

I Letter to Shareholders

Dear Shareholders,

In recent years, the global economic environment has continued to face turbulence, with persistent high inflation and interest rates, intensified geopolitical conflicts, deepening supply chain restructuring, and rapid advancement of artificial intelligence and green transformation, presenting unprecedented challenges to business operations. Walsin Lihwa continues to strengthen its product and market structure, increase the proportion of high-end applications and high value-added products, deepen synergies in new fields and new markets, while implementing sustainable development goals for the environment, society, and governance to ensure stable growth amid challenges and develop a key position in the industry chain.

In 2024, Walsin Lihwa's Italian subsidiary, Cogne Acciai Speciali S.p.A., completed the acquisition of Com.Steel Inox S.p.A., which specializes in stainless steel and nickel-based alloy recycling and processing, as well as equity in Mannesmann Stainless Tubes GmbH (renamed DMV), a German stainless steel seamless pipe manufacturer, to secure key material sources in the stainless steel industry and deepen development of high-end product applications. The joint venture with Denmark-based NKT Group, Walsin Energy Cable System Co., Ltd., has begun construction of a submarine cable plant in Kaohsiung Port, actively entering the wind power energy industry chain. The Company pursues excellence in quality standards and green transformation goals to strengthen international competitive advantages.

Accomplishments in 2024

Walsin Lihwa continues to deepen high-end product application areas and markets, actively integrating industry and internal resources to enhance international competitiveness. Upon reviewing the operational results for 2024, after four consecutive years of growth, consolidated revenue declined by approximately 5.5% due to weak global market demand. Profits from upstream raw materials and end products in the stainless steel sector were also affected, leading to a decline in gross profit and net income after taxes. The Company's consolidated revenue for 2024 was NT\$179.3 billion, consolidated gross profit was NT\$11.7 billion, and net income after taxes was NT\$2.8 billion, with earnings per share of NT\$0.69.

Wire and Cable Business:

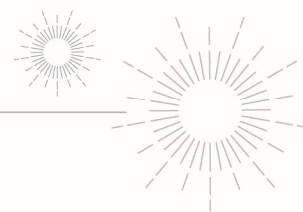
The overall profitability of the Wire & Cable Business has grown compared to the previous year, primarily due to capturing domestic construction, industrial factory wiring demand, and resilient power grid opportunities, maintaining stable gross profit margins and profitability.

Stainless Steel Business:

The overall profitability of the Stainless Steel Business has declined compared to the previous year, due to unclear international trade tariffs and geopolitical risks, and weak global market demand causing end product prices to fall.

Resources Business:

The overall profitability of the Resources Business has declined compared to the previous year, due to global economic conditions affecting stainless steel raw material demand, thereby causing weak nickel prices, and delayed issuance of Indonesian mining quotas increasing costs, thereby affecting profitability.



Summary of 2025 Business Plan

Wire and Cable Business:

The Yangmei high-efficiency plant has entered full-capacity operation, with productivity improvement benefits and new business models for customer service, creating value and satisfaction for customers in the building wire market. We will develop ultra-high voltage cables, establishing four core engineering capabilities: production and manufacturing, integration of accessory equipment, cable jointing construction, and high-voltage power design to capture domestic resilient power grid opportunities. We will actively complete the construction of Taiwan's first submarine cable plant and initiate the pre-qualification procedure for submarine cable products.

Stainless Steel Business:

We will establish brand value with sustainable competitiveness and continue to increase the proportion of high-value products. We will also leverage the characteristics of steelmaking and rolling equipment to operate in differentiated product markets and provide high-value steel grades and certified market products. Through our Italian subsidiary Cogne's operations in Europe and its key position in the supply chain, we will implement global production and sales deployment and integrate synergies to become a leading enterprise in the global markets for stainless steel long products.

Resources Business:

Despite facing challenges from the global economic downturn and weak demand, resulting in weak nickel prices, thereby affecting profitability, we remain focused on maximizing production efficiency and optimizing operational costs. We will stabilize the production capacity of nickel pig iron and nickel matte, flexibly adjust the ratio between these products, and establish high-value nickel production processes. We will actively promote green manufacturing processes and low-carbon production to meet environmental trends and reduce production costs, continuing to demonstrate strategic significance in the stainless steel industry chain.

Future corporate development strategy under the influence of external competition, regulations and overall business operation

Looking ahead to 2025, U.S. tariff policies and protectionism continue to add uncertainty to the global economy. Against this backdrop, the Company's recent industrial development and regional deployment have strengthened its resilience in responding to perplexing situations. In the future, we will continue to promote core strategic initiatives, transform and upgrade our industrial structure, develop industrial ecosystem partnerships, implement digital and intelligent operational process management, launch circular economy initiatives and promote low-carbon transformation, cultivate our corporate brand, and deepen global market competitiveness. Through differentiated high-end applications and high value-added products, we will create sustainable value for Walsin Lihwa.

Chairman Yu-Lon Chiao