

MPI Corporation 2023 Annual General Meeting Minutes

Date and Time: June 15, 2023 (Thursday), 10:00 am

Place: 2F, No. 26, Taiyuan Street, Zhubei, Hsinchu County (Conference Hall, Tai Yuen Hi-Tech Industrial Park)

Attendance: The total number of shares represented by attending shareholders and proxies at the meeting were counted at 64,549,824 shares (including 25,092,857 shares voting in an electronic form), which represented 68.50% of the Company's 94,231,106 outstanding shares and exceeded the statutory requirement. Attending directors were the 9 directors including Director Ko, Chang-Lin, Director Steve Chen, Director Scott Kuo, Director Li Tu-Cheng, Director Tsai Chang-Shou, Director Liu Fang-Sheng, Independent Director Hsu Mei-Fang (Audit Committee convener), Independent Director Kao Chin-Cheng, and Independent Director Liao Da-Ying, exceeding half the 9 seats on the Board.

Attendees: Chen, Yi-Ling, CPA

Chairperson: Chairman Ko, Chang-Lin

Record taken: Manager Tang Fu-Ping

I. Announcement of session

II. Address of the Chairman: skipped.

III. Reports

1. 2022 Business Report (See Appendix I)
2. 2022 Audit Committee's Review Report on Final Accounting Books (See Attachment II)
3. Report on Distribution of Remuneration to Employees and Directors for 2022.

Explanation: According to Article XIX of the Company's Articles of Incorporation, when the Company records a profit before tax in any fiscal year, an amount equal to 0.1%~15% thereof shall be appropriated as the remuneration to employees and an amount no more than 3% thereof as the remuneration to directors. The Company's net income before tax and the allocation of remuneration to employees and directors, was NT\$1,583,478,523 for the year 2022, and it is proposed to appropriate NT\$127,800,000 as the remuneration to employees and NT\$31,950,000 as the remuneration to directors, of which, both will be paid in cash.

4. Report on the 2022 Earnings Distribution in the form of Cash Dividend.

Remarks:

(I) According to Article XIX of the Articles of Incorporation, the Company shall authorize

the Board of Directors to resolve to distribute the dividend and bonus, in whole or in part in cash, and report the same to a shareholders' meeting.

- (II) A total of NT\$659,617,742 will be allocated as shareholders bonus and distributed in the form of cash dividend, equivalent to NT\$7 per share. The cash dividend payment will first be rounded down to the nearest whole dollar with any amount less than NT\$1 being forfeited. The fractional balance of cash dividends less than NT\$1 will be summed up and individually added to dividend payments in the order from large to small decimal points until the total amount is met.
- (III) The motion has been approved upon resolution by the Board meeting, and the Chairman was authorized to determine the ex-dividend date, date of distribution and other related matters. In the event that the total quantity of the Company's outstanding shares is changed and the dividends to shareholders are being affected, the Chairman shall be authorized to deal with it with full power.

IV. Points of Ratification

Agenda 1

【Proposed by the Board】

Subject: The Company's 2022 Business Report and Financial Statements are proposed for ratification.

Remarks:

- (I) The Company has prepared its 2022 Business Report and standalone financial statements (including consolidated financial statements), which were submitted to and approved by the Board of Directors. Among which, the standalone financial statements (including consolidated financial statements) have been audited by CPAs Chen, Chih-Ling and Chen, Yi-Ling of Nexia Sun Rise CPAs & Co., who have issued an auditors' report including an unqualified opinion, and submitted to and reviewed by the Audit Committee. please refer to Attachment III and Attachment IV.
- (II) This proposal was approved by a resolution in the 2nd Board of Directors' meeting in 2023. Resolution: Motion vote results: A total of 64,549,824 voting rights were present at the time of vote (including 25,092,857 rights executed in electronic form)

Voting result	Vote number	Percentage in votes of the present shareholders %
Approval votes	55,969,511	86.71%
Disapproval votes	8,114	0.01%
Invalid votes	0	0.00%
Abstention votes/no votes	8,572,199	13.28%

The motion was ratified as initially proposed, based on the outcome of the vote.

Agenda 2

【Proposed by the Board】

Subject: The Company's 2022 Earnings Distribution Plan is proposed for ratification.

Remarks:

- (I) The Company recorded a profit after tax of NT\$1,213,625,357 for the year 2022, and it has prepared the Earnings Distribution Plan enclosed as Attachment V.

- (II) In consideration of the future business development, it is proposed to appropriate NT\$659,617,742 from the distributable earnings for the year 2022 as cash dividend. Based on the number of the outstanding shares on the date of the Board of Directors' meeting amounting to 94,231,106 shares, the cash dividend per share to be distributed is tentatively set at NT\$7.
- (III) In the event that the total quantity of the Company's outstanding shares is affected due to any changes of the Company's capital stock and thereby the dividends to shareholders are being changed, the Board of Directors shall be authorized to deal with it with full power.
- (IV) This proposal was approved by a resolution in the 2nd Board of Directors' meeting in 2023.
- Resolution: Motion vote results: A total of 64,549,824 voting rights were present at the time of vote (including 25,092,857 rights executed in electronic form)

Voting result	Vote number	Percentage in votes of the present shareholders %
Approval votes	56,259,406	87.16%
Disapproval votes	8,216	0.01%
Invalid votes	0	0.00%
Abstention votes/no votes	8,282,202	12.83%

The motion was ratified as initially proposed, based on the outcome of the vote.

V. Election

Agenda 1

【Proposed by the Board】

Subject: It is proposed to hold the election of the Company's directors for the 10th term (6 directors and 3 independent directors).

Remarks:

- (I) The term of office of the Company's 9th Board of Directors (including independent directors) is from June 15, 2020 to June 14, 2023, which will end soon, so it is proposed to hold a re-election in this Annual General Meeting.
- (II) The election of the Company's directors (including independent directors) is subject to the nomination system under Article 192-1 of the Company Act and Article 12 of the Company's Articles of Incorporation. The directors (independent directors) shall be elected by shareholders from the name list of candidates.
- (III) An re-election of all 9 directors (including 3 independent directors) in the 2023 Annual General Meeting with the term of office from June 15, 2023 to June 14, 2026 is hereby proposed.
- (IV) The name list of candidates nominated for directors (including independent directors) by the Company's Board of Directors and information related thereto are stated as following. The same will be delivered to the parliamentary unit of the Board of Directors and presented by the unit during the submission period for nomination. The details about the name list of candidates for directors (including independent directors) are stated as following:

Type of Candidate	Name of Candidate	Major Experience (Academic Degree)	Number of shareholding
-------------------	-------------------	------------------------------------	------------------------

			(share)
Director	Institutional Representative of MPI Investment Co., Ltd.: Ko, Chang-Lin	EMBA, College of Management, National Chiao Tung University Current post: Chairman of MPI Corporation Former post: Electronics Research & Service Organization, Industrial Technology Research Institute	8,334,626
Director	Institutional Representative of MPI Investment Co., Ltd.: Steve Chen	National Taiwan University, Department of Mechanical Engineering, Master Program Current post: Consultant of MPI Corporation Former post: Material and Chemical Research Laboratories, Industrial Technology Research Institute	8,334,626
Director	Institutional Representative of MPI Investment Co., Ltd.: Scott Kuo	University of South Florida, Department of Mechanical Engineering, Master Program Current post: President of MPI Corporation Former post: Mechanical and Systems Research Laboratories, Industrial Technology Research Institute	8,334,626
Director	Li, Tu-Cheng	Dept. of Business Administration, Feng Chia University Current post: Chairman of Zen Voce Corporation Former post: Chain-Logic International Corp.	469,349
Director	Liu, Fang-Sheng	Kaohsiung Medical University, School of Dentistry Current post: Dentist, Li Cheng Dental Clinic Former post: Taipei City Hospital	255,471
Director	Tsai, Chang-Shou	Chinese Culture University, Department of Accounting Current post: Practicing Accountant, Qin Xin CPAs Firm Former post: Bureau of Accounting & Statistics, Provincial Government of Taiwan	21,630
Independent Director	Hsu, Mei-Fang	Ming Chuan University, Accounting Department Current post: Responsible person of Dayar CPA Firm Former post: Baker Tilly Clock & CO	244,441
Independent Director	Kao, Chin-Cheng	Master, Graduate Institute of Law, National Chung Hsing University Current post: Managing Partner, Kao, Chin-Cheng Law Firm Former post: Hui Lin Law Office	162,414

Independent Director	Liao, Da-Ying	Doctor of Philosophy (Ph.D.), Kobe University Current post: Professor, the College of Law, Tunghai University Former post: Professor, Department of Law, National Chung Hsing University	0
----------------------	---------------	--	---

Reasons for Nomination of Independent Directors to Serve Three Terms of Office

Name	Reasons
Hsu, Mei-Fang	Considering that Ms. Hsu, Mei-Fang is held qualified in terms of her professional background and very familiar with the laws and regulations related to financial accounting, she is capable of supervising the Board of Directors timely and exercising the functions as an independent director. Therefore, she is nominated as an independent director again at this meeting. The Company expects that she may play a professional and objective role dedicated to providing the supervision and suggestions needed by the Company.
Kao, Chin-Cheng	Considering that Mr. Kao, Chin-Cheng has an expertise in practicing laws and is specialized in laws & regulations, he provides legal opinion at the Board meetings and with respect to corporate governance. Therefore, he is nominated as an independent director again at this meeting. The Company expects that he may keep supervising the validity of business decisions made by the Company and mitigate the risk over violations of laws and regulations.
Liao, Da-Ying	N/A

Election results: Name list of elected directors/independent directors is stated as following:

Account No./ID No.	Account Name/Name	Number of votes won (votes)	Remarks
163	MPI Investment Co., Ltd. Representative: Ko, Chang-Lin	67,855,174	Elected Director
163	MPI Investment Co., Ltd. Representative: Steve Chen	50,573,069	Elected Director
163	MPI Investment Co., Ltd. Representative: Scott Kuo	50,208,767	Elected Director
1	Li, Tu-Cheng	48,365,133	Elected Director
161	Liu, Fang-Sheng	48,603,702	Elected Director
1149	Tsai, Chang-Shou	48,603,748	Elected Director
125	Kao, Chin-Cheng	56,706,871	Elected Independent Director
142	Hsu, Mei-Fang	58,276,140	Elected Independent Director
M12****138	Liao, Ta-Ying	50,630,410	Elected Independent Director

VI. Impromptu motions: N/A

VII. Adjournment of meeting: June 15, 2023, at 10:23 am.

There were no questions from shareholders at the shareholders meeting.

MPI Corporation Operation Review

I. 2022 Business Result

(I) Business Plan and Result

For the year 2022, the Company generated a consolidated operating revenue of NT\$7.439 billion, an 14.29% increase in comparison to NT\$6.509 billion of 2021, a profit of NT\$1.214 billion for the year 2022, an 74.91% increase in comparison to NT\$694 million of 2021, and a earnings per share of NT\$12.89.

Since the second quarter of 2022, the inventory level of the semiconductor industry has increased while the consumer demands for PCs and smartphones have declined. According to the data of research institutes, the production value of global semiconductor industry in 2023 will be approximately US\$563 billion, a 6.5% decrease compared to 2022, and the overall capital expenditure has been cut by around 20~30%.

With respect to the fields of application, although semiconductors applied in telecommunication and computing are still the majority, their market shares have plunged. The decrease in demands has given a rise to the slowdown of growth in the smartphone segment, which accounted for nearly 70% of the telecommunication semiconductors. Research institutes have expected the short-term adjustment of inventory to be completed in 2024, hence the positive growth. Among the categories of semiconductors for computing, server the currently accounts for 31% with increasing demands in the fields of AI, HPC and Datacenter. According to research institutes, the size of growing automotive semiconductor market will likely exceed that of industrial semiconductor and consumer semiconductor markets in 2026 and become the third largest field of application with constant future growth.

Human evolution is linked with the development of electronics while electronic products require semiconductor process, and chips thereof produced are subsequently tested by probe cards for quality. Despite the short-term inventory adjustment at the user end, the semiconductor industry will regain its growth momentum in the mid-to-long run. Given this trend, the future growth of probe cards is highly expectable. MPI Corporation as a leader in the global probe card industry will continue its focus on improving the service quality and competitiveness of its products for higher profitability and maximum return on investment for its shareholders.

(II) Revenue and profitability analysis

Unit: NTD thousands

Item		Year		
		2021	2022	Change (%)
Financial receipts and expenditures	Net Sales	6,508,725	7,439,175	14.29
	Gross profit	2,743,416	3,408,079	24.23
	Profit or loss after tax	693,851	1,213,625	74.91
Profitability	ROA (%)	7.44	11.78	58.33
	ROE (%)	11.89	18.73	57.53
	Operating Income to Paid-in	85.85	131.91	53.65
	EBT to Paid-in capital ratio	88.09	152.91	73.58
	Net profit margin (%)	10.69	16.30	52.48
	EPS (NT\$)	7.44	12.89	73.25

Research and development findings in 2022 include:

1. Wafer probe card:
 - A. In response to the market demands for AI and high-speed high-performance computing, the Company continues to develop the high-frequency and high-current-withstanding probe cards catering for consumer demands in wafer testing.
 - B. Following the electrification of automobiles, the demands for automotive ICs has increased with time, so the Company has developed the products with high pin counts and large coverage to address the demands for higher capacity of customers in the automotive IC field.
 - C. It has also developed the all new 40um full array technology that supports the testing application in the miniaturization of electronics.
2. Development of photoelectric precision automated equipment:
 - A. 8-inch Micro LED multi-channel high-speed low-current measuring equipment.
 - B. Wafer-level test systems with nanosecond-pulsed high-power laser diode and VCSEL, including the automated platforms that provide tri-temperature and ambient and high temperature testing environments.
 - C. Automated mass production equipment for compound semiconductors.
3. Semi-conductor component temperature test series:

The Company has developed the models for various applications of testing temperature range and current to provide the best solutions for mass production and engineering.
4. Semi-conductor engineering test machine series:

It has successfully introduced the automated multi-functional probing system

compatible for both 8-inch and 12-inch wafers, which has massively increased the test efficiency in the application of Wafer-Level Reliability (WLR).

II. Summary of 2023 Business Plan

(I) Operational guidelines

Technology is essential to maintain competitiveness. In light of the development of the microelectronic industry and technology requirements in the future, MPI Corporation upholds its core philosophy to assist its clients in enhancing competitiveness and undertakes the following strategic planning and commits its efforts to sustain its competitive advantage:

1. To satisfy the needs for application of high-rank IC scaling, we continue to develop wafer level fine-pitch testing technology.
2. With respect to the application demand for high performance computing, we continue to develop high-current-withstanding probe cards.
3. The Company has also invested more resources in the R&D to develop wafer probe cards with higher speed that meet the technical requirements of higher transmission speed in the future smartphone application.
4. In response to customers' needs to improve test efficiency with higher DUT counts, the Company continues to develop probe card technology covering large probing area.
5. Regarding multi-layer organic substrates, the Company constantly focuses on the improvement of the demand-driven technology for precision and number of layers so as to meet customer demands for higher specification application and strengthen the competitiveness of its probe card products.
6. For the photonics automation industry, we are aimed at four industrial fields of optical communication, sensing & LiDar, micro display, and LED to offer automated equipment with high optical, mechanical, and electrical integration for measurement, sorting, and optical inspection. By deeply cooperating with leading customers of international technology, we continue to provide high value-added Turnkey solutions for the photoelectric industry as our main development goal.
7. In terms of component temperature test systems, it aims at a wider range of product lines, including the development of laboratory desktop cooling and heating system that meets the requirements of fast engineering. For temperature tests in both mass productions or laboratories, it continuously expands and designs various product series in the expectation to provide the best corresponding products for all applications.
8. In the field of semiconductor engineering test application, it will focus on the function enhancement of all existing products by making them easier to use and wider in application, hence the accelerated engineering experiments.

(II) Key production and sales policies

Facing the rising demand of power semiconductors driven by smart living, contactless economy, electronic vehicles and carbon reduction, and the emerging application market of the metaverse, multi-sense, online merging of offline and smart human-computer interaction, the Company pays close attention on the development trends of emerging technology and sets technical blueprints in order to precisely allocate resources to the development of new

products and hence expands business. We also constantly improve our supporting capability of foreign operations with the goal providing our customers comprehensive technical support in a faster and more precise manner, thereby increasing our market share.

The Company will uphold our core philosophy of assisting our customers to upgrade their competitiveness and thereby position the Company as technology partners of our customers. The Company's main production and sales policy is also focused on customers' future demand, joint development of the most suitable products and provision of in-time technical services. Therefore, the Company will offer the best solutions for its customers.

III. Future development strategy

- (I) Based on the five major technical areas including probers, sorting, photoelectric testing, imaging detection and automated equipment, we provide complete testing application solutions to meet the need for mass production of new leading products of the photoelectric and semiconductor industries.
- (II) In the application field of semiconductor engineering testing, the Company capitalizes on its core technologies of micro-signal, high frequency, high power and high-temperature/low-temperature measurement to attain more advanced and higher level technologies in its products, thereby increasing product competitiveness.
- (III) It continues to explore the semiconductor market with its core temperature control technology and extends the temperature test systems to non-electronic markets such as aerospace, automobile, 5G/RF telecommunication, sensor, optical fiber for data center, etc.
- (IV) In line with the growth of multi-functional chips that address the user-end demands for faster, multi-functional, intelligent and more energy-efficient electronic products, the Company has set the technology development roadmap to satisfy market demands and ensure competitiveness with the development of high-pin-count and low-pin-pressure probe cards and the high-current-withstanding fast-transmission fine-pitch probe cards.

IV. The effect of the external competitive, legal, and macroeconomic environment

The geopolitical issues have led the semiconductor industry from globalization to regionalization where governments introduce policies to incentivize local production of semiconductors. Not only did the US enact the Chips and Science Act that aims to strengthen the local production and R&D of semiconductors in the US and increase its self-production rate, but the EU is expected to introduce the European Chips Act and seek partnership with third countries to ensure supply of semiconductors within EU and its leadership in technology. As the US-China trade war lasts, China has redirected to increase its domestic self-production rate of semiconductors, posing different levels of impact on the semiconductor industry. MPI Corporation as an internationally renowned probe card manufacturer will emphasize on opportunities in the globe by increasing the number of overseas sales offices. It is currently seeing a growing trend in its market shares and visibility of all product lines in the global market. MPI Corporation is therefore able to gain a better understanding about customers' needs through this comprehensive globalization strategy and provide more stable and higher quality customization services to its customers.

Ladies and gentlemen

We would like to give you our best regards for the future ahead.

Chairman: Ko, Chang-Lin

President: Scott Kuo

Chief Accountant: Rose Jao

MPI Corporation Audit Committee's Review Report

The Company's 2022 standalone financial statements and consolidated financial statements submitted by the Board of Directors have been audited by CPAs Chen, Chih-Ling and Chen, Yi-Ling of Nexia Sun Rise CPAs & Co., who believe that these statements present fairly, in all material respects, the financial position, the financial performance and the cash flows of the Company. We, the Audit Committee, also reviewed the business report and motion for earnings allocation submitted together with the financial statements. We hereby recognize said report and statements after conducting the audit on them pursuant to Article 219 of the Company Act and Article 14-4 of Securities and Exchange Act.

To:
MPI Corporation 2022 Annual General Meeting

MPI Corporation

Convener of Audit Committee: Hsu, Mei-Fang

March 10, 2023

Attachment III

Independent Accountants' Audit Report

To the Board of Directors and Stockholders of MPI Corporation

Opinion

We have audited the accompanying financial statements of MPI CORPORATION (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021 and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Accountants' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other accountants, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters on the financial statements for the year ended December 31, 2022 were as follows:

1. Revenue Recognition

Matter Description

Regarding the accounting policy of revenue recognition, please refer to (26) of Note 4 of the Individual Financial Statements. Regarding relevant disclosure, please refer to (18) of Note 6 and Note 9 Statement of major accounting items - Statement of operating revenue.

Sales revenue is the major index for investors and the management to evaluate the finance or performance of MPI Corporation. As the point in time for revenue recognition and the amount of recognized revenue can make a big difference on the financial statements, the CPA(s) has also reviewed

the accuracy of these two key factors during the audit.

Audit Procedures in Response

The CPA(s) has implemented audit procedures in response as summarized below:

- (1) Understood and tested the design and implementation efficiency of sales and receiving circulation control system.
- (2) Understood the major revenue type and trading terms of MPI Corporation to assess if the accounting policy of point in time for revenue recognition is appropriate.
- (3) Understood the product type and sales of the top 10 customers; sampled and reviewed the orders; assessed the influence of trading terms to revenue recognition; and confirmed if MPI Corporation has handled accounting relevant activities appropriately.
- (4) Evaluated if the number of days for turning over the sales revenue and payables; and analyzed changes to customers of this and last year at the same time point to see if there is any abnormality.
- (5) Implemented the detail test, where transactions of sales revenue before and after the financial statements within a specified period have been sampled to carry out the cut-off test and verify relevant certificates. Changes to the inventory in account books and transferred sales costs have been recorded during an appropriate period of period to evaluate the correctness of the period of recognizing the revenue, ensure if there is any abnormal revenue journal voucher, and understand if there is any grave refund or return after the period.

2. Inventory Valuation

Matter Description

Regarding the accounting policy of inventory valuation, please refer to (15) of Note 4 of Individual Financial Statements. Regarding significant accounting judgments, estimations, and assumptions of inventory valuation, please refer to Note 5 of Individual Financial Statements. Regarding descriptions of inventory accounting items, please refer to (5) of Note 6 of Individual Financial Statements. The Company recognize inventories amounting to NT\$3,050,415 thousand and allowance for inventories amounting to NT\$500,137 thousand. The book value of the Company's inventories as December 31, 2022 was NT\$2,550,278 thousand and accounted 24% of the total assets in the parent company only balance sheet.

MPI Corporation mainly engages in the manufacturing and sales of semiconductor production and testing equipment. Due to rapid technological changes, short life cycle and intense market competition of electronic products, there is a high tendency for inventory valuation loss and losses caused by outdated inventory. The inventory is evaluated by either the cost or net realizable value, depending on which one has the lower value. Inventories that exceed specific inventory age or are evaluated as outdated during individual assessment shall have the inventory loss evaluation conducted also based on the inventory age and future product demand during specific period of time. The information comes from the management's judgement on each product's net realizable value based on the inventory sales, age and quality conditions. As the amount of MPI Corporation's inventory is great; a number of items are included on the inventory list; and the valuation of inventories that have exceeded specific age or are outdated relies heavily on the management's subjective judgement and involves a high degree of

uncertainty, the CPA(s) believes that the inventory valuation and obsolescence loss is one of the key audit matters of the year.

Audit Procedures in Response

The CPA(s) has implemented the audit procedures in response as summarized below:

- (1) With the CPA's knowledge of the industry and MPI Corporation's operations, evaluated the soundness of the Corporation's policies concerning the allowance for inventory valuation loss and doubtful debts.
- (2) Understood MPI Corporation's inventory management procedures, reviewed its annual inventory plan, and participated in its annual inventory check to evaluate the management's judgement and control efficiency of outdated inventories.
- (3) Acquired the list of product inventory age, verified the appropriateness of reporting system logic, and confirmed the consistency of report information and adopted policies.
- (4) Evaluated the appropriateness of the methods of calculating inventory valuation impairment, including deciding the inventory classification based on the net realizable value, checking individual material number to verify the basic assumption of the calculation in relevant supporting document, and verify the accuracy of calculation.

Other Matter-Making Reference to the Audits of Component Auditors

As stated in the individual financial statements (6) of Note 6, Certain investments, which were accounted for under the equity method based on the financial statements of the investees, were audited by other independent accountants. Respectively, the related shares of investment income from the subsidiaries amounted to NT\$(12,724) thousand and NT\$(66,487) thousand. Insofar as it related to the investments accounted for under the equity method balances of NT\$86,875 thousand and NT\$92,892 thousand as of December 31, 2022 and December 31, 2021.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the Company's financial reporting process.

Accountants' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an accountants' report that includes

our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our accountants' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our accountants' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were

of most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our accountants' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

NEXIA Sun Rise CPAs & Company
Taipei, Taiwan, Republic of China
March 10, 2023

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent accountants' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent accountants' report and financial statements shall prevail.

MPI CORPORATION
BALANCE SHEETS (ASSETS)
DECEMBER 31, 2022 AND 2021

(All amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

ASSETS	Note	December 31, 2022		December 31, 2021	
		Amounts	%	Amounts	%
CURRENT ASSETS					
Cash and cash equivalents	6(1)	\$ 1,352,540	13	\$ 657,007	7
Financial assets at fair value through profit or loss – current	6(14)	-	-	68	-
Accounts receivable, net	6(4)	436,997	4	607,289	6
Accounts receivable -related parties, net	6(4).7	1,101,914	11	911,176	10
Other receivables		14,896	-	11,394	-
Other receivables -related parties	7	41,169	1	36,877	-
Inventories, net	6(5)	2,550,278	24	2,424,715	25
Prepayments		40,835	-	43,262	1
Other current assets		380	-	252	-
Total Current Assets		<u>5,539,009</u>	<u>53</u>	<u>4,692,040</u>	<u>49</u>
NONCURRENT ASSETS					
Financial assets at fair value through other comprehensive income – non-current	6(2)	185,738	2	166,460	2
Investments accounted for using equity method	6(6)	1,075,734	10	956,974	10
Property, plant and equipment	6(7).7.8	3,243,863	31	3,315,712	35
Right-of-use assets	6(8)	108,737	1	114,654	1
Intangible assets	6(9)	33,697	-	19,943	-
Deferred income tax assets	6(20)	128,440	1	118,926	1
Other noncurrent assets	6(10).8	234,269	2	169,845	2
Total Noncurrent Assets		<u>5,010,478</u>	<u>47</u>	<u>4,862,514</u>	<u>51</u>
TOTAL ASSETS		<u>\$ 10,549,487</u>	<u>100</u>	<u>\$ 9,554,554</u>	<u>100</u>

(The accompanying notes are an integral part of the parent company only financial statements)

MPI CORPORATION
BALANCE SHEETS (LIABILITIES AND EQUITY)
DECEMBER 31, 2022 AND 2021

(All amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

LIABILITIES AND EQUITY	Note	December 31, 2022		December 31, 2021	
		Amounts	%	Amounts	%
CURRENT LIABILITIES					
Short-term loans	6(11)	\$ -	-	\$ 100,000	1
Contract liabilities – current	6(18).7	554,316	5	573,317	6
Accounts payable		498,628	5	531,016	6
Accounts payable-related parties	7	12,760	-	10,831	-
Payables on equipment		60,029	1	59,870	1
Other payables	6(12)	989,091	10	779,209	8
Other payables-related parties	7	28,431	-	23,881	-
Income tax payable		217,435	2	115,673	1
Provisions-current	6(13)	12,696	-	11,955	-
Lease liabilities – current	6(8)	42,070	-	39,049	1
Corporate bonds payable – current portion	6(14)	-	-	9,536	-
Current portion of long-term loans	6(15)	103,740	1	6,978	-
Other current liabilities		13,703	-	14,817	-
Total Current Liabilities		<u>2,532,899</u>	<u>24</u>	<u>2,276,132</u>	<u>24</u>
NONCURRENT LIABILITIES					
Long-term loans	6(15)	1,024,162	10	1,127,902	12
Provisions-non-current	6(13)	1,317	-	2,684	-
Deferred income tax liabilities	6(20)	9,525	-	10,292	-
Lease liabilities – non-current	6(8)	67,675	1	76,530	1
Net defined benefit liability	6(16)	26,985	-	21,343	-
Other noncurrent liabilities		1,457	-	1,356	-
Total Noncurrent Liabilities		<u>1,131,121</u>	<u>11</u>	<u>1,240,107</u>	<u>13</u>
TOTAL LIABILITIES		<u>3,664,020</u>	<u>35</u>	<u>3,516,239</u>	<u>37</u>
EQUITY					
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT	6(17)				
Capital common stock		942,311	9	940,738	10
Capital surplus		1,744,545	17	1,736,500	18
Retained earnings					
Appropriated as legal capital reserve		779,739	7	710,848	7
Appropriated as special capital reserve		80,205	1	79,234	1
Unappropriated earnings		3,418,520	32	2,651,200	28
Total Retained Earnings		<u>4,278,464</u>	<u>40</u>	<u>3,441,282</u>	<u>36</u>
Other					
Foreign currency translation adjustments		(55,687)	(1)	(78,665)	(1)
Unrealized gain(loss) on financial assets at fair value through other comprehensive income-parent company	6(2)	(23,302)	-	(1,540)	-
Unrealized gain(loss) on financial assets at fair value through other comprehensive income-subsidiaries accounted for using equity method	6(6)	(864)	-	-	-
Total others		<u>(79,853)</u>	<u>(1)</u>	<u>(80,205)</u>	<u>(1)</u>
TOTAL EQUITY		<u>6,885,467</u>	<u>65</u>	<u>6,038,315</u>	<u>63</u>
TOTAL LIABILITIES AND EQUITY		<u>\$ 10,549,487</u>	<u>100</u>	<u>\$ 9,554,554</u>	<u>100</u>

(The accompanying notes are an integral part of the parent company only financial statements)

MPI CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
From January 1 to December 31, 2022 and 2021

(All amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Items	Note	January 1 ~ December 31, 2022		January 1 ~ December 31, 2021	
		Amounts	%	Amounts	%
OPERATING REVENUE, NET	6(18).7				
Sales revenue		\$ 6,247,577	100	\$ 5,566,991	100
Less: sales returns		(2,026)	-	(7,530)	-
sales discounts and allowances		(144)	-	(475)	-
Operating Revenue, net		6,245,407	100	5,558,986	100
OPERATING COSTS	6(5).7	(3,510,128)	(56)	(3,301,503)	(59)
GROSS PROFIT		2,735,279	44	2,257,483	41
Unrealized Gross profit on sales to subsidiaries and associates		(11,898)	-	(20,534)	-
Realized Gross profit on sales to subsidiaries and associates		19,589	-	19,064	-
GROSS PROFIT, NET		2,742,970	44	2,256,013	41
OPERATING EXPENSES					
Selling expenses		(610,669)	(10)	(492,924)	(9)
General & administrative expenses		(361,509)	(6)	(327,454)	(6)
Research and development expenses	6(9)	(708,047)	(11)	(722,154)	(13)
Expected Credit (losses) gains	6(4)	560	-	3,999	-
Operating expenses, net		(1,679,665)	(27)	(1,538,533)	(28)
OPERATING INCOME		1,063,305	17	717,480	13
NON-OPERATING INCOME AND EXPENSES					
Other gains and losses, net	6(19)	132,360	2	(18,256)	-
Finance costs	6(19)	(11,436)	-	(5,402)	-
Share of profits of subsidiaries and associates	6(6)	126,980	2	11,452	-
Interest income	6(19)	2,901	-	682	-
Rent income	6(8)	20,111	-	14,783	-
Dividend income		1,399	-	-	-
Other non-operating revenue-other items		88,108	1	74,369	1
Total Non-operating Income and Expenses		360,423	5	77,628	1
INCOME BEFORE INCOME TAX		1,423,728	22	795,108	14
INCOME TAX EXPENSE	6(20)	(210,103)	(3)	(101,257)	(2)
NET INCOME		1,213,625	19	693,851	12
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that are not to be reclassified to profit or loss					
Re-measurements from defined benefit plans		(129)	-	(9,902)	-
Unrealized gain(losses) on valuation of equity instruments at fair value through other comprehensive income	6(2)	(21,762)	-	(1,540)	-
Share of re-measurements from defined benefit plans of subsidiaries and associates		-	-	4,955	-
Share of Unrealized gain(losses) on valuation of equity instruments at fair value through other comprehensive income of subsidiaries and associates	6(6)	(864)	-	-	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences arising on translation of foreign operations		22,978	-	569	-
Other comprehensive income (loss) for the year, net of income tax		223	-	(5,918)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		\$ 1,213,848	19	\$ 687,933	12
EARNINGS PER COMMON SHARE(NTD)	6(21)	After-tax		After-tax	
Basic earnings per share		\$ 12.89		\$ 7.44	
Diluted earnings per share		\$ 12.74		\$ 7.38	

(The accompanying notes are an integral part of the parent company only financial statements)

MPI CORPORATION
STATEMENTS OF CHANGES IN EQUITY
From January 1 to December 31 ,2022 and 2021
(All amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Items	Capital		Retained Earnings			Others		Total Equity
	Common Stock	Capital Surplus	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Foreign Currency Translation Reserve	Unrealised gain(losses) on financial assets at fair value through other comprehensive income	
BALANCE,JANUARY,1,2021	\$ 920,802	\$ 1,630,283	\$ 639,975	\$ 68,477	\$ 2,459,642	\$ (79,234)	\$ -	\$ 5,639,945
Legal capital reserve			70,873		(70,873)			-
Special capital reserve				10,757	(10,757)			-
Cash Dividends of Common Stock					(415,716)			(415,716)
Capital Reserve From Stock Warrants		115,466						115,466
Other changes in capital surplus		(9,249)						(9,249)
Net Income in 2021					693,851			693,851
Other comprehensive income (loss) in 2021, net of income tax					(4,947)	569	(1,540)	(5,918)
Total comprehensive income (loss) in 2021					688,904	569	(1,540)	687,933
Convertible Bonds Transferred To Common Stock	19,936				-			19,936
BALANCE,DECEMBER,31,2021	\$ 940,738	\$ 1,736,500	\$ 710,848	\$ 79,234	\$ 2,651,200	\$ (78,665)	\$ (1,540)	\$ 6,038,315
BALANCE,JANUARY,1,2022	\$ 940,738	\$ 1,736,500	\$ 710,848	\$ 79,234	\$ 2,651,200	\$ (78,665)	\$ (1,540)	\$ 6,038,315
Legal capital reserve			68,891		(68,891)			-
Special reserve				971	(971)			-
Cash Dividends of Common Stock					(376,314)			(376,314)
Capital Reserve From Stock Warrants		8,732						8,732
Other changes in capital surplus		(687)						(687)
Net Income in 2022					1,213,625			1,213,625
Other comprehensive income (loss) in 2022, net of income tax					(129)	22,978	(22,626)	223
Total comprehensive income (loss) in 2022					1,213,496	22,978	(22,626)	1,213,848
Convertible Bonds Transferred To Common Stock	1,573							1,573
BALANCE,DECEMBER,31,2022	\$ 942,311	\$ 1,744,545	\$ 779,739	\$ 80,205	\$ 3,418,520	\$ (55,687)	\$ (24,166)	\$ 6,885,467

(The accompanying notes are an integral part of the parent company only financial statements)

MPI CORPORATION
STATEMENTS OF CASH FLOWS
From January 1 to December 31, 2022 and 2021
(All amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Items	Jan 1 ~ Dec 31, 2022	Jan 1 ~ Dec 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,423,728	\$ 795,108
Adjustments to reconcile net income to net cash		
Depreciation	367,477	355,705
Amortization	49,774	52,875
Expected credit loss(gain)	(560)	(3,999)
(Gain) loss on Financial Assets (Liabilities) at Fair Value through Profit or Loss	48	241
Interest expense	11,436	5,402
Interest revenue	(2,901)	(682)
Dividend income	(1,399)	-
Loss (gain) on equity-method investments	(126,980)	(11,452)
(Gain) loss on disposal of property, plant and equipment	6,882	9,467
Unrealized gross profit on sales to subsidiaries and associates	11,898	20,534
Realized gross profit on sales to subsidiaries and associates	(19,589)	(19,064)
(Gain) loss on lease modification	(211)	(169)
Rent concessions	-	(479)
Net changes in operating assets and liabilities		
Net changes in operating assets		
Decrease (Increase) in accounts receivable	170,852	58,806
Decrease (Increase) in accounts receivable-related parties	(190,737)	(275,944)
Decrease (Increase) in other receivables	(2,919)	1,762
Decrease (Increase) in other receivables-related parties	(4,293)	1,476
Decrease (Increase) in inventories	(125,563)	(107,973)
Decrease (Increase) in prepayments	2,427	(3,229)
Decrease (Increase) in other current assets	(128)	123
Net changes in operating liabilities		
(Decrease) Increase in contract liabilities	(19,000)	89,744
(Decrease) Increase in accounts payable	(32,389)	51,965
(Decrease) Increase in accounts payable-related parties	1,929	8,511
(Decrease) Increase in other accounts payable	209,641	48,318
(Decrease) Increase in other accounts payable-related parties	6,421	8,504
(Decrease) Increase in provision of liabilities	(626)	4,146
(Decrease) Increase in other current liabilities	(1,114)	1,879
(Decrease)Increase in net defined benefit liability	5,512	(3,834)
Cash generated from operations	1,739,616	1,087,741
Interest received	2,319	674
Interest paid	(9,209)	(2,670)
Cash dividends paid	(376,314)	(415,716)
Income taxes paid	(118,621)	(105,870)
Net cash Provided By Operating Activities	1,237,791	564,159

(Continue)

Independent Accountants' Audit Report

TO the Board of Directors and Stockholders of MPI Corporation

Opinion

We have audited the accompanying consolidated financial statements of **MPI CORPORATION** (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Accountants' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Base on our audits and the reports of other accountants, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these

matters.

Key audit matters on the consolidated financial statements for the year ended December 31, 2022 were as follows:

1. Revenue Recognition

Matter Description

Regarding the accounting policy of revenue recognition, please refer to (27) of Note 4 of the Consolidated Financial Statements. Regarding relevant disclosure, please refer to (17) of Note 6.

Sales revenue is the major index for investors and the management to evaluate the finance or performance of MPI Group. As the point in time for revenue recognition and the amount of recognized revenue can make a big difference on the financial statements, the CPA(s) has also reviewed the accuracy of these two key factors during the audit.

Audit Procedures in Response

The CPA(s) has implemented audit procedures in response as summarized below:

- (1) Understood and tested the design and implementation efficiency of sales and receiving circulation control system.
- (2) Understood the major revenue type and trading terms of MPI Group to assess if the accounting policy of point in time for revenue recognition is appropriate.
- (3) Understood the product type and sales of the top 10 customers; sampled and reviewed the orders; assessed the influence of trading terms to revenue recognition; and confirmed if MPI Group has handled accounting relevant activities appropriately.
- (4) Evaluated if the number of days for turning over the sales revenue and payables; and analyzed changes to customers of this and last year at the same time point to see if there is any abnormality.
- (5) Implemented the detail test, where transactions of sales revenue before and after the financial statements within a specified period have been sampled to carry out the cut-off test and verify relevant certificates. Changes to the inventory in account books and transferred sales costs have

been recorded during an appropriate period of period to evaluate the correctness of the period of recognizing the revenue, ensure if there is any abnormal revenue journal voucher, and understand if there is any grave refund or return after the period.

2. Inventory Valuation

Matter Description

Regarding the accounting policy of inventory valuation, please refer to (17) of Note 4 of Consolidated Financial Statements. Regarding significant accounting judgments, estimations, and assumptions of inventory valuation, please refer to Note 5 of Consolidated Financial Statements. Regarding descriptions of inventory accounting items, please refer to (5) of Note 6 of consolidated Financial Statements. The

Group recognize inventories amounting to NT\$3,262,465 thousand and allowance for inventories amounting to NT\$515,066 thousand. The book value of the Group's inventories as December 31, 2022 was NT\$2,747,399 thousand and accounted 25% of the total assets in the consolidated balance sheet.

MPI Group mainly engages in the manufacturing and sales of semiconductor production and testing equipment. Due to rapid technological changes, short life cycle and intense market competition of electronic products, there is a high tendency for inventory valuation loss and losses caused by outdated inventory. The inventory is evaluated by either the cost or net realizable value, depending on which one has the lower value. Inventories that exceed specific inventory age or are evaluated as outdated during individual assessment shall have the inventory loss evaluation conducted also based on the inventory age and future product demand during specific period of time. The information comes from the management's judgment on each product's net realizable value based on the inventory sales, age and quality conditions. As the amount of MPI Group's inventory is great; a number of items are included on the inventory list; and the valuation of inventories that have exceeded specific age or are outdated relies heavily on the management's subjective judgement and involves a high degree of uncertainty, the CPA(s) believes that the inventory valuation and obsolescence loss is one of the key audit matters of the year.

Audit Procedures in Response

The CPA(s) has implemented the audit procedures in response as summarized below:

- (1) With the CPA's knowledge of the industry and MPI Group's operations, evaluated the soundness of the Corporation's policies concerning the allowance for inventory valuation loss and doubtful debts.
- (2) Understood MPI Group's inventory management procedures, reviewed its annual inventory plan, and participated in its annual inventory check to evaluate the management's judgement and control efficiency of outdated inventories.
- (3) Acquired the list of product inventory age, verified the appropriateness of reporting system logic, and confirmed the consistency of report information and adopted policies.
- (4) Evaluated the appropriateness of the methods of calculating inventory valuation impairment, including deciding the inventory classification based on the net realizable value, checking individual material number to verify the basic assumption of the calculation in relevant supporting document, and verify the accuracy of calculation.

Other Matter-Making Reference to the Audits of Component Auditors

Information on the subsidiaries of MPI Corporation included the aforementioned statements covering the period of 2022 and 2021. And the information on direct investment as disclosed in note 13 is valued as audited by other public accountants. Said subsidiaries' total assets of are NT\$693,720 thousand and NT\$653,494 thousand or accounted for 6.36% and 6.63% of the consolidated total assets as of December 31, 2022 and 2021, respectively. As of January 1 to

December 31, 2022 and 2021, had net operating revenue amounted to NT\$1,232,875 thousand and NT\$917,927 thousand, or accounted for 16.57% and 14.10% of the consolidated net operating revenue, respectively.

Other Matter

We have also audited the parent Group only financial statements of MPI CORPORATION as of and for the years ended December 31, 2022 and 2021 on which we have issued an unqualified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the Group's financial reporting process.

Accountants' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an accountants' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and

obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our accountants' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our accountants' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our accountants' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report

because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

NEXIA Sun Rise CPAs & Company
Taipei, Taiwan, Republic of China

March 10, 2023

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent accountants' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent accountants' report and consolidated financial statements shall prevail.

MPI CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (ASSETS)

DECEMBER 31, 2022 AND 2021

(All amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

ASSETS	Note	December 31, 2022		December 31, 2021	
		Amounts	%	Amounts	%
CURRENT ASSETS					
Cash and cash equivalents	6(1)	\$ 2,382,315	22	\$ 1,324,292	14
Financial assets at fair value through profit or loss-current	6(13)	-	-	68	-
Notes receivable, net	6(3)	66,549	1	170,531	2
Accounts receivable, net	6(4)	1,056,816	10	1,213,429	12
Other receivables		17,083	-	12,480	-
Income tax receivable		2,626	-	27	-
Inventories, net	6(5)	2,747,399	25	2,574,596	26
Prepayments		101,942	1	119,654	1
Other current assets	8	33,663	-	14,977	-
Total Current Assets		<u>6,408,393</u>	<u>59</u>	<u>5,430,054</u>	<u>55</u>
NONCURRENT ASSETS					
Financial assets at fair value through other comprehensive income-non-curr	6(2)	195,026	2	166,460	2
Property, plant and equipment	6(6).8	3,427,432	31	3,532,459	36
Right-of-use assets	6(7)	184,836	2	160,287	2
Intangible assets	6(8)	287,792	3	253,555	2
Deferred income tax assets	6(19)	147,540	1	125,092	1
Other noncurrent assets	6(9).8	251,912	2	189,562	2
Total Noncurrent Assets		<u>4,494,538</u>	<u>41</u>	<u>4,427,415</u>	<u>45</u>
TOTAL ASSETS		<u>\$ 10,902,931</u>	<u>100</u>	<u>\$ 9,857,469</u>	<u>100</u>

(The accompanying notes are an integral part of these consolidated financial statements)

MPI CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (LIABILITIES AND EQUITY)
DECEMBER 31, 2022 AND 2021

(All amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

LIABILITIES AND EQUITY	Note	December 30, 2022		December 31, 2021	
		Amounts	%	Amounts	%
CURRENT LIABILITIES					
Short-term loans	6(10)	\$ -	-	\$ 100,000	1
Contract liabilities – current	6(17)	659,714	6	677,836	7
Notes payable		4,112	-	5,765	-
Accounts payable		523,838	5	556,434	5
Payables on equipment		60,141	1	61,003	1
Other payables	6(11)	1,095,552	10	896,463	9
Income tax payable		239,093	2	130,842	1
Provisions – current	6(12)	12,696	-	11,955	-
Lease liabilities – current	6(7)	70,387	1	59,883	1
Corporate bonds payable-current portion	6(13)	-	-	9,536	-
Current portion of long-term loans	6(14)	110,676	1	10,605	-
Other current liabilities		17,709	-	17,746	-
Total Current Liabilities		<u>2,793,918</u>	<u>26</u>	<u>2,538,068</u>	<u>25</u>
NONCURRENT LIABILITIES					
Long-term loans	6(14)	1,038,813	10	1,134,893	12
Provisions – non-current	6(12)	1,317	-	2,684	-
Deferred income tax liabilities	6(19)	29,708	-	10,921	-
Lease liabilities – non-current	6(7)	116,740	1	101,708	1
Net defined benefit liability	6(15)	26,985	-	20,037	-
Other noncurrent liabilities		1,457	-	1,356	-
Total Noncurrent Liabilities		<u>1,215,020</u>	<u>11</u>	<u>1,271,599</u>	<u>13</u>
TOTAL LIABILITIES		<u>4,008,938</u>	<u>37</u>	<u>3,809,667</u>	<u>38</u>
EQUITY	6(16)				
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT					
Capital common stock		942,311	9	940,738	10
Capital surplus		1,744,545	16	1,736,500	18
Retained earnings					
Appropriated as legal capital reserve		779,739	7	710,848	7
Appropriated as special capital reserve		80,205	1	79,234	1
Unappropriated earnings		3,418,520	31	2,651,200	27
Total Retained Earnings		<u>4,278,464</u>	<u>39</u>	<u>3,441,282</u>	<u>35</u>
Others					
Foreign currency translation adjustments		(55,687)	(1)	(78,665)	(1)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	6(2)	(24,166)	-	(1,540)	-
Total others		<u>(79,853)</u>	<u>(1)</u>	<u>(80,205)</u>	<u>(1)</u>
Equity attributable to shareholders of the parent		<u>6,885,467</u>	<u>63</u>	<u>6,038,315</u>	<u>62</u>
NONCONTROLLING INTERESTS		8,526	-	9,487	-
TOTAL EQUITY		<u>6,893,993</u>	<u>63</u>	<u>6,047,802</u>	<u>62</u>
TOTAL LIABILITIES AND EQUITY		<u>\$ 10,902,931</u>	<u>100</u>	<u>\$ 9,857,469</u>	<u>100</u>

(The accompanying notes are an integral part of these consolidated financial statements)

MPI CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

From January 1 to December 31, 2022 and 2021

(All amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Items	Note	January 1 ~ December 31, 2022		January 1 ~ December 31, 2021	
		Amounts	%	Amounts	%
OPERATING REVENUE, NET	6(17)				
Sales revenue		\$ 7,238,461	97	\$ 6,155,664	94
Less: sales returns		(6,505)	-	(10,271)	-
sales discounts and allowances		(20,320)	-	(17,351)	-
Commission revenue		13,881	-	4,002	-
Processing Fees revenue		213,658	3	376,681	6
Operating Revenue, net		7,439,175	100	6,508,725	100
OPERATING COSTS	6(5)	(4,031,096)	(54)	(3,765,309)	(58)
GROSS PROFIT, NET		3,408,079	46	2,743,416	42
OPERATING EXPENSES					
Selling expenses		(897,710)	(12)	(728,840)	(11)
General & administrative expenses		(518,242)	(7)	(463,275)	(7)
Research and development expenses	6(8)	(747,551)	(10)	(744,766)	(12)
Expected Credit (losses)gains	6(4)	(1,573)	-	1,083	-
Operating expenses, net		(2,165,076)	(29)	(1,935,798)	(30)
OPERATING INCOME		1,243,003	17	807,618	12
NON-OPERATING INCOME AND EXPENSES					
Other gains and losses, net	6(18)	149,559	2	(25,103)	-
Finance costs	6(18)	(13,766)	-	(6,799)	-
Interest income	6(18)	5,177	-	5,558	-
Rent income	6(7)	16,356	-	10,924	-
Dividend income		1,399	-	-	-
Other non-operating revenue-other items		39,147	-	36,544	1
Total Non-operating Income and Expenses		197,872	2	21,124	1
INCOME BEFORE INCOME TAX		1,440,875	19	828,742	13
INCOME TAX EXPENSE	6(19)	(228,613)	(3)	(133,284)	(2)
NET INCOME		1,212,262	16	695,458	11
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that are not to be reclassified to profit or loss					
Re-measurements from defined benefit plans		(129)	-	(4,947)	-
Unrealized gain (losses) on financial assets at fair value through other comprehensive income	6(2)	(22,626)	-	(1,540)	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences arising on translation of foreign operations		23,380	-	(524)	-
Other comprehensive income (loss) for the year, net of income tax		625	-	(7,011)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		\$ 1,212,887	16	\$ 688,447	11
NET INCOME (LOSS) ATTRIBUTABLE TO :					
Shareholders of the parent		\$ 1,213,625	16	\$ 693,851	11
Non-controlling interests		(1,363)	-	1,607	-
		\$ 1,212,262	16	\$ 695,458	11
TOTAL COMPREHENSIVE INCOME (LOSS)					
Shareholders of the parent		\$ 1,213,848	16	\$ 687,933	11
Non-controlling interests		(961)	-	514	-
		\$ 1,212,887	16	\$ 688,447	11
EARNINGS PER COMMON SHARE (NTD)	6(20)				
Basic earnings per share		\$ 12.89		\$ 7.44	
Diluted earnings per share		\$ 12.74		\$ 7.38	

(The accompanying notes are an integral part of these consolidated financial statements)

MPI CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

From January 1 to December 31, 2022 and 2021

(All amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Items	Capital		Retained Earnings			Others		Total	Non-controlling Interests	Total Equity
	Common Stock	Capital Surplus	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Foreign Currency Translation Reserve	Unrealized gain (losses) on financial assets at fair value through other comprehensive income			
BALANCE, JANUARY, 1, 2021	\$ 920,802	\$ 1,630,283	\$ 639,975	\$ 68,477	\$ 2,459,642	\$ (79,234)	\$ -	\$ 5,639,945	\$ 8,973	\$ 5,648,918
Legal capital reserve			70,873		(70,873)			-		-
Special capital reserve				10,757	(10,757)			-		-
Cash Dividends of Common Stock					(415,716)			(415,716)		(415,716)
Capital Reserve From Stock Warrants		115,466						115,466		115,466
Other changes in capital surplus		(9,249)						(9,249)		(9,249)
Net Income in 2021					693,851			693,851	1,607	695,458
Other comprehensive income (loss) in 2021, net of income tax					(4,947)	569	(1,540)	(5,918)	(1,093)	(7,011)
Total comprehensive income (loss) in 2021	-	-	-	-	688,904	569	(1,540)	687,933	514	688,447
Convertible Bonds Transferred To Common Stock	19,936	-						19,936		19,936
BALANCE, DECEMBER, 31, 2021	\$ 940,738	\$ 1,736,500	\$ 710,848	\$ 79,234	\$ 2,651,200	\$ (78,665)	\$ (1,540)	\$ 6,038,315	\$ 9,487	\$ 6,047,802
BALANCE, JANUARY, 1, 2022	\$ 940,738	\$ 1,736,500	\$ 710,848	\$ 79,234	\$ 2,651,200	\$ (78,665)	\$ (1,540)	\$ 6,038,315	\$ 9,487	\$ 6,047,802
Legal capital reserve			68,891		(68,891)			-		-
Special capital reserve				971	(971)			-		-
Cash Dividends of Common Stock					(376,314)			(376,314)		(376,314)
Capital reserve from stock warrants		8,732						8,732		8,732
Other changes in capital surplus		(687)						(687)		(687)
Net Income in 2022					1,213,625			1,213,625	(1,363)	1,212,262
Other comprehensive income (loss) in 2022, net of income tax					(129)	22,978	(22,626)	223	402	625
Total comprehensive income (loss) in 2022	-	-	-	-	1,213,496	22,978	(22,626)	1,213,848	(961)	1,212,887
Convertible Bonds Transferred To Common Stock	1,573	-						1,573		1,573
BALANCE, DECEMBER, 31, 2022	\$ 942,311	\$ 1,744,545	\$ 779,739	\$ 80,205	\$ 3,418,520	\$ (55,687)	\$ (24,166)	\$ 6,885,467	\$ 8,526	\$ 6,893,993

(The accompanying notes are an integral part of these consolidated financial statements)

MPI CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

From January 1 to December 31, 2022 and 2021

(All amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Items	Jan 1 ~ Dec 31, 2022	Jan 1 ~ Dec 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,440,875	\$ 828,742
Adjustments to reconcile net income to net cash		
Depreciation	465,795	436,889
Amortization	59,454	59,761
Expected Credit loss (gain)	1,573	(1,083)
(Gain) loss on Financial Assets (Liabilities) at Fair Value through Profit or L	48	241
Interest expense	13,766	6,799
Interest revenue	(5,177)	(5,558)
Dividend income	(1,399)	-
(Gain) loss on disposal of property, plant and equipment	(297)	13,323
(Gain) loss on lease modification	(419)	(410)
Rent concessions	(138)	(479)
Net changes in operating assets and liabilities		
Net changes in operating assets		
Decrease (Increase) in notes receivable	103,982	(90,215)
Decrease (Increase) in accounts receivable	154,224	(111,723)
Decrease (Increase) in other receivables	(4,021)	4,428
Decrease (Increase) in inventories	(172,803)	(90,311)
Decrease (Increase) in prepayments	17,712	13,321
Decrease (Increase) in other current assets	(702)	(657)
Net changes in operating liabilities		
(Decrease) Increase in contract liabilities	(18,121)	(1,481)
(Decrease) Increase in notes payable	(1,653)	(10,758)
(Decrease) Increase in accounts payable	(32,596)	29,119
(Decrease) Increase in other accounts payable	198,849	92,465
(Decrease) Increase in provision for liabilities	(626)	4,146
(Decrease) Increase in other current liabilities	(36)	1,608
(Decrease) Increase in net defined benefit liability	6,818	(930)
Cash generated from operations	2,225,108	1,177,237
Interest received	4,595	5,551
Interest paid	(9,518)	(2,786)
Cash dividend paid	(376,314)	(415,716)
Income taxes paid	(126,622)	(122,946)
Net cash Provided By (Used In) Operating Activities	1,717,249	641,340

(Continue)

MPI CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

From January 1 to December 31, 2022 and 2021

(All amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Items	Jan 1 ~ Dec 31, 2022	Jan 1 ~ Dec 31, 2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of financial assets at fair value through other comprehensive income	(51,192)	(168,000)
Acquisition of subsidiaries (deduction of cash received)	-	(272,560)
Acquisition of property, plant and equipment	(291,410)	(762,140)
Proceeds from disposal of property, plant and equipment	21,132	8,475
Acquisition of intangible assets	(48,933)	(18,985)
Increase in other financial assets	(19,738)	(3,865)
Increase in other non-current assets	(79,896)	-
Decrease in other non-current assets	-	64,917
Cash dividends received	1,399	-
Net cash Provided By (Used In) Investing Activities	<u>(468,638)</u>	<u>(1,152,158)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	-	100,000
Decrease in short-term loans	(100,000)	-
Issuance of long-term loans	3,991	370,339
Increase in Guarantee Deposits Received	101	1,260
Cash payments for the principal portion of the lease liability	(86,895)	(81,092)
Increase (decrease) in non-controlling interests	402	(1,093)
Net cash Provided By (Used In) Financing Activities	<u>(182,401)</u>	<u>389,414</u>
Effects of exchange rate change on cash	<u>(8,187)</u>	<u>429</u>
Net increase (decrease) in cash and cash equivalents	1,058,023	(120,975)
Cash and cash equivalents at beginning of year	1,324,292	1,445,267
Cash and cash equivalents at end of year	<u>\$ 2,382,315</u>	<u>\$ 1,324,292</u>

(The accompanying notes are an integral part of these consolidated financial statements)

Attachment V

MPI Corporation
2022 Earnings Distribution Plan

Unit: NTD \$

Items	Amount	
	Subtotal	Total
Unallocated earnings at the beginning		\$ 2,205,024,603
Less: Other comprehensive income (actuarial gains or losses on defined benefit plan for the year 2022)	(129,173)	
Add: Net profit after tax for the year 2022	1,213,625,357	
Subtotal:		3,418,520,787
Provision:		
Less: Provision of legal reserve (10%)	(121,349,618)	
Add: Reversal of special reserve (Addition to equity - exchange differences on translating foreign operations)	22,978,197	
Less: Provision of special reserve (Deduction of equity - unrealized gains or losses on valuation of financial assets at fair value through other comprehensive income)	(22,626,060)	
Subtotal of allocable earnings:		3,297,523,306
Earnings to be allocated upon resolution of the Board of Directors:		
Distributable items:		
Shareholder bonus - cash	(659,617,742)	
Shareholder bonus - stock	(0)	
Unappropriated retained earnings		\$ 2,637,905,564

Chairman: Ko, Chang-Lin

President: Scott Kuo

Chief Accounting Officer: Rose Jao