# IV. Business Overview

## 1. Business activities

(1) Scope of Business

1. Primary business content, primary products and revenue ratio.

| Business unit | Business activities | Products | Revenue Ratio | |
|---|---|---|---|---|
| | | | The Company and its merged subsidiaries | |
| | | | Amount (NT$ million) | % |
| Wire and cables | Manufacture and sale of bare copper wire, various electrical wires, cables and related connection materials and accessories, as well as the contracting and execution of high-voltage cable engineering. | Bare copper strips, copper stranded wires, copper cables, power cables, high-voltage connectors and their accessories and telecommunication copper/ optical fiber cables and industry power cables. | 46,323 | 25.8 |
| Stainless steel | Forging, processing and selling of stainless steel. | Billets, slabs, hot-rolled coils, cold-rolled coils, wire rods, hot-rolled bars, cold-finished bars, steel ingot, forged bars, seamless pipes and tubes, pierced billets, steel strands, reinforcing steel, and valve steel, machined shaft semi-finished products, and customized engineering components | 94,615 | 52.8 |
| Resources | Production and sales of stainless steel upstream raw material, nickel pig iron, production and sales of nickel matte (the nickel raw materials for batteries), agency sales of stainless steel semi-finished products, procurement, and procurement and hedging of other metal raw materials required for the Company's production | Nickel pig iron, nickel matte, billets, slabs, and HR coils | 33,555 | 18.7 |
| Commercial real estate business | Real estate | Commercial and office buildings leasing and parking space sales | 2,223 | 1.2 |
| Others | Solar power engineering etc. | | 2,602 | 1.5 |

2. New products under development

| Business unit | New products under development |
|---|---|
| Wire and cables | (1) High voltage cables used within large offshore wind turbines<br>(2) Submarine cables for offshore wind sites |
| Stainless steel | (1) Stainless steel and nickel-based alloys of various types, grades, sizes, conditions and product types.<br>(2) Stainless steel and nickel-based alloys with high intensity, heat resistance, free-machining, soft magnetic property, and value-added.<br>(3) Developing stainless steel and nickel-based alloys for various industrial applications, such as aerospace, oil and gas, nuclear energy, automotive, marine, machinery and equipment, chemical and petrochemical industries, construction, energy, consumer electronics, and medical applications.<br>(4) Stainless steel and nickel-based alloys required for seamless pipe production |

(2) Industry overview

1. The current status and development of the industry

(1) Wire and Cable Business

According to the statistical forecast report by the International Copper Study Group (ICSG), refined copper production in 2024 is expected to increase by 3.7% year-over-year, with primary production (electrolysis and electrodeposition from ore) increasing by 3.9% and secondary production (from scrap) growing by 3%. The estimated annual output will reach 27.39 million metric tons. The consumption of refined copper in 2024, primarily benefiting from growth in the Mainland China market (3%), is expected to increase by 2.6% year-over-year, with an estimated annual consumption of 27.21 million metric tons, resulting in a supply-demand gap of 180,000 metric tons. Mainland China continues to expand its copper smelting capacity, with refined copper production continuing to grow. Official estimates predict approximately 4.5% growth in refined copper production in 2024.

According to the statistical analysis report published by the International Wrought Copper Council (IWCC), Mainland China is the world's largest copper consumer, with copper rod sales reaching 10.05 million metric tons in 2024, an annual increase of 3.0%. Taiwan's annual copper rod sales, after showing a downward trend for two consecutive years, have now shifted to growth. Sales in the first half of 2024 increased by 12.6% year-over-year, with annual sales estimated at approximately 360,000 metric tons.

The cable market is dominated by procurement from enterprises in the electric power sector, primarily used for transmitting power from power plants to offices or residences. In recent years, the cable industry has benefited from continued investment in new infrastructure, accelerated energy transition, and steady progress in ultra-high voltage construction. According to public data from the Statistics Department of the Ministry of Economic Affairs, Taiwan's domestic sales volume of power cables in 2024 increased by approximately 6.2% year-over-year, showing a continuous growth trend over the past six years. This growth has been supported by Taiwanese businesses returning to Taiwan to invest in plant construction, as well as the recent rise of artificial intelligence and high-performance computing. To meet industrial electricity demand and ensure stable power supply, Taiwan Power Company has continued to promote its resilient power grid plan in addition to its existing long-term power transmission and transformation plan, further stimulating growth in demand for wires and cables.

(2) Stainless Steel Business

According to market research firm SMR, global crude stainless steel production in 2024 is estimated to be 67.77 million metric tons, a 5.3% increase from 2023. The largest production region is Mainland China, with crude stainless steel production reaching 41.60 million metric tons, a 4.9% increase from 2023. Indonesia and India are also major growth drivers, with Indonesia's production of 5.40 million metric tons representing a 12.0% growth from 2023, and India's production of 5.30 million metric tons showing a 10.4% growth from 2023. In terms of stainless steel product structure, flat products accounted for 85% of total production in 2024, with hot-rolled products accounting for 19% and cold-rolled for 81%. Long products accounted for 15% of total production, with hot-rolled bars representing 41% of long products, wire rods 33%, and billets 25%.

About 46% of end-use applications for stainless steel are in consumer durable goods, 26% in industrial production (such as machined parts), 18% in structural components, and 10% in transportation. The top five global long product stainless steel companies by production volume are Tsingshan, Jiangsu Delong, Walsin Lihwa, Viraj, and Swiss Steel (according to SMR's 2024 statistical report).

The steel industry faces overcapacity and severe price competition. Some steel mills have chosen to exit, while others have improved operational efficiency through consolidation, restructuring, and eliminating outdated capacity. In recent years, several stainless steel groups have formed internationally (e.g., Tsingshan, Baosteel/Wuhan Iron and Steel/Taiyuan Iron, and Outokumpu), with each group developing

distinct business models. Larger players, such as those in China and Indonesia, who focus on general materials sales, choose to control upstream raw materials to reduce costs; smaller players, on the other hand, opt for the development of high-profit products and application industry.

(3) Resources Business

Global nickel pig iron production capacity is mainly concentrated in Mainland China and Indonesia. Since 2020, following Indonesia's ban on ore exports, the nickel pig iron industry chain has accelerated its shift from Mainland China to Indonesia, making Indonesia the world's largest nickel pig iron producer. In 2024, the total high nickel pig iron production capacity in Mainland China and Indonesia reached 2.77 million metric tons of nickel, with total production reaching 1.74 million metric tons of nickel. This represents a 2% increase in capacity and a 3% increase in production compared to 2023. Mainland China's total high nickel pig iron production was 260,000 metric tons of nickel, a 15% decrease from 2023, primarily due to uneconomical production that has led to continued decline in overall competitiveness. Indonesia's total high nickel pig iron production was 1.47 million metric tons of nickel, a 7% increase from 2023, with the growth rate slowing due to Indonesian nickel ore policies, declining ore grades, and weather impacts. In 2025, Mainland China's nickel pig iron production is expected to continue shrinking due to uneconomical production, while Indonesia's ore supply is expected to be slightly more abundant than in 2024. Although Indonesia's nickel pig iron production is expected to increase due to plans for a small number of new production lines, attention must still be paid to changes in Indonesia's nickel ore-related policies.

Furthermore, in response to the green energy transformation and flourishing development of the downstream new energy industry chain, large amounts of capital have flowed into Indonesia since 2020. Production capacity for battery-grade nickel intermediate products, such as nickel matte and mixed nickel-cobalt hydroxide precipitate (MHP), began to be released from 2021 and has grown rapidly from 2022 to 2024. In 2024, Indonesia's MHP production reached 310,000 metric tons of nickel, a 97% increase from 2023, while high-grade nickel matte production reached 270,000 metric tons of nickel, a 12% increase from 2023. Indonesia still has plans for substantial nickel intermediate product capacity in the coming years. New capacity is expected to continue coming online in 2025, with the overall industry chain gradually extending downstream, although overall nickel intermediate product output will be affected by the Indonesian government's nickel ore production control policies. In 2024, the global electric vehicle market growth momentum slowed due to the high interest rate environment and elevated global geopolitical risks. In 2025, demand may continue to slow due to high policy uncertainty across countries and ongoing geopolitical instability. After President Trump's inauguration, the United States may tighten subsidy policies for electric vehicles and strengthen controls on Foreign Entities of Concern (FEOC), prompting upstream battery industry chains for electric vehicles sold in the U.S. to actively seek raw materials produced by non-FEOC companies.

(4) Commercial Real Estate Business

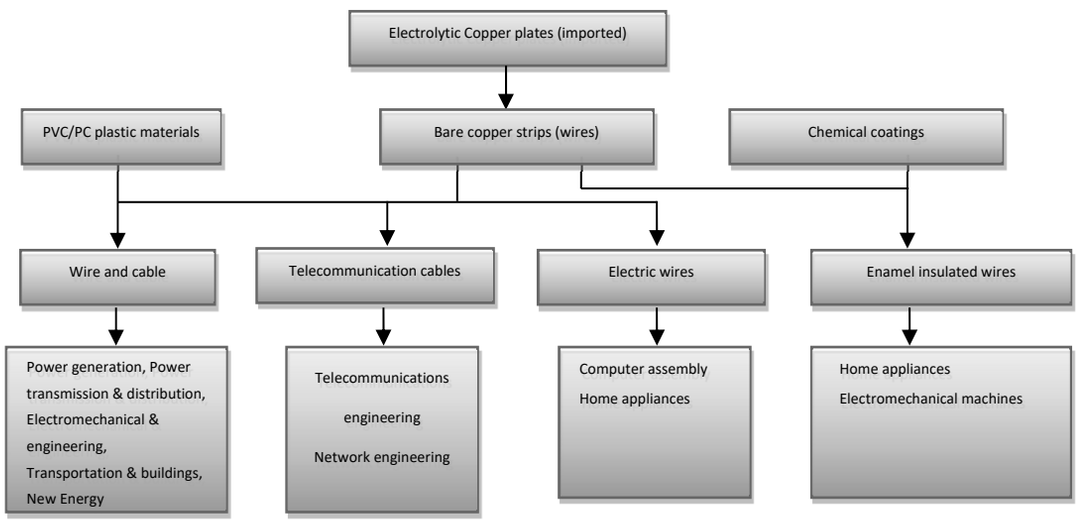
In 2024, Nanjing's office building stock exceeded 5 million square meters, with market demand continuing to recover. The annual net absorption reached 207,000 square meters, a year-over-year increase of 28.6%. In terms of transaction types, in addition to traditional leasing customers, diverse transactions including those from operators and office conversions to commercial purposes also contributed to the annual transaction volume. Industries showing strong growth included telecommunications, media, and technology sectors—primarily focused on chips, big data, and software services—while the financial industry, centered on insurance, banking, and funds, demonstrated strong overall leasing capacity. Active transaction areas were concentrated in the Xinjiekou and Hexi districts.

In 2024, Nanjing's retail market total inventory increased to approximately 7.27 million square meters. In the first three quarters, the city achieved total retail sales of consumer goods amounting to RMB 637.775 billion, a year-over-year increase of 3.3%. Driven by economic work conferences, consumer confidence was boosted and demand expanded, promoting the development of retailers in industries such as catering,

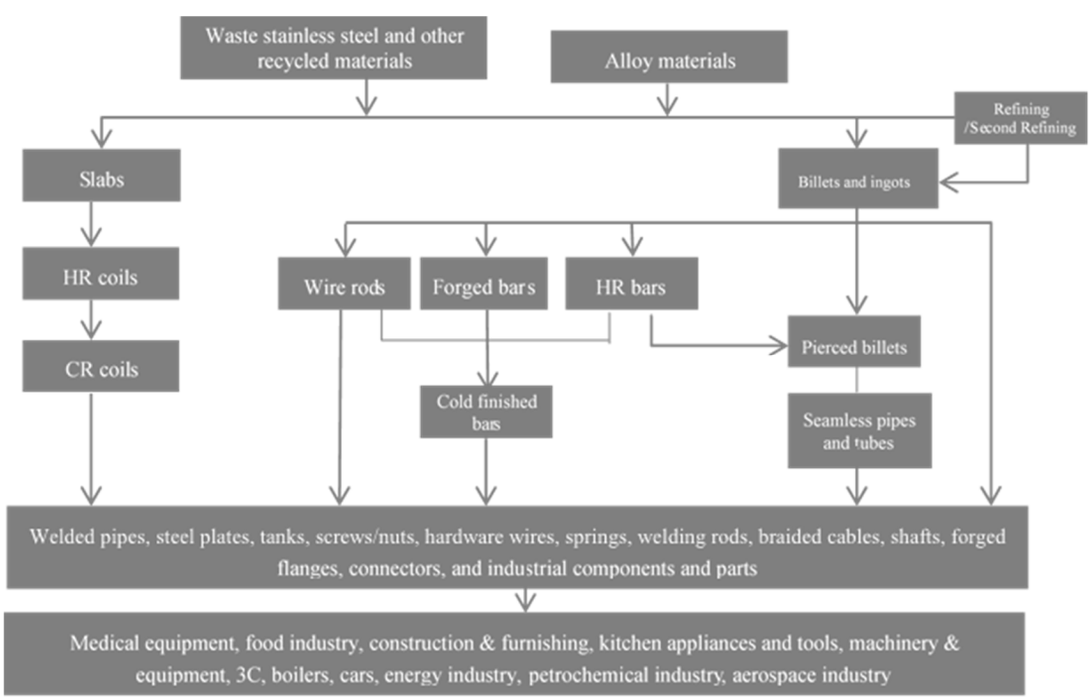
smart home appliances, 3C products, automobiles, sports, and entertainment in Nanjing. Brand merchants across business models continued to expand, with several brands entering the Nanjing market for the first time.

2. Relationships with suppliers in the industry's supply chain:

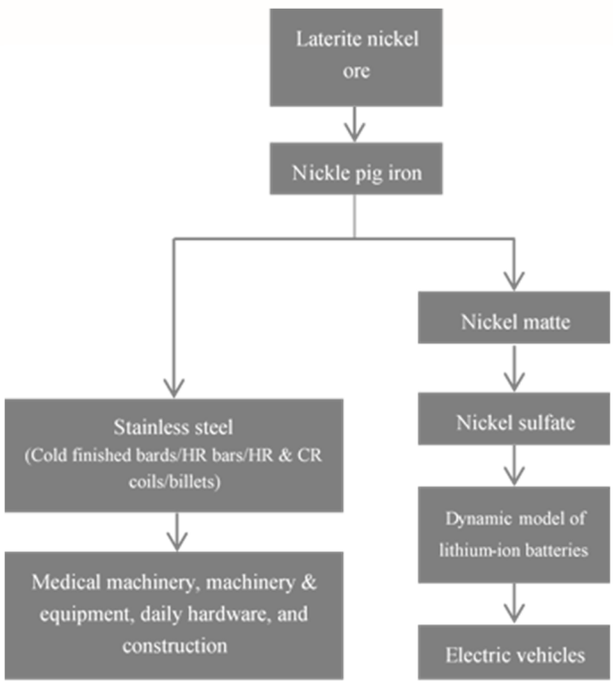
(1) Wire and Cable Business




(2) Stainless Steel Business



(3) Resources Business




3. Product development trends and competition

(1) Wire and Cable Business

Development trend: In addition to the traditional construction and infrastructure cables, there are many green energy related cable applications and products that have emerged in response to the global developing trend of net zero transition. For example, in the field of energy creation and transmission, solar power cables that need to prevent UV degradation, wind turbine cables that can withstand harsh environments, and submarine cables that transmit power from offshore wind turbines back to land or transfer power across borders between countries, are all products that are actively developed by major cable manufacturers around the world. In addition, in the area of energy storage and use, the electrification of transport equipment and smart power allocation, cable sets for power replenishment systems, and cables for energy storage equipment are all new products that the wire and cable industry is competing for development.

Competition: From the historical output of Taiwan's power cable market, there is still an oversupply of capacity in the overall cable market and competition is relatively fierce. However, with the expansion of emerging technology applications, increasing industrial electricity demand, the government's acceleration of various energy policies, and the expedited implementation timeline of Taiwan Power Company's resilient power grid plan, new momentum has been added to the industry.

(2) Stainless Steel Business

Development trend: In terms of product development, apart from actively developing nickel-free steel grades, major stainless steel makers are also developing functional stainless steel for specific applications. For example, in response to the demand for automation, the demand for wear-resistant, high-precision and zero-defect materials has increased. In the past, key technologies were held in Japan, Europe and other countries, but Asian steel makers have also continued to invest in research and development in recent years, and to refine their own technological capabilities. With the rising awareness of environmental protection, stainless steel is more widely used in various fields, and there are many cases of replacing carbon steel with stainless steel in the construction, transportation and other industries. In the renewable energy industry, stainless steel components can also be found in solar panels, wind turbines and renewable energy vehicles.

Competition: Indonesian steel mills will dominate the Asian market with the advantage of low-cost raw materials. With the promotion of capability control policy in Mainland China, the steel industry has shifted from volume to value-added, and large-scale steel makers have started to consolidate with the strategy of eliminating the weak and leaving the strong. The rest of the steel makers in Europe, America, Japan, and Korea have focused on niche industrial applications with high certification thresholds to add value to their products through end-use differentiation, specializing in the development of specialty steel applications. In addition, in response to the trend towards net-zero carbon emissions, major European steel makers have begun to focus on providing products with low carbon emissions or more sustainable significance.

(3) Resources Business

Development trend: Stainless steel plants in Mainland China and Indonesia are expanding their production capacity, and the demand for nickel pig iron and scrap steel will continue to rise, while nickel pig iron in Indonesia has a cost advantage and is economical for downstream steel plants. In the following years, there will still be a few new production lines to be built. In addition, in response to the continuous growth of the new energy industry chain, some of the RKEF (Rotary Kiln Electric Furnace) production lines have started to change their processes in 2022 to make their output more flexible to switch between nickel pig iron and nickel matte; therefore, the "nickel matte - nickel sulfate - pure nickel" process has emerged. Price differentials between different nickel products will make their sales portfolios be more diversified, and the overall nickel market will reach a dynamic balance between supply and demand.

Competition: Indonesia's RKEF production lines have significantly increased since 2021, but after three years of rapid growth, this expansion has slowed. By 2024, Indonesia had nearly 300 RKEF production lines. Subsequently, due to the Indonesian government's regulation of nickel ore supply and restrictions on pyrometallurgical projects, existing production lines are expected to experience reduced capacity growth rates, gradual reductions, and product transformations. Additionally, production lines with higher costs and poor operations may gradually be phased out. Some RKEF production lines began modifying their processes in 2022 to create more flexible output capabilities, allowing them to switch flexibly between nickel pig iron and nickel matte production. However, the overall production capacity now exceeds the demand from both the stainless steel smelting and new energy industry chains.

(4) Commercial Real Estate Business

Development trend: Nanjing is an important center city in China's eastern region and an international comprehensive transportation hub. In 2024, its regional GDP reached RMB 1.8 trillion, with a total output growth of 4.5%, steadily ranking among the top ten in the country. With its continuous population inflow and strong economic foundation, Nanjing is one of China's core cities for real estate development. The supply of new Grade A office buildings in Nanjing remains abundant, which is favorable for tenant upgrades and expansions. Since the beginning of the year, the financial industry, represented by the insurance sector, has been actively seeking changes. The relocation and upgrade demands of large enterprises continue to expand, with high-standard Grade A office buildings in core urban business districts remaining the most resilient development areas. With the support of various policies, Nanjing's retail market will continue to strengthen its development of first-launch economies, cultivate new consumption modes, create diversified consumption scenarios, upgrade commercial districts, renovate existing commercial properties, and apply digital technologies. Nanjing's retail market will maintain its active momentum and further develop and upgrade.

Competition: Competition for Grade A office buildings has intensified in certain areas, with an increasing number of property owners beginning to offer customized renovation leasing solutions, more flexible business terms, more comprehensive business supporting facilities, and more comprehensive soft services. In the retail market, adjustments and renovations of existing projects have become more active, leading to increased differentiation between projects, with mid-to-high-end shopping centers maintaining stronger competitiveness.

## (3) Overview of Technology and R&D

1. R&D Expenses and Results

| R&D Expenses | From Jan. 1, 2024 to March 19, 2025, the R&D expenses were around NT$600 million. |
|---|---|

(A) Technology Research & Development
(1) Develop CCS1/CCS2 80A-300A full-series charging gun cable set
(2) Develop 14MW offshore wind turbine high-voltage cables
(3) Develop spreader basket cables with fiber optic cables
(4) Expand the development of the material types, sizes, conditions and product types of stainless steel and nickel-based alloys.
(5) Innovative research and development of functional stainless steel with high strength, high heat resistance, and easy turning characteristics to increase added value.
(6) Continue to invest in the development of stainless steel for automotive components, aiming at energy conservation, environmental protection and high efficiency to meet market demand.
(7) Deepen research on stainless steel for welding, and increase the service life of materials in harsh environments such as high temperature resistance, corrosion resistance and high temperature resistance.
(8) Cooperate with domestic universities and research institutions to jointly promote various industry-university cooperation and outsourcing research projects, and expand the depth and breadth of process technology through the combination of theoretical knowledge and practical experience, thereby increasing the capacity of research and development.
(9) Laboratory equipment for aerospace materials applications.
(10) Special quality inspection techniques.
(11) Automated sample processing technology

(B) Intelligent Manufacturing
(1) Smart Power Consumption:
Collect and analyze equipment power consumption data, improve the accuracy of power consumption estimation, and reduce wasted power consumption.
(2) Development of Intelligent Crane Automatic Storage System:
New intelligent cranes are adopted to establish an automatic transportation and storage system for steel billets, which improves the space utilization rate, assists in optimizing the inventory management of incoming materials in the factories, automatically dispatches shipments and loads materials without interruption, improves production efficiency, avoids human operations, and improves work safety.
(3) Establishment of Automated Guided Vehicles (AGV) System:
A composite automated guided system is adopted to overcome the outdoor climate, realize outdoor unmanned automatic cross-factory transportation, improve transportation efficiency, and reduce forklift operations and operating manpower.

(C) Energy and Environmental Protection
(1) Replacing Traditional Preheaters:
Replace traditional preheaters with pure oxygen preheaters to reduce fuel consumption, improve combustion efficiency, and reduce greenhouse gas emissions.
(2) Slag Recycling:
The by-product slag produced by the steelmaking electric furnace can be converted into a variety of high-value recycled products after classification and screening, such as low-carbon concrete, red bricks as building materials, and pervious asphalt.
(3) New heat treatment technology:
Operating heat treatment furnaces at lower temperatures to reduce greenhouse gas emissions.
(4) Green energy production: Promoting green hydrogen projects and using self-producing hydrogen as production fuel
(1) Rotary kiln system - process optimization:
Saving production energy consumption and reducing greenhouse gas emissions
(2) Production logistics equipment - replacing petrochemical equipment with electric production equipment:
Reducing greenhouse gas emissions during production

2. Present and future R&D projects, as well as the estimated R&D investment expenditure

| Plan for the most recent year | Current progress | Mass production completion time | Main reasons that future development will succeed |
|---|---|---|---|
| We plan to invest NT$2,280,000,000 for R&D. | | | |
| Wiring Harness for New Energy Vehicle Lines and Power Supply Systems | Design and Development of Liquid-Cooled Charging Gun Line Set and Cooling System | 2025 | (1) The only domestic entity with comprehensive dynamic cable development and testing capabilities.<br>(2) Obtaining CCS1/CCS2 full series gun line set VPC/UL/IEC certification and commencing shipments.<br>(3) Possessing independent material development and verification capabilities. |
| Low Carbon Footprint, Environmentally Friendly Packaging Materials | Completed small batch production testing of recycled materials for packaging | 2025 | (1) Complete testing facilities to ensure recycled material packaging meets customer requirements.<br>(2) Possessing independent material development and product verification capabilities.<br>(3) Possessing commercial service model and information system customization development capabilities. |
| High Voltage Cable Development within Wind Turbine Towers | Development of Dropper Cable for Offshore Wind Turbine Towers | 2026 | (1) The only domestic entity with comprehensive dynamic cable development and testing capabilities.<br>(2) Possessing material evaluation and verification capabilities.<br>(3) Successfully meeting customer shipment requirements for 9.5MW tower internal cables. |
| Glass-Sealed Alloy (High Chromium Steel) Development | Trial Production Stage | 2024 to 2025 | Design of alloy element composition, hot rolling, and heat treatment parameter settings. |
| In-House Development of High Carbon Stainless Steel | Trial Production Stage | 2024 to 2025 | Design of alloy element composition, hot rolling, and heat treatment parameter settings. |
| High Cleanliness Precipitation Hardening Stainless Steel Development | Trial Production Stage | 2024 to 2025 | Design of alloy element composition, hot rolling, and heat treatment parameter settings. |
| Soft Magnetic Stainless Steel Development | Trial Production Stage | 2024 to 2025 | Design of alloy element composition, hot rolling, and heat treatment parameter settings. |
| Iron-Based and Nickel-Based Alloy Development | Trial Production Stage | 2025 to 2026 | Design of alloy element composition, hot rolling, and heat treatment parameter settings. |
| Vacuum Melting and Remelting Technology Development for Stainless Steel and Nickel-Based Alloys | Trial Production Stage | 2025 | Design of alloy element composition, remelting, hot rolling, and heat treatment parameter settings. |

| Plan for the most recent year | Current progress | Mass production completion time | Main reasons that future development will succeed |
|---|---|---|---|
| Development of Easily Machinable Seamless Stainless Steel Tubes | Trial Production Stage | 2025 | Design of alloy element composition, hot rolling, and heat treatment parameter settings. |
| Environmental Monitoring Project | Trial Production Stage | 2025 | Execution of non-contact multispectral technology using AI and edge computing. |
| Green Hydrogen Production | In Progress | 2025 to 2026 | Self-production of green hydrogen. |

(4) Business Plan – Long-term and Short-term

1. Wire and Cable Business

Short-Term: In response to building end-customer demands, we are emerging as a distinctive force in the digital and intelligent transformation landscape. By employing rapid response capabilities and precise service delivery, we accelerate deep supply chain integration, establishing a market position characterized by operational efficiency and creating a win-win-win situation for all stakeholders involved. We also aim to change our operating models and expand our market share, in order to promote sustainable management. We also aim to respond to the government's policy for domestic production of core components for offshore wind power plants, with the goal of exclusively researching and manufacturing cables for offshore wind turbines for 14 MW capacity or above in Taiwan, as well as developing the ability to produce and manufacture submarine cables. Following the global trend of popularizing electric vehicles and speeding up the construction of supporting infrastructure, we are developing wire harnesses for new energy vehicles and power replenishment systems that meet global standards.

Long-Term: We will seize the business opportunities brought by the global smart grid and new energy industries by marching into power transmission markets both home and abroad and expanding our business scope of Energy Solution.

2. Stainless Steel Business

Short-Term: Taiwan: In response to the trend of small amount but diversified products in the high-value market, Walsin has adjusted its direction and gradually built up its product and service capabilities to meet the needs of different customer segments. For the wire rod, we will actively expand niche steel sales portfolio in line with market conditions to expand the volume of orders of favorable steel grades, while continuing the research and development and the capital expenditure to increase the application of new steel types and new industries and stabilize product quality. For cold finished bars, we will focus on the development of direct customer channels in the industry and the expansion of available specifications in order to expand our market share; for plate products, we will use digital analysis to assist in material preparation and production scheduling, so that the delivery time can be close to customer expectations. We will also implement the e-companion system to satisfy our customers' demand for monitoring orders and to enhance our customer retention.

Mainland China: The new intelligent production lines for hot rolled bars/wire rods have entered mass production, which utilize advanced manufacturing process and intelligent production to supply high precision and quality stainless steel products. In this way, we will effectively achieve import substitution, increase our market share, and reach the goal of selling all of the products we produce. We will continue to develop high-value steel grades for hot rolled bars and seamless steel pipes in the hope of increasing value added to our products. For the cold refined rods, we will increase the volume of orders from direct customers and strengthen the collaboration between marketing/technology/business for serving customers, to ensure the completion of

the integrated material application supply chain, so that the upstream and downstream can work more closely together.

Europe: Our Italian subsidiary, Cogne Acciai Speciali (CAS), has advanced its growth strategy based on upstream and downstream vertical integration through the acquisition of Com.Steel Inox (an Italian company active in stainless steel and nickel alloy scrap recycling and processing) and Mannesmann Stainless Tubes (MST), a company with historical prominence in the seamless stainless steel and nickel alloy tube market.

Following the acquisition, MST has restored its historical name "DMV" to reinforce its consistently upheld values of professionalism, excellence, and entrepreneurial spirit. DMV operates five production facilities across Germany, France, Italy, and the United States. CAS will supply the majority of raw materials for DMV's extrusion machines in France and Germany, sourcing these materials from its steel plant in Italy and its Swedish subsidiary (Degerfors Long Products). This acquisition is expected to enhance CAS's steel production capacity utilization and expand Walsin's market share in high-end industries such as aerospace, oil and gas, and energy.

Long-term: Taiwan: We will grasp upstream raw materials to enhance the competitiveness of Walsin's stainless steel products. For bar materials, in addition to maintaining the major customers with high demand, the Company will actively develop new customer bases and expand suitable markets for export. For cold finished bars, in addition to continuing to strengthen the advantages in our integrated production lines, we will increase the quality and output of deep-processed products. For wire rods, the long-term goal is to increase the proportion of niche steel grades in our sales mix. In terms of operations, we are strengthening our competitiveness by accelerating internal process improvement and Industry 4.0 automation projects.

Mainland China: We will focus on certification application markets, such as transportation, petrochemical, boiler, nuclear power, and food, as key development industries, in cooperation with China's nationalization policy and industry development potentials. We will also expand our technical service capacity and market management, hoping to enhance the added value of our products and brands. We will set up distribution centers in major markets to enhance our market penetration in each region through rapid logistics and distribution.

Europe: By establishing a vertically integrated supply chain in Europe with a diverse product portfolio, the Company aims to achieve cost excellence in high-quality stainless steel and nickel alloy products while increasing market share in niche markets and application sectors. Furthermore, the Company is committed to fostering sustainable growth in the European region through operational circularity, reduced dependence on ferro-alloys, and significant investments focused on decarbonization.

3. Resources Business

Short-term: PT. Walsin Nickel Industrial Indonesia's nickel pig iron production lines were fully commissioned. We will continue to ensure that those production lies have stable capacity utilization rates and are fully in operation for production, in order to strengthen the stability of upstream raw materials for stainless steel and enhance our competitiveness. In addition, the nickel matte production lines acquired from PT. Sunny Metal Industry in the second half of 2022 were commissioned for trial production at the end of the same year. In the first quarter of 2023, the company commenced full production operations, and in January 2024, we increased our shareholding in PT. Sunny Metal Industry to 79.6%. We have entered the battery nickel supply chain through the nickel matte production line, thereby opening opportunities in the power battery materials market and initiating expansions for new energy.

Regarding our agency services, considering the uncertainty of competing global markets and international political and economic conditions, we continue to negotiate with Indonesian suppliers in order to source competitive raw materials in terms of costs, stable supply, and accurate delivery, to meet the needs of our customers and to strengthen the cooperative relationship between the Taiwanese industry and upstream suppliers, thereby enhancing the competitiveness of Taiwan stainless steel players in the international markets and further increasing the volume of orders received by our agency services. Additionally, with the Indonesian

subsidiary's production lines entering mass production in 2023, the focus is not only on securing raw materials for stainless steel production but also on extending to the new energy industry supply chain, aiming for stable development in nickel pig iron and high-grade nickel matte business.

Long-term: In response to climate change and sustainability trends, we continuously monitor environmental policy developments and industry movements. Our primary strategic development directions include positioning within the energy storage industry chain, carbon inventory certification, and developing green carbon reduction projects in accordance with local policies. Regarding our energy storage industry chain positioning, we continue to advance the production and manufacturing of nickel resource products, further extending into the enhancement of power battery material production facilities and market development. Simultaneously, for carbon inventory certification, in addition to working toward obtaining relevant ISO certifications and implementing carbon management in our subsidiaries, we will ensure effective resource utilization. We actively align with international and local environmental policy trends, strategically developing and implementing green carbon reduction projects to create win-win outcomes for both economic and environmental interests.

Regarding our agency service, we will leverage our agency advantage to ensure stable supplies for the demand in the Taiwan stainless steel market, provide a stable source of materials with competitive costs, avoid the risk of price fluctuations and reduce the pressure on inventory capital (i.e., value-added services) to promote the overall effectiveness of the value chain of the stainless steel industry in Taiwan, and strive to achieve the long-term goal of simultaneous growth in the volume of orders received by the agency and the price of the stainless steel industry in Taiwan. We also aim to stabilize sales channels of ferro-nickel and nickel matte to increase additional product diversification of our business. We flexibly adjust our nickel product order acceptance ratio according to market conditions, with a focus on developing markets with high added value.

4. Commercial Real Estate Business

Short-Term: For the second phase of the Company's real estate business, Phase II Lot AB, Building No. 6, the office spaces maintain high occupancy rates and have been operating, with the commercial portion on floors 1-4 continuing to operate as high-end dining establishments, generating stable rental and property management fee income. Building No. 1, which meets International Grade A Office Building Standards, has completed lease agreements for over 30,000 square meters, continuously generating effective rental and property management fee income.

Long-term: Walsin Centro integrates various residential, commercial and office properties with a complementary relationships and we will increase overall brand value and create economies of scale through integrated marketing. High-end residential will bring brand reputation and market influence to the commercial, while high-quality commercial will bring support and services to the office. The landmark Grade A office will further enhance the brand status of the commercial and residential sectors, bringing abundant traffic and consumption to the commercial sector. The maturation of each new industry is consolidating the competitive advantage of the existing industry and enhancing the value of the existing industry. After more than ten years of continuous development, Walsin Centro has become an urban landmark in Nanjing and the Walsin Centro project has become a successful model for commercial development in Nanjing, with its market influence and brand reputation continuing to expand and its commercial and business value continuing to rise.

## 2. Market Analysis and Sales Overview

(1) Market Analysis

1. Sales region(s) and market share of main products

(1) Wire and Cable Business

The Company is focused on the development of the wire and cable business and offers a one-stop comprehensive production series from the upstream bare copper wire, copper rod production, to the research and production of all types of cables such as power cables, communication copper cables, fiber optic cables, industry cables, and submarine cables. The main sales regions include Taiwan and Mainland China. In 2024, the sales of the Company's power cable products was approximately NT$20.3 billion, and that of bare copper wise was about NT$22.4 billion. The Company continues to maintain leadership in Taiwan's power cable and copper bar markets.

(2) Stainless Steel Business

The Company is a major global stainless steel material company, with stainless steel products such as stainless steel billet, cold- and hot-rolled steel coils, wire rods, cold finished bars, seamless steel pipe and precision roll bonding steel. The main sales regions include Taiwan, Mainland China, Japan, Korea, Southeast Asia, Australia, Europe and North and South America, etc. Our stainless steel wire rod and cold finished bars occupy a significant position on the global market and we offer customers optimal lead times and services with sales offices distributed across the Taiwan Strait, a vertically integrated supply chain and a standardized production process.

For the sales of stainless steel products made by the Company in 2024, its domestic market shares reached 65% (wire rods), 30% (hot-rolled steel coils), 20% (cold-rolled steel coils) and 35% (cold finished bars); its market shares in China were 8% (hot-rolled steel bars) and 13% (cold finished bars); its market shares in Europe were 20% (wire rods) and 7.5% (cold finished bars); the Company’s global market shares were 14% (wire rods), 8% (hot-rolled steel coils) and 11% (cold finished bars).

Note: The above market shares are estimated only in respect of the territories to which we sell products and our available specifications.

(3) Resources Business

Nickel pig iron produced by PT. Walsin Nickel Industrial Indonesia is the upstream raw material for stainless steel manufacturing, which is mainly supplied to local steel mills in Indonesia for smelting stainless steel. In 2024, nickel pig iron sales reached 36,000 metric tons of nickel (approximately 300,000 metric tons gross weight), achieving full production and sales. PT. Sunny Metal Industry primarily produces nickel matte for downstream battery material manufacturers, while its production lines possess flexibility to produce nickel pig iron depending on market conditions. In 2024, nickel matte sales reached 30,000 metric tons of nickel (approximately 96,000 metric tons gross weight, including 72,000 metric tons of low-grade nickel matte and 24,000 metric tons of high-grade nickel matte), and nickel pig iron sales reached 12,000 metric tons of nickel (approximately 80,000 metric tons gross weight), achieving full production and sales. The Company's 2024 nickel pig iron production accounted for approximately 3.3% of Indonesia's total production, while its nickel matte production accounted for approximately 11.1% of Indonesia's total production..

In terms of agency service, the Company has been acting as an agent for the sales of Indonesia Tsingshan since May 2020. We sell as an agent mainly stainless steel products, such as stainless steel billets, slabs and hot rolled steel coils, to mainly Taiwan customers, with the aim of maintaining the international competitiveness of Taiwan's stainless steel plate products and promoting the overall efficiency of the value chain of the stainless steel industry. The Company's order volumes from 2021 to 2023 consistently exceeded 800,000 metric tons, while 2024's order volume surpassed 1 million metric tons, stably accounting for more than 80% of Taiwan's 300 series hot-rolled stainless steel imports.

(4) Real Estate Business

The development scale of Walsin Centro in Nanjing Hexi exceeds 1 million square meters, and the finished residential units and stand-alone office buildings have been sold out. The commercial shopping center has been successfully opened and operated. Currently, the main products are the leasing and operation of Office Building Nos. 1 and 6 and the design and planning of plots in Phase 3. Building No. 1 of Walsin Centro achieved approximately 10,000 square meters of leasing transactions in 2024, representing a 26% market share in the regional market.

2. Overview of supply and demand and projected growth

(1) Wire and Cable Business

According to the global copper production forecast by the International Copper Study Group (ICSG), global copper supply will grow by about 3.5% in 20245 In terms of refined copper production, ICSG expects refined copper production to grow by 1.6% in 2025. In terms of the refined copper consumption, despite a challenging global economic outlook, the anticipated improvement in manufacturing activities, ongoing energy transition, and the development of new semiconductor capacities globally are expected to support the growth in refined copper consumption, with a projected increase of 2.7% in 2025. Development of power grid infrastructure in major countries and the global trend towards clean energy and electric vehicle development are expected to continue to support the long-term growth of copper demand.

Mainland China continues to promote infrastructure construction, with power supply and grid engineering investment growth remaining promising. The State Grid of China has announced that in 2025, it will focus on optimizing the main power grid, reinforcing the distribution network, and supporting high-quality development of new energy sources. It will continue to implement major projects, commence construction on a new batch of key engineering projects, actively expand effective investments, and drive upstream and downstream industry chains. It is estimated that in 2025, State Grid's investment will exceed RMB 650 billion for the first time. Additionally, with the continued expansion of the automotive industry, the penetration rate of new energy vehicles has climbed to new highs, with both production and sales of new energy vehicles showing double-digit growth year-on-year, consistently ranking first globally in both production and sales. This growth trend is expected to continue in 2025. In summary, from the perspective of copper end-product demand, the development of the aforementioned industries should drive copper consumption demand and provide a stable foundation for the production and sales of cable-related products. In 2024, the Bureau of Energy of the Ministry of Economic Affairs published Taiwan's latest national power resource supply and demand report, and planned the long-term power demand and construction blueprint for the next decade. It is estimated that Taiwan's total electricity consumption will grow by 12% to 13% by 2030, in response to the estimated value of Taiwan's economic growth rate, as well as the expansion of the semiconductor industry driven by AI technology and electric vehicle promotion policies. By 2033, the annual average growth rate of Taiwan's national electricity demand is predicted to be 2.8%. The Ministry of Economic Affairs emphasized future construction priorities, including new power generation unit development plans, renewal of power grid substations, and the establishment of energy storage systems to accommodate the high penetration rate of renewable energy, thereby ensuring stable power supply. Taiwan Power Company continues to develop power sources and invest in the power grid to meet the electricity demands arising from economic development and government policies. Fitch expects that Taiwan Power Company's capital expenditure will reach between NT$222 billion and NT$276 billion annually from 2024 to 2027, a significant increase compared to the average capital expenditure of the past four years (NT$160 billion). The surge in Taiwan Power Company's capital expenditure mainly comes from the construction of natural gas and offshore wind power plants, as well as strengthening power grid resilience, which will boost orders and revenue for related businesses, with the wire and cable industry being one of the largest beneficiaries. With demand generated simultaneously by various government plans, future order visibility for cables is promising.

(2) Stainless Steel Business

The expansion of global stainless steel and crude steel production capacity has reached a plateau. Under the carbon emission control policy in mainland China, factories are replacing old instead of creating new capacity, while European and American steel mills, after years of consolidation, have ceased increasing capacity and shifted their focus to high-end industry applications and nickel-based alloy production. In Indonesia, the pace of capacity investments has slowed down, while stainless steel makers in the rest of the countries around the world will operate only through the development of steelmaking technology, so that the existing capacity may be slightly increased; therefore, we will not see the previous annual growth of capacity in double-digits any longer.

On the demand side, the International Stainless Steel Forum (Worldstainless) estimates that global stainless steel consumption will grow by 3.0% in 2025, maintaining a positive growth rate. However, considering the impact of the current global economic uncertainty, such growth may be very limited. Although the increase or decrease in stainless steel consumption is susceptible to fluctuations due to changes in the current year's economy, the compound annual growth rate of stainless steel consumption during the past 10 years is about 2% to 3%, and we expect this trend to be maintained in the coming years.

The growth of demand also varies depending on the product type. Flat panel products account for more than 80% of the total stainless steel usage and are widely used in various end-use applications, with a high correlation between the increase or decrease in demand and the economic conditions. The application of long strip products are industry-specific; it is expected that the robust development of infrastructure, machinery and equipment, transportation, new energy, and semiconductor in recent years will drive the demand for long strip products, which will increase at a rate faster than the flat panel products in the next few years.

(3) Resources Business

In 2024, as the growth in global nickel pig iron market supply slowed, the demand side exhibited structural changes. Although Indonesia's nickel pig iron production continues to increase, the growth rate has slowed to approximately 7%, lower than the 19% growth rate in 2023, primarily affected by pressure on nickel ore supply and some production lines shifting towards nickel matte. China's nickel pig iron production continues to decline due to increased production costs and import subsidy-related policies. Despite limited new nickel pig iron capacity in Indonesia and government policy restrictions on RKEF capacity deployment, the supply of Indonesian nickel products exceeds demand. However, nickel pig iron still holds advantages in terms of cost and nickel content, maintaining economic viability for stainless steel production and resilient demand. Meanwhile, fluctuations in scrap steel prices and nickel metal price trends are core factors affecting the economic viability of nickel pig iron. Overall, the cost advantage of nickel pig iron compared to scrap steel will continue to support its dominant position as a raw material for stainless steel smelting, although the market may face more uncertainties due to oversupply of raw materials. In response to the green energy transition and the flourishing development of the downstream new energy industry chain, the production capacity of intermediate nickel products for batteries, including nickel matte, began to be released in 2021 and rapidly increased from 2022 to 2024. In 2024, Indonesia's high nickel matte production reached 270,000 metric tons of nickel, an increase of 12% compared to 2023. Indonesia plans to continue expanding intermediate nickel product capacity in the coming years, with new capacity expected to be commissioned in 2025, and the overall industry chains gradually extending downstream. However, the overall output of intermediate nickel products will be affected by the Indonesian government's policies on nickel ore production control. In terms of our agency services, in 2022, the supply chain anomalies normalized, and the total quantity of 300 series hot rolled stainless steel imported into Taiwan was about 900,000 to 950,000 metric tons in 2023, which is almost the same as the import quantity in 2022. This level of import volume is equivalent to the rigid demand for the Taiwan market. In 2024, due to final judgments on anti-dumping and

anti-subsidy cases from the EU favorable to Taiwanese businesses, which stimulated material preparation demand, the annual order volume exceeded 1 million metric tons. It is estimated that in 2025, Taiwan's imports of stainless steel from Indonesia will return to normal levels.

(4) Real Estate Business

Nanjing Jiangyou District is building a Yuantong shopping district centered on the Yuantong subway station to create a "demonstration area of international consumer center city." Yuantong is becoming the business office center with the highest standard of construction and the largest number of new projects in Nanjing, and the position of the Jiangyou District and the business center of Hexi in the urban structure of Nanjing has become more solid. After becoming a financial center, the core area of Yuantong will also become the center of business offices and commercial consumption in Nanjing.

Looking ahead to the development of Walsin Centro, Nos. One and Six Office Buildings continue to operate and have established Walsin's position as the first tier and leading brand in Nanjing's quality business office industry. The arrival of many headquarters-type office enterprises in the future will provide stable rental income and bring sufficient customer flow and stable consumption to the shopping center of One Mall, thus promoting the steady development of the real estate sector.

3. Competitive niche, favorable and unfavorable factors for long-term growth and response measures

| Wire and Cable Business | |
|---|---|
| Competitive Niche | (1) We have the advantage of stable internal supply of important raw materials of copper metal and can give full play to the benefits from the upstream and downstream integration.<br>(2) Long-term supply of products and services related to demand for project engineering, accumulating rich supplier experience and having brand advantages.<br>(3) Advantages such as local supply and branding will help to enter the industrial cable field such as solar energy, offshore wind power and port infrastructure. |
| Favorable Factors | (1) The performance of quality, service and delivery is highly satisfactory to customers and we have brand power in the Taiwanese engineering market.<br>(2) The high-voltage cable demand in the public sector may grow steadily, driven by Taipower's construction initiative to reinforce the resilience of its power grids.<br>(3) Taiwan's economy remains robust, with growing domestic and international tech industry demand driving steady needs for wiring in industrial facilities, office buildings, and residential developments. |
| Unfavorable Factors | (1) Real estate markets face challenges from tight monetary policy, inflation-driven interest rate hikes, high material costs, and labor shortages. The Central Bank of Taiwan's new selective credit controls implementing anti-speculation measures have made investors cautious. This has created a gap between buyer and seller expectations that requires more time to resolve, leading to more volatile and unpredictable demand patterns.<br>(2) The private sector faces oversupply and price competition. |
| Response Measures | (1) By researching technological applications and transforming the fundamental nature of services, we provide innovative solutions through high-level intelligence and digitalization. We have established a win-win supply chain management system, strengthened core capabilities, improved operational mechanisms, enhanced efficiency and service capacity, and created differentiated advantages.<br>(2) We will actively cooperate with the government's policy for net zero and carbon reduction by being technology-oriented, and develop industrial cables to enhance the Company's marketing and research and development capabilities. We will also grasp the infrastructure business opportunities such as renewable energy, new energy vehicles and grid renewal and expansion. |

| Stainess Steel Business | |
|---|---|
| Competitive Niche | (1) We have production sites in Taiwan, China, Italy, the UK, and Sweden for the long strips, with a stable quality and delivery period, so that we can supply to each market nearby and support each other for any shortage of products.<br>(2) Plate materials have the advantage of short delivery period. We can cooperate with players in ASEAN countries to develop OEM to expand the available specifications.<br>(3) We invest in upstream raw materials by building a nickel pig iron plant in Indonesia to improve the international competitiveness of stainless steel products and increase the hedging capacity for raw materials.<br>(4) Possessing vacuum melting and re-melting technologies and holding a robust market share in high-end markets. |
| Favorable Factors | (1) Taiwan's cold-rolled steel coils are protected by anti-dumping duties.<br>(2) China's policies have restricted the expansion of crude steel capacity.<br>(3) Trade wars, regional economies, and geopolitics have led to de-globalization/short supply chains, so the industry is paying more attention to local supply sources.<br>(4) The growth potential in high-end markets such as aerospace, oil and gas, and new energy. |
| Unfavorable Factors | (1) China-based steel manufacturers have set up integrated production lines from nickel raw materials to products in China and Indonesia, significantly cutting production costs and reducing the general supplies market to pure price competition.<br>(2) Global trade protectionism, frequent anti-dumping cases, US and EU steel defense measures and China's and Indonesia's increase in exports affect global steel liquidity and reduce the Company's export volume.<br>(3) Increasing awareness of environmental protection and the initiatives of many countries to impose or propose carbon fees and carbon tariffs will increase the operating costs of, and weaken profit margins of, the steel industry. |
| Response Measures | (1) In addition to continuing to strengthen the advantages in our integrated production lines, we will gradually develop product specifications and high value-added steel grades, as well as actively expand the sales volume of niche steel and increase the quality of processed products.<br>(2) Maintaining major customers, actively developing new customer bases and expanding suitable markets for export<br>(3) Continuing to improve internal processes and carrying out industrial 4.0 automation projects to improve the efficiency and reducing costs.<br>(4) Utilizing the synergy of horizontal integration among plants, increasing the scale and efficiency of our sales, and positioning ourselves for high-value products, so as to enhance our overall competitiveness.<br>(5) Actively investing in energy-saving and environmental protection equipment and deploying green power industry to enhance our competitiveness in environmental protection costs.<br>(6) Operational vertical integration to control the value chain and cost competitiveness.<br>(7) Through meticulous integration plans, clear communication, diligent work, and seamless team collaboration, maximizing sales and operational synergies.<br>(8) Focusing on ESG sustainable development, actively investing in energy-saving, environmental protection equipment, and expansion into green power, enhancing environmental cost competitiveness. Additionally, actively monitoring the work environment to ensure employee safety and health. |

| Resources Business | |
|---|---|
| Competitive Niche | (1) Nickel pig iron and nickel matte production line are located in Indonesia, which is a major producer of nickel ore in the world and has advantages in raw material prices and production costs.<br>(2) The production lines are equipped with its own power plant, which can supply electricity for full production without any issue. |
| Favorable Factors | (1) With Mainland China's continued shrinking in the nickel pig iron production due to unfavorable production costs, Indonesia nickel pig iron is expected to make up for the |

| Resources Business | |
|---|---|
| | possible production reduction gap in Mainland China. China's abolition of export tax has increased the cost of exports, and our agency service has a cost advantage over the the steel coils produced by Tsingshan Indonesia.<br>(2) The Indonesian government continues to ban the export of nickel ore, and the local raw material has a cost advantage. The Indonesian government may subsequently restrict the issuance of licenses for smelting, which will raise the barrier of entry for later competitors. |
| Unfavorable Factors | (1) As environmental awareness is increasing, carbon reduction has become a common issue worldwide. Governments and economies around the world continue to adopt policies to strengthen environmental controls and carbon reduction efforts. We expect that related taxes, charges and other expenses will be unavoidable.<br>(2) Indonesian government policies, such as adjustments to laterite nickel ore supply and export regulations, will affect nickel pig iron production, further contributing to market uncertainty. |
| Response Measures | (1) In addition to stabilizing capacity utilization and refining production plans, the Company has begun conducting a comprehensive carbon footprint inventory and source classification, discussing carbon reduction measures, and preparing for the assessment and execution of carbon reduction benefits in advance.<br>(2) To mitigate issues related to Indonesian nickel ore supply, the Company has adjusted its procurement strategy by diversifying some procurement to Southeast Asian nickel ore. We will continue to monitor the Indonesian domestic nickel ore market closely. |

| Real Estate Business | |
|---|---|
| Competitive Niche | (1) Walsin Centro is located in the core area of Nanjing Hexi New City, including office buildings, commercial centers, quality houses and other types of products, with the floors under development reaching more than 1 million square meters; thus, Walsin Centro has become a landmark project in Nanjing, with location, business and scale advantages.<br>(2) Office Building No. 1, in line with the new trend of market demand, widely uses energy-saving and environmentally-friendly new materials and new technologies. We've also paid attention to the humanization of our design and the durability and maintainability of our products from the details. Our products have a competitive edge in that they have passed LEED & WELL double gold international certification.<br>(3) Office Building No.1 has established a leading position for Walsin Centro in Nanjing's high-quality business office industry within three years of entering the market, with its high-quality building image, high-standard operational services, and excellent leasing performance becoming the industry benchmark for the high-end office industry in Nanjing. |
| Favorable Factors | (1) The economy promoted by the Chinese government has continued to develop for many years. The central city has great ability to promote and control the economy, which makes the high-end office building market stable for a long time, and demand growth can be expected.<br>(2) With the delivery of residential housing in the project, the resident population is growing rapidly; transportation facilities and public ancillary services have been completed, the market is fully mature, and business demand continues to grow steadily.<br>(3) The development of CBD is close to completion, and the further concentrated demand for high-end office buildings in the central area of Hexi will lead that in Nanjing. |
| Unfavorable Factors | The supply of Grade A office buildings has increased, with government self-built projects being forcefully prioritized for introduction, leading to more severe competition for customer resources and further expanding competition among buildings. |
| Response Measures | Focusing on and responding in advance the policy trends of government departments governing relevant industries in a timely manner, and timely seizing the best timing for lease and sales according to market changes, in order to expand our client base. |

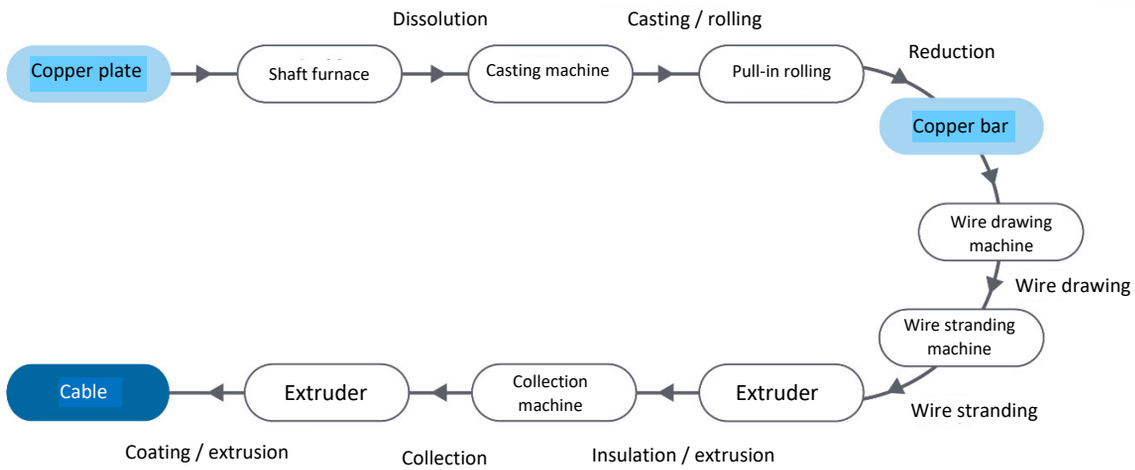
(2) Key applications and production processes of main products

1. Key Applications of Main Products

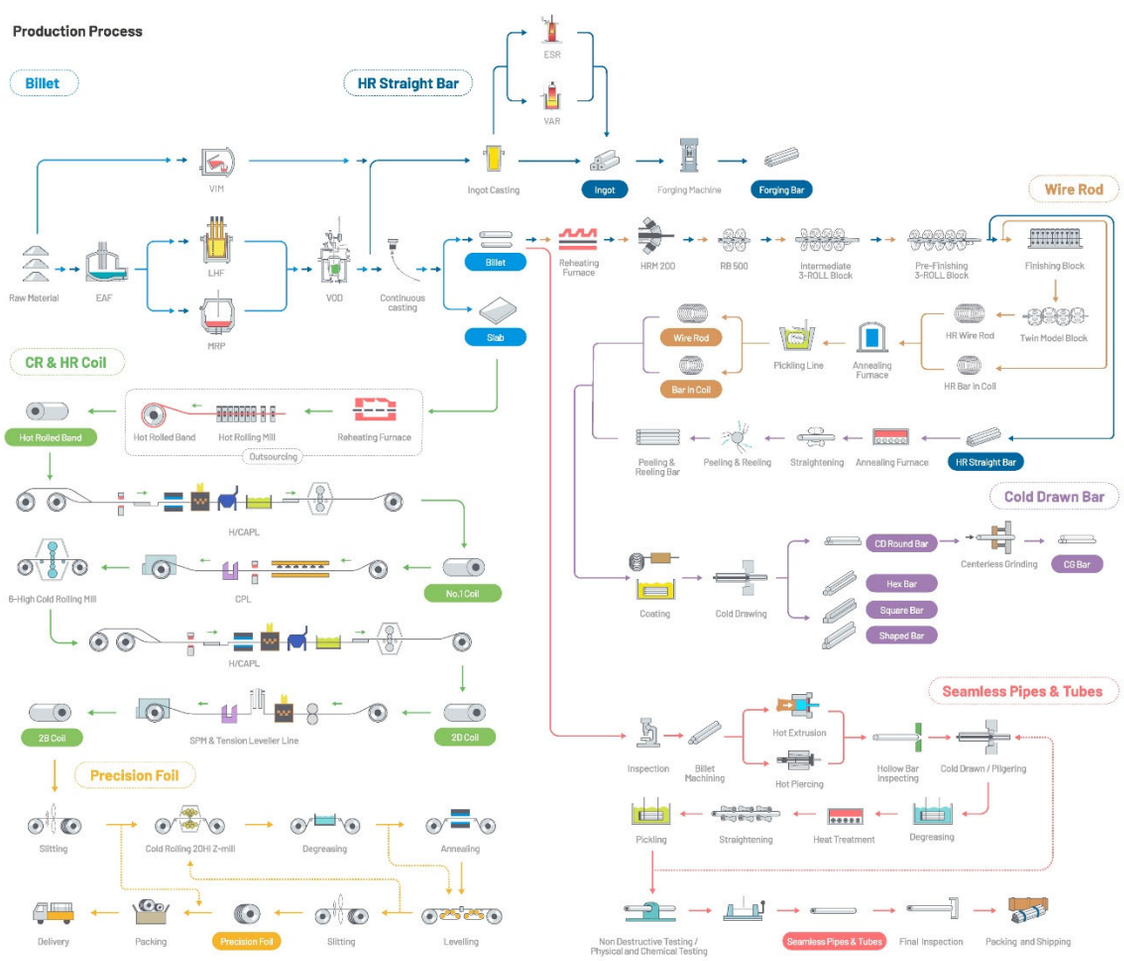
| Main Products | Key Applications |
|---|---|
| Copper material | Wire and cable conductor, home appliances, electrical and electronic devices, transformers, etc. |
| Power cables | Primarily used for power plants, power transmission and distribution, plant facilities, transportation construction, construction of power transmission lines, etc. |
| Steel billets | Hot-rolled wire rods, hot-rolled straight rods, flanges, seamless steel pipes, etc. |
| Flat billet | Hot-rolled steel coils, hot-rolled plates, heavy forgings, etc. |
| Wire rods | Screws and nuts, springs, welding rods, steel wires, braids and hardware wires, buildings, medical equipment, etc. |
| Hot-rolled coil (flat panel category) | Chemical tanks, pipes for industry and building and pipes for petrochemical industry |
| Cold rolled coil (flat panel category) | Building decoration, kitchen utensils, appliances, medical equipment, electronic communications, chemical tanks and steel tubes |
| Peeled straight rods | Forging materials, turning parts, electric machine accessories, etc. |
| Cold finish straight rods | Shafts, medical equipment, furniture decoration items, turning parts, electric machine accessories, high-durability industrial components (for automotive, petrochemical, aerospace, energy, and chemical applications), etc. |
| Stainless steel seamless pipe | Petrochemical heat exchanger; fluid pipe and instrument pipe boiler station pipe; nuclear power station pipe; shipboard fluid pipe and instrument pipe; turning pipe. |
| Mechanical processing shaft semi-finished products | Aircraft engines, oil and gas mud engines, drill bits, etc. |
| Engineering components | Customized products |
| Hot-rolled straight bars | Structural building components (for offshore facilities, power plants, chemical plants, etc.), large fasteners |
| Nickle pig iron | Our products are mainly supplied to and used by steel mills to smelt stainless steel, and processed into semi-finished stainless steel products such as billets, slabs, HR coils and HR straight bars. |
| Nickel matte | We supply the product to mainly nickel sulfate factories for processing into nickel sulfate, which can continue to go downstream for the production of electrolytic nickel or ternary cathode materials for batteries. |
| Real estate | Housing, office buildings and shopping malls |

## 2. Production Process

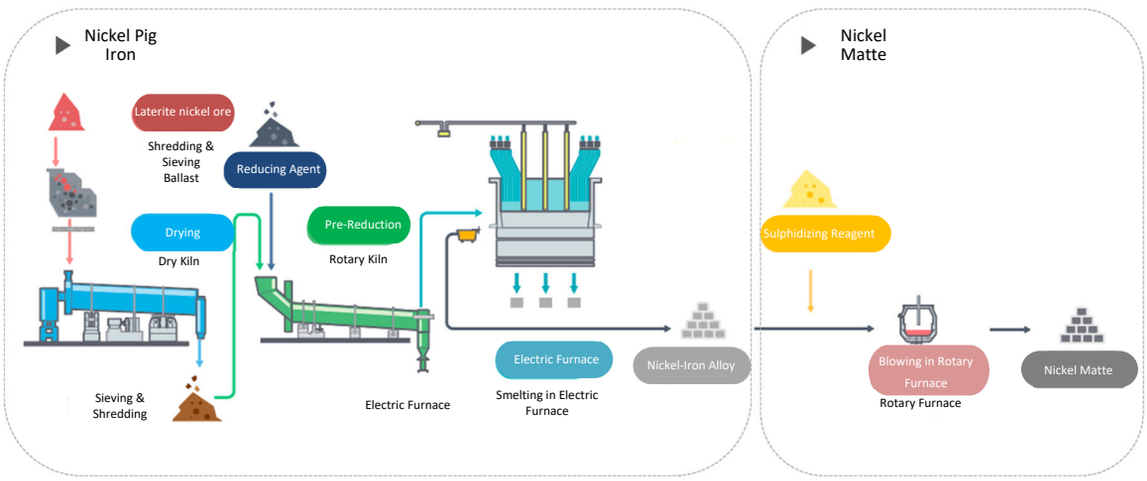
### (1) Wire and Cable Business




### (2) Stainless Steel Business



(3) Resources Business




(3) Supply Status of Main Raw Materials

| Business Unit | Main Raw Materials | Description of Supply Status |
|---|---|---|
| Wire and cables | Copper plates | The main sources are Japan, Australia, Chile and Southeast Asia by signing long-term annual contracts, which sources are supplemented by spot purchases. Therefore, the supply is stable. |
| | Polyethylene | Purchased by quarterly quantity bargaining, mainly imported from Middle East, Europe and Japan. |
| | Other chemical materials | Adopts monthly/quarterly quantity bargaining method and raw materials should mainly be locally sourced. |
| Stainless Steel | Pure nickel, high carbon nickel iron, high carbon ferrochrome, stainless steel scraps, grade 1 steel scraps, molybdenum iron, etc. | We seek long-term partnerships with well-established, reputable suppliers and allocate the appropriate proportion of supply sources to diversify risks and enhance the resilience of the supply chain. In addition to being sourced from Taiwan, raw materials are also from Indonesia, Japan, Australia, New Caledonia, South Africa, Europe, United States and China. Among these, CAS has acquired a major supplier of stainless steel scrap, ensuring complete control over its raw material sources. |
| Resources | Laterite nickel ore | All laterite nickel ore used for nickel pig iron and nickel matte is sourced chiefly from local suppliers in Indonesia, and the overall supply is stable. |
| Commercial Real Estate | Land | Implement land reserves pursuant to the Company's real estate development strategy and participate in government land auction tenders. |
| | Construction Projects and Materials | The Company further reduces costs and enhances effectiveness by selecting good quality construction companies and as well as material and equipment suppliers through tenders. |
| | Retailers | Integrating resources and doing a good job of gathering office demand for high-end enterprises, quality customers and signing contract with merchants according to the Company's project positioning, business objectives and development ideas for the phase 2 of the Office Building No.1, by further leveraging the advantage of high-quality, premium services. |

(4) The names, procurement (sales) amounts and ratio of our clients whose total procurement (sales) for any year in the last two years reached 10% or more.

1. Major supplier information for the last two years

Unit: NT$ thousands

| Year | 2023 | | | | 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| Item | Name | Amount | Percentage of Total Purchases (%) | Relationship with Issuer | Name | Amount | Percentage of Total Purchases (%) | Relationship with Issuer |
| | - | - | - | - | Supplier A | 22,870,397 | 15 | - |
| | - | - | - | - | Supplier B | 20,919,092 | 14 | Affiliate in the consolidated financial statements |
| | Other (Note) | 156,291,794 | 100 | - | Other (Note) | 106,549,974 | 71 | - |
| | Net Purchases | 156,291,794 | 100 | - | Net Purchases | 150,339,463 | 100 | - |
| Reason for the change: In 2024, considering the maximum advantages of strategic partnerships and affiliate collaborations, our procurement ratio from a single vendor reached 10%. | | | | | | | | |

Note: There is no supplier accounting for more than 10% of total amount of purchases.

2. Major customer information for the last two years

Unit: NT$ thousands

| Year | 2023 | | | | 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| Item | Name | Amount | Percentage of Net Sales (%) | Relationship with Issuer | Name | Amount | Percentage of Net Sales (%) | Relationship with Issuer |
| | Net Sales | 189,839,626 | 100 | - | Net Sales | 179,318,340 | 100 | - |

Note: There is no customer accounting for more than 10% of the total sales amount.

## 3. Employee Data

(1) Employees of Walsin Lihwa Holdings Limited:

As of March 19, 2025

| Year | | 2023 | 2024 | Current Year as of March 19, 2025 |
|---|---|---|---|---|
| Number of employees | | 10,508 | 11,612 | 11,558 |
| Average age | | 36.8 | 36.9 | 37.0 |
| Average years of service | | 7.3 | 7.3 | 7.3 |
| Education background (%) | Ph.D. | 0.3 | 0.3 | 0.3 |
| | Master's | 6.9 | 5.8 | 5.8 |
| | University/College | 31.9 | 35.2 | 35.3 |
| | High school | 43.5 | 39.7 | 39.9 |
| | Below high school | 17.4 | 19.0 | 18.7 |

Note: Walsin Lihwa Group includes all of Walsin Lihwa's business divisions and subsidiaries.

(2) Employees of Walsin Lihwa Corp.:

As of March 19, 2025

| Year | | 2023 | 2024 | Current Year as of March 19, 2025 |
|---|---|---|---|---|
| Number of employees | | 2,992 | 2,905 | 2,866 |
| Average age | | 39.4 | 39.8 | 40.1 |
| Average years of service | | 9.9 | 10.4 | 10.6 |
| Education background (%) | Ph.D. | 1.0 | 1.0 | 1.0 |
| | Master's | 19.8 | 18.5 | 18.5 |
| | University/College | 42.5 | 42.5 | 42.8 |
| | High school | 22.5 | 21.9 | 22.7 |
| | Below high school | 14.2 | 16.1 | 15.0 |

## 4. Environmental Protection Expenditure Information

(1) For the most recent year and up to the date of publication of the annual report, the losses suffered by the Company as a result of environmental pollution (including compensations and violations of environmental protection laws and regulations found in environmental protection inspections; the punishment date, the letter number, the legal basis for the punishment, the legal provision and the content of the punishment shall be specified), and the estimated amount of such losses that may occur now and in the future and the countermeasures against them; if they are not reasonably possible to estimate, the facts that they cannot be reasonably estimated should be stated:

Three environment protection-related penalties were imposed on the Yenshui Plant in 2024.

| | |
|---|---|
| Date of Penalty | March 15, 2024 |
| Penalty Reference Number | Huan-Kong-Gu-Cai-Zi-No. 113030044 |
| Issuing Authority | Environmental Protection Bureau of Tainan City Government |
| Details of Violation | During inspection of the Metal Surface Cleaning Process (M03) operating permit, authorities examined the P306 discharge pipe's upstream pollution control facilities A304, A305, and A306. While the operating parameters of A304 and A306 control equipment complied with regulatory requirements, the operator disclosed that the A305 washing tower served merely as a backup system for A304 and was not routinely activated. No operational records were maintained for A305, demonstrating ineffective waste gas treatment in contravention of the Air Pollution Control Act. |
| Remedial Measures | 1. Modified washing tower A305 for mist elimination purposes and removed associated chemical pipelines and pumps (with Environmental Protection Bureau's approval).<br>2. Submitted application for fixed pollution source (M03) permit change to the Environmental Protection Bureau on February 2, currently operating under approved trial status. |
| Violated Legal Provisions | Paragraph 1, Article 23 of the Air Pollution Control Act, with penalties imposed pursuant to Subparagraph 4, Paragraph 1, Article 62 and Paragraph 1, Article 86 of the same Act |
| Content of Violated Regulations | Public and private premises shall effectively collect various air pollutants and maintain normal operation of their air pollution control facilities or monitoring equipment; furthermore, the maximum operating capacity of their stationary pollution sources shall not exceed the maximum processing capacity of the air pollution control facilities. |
| Penalty Amount | NT$472,800 |

| | |
|---|---|
| Date of Penalty | March 15, 2024 |
| Penalty Reference Number | Huan-Kong-Gu-Cai-Zi-No. 113030044 |
| Issuing Authority | Environmental Protection Bureau of Tainan City Government |
| Details of Violation | With respect to the manufacture of stainless steel billets and related products, which operates under an Electric Arc Furnace Steelmaking Process (M01) permit (Nan-Shi-Huan-Kong-Cao-Zheng-Zi-No. D0085-01), an inspection conducted by the Southern District Environmental Management Center, Environmental Management Administration, Ministry of Environment on December 27, 2023, revealed that the pulse-type bag dust collector's filter bags for the electric arc furnace in the M01 process were replaced on July 28, 2022, and had exceeded one year without subsequent replacement. This constitutes a violation of the operating conditions specified in the stationary pollution source operating permit and contravenes the Air Pollution Control Act. |
| Remedial Measures | Improvement strategy: An application for modification of the air pollution permit has been submitted to amend the filter bag replacement frequency to once every two years. Additionally, the application proposes that if inspection reveals no damage to the filter bags, immediate replacement should not be required. A subsequent appeal has been filed with the local Environmental Protection Bureau. |

| | |
|---|---|
| | Case closure explanation: Based on the improvement report submitted by our plant on May 21, 2024, and following a verification inspection conducted on May 30, 2024, the Environmental Protection Bureau of Tainan City Government has confirmed that all necessary improvements have been completed and has subsequently closed the case. |
| Violated Legal Provisions | Violation of Paragraphs 2 and 4, Article 24 of the Air Pollution Control Act and Article 23 of the Stationary Pollution Source Installation, Operating and Fuel Use Permit Management Regulations Amended Clauses (these "Regulations") |
| Content of Violated Regulations | Public and private premises that simultaneously comply with Articles 2 and 3 shall apply for a fuel use permit concurrently when applying for a stationary pollution source operating permit. Documents or information that are identical need not be submitted repeatedly.<br>Following the installation or modification of the stationary pollution source mentioned in the preceding paragraph, the entity shall submit documentation proving compliance with relevant provisions of these Regulations to apply for and obtain an operating permit from the competent authority of the municipality or county (city), or from an agency commissioned by the central competent authority, and shall operate in accordance with the content of the issued permit. |
| Penalty Amount | NT$100,000 |

| | |
|---|---|
| Date of Penalty | April 10, 2024 |
| Penalty Reference Number | Huan-Kong-Gu-Cai-Zi-No. 113040054 dated April 10, 2024 |
| Issuing Authority | Environmental Protection Bureau of Tainan City Government |
| Details of Violation | During an Environmental Impact Assessment committee meeting, the Yenshui Plant reported that the actual sulfur oxide emissions for 2022 were 22.3 metric tons/year, while the permitted emissions for the entire plant were only 11.3 metric tons/year. Verification through the Ministry of Environment's Air Pollution Fee and Emission Declaration Integrated Management System and Fixed Pollution Source Management Information System confirmed the accuracy of this statement. It was determined that both the air pollution fee calculation basis and the operating permit calculation basis were derived from inspection reports. Comparison of these figures indicates that the declared emissions exceed the permitted emissions, with actual SOx emissions not conforming to the SOx emission limits approved in the current permit. This constitutes a clear violation of regulations, resulting in penalties under the Air Pollution Control Act, with relevant documentation available for verification. |
| Remedial Measures | Completed permit modification |
| Violated Legal Provisions | Paragraph 1 , Article 23 of the Stationary Pollution Source Installation, Operating and Fuel Use Permit Management Regulations Amended Clauses (these "Regulations"); Paragraphs 2 and 4, Article 24 of the Air Pollution Control Act |
| Content of Violated Regulations | Public and private premises that simultaneously comply with Articles 2 and 3 shall apply for a fuel use permit concurrently when applying for a stationary pollution source operating permit. Documents or information that are identical need not be submitted repeatedly.<br>Following the installation or modification of the stationary pollution source mentioned in the preceding paragraph, the entity shall submit documentation demonstrating compliance with relevant provisions of these Regulations to apply for and obtain an operating permit from the competent authority of the municipality or county (city), or from an agency commissioned by the central competent authority, and shall operate in accordance with the conditions specified in the issued permit. |
| Penalty Amount | NT$160,000 |

Note: The standard for disclosure of major fines is NT$100,000/RMB22,000

Although our Taiwan plants did not incur any major environmental penalties (defined by the Financial Supervisory Commission as those exceeding NT$1 million) in 2024, there were three environmental compliance issues, all of which were promptly remediated with enhanced personnel and procedural management. Despite being subject to intensified scrutiny by central and competent authorities as part of the steel and surface treatment industries, the Company experienced no pollution leakages

resulting in production stoppages or community protests, and no wastewater or waste material leakage incidents occurred at any of our plants. Moving forward, we will continue self-monitoring according to our environmental management system framework. Additionally, the Environmental Safety Management Committee will conduct periodic inspections to verify environmental regulatory compliance at all plants and strengthen on-site surveillance to ensure regulatory conformity and prevent pollution incidents.

(2) Future response measures (including improvement measures) and possible expenses:

Despite the large amount of manpower, materials and funding invested in environmental protection to comply with international benchmarks over the years, Walsin Holdings was still fined for pollution. To keep pollution under adequate control, the Company requires factories in Taiwan and overseas to step up self-regulation to avoid human errors and to implement economically feasible environmental management projects. Internal audit and environmental education & training (including regulatory identification) will also be applied to assist in reinforcing self-regulation and horizontal development at various factories. Environmental investment plans and management measures are as follows:

1. Obtained ISO-14001 certification for system management:

   In line with international environmental conventions, factories in both Taiwan (Hsinchuang plant 1, Hsinchuang plant 2, Yangmei plant, Taichung plant and Yenshui plant) and mainland China (Shanghai Walsin Lihwa Power Wire & Cable plant, Nanjing plant, Jiangyin plant, Yantai plant and Changshu plant) have all obtained "Environmental Management System" certification. In order to ensure the operational effectiveness of Walsin's environmental management system, the Company hired a professional consulting team in 2017 to instruct 10 domestic and overseas factories to transition to ISO 14001:2015. Basic operation for ISO 45001 was also introduced as a pilot program, as environmental protection and vocational safety & health management system are integrated into a universal operating model across the entire group while on-site guidance is also provided. Consistency in documentation and stability in system operation are required of these factories. Through educational training at various factories, the spirit of the management system is deeply ingrained in actual factory operation after multiple training sessions focusing on topics ranging from regulatory interpretation to actual operation. Furthermore, with a proactive attitude, we will continue to improve our overall environmental protection efforts and vocational safety & health condition. We will strive to enhance environmental performance, reduce environmental loss, improve corporate image and boost our international competitiveness. Walsin has completed the integration and version conversion of its management system at all of its factories at home and abroad in 2018, with the certificates being valid for three years. The relevant certificate documents are placed in the document management section of Walsin Lihwa website and are updated regularly.

2. Air pollution management:

   Comply with the air pollution control laws in Taiwan and in China and apply for permits for fixed (atmospheric) pollution source ranges that are progressively announced. The various plants in Taiwan and in China have obtained operating (emission of pollutants) permits for various manufacturing processes and facilities, reducing atmospheric emissions.

3. Greenhouse gas emission and campaign for reduction:

   To counter climate change and global warming, reduction in greenhouse gas emission is a necessary measure. GHGs inventories provide compliance basis for efforts to reduce greenhouse gas emission.

   Since 2015, the Company has established the "Safe Environment Information Platform--the ability to conduct GHGs inventories and to calculate carbon emission for products" to collect greenhouse gas emissions at home and abroad. Through continuous review every year and smart system management, the Company keeps optimizing its greenhouse gas emissions. Through the electronic system, we can grasp the current year's quarterly emissions and compare them with the same period last year, and further produce the trend graph for the quarterly meeting of the Environmental, Safety and Health Management Committee to review the carbon emissions regularly, so as to effectively review and manage the Company's carbon emissions. In addition, in order to improve the company-wise operation of the greenhouse gas control system, we also plan to promote the implementation of ISO 14064-1 in each plant. In 2015, our Taichung and Yenshui plants in Taiwan have obtained ISO 14064-1 certification, and the latest certificates and expiration dates are regularly posted on our CSR website every August. Hsinchuang, Yangmei, Taichung, and Yenshui Plants have also obtained the new

version of ISO 14064:2018 certification in 2021, and at the same time, we planned to promote the introduction of ISO 14064-1 in overseas plants and have executed the same and obtained a third-party certification from 2023 to 2024. Furthermore, Walsin continues to monitor developments in carbon emissions trading, the EU Carbon Border Adjustment Mechanism, Taiwan's carbon fee system, and is formulating internal carbon pricing strategies. The Company participates in mainland China's carbon trading market operations to secure future carbon allowances and ensure sustainable business development.

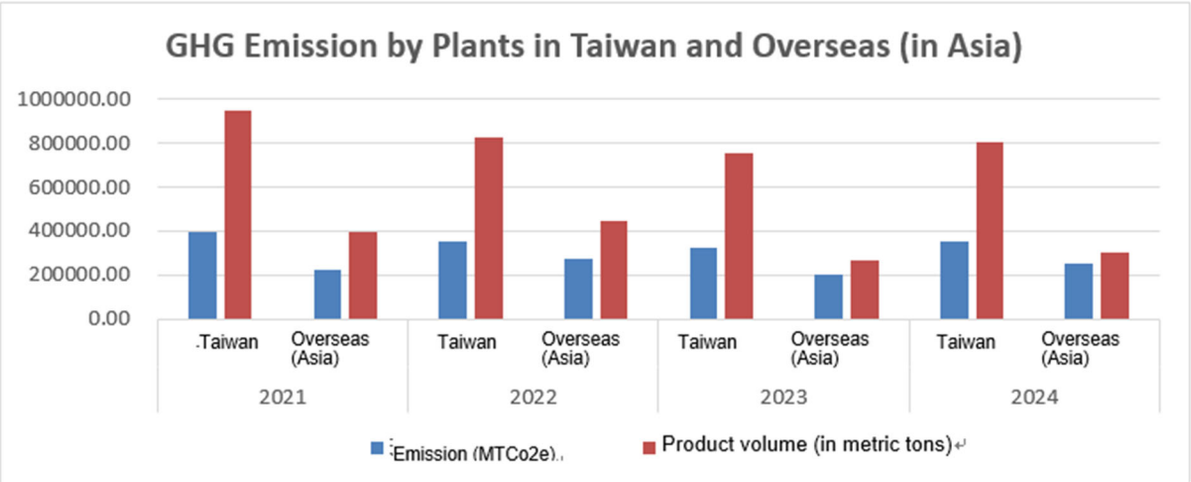
Safety and Environmental Information Platform

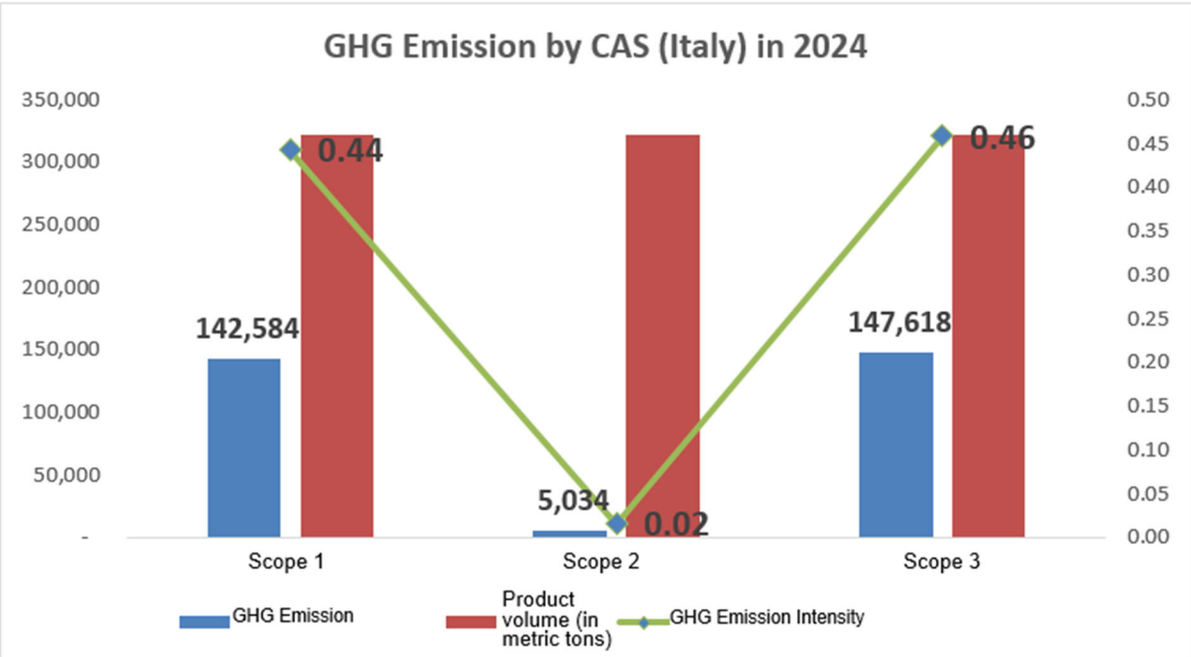
Since 2015, “Safety and Environmental Information Platform - Greenhouse Gas Inventory and Calculation Product Carbon Inventory” has been established and continuously optimized to collect the greenhouse gas emissions of each plant; the Environment, Health and Safety Committee reviews and manages the greenhouse gas emissions on a quarterly basis.

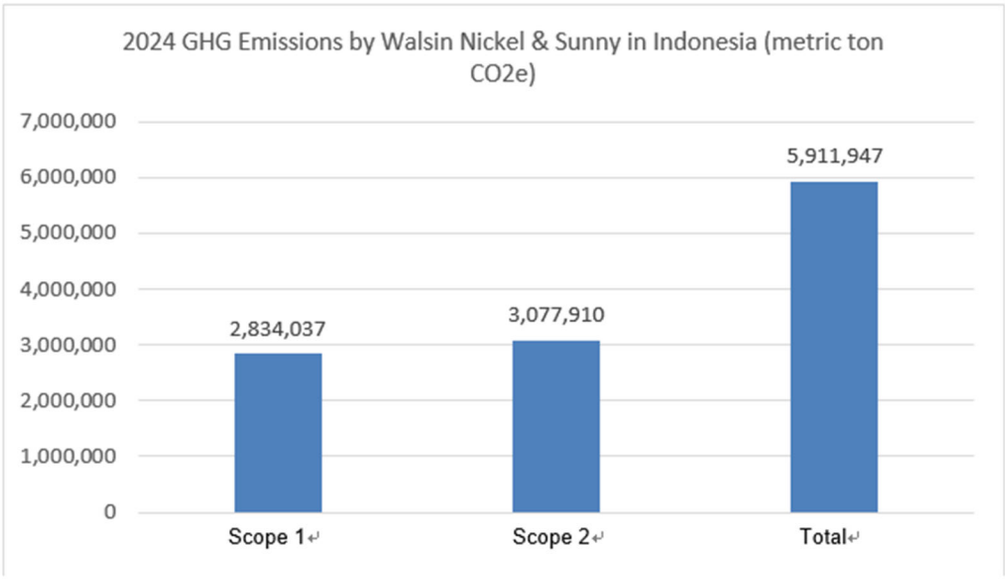
| ISO 50001(Energy Management System) | ISO 14064-1 (Greenhouse Gas Verification Standards) | ISO 14067 (International Standards for Product Carbon Footprint) |
|---|---|---|
| Since 2018, our Taiwan’s plants and China’s plants have promoted the five-year energy management plan (2022-2027) based on ISO 50001, and an annual dynamic review has been conducted based on the status of each plant.<br>The Company continues to pass its annual ISO 50001 system certification. | Since 2015, we have promoted the introduction of ISO 14064-1 in all plants, and our Taichung Plant and Yenshui Plant have passed ISO 14064-1 certification.<br>In 2020, our Hsinchuang Plant and Yangmei Plant and in 2022, overseas plants introduced the ISO 14064-1:2018 standards to conduct internal greenhouse gas emission inventory;<br>In 2024, our Indonesian plants implemented the ISO 14064-1:2018 standard, conducting internal greenhouse gas emissions inventory that received third-party verification. | In 2024, our plants in Taiwan and China completed the product carbon footprint self-inventory based on ISO 14067:2018.<br>In 2024, the Hsinchuang Plant continued to have two products pass third-party carbon footprint verification. |

| Carbon Disclosure Schedule Planning | | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
|---|---|---|---|---|---|---|---|
| Company-wide Planning & Execution | Inventory | Taiwan, Mainland China, Malaysia | Huatuo Green Resources | Indonesia WNII & Sunrise, CAS Consolidation | | | |
| | Assurance | Taiwan | Mainland China, Malaysia | Indonesia WNII & Sunny | | CAS (Consolidated) | |
| Regulatory Requirements | Disclosure | | Inventory Data (Stand-alone) | Assurance Data (Stand-alone) | Inventory Data (Consolidated) | | Assurance Data (Consolidated) |

(1) Greenhouse Gas Value Chain Inventory (GHG Scope 1-2)



(2) Greenhouse Gas Value Chain Inventory (GHG Scope 3)

Walsin Lihwa, in an effort to create a greater impact on climate change and to enhance the highest value of the product value chain, extends its carbon management plan beyond its own operational greenhouse gas emissions. Following the ISO 14064:2018 and GHG Protocol standards, and through third-party verification and disclosure, Walsin Lihwa expands its carbon management plan to include its value chain partners. This identifies the most emission-intensive activities within the value chain as a precise guide for emission reduction strategies, also uncovering more opportunities for transformation. In the action plan for 2024, we have established a low-carbon alliance and promoted a sustainable supply chain, working together with our value chain partners to create a sustainable development business model.

In our 2024 project of Scope 3 greenhouse gas inventory, we adopted materiality assessment criteria, considering factors such as emission volume, improvement potential, and quantification methods. We identified emissions from upstream raw materials of our purchased products and services, upstream emissions from fuel and energy-related activities, and disclosed a total of 12 items in Scope 3/Categories 3 to 4. Walsin Lihwa continues to collaborate with its value chain partners in developing low-carbon products through strategies such as green product design, jointly combating climate change and global warming with its value chain partners.

| | **GHG Protocol** | **ISO 14064-1:2018** | Emissions from Taiwan Plants ($MTCO_2e$) | Overseas Plants (Asia) ($MTCO_2e$) |
|---|---|---|---|---|
| Scope 3 | Category 4: Emissions from upstream transportation and distribution | Category 3: Greenhouse gas emissions from transportation | 115,679.52 | 121,420.90 |
| | Category 7: Emissions from employee commuting | | | |
| | Category 9: Emissions from downstream transportation and distribution | | | |
| | Category 3: Emissions from fuel- and energy-related activities (not covered in Scope 1 or Scope 2) | Category 4: Indirect greenhouse gas emissions from products used by the organization | 2,310,042.55 | 1,254,213.20 |
| | Category 5: Emissions from waste generated in operations | | | |

Note: 1.Scope 1 is direct energy, and Scope 2 and Scope 3 are indirect energy; the sources of greenhouse gas emissions include CO2, N2O, CH4, HFCs, and SF6

2.Taiwan: Yangmei Plant, Hsinchuang Plant, Yenshui Plant, and Taichung Plant

3.Overseas (Asia): Jiangyin Alloy, Shanghai Walsin, Yantai Walsin, Changshu Walsin, and Walsin Precision

4.Emission Unit: MTCO2e; Intensity Unit: MTCO2e/metric tons of product

5.The emission factor is based on the Environmental Protection Administration's announced greenhouse gas emission factor management table version 6.04, with the GWP (Global Warming Potential) values taken from the IPCC 6th Assessment Report (2023). The greenhouse gas compilation method is based on the operational control approach.

6.2014 is the starting year for the Company’s implementation of the energy-saving plan

7.Scope 2 emissions are calculated based on a market-based approach

4. Wastewater treatment:

The wastewater from each of Walsin Lihwa's plants has been properly treated and discharged through wastewater treatment facilities in the plant site and the wastewater quality testing has been regularly conducted to avoid the impact of wastewater discharge on the environment. Management at source is most important in water conservation. Based on water quality characteristics, the treatment procedures were designed and recycling units were installed, so the wastewater has been discharged to nearby rivers according to regulations or piped to recycling units in order to effectively use limited water resources. Each plant site has adjusted equipment and process to reduce water consumption and improve wastewater recycling system, so as to enhance the recycling ratio of the process water.

The average pollutant concentration in wastewater discharged by the factories in 2024 met the effluent criteria. The recycling ratio of Taiwan plants reached 90% and above.

Note: The above figure is sourced from Section 1.3.1 "Use of Water Resources" in our Sustainability Report.

5. Strict control of industrial waste:

The 4Rs (reduce, reuse, recycle and recovery) have constituted the foundation for Walsin's waste production and control. In 2024, for our plants in Taiwan and China, overall waste recycling rate of copper wire, wire and cable and stainless steel reached 94.43%, of which the non-hazardous waste recycling rate was 98.87%; hazardous waste was 86.81%. Except for some of the waste produced by self-recycling and reuse, the rest are entrusted to qualified manufacturers for removal, treatment or reuse. The output of waste in Taiwan and China factories decreased by 9% compared with 2024; for the Taiwan plants, the overall waste recycling rate of harmful waste increased by 1.22% compared with 2024, mainly because all the waste acid from Yenshui Plant was transported to the Taichung Plant for waste acid treatment and reuse and process improvement and adjustment, thereby reducing the dust collection ash and sludge, and the landfill rate of plants in Taiwan stood at <1% target.

Aside from continuing to promote source reduction of waste and recycling of waste in the plant, the Company will, in conjunction with the strength of the supply chains, reduce the amount of raw materials and reduce the harm that production may bring to the environment. The Company has established strict control and auditing mechanisms for waste flow and screening of qualified vendors to ensure that waste flows are proper and legal.

Goals for Waste Management

Unit: Metric ton/1000 metric tons of product

| | 2024 (Act.) | 2025 Goal | 2030 Goal |
|---|---|---|---|
| Non-Hazardous Waste Landfill Rate | 0.19 | 0.5 | Adopting BACT |
| Hazardous Waste Landfill Rate | 0.07 | 0.2 | |

Waste output and disposal by Taiwan and overseas plants in 2024 (Unit: Tonne):

| Region | Taiwan | | | Overseas (China and Malaysia) | | | Overseas (Europe) | | |
|---|---|---|---|---|---|---|---|---|---|
| Disposal | Non-hazardous | Hazardous | Total | Non-hazardous | Hazardous | Total | Non-hazardous | Hazardous | Total |
| Recycling (for reuse) | 64,636.61 | 56,355.73 | 120,992.33 | 76,882.19 | 16,044.62 | 92,926.81 | 25,997.00 | 4,668.00 | 30,665.00 |
| Incineration | 755.17 | 7.24 | 762.41 | 477.34 | 4,348.01 | 4,825.35 | 195.00 | 138.41 | 333.41 |
| Burial | 37.37 | 124.61 | 161.98 | 268.65 | 6,380.52 | 6,649.17 | 56,850.00 | 140.00 | 56,990.00 |
| Other treatment | 81.11 | - | 81.11 | 1.60 | 141.16 | 142.76 | 293.00 | 7,277.00 | 7,570.00 |
| **Total** | 65,510.26 | 56,487.58 | 121,997.83 | 77,629.78 | 26,914.31 | 104,544.09 | 83,335.00 | 12,223.41 | 95,558.41 |
| Recycling rate | 98.67% | 99.77% | 99.18% | 99.04% | 59.61% | 88.89% | 31.20% | 38.19% | 32.09% |
| Incineration rate | 1.15% | 0.01% | 0.62% | 0.61% | 16.16% | 4.62% | 0.23% | 1.13% | 0.35% |
| Burial rate | 0.06% | 0.22% | 0.13% | 0.35% | 23.71% | 6.36% | 68.22% | 1.15% | 59.64% |
| Other treatment | 0.12% | 0.00% | 0.07% | 0.00% | 0.52% | 0.14% | 0.35% | 59.53% | 7.92% |

Note: 1. Except for the hazardous waste from dust collection by Yenshui Plant, which was recycled in the plant, and the waste acid from Taichung Plant, which was disposed of and recycled in the plant (34190.95 metric tons in total), all hazardous and non-hazardous waste generated by our plants in Taiwan and Asia was disposed of outside of the plants.

2. The total amount of non-hazardous waste recycled in the European plants was 7,713 metric tons, while the remaining hazardous and non-hazardous waste was disposed of outside of the plants.

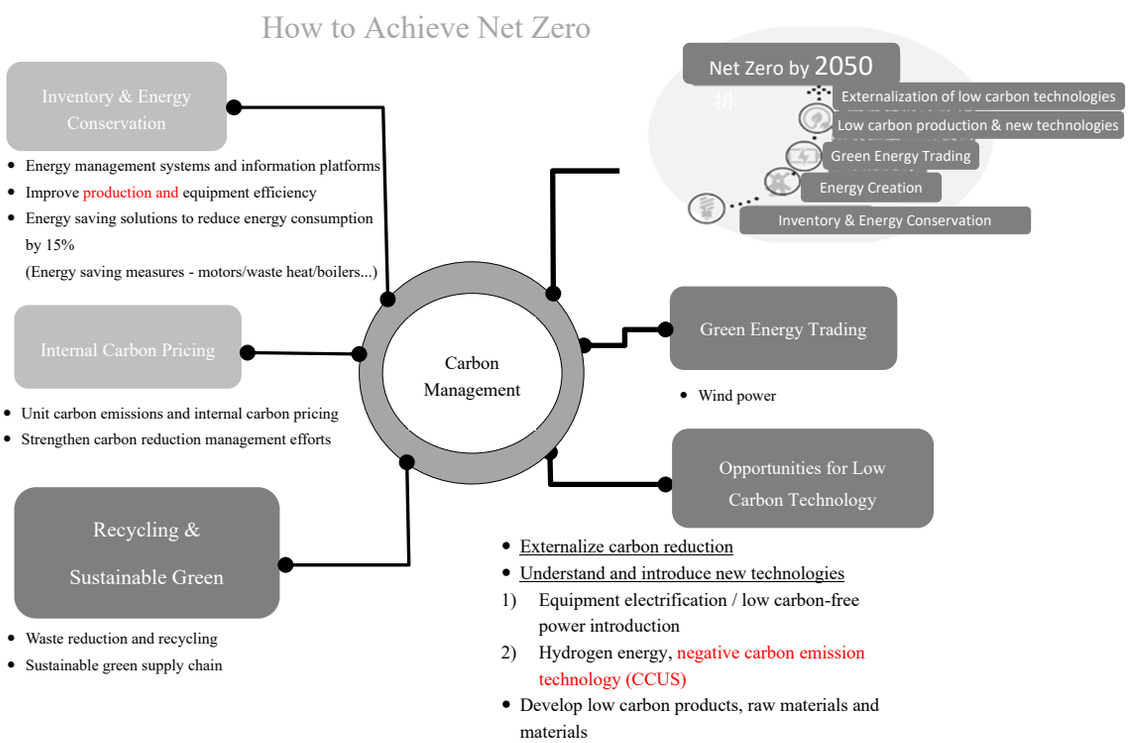
6. Improving energy use efficiency:

Walsin Lihwa upholds the business philosophy of "Green Manufacturing, Happy Enterprise and Sustainable Management". In addition to committing to quality management, pollution prevention, environmental protection, safety and health, our company adopts "Enhancing energy efficiency and promoting clean energy" as its energy management guidelines to fulfill its social responsibility in energy conservation and carbon reduction. We aggressively incorporate energy-saving equipment, efficient technologies, environment-friendly facilities and environmental protection designs and green process into promoting improvement of energy efficiency at source. In response to the governments' energy policies and measures, we educate our employees

about energy conservation and inventory the energy consumed by equipment and facilities to seek opportunities for improving our energy performance and to also effectively implement our energy saving plans.

7. Energy conservation and carbon reduction:

- 2015: Established energy conservation and carbon reduction management organizations across all plants, setting annual targets and implementing various energy conservation and carbon reduction measures. Regular meetings were conducted to review progress, and an energy management information platform was established for real-time management.
- 2021: Planned and installed 5.5 MWp of renewable energy (solar) for self-generation and consumption. The installation was fully completed in 2024, with grid-connected power generation reaching 6,232,988 kWh.
- 2022: The Environmental, Health and Safety Committee adjusted the five-year energy management plan on a rolling basis, establishing annual targets of 1% electricity savings and 1.5% carbon reduction.
- 2024: All four plants in Taiwan met the Bureau of Energy, Ministry of Economic Affairs' annual electricity saving rate requirement of 1%, achieving an average electricity saving rate of 1.86%. Taiwan and overseas plants (Asia) jointly proposed 105 carbon reduction initiatives, resulting in a total electricity saving rate of 3.14% and a total carbon reduction of 18,886 MTCo2e per year.



Carbon Reduction Results from 2015 to 2024 (Unit: MTCO2e)

2024 Energy Saving Plans

| Plant | Project Type | Energy-Saving Type | Project Quantity | Energy Savings | Energy Consumption Reduced (in MJ) | Carbon Reduction ($MTCO_2e$) | Carbon Reduction Amount |
|---|---|---|---|---|---|---|---|
| Taiwan | Energy saving in manufacturing processes/offices | Electricity (kWh) | 68 | 7,602 | 27,372,391 | 3,781 | **NTD37,915,776** |
| | | Natural gas (in thousand cubic meters) | 11 | 774 | 29,151,166 | 1,774 | |
| | | Others (in metric tons) | 2 | 10 | - | 205 | |
| Subtotal | | | 81 | - | 56,523,558 | 5,760 | |
| Overseas (China & Malaysia) | Energy saving in manufacturing processes | Electricity (kWh) | 19 | 12,063 | 43,435,952 | 7,635 | **RMB 19,589,685 (around NT$88,401,588) MYR 46,719 (around NT$315,593)** |
| | | Natural gas (in thousand cubic meters) | 4 | 2,494 | 93,931,235 | 1,309 | |
| | | Vapor (in cubic meters) | 1 | 578 | 1,592,913 | 136 | |
| Subtotal | | | 24 | - | 51,967,338 | 13,126 | |
| Total: **NT$126,632,957** | | | | | | | |

8. 2024 Environmental Investments

Walsin actively introduces advanced recycling equipment and combines various management systems and methods to minimize the adverse impact of production activities on the environment, including reducing emissions and improving recycling rates, introducing a complete environmental monitoring system to inventory potential polluted areas, and taking preventive and improvement measures in advance. We spent a total of NT$680,836,624 on environmental protection equipment and expenses in 2024.

2024 Environmental Investments by Walsin

| Category of Environmental Protection Costs | Taiwan | | China | | Malaysia | |
|---|---|---|---|---|---|---|
| | Amount | % | Amount | % | Amount | % |
| Environmental Protection Equipment Costs | 56,569,000 | 14% | 130,036,811 | 46% | 0 | 0% |
| Environmental Protection-Related Management Costs | 331,838,373 | 83% | 118,727,128 | 42% | 140,794 | 44% |
| Other Environmental Protection-Related Costs | 11,844,150 | 3% | 31,502,516 | 11% | 177,852 | 56% |
| Subtotal | 400,251,523 | 100% | 280,266,455 | 100% | 318,646 | 100% |
| Total | 680,836,624 | | | | | |

Note: The figures above are sourced from our Sustainability Report 1.2.1 "Environmental and Energy Management Policy"

## 5. Employees-employer relations

### (1) Worker-Management Relations and Welfare

The pursuit of excellence, innovation and learning and friendly environment form the basis of sustainable development at Walsin Lihwa. Its respect and attention to "people" is reflected in its human resources management systems and various worker-management relations mechanisms, which are described as follows:

1. Smooth worker-management communication channels

(1) In 1976 the Company established an industry union to advocate suitable policies and the voice and proposals of workers are communicated using an employer and employee dual-channel communication method.

(2) The union's negotiation meetings between employer and employee representatives are held each quarter. Union representative conferences are held every year to establish a good bridge of communication between

employers and employees. Walsin has not entered into a group agreement with the industry union. Although the Company has established a union, the Company has not yet entered into a group agreement with it because the union has not requested a group agreement from the Company to date.

(3) The Company publishes the "Walsin People Digital Newsletter" to share information on critical business operations and management. The company has also established an international communication platform to hold online events and opinion surveys.

2. The Company's remuneration policy is planned on the principle of being able to attract and retain talent:

(1) Salary: The Company ensures that its overall remuneration is competitive in the market by referencing market salary surveys and the compensation information among its peers. The Company's remuneration policy considers the following principles:

- A reasonable and competitive overall remuneration based on the market value of each professional function and the employee's contribution to their responsibilities.
- Bonus payments are made in accordance with the Company's operational performance, the achievement of team objectives and the employee's personal contribution and performance.
- Employees are paid and compensated on the basis of their academic experience, technical expertise, professional seniority and personal performance, without discrimination based on gender, race, religion, political affiliation, marital status or union affiliation.
- The starting salary standards for fresh graduates and foreign workers comply with local laws and regulations.
- We create harmonious labor relations within the scope of the law, in accordance with the relevant local laws and regulations.

(2) Bonuses and Rewards: The reward and compensation system offered by the Company is mainly designed to motivate employees who perform well in their work. Performance bonuses and production bonuses are granted based on the Company's operational performance, achievement of team goals and individual performance, and employees are remunerated according to the Company's profitability.

3. We also provide a diverse welfare system that includes the following:

| Insurance & Protection | Subsidies | Other Benefits |
|---|---|---|
| •Labor insurance<br>•Health insurance<br>•Group insurance (life insurance, accidental injury insurance, hospitalization insurance, cancer insurance, etc.)<br>•Overseas Travel and Expatriate Insurance<br>•Regular health checks for all staff<br>•Monthly pension payment<br>•Severance payments, pensions | •Travel Subsidies<br>•Subsidies for club activities<br>•Wedding and Funeral Grant<br>•Maternity benefit<br>•Supervisor's Health Benefits<br>•Hospitalization condolences<br>•Scholarship for Staff and Children<br>•Various interest-free loans (emergency loans, education loans for employees' children, home purchase loans) | •Birthday Gift Vouchers<br>•3 Festival Gift Money (Voucher)<br>•Labor's Day Souvenirs<br>•Staff dorms (for some factories)<br>•Commuter Bus (Factories)<br>•Provide annual leave of absence on a pro rata basis upon onboarding, which is better than what is provided by law<br>•Organize lectures about health, life, soul, financial management, and travel for colleagues<br>•Discount for employees by signing contracts with vendors<br>• Gold medal for senior staff<br>• Massage and relief services |

4. Under the "Walsin Lihwa Employee Learning and Development System," each employee is incorporated into the Company's operating strategies, policies and target objectives based on his/her capabilities, job performance and career development. This enables employees, job performance and the organization to be fully integrated and to achieve synergies in employee learning and development. The content of the system includes the following:

(1) Professional talent training in all levels

(2) Management talent training

(3) New employee orientation

(4) Employee general education courses

(5) Self-motivation course

(6) Quality and safety awareness course

In 2024, the Company spent a total of NT$49,000,000 on employee education and training. Details are as follows:

| Total training participation | Total training hours | Average training hours per employee |
|---|---|---|
| 76,099 | 274,227 | 24 |

Training statistics above include data from Taiwan and the subsidiaries in China.

5. Retirement system:

To provide job security to employees, the Company has established a retirement system pursuant to regulatory requirements with specific measures as follow:

(1) Established a "Pension Oversight Committee" in 1986, whereby workers' pension funds (which account for 2 % of the total salary payments to all old pension scheme employees) are deposited monthly into a pension account at the Bank of Taiwan.

(2) The Company has commissioned external consultants to prepare a pension fund actuarial report annually since 1994 and set aside a pension reserve fund each month based on the actuarial report in order to satisfy pension applications made by employees eligible for retirement. In 2024, NT$5,843,000 was set aside for the pension reserve fund.

(3) In line with the implementation of the new pension system in 2005, the company has continued the issuance of the pension fund to retired employees who have elected to receive the pension under the old system. As for employees adopting the new system, 6% of their salary will be monthly withdrawn as retirement pension and deposited into each employee's personal account at Labor Insurance Bureau. Employees may voluntarily contribute within the 6% to satisfy personal demand in retirement preparation based on personal needs. For the year ended December 31, 2024, the amount of NT$325,361,000 that should have been appropriated according to the percentage specified in the defined benefit plan was recognized in the consolidated statement of income of the Company.

(4) According to the revisions of the Labor Standards Act in 2015, the Company assesses the balance in the designated labor pension reserve funds account, calculate required labor pension funds for the laborers who meet the legal retire criteria in the follow following year and make up the difference before the end of March the following year. As of the end of 2024, it was estimated that the balance in the labor pension reserve fund account is sufficient to cover the retirement payments for employees expected to meet the legal retirement conditions in 2025.

(5) In addition to compliance with the aforementioned retirement regulations and in recognition of the contributions made by retired employees, the company also issues commemorative medals and awards to retired employees. Meanwhile, the Employee Welfare Committee as well as the industry union has also issued retirement souvenirs to fully reflect the company's gratitude towards retired employees.

(6) For employees in China, the subsidiaries enroll their employees in pension plans as required by law and make monthly contributions to the pension plans according to the local regulations in order to provide adequate retirement protection for the employees.

6. Employee Code of Conduct:

To ensure that employees comply with obligations to the Company, customers, competitors and suppliers during business operations, the Company has established an Employee Code of Conduct in order to regulate employee behavior. The highlights of this Code are as follows:

(1) Obligation to the Company: All Company employees must be dedicated, studious, conform to all rules of the Company and ensure confidentiality.

(2) Obligation to customers: When conducting business dealings in representation of this Company, the employee's attitude must be humble and without any arrogance or pride lest damaging the Company's image.

(3) Obligation to competitors: The Company's employees should gather competitor information to serve as a reference for Company strategy in a legal and open manner.

(4) Obligation to suppliers: Negotiations and transactions with suppliers by employees must uphold the principles of fairness, reasonableness and reciprocity in order to achieve a win-win result.

7. As a guide for employees to follow ethical standards and corporate governance, the Company has established additionally an Employee Code of Ethical Conduct. The highlights of this Code are as follows:

(1) Prevention of conflicts of interests

(2) Prevention of opportunities to obtain personal gains

(3) Duty of confidentiality

(4) Fair trade

(5) Protection and appropriate use of Company assets

(6) Legal compliance

(7) Prohibition of gifts, bribes or any improper benefits

(8) Prohibition of external communication of information against the Company

(9) Equal employment opportunity and prohibition of discrimination

(10) Health and safety in workplace

(11) Correctly prepared documents and duty to maintain records

(12) Respect for intellectual property

8. Atypical Labor Rights Protection:

The Company categorizes the employment of atypical labor into two main types: labor dispatch and labor outsourcing. The management of human rights for atypical labor is conducted in accordance with the Company's internal employment management rules and the systems of labor dispatch and labor outsourcing. In addition to overall benefits, such laborers are entitled to the same employment conditions as formal employees of Walsin, and they also enjoy basic protections such as labor and national healthcare insurance.

Prior to collaborating with labor dispatch or labor outsourcing vendors, the Company first understands their compliance with labor laws, which serves as the basis for evaluating whether to cooperate. Furthermore, given that the Company's contracts are signed on an annual basis, before each annual contract renewal, the Company voluntarily conducts inquiries, audits, or other necessary actions regarding the legality of the labor conditions of dispatched or outsourced laborers, to ensure that cooperating vendors continuously comply with relevant regulations.

## (2) Protective measures taken to ensure a safe working environment and maintain employees' personal safety

Walsin Lihwa's ESH and energy policy is "Green Manufacturing, Happy Enterprise and Sustainable Management".

The health and safety system and administrative measures are as follows:

1. To enhance occupational safety and health management (including fire safety management) and fully implement the Occupational Safety and Health Management System (ISO 45001), the application covers all plants in Taiwan (Hsinchuang, Yangmei, Taichung, Yenshui), mainland China plants (Shanghai Walsin, Jiangyin Alloy, Changshu Walsin, Yantai Walsin), Indonesian plants (PT. Walsin Nickel Industrial Indonesia and PT. Sunny Metal Industry), and CSA, encompassing all workers (employees, contractors, and visitors). The overall coverage rate is 83.97% for employees and 98.86% for non-employees (contractors), excluding Taipei headquarters, PT. Walhsu Metal Industry, Nanjing Walsin (Real Estate), and Walsin Precision in Malaysia, which have not yet passed certification. The Company continues to use the PDCA cycle for dynamic review and improvement, management methods for prevention of recurrence, and internal audits and exercise, and to set and track annual occupational safety and health performance indicators, in a view to enhancing workplace safety for colleagues and establishing a comprehensive and friendly workplace. In terms of safety and health performance indicators, this includes proactive indicators such as key system promotion, support from senior management at each plant, and disclosure of management systems; reactive indicators such as work-related accidents and penalties from competent authorities; and indicators such as the frequency and items of general (special) health examinations. In fire safety performance management, each plant is fully staffed with fire management personnel (firefighters/security supervisors/fire equipment area autonomous management personnel), implements fire equipment maintenance management, and regularly conducts full-staff fire escape drills and fire self-defense organization drills.
2. Designated health and safety and environmental management units or staff

Each of Walsin Lihwa's domestic and overseas plants also has its own Occupational Safety and Health Committee (in Taiwan)/Safety Production Committee (in China). Those committees include certain labor representatives to participate in and discuss matters relating to occupational safety and health. The number of labor representatives in the safety and health committees set up in Taiwan factories in accordance with the law are in line with the regulatory requirements. These committees hold meetings every quarter. In addition to the passing down of practical experience and the dissemination of ethical principles in occupational safety, we provide a platform for the exclusive Environmental Safety and Health Committee meeting minutes system and an electronic signature system for quarterly meeting results, and send internal newsletters through the intranet with work-safety-related emails to share our experiences.

| Plants | Total General Members | General Members | Labor Representatives | Meetings Times | Labor Percentage |
|---|---|---|---|---|---|
| Taiwan | 102 | 68 | 34 | 28 | 33.33% |
| China | 45 | 41 | 4 | 16 | 8.89% |
| Malaysia | 20 | 10 | 10 | 4 | 50% |
| Indonesia | 24 | 16 | 8 | 16 | 33.33% |
| Italy | 68 | 41 | 27 | 53 | 39.71% |

Note 1: All plants in Taiwan have established Occupational Safety and Health Committees (abbreviated as OSH Committees) in accordance with the law, with the number of labor representatives meeting regulatory requirements. Plants in Mainland China, Malaysia, and Indonesia maintain Safety Production Committees.

Note 2: (1) Percentage = Number of labor representatives/Total committee members × 100%.
(2) Taiwan regulations stipulate that labor representatives must constitute at least 1/3 of committee membership; overseas plants have no such requirement.

3. Safe Workplace and Friendly Management

In 2024, there were 109 employee work-related injuries (including 1 fatal injury at PT. Walsin Nickel Industrial Indonesia, but excluding 160 minor injuries). The recordable injury rate was 1.02% (number of work injuries as a proportion of total employees). The overall accident frequency was higher than in 2023. Analysis showed that frontline technical operators still had the highest occurrence rate (85%) (This analysis excludes CAS). The primary injury types were entanglement injuries (20%), followed by cuts (15%) and impact injuries (15%). For non-employees, there were 13 work-related injuries (including 2 fatal injuries, but excluding 13 minor injuries). The primary injury types were impact injuries (31%), followed by falls (23%). All related accident risks and deficiencies have been promptly addressed through hardware protection and management measures. In 2024, there were no incidents of fire or chemical leakage across all subsidiaries of the Company.

The goal of occupational safety management is to deeply instill safety awareness and knowledge in every worker, forming what is known as a "safety culture." This year, Walsin analyzed workplace accident cases from the past five years (Taiwan and Mainland China regions, 198 cases in total) to facilitate departmental proposal systems and self-management activities (team meetings). This initiative encouraged colleagues to improve workplace hardware and operational procedures. The on-site Safe Job Procedure (SJP) involved operational personnel and team members jointly reviewing existing regulations (126 SOPs), followed by discussions to align with and revise SJP and risk assessments for collective compliance. This approach ensures every worker can participate in work safety discussions and guarantees that employees can understand, remember, and follow the procedures. Although overall injuries increased this year, this project has contributed to a downward trend in the second half of the year.

Note 1: Minor injury: refers to the non-temporarily incapacitated state: unable to work on the day of injury, but can resume normal operation the next day.

4. Training on occupational safety and health for workers

In addition to legally mandated training, necessary training is conducted based on departmental operations, on-site job types, and the annual safety training plan requirements of the business unit. Regular training plans are also established for environmental and safety responsibilities, fire escape drills, special operation personnel, and emergency response drills, along with a comprehensive environmental and safety certification system in place to keep track of the certification trends and needs of each site.

| Occupational Safety and Health Educational Training | New Recruit Training | In-Service Personnel Training (internal training) | | In-Service Personnel Training (external training, including for license acquisition) | | Pre-Site Training for Contractors | |
|---|---|---|---|---|---|---|---|
| **Plants** | **Number of Persons** | **Number of Times** | **Number of Persons** | **Number of Times** | **Number of Persons** | **Number of Times** | **Number of Persons** |
| Plants in Taiwan | 487 | 10,238 | 473 | 438 | 188 | 530 | 137 |
| Plants in China | 272 | 15,095 | 120 | 441 | 87 | 1,917 | 384 |
| Plants in Malaysia | 41 | 150 | 16 | 5 | 5 | 0 | 0 |
| Plants in Indonesia | 894 | 4,403 | 2,246 | 117 | 594 | 456 | 482 |
| Plants in Italy | 492 | 8,556 | 935 | 886 | 135 | 559 | 160 |
| **Subtotal** | 2,186 | 38,442 | 3,790 | 1,887 | 1,009 | 3,462 | 1,163 |

5. Optimization of Contractor Management

All Walsin factories in Taiwan and China implemented the "Walsin Lihwa Contractor Management Principles," with all contractors required to sign the "Environmental, Safety, and Health Commitment" and comply with the "Contractor Instructions" (coverage rate of 100%). Regular kickoff meetings and contractor agreement meetings are held, and contractors must undergo relevant contractor training before they can qualify for entry to the site (or the plant). We manage site contractors' entry/exit information through "Contractor Management System." In 2024, there was a cumulative number of contractor entries at 7,822 (calculated by the number of control cards). All plants continue to implement the "Walsin Lihwa Contractor Safety and Health Management Blue Book," "Standardization of Contractor Safety and Health Management Regulations," "Contractor Insurance Standards," and access control, issuing a total of 704 notices for improvement and 131 penalty tickets for violations. In 2024, there were 2 fatal contractor injuries (1 at Yantai plant and 1 at Yenshui plant), 11 contractor injuries (at CAS), 13 minor injuries (5 at Yantai plant, 2 at Yenshui plant, and 6 at CAS), and 3 near-miss incidents (at CAS), with the related deficiencies immediately rectified, and the focus issues have been promoted. No contractor fires occurred in any work environments at Walsin plants in 2024.

6. Compliance with Occupational Safety and Health Regulations

In 2024, there were a total of five significant penalties (with each fine exceeding NT$700,000) for violations of the Occupational Safety and Health Act in the Taiwan Plants. In the Mainland China, Southeast Asia, and Europe Plants, there were no violations with fines exceeding NT$100,000. In response to the relevant violations, we will continue to review each accident and penalty event, as well as high-risk hazardous operations and equipment, high-frequency near miss events by focusing on hidden dangers based on projects, and we will,

through information systems, gradually help improve personnel safety awareness, with real-time control of machinery and equipment, (raw) materials and chemicals control, and gradual construction of a regulatory cloud information system, to optimize our occupation, safety, and health management system.

In 2024, the Company did not have any fire, explosion, or chemical leakage. Note: The standard for disclosure of major fines is NT$100,000/RMB22,000.

7. Establish friendly, safe and healthy workplace through health promotion

(1) **Occupational Safety and Health Activity Highlights**

Employees are the most precious assets of a company, and Walsin Lihwa designs feasible employee health promotion plans every year. The Company conducts health inspections and analysis of results based on risk management, as well as on hazardous operations and special groups of hazardous operations (such as noise, free radiation, dust, high temperature, lead, manganese, nickel, and hexane operations) in the plants, and establishes health protection plans for hazardous operations, to ensure that employees have a good working environment and avoid occupational diseases.

In 2024, through health promotion seminars and activities, efforts were made to enhance employees' health awareness and guide them in changing health behaviors and habits, while acquiring correct health knowledge. In 2024, a total of 151 related health education seminars were conducted, with a cumulative participation of 5,562 individuals. Additionally, 12 female employees received maternal labor health protection.

(2) **Results of Health Promotion Activities**

| Health Promotion | Number of Times | Number of Attendees |
|---|---|---|
| Health Promotion - Dynamic Activities | 31 | 1,292 |
| Health Issues - Static Lectures | 59 | 1,101 |
| Safety First Aid Education and Training | 52 | 2,614 |
| Blood donation for charity | 9 | 555 (936 bags of blood donated) |

(3) **2024 Promotion of Healthy Workplaces**

The Hsinchuang Plant was awarded the 2024 Health Workplace Certification - Health Promotion Mark.

The Taichung Plant received the 2024 Outstanding Health Workplace - Health Management Award from the Health Promotion Administration.

The Yenshui Plant was awarded the 2024 Sports Enterprise Certification by the Sports Administration of the Ministry of Education.

(4) **Specific Measures and Implementation Results for Chronic Disease Prevention (Obesity, Hypertension, Hyperglycemia, and Hyperlipidemia) in 2024**

The Company has implemented the following specific measures to prevent obesity and hypertension, hyperglycemia, and hyperlipidemia among employees: The Company arranges regular health examinations for all employees, achieving a 100% examination rate. For individuals with elevated BMI, abnormal blood pressure, blood sugar, or blood lipids, individual health management files are established. These employees receive one-on-one physician consultations and, when necessary, are referred to professional medical institutions for further treatment. Additionally, the Company invites professional nutritionists to provide health education seminars on healthy eating and organizes activities such as smoking cessation programs, fat and weight reduction initiatives, walking competitions, and core strength building programs.

Through these preventive measures, the overall percentage of employees with blood sugar abnormalities decreased from 24.1% to 19.8%, and the percentage of cholesterol abnormalities decreased by 1.5%. The average satisfaction rate for participation in health promotion activities exceeded 92.5%.

(3) From the most recent year to the date of publication of this Annual Report, any labor-management disputes and resulting losses suffered by the Company and its countermeasures: None.

## 6. Information Security Management

(1) Describe the risk management framework for information and communications security, information and communications security policies, specific management plans, and resources devoted to information and communications security management.

Walsin Lihwa's dedicated information security team is committed to strengthening the overall information security protection capability of the enterprise, to enhance the enterprise's information security rating, meet customers' information security requirements, and fulfill the commitment to information security goals for customers, shareholders, and all stakeholders. Walsin Lihwa has strengthened its information security year after year from four aspects: IT governance, personnel/device protection, network/system control, and perimeter defense.

In response to the increasingly severe cybersecurity threats, Walsin has implemented high-standard cybersecurity defense in depth based on the NIST CSF and CISA ZTA frameworks. This approach effectively identifies the information security risks faced by the enterprise and promptly applies effective control measures to reduce information security risks.

We have enhanced the management of high-privilege accounts, host security monitoring and security testing, application security enhancement, external service vulnerability improvement, network security segmentation, introduction of information security monitoring mechanisms (SOC), strengthening cloud information security management, and enhancing colleagues' awareness of information security. Walsin will continue to optimize cybersecurity protection by introducing an integrated cloud and on-premises security management framework, gradually transitioning information systems and backup mechanisms to the cloud. This will enhance operational efficiency and the level of cybersecurity, supporting the realization of the "net-zero carbon emissions" goal.

**1. Risk management framework for information and communications security**

To build a "digitally sustainable" information system architecture and promote the corporate goal of "digital transformation," Walsin Lihwa has promoted an information security strategy plan centered on "strengthening information security resilience" by establishing an overall information security protection platform, perfecting information security technical protection measures, demonstrating proactive defense capabilities, and laying the foundation for digital sustainability, in line with the government's policy goal of "information security equals national security."

Walsin has established its information security risk management framework with a dedicated information security organization, senior executive participation, and alignment with international information security standards, specifying relevant information security policies and regulations to implement information security management.

- **Dedicated Information Security Organization**: In response to the corporate transformation and enhancement of information security management, Walsin Lihwa has established a dedicated information security organization - "Information Security and System Operation &Management Division" and, in 2022, appointed a Chief Information Security Officer (CISO), an information security manager, and two or more dedicated information security personnel. The division is responsible for formulating information security policies, planning, coordinating and implementing information security protection measures, performing information security risk assessment and management, developing a complete information security plan, and promoting information security management and solutions year by year.
- **Participation of Senor Executives**: The Company has established the IT Steering Committee, which is the information security management and decision-making body for the head office and business units, and is responsible for reviewing and deciding on matters related to information security management. There are also several members on the Board of Directors with backgrounds in information security in the Audit Committee to supervise and review the promotion of information security policies.
- **Implementation of Information Security Management:** In 2022, Walsin Lihwa implemented ISO 27001 Information Security Management System (ISMS) and obtained certification from a third-party certification body to fully manage its information security through PDCA. In 2024, Walsin successfully obtained the new ISO 27001:2022 certification, further strengthening the security protection of threat intelligence, configuration management, and cloud services. We have built up the confidentiality, integrity, and availability of information security management system of our organizations comprehensively, and strengthened our information security management continuously through different management plans in such aspects as prevention beforehand, monitoring during the event, and response after the event.

**2. Information Security Policies and Goals**

The goal of information security at Walsin is to maintain the confidentiality, integrity and availability of sensitive information, such as customer data and business information. Therefore, all of our employees, internal and external information service users and third-party outsourced service providers should work together to follow and achieve the following policies and objectives:

- To protect the Company's confidential information from being accessed, altered, or damaged in an unauthorized way or improperly disclosed, in accordance with various laws and regulations.
- To protect information on the Company's business activities from unauthorized access or disclosure, and to ensure the accuracy of all business information.
- To establish a complete business continuity plan and information security incident management procedures, to ensure that incidents are responded to, controlled and handled properly, and by conducting regular drills, to ensure the continuous operation of information systems or services.
- To handle and protect personal information and intellectual property rights in a prudent manner in accordance with the relevant domestic and foreign regulations in respect of the Personal Information Protection Act and the intellectual property law.
- To perform regular information security compliance audits to review the implementation of the information security management system.
- All employees shall maintain a high level of information security awareness at all times, and supervisors at all levels shall assume ultimate responsibility for information security supervision, management and

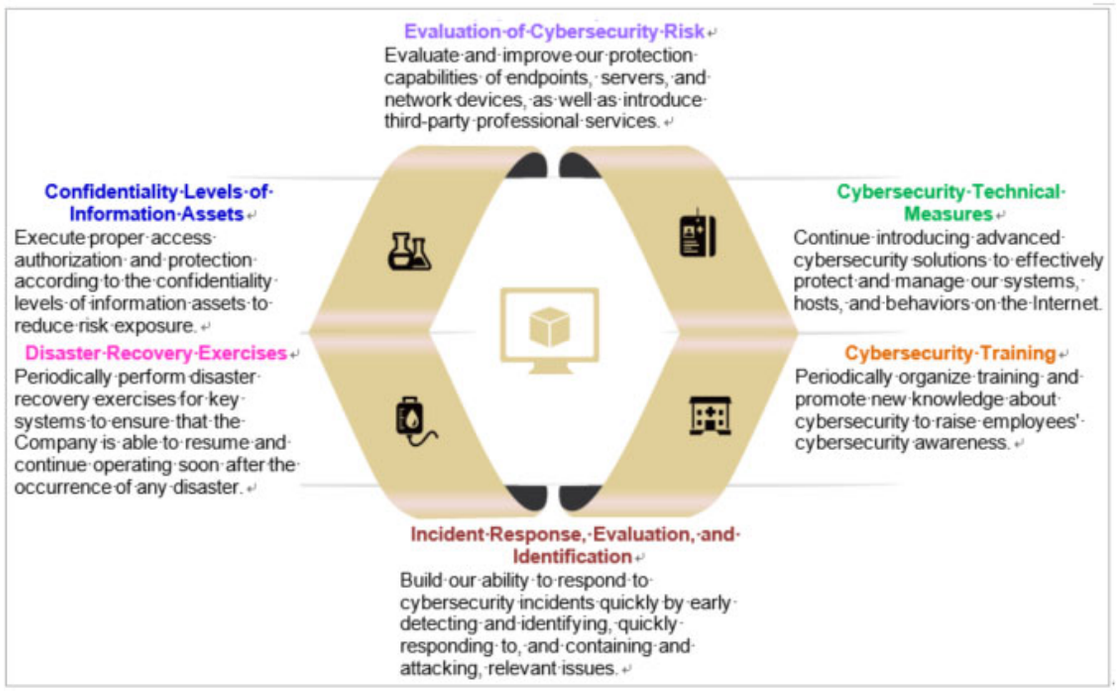
training, to achieve the goal of reducing the risk of information use through various activities, such as management review, risk assessment, internal audit, education and training, and information security drills.

- All staff of the Company shall follow information security policies, management practices and standard procedures, and violations of information security policies and related regulations shall be handled in accordance with relevant laws and regulations or the Company's regulations.

**3. Construction of the resilience of corporate information security and implementation of information security management**

- We have drafted information security plan to promote information security policy year by year, to introduce information security system and process specification, and to continuously establish complete information security technical protection measures.
- The specific management plan will be gradually achieved in five stages, "Internal and External Segregation", "Physical Fitness", "Insight", "Smart Security", and "Behavior Analysis", with four components, "IT Governance", "Data and Device Protection", "Network and System Control", and "Boundary Defense".
- The specific management plans:
  1. Planning and establishing data protection mechanisms to reduce risk of leaking confidential information.
  2. Continuously introducing advanced information security solutions to effectively protect and manage system, host and network behavior.
  3. Strengthening external information service protection to enhance the ability to block hacker attacks.
  4. Regularly organizing educational training to promote new information security knowledge and to raise employees' awareness of information security.
  5. Regularly conducting disaster preparedness drills for important systems, so that in the event of a disaster, operations may be quickly resumed to ensure the company's operational sustainability.
  6. Improving the protection capability of endpoints, servers and network devices by introducing Endpoint Detection and Response (EDR).
  7. Introduction of information security monitoring mechanisms (SOC) to establish effective real-time incident handling and response capabilities.
  8. Walsin Lihwa introduced the ISO 27001 Information Security Management System (ISMS) in 2022 and obtained certification from a third-party verification institution, thereby implementing information security management with PDCA. We have comprehensively built the confidentiality, integrity, and availability of the organization's information security management system, and according to different management planning in the aspects of prevention, monitoring, and response, in order to assist the enterprise in continuously strengthening information security management.
  9. Strengthening cloud information security management and achieving ESG digital sustainability purposes through ZeroTrust.

10. Introducing AI automation technology to assist in cybersecurity detection and protection.




**4. Investment in cyber security management resources**

- The corresponding information security management issues and the resources to be invested are summarized as follows:

1. Major issue: "Information Security Management" was included as one of the "Major Issues" in the Company's sustainability report for 2024.
2. Dedicated organization: A dedicated information security organization, "Information Security and System Operation & Maintenance Division," was established and a Chief Information Security Officer (CISO), an information security manager, and two or more dedicated information security personnel were appointed, responsible for drafting and amending information security policies, as well as planning, coordinating, and executing information security protection measures.
3. Management review: The IT Steering Committee holds at least one management review meeting annually to audit the information security policy and its implementation and execution, in order to ensure the effectiveness and appropriateness of the standardized information security policy in compliance with relevant laws and the requirements of competent authorities.
4. Information security certification: We pass the ISO27001 Information Security Management System (ISMS) certification annually, while there are no significant deficiencies in our related information security audits.
5. Stakeholder issues: In 2024, no major cyber security incidents or confidential information leakage occurred, nor did any other event cause losses to the Company and its customers.
6. Advocacy and training: The Company continues promoting a month-long information security awareness campaign annually, as well as implementing mandatory information security education training courses for all employees. In 2024, the number of participants exceeded 2500. In 2024, 12 email social engineering drills were conducted, with more than 2500 participants, and colleagues who failed the social engineering drills were required to participate in online information security courses and complete the test. Walsin is committed to implementing and executing cybersecurity incident reporting management and drills.
7. Information security regulations: In addition to revising all information security regulations in 2022, three and 13 information security regulations were revised in 2023 and 2024 respectively to comply with domestic and international legal requirements and respond to changes in the external environment.
8. Information security testing: Four third-party information security risk testing operations were conducted in 2024.

(2) In 2024, no major cyber security incidents or confidential information leakage occurred, nor did any other event cause losses to the Company and its customers.

## 7. Material Contracts

(1) Walsin Lihwa Corporation

| Nature of Contract | Parties (Contracting Entity of the Other Party) | Contract Start/End Dates | Main Content | Restrictive Clauses |
|---|---|---|---|---|
| Loan Agreement | DBS Bank | The agreement was signed on March 23, 2020, with the maturity of the loan falling on April 15, 2025 | The loan is a five-year facility in a total amount of USD 300 million. | 1. Current ratio>=100%<br>2. Debt ratio<=120% (Net liabilities/Tangible net worth)<br>3. Interest coverage ratio>=150%<br>4. Tangible net worth>= NT$55 billion |
| Guarantee Agreement | Lenders of RMB syndicated term loan: CTBC Bank (Arranger), Mega Bank, First Commercial Bank, and Chang Hwa Bank | The agreement was signed on February 6, 2024, with the maturity of the loan falling on February 7, 2029 | The loan is a five-year facility in a total amount of RMB 800 million. | 1. Current ratio>=100%<br>2. Debt ratio<=120% (Net liabilities/Tangible net worth)<br>3. Interest coverage ratio>=300%<br>4. Tangible net worth>= NT$80 billion |
| Guarantee Agreement | NT$ Syndicated Term Loan Bank Syndicate: Mega Bank (Arranger), Taishin International Bank, Chang Hwa Bank, E.SUN Bank, Land Bank of Taiwan, Hua Nan Bank, First Commercial Bank, Taiwan Taiwan Cooperative Bank, Fubon Commercial Bank, and KGI Bank | The agreement was signed on 2024/04/09, with the maturity of the loan falling on 2031/06/04 | The loan is a seven-year facility in a total amount of NT$13.74 billion. | 1. Current Ratio >= 100%<br>2. Debt Ratio <= 120% (Net Debt/Tangible Net Worth)<br>3. Tangible Net Worth >= NT$80 billion<br>4. Interest Coverage Ratio >= 3 |
| Land Lease Agreement | Taiwan International Ports Corporation, Kaohsiung Port Branch | Effective from March 21, 2022; 20 years after the commencement of operation | 1. Lease of approximately 18.38 hectares of land in A6 of the first phase of the Kaohsiung Port Intercontinental Container Center;<br>2. The annual rent is NT$13,971,738, and the annual fixed management fee is NT$13,971,738. | No rights under the agreement may be transferred without the consent of the Lessor. |
| Land Lease Agreement | Taiwan International Ports Corporation, Kaohsiung Port Branch | Effective from November 3, 2023; 20 years from the date of delivery | 1. Lease of A6 Port for the first phase of the Kaohsiung Port Intercontinental Container Center and the right to use the rear land of approximately 376 hectares;<br>2. The annual rent is NT$8,150, and the annual fixed management fee is NT$8.5 million. | No rights under the agreement may be transferred without the consent of the Lessor. |
| Equity Trading | CNGR Hong Kong Material Science & Technology Co., Limited | 2024/03/29 | 1. Disposition of 20% equity in Singapore Innovation West Mantewe Pte. Ltd.<br>2. Disposition proceeds: USD 58,652,000. | None. |

(2) Walsin (Nanjing) Development Co., Ltd.

| Nature of Contract | Parties (Contracting Entity of the Other Party) | Contract Start/End Dates | Main Content | Restrictive Clauses |
|---|---|---|---|---|
| Construction Agreement | 38 companies, including Nanjing Construction Design Research Institute Co., Ltd. | 2022/01/06-2028/06/30 | 1. Design, consultancy, and construction for Walsin Centro Plot AB, Phases II & III.<br>2. Cumulative Amount: RMB50,250,000. | None |
| Operational Property Support Loan Agreement | Industrial and Commercial Bank of China Limited, Nanjing Xinjiekou Sub-branch | 2024/12/20 - 2039/12/20 | We use Phase II of Project NO.2004G51AB as financing asset to borrow RMB 2 billion from the party for refinancing related party loans, paying project tail payments, and decoration/renovation costs. | None |

(3) Yantai Walsin Stainless Steel Co., Ltd.

| Nature of Contract | Parties (Contracting Entity of the Other Party) | Contract Start/End Dates | Main Content | Restrictive Clauses |
|---|---|---|---|---|
| Sale and Purchase of Real Property | China Merchants Real Estate (Yantai) Co., Ltd. | April 17, 2023 | 1. Acquisition of real property<br>2. Amount: Approximately RMB129,765,000 | None |
| Construction Agreement | 25 companies, including China Construction Eighth Engineering Division. Corp. Ltd. | 2022/01/12-2023/12/31 | 1. Civil construction for Yantai Plant<br>2. Cumulative Amount: RMB689,879,000. | None |
| Loan Agreement | Lenders of RMB syndicated term loan: CTBC Bank (Arranger), Mega Bank, First Commercial Bank, and Chang Hwa Bank | The agreement was signed on February 6, 2024, with the maturity of the loan falling on February 7, 2029 | The loan is a five-year facility in a total amount of RMB 800 million. | The total amount of shareholders' equity and the amount borrowed by shareholders or affiliates shall not be less than RMB1.8 billion. |
| Construction Engineering Contract | Yantai Hongqi Real Estate Co., Ltd. | 2025/01/01 | 1. Yantai Renewable Resources Project Construction<br>2. Amount approximately RMB3,559,000 | None |
| Construction Engineering EPC Contract | Bomei Intelligent Technology (Shanghai) Co., Ltd. | 2025/01/20 | 1. Yantai Ultra-low Emission Retrofit Project; Amount: RMB213,550,000 | None |

(4) Dongguan Walsin Wire & Cable Co., Ltd.

| Nature of Contract | Parties (Contracting Entity of the Other Party) | Contract Start/End Dates | Main Content | Restrictive Clauses |
|---|---|---|---|---|
| Equity Trading | Hangzhou Futong Group Co., Ltd. | Obtaining control on February, 2024 | 1. Dongguan Walsin Wire & Cable Co., Ltd. acquired 60% equity of Hangzhou Walsin Power Cable Co., Ltd.<br>2. Acquisition Price: Approximately RMB301,864,000. | None |

(5) Walsin Energy Cable System Co., Ltd.

| Nature of Contract | Parties (Contracting Entity of the Other Party) | Contract Start/End Dates | Main Content | Restrictive Clauses |
|---|---|---|---|---|
| Joint Venture Agreement | Walsin Lihwa Corporation<br>NKT HV Cables AB | Effective from March 1, 2023 | In order to jointly develop the submarine cable business, Walsin Lihwa Corporation and NKT HV Cables AB jointly established Walsin Energy Cable System Co., Ltd. | None |
| Technical Consulting Agreement and Technology Licensing Agreement | NKT HV Cables AB | Effective from March 1, 2023 | In order to jointly develop the submarine cable business, NKT HV Cables AB provides technical consultation and licenses its technology to Walsin Energy Cable System Co., Ltd. | None |
| Land Sublease Agreement | Walsin Lihwa Corporation | Effective from 5 May 2023, and 20 years from the date of commencement of operation | 1. In order to develop the submarine cable business, it subleased to Walsin Lihwa Corporation a total of about 18.38 hectares of the rear land of the first phase of Kaohsiung Intercontinental Container Terminal Project;<br>2. The annual rent is NT$13,971,738, and the annual fixed management fee is NT$13,971,738. | This sublease was carried out with the consent of the Lessor. |
| Engineering Contract | Chung-Lu Construction Co., Ltd. | 2023/09/28 - 2025/11/30 | 1. Commissioned for civil engineering construction of the plant for the development of submarine cable business.<br>2. Total Amount of Civil Engineering: NT$1,159,541,000 | None |
| Construction Agreement | Chung-Lu Construction Co., Ltd. | 1. From July 17, 2023 to May 31, 2025 | 1. In order to develop the submarine cable business, the contractor was commissioned to construct the civil works for the plant.<br>2. Cumulative amount of civil works: NT$4,664,625,000 | None |

| Nature of Contract | Parties (Contracting Entity of the Other Party) | Contract Start/End Dates | Main Content | Restrictive Clauses |
|---|---|---|---|---|
| Loan Agreement | NT$ Syndicated Term Loan Banks: Mega Bank (Arranger), Taishin International Bank, Chang Hwa Bank, E.SUN Bank, Land Bank of Taiwan, Hua Nan Bank, First Bank, Taiwan Cooperative Bank, Fubon Commercial Bank, KGI Bank | The agreement was signed on 2024/04/09, with the maturity of the loan falling on 2031/06/04 | The loan is a seven-year facility in a total amount of NT$13,740,000,000. | None |

(6) Borrego Energy, LLC

| Nature of Contract | Parties (Contracting Entity of the Other Party) | Contract Start/End Dates | Main Content | Restrictive Clauses |
|---|---|---|---|---|
| Equity Trading | Anza RE Buyer, LLC | February 24, 2023 | 1. Borrego Energy, LLC formed a wholly owned subsidiary, Anza RE, LLC, with the business of its solar and energy storage sourcing and trading platform division and completed the disposition of the business of the solar and energy storage sourcing and trading platform division through the sale of its equity interest in Anza RE, LLC.<br>2. Disposition Price: US$26,740,000 | None |

(7) Cogne Acciai Speciali S.p.A

| Nature of Contract | Parties (Contracting Entity of the Other Party) | Contract Start/End Dates | Main Content | Restrictive Clauses |
|---|---|---|---|---|
| Equity Trading | Com.Steel S.p.A. | January 26, 2024 | 1. Cogne Acciai Speciali S.p.A. has acquired 65% of the shares of Com. Steel Inox S.p.A. (based in Italy).<br>2. Acquisition Price: Up to EUR 28,000,000. | None |
| Equity Trading | Mannesmann Stainless Tubes GmbH | 2024/02/19 | 1. Cogne Acciai Speciali S.p.A acquires 100% equity of Mannesmann Stainless Tubes GmbH in Germany.<br>2. Acquisition Proceeds: Not exceeding EUR135,000,000. | |
| Loan Agreement | Citibank N.A. | The agreement was signed on 2024/10/23, with the maturity of the loan falling on 2027/10/23 | The loan is a three-year facility in a total amount of EUR130,000,000. | Walsin Europe S.a.r.l uses equivalent USD deposits as security. |

(8) PT. WALHSU METAL INDUSTRY

| Nature of Contract | Parties (Contracting Entity of the Other Party) | Contract Start/End Dates | Main Content | Restrictive Clauses |
|---|---|---|---|---|
| Construction Agreement | PT. PERINTIS MAKMUR INDONESIA | June 26, 2023 – September 19, 2024 | 1. Commissioning of construction on land<br>2. Amount: US$37,400,000 | None |
| Buying and Selling of Equipment | Eternal Tsingshan Group Limited | June 26, 2023 | 1. Procurement of high-grade nickel matte converter equipment.<br>2. Amount: US$49,330,000 | None |

(9) Walsin Lihwa Europe S.a r.l.

| Nature of Contract | Parties (Contracting Entity of the Other Party) | Contract Start/End Dates | Main Content | Restrictive Clauses |
|---|---|---|---|---|
| Equity Trading | The counterparty to the transaction is a natural person and not a related party of the Company; thus, their name is exempt from disclosure. | August 2, 2024 | 1. Acquisition of 9.79% equity in MEG S.A.<br>2. Acquisition proceeds: approximately EUR 41.2 million. | None. |

(10) MEG S.A.

| Nature of Contract | Parties (Contracting Entity of the Other Party) | Contract Start/End Dates | Main Content | Restrictive Clauses |
|---|---|---|---|---|
| Equity Trading | Eugenio Marzorati, Com.Steel S.p.A., and natural persons who are not related parties of the Company. | August 2, 2024 | 1. Disposition of 7.6% equity in Cogne Acciai Speciali S.p.A.<br>2. Disposition proceeds: approximately EUR 41.2 million. | None |

(11) DMV

| Nature of Contract | Parties (Contracting Entity of the Other Party) | Contract Start/End Dates | Main Content | Restrictive Clauses |
|---|---|---|---|---|
| Lease Agreement | Dalmine Spa | June 1, 2020 - May 31, 2032 | 1. Lease of factory and office space.<br>2. Total rent is EUR 9.2 million. | If DMV does not proceed with termination, the agreement will automatically extend for an additional six years upon expiration. |