



Review of Financial Conditions, Financial Performance, and Risk Management

1. Financial Status

Unit: NT\$ Thousands

Items \ Year	2024	2025	Difference	
			Amount	%
Current Assets	83,061,819	84,873,079	1,811,260	2.18
Property, Plant and Equipment	84,592,885	90,426,751	5,833,866	6.90
Intangible Assets	12,504,815	11,369,163	(1,135,652)	(9.08)
Other Assets	93,465,527	116,748,053	23,282,526	24.91
Total Assets	273,625,046	303,417,046	29,792,000	10.89
Current Liabilities	59,759,646	53,099,355	(6,660,291)	(11.15)
Non-current Liabilities	66,397,934	74,220,423	7,822,489	11.78
Total Liabilities	126,157,580	127,319,778	1,162,198	0.92
Capital Stock	44,313,329	44,313,329	0	0.00
Capital Surplus	33,592,347	37,354,983	3,762,636	11.20
Retained Earnings	58,953,272	60,375,913	1,422,641	2.41

Note: The reasons, effects and future plans about those changes in assets, liabilities and equity which over 20% or NT\$10 million in last two years:

- Reason: Investments accounted for using the equity method increased in 2025 compared to 2024, primarily due to changes in fair value.
- Impact: None.
- Future response plan: Continue to strengthen management of working capital and asset-liability structure.

2. Financial Performance

Unit: NT\$ Thousands

Year Items	2024 (restated)	2025	Difference	
			Amount	%
Operating Revenue	179,318,340	174,242,895	(5,075,445)	(2.83)
Operating Costs	167,501,026	163,149,909	(4,351,117)	(2.60)
Gross Profit	11,817,314	11,092,986	(724,328)	(6.13)
Operating Expense	9,536,491	11,074,135	1,537,644	16.12
Profit from Operations	2,280,823	18,851	(2,261,972)	(99.17)
Non-operating Revenue and Expense	250,271	1,612,516	1,362,245	544.31
Profit (Loss) before Taxes	2,531,094	1,631,367	(899,727)	(35.55)
Tax Expense	53,287	708,049	654,762	1,228.75
Net Income (Loss)	2,584,381	2,339,416	(244,965)	(9.48)

I. The variance analysis in last two years:(Variable proportion over 20%)

1. Compared to 2024,non-operating income and expenses in 2025 show an increase, this is because that investment income for the year 2025 increasd.
2. Compared to 2024,income tax benefit in 2025 show an increase, this is because that operating losses of overseas subsidiaries for the year 2025 increasd.

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:

2026 Sales Projections of Major Products (Unit: Metric ton)

Bare copper wire	50,000
Power line	69,000
Strand	811,000
Stainless steel	316,000
Seamless steel pipe	15,000
Nickel Pig Iron	83,000

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
10,988,441	5,269,740	(11,310,973)	8,995,717	272,386	14,215,311	
Analysis of change in cash flow in the current year: 1. Net cash generated from operating activities was primarily attributable to profits generated during the period. 2. Net cash used in investing activities was mainly due to the acquisition of property, plant and equipment. 3. Net cash generated from financing activities was primarily attributable to proceeds from short-term and long-term borrowings, as well as capital increases in cash. 4. Net increase in cash and cash equivalents for the year amounted to NT\$3,226,870 thousand, with an ending balance of NT\$14,215,311 thousand.						

(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
14,215,311	17,269,382	(15,486,422)	(3,593,058)	0	12,405,213	
Analysis of change in cash flow for 2025: 1. Net cash used in investing activities was mainly due to strategic project investments and routine replacement of equipment. 2. Net cash used in investing activities was mainly due to strategic project investments and routine replacement of equipment. 3. Net cash used in financing activities was primarily attributable to repayments of borrowings and cash dividend distributions.						

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	2028	2029
1. HR Coil Project of Yantai Plant	Working Capital	June 2026	8,725	53	594	1,525	3,848	1,048	1,164	236	257	-	-	-
2. Cold Finished Bar Project of Yantai Plant	Working Capital	December 2025	2,841	-	-	83	690	1,388	358	181	141	-	-	-
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	6,172	6,473	987	-	-
5. Nickel matte factory in Indonesia	Working Capital	June 2024	3,078	-	-	-	-	2,228	274	576	-	-	-	-
6. Indonesian Wire Rod Plant	Working Capital	June 2026	2,394	-	-	-	-	-	-	823	1,332	239	-	-
7. European SMP New Equipment Project	Working Capital	December 2029	2,419	-	-	-	-	-	-	-	-	734	1,007	568 110

(2) Estimated Benefits:

- 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.
- 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.
- 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.
- 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.
- The Indonesian Wire Rod Plant produces 300 series stainless steel basic wire rod, with an estimated annual production capacity of 300,000 metric tons. In the future, the target markets will be Southeast Asia and South Asia, aiming to enhance cost competitiveness and leverage the synergistic value of the brand.
- The European SMP project involves investment in forging, vacuum melting, and remelting process equipment and plant facilities, in order to increase the Group's production capacity and output of high-end precision material-related products.

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 2025, the gains for affiliated enterprises recognized under the equity method amounted to approximately NT\$1.695 billion, primarily attributable to the recovery of memory market demand in 2025 and the gradual upturn in industry conditions.

(2) Main Reasons for Profit:

Recognition of the gains primarily from Winbond Electronics Corp., Walsin Technology Corporation, and other companies.

(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 2025 was approximately NT\$1.94 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 its business development and needs.
Exchange Rate Change	In 2025, the impact of foreign exchange after hedging operations resulted in approximately NT\$10 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.

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- (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:

Risk Description:

Artificial intelligence (AI) and cloud services enhance corporate operational efficiency, yet also pose cybersecurity challenges. AI may compromise information security and the accuracy of decision-making due to training data biases and hacker attacks. Cloud services involve risks such as inadequate data access controls, vendor security vulnerabilities, and DDoS attacks, which may result in the leakage of confidential information or system paralysis. Hackers may exploit attacks on software vendors to implant malicious code in the Company's systems, leading to large-scale cybersecurity incidents.

Potential Impact:

If AI-generated outputs are not properly verified, data distortion may result, reducing the credibility of information and the precision of operations. Concurrently, it may be difficult for employees to discern whether the data they input or that is generated by AI involves trade secrets or sensitive information, exposing the Company to a heightened risk of information leakage and intellectual property infringement. Improper use may increase the likelihood of leakage of confidential information or trade secrets, thereby diminishing the confidentiality of the Company's trade secrets, damaging its reputation and credibility, and consequently undermining its competitiveness.

Control Measures:

1. Establish an AI-empowered proactive threat detection and prevention system, introduce a cloud-to-ground zero trust architecture, and activate OT industrial control cybersecurity defense measures, with the objective of achieving the "digital sustainability" goal.
2. Continuously enhance employees' cybersecurity awareness, regularly conduct social engineering drills, implement cybersecurity incident reporting and drills, and strengthen incident response and handling capabilities.
3. Refine information security regulations and management systems, establish a comprehensive cybersecurity protection platform, implement cybersecurity technical protection measures, and participate in external cybersecurity rating assessments, with the objective of achieving internal and external compliance targets.
4. Establish a cybersecurity control map based on high international standards, strengthen information security risk management, and ensure the confidentiality, integrity, and availability of trade secrets and confidential data.

(6) Impact of Change in Corporate Image on Risk Management and Countermeasures: None

(7) Expected Benefits and Potential Risks of Merger and Acquisition: None.

(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	<ol style="list-style-type: none"> 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. 	On October 24, 2025, the parties reached a settlement. The terms of the settlement have no material impact on the consolidated operations of the Company. This case has been closed.
Borrego Energy, LLC (Note 1)	Letts Creek Solar, LLC, Cement City Solar, LLC and Pullman Solar, LLC	May 31, 2024	<ol style="list-style-type: none"> 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

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Name of Subsidiary	Main Parties Involved in Litigation	Commencement Date of Litigation	Facts at Issue in Litigation	Current Handling
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.	Currently in the process of recovery through compulsory execution and subrogation claims (eight cases in total, aggregating RMB34.09 million).
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.	Settled through mediation; performance of the mediation agreement has been completed.

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	2025	2024
Current ratio	Current assets / Current liabilities	>=100%	159.84%	138.93%
Debt ratio	Net liabilities (Total liabilities - Cash and cash equivalents) / Tangible assets	<=120%	69.71%	85.40%
Interest coverage ratio	(Net income before income tax, depreciation, amortization and interest expense / Current interest expense	>=300%	542.29%	615.45%
Tangible net value	Shareholders' equity - Intangible assets	>=NT\$80 billion	NT\$164.7 billion	NT\$135 billion

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

Ratio	Formula	2025	2024
Return on Shareholder's Equity	Net Income after tax / Average of total shareholders' equity	1.97%	1.84%
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	Earnings before interest & taxes + depreciation & amortization	NT\$12,257 million	NT\$14,182 million

7. Other Major Issues: None