

FLEXTRONICS INTERNATIONAL KFT.
BUSINESS REPORT for the year ended 31 March 2024

Our Company, Flextronics International Termelő és Szolgáltató Vámzabaderületi Korlátolt Felelősségű Társaság, has the following sites:

1. 8660 Tab, Munkás u. 28. (also the registered office)
This site manufactures electronic components and finished products. The products mainly include parts and components for industrial electronics and household goods.
2. 8900 Zalaegerszeg, Zrínyi Miklós u. 38.
8900 Zalaegerszeg, Posta u. 63.
In addition, there are two production plants in Zalaegerszeg. One of these plants manufactures electronic appliances and IT equipment. The other manufacturing unit is engaged in the production of electronic components used in the car industry. In addition to manufacturing, there is also a research and development base that mainly deals with the development and optimisation of electronic equipment and printed circuits.
3. 9600 Sárvár, Ikervári u. 42.
9600 Sárvár, Ikervári u. 25.
9600 Sárvár, Ungvár u. 22.
The Company's plastic injection moulding plant is located in Sárvár. This site manufactures plastic parts for the car industry and for household electronics companies, as well as for our branches. The other huge production unit supplying for the car industry is also located here. Its focus is on the assembly of lamps. In addition, the plant which is assigned the role of producing key strategic computer equipment for the entire Flextronics group is located in Sárvár as well. The Sárvár plant also hosts the manufacturing of a world famous company's small kitchen appliances. Test manufacturing was launched at the end of the business year for a customer engaged in medical products.
Flextronics International Kft's administrative centre is also located in Sárvár, providing bookkeeping, tax and payroll services to the individual sites.
In order to meet the rising logistical needs, the Company has extended its warehousing capacity by purchasing the warehouse next to the Industrial Park.
4. 4400 Nyíregyháza, Debreceni út 342.
4400 Nyíregyháza, Debreceni út 370.
The buildings of the Nyíregyháza site were leased to the business partner that purchased the production machinery. One of the premises was leased by the Company from a third party, this lease was terminated in the financial year and the site is being cancelled from company documents. The other site in Nyíregyháza (Debreceni út 370) performs logistics functions.
5. 1183 Budapest, Hangár utca 5-37.

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After the merger with Flextronics Budapest Kft the site became the repair centre that provides maintenance service for our customers within or outside the guarantee time frame. This is the manufacturing and repair unit of the Medical segment engaged in the repair and manufacturing of medical equipment.

6. 2360 Gyál, Bem József utca 32.
Logistic and repair services are rendered for the Budapest site at the site in Gyál.
7. 1117 Budapest, Irinyi József u. 4-20.
This site was also launched in 2015. Our activities at this site are closely related to the industrial research and development activity carried out by the Flextronics group. The engineering knowledge centre located at this site is involved in the further development of IT hardware solutions.
8. 2225 Üllő, K-Sped körút 28.
At this branch, we provide logistics and material handling services for our customers.
9. 2360 Gyál, Gorcsev Iván utca 7. B. ép.
We provide logistics services at our second site in Gyál, which complements and assists the work of the Budapest and Bem József utca, Gyál sites.

Compared to the previous year, our turnover grew slightly (2%), but the added value increased more significantly, by 9%.

This is in line with the strategy mentioned above, i.e. the increase of our automotive orders, including the proportion of higher value-added electric and hybrid powertrain products. As well as improving our results, we are aiming to protect the environment.

Alongside this defined trend, there was a small increase in the turnover and profit margin of our Services business line and in the turnover of our Industrial business.

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

In the financial year ending 31 March 2024, the Company achieved a profit after tax of EUR 11.7 million, lower by almost EUR 12,8 million compared to the previous year.

Based on the volume and nature (high value added products) of orders, we are expecting a positive FY2025. The figures in the 2024 financial statements confirm that our company is in a very strong financial position and ready for any future challenges.

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	<u>31 March 2023</u>	<u>31 March 2024</u>
ROE (retained profit / equity)	0.08	0.04
ROA (retained profit / assets)	0.02	0.01
Adjusted ROA ((operating profit + interest paid) / assets)	0.04	0.04
Turnover of assets (Revenue / Assets)	1.30	1.36
Operating margin (Operating profit / Revenue)	0.01	0.01

Sales increased by EUR 45.7 million compared to the previous year, mainly from the Automotive business, home security and smart devices and solar components.

We have responded to the increase in demand in the labour market by, among other things, improving wages, automation and more prudent acceptance of customer orders, similarly to the previous year.

Business lines:

The share of the automotive business in our portfolio continues to grow, with ongoing investments in electronics manufacturing capacity and significant automation to address labour market trends.

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

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

Financing of Flextronics International Kft. has further improved compared to previous years. In order to ensure efficient financing, the company operates a cash pool system, so receivables and liabilities related to financing are typically due/from affiliated companies, and the Hungarian company does not typically use bank financing.

Our company has an ISO 9001 certified quality management system, IATF 16949 certification in the relevant plants, ISO 14001 environmental certification and the full ISO 45001 certification of our plants is in progress. It is not only in the production process that environmental protection is an important factor for us but also with respect to our products for which we constantly have to consider the EU guidelines and regulations as well as the Hungarian laws. In the event that the rules

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in the country of destination of the product are more stringent or of a different nature than the relevant EU regulations, we also have to meet those requirements. This task represents an ever growing challenge for our development engineers, who have to develop adequate technical solutions so that the products manufactured by us meet all current and future requirements (recycling, leadless soldering, etc.). We continue to participate in the full re-cycling of packaging and other materials and these activities win environmental recognition for the Company year after year. Finally, we export the majority of our electronic products, thereby minimising the effects detrimental to the environment in Hungary.

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

In addition to the quality assurance systems mentioned above, as a consolidated subsidiary, the Hungarian branches operate a strict business control environment in compliance with the requirements of the Sarbanes-Oxley Act.

No major events occurred subsequent to the balance sheet date that could have influenced the data disclosed in the financial statements.

The Zalaegerszeg manufacturing capacity had to be increased in response to the growing number of orders and better vehicle industry position related to e-mobility. The construction started in FY2025.

Tab, 18 July 2024

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Nagy László
Managing director

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Christian Pfister
Managing director