Four. Operational Overview

I. Business Content

(I) Business Scope

1. Main business activities

Hon Hai's business scope is primarily divided into four major product segments: Cloud and Networking Products, Smart Consumer Electronics, Computing Products, and Components and Other Products. In addition, in recent years, the Company has advanced its "3+3+3" industrial and technology strategy, continuing to expand its presence in three major industries, namely electric vehicles, robotics, and digital health; three core technologies, namely artificial intelligence, semiconductors, and next-generation communications; and three smart platforms, namely smart manufacturing, smart electric vehicles, and smart cities.

Among these, artificial intelligence is currently the Company's core growth driver. The Company's deployment in the AI field covers both hardware and software. On the hardware side, the Company is deeply involved in the development and mass production of next-generation AI server platforms, providing fully vertically integrated solutions ranging from design, key components, modules, and liquid-cooling thermal systems to full-system assembly, while continuing to extend downstream into AI data center construction services. On the software and application side, the Company focuses on core application scenarios such as smart manufacturing, smart electric vehicles and autonomous driving, and smart healthcare through its self-developed large language models and AI systems. At the same time, the Company has established a supercomputing center in Taiwan and provides computing power services as a cloud partner, actively serving as an important participant in sovereign AI infrastructure.

2. Proportion of business

In 2025, the Group's revenue breakdown by major product category was as follows: Cloud and Networking Products, 40%; Smart Consumer Electronics, 38%; Computing Products, 15%; and Components and Other Products, 7%. The output and sales volume of the recent two years can be found in the table of Production and Sales.

3. Current products

The products manufactured by the Company include:

(1) Cloud and Networking Products (mainly servers, networking and communications products, and related products)
This category includes network communications and cloud infrastructure equipment required for cloud-based environments, such as routers, servers, racks, edge computing equipment, data centers, satellite communications equipment, and related devices.

(2) Smart Consumer Electronics (mainly smartphones, TVs, game consoles, etc.)
Personal consumer electronic products, including smart phones, feature phones, wearable devices, etc.; as well as smart home

entertainment systems and equipment, including TVs, game consoles, set-top boxes, speakers, etc.

(3) Computing Products (mainly computers, tablets, etc.):
Work computing equipment, office and workplace computing products, including desktops, notebooks, tablets, office machines, printers, etc.

(4) Components and Other Products (mainly connectors, mechanical components, services, automotive products, semiconductors, and related products)
Upstream manufacturing and development of key components, technical components; including connectors, precision optical components, lenses, electronic components, semiconductor products, automotive electronic parts, tool/mold fixtures and mechanical equipment. Additionally, logistics, warehousing, software development, healthcare services, and industrial internet integration solutions also fall into this category.

4. New products, new industries and technologies planned to be developed

The Company is actively pursuing transformation and upgrading, and is proactively embracing the global wave of industrial AI. In this regard, the Group has proposed a new transformation direction for 2030. Over the next five years, we will use AI as the core growth driver and advance the Group's upgrading through three major transformation strategies, with the aim of becoming a comprehensive, world-class company of excellence. Through the transformation plans of "F1.0 Excellence Transformation, F2.0 Digital and Intelligent Empowerment, and F3.0 Platform Value Creation," the Group will comprehensively introduce generative AI and intensify its development in the "3+3+3" fields, driving the key capabilities of these platforms toward higher value-added areas and realizing the long-term vision of "AI as the core growth driver."

In the AI field, leveraging its complete vertical integration capabilities spanning design, components, modules, servers, racks, and data centers, the Company has become a leader in global AI infrastructure. The Company is currently fully committed to serving the world's leading CSP customers, and AI server rack-related hardware is also the Company's primary source of revenue growth at the current stage. On this foundation, we are actively positioning ourselves for future business opportunities in sovereign AI. By leveraging our leading position in AI server racks, highly vertically integrated capabilities, and localized production resilience established across global locations, we assist governments in building independent computing power infrastructure and ensure that the Company secures a first-mover advantage in the early stages of AI development.

In the EV field, the Company adopts CDMS (Contract Design and Manufacturing Service) as its core business model and is committed to providing global customers with exceptional advantages in Time-to-Market, Time-to-Cost, and Time-to-Technology. Through the MIH open platform, the Company is building a platform-based, standardized, and modularized

electric vehicle ecosystem by integrating software and hardware. The Company also rapidly expands complete vehicle production sites overseas under the BOL (Build Operate Localize) model, while continuing to strengthen the independent research and development of core key components, including batteries, semiconductors, software design, and electric drive systems, thereby enhancing its technological value.

At the same time, Hon Hai has also invested in related industries such as space, next-generation communications, and humanoid robots as the Group's medium- to long-term development areas.

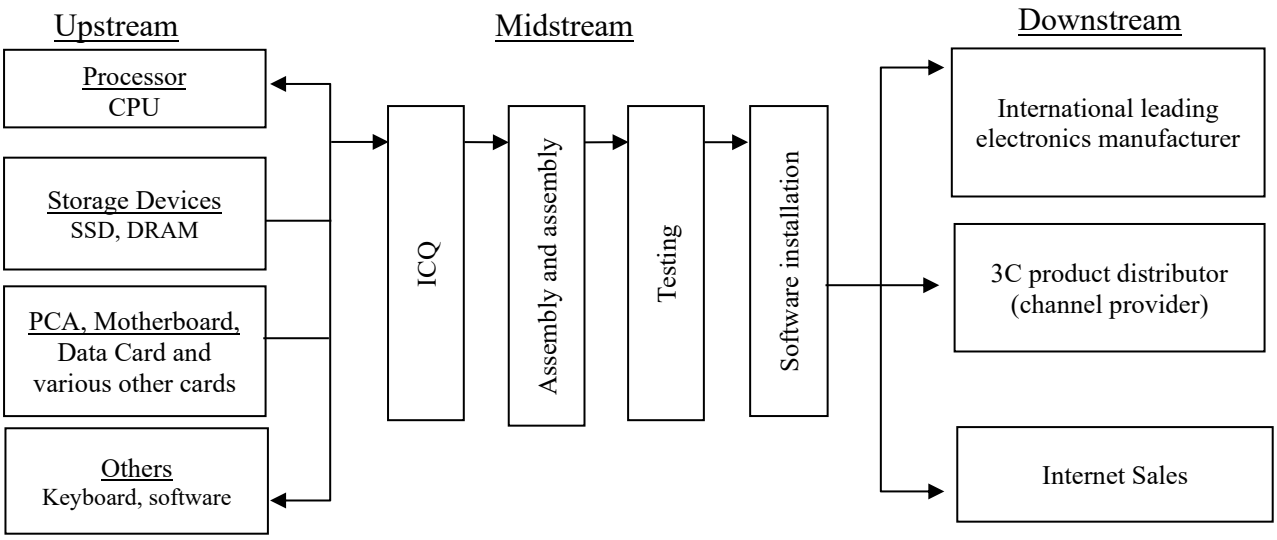
(II) Industry overview

1. Industry Status and Development

The global information and communications technology (ICT) industry is at a critical stage of accelerated computing transformation. Technology iterations in generative AI have injected strong momentum into the server market. According to market research estimates, AI server shipments are expected to increase by more than 30% year-on-year, leading the industry into a new era of transformation toward liquid-cooling thermal technologies. Although market research institutions expect the smartphone and PC markets to face significant memory cost increases and supply shortages in 2026, resulting in a notable downward revision to projected global shipments, the penetration of AI technologies is driving the market to shift from volume growth toward structural adjustments centered on higher average selling prices. In addition, the long-term growth trend of the global electric vehicle market remains unchanged. We believe the industry is gradually moving toward a specialized CDMS model characterized by the "division of responsibilities between branding and manufacturing." As the outsourcing inflection point approaches, substantial opportunities in commissioned design and manufacturing are expected to emerge.

Leveraging its leading position in EMS with a market share of more than 40%, the Company will continue to respond to structural market changes through its "3+3+3" strategic deployment and vertical integration advantages. In the face of geopolitical uncertainties, we will also ensure supply chain resilience through our global footprint. The Group's future growth focus will remain centered on three major areas: ICT, AI, and EV. For the smartphone and PC markets, we focus on leading brands and high-end products to withstand industry volatility and optimize profitability. In the AI field, the Company continues to deepen its design and mass production capabilities for AI server racks, while further strengthening its deployment in components and sovereign AI. In the electric vehicle field, capabilities are already in place from upstream batteries to downstream electric bus factories, and the Company continues to optimize multiple prototype vehicles to demonstrate its R&D capabilities. Coupled with active capacity expansion and discussions on potential cooperation projects, we are preparing to embrace the industry's "outsourcing inflection point" with a comprehensive service platform, driving the Group toward high-value transformation and upgrading.

2. High, medium, and low relevance in the industry



3. Various Development Trends and Competitive Situation of Products

- Cloud and Networking Products Category (mainly servers and networking products)

  Cloud and networking products currently represent the business category with the strongest growth momentum in both the market and Hon Hai's operations. Driven by explosive demand for high-performance computing (HPC) centers, intensifying competition among CSPs in computing power deployment, and the continued expansion of edge computing and sovereign AI infrastructure, the global server market is growing rapidly. Enterprise users are increasing their server procurement demand, while business opportunities in private cloud and hybrid cloud continue to expand. The growth trend in AI infrastructure remains strong and currently represents one of the largest market opportunities. As a result, many companies are participating in competition across both components and complete systems.

  Leveraging its leading position in the development of next-generation AI server racks, strong new product introduction (NPI) capabilities, and vertically integrated advantages spanning design, components, modules, liquid-cooling systems, and complete system assembly, Hon Hai continues to consolidate its market leadership.

- Smart Consumer Electronics (mainly smartphones, TVs, game consoles, etc.)

  The Company maintains the largest global market share in the consumer electronics sector and has accumulated core competitive advantages in scale, technology, yield rate, and globalization. In the face of global memory supply shortages in 2026, the leading brand customers served by the Company and their high-end products are expected to be relatively less affected by market volatility. The Company is also actively promoting the transformation of its product portfolio toward higher-value

products, while using AI applications as a strong growth driver to help customers rapidly bring next-generation Smart Consumer Electronics to market and optimize overall profitability.

In terms of the competitive landscape, as geopolitical factors drive increasing demand for localized production, the Company's leading advantage arising from its footprint across 24 countries worldwide has become increasingly evident, enabling it to provide customers with highly resilient production flexibility. Compared with the past several years, the current competitive environment is more stable. The Company will continue to leverage its advantages in technological leadership and global resource integration to further consolidate its leadership position amid the trend toward industry decentralization.

- Computing Products (mainly computers, tablets, etc.)

  Driven by the AI PC wave, the personal computer market is undergoing a new round of structural upgrades, with computing performance once again becoming the core consideration for upgrades. However, this year, affected by rising memory costs and tight supply, the overall market faces pressure on shipment volumes, with low-end products being the first to be affected. Under these circumstances, large brand customers may have the opportunity to further increase their market share due to their stronger procurement capabilities.

  The Company will leverage its existing strengths in high-end notebooks, tablets, desktop computers, and printers, together with its comprehensive product portfolio, global footprint, and stronger procurement capabilities, to help customers minimize the adverse impact of memory shortages to the greatest extent possible.

- Components and Other Products (mainly connectors, mechanical parts, services, etc.)

  This product category is highly diversified. The Company continues to expand its deployment in key components in line with customer demand, thereby increasing revenue and profitability. The company's key competitiveness lies in its long-term cooperative relationship with customers, a complete product line, precision manufacturing capabilities, global footprint, and solid operation management.

- Electronic vehicle

  The long-term growth trend of the global electric vehicle market remains unchanged. The Company expects the "outsourcing inflection point" in the automotive industry to arrive soon. Increasingly intense competition in the electric vehicle market and the continued decline in entry barriers are creating the conditions required for outsourced services. The electric vehicle industry is expected to move toward a specialized division of labor between branding and manufacturing, similar to the PC industry in the 1990s, with increasing demand for contract design and manufacturing services. With CDMS as its core business model, the Company continues to deepen the enhancement of reference vehicle models and production capacity readiness. In addition, through the establishment of the MIH platform, the Company is building a platform-based, standardized, and

modular electric vehicle ecosystem that integrates software and hardware, positioning itself to address emerging outsourced orders. Furthermore, the Company leverages the BOL cooperation model to continue advancing its global electric vehicle deployment in an orderly manner. This not only secures export channels, but also accelerates market expansion and supports local economic development.

- Semiconductors
  The Company purchases more than tens of billions of U.S. dollars' worth of chips each year, with its semiconductor deployment spanning mature processes and compound semiconductors. The Company's semiconductor strategy is designed to ensure stable supply for customers while also enhancing Hon Hai's vertical integration capabilities. In particular, as the number of chips used in electric vehicles continues to increase, the ability to secure a stable supply of ICs with differentiated functions is key to electric vehicle manufacturing and represents one of the values emphasized by existing customers. The Company is one of the few enterprises with a presence across the full semiconductor industry chain. It has operational teams of scale across upstream equipment, design, facility operations, wafer fabs, and packaging and testing plants. Through methods such as acquiring capacity through partial equity investments, BOL and joint venture models, and the acquisition of existing capacity, the Company secures the required capacity with minimal investment and ensures that customers' chip supply is not exposed to the risk of material shortages.

(III) Technology and R&D Overview

1. The level of technology, research and development

As a Technology Manufacturing Platform Service Company, we prioritize operational stability and respond flexibly to market demands through our BOL and CDMS business models. We leverage the Group's core competencies to help clients navigate a dynamic political and economic environment and enhance their value. By integrating our existing strengths including precision mold making, materials science, green manufacturing processes, SMT (Surface Mount Technology), thermal solutions, plastic and metal processing, testing capabilities, automation, mechatronic integration, motherboard design, e-commerce, server design, wireless communication, and optoelectronic display modules, we continue to deliver optimal services for global strategic partners and customers in the 6C (Information, Communication, Consumer Electronics, Automotive, Channel, and Digital Content) contract manufacturing sectors, thereby maximizing value for our shareholders.

Looking ahead, corporate competitiveness depends on continuous innovation and research and development. The Company's historical R&D expenditures have approached NT$120 billion, and are expected to remain above this level going forward. The Company will continue to invest in the research and development of forward-looking technologies and innovative applications, while implementing product-oriented design, mass production research, and systematic management, in order to further deepen the

Company's leading position in its core competencies.

2. R&D expenses in the most recent year

Unit: NT$ Thousand

Item/Year	2024	2025
R&D Expenses	115,771,718	121,705,158
R&D Expenses to Revenue %	1.69%	1.50%

3. Technologies or products successfully developed in the most recent year

Year	Successfully Developed Technologies or Products
2025	● TV-related technologies: 1. India-spec 4K 43"/50"/55"/65"/75" ultra-high-definition Android 12 satellite bezel-less TVs. 2. Pan-Asia-spec 4K 43"/50"/55"/65"/75" ultra-high-definition Android 12 bezel-less TVs. 3. North America-spec 4K 43"/50"/55"/65"/75" ultra-high-definition Android 12 bezel-less TVs. 4. Latin America-spec 4K 55"/65"/75" ultra-high-definition Android 12 bezel-less TVs. 5. Taiwan-spec 4K 43"/50"/55"/65" ultra-high-definition Android 12 bezel-less displays. 6. Double-sided microstructure multilayer film technology: by combining polyhedral microstructures, which change light path direction, with lens microstructures, which split light, unnecessary direct LED light is fully reflected and then split for utilization, successfully achieving an ultra-thin design with a light mixing distance of less than 1 mm, or 0 OD, and uniform in-plane light mixing performance. 7. Integrated verification of ultra-thin high-picture-quality display technology: by combining 0 OD Mini LED with cadmium-free quantum dot film, or QD film, the technology achieves a display standard with peak brightness of up to 1,500 nits and a high color gamut of DCI-P3 > 90%. It also offers long service life without organic materials and high cost-effectiveness, and has verified in advance the feasibility of mass production as a replacement for the high-end OLED market. ● Metaverse products: 1. Completed the design and development of a new XR headset model. 2. Completed the design and development of an adapter accessory for the XR headset. 3. Designed and developed an optical engine for AR projection navigation. 4. Completed trial production and mass production of a new XR headset model. 5. Completed the design and samples of a new self-developed AR glasses model. ● Camera module products: 1. Completed the development and mass production of IP CAM modules. 2. Completed the design and development of gaming peripheral-related modules. ● Lens products: 1. Completed the development and product trial production of a 50M variable object distance AF lens for VR products. 2. Completed the design and development of an OIS AF lens and filed a patent application. ● R&D of WEP multimedia smart entertainment terminal devices, wireless

Year	Successfully Developed Technologies or Products
	controllers, and robotic vacuum cleaners: 1. R&D and production of the B6 wireless controller project. 2. R&D of the mid-spec black model under the Konan robotic vacuum cleaner project. 3. R&D of the high-spec black model under the Konan robotic vacuum cleaner project. 4. Development and introduction of BeiDou Navigation Satellite System NX510/NX612/A200 MAX models. 5. R&D of advanced, refined, and special edition game console projects. 6. R&D of advanced, color, and special edition wireless controller projects. 7. Development and introduction of BeiDou Navigation Satellite System NX610/A200 models. 8. R&D of the arcade game joystick project for game consoles. 9. R&D of the game console display project. 10. Development of the Konan robotic vacuum cleaner project. ● EV electronic control-related products: 1. Completed development of Qualcomm SA522M Tbox B-samples. 2. Completed development of NXP S32G ZCU and ZGW B-samples. 3. Completed development of IVI controller B-samples. 4. Completed design and trial production of Gateway product A-samples. 5. Completed design and trial production of Compute product B-samples. 6. Completed development of Qualcomm SA522M Tbox C-samples and passed DV validation. 7. Completed development of NXP S32G ZCU and ZGW C-samples and passed DV validation. 8. Completed development of Qualcomm 8295PS IVI controller C-samples and passed DV validation. 9. Completed design and development of Gateway product B-samples and passed DV validation. 10. Completed design and development of Compute product C-samples and passed DV validation. 11. Completed the SDV.OS development project — automotive network topology architecture planning. ● EV charging stations: 1. Obtained the UL structural review certificate for the Flo SBD dual-gun AC charging station. 2. Complete the EVT design and prototype of the 3.3kW/5.5kW AI PSU. 3. Completed pre-DVT design of the 140W PD3.1 charger. 4. Complete the product planning for Europe-gauge two-way AC charging piles and initiate the project development. 5. Complete the product planning and product testing plan for the PSU series. 6. Completed design and development of the Taiwan-spec 180 kW DC charging station and successfully obtained VPC certification. 7. Completed 5.5 kW AI PSU DVT samples and trial production in Vietnam. 8. Completed 140W PD3.1 DVT sample development and trial production in Vietnam. 9. Completed EVT sample development of the 33 kW AI PSU Shelf. ● Drone-related technologies: 1. Completed EVT development of a complete drone: responsible for mechanical design, PCBA development, and obstacle avoidance module design, and successfully achieved stable flight of the complete unit, meeting EVT-stage acceptance targets. 2. Established the Qualcomm C8550 platform and achieved software customization development capability: completed BSP, driver, and

Year	Successfully Developed Technologies or Products
	kernel integration. The platform now has the conditions required for customized development and supports subsequent product introduction. 3. Completed validation of the lightweight design for drone EVT2. 4. Established the ESC power system, mastering ESC FOC algorithms and validation technologies, enabling precise control of motor variations and rapid response to flight attitude adjustments, with customized development capabilities. 5. Established CAE stress simulation and analysis technologies, completed stress simulation of drone arms, and verified design feasibility in advance. ● AI-related technologies: Completed model development for multiple scenarios, including small object recognition and abnormal behavior detection on production lines.
2026 January - March	● TV products: 1. Europe-spec 4K 43"/50"/55"/65"/75" ultra-high-definition Android 12 satellite bezel-less TVs. 2. Australia-spec 4K 43"/50"/55"/65"/75" ultra-high-definition Android 12 bezel-less TVs. ● Metaverse products: Completed production evaluation of the next-generation game box. ● Camera module products: 1. Completed the development and mass production of tablet modules. 2. Completed the design and development of iToF modules. ● Lens products 1. Completed the design of lens products for gaming applications. 2. Completed the design of ultra-compact lenses for AR glasses. ● R&D of WEP multimedia smart entertainment terminal devices, wireless controllers, and robotic vacuum cleaners 1. R&D of advanced, refined, and special edition game console projects at the FBT plant. 2. R&D of the special edition wireless controller project. 3. Development and introduction of a new model under the Konan robotic vacuum cleaner project. 4. Development of the CHCNAV drone project. 5. Development of the India version under the Konan robotic vacuum cleaner project. 6. Development of the Amazon drone project. ● EV electronic control-related products 1. Completed implementation of Tbox functions including EU-standard eCall requirements, 5G/LTE/UMTS/Wi-Fi 6E data connectivity, and FOTA firmware over-the-air updates. 2. Completed development of ZCU and ZGW functions, including secure boot and time synchronization master control. 3. Completed development of the IVI controller BSP dual-system virtualization environment for QNX and Android, introduced a 3D HM architecture, and achieved real-time 3D visualization of vehicle status. 4. Completed the SDV.OS development project — cross-domain communication protocol planning. ● EV charging stations 1. Completed internal site deployment of Taiwan-spec 180 kW DC charging stations and 11 kW AC charging stations. 2. Completed 5.5 kW AI PSU PVT sample development, safety structural review, and trial production in Vietnam. 3. Completed 140W PD3.1 PVT sample development, safety structural review, and trial production in Vietnam.

Year	Successfully Developed Technologies or Products
	4. Completed DVT sample development and safety structural review of the 33 kW AI PSU Shelf. ● Drone-related technologies: 1. Completed design validation for drone EVT3 thermal performance and arm strength. 2. Established FPGA image aggregator technology, completing 3-to-1 fisheye image integration and supporting real-time image processing.

4. Intellectual Property Management

As a major patent owner and a business partner of global patent holders, the Company is committed to continuously investing in research and development and innovation, while actively protecting the Group's innovative technologies and intellectual property worldwide. The Company adopts "quality, quantity, and broad applicability" as its patent strategy. In addition to emphasizing both the quality and quantity of patents, the Company also focuses on exerting influence in key technology areas and promoting technologies that contribute to human society and have broad applications. The Company aims to use patents as a platform for knowledge and technology sharing, reducing the time and resources wasted on duplicative research and development, promoting healthy competition, accelerating technological progress, and creating more technological innovations for human society.

(1) Intellectual Property Management Plan

A. Intellectual Property Strategy

- Intellectual Property Management Strategy
  With the support of the Company's proprietary information systems and a number of professional firms, the Company implements rolling improvement measures and continues to optimize the functions of its information systems to address intellectual property management needs, including innovation proposals, patent applications, maintenance of granted patents, trademark applications, trademark use registration, technical trade secret registration, and copyright registration applications. Through a digital management model, the Company enhances the efficiency of data analysis and intellectual property management, while reducing the risk of errors in the management process.
- Intellectual Property Acquisition Strategy
  Based on patent documents published by intellectual property offices in various countries, the Company analyzes the issues that patents in relevant industries are intended to address, thereby encouraging R&D teams to propose more effective solutions. The Company supports close collaboration between central functions and various business groups, particularly the Hon Hai Research Institute, with emphasis on two-way output in both papers and patents. In terms of trademarks, the Company formulates trademark application and global deployment strategies based on the Group's policies and objectives. The Company continues to improve its internal reward system to encourage the generation of

innovation proposals, and has established a creative idea-sharing mechanism to facilitate brainstorming among employees and further refine innovative thinking.

- Maintenance and Application Strategy
  Each business group analyzes the applicability of patents based on its respective products and technology fields, and formulates application strategies. From self-use and licensing to applying for government subsidies, these measures can effectively enhance the value of the Group's patents and technological know-how. In addition, the Company has launched the Hon Hai Patent Support Program for Startups. Through a free licensing mechanism, the Company encourages startups to adopt Hon Hai's patented technologies. This not only supports startups and benefits society in the spirit of technology sharing, but also enhances the application value of existing patents through the creativity of startups.

B. Intellectual Property Management System

- Responsible Organization
  To address the diverse technologies required for different products, Hon Hai has established various business groups, each with a dedicated intellectual property department. Since August 2021, based on the principle of "strong central function, empowered local units," Hon Hai has established the Central Intellectual Property Department, which is responsible for horizontally coordinating intellectual property resources across business groups, integrating the needs of various units, providing professional intellectual property services, and enhancing the overall efficiency of intellectual property management across the Group. The Central Intellectual Property Department represents the Group in external communications and intellectual property-related matters, establishing the Group's professional image in intellectual property.
- Employee Education
  Hon Hai requires new employees to sign confidentiality agreements and intellectual property ownership agreements to ensure that employees understand and fulfill their confidentiality obligations during employment. When employees leave the Company, handover and confirmation procedures relating to intellectual property rights are carried out, with particular reminders provided to R&D personnel regarding their confidentiality obligations. In addition to intellectual property education and training for new employees, Hon Hai holds relevant training sessions, lectures, and guidance activities from time to time each year to enhance R&D personnel at all levels' understanding of intellectual property. Since January 2022, the Central Intellectual Property Department has published weekly feature articles introducing patents in the Group's 3+3 fields. It

also regularly publishes intellectual property-themed articles and popular science articles on Hon Hai's intellectual property website for employees' learning and reference.

- Patent Proposal Review
  Hon Hai's R&D fields and product scope are extensive and are organized into different levels of R&D units. Before a patent application is filed, responsible intellectual property personnel, R&D supervisors, legal units, and other relevant parties conduct substantive reviews of each patent proposal. Where there are concerns regarding the quality of a patent proposal, the inventor is required to provide supplementary information. The review process emphasizes value creation as the priority and does not encourage proposals that are primarily based on design-around considerations. Appropriate patent deployment is carried out for different technologies, taking into account industry characteristics and market conditions. These mechanisms not only ensure patent quality, but also ensure that proposal content does not violate relevant agreements. Through these systems, the patentability of R&D results is enhanced.
- Incentive Measures
  To further encourage employee innovation and enhance the Group's competitiveness in core industries and technology fields, Hon Hai has established a comprehensive incentive mechanism that provides substantial rewards for different types of intellectual property achievements. Currently, Hon Hai provides incentive bonuses exceeding statutory requirements for various intellectual property categories, including invention patents, utility model patents, integrated circuit designs, technical trade secrets, and software copyrights. Rewards are provided at different stages, including patent proposal submission and patent approval. These multi-stage incentive measures are intended to encourage employees to remain actively engaged and involved at every stage, from idea generation to the ultimate realization of patents. In addition, to further promote technological innovation, outstanding intellectual property achievements are selected each year, and inventors who contribute to key technology fields such as 3+3 are granted higher rewards. Through these measures, Hon Hai has not only continued to improve both the quantity and quality of its patents, but has also successfully cultivated a group of technical talent with strong innovation capabilities.
- Patent Evaluation
  Hon Hai holds more than 10,000 granted and valid patents. As technological innovation accelerates and products continue to evolve, these patents must be evaluated regularly to ensure that they continue to create value for the Company. Patent maintenance fees increase as the number of patents grows. Therefore, optimizing the patent portfolio and reducing

unnecessary maintenance costs have become important aspects of intellectual property management. During the evaluation process, each business group and the intellectual property department jointly consider the actual application of the patented technologies, current market adoption, and potential future applications. Patents involving outdated technologies or limited market demand are phased out in a timely manner, allowing resources to be focused on patents with higher value. In addition, the Central Intellectual Property Department conducts a secondary evaluation of patents that business groups have decided to discontinue maintaining, reassessing the value and potential of such patents from a Group-wide perspective. This secondary evaluation helps ensure that potentially valuable patents are not overlooked due to local-level judgments. In particular, for areas where the applicability of a technology has not yet been fully developed, the Central Intellectual Property Department further analyzes its potential applications in other markets or emerging technologies. This comprehensive patent management strategy ensures that Hon Hai's patent portfolio consistently maintains high quality and high efficiency, while continuing to bring competitive advantages to the Company.

- Patent Support Program for Startups
  "The essence of patents is sharing; protection is a means, and social progress is the goal." Through the public disclosure and sharing of patents, technical knowledge enables the public to understand technologies and applications that are beneficial to industry, helps avoid duplicated investments of time and resources, and can also serve as a foundation for the research and development of new technologies, leading to better solutions and better products. In the spirit of sharing, Hon Hai has opened approximately 1,600 patents to startups, covering areas such as ICT product components, artificial intelligence, semiconductors, digital health, robotics, production and manufacturing technologies, communications, computing and software, electric vehicles, and display devices. In addition to providing substantive support in the form of three years of royalty-free licensing, Hon Hai also offers startups free patent consultation services. Through this open sharing model, Hon Hai not only helps startups reduce R&D costs and shorten technology development timelines, but also promotes the acceleration and dissemination of technological innovation.
- Trademark Management
  Trademarks are important identifiers for an enterprise in the market. They not only carry the enterprise's brand image, but also communicate the Company's values and philosophy externally. Hon Hai fully recognizes the importance of trademarks. Accordingly, the Central Intellectual Property

Department centrally manages all trademarks of the Group, with comprehensive management procedures covering trademark application, use, and maintenance. The Central Intellectual Property Department is responsible for establishing and maintaining a database of trademark use records to ensure that each trademark receives appropriate protection and management worldwide. At the same time, in response to malicious infringement in the market, the Central Intellectual Property Department works closely with the Central Legal Department and other departments to take legal action to safeguard Hon Hai's rights and interests, including actions against counterfeit goods, malicious trademark squatting, and other acts that infringe trademark rights. This trademark management strategy enables the Company to fully leverage the market impact of its trademarks, strengthen Hon Hai's corporate image, and prevent potential legal risks.

(2) Implementation Status

The Company reports intellectual property-related matters to the Board of Directors on a regular basis in the fourth quarter of each year. The most recent report was made on November 12, 2025. The main implementation status for the past two years is as follows:

A. Implementation Status for 2024

a. Held 10 monthly Hon Hai intellectual property meetings to facilitate horizontal communication among the intellectual property units of various business groups.
b. Participated as a corporate problem proposer in the 2024 Industrial Patent Analysis and Portfolio Competition organized by the Intellectual Property Office.
c. Participated in the Taiwan Innotech Expo Invention Competition organized by the Intellectual Property Office, Ministry of Economic Affairs, in October, and reviewed and presented the Hon Hai Special Award.
d. Was invited to serve as a judge for the National Invention and Creation Award from October to November.
e. Amendments to relevant regulations and procedures
   - In May, announced and implemented the Copyright Management Regulations to improve the Group's relevant requirements for copyrights.
   - In June, announced and implemented the Patent Technology Licensing Audit Procedures to reduce the risk of breach of contract, ensure the smooth advancement of audits, and clearly define the division of responsibilities among units.
   - In July, announced and implemented the Trademark Administrative Remedy Handling Procedures to clearly define the remedy process.
   - In August, amended and announced the implementation of the Trademark Application Procedures and the Trademark

Use Registration Procedures to optimize the relevant processes.
- In September, amended and announced the implementation of the Hon Hai Technology Group Trademark Use Guidelines to align trademark use guidelines with the current trademark use strategy.
- In December, amended and announced the implementation of the Group Intellectual Property Incentive Regulations, adding more categories of individual and team awards.

f. Patent evaluation: Completed secondary evaluations of 776 patents.
g. Patent monitoring: Published 12 patent monitoring reports, summarizing the problems intended to be solved by newly published patents of major international companies. The technical fields covered included AI, 5G, EV, SiC semiconductors, quantum computing, robotics, and batteries.
h. Patent Startup Incubation Program
- Completed signing program agreements with four startups.
- Participated in the final selection of the Startup Star event organized by the Economic Daily News in June.
- Worked with the Hon Hai Tech Day (HHTD) preparation team and Google to hold the Startup Forum and Project Hatcher 2024 at HHTD 2024.
- Sponsored the Extreme Tech Challenge (XTC) and jointly promoted the Semiconductor and AI Climate Innovation Competition, with the semi-finals held at TechCrunch in San Francisco in October.

i. Education and training
- Published 53 feature articles on Hon Hai's intellectual property website.
- Published 208 Hon Hai Patent Share articles on Hon Hai's intellectual property website.

j. Achievements
- The number of patent proposals reached 1,921, of which 425 were patent proposals in the 3+3 fields, including 269 involving the three major future industries and 156 involving the three core technologies. The number of patents granted globally to Hon Hai entities in 2023 reached 461.
- In March, Hon Hai was selected by Clarivate as one of the 2024 Top 100 Global Innovators.
- In June, Hon Hai was selected for the IAM 2024 Asia IP Elite.

B. Implementation Status from January to September 2025
a. Held eight monthly Hon Hai intellectual property meetings to facilitate communication and exchange among the intellectual property units of various business groups.

b. Joined the global patent alliance LOT Network in April to strengthen intellectual property protection.
c. Participated as a corporate problem proposer in the 2025 Industrial Patent Analysis and Portfolio Competition organized by the Intellectual Property Office.
d. In March, was invited to serve as a speaker at the intellectual property workshop held by National Central University. In April, attended the IAM SEP Summit and served as a speaker. In May, attended IAM AUTO IP and served as a speaker. In September, attended IAM IPBC China and served as a panelist. In September, was invited to deliver a keynote speech at the 2025 Taiwan-Japan Intellectual Property Seminar.
e. Amendments to relevant regulations and procedures
    - In February, amended and announced the implementation of the Hon Hai Technology Group Trademark Management Regulations, the Trademark Transaction, Licensing and Licensed Use Procedures, and the Trademark Application Procedures to expand the scope of trademark management and services.
    - In February, amended and announced the implementation of the Outstanding Intellectual Property Award Evaluation Procedures to better align with the Group's R&D activities.
    - In July, announced and implemented the Material Use and Licensing Management Procedures to preserve material licensing records and records of employees' creation processes in the course of their duties, thereby reducing infringement risks and strengthening evidentiary capabilities.
    - In July, amended and announced the implementation of the Hon Hai Technology Group Trademark Use Guidelines to align with the corporate identity guidelines.
f. Patent evaluation: Completed secondary evaluations of 596 patents.
g. Patent monitoring: Published nine patent monitoring reports, summarizing the problems intended to be solved by newly published patents of major international companies. The technical fields covered included AI, 5G, EV, quantum computing, robotics, SiC semiconductors, SiPh silicon photonics, information security, batteries, smart manufacturing, digital health, and smart cities.
h. Patent Startup Incubation Program
    - Completed or was in the process of signing agreements with three startups.
    - For the startup competition held in collaboration with Extreme Tech Challenge (XTC), the finals were held at CES in January, with Robert Schlaeger from the U.S. headquarters attending as the representative.
    - In July, was invited to serve as a judge for the ASPN Sports

Tech Innovation Accelerator startup competition.
- In August, participated in the seventh Kick-off event of the PwC Startup Growth Accelerator and served as a speaker.

i. Education and training
- Published 39 feature articles on Hon Hai's intellectual property website.
- Published 147 Hon Hai Patent Share articles on Hon Hai's intellectual property website.

j. Achievements
- The number of patent proposals reached 1,397, of which 321 were patent proposals in the 3+3 fields, including 200 involving the three major future industries and 121 involving the three core technologies. From January to September, the number of patents granted globally to Hon Hai entities reached 512.
- In March, Hon Hai was selected by Clarivate as one of the 2025 Top 100 Global Innovators.
- In August, Hon Hai was selected for the IAM 2025 Asia IP Elite.

(3) Certification Obtained

Since the Group introduced the Taiwan Intellectual Property Management System (TIPS) in 2025, it has reviewed the appropriateness of its internal intellectual property management system through annual certification. In recent years, in order to practice sustainable operations, the Group has integrated intellectual property with the concept of sustainable development and embedded such concepts into its management mechanisms for patents, trademarks, and trade secrets. The Group most recently passed TIPS certification in 2025. The certificate is valid from December 31, 2025 to December 31, 2026. This demonstrates that the Group's commitments and practices in linking intellectual property with environmental, social, and governance aspects have passed system certification, and also helps the Group demonstrate that, while maintaining its competitive advantages, it recognizes the importance of sustainable development.

(IV) Long-term and short-term business development plans

1. Short-term business development plan

The Company pursues continued excellence in operational management and cost control, vertical integration, global footprint and provide a "One-Stop Shop" solution for global leading brands. Our commitment is to maintain the high quality of service and related added-value services enable computing, communication, consumer electronics (3C) to enrich lives of the world population.

In addition to ensuring our leadership position in the EMS industry, we are also actively expanding into new product areas. With the rapid development of AI in recent years, we have firmly captured these business opportunities, continuously strengthened our leadership position, and actively deployed global manufacturing

capacity through capital expenditures. We have also extended our presence into more components and system assembly businesses, with the aim of enhancing customer service and satisfaction through a more comprehensive supply chain, while also improving the Company's profitability.

The Company also leverages its ICT integration advantages to deepen its presence in the electric vehicle and semiconductor fields. By providing diversified services and differentiated products, the Company strengthens cooperation with leading international companies and drives the Group's transformation. In response to changes in the global economic and trade environment and the trend toward regional manufacturing, we will continue to expand investments across Europe, the Americas, and Asia, while strengthening technology and automated production capacity. At the same time, by establishing production bases, design centers, and service centers worldwide, we are building a comprehensive global assembly and delivery system to flexibly meet customers' design and manufacturing needs.

2. Long-term development plans

As the world's largest electronics manufacturing services provider, with a market share of more than 40%, Hon Hai will continue to maintain its leading position in the existing ICT industry through its "3+3+3" strategy, while striving to transform AI into the Group's most important growth driver. The Group's future growth focus will continue to center on three major areas: ICT, AI, and EV. With the introduction of AI and automation technologies, the Group is further strengthening production efficiency and its cost structure, and actively advancing toward Smart Manufacturing 3.0: AI-driven automation. At the same time, through the five research institutes and one laboratory under the Hon Hai Research Institute, the Group will continue to deepen its development of forward-looking technologies, including AI, semiconductors, quantum technologies, and next-generation communications, to ensure that R&D achievements can provide a continuous source of growth momentum following commercialization.

To further optimize market valuation, the Company has also proposed its Corporate Value Enhancement Plan, which is financially oriented toward achieving an ROE of 12% and a return on invested capital of more than 12%. The plan aims to enhance profitability while maintaining or improving the Company's S&P A-credit rating. In addition, the Company maintains a stable policy of distributing cash dividends at a payout ratio of not less than 40%. Through a diversified Board of Directors and highly transparent communication, the Company also fulfills its sustainable operating objective of providing long-term returns to shareholders.

II. Production and Sales Status

(I) Market analysis:

1. Regions where major products (services) are sold (provided)

The Company's products are divided into four categories. Core sales areas cover three continents: Europe, America and Asia.

2. Market share

According to statistics from Bloomberg, in 2025, the Company ranked first globally in the electronics manufacturing services (EMS) sector, with a global market share of more than 40%, further consolidating its global leadership position in the EMS industry.

3. Future market supply and demand and growth

The following is a summary of the development of the industries in which the Company's four major categories of products belong:

(1) Cloud and Networking Products Category (mainly servers and networking products)

The main products include servers, storage equipment and network communication equipment. The overview of the related industries is as follows:

(i) Server/storage equipment

The surge in demand for AI computing power is the core force driving the server market into a new round of rapid growth. The Company is the largest supplier by shipment volume of AI server racks and expects shipment momentum to increase quarter by quarter. The core of the Company's competitive advantage lies in its highly vertically integrated capabilities from components to complete systems. Through the vertical integration of technical resources within the Group, including mechanical components, networking and communications, liquid-cooling thermal solutions, and liquid-cooling connectors, the Company maintains a high degree of control over the supply chain and has become the ODM with the highest level of vertical integration in the current wave of AI server development.

(ii) Switches and Routers

As the scale of AI data centers continues to expand, high-speed switches have become another important growth engine for the Company's cloud and networking products. The stronger the computing power of AI clusters, the greater the demand for network bandwidth. As a result, the technical specifications of switches are being rapidly upgraded in tandem with the iteration of AI server generations. Looking ahead to 2026, demand for high-speed switches is expected to remain at a high level, and products with higher specifications have also entered mass production. The pace of market technology upgrades continues to accelerate. The Company expects to continue consolidating its leading position in this wave of upgrades in high-speed networking and communications equipment.

(2) Smart Consumer Electronics (mainly smartphones, TVs, game consoles, etc.)

For smartphones, the global market has shifted from scale expansion to value-oriented structural competition. IDC forecasts that, affected by memory supply shortages resulting from the large-scale expansion of AI infrastructure, the market is shifting from a focus on shipment volume to structural adjustment centered on higher average selling prices. This impact is significantly greater for entry-level models than for high-end models. High-end brands are relatively more resilient to memory cost pressure, which gives the Company's long-standing strategic focus on top-tier customers and high-end smartphones a stronger advantage.

Generative AI has evolved from an add-on feature in smartphones into a core element of device architecture. The focus of competition has

shifted from hardware specifications to AI experience and cross-device ecosystem integration, bringing brand competition into a new stage of strategic differentiation. Global smartphone brand customers continue to expand outsourcing, while AI functions impose higher requirements on precision manufacturing capabilities, creating greater challenges for suppliers. As a manufacturer with a comprehensive global footprint, highly vertically integrated capabilities, and mass production strength, Hon Hai continues to hold an irreplaceable strategic position in helping brand customers reduce costs and enhance competitiveness.

(3) Computing Products (mainly computers, tablets, etc.):
We continue to be an important partner of major international companies, providing high-quality services and products to the PC industry. At present, with multiple variables such as regional political factors, tariffs, and tight memory supply, supply chain restructuring and production constraints have affected PC demand. Accordingly, we expect overall demand to be revised slightly downward. The Company will also maintain close communication with customers and leverage its global footprint to provide necessary support and timely adjustments.

(4) Components and Other Products (mainly connectors, mechanical parts, services, etc.):
Components include connectors, mechanical parts, thermal modules, optics, electronics, PCB and semiconductors. The components themselves will be affected by the demand for products in the three major areas mentioned above. In the related parts and components categories, the optics (touch modules, camera modules, dot matrix projector modules, etc.) and semi-conductor (packaging and testing, wafer fab, semiconductor equipment, chip design, etc.) will be one of the important driving forces for the Company's future growth. As one of the Group’s three major pillars, electric vehicles are expected to gradually move toward outsourcing and will also serve as an important driver of the Group’s transformation and upgrading, as well as long-term profit growth.

4. Competitive Niche

The Company’s competitive advantages lie in its design and development capabilities, global footprint, massive production capacity, vertical integration, speed of mass production, procurement scale, and partnerships with customers. These are the reasons why we can maintain our leading position in the industry, and are also the most important value for our customers. In the EMS business, the Company has accumulated more than 50 years of highly specialized management capabilities in managing people, capital, logistics, and technology, which are capabilities that are difficult to replicate. Other competing niches are as follows:

(1) Precision molding technology
(2) Vertically integrated manufacturing capabilities spanning plastic molding, stamping, mold flow analysis, and mechanical components.
(3) Creation of internal high speed network systems

(4) Mechanical and barebones computer design capabilities
(5) Heat transfer and noise treatment capabilities
(6) SMT software and hardware testing technology
(7) Rapid mass production capability of PCBA
(8) Photoelectric consolidation capabilities
(9) Management Global supply chain management know-how

5. Favorable and unfavorable factors of development prospects and countermeasures

(1) Favorable Factor:

- The continued adjustment of the global industrial structure, together with the Company's vertical integration advantages, is conducive to the Company's ability to secure outsourcing and contract manufacturing opportunities from leading international companies.
- Close partnership with tier-one customers around the world.
- The wave of generative AI has driven explosive growth in demand for AI servers. The Company has cultivated this field for many years and possesses complete vertically integrated capabilities spanning components, liquid-cooling thermal systems, and complete system assembly. The Company holds a leading market share in AI servers and is well positioned to continue securing new orders as customers iterate across product generations.
- The Company has long provided customers with five core values: speed, quality, engineering services, flexibility, and cost. These capabilities help customers achieve rapid time-to-market and quickly meet cost targets. Regardless of how products evolve, these competitive advantages remain effective. In particular, the Company's new product introduction (NPI) capabilities are especially critical when new AI server platforms are introduced.
- The Company has the most comprehensive industry chain deployment, enabling it to rapidly provide integrated solutions that meet customer needs.
- The Company has a comprehensive overseas production system, with diversified production bases established across more than 20 countries, including the United States, Mexico, Taiwan, India, and Vietnam, and more than 200 sites. This enables the Company to flexibly adjust capacity allocation in response to customers' localized production needs and changes in the policy environment, thereby enhancing the flexibility and effectiveness of global resource integration and operations.
- Through standardization, computerization, and automation, the Company has established a collaborative operating system covering industrial engineering management, quality management, production management, and business management. The Company also actively advances smart manufacturing by introducing AI technologies into production lines, continuously improving automation levels and yield rates, and strengthening its competitive leadership in manufacturing.

- A firm grasp key capabilities of mold development, and new product development.
- The long-term growth trend of the electric vehicle industry remains unchanged, and the industry is undergoing a structural transformation toward a division of labor between branding and manufacturing. With capabilities in design, manufacturing, vertical integration, cost management, and global deployment, the Company has clear advantages under the CDMS business model.
- The Company has access to key chips with stable supply and differentiated functions, enabling it to provide differentiated solutions to existing ICT customers and electric vehicle customers. It also has the advantage of a full semiconductor industry chain deployment, spanning design to packaging and testing.

(2) Unfavorable factors and countermeasures

- Intensifying competition in the AI supply chain
  Countermeasures: The Company continues to strengthen the depth of its vertical integration, enhance its rapid introduction capabilities for new AI server platforms across generations, and maintain long-term, in-depth partnerships with major CSP customers. Through its technological capabilities and scale advantages, the Company continues to consolidate its leading position.
- Fiercely competition in core business
  Countermeasures: With continuously competition, we are also constantly stabilizing vertical integration, improving technical level, cost control and other production capabilities. And the company can increase our leading position in the face of industrial competitiveness.
- Rising tariffs and regional manufacturing trends
  Countermeasures: Hon Hai has a diverse and wide range of product lines for many years, so it has carried out regional production in accordance with product characteristics and customer requirements. As the future AI, ICT, electric vehicle, and semiconductor industries move toward global deployment, the Company's operating experience accumulated across more than 20 countries and over 200 sites worldwide will enable it to expand rapidly and further demonstrate its management advantages.
- Geopolitical instability
  Countermeasures: By flexibly adjust our capacity, supply chain management, inventory management, we shall be able to mitigate short term impact. In the mid to long term, we will leverage our R&D and capacity across major campuses to diversify the risk. In the future, whether it is in the development of new products or planning for mass production, the Company will consider risk diversification and prepare various off-site backup plans.
- Inflation and raw material costs rising
  Countermeasures: Inflation and raw material prices rising and have impact on t assembly business and it will dilute the gross profit

margin. We will still take customer demand and maximizing EPS as the top priority. High inflation may also affect the demand for low-end consumer products. The Company will continue to focus on high-end products to reduce the impact of inflation.

- Rising costs and supply-demand imbalances
  Response: To address the challenges of manpower and rising costs, we have established a collaborative operation system for industrial control, quality control, production control, and management through standardization, computerization, and automation. At the same time, the company leverage our global layout for flexible capacity allocation, which is reflected in the selling price in a timely manner to reduce the impact.
- Environmental regulations and international trends
  Regarding the issue of global warming, the company has responded to the 2050 net zero carbon emission target, introduced renewable energy, invested in scientific carbon emission reduction plans, and join net zero carbon emission action alliance, from energy saving, emission reduction, greening, we continuously put efforts in recycling, green energy, etc., echoing global environmental protection trends.

(II) Important Applications and Production Process of Main Products

The Company's products are classified into four major categories: Cloud and Networking Products, Consumer Electronics Products, Computing Products, and Components and Other Products. These products are mainly information and communications technology products and are widely used in consumer and commercial applications, including mobile communications, entertainment, computing, storage, and networking. Among Cloud and Networking Products, AI servers are currently the core growth product. They are widely used in large-scale AI data centers of CSPs, enterprise private clouds, and sovereign AI infrastructure of various countries, supporting high-performance computing needs such as large language model training and AI inference computing.

In terms of production processes, the Company primarily provides customers with one-stop services under the EMS model, covering the full process from system design, component development, manufacturing and assembly, quality control and testing, to shipment.

In the AI server field, the Company further provides highly vertically integrated services, spanning in-house production of key components, integration of liquid-cooling thermal systems, and complete system assembly. The Company also possesses NPI capabilities, enabling it to help customers rapidly achieve mass production as AI platforms iterate across generations, thereby realizing the dual objectives of rapid time-to-market and cost efficiency.

(III) Supply Status of Main Raw Materials

The raw materials used in the Company's connectors, chassis and assembly products include copper, plastic pellets, gold salt, and steel. The supply status is as follows:

1. Copper materials: The Company has strategically formed alliances with multiple suppliers to continuously and stably supply the needs for production.
2. Plastic pellets: Jointly develop special materials for connectors with domestic and foreign manufacturers to improve the quality of production. Prices are negotiated annually, and leverages the Company’s economy of scale for bulk purchases to ensure price competitiveness.
3. Gold and salt: The price is calculated based on the international gold price quotation. Suppliers have been able to deliver goods directly to the factory and shorten the delivery days to reduce the Company's transportation and inventory risks.
4. Steel materials: Jointly develop materials for computer bases with a number of domestic and foreign manufacturers. The Company utilizes market price or annual price negotiations for steel, and leverages the Company’s buying power to maintain favorable prices.
5. Other raw materials required for assembled products include printed circuit boards, capacitors, ICs, GPU modules, liquid-cooling thermal components, and other related materials. These products are processed and manufactured in accordance with customer requirements, and the relevant raw materials can be obtained directly through customers or through long-term cooperation with suppliers. With the rapid growth of the AI server business, the Company continues to strengthen supply chain management for key raw materials. By entering into long-term supply agreements with major raw material suppliers, the Company ensures supply stability and effectively reduces the impact of market fluctuations on production schedules.

(IV) List of customers that have accounted for more than 10% of the total purchase (sale) in any of the last two years

1. Information of Major Suppliers in the Last Two Years

Unit: NT$ Million

Item	2024				2025			
	Name	Amount	As a percentage of net purchases for the year (%)	Relationship with the Issuer	Name	Amount	As a percentage of net purchases for the year (%)	Relationship with the Issuer
1	Vendor L	2,278,037	39.28%	None	Vendor L	2,348,108	36.99%	None
2	Others	3,520,744	60.72%	-	Others	4,000,433	63.01%	-
3	Total Net Purchases	5,798,781	100.00%	-	Total Net Purchases	6,348,541	100.00%	-

2. Information of Major Sales Customers in the Last Two Years

Unit: NT$ Million

Item	2024				2025			
	Name	Amount	As a percentage of net sales (%)	Relationship with the Issuer	Name	Amount	As a percentage of net sales (%)	Relationship with the Issuer
1	Customer E	3,706,464	54.03%	None	Customer E	3,574,256	44.11%	None

2	Others	3,153,151	45.97%	-	Others	4,528,849	55.89%	-
3	Total Net Sales	6,859,615	100.00%	-	Total Net Sales	8,103,105	100.00%	-

III. Employee information in the most recent two years and up to the date of publication of the annual report

Year		2024	2025	As of March 31, 2026
Number of persons	Clerical staff	185,133	189,968	188,050
	Operators	448,034	458,524	432,383
	Total	633,167	648,492	620,433
Average age		32.60	32.78	33.05
Average years of service		5.33	5.45	5.67
Education Distribution %	PhD	0.04%	0.04%	0.04%
	Master	1.58%	1.66%	1.74%
	College	27.46%	27.82%	28.82%
	High school	36.21%	35.38%	34.58%
	Under high school	34.71%	35.10%	34.82%

IV. Information on Environmental Protection Costs

(I) Losses incurred due to environmental pollution in the most recent year and as of the annual report publication date, including compensation and violations of environmental laws and regulations identified through environmental protection inspections, specifying the date of disposition, disposition reference number, provisions of laws and regulations violated, details of violation, and disposition imposed, and disclosing the estimated amounts that may currently or potentially arise in the future and the corresponding response measures; where such amounts cannot be reasonably estimated, the facts explaining why they cannot be reasonably estimated shall be stated:

Corporate entity	Date of disposition	Disposition reference no.	Provisions of laws and regulations violated	Details of violation	Penalty amount (NT$)	Current estimated amount that be incurred and response measures
Foxtron Vehicle Technologies Co.,Ltd.	2025/6/9	Kaohsiung City EPBTZ No. 11435265300	Article 18 of the Water Pollution Control Act; Article 10 of the Water Pollution Control Measures and Test Reporting Management Regulations	Construction commenced at the construction site before approval was obtained for the runoff wastewater pollution reduction plan.	NT$27,000 and two hours of environmental education	The penalty has been paid, and the entity has participated in two hours of environmental education provided by the Environmental Protection Bureau. In addition, the entity has strengthened education and training for dedicated personnel and continued process improvements to ensure

						that all operations comply with applicable laws and regulations.
ALTUS TECHNOLOGY INC.	2025/10/2	Kaohsiung City EPBKCZ No. 20-114-100011	Article 24, Paragraph 2 of the Air Pollution Control Act	Operation of a stationary pollution source was conducted without first obtaining a stationary pollution source operating permit.	NT$320,000 and two hours of environmental education	The penalty has been paid, and the entity has participated in two hours of environmental education provided by the Environmental Protection Bureau. In addition, the entity has strengthened education and training for dedicated personnel and continued process improvements to ensure that all operations comply with applicable laws and regulations.

(II) The Company's main factories and production facilities are located in the Tucheng Industrial Zone and the Hsinchu Science Park. Environmental protection is prioritized as a key focus in daily operations. Any identified issues are promptly addressed, and existing prevention equipment is regularly reviewed. In addition to providing employees and nearby residents with a quality work and living environment, the Company strictly adheres to emission standards. The following environmental protection measures have been implemented to manage pollution and waste generated during production processes:

1. Water pollution prevention: Established a wastewater treatment plant and a water analysis laboratory in the Tucheng Plant. Chemical method is applied in wastewater treatment, in which pollutants are removed from wastewater and discharged through discharge outlets. The lab has various instruments to measure temperature, PH value, chemical oxygen demand and suspended solid and analyze heavy metal, so that daily inspection on discharging water can be made and water discharge can be well controlled. Both the Huyue Plant and Dingpu Plant have obtained approval letters for connecting and using the wastewater sewer system. The official document numbers are Beicheng No. 1135060030 and Tufu No. 1115062177. The Company has also obtained the following water pollution control permits: New Taipei City Environmental Water Permit No. 04774-04 (Huyue Plant), New Taipei City Water Permit No. 05854-01 (Dingpu Plant I), and New Taipei City Environmental Water Permit No. 05855-02 (Dingpu Plant II).
2. Prevention and control of fixed pollution sources: The exhaust gas is collected through the exhaust pipeline, enters the wet scrubber to remove pollutants in the exhaust gas, and then discharged into the atmosphere. The pollutant concentration of the exhaust gas is tested outsourced every year and reported to the environmental protection authority. The stationary pollution source operation permit was

obtained in 1998, and the extension was completed in June 2008. The permit number is: Bei-Xian-Cao-Zheng-Zi No. F0447-02. Currently, the total consumption of acid and alkali does not meet the control standards, and the Permit was returned to the authority per Letter No. 1012095840 from the Environmental Protection Bureau.

3. Disposal of waste: The industrial waste disposal plan is implemented according to the contents of the industrial waste disposal plan, and the flow of waste is declared online in accordance with the law, in order to legally dispose of waste and recycle resource waste.
4. Toxic substances management: Toxic substances are stored separately under strict control. Documents for use are obtained in accordance with the law and reported to the environmental protection authority on a regular basis.

(III) The Company has always been adhering to the environmental policy of "preventing pollution, continuously reducing waste, providing environmentally friendly products, protecting the earth, and operating a pragmatic green enterprise", strictly complying with environmental protection laws and regulations and customer requirements, effectively controlling raw materials, processes, shipments and other elements, and continuously improving product quality through continuous improvement activities to ensure that the products provided do not contain restricted substances. At the same time, we promote the transformation of upstream suppliers into a green supply chain to comply with the requirements of the RoHS Act.

(IV) Impacts of pollution status and its improvement on the Company's earnings, competitive position and capital expenditures, and major environmental protection expenditures expected in the next two years:

1. Estimated environmental capital expenditures for the next two years: Environmental expenditures for 2026 and 2027 are estimated to be NT$121,364,229 and NT$143,992,759, respectively. The major environmental expenditures and items will include:
   (i) Expenses for the replacement, renewal, and addition of polluting equipment
   (ii) Operating expenses of pollution prevention equipment
   (iii) Additional environmental monitoring expenses
   (iv) Waste-related treatment expenses
2. Impacts of the aftermath
   - Effect on net income: None
   - Impact on competitive position: None

V. Labor Relations

Current important labor agreement and implementation:

The Company has been treating its employees with sincerity and established mutual trust with them through its welfare system and good training system

that guarantee a fulfilling and stable life for them. Though there is no union in the Company, but the Company has established "Workers and Employers Meeting" and have established comprehensive employee communication channels, its employees can give full play to their team spirit, coordinate the Company's decision, cooperate with each other to create a harmonious environment for working. The Company pursuant to the relevant labor laws and regulations, to protect the legitimate interests of employees, provides employees with safe and healthy working environment, and set up an employee feedback and complaints mechanism. And we disclose employee welfare measures, retirement system and implementation situation on the company's official website. The Company adopts the followings measures to build a harmonious labor relation:

(I) Employee Welfare Measures:

Founded in July 1985, apart from members appointed by each Business Unit, the remaining members are proposed and elected by employees. The committee members are re-elected every three years, and there are dedicated members appointed to deal with the routine administrative works of the Committee.

The Company has established a Central Health and Safety Department and built a comprehensive healthcare team. Internally, the Company integrates a cross-disciplinary team comprising physicians, nurses, dietitians, food safety personnel, and other professionals, while also leveraging resources from external institutions to provide employees with comprehensive and high-quality health services. The main measures are as follows:

1. Risk-Based Management of Chronic Diseases: In response to the government's public health policy of "chronic disease prevention starting from the workplace," the Company has moved disease prevention and control forward into the workplace. Through analysis of annual health examination data, the Company uses blood pressure, blood glucose, and blood lipids as indicators to establish a health risk stratification system. Under a pyramid-based health management framework, health promotion activities and follow-up mechanisms are designed for employee groups with different risk levels.
2. Health Action Programs: The Company promotes a number of health promotion programs to encourage employees to develop healthy lifestyles. During Health Month, the Company organized a gamified health examination report interpretation challenge to guide employees in understanding the significance of chronic disease indicators. A total of 2,472 employees participated, with 99% providing feedback that the activity was helpful. For specific at-risk groups, the Company provides visualized data through assistive devices to help employees identify cardiovascular and metabolic risks at an early stage and implement self-management of diseases. In 2025, the Company introduced continuous glucose monitoring devices, resulting in a significant improvement of 1.9% in glycated hemoglobin, or HbA1c.

3. Promotion of Healthy Diets: The Company organized the “211 Healthy Plate Promotion” campaign at its facilities. During lunch hours, the Company’s dietitians provided on-site guidance to employees on selecting high-quality whole foods, advocating a balanced diet, and enhancing employees’ awareness of healthy eating. Employee feedback indicated a 93% improvement in awareness.
4. Health-Supportive Environment: The Company provides comprehensive health examination planning. Each year, the medical and nursing team reviews health examination items, establishes a follow-up process for major abnormalities, conducts post-examination satisfaction surveys, and regularly evaluates contracted institutions. From professional review at the front end, examination quality control in the middle stage, to follow-up management and service surveys at the back end, the Company integrates professionalism, high quality, and peace of mind. In addition, the Company has established a dedicated food safety laboratory for Hon Hai employees. Covering food ingredient traceability, supplier audits and guidance, random inspections of employee meals, follow-up on food safety incidents, and regular testing of laboratory personnel’s technical capabilities, the Company has built a comprehensive “safe food” protection network from ingredients to dining table. In 2025, the Company conducted a total of 119 workplace hygiene audits and randomly inspected 1,004 samples, identifying one high-risk supplier. For this high-risk supplier, the Company immediately suspended meal supply from the supplier for one month and followed up on the implementation of corrective measures before allowing meal supply to resume. At the same time, the Company initiated a dedicated food safety audit project for ongoing supervision and management.
5. Psychological and International Medical Support: The Company works with an Employee Assistance Program (EAP) provider to offer 24-hour psychological counseling support. In 2025, a total of 604 attendances were served. The Company also cooperates with International SOS to provide global medical and security assistance, comprehensively safeguarding employees’ physical and mental well-being both domestically and overseas. Through parenting education seminars, push notifications of relevant knowledge articles, health education information, and related resources, the Company assists employees in enhancing the quality of parent-child interactions and strengthening family relationships.
6. Childcare and Friendly Workplace Measures Exceeding Statutory Requirements
   (1) Childbirth Encouragement Measures: In 2025, a total of 1,044 young children benefited from the program, with cumulative subsidies amounting to NT$181,031,190, effectively reducing employees’ childcare burden.
   (2) Preferential Care for Pregnant Employees: The Company provides transportation subsidies for expectant mothers who are pregnant

employees. In 2025, a total of 27 applications were made, with total subsidies amounting to NT$306,325.

(3) Friendly Breastfeeding Environment and Maternal Care: The Company provides one-on-one health consultation services and breastfeeding-related health guidance for pregnant employees. The Company has established breastfeeding rooms, and certain sites have obtained the Taipei Excellent Breastfeeding Room Certification. These rooms are available without restrictions on usage time or frequency, providing breastfeeding employees with a safe, private, and comfortable environment.

7. Diverse Employee Welfare Programs:
   (1) Employee Welfare Co-Prosperity Association: The Company has established an employee stock ownership trust system, enabling employees to participate in the Company's long-term value growth and forming a sustainable talent mechanism based on shared interests. In 2025, the employee participation rate reached 83.6%.
   (2) Annual Employee Health Examination Subsidies: The Company provides comprehensive health examination benefits. Each employee is entitled to an annual health examination subsidy of NT$25,000, which is increased to NT$35,000 for employees aged 40 and above. The Company also provides one day of paid official leave for health examinations, which exceeds statutory requirements and reflects its care for employees. In 2025, a total of 3,042 employees completed health examinations, with the Company and the Employee Welfare Committee investing NT$95,834,412.
   (3) Employee Group Insurance: The Company provides comprehensive employee group insurance to safeguard employees' protection and benefits.
   (4) Employee Club Activity Subsidies: In 2025, a total of 2,428 attendances participated in various club activities, with subsidies totaling NT$2,428,000, promoting sports and leisure activities across the Group.
   (5) Employee Marriage Gifts and Funeral Condolence Payments: In 2025, marriage gift applications were made by 65 employees, totaling NT$780,000; funeral condolence payments were made to 223 employees, totaling NT$1,525,000.
   (6) Subsidies for employee education and training.
   (7) Employee birthday gifts, holiday gifts and cash gifts, and other related benefits.
   (8) Year-end activities and lottery draws.

8. Reinstatement Rate After Parental Leave:

	2024	2025
Expected to Return to Work	16	17
Actually Returned to Work	11	12
Reinstatement Rate	68.8%	70.6%

(II) Employee Communication Channels

The Company actively builds a bridge of communication with employees, and listens to employees' voices through multiple two-way communication to ensure timely response and achieve labor-management harmony. Relevant communication channels are as follows:

1. The Company's internal website/APP: announce the Company's major events and recent promotional content. Assist employees to quickly obtain company-related information.
2. Labor-management meetings: labor-management meeting is held every quarter to coordinate labor-management relations, promote labor-management cooperation, and prevent various labor problems before they arise.
3. Employee feedback and complaints: The Company's internal website and APP provide corresponding problem response channels according to different reasons, so that employees' work and environment-related problems and suggestions can be responded to in a timely manner. The feedback is regularly reviewed by dedicated personnel to ensure smooth feedback channels. In 2025, Hon Hai Technology Group received a total of 577 employee feedback or complaints through channels such as the App, the Trust Employee Portal, and email. All of the above feedback was handled by the responsible units, with a case closure rate of 100%.
4. Seminars and satisfaction surveys: We hold employee seminars and various types of satisfaction surveys from time to time, including but not limited to welfare measures, human resources, catering, or employee preferences for the way large-scale company events are held. Before and after implementation of measures or activities, plan and implement improvement plans based on employees' opinions.
5. Employee Sustainable Engagement Survey and Improvement Plan: In 2025, the Company again engaged an international external professional management consulting firm to conduct its second “Employee Sustainable Engagement” survey. Based on the survey results, the Company implemented optimization measures and action plans, and regularly applies the PDCA cycle for ongoing review and improvement. The Employee Sustainable Engagement survey is planned to be conducted once every two years. The next survey is scheduled for 2027.

Item	Implementation Status and Results
Target Participants	Indirect employees of the Group in Taiwan, Mainland China, and Vietnam
Survey Items	The survey covered corporate culture and workplace environment dimensions, including sustainable engagement, teamwork, vision inspiration, understanding of goals, organizational efficiency, and agile transformation.
Number of Respondents	The survey population was 91,671 employees, and 82,610 valid questionnaires were actually collected.
Coverage Rate	90%, fully demonstrating employees’ high level of trust in and participation in the Company’s communication channels. (Calculation method: number of employees who responded to the survey / total number of employees)

<table>
<tr><td>Survey Unit</td><td>The Human Resources Department engaged an international external professional management consulting firm to conduct the survey.</td></tr>
<tr><td>Survey Frequency</td><td>Once every two years.</td></tr>
<tr><td>Survey Period</td><td>From July 14 to July 30, 2025.</td></tr>
<tr><td>Overall Engagement</td><td>Overall sustainable engagement reached as high as 93%.</td></tr>
<tr><td>Survey Results</td><td>1. Significant increase in engagement: Overall engagement increased substantially by 11% compared with the previous survey, which was 82%; the teamwork dimension also reached 93%, representing an increase of 12% compared with the previous survey, which was 81%.
2. High level of recognition: Employees showed an extremely high level of recognition in dimensions such as “vision inspiration,” “understanding of goals,” and “organizational efficiency,” all of which scored above 95%.
3. Outperforming benchmarks: Performance in “organizational efficiency,” “agile transformation,” and “vision inspiration” exceeded global high-tech industry benchmarks by double-digit margins.
4. Retention intention: Employee retention intention reached 83%.
<table>
<tr><td rowspan="2">Year</td><td colspan="2">Employee sustainable engagement</td><td rowspan="2">Retention Intention</td></tr>
<tr><td>The Company</td><td>Compared with the global high-tech industry</td></tr>
<tr><td>2025</td><td>93%</td><td>+9%</td><td>83%</td></tr>
<tr><td>2023</td><td>82%</td><td>-2%</td><td>65%</td></tr>
</table>
</td></tr>
<tr><td>Improvement Plans</td><td>Based on the results of this survey, the Company will continue to implement the following improvements and projects in 2026:
1. Maintain advantages in efficiency and agility: For the high-performing dimensions of “organizational efficiency” and “agile transformation,” the Company will continue to optimize cross-functional project collaboration platforms and incentive mechanisms to consolidate its competitiveness, which leads global high-tech industry benchmarks.
2 Strengthen talent retention and development: In response to the 83% retention intention, the Company will further deepen its key talent development system and diversified welfare support measures, such as friendly childcare and healthcare, to continuously enhance employees’ organizational commitment and long-term retention rate.</td></tr>
</table>

6. Changes in employee turnover rate over the past two years and reasons:

Year / Gender	Employee turnover rate				Total	
	Male		Female			
	2024	2025	2024	2025	2024	2025
Under 30	11.3%	13.4%	8.2%	8.8%	12.2%	8.4%
30~50	11.6%	13.4%	10.4%	11.8%	12.1%	10.8%
Over 50	14.1%	9.0%	12.9%	10.7%	13.5%	12.6%
Subtotal	12.2%	10.6%	13.0%	11.0%	12.4%	10.7%

The overall employee turnover rate decreased from 12.4% in 2024 to 10.7% in 2025, showing an overall downward trend and indicating improved workforce stability within the organization. Turnover rates across gender groups also declined during the same period, with the male turnover

rate decreasing from 12.2% to 10.6% and the female turnover rate decreasing from 13.0% to 11.0%. This was mainly attributable to the Company's continued optimization of human resources management measures, strengthened talent retention and talent development systems, and improved stability of overall organizational operations, which contributed to improved employee retention across all age groups.

(III) Employee education and training

Education and training are basic employee welfares provided by the Company. The Company encourages all employees to "learn through work and grow through learning" and support the integration of theory and practical experience. Through education and training, the Company enhances individual capabilities, strengthens job skills, and improves team performance. In 2025, the Company conducted more than 36.70 million training hours, with education and training expenses for professional, management, and other courses across various units totaling approximately NT$133 million. The training content is as follows:

1. Education and training for new recruits
   Guide new recruits to become familiar with courses such as organizational evolution and corporate culture, work environment, labor safety and health, general affairs services, employee benefits, personnel regulations, education and training system, general legal affairs, and information security.
2. Management ability development
   A tailored training program to meet different needs of different employees at different management levels according to their management needs. The training prepares trainees "organizational, people, and systemic" management skills.
3. Foxconn University
   Foxconn University is responsible for formulating training policies, establishing training management systems, and developing online learning platforms to make education and training processes workflow-based, simplified, rationalized, standardized, systematized, and information-enabled. A total of 79,000 various courseware modules have been developed, including 15,600 newly added courseware modules in 2025, providing learning resources and support for the implementation of various training programs across the Group.
4. Lectures/Lectures on Internationalization
   The Company invites internationally leading figures from various industries to deliver speeches, covering trends in the 3+3 industries and technologies, including electric vehicles, digital health, robotics, artificial intelligence, semiconductors, and next-generation mobile communications technologies. The Company also proactively works with partners to jointly organize multiple industry technology exchange events.
5. Lectures on health promotion
   The health management center regularly invites physical and mental health experts to hold appropriate courses during each season in order to help the

colleagues to relax after work and to receive in-depth health promotion related knowledge. Courses include exercise, mental well-being, CPR, AED.

(IV) Employee code of conduct or ethics

In order to enable all employees to have a better understanding of ethics, rights, obligations and the code of conduct, the Company hereby works out the relevant measures and regulations to provide a basis for all employees. The relevant measures are briefed as follows:

1. Approval authority and organizational responsibilities:
   (1) Approval authority and delegation of responsibilities:
   To improve work efficiency, strengthen tiered responsibility management, and effectively regulate the work-related authority of employees at all levels.
   (2) Organizational structure of each department and job responsibilities of each position:
   To clearly define the organizational functions of each unit and the scope of responsibilities of each position.
2. Assist all employees to understand the relevant measures and regulations:
   (1) New Employee Orientation Program:
   This program helps new employees to overcome their unfamiliarity with the new environment as soon as possible after reporting for work, and to familiarize themselves with the Company's organization, culture, work environment and personnel as quickly as possible. It helps new employees to get ready physically and mentally in a short period of time, maximize their productivity, and reduce the turnover rate of new employees.
   (2) Code of Conduct: In order for all employees of the global factories to jointly promote the sustainable operation of the Company and fulfill their social responsibilities as a citizen, all employees are required to receive training and comply with the Code of Conduct.
   (3) Special Chapter on Employee Human Rights: The Company publishes the Chapter on Employee Human Rights and provides training in accordance with international human rights guidelines to enable employees to understand the Company's human rights commitments and related policies. The human rights policy helps employees better understand their rights and responsibilities, and ensures that all employees inside and outside the Company can work in a fair and respectful environment.
   (4) Code of business ethics: to improve the behavior quality, business ethics and professional ability of all employees, and to pursue the Company's interests within the legal scope. Every employee has the responsibility to prevent the Company's interests from being lost or impaired and is obliged to maintain the Company's reputation so as to guarantee its sustainable growth and development.
   (5) Working rules: clearly regulate various working conditions, personnel management regulations, etc., so that employees can follow.

(6) Employee handbook: Helps employees quickly understand the Company's management system, important instructions related to personal work, and clarify the responsibilities, rights and obligations of the Company and employees.

(7) Rewards and punishments regulations: Rewards or punishments are given to employees' behaviors or actions that bring about profits or losses to the Company's operations.

(8) Employee salary/position promotion: Encourage talents to grow at the same time as the Company. The Company has formulated the "Regulations Governing Annual Promotion of Employees" to take into account the performance, contribution and potential of talents, and implement annual promotions in an open and fair manner through training and rotation plans to provide talents with a clear career development path, saving the organization's talent momentum.

(9) Employee performance appraisal: The Company evaluates employees' work achievements and performance as the basis for salary adjustment, promotion, bonus distribution and arrangement of education and training courses.

A. Performance Participation Opportunities

Employees are given equal opportunities to participate in performance appraisals, regardless of their nationality, gender, identity or background. At the same time, we encourage employees to set diversified performance targets that take into account their different backgrounds, abilities, and contributions to reduce unfair treatment of specific or disadvantaged groups.

B. Performance Evaluation

There is a consensus resolution mechanism for performance calibration to improve the consistency of the scoring standards for performance evaluation, reduce evaluation bias, and improve the fairness of evaluation and evaluation. Employees' performance evaluations are based on indicators such as goal achievement, work attitude, and performance. The process is fair and objective, and is not affected by individual personnel backgrounds.

C. Performance Communication

Encourage managers to provide feedback in an inclusive manner, and value respect and support during the evaluation process. If an employee has any doubts about the results of the performance appraisal, they can also raise an appeal to the supervisor of the business unit or the human resources unit.

(10) Protection of employees' rights and interests: In order to ensure that the rights and interests of employees are treated more fairly and properly, and that employees' voices can be timely fed back to the responsible units, the Company has formulated the "Management Measures for Employee Opinion Sexual Harassment in the Workplace, Complaints, and Disciplinary Measures", "Management Procedures for Personnel Review on Important Employee Incidents",

and "Standards on Employee Safety Abnormal Incidents and Information Reporting." In addition to protecting the rights and interests of employees through management measures, the Company has established diversified channels for employees to express opinions, and designed a review mechanism in various measures to form a consensus decision on matters through committee discussion, to avoid bias or abuse of power when handling employee incidents.

(11) Diversity and equality in the workplace: The Company does not discriminate against employees based on gender, age, nationality, place of birth, ethnicity, language, physical or mental disability, marital status, pregnancy, sexual orientation, religion, political party affiliation, union membership, etc. The Company establishes a code of conduct and a chapter on human rights for employees, and trains all employees to work in a people-centered environment that respects tolerance, diversity and equality. Given that the Company is in the electronics manufacturing industry, it has a high percentage of male employees, and therefore a relatively high percentage of male supervisors. The Company also regards the percentage of female employees as supervisors as an indicator of workplace diversity. In addition, the Company pays attention to the gender equality and diversity of the composition of the Board of Directors. Currently, there are 9 directors in the Board of Directors, including 3 female directors, accounting for 33.33% of the whole.

Employee nationality category

Category	Percentage of total employees (%)	Percentage of management (%)
Republic of China	99.8	99.7
Foreign nationality	0.2	0.3

Female Diversity Indicators

Indicator	Percentage (%)
Female % of total employees	25
Female % of all supervisors	12.4

Other diversification indicators

Category		Percentage (%)
Persons with disabilities		1.0
All employees	By age group: <30 years old	15.6
	By age group: 30-50 years old	68.7
	By age group: >50 years old	15.7
	Total	100
By Place of Birth	Taiwan	54.9
	Mainland China	2.7
	India	0.2
	United States	0.2

	Japan	0.2
	Malaysia	0.1
	Myanmar	<0.1
	Philippines	<0.1
	Indonesia	<0.1
	Singapore	<0.1
	United Kingdom	<0.1
	Vietnam	<0.1
	Undisclosed	41.5
	Total	100.0

Note: Diversification data is based on the statistics of the employees of the Company and its branches.

(V) Employee privacy protection

The Company adheres to the principle of respecting and protecting the personal privacy of employees, and formulates and implements personal data management policies in accordance with global applicable privacy regulations and local laws and regulations to ensure the security and legal use of employees' personal data.

Based on the purpose of work needs under the labor contract relationship, the Company only collects necessary personal information related to the business, such as name, contact information, job information, professional skills, employment records and internal system usage records, and uses it for employee management, career development, internal communication and safety management. Highly sensitive information (such as health or criminal records) is processed only when required by law or in specific situations. Privacy protection standards are met.

To implement employee personal information management, the Company has formulated a personal information protection policy. It provides all current and new employees with the opportunity to sign the "Personal Information Consent", which covers the Company's scope of use, rights and interests, and protection measures for employees' personal information. Employees may exercise their rights of access, correction, and deletion in accordance with the "Individual Information Act", and the Company will handle related requests in accordance with the law. In terms of practical operation, the Company adopts the following measures:

1. Asking employees for their consent to the use of personal information: New employees must complete and sign the "Personal Information Consent Form" to confirm the scope of personal information and their rights.
2. Education and Training: The Company has incorporated personal data protection into the mandatory training curriculum for all employees. In 2025, a total of 900,994 attendances participated in the Group’s annual mandatory training on the Code of Conduct, including personal data

protection and privacy commitments. In addition, a total of 1,591 attendances participated in training on the Introduction to the Company's Information Security Policy, including personal data protection, for new employees in Taiwan. Through irregular on-the-job education and training, the Company continues to enhance employees' awareness of privacy protection and information security, ensuring that personal data management complies with applicable laws and regulations.

3. Principles of personal information collection: The Company only collects necessary personal information, and the consent of employees will be obtained again for each additional collection of personal information.
4. Management by dedicated unit: A dedicated unit is in place to protect employees' personal information, as well as the Chief Information Security Committee and the Legal Compliance Committee, to ensure the appropriateness of personal information management in compliance with laws and regulations.
5. Mechanism for deletion of personal data: If an employee requests for deletion of personal data, the Company will delete the data according to the needs of the employee, except for the data required to be retained by law.
6. Internal supervision and audit: The Company incorporates personal information protection into the internal control and risk management system, conducts regular risk assessments and internal compliance audits, and conducts supplier compliance reviews from time to time to ensure that privacy management complies with relevant laws and regulations and internal policies.

Through the above policies and management mechanisms, the Company provides a safe and transparent personal information management environment to ensure the protection of employees' personal privacy while maintaining the compliance and efficiency of the Company's operations.

(VI) Protection measures for the work environment and employees' personal safety

1. The Company promotes the occupational safety and health management system. Since 2019, we have switched to the new version and passed the SGS certification company certification, obtaining ISO45001 (valid from November 24, 2025 to November 23, 2028) and CNS45001 certificates.
2. Convene global sustainable operations action meetings every week to share the implementation results and experience of environmental, health, and safety (EHS) and sustainable development (ESG) in each factory area. Through cross-regional exchanges and the promotion of best practices, we continue to strengthen the health and safety of the operating environment, create a healthy and safe operating environment, and deepen the sustainable development of the Company.
3. Regularly convene the occupational safety and health committee and discuss the company's safety and health policy with labor

representatives, commit and pursue the goal of zero injuries, zero occupational diseases, zero accidents, and create the best working environment for all employees.

4. In accordance with the "Key Points for the Implementation of Disaster-Free Working Hours Records in Public Institutions", the Huyue Plant participated in the disaster-free working hours record competition and had achieved 15,574,035 hours of disaster-free working hours by the end of 2025; the Dingpu Plant's disaster-free working hours record was 3,793,791 hours.
5. Industrial safety: Establish a safety and disaster prevention center at the Tucheng headquarters to aggregate real-time safety information from all factories. Establish a response organization and epidemic prevention team for earthquakes/typhoons and infectious diseases to provide real-time safety and health information, and provide education and training for response team members to strengthen the Group's safety and disaster prevention system.
6. Security control and fire protection system management: Take charge of the security equipment in the factory areas and ensure that the security software, hardware and management mechanisms are in place in each factory. We use infrared thermal imaging cameras to inspect electrical equipment such as factory panels, and set up an infrared thermal imaging promotion team for training. A total of 30 factories in Taiwan regularly complete inspection reports, identify problem points and make improvements, effectively reducing fire hazards and risks in factories.
7. Occupational health: Inventory the physical and chemical hazard characteristics of each unit in accordance with the annual safety and health management plan, and complete the operating environment monitoring plan including a sampling strategy. The operating environment is better than the legal requirements. The Company completes the four major labor health protection programs in accordance with regulatory guidelines, including prevention of unlawful infringement in the performance of duties, prevention of ergonomic hazards, maternal health protection, and prevention of diseases induced by abnormal workloads, to prevent occupational diseases and unlawful infringement in the workplace and to effectively protect employees' physical and mental well-being.
8. Education, Training, and Activities: In 2025, in conjunction with the Group's ESG theme, Hon Hai Safety and Health Month was held in August and September. With "Safety" as the theme for the period, a series of activities were launched, including fire extinguisher and fire hose operation drills, AED + CPR training, introduction to integrated fire alarm control panels, and hazard prevention demonstrations. The Company also arranged thematic lectures on evacuation and equipment safety to comprehensively enhance employees' safety awareness and create an optimal working environment. A total of 13,686 people participated in the event. The key activities of Safety and Health Month

not only maintained the scale of the previous year and were extended to the Taoyuan and Hsinchu sites, but also further included the Taichung and Kaohsiung sites, embedding the Group's safety culture across its various locations.

(VII) Retirement system:

The Company's retirement system is implemented in accordance with Taiwan's Labor Standards Act and the Labor Pension Regulations, including:

1. Retirement application: The Company has formulated the "Retirement Management Regulations" in accordance with the "Labor Standards Act" and the "Labor Pension Act" to provide employees with clear and unambiguous application regulations and procedures, as well as the operation dates and approval authorities of each unit of the Company.
2. Qualification under Labor Standards Act (old system): defined benefit pension plan
   (1) Retirement application: a worker may apply for voluntary retirement under any of the following conditions: where the worker attains the age of fifty-five and has worked for fifteen years; where the worker has worked for more than twenty-five years; where the worker attains the age of sixty and has worked for ten years.
   (2) Pension payment: the retirement pension base shall be one month's average wage of the worker at the time when his or her retirement is approved. Two bases are given for each full year of service. Those having served over 15 years are given one base for each full year of service and the total number of bases shall be no more than 45. Length of services is calculated as half year when it is less than six months and as one year when it is more than six months. As set forth in Article 54 of the Labor Standards Act, an additional 20% on top of the amount calculated according to the preceding shall be given to workers forced to retire due to conditions incurred from the execution of their duties.
   (3) Employee retirement reserve allocation: The Company shall set aside 2% of the total employee monthly salary amount and deposit them into the employee retirement reserve account pursuant to the applicable retirement system provided by the Labor Standards Act; and ensure that this amount cannot be used as a subject of transfer, seizure, offset, or collateral. Before the end of each year, the employee retirement reserve account balance shall be calculated. If the balance is insufficient to pay employees with conditions specified in Article 53 or Subparagraph 1, Paragraph 1 of Article 54 of the Labor Standard Act for the next year, the Company shall make up the differences before the end of March next year.
   (4) Supervision of employee pension funds: In January 1987, the Labor Pension Reserve Fund Supervision Committee was established in accordance with the law. The committee is re-

elected every three years to review the amount of labor pension reserve fund allocations, savings, expenditures, and payments to ensure the rights and interests of workers.

3. Seniority under the Labor Pension Act (old system): defined contribution pension system
   (1) Monthly Pension Contributions of 6% by the Company: The Company makes full monthly contributions equivalent to 6% of employees' wages to employees' individual pension accounts, in 100% compliance with the "Monthly Contribution Classification of Labor Pension" under the Labor Pension Act published by the Bureau of Labor Insurance, thereby ensuring that the retirement rights and interests of every employee are protected.
   (2) Voluntary Employee Pension Contributions: The Company actively promotes the benefits of voluntary pension contributions under the Labor Pension Act and encourages employees to participate in personal retirement planning by voluntarily contributing pension amounts within 6% of their monthly wages. As of the end of 2025, the number of employees making voluntary pension contributions under the Labor Pension Act accounted for 38.6% of all employees under the new labor pension system, demonstrating employees' strong recognition of the Company's promotion of the retirement system and their emphasis on personal financial planning.

(VIII) Other important agreements: None.

(IX) Losses incurred due to labor-management disputes in the most recent year and as of the annual report publication date, including violations of the Labor Standards Act identified through labor inspections, specifying the date of disposition, disposition letter number, provisions of laws and regulations violated, details of violation, and disposition imposed, and disclosing the estimated amounts that may currently or potentially arise in the future and the corresponding response measures; where such amounts cannot be reasonably estimated, the facts explaining why they cannot be reasonably estimated shall be stated:

1. Disposed Labor-Management Disputes:

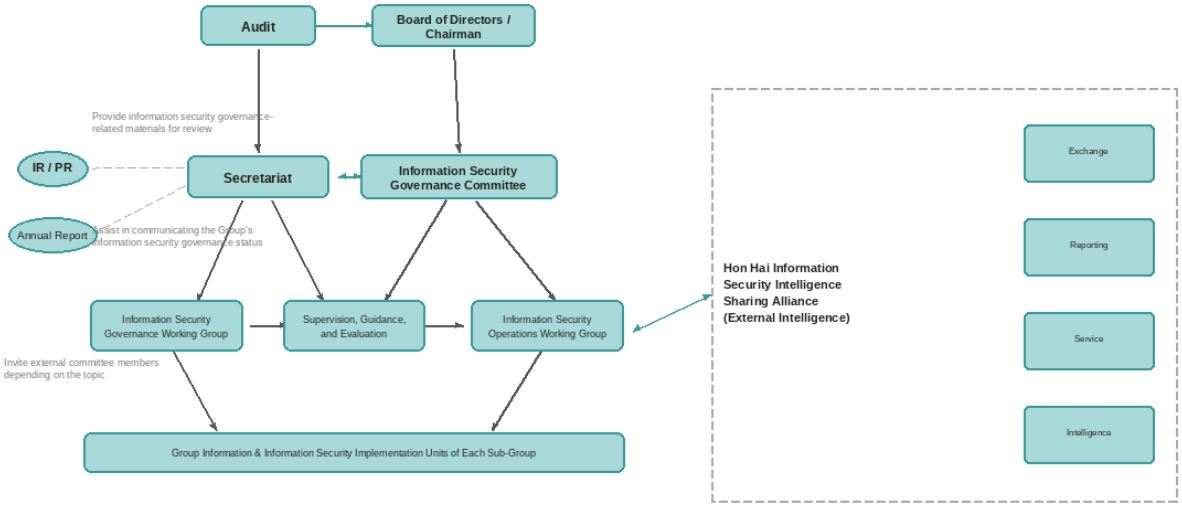
Company name	Date of disposition	Disposition reference no.	Laws and regulations violated	Details of violation	Disposition imposed
Hon Hai Precision Industry Co., Ltd.	2025/12/26	New Taipei City FLJZ No. 1144702962	Article 24 of the Labor Standards Act	Failure to pay overtime wages in accordance with applicable requirements	Administrative fine of NT$96,000
Estimated amounts that may currently or potentially arise in the future and response measures	The Company has paid the administrative fine and has conducted education and training for all departments and strengthened related awareness promotion. The Company has fully paid overtime wages to employees, strengthened employee communication, and enhanced communication channels and mechanisms to protect employees' rights and interests, create a gender-equal workplace, and properly handle relevant matters in accordance with applicable laws and regulations and the Company's procedures.				

2. Dispute over payment of incentive bonus to a former employee
   In May 2024, a former employee filed a civil lawsuit with the New Taipei District Court over a dispute regarding payment of an incentive bonus. Since October 2025, witnesses have been summoned to appear in court to provide statements. The case is currently under continuing review by the New Taipei District Court. However, regardless of the outcome of the litigation, the case will not have a material impact on the Company's financial position or business operations. Going forward, the Company will continue to strengthen communication with employees and review its reward and compensation system and employment terms in a timely manner to prevent similar labor-management disputes from recurring.
3. Dispute over payment of severance pay to a former employee
   On January 6, 2026, a former employee filed a lawsuit with the New Taipei District Court over a dispute concerning a claim for severance pay and related payments. As of the publication date, no court hearing had been held. However, regardless of the outcome of the litigation, the case will not have a material impact on the Company's financial position or business operations. Going forward, the Company will strengthen communication with employees and review its severance procedures to prevent similar labor-management disputes from recurring.

VI. Information Security Management:

(I) Information security governance

1. Information security governance organizational structure



2. Information security governance organization

The Company has established the Information Security Governance Committee (hereinafter referred to as the "Committee") as the highest-level information security governance organization within the Group. The Committee is chaired by the Chairman of the board and includes the Group Chief Information Security Officer (CISO), the Secretariat of the Information Security Governance Committee, the Group Chief Information Officer, the highest-ranking executives of the subgroups, including HH, FIH, FII, FIT, and FVT, and the Director of the Information Security Research Center, Hon Hai Research Institute. Depending on the agenda, top executives from group finance, risk management, human resources, legal affairs, and internal audit may also attend as needed. The committee designates the lead personnel for each information security project to coordinate the planning of the Group's information security governance structure, policy formulation and cultural promotion, and regularly reports to the committee on information security governance issues, directions and effectiveness, in order to comprehensively evaluate and grasp the existing information security situation as the basis for the Company's sustainable operations.

On November 10, 2022, the Board of Directors resolved to appoint Li Wei-Bin, CEO of the Hon Hai Research Institute, as the Group's Chief Information Security Officer. The Information Security Department under the Hon Hai Research Institute was designated as the Secretariat of the Information Security Governance Committee. Leveraging its role in forward-looking research, the Institute focuses on global trends and standards in integrated information security governance, risk, and compliance. It collaborates closely with the Chief Information Officer to formulate high-level information security policies, oversee the implementation of the Group's security strategies, and establish best practices in information security, with the goal of positioning Hon Hai as

a global benchmark for cybersecurity in high-tech industries while also showcasing the Company's strength in forward-thinking research.

The committee is divided into an information security governance working group and an information security maintenance and operation working group. The division of labor is as follows:

- Information Security Governance Working Group: formulation of information security governance strategies and guidelines, information security policy and related specifications, and ensuring the compliance review of laws and regulations.
- Information Security Maintenance and Operation Working Group: Implement, construct, maintain and operate information security framework and equipment, responsible for information security protection, risk assessment, etc., to ensure the effectiveness of information security implementation.

3. Information security governance policy

(1) Establishment of the Information Security Governance Committee Charter: To effectively promote and ensure the continuous and effective operation of the Group's information security governance and management system, the Group has established the Information Security Governance Committee and its organizational charter. The charter defines the organizational responsibilities, functions, and operation of the Information Security Governance Committee.

(2) Convening of Information Security Governance Committee Meetings: Committee meetings are convened on a quarterly basis. A total of four meetings were held during the year. The purpose of these meetings is to deliberate and decide on the formulation of group-wide security policies, documents, and mechanisms. This ensures a higher standard and consistency in cross-organizational security principles. Through these meetings, the Group gains deeper insights into current information security trends and issues, raises senior executives' awareness of cybersecurity, and enhances their understanding of the internal security framework. These efforts support proactive risk mitigation and minimize potential damage to the greatest extent possible.

(3) Formulating guidelines for responding to ransomware incidents:

- Establish a systematic incident response framework and information security indicators to assist the Group and each subgroup to effectively respond to incidents, protect key assets, improve cross-departmental collaboration and response efficiency, reduce negative impacts, accelerate the recovery of business operations, and promote corporate information security culture and continuous improvement.
- Clearly define the division of labor and responsibilities to improve the ability to respond to ransomware incidents and mitigate the impact of information security incidents.
- Training and drills: 2 training sessions and 3 drills were conducted to help relevant roles understand the division of labor and

responsibilities, and to familiarize themselves with the incident response mechanism through practical drills, so that the guidelines can be effectively implemented and applied.

(4) Establishment of the guidelines for information security incident classification and reporting: With reference to the US NIST and Taiwan government regulations, we set security incident classification and reporting levels to ensure that when an incident occurs, there will be a unified principle of compliance. This will strengthen the consistency of internal communication, execution, and judgment, accelerate response, and reduce the operational impact of information security incidents.

(5) Establishment of the guidelines for information technology vulnerability investigation and management: Ensure that the technical weaknesses or loopholes contained in the use of information technology can be effectively identified and controlled, establish loopholes investigation procedures and repair timeliness, in order to reduce the risks caused by technical weaknesses or loopholes.

(6) Establishment of the guidelines for estimating financial losses from information security incidents: The Company has established standardized loss categories and calculation logic to assist units in assessing operational impacts and promptly understanding loss conditions when information security incidents occur, thereby optimizing subsequent response strategies and decision-making processes.

(7) Implementation of annual on-site information security audits and document sampling reviews: The Company conducts on-site audits aligned with the ISO/IEC 27001 framework and focused on the implementation of key controls, in order to verify the compliance of each subgroup, enhance internal control capabilities, and continuously improve, thereby reducing potential vulnerabilities and risks. In addition, after completion of the audits, the Company conducts document sampling reviews from time to time to ensure that the documents of each subgroup are benchmarked against the Group's standards, and to ensure that documents, processes, and execution all maintain a consistent baseline.

(8) Actual implementation of the OWASP (Open Web Application Security Project) CDM (Cyber Defense Matrix): Through the CDM framework, the Company identifies defense measures and resource allocation, with a view to building a visualized defense map for the Group and systematically managing budget resources, thereby enhancing investment effectiveness and defense resilience.

(9) Establishment of an information security joint defense mechanism: Affiliates have been convened to form a regional joint defense organization, and they have joined the Taiwan Crisis Management Center (TWCERT/CC) and the Taiwan Chief Information Security Officer Alliance.

(10) Planning and investment in information security insurance

- In 2025, the Company continued to assess market conditions and conducted internal communication and discussions to ensure that the insurance plans align with the overall risk management framework and information security strategy of the Group.
- The Company will adhere to the principle of prudent planning and plans to complete insurance at an appropriate time. Through cyclical review and optimization, it will strengthen information security governance and reduce the impact of potential information security risks on corporate operations.

(II) Information communication security management

1. Information security management guidelines:
   We formulate and implement relevant systems from the aspects of organizational control, personnel control, physical control, and technical control. Through performance indicators, risk assessments, and information security audit results, we regularly review and optimize information security measures to promote education, training, and advocacy, and other improvements to ensure that important confidential information of the company is not leaked.
2. Regular meetings:
   (1) Information Security Operations Working Group Meetings: The Company regularly convenes monthly meetings with the information security officers and personnel from subgroups to discuss recent information security matters and promote information security regulations. These meetings ensure that the organization's information security is effectively managed and protected, while also fostering communication and collaboration between subgroups to enhance the overall security capabilities of the organization.
   (2) Information Security Joint Defense Meetings: The Company regularly convenes monthly information security joint defense meetings with the regional joint defense organization formed by affiliated enterprises, holding a total of 12 sessions this year. The meetings focus on discussing the security landscape, formulating collaborative plans, and resolving information security issues, thereby implementing the Group's information security joint defense strategy.
3. Information security risk management:
   In accordance with the Company's risk management policy, information security risks are integrated into a comprehensive assessment across six key dimensions: strategy, operations, human resources, legal and compliance, financial, and emerging risks. Through strategic management at the organizational governance level and technical risk mitigation measures at the operational level, the Company establishes a confidential information protection system that complies with legal regulations, customer demands, and business operations. Regular reviews are conducted to assess the effectiveness of risk controls, enabling continuous optimization and the creation of a highly resilient information security defense system.

4. Information security personnel training and awareness improvement:
   The Company has developed a systematic information security training mechanism, using a layered, targeted, and diverse learning approach to enhance employees' information security awareness and reduce human-related security risks.
   (1) Educational training and promotion are held regularly every year, covering the basics of information security, advanced information security technologies, and prevention of social engineering attacks, to ensure that personnel at different levels have the corresponding information security knowledge and operational skills. A total of 1,521 information security training sessions were conducted this year for management personnel, IT personnel, general personnel, and external personnel.
   (2) Through social engineering drills, ransomware incident response drills, and information security quiz competitions, the actual simulation mechanism is strengthened to improve employees' ability to respond to information security threats.
5. Information security management framework: The Company uses ISO/IEC 27001 as the information security management framework, combines NIST Cybersecurity Framework (CSF) and CDM to build an information security defense architecture, and introduces appropriate technical resources to enhance information security resilience. To implement the Group's principle of "legality and compliance," from the central office to each subgroup, the Company has obtained ISO/IEC 27001 international information security management system certification (valid from July 7, 2025, to July 6, 2028). This certification covers manufacturing sites in Northeast Asia, Southeast Asia, Mainland China, the Americas, Europe, and India, and continues to pass re-certification audits.
6. The resources invested in the information communication security management
   Focusing on the Group's digital transformation and information security joint defense strategy, the Company currently employs a total of 100 information security professionals. A multi-layered information security defense structure has been implemented, incorporating AI-powered and automated security management solutions. This approach continuously strengthens threat detection and incident response capabilities to enhance overall information security agility. The Group promotes regional joint defense, applying the principle of tailored local solutions and mutual support to create an information security ecosystem built on "sharing, cooperation, and mutual benefit." Maintain the confidentiality, integrity, and availability of the Company's important assets through the establishment of annual information and communication security goals and strategies, including zero trust framework, personal data protection, network isolation, cloud computing security, and automatic detection technology. The specific implementation is described as follows:
   (1) Control measures:

- The introduction of a cybersecurity exposure management system allows for continuous monitoring of the Group's digital assets and vulnerabilities on the Internet around the clock, reducing the scope of attack and improving the exposure level to a level better than the industry average.
- An automated threat intelligence collection system was introduced to monitor global information security threat trends in real time through AI-driven analysis and threat intelligence sharing. An early warning mechanism was established to block threats at the early stage of the attack chain.
- We have introduced the Secure Software Development Lifecycle (SSDLC) and implemented the principle of shifting security left. Through system and application vulnerability scanning tests and open source software management mechanisms, we continue to strengthen the security of the development and operating environment to ensure that potential risks can be discovered and repaired early.
- Introduce the next-generation remote security access mechanism to ensure data security in the remote work environment.
- Deployment of a firewall (WAF), a single sign-on platform (SSO), and multi-factor authentication (MFA).
- Intrusion prevention systems, next-generation firewalls, DNS defenses, and DDoS defenses are deployed to monitor and intercept various types of attacks in real time to effectively protect the security of internal resources, websites, and network infrastructure.
- Data is managed by labeling based on the confidentiality classification, and encryption technology and access control are adopted to enable effective tracking through the audit trail on the platform.
- Email anti-virus and anti-spam mechanisms are deployed, and defense strategies are dynamically adjusted based on the latest malicious email attack methods.
- To enhance threat detection and response capabilities at the endpoint and network levels, a hierarchical management architecture is used for endpoints to deploy multiple types of next-generation antivirus (NGAV), endpoint detection and response (EDR), and managed detection and response (MDR). At the same time, network detection and response (NDR) is deployed at the network level to monitor abnormal behaviors in real time through AI-driven threat analysis and automated response mechanisms.
- Introduce an information security awareness platform, regularly implement social engineering drills and provide training courses in diversified scenarios, to continuously improve employees' ability to identify and prevent information security threats.
- Penetration testing is carried out on a regular basis to evaluate the security of networks and systems by simulating real attack

scenarios, identify potential vulnerabilities and make up for them immediately.

- The Company has established a global 24/7 Information Security Operations Center (SOC) and plans to implement a cross-time-zone relay shift mechanism to enhance continuous monitoring and response efficiency. Under the phased deployment strategy, the current asset monitoring coverage has reached critical information and communication technology equipment in global manufacturing sites, and will continue to expand, with the goal of achieving full global asset monitoring coverage.
- Implement ongoing operations drills for key services, and conduct comprehensive planning for risks, key assets, and emerging threats to ensure that system security can be quickly and effectively protected and business operations resumed in the event of an emergency.

(2) Information security incident reporting and handling:

- Standard guidelines and measures related to the reporting and handling of information security incidents have been established, including procedural documents for classified incident determination and reporting, incident handling, response to ransomware incidents, and information technology vulnerability investigation and management.
- A centralized cloud-based monitoring center has been established to centrally integrate system logs onto the SIEM platform. Through AI monitoring and correlation analysis, the Company strengthens proactive threat warnings and prevents attacks.
- The Company has also established the Hon Hai Information Security Intelligence Sharing Alliance, consolidating internal and external intelligence exchange and sharing, which effectively enhances early warning efficiency and shortens response times. The Information Security Research Institute is actively developing key AI security technologies, including research on AI attack lifecycle prediction models. These models enable the Company to take preventive measures in advance and predict potential future attacks, thereby enhancing the automation of AI security defense capabilities.

(III) The losses, possible impacts, and response measures incurred due to major information and communications security incidents in the most recent year and up to the annual report's publication date. If such losses cannot be reasonably estimated, an explanation of the fact that such an estimate cannot be reasonably estimated shall be provided:

In 2025, the Company did not experience any significant information security incidents.

VII. Important contracts

Contract nature	The Other Party	Contract Dates	Main content	Restrictions
Sale and purchase contract	Apple Computer, Inc.	December 7, 1999 until one party to the contract terminates the contract in accordance with the provisions of the contract.	Trading of products	Reserves right to adjust delivery dates and order
Sale and purchase contract	Cisco Systems Inc.	One year from January 1, 2019. If both parties have no intention of termination before the expiration, the contract will be extended for another year.	Trading of products	Reserves right to adjust delivery dates and order
Sale and purchase contract	Dell Products L.P.	From December 1, 1999 to November 30, 2000, if both parties have no intention of termination before the expiration, the contract may be extended for another year.	Trading of products	Reserves right to adjust delivery dates and order
Sale and purchase contract	Hewlett-Packard Company	From May 7, 2003 to May 6, 2008, if both parties have no intention of termination before the expiration, the contract will be extended for another 2 years.	Trading of products	Reserves right to adjust delivery dates and order
Sale and purchase contract	International Business Machines Corporation	July 7, 2008 until one party to the contract terminates the contract in accordance with the provisions of the contract.	Trading of products	Reserves right to adjust delivery dates and order
Sale and purchase contract	Lenovo (Singapore) Pte. Ltd.	November 4, 2003 until terminated by one party in accordance with the contract	Trading of products	Reserves right to adjust delivery dates and order
Sale and purchase contract	Microsoft Corporation	Effective for 5 years from October 27, 2009. The contract can be extended for another year with Microsoft's 120-days prior notice; amended in 2017, the contract continues to be effective until terminated by one party in accordance with the contract.	Trading of products	Reserves right to adjust delivery dates and order
Patent licensing contract	MPEG LA	Valid from December 28, 2009 to the expiry date of the patent term.	Technology licensing	Non-exclusive authorization, prohibited from transferring authorization
Patent licensing contract	Qualcomm Incorporated	Effective from October 18, 2005 until terminated by one or both parties in accordance with the contract.	Technology licensing	Non-exclusive authorization, prohibited from transferring authorization
Sale and purchase contract	Sony Corporation	Effective for one year from January 26, 2010, and can be automatically extended for another year every year.	Trading of products	Reserves right to adjust delivery dates and order
Technology Licensing Agreement	India Chip Private Limited The authorized entity is a joint venture between the Group and another Indian entity, with a shareholding ratio of 40:60.	The agreement is effective from July 7, 2025, and will remain in effect until either party terminates the contract in accordance with the terms specified in the agreement.	Technology licensing	Non-exclusive authorization, prohibited from transferring authorization

Five. Review and analysis of financial position and financial performance and risk

I. Comparative Analysis of Financial Position

Unit: NT$ Thousand

Item \ Year	2025	2024	Difference		Explanation of Changes in Proportional Variations (Note 1)
			Amount	%	
Current assets	3,961,827,499	3,375,765,076	586,062,423	17 %	
Fund and Long-term equity investments	197,612,722	200,117,473	(2,504,751)	(1%)	
Property, plant and equipment	543,392,999	468,837,633	74,555,366	16 %	
Other assets	401,839,003	349,779,329	52,059,674	15 %	
Total assets	5,104,672,223	4,394,499,511	710,172,712	16 %	
Current liabilities	2,710,848,518	2,174,817,567	536,030,951	25 %	Note 2
Other liabilities	423,060,350	368,093,896	54,966,454	15 %	
Total Liabilities	3,133,908,868	2,542,911,463	590,997,405	23 %	Note 2
Share capital	140,034,032	138,917,019	1,117,013	1 %	
Additional paid-in capital	226,699,123	197,922,008	28,777,115	15 %	
Retained earnings	1,459,373,480	1,350,982,253	108,391,227	8 %	
Other equity	(53,319,814)	(42,604,521)	(10,715,293)	(25 %)	Note 3
Treasury Stock	(15,194)	(15,194)	-	0 %	
Equity attributable to shareholders of the parent company	1,772,771,627	1,645,201,565	127,570,062	8 %	
Non-controlling interests	197,991,728	206,386,483	(8,394,755)	(4 %)	
Total equity	1,970,763,355	1,851,588,048	119,175,307	6 %	

Note 1: Explanation will be provided if the percentage of increase or decrease exceeds 20% and the amount exceeds NTD 10 million.

Note 2: Mainly due to business growth, the increase in procurement and working capital needs has led to a rise in accounts payable and short-term borrowings.

Note 3: Mainly due to fluctuations in exchange rates that cause changes in exchange differences in translating the financial statements of foreign operations.

II. Comparative analysis of financial performance

Unit: NT$ Thousand

Analysis item \ Year	2025	2024	Amount changed	Change percentage (%)	Variance analysis Analysis
Net Operating Revenue	8,103,104,763	6,859,615,493	1,243,489,270	18 %	
Operating cost	(7,604,943,727)	(6,430,669,575)	(1,174,274,152)	(18 %)	
Gross profit	498,161,036	428,945,918	69,215,118	16 %	
Operating expenses	(238,938,076)	(228,338,691)	(10,599,385)	5 %	
Operating Income	259,222,960	200,607,227	58,615,733	29 %	Note 1
Non-operating income	34,221,906	11,267,930	22,953,976	204 %	Note 2
Income (loss) before income taxes	293,444,866	211,875,157	81,569,709	38 %	Note 3
Income tax benefit (expense)	(78,410,380)	(40,195,922)	(38,214,458)	95 %	Note 4
Net income (loss)	215,034,486	171,679,235	43,355,251	25 %	Note 3
Other comprehensive income (loss) after tax in the current period	(15,297,375)	78,667,526	(93,964,901)	(119%)	Note 5
Total comprehensive income	199,737,111	250,346,761	(50,609,650)	(20%)	Note 5

Note 1: The increase in sales volume is mainly due to the increase in customer demand for products, which leads to an increase in operating income.

Note 2: Mainly due to the recognition of financial asset valuation gains from fund investments and the rebound in investment income from equity-method investments.

Note 3: Mainly due to the growth in revenue scale, which drove an increase in operating income, as well as the growth in non-operating income.

Note 4: Mainly due to the subsidiary earnings repatriation plan and the impact of the global minimum tax regime, which resulted in an increase in income tax expenses.

Note 5: Cumulative translation gains arising from financial statement conversion due to exchange rate fluctuations.

III. Cash Flow Analysis

(I) Analysis of liquidity in the last 2 years:

Item \ Year	2025	2024	Increase/decrease ratio (%)
Cash flow ratio (%)	8.37%	7.63%	9.70%
Cash flow adequacy ratio (%)	45.52%	64.57%	(29.50%)
Cash reinvestment ratio (%)	4.84%	3.27%	48.01%

Analysis of changes in the percentage of increase or decrease

1. Cash flow ratio:
   In 2025, cash inflows from operating activities amounted to NT$226.9 billion. This was an increase of NT$60.8 billion compared to the same period last year, primarily due to higher profits from core operations driven by the significant growth in the cloud computing product business.
2. Cash flow adequacy ratio:
   In 2025, the Company continued to increase capital expenditures in line with the 3+3+3 strategy and global expansion amid geopolitical risks. Additionally, the significant growth in the cloud computing product business led to higher inventory levels. Cash dividends also increased with profitability, which resulted in a decrease in the cash flow adequacy ratio.
3. Cash reinvestment ratio:
   Due to the expansion of capital expenditures and working capital, the cash reinvestment ratio for 2025 significantly increased.