

**Greenville International Limited**  
**Annual Report and Financial Statements**  
**for the year ended 30 September 2022**

**Registered Number 05880398**

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# Greenville International Limited

## Company information

<b>Directors</b>	Doman, Katherine Thoreson, David
<b>Registered number</b>	05880398
<b>Registered office</b>	20 Gresham Street 4 <sup>th</sup> Floor London EC2V 7JE
<b>Independent auditors</b>	Grant Thornton UK LLP Landmark St Peter's Square 1 Oxford Street Manchester M1 4PB

# **Greenville International Limited**

## **Greenville International Limited Annual Report and Financial Statements for the year ended 30 September 2022**

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# Greenville International Limited

## Strategic report for the year ended 30 September 2022

The directors present their strategic report of the company for the year ended 30 September 2022.

### Principal activities

The company's principal activity during the year continued to be an intermediate holding company.

### Business review

The profit for the period results mostly of the reversal of impairment of intercompany loan in amount of £7,700,876 (2021: nil). The loan issued to subsidiary was fully impaired as at year ended September 30<sup>th</sup> 2021 as the directors did not consider it to be recoverable.

During the year ended, the assurances have been provided by the company's parent that in the event that the subsidiary is unable to, it will repay the loans when they are due. During the year ended the impairment previously recognised in respect of the inter-company loan and interest receivable has therefore been reversed.

### Principal risks and uncertainties

The company has accrued interest income on loans nominated in USD issued to its subsidiary, the principal risk and uncertainty for the company therefore relates to movements in foreign currency exchange rates.

An additional risk and uncertainty relate to the performance of subsidiary undertakings.

### Financial key performance indicators

Due to the nature of the business, there are no relevant key performance indicators which require disclosure.

Katherine Dornan  
Director

*Katherine Dornan* 22/6/2023

22/6/2023

David Thoreson  
Director

*David Thoreson*

### Registered office address:

20 Gresham Street  
4th Floor  
London  
EC2V 7JE

# Greenville International Limited

## Directors' report for the year ended 30 September 2022

The directors present their report and the audited financial statements of the company for the year ended 30 September 2022

### Small companies note

In preparing this report, the directors have taken advantage of the small companies' exemptions provided by section 415A of the Companies Act 2006.

### Events occurred during the financial year

During the year ended 30 September 2022 the Company received formal confirmation from its parent entity that it would ensure that the inter-company loan to the company's subsidiary, and interest receivable on the inter-company loan, would be repaid in accordance with the terms of the loan agreement in the event of the counterparty being unable to repay the loan. The impairment previously recognised in respect of the inter-company loan and interest receivable has therefore been reversed in the year ending 30 September 2022.

### Results and dividends

The results for the year are set out in the statement of income and retained earnings on page 11. The directors are satisfied with the results and financial position of the company which will continue to act as a holding company. The directors do not recommend payment of a dividend (2021: £nil).

### Future Developments

No changes are foreseen to the company's operational structure or principal activities.

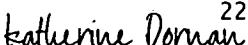
### Going Concern

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future, at least 12 months from the date of signing of these financial statements.

The activities of the Company consist primarily of being an intermediate holding company and there are no plans to liquidate the Company. The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future, at least the next 12 months. The activities of the Company consists primarily of holding non trading loans with its related parties. The directors have a reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future. The company's directors are not aware of any material uncertainties that may cast significant doubt upon its ability to continue to operate as a going concern.

### Directors and their interests

The directors of the company who served during the year and up to the date of signing this report are as follows:

Katherine Dornan  22/6/2023

David Thoreson  22/6/2023

None of the directors who held office had any disclosable interest in the shares of the company.

# Greenville International Limited

## Directors' report for the year ended 30 September 2022 (continued)

### Disclosure of information to the auditors

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Qualifying third party indemnity provisions

Qualifying third party indemnity provisions (as defined in section 234(2) of the Companies Act 2006) are in force for the benefit of the directors and former directors who held office during the year ended 30 September 2022.

### Post balance sheet events

After the balance sheet date, the intercompany loans previously issued to Phillips-Medsize Healthcare (Suzhou) Co., were subsequently repaid on 20 December 2022.

On December 8<sup>th</sup> 2022 the company issued 2 ordinary shares of £1 each. After issuance the share capital amounted to £10,052,969.

# Greenville International Limited

## Directors' report for the year ended 30 September 2022 (continued)

### Appointment of auditors

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

### On behalf of Board of Directors

Katherine Dornan  
Director

*Katherine Dornan* 22/6/2023

David Thoreson  
Director

*David Thoreson* 22/6/2023

### Registered address:

20 Gresham Street  
4th Floor  
London  
EC2V 7JE

# **Greenville International Limited**

## **Independent auditor's report to the members of Greenville International Limited**

### **Opinion**

We have audited the financial statements of Greenville International Limited (the 'company') for the year ended 30 September 2022 which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model. We assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.



# **Greenville International Limited**

## **Independent auditor's report to the members of Greenville International Limited continued**

### **Conclusions relating to going concern continued**

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### **Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report.

# **Greenville International Limited**

## **Independent auditor's report to the members of Greenville International Limited continued**

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the financial reporting framework, including Financial Reporting Standard 102: 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Companies Act 2006 and UK tax regulations.
- We obtained an understanding of how the company was complying with those legal and regulatory frameworks by making enquiries of management. We enquired of management whether they were aware of instances of non-compliance with laws and regulations, or whether they had any knowledge of actual, suspected or alleged fraud. We corroborated the results to relevant supporting documentation.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
  - Evaluation of the processes and control established to address the risks related to irregularities and fraud
  - Testing manual journal entries; and
  - Identifying and tested related party transactions.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

# **Greenville International Limited**

## **Independent auditor's report to the members of Greenville International Limited continued**

### **Auditor's responsibilities for the audit of the financial statements continued**

- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - Understanding of, and practical experience with, audit engagements of a similar size and nature through appropriate training and participation; and
  - Understanding of the legal and regulatory requirements specific to the company.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Frances Grant

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Manchester

23/6/2023

# Greenville International Limited

## Statement of Income and Retained Earnings

For the year ended 30 September 2022

	Note	2022 £	2021 £
Other operating expenses	3	(22,578)	(17,000)
Foreign exchange profit	4	1,342,030	85,800
Reversal of impairment of interest receivable	4	921,869	545,526
Reversal of impairment of investments	4	-	10,052,967
Reversal of impairment of loans	4	7,700,876	-
<b>Operating profit</b>		<b>9,942,197</b>	<b>10,667,293</b>
Interest receivable	5	121,505	-
Interest payable and similar charges	5	(2,510)	(545,526)
<b>Profit before taxation</b>		<b>10,061,192</b>	<b>10,121,767</b>
Tax on profit	6	(403,711)	(258,208)
<b>Profit for the financial year</b>		<b>9,657,481</b>	<b>9,863,559</b>
<b>Retained earnings at 1 October 2021</b>		<b>(2,790,297)</b>	<b>(12,653,856)</b>
Profit for the year		9,657,481	9,863,559
<b>Retained earnings at 30 September 2022</b>		<b>6,867,185</b>	<b>(2,790,297)</b>

The results for the year derive from continuing operations.

There is no other comprehensive income to note other than that recognised in the Statement of Income and Retained Earnings for 2022.

The notes on pages 11– 21 are an integral part of these financial statements.

# Greenville International Limited

## Statement of Financial Position

As at 30 September 2022

	Note	2022 £	2022 £	2021 £	2021 £
<b>Fixed assets</b>					
Investments	7		10,052,967		10,052,967
<b>Non-current assets</b>					
Debtors: Amounts falling due after more than one year	8		9,393,424		-
<b>Current assets</b>					
Debtors: Amounts falling due within one year	9		660,534		14,856
<b>Creditors: amounts falling due within one year</b>	10	(3,186,772)		(2,805,153)	
<b>Net current (liabilities)/assets</b>			(2,526,238)		7,262,670
<b>Net assets</b>			16,920,153		7,262,670
<b>Equity</b>					
Called up share capital	11		10,052,967		10,052,967
Accumulated Profits			6,867,185		(2,790,297)
<b>Total Equity</b>			16,920,153		7,262,670

The notes on pages 11 – 21 are an integral part of these financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS102 Section 1A – small entities.

The financial statements were approved by the board of directors on 22 June 2023 and were signed on its behalf by:

Katherine Dorman  
Director

*Katherine Dorman* 22/6/2023

David Thoreson  
Director

22/6/2023  
*David Thoreson*

# Greenville International Limited

## Notes to the financial statements for the year ended 30 September 2022

### 1 Accounting policies

#### General information

Greenville International Limited ('the Company') is a private company limited by shares, incorporated and domiciled in the UK and registered in England. The address of its registered office is 20 Gresham Street, 4<sup>th</sup> Floor, London, EC2V 7JE.

#### Basis of accounting

The financial statements of Greenville International Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 section 1A, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102 1A") and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgements in applying the Company's accounting policies.

These financial statements are prepared on the going concern basis, under the historical cost convention and accounting policies have been consistently applied.

The group which Greenville International Limited is ultimate parent of qualifies as small under SI2015/980 and therefore the exemption can be taken from the requirement to prepare consolidated group accounts.

The company's functional and presentation currency is pound sterling.

#### Financial Reporting Standard 102 – reduced disclosure exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions. On the basis that the company is a qualifying entity, the company has adopted the following exemptions:

- a reconciliation of the number of shares outstanding at the beginning and end of the period. [FRS 102 para 4.12(a)(iv)];
- the requirement to prepare a statement of cash flows. [Section 7 of FRS 102 and para 3.17(d)]
- the non-disclosure of key management personnel compensation in total. [FRS 102 para 33.7]
- Advantage has been taken of the exemption in FRS 102 [Para 33.1A] not to disclose transactions with entities that are wholly owned members of Molex Electronic Technologies LLC

# Greenville International Limited

## Notes to the financial statements for the year ended 30 September 2022 (continued)

### 1 Accounting policies (continued)

#### Foreign currencies

Transactions in foreign currencies are translated into sterling and recorded at the rates ruling at the date of the transaction or at contract rate. Monetary assets and liabilities are translated at the rates ruling at the statement of financial position date or at contract rate. Exchange differences arising are included in the statement of income and retained earnings.

#### Interest receivable

Interest income is recognised in the profit and loss account using the effective interest method.

#### Investments in subsidiaries

Fixed asset investments are stated at historical cost less provision for impairment.

#### Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of income and retained earnings. Current or deferred taxation assets and liabilities are not discounted.

##### (i) *Current Tax*

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### (ii) *Deferred Tax*

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

# Greenville International Limited

## Notes to the financial statements for the year ended 30 September 2022 (continued)

### 1 Accounting policies (continued)

#### Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### Financial Instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

##### (i) *Financial Assets*

Basic financial assets, including trade and other receivables, cash and bank balances, and loans to other group companies due on demand are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of future receipts discounted at a market rate of interest.

Basic financial assets are subsequently measured at amortised cost using the effective interest method.

At the end of each reporting period, an assessment is performed to identify whether there is objective evidence of impairment of any financial assets that are measured at cost or amortised cost. Impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Any impairment loss is recognised in the statement of income and retained earnings.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of income and retained earnings.

Financial Assets meets the definition of a basic financial instrument in accordance with the Sections 11 of FRS 102. The Company does not have any non-basic financial instruments.

#### Impairments

At least annually, the Company reviews the carrying amount of its tangible and intangible assets to test for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets (or cash-generating units) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determine a suitable discount rate in order to calculate the present value of those cash flows. An impairment loss is recognised immediately to profit and loss. In accordance with the provisions of FRS 102, the company has made recognition of the impairment reversal immediately in profit or loss unless the asset is carried at revalued amount.



# Greenville International Limited

## Notes to the financial statements for the year ended 30 September 2022 (continued)

### 1 Accounting policies (continued)

#### Going Concern

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future, at least 12 months from the date of signing of these financial statements.

The activities of the Company consist primarily of being an intermediate holding company and there are no plans to liquidate the Company. The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future, at least the next 12 months. The activities of the Company consists primarily of holding non trading loans with its related parties. The directors have a reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future. The company's directors are not aware of any material uncertainties that may cast significant doubt upon its ability to continue to operate as a going concern.

#### (ii) Financial Liabilities

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price and subsequently measured at amortised cost using the effective interest method. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classed as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

#### Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss. At each period end, the directors also assess whether there is any indication that an impairment loss recognised in a previous period either no longer exists or has decreased. The amount of any reversal is restricted to increasing the carrying value of the asset to the carrying value that would have been recognised if the original impairment had not occurred.

A judgement is made by management on the allocation of the impairment reversal between fixed asset investments and loans receivable when both are due from the same subsidiary entity. Management determine that fixed asset investments have priority over intercompany loans due and thus receive the benefit from the reversal of previous impairments ahead of intercompany loans due. This has been reflected in the financial statements.

# Greenville International Limited

## Notes to the financial statements for the year ended 30 September 2022 (continued)

### 2 Accounting policies (continued)

For the 2019 and 2020 financial years, the Company has been under different supervision and at that point the subsidiary was loss making and could not meet the interest payments as they fell due and there was no additional group support in place. Therefore, management made the decision to fully impair the investment in the subsidiary and the loan and associated accrued interest due from the subsidiary.

At the time of the acquisition, the company's investment in its subsidiary was fully impaired. The directors assessed the net realisable value of the subsidiary's assets at the time of the acquisition, using a specialist where necessary. As a result of this assessment, the directors concluded that the investment was no longer impaired and reversed the impairment in the current year. Regarding the investment cost following Section 27 of FRS102 an external valuation took place at the point of acquisition of the assets of Phillips-Medisize Healthcare, this valuation exceeds the value of the investment Greenville International Limited holds in the subsidiary and the investment's underlying net assets (transaction of purchase) which indicates the need for a reversal of the impairment of the investment in the financial statements for 2022. The loans granted by the company to the related entity were guaranteed by Molex Electronic Technologies and were therefore recoverable. The intercompany loans have subsequently been repaid after the year end.

### 3 Employee Costs

#### (1) Employees

The company had 2 employees in the current and preceding year (2021: 2).

	2022 Number	2021 Number
Average number of persons employed by the company	2	2

# Greenville International Limited

## Notes to the financial statements for the year ended 30 September 2022 (continued)

### 4 Operating profit / (loss)

	2022	2021
	£	£
Other operating expenses	(22,578)	(17,000)
Foreign exchange profit	1,342,030	85,800
Reversal of impairment of Intercompany loan interest receivable	921,869	545,526
Reversal of impairment of investment in subsidiary	-	10,052,967
Reversal of impairment of Intercompany loan principal	7,700,876	-

### 5 Interest receivable/ (payable)

The company has accrued interest receivable of £121,505 (2021: interest payable £545,526) on loan issued to subsidiary.

	2022	2021
	£	£
Interest receivable	121,505	-
Interest payable	(2,510)	(545,526)

The accrued interest charged in the year was £121,505 (2021: £546,526). In the period from 1 October 2020 to 30 April 2021, interest accrued on the loans to the company's subsidiary at a rate of LIBOR + 2.5%. On 30 April 2021, new loan agreements were signed which amended the interest rate to 1.5%. It was agreed between the company and its subsidiary that the interest rate of 1.5% would be backdated to 9 December 2017 for a loan of USD 7,000,000 and to 16 May 2018 for a loan of USD 3,370,000, and an adjustment to recognise the agreed rate of £716,060 was reflected in the year ended 30 September 2021. The remaining interest was impaired at this point given this considered at that time to be irrecoverable.

# Greenville International Limited

## Notes to the financial statements for the year ended 30 September 2022 (continued)

### 6 Tax on profit

#### (1) Analysis of tax charge for the year

The current tax charge for the year was £403,711 (2021; £258,208).

	2022	2021
	£	£
Taxation on profit on ordinary activities	283,230	258,208
Withholding Tax on interest receivable	160,134	-
Income taxes prior year refund	(39,653)	-
<b>Tax on profit</b>	<b>403,711</b>	<b>258,208</b>

#### (2) Factors affecting the tax charge for the year

The tax assessed for the year is less than the standard rate of corporation tax in the UK 19.00%. The differences are explained below:

	2022	2021
	£	£
Profit on ordinary activities before taxation	10,061,192	10,121,767
Profit before taxation multiplied by standard UK rate of corporation tax 19%	1,911,627	1,923,136
<b>Effects of:</b>		
Prior year adjustment of taxable non trading loan relationship income	-	212,734
Income not taxable	(1,637,606)	(1,910,064)
Taxable non trading loan relationship income	-	32,402
<b>Current year income tax</b>	<b>283,230</b>	<b>258,208</b>
<b>Withholding Tax on interest receivable</b>	<b>160,134</b>	<b>-</b>
<b>Income taxes prior year refund</b>	<b>(39,653)</b>	<b>-</b>
<b>Total tax on profit</b>	<b>403,711</b>	<b>258,208</b>

#### (2) Factors which may affect the future tax charge:

In March 2021, the 2021 Budget included an announcement to increase the standard rate of corporation tax rate from 19% to 25% from 1 April 2023.

# Greenville International Limited

## Notes to the financial statements for the year ended 30 September 2022 (continued)

### 7 Investments

	Investments in subsidiary undertakings 2022 £
<b>Cost</b>	
At 1 October 2021 and 30 September 2022	10,052,967
<b>Impairment</b>	
At 1 October 2021 and 30 September 2022	-
<b>Net investments at 30 September 2022</b>	<b>10,052,967</b>
<b>Net investments at 1 October 2021</b>	<b>-</b>

At the time of the acquisition, the company's investment in its subsidiary was fully impaired. The directors assessed the net realisable value of the subsidiary's assets at the time of the acquisition, using a specialist where necessary. As a result of this assessment, the directors concluded that the investment was no longer impaired and reversed the impairment in the prior year.

The following company was subsidiary of the Company at 30 September 2022 and was registered and operating outside of England.

Company	Nature of business	Shares held Class %	Registration Address
Phillips-Medisize Healthcare (Suzhou) Co., Ltd previously: Brintons Carpet Manufacturing (Suzhou) Limited)	Holding company	100% Direct	Jiangsu, Suzhou, Wuzhong District, China

# Greenville International Limited

## Notes to the financial statements for the year ended 30 September 2022 (continued)

### 8 Debtors: amounts falling due after more than one year

	2022	2021
	£	£
Intercompany loans	9,393,424	-

The Company had two long term loans to subsidiary undertakings due in more than one year on 30 September 2022. The loans were repaid in December 2022.

Borrower	Currency	Principal	Accrued Interest	Maturity Date	Interest rate
Phillips-Medisize Healthcare (Suzhou) Co., Ltd previously: Brintons Carpet Manufacturing (Suzhou) Limited)	USD	3,370,000	378,390	1 December 2024	1,50%
Phillips-Medisize Healthcare (Suzhou) Co., Ltd previously: Brintons Carpet Manufacturing (Suzhou) Limited)	USD	7,000,000	700,729	1 February 2025	1,50%

### 9 Debtors: Amounts falling due within one year

	2022	2021
	£	£
Intercompany loans interest	642,252	-
Intercompany trade receivables	18,281	-
Other debtors	-	14,856
	660,534	14,856

# Greenville International Limited

## Notes to the financial statements for the year ended 30 September 2022 (continued)

### 10 Creditors: amounts falling due within one year

	2022 £	2021 £
Amounts owed to group undertakings and undertakings in which the company has a participating interest	2,438,457	2,018,346
Bank overdraft	203,031	-
Corporation tax payable	531,534	769,807
Other payable	13,750	17,000
	3,186,772	2,805,153

Amounts owed to group undertakings are unsecured and are repayable on demand and are not subject to interest. The position Intercompany payable consist of liabilities to the affiliated entity.

### Other payable - Auditors' Remuneration

	2022 £	2021 £
Auditors' remuneration: statutory audit	13,750	17,000

### 11 Called up share capital

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
10,052,967 (2021 – 10,052,967) ordinary shares of £1 each issued on incorporation	10,052,967	10,052,967

# **Greenville International Limited**

## **Notes to the financial statements for the year ended 30 September 2022 (continued)**

### **12 Ultimate controlling party and related parties**

The Company by 18 June 2021 was wholly owned subsidiary of Longshing Group Inc. On 18 June 2021, the Company was acquired by Molex Singapore Pte. Ltd. The immediate parent preparing consolidated group account is Molex Electronic Technologies LLC, a company incorporated in United States of America. The company is included in the consolidated financial statements of Molex Electronic Technologies LLC, which is the lowest level at which accounts are consolidated.

The ultimate parent undertaking and controlling party is Koch Industries Inc. (incorporated in the state of Kansas, USA). Koch Industries Inc. is the parent undertaking of the largest group to consolidate these accounts.

The Company is included in the consolidated financial statements of Koch Industries, Inc., forming the largest body of undertakings of which the Company forms part as an indirect subsidiary undertaking. The registered office of that company is located at 112 SW 7th Street, Suite 3C, Topeka, Kansas 66603, USA, and the consolidated financial accounts are not available to the public.

### **13 Post balance sheet events**

After the balance sheet date, the intercompany loans previously issued to Phillips-Medisize Healthcare (Suzhou) Co., were subsequently repaid on 20 December 2022. On December 8<sup>th</sup> 2022 the company issued 2 ordinary shares of £1 each. After issuance the share capital amounted to £10,052,969.



# **MOLEX ELECTRONIC TECHNOLOGIES, LLC CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2022 and 2021 | With Independent Auditor's Report Therein

CONFIDENTIAL | DO NOT COPY These financial statements are not publicly available information and should not be disclosed, copied, or discussed with any person not directly involved with this information without prior written approval from Koch Industries, Inc. ATTORNEY-CLIENT PRIVILEGED.

**MOLEX ELECTRONIC TECHNOLOGIES, LLC**  
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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Board of Managers and Members  
Molex Electronic Technologies, LLC

**Opinion**

We have audited the consolidated financial statements of Molex Electronic Technologies, LLC (a Delaware limited liability company) and subsidiaries (the "Company") which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of income, comprehensive income, members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for opinion**

We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Grant Thornton LLP*

Chicago, Illinois  
February 23, 2023

**MOLEX ELECTRONIC TECHNOLOGIES, LLC**  
Consolidated Balance Sheets  
December 31, 2022 and 2021  
(Dollars in millions)

		As of December 31,	
	Note	2022	2021
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents		\$ 179	\$ 212
Accounts receivable, net	3	1,596	1,536
Inventories, net	5	1,601	1,473
Income tax receivable		21	26
Other current assets	9	92	70
Total current assets		3,489	3,317
Property, plant, and equipment, net	6	2,200	2,049
Goodwill	7	4,013	4,032
Intangible assets, net	8	1,873	2,045
Investments	4	62	52
Pension and other postretirement benefits assets	10	49	26
Deferred income tax assets	13	411	33
Related party note receivable	16	160	314
Operating lease assets	14	67	58
Other assets	9	16	32
Total assets		\$ 12,340	\$ 11,958
<b>LIABILITIES AND MEMBERS' EQUITY</b>			
Current liabilities:			
Accounts payable		\$ 681	\$ 741
Accrued salaries, commissions and bonuses		222	209
Income tax payable	13	306	207
Current operating lease liabilities	14	20	21
Other current liabilities	12	203	209
Total current liabilities		1,432	1,387
Operating lease liabilities, net of current portion	14	45	37
Accrued pension and other postretirement benefits	10	28	55
Deferred income tax liabilities	13	133	141
Related party long-term debt	11	386	678
Long-term debt	11	499	499
Other non-current liabilities	12	380	420
Total liabilities		2,903	3,217
Members' equity:			
Additional paid-in capital		7,811	7,811
Retained earnings		2,314	1,620
Accumulated other comprehensive loss	15	(688)	(690)
Total members' equity		9,437	8,741
Total liabilities and members' equity		\$ 12,340	\$ 11,958

See accompanying notes to Consolidated Financial Statements.

**MOLEX ELECTRONIC TECHNOLOGIES, LLC**  
**Consolidated Statements of Income**  
**December 31, 2022 and 2021**  
**(Dollars in millions)**

		Year Ended December 31,	
	Note	2022	2021
Net revenue	16	\$ 7,161	\$ 6,724
Cost of sales		4,908	4,597
Gross profit		2,253	2,127
Selling, general and administrative		1,166	1,089
Amortization expense	8	166	168
Restructuring expense	17	15	37
Impairment expense	6,17	4	1
Gain on sale of businesses and property, plant, and equipment		(3)	(34)
Total operating expenses		1,348	1,261
Income from operations		905	866
Interest expense, net		25	22
Exchange loss		13	18
Other income, net		(24)	(20)
Total other expense, net		14	20
Income before income taxes		891	846
Income tax expense	13	197	66
Net income		\$ 694	\$ 780

**See accompanying notes to Consolidated Financial Statements.**

**MOLEX ELECTRONIC TECHNOLOGIES, LLC**  
**Consolidated Statements of Comprehensive Income**  
**Years Ended December 31, 2022 and 2021**  
**(Dollars in millions)**

	Year Ended December 31,	
	2022	2021
Net income	\$ 694	\$ 780
Foreign currency translation adjustments	(29)	(34)
Pension and postretirement medical benefits adjustments, net of tax of \$(11) and \$(5)	31	27
Other comprehensive income/(loss)	2	(7)
Total comprehensive income	<u>\$ 696</u>	<u>\$ 773</u>

**See accompanying notes to Consolidated Financial Statements.**

**MOLEX ELECTRONIC TECHNOLOGIES, LLC**  
**Consolidated Statements of Members' Equity**  
**Years Ended December 31, 2022 and 2021**  
(Dollars in millions)

	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Members' Equity
Balances at December 31, 2020	\$ 7,811	\$ 840	\$ (683)	\$ 7,968
Net income	—	780	—	780
Other comprehensive loss	—	—	(7)	(7)
Balances at December 31, 2021	\$ 7,811	\$ 1,620	\$ (690)	\$ 8,741
Net income	—	694	—	694
Other comprehensive gain	—	—	2	2
Balances at December 31, 2022	\$ 7,811	\$ 2,314	\$ (688)	\$ 9,437

**See accompanying notes to Consolidated Financial Statements.**



**MOLEX ELECTRONIC TECHNOLOGIES, LLC**  
Consolidated Statements of Cash Flows  
Years Ended December 31, 2022 and 2021  
(Dollars in millions)

	Year Ended December 31,	
	2022	2021
<b>Operating activities:</b>		
Net income	\$ 694	\$ 780
Adjustments to reconcile net income to cash provided from operating activities:		
Depreciation and amortization	456	463
Deferred income taxes	(98)	(151)
Gain on sale of businesses, and property, plant, and equipment	(3)	(34)
Gain on investment	—	(5)
Impairment charges	4	1
Other non-cash items	(8)	(3)
Changes in assets and liabilities:		
Accounts receivable	(69)	(147)
Inventories	(135)	(434)
Accounts payable	(52)	41
Accrued salaries, commissions, and bonuses	15	(2)
Other current assets and liabilities	84	48
Other assets and liabilities	(22)	48
Net cash provided from operating activities	<u>866</u>	<u>605</u>
<b>Investing activities:</b>		
Capital expenditures	(454)	(464)
Acquisitions	—	1
Proceeds from sale of businesses	—	11
Proceeds from sale of property, plant, and equipment	3	33
Proceeds from sale of investments	—	5
Purchases of investments	(10)	(14)
Proceeds from related party note receivable	192	94
Origination of related party note receivable	(290)	(283)
Other investing activities	—	(6)
Net cash used for investing activities	<u>(559)</u>	<u>(623)</u>
<b>Financing activities:</b>		
Proceeds from long-term borrowings with related parties	3,198	2,285
Payments on long-term borrowings with related parties	(3,535)	(2,316)
Net cash provided from financing activities	(337)	(31)
Effect of exchange rate changes on cash	(3)	3
Net decrease in cash and cash equivalents	(33)	(46)
Cash and cash equivalents, beginning of year	212	258
Cash and cash equivalents, end of period	<u>\$ 179</u>	<u>\$ 212</u>
<b>Supplemental cash flow information:</b>		
Non-cash operating, investing and financing activities:		
Increase in long-term borrowing with related parties	\$ 46	\$ —
Interest paid	\$ 23	\$ 25
Income taxes paid	\$ 92	\$ 76

See accompanying notes to Consolidated Financial Statements.

**MOLEX ELECTRONIC TECHNOLOGIES, LLC**  
**Notes to Consolidated Financial Statements**  
**(Dollars in millions)**

**Note 1 - Organization, Basis of Presentation and Significant Accounting Policies**

**Description of the Business**

Molex Electronic Technologies, LLC (the "Company" / "Molex") is a private limited liability company formed in the state of Delaware and is a wholly owned subsidiary of Koch Industries, Inc. ("KII"). The Company brings together innovation and technology to deliver electronic solutions to customers worldwide. The Company offers a full suite of solutions and services to a number of markets, including data communications, consumer electronics, medical, industrial, automotive, and commercial vehicle.

**Basis of Presentation**

The accompanying Consolidated Financial Statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"). All significant intercompany balances and transactions are eliminated in consolidation.

**Significant Accounting Policies**

*Cash and Cash Equivalents*

Cash and cash equivalents consist of highly liquid investments with maturities of three months or less when purchased. The Company's cash balance, at times, may exceed the federally insured limits. Cash and cash equivalents are maintained with a diversified group of institutions that the Company believes to be of high credit quality.

*Accounts Receivable, net and Notes Receivable, net*

Accounts receivable, net and notes receivable, net consist of third party and related party trade receivables, related party note receivables, and allowance for credit losses. Interest income on related party notes receivable is recognized based on the contractual rate over the life of the note. Refer to Note 3 and Note 16 for further information.

The Company is exposed to credit losses on receivable balances. The allowance for credit losses is determined through assessments of historical trends, the current and projected economic conditions, and customer and counterparty credit ratings. The Company manages credit risk through normal industry collateralization processes, extensive credit analysis, and diligent payment management practices. Master netting agreements are arranged where appropriate. Receivables are written off when the Company determines that collection is not probable.

#### *Inventories, net*

Inventories are stated at the lower of cost or net realizable value, with the carrying value determined primarily using First-In, First-Out. The Company reduces the carrying value of its inventories for obsolescence or unmarketable inventory equal to the difference between the cost of inventory and the estimated market value based upon assumptions about future demand and market conditions. Inventory values include the costs of materials, labor, and manufacturing overhead. Refer to Note 5 for further information.

#### *Investments*

Generally, the equity method of accounting is used for investments in companies over which the Company exercises significant influence, but does not control, typically where there is a 20% to 50% ownership interest.

The Company's equity method investments, initially recorded at cost, increase or decrease by its proportionate share of the net earnings or losses and other comprehensive income of the investee. Any dividends received decrease the carrying value of the investments.

Equity securities and preferred stock consist of actively traded equities as well as private equity investments. The fair value of actively traded equities is based on quoted prices for identical securities in active markets obtained from third-party pricing services. The fair value of private equity investments is based on multiples of comparable public companies, transactions in similar investments, and discounted cash flows.

Investments are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an investment may have experienced an other-than-temporary decline in value. If an investment is considered to be impaired and the decline in value is other-than-temporary, the excess of the carrying value over the fair value is recognized as an impairment.

#### *Property, Plant, and Equipment, net*

Property, plant, and equipment are stated at cost, less accumulated depreciation. Depreciation and amortization expense are recognized over estimated useful lives, primarily utilizing the straight-line method. Expenditures increasing capacities and extending useful lives, renewals, and betterments are capitalized. The Company capitalizes software costs developed or obtained for internal use that provide a future benefit.

Property, plant, and equipment are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of the asset to be held and used is measured by comparing net book value of the asset group to future undiscounted net cash flows, excluding interest charges. If undiscounted net cash flows are less than the net book value, the recognized impairment is measured by the excess net book value over fair value. Fair values are based upon appraisals or estimates of discounted future cash flows. In the discounted cash flow model, the Company uses the weighted-average cost of capital as the unobservable input. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. See Note 6 for additional information.

## *Leases*

The Company has operating lease commitments for office facilities and equipment, software, and transportation equipment. The Company determines if an arrangement is a lease or a service contract at inception. If an arrangement is a lease, the Company determines if it is an operating lease or a finance lease. At lease commencement, the Company records a lease liability and corresponding right-of-use ("ROU") asset for those leases determined to be operating leases. Lease liabilities represent the present value of future lease payments over the expected lease term, which includes options to extend or terminate the lease when it is reasonably certain those options will be exercised. The Company elected to include lease and non-lease components in determining the lease liability. Non-lease components are generally services that the lessor performs associated with leases for the Company. For those leases with payments based on an index as of the lease commencement, the lease liability is determined using the index at the lease commencement date. The amount by which a lease escalates based on the change in an index, which is not known at lease commencement, is considered a variable payment and is not included in the present value of the future lease payments. The present value of the Company's lease liability is determined using an incremental collateralized borrowing rate at lease inception. ROU assets represent the Company's right to control the use of the leased asset during the lease and are recognized in an amount equal to the lease liability. A ROU asset and lease liability is not recognized for leases with an initial term of 12 months or less, and the Company recognizes lease expense for these leases on a straight-line basis over the lease term. Refer to Note 14 for further information.

## *Business Combinations, Including Goodwill and Intangibles*

The Company accounts for business acquisitions in accordance with Accounting Standard Codification ("ASC") 805, *Business Combinations*. ASC 805 requires recognition of the assets acquired and the liabilities assumed separately from goodwill, generally at their acquisition date fair values. Goodwill is measured as the excess of consideration transferred over the net of the acquisition date fair values of the assets acquired and the liabilities assumed. It represents the estimated future economic benefits arising from other assets acquired that could not be individually identified and separately recognized. The Company uses its best estimates and assumptions to assign fair value to the tangible and intangible assets acquired and liabilities assumed as of the acquisition date. These estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments to the fair value of these tangible and intangible assets acquired and liabilities assumed, with the corresponding offset to goodwill. In addition, uncertain tax positions and tax related valuation allowances assumed in connection with a business combination are initially estimated as of the acquisition date and are reevaluated with any adjustments made within the measurement period being recorded to goodwill. Upon the conclusion of the measurement period or final determination of the fair values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded in its results of operations in the period such adjustments are made.

Intangible assets with defined useful lives are amortized on a straight-line basis over their respective useful lives. Definite-lived intangible assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable.

Goodwill and indefinite-lived intangibles are reviewed for impairment annually or more frequently if indicators of impairment exist or if a decision is made to sell a business. A significant amount of judgment is involved in determining if an indicator of impairment has occurred. Such indicators may include deterioration in general economic conditions, negative developments in equity and credit markets, adverse changes in the markets in which an entity operates, increases in input costs that have a negative impact on earnings and cash flows, or a trend of negative or declining cash flows over multiple periods, among others.

In accordance with ASC 350 *Intangibles - Goodwill and Other*, the Company initially performs a qualitative assessment of goodwill and indefinite-lived intangibles for impairment to determine whether it is more likely than not (a likelihood of more than 50%) that the fair value of a reporting unit or indefinite-lived intangible is less than its carrying value. If a company concludes that this is the case, it must perform a quantitative test. The guidance requires companies to evaluate all events and circumstances, positive and negative, in assessing whether it is more likely than not that a reporting unit's fair value is less than its carrying value. Such events and circumstances include macroeconomic conditions, industry and market considerations, cost factors, overall financial performance, other relevant company-specific events such as changes in management, strategy or customers and litigation and reporting unit-specific changes.

Refer to Note 7 and Note 8 for further discussion.

#### *Fair Value*

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between willing market participants at the measurement date. Where available, fair value is based on observable market prices or parameters, or derived from such prices or parameters. Where observable prices or inputs are not available, valuation models are applied. These valuation techniques involve some level of management estimation and judgment, the degree of which is dependent on the price transparency for the instruments or market and their complexity.

Hierarchical levels directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities are as follows:

Level 1 - Observable inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 - Observable inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.

Level 3 - Unobservable inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

An asset's or a liability's categorization within the fair value hierarchy is based on the lowest level of significant input to its valuation. Assets measured at fair value using their Net Asset Value ("NAV") as a practical expedient for fair value are not classified in the fair value hierarchy.

The Company's other financial instruments, which are carried at cost, include cash and cash equivalents, accounts receivables, related party note receivable, other current assets, accounts payable, other current liabilities, and debt. The instruments that are classified as current approximate fair value because of their short maturities. When an instrument is not short term in nature, analyses are performed to determine that cost approximates fair value. In situations that the cost is greater than the estimated fair value, adjustments are made to the instrument's cost basis.

At December 31, 2022 and 2021, the carrying value of the other financial instruments approximated fair value.

#### *Foreign Currency*

The Company is exposed to foreign currency exchange risk related to the Company's wholly-owned foreign entities, as well as certain equity method investments, in several of the world's major currencies. The Company's reporting currency is the U.S. Dollar. For the Company's wholly-owned entities whose functional currency is something other than the U.S. Dollar, those balances are translated to the reporting currency each period, and the translation adjustments are included as a component of accumulated other comprehensive income. Refer to Note 15 for further information. Management assesses its functional currency when events give rise to significant changes in economic facts and circumstances that may impact its original designation.

Gains and losses on transactions in currencies other than the local functional currencies of the wholly-owned foreign entities are included in net income for the period.

#### *Contingencies*

In accordance with ASC 450, Contingencies, we analyze whether it is probable that an asset has been impaired or a liability has been incurred, and whether the amount of loss can be reasonably estimated. If the loss contingency is both probable and reasonably estimable, we accrue for costs associated with the loss contingency. We expense associated legal fees as incurred. If no accrual is made but the loss contingency is reasonably possible, we disclose the nature of the contingency and the related estimate of possible loss or range of loss if such an estimate can be made. Loss contingencies include, but are not limited to, possible losses related to legal proceedings and regulatory compliance matters. Liabilities established to provide for contingencies are adjusted as further information develops, circumstances change or contingencies are resolved. In 2022 and 2021, legal accruals were \$1 and \$8, respectively. In 2022 and 2021, environmental liabilities were \$2 and \$2, respectively.

#### *Income Taxes*

Deferred tax assets and liabilities are recognized based on differences between the financial statement and tax basis of assets and liabilities using presently enacted tax rates. The Company has operations that are subject to income and other similar taxes in foreign countries. The estimation of the income tax amounts that the Company records involves the interpretation of complex

tax laws and regulations, evaluation of tax audit findings and assessment of the impact foreign taxes may have on domestic taxes. A valuation allowance is provided to offset deferred tax assets if, based on available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

Provision is made for taxes on undistributed earnings of foreign subsidiaries and related companies to the extent that such earnings are not deemed to be permanently invested.

The Company records tax benefits for the amount more-likely-than-not to be sustained during an income tax audit.

The tax-related balance due to/from KII as of December 31, 2022 and 2021 is included in income tax receivable, income tax payable, deferred taxes, and other assets and liabilities, respectively. Refer to Note 13 for further information.

#### *Revenue Recognition*

The Company recognizes revenue when performance obligations identified under the terms of contracts with its customers are satisfied. The majority of revenues are recognized at a point in time when a good or service is transferred to the customer. Transfer occurs when the customer obtains control of that good or service.

For sales transactions where the Company does not control the goods during shipment, revenue is recognized at the time of shipment when control has transferred and performance obligations have been satisfied. For sales transactions where the Company controls the goods during shipment, revenue is recognized upon delivery to the customer when control has transferred.

The Company's sales contracts provide customers with goods and services in exchange for consideration specified under the contracts. Expected consideration (and therefore revenue) is allocated to goods based on standalone selling price and reflects reductions for allowances, rebates, volume discounts and other incentives. The Company considers the constraint on variable consideration when recognizing revenue and recognizes revenue based on the most likely amount. The Company records taxes collected from customers on behalf of government authorities, such as sales taxes, on a net basis.

Typical payment terms for product sales range from 30 to 90 days after the Company has satisfied its performance obligation.

Revenue from remaining performance obligations as of December 31, 2022 and 2021 relates to contracts with an original duration of one-year or less.

#### *Selling, General, and Administrative Expenses ("SG&A")*

SG&A consists primarily of expenses for non-operating employee wages and benefits, professional and contract services, advertising and marketing and travel. Advertising costs are expensed as incurred and total \$14 and \$12 in 2022 and 2021, respectively. Research and development costs are expensed as incurred and total \$410 and \$384 in 2022 and 2021, respectively.

### *Restructuring Costs*

Restructuring and severance costs reflect cost reduction programs being implemented by the Company to reduce costs and improve return on invested capital. These include the closing of facilities, transferring production to other facilities and the termination of employees. Restructuring costs are expensed during the period in which the Company determines it will incur those costs and all requirements of accrual are met. Because these costs are recorded based upon estimates, actual expenditures for the restructuring activities may differ from the initially recorded costs. If the initial estimates are too low or too high, the Company could be required either to record additional expenses in future periods or to reverse part of the previously recorded charges. Asset write-downs are principally related to buildings and equipment that will not be used subsequent to the completion of restructuring plans and cannot be sold for amounts in excess of carrying value. See Note 17 for further information.

### *Pension Plans and Other Post Retirement Benefits*

Pension and other post retirement plan benefits are expensed as employees earn such benefits. The recognition of expense is significantly impacted by estimates made by management such as discount rates used to value certain liabilities, expected return on assets, rate of compensation increases and future healthcare costs. The Company uses third-party actuarial specialists to assist management in appropriately measuring the expense associated with pension and other post retirement plan benefits. Plan assets are classified as either Level 1, 2, or 3 in the fair value hierarchy based upon specific characteristics of the underlying investments in each plan.

Molex reviews its actuarial assumptions on an annual basis (or more frequently if a significant event requiring remeasurement occurs) and modifies the assumption based on current rates and trends when it is appropriate to do so. The effects of modifications are recognized immediately on the Consolidated Balance Sheet, but are generally amortized into operating earnings over future periods, with the deferred amount recorded in accumulated other comprehensive loss. The Company believes that the assumptions utilized in recording its obligations under its plans are reasonable based on its experience, market conditions and input from its actuaries and investment advisors.

### *Accumulated Other Comprehensive Loss*

Accumulated other comprehensive loss consists of changes in foreign currency translation adjustments and pension and post retirement medical obligations, which is net of the related income tax effects. The Company's policy is to release income tax effects from accumulated other comprehensive loss only when the entire portfolio to which the underlying transactions relate to is liquidated, sold, or extinguished.

### **Use of Estimates and Assumptions**

The Company makes certain estimates and assumptions relating to the reporting of assets and liabilities and the disclosures of contingent liabilities in preparing these Consolidated Financial Statements in conformity with U.S. GAAP. Significant accounting estimates include estimates used in goodwill, intangible assets, long-lived assets, and investments impairment testing, valuation



allowance, and actuarial assumptions used for calculating pension obligations (including discount rates, rates of compensation increases, expected returns on plan assets and mortality rates). Actual results could differ from those estimates.

## Risks and Uncertainties

As a result of the Covid-19 Pandemic, the Company's operational and financial performance was impacted to varying degrees. In addition to the impacts of the Pandemic, the Company continues to experience additional economic impacts related to production issues, high inflation, and elevated supply chain costs.

In February 2022, Russia launched a military action against Ukraine. The impacts to the Company's businesses are ongoing relative to various global markets, including supply chain disruptions, input costs, and economic sanctions imposed by the EU, US, UK, and other countries. Management will continue to monitor developments to assess potential future impacts that may arise as a result of the ongoing conflict.

Operations outside the United States include subsidiaries in North America, South America, Asia, and Europe. Foreign operations are subject to risks inherent in operating under different legal systems and various political and economic environments. There are varying degrees of risk and uncertainty in each of the countries in which the Company operates. The distribution of revenue by geographic area as of December 31, 2022 and 2021 was approximately as follows:

	2022	2021
Americas	\$ 3,287	\$ 2,887
Northern Asia	428	495
Southern Asia	2,107	2,081
Europe	1,339	1,261
Net Revenue	<u>\$ 7,161</u>	<u>\$ 6,724</u>

## Recently Adopted Accounting Pronouncements

In November 2021, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2021-10, Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance, which requires companies to disclose information about transactions with a government that are accounted for by applying a grant or contribution model. For transactions in the scope of the new standard, business entities need to provide information about the nature of the transaction, including significant terms and conditions, as well as the amounts and specific financial statement line items affected by the transaction. The Company adopted the standard in 2022. The adoption of this new standard did not have a material impact on the Consolidated Financial Statements.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which changed the impairment model for most financial assets from one based on current losses to a forward-looking model based on expected losses. This model replaced the existing incurred credit loss model, that generally requires a loss to be incurred before it is recognized. The forward-looking model is expected to result in earlier recognition of allowances for credit losses. The amended guidance requires financial assets that are measured at amortized cost be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the

amortized cost basis of financial assets. The Company adopted the standard in 2022. The adoption of this new standard did not have a material impact on the Consolidated Financial Statements.

## Note 2 - Divestitures

In July 2021, Zhuhai FTZ Oplink Communications, Inc. sold dormitories by entering into an agreement with the Zhuhai government for physical replacement and sale in China. The total proceeds received for the sale were \$10 and the gain on sale was \$2. The replacement dormitory resulted in a gain of \$11.

In March 2021, Molex sold its Oplink Wuhan Branch and Shanghai Oplink Communications, Co. Ltd. businesses including assets in Wuhan and Shanghai, China. The total proceeds received were \$15 and the gain on sale was \$8.

In 2021, Molex had additional sales throughout the year that resulted in a gain of \$9.

## Note 3 - Accounts Receivable, net

Accounts receivable, net and notes receivables, net consist of the following at December 31:

	2022	2021
Trade receivables, gross	\$ 1,633	\$ 1,559
Notes receivables, gross	4	4
Allowance for credit losses	(37)	(27)
Total receivables, net	\$ 1,600	\$ 1,536
Less: non-current receivables <sup>1</sup>	(4)	—
Accounts receivable, net	<u>\$ 1,596</u>	<u>\$ 1,536</u>

<sup>1</sup>Non-current receivables are included in Related party note receivable in the Consolidated Balance Sheets. During 2022, the company amended a note receivable with Excelfore to extend its repayment term and classified it as non-current. See Note 16 for further information.

At December 31, 2022 and 2021 the Company has no significant concentrations of credit risk.

## Note 4 - Investments

Investments consist of the following at December 31:

	2022	2021
Equity method investments (a)	\$ 4	\$ 4
Preferred stock (b)	58	48
Total investments	<u>\$ 62</u>	<u>\$ 52</u>

### (a) Equity Method Investments

The Company's equity method investments include the following at December 31:

	Equity Ownership	2022	2021
Landwin	20%	\$ 2	\$ 2
Nanjing Fosun Tongrui Venture Partner	10%	2	2
Total equity method investments		<u>\$ 4</u>	<u>\$ 4</u>

### (b) Preferred Stock

The Company's preferred stock investments include the following at December 31:

	2022	2021
Dance	\$ 12	\$ 12
Excellfore	10	10
WindGap Medical Inc.	8	8
Credence MedSystems Inc.	7	7
Ossia	5	5
Silentium	5	5
Eidetic Communications, Inc.	3	1
EdgeCloudLink, Inc.	3	—
Point2 Technology, Inc.	5	—
Total preferred stock	<u>\$ 58</u>	<u>\$ 48</u>

### Note 5 - Inventories, net

Inventories consist of the following at December 31:

	2022	2021
Raw materials	\$ 325	\$ 270
Work in process	642	553
Finished goods	759	748
Less: reserves	(125)	(98)
Total inventories, net	<u>\$ 1,601</u>	<u>\$ 1,473</u>

### Note 6 - Property, Plant, and Equipment, net

Major classes of property, plant, and equipment, net consist of the following at December 31:

	Estimated Useful Life	2022	2021
Molds and dies	3-4 years	\$ 474	\$ 448
Machinery and equipment	3-10 years	2,025	1,901
Buildings	25-40 years	1,051	917
Land and improvements	Indefinite	127	96
Construction in progress		536	491
		<u>\$ 4,213</u>	<u>\$ 3,853</u>
Accumulated depreciation and amortization		(2,013)	(1,804)
Property, plant, and equipment, net		<u>\$ 2,200</u>	<u>\$ 2,049</u>

Depreciation expense for the years ended December 31, 2022 and 2021 was \$290 and \$295, respectively.

Property, plant, and equipment impairments unrelated to restructuring were \$4 and \$3 in 2022 and 2021, respectively.

## Note 7 - Goodwill

The table below represents the carrying value of goodwill. The gross amounts have been adjusted for any acquisitions or disposals that occurred during the respective years.

The changes in the carrying amount of goodwill, net are as follows:

	2022	2021
Beginning balance	\$ 4,032	\$ 4,070
Adjustments to prior period measurement	—	(12)
Foreign currency translation	(19)	(26)
Ending balance	<u>\$ 4,013</u>	<u>\$ 4,032</u>

In 2022 and 2021, the Company assessed goodwill in accordance with its policy and determined that no impairment was required.

## Note 8 - Intangible assets, net

The table below represents the carrying value of indefinite-lived and definite-lived intangible assets, net of accumulated amortization and accumulated impairments. Intangible assets with indefinite lives represent tradenames. Definite-lived intangible assets includes tradenames, patents, customer relationships, and technology-based as summarized below. The gross amounts have been adjusted for any acquisitions or disposals that occurred during the respective years. The balances were the following at December 31:

	2022		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Indefinite-lived intangibles			
Tradenames	\$ 647	N/A	\$ 647
Definite-lived intangibles			
Tradenames	99	(68)	31
Patents	143	(111)	32
Customer Relationships	1,776	(759)	1,017
Technology-based	615	(469)	146
	<u>\$ 3,280</u>	<u>\$ (1,407)</u>	<u>\$ 1,873</u>

	2021		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Indefinite-lived intangibles			
Tradenames	\$ 645	N/A	\$ 645
Definite-lived intangibles			
Tradenames	99	(61)	38
Patents	143	(98)	45
Customer Relationships	1,783	(663)	1,120
Technology-based	616	(419)	197
	<u>\$ 3,286</u>	<u>\$ (1,241)</u>	<u>\$ 2,045</u>

Intangible assets amortization expense was \$166 and \$168 for 2022 and 2021, respectively. The estimated amortization for definite-lived intangibles from 2023 to 2027 are as follows:

	Estimated Amortization for Definite-Lived Intangibles
2023	\$ 156
2024	154
2025	110
2026	90
2027	87
Thereafter	629
Total Amortization	<u>\$ 1,226</u>

Patents and tradenames have a weighted-average amortization period of 7 years. Customer relationships and technology-based intangibles have a weighted-average amortization period of 12 years.

In 2022 and 2021, the Company assessed its indefinite-lived intangibles in accordance with its policy and determined that no impairment was required.

## Note 9 - Other Assets

Current and non-current other assets consist of the following at December 31:

	2022	2021
Prepays <sup>1</sup>	\$ 85	\$ 64
Other	23	38
Total other assets	<u>\$ 108</u>	<u>\$ 102</u>
Less: current portion	(92)	(70)
Other non-current assets	<u>\$ 16</u>	<u>\$ 32</u>

<sup>1</sup>Prepays represent expenses paid in advance for rent, inventory, and various other items.

## Note 10 - Pension Plans and Other Post-Retirement Benefits

### Defined Benefit Pension Plans

The Company sponsors many defined benefit pension plans covering certain U.S. and non-U.S. employees. The benefits are typically based on years of service and the employees' compensation for certain periods during their last years of employment. Non-U.S. plans are primarily in Germany, Ireland, Japan, Korea, Switzerland and Taiwan. The Molex U.S. Hourly Employees' Pension Plan was frozen in 2017.

### Other Post-Retirement Benefit Plans

The Company has retiree healthcare plans that cover certain U.S. employees. Employees hired before January 1, 1994 may become eligible for these benefits if they reach age 55, with age plus years of service equal to 70. Employees hired after January 1, 1994 may become eligible for these benefits if they reach age 60, with age plus years of service equal to 80. The cost of retiree healthcare is accrued over the period in which the employees become eligible for such benefits. The plans are unfunded and approved claims are paid from Company funds. The plans were discontinued in 2009 for all employees who were not within 10 years of qualifying. There are no significant post-retirement healthcare benefit plans outside of the United States.

## Benefit Obligations and Plan Assets

The measurement date for the Company sponsored plans is December 31. The benefit obligations and plan assets for the plans described above were as follows:

	U.S. Pension Benefits		Non-U.S. Pension Benefits		Other Post-Retirement Benefits	
	2022	2021	2022	2021	2022	2021
Benefit obligation	\$ (89)	\$ (127)	\$ (153)	\$ (217)	\$ (6)	\$ (8)
Fair value of plan assets	115	129	154	194	—	—
Funded status - net asset / (liability)	<u>\$ 26</u>	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ (23)</u>	<u>\$ (6)</u>	<u>\$ (8)</u>

The net actuarial gains or losses included in the benefit obligations for 2022 and 2021 are primarily the result of changes in the discount rates used to calculate the present value of the benefit obligations.

The amounts recognized in the Consolidated Balance Sheets were as follows:

	U.S. Pension Benefits		Non-U.S. Pension Benefits		Other Post-Retirement Benefits	
	2022	2021	2022	2021	2022	2021
Pension assets	\$ 26	\$ 2	\$ 23	\$ 24	\$ —	\$ —
Pension and other post-retirement benefits liabilities	—	—	(22)	(47)	(6)	(8)
Funded status - net asset / (liability)	<u>\$ 26</u>	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ (23)</u>	<u>\$ (6)</u>	<u>\$ (8)</u>

Contributions and benefit payments made for the plans were as follows:

	U.S. Pension Benefits		Non-U.S. Pension Benefits		Other Post-Retirement Benefits	
	2022	2021	2022	2021	2022	2021
Employer contributions	\$ —	\$ —	\$ 10	\$ 15	n/a	n/a
Benefits paid to plan participants	5	4	8	19	1	1

For pension plans, the accumulated benefit obligation differs from the projected benefit obligation in that it does not include assumptions for future salary levels. The following table summarizes the Company's accumulated benefit obligation and pension plans in which projected benefit obligation and accumulated benefit obligation exceed plan assets:

	U.S. Pension Benefits		Non-U.S. Pension Benefits	
	2022	2021	2022	2021
Accumulated benefit obligation	\$ (88)	\$ (127)	\$ (141)	\$ (200)
Plans with projected benefit obligations in excess of plan assets				
Projected benefit obligation	—	—	(34)	(95)
Fair value of plan assets	—	—	13	48
Plans with accumulated benefit obligations in excess of plan assets				
Accumulated benefit obligation	—	—	(29)	(69)
Fair value of plan assets	—	—	13	35

## Accumulated Other Comprehensive Loss (Income)

The following amounts reflect the changes in accumulated other comprehensive loss (income), before taxes:

	U.S. Pension Benefits		Non-U.S. Pension Benefits		Other Post-Retirement Benefits	
	2022	2021	2022	2021	2022	2021
Beginning accumulated other comprehensive loss	\$ 31	\$ 51	\$ 6	\$ 17	\$ —	\$ 1
Net loss amortized during the period	(1)	(1)	—	—	—	—
Net prior service credit amortized during the period	—	—	1	1	—	—
Net gain occurring during the period	(20)	(19)	(21)	(8)	(1)	(1)
Settlements	—	—	—	(4)	—	—
Accumulated other comprehensive loss (income)	<u>\$ 10</u>	<u>\$ 31</u>	<u>\$ (14)</u>	<u>\$ 6</u>	<u>\$ (1)</u>	<u>\$ —</u>

The related taxes for the net accumulated other comprehensive loss (income) were \$2 and (\$9) at December 31, 2022 and 2021, respectively.

The amounts comprising accumulated other comprehensive loss (income) before taxes that have not yet been recognized as components of net periodic benefit costs were as follows:

	U.S. Pension Benefits		Non-U.S. Pension Benefits		Other Post-Retirement Benefits	
	2022	2021	2022	2021	2022	2021
Net prior service credit	\$ —	\$ —	\$ (5)	\$ (7)	\$ (1)	\$ (1)
Net actuarial loss (gain)	10	31	(9)	13	—	1
Accumulated other comprehensive loss (income)	<u>\$ 10</u>	<u>\$ 31</u>	<u>\$ (14)</u>	<u>\$ 6</u>	<u>\$ (1)</u>	<u>\$ —</u>

## Net Periodic Benefit (Income) Cost

The net periodic benefit (income) cost consists of the following:

	U.S. Pension Benefits		Non-U.S. Pension Benefits		Other Post-Retirement Benefits	
	2022	2021	2022	2021	2022	2021
Service cost	\$ —	\$ —	\$ 8	\$ 11	\$ —	\$ —
All other (benefits)	(4)	(2)	(2)	(4)	—	—
Settlements / curtailments	—	—	—	4	—	—
Total net periodic benefit (income) cost	<u>\$ (4)</u>	<u>\$ (2)</u>	<u>\$ 6</u>	<u>\$ 11</u>	<u>\$ —</u>	<u>\$ —</u>

Service costs are included in Cost of sales and Selling, general, and administrative, while all other costs (benefits), including settlement and curtailment costs, are included in Other income, net in the Consolidated Statements of Income.

## Assumptions

Weighted-average actuarial assumptions used to determine benefit obligations for the plans were as follows:

	U.S. Pension Benefits		Non-U.S. Pension Benefits		Other Post-Retirement Benefits	
	2022	2021	2022	2021	2022	2021
Discount rate	5.6%	3.0%	3.5%	1.5%	5.4%	2.6%
Rate of compensation increase	n/a	n/a	3.0%	2.8%	n/a	n/a
Cash balance interest crediting rate	n/a	n/a	2.0%	2.0%	n/a	n/a
Healthcare cost trend	n/a	n/a	n/a	n/a	7.5%	6.3%
Ultimate healthcare cost trend	n/a	n/a	n/a	n/a	5.5%	5.0%
Year to reach ultimate trend rate	n/a	n/a	n/a	n/a	2031	2027

Weighted-average actuarial assumptions used to determine costs for the plans were as follows:

	U.S. Pension Benefits		Non-U.S. Pension Benefits		Other Post-Retirement Benefits	
	2022	2021	2022	2021	2022	2021
Discount rate	3.0%	2.8%	1.5%	1.3%	2.6%	2.0%
Expected return on plan assets	6.5%	6.0%	2.9%	2.8%	n/a	n/a
Rate of compensation increase	n/a	n/a	2.8%	2.9%	n/a	n/a
Cash balance interest crediting rate	n/a	n/a	2.0%	2.0%	n/a	n/a

The expected long-term rates of return are estimated based on many factors including the potential for inflation, risk premiums for each asset class, expected asset allocation, current and future financial market conditions, and diversification and rebalancing strategies. Historical return patterns and correlations and other relevant factors are analyzed to check for reasonability and appropriateness. Adjustments are made when there are fundamental changes in expected returns on the plan investments.

#### Plan Asset Information

The overall investment strategy for the assets in the pension funds is to achieve a balance between the goals of growing plan assets and keeping risks at a reasonable level over a long-term investment horizon. In order to reduce unnecessary risk, the pension funds are diversified across several asset classes with a focus on total return. The target allocations for the majority of plan assets are long-term strategic targets and may vary from actual allocations due to existing market conditions. The target allocations for the non-US plans vary by plan and consist of diversified portfolios to minimize investment risk. All plan assets that are valued using the NAV per share practical expedient have not been included within the fair value hierarchy but are separately disclosed.

Significant concentrations of risk in our plan assets relate to equity and interest rate risk. In order to ensure assets are sufficient to pay benefits, a portion of plan assets is allocated to equity investments that are expected over time to earn higher returns with more volatility than fixed income investments which more closely match pension liabilities. Within equities, risk is mitigated by constructing a portfolio that is broadly diversified by geography, market capitalization, manager mandate size, investment style and process.

In order to minimize asset volatility relative to the liabilities, a portion of plan assets are allocated to fixed income investments that are exposed to interest rate risk. Rate increases generally will result in a decline in fixed income assets while reducing the present value of the liabilities. Conversely, rate decreases will increase fixed income assets, partially offsetting the related increase in the liabilities.



The fair value of our pension plan assets at December 31, 2022 by asset category is as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobser- vable Inputs (Level 3)	Net Asset Value	Total Measured at Fair Value
<b>U.S. Plans</b>					
Cash and cash equivalents <sup>(a)</sup>	\$ 6	\$ —	\$ —	\$ —	\$ 6
U.S. equities <sup>(b)</sup>	5	—	—	10	15
Fixed income securities <sup>(e)</sup>	43	—	—	—	43
Opportunities <sup>(f)</sup>	—	—	11	—	11
Private equity funds <sup>(g)</sup>	—	—	28	—	28
Real estate	—	—	12	—	12
<b>Total U.S. Plans</b>	<b>54</b>	<b>—</b>	<b>51</b>	<b>10</b>	<b>115</b>
<b>Non-U.S. Plans:</b>					
Cash and cash equivalents <sup>(a)</sup>	45	—	—	—	45
U.S. equities <sup>(b)</sup>	11	2	—	3	16
Developed international equities <sup>(c)</sup>	5	1	—	2	8
Emerging market equities <sup>(d)</sup>	—	2	—	1	3
Fixed income securities <sup>(e)</sup>	56	20	—	—	76
Opportunities <sup>(f)</sup>	—	—	4	1	5
Real estate	—	—	1	—	1
<b>Total Non-U.S. Plans</b>	<b>117</b>	<b>25</b>	<b>5</b>	<b>7</b>	<b>154</b>
<b>Total assets</b>	<b>\$ 171</b>	<b>\$ 25</b>	<b>\$ 56</b>	<b>\$ 17</b>	<b>\$ 269</b>

The fair value of our pension plan assets at December 31, 2021 by asset category is as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobser- vable Inputs (Level 3)	Net Asset Value	Total Measured at Fair Value
<b>U.S. Plans</b>					
Cash and cash equivalents <sup>(a)</sup>	\$ 6	\$ —	\$ —	\$ —	\$ 6
U.S. equities <sup>(b)</sup>	7	—	—	29	36
Fixed income securities <sup>(e)</sup>	32	—	—	—	32
Opportunities <sup>(f)</sup>	—	—	9	2	11
Private equity funds <sup>(g)</sup>	—	—	30	—	30
Real estate	2	—	12	—	14
<b>Total U.S. Plans</b>	<b>47</b>	<b>—</b>	<b>51</b>	<b>31</b>	<b>129</b>
<b>Non-U.S. Plans:</b>					
Cash and cash equivalents <sup>(a)</sup>	45	—	—	—	45
U.S. equities <sup>(b)</sup>	15	5	—	3	23
Developed international equities <sup>(c)</sup>	7	3	—	2	12
Emerging market equities <sup>(d)</sup>	—	3	—	1	4
Fixed income securities <sup>(e)</sup>	67	30	—	—	97
Opportunities <sup>(f)</sup>	—	—	10	1	11
Real estate	—	—	2	—	2
<b>Total Non-U.S. Plans</b>	<b>134</b>	<b>41</b>	<b>12</b>	<b>7</b>	<b>194</b>
<b>Total assets</b>	<b>\$ 181</b>	<b>\$ 41</b>	<b>\$ 63</b>	<b>\$ 38</b>	<b>\$ 323</b>

(a) Includes cash, and cash equivalents including U.S. government short-term collective investment funds.

(b) Includes U.S. equities as well as mutual and commingled funds in U.S. equities.

(c) Primarily includes mutual and commingled funds invested in equities in Canada, the European Union, Japan, Hong Kong, and Australia.

- (d) Includes mutual and commingled funds invested in international equities other than in developed countries.
- (e) Includes corporate and government bonds, mutual and commingled fixed income funds, and swaps.
- (f) Includes alternative investments considered outside of the traditional asset classes such as hedge funds and derivative instruments, which include futures and options. If market circumstances create opportunities, may also include traditional asset classes such as cash and cash equivalents, equities, and fixed income securities.
- (g) Includes private equity funds that invest primarily in U.S. companies.

Level 1 pension assets are measured at fair value using the market approach or unadjusted quoted prices in an active market for identical assets or liabilities that the Company has the ability to access as of December 31.

Level 2 pension assets are measured at fair value using the income approach or inputs other than quoted prices under Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 pension assets include indices, yield curves, matrix pricing, and market corroborated pricing to measure their fair values.

Level 3 pension assets are measured at fair value using the cost approach or unobservable inputs for the asset or liability that rely on the Company's own assumptions concerning the assumptions that market participants would use in pricing an asset or liability including assumptions about risk. Level 3 pension assets were measured using investment manager pricing.

For the level 3 pension assets, there were purchases of \$4 and \$7 for 2022 and 2021, respectively. No transfers of existing instruments to or from Level 3 occurred in 2022 or 2021.

#### Funding Expectations

In 2023, the Company expects to fund approximately \$9 for pension contributions and \$1 for benefit payments to other post-retirement benefit plans.

#### Estimated Future Benefit Payments

Expected total benefits to be paid from the U.S. and non-U.S. pension plans and other post-retirement benefit plans over the next 10 years are as follows:

	U.S. Pension Benefits	Non U.S. Pension Benefits	Other Post- Retirement Benefits
2023	\$ 5	\$ 10	\$ 1
2024	5	9	1
2025	5	10	1
2026	6	9	1
2027	6	10	—
2028 to 2032	31	57	2
	<u>\$ 58</u>	<u>\$ 105</u>	<u>\$ 6</u>

## Defined Contribution Plans

The Company provides discretionary savings and other defined contribution plans covering substantially all U.S. employees and certain employees in international subsidiaries. Employer contributions to these plans of \$37 and \$34, were charged to operations during 2022 and 2021, respectively. The defined contribution plan in the U.S. is a 401(k) plan with a non-discretionary base company contribution and the opportunity for discretionary savings and employer matching contributions.

## Note 11 - Debt and Notes Payable, net

The provisions of the Company's debt require it to meet certain financial covenants and ratios. The Company was in compliance with all provisions at December 31, 2022 and 2021.

Current and non-current debt and notes payable consist of the following at December 31:

	Final Maturities	Weighted Average Interest Rate	2022	Weighted Average Interest Rate	2021
Koch Revolving Notes	2026	5.5%	\$ 386	0.6%	\$ 678
Unsecured bonds <sup>1</sup>	2025	3.9%	500	3.9%	500
Total debt			\$ 886		\$ 1,178
Less: unamortized deferred financing costs			(1)		(1)
Total debt, net of unamortized deferred financing costs			885		1,177
Non-current portion			\$ 885		\$ 1,177

<sup>1</sup>Fair value determined based on Level 2 inputs

In 2022 and 2021, the Company had bank guarantees with a maximum potential obligation of \$21 and \$17, respectively. The obligation end date is in 2028.

The following table summarizes the contractual maturities of the Company's debt, including current maturities, at December 31, 2022:

	Final Maturities
2023	\$ —
2024	—
2025	500
2026	386
2027	—
Total	\$ 886

As of December 31, 2022 and 2021, the total working capital lines available were \$192 and \$199 with no amount drawn on.

In 2021, Molex Electronic Technologies, LLC's \$1,500 revolving note with Koch Industries, Inc. extended its maturity date to August 31, 2026.

## Note 12 - Other Liabilities

Current and non-current other liabilities consist of the following at December 31:

	2022	2021
Employee compensation and benefits	\$ 24	\$ 36
Non-current transition taxes payable	151	172
Rebates and volume allowances	76	80
Other	332	341
Total other liabilities	\$ 583	\$ 629
Less: current portion	(203)	(209)
Other non-current liabilities	<u>\$ 380</u>	<u>\$ 420</u>

## Note 13 - Income Taxes

The Company and its domestic operations are included in KII's consolidated federal income tax return and consolidated returns of certain states. The Company records income tax provisions for these returns based on tax sharing agreements between the domestic operating entities and KII. Under the agreements, federal taxes are determined as though the domestic operations filed separate federal returns. State income taxes in jurisdictions where state consolidated returns are filed are calculated by applying KII's consolidated state effective tax rate to the Company's separately identifiable taxable income from domestic operations. The Company also records separate state and foreign income tax provisions for separate return filing jurisdictions and other standalone operations.

Current and deferred income tax expense/(benefit) included in continuing operations consist of the following items for the years ended December 31:

	2022	2021
Total current	\$ 295	\$ 217
Total deferred	(98)	(151)
Total income tax expense	<u>\$ 197</u>	<u>\$ 66</u>

Deferred income tax liabilities and assets at December 31 are as follows:

	2022	2021
Deferred tax liabilities	\$ (417)	\$ (432)
Deferred tax assets	744	1,177
Less: valuation allowance	(49)	(853)
Net deferred tax assets (liabilities)	<u>\$ 278</u>	<u>\$ (108)</u>

The material items included in the net deferred income tax asset are driven by property, plant, and equipment, goodwill and intangibles, net operating losses and tax credit carryforwards, accrued liabilities, capitalized research and development costs, and investment in subsidiary differences. The Company has net operating loss, capital loss, and tax credit carryforwards of \$150. The net operating loss carry forwards expire at various dates between 2023 and 2042. There are also carryforwards with no expiration.

For the years ended December 31, 2022, and 2021, the effective tax rate is affected by recurring items, including a reduction for tax credits, an increase for earnings taxed in states and changes in valuation allowances. It is also affected by items that may occur in any given year, but not consistent from year to year. The effective tax rate is also affected by a revaluation of deferred

income taxes on the carrying amount of assets and liabilities within the Company's subsidiaries as a result of acquisitions and business realignments within those subsidiaries, as well as changes in tax law.

The Company has approximately \$1,274 of undistributed earnings for certain non-U.S. subsidiaries. The intention is to permanently reinvest the majority of the foreign earnings indefinitely or to repatriate such earnings when tax efficient to do so. Determination of the amount of unrecognized deferred tax liability on the undistributed earnings is not practicable.

The Company continues to recognize an estimate of potential interest and penalties related to liabilities for unrecognized tax benefits in the provisions for domestic and foreign income taxes. Interest and penalties recognized are not material to the Company's Consolidated Financial Statements.

The Company is subject to income taxation in many jurisdictions around the world. Unrecognized tax benefits (or tax contingency reserves) reflect the difference between positions taken or expected to be taken on income tax returns and the amounts recognized in the Consolidated Financial Statements. Resolution of the related tax positions through negotiations with the relevant tax authorities or through litigation could take many years to complete. The timing of resolution on individual tax positions is difficult to predict since such timing is not entirely within the control of the Company. The Company records tax benefits for the largest amount more-likely-than-not to be sustained during an income tax audit. Reserves related to uncertain tax positions are included in other liabilities and are not material to the Company's Consolidated Financial Statements. The Company believes fluctuations related to uncertain tax positions occurring within the next twelve months will not have a significant effect on the Company's Consolidated Financial Statements.

The Company files tax returns in the U.S. federal jurisdiction and many foreign and state jurisdictions. Audits in major jurisdictions are generally complete as follows: India (2005-2020); Germany (2014-2017); Ireland (2016-2020). KII's U.S. federal income tax returns for years 2014 and prior have been audited and settled. The IRS is presently auditing KII's 2015-2020 income tax years. The Company believes any adjustments relating to the 2015-2020 tax years and all remaining unaudited tax years, when ultimately concluded, will not have a material effect on the Consolidated Financial Statements.

## Note 14 - Leases

The Company has operating lease commitments for office facilities and equipment, software, transportation equipment, land, and various facilities used in the storage of raw materials and finished products.

See the lease expense for years ended December 31 below:

	Long-Term (Fixed)	Long-Term (Variable)	Total Operating Lease Expense
2022	\$ 25	\$ 11	\$ 36
2021	\$ 30	\$ 4	\$ 34

The maturities of operating lease liabilities are shown below at December 31, 2022:

	Operating Lease Liabilities
2023	\$ 20
2024	15
2025	11
2026	9
2027	6
Thereafter	11
Total undiscounted lease payments	\$ 72
Less: imputed interest	(7)
Less: current portion	(20)
Non-current operating lease liabilities	\$ 45

	2022		2021
Cash paid for operating leases	\$ 36	\$	34
Right-of-use assets obtained in exchange for new lease liabilities	\$ 30	\$	16
Weighted-average remaining lease term	5.6		5.8
Weighted-average discount rate	2.90%		3.25%

## Note 15 - Members' Equity

At December 31, accumulated other comprehensive loss consisted of the follows:

	2022		2021
Foreign currency translation adjustment	\$ (691)	\$	(662)
Pension equity adjustment and other post-retirement benefit (Note 10)	3		(28)
Accumulated other comprehensive loss	\$ (688)	\$	(690)

## Note 16 - Related Party Transactions

During 2022 and 2021, the Company has entered into related party transactions. The following represent significant related party transactions that have not been disclosed elsewhere in these Consolidated Financial Statements.

### Sales to and Purchases from Related Parties

In the ordinary course of business, the Company purchases and sells products and services with related parties. KII and its subsidiaries provide professional services including human resources, payroll processing, accounting, tax, transportation management, and information technology to the Company.

Sales to related parties consist of the following:

	2022		2021
Flint Hills Resources	\$ 3	\$	—
Koch Business Solutions	1		2
Koch Engineered Solutions	1		—
INVISTA	1		—
Total sales to related parties	\$ 6	\$	2

Purchases and services from related parties consist of the following:

	2022	2021
Koch Business Solutions	\$ 121	\$ 96
Koch Logistics	101	91
KII	98	65
Koch Supply and Trading	1	1
Veritiv	5	2
D2IQ, Inc.	1	—
Total purchases from related parties	<u>\$ 327</u>	<u>\$ 255</u>

Related party receivables, including accounts receivable, net and notes receivable, net (Note 1), consist of \$320 and \$421 at December 31, 2022 and 2021, respectively. Related party accounts payable and notes payable consist of \$413 and \$697 at December 31, 2022 and 2021, respectively.

### Related Party Notes

The following are related party notes receivable balances as of December 31:

		2022	2021
	Final Maturities	Weighted Average Interest Rate Amount	Weighted Average Interest Rate Amount
Revolving note agreements	2031	3.5% \$ 156	0.5% \$ 314
Note Receivable with Excelfore	2024	2.1% 4	2.1% 4
Total related party note receivable, gross		\$ 160	\$ 318
Less: current portion		—	(4)
Total related party note receivable		<u>\$ 160</u>	<u>\$ 314</u>

The Company also enters into revolving note receivable agreements with Koch Industries, Inc. and KF Financial Investments, Ltd. to optimize its liquidity investments both domestically and internationally. Such notes have stated maturity dates but are readily available to fund the Company's liquidity needs. From time to time, these notes are refinanced or combined with existing notes to create new revolving note agreements.

### Export Commission

Koch Holdings, LLC operates an IC-DISC, which promotes U.S. exports. The Company has entered into certain supply/commission agreements with the affiliate pertaining to the sale of U.S. exports. IC-DISC commission incurred by the Company totaled \$3 and \$2 in 2022 and 2021, respectively, which is included in Other income, net in the Consolidated Statements of Income.

### Transfers to KII

In October 2022, the Company transferred 100 percent of its interest in a subsidiary to KII. Net liabilities transferred were settled through an additional draw on the related party revolver.

Cash	\$ (8)
Other assets and liabilities	46
Net liabilities transferred	<u>\$ 38</u>

## Note 17 - Restructuring

The following table summarizes the pre-tax impact at December 31 of the restructuring program described above:

	2022	2021
Severance costs	\$ 10	\$ 25
Other restructuring costs	5	12
Total	<u>\$ 15</u>	<u>\$ 37</u>

The total cash paid for restructuring during 2022 and 2021 was \$15 and \$52, respectively. As of December 31, 2022, the amount estimable and probable is included in restructuring liability in the Consolidated Balance Sheets.

The following table summarizes the restructuring liability balance as of December 31:

	Accrued Employee Severance	Other Accrued Costs	Total
At December 31, 2021	\$ 4	\$ (4)	\$ —
Costs charged to expense	10	5	15
Cash (payments)	(10)	(5)	(15)
Other	—	1	1
At December 31, 2022	<u>\$ 4</u>	<u>\$ (3)</u>	<u>\$ 1</u>

## Note 18 - Subsequent Events

The Company has evaluated subsequent events through February 23, 2023, the date these Consolidated Financial Statements were available to be issued. The Company concluded that no subsequent events have occurred that would require recognition or disclosure in the Consolidated Financial Statements.