CSC

CSC

September 25, 2025

Agenda

01 Steel and Raw Material Dynamics

02 Operating Performance

03 Key Strategies

04 Appendixes

Safe Harbor Statement

This presentation may contains forward-looking statements. All statements other than historical and current fact, without limitation, including business outlook, predictions, estimates, are forward-looking statements.

Such statements are based upon management's current beliefs and expectations and are subject to various risks, uncertainties and other factors that could cause actual outcomes and results to differ materially.

We caution readers not to place undue reliance on forward-looking statements as these statements speak only as of the date they are made, and we disclaim any obligation to, update or alter any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law or regulation.

This cautionary statement is applicable to all forward-looking statements contained in this presentation.

01

Steel and Raw Material Dynamics

Impact Assessment of U.S. Reciprocal Tariffs and Expanded Steel Tariffs

Impact on Taiwan's Manufacturing industry

- **Steel and Aluminum Tariffs**
  - ✓ Steel from Taiwan and other countries exported to the U.S. are all subject to Section 232 tariffs, resulting in an equivalent level of competitiveness.
- **Reciprocal Tariffs**
  - ✓ Downstream industries exporting to the U.S. face higher reciprocal tariffs compared to competitors from Japan and South Korea, indirectly affecting domestic steel demand.

Impact on Steel prices

- **U.S.**
  - ✓ Domestic investment is expected to drive up steel demand, helping support U.S. steel prices.
- **Other countries**
  - ✓ Concern about potential impact of redirected steel leads to market volatility across various countries outside the U.S.

Response Strategies of Taiwanese Manufacturers

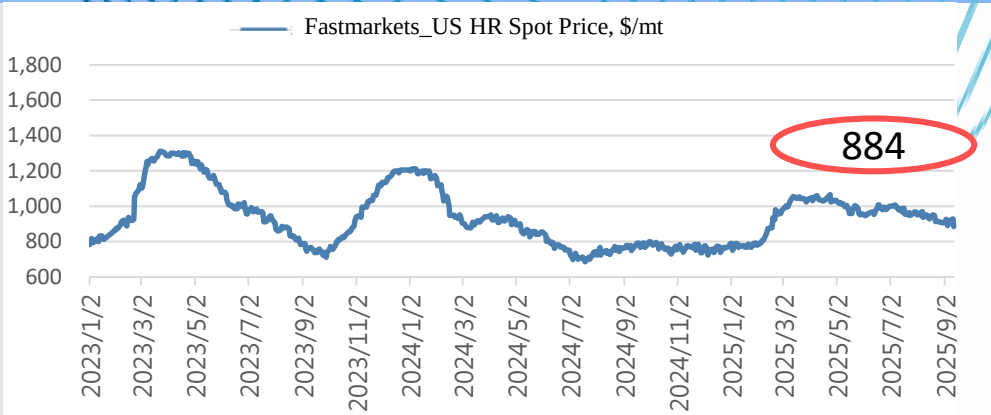
- **Short term**
  - ✓ Diversification of export markets
  - ✓ Negotiating with customers to share tax burden
- **Medium term**
  - ✓ Strive for negotiation buffer and policy support
  - ✓ Flexible supply chain deployment
- **Long term**
  - ✓ Strengthen promotion of green steel
  - ✓ Accelerate investment in the U.S. and enhance local production

Major Steel Market Dynamics

As of 2025.9.12

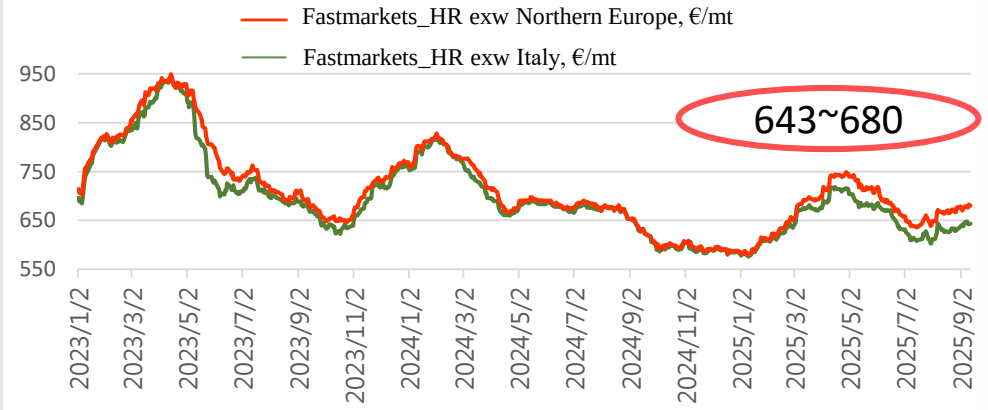
➢ US

- In August, U.S. steelmaker Nucor lowered its spot prices for three consecutive weeks, reflecting weak off-season demand and a slowdown in inventory destocking. However, the market generally expects a recovery in procurement demand in September, which may help stabilize prices and keep inventory levels healthy. On August 25, Nucor raised its spot price by US$11 to US$965, marking its first price increase in the second half of the year.



➢ EU

- Steel demand remains weak during summertime. With an increase in imports arriving in June, a supply glut is expected in Q3 and the prices stay weak. However, uncertainties such as import quotas and the upcoming implementation of CBAM have caused end-users to take a wait-and-see attitude toward imported materials. This may help support the ex-work price of steel mills, resulting in a bottoming out in the market.



➢ ASEAN

- China has tightened export controls, affecting export shipment operations and prompting buyers to shift inquiries to other Southeast Asian countries. In addition, due to weak domestic demand in Vietnam, the market shows low interest to import offers above CFR US$500.

CSC

Major Steel Market Dynamics

➢ China

- On the back of rising new orders, the S&P Global China General Manufacturing PMI rose to 50.5 in August, up from 49.5 in the previous month, returning above the boom-bust line. On the supply side, production levels are expected to continue shrinking under the influence of environmental regulations and industry policy controls.
- Driven by market optimism and reports of government-mandated production cuts, the spot prices for both hot-rolled and cold-rolled products increased. With the support from policies, including cutting the reserve requirements and interest rates, lowering housing provident fund loan rates, and stimulating the stock and property markets, steel demand is expected to be driven through the boosted employment, increased income, and enhanced consumer confidence.

➢ Taiwan

- The steel structure industry is mainly driven by domestic demand. The central bank's ongoing credit controls and rising mortgage interest rates have continued to suppressed housing market momentum. However, public infrastructure projects and semiconductor plant construction are supporting the demand, and the orders from steel structure producers remain stable.
- Export-oriented industries are facing dual challenges from U.S. tariffs and exchange rate, which may prolong the recovery period. Weak end demand for bars and wires has led to continued suppression of steel prices.
- The U.S. Department of Commerce has added 407 steel and aluminum derivative products to be subject to a 50% tariff under Section 232. Although the current guidance states that only the steel value portion of these products will be taxed at 50%, with the remainder still subject to reciprocal tariffs, accurately distinguishing the metal value in finished products remains challenging in practice. As a result, most downstream customers are still assessing the actual impact.

Global Steel Market Outlook

Fundamentals improving; uncertainties diminishing
Market stable, with room and opportunities for upside

Positive Signals

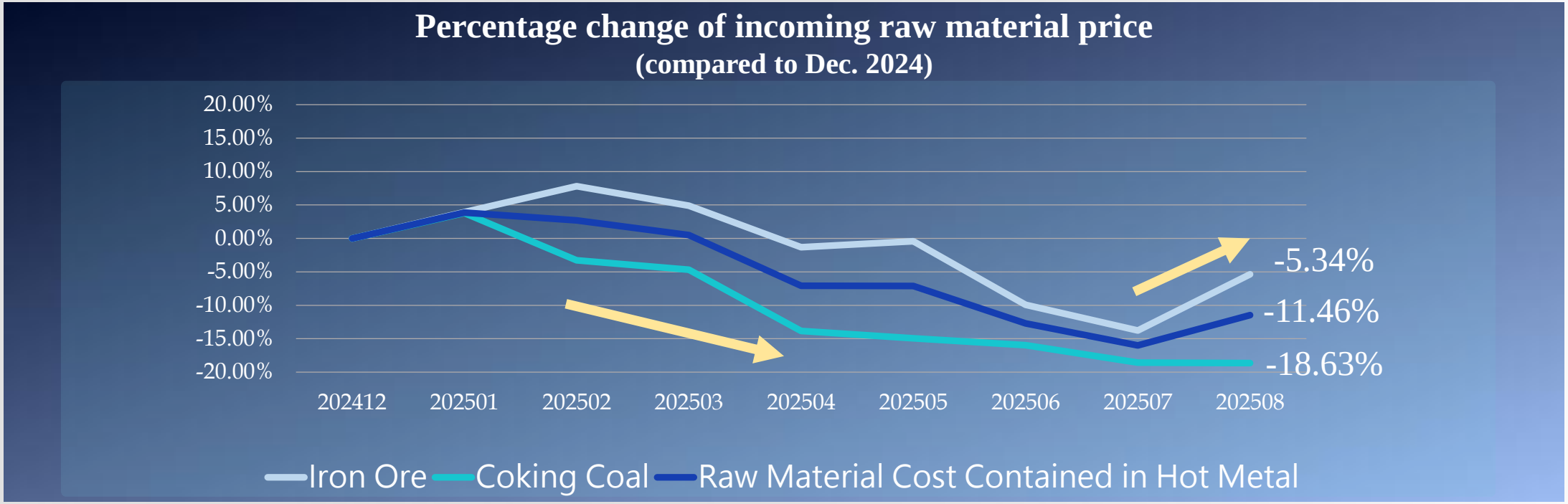
- The U.S. Federal Reserve is expected to begin interest rate cuts
- Raw material price volatility slowed down, contributing to stable costs
- China's production cuts and maintenance continue, reducing supply in Asia
- Peak season effect: demand supported by construction and manufacturing sectors

Key Focus

- Geopolitical situation
- Inflationary effects caused by tariffs
- The extent of the growth slowdown in Europe and the U.S.
- Impact of exchange rates and policy adjustments on demand

Raw Material Trend - Iron Ore & Coking Coal

- Coking coal: Coking coal prices declined due to sufficient supply from Australia since the beginning of the year, weak procurement momentum from downstream steel mills, and falling domestic coking coal prices in China, which have reduced Chinese buyers' demand for seaborne coking coal. The price of China's domestic coking coal rebounded in Q3 as supply tightened. Furthermore, expectations of India's restocking demand after rainy season drove up the price of seaborne coking coal.
- Iron ore: At the beginning of 2025, iron ore prices rose on expectations of economic stimulus measures from China and a rebound in steel prices. In Q2, the steel market weakened due to heightened U.S.-China trade tensions and uncertainty over U.S. tariffs, leading to a reversal and decline in iron ore prices. In late July, China's announcement of the mega dam project in Tibet and expectations of production cuts boosted market sentiment. With healthy profits of Chinese steel mills, iron ore demand was supported and the price rebounded.



02

Operating Performance

Consolidated Financial Performance

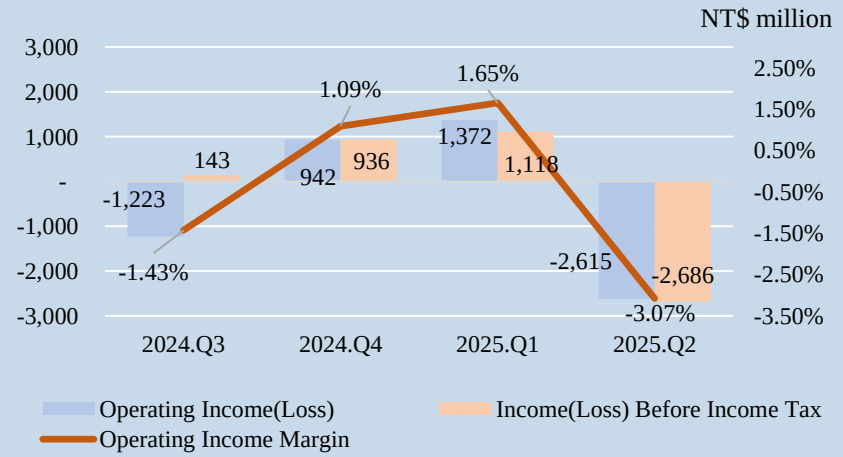
Latest operating results

Amount: NT$ million

Item	*2025.7	2025.6	MoM	*2025.1~7	2024.1~7	YoY
Operating Revenue	24,391	25,540	-4%	192,658	217,599	-11%
Operating Income(Loss)	(1,023)	(1,646)	38%	(2,266)	2,251	-201%
Operating Income Margin	-4.19%	-6.44%		-1.18%	1.03%	
Income(Loss) Before Income Tax	(840)	(1,578)	47%	(2,408)	4,080	-159%

*preliminary results

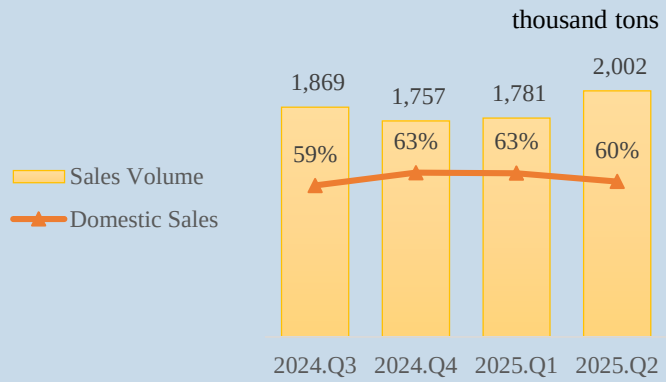
Quarterly profits trend



- ✓ The steel market sentiment in Q1 2025 was positive. Expectations of demand growth led to a slight increase in steel product prices, while costs declined, resulting in improved profitability.
- ✓ In Q2 2025, operations came under pressure and turned from profit to loss due to the impact of the U.S. reciprocal tariffs, the 50% tariffs on steel and aluminum, and significant exchange rate fluctuations. Although steel sales volume saw a brief increase in April and May, the overall drop in ASP for the quarter exceeded the decline in ASC. Additionally, reduced power generation from the Zhongneng offshore wind farm further weighed on performance.

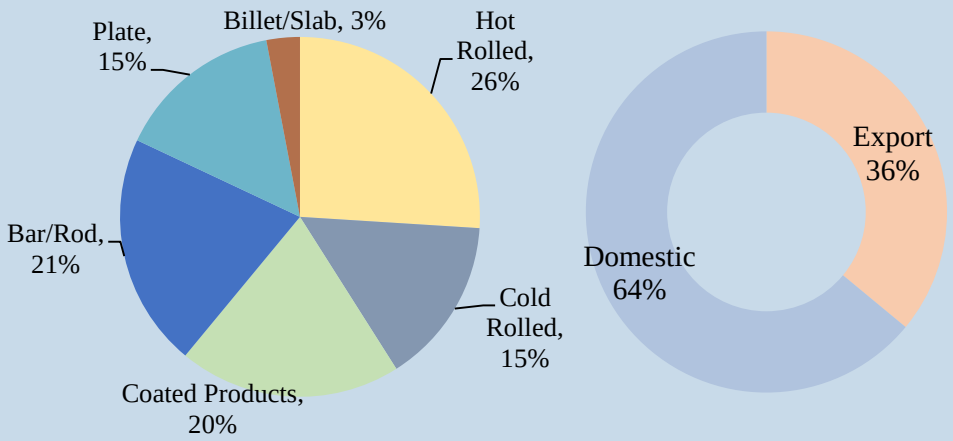
Standalone Production / Sales Performance

Sales analysis

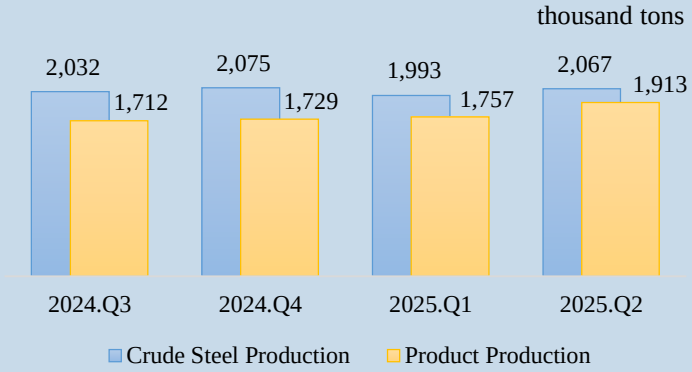


- ✓ In Q1 2025, market sentiment turned optimistic following the positive news such as the U.S. ending tariff exemptions for steel from other countries and hopes for peace talks between Russia and Ukraine. However, due to fewer working days because of CNY, the sales volumes only increased slightly.
- ✓ In April 2025, the U.S. announced 90-day pause on reciprocal tariffs, triggering a wave of early shipments that drove sales growth in April and May. However, sales volume declined from the peak in May due to a sharp short-term appreciation of NTD and the increase of U.S. Section 232 steel tariffs to 50%, which led to a downturn in downstream orders. Despite this, the overall Q2 sales volume increased compared to Q1.

2025.1H Sales value breakdown



Production analysis

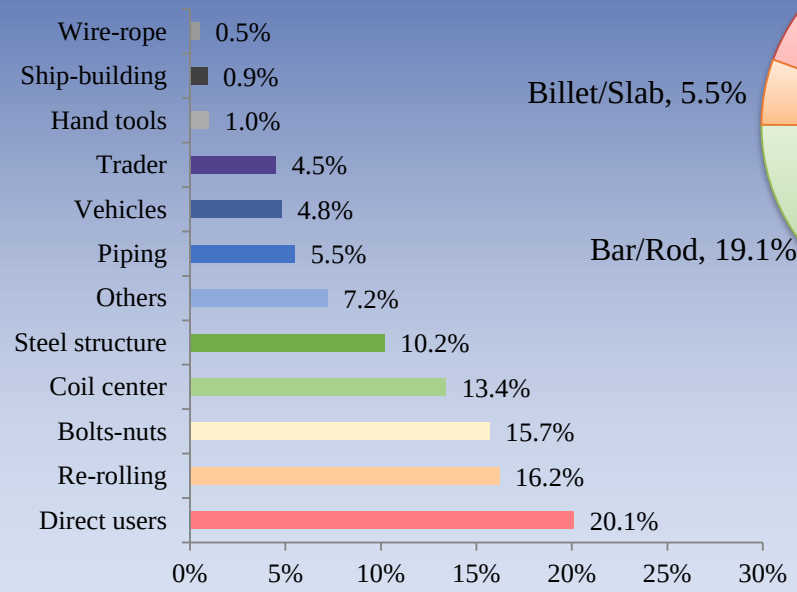


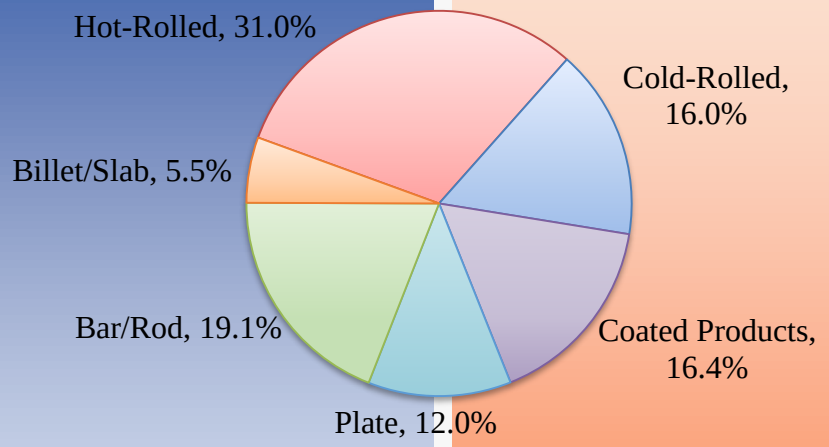
Sales Analysis – CSC Standalone

2025.1H sales volume totaled 3.78 million tons - Sales Breakdown

Domestic

61.48%
2.32 million tons





Export

38.52%
1.46 million tons

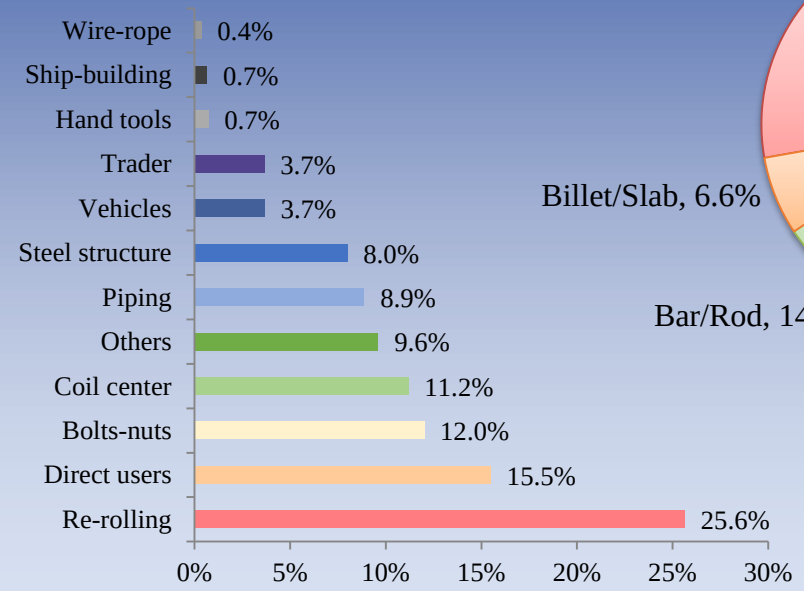
S.E. Asia	36.4%
Europe	23.0%
Japan	15.9%
China	8.5%
Others	16.2%

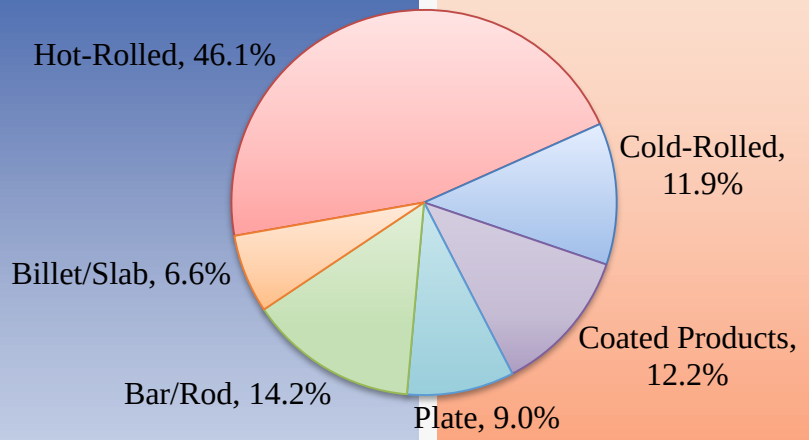
Sales Analysis - CSC & BF Products of DSC

2025.1H sales volume totaled 5.08 million tons - Sales Breakdown

Domestic

60.01%
3.05 million tons





Export

39.99%
2.03 million tons

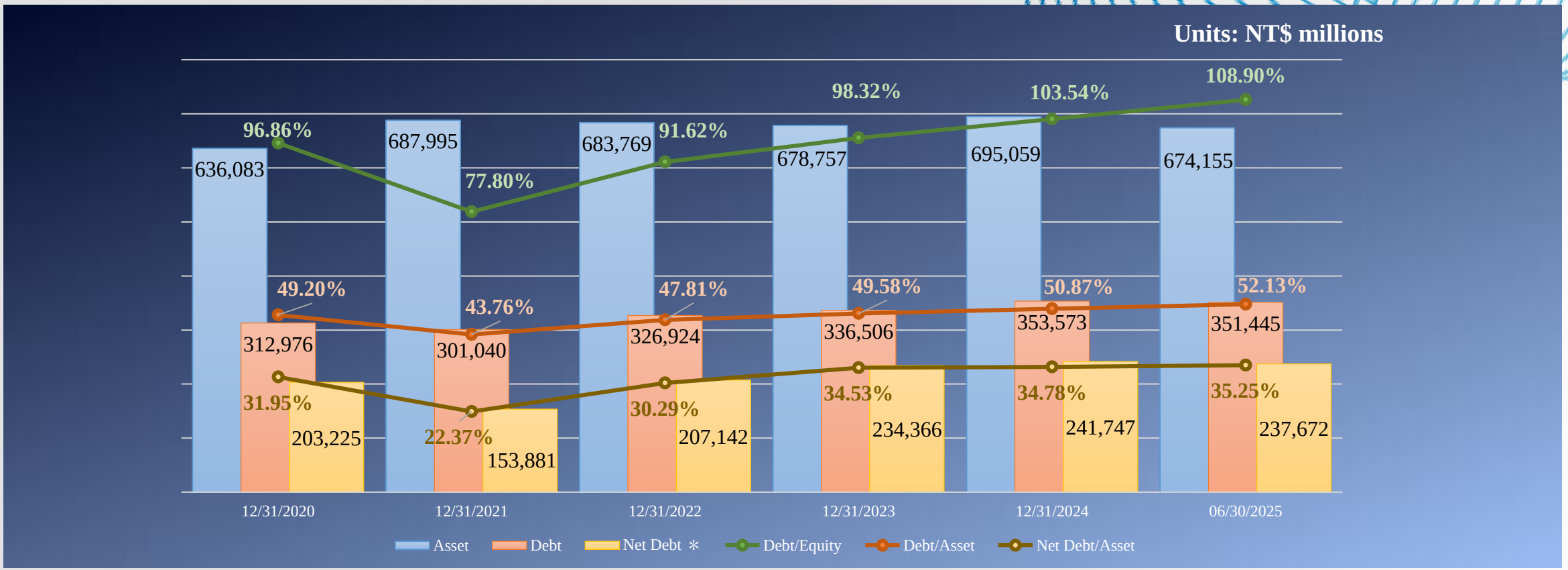
S.E. Asia	40.7%
Japan	20.9%
Europe	17.4%
China	6.1%
Others	14.9%

Consolidated Income Statement

Units: NT$ millions

	2025.1H	2024.1H	YoY
Revenues	168,267	188,326	-11%
Gross profit	5,183	8,871	-42%
Gross margin	3.08%	4.71%	
Operating Income	(1,243)	2,073	-160%
Operating Margin	-0.74%	1.10%	
Profit (loss) before tax	(1,568)	3,498	-145%
Net profit (loss)	(1,503)	2,772	-154%
Attributable to			
Owners of the corporation	(1,658)	1,965	-184%
Non-controlling interests	155	807	-81%
Earnings (Loss) Per Share (NTD)	($0.11)	$0.13	-185%

Consolidated Financial Position

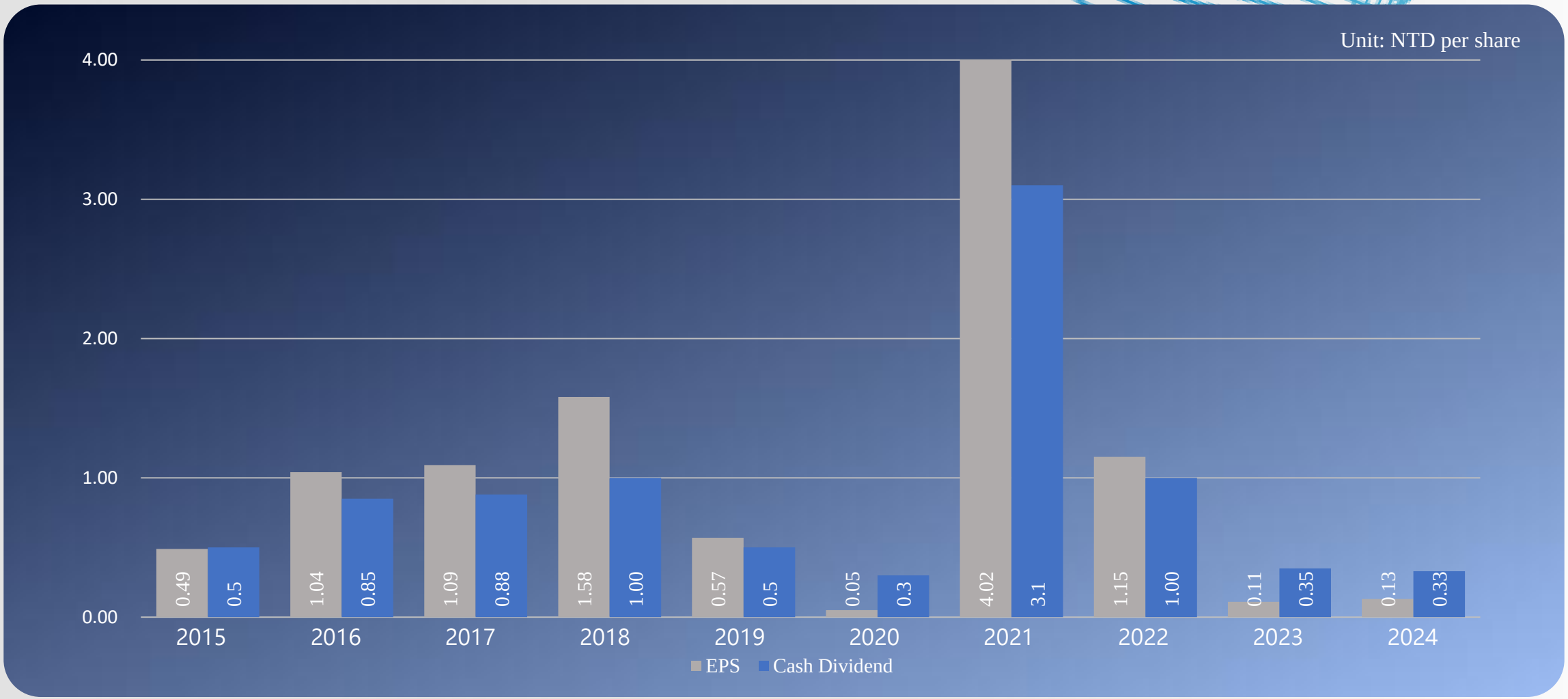


- ✓ In response to the environment of rising interest rates, multiple domestic financing channels, such as issuing corporate bonds, are used to reduce the impact of rising financial costs.
- ✓ Credit rating: Taiwan Ratings twAA- ; Outlook Negative (2025.04.24)
  Fitch Ratings AA (twn); Outlook Stable (2025.04.14)

＊Net debt = Interest Bearing Debt – cash & cash equivalents – (*financial assets at fair value through profit or loss-current+ financial assets at fair value through other comprehensive income-current)*

Historical EPS and Dividends Paid

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Cash Dividend payout(%)	102	82	81	63	88	600	77	87	318	254



03

Key Strategies

2 Core Strategies, 10 Operating Strategies

Develop Advanced Premium Steel

Establish Excellent Manufacturing Capability

Improve Marketing Capability

Deepen the Upgrade of Steel-using Industry

Develop and Enhance Carbon Reduction Technologies

Promote to High Value-added Steel Mill

Develop Green Energy Business

Digital Transformation
Low-carbon Transformation
Supply Chain Transformation

Introduce the Application of AIoT

Explore and Cultivate in the Green Industry Business

Pass on and Enhance Corporate Culture

Move towards High Productivity

Build up Highly Efficient Business Systems and Processes

Optimal Capacity & Lines Consolidation

Optimal Capacity Planning

- Facing the global steel oversupply and low-price dumping, with the advent of the carbon neutral era, economic structures have changed. In response to these changes, CSC has shifted its focus from production-oriented to **quality-oriented**. By **shutting down or consolidating weaker production lines**, we can **improve resource utilization** and **lower production costs**, creating new opportunities for business transformation. Less is more.
- Setting 2030 as the target year, CSC plans to consolidate production capacity for under-utilized and aging lines to achieve optimal capacity.

➢ High-Value Product Developments

- Develop Advanced Premium Steel and direct resources to high value products.
- Guide downstream industries to produce high value-added products, lead the upgrade of Taiwan's steel industry, and enhance overall competitiveness.

➢ Effective resource utilization

- Optimize production efficiency and enhance the use of water, electricity, and other resources.
- Fulfill corporate social responsibility and achieve carbon reduction goals.

➢ Reduce production costs

- Improve the efficiency of production lines and reduce process costs.
- Modify organizational structure and reduce labor costs.

Optimal Capacity & Lines Consolidation

Implementation Status

6 production lines (equipments) have been shut down.

- Vacuum Oxygen Decarburization (since 1994)
- Batch Annealing Line (since 1982)
- #1 ROD Mill (since 1977)
- Electrical Steel Coating Line (since 1997)
- #1 Hot Rolled Temper Mill & Recoil Lines (since 1982)
- #1 Continuous Annealing Lines (since 1988)

Lone-term planning and benefit evaluation

Capacity consolidation

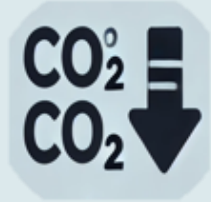
Review and consolidate a total of 26 production lines across ironmaking, steelmaking, and rolling.

Organization re-arrangement

Streamline the organization structure by 4.07%, reducing labor costs by about NT$ 606 million per year.

Cost reduction

Improve efficiency and reduce process costs by about NT$ 1.355 billion per year.



Carbon emissions reduction

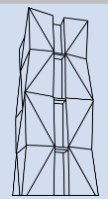
Reduce process carbon emissions by 2.915 million tons of CO_2e per year.

Develop Advanced Premium Steel

Definition of Advanced Premium Steel (APS)

Products with "High Profitability, High Technical Content, High Industrial Benefit."

Focus on 8 items (Meet customers' needs & Industry trend)

High-Quality Forging Steels	Superior Hand Tool Steels	High Performance Structural Steels	Steel for Green Energy	Ultra-High Strength and Toughness Steels	Advanced Alloy Steels	Cross-Generational Automotive Steels	Ultra-High Efficiency Electrical Steels
							

Advanced Premium Steel proportion target (%)

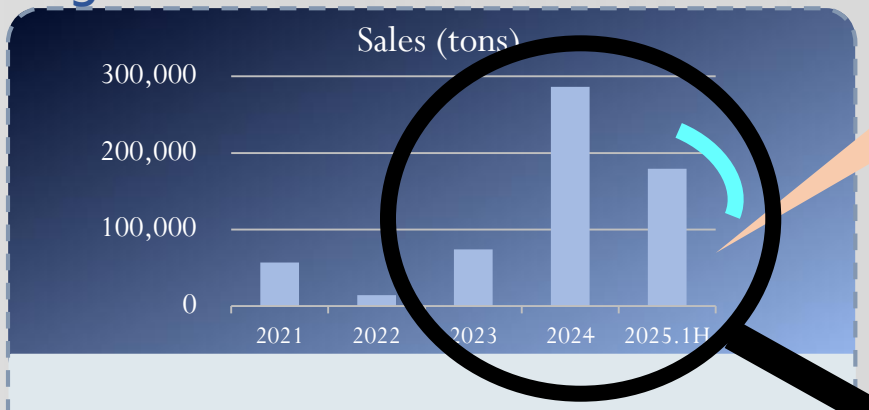
(APS sales volume target divided by total sales volume target, which does not include slab, and bloom, and billet.)

Year	2025	2026	2027	2028	2029	2030
Advanced Premium Steel proportion (APS sales volume target divided by total sales volume target, which does not include slab, bloom, and billet.)	**11.8%**	**13.5%**	**15.2%**	**16.9%**	**18.6%**	**20.3%**
Advanced Premium Steel volume (ten thousand tons)	**87.4**	**101.9**	**116.9**	**132.2**	**144.0**	**159.0**

In 1H 2025, the sales volume of APS reached 431 thousand tons, the sales volume of APS reached 12.1%, sales revenues of APS reached 18.3%, and gross profits of APS reached 78.9%. The high technical content and application value of APS can enhance profitability and customer loyalty of the company, as well as better withstand economic fluctuations.

Sales Performance of Advanced Premium Steel

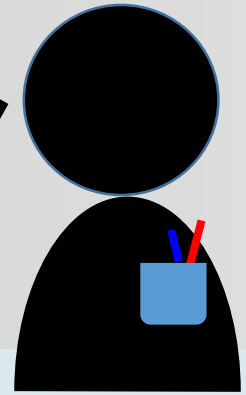
High Performance Structural Steels



Sales continued to grow in 1H 2025

Sales volume **grew by 59%** YoY in 1H 2025, driven by domestic existing construction projects and urban renewal initiatives.

Existing construction projects and plant expansions will continue, even with the Taiwan housing control policy effects. The outlook is **cautiously optimistic**.



Ultra-High Efficiency Electrical Steels

Weakened sales from downstream automakers and extended verification periods for new customers led to a slowdown in orders in the first half of the year.

Electric vehicles remain **the trend for the future of the industry.**

Orders continue to grow

SM570

YoY +36%

- Sales volume in 1H 2025 totaled 127 thousand tons, an increase of 34 thousand tons compared to the same period last year.
- Benefiting from the growing trend of high-rise and super high-rise building construction in Taiwan in recent years, along with a significant increase in **safety awareness of earthquake resistance**, **orders for CSC's SM570 series steel have continued to grow.**
- **Currently, steel structure manufacturers have order visibility extending into mid-2026.** However, the domestic economic outlook for this year and next remains conservative, and the real estate policies are unfavorable to sales. The order outlook for 2025 is cautiously optimistic.

Deepen the Upgrade of Steel-Using Industry

Facilitating industry 4.0

Constructing industry cloud: To increase the **collaborative operational efficiency** of production and sales among factories in the industrial clusters.

Introducing AI technology: To enhance smart manufacturing, production and marketing capabilities.

Collaborative R&D

Establishing **Joint Research Laboratories** to conduct **integrated research** from materials to end products to improve the **innovative effect** of the industrial chain, such as developing **Hand tool digital aided design system** and **Automobile integrated door ring hot stamping technology**, in order to create a win-win situation for both customers and us.

Cultivating core technologies

Integrating resources from industries, government, academia and research institutes to execute projects like **Industry and Academia Alliance** and **Forward-Looking Technology and Industry-Academia Collaboration**, such as developing **low carbon iron making technologies** suitable for Taiwan and promoting the **development of motors for drones and high-end electric vehicles** in NCKU Electric Motor Technology Research Center.

Upgrading of steel-using industry

Promoting the upgrading of steel-using industry by **organizing R&D alliances** and **applying for technology development program** to invest in joint research and development, to achieve the goal of industrial upgrading.

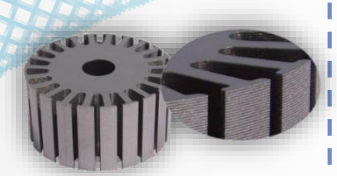
Integrating resources from industries, government, academia and research institutes to facilitate supply chain transformation.

Generating demand and industrial application benefits for Advanced Premium Steel.

Example-Expanding from EV into Drone and Robot Industry

Working with NCKU Electric Motor Technology Research Center, CSC has been deeply involved in the EV industry for many years, and even expanding into drone and robot industries in recent years.

- Develop the most suitable and high-performance **ultra-thin-gauge series electrical steel**, and cooperate with MIRDC on industrial research to promote a system design project for **drone motor featuring one specification for multiuse.**
- **Expanding into the robot industry** this year, CSC is expected to **gradually increase the supply of electrical steel starting from 2027**.



Drone Industry

Tactical Drone

Surveillance and Reconnaissance Drone

Mini Drone

Develop **8 items of drone motors featuring one specification for multiuse** and facilitate **one-stop integration of the domestic industrial chain,** successfully expanding into **domestic and international civil, commercial, and military drone markets.**

Robot Industry

Collaborative Robot

Four-Legged Robot

Humanoid Robot

Taiwan's industrial robotics sector remains focused on mid- to downstream OEM manufacturing and component supply, with gaps in the supply chain. As **smart manufacturing** and **collaborative/service** robots rise, CSC is **integrating the supply chain** to accelerate entry into the robotics market and **seize new opportunities in metallic materials**.

Cultivate in the Green Industry Business – Official Operation of Wind Farm in 2025

CSC shareholding	Total investment	Power generation(e)
51% (CIP 49%)	**around NTD 55 billion**	**1.1 billion kWh/yr**

CHINA STEEL POWER CORPORATION
中能發電股份有限公司

Construction & Operating performance

- The total power generation of the Zhongneng Wind Farm (from January to the end of July) reached only about 80% of the originally estimated value. The main reasons for not meeting the target were weaker-than-average wind conditions during summertime and a higher number of turbines undergoing maintenance in Q2, resulting in a lower overall availability rate.
- By the end of July, only a few turbines remained offline. Repair vessels have been continuously scheduled, and the wind farm's availability and electricity sales revenue are expected to improve ahead of the stronger wind season in winter.

Cultivate in the Green Industry Business – Solar Power

CSC group shareholding

100%

CSC 55% CSCC 15%
CEC 20% DSC 10%

Capital

NTD 1.744 billion

Capacity Installed

101.0MW
(until the end of August 2025)

CSC SOLAR 中鋼光能

Operating performance
(until the end of August 2025)

Electricity output
731 million kWh

Revenues from electricity sales
3.44 billion

Carbon reduction
around 362k tons

Equivalent to the CO_2 absorption of
2,076 Kaohsiung Central Park

Note: Estimated based on each year's Taipower electricity carbon emission factor

Year	2017~2022	2023	2024	2025	Total
Actual Capacity Installed (MW)	92.4	5.5	2.7	0.4 (until August)	**101.0**
Electricity Output (100m kWh)	4.35	1.05	1.11	0.80 (until August)	**7.31**

Future installation

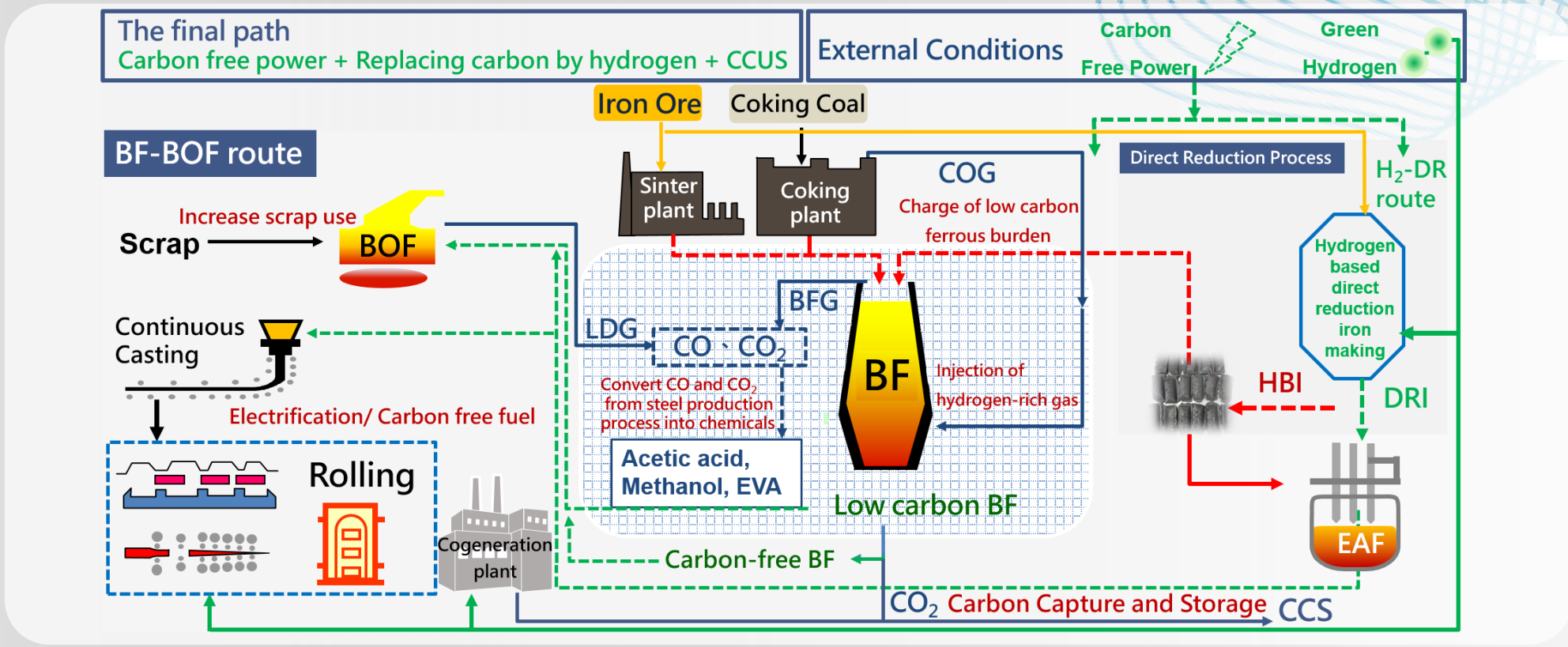
2~3MW/yr ; the 2025 target of 100MW have been achieved earlier in 2024, and the total installed capacity is expected to reach 120MW by 2033.

- Keep developing rooftop PV Systems in CSC group industry chain based on the regulation on users with high power consumption in Renewable Energy Development Act and Local Self-governing Green Building Regulations.
- Electrical business license (**accumulated 66.7MW**) has been obtained to gradually increase the proportion of renewable energy used by the group companies. In 2024, the green energy supplied to the group reached more than **61.49 million kWh**, and **more than 61,490 green energy certificates** were obtained.

Decarbonization Pathway

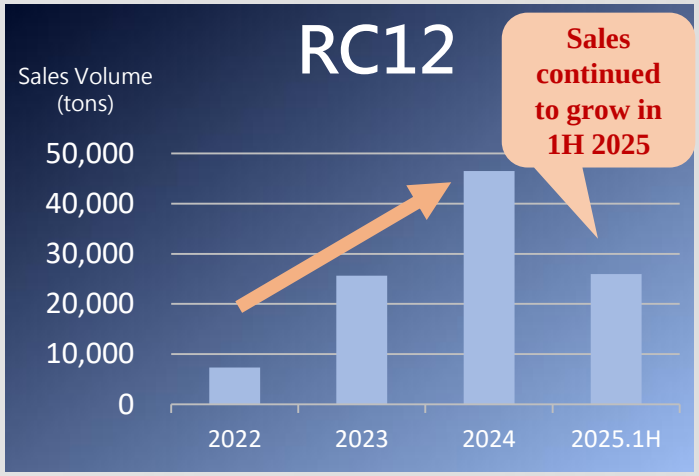
Base year: 2018 (Scope 1+2)

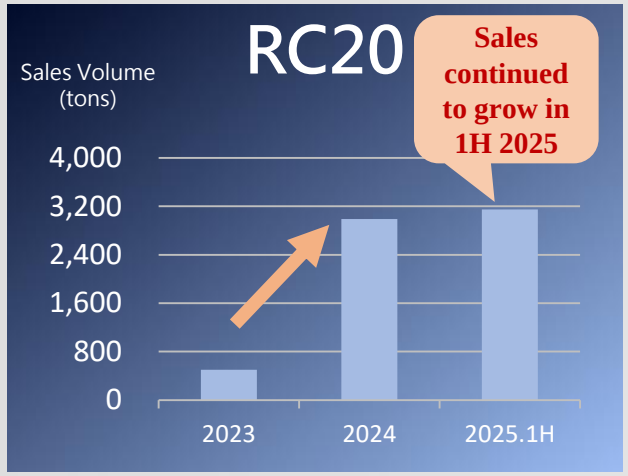
2025 **7% reduction** → 2030 **25% reduction** → 2050 **Carbon Neutrality**



- The medium- to long-term strategies will face the challenges of **technology, resources, and capital**, resulting from the lack of mature technology and green hydrogen resources, as well as the required equipment modification.
- Currently developing hydrogen steelmaking process. In the early stages, **natural gas is used as a hydrogen source** and injected into the blast furnaces to replace part of carbon, thereby **reducing CO_2 emissions from the BF steelmaking process**.
- In response to the carbon fee collection in Taiwan, **the Company has completed the planning of the self-determined reduction plan and submitted an application** to be eligible for the preferential carbon fee rate.

Steel Products with High Recycled Content Keep Growing





The sales volume of steel products with a scrap ratio of 12% and 20% increased significantly.

- **Actively develops steel products with high recycled content. CSC obtained UL2809 RC12 (scrap ratio of more than 12%) certification in 2021, and then obtained UL2809 RC20 certification. These products have been introduced and used by many leading technology manufacturers for applications in computers, servers, display backplanes, etc. In 2024, we cooperated with subsidiary DSC to produce products with scrap ratio of more than 60% by adding molten iron in the EAF, and obtained UL2809 RC60 certification. The steel products with high recycled content will be developed continuously.**
- **Steel products with high recycled content (RC30) are planned to be developed to produce IF steel. IF steel with RC30 has obtained UL2809 certifications in 2025.**
- **In June 2025, UL2809 RC90 certification was obtained for cold-rolled and galvanized products.**

ESG Performance

- ★ 2025.05 **Ranked Top 1% in S&P Global 2025 Sustainability Yearbook** and honored the "Industry Mover" award
- ★ 2025.04 **Received score of (A-) Leadership level on “Climate Change” for two consecutive years, and score of (A-) Leadership level on “Water Security” for the first time**
- ★ 2024.12 Selected as **a component in both DJSI-World and DJSI-Emerging Markets** and **achieved the global steel industrial leader**
- ★ 2024.12 Won the 2024 “Top 10 Most Prestigious Sustainability Awards-Domestic Corporates” by Taiwan Institute for Sustainable Energy (TAISE)
- ★ 2024.11 Selected as one of the Excellent Manufacturers for Voluntary Reduction of Industrial Greenhouse Gas by the Industrial Development Administration, MOEA for 14 consecutive years
- ★ 2024.11 Won “Sustainable Development Award” by BSI
- ★ 2024.11 Won 8 awards, including Climate Leadership, Water Resource Leadership, Circular Economy Leadership, Growth Through Innovation Leadership, Talent Development Leadership, Supply Chain Leadership, and Aging-Friendly Leadership of Taiwan Corporate Sustainability Awards (TCSA), as well as Corporate Sustainability Reporting Silver Award of Global Corporate Sustainability Awards (GCSA)
- ★ 2024.10 Won 2024 "Net Zero Industry Competitiveness Award" special award by 21st Century Foundation
- ★ 2024.08 Won 1 Gold Award and 2 Bronze Awards in the Taiwan Sustainability Action Award by Taiwan Institute for Sustainable Energy (TAISE) with sustainable projects such as digital transformation
- ★ 2024.04 Recognized as 2024 Sustainability Champion by the World Steel Association

Thank you

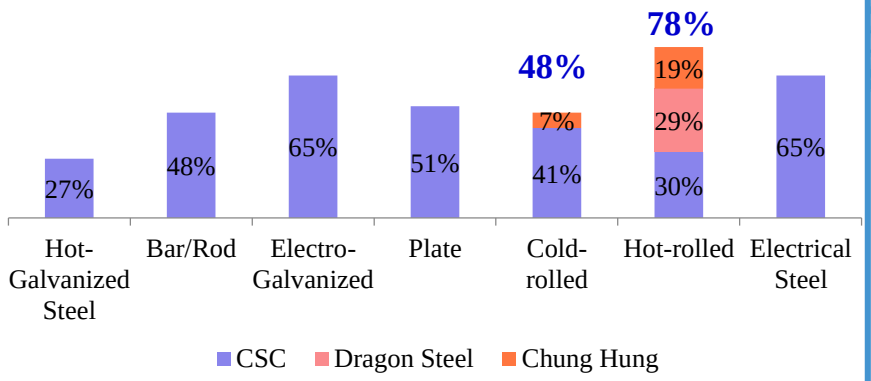
04

Appendixes

Company Overview – Business Snapshot

- CSC is the leading Taiwanese steel manufacturer with integrated production capabilities.
  Crude steel capacity of CSC Group reached about 16 mmt.
  - ✓ CSC: 9.9 mmt
  - ✓ DSC: EAF & No.1&2 BF around 6 mmt
- Dominant position in the domestic market
- Focus on Leading-edge Steel Mill & green energy business.
  Improve the percentage of high-end and high-margin products.

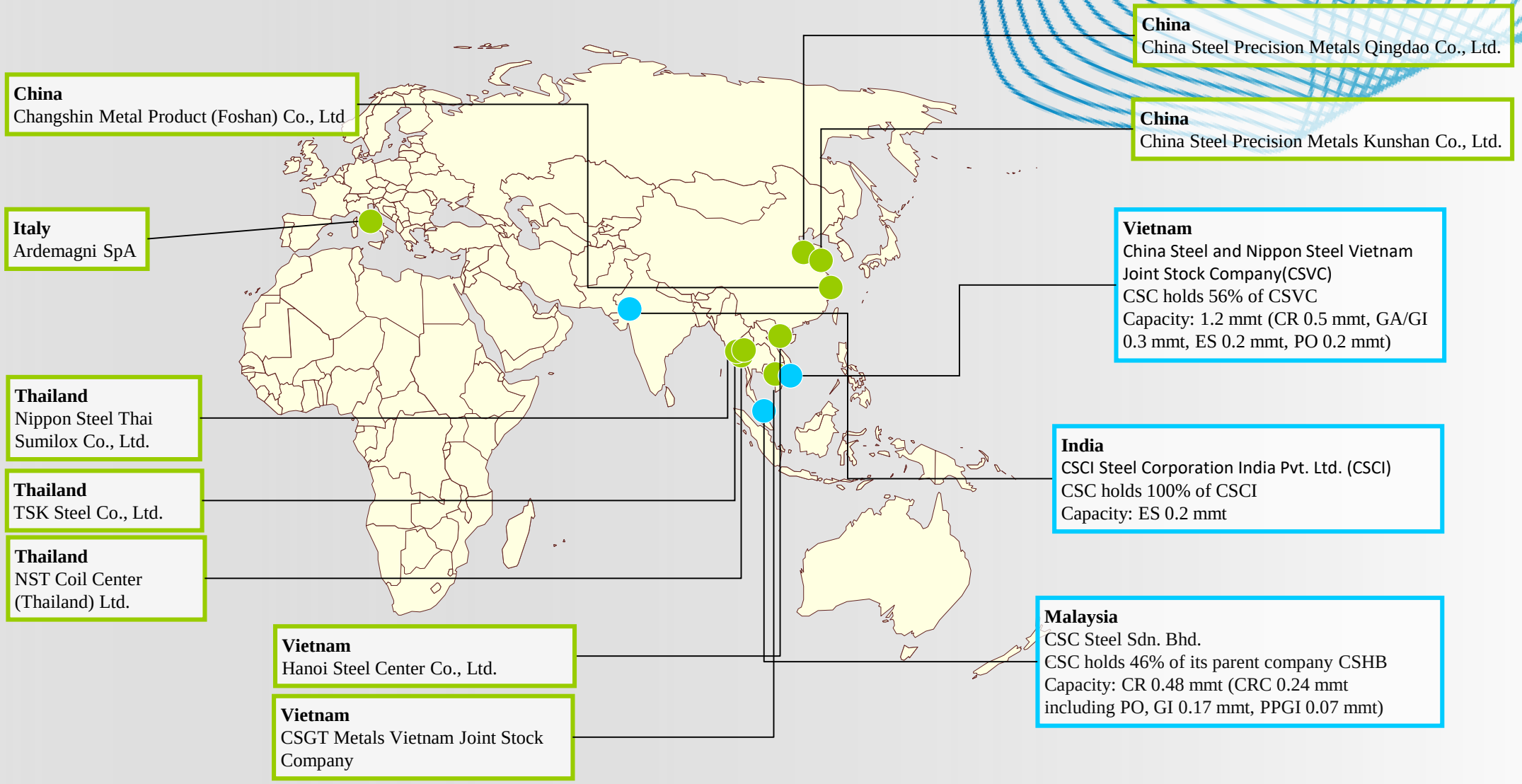
CSC Group domestic market share (2025.1H)



Steel	Engineering	Industrial Materials	Logistics & Investment	Green Energy
• CSC • CHS • DSC • CSC Steel Sdn. Bhd. • CSVC • CSCI	• CSSC • China Ecotek • CSMC • Info-Champ Systems	• CSCC • CHC Resources • CSAC • Himag Magnetic	• CSE • CSGT • Gains Investment • China Steel Security • CPDC	• SDMS • CSC Solar • China Steel Power • KRTC

Company Overview – Overseas Production Sites and Sales Channels

Established southbound overseas production sites and sales channels to breakthrough tariff barriers.



Segment Revenues and Operating Results

Unit : NTD Thousands

2025.1H	Steel Department	Non-steel Department	Adjustment and Elimination	Total
Revenue from external customers	$ 126,729,917	$ 41,537,011	$ -	$ 168,266,928
Inter-segment revenue	21,969,238	25,750,502	(47,719,740)	-
Segment revenue	$ 148,699,155	$ 67,287,513	($ 47,719,740)	$ 168,266,928
Segment profit (loss)	($ 5,297,900)	$ 4,350,403	($ 295,981)	($ 1,243,478)
Interest income	195,229	442,084	(50,098)	587,215
Financial costs	(1,456,073)	(1,179,517)	103,558	(2,532,032)
Share of the profit (loss) of associates	(2,538,782)	969,801	1,673,758	104,777
Other non-operating income and expenses	918,260	764,846	(167,219)	1,515,887
Profit (loss) before income tax	(8,179,266)	5,347,617	1,264,018	(1,567,631)
Income tax (benefit)	(1,105,995)	1,101,544	(59,841)	(64,292)
Net profit (loss) for the period	($ 7,073,271)	$ 4,246,073	$ 1,323,859	($ 1,503,339)