



# Results for Q1 Fiscal 2023

Quarter Ended: July 1, 2022

Earnings Announcement: July 27, 2022



# Risks and Non-GAAP Disclosures

This presentation contains forward -looking statements within the meaning of U.S. securities laws, including: statements related to future expected revenues and earnings per share. These forward-looking statements involve risks and uncertainties that could cause the actual results to differ materially from those anticipated by these forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements. These risks include: that we may not achieve our expected future operating results, including margins; the effects that the current macroeconomic environment, including inflation, could have on our business and demand for our products; the impact of component shortages, fluctuations in the pricing or availability of raw materials, and logistical constraints, including their impact on our revenues; uncertainties and risks relating to our ability to successfully complete a transaction for our Nextracker business, including the potential initial public offering of our Nextracker business, including the possibility that we may not be able to consummate the transaction on the expected timeline or at all, or that we will achieve the anticipated benefits of the transaction; the possibility that we may not fully realize the projected benefits of the Anord Mardix acquisition, including our expectation that the acquisition will be accretive to our fiscal year 2023 adjusted earnings per share; geopolitical risk, including the termination and renegotiation of international trade agreements and trade policies, including the impact of tariffs and related regulatory actions; the war in Ukraine and escalating geopolitical tensions as a result of Russia's invasion of Ukraine, including the imposition of economic sanctions on Russia which could lead to disruption, instability, and volatility in global markets and negatively impact our operations and financial performance; the effects of the COVID-19 pandemic on our business, results of operations and financial condition; the effects that current credit and market conditions could have on the liquidity and financial condition of our customers and suppliers, including any impact on their ability to meet their contractual obligations to us; the challenges of effectively managing our operations, including our ability to control costs and manage changes in our operations; retaining key personnel; litigation and regulatory investigations and proceedings; our compliance with legal and regulatory requirements; changes in laws, regulations, or policies that may impact our business, including those related to climate change; the possibility that benefits of the Company's restructuring actions may not materialize as expected; that the expected revenue and margins from recently launched programs may not be realized; our dependence on industries that continually produce technologically advanced products with short product life cycles; the short-term nature of our customers' commitments and rapid changes in demand may cause supply chain and other issues which adversely affect our operating results; our dependence on a small number of customers; our industry is extremely competitive; we may be exposed to financially troubled customers or suppliers; the success of certain of our activities depends on our ability to protect our intellectual property rights and we may be exposed to claims of infringement or breach of license agreements; a breach of our IT or physical security systems, or violation of data privacy laws, may cause us to incur significant legal and financial exposure and disrupt our operations; physical and operational risks from natural disasters, severe weather events, or climate change; our ability to achieve sustainability goals; we may be exposed to product liability and product warranty liability; and that recently proposed changes or future changes in tax laws in certain jurisdictions where we operate could materially impact our tax expense. In addition, the COVID-19 pandemic increases the likelihood and potential severity of many of the foregoing risks.

Additional information concerning these, and other risks is described under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our annual report on Form 10-K for the fiscal year ended March 31, 2022 and in subsequent quarterly reports on Form 10-Q. The forward-looking statements in this press release are based on current expectations and Flex assumes no obligation to update these forward-looking statements. Our share repurchase program does not obligate the Company to repurchase a specific number of shares and may be suspended or terminated at any time without prior notice.

Please refer to the appendix section of this presentation for reconciliation of the Non-GAAP financial measures to the most directly comparable GAAP measures. If this presentation references historical non-GAAP financial measures, these measures are located on the "Investor Relations" section of our website, [www.flex.com](http://www.flex.com) along with the required reconciliation to the most comparable GAAP financial measures. Certain forward-looking non-GAAP financial measures are not reconciled to the most directly comparable GAAP measures as the reconciling information is not available without an unreasonable effort.

The figures presented in this presentation have been rounded. This may lead to individual values not adding up to the totals presented.

The following business segment acronyms will be used throughout this presentation:



**Automotive**  
next generation mobility, autonomous, connectivity, electrification, and smart technologies.

**Health Solutions**  
medical devices, medical equipment, and drug delivery.

**Industrial**  
capital equipment, industrial devices, and renewables and grid edge.



**Communications, Enterprise and Cloud (CEC)**  
data infrastructure, edge infrastructure and communications infrastructure.

**Lifestyle**  
appliances, consumer packaging, floorcare, micro mobility, and audio.

**Consumer Devices**  
mobile and high velocity consumer devices.





# Business Update

**Revathi Advaiti**  
Chief Executive Officer

# Executive summary

## FINANCIAL PERFORMANCE

**\$7.3B**

Revenue

**\$330M**

Adj. Operating  
Income

**\$255M**

Adj. Net Income

**\$0.54**

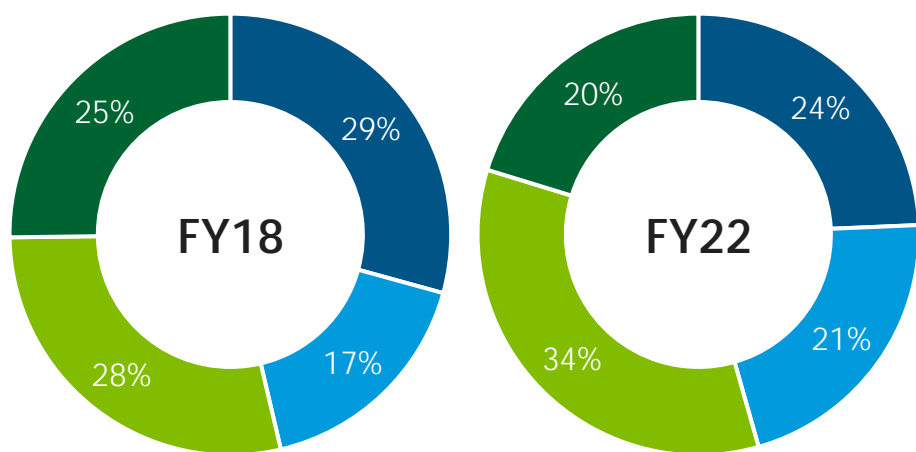
Adj. Earnings Per  
Share

## FIRST QUARTER RECAP

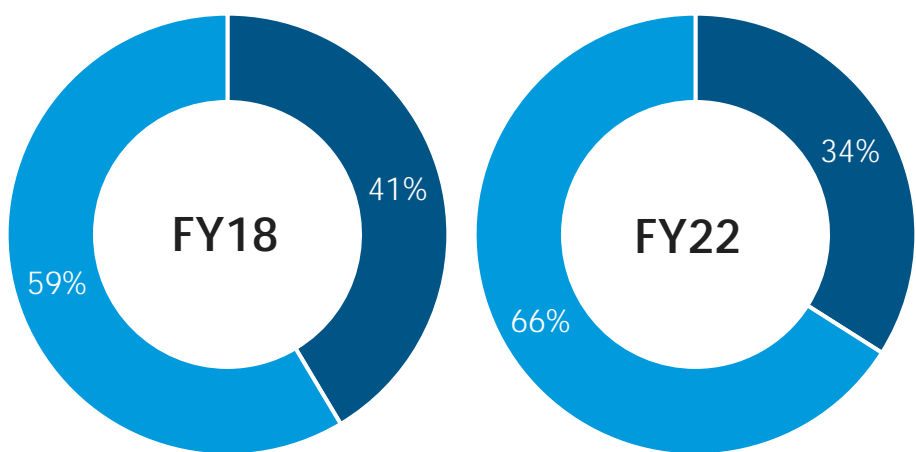
- Revenue growth of 16% year-over-year, and up 7% quarter-over-quarter
- Demand remained strong across most of the portfolio
- Achieved **record** adj. operating income, up 14% year-over-year
- Delivered **record** adj. EPS, up 17% year-over-year
- Returned \$181 million to shareholders in the form of share repurchases

# Stronger, balanced portfolio

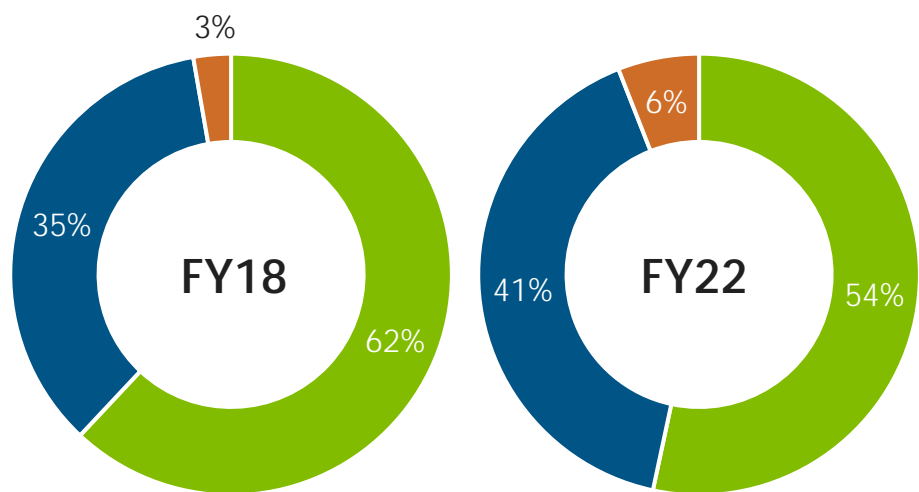
## Regional Presence



## Diverse Customer Base



## Balanced Business\*



Improved portfolio mix drives *performance* and provides *resiliency* through all market conditions

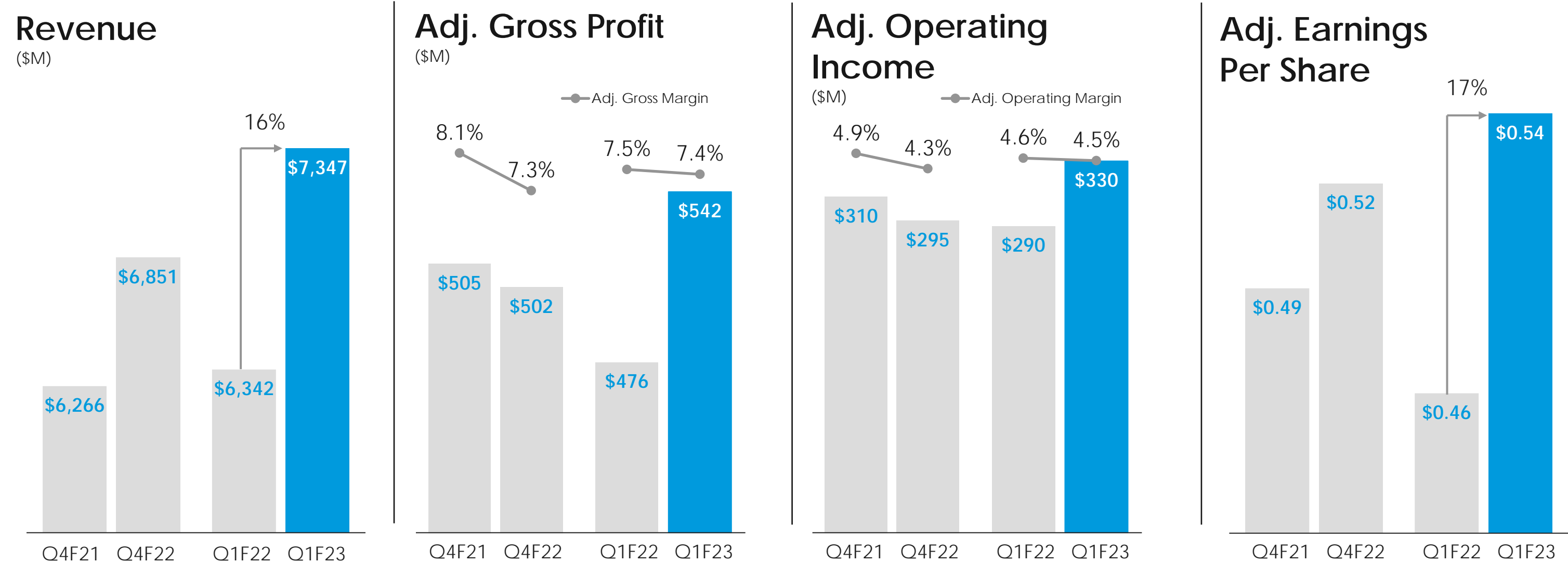
\* Excludes immaterial intersegment eliminations.



# Financial Results

**Paul Lundstrom**  
Chief Financial Officer

# Key financials



# Segment performance

	Revenue <sup>A</sup>		Adj. Operating Income		Adj. Operating Margin		Overview
	(\$B)	Y/Y Growth	(\$M)	Y/Y Growth	%	Y/Y Growth	
<b>RELIABILITY</b>	<b>\$3.0</b>	15%	<b>\$147</b>	2%	<b>5.0%</b>	(63 bps)	• Demand remained strong across the board; continued to be supply constrained
<b>AGILITY</b>	<b>\$4.0</b>	16%	<b>\$171</b>	25%	<b>4.3%</b>	30 bps	• Strength driven by improved mix and solid execution in CEC and Lifestyle
<b>NEXTRACKER</b>	<b>\$0.4</b>	16%	<b>\$30</b>	18%	<b>7.6%</b>	13 bps	• Demand remained strong
CORPORATE SERVICES AND OTHER <sup>B</sup>	--	--	(\$18)	--	--	--	
<b>TOTAL</b>	<b>\$7.3</b>	<b>16%</b>	<b>\$330</b>	<b>14%</b>	<b>4.5%</b>	<b>(8 bps)</b>	

A. Total may not sum due to immaterial intersegment eliminations not presented separately.

B. Corporate Services and Other includes centralized administrative costs that are not included in the assessment of the performance of each of the identified segments.

See Appendix for GAAP to Non-GAAP reconciliation.

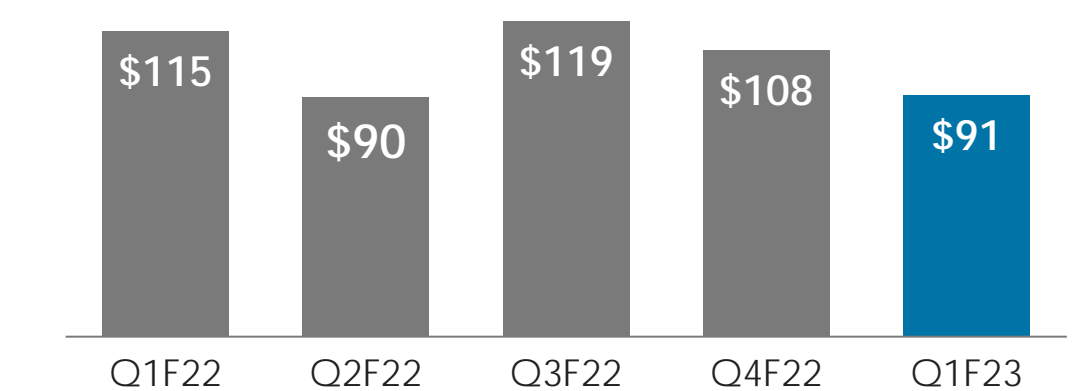
All results provided are for Q1FY23.



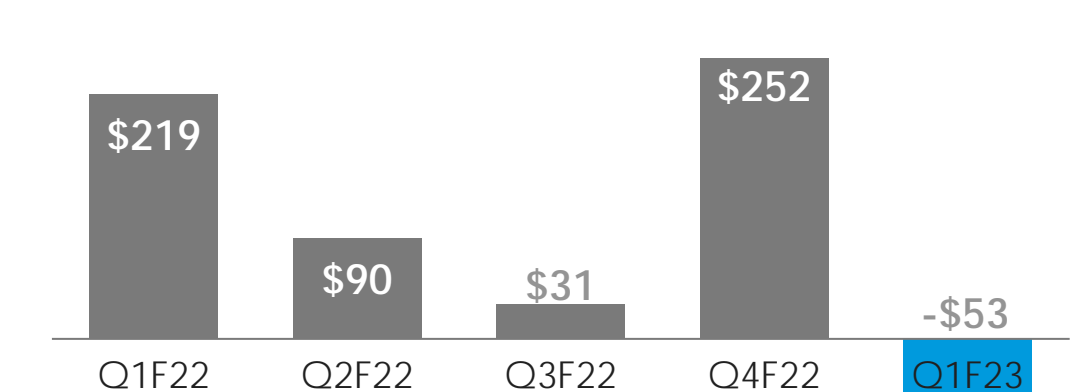
# Cash flow overview

(\$M)	Q1FY23
<b>GAAP Net Income</b>	<b>\$195</b>
Depreciation, Amortization and other Impairment Charges	124
Change in Working Capital and other, net	(281)
<b>Operating Cash Flow</b>	<b>38</b>
Capital Expenditures, net <sup>A</sup>	(91)
<b>Adjusted Free Cash Flow</b>	<b>(53)</b>
Payments for Share Repurchases	(181)
Other Investing And Financing, net	(83)
<b>Net Change in Cash and Cash Equivalents</b>	<b>(\$317)</b>

## Capital Expenditures, Net<sup>A</sup>



## Adj. Free Cash Flow



A. Capital Expenditures, net is calculated as purchases of property and equipment minus proceeds from the disposition of property and equipment.

See Appendix for GAAP to Non-GAAP reconciliation.

# Q2 FY23 segment outlook

## FLEX RELIABILITY SOLUTIONS



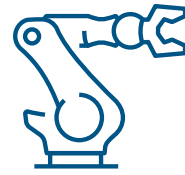
### Automotive

- Next-Gen Mobility products, particularly in EV and scalable compute, continues to gain traction with customers
- Anticipating some inefficiencies to remain due to semi shortages



### Health Solutions

- Increasing demand due to continued recovery of elective procedures
- Large program ramps in medical device
- Anticipating some inefficiencies to remain due to semi shortages



### Industrial

- Expect continued growth from broad demand and program ramps

## FLEX AGILITY SOLUTIONS



### CEC

- End-to-end bundled solutions driving accelerated growth with broad-based strength across Cloud and Comms
- Supply issues and robust demand persist



### Lifestyle

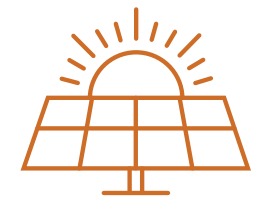
- Global scale enabling growth consistent with ongoing regionalization trends
- Demand weakness in some consumer products offset by strength in enterprise markets and new business ramps



### Consumer Devices

- Demand softening in some categories and emerging markets, partially offset by growth enabled by Flex's regionalization capabilities
- Demand still within expectations

## NEXTRACKER



- Record backlog
- Panel and component supply constraints remains the current industry swing factor

# Q2 FY23 financial guidance

Revenue	Adj. Operating Income <sup>A</sup>	Adj. Earnings per Share <sup>B</sup>
\$7.0B - \$7.4B	\$315M - \$345M GAAP \$265M - \$295M	\$0.48 - \$0.54 GAAP \$0.37 - \$0.43
Interest Expense	Adj. Income Tax Rate	Weighted Avg. Shares Outstanding
\$52M	13% - 15%	~468M

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A. Adjusted operating income excludes approximately \$28 million for stock-based compensation, and \$21 million for intangible amortization from GAAP operating income.

B. Adjusted earnings per share excludes \$0.06 for stock-based compensation expense, \$0.04 for net intangible amortization, and \$0.01 for Nextracker LLC series A redeemable preferred units dividends payable in kind included in GAAP earnings per share.



# FY23 financial guidance

Revenue	Adj. Operating Margin <sup>A</sup>	Adj. Earnings per Share <sup>B</sup>
\$28.4B - \$29.4B	4.6% - 4.8%	\$2.09 - \$2.24 GAAP \$1.63 - \$1.78

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A. Adjusted operating margin does not include the impact of approximately 0.4% for stock-based compensation, and 0.3% for intangible amortization when compared to GAAP operating margin.

B. Adjusted earnings per share excludes \$0.23 for stock-based compensation expense, \$0.15 for net intangible amortization, \$0.05 for Nextracker LLC series A redeemable preferred units dividends payable in kind, and \$0.03 for certain legal and other charges included in GAAP earnings per share.







# Flex's position of strength

## Delivering long-term growth and creating shareholder value

### **Focused on strong execution**

through a dynamic environment

### **Robust underlying demand**

reflected in orders and backlog, and will  
continue to monitor all demand indicators

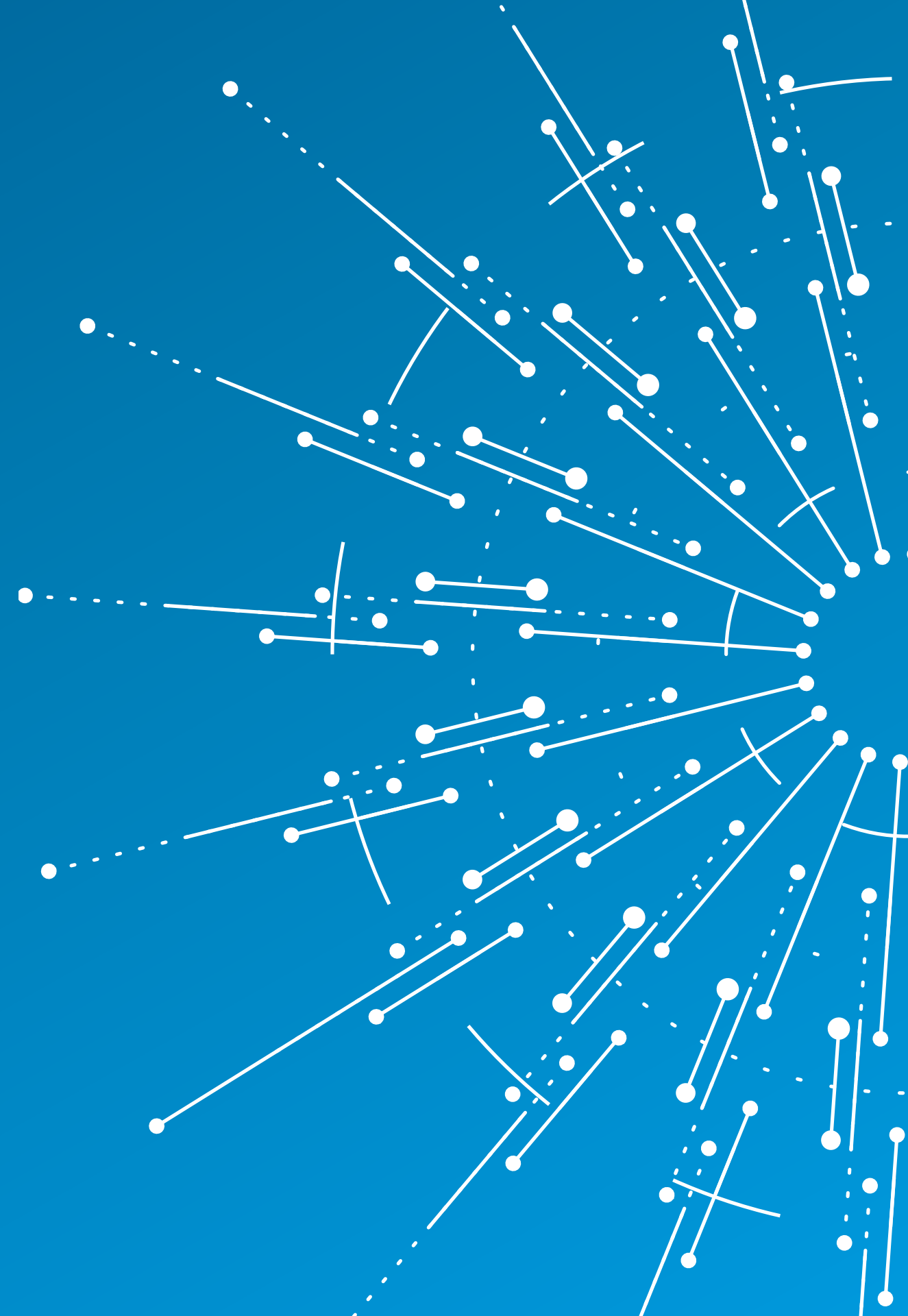
### **Business fundamentals remain strong**

supporting multi-year growth strategy



Thank you.

For more information, please visit  
[investors.flex.com](https://investors.flex.com)





# Appendix



# Appendix: Reconciliation of GAAP to Non-GAAP Measures

	Quarter- ended July 01, 2022	Quarter- ended March 31, 2022	Quarter- ended July 02, 2021	Quarter- ended March 31, 2021
(\$ in Millions)*				
GAAP operating income	\$272	\$228	\$255	\$282
Intangible Amortization	22	22	15	15
Stock-based compensation expense	26	23	20	18
Restructuring charges	-	4	-	26
Legal and other	10	18	-	(30)
Non-GAAP operating income	\$330	\$295	\$290	\$310
GAAP operating margin	3.7%	3.3%	4.0%	4.5%
Non-GAAP operating margin**	4.5%	4.3%	4.6%	4.9%

\*Amounts may not sum due to rounding.

\*\*We calculate our Non-GAAP operating margin as non-GAAP operating income divided by revenue for the respective periods.

For more details on the GAAP to Non-GAAP adjustments for current and historical periods, please refer to the Investor Relations section of our website which includes press releases and summary financials of the respective periods.





# Appendix: Reconciliation of GAAP to Non-GAAP Measures

	Quarter-ended		Quarter-ended		Quarter-ended		Quarter-ended	
	July 01, 2022		March 31, 2022		July 02, 2021		March 31, 2021	
(\$ in Millions)*		% of revenue		% of revenue		% of revenue		% of revenue
GAAP gross profit	\$535	7.3%	\$505	7.4%	\$471	7.4%	\$509	8.1%
Stock-based compensation expense	7		6		5		5	
Restructuring charges	-		4		-		25	
Legal and Other	-		(13)		-		(33)	
Non-GAAP gross profit	\$542	7.4%	\$502	7.3%	\$476	7.5%	\$505	8.1%

\*Amounts may not sum due to rounding.

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# Appendix: Reconciliation of GAAP to Non-GAAP Measures

	Quarter- ended July 01, 2022	Quarter- ended March 31, 2022	Quarter- ended July 02, 2021	Quarter- ended March 31, 2021
(\$ in Millions, except for EPS)*				
GAAP net income attributable to Flex Ltd.	\$189	\$168	\$206	\$240
Intangible amortization	22	22	15	15
Stock-based compensation expense	26	23	20	18
Restructuring charges	-	4	-	26
Legal and other	10	18	-	(30)
Interest and other, net	1	6	(3)	1
Payable-in-kind dividend for subsidiary's redeemable preferred units	6	4	-	-
Adjustments for taxes	1	(1)	(8)	(21)
Non-GAAP net income	\$255	\$244	\$230	\$248
Diluted earnings per share:				
GAAP	\$0.40	\$0.36	\$0.41	\$0.47
NON-GAAP	\$0.54	\$0.52	\$0.46	\$0.49
Diluted shares used in computing per share amounts				
	468	471	499	507

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# Appendix: Reconciliation of GAAP to Non-GAAP Measures

	Quarter- ended
	July 01, 2022
(\$ in Millions)	
Segment income:	
Flex Agility Solutions	\$171
Flex Reliability Solutions	147
Nextracker	30
Corporate and Other*	(18)
Total segment income:	\$330
Operating margin**:	
Flex Agility Solutions	4.3%
Flex Reliability Solutions	5.0%
Nextracker	7.6%

	Quarter- Ended
	July 01, 2022
(\$ in Millions)	
<b>Reconciliation of segment income</b>	
Total segment income	\$330
Intangible Amortization	22
Stock-based compensation expense	26
Legal and other	10
Operating income	\$272

\*Corporate and Other includes centralized administrative costs that are not included in the assessment of the performance of each of the identified segments.

\*\*We calculate our segment operating margin as segment income divided by revenue for respective periods.

For more details on the GAAP to Non-GAAP adjustments for current and historical periods, please refer to the Investor Relations section of our website which includes press releases and summary financials of the respective periods.



# Appendix: Reconciliation of GAAP to Non-GAAP Measures

	Quarter- ended	Quarter- Ended	Quarter- ended	Quarter- ended	Quarter- ended
(\$ in Millions)	July 01, 2022	March 31, 2022	December 31, 2021	October 01, 2021	July 02, 2021
Net cash provided by operating activities	\$38	\$360	\$150	\$180	\$334
Net capital expenditures	(91)	(108)	(119)	(90)	(115)
Adjusted free cash flow	\$(53)	\$252	\$31	\$90	\$219

For more details on the GAAP to Non-GAAP adjustments for current and historical periods, please refer to the Investor Relations section of our website which includes press releases and summary financials of the respective periods.

