

## I Letter to Shareholders

Dear Shareholders,

In 2025, the global economic landscape remained volatile. Uncertainties arising from high inflation, elevated interest rates, and geopolitical conflicts persisted, compounded by rising tariff barriers and escalating protectionism across nations, which continued to disrupt global trade and industrial supply chains. While Taiwan's overall economic indicators demonstrated growth momentum, buoyed by the enhanced value of the AI industry, perceptions of economic conditions varied markedly across sectors. The steel industry, in particular, faced relative headwinds — contending not only with U.S. tariffs and external competition, but also reflecting the ongoing structural adjustments within the industry. Facing the shift in industrial focus, we are also presented with new opportunities. Taiwan's steel industry is advancing into precision manufacturing, and Walsin Lihwa is transitioning from a pure stainless steel material supplier to a comprehensive solutions provider. Through the establishment of the cold finished bar brand, Steeval®, the Company is driving an upgrade of Taiwan's manufacturing ecosystem — spanning products, processes, and services — bringing hidden champions to the forefront and creating a multi-win outcome. In the Wire & Cable Business, the joint venture with Denmark-based NKT Group, Walsin Energy Cable System Co., Ltd., completed the construction of a submarine cable plant and a dedicated wharf at Kaohsiung Port in 2025, laying the foundation for local submarine cable manufacturing and delivery capabilities.

### Accomplishments in 2025

Walsin Lihwa has continued to pursue strategic mergers and acquisitions and integration efforts, with the relevant initiatives progressively falling into place. Going forward, the Company will leverage existing foundations to maximize synergies and further enhance operational efficiency and international competitiveness. Upon reviewing the operational results for 2025, the Company's consolidated revenue was NT\$174.2 billion, consolidated gross profit was NT\$11.1 billion, and net income after taxes was NT\$3.18 billion, with earnings per share of NT\$0.75. In terms of individual business units: the Wire & Cable Business benefited from the resilient power grid initiative and increased plant construction demand, maintaining stable gross profit margins and profitability; the Stainless Steel Business faced heightened uncertainties from tariffs and geopolitical factors, with downstream customers largely adopting a wait-and-see approach, causing order deferrals, and as declining raw material prices drove down end-product prices, profitability came under pressure; the Resources Business was also affected by the sluggish stainless steel market, resulting in relatively weak product selling prices and annual profitability.

### Summary of 2026 Business Plan

Wire & Cable Business:

In the residential and plant construction building wire segment, Walsin Lihwa continues to promote smart manufacturing. Through digitalization technologies, the Company offers customers a new business model of direct delivery to construction sites, reducing customers' inventory burden and deepening supply chain collaboration. Concurrently, in response to power grid upgrades and large-scale infrastructure demand, the Wire & Cable Business is extending its focus to the high-voltage and extra-high-voltage cable domains, establishing comprehensive capabilities ranging from product design and manufacturing, type testing, to engineering installation. The Company is also investing in the in-house design and development of critical cable accessories such as high-voltage cable joints, and building an electromechanical-integrated power engineering service business model. Following the completion of the submarine cable plant and the anticipated product certification

in 2026, the Company will proceed with green energy critical infrastructure deployment and mass production preparations.

#### Stainless Steel Business:

The Stainless Steel Business will continue to deepen its capabilities in high-end materials and precision manufacturing technologies, focusing on critical materials for aerospace, energy, liquid cooling systems, precision machinery, and related applications. Through advancements in product metallurgy, enhancement of production and manufacturing capabilities, and R&D in product application technologies, the Company aims to elevate product grades and application value. With cold finished bars as the vehicle, the Company is advancing the development of the product brand, Steeval®. Internally, this initiative drives organizational culture transformation; externally, it represents a commitment to delivering on six core value pledges — smart manufacturing, product diversity, premium grades, certified trust, diversified services, and collaborative innovation — thereby enhancing customers' confidence in and reliance on Walsin's products and service quality.

#### Resources Business:

The Resources Business continues to fulfill its strategic role within the stainless steel industry chain, with the secure supply of raw materials as its core mission. The Company is strengthening the operational stability of existing production lines and optimizing processes to improve production efficiency, thereby mitigating the impact of raw material price fluctuations on operating costs. By leveraging production flexibility, the Company makes real-time adjustments to the production mix between nickel matte and nickel pig iron products, staying abreast of market trends in battery-grade nickel materials and stainless steel feedstocks, enhancing operational flexibility, and diversifying business cycle risks. The Company is actively promoting sustainability and environmental protection policies, conducting carbon inventory and certification, implementing carbon management mechanisms and carbon reduction measures, and strengthening its capabilities in green processes and low-carbon production.

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

Looking ahead to 2026, the rapid expansion of global demand for artificial intelligence applications is driving investment momentum in high-performance computing, data centers, and infrastructure upgrades, creating a new wave of growth opportunities for the Company. In the face of structural business opportunities arising from the extension of the AI industry chain, and amid the continuing trend of rising demand for high-end manufacturing and critical infrastructure, Walsin Lihwa will ride the rapid growth of the global precision manufacturing market, extending from material manufacturing to collaborative R&D with customers, providing technical services and comprehensive solutions, and partnering with upstream and downstream industry players to build a value chain collaboration framework and enhance international competitiveness. The Company will concurrently implement digitalized and intelligent operational management, accelerate energy-related deployments, and leverage submarine cables to connect the critical supply chains of the global energy transition. The year 2026 also marks the 60<sup>th</sup> anniversary of Walsin Lihwa's founding. The challenge lies not only in short-term operating performance, but more importantly in our resilience and transformative execution capability in the face of trade barriers and rapid technological change. We will unite our global team and value chain partners around the core tenets of "Smart Manufacturing, Craftsmanship, Diversity, Trust, Service, and Co-creation" to jointly forge Walsin Lihwa's next growth engine.

Chairman Yu-Lon Chiao