

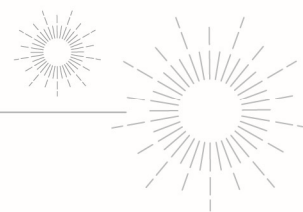


Review of Financial Conditions, Financial Performance, and Risk Management

1. Financial Status - Consolidated (Based on IFRSs)

Unit: NT\$ Thousands

Items \ Year	2023	2024	Difference	
			Amount	%
Current Assets	78,751,988	83,061,819	4,309,831	5.47
Property, Plant and Equipment	78,705,431	84,592,885	5,887,454	7.48
Intangible Assets	12,166,929	12,370,794	203,865	1.68
Other Assets	97,307,411	93,465,527	(3,841,884)	(3.95)
Total Assets	266,931,759	273,491,025	6,559,266	2.46
Current Liabilities	50,759,328	59,759,646	9,000,318	17.73
Non-current Liabilities	61,802,392	66,322,831	4,520,439	7.31
Total Liabilities	112,561,720	126,082,477	13,520,757	12.01
Capital Stock	40,313,329	40,313,329	0	0.00
Capital Surplus	33,624,917	33,592,347	(32,570)	(0.10)
Retained Earnings	60,535,706	58,959,692	(1,576,014)	(2.60)
Note: The reasons, effects and future plans about that changes in assets, liabilities and equity which over 20% or NT\$10 million in last two years: None.				



2. Financial Performance - Consolidated (Based on IFRSs)

Unit: NT\$ Thousands

Year Items	2023	2024	Difference	
			Amount	%
Operating Revenue	189,839,626	179,318,340	(10,521,286)	(5.54)
Operating Costs	175,449,858	167,633,649	(7,816,209)	(4.45)
Gross Profit	14,389,768	11,684,691	(2,705,077)	(18.80)
Operating Expense	8,253,594	9,516,922	1,263,328	15.31
Profit from Operations	6,136,174	2,167,769	(3,968,405)	(64.67)
Non-operating Revenue and Expense	1,197,632	343,222	(854,410)	(71.34)
Profit before Taxes	7,333,806	2,510,991	(4,822,815)	(65.76)
Tax Expense	1,471,000	(87,499)	(1,558,499)	(105.95)
Net Income	5,862,806	2,598,490	(3,264,316)	(55.68)
I. The variance analysis in last two years:(Variable proportion over 20%)				
1.Non-operating income decrease in 2024 due to due to the recognition of the benefit from the “contingent consideration agreement for the disposal of assets of the US subsidiary” in the year 2022. However, due to the failure to meet the agreed conditions, a loss was recognized.				
2. The decrease in income tax expenses for 2024 is attributed to lower profits this year influenced by overall market conditions compared to last year.				
II. The reason for the changes in business content changes: None.				
III. The expected sales volume in the next year and its main reason:				
1. Expected sales volume in the next year:				
2025(Unit : ton)				
Bare copper wire 55,900				
Power line 63,344				
Strand 723,000				
Stainless steel 318,000				
Seamless steel pipe 18,000				
Nickel Pig Iron 78,440				
2. The basis of the expected sales volume and Possible future impact on the Company's financial operations and response plans: see the contents IV. Business Overview				



3. Cash Flow - Consolidated (Based on IFRSs)

(1) Cash flow analysis for the current year:

Unit: NT\$ Thousands

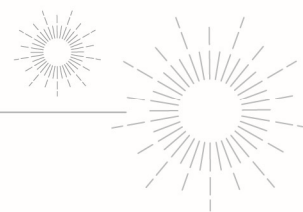
Cash and Cash Equivalents at the beginning of the year	Net Cash flow from Operating Activities	Net Cash flow from Investing Activities	Net Cash flow from Financing Activities	Effects of Exchange Rates Changes	Cash and Cash Equivalents at the ending of the year	Note
16,347,012	1,501,738	(15,434,449)	6,187,819	2,155,297	10,757,417	
Analysis of change in cash flow in the current year: 1..The inflows of net cash generated by operating activities were due to the profit earned. 2.The outflows of net cash used in investing activities were due to the purchase of property, plant, and equipment. 3.The inflows of net cash generated by financing activities were due to the raising of short-term and long-term loans. 4.The outflows of net cash in the year was NT\$ 5,589,595thousand and the ending balance of cash was NT\$ 10,757,417thousand.						

(2) Remedy for cash Deficit and Liquidity Analysis: Not applicable.

(3) Cash flow Analysis for the coming year:

Unit: NT\$ Thousands

Cash and Cash Equivalents at the beginning of the year	Net Cash flow from Operating Activities	Net Cash flow from Investing Activities	Net Cash flow from Financing Activities	Effects of Exchange Rates Changes	Cash and Cash Equivalents at the ending of the year	Note
10,757,417	15,028,842	(20,434,316)	6,905,851	0	12,257,795	
Analysis of change in cash flow for the coming year: 1.The inflows of net cash generated by operating activities due to the anticipated profit generated from core operations. 2.The outflows of net cash used in investing activities due to the strategic project investment, the increase of capital expenditures, renewal of equipment. 3..The inflows of net cash used in financing activities due to an increase in borrowings.						



4. Effect of Major Capital Expenditure on Financial Business Operations:

(1) Utilization of Major Capital Expenditures and Sources of Funds:

Unit: NT\$ Million

Project	Source of Funds	Actual or Estimated Completion Date	Investment	Actual or Expected Status of Spending								
				2019	2020	2021	2022	2023	2024	2025	2026	2027
1. HR Coil Project of Yantai Plant	Working Capital	June 2026	9,019	53	594	1,525	3,848	1,048	1,164	719	68	-
2. Cold Finished Bar Project of Yantai Plant	Working Capital	December 2025	3,339	-	-	83	690	1,388	358	820	-	-
3. The establishment of high-efficiency factories	Working Capital	June 2025	5,407	-	17	565	1,410	2,339	689	387	-	-
4. Cable wire project of Walsin Energy	Working Capital	September 2026	18,292	-	-	-	-	1,248	3,412	10,974	2,271	387
5. Nickel matte factory in Indonesia	Working Capital	June 2024	3,077	-	-	-	-	2,228	274	576	-	-

(2) Estimated Benefits:

1. The establishment of steel rolling and cold finished factories of Yantai Plant will help expand economies of scale and improve product quality to meet the needs of the customers.
2. Invest in the construction of a nickel pig iron plant and supporting power plants in Indonesia, with a planned monthly output of 3,000 tons of nickel metal, which will enable the company to securely control the supply of upstream raw materials and make profits for the company.
3. Build high-efficiency factories, deepen the integration of manufacturing service value and integrate manufacturing systems through smart manufacturing, advanced warehousing and logistics, and create competitiveness that is difficult to imitate.
4. Walsin Energy Cable System, with its plan to benchmark international submarine cable plants, advanced submarine cable design, manufacturing, testing, and connection technologies, will become a key supplier for offshore wind power plants in Taiwan and the Asia-Pacific region.

5. Investment Policy of the Past Year, Profit/Loss Analysis, Improvement Plan and Investment Plan for the Coming Year:

(1) Investment Policy and Profit/Loss in the Past Year:

1. On a consolidated basis, the Company's current key reinvestment areas are DRAM, TFT LCD and passive components.
2. On a consolidated basis, in 2024, the gains for affiliated enterprises recognized by equity method was NT\$814 million, mainly as a result of the recovering memory market demand compared to the previous year, indicating an increased profitability of affiliated enterprises recognized under the equity method compared to 2023.

(2) Main Reasons for Profit:

Recognition of the gains from Walsin Technology Corporation and Winbond Electronics Corp.



(3) Investment Plan for the Coming Year:

To continue to focus on upstream and downstream consolidation of core businesses and carefully assess investment plans.

6. Risk Management and Assessment of the Following Items for the Past Year and the Year to Date:

(1) Impact of Interest Rate and Exchange Rate Changes and Inflation on the Company's Profit and Countermeasures.

Affected item	Impact	Response measures:
Interest Rate Change	Net interest expense (interest expense less interest income) in 2024 was approximately NT\$1.98 billion, accounting for merely 1.1% of the Company's net operating revenues; therefore, the change in interest rates does not yet have a significant impact on the profit or loss of the Company and its subsidiaries.	The Company will plan and execute plans for funding sources and costs based on business development and needs.
Exchange Rate Change	In 2024, the impact of foreign exchange after hedging operations resulted in approximately NT\$20 million in losses. (This includes foreign exchange profit or loss and the profit or loss from foreign exchange-related derivatives hedging operations.)	Based on foreign currency positions, the Company will utilize market instruments (e.g. forward foreign exchange contracts) for hedging purposes.
Inflation	The Company's products are not for general public consumption therefore inflation has no direct impact on the Company. However, it might raise the Company's demand for working capital.	The Company will strictly control the operating cycle and keep track of the source and use of funds.

(2) Policies of Engaging in High-risk, High-leverage Investments, Lending to Others, Providing Endorsements and Guarantees and Derivatives Transactions, Profit/loss Analysis and Future Countermeasures.

Item	Policy	Major causes of profit or loss	Future response measures
High-risk, High-Leverage Investments	The Company does not engage in any high-risk, high-leverage investment activities.	None	None
Lending to Others	Conducted in accordance with the provisions of the Company's "Management Guidelines on Lending Company Funds to Others"	None	None
Endorsements/Guarantees	Conducted in accordance with the provisions of the Company's "Management Guidelines on Endorsement/Guarantee"	None	None
Derivative Instrument Transactions	With respect to derivative instruments, the Company has mainly engaged in hedging transactions related to business operations and investment activities (foreign exchange and non-ferrous metals). For non-ferrous metals, the Company may carry out non-hedging transactions based on authorized positions and under risk management control for the purpose of curbing price volatilities in raw materials. The authorization is conducted in accordance with the Company's "Procedure for Derivatives Products Trades."	None	None



- (3) Future R&D Plans and Projected R&D Investments: The research and development plans of each business group have been included in the business activities section of the Business Overview, and these plans have relatively low risks. Please refer to "IV. Business Overview—A. Business Activities— (3) Overview of Technology and R&D".
- (4) Major Changes in Domestic and Foreign Government Policies and Laws and Impact on the Company's Finances and Business: None
- (5) Impact of Recent Technological and Market Changes on the Company's Finances and Business, and Countermeasures:

In order to construct an information system architecture for "digital sustainability" and advance the corporate objective of "digital transformation," Walsin is implementing an information security strategy centered on "enhancing cybersecurity resilience." This involves establishing a comprehensive cybersecurity protection platform and conducting simulation exercises, integrating AI-driven automated detection and prevention technologies to perfect information security technical safeguards. This approach aims to deliver real-time proactive cybersecurity risk defense capabilities, laying the foundation for digital sustainability in alignment with the government's policy objective of "cybersecurity as national security."

In response to increasingly severe cybersecurity threats, Walsin is adopting the NIST Cybersecurity Framework (CSF) and CISA Zero Trust Architecture (ZTA) as foundational structures to implement high-standard, in-depth cybersecurity defenses. This enables the comprehensive and effective identification of information security risks faced by the enterprise, allowing for the immediate application of effective control measures to mitigate information security risks.

We will establish the defensive capability of the defender by using the protection measures corresponding to the "Cyber Kill Chain" model against the attacking tricks and steps of hackers, and set up information security technology products for purposes of inventory, prevention, detection, response and recovery, in order to respond to various information security risks.

- (6) Impact of Change in Corporate Image on Risk Management and Countermeasures: None
- (7) Expected Benefits and Potential Risks of Merger and Acquisition:

1. On August 11, 2023, during the 3rd meeting of the Board of Directors of the 20th term, the Company resolved that it shall, through its Singapore subsidiary, Walsin Singapore Pte. Ltd., acquire 75% of the shares of Berg Holding Limited (based in Hong Kong), indirectly increasing the Company's comprehensive shareholding in its Indonesian subsidiary, PT. Sunny Metal Industry, to 79.61%, with the transaction completed in January 2024; the acquisition can strengthen our corporate governance, centralizes our management resources, and enhances our investment efficiency.
2. On January 26, 2024, during the 6th meeting of the Board of Directors of the 20th term, the Company resolved that it shall, through its Italian subsidiary, Cogne Acciai Speciali S.p.A., acquire 65% of the shares of Com.Steel Inox S.p.A. (based in Italy). The Company ultimately holds a 45.5% comprehensive shareholding in Com.Steel Inox S.p.A. The transaction was closed in May, 2024. After the acquisition, we can secure key raw materials for our stainless steel processes and establish a knowledge center for our waste stainless steel management.
3. On February 20, 2024, during the 7th meeting of the Board of Directors of the 20th term, the Company resolved that it shall, through its Italian subsidiary, Cogne Acciai Speciali S.p.A., acquire 100% of the shares of Mannesmann Stainless Tubes GmbH (based in Germany). The Company ultimately holds a 70% comprehensive shareholding in Mannesmann Stainless Tubes GmbH. In



Review of Financial Conditions, Financial Performance, and Risk Management

November, 2024, the transaction was closed and Mannesmann Stainless Tubes GmbH was renamed "DMV GmbH." After the acquisition, we can integrate the downstream industry chain of stainless steel, enhance utilization of our steel production capacity, and extend our sales network in and tap into high-end markets such as aerospace, oil and gas, and new energy.

- (8) Expected Benefits and Potential Risks of Capacity Expansion: All capacity expansion for plants under Walsin and its group members has to undergo careful assessments. All major capital expenditure has to be submitted to the Board of Directors for review. Hence, investment benefits and potential risks will have been taken into account.
- (9) Risks Associated with Over-concentration in Purchases or Sales and Countermeasures: None
- (10) Impact of Mass Transfer(s) of Equity by or Change of Directors or Shareholders Holding 10% or more Interest on the Company, the Associated Risks and Countermeasures: None.
- (11) Impact of Change of Control on the Company, Associated risks and Countermeasures: None.
- (12) Final and Non-appealable and Pending Material Litigious, Non-litigious or Administrative Legal Proceedings involving the Company, the Directors and the President during the Most Recent Year and up to the Annual Report Publication Date:

Name of Subsidiary	Main Parties Involved in Litigation	Commencement Date of Litigation	Facts at Issue in Litigation	Current Handling
Borrego Energy, LLC	Blue Harvest Solar Park LLC & Timber Road Solar LLC (collectively, "EDPR")	July 28, 2023	1. Borrego initiated arbitration, requesting the other party to pay the costs incurred due to delays in the project and site conditions in winter caused by the change of the order. 2. Amount: Over US\$25 million.	Arbitration is pending
Borrego Energy, LLC (Note 1)	Letts Creek Solar, LLC, Cement City Solar, LLC and Pullman Solar, LLC	May 31, 2024	1. Borrego filed a lawsuit requesting payment for construction costs, change orders, and delay-related fees. 2. Amount: Over USD 15 million.	Litigation in progress
Jiangyin Walsin Steel Cable Co., Ltd. (Note 1)	Shanghai Pujiang Cable Co., Ltd.	September 23, 2023	1. Jiangyin Walsin Steel Cable Co., Ltd. initiated arbitration against Shanghai Pujiang Cable Co., Ltd. requesting payment for goods and overdue interest. 2. Amount: Approximately RMB 43 million.	Jiangyin Walsin Steel Cable Co., Ltd.
Jiangyin Walsin Steel Cable Co., Ltd. (Note 2)	China Railway Major Bridge Engineering Group Co., Ltd.	March 13, 2024	1. Jiangyin Walsin Steel Cable Co., Ltd. filed a lawsuit against China Railway Major Bridge Engineering Group Co., Ltd. requesting payment for goods. 2. Amount: Approximately RMB 24 million.	Settled through mediation, performance of mediation agreement in progress
Jiangyin Walsin Steel Cable Co., Ltd.	Jiangsu Fasten Cable Co., Ltd.	March 21, 2024	1. Jiangyin Walsin Steel Cable Co., Ltd. initiated arbitration against Jiangsu Fasten Cable Co., Ltd. requesting payment for goods. 2. Amount: Approximately RMB 41.96 million.	Settled through mediation, performance of mediation agreement in progress
Yantai Walsin Stainless Steel Co., Ltd.	Shanghai Stoll Bobby Equipment Engineering Co., Ltd. and Bobby Handels GmbH, Company	November 29, 2024	1. Yantai Walsin Stainless Steel Co., Ltd. initiated arbitration requesting Shanghai Stoll Bobby Equipment Engineering Co., Ltd. and Bobby Handels GmbH, Company to jointly bear penalties and compensation for rectification costs and other losses. 2. Amount: Approximately RMB 23.99 million.	Arbitration in progress



Note 1: Expected credit losses have been recognized in accordance with the company's accounting policy, and it is anticipated that there will be no significant impact on shareholders' rights and interests.

Note 2: As the case was settled through mediation, the client is making installment payments as per the mediation agreement, and it is anticipated that there will be no significant impact on shareholders' rights and interests.

(13) Other significant risks and response measures:

1. The Company's KPIs:

(1) Financial indicators: Optimizing financial structure and control of bank financing agreements

Ratio	Formula	Target KPI	2024	2023
Current ratio	Current assets / Current liabilities	$\geq 100\%$	138.93%	155.15%
Debt ratio	Net liabilities (Total liabilities - Cash and cash equivalents) / Tangible assets	$\leq 120\%$	85.40%	67.17%
Interest coverage ratio	(Net income before income tax, depreciation, amortization and interest expense / Current interest expense	$\geq 300\%$	615.45%	832.61%
Tangible net value	Shareholders' equity - Intangible assets	$\geq \text{NT\$}80 \text{ billion}$	NT\$135 billion	NT\$142.3 billion

(2) Performance indicators: Return on shareholder's equity and earnings before interest, taxes, depreciation and amortization (EBITDA)

Ratio	Formula	2023	2022
Return on Shareholder's Equity	Net Income after tax / Average of total shareholders' equity	1.85%	3.52%
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	Earnings before interest & taxes + depreciation & amortization	NT\$14,142 million	NT\$17,241 million

7. Other Major Issues: None