”, which is defined as, depending on the applicable currency at issue, either the Euro Interbank Offered Rate, Tokyo Interbank Offer Rate, or such other term rate per annum as designated with respect to such alternative currency or (y) the “Alternative Currency Daily Rate”, which is defined as, in the case of Sterling, the rate per annum equal to Sterling Overnight Index Average, and for any other alternative currency, such other term rate per annum as designated with respect to such alternative currency) plus the applicable margin for Term SOFR rate (or the Alternative Currency Term Rate) loans ranging between 1.125% and 1.750% per annum, based on the Company’s credit ratings, plus an adjustment for Term SOFR loans of 0.10% per annum and an adjustment for Sterling Overnight Index Average loans of 0.0326% per annum. Interest on the outstanding borrowings is payable, (i) in the case of borrowings at the Base Rate, on the last business day of March, June, September and December of each calendar year and the maturity date, (ii) in the case of borrowings at the Term SOFR rate (or the Alternative Currency Term Rate), on the last day of the applicable interest period selected by the Company, which date shall be no later than the last day of every third month and the maturity date and (iii) in the case of borrowings at the Alternative Currency Daily Rate, on the last day of each calendar month and the maturity date. The Company is required to pay a quarterly commitment fee on the unutilized portion of the revolving credit commitments under the 2027 Credit Facility ranging from 0.125% to 0.275% per annum, based on the Company’s credit ratings. The Company is also required to pay letter of credit usage fees ranging from 1.125% to 1.750% per annum (based on the Company’s credit ratings) on the amount of the daily average outstanding letters of credit and a fronting fee of 0.125% per annum on the undrawn and unexpired amount of each letter of credit.

Under the 2027 Credit Facility, the interest rate margins, commitment fee and letter of credit usage fee are subject to upward or downward adjustments if the Company achieves, or fails to achieve, certain specified sustainability targets with respect to workplace safety and greenhouse gas emissions. Such upward or downward sustainability adjustments may be up to 0.05% per annum in the case of the interest rate margins and letter of credit usage fee and up to 0.01% per annum in the case of the commitment fee.

Delayed Draw Term Loan

In September 2022, the Company entered into a $450 million delayed draw term loan credit agreement. Borrowings under the delayed draw term loan may be used for working capital, capital expenditures, refinancing of current debt, and other general corporate purposes. The delayed draw term loan is available to be drawn through November 30, 2022. All borrowings under the delayed draw term loan will become due on the date that is 364 days after the initial borrowing. Interest is based on either (a) a Term SOFR-based formula plus a margin of 100.0 basis points to 162.5 basis points, depending on the Company’s credit ratings, or (b) a Base Rate formula plus a margin of 0.0 basis point to 62.5 basis points, depending on the Company's credit ratings.

The 2027 Credit Facility and delayed draw term loan are unsecured, and contain customary restrictions on the ability of the Company and its subsidiaries to (i) incur certain debt, (ii) make certain acquisitions of other entities, (iii) incur liens, (iv) dispose of assets, and (v) engage in transactions with affiliates. These covenants are subject to a number of significant exceptions and limitations. The 2027 Credit Facility and delayed draw term loan agreement 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 of September 30, 2022, the Company had no borrowings outstanding and was in compliance with the covenants under the 2027 Credit Facility and delayed draw term loan agreement.

7. INTEREST AND OTHER, NET

Interest and other, net for the three and six-month periods ended September 30, 2022 and October 1, 2021 are primarily composed of the following:

	Three-Month Periods Ended		Six-Month Periods Ended	
	September 30, 2022	October 1, 2021	September 30, 2022	October 1, 2021
	(In millions)			
Interest expenses on debt obligations	$ 44	$ 37	$ 87	$ 75
Brazil tax credit (1)	—	(149)	—	(149)

(1) In the second quarter of fiscal year 2022, the Company recognized a $149 million gain related to the Brazilian tax authority's approval of certain tax credits (Credit Habilitation).

8. FINANCIAL INSTRUMENTS

Foreign Currency Contracts

The Company enters into short-term and long-term foreign currency derivative contracts, including forward, swap, and options contracts, to hedge only those currency exposures associated with certain assets and liabilities, primarily accounts receivable, accounts payable, debt, and cash flows denominated in non-functional currencies. Gains and losses on the Company's derivative contracts are designed to offset losses and gains on the assets, liabilities and transactions hedged, and accordingly, generally do not subject the Company to risk of significant accounting losses. The Company hedges committed exposures and does not engage in speculative transactions. The credit risk of these derivative contracts is minimized since the contracts are with large financial institutions and, accordingly, fair value adjustments related to the credit risk of the counterparty financial institutions were not material.

As of September 30, 2022, the aggregate notional amount of the Company’s outstanding foreign currency derivative contracts was $12.8 billion as summarized below:

	Foreign Currency Amount		Notional Contract Value in USD	
Currency	**Buy**	**Sell**	**Buy**	**Sell**
		(In millions)		
Cash Flow Hedges				
CNY	2,414	—	$ 333	$ —
HUF	135,400	—	394	—
JPY	33,525	—	300	—
MXN	6,949	—	342	—
MYR	450	146	98	32
Other	N/A	N/A	223	76
			1,690	108
Other Foreign Currency Contracts				
BRL	77	903	14	168
CAD	138	80	101	58
CNY	10,181	5,876	1,455	855
EUR	2,985	2,790	2,919	2,710
GBP	187	221	203	239
HUF	89,596	81,561	208	189
ILS	430	119	122	34
INR	17,141	—	208	—
MXN	8,927	6,707	439	330
MYR	1,302	339	283	74
SGD	102	55	71	38
Other	N/A	N/A	160	153
			6,183	4,848
Total Notional Contract Value in USD			$ 7,873	$ 4,956

As of September 30, 2022, 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 condensed 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 condensed consolidated statements of operations. As of September 30, 2022 and March 31, 2022, the Company also has included net deferred gains and losses in accumulated other comprehensive loss, a component of shareholders’ equity in the condensed consolidated balance sheets, relating to changes in fair value of its foreign currency contracts that are accounted for as cash flow hedges. Deferred loss was $53 million as of September 30, 2022, and is expected to be recognized primarily as a component of cost of sales in the condensed consolidated statements of operations primarily over the next twelve-month period, except for the USD JPY cross currency swap and the USD HUF cross currency swaps, which are further discussed below.

The Company entered into a USD JPY cross currency swap in April 2019 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 current and long-term other liabilities as of September 30, 2022. Additionally, the Company entered into USD HUF cross currency swaps in December 2021 to hedge the foreign currency risk on the HUF bonds due December 2031, and the fair value of the cross currency swaps was included in current and long-term other liabilities as of September 30, 2022. The changes in fair value of both the USD JPY cross currency swap and the USD HUF cross currency swaps are reported in accumulated other comprehensive loss. In addition, corresponding amounts are reclassified out of accumulated other comprehensive loss to interest and other, net to offset the remeasurement of the underlying JPY loan principal and HUF bond principal, which also impact the same line.

The following table presents the fair value of the Company's derivative instruments utilized for foreign currency risk management purposes:

	Fair Values of Derivative Instruments					
	Asset Derivatives			Liability Derivatives		
		Fair Value			Fair Value	
	Balance Sheet Location	September 30, 2022	March 31, 2022	Balance Sheet Location	September 30, 2022	March 31, 2022
	(In millions)					
Derivatives designated as hedging instruments						
Foreign currency contracts	Other current assets	$ 15	$ 22	Other current liabilities	$ 72	$ 35
Foreign currency contracts	Other assets	$ —	$ —	Other liabilities	$ 152	$ 61
Derivatives not designated as hedging instruments						
Foreign currency contracts	Other current assets	$ 96	$ 21	Other current liabilities	$ 171	$ 26

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 condensed 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.

9. ACCUMULATED OTHER COMPREHENSIVE LOSS

The changes in accumulated other comprehensive loss by component, net of tax, are as follows:

	Three-Month Periods Ended					
	September 30, 2022			October 1, 2021		
	Unrealized loss on derivative instruments and other	Foreign currency translation adjustments	Total	Unrealized loss on derivative instruments and other	Foreign currency translation adjustments	Total
	(In millions)					
Beginning balance	$ (67)	$ (187)	$ (254)	$ (39)	$ (72)	$ (111)
Other comprehensive loss before reclassifications	(70)	(92)	(162)	(5)	(16)	(21)
Net (gains) losses reclassified from accumulated other comprehensive loss	64	—	64	(5)	—	(5)
Net current-period other comprehensive loss	(6)	(92)	(98)	(10)	(16)	(26)
Ending balance	$ (73)	$ (279)	$ (352)	$ (49)	$ (88)	$ (137)

	Six-Month Periods Ended					
	September 30, 2022			October 1, 2021		
	Unrealized loss on derivative instruments and other	Foreign currency translation adjustments	Total	Unrealized loss on derivative instruments and other	Foreign currency translation adjustments	Total
	(In millions)					
Beginning balance	$ (66)	$ (116)	$ (182)	$ (42)	$ (77)	$ (119)
Other comprehensive gain (loss) before reclassifications	(149)	(163)	(312)	7	(10)	(3)
Net (gains) losses reclassified from accumulated other comprehensive loss	142	—	142	(14)	(1)	(15)
Net current-period other comprehensive loss	(7)	(163)	(170)	(7)	(11)	(18)
Ending balance	$ (73)	$ (279)	$ (352)	$ (49)	$ (88)	$ (137)

Substantially all unrealized losses relating to derivative instruments and other, reclassified from accumulated other comprehensive loss for the three and six-month periods ended September 30, 2022 were reclassified out of accumulated other comprehensive loss to interest and other, net and cost of sales in the condensed consolidated statement of operations, which primarily relate to the Company's foreign currency contracts accounted for as cash flow hedges.

10. TRADE RECEIVABLES SECURITIZATION

The Company sells trade receivables under two asset-backed securitization programs and an accounts receivable factoring program.

Asset-Backed Securitization Programs

The Company sells designated pools of trade receivables under its asset-backed securitization programs (the "ABS Programs") to affiliated special purpose entities, each of which may in turn sell a fraction of the receivables to unaffiliated financial institutions, based on the Company's requirements. Under these programs, the entire purchase price of sold receivables is paid in cash. The ABS Programs contain guarantees of payment by the special purpose entities, in amounts equal to approximately the net cash proceeds under the programs, and are collateralized by certain receivables held by the special purpose entities. The accounts receivable balances sold under the ABS Programs are removed from the condensed consolidated balance sheets and the cash proceeds received by the Company are included as cash provided by operating activities in the condensed consolidated statements of cash flows.

During the six-month periods ended September 30, 2022 and October 1, 2021, no accounts receivable were sold under the ABS Programs.

Trade Accounts Receivable Sale Programs

The Company also sells 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 $0.8 billion and $0.6 billion as of September 30, 2022 and March 31, 2022, respectively. For the six-month periods ended September 30, 2022 and October 1, 2021, total accounts receivable sold to certain third-party banking institutions was approximately $1.7 billion and $0.6 billion, respectively. The receivables that were sold were removed from the condensed consolidated balance sheets and the cash received was included as cash provided by operating activities in the condensed consolidated statements of cash flows.

11. FAIR VALUE MEASUREMENT OF ASSETS AND LIABILITIES

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact, and it considers assumptions that market participants would use when pricing the asset or liability. The accounting guidance for fair value establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The fair value hierarchy is as follows:

Level 1 - Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities. There were no balances classified as level 1 in the fair value hierarchy as of September 30, 2022 and March 31, 2022.

Level 2 - Applies to assets or liabilities for which there are inputs other than quoted prices included within level 1 that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets) such as cash and cash equivalents and money market funds; or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

The Company values foreign exchange forward contracts using level 2 observable inputs which primarily consist of an income approach based on the present value of the forward rate less the contract rate multiplied by the notional amount.

The Company's cash equivalents are comprised of bank time deposits and money market funds, which are valued using level 2 inputs, such as interest rates and maturity periods. Due to their short-term nature, their carrying amount approximates fair value.

The Company has deferred compensation plans for its officers and certain other employees. Amounts deferred under the plans are invested in hypothetical investments selected by the participant or the participant's investment manager. The Company's deferred compensation plan assets are included in other noncurrent assets on the consolidated balance sheets and include money market funds, mutual funds, corporate and government bonds and certain convertible securities that are valued using prices obtained from various pricing sources. These sources price these investments using certain market indices and the performance of these investments in relation to these indices. As a result, the Company has classified these investments as level 2 in the fair value hierarchy.

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 September 30, 2022 and March 31, 2022.

There were no transfers between levels in the fair value hierarchy during the six-month periods ended September 30, 2022 and October 1, 2021.

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 September 30, 2022 and March 31, 2022:

	Fair Value Measurements as of September 30, 2022			
	Level 1	Level 2	Level 3	Total
	(In millions)			
Assets:				
Money market funds and time deposits (included in cash and cash equivalents of the condensed consolidated balance sheet)	$ —	$ 1,509	$ —	$ 1,509
Foreign currency contracts (Note 8)	—	111	—	111
Deferred compensation plan assets:				
Mutual funds, money market accounts and equity securities	—	36	—	36
Liabilities:				
Foreign currency contracts (Note 8)	$ —	$ (395)	$ —	$ (395)

	Fair Value Measurements as of March 31, 2022			
	Level 1	Level 2	Level 3	Total
	(In millions)			
Assets:				
Money market funds and time deposits (included in cash and cash equivalents of the condensed consolidated balance sheet)	$ —	$ 2,285	$ —	$ 2,285
Foreign currency contracts (Note 8)	—	43	—	43
Deferred compensation plan assets:				
Mutual funds, money market accounts and equity securities	—	39	—	39
Liabilities:				
Foreign currency contracts (Note 8)	$ —	$ (122)	$ —	$ (122)

Other financial instruments

The following table presents the Company's major debts not carried at fair value:

	As of September 30, 2022		As of March 31, 2022		
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Fair Value Hierarchy
	(In millions)				
5.000% Notes due February 2023	$ 500	$ 501	$ 500	$ 511	Level 1
Term Loan due April 2024 - three-month TIBOR plus 0.446%	232	232	273	273	Level 2
4.750% Notes due June 2025	598	588	598	615	Level 1
3.750% Notes due February 2026	688	643	690	690	Level 1
4.875% Notes due June 2029	659	602	659	687	Level 1
4.875% Notes due May 2030	688	630	690	713	Level 1
Euro Term Loans	337	337	389	389	Level 2
3.600% HUF Bonds due December 2031	232	232	301	301	Level 2
India Facilities	79	79	84	84	Level 2

The Notes due February 2023, June 2025, February 2026, June 2029 and May 2030 are valued based on broker trading prices in active markets.

The Company values its Term Loan due April 2024, India Facilities, Euro Term Loans, and HUF Bonds based on the current market rate, and as of September 30, 2022, the carrying amounts approximate fair values.

12. COMMITMENTS AND CONTINGENCIES

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. Although it is reasonably possible that actual losses could be in excess of the Company's accrual, the Company is unable to estimate a reasonably possible loss or range of loss in excess of its accrual, due to various reasons, including, among others, that: (i) the proceedings are in early stages or no claims have been asserted, (ii) specific damages have not been sought in all of these matters, (iii) damages, if asserted, are considered unsupported and/or exaggerated, (iv) there is uncertainty as to the outcome of pending appeals, motions, or settlements, (v) there are significant factual issues to be resolved, and/or (vi) there are novel legal issues or unsettled legal theories presented. Any such excess loss could have a material 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 the Company's 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 intellectual property 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.

One of the Company's Brazilian subsidiaries has received assessments for certain sales and import taxes. There were originally six tax assessments totaling the updated amount of 374 million Brazilian reals (approximately USD $70 million based on the exchange rate as of September 30, 2022). The Company successfully defeated one of the six assessments in September 2019 (totaling approximately 61 million Brazilian reals or USD $11 million). The Company successfully defeated another three of the assessments in September 2022 (totaling approximately 229 million Brazilian reals or USD $43 million), each of which remains subject to appeal. The Company was unsuccessful at the administrative level for one of the assessments and filed an annulment action in federal court in Brasilia, Brazil on March 23, 2020; the updated value of that assessment is 34 million Brazilian reals (approximately USD $6 million). One of the assessments remains in the review process at the administrative level. The Company believes there is no legal basis for any of these assessments and that it has meritorious defenses. The Company will continue to vigorously oppose all of these assessments, as well as any future assessments. The Company does not expect final judicial determination on any of these claims in the next four years.

On February 14, 2019, the Company submitted an initial notification of voluntary disclosure to the U.S. Department of the Treasury, Office of Foreign Assets Control ("OFAC") regarding possible noncompliance with U.S. economic sanctions requirements among certain non-U.S. Flex-affiliated operations. On September 28, 2020, the Company made a submission to OFAC that completed the Company's voluntary disclosure based on the results of an internal investigation regarding the matter. On June 11, 2021, the Company notified OFAC that it had identified possible additional relevant transactions at one non-U.S. Flex-affiliated operation. The Company submitted an update to OFAC on November 16, 2021 reporting on the results of its review of those transactions. The Company intends to continue to cooperate fully with OFAC in this matter going forward. Nonetheless, it is reasonably possible that the Company could be subject to penalties that could have a material adverse effect on the Company's financial position, results of operations or cash flows.

A foreign Tax Authority ("Tax Authority") has assessed a cumulative total of approximately $167 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 above outstanding tax item 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.

13. SHARE REPURCHASES

During the three and six-month periods ended September 30, 2022, the Company repurchased 4.4 million and 15.7 million shares at an aggregate purchase price of $72 million and $253 million, respectively, 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 $1.0 billion 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 25, 2022. As of September 30, 2022, shares in the aggregate amount of $977 million were available to be repurchased under the current plan.

14. SEGMENT REPORTING

The Company reports its financial performance based on three operating and reportable segments, Flex Agility Solutions, Flex Reliability Solutions and Nextracker, and analyzes operating income as the measure of segment profitability. The determination of these segments is based on several factors, including the nature of products and services, the nature of production processes, customer base, delivery channels and similar economic characteristics.

An operating segment's performance is evaluated based on its pre-tax operating contribution, or segment income. Segment income is defined as net sales less cost of sales, and segment selling, general and administrative expenses, and does not include intangible amortization, stock-based compensation, restructuring charges, and legal and other. A portion of depreciation is allocated to the respective segments, together with other general corporate research and development and administrative expenses.

Selected financial information by segment is in the table below (amounts may not sum due to rounding). Historical information for the first and second quarters of the fiscal year ended March 31, 2022 have been recast to reflect the new operating and reportable segments in the table below and in Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	Three-Month Periods Ended		Six-Month Periods Ended	
	September 30, 2022	October 1, 2021	September 30, 2022	October 1, 2021
	(In millions)			
Net sales:				
Flex Agility Solutions	$ 4,004	$ 3,437	$ 7,995	$ 6,869
Flex Reliability Solutions	3,299	2,465	6,268	5,047
Nextracker	473	339	868	680
Intersegment eliminations	(10)	(12)	(18)	(25)
	$ 7,766	$ 6,229	$ 15,113	$ 12,571
Segment income and reconciliation of operating income:				
Flex Agility Solutions	$ 170	$ 153	$ 342	$ 290
Flex Reliability Solutions	175	126	322	271
Nextracker	43	25	73	50
Corporate and Other	(13)	(18)	(31)	(35)
Total segment income	375	286	706	576
Reconciling items:				
Intangible amortization	21	15	43	30
Stock-based compensation	27	24	53	44
Restructuring charges	—	9	—	9
Legal and other (1)	2	1	12	—
Operating income	$ 325	$ 237	$ 597	$ 493

(1) Legal and other consists of costs not directly related to core business results and may include matters relating to commercial disputes, government regulatory and compliance, intellectual property, antitrust, tax, employment or shareholder issues, product liability claims and other issues on a global basis as well as acquisition related costs and customer related asset impairments (recoveries). During the first half of fiscal year 2023, the Company accrued for certain loss contingencies where losses are considered probable and estimable.

Corporate and other primarily includes corporate service costs that are not included in the chief operating decision maker's ("CODM") assessment of the performance of each of the identified reportable segments.

The Company provides an overall platform of assets and services, which the segments utilize for the benefit of their various customers. The shared assets and services are contained within the Company's global manufacturing and design operations and include manufacturing and design facilities. Most of the underlying manufacturing and design assets are co-mingled in the operating campuses and are compatible to operate across segments and highly interchangeable throughout the platform. Given the highly interchangeable nature of the assets, they are not separately identified by segment nor reported by segment to the Company's CODM.

ITEM 2. ***MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS***

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

This report on Form 10-Q 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-Q with the Securities and Exchange Commission (the "SEC"). These forward-looking statements are subject to risks and uncertainties, including, without limitation, those risks and uncertainties discussed in this section, as well as any risks and uncertainties discussed in Part I, Item 1A, "Risk Factors" and in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended March 31, 2022. 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 diversified manufacturing partner of choice that helps market-leading brands design, build and deliver innovative products that improve the world. Through the collective strength of a global workforce across approximately 30 countries with responsible, sustainable operations, we deliver advanced manufacturing solutions and operate one of the most trusted global supply chains, supporting the entire product lifecycle with fulfillment, after-market, and circular economy solutions for diverse industries including cloud, communications, enterprise, automotive, industrial, consumer devices, lifestyle, healthcare, and energy. Our three operating and reportable segments are:

- Flex Agility Solutions ("FAS"), which is comprised of the following end markets:
  - *Communications, Enterprise and Cloud*, including data infrastructure, edge infrastructure and communications infrastructure;
  - *Lifestyle*, including appliances, consumer packaging, floorcare, micro mobility and audio; and
  - *Consumer Devices*, including mobile and high velocity consumer devices.
- Flex Reliability Solutions ("FRS"), which is comprised of the following end markets:
  - *Automotive*, including next generation mobility, autonomous, connectivity, electrification, and smart technologies;
  - *Health Solutions*, including medical devices, medical equipment and drug delivery; and
  - *Industrial*, including capital equipment, industrial devices, and renewables and grid edge.
- Nextracker, the leading provider of intelligent, integrated solar tracker and software solutions used in utility-scale and ground-mounted distributed generation solar projects around the world. Nextracker's products enable solar panels to follow the sun's movement across the sky and optimize plant performance.

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 lifecycle.

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 customers' supply chain solution needs across all the markets we serve and earn a return on our invested capital above the weighted average cost of that capital.

We believe that our continued business transformation to improve our portfolio mix is strategically positioning us to take advantage of the long-term, future growth prospects for outsourcing of advanced manufacturing capabilities, design and engineering services and after-market services.

Update on the Impact of COVID-19, Component Shortages and Logistical Constraints on our Business

With the second wave of the global pandemic including follow-on variants of COVID-19, there have been renewed disease control measures being taken to limit the spread including movement bans and shelter-in-place orders. Although not materially impacting our results for the first half of fiscal year 2023, with the lockdowns in China, we experienced temporary plant closures and/or restrictions at certain of our manufacturing facilities in China. We continue to closely monitor the situation in all the locations where we operate. Our priority remains the welfare of our employees. In addition, our end markets continue to be impacted by the global supply chain disruptions. Component shortages and logistical constraints are pervasive across the entire value chain. We expect persistent waves of COVID-19 to remain a headwind into the near future. Component shortages and significantly increased logistic costs are also expected to persist at least in the near future. We continue to carefully monitor potential supply chain disruptions due to ongoing tightness in the overall component environment. Refer to *"Risk Factors - The ongoing COVID-19 pandemic has materially and adversely affected our business and results of operations. The duration and extent to which it will continue to adversely impact our business and results of operations remains uncertain and could be material."* and *"--Supply chain disruptions, manufacturing interruptions or delays, or the failure to accurately forecast customer demand, could affect our ability to meet customer demand, lead to higher costs, or result in excess or obsolete inventory. We have been and continue to be adversely affected by supply chain issues, including shortages of required electronic components.*" as disclosed in Part I, "Item 1A. Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended March 31, 2022.

We are continuously evaluating our capital structure in response to the current environment and expect that our current financial condition, including our liquidity sources are adequate to fund future commitments. See additional discussion in the Liquidity and Capital Resources section below.

Russian Invasion of Ukraine

We continue to monitor and respond to the escalating conflict in Ukraine and the associated sanctions and other restrictions. As of the date of this report, there is no material impact to our business operations and financial performance in Ukraine. The full impact of the conflict on our business operations and financial performance remains uncertain and will depend on future developments, including the severity and duration of the conflict and its impact on regional and global economic conditions. We will continue to monitor the conflict and assess the related restrictions and other effects and pursue prudent decisions for our team members, customers, and business.

Other Developments

On April 28, 2021, we announced that we confidentially submitted a draft registration statement on Form S-1 with the SEC relating to the proposed initial public offering of Nextracker's Class A common stock. The initial public offering and its timing are subject to market and other conditions and the SEC's review process, and there can be no assurance that we will proceed with such offering or any alternative transaction. Refer to "Risk Factors - *We are pursuing alternatives for our Nextracker business, including a full or partial separation of the business, through an initial public offering of Nextracker or otherwise, which may not be consummated as or when planned or at all, and may not achieve the intended benefits*." as disclosed in Part I, "Item 1A. Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended March 31, 2022.

On February 1, 2022, one of our subsidiaries sold Series A Preferred Units representing a 16.7% interest in Nextracker to TPG Rise for an aggregate purchase price of $500 million. The sale of the 16.7% interest in Nextracker reflects an implied value for Nextracker as of the date of the sale of $3.0 billion. See Note 7 to the consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended March 31, 2022 for further information.

This Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2022 does not constitute an offer to sell or a solicitation of an offer to buy securities, and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of that jurisdiction.

Business Overview

We are one of the world's largest providers of global supply chain solutions, with revenues of $15.1 billion for the six-month period ended September 30, 2022 and $26.0 billion in the fiscal year ended March 31, 2022. 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. We also provide intelligent, integrated solar tracker and software solutions used in utility-scale and ground-mounted distributed generation solar projects around the world. The following tables set forth the relative percentages and dollar amounts of net sales by region and by country, and net property and equipment by country, based on the location of our manufacturing sites (amounts may not sum due to rounding):

	Three-Month Periods Ended				Six-Month Periods Ended			
	September 30, 2022		October 1, 2021		September 30, 2022		October 1, 2021	
	(In millions)							
Net sales by region:								
Americas	$ 3,459	45 %	$ 2,605	42 %	$ 6,774	45 %	$ 5,184	41 %
Asia	2,751	35 %	2,347	38 %	5,268	35 %	4,712	37 %
Europe	1,556	20 %	1,277	20 %	3,071	20 %	2,675	22 %
	$ 7,766		$ 6,229		$ 15,113		$ 12,571	
Net sales by country:								
China	$ 1,770	23 %	$ 1,547	25 %	$ 3,354	22 %	$ 3,078	24 %
Mexico	1,601	21 %	1,240	20 %	3,156	21 %	2,460	20 %
U.S.	1,294	17 %	846	14 %	2,511	17 %	1,722	14 %
Malaysia	633	8 %	412	7 %	1,204	8 %	823	7 %
Brazil	547	7 %	502	8 %	1,074	7 %	966	8 %
Hungary	330	4 %	295	5 %	616	4 %	647	5 %
Other	1,591	20 %	1,387	21 %	3,198	21 %	2,875	22 %
	$ 7,766		$ 6,229		$ 15,113		$ 12,571	

Property and equipment, net:	As of September 30, 2022		As of March 31, 2022	
	(In millions)			
Mexico	$ 672	31 %	$ 626	29 %
U.S.	371	17 %	354	17 %
China	323	15 %	299	14 %
Malaysia	137	6 %	110	5 %
Hungary	113	5 %	118	6 %
India	112	5 %	129	6 %
Other	473	21 %	489	23 %
	$ 2,201		$ 2,125	

We believe that the combination of our extensive open innovation platform solutions, design and engineering services, advanced supply chain management solutions and services, significant scale and global presence, and manufacturing campuses in low-cost geographic areas provide us with a competitive advantage and strong differentiation in the market for designing, manufacturing and servicing consumer and enterprise products for leading multinational and regional customers. Specifically, we offer our customers the ability to simplify their global product development, manufacturing process, and after sales services, and enable them to meaningfully accelerate their time to market and cost savings.

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

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

- changes in the macro-economic environment and related changes in consumer demand;
- the mix of the manufacturing services we are providing, the number, size, and complexity of new manufacturing programs, the degree to which we utilize our manufacturing capacity, seasonal demand, and other factors;
- the effects on our business when our customers are not successful in marketing their products, or when their products do not gain widespread commercial acceptance;
- our ability to achieve commercially viable production yields and to manufacture components in commercial quantities to the performance specifications demanded by our customers;
- the effects that current credit and market conditions (including as a result of the COVID-19 global pandemic and the ongoing conflict between Russia and Ukraine) 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 lifecycles;
- our customers' ability to cancel or delay orders or change production quantities;
- our customers' decisions to choose internal manufacturing instead of outsourcing for their product requirements;
- integration of acquired businesses and facilities;
- increased labor costs due to adverse labor conditions in the markets we operate;
- changes in tax legislation; and
- changes in trade regulations and treaties.

We are also subject to other risks as outlined in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended March 31, 2022.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP” or “GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Due to the COVID-19 pandemic and the ongoing conflict between Russia and Ukraine, 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 and the Russian invasion of Ukraine. These estimates may change, as new events occur, and additional information is obtained. Actual results may differ from those estimates and assumptions.

Refer to the accounting policies under Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the fiscal year ended March 31, 2022, where we discuss our more significant judgments and estimates used in the preparation of the condensed consolidated financial statements.

RESULTS OF OPERATIONS

The following table sets forth, for the periods indicated, certain statements of operations data expressed as a percentage of net sales (amounts may not sum due to rounding). The financial information and the discussion below should be read together with the condensed consolidated financial statements and notes thereto included in this document. In addition, reference should be made to our audited consolidated financial statements and notes thereto and related Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2022.

	Three-Month Periods Ended		Six-Month Periods Ended	
	September 30, 2022	October 1, 2021	September 30, 2022	October 1, 2021
Net sales	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	92.4	92.4	92.5	92.5
Restructuring charges	—	0.1	—	0.1
Gross profit	7.6	7.5	7.5	7.4
Selling, general and administrative expenses	3.2	3.4	3.2	3.3
Intangible amortization	0.2	0.3	0.3	0.2
Operating income	4.2	3.8	4.0	3.9
Interest and other, net	0.7	(2.2)	0.7	(0.9)
Income before income taxes	3.5	6.0	3.3	4.8
Provision for income taxes	0.4	0.6	0.4	0.5
Net income	3.1 %	5.4 %	2.9 %	4.3 %
Net income attributable to redeemable noncontrolling interest	0.1	—	0.1	—
Net income attributable to Flex Ltd.	3.0 %	5.4 %	2.8 %	4.3 %

Net sales

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

	Three-Month Periods Ended				Six-Month Periods Ended			
	September 30, 2022		October 1, 2021		September 30, 2022		October 1, 2021	
	(In millions)							
Net sales:								
Flex Agility Solutions	$ 4,004	52 %	$ 3,437	55 %	$ 7,995	53 %	$ 6,869	55 %
Flex Reliability Solutions	3,299	42 %	2,465	40 %	6,268	41 %	5,047	40 %
Nextracker	473	6 %	339	5 %	868	6 %	680	5 %
Intersegment eliminations	(10)	— %	(12)	— %	(18)	— %	(25)	— %
	$ 7,766		$ 6,229		$ 15,113		$ 12,571	

Net sales during the three-month period ended September 30, 2022 totaled $7.8 billion, representing an increase of approximately $1.5 billion, or 25% from $6.2 billion during the three-month period ended October 1, 2021. Net sales for our FAS segment increased approximately $0.6 billion, or 16% from the three-month period ended October 1, 2021, primarily driven by strong year-over-year growth in our Communications, Enterprise and Cloud (CEC) business and a low single-digit year-over-year increase in our Lifestyle business due to new program wins, ramps, and clear-to-build improvement. These increases in FAS were offset by a high-teen year-over-year decrease in our Consumer Devices business due to relatively softer market demand and a planned project completion in the fiscal year ended March 31, 2022. Net sales for our FRS segment increased approximately $0.8 billion, or 34% from the three-month period ended October 1, 2021, primarily driven by a strong year-over-year increase in our Industrial and Automotive businesses and a low-teen year-over year increase in our Health Solutions business due to strong customer demand and ramps across various end markets coupled with incremental revenues from our Anord Mardix acquisition, despite continued supply constraints. Net sales for our Nextracker segment increased approximately $0.1 billion, or 40% from the three-month period ended October 1, 2021, primarily driven by an increase in gigawatts delivered and to a lesser extent, an increased average selling price. Net sales increased across all regions with a $0.9 billion increase to $3.5 billion in the Americas, a $0.4 billion increase to $2.8 billion in Asia, and a $0.3 billion increase to $1.6 billion in Europe.

Net sales during the six-month period ended September 30, 2022 totaled $15.1 billion, representing an increase of approximately $2.5 billion, or 20% from $12.6 billion during the six-month period ended October 1, 2021. Net sales for our FAS segment increased approximately $1.1 billion, or 16% from the six-month period ended October 1, 2021, primarily driven by strong growth in our CEC business and a mid single-digit increase in our Lifestyle business during the current year due to new ramps, customer expansion, continued recoveries in consumer spending along with some effect from inflation pass-through while overcoming challenges from supply constraints. These increases in FAS were offset by a high-teen decrease in our Consumer Device business during the current year due to the same factors in the three-month periods discussion above. Net sales for our FRS segment increased approximately $1.2 billion, or 24% from the six-month period ended October 1, 2021, primarily driven by strong increases in our Industrial and Automotive businesses, and a mid single-digit year-over year increase in our Health Solutions business during the current year due to strong customer demand and ramps across various end markets coupled with incremental revenues from our Anord Mardix acquisition and the recovery of inflationary costs, despite continued supply constraints noted above. Net sales for our Nextracker segment increased approximately $0.2 billion, or 28% from the six-month period ended October 1, 2021, primarily driven by an increase in gigawatts delivered and to a lesser extent, an increased average selling price which was in part driven by an increase in logistics costs. Net sales increased across all regions with a $1.6 billion increase to $6.8 billion in the Americas, a $0.6 billion increase to $5.3 billion in Asia, and a $0.4 billion increase to $3.1 billion in Europe.

Our ten largest customers during the three and six-month periods ended September 30, 2022 accounted for approximately 35% of net sales. Our ten largest customers during the three and six-month periods ended October 1, 2021 accounted for approximately 36% and 35% of net sales, respectively. No customer accounted for more than 10% of net sales during the three and six-month periods ended September 30, 2022 or October 1, 2021.

Cost of sales

Cost of sales is affected by a number of factors, including the number and size of new manufacturing programs, product mix, labor cost fluctuations by region, component costs and availability and capacity utilization.

Cost of sales during the three-month period ended September 30, 2022 totaled $7.2 billion, representing an increase of approximately $1.4 billion, or 25% from $5.8 billion during the three-month period ended October 1, 2021. The higher cost of sales for the three-month period ended September 30, 2022 was primarily driven by increased consolidated sales of $1.5 billion or 25%. Cost of sales in FAS for the three-month period ended September 30, 2022 increased approximately $0.5 billion, or 17% from the three-month period ended October 1, 2021, which is relatively in line with the overall 16% increase in FAS revenue during the same period primarily as a result of higher revenue in our CEC and Lifestyle businesses. Cost of sales in FRS for the three-month period ended September 30, 2022 increased approximately $0.8 billion, or 34% from the three-month period ended October 1, 2021, which is in line with the overall 34% increase in FRS revenue during the same period, primarily as a result of higher revenue in our Industrial and Automotive businesses. Cost of sales in our Nextracker segment for the three-month period ended September 30, 2022 increased approximately $0.1 billion, or 36% from the three-month period ended October 1, 2021, primarily due to the 40% increase in Nextracker revenue during the same period partially offset by improved recovery on freight and logistics cost increases.

Cost of sales during the six-month period ended September 30, 2022 totaled $14.0 billion, representing an increase of approximately $2.4 billion, or 20% from $11.6 billion during the six-month period ended October 1, 2021. The higher cost of sales for the six-month period ended September 30, 2022 was primarily driven by increased consolidated sales of $2.5 billion or 20%. Cost of sales in FAS for the six-month period ended September 30, 2022 increased approximately $1.1 billion, or 16% from the six-month period ended October 1, 2021, which is aligned with the overall 16% increase in FAS revenue during the same period primarily due to the drivers noted in the discussion above for the three-month period. Cost of sales in FRS for the six-month period ended September 30, 2022 increased approximately $1.1 billion, or 25% from the six-month period ended October 1, 2021, which is relatively in line with the overall 24% increase in FRS revenue during the same period, primarily due to the drivers noted in the discussion above for the three-month period. Cost of sales in our Nextracker segment for the six-month period ended September 30, 2022 increased approximately $0.2 billion, or 25% from the six-month period ended October 1, 2021, primarily driven by the same factors noted above in the three-month periods discussion.

Gross profit

Gross profit is affected by fluctuations in cost of sales elements as outlined above and further by a number of factors, including product life cycles, unit volumes, pricing, competition, new product introductions, and the expansion or consolidation of manufacturing facilities, as well as specific restructuring activities initiated from time to time. The flexible design of our manufacturing processes allows us to manufacture a broad range of products in our facilities and better utilize our manufacturing capacity across our diverse geographic footprint and service customers from all segments. In the cases of new programs, profitability normally lags revenue growth due to product start-up costs, lower manufacturing program volumes in the start-up phase, operational inefficiencies, and under-absorbed overhead. Gross margin for these programs often improves over time as manufacturing volumes increase, as our utilization rates and overhead absorption improve, and as we increase the level of manufacturing services content. As a result of these various factors, our gross margin varies from period to period.

Gross profit during the three-month period ended September 30, 2022 increased $0.1 billion to $0.6 billion, or 7.6% of net sales, from $0.5 billion, or 7.5% of net sales, during the three-month period ended October 1, 2021. Gross margin improved 10 basis points during the three-month period ended September 30, 2022 primarily due to the overall strong customer demand across various end markets which allowed for improved fixed cost absorption and benefits from prior restructuring activities, despite continued pressure on margin from component shortages, logistics constraints and the pass-through effect of inflationary cost recoveries.

Gross profit during the six-month period ended September 30, 2022 increased $0.2 billion to $1.1 billion, or 7.5% of net sales, from $0.9 billion, or 7.4% of net sales, during the six-month period ended October 1, 2021. Gross margin improved 10 basis points during the same period due to the same factors noted above in the three-month periods discussion.

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 intangible amortization, stock-based compensation, restructuring charges, and legal and other. A portion of depreciation is allocated to the respective segments, together with other general corporate research and development and administrative expenses.

The following table sets forth segment income and margins. Segment margins in the table below may not recalculate exactly due to rounding and are calculated based on unrounded numbers.

	Three-Month Periods Ended				Six-Month Periods Ended			
	September 30, 2022		October 1, 2021		September 30, 2022		October 1, 2021	
	(In millions)							
Segment income:								
Flex Agility Solutions	$ 170	4.3 %	$ 153	4.5 %	$ 342	4.3 %	$ 290	4.2 %
Flex Reliability Solutions	175	5.3 %	126	5.1 %	322	5.1 %	271	5.4 %
Nextracker	43	9.1 %	25	7.4 %	73	8.4 %	50	7.4 %

FAS segment margin decreased approximately 20 basis points, to 4.3%, for the three-month period ended September 30, 2022, from 4.5% for the three-month period ended October 1, 2021. The margin decrease was driven by elevated costs due to component shortages and logistics constraints combined with certain inflation pass-through recoveries. The FAS segment margin increased approximately 10 basis point, to 4.3% for the six-month period ended September 30, 2022, from 4.2% for the six-month period ended October 1, 2021. The increase in FAS segment margin during the six-month period is primarily due to strong execution against new project ramps and product mix, partially offset by elevated costs due to component shortages and logistics constraints and the effect of certain inflation pass-through recoveries.

FRS segment margin increased approximately 20 basis points, to 5.3% for the three-month period ended September 30, 2022, from 5.1% for the three-month period ended October 1, 2021. The margin increase in FRS was primarily driven by higher margin from the Anord Mardix acquisition in our Industrial business, coupled with logistics constraints, partially offset by production disruptions in our Automotive and Health Solutions businesses during the three-month period ended September 30, 2022. FRS segment margin decreased approximately 30 basis points, to 5.1% for the six-month period ended September 30, 2022, from 5.4% for the six-month period ended October 1, 2021. The decrease in FRS segment margin during the six-month period was primarily driven by component shortage related production disruptions, as well as inflationary cost pressures impacting our Health Solutions and Automotive businesses.

Nextracker segment margin increased approximately 170 basis points, to 9.1% for the three-month period ended September 30, 2022, from 7.4% for the three-month period ended October 1, 2021. The margin increase was driven by improved pricing and better cost controls and better cost absorption with increased revenue. Nextracker segment margin increased approximately 100 basis points, to 8.4% for the six-month period ended September 30, 2022, from 7.4% for the six-month period ended October 1, 2021. The increase in Nextracker segment margin during the six-month period is due to the same factors noted in the discussion above for the three-month period.

Selling, general and administrative expenses

Selling, general and administrative expenses (“SG&A”) was approximately $0.2 billion, or 3.2% of net sales, during the three-month period ended September 30, 2022, increasing $32 million from approximately $0.2 billion and improving 20 basis points from 3.4% of net sales, during the three-month period ended October 1, 2021. SG&A was $0.5 billion, or 3.2% of net sales, during the six-month period ended September 30, 2022, increasing $72 million from $0.4 billion and improving 10 basis points from 3.3% of net sales, during the six-month period ended October 1, 2021, which reflects our enhanced cost control efforts to support higher revenue growth while keeping our SG&A expenses relatively flat.

Intangible amortization

Amortization of intangible assets increased to $21 million during the three-month period ended September 30, 2022, from $15 million for the three-month period ended October 1, 2021, and increased to $43 million during the six-month period ended September 30, 2022, from $30 million for the six-month period ended October 1, 2021, primarily due to amortization expense related to new intangible assets from the Anord Mardix acquisition completed in December 2021.

Interest and other, net

Interest and other, net was an expense of $53 million during the three-month period ended September 30, 2022 compared to income of $134 million during the three-month period ended October 1, 2021, primarily due to the absence in the three-month period ended September 30, 2022 of the $149 million gain related to a certain tax credit recorded upon approval of a "Credit Habilitation" request by the relevant Brazilian tax authorities in the three-month period ended October 1, 2021 and losses from equity in earnings recognized for certain of our non-core equity method investments, coupled with higher interest expense compared to the prior year period.

Interest and other, net was an expense of $93 million during the six-month period ended September 30, 2022 compared to income of $111 million during the six-month period ended October 1, 2021, due to the same drivers noted in the discussion above.

Income taxes

Certain of our subsidiaries, at various times, have been granted tax relief in their respective countries, resulting in lower income taxes than would otherwise be the case under ordinary tax rates. Refer to note 15, “Income Taxes” of the notes to the consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended March 31, 2022 for further discussion.

The consolidated effective tax rate was 13% and 14% for the three and six-month periods ended September 30, 2022, and 9% and 10% for the three and six-month periods ended October 1, 2021, respectively. The effective rate varies from the Singapore statutory rate of 17% as a result of recognition of earnings in different jurisdictions (we generate most of our revenues and profits from operations outside of Singapore), operating loss carryforwards, income tax credits, release of previously established valuation allowances for deferred tax assets, liabilities for uncertain tax positions, as well as the effect of certain tax holidays and incentives granted to our subsidiaries primarily in China, Malaysia, the Netherlands and Israel. The effective tax rate for the three and six-month periods ended September 30, 2022 were higher than the effective tax rates for the three-month and six-month periods ended October 1, 2021 due to the changing jurisdictional mix of income and there were significant Brazilian indirect tax credits recorded for the three and six-month periods ended October 1, 2021 with minimal tax impact.

On August 16, 2022, the Inflation Reduction Act of 2022 (“IRA”) was enacted into law, which includes a new corporate minimum tax, a stock repurchase excise tax, numerous green energy credits, other tax provisions, and significantly increased enforcement resources. We are evaluating the effect the IRA will have on our consolidated financial statements.

LIQUIDITY AND CAPITAL RESOURCES

In response to the recent challenging environment following the COVID-19 pandemic, we continuously evaluate our ability to meet our obligations over the next 12 months and have proactively reset our capital structure during these times to improve maturities and liquidity. As a result, we expect that our current financial condition, including our liquidity sources are adequate to fund current and future commitments. As of September 30, 2022, we had cash and cash equivalents of approximately $2.5 billion and bank and other borrowings of approximately $4.0 billion. As of September 30, 2022, we had a $2.5 billion revolving credit facility that is due to mature in July 2027 (the "2027 Credit Facility"), under which we had no borrowings outstanding. We also entered into a $450 million delayed draw term loan credit agreement, under which we had no borrowings outstanding as of September 30, 2022. Borrowings under the delayed draw term loan may be used for working capital, capital expenditures, refinancing of current debt, and other general corporate purposes. Refer to note 6 to the condensed consolidated financial statement for details on the 2027 Credit Facility and the delayed draw term loan. As of September 30, 2022, we were in compliance with the covenants under all of our credit facilities and indentures.

Cash provided by operating activities was $0.1 billion during the six-month period ended September 30, 2022, primarily driven by $0.4 billion of net income for the period plus $0.3 billion of non-cash charges such as depreciation, amortization, and stock-based compensation offset by changes in net working capital as discussed below.

We believe net working capital ("NWC") and net working capital as a percentage of annualized net sales are key metrics that measure our liquidity. Net working capital is calculated as current quarter accounts receivable, net of allowance for doubtful accounts, plus inventories and contract assets, less accounts payable. Net working capital increased $1.2 billion to $5.4 billion as of September 30, 2022, from $4.2 billion as of March 31, 2022. This increase is primarily driven by a $1.1 billion increase in inventories due to strong demand, coupled with continued component shortages and logistics constraints, clear-to build constraints and logistics challenges driving up buffer stock and inventory pricing, and a $0.6 billion increase in net receivables, offset by a $0.6 billion increase in accounts payable due to increased inventory purchases. Our current quarter net working capital as a percentage of annualized net sales for the quarter ended September 30, 2022, increased to 17.4% from 15.4% of annualized net sales for the quarter ended March 31, 2022 due to component shortages, clear-to-build and logistics constraints. We continue to experience component shortages in the supply chain, and although we are actively managing these impacts, we expect continued working capital pressure in the near future. We expect it will take additional time to adequately drive down our inventory levels to align with the current demand environment. We are proactively working with our partners to rebalance safety and buffer stock requirements and we have an established enterprise-wide cross-functional initiative resetting our load planning. Component shortages and significantly increased logistic costs are also expected to persist at least in the near future. We are working diligently with our partners to secure needed parts and fulfill demand. In addition, to the extent possible, we have collaborated with our customers for working capital advances to offset the required investment in inventory. Advances from customers as of September 30, 2022 increased $0.6 billion to $2.0 billion from $1.4 billion as of March 31, 2022.

Cash used in investing activities was $0.3 billion during the six-month period ended September 30, 2022. This was primarily driven by $0.3 billion of net capital expenditures for property and equipment to continue expanding capabilities and capacity in support of our expanding Automotive, Industrial, Health Solutions, and Lifestyle businesses.

We believe adjusted free cash flow is an important liquidity metric because it measures, during a given period, the amount of cash generated that is available to repay debt obligations, make investments, fund acquisitions, repurchase company shares and for certain other activities. Our adjusted free cash flow is defined as cash from operations, less net purchases of property and equipment allowing us to present adjusted cash flows on a consistent basis for investor transparency. Our adjusted free cash flow for the six-month period ended September 30, 2022 and October 1, 2021 was an outflow of $0.1 billion and an inflow of $0.3 billion, 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:

	Six-Month Periods Ended	
	September 30, 2022	October 1, 2021
	(In millions)	
Net cash provided by operating activities	$ 141	$ 514
Purchases of property and equipment	(296)	(210)
Proceeds from the disposition of property and equipment	18	5
Adjusted free cash flow	$ (137)	$ 309

Cash used by financing activities was $0.3 billion during the six-month period ended September 30, 2022, which was primarily driven by $0.3 billion of cash paid for the repurchase of our ordinary shares.

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. As of September 30, 2022 and March 31, 2022, approximately 30% and 34%, respectively, 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 $1.6 billion as of March 31, 2022). 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.

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. The cumulative payments due to suppliers participating in the programs amounted to approximately $0.4 billion and $0.8 billion for the three and six-month periods ended September 30, 2022, respectively, and $0.3 billion and $0.6 billion for the three and six-month periods ended October 1, 2021, 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 a commercial paper program, and a revolving sale and repurchase of subordinated notes established under the securitization facility, under which there were no borrowings outstanding as of September 30, 2022.

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 have the ability to sell a designated pool of trade receivables under asset-backed securitization ("ABS") programs and sell certain trade receivables, which are in addition to the trade receivables sold in connection with these securitization agreements. We may enter into debt and equity financings, sales of accounts receivable and lease transactions to fund acquisitions and anticipated growth as needed.

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 $1 billion 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 25, 2022. During the six-month period ended September 30, 2022, we paid $253 million to repurchase shares under the current and prior repurchase plans at an average price of $16.15 per share. As of September 30, 2022, shares in the aggregate amount of $977 million were available to be repurchased under the current plan.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Information regarding our long-term debt payments, operating lease payments, capital lease payments and other commitments is provided in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on our Form 10-K for the fiscal year ended March 31, 2022.

In July 2022, we entered into a new $2.5 billion credit facility which matures in July 2027, replacing our previous $2.0 billion credit facility, under which we had no borrowings outstanding as of September 30, 2022.

In September 2022, we entered into a $450 million delayed draw term loan credit agreement, under which we had no borrowings outstanding September 30, 2022. Borrowings under the delayed draw term loan may be used for working capital, capital expenditures, refinancing of current debt, and other general corporate purposes.

Other than the changes discussed above, there were no material changes in our contractual obligations and commitments as of September 30, 2022.

ITEM 3. *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK*

There were no material changes in our exposure to market risks for changes in interest and foreign currency exchange rates for the six-month period ended September 30, 2022 as compared to the fiscal year ended March 31, 2022.

ITEM 4. *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 September 30, 2022. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that, as of September 30, 2022, 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) Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during our quarter ended September 30, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

We have not experienced any material impact to our internal control over financial reporting despite the fact that some of our employees involved in internal control over financial reporting are working remotely for their health and safety during the COVID-19 pandemic. We are continually monitoring and assessing the potential impact of COVID-19 on our internal controls to minimize the impact on their design and operating effectiveness.

PART II. OTHER INFORMATION

ITEM 1. *LEGAL PROCEEDINGS*

For a description of our material legal proceedings, see note 12 “Commitments and Contingencies” in the notes to the condensed consolidated financial statements, which is incorporated herein by reference.

ITEM 1A. *RISK FACTORS*

In addition to the other information set forth in this report, you should carefully consider the risks and uncertainties discussed in Part I, “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended March 31, 2022, which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be not material also may materially and adversely affect our business, financial condition and/or operating results.

ITEM 2. *UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS*

Issuer Purchases of Equity Securities

The following table provides information regarding purchases of our ordinary shares made by us for the period from July 2, 2022 through September 30, 2022:

Period	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
July 2, 2022 - August 5, 2022 (2)	2,357,350	$ 15.26	2,357,350	$ 278,483,009
August 6, 2022 - September 2, 2022 (2) (3)	1,040,367	$ 18.26	1,040,367	$ 994,001,735
September 3, 2022 - September 30, 2022 (3)	952,574	$ 17.82	952,574	$ 977,024,014
Total	4,350,291		4,350,291	

(1) During the period from July 2, 2022 through September 30, 2022, all purchases were made pursuant to the programs 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 4, 2021, our Board of Directors authorized repurchases of our outstanding ordinary shares for up to $1.0 billion. 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 July 1, 2022, we had shares in the aggregate amount of $314 million available to be repurchased under this plan, of which 3.1 million shares in the aggregate amount of $49 million were repurchased as of August 25, 2022 (after which authorization under this plan terminated).

(3) On August 25, 2022, our Board of Directors authorized repurchases of our outstanding ordinary shares for up to $1.0 billion. 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 September 30, 2022, shares in the aggregate amount of $977 million were available to be repurchased under the current plan.

ITEM 3. ***DEFAULTS UPON SENIOR SECURITIES***

None

ITEM 4. ***MINE SAFETY DISCLOSURES***

Not applicable

ITEM 5. ***OTHER INFORMATION***

None

ITEM 6. *EXHIBITS*
EXHIBIT INDEX

Exhibit No.	Exhibit	Form	Incorporated by Reference File No.	Incorporated by Reference Filing Date	Incorporated by Reference Exhibit No.	Filed Herewith
10.01	Credit Agreement, dated as of July 19, 2022, among Flex Ltd. and certain of its subsidiaries from time to time party thereto, as borrowers, Bank of America, N.A., as Administrative Agent, an L/C Issuer and a Swing Line Lender, and the other L/C Issuers, Swing Line Lenders and Lenders party thereto	8-K	000-23354	07/22/2022	10.01	
10.02	Form of Restricted Share Unit Award Agreement under the Flex Ltd. Amended and Restated 2017 Equity Incentive Plan for Non-Employee Directors					X
15.01	Letter in lieu of consent of Deloitte & Touche LLP					X
31.01	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
31.02	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
32.01	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*					X
101.INS	XBRL Instance Document					X
101.SCH	XBRL Taxonomy Extension Schema Document					X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibit 101)					

* This exhibit is furnished with this Quarterly Report on Form 10-Q, 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.

SIGNATURES

Pursuant to the requirements 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.
(Registrant)

/s/ REVATHI ADVAITHI
Revathi Advaithi
Chief Executive Officer
(Principal Executive Officer)

Date: October 28, 2022

/s/ PAUL R. LUNDSTROM
Paul R. Lundstrom
Chief Financial Officer
(Principal Financial Officer)

Date: October 28, 2022

EXHIBIT 10.02

No. «GrantID»

FLEX LTD.
AMENDED AND RESTATED 2017 EQUITY INCENTIVE PLAN

FORM OF RESTRICTED SHARE UNIT AWARD AGREEMENT
FOR NON-EMPLOYEE DIRECTORS

This Restricted Share Unit Award Agreement for Non-Employee Directors (the "***Agreement***") is made and entered into as of [insert date], (the "***Effective Date***") by and between Flex Ltd., a Singapore corporation (the "***Company***"), and the participant named below (the "***Participant***"). Capitalized terms not defined herein shall have the meanings ascribed to them in the Flex Ltd. Amended and Restated 2017 Equity Incentive Plan (the "***Plan***"). The Participant understands and agrees that this Restricted Share Unit Award (the "***RSU Award***") is granted subject to and in accordance with the express terms and conditions of the Plan and this Agreement including any country-specific terms set forth in Exhibit A to this Agreement. The Participant further agrees to be bound by the terms and conditions of the Plan and the terms and conditions of this Agreement. The Participant acknowledges receipt of a copy of Plan and the official prospectus for the Plan. A copy of the Plan and the official prospectus for the Plan are available at the offices of the Company and the Participant hereby agrees that the Plan and the official prospectus for the Plan are deemed delivered to the Participant.

Participant: «Name», «First»

Restricted Share Unit Award: «Shares»

Date of Grant: «Grant Date»

Vesting Criteria: Provided the Participant continues to provide services to the Company as a director, the shares underlying this RSU Award shall be issued as follows:

Vesting Date	% of RSUs Vesting
The day immediately prior to the Company's ____annual general meeting of shareholders	100% of the number of units granted

1. <u>Grant of RSU Award</u>.

1.1 <u>Grant of RSU Award</u>. Subject to the terms and conditions of the Plan and this Agreement, including any country-specific terms set forth in Exhibit A to this Agreement, the Company hereby grants to the Participant an RSU Award for the number of ordinary shares set forth above under "RSU Award" (the "***Shares***").

(a) *Vesting Criteria*. The RSU Award shall vest, and the Shares shall be issuable to the Participant, according to the Vesting Criteria set forth above. If application of the Vesting Criteria causes vesting of a fractional Share, such Share shall be rounded down to the nearest whole Share. Shares that vest and are issuable pursuant to the Vesting Criteria are "***Vested Shares***." The period from the date of grant to the Vesting Date set forth under "Vesting Criteria" above is the "***Vesting Period***."

(b) *Termination of Rights and Obligations*. Subject to the provisions of Section 1(c) and 1(d) below, the RSU Award, all of the Company's obligations and the Participant's rights under this Agreement, shall terminate on the earlier of the Participant's Termination Date (as defined in the Plan) or the date when all the Shares that are subject to the RSU Award have been allotted and issued, or forfeited in the case of any portion of the RSU Award that fails to vest.

(c) *Termination of Service due to Retirement*. Notwithstanding anything in this Agreement to the contrary, if the Participant has a Termination of Service due to Retirement before the end of the Vesting Period, then (i) the RSU Award and all rights and obligations hereunder will not terminate and (ii) the RSU Award shall vest on a pro rata basis, calculated as follows: the total number of unvested RSUs, multiplied by a fraction equal to the number of whole months during which the Participant provided services during the Vesting Period, divided by the total number of months in the Vesting Period.

For purposes of this Agreement, **"***Retirement*" shall mean the Participant's voluntary Termination of Service after the Participant has completed at least two (2) years of continuous service as a Director.

(d) *Termination of Service due to Death or Disability*. Notwithstanding anything in this Agreement to the contrary, if the Participant has a Termination of Service due to death or Disability, then (i) the RSU Award and all rights and obligations hereunder will not terminate and (ii) the RSU Award shall immediately vest in full and become one hundred percent (100%) vested.

For purposes of this Agreement, "*Disability*" shall mean inability of the Participant to perform in all material respects his or her duties and responsibilities to the Company or any Parent, Subsidiary or Affiliate, by reason of a physical or mental disability or infirmity which inability is reasonably expected to be permanent and has continued (i) for a period of six consecutive months or (ii) such shorter period as the Committee may reasonably determine in good faith. The Disability determination shall be in the sole discretion of the Committee.

(e) *Allotment and Issuance of Vested Shares*. The Company shall allot and issue the Vested Shares as soon as practicable after such Shares have vested pursuant to the Vesting Criteria. The Company shall have no obligation to allot and issue, and the Participant will have no right or title to, any Shares, and no Shares will be allotted and issued to the Participant, until satisfaction of the Vesting Criteria. For the sake of clarity, this includes Vested Shares in the event of a Participant's Retirement as set forth in Section 1(c) above or death or Disability as set forth in Section 1(d) above, such that the Vested Shares in such events shall be allotted and issued coinciding with the date of the Company's annual general meeting of shareholders following the date of grant of the RSU Award.

(f) *Nontransferability of RSU Award*. None of the Participant's rights under this Agreement or under the RSU Award may be transferred in any manner other than by will or by the laws of descent and distribution. Notwithstanding the foregoing, the Participants in the U.S. may transfer or assign the RSU Award to Family Members (as defined in the Plan) through a gift or a domestic relations order (and not in a transfer for value), or as otherwise allowed by the Plan. The terms of this Agreement shall be binding upon the executors, administrators, successors and assigns of the Participant.

(g) *Privileges of Share Ownership*. The Participant shall not have any of the rights of a shareholder until the Vested Shares are allotted and issued after the applicable vest date.

(h) *Interpretation*. Any dispute regarding the interpretation of the terms and provisions with respect to the RSU Award and this Agreement shall be submitted by the Participant or the Company to the Committee for review. The resolution of such a dispute by the Committee shall be final and binding on the Company and on the Participant.

1.2 Title to Shares. Title will be provided in the Participant's individual name on the Company's records unless the Participant otherwise notifies Stock Administration of an alternative designation in compliance with the terms of this Agreement and applicable laws.

2. Delivery.

2.1 Deliveries by Participant. The Participant hereby delivers to the Company this Agreement.

2.2 Deliveries by the Company. The Company will issue a duly executed share certificate or other documentation evidencing the Vested Shares in the name specified in Section 1.2 above upon vesting, provided the Participant has delivered and executed this Agreement prior to the applicable vesting date and has remained continuously employed by the Company or a Parent, Subsidiary, or Affiliate through each applicable vesting date.

3. Compliance with Laws and Regulations. The issuance and transfer of the Shares to the Participant shall be subject to and conditioned upon compliance by the Company and the Participant with all applicable requirements of any share exchange or automated quotation system on which the Company's Ordinary Shares may be listed at the time of such issuance or transfer. The Participant understands that the Company is under no obligation to register or qualify the Shares with the U.S. Securities and Exchange Commission, any state, local or foreign securities commission or any share exchange to effect such compliance.

4. Rights as Shareholder. Subject to the terms and conditions of this Agreement, the Participant will have all of the rights of a shareholder of the Company with respect to the Vested Shares which have been allotted and issued to the Participant until such time as the Participant disposes of such Vested Shares.

5. Stop-Transfer Orders.

5.1 Stop-Transfer Instructions. The Participant agrees that, to ensure compliance with the restrictions imposed by this Agreement, the Company may issue appropriate "*stop-transfer*" instructions to its transfer agent, if any, and if the Company administers transfers of its own securities, it may make appropriate notations to the same effect in its own records.

5.2 Refusal to Transfer. The Company will not be required (i) to register in its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or (ii) to treat as owner of such Shares, or to accord the right to vote or pay dividends to any Participant or other transferee to whom such Shares have been so transferred.

6. **<u>Taxes and Disposition of Shares</u>.**

6.1 <u>Tax Obligations</u>.

(a) Regardless of any action the Company takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related items arising out of the Participant's participation in the Plan and legally applicable to the Participant ("*Tax-Related Items*"), the Participant acknowledges that the ultimate liability for all Tax-Related Items is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company, if any. The Participant further acknowledges that the Company (a) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSU Award, including but not limited to, the grant, vesting or issuance of Vested Shares underlying the RSU Award, the subsequent sale of Vested Shares acquired upon vesting and the receipt of any dividends; and (b) does not commit and is under no obligation to structure the terms of the grant or any aspect of the RSU Award to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. Furthermore, if the Participant has become subject to tax in more than one jurisdiction between the Date of Grant and the date of any relevant taxable event, the Participant acknowledges that the Company may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) Prior to the relevant taxable or tax withholding event, as applicable, the Participant shall pay or make arrangements satisfactory to the Company to satisfy all Tax-Related Items. In this regard, the Participant authorizes the Company, or its agents, at their discretion, to satisfy the Tax-Related Items by one or a combination of the following (1) withholding from the Participant's cash compensation paid to the Participant by the Company; or (2) withholding from the proceeds of the sale of Vested Shares either through a voluntary sale or through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization); or (3) withholding in Shares to be issued at vesting of the RSU Award.

(c) To avoid any negative accounting treatment, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates. If the obligation for the Tax-Related Items is satisfied by withholding in Shares, for tax purposes, the Participant is deemed to have been issued the full number of Vested Shares, notwithstanding that a number of Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of the Participant's participation in the Plan.

(d) The Participant shall pay to the Company or the Employer any amount of Tax-Related Items that the Company may be required to withhold or account for as a result of the Participant's participation in the Plan that cannot be satisfied by the means previously described in this section. The Company may refuse to issue or deliver the Vested Shares or the proceeds from the sale of Shares, if the Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

6.2 <u>Disposition of Shares</u>. Participant hereby agrees that the Participant shall make no disposition of the Shares (other than as permitted by this Agreement) unless and until the Participant shall have complied with all requirements of this Agreement applicable to the disposition of the Shares.

7. **<u>Nature of Grant</u>.** In accepting the RSU Award, the Participant acknowledges and agrees that:

(a) the Plan is established voluntarily by the Company, is discretionary in nature and may be amended, suspended or terminated by the Company at any time;

(b) the grant of the RSU Award is voluntary and occasional and does not create any contractual or other right to receive future RSU Awards, or benefits in lieu of RSU Awards, even if RSU Awards have been granted repeatedly in the past;

(c) all decisions with respect to future RSU Awards, if any, will be at the sole discretion of the Company;

(d) the Participant's participation in the Plan is voluntary;

(e) the future value of the Shares underlying the RSU Award is unknown and cannot be predicted with certainty;

(f) no claim or entitlement to compensation or damages shall arise from the forfeiture of the RSU Award resulting from a Termination of Service (for any reason whatsoever and whether or not in breach of local labor laws), and in consideration of the RSU Award to which the Participant is otherwise not entitled, the Participant irrevocably agrees never to institute any claim against the Company, waives the Participant's ability, if any, to bring any such claim, and releases the Company from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claims; and

(g) for the Participants residing outside of the U.S.A.:

(A) the RSU Award and any Shares acquired under the Plan are not intended to replace any pension rights or compensation;

(B) the RSU Award is not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, dismissal, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to past services for the Company or any Parent, Subsidiary or Affiliate; and

(C) in the event of the Participant's Termination of Service (whether or not in breach of local labor laws), except as otherwise provided in this RSU Award, the Participant's right to vest in the RSU Award under the Plan, if any, will terminate effective as of the date of Termination of Service and the Committee shall have the exclusive discretion to determine when the Participant is no longer actively providing service for purposes of this RSU Award.

8. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or the sale of the Shares acquired upon vesting of the RSU Award. The Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

9. Data Privacy.

(a) The Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Participant's personal data as described in this Agreement and any other RSU Award materials by and among, as applicable, the Company and its Parent, Subsidiaries and Affiliates for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan.

(b) The Participant understands that the Company may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all RSU Awards or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan ("*Data*").

(c) The Participant understands that Data will be transferred to the Company stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. The Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections from the Participant's country. The Participant understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. The Participant authorizes the Company, the Company stock plan service provider and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing his or her participation in the Plan. The Participant understands that Data will be held only as long as is necessary to implement, administer and manage the Participant's participation in the Plan. The Participant understands that he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. The Participant understands, however, that refusing or withdrawing his or her consent may affect the Participant's ability to participate in the Plan. For more information on the consequences of the Participant's refusal to consent or withdrawal of consent, the Participant understands that he or she may contact his or her local human resources representative.

10. Successors and Assigns. The Company may assign any of its rights under this Agreement. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in this Agreement and in the Plan, this Agreement will be binding upon the Participant and the Participant's heirs, executors, administrators, legal representatives, successors and assigns.

11. Governing Law; Venue; Severability. This Agreement shall be governed by and construed in accordance with the internal laws of the state where you reside, where this Agreement is made or to be performed, excluding that body of laws pertaining to conflict of laws. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by the RSU Award or this Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the state where you reside and agree that such litigation shall be conducted only in the applicable federal courts for the state where you reside, or if the issue cannot be adjudicated by federal courts, then the state courts for the state where you reside. If any provision of this Agreement is determined by a court of law to be illegal or unenforceable, then such provision will be enforced to the maximum extent possible and the other provisions will remain fully effective and enforceable.

12. Notices. Any notice required to be given or delivered to the Company shall be in writing and addressed to the Vice President of Finance of the Company at its corporate offices at 6201 America Center Drive, San Jose, California 95002. Any notice required to be given or delivered to the Participant shall be in writing and addressed to the Participant at the address indicated on the signature page hereto or to such other address as the Participant may designate in writing from time to time to the Company. All notices shall be deemed effectively given upon personal delivery, three (3) days after deposit in the United States mail by certified or registered mail (return receipt requested), one (1) business day after its deposit with any return receipt express courier (prepaid), or one (1) business day after transmission by facsimile.

13. Headings. The captions and headings of this Agreement are included for ease of reference only and will be disregarded in interpreting or construing this Agreement. All references herein to Sections will refer to Sections of this Agreement.

14. Language. If the Participant has received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different from the English version, the English version will control.

15. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

16. Exhibit A. Notwithstanding any provision in this Agreement to the contrary, the RSU Award shall be subject to any special terms and provisions as set forth in Exhibit A to this Agreement for the Participant's country. Moreover, if the Participant relocates to one of the countries included in Exhibit A, the special terms and conditions for such country will apply to the Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. Exhibit A constitutes part of this Agreement.

17. Code Section 409A. With respect to U.S. taxpayers, it is intended that the terms of the RSU Award will comply with the provisions of Section 409A of the Code and the Treasury Regulations relating thereto so as not to subject the Participant to the payment of additional taxes and interest under Section 409A of the Code, and this Agreement will be interpreted, operated and administered in a manner that is consistent with this intent. In furtherance of this intent, the Committee may adopt such amendments to this Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, in each case, without the consent of the Participant, that the Committee determines are reasonable, necessary or appropriate to comply with the requirements of Section 409A of the Code and related U.S. Department of Treasury guidance. In that light, the Company makes no representation or covenant to ensure that the RSU Awards that are intended to be exempt from, or compliant with, Section 409A of the Code are not so exempt or compliant or for any action taken by the Committee with respect thereto.

18. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on the RSU Award and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

19. Entire Agreement. The Plan and this Agreement, together with all its Exhibits, constitute the entire agreement and understanding of the parties with respect to the subject matter of this Agreement, and supersede all prior understandings and agreements, whether oral or written, between the parties hereto with respect to the specific subject matter hereof.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the Effective Date.

FLEX LTD.		**PARTICIPANT**	
By:	____________________	By:	____________________
Name:	____________________	Name:	____________________
Address:	____________________	Address:	____________________

FLEX LTD. AMENDED AND RESTATED 2017 EQUITY INCENTIVE PLAN

EXHIBIT A TO THE RESTRICTED SHARE UNIT AWARD AGREEMENT FOR NON-U.S. NON-EMPLOYEE DIRECTOR PARTICIPANTS

Terms and Conditions

This Exhibit A includes additional terms and conditions that govern the RSU Award granted to the Participant under the Plan if the Participant resides in one of the countries listed below. Certain capitalized terms used but not defined in this Exhibit A have the meanings set forth in the Plan and/or the Agreement.

Notifications

This Exhibit A also includes information regarding exchange controls and certain other issues of which the Participant should be aware with respect to his or her participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of April 2020. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Participant not rely on the information in this Exhibit A as the only source of information relating to the consequences of the Participant's participation in the Plan because the information may be out of date at the time that the RSU Award vests and Shares are issued to the Participant or the Participant sells Shares acquired upon vesting of the RSU Award under the Plan.

In addition, the information contained herein is general in nature and may not apply to the Participant's particular situation, and the Company is not in a position to assure the Participant of a particular result. Accordingly, the Participant is advised to seek appropriate professional advice as to how the relevant laws in the Participant's country may apply to his or her situation.

Finally, if the Participant is a citizen or resident of a country other than the one in which he or she is currently working or transfers employment after the Date of Grant, the information contained herein may not be applicable to the Participant.

SINGAPORE

Notifications

Securities Law Information. The RSU Award is being granted to the Participant pursuant to the "Qualifying Person" exemption under section 273(1)(f) of the Singapore Securities and Futures Act (Chapter 289, 2006 Ed.) ("SFA"). The Plan have not been lodged or registered as a prospectus with the Monetary Authority of Singapore. The Participant should note that the RSU Award is subject to section 257 of the SFA and the Participant will not be able to make any subsequent sale in Singapore of the Shares acquired under the Plan, or any offer of such subsequent sale of the Shares acquired under the Plan unless such sale or offer in Singapore is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA (Cap 289, 2006 Ed.).

Director Notification Obligation. If the Participant is a director, associate director or shadow director of the Company or a Singapore Subsidiary or Affiliate, the Participant is subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Company or the Singaporean Subsidiary or Affiliate in writing when the Participant receives an interest (*e.g*., RSU Award, Shares) in the Company or any related companies. Please contact the Company to obtain a copy of the notification form. In addition, the Participant must notify the Company or the Singapore Subsidiary or Affiliate when the Participant sells Shares of the Company or any related company (including when the Participant sell Shares acquired under the Plan). These notifications must be made within two days of acquiring or disposing of any interest in the Company or any related company. In addition, a notification must be made of the Participant's interests in the Company or any related company within two days of becoming a director.

Exhibit 15.01

LETTER IN LIEU OF CONSENT OF DELOITTE & TOUCHE LLP

October 28, 2022

To the Board of Directors and Shareholders of Flex Ltd.
2 Changi South Lane
Singapore 486123

We are aware that our report dated October 28, 2022, on our review of the interim financial information of Flex Ltd. and its subsidiaries appearing in this Quarterly Report on Form 10-Q for the quarter ended September 30, 2022, is incorporated by reference in Registration Statement Nos. 333-248470, 333-220002, and 333-207325 on Form S-8 and Registration Statement No. 333-256716 on Form S-3ASR.

/s/ DELOITTE & TOUCHE LLP

San Jose, California

EXHIBIT 31.01

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Revathi Advaithi, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Flex Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 28, 2022

/s/ Revathi Advaithi

Revathi Advaithi
Chief Executive Officer

EXHIBIT 31.02

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Paul R. Lundstrom, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Flex Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 28, 2022

/s/ Paul R. Lundstrom

Paul R. Lundstrom
Chief Financial Officer

EXHIBIT 32.01

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

We, Revathi Advaithi and Paul R. Lundstrom, Chief Executive Officer and Chief Financial Officer, respectively, of Flex Ltd. (the “Company”), hereby certify, to the best of our knowledge, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- the Quarterly Report on Form 10-Q of the Company for the period ended September 30, 2022, as filed with the Securities and Exchange Commission (the “Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement has been provided to Flex Ltd. and will be retained by it and furnished to the Securities and Exchange Commission or its staff upon request.

Date:	October 28, 2022	/s/ Revathi Advaithi Revathi Advaithi Chief Executive Officer (Principal Executive Officer)
Date:	October 28, 2022	/s/ Paul R. Lundstrom Paul R. Lundstrom Chief Financial Officer (Principal Financial Officer)