

COVER SHEET

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(Company's Full Name)

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(Business Address: No. Street City / Town / Province)

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|----------------------------|
| ATTY. SOLOMON M. HERMOSURA |
|----------------------------|

Contact Person

| |
|----------|
| 908-3346 |
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Company Telephone Number

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Month Day
Fiscal Year

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FORM TYPE

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Month Day
Annual Meeting

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Secondary License Type, if Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. Of Stockholders

| | | | | | | | |
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| | | | | | | | |
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Domestic

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Foreign

Total Amount of Borrowings

To be accomplished by SEC Personnel concerned

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File Number

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Document I.D.

Cashier

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North Science Avenue,
Special Export Processing Zone
Laguna Technopark
Binan Laguna 4024
Philippines

Tel +63 2 7756 6840; +63 2 7756 6940
Tel +63 49 544 0312
www.global-imi.com

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

NOTICE IS HEREBY GIVEN that the annual meeting of stockholders of **INTEGRATED MICRO-ELECTRONICS, INC.** will be conducted virtually via <http://www.ayalagroupshareholders.com/> on **Friday, April 22, 2022 at 9:00 o'clock in the morning** with the following

A G E N D A¹

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of Minutes of Previous Meeting
4. Annual Report
5. Ratification of All Acts of the Board of Directors and Officers
6. Election of Directors (including the Independent Directors)
7. Election of External Auditor and Fixing of its Remuneration
8. Consideration of Such Other Business as May Properly Come Before the Meeting
9. Adjournment

Only stockholders of record as of **March 8, 2022** are entitled to notice of, and to vote at, this meeting.

Given the current circumstances and pursuant to the Company's By-Laws, the Chairman, acting on the authority delegated by the Board of Directors during its meeting on December 9, 2021, resolved that the Annual Stockholders' Meeting be held in a fully virtual format, hence, stockholders may only attend the meeting by remote communication, by voting *in absentia* or by appointing the Chairman of the meeting as their proxy.

Duly accomplished proxies shall be submitted on or before **April 11, 2022** to the Office of the Corporate Secretary at 4/F Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City or by email. Validation of proxies is set for April 13, 2022 at 9:00 o'clock in the morning.

Stockholders may participate by remote communication or vote *in absentia* subject to validation procedures. Stockholders intending to participate by remote communication should notify the Company by email on or before **April 11, 2022**. The procedures for participating in the meeting through remote communication and for casting votes *in absentia* will be set forth in the Information Statement².

¹ See pages 3 and 4 for the explanation for each agenda item.

² Stockholders should notify the Company at corporatesecretary@global-imi.com of their preference to receive hard copies of the Information Statement and other ASM materials on or before March 7, 2022.

Stockholders of record as of March 8, 2022 owning at least 5% of the total outstanding capital stock of the Company may submit proposals on items for inclusion in the agenda by email on or before **April 13, 2022**³.

All email communications should be sent to corporatesecretary@global-imi.com on or before the designated deadlines.

This notice supersedes the notice filed on February 21, 2022 with the Securities and Exchange Commission and the Philippine Stock Exchange.

Makati City, March 10, 2022.



SOLOMON M. HERMOSURA
Corporate Secretary

³ The inclusion of the proposed agenda item shall be in accordance with SEC Memorandum Circular No. 14, Series of 2020, and the Company's internal guidelines.

EXPLANATION OF AGENDA ITEMS

Call to order

The Chairman will formally open the meeting at approximately 9:00 o'clock in the morning.

Certification of notice and quorum (and rules of conduct and procedures)

The Corporate Secretary will certify that written notice for the meeting was duly sent to stockholders and that a quorum exists for the transaction of business.

Pursuant to Sections 57 and 23 of the Revised Corporation Code which allow voting *in absentia* by the stockholders, the Company has set up a designated online web address, <http://www.ayalagroupshareholders.com/>, which may be accessed by the stockholders to register and vote *in absentia* on the matters for resolution at the meeting.⁴ A stockholder participating by remote communication or who votes *in absentia* shall be deemed present for purposes of quorum.

The following are the rules of conduct and procedures for the meeting to be conducted in virtual format:

- (i) Stockholders may attend the meeting remotely through the online web address (URL) provided. Questions and comments may be sent prior to or during the meeting at corporatesecretary@global-imi.com and shall be limited to the Items in the Agenda.
- (ii) Each of the proposed resolutions will be shown on the screen during the livestreaming as the same is taken up at the meeting.
- (iii) Stockholders must notify the Company on or before April 11, 2022 of their intention to participate in the Meeting by remote communication to be included in determining the existence of a quorum, together with the stockholders who voted *in absentia* and by proxy.
- (iv) Voting shall only be allowed for stockholders registered in the Voting *in Absentia* and Shareholder (VIASH) System or through authorizing the Chairman of the meeting as proxy.
- (v) Stockholders voting *in absentia*, who have previously registered in the VIASH System, may cast their votes electronically at any time using the VIASH System prior to or during the meeting.
- (vi) All the items in the agenda for the approval by the stockholders will need the affirmative vote of stockholders representing at least a majority of the issued and outstanding voting stock present at the meeting, unless the law requires otherwise.
- (vii) Election of directors will be by plurality of votes and every stockholder will be entitled to cumulate his votes. Each outstanding share of stock entitles the registered stockholder to one vote.
- (viii) The Proxy Validation Committee will tabulate all votes received and an independent third party will validate the results. The Corporate Secretary shall report the results of voting during the meeting.
- (ix) The meeting proceedings shall be recorded in audio and video format.

Approval of minutes of previous meeting

The minutes of the meeting held on April 15, 2021 are available at the Company's website, www.global-imi.com. Soft copies of the minutes will also be distributed to the stockholders after their registration for the meeting.

Annual report

The Chairman, Mr. Jaime Augusto Zobel de Ayala, and the Chief Executive Officer (CEO), Mr. Arthur R. Tan, will report on the performance of the Company in 2021 and the outlook for 2022.

The Company's Annual Report will contain the Message from the Chairman and the Message from the CEO. Copies of the Annual Report will be distributed to the stockholders and posted on the Company's website, www.global-imi.com.

The Audited Financial Statements as of December 31, 2021 (AFS), as approved by the Board on March 9, 2022 upon the recommendation of the Audit and Risk Committee, will be included in the Information Statement to be sent to the stockholders at least 28 days prior to the meeting.

Ratification of all acts of the Board of Directors and Officers

The actions and resolutions of the Board and its committees were those taken and adopted since the annual stockholders' meeting on April 15, 2021 until April 22, 2022. They include the approval of operations-related and treasury-related matters and other matters covered by disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange such as the election of a replacement director and the appointment of officers, and the approval of amendments to the Company's Insider Trading Policy, Board Charter and Corporate Governance Manual. The acts of the officers were those taken to implement the resolutions of the Board or its committees or made in the general conduct of business.

Election of directors (including the independent directors)

The eleven (11) nominees for directors, as evaluated and determined by the Corporate Governance and Nomination Committee of the Board to have all the qualifications and competence necessary for the effective performance of the Board's roles and responsibilities, and none of the disqualifications to serve as members of the Board, shall be presented for election to the stockholders. One of the nominees for independent director, Mr. Hiroshi Nishimura, has served as such for more than the nine-year recommended term provided in the SEC Corporate Governance Code for Publicly-Listed Companies. Nonetheless, the Corporate Governance and Nomination Committee endorsed his nomination after taking into consideration Mr. Nishimura's commitment and dedication in fulfilling his mandate and his invaluable contribution to Board discussions with his expert insights.

The profiles of the nominees to the Board will be provided in the Information Statement.

⁴ The detailed instructions pertaining to the URL and the use thereof will be provided in the Information Statement.

Election of external auditor and fixing of its remuneration

The Audit and Risk Committee of the Board will endorse to the stockholders the election of the external auditor for the ensuing fiscal year as well as its proposed remuneration.

The profile of the external auditor will be provided in the Information Statement.

Consideration of such other business as may properly come before the meeting

The Chairman will open the floor for comments and questions by the stockholders, and take up agenda items received from stockholders on or before April 13, 2022 in accordance with existing laws, rules and regulations of the Securities and Exchange Commission and the Company's internal guidelines⁵.

⁵ SEC Memorandum Circular No. 14, series of 2020 or "Shareholders' Right to Put items on the Agenda for Regular/Special Stockholders' Meetings": <https://www.sec.gov.ph/mc-2020/mc-no-14-s-2020shareholders-right-to-put-items-on-the-agenda-for-regular-special-stockholders-meetings/>.

PROXY

The undersigned stockholder of **INTEGRATED MICRO-ELECTRONICS INC.** (the "Company") hereby appoints the Chairman of the meeting, as *attorney-in-fact* and *proxy*, to represent and vote all shares registered in his/her/its name at the annual meeting of stockholders of the Company on **April 22, 2022** and at any of the adjournments thereof for the purpose of acting on the following matters:

- | | |
|--|---|
| 1. Approval of Minutes of Previous Meeting <input type="checkbox"/> For <input type="checkbox"/> Against <input type="checkbox"/> Abstain | 5. Election of SyCip Gorres Velayo & Co. as the external auditor and fixing of its remuneration. <input type="checkbox"/> For <input type="checkbox"/> Against <input type="checkbox"/> Abstain |
| 2. Approval of Annual Report <input type="checkbox"/> For <input type="checkbox"/> Against <input type="checkbox"/> Abstain | |
| 3. Ratification of the Acts of the Board of Directors and Officers <input type="checkbox"/> For <input type="checkbox"/> Against <input type="checkbox"/> Abstain | 6. At his/her discretion, the proxy named above is authorized to vote upon such other matters as may properly come before the meeting. <input type="checkbox"/> For <input type="checkbox"/> Against |

4. Election of Directors

No. of Votes

| | |
|--------------------------------------|-------|
| Jaime Augusto Zobel de Ayala | _____ |
| Arthur R. Tan | _____ |
| Jerome S. Tan | _____ |
| Fernando Zobel de Ayala | _____ |
| Jose Ignacio A. Carlos | _____ |
| Alberto M. de Larrazabal | _____ |
| Delfin L. Lazaro | _____ |
| Rafael C. Romualdez | _____ |
| <u><i>Independent Directors:</i></u> | |
| Edgar O. Chua | _____ |
| Hiroshi Nishimura | _____ |
| Sherisa P. Nuesa | _____ |

PRINTED NAME OF STOCKHOLDER

SIGNATURE OF STOCKHOLDER/
AUTHORIZED SIGNATORY

DATE

A SCANNED COPY OF THIS PROXY MUST BE SUBMITTED TO THE CORPORATE SECRETARY AT corporatesecretary@global-imi.com ON OR BEFORE **APRIL 11, 2022**, THE DEADLINE FOR SUBMISSION OF PROXIES. FOR CORPORATE STOCKHOLDERS, PLEASE ATTACH TO THIS PROXY FORM THE SECRETARY'S CERTIFICATE ON THE AUTHORITY OF THE SIGNATORY TO APPOINT THE PROXY AND SIGN THIS FORM.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT AND/OR AS RECOMMENDED BY MANAGEMENT OR THE BOARD OF DIRECTORS.

A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED. A PROXY IS ALSO CONSIDERED REVOKED IF THE STOCKHOLDER REGISTERS IN THE VOTING *IN ABSENTIA* & SHAREHOLDER (VIASH) SYSTEM.

STOCKHOLDERS PARTICIPATING BY REMOTE COMMUNICATION WILL NOT BE ABLE TO VOTE UNLESS THEY REGISTER IN THE VIASH SYSTEM OR THEY AUTHORIZE THE CHAIRMAN TO VOTE AS PROXY, ON OR BEFORE **APRIL 11, 2022**.

NOTARIZATION OF THIS PROXY IS NOT REQUIRED.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

Information Statement
of
INTEGRATED MICRO-ELECTRONICS, INC.
(the “Registrant,” “Company”, “Corporation” or “IMI”)
Pursuant to Section 20 of the Securities Regulation Code

1. Check the appropriate box:

☐ Preliminary Information Statement
☒ Definitive Information Statement

2. Name of Registrant as specified in its charter: INTEGRATED MICRO-ELECTRONICS, INC.

3. Province, country or other jurisdiction of incorporation or organization:

REPUBLIC OF THE PHILIPPINES

4. SEC Identification Number: 94419

5. BIR Tax Identification Code: 000-409-747-000

6. Address of Principal Office: North Science Avenue
Laguna Technopark-Special Economic Zone (LT-SEZ)
Bo. Biñan, Biñan, Laguna

7. Registered Business Address: North Science Avenue
Laguna Technopark-Special Economic Zone (LT-SEZ)
Bo. Biñan, Biñan, Laguna

8. Registrant’s telephone number, including area code: (632) 7756-6840

9. Date, time and place of the meeting of security holders:

Date - April 22, 2022
Time - 9:00 A.M.
Place - To be conducted virtually through
<http://www.ayalagroupshareholders.com/>

10. Approximate date on which the Information Statement is first to be sent or given to security holders:

April 1, 2022

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA:

a. Shares of Stock

| <u>Title of Each Class</u> | <u>Par Value</u> | <u>No. of Shares</u> | <u>Amount</u> |
|----------------------------|------------------|----------------------|-------------------|
| Common | P1.00 | 2,217,293,215 | P2,217,293,215.00 |

b. Debt Securities - None

12. Are any or all of registrant's securities listed in a Stock Exchange?

☒ Yes ☐ No

2,115,636,697 common shares are listed with the Philippine Stock Exchange ("PSE"), including 15,892,224 treasury shares.

* * *

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders (hereafter, the “annual stockholders’ meeting” or “meeting”)

- a. Date - April 22, 2022, Friday
- Time - 9:00 A.M.
- Place - To be conducted virtually through
<http://www.ayalagroupshareholders.com/>
- Principal Office - North Science Avenue
Laguna Technopark-Special Economic Zone (LT-SEZ)
Bo. Biñan, Biñan, Laguna
- b. Approximate date when the Information Statement is first to be sent to security holders:
April 1, 2022

**WE ARE NOT ASKING YOU FOR A PROXY AND YOU
ARE REQUESTED NOT TO SEND US A PROXY**

Item 2. Dissenter’s right of appraisal

Under Section 80, Title X of the Revised Corporation Code of the Philippines (“Revised Corporation Code”), a stockholder shall have the right to dissent and demand payment of the fair value of his shares in the following instances:

- (a) In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
- (b) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Corporation Code;
- (c) In case of merger or consolidation; and
- (d) In case of investment of corporate funds for any purpose other than the primary purpose of the Corporation.

No matters or actions that may give rise to a possible exercise by stockholders of their appraisal rights will be taken up at the meeting.

Item 3. Interest of certain persons in or opposition to matters to be acted upon

None of the Directors or Executive Officers of the Company has any personal involvement or interest, either direct or indirect, in the matters to be acted upon.

No Director has informed the Company of his opposition to any matter to be acted upon.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting securities and principal holders thereof

- a. **Number of shares outstanding as of February 28, 2022:** 2,217,293,215 Common shares
- Number of votes entitled:** one (1) vote per common share
- b. All **stockholders of record** as of March 8, 2022 are entitled to receive notice and to vote at the annual stockholders' meeting.
- c. **Manner of voting**

Sections 6, 7 and 8 of Article III of the By-laws of the Company (the "By-laws") provide:

Section 6 – Any stockholder entitled to vote may vote in person, through remote communication, in absentia, or be represented by proxy at any regular or special stockholders' meetings, subject to compliance with rules and regulations as may be issued by the Securities and Exchange Commission from time to time. Proxies shall be in writing and signed and in accordance with existing laws, rules and regulations of the Securities and Exchange Commission. Duly accomplished proxies must be submitted to the Office of the Corporate Secretary not later than seven (7) business days prior to the date to the stockholders' meeting. Validation of proxies shall be conducted at least five (5) business days prior to the date of the stockholders' meeting.

Section 7 - Each share of stock entitles the person in whose name it is registered in the books of the corporation to one vote, provided the share has not been declared delinquent.

Section 8 - The election of Directors shall be by ballot and each stockholder entitled to vote may cast the vote in person, by proxy, through remote communication, or in absentia, electronically or otherwise, to which the number of shares he owns entitles him, for as many persons as are to be elected as Directors, or he may give to one candidate as many votes as the number of Directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates he may see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of Directors to be elected.

Stockholders may vote on the resolutions for approval at the meeting by appointing the Chairman of the Meeting as their proxy or electronically *in absentia* using the online web address, <http://www.ayalagroupshareholders.com/>, subject to validation procedures. A stockholder voting electronically *in absentia* shall be deemed present for purposes of quorum. The detailed instructions for electronic voting *in absentia* are set forth in Annex A (I).

d. **Security ownership of certain record and beneficial owners and management**

(i) Security ownership of certain record and beneficial owners (of more than 5%) as of February 28, 2022.

| Title of Class | Name, address of Record Owner and Relationship with Issuer | Name of Beneficial Owner and Relationship with Record Owner | Citizenship | No. of Shares Held | Percent of Outstanding Shares |
|-----------------------|--|--|----------------------|---------------------------|--------------------------------------|
| Common | AC Industrial Technology Holdings, Inc. ¹ 32 nd Floor, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City. | AC Industrial Technology Holdings, Inc. ² | Filipino | 1,153,725,046 | 52.0330% |
| Common | PCD Nominee Corporation (Non- Filipino) ³ 29th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati City 1226 | PCD participants acting for themselves or for their customers ⁴ | Various Non-Filipino | 312,230,824 | 14.0816% |
| Common | Resins, Inc. ⁵ E. Rodriguez Jr. Avenue, Bagong Ilog, Pasig City. | Resins, Inc. ⁶ | Filipino | 291,785,034 | 13.1595% |
| Common | PCD Nominee Corporation (Filipino) ³ 29th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati City 1226 | PCD participants acting for themselves or for their customers ⁴ | Filipino | 203,725,838 | 9.1880% |
| Common | PCD Nominee Corporation (Non- Filipino) ³ 29th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati City 1226 | Fremach International ⁷ | Belgian | 200,000,000 | 9.0200% |

(ii) Security ownership of directors and management as of February 28, 2022.

| Title of Class | Name of Beneficial Owner | Amount and Nature of Beneficial Ownership | Citizenship | Percentage of Ownership |
|-----------------------|---------------------------------|--|--------------------|--------------------------------|
| <i>Directors</i> | | | | |
| Common | Jaime Augusto Zobel de Ayala | 100 (direct) | Filipino | 0.0000% |
| Common | Fernando Zobel de Ayala | 100 (direct) | Filipino | 0.0000% |
| Common | Alberto M. de Larrazabal | 100 (direct) | Filipino | 0.0000% |

¹ AC Industrial Technology Holdings, Inc. (AC Industrials) is a stockholder of the Company.

² The Board of Directors of AC Industrials has the power to decide how AC Industrials' shares in IMI are to be voted. Mr. Jaime Augusto Zobel de Ayala has been named and appointed to exercise the voting power.

³ PCD Nominee Corporation (PCD) is not related to the Company.

⁴ Each beneficial owner of shares through a PCD participant is the beneficial owner to the extent of the number of shares in his/her account with the PCD participant. The beneficial owner, with certification of ownership of shares from the PCD Participant, has the power to vote either in person or by proxy. Out of the 515,956,662 common shares registered in the name of PCD, 233,120,528 common shares or 10.5137% of the outstanding common shares are for the account of The Hongkong and Shanghai Banking Corporation (HSBC). As communicated to the Company, neither HSBC nor any of its customers beneficially owns more than 5% of the Company's common shares.

⁵ Resins is not related to the Company.

⁶ The Board of Directors of Resins has the power to decide how Resins' shares in IMI are to be voted. Mr. Jose Ignacio A. Carlos is usually appointed to exercise the voting power.

⁷ The Board of Directors of Fremach International has the power to decide how Fremach International's shares in IMI are to be voted. The Chairman of the meeting is usually appointed to exercise the voting power.

| | | | | | |
|---|------------------------------|-------------------|---------------------|-------------|----------------|
| Common | Delfin L. Lazaro | 100 | (direct) | Filipino | 0.0000% |
| Common | Arthur R. Tan | 21,223,552 | (direct & indirect) | Filipino | 0.9572% |
| Common | Jerome S. Tan | 2,884,733 | (indirect) | Singaporean | 0.1301% |
| Common | Rafael C. Romualdez | 1 | (direct) | Filipino | 0.0000% |
| Common | Jose Ignacio A. Carlos | 1 | (direct) | Filipino | 0.0000% |
| Common | Edgar O. Chua | 100 | (direct) | Filipino | 0.0000% |
| Common | Hiroshi Nishimura | 712,578 | (direct & indirect) | Japanese | 0.0321% |
| Common | Sherisa P. Nuesa | 503,385 | (direct & indirect) | Filipino | 0.0227% |
| <i>CEO and Most Highly Compensated Officers</i> | | | | | |
| Common | Arthur R. Tan | 21,223,552 | (direct & indirect) | Filipino | 0.9572% |
| Common | Eric De Candido | 0 | | French | 0.0000% |
| Common | Laurice S. Dela Cruz | 157,221 | (indirect) | Filipino | 0.0071% |
| Common | Mary Ann S. Natividad | 1,435,240 | (direct & indirect) | Filipino | 0.0647% |
| Common | Jerome S. Tan | 2,884,733 | (indirect) | Singaporean | 0.1301% |
| <i>Other Executive Officers</i> | | | | | |
| Common | Anthony Raymond P. Rodriguez | 0 | | Filipino | 0.0000% |
| Common | Rosalyn O. Tesoro | 19,505 | (indirect) | Filipino | 0.0009% |
| Common | Solomon M. Hermosura | 15 | (direct) | Filipino | 0.0000% |
| Common | Rosario Carmela G. Austria | 0 | | Filipino | 0.0000% |
| All Directors and Officers as a group | | 26,936,731 | | | 1.2148% |

No director or member of the Company's management owns 2.0% or more of the outstanding capital stock of the Company.

(iii) Voting trust holders of 5% or more

The Company knows of no person holding more than 5% of common shares under a voting trust or similar agreement.

(iv) Changes in control

No change of control in the Company has occurred since 2017.

- e. **Foreign owned shares as of February 28, 2022:** 522,575,450 shares or 23.5682% of the total outstanding shares

Item 5. Directors and executive officers

Section 9 of Article III of the By-laws provides:

Section 9 - At the regular general meetings, a Board of eleven (11) Directors shall be elected who shall hold office for a term of one (1) year or until their successors shall have been elected and qualified.

The attendance of the directors at the meetings of the Board of Directors (the "Board") held in 2021 is as follows:

| Directors | No. of Meetings Attended/Held ⁸ | Percent Present |
|------------------------------|--|-----------------|
| Jaime Augusto Zobel de Ayala | 6/6 | 100% |
| Fernando Zobel de Ayala | 6/6 | 100% |
| Delfin L. Lazaro | 6/6 | 100% |

⁸ In 2021 during the incumbency of the director.

| | | |
|---------------------------------------|-----|------|
| Jose Teodoro K. Limcaoco ⁹ | 1/1 | 100% |
| Alberto M. de Larrazabal ⁹ | 5/5 | 100% |
| Arthur R. Tan | 6/6 | 100% |
| Jerome S. Tan ¹⁰ | 4/4 | 100% |
| Jose Ignacio A. Carlos | 6/6 | 100% |
| Rafael C. Romualdez | 6/6 | 100% |
| Hiroshi Nishimura | 5/6 | 83% |
| Edgar O. Chua | 6/6 | 100% |
| Sherisa P. Nuesa | 6/6 | 100% |
| Diosdado P. Banatao ¹⁰ | 2/2 | 100% |

The Management Committee members and other officers of the Company, unless removed by the Board, shall serve as such until their successors are elected or appointed.

a. **Information required of directors and executive officers**

i. **Directors and executive officers**

The nominees for election to the Board at the annual meeting of the shareholders are as follows:

| | |
|------------------------------|--------------------------|
| Jaime Augusto Zobel de Ayala | Alberto M. de Larrazabal |
| Fernando Zobel de Ayala | Jerome S. Tan |
| Arthur R. Tan | Sherisa P. Nuesa |
| Jose Ignacio A. Carlos | Edgar O. Chua |
| Rafael C. Romualdez | Hiroshi Nishimura |
| Delfin L. Lazaro | |

Messrs. Edgar O. Chua and Hiroshi Nishimura, and Ms. Sherisa P. Nuesa are nominated as independent directors.

Ms. Blesilda L. Santiago, a shareholder of the Company, formally nominated all the eleven (11) candidates. Ms. Santiago is not related to any of the nominees. Please refer to Annex “B” for the summary of the directors’ qualifications. The certifications on the qualifications of the nominees for independent directors are attached herewith as Annex “B-1”.

Each nominee has accepted his or her nomination.

The Corporate Governance and Nomination Committee of the Company (with Sherisa P. Nuesa, as Chairman and Hiroshi Nishimura and Edgar O. Chua, as members) evaluated the qualifications of the nominees and prepared the final list of nominees in accordance with SRC Rule 38 (Requirements on Nomination and Election of Independent Directors) and the By-laws of the Company.

Messrs. Jaime Augusto Zobel de Ayala, Fernando Zobel de Ayala, Lazaro, Romualdez, Arthur R. Tan, Carlos, and Chua have served as directors of the Company for more than five years; Ms. Nuesa for three years; Mr. de Larrazabal for one year and Mr. Jerome S. Tan for less than one year.

Mr. Nishimura served as an Independent Director of the Company from April 2010 to April 2020.

⁹ Mr. Limcaoco’s term expired on April 15, 2021 and was replaced by Mr. de Larrazabal on the same date.

¹⁰ Mr. Banatao resigned on June 28, 2021 and was replaced by Mr. Jerome S. Tan on the same date.

He was re-elected as an Independent Director on June 17, 2020 and have served as such until present. The Corporate Governance and Nomination Committee endorsed his nomination as an independent director notwithstanding the fact that if elected once again, his service as such will exceed the recommended nine-year term provided in the SEC Corporate Governance Code for Publicly-Listed Companies after taking into consideration Mr. Nishimura's commitment and dedication in fulfilling his mandate and his invaluable contribution to Board discussions with his expert insights.

The above-named nominees are expected to attend the annual stockholders' meeting.

The Company undertakes to abide by SRC Rule 38 on the required number of independent directors subject to any revision that may be prescribed by the Securities and Exchange Commission ("SEC").

None of the directors and officers of the Company are employed by the Philippine government.

ii. Significant employees

The Company attributes its continued success to the collective efforts of its employees, all of whom contribute significantly to the business in various ways.

iii. Family relationships

Jaime Augusto Zobel de Ayala, Chairman of the Board, and Fernando Zobel de Ayala, a director of the Company, are brothers. Jose Ignacio A. Carlos and Rafael C. Romualdez, both incumbent directors, are first cousins.

Except for the foregoing, there are no known family relationships between the current members of the Board and the key officers.

iv. Involvement in Certain Legal Proceedings

There are no material pending legal proceedings, bankruptcy petition, conviction by final judgment, order, judgment or decree or any violation of a securities or commodities law for the past five years up to the present date to which the Company or any of its subsidiaries or its directors or executive officers is a party or of which any of its material properties are subject in any court or administrative government agency.

The Company filed a civil case on April 11, 2011 against Standard Insurance ("Standard") seeking to collect Standard's share in the loss incurred by the Company consisting in damage to production equipment and machineries as a result of the May 24, 2009 fire at the Company's Cebu facility which the Company claims to be covered by Standard's "Industrial All Risks Material Damage with Machinery Breakdown and Business Interruption" policy. The share of Standard in the loss is 22% or US \$1,117,056.84 after its co-insurers all paid the amount of loss respectively claimed from them. The Company had to resort to court action after Standard denied its claim on the ground that the claim is an excepted peril. Standard filed a motion to dismiss on various grounds, such as lack of cause of action and of prescription. The Regional Trial Court denied the motion to dismiss but Standard filed a Motion for Reconsideration with the Court of Appeals (CA). On April 26, 2013, the CA dismissed the case on the ground that the claim has prescribed. On April 19, 2013, the Company filed a Motion for Reconsideration. On December 10, 2013, the Company received a decision promulgated on December 2, 2013 denying the said Motion for Reconsideration.

The Company filed a Petition for Review on Certiorari dated January 23, 2014 with the Supreme Court (SC). On 17 February 2021, IMI received the SC's Decision dated 27 August 2020 affirming the Decision of the CA. IMI has filed a Motion for Reconsideration. It has not been resolved to date.

b. Certain relationships and related transactions

The Company and its subsidiaries (the "Group"), in its regular conduct of business, has entered into transactions with subsidiaries, affiliate, and other related parties principally consisting of advances, loans and reimbursement of expenses. Sales and purchases of goods and services as well as other income and expenses to and from related parties are made at normal commercial prices and terms. None of the Company's directors have entered into self-dealing and related party transactions with or involving the Company in 2021.

Terms and Conditions of Transactions with Related Parties

The Group has a Related Party Transactions (RPT) Committee that evaluates and governs related party transactions. Prior to finalization of any related party agreement, the management shall report for review and approval to the RPT Committee all new and proposed significant related party transaction above the threshold set by the RPT Committee.

Outstanding balances at year-end are unsecured and settlement occurs in cash unless otherwise stated. For the years ended December 31, 2021, 2020 and 2019, the Group has not recorded any impairment on receivables relating to amounts owed by related parties. Impairment assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

In the ordinary course of business, the Group transacts with its related parties. The transactions and balances of accounts with related parties follow:

- Transactions with BPI, an affiliate

As of December 31, 2021 and 2020, the Group maintains current and savings accounts and short-term investments with BPI amounting to \$1.42 million and \$5.50 million, respectively.

Total interest income earned from investments with BPI amounted to \$0.001 million, \$0.01 million and \$0.01 million for the years ended December 31, 2021, 2020 and 2019, respectively.

- Outstanding balances of the Group's related party transactions with its affiliates follow:

| | Receivables/Deposits | | Payables | |
|--|----------------------|------------------|-----------------|-----------------|
| | 2021 | 2020 | 2021 | 2020 |
| KTM Asia Motor Manufacturing Inc. (KAMMI) | \$413,754 | \$184,412 | \$— | \$— |
| Merlin Solar Technologies (Phils.) Inc. (MSTPI) | 23,130 | 99,862 | — | — |
| AC Industrials Technology Inc. (AC Industrials) | 11,813 | 14,979 | — | — |
| BPI | — | — | 21,138 | 20,873 |
| Innove Communication, Inc. (ICI) | — | — | 6,460 | 6,460 |
| AG Legal | — | — | 19,959 | — |
| Globe Telecom, Inc. (GTI) | — | — | 1,880 | — |
| | <u>\$448,697</u> | <u>\$299,253</u> | <u>\$49,437</u> | <u>\$27,333</u> |

- i. Transaction with KAMMI and MSTPI pertains to trade related receivables.
 - ii. Transaction with AC Industrials pertains to management fee on corporate and support services.
 - iii. Payable to BPI pertains to employee related transactions.
 - iv. Payables to ICI pertain to building rental, leased lines, internet connections and ATM connections.
 - v. Payable to AGLegal relates to legal and regulatory assistance services.
 - vi. Payables to GTI pertain to billings for software and WiFi connections. These are due and demandable.
- Revenue/income and expenses from the Group's affiliates follow:

| | Revenue/Income | | | Expenses | | |
|---------------------|----------------|-------------|-------------|-------------|-------------|-------------|
| | 2021 | 2020 | 2019 | 2021 | 2020 | 2019 |
| KAMMI | \$1,511,811 | \$1,040,797 | \$1,361,041 | \$— | \$— | \$— |
| MSTPI | 882,121 | 857,807 | 668,115 | — | — | — |
| AC Industrials | 49,868 | 42,801 | 49,370 | — | — | — |
| BPI | 1,396 | 3,851 | 9,740 | — | — | — |
| AREIT | — | — | — | 1,512,012 | 1,407,557 | 1,094,592 |
| Laguna Water (LAWC) | — | — | — | 1,035,751 | 961,519 | 608,094 |
| AC | — | — | — | 641,891 | 676,738 | 1,913,224 |
| AG Legal | — | — | — | 113,269 | 172,011 | 113,111 |
| ICI | — | — | — | 185,239 | 135,011 | 210,871 |
| GTI | — | — | — | 160,840 | 103,492 | 147,337 |
| ACEHI | — | — | — | — | — | 463,874 |
| | \$2,445,196 | \$1,945,256 | \$2,088,266 | \$3,649,002 | \$3,456,328 | \$4,551,103 |

- Revenue/income from its affiliates pertains to the following transactions:
 - i. Revenues from KAMMI and MSTPI pertain to subcontracting services related to registered activities.
 - ii. Revenues from AC Industrials represent recoveries for the provision of corporate and support services.
 - iii. Interest income earned from investments with BPI.
- Expenses incurred from related party transactions include:
 - i. Light and power allocation charged by ACEHI to the Parent Company. The contract with ACEHI ended in January 2019.
 - ii. Administrative services charged by AC related to certain transactions.
 - iii. Rental expense from the lease contract between the Parent Company and AREIT (Formerly TLI).

- iv. Water allocation charged by LAWC.
- v. Building rental, leased lines, internet connections and ATM connections with ICI.
- vi. Consultations on legal matters and assistance on regulatory and legal requirements from AG Legal.
- vii. Billings for cellphone charges and WiFi connections with GTI.
- Revenue and expenses eliminated at the Group level follow:
 - i. Intercompany revenues mainly pertain to billings of IMI USA and IMI Japan to IMI Singapore and the Parent Company for recovery costs related to the management salaries of key management personnel under IMI ROHQ.
 - ii. Expenses incurred from related party transactions include interest expense of PSi, IMI MX, STI and IMI CZ from loans granted by the Parent Company, IMI Singapore and STSN.

Guarantees and Commitments

IMI BG has agreed to provide continuing operational, investment and financial assistance to the facilities of C-Con GmbH (“C-Con”), a related party and an entity under common control of AC Industrials, for C-Con will duly and timely perform all required obligations under contracts to be entered into with a particular customer. In case of C-Con’s failure to perform its contractual obligations under the contract including but not limited to failure to perform due to C-Con’s insolvency (“Breach”), IMI BG will indemnify and hold harmless the customer from any and all costs, liabilities, damages, losses, and reasonable amount of actually-incurred out of pocket expenses (including court costs and legal expenses) of the customer occasioned by or arising from such Breach. As consideration for extending said guarantee, IMI BG will be charging C-Con a guarantee fee equivalent to two (2%) of the revenue for the projects won using or relying upon IMI BG’s guarantee. Additionally, IMI BG’s guarantee to C-Con is backstopped by AC Industrials (Singapore) Pte. Ltd., another related party of IMI BG.

Compensation of Key Management Personnel of the Group

Compensation of key management personnel by benefit type follows:

| | 2021 | 2020 |
|------------------------------|--------------------|--------------------|
| Short-term employee benefits | \$7,776,881 | \$6,482,928 |
| Post-employment benefits | 885,630 | 73,519 |
| | <u>\$8,662,511</u> | <u>\$6,556,447</u> |

c. Ownership structure and parent company

The Company’s parent is AC Industrial Technology Holdings, Inc. which owns 52.0330% of the total outstanding capital stock of the Company as of February 28, 2022. Resins, Inc. owns 13.1595% of the total outstanding capital stock of the Company.

d. Resignation of directors

No director has resigned from or declined to stand for re-election to the Board since the date of the 2021 annual meeting of stockholders due to any disagreement with the Company relative to the Company’s operations, policies and practices.

Item 6. Compensation of directors and executive officers

a. Executive Compensation

| Name and Principal Position | Year | Salary | Other Income |
|---|---------------------------|---------|--------------|
| Arthur R. Tan Chief Executive Officer | | | |
| Jerome S. Tan President | | | |
| Eric De Candido Chief Operations Officer | | | |
| Laurice S. Dela Cruz Chief Finance Officer – OIC and Compliance Officer | | | |
| Mary Ann S. Natividad Chief Commercial Officer | | | |
| CEO & Other Named Executive Officers | Actual 2020 | 65.05M | 24.03M |
| | Actual 2021 | 71.66M | 19.21M |
| | Projected 2022 | 75.24M | 20.17M |
| All officers as a group unnamed* | Actual 2020 (Restated) | 291.65M | 34.28M |
| | Actual 2021 | 388.64M | 36.80M |
| | Projected 2022 | 408.08M | 38.64M |

*All key management personnel, including all above-named officers.

The Company has no other arrangement with regard to the remuneration of its existing directors and officers aside from the compensation received as stated above.

b. Compensation of directors

Section 9 of Article IV of the By-laws provides:

Section 9 - Each director shall be entitled to receive from the Corporation, pursuant to a resolution of the Board of Directors, fees and other compensation for his services as director. In no case shall the total yearly compensation of directors exceed five percent (5%) of the net income before income tax of the Corporation during the preceding year.

x x x

The Chairman of the Board shall receive such remuneration as may be fixed by the Board of Directors each year, in addition to the per diem and compensation that each Director may be entitled to receive.

i. Standard arrangement

During the 2008 annual stockholders' meeting, the stockholders approved a resolution fixing the remuneration of non-executive directors as follows:

| | |
|--|--------------|
| Board Meeting Fee per meeting attended | ₱ 100,000.00 |
| Committee Meeting Fee per meeting attended | ₱ 20,000.00 |

The executives who are members of the Board of the Company do not receive any amount as per diem. Their compensation as executives of the Company is included in the compensation table indicated above.

In 2021, the non-executive directors and independent directors of the Company received remuneration, as follows:

| Name | Amount (Php) |
|------------------------------|---------------------|
| Jaime Augusto Zobel de Ayala | 620,000.00 |
| Fernando Zobel de Ayala | 620,000.00 |
| Jose Teodoro K. Limcaoco* | 160,000.00 |
| Alberto M. de Larrazabal* | 600,000.00 |
| Delfin L. Lazaro | 700,000.00 |
| Jose Ignacio A. Carlos | 680,000.00 |
| Rafael C. Romualdez | 800,000.00 |
| Edgar O. Chua | 840,000.00 |
| Diosdado P. Banatao** | 300,000.00 |
| Sherisa P. Nuesa | 800,000.00 |
| Hiroshi Nishimura | 720,000.00 |
| Total | 6,840,000.00 |

*Mr. de Larrazabal replaced Mr. Limcaoco on April 15, 2021.

**Mr. Jerome S. Tan, an executive director, replaced Mr. Banatao on June 28, 2021.

ii. **Other arrangements**

Aside from the compensation received as herein stated, the Company has no other arrangement with regard to the remuneration of its existing non-executive and independent directors for services provided as a director.

c. **Employment contracts and termination of employment and change-in-control arrangements**

The above-named executive officers are covered by letters of appointment and employment agreements stating their respective job functions, among others.

d. **Warrants and options outstanding, repricing**

The Company has not offered any stock options, warrants or rights to its employees.

Item 7. Independent Public Accountants

- The principal accountant and external auditor of the Company is the accounting firm of SyCip Gorres Velayo & Company (SGV & Co.). The same accounting firm is being recommended for election at the scheduled annual stockholders' meeting.
- Representatives of SGV & Co. for the most recently completed fiscal year are expected to be present at the annual stockholders' meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

Pursuant to the General Requirements of Revised SRC Rule 68, Par. 3 (Qualifications and Reports of Independent Auditors), the Company has engaged SGV & Co. as external auditor of the Company. Ms. Cyril Jasmin B. Valencia is the audit partner for the years 2021, 2020 and 2019, while Mr. Carlo

Paolo V. Manalang served as such for the audit years 2018 and 2017.

c. Changes in and disagreements with accountants on accounting and financial disclosure

The Company has engaged the services of SGV & Co. during the two most recent fiscal years. There are no disagreements with SGV & Co. on accounting and financial disclosures.

d. Audit and audit-related fees

The Company paid or accrued the following fees to its external auditors in the past two years:

| | <u>Audit & Audit-related Fees</u> | <u>Tax Fees</u> | <u>Other Fees</u> |
|------|---------------------------------------|-----------------|-------------------|
| 2021 | ₱ 4.65M | - | ₱ 0.06M |
| 2020 | ₱ 4.17M | - | ₱ 0.07M |

Audit and audit-related fees includes the audit of annual financial statements and services that are normally provided by the independent auditor in connection with statutory and regulatory filings or engagements for those calendar years. The 2021 audit fees include the review of the audit work of the other independent auditors of VIA optronics amounting to P350k. The 2019 audit fees include fees for the review of interim financial statements amounting to PhP11.9M. The fees are exclusive of out-of-pocket expenses incidental to the independent auditors' work.

e. Tax fees

No tax consultancy services has been rendered by SGV & Co. for the past two years.

f. All other fees

Other fees include validation of votes during Annual Stockholders' Meeting.

The Company's Audit and Risk Committee (with Edgar O. Chua, as Chairman and Rafael C. Romualdez and Hiroshi Nishimura, as members) recommended the election of SGV & Co. as its external auditor and the fixing of the audit fees to the Board. Likewise, the other services rendered by SGV & Co. were approved by the Board of Directors upon the recommendation of the Audit and Risk Committee. The foregoing recommendations are now being endorsed for approval by the stockholders.

Item 8. Compensation Plans

No matter or action relating to any compensation plan pursuant to which cash or non-cash compensation may be paid or distributed will be taken up during the meeting.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or issuance of securities other than for exchange

No matter or action concerning authorization or issuance of securities will be taken up during the meeting.

Item 10. Modification or exchange of securities

The Company will not be presenting any matter or act involving the modification of any class of the Company's securities or the issuance or authorization for issuance of one class of the Company's securities in exchange for outstanding securities of another class, during the meeting.

Item 11. Financial and other information

The audited financial statements as of December 31, 2021, Management's Discussion and Analysis, Market Price of Shares and Dividends and other data related to the Company's financial information are attached hereto as Annex "C." The schedules required under Part IV(c) of Revised SRC Rule 68 will be included in the Annual Report (Form 17-A).

Item 12. Mergers, consolidations, acquisitions and similar matters

There is no proposed merger, consolidation, acquisition by, sale or liquidation of the Company that will be presented during the meeting.

Item 13. Acquisition or disposition of property

There are no matters or actions to be taken up in the meeting with respect to an acquisition or disposition of any property by the Company requiring stockholders' approval under the Revised Corporation Code.

Item 14. Restatement of accounts

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those of the previous financial years except for the new PFRS, amended PFRS and improvements to PFRS which were adopted beginning January 1, 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*
The amendment provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:
 - The rent concession is a direct consequence of COVID-19;
 - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
 - Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
 - There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted.

The Group adopted the amendment beginning April 1, 2021 and recognized rent concessions as variable lease payment amounting to \$0.38 million and \$0.42 million in 2021 and 2020, respectively, as part of cost of sales.

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Group shall also disclose information about:

- The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

The Group adopted the amendments beginning January 1, 2021.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

Annual Improvements to PFRSs 2018-2020 Cycle

- Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
- Amendments to PFRS 9, *Financial Instruments*, Fees in the '10 per cent' test for derecognition of financial liabilities
- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

D. OTHER MATTERS

Item 15. Action with respect to reports

- a. Approval of the minutes of the 2021 annual stockholders' meeting held on April 15, 2021 covering the following matters:
- (i) Approval of the minutes of the 2020 annual stockholders' meeting;
 - (ii) Annual report for calendar year 2020, including the consolidated audited financial statements for the calendar year December 31, 2020;
 - (iii) Ratification of the acts of Board of Directors and Officers;
 - (iv) Election of Directors, including the Independent Directors, and
 - (v) Election of SyCip Gorres Velayo & Co. as external auditor for the year 2021 and fixing of its remuneration.

The minutes of the 2021 Annual Stockholders Meeting had been uploaded to the Company's website within five (5) days from the date of the meeting and may be viewed through the following link:

<https://www.global-imi.com/sites/default/files/TMI-2021%20ASM%20Minutes%20%2815April2021%29.pdf>

In addition, the minutes contain the following information:

- 1. A description of the voting and vote tabulation procedures used in the previous meeting;
 - 2. A description of the opportunity given to stockholders or members to ask questions and a record of the questions asked and answers given;
 - 3. The matters discussed and resolutions reached;
 - 4. A record of the voting results for each agenda item; and
 - 5. A list of the directors, officers and the percentage of outstanding and voting shares of stockholders who attended and participated in the meeting.
- b. Approval of the annual report of Management for the year ending December 31, 2021.

Item 16. Matters Not Required to be Submitted

There are no matters or actions to be taken up in the meeting that will not require the vote of the stockholders as of the record date.

Item 17. Amendment of charter, by-laws or other documents

There are no matters or actions to be submitted in the meeting that will not require the vote of common stockholders as of record date.

As disclosed on August 12, 2021, the Board of Directors ratified and approved, as recommended by the Corporate Governance and Nomination Committee, the revisions to the Corporation's Insider Trading Policy, Board Charter and Corporate Governance Manual.

The amendments to the Insider Trading Policy were to include provisions on the short-swing profit rule and on improved reporting and monitoring of covered transactions. The Board Charter and Corporate Governance Manual were updated to align with the Corporation's By-Laws, the Revised Corporation Code and recognized good governance practices.

Item 18. Other proposed actions

a. Ratification of the acts of the Board of Directors and Officers

The acts of the Board of Directors and Officers involve –

- (i) Constitution of Board Committees and appointment of Chairmen and members;
 - (ii) Election of lead independent director and officers;
 - (iii) Updating of the lists of attorneys-in-fact and bank signatories;
 - (iv) Redundancy Programs;
 - (v) President, Chief Finance Officer and Treasurer Succession Plans;
 - (vi) Election of new Director and appointment of new officers and Vice Chairman;
 - (vii) Ratification of the actions of the board committees including approval of the hedging plans;
 - (viii) Appointment of authorized filers for the SEC Online Submission Tool;
 - (ix) Updating of Counterparty Banks;
 - (x) Availment and renewal of credit facilities from various banks and other fund-raising exercises;
 - (xi) Amendment of the Audit and Risk Committee Charter;
 - (xii) 2021 Integrated Annual Corporate Governance Report;
 - (xiii) Amendment of Insider Trading Policy, Board Charter and Corporate Governance Manual;
 - (xiv) Implementation of strategic business initiatives through the execution of relevant agreements; and
 - (xv) 2022 budget
- b. Election of the members of the Board, including the independent directors, for the ensuing calendar year; and
- c. Election of external auditor and fixing of its remuneration.

Item 19. Voting procedures

a. Vote required

The affirmative vote of at least a majority of the issued and outstanding capital stock entitled to vote and represented at the annual stockholders' meeting is required for the approval of all matters to be presented to the stockholders for decision. The election of directors is by plurality of votes.

b. Method of Voting

In all items for approval, each share of stock entitles its registered owner as of Record Date to one vote. As explained in Item 20 below, stockholders will only be allowed to vote by appointing the Chairman of the meeting as their proxy or electronically *in absentia*.

In the case of election of directors, each stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares, or he may distribute them on the same principle among as many nominees as he shall see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the total number of directors to be elected.

Proxies shall be in writing, signed and filed, by the stockholders, in the form provided in this DIS, and shall be received by the Corporate Secretary at corporatesecretary@global-imi.com on or before April 11, 2022.

A stockholder may vote electronically *in absentia* using the online web address, <http://www.ayalagroupshareholders.com/>, subject to validation procedures. A stockholder voting electronically *in absentia* shall be deemed present for purposes of quorum.

All votes will be counted and tabulated by the Proxy Validation Committee and the results will be validated by an independent third party.

Item 20. Participation of Shareholders by Remote Communication

Given the current circumstances and pursuant to the Company's By-Laws, the Chairman, acting on the authority delegated by the Board of Directors during its meeting on December 9, 2021, approved the holding of the meeting in a fully virtual format. Stockholders may attend the meeting only by remote communication, as set forth below, and by voting in absentia, as provided in Item 4(c) and Item 19 above, or voting through the Chairman of the meeting as their proxy.

The live webcast of the meeting shall be accessible through the following online web address: <http://www.ayalagroupshareholders.com/> to shareholders who registered in the VIASH System. A Meeting livestreaming access button will be available on the Stockholder's dashboard in the VIASH System on the date set for the Meeting as indicated in the Company's Notice of Meeting. To enable the Company to perform validation procedures, identify the shareholders participating by remote communication and record their presence for purposes of quorum, the shareholders shall inform the Company by email to corporatesecretary@global-imi.com on or before April 11, 2022, of their participation in the meeting by remote communication.

Stockholders may email questions or comments prior to or during the meeting to the following email address: corporatesecretary@global-imi.com. The detailed instructions for participation through remote communication are set forth in Annex A (II).

Item 21. Acceptance of Stockholder Proposals on Agenda Item

Stockholders of record as of March 8, 2022 owning at least 5% of the total outstanding capital stock of the Company may submit proposals on items for inclusion in the agenda on or before April 13, 2022¹¹.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed this March 25, 2022.

INTEGRATED MICRO-ELECTRONICS, INC.

by: 
SOLOMON M. HERMOSURA
Corporate Secretary

¹¹ The inclusion of the proposed agenda item shall be in accordance with SEC Memorandum Circular No. 14, Series of 2020, and the Company's internal guidelines.

ANNEX “A”

2022 ANNUAL STOCKHOLDERS’ MEETING OF INTEGRATED MICRO-ELECTRONICS, INC. (THE “MEETING”)

REQUIREMENTS AND PROCEDURE FOR ELECTRONIC VOTING IN ABSENTIA AND PARTICIPATION BY REMOTE COMMUNICATION

Electronic voting *in absentia* and participation by remote communication shall be allowed only through complete registration and successful validation in the Voting *in Absentia* & Shareholder (VIASH) System.

I. ELECTRONIC VOTING IN ABSENTIA

1. Stockholders as of March 8, 2022 (“Stockholders”) have the option of electronic voting *in absentia* on the matters in the Agenda, after complete registration and successful validation in the VIASH System. Stockholders with e-mail addresses on record shall be sent an e-mail with a link to the VIASH System. To register in the VIASH System, Stockholders shall simply follow the instructions sent in the e-mail.
2. Stockholders who have registered in VIASH System for the 2021 annual stockholders meeting may continue using their credentials (username and password) to log-in and need not resubmit the requirements provided in Item 5 below.
3. Otherwise, Stockholders may access the link <http://www.ayalagroupshareholders.com/> to create an account and register in the VIASH System. Stockholders should complete the online registration form and submit for validation together with the requirements provided in Item 5 below.
4. All registered accounts shall be subject to the validation process set forth in Item 5 below. The deadline for registration to vote *in absentia* is April 11, 2022. The VIASH System will be open for registration on **April 1, 2022**.
5. The following are needed for registration:
 - 5.1 For individual Stockholders –
 - 5.1.1 A recent photo of the Stockholder, with the face fully visible (in JPG or PNG format). The file size should be no larger than 5MB;
 - 5.1.2 A scanned-copy of the Stockholder’s valid government-issued ID showing photo and personal details, preferably with residential address (in JPG or PDF format). The file size should be no larger than 5MB;
 - 5.1.3 A valid and active e-mail address;
 - 5.1.4 A valid and active contact number;
 - 5.2 For Stockholders with joint accounts –

A scanned copy of an authorization letter signed by all Stockholders, identifying who among them is authorized to cast the vote for the account (in JPG or PDF format). The file size should be no larger than 5MB;

5.3 For Stockholders under Broker accounts –

- 5.3.1 A broker's certification on the Stockholder's number of shareholdings (in JPG or PDF format). The file size should be no larger than 5MB;
- 5.3.2 A recent photo of the stockholder, with the face fully visible (in JPG or PNG format). The file size should be no larger than 5MB;
- 5.3.3 A scanned copy of the Stockholder's valid government-issued ID showing photo and personal details, preferably with residential address (in JPG or PDF format). The file size should be no larger than 5MB;
- 5.3.4 A valid and active e-mail address;
- 5.3.5 A valid and active contact number;

5.4 For corporate Stockholders –

- 5.4.1 A secretary's certificate attesting to the authority of the representative to vote for, and on behalf of the Corporation (in JPG or PDF format). The file size should be no larger than 5MB;
- 5.4.2 A recent photo of the Stockholder's representative, with the face fully visible (in JPG or PNG format). The file size should be no larger than 5MB;
- 5.4.3 A scanned copy of the valid government-issued ID of the Stockholder's representative showing photo and personal details, preferably with residential address (in JPG or PDF format). The file-size should be no larger than 5MB;
- 5.4.4 A valid and active e-mail address of the Stockholder's representative;
- 5.4.5 A valid and active contact number of the Stockholder's representative.

Important Notes:

- Stockholders who, as of record date, are also Stockholders of the other publicly listed corporations in the Ayala group only need to register one account in the VIASH System and may "Add another company" in their respective profiles, as applicable. The digital absentee ballot for each corporation shall be separately accessed from the Stockholder's Dashboard in the VIASH System and votes shall be cast per corporation.
 - Considering the prevailing extraordinary circumstances in relation to COVID-19, the Company shall allow electronic signature for the required documents, as applicable. Notarization requirement shall also be dispensed with at this time. However, the Company reserves the right to request additional information, and original signed and notarized copies of these documents at a later time.
 - Incomplete or inconsistent information may result in an unsuccessful registration. As a result, Stockholders will not be allowed access to vote electronically *in absentia*, but may still vote through the Chairman of the Meeting as their proxy, by submitting a duly accomplished proxy form, on or before April 11, 2022.
6. The validation process in the VIASH System will be completed by the Company no later than three (3) business days from the date of the Stockholder's complete registration. The Stockholder's Dashboard in the VIASH System will indicate the status of registration.

Once validated, the Stockholder will receive an e-mail confirmation on their successful registration. Registered Stockholders have until the end of the Meeting to cast their votes *in absentia*.

7. All agenda items indicated in the Notice of the Meeting will be set out in the digital absentee ballot in the VIASH System and the registered Stockholder may vote as follows:

- 7.1 For items other than the Election of Directors, the registered Stockholder has the option to vote: For, Against, or Abstain. The vote is considered cast for all the registered Stockholder's shares.
- 7.2 For the Election of Directors, the registered Stockholder may either: (1) vote for all nominees, (2) not vote for any of the nominees, or (3) vote for some nominees only, in such number of shares as preferred by the Stockholder, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of directors to be elected.

Once voting on the agenda items is finished, the registered Stockholder can proceed to submit the accomplished ballot by clicking the 'Submit' button.

The VIASH System will prompt the Stockholder to confirm the submission of the ballot. The votes cast *in absentia* will have equal effect as votes cast by proxy.

After the ballot has been submitted, Stockholders may no longer change their votes except by submitting a duly accomplished proxy form within the set deadline.

8. The Proxy Validation Committee will tabulate all votes cast *in absentia* together with the votes cast by proxy, and a firm selected for this purpose will validate the results.

II. PARTICIPATION BY REMOTE COMMUNICATION

1. Stockholders as of March 8, 2022 ("Stockholders") are required to register in the VIASH System to participate by remote communication in the Meeting on April 22, 2022. A Meeting livestreaming access button will be available on the VIASH System on the Meeting date as indicated in the Company's Notice of the Meeting.
2. The procedure and requirements for registration in the VIASH System are found in the Electronic Voting *in Absentia* section in this Annex. The deadline for registration to participate by remote communication is on April 11, 2021.
3. In addition to registration in the VIASH System, Stockholders are requested to notify the Company by e-mail to corporatesecretary@global-imi.com on or before April 11, 2022 of their intention to participate in the Meeting by remote communication.
4. Only the Stockholders who have notified the Company of their intention to participate in the Meeting by remote communication, together with the Stockholders who voted *in absentia* and by proxy, will be included in the determination of quorum at the Meeting.
5. Stockholders participating by remote communication may vote any time until the end of the Meeting using the digital ballot in the VIASH System.
6. Stockholders may send their questions and/or remarks prior to or during the Meeting by e-mail to corporatesecretary@global-imi.com.
7. A link to the recorded webcast of the Meeting will be posted on the Company's website after the Meeting. Stockholders shall have two weeks from posting to raise to the Company any issues, clarifications and concerns on the Meeting conducted by e-mail to corporatesecretary@global-imi.com.

For any clarifications, please contact our Office of the Corporate Secretary through corporatesecretary@global-imi.com.

ANNEX “B”

DIRECTORS AND KEY OFFICERS

The write-ups below include positions held by the directors and executive officers currently and during the past five years and their personal circumstances as of December 31, 2021.

Board of Directors

| | |
|------------------------------|---|
| Jaime Augusto Zobel de Ayala | Chairman of the Board of Directors |
| Arthur R. Tan | Vice-Chairman and Chief Executive Officer |
| Jerome S. Tan | President |
| Fernando Zobel de Ayala | Director |
| Jose Ignacio A. Carlos | Director |
| Delfin L. Lazaro | Director |
| Alberto M. de Larrazabal | Director |
| Rafael C. Romualdez | Director |
| Edgar O. Chua | Lead Independent Director |
| Hiroshi Nishimura | Independent Director |
| Sherisa P. Nuesa | Independent Director |

Jaime Augusto Zobel de Ayala, Filipino, 62, has served as Chairman of the Board of Directors of IMI since January 1995. He holds the following positions in publicly listed companies: Chairman Ayala Corporation, Globe Telecom, Inc. and Bank of the Philippine Islands; and Vice Chairman of Ayala land, Inc. and AC Energy Corporation (formerly AC Energy Philippines, Inc.). He is also the Chairman of AC Industrial Technology Holdings, Inc., AC Infrastructure Holdings Corporation, and Asiacom Philippines, Inc.; Co-Chairman of Ayala Foundation, Inc.; Director of AC Ventures Holding Corp., Alabang Commercial Corporation, AC Energy and Infrastructure Corporation (formerly AC Energy, Inc.), Ayala Healthcare Holdings, Inc., Light Rail Manila Holdings, Inc. and AG Holdings Ltd. Outside the Ayala Group, he is a Director of Temasek Holdings (Private) Limited and a member of various business and socio- civic organizations in the Philippines and abroad, including the JP Morgan International Council, JP Morgan Asia Pacific Council, and Mitsubishi Corporation International Advisory Council. He is a member of the Board of Governors of the Asian Institute of Management, the Advisory Board of Asia Global Institute (University of Hong Kong) and of various advisory boards of Harvard University, including the Global Advisory Council, Asia Center Advisory Committee, HBS Board of Dean’s Advisors, and HBS Asia- Advisory Committee. He sits on the Board of Singapore Management University (SMU) and is a Chairman of SMU International Advisory Council in the Philippines. He is a member of the Asia Business Council, Asean Business Club Advisory Council, Leapfrog Investment Global Leadership Council, The Council for Inclusive Capitalism, and Word Wildlife Philippines National Advisory Council. He is Co-Vice Chairman of the Makati Business Club, Chairman of Endeavor Philippines, and Trustee Emeritus of Eisenhower Fellowships. He was awarded the Presidential Medal of Merit in 2009, the Philippine Legion of Honor with rank of Grand Commander in 2010, and the Order of Mabini with rank of Commander in 2015 by the President of the Philippines in recognition of his outstanding public service. In 2017, he was recognized as a United Nations Sustainable Development Goals Pioneer by the UN Global Compact for his work in sustainable business strategy and operations. The first recipient of the award from the Philippines, he was one of 10 individuals recognized for championing sustainability and the pursuit of the 17 SDGs in business. He graduated with B.A. in Economics (Cum Laude) from Harvard College in 1981 and obtained an MBA from the Harvard Graduate School of Business in 1987.

Arthur R. Tan, Filipino, 62, has been a member of the Board of Directors of IMI since July 2001. He has been the Chief Executive Officer of IMI since April 2002 and was re-elected as President effective January 1, 2020. Concurrently, he is a Senior Managing Director of Ayala Corporation and a member of the Ayala Group Management Committee. Concurrently, he is also the Chairman of the Board and Chief Executive Officer of

Merlin Solar Technologies (Phils.), Inc.; Chairman of the Board of Psi Technologies Inc.; Group President and CEO of AC Industrial Technology Holdings, Inc.; President & CEO of Speedy-Tech Electronics, Ltd., Director of Surface Technology International, Ltd. and American Motorcycles Inc.; Member of the Board of Advisors of Via Optronics; Chairman of the Advisory Board of MT-CCON Technologies; Chairman and CEO of AC Motors and Skyeeye Analytics, Inc.; and an Independent Board Member of SSI Group, Inc., Lyceum of the Phils. University and East Asia Computer Center/FEU Institute of Technology. He graduated with B.S. in Electronics Communications Engineering degree from Mapua Institute of Technology in 1982 and attended post- graduate programs at the University of Idaho, Singapore Institute of Management, IMD and Harvard Business School.

Jerome S. Tan, Singaporean, 60, has been the President of IMI since June 28, 2021. He served as Senior Managing Director and the Global Chief Financial Officer and Treasurer of IMI from January 2011 to June 28, 2011, providing leadership, direction and management of all Finance functions including Treasury, Financial Planning & Analysis and Controllershship. He brings more than 30 years of broad experience and various achievements in finance, strategic planning, business development and acquisition/integration. He had assumed regional leadership roles in multi-national Banking and Finance companies, and Food and Beverage industry located in different countries in the Asia Pacific Region. Prior to joining IMI, he was with General Electric holding various regional and operating roles in Finance and Business Development including CFO for CNBC / NBC Universal Asia Pacific, CFO of GE Money Singapore and GE Money Bank in the Philippines. Before taking on operating CFO positions, he was the Regional FP&A Leader for GE Money Asia; and a Business Development Director for GE Capital responsible for mergers and acquisition. Prior to joining GE, he was also a key member of the management team of San Miguel Brewing International Ltd., managing Treasury and Financial Planning, and Corporate Planning and Business Development. He started his career in banking as an Associate in Robert Fleming, Inc. based in New York and was also an Assistant Director in First Pacific Bank Asia, Ltd. in Hong Kong. He graduated with B.A. in Economics under the Honors Program from De La Salle University in 1982 and obtained an MBA in General Management from the Darden Business School at University of Virginia in 1987.

Fernando Zobel de Ayala, Filipino, 61, has served as a director of IMI since January 1995. He holds the following positions in publicly listed companies: Director, President and Chief Executive Officer of Ayala Corporation; Chairman of Ayala Land, Inc. and AC Energy Corporation (formerly AC Energy Philippines, Inc.); Director of Bank of The Philippine Islands and Globe Telecom, Inc.; and Independent Director of Pilipinas Shell Petroleum Corporation. He is the Chairman of AC International Finance Ltd., Liontide Holdings, Inc., AC Energy and Infrastructure Corporation (formerly AC Energy, Inc.), Ayala Healthcare Holdings, Inc., Alabang Commercial Corporation, Accendo Commercial Corp., BPI Foundation, and Hero Foundation, Inc.; Co- Chairman of Ayala Foundation, Inc.; Vice-Chairman of AC Industrial Technology Holdings, Inc., ALI Eton Property Development Corporation, Ceci Realty Inc., Fort Bonifacio Development Corporation, Bonifacio Land Corporation, Emerging City Holdings, Inc., Columbus Holdings, Inc., Berkshires Holdings, Inc. AKL Properties, Inc., AC Ventures Holdings Corp., and Bonifacio Art Foundation, Inc.; Director of AG Holdings Ltd., AC Infrastructure Holdings Corporation, Altaraza Development Corporation, Asiacom Philippines, Inc., BPI Asset Management and Trust Corp. and Manila Peninsula; Member of the Board of INSEAD Business School and Georgetown University; Member of the Board of Trustees of Asia Philanthropy Circle, and Asia Society; Member of International Advisory Board of Tikehau Capital; Member of the Philippine-Singapore Business Council; Member of the International Council of The Metropolitan Museum; Co-Chair of Asia Pacific Acquisitions Committee of the Tate Museum; Member of the Chief Executives Organization and Habitat for Humanity International's Asia-Pacific Development Council; and Member of the Board of Trustees of Caritas Manila, Pilipinas Shell Foundation, and the National Museum. He graduated with B.A. Liberal Arts at Harvard College in 1982 and holds a CIM from INSEAD, France.

Jose Ignacio A. Carlos, Filipino, 52, has been a Director of IMI since December 2006. Concurrently, he is the President of Polymer Products Philippines, Inc. and AVC Chemical Corporation. He is also a member of the Board of Directors of Resins, Inc., Riverbanks Development Corporation, Mindanao Energy Systems, Inc., Cagayan Electric Power and Light Co., and Philippine Iron Construction and Marine Works, Inc. He is not a

director of any publicly listed company in the Philippines other than IMI. He earned a BS Management degree from the Ateneo de Manila University in 1991 and finished Masters of Business Administration at the Johnson Graduate School of Management Cornell University in 1999.

Delfin L. Lazaro, Filipino, 75, has served as member of the Board of IMI since May 2000. He holds the following positions in publicly listed companies: Director of Ayala Corporation, Ayala Land, Inc., and Globe Telecom, Inc.; and Independent Director of Monde Nissin Corporation. His other significant positions include: Chairman of Atlas Fertilizer & Chemicals Inc., Chairman and President of A.C.S.T. Business Holdings, Inc. and AYC Holdings, Inc.; Vice Chairman and President of Asiacom Philippines, Inc.; Director of AC Industrial Technology Holdings, Inc., AC International Finance, Ltd., Purefoods International Limited and Probe Productions, Inc. He is an Independent Adviser to the Board of Directors of Ayala Land, Inc. and a member of the BPI Advisory Council. He graduated with BS Metallurgical Engineering at the University of the Philippines in 1967 and took his MBA (with Distinction) at Harvard Graduate School of Business in 1971.

Alberto M. de Larrazabal, Filipino, 65, has served as a Director of IMI on April 15, 2021. He is a Senior Managing Director, Chief Finance Officer, Chief Risk Officer, Chief Sustainability Officer, and Finance Group Head of Ayala Corporation. He is the Chairman, President and CEO of AC Ventures Holdings Corp., Chairman of Darong Agricultural and Development Corporation; President and CEO, AYC Finance Limited, LiveIt Investments Limited, Azalaea International Venture Partners Limited, AC International Finance Limited, PFIL North America, Inc. (PFIL NA), and Bestfull Holdings Limited; Vice Chairman of Lagdigan Land Corporation; President of Liontide Holdings, Inc. and of Philwater Holdings Company, Inc.; Director of Ayala Hotels, Inc., AC Infrastructure Holdings Corporation, Ayala Healthcare Holdings, Inc., AC Energy International, Inc., AC Industrial Technology Holdings, Inc., Affinity Express Holdings Limited, Ayala Aviation Corporation, Asiacom Philippines, Inc., Ayala Group Legal, HealthNow, Inc., Michigan Holdings, Inc., A.C.S.T Business Holdings, Inc., Pioneer Adhesives, Inc., BF Jade E-Services Philippines, Inc., Cartera Interchange Corporation, AYC Holdings Limited, AG Holdings Limited, Fine State Group Limited, AG Region Pte. Ltd., Ayala International Holdings Limited, Ayala International Pte. Ltd., Strong Group Limited, Total Jade Group Limited, VIP Infrastructure Holdings Pte. Ltd., Purefoods International Limited (“PFIL NA”) and AI North America, Inc. Prior to joining Ayala, he was Globe’s Chief Commercial Officer (“CCO”). As CCO, Mr. de Larrazabal oversaw the integration and execution of Globe’s strategies across all commercial units, including marketing, sales and channels, and product development for all segments of business. He joined Globe in June 2006 as Head of the Treasury Division. He became Globe’s Chief Finance Officer in April 2010 then Chief Commercial Officer in November 2015. He had over two decades of extensive experience as a senior executive in Finance, Business Development, Treasury Operations, Joint Ventures, Mergers and Acquisitions, as well as Investment Banking and Investor Relations. Prior to joining Globe, he held such positions as Vice President and CFO of Marsman Drysdale Corp., Vice President and Head of the Consumer Sector of JP Morgan, Hong Kong, and Senior Vice President and CFO of San Miguel Corporation. He holds a Bachelor of Science degree in Industrial Management Engineering from De La Salle University.

Rafael C. Romualdez, Filipino, 59, has been a Director of IMI since May 1997. He is a Director of Resins Incorporated (RI) and sits in the boards of several of its affiliates: RI Chemical Corporation, Chemserve Incorporated, Claveria Tree Nursery, Incorporated (CTNI), and Bio Renewable Energy Ventures Incorporated (BIOREV); he is also Chairman of Philippine Iron Construction and Marine Works, Incorporated (PICMW), Pacific Resins, Incorporated (PRI), and MC Shipping Corporation, also subsidiaries of RI. He is a Director of Lakpue Drug Incorporated and La Croesus Pharma Incorporated. He earned a Bachelor of Arts degree in Mathematics from Boston College in 1986 and a Masters in Business Administration from George Washington University in 1991.

Edgar O. Chua, Filipino, 65, has been an independent director of IMI since April 2014 and its Lead Independent Director since August 16, 2017. He is currently an independent director of Metropolitan Bank and Trust Company, a publicly listed company, Energy Development Corporation, Philcement and PHINMA Corp. He is also in the advisory boards of Mitsubishi Motors Philippines Corporation and Coca Cola Bottlers Corp. He is the Chief Executive Officer of Amber Kinetics Philippines. He is the Chairman of the Makati

Business Club, College of Saint Benilde, University of St. La Salle Bacolod, and the Philippine Eagle Foundation. He is also President of De La Salle Philippines. He is also a trustee of various civic and business organizations. He was the Country Chairman of the Shell Companies in the Philippines from September 2003 to October 2016. He had corporate responsibility for the various Shell companies in the exploration, manufacturing and marketing sector of the petroleum business. Likewise, he also oversaw the Shared Services operations and various Shell holding companies. Outside the Philippines, he held senior positions as Transport Analyst in Group Planning in the UK and as General Manager of the Shell Company of Cambodia. Mr. Chua earned his Bachelor of Science Degree in Chemical Engineering from De La Salle University in 1978 and attended various international seminar and courses including the senior management course in INSEAD, France.

Hiroshi Nishimura, Japanese, 69, has been an independent director of IMI since June 17, 2020. He served as an Independent Director of the Company from April 2010 to April 15, 2020. He is the Chairman and President of Linkwest International Consultancy Services, Inc. He also serves as the Executive Vice President of All Purpose Appliances & Multi-Products, Inc. He served as President of Panasonic Communications Philippines Corporation (PCP), formerly known as Kyushu Matsushita Electronics Philippines (PKME), from 2000-2007. He is not a director of any publicly listed company in the Philippines other than IMI. He finished a degree in Electronics Engineering Course at Kurume University in 1976.

Sherisa P. Nuesa, Filipino, 67, has been an independent director of IMI since April 2018. Currently, she is an Independent Director of the other publicly listed companies of the Ayala Group, namely: Manila Water Company, Inc., AC Energy Corporation (formerly AC Energy Philippines, Inc.), and Ayala Land, Inc.; She is a Director of Far Eastern University, also publicly listed company. She is also an Independent Director of FERN Realty Corporation. She is a Senior Adviser to the Boards of Metro Retail Stores Group, Inc. and Vicsal Development Corporation. She is a member of the boards of trustees of the Judicial Reform Initiative, and the Financial Executives (FINEX) Institute Foundation. She was the President and Director of the ALFM Mutual Funds Group and Trustee of the Institute of Corporate Directors from 2012 to early 2021. In addition to her background as a Chief Finance Officer and currently as a Board Director, she also held previous positions in management operations and has been active in speaking and lecturing engagements. She was the Chief Finance Officer and Chief Administration Officer of IMI from January 2009 to July 2010. She was then a Managing Director of Ayala Corporation and served in various capacities in Ayala Corporation, Ayala Land, Inc., and Manila Water Company, Inc. She was awarded the ING-FINEX CFO of the Year for 2008. She received a Master in Business Administration degree from the Ateneo Graduate School of Business in Manila. She also attended post-graduate courses in Harvard Business School and in Stanford University. She graduated summa cum laude with a degree of Bachelor of Science in Commerce from the Far Eastern University in 1974. She is a Certified Public Accountant.

Nominees to the Board of Directors for election at the stockholders' meeting

All the incumbent directors of the Company are being nominated to the Board of Directors.

Management Committee Members and Key Executive Officers

| | | |
|------|--|---|
| */** | Arthur R. Tan | Chief Executive Officer |
| */** | Jerome S. Tan | President |
| ** | Eric De Candido | Chief Operations Officer |
| | Mary Ann S. Natividad | Chief Commercial Officer |
| | Laurice S. Dela Cruz | Chief Finance Officer – OIC and Compliance Officer |
| | Anthony P. Rodriguez | Treasurer |
| | Rosalyn O. Tesoro | Chief Information Officer and Data Protection Officer |
| | Solomon M. Hermosura | Corporate Secretary |
| | Rosario Carmela G. Austria | Assistant Corporate Secretary |
| | * <i>Members of the Board of Directors</i> | |

*** Members of the Management Committee*

Eric De Candido, French, 47, has been IMI's Chief Operations Officer since January 1, 2020. He was IMI's Regional Head for Europe Operations covering Bulgaria, Czech Republic and Serbia since January 2018. He has more than 11 years of experience as a General Manager handling Bulgarian operations of Fremach International (formerly EPIQ NV) and IMI since 2008. His professional experience includes working for 11 years in different Valeo production plants in Poland, France, Iran and Morocco. Currently, he is managing the biggest and most advanced electronics production plant in Bulgaria – ensuring for its 7 and a half years of sustainable growth in revenues and profitability. He has graduated with Production Engineering in ESIEE / Electronics & Electrotechnic High School in Amiens, France.

Mary Ann S. Natividad, Filipino, 55, has been the Chief Commercial Officer of IMI since January 1, 2020. She was the Global Head of Sales and Marketing of IMI since 2016. Prior to this assignment, she managed Key Accounts and Management, and Strategic Planning. She is also the former Business Unit Head for Singapore Turnkey Operations. Her track record spans over 20 years in the electronics industry, covering its various aspects. She is a licensed Electronics and Communications Engineer. She has an Electronics and Communications Engineering degree from the Mapua Institute of Technology.

Laurice S. Dela Cruz, Filipino, 37, was appointed as Chief Finance Officer (OIC) effective June 28, 2021. Prior to her appointment, she has held roles of increasing responsibilities since she joined IMI in 2011, including her last role as Global Head for Financial Planning and Analysis. She is also the Corporation's Compliance Officer since April 2020. Over the years, she has demonstrated her strong proficiency in technical accounting as well as a broad knowledge in finance in general. She has over 15 years of professional experience in the field of audit, accounting and controllership. Prior to joining IMI, she held the position of Business Unit Controller for the Agro-Industrial Division at Universal Robina Corporation for over two years. She was also a Senior Associate Auditor at Sycip Gorres Velayo (SGV) & Co. for four years. She graduated with a degree of BS in Accountancy from the University of Santo Tomas in 2004 and is a Certified Public Accountant.

Anthony Raymond P. Rodriguez, Filipino, 54, has been the Head of Treasury and Credit and Investor Relations Officer since February 2009. Prior to IMI, he has gained nineteen (19) years of extensive professional experience from Metropolitan Bank & Trust Co. as Head, FX Trading – USD/Thirds, BDO – Equitable PCI Bank as Senior Dealer and Head –FX and Derivatives Desk and from Far East Bank & Trust Co. as Institutional Sales Desk Head for Treasury Marketing. He finished a degree in Industrial Engineering at University of Sto. Tomas in 1990 and obtained an MBA from De La Salle University in 1997.

Rosalyn O. Tesoro, Filipino, 50, has been the Chief Information Officer since 2013 and Data Protection Officer of IMI since August 12, 2020. Prior to joining IMI, she held various roles in semiconductor manufacturing and IT companies. She joined IMI in 2005, initially as IT Infrastructure manager, before being designated as IT head in 2010. She has been an IT practitioner for almost 30 years. She holds a BS Computer Engineering degree from Mapua Institute of Technology.

Solomon M. Hermosura, Filipino, 59, has served as Corporate Secretary of IMI since November 2013. He is a Managing Director of Ayala Corporation and a member of its Management Committee since 2009 and the Ayala Group Management Committee. He is also the Group Head of Corporate Governance, and the Chief Legal Officer, Chief Compliance Officer, Corporate Secretary and Data Protection Officer of Ayala Corporation. He is the CEO of Ayala Group Legal. He also serves as the Corporate Secretary and Group General Counsel of Ayala Land, Inc., and Corporate Secretary of Globe Telecom, Inc., AC Energy Corporation (formerly AC Energy Philippines, Inc.), AREIT, Inc. and Ayala Foundation, Inc. He also serves as a Corporate Secretary and a member of the Board of Directors of a number of companies in the Ayala group. Mr. Hermosura is currently a member of the faculty of the College of Law of San Beda University. He graduated valedictorian with Bachelor of Laws degree from San Beda College in 1986 and placed third in the 1986 Bar Examinations.

Rosario Carmela G. Austria, Filipino, 39, was elected as Assistant Corporate Secretary of Integrated Micro-Electronics in April 2021. She is also the Assistant Corporate Secretary of Ayala Corporation, Ayala Foundation, Inc., AC Industrial Technology Holdings, Inc., and other companies within the Ayala Group. She is currently Head of the Corporate Secretarial Services Division, Corporate Governance Group of Ayala Corporation. Previously, she was Corporate Governance Manager in Ayala Group Legal from May 2019 to May 2020 and in Ayala Corporation from May 2020 to March 2021. Prior to joining Ayala Group, she worked in the Securities and Exchange Commission from September 2009 to April 2019 where her last post was Assistant Director of the Corporate Governance Division, Corporate Governance and Finance Department. She graduated with a Bachelor of Science degree in Legal Management, minor in International Business, from the Ateneo de Manila University in 2004 and completed her Juris Doctor degree from the same university in 2008. She was admitted to the Philippine Bar in 2009. She obtained a Master of Public Policy in 2013 from the National Graduate Institute of Policy Studies (“**GRIPS**”) in Tokyo, Japan as a recipient of the Japan-IMF Scholarship Program for Asia.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, Edgar O. Chua, Filipino, of legal age and a resident of 229 Country Club Drive, Ayala Alabang Village, Muntinlupa City, MM 1708, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Integrated Micro-Electronics, Inc. for its Annual Stockholders' Meeting on April 22, 2022 and have been its independent director since April 4, 2014.
2. I am affiliated with the following companies or organizations:

| COMPANY/ORGANIZATION | POSITION/RELATIONSHIP | PERIOD OF SERVICE |
|---|---------------------------------------|-------------------|
| Cavitex Holdings Inc. | President and Chief Executive Officer | Current |
| Energy Development Corp. | Independent Director | Current |
| Metrobank | Independent Director | Current |
| PhilCement | Independent Director | Current |
| Makati Business Club | Chairman | Current |
| Philippine Eagle Foundation | Chairman | Current |
| Philippine Business for Environment | Chairman | Current |
| De La Salle Philippines | CEO | Current |
| De La Salle Science Foundation | Chairman | Current |
| Integrity Initiative | Chairman | Current |
| College of Saint Benilde | Chairman | Current |
| De La Salle Bacolod | Chairman | Current |
| De La Salle Araneta Salikneta | Trustee | Current |
| De La Salle National Mission Council | Trustee | Current |
| Philippine Business for Education | Trustee | Current |
| Gawad Kalinga Foundation | Trustee | Current |
| Pilipinas Shell Foundation | Trustee | Current |
| English Speaking Union of the Phil | Chairman | Current |
| Philippine Disaster Relief Foundation | Trustee | Current |
| Philippine British Business Council | Vice Chairman | Current |
| Mitsubishi Motors Philippines Corporation | Member, Advisory Board | Current |
| Coca Cola Bottlers Philippines | Member, Advisory Board | Current |
| Amber Kinetics Philippines | CEO | Current |

I am not affiliated with any of Government-Owned and Controlled Corporation.

3. I possess all the qualification and none of the disqualifications to serve as an Independent Director of Integrated Micro-Electronics, Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am related to the following director/officer/substantial shareholder of Integrated Micro-Electronics, Inc. and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

| NAME OF DIRECTOR/ OFFICER/ SUBSTANTIAL SHAREHOLDER | COMPANY | NATURE OF RELATIONSHIP |
|---|---------|---------------------------|
| N.A. | | |

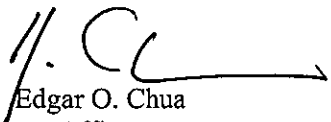
| NAME OF DIRECTOR/ OFFICER/ SUBSTANTIAL SHAREHOLDER | COMPANY | NATURE OF RELATIONSHIP |
|---|---------|---------------------------|
| N.A. | | |

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

| OFFENSE CHARGED/INVESTIGATED | TRIBUNAL OR AGENCY INVOLVED | STATUS |
|---------------------------------|-----------------------------------|--------|
| None | | |

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its implementing Rules and Regulations, Code of Corporate Governance and other SEC Issuances.
7. I shall inform the Corporate Secretary of Integrated Micro-Electronics, Inc. of any changes in the abovementioned information within five days from its occurrence.

Done, this _____ day of MAR 10 2022, at MAKATI CITY.



Edgar O. Chua
Affiant

SUBSCRIBED AND SWORN to before me this _____ day of MAR 10 2022 at MAKATI CITY,
affiant personally appeared before me and exhibited to me his Passport No. P6132744A issued at DFA
Manila on February 22, 2018.

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Book No. X41
Series of 2022.



Notarial DST pursuant to
Section. 188 of the Tax Code
affixed in Notary Public's copy


ROBERTO T. ONGSIAKO
Notary Public – Makati City
Appt. No. M-149 until December 31, 2022
Roll of Attorneys No. 37041
Lifetime IBP No. 02163 – RSM Chapter
PTR No. 8852355MJ – 01/03/2022 - Makati City
MCLE Compliance No. VII – 0000267 – 07/30/2019
4th Floor Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines

CERTIFICATION OF INDEPENDENT DIRECTOR

I, Hiroshi Nishimura, of legal age and a resident of 1503A Cypress Point Ridge, Fort Bonifacio, Taguig City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Integrated Micro-Electronics, Inc. for its Annual Stockholders' Meeting on April 22, 2022 and have been re-elected as independent director on June 17, 2020.
2. I am affiliated with the following companies or organizations:

| COMPANY/ORGANIZATION | POSITION/RELATIONSHIP | PERIOD OF SERVICE |
|---|--------------------------|------------------------------|
| Linkwest International Consultancy Services, Inc. | Chairman and President | April 12, 2008 to present |
| All Purpose Appliance and Multi Products, Inc. | Executive Vice-President | November 23, 2009 to present |
| VTS-Touchsensor Co., Ltd (VTA Japan) | Independent Director | March 2020 |

I am not affiliated with any Government-Owned and Controlled Corporation.

3. I possess all the qualification and none of the disqualifications to serve as an Independent Director of Integrated Micro-Electronics, Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to the following director/officer/substantial shareholder of Integrated Micro-Electronics, Inc. and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its implementing Rules and Regulations, Code of Corporate Governance and other SEC Issuances.
7. I shall inform the Corporate Secretary of Integrated Micro-Electronics, Inc. of any changes in the abovementioned information within five days from its occurrence.

Done, this MAR 04 2022 day of _____, at MAKATI CITY


Hiroshi Nishimura
Affiant

SUBSCRIBED AND SWORN to before me this MAR 04, 2022 day of MAKATI CITY at
affiant personally appeared before me and exhibited to me his Passport No. TZ0841499 issued at Embassy
of Japan in the Philippines on July 17, 2013.

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Book No. XLII
Series of 2022.



ROBERTO T. ONGSIAKO
Notary Public – Makati City
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Ayala Triangle, Ayala Avenue
Makati City, Philippines

REPUBLIC OF THE PHILIPPINES)
CITY OF _____)S.S.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **SHERISA P. NUESA**, Filipino, of legal age, and resident of 306 Lian Street, Ayala Alabang Village, Muntinlupa City, after having been duly sworn to in accordance with the law, do hereby declare that:

1. I am a nominee for independent director of **Integrated Micro-Electronics, Inc.** for its Annual Stockholders' Meeting on April 22, 2022 and have been its independent director since April 13, 2018.
2. I am affiliated with the following companies or organizations:

| Company/Organization | Position/Relationship | Period of Service |
|--|-----------------------|----------------------|
| Ayala Land, Inc. | Independent Director | April 2020 to date |
| AC Energy Corporation | Independent Director | Sept. 2019 to date |
| Manila Water Company, Inc. | Independent Director | April 2013 to date |
| Far Eastern University, Inc. | Director | August 2010 to date |
| FERN Realty Corp. | Independent Director | August 2012 to date |
| Metro Retail Stores, Group Inc. | Senior Board Adviser | August 2015 to date |
| Vicsal Development Corporation | Senior Board Adviser | March 2012 to date |
| Financial Executives Institute of the Philippines (FINEX) Foundation | Board Trustee | January 2020 to date |
| Judicial Reform Initiative | Board Trustee/Chair | May 2017 to date |
| NextGen Organization of Women Corp Directors | Board Trustee | Sept 2021 to date |

I am not affiliated with any Government-Owned and Controlled Corporation.

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Integrated Micro-Electronics, Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
5. I am not related to any director/officer/substantial shareholder of Integrated Micro-Electronics, Inc. and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its implementing Rules and Regulations, Code of Corporate Governance and other SEC Issuances.
6. I shall inform the Corporate Secretary of Integrated Micro-Electronics, Inc. of any changes in the abovementioned information within five days from its occurrence.

Done this _____ day of MAR 07 2022 at Makati City.

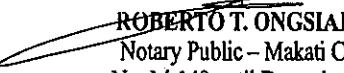

SHERISA P. NUESA
Affiant

SUBSCRIBED AND SWORN to before me this City, affiant exhibited to me her Passport No. P8595622A issued on 04 September 2018 in Manila

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Series of 2022

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4th Floor Tower One and Exchange Plaza
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Makati City, Philippines

ANNEX “C”

MANAGEMENT REPORT

I. MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A) OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Results of Operations

Revenues, gross profit, net income, and the related computed EBITDA and basic earnings per share, for the years ended 2021, 2020 and 2019; are shown on the following table:

| | For the years ended December 31 | | |
|---|--|-------------|-------------|
| | 2021 | 2020 | 2019 |
| | <i>(in US\$ thousands, except Basic EPS)</i> | | |
| Revenues from contracts with customers | 1,300,590 | 1,135,841 | 1,250,366 |
| Cost of goods sold and service | (1,209,772) | (1,039,504) | (1,148,138) |
| Gross profit | 90,818 | 96,337 | 102,228 |
| Net loss attributable to equity holders of the Parent Company | (10,565) | (3,455) | (7,781) |
| EBITDA ¹² | 46,358 | 58,884 | 41,381 |
| Basic Earnings per Share (EPS) | (0.005) | (0.002) | (0.004) |

2021 vs 2020

Revenues from Sales and Services

The Company posted consolidated full year 2021 revenues of US\$1.3 billion, 15 percent growth compared to the previous year. Despite supply chain constraints spanning the entire year, IMI was able to deliver on strong customer demand for electronic products. Focus market segments automotive (+24%), industrial (+16%), and aerospace (+15%) all grew year-on-year.

Wholly-owned subsidiaries achieved revenues of US\$1 billion for the year, a 16% growth from 2020. Meanwhile, VIA optronics (VIAO) and Surface Technology International (STI Ltd.) revenues also increased to US\$296 million, a 10% year-on-year growth.

¹² EBITDA = EBITDA represents net operating income after adding depreciation and amortization (including amortization of right-of-use assets in accordance with PFRS 16, *Leases*), interest income and foreign exchange gains/losses. EBITDA and EBITDA Margin are not measures of performance under PFRS and investors should not consider EBITDA, EBITDA Margin or EBIT in isolation or as alternatives to net income as an indicator of our operating performance or to cash flows, or any other measure of performance under PFRS. Because there are various EBITDA calculation methods, our presentation of these measures may not be comparable to similarly titled measures used by other companies.

Gross Profit and Gross Profit Margin

The full year gross profit of \$90.8 million declined 6% versus 2020 (GP% of 7.0% vs 8.5% last year). The challenging business environment has been further complicated by the disruptions in the supply chain of electric components which resulted to revenue backlogs, high raw material prices and elevated logistics expenses. The component shortage also resulted to labor inefficiencies and low utilization.

Operating loss

At the start of 2021, the Group was expecting to recover from the effects of Covid-19. However, supply chain disruptions in the electronics industry spanned the entire year which resulted to revenue backlogs, higher logistic expenses and increase in material and labor costs which impacted the Group's operations.

Although the issues brought about by the global component shortage and recurrence of pandemic-related headwinds affected the entire industry, the Group endeavors to focus on excelling in areas the Group can control. Through rigorous collaboration with customers and suppliers, the order bookings remain robust and the Group continues to build its pipeline by winning projects that should allow the Group to improve performance as soon as the supply chain find its balance.

Operating loss is at \$17.7 million from an operating income of \$3.9 million in 2020 from lower gross profit due to impact of component shortage and increase in general and administrative expenses mainly growth and technology-related expenditures, people cost, outsourced activities and insurance expense.

Net Loss

The Company posted a net loss of \$12.6 million, higher loss than last year's net loss of \$3.5 million. With effects of Covid-19 largely in control at the beginning of the year, the disruptions in supply chain and rising Covid Delta cases towards the second half of the year has pushed back the recovery timeline which significantly affected the operating performance of the Company. Losses were tempered by beneficial FX position, financial subsidies, mark-to-market gains and reversal of impairment losses.

EBITDA

EBITDA of \$46.4 million, 21% lower than last year due to operating losses.

Financial Condition

Despite the current market situation, we continued investing on capital expenditure for further space utilization and line upgrades to ensure readiness for capacity expansion when the supply issues begin to resolve. In 2021, IMI spent \$31.0 million on capital expenditures, higher than last year's \$18.7 million, mainly purchase of machineries for new projects and maintenance of existing facilities. The Company does not have any material commitment for capital expenditure but expects to spend ~\$30-40 million in 2022 to be funded by internal cash and bank loans.

On the financing activities, our high cash level provided the opportunity to redeem \$70M of preferred shares that will translate to lower financing cost for IMI. We remain resolutely committed to our disciplined approach to capital allocation and to maintaining a robust balance sheet. As of December 31, 2021, current ratio stood at 1.59:1, debt-to-equity ratio was 0.69:1.

Key Performance Indicators of the Company

The table below sets forth the comparative performance indicators of the Company:

| Performance indicators | As of end | |
|--------------------------------------|---------------------|--------------|
| | Dec 31, 2021 | Dec 31, 2020 |
| Liquidity: | | |
| Current ratio ^a | 1.59x | 1.54x |
| Solvency: | | |
| Debt-to-equity ratio ^b | 0.69x | 0.41x |
| | | |
| | For the years ended | |
| | 31 Dec | |
| | 2021 | 2020 |
| Operating efficiency: | | |
| Revenue growth ^c | 15% | (9%) |
| Profitability: | | |
| Gross profit margin ^d | 7.0% | 8.5% |
| Net income margin ^e | (0.8%) | (0.3%) |
| Return on equity ^f | (2.5%) | (0.8%) |
| Return on common equity ^g | (2.5%) | (0.8%) |
| Return on assets ^h | (0.9%) | (0.3%) |
| ¹³ EBITDA margin | 3.6% | 5.2% |

^a Current assets/current liabilities

^b Bank debts/Total Equity

^c (Current year less previous year revenue)/Previous year revenue

^d Gross profit/Revenues

^e Net income attributable to equity holders of the Parent Company/Revenues

^f Net income attributable to equity holders of the Parent Company/Average equity attributable to Parent

^g Net income attributable to equity holders of the Parent Company/Average common equity attributable to Parent

^h Net income attributable to equity holders of the Parent Company/Total Assets

In the above:

The risk of recurrence of further pandemic related shutdowns and other macro-economic factors after the reporting period may cause uncertainties that may impact the Company's liquidity. The Company is continuously monitoring its liquidity and solvency position.

There are no known trends, events or uncertainties that will result in the Company's liquidity increasing or decreasing in a material way.

¹³ EBITDA Margin = EBITDA divided by revenues from sales and services where EBITDA represents net operating income after adding depreciation and amortization (including amortization of right-of-use assets in accordance with PFRS 16, Leases), interest income and foreign exchange gains/losses. EBITDA and EBITDA Margin are not measures of performance under PFRS and investors should not consider EBITDA, EBITDA Margin or EBIT in isolation or as alternatives to net income as an indicator of our operating performance or to cash flows, or any other measure of performance under PFRS. Because there are various EBITDA calculation methods, our presentation of these measures may not be comparable to similarly titled measures used by other companies.

There were no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

Likewise, there were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

The effects of potential recurrence of pandemic related shutdowns and other macro-economic factors after the reporting period may pose risks and unfavorable impact to the Company but will not materially affect the Company's ability to continue as going concern.

There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on the Company's revenues from continuing operations.

There were no significant elements of income or loss that did not arise from continuing operations.

There are no seasonal aspects that may have a material effect on the financial condition of the Company.

Causes for any material changes

(Increase or decrease of 5% or more in the financial statements)

Income Statement Items

(Years ended 31 December 2021 versus 31 December 2020)

15% increase in Revenues (\$1.14B to \$1.30B)

The increase was driven mainly by recovery from focus market segments automotive (+24%), industrial (+16%), and aerospace (+15%) year-on-year.

16% increase in Cost of goods sold (\$1,039.5M to \$1,209.8M)

Direct costs increased relevant to the revenues. Slightly higher than revenue increase due to higher material prices, elevated freight costs and increase in labor costs.

16% increase in Operating expenses (\$92.5M to \$108.5M)

Mainly due to increase in people costs (+11.4M), insurance expense (+2.5M), and contracted services (+1.3M).

95% increase in Non-operating income/(expenses) (-\$5.3M to \$3.3M)

Increase due to reversal of asset impairments in 2020 (+\$2.3M), gain on foreign exchange valuation (+\$6.2M) related to appreciation of Euro, GBP and RMB.

213% increase in Noncontrolling interest (-\$2.9M to -\$9.1M)

Higher share of minority in the net losses of VIA (50.32%) and STI (20%).

Balance Sheet items

(31 December 2021 versus 31 December 2020)

35% decrease in Cash and cash equivalents (\$244.4M to \$159.8M)

Cash used in operating activities -\$47.5M mainly driven by increase in inventory levels due to the shortage issue and receivables; cash used in investing -\$32.6M mainly from capital expenditure to support line expansion and new programs; cash used in financing -\$6.6M mainly due to net availment of loans (+\$78.8M) offset by redemption of subsidiary's preferred shares (-\$70M), payment of lease liabilities (-\$11.6M) and dividends paid to preference shares (-\$3.7M).

68% increase in Inventories (\$142.3M to \$238.6M)

Inventory build up due to accumulation of customer backlog and component issues.

29% increase in Other current assets (\$17.4M to \$22.4M)

Increase in prepayments and tax credits.

9% decrease in Property, plant and equipment (\$178.0M to \$162.0M)

Decrease from yearly depreciation (-\$40M), offset by additional capex for the year (+\$30.4M) and impact of forex appreciation on translation.

36% decrease in Intangible assets (\$17.1M to \$10.9M)

Yearly amortization (-\$7.4M) slightly offset by reversal of impairment.

13% decrease in Right-of-use of assets (\$32.7M to \$28.5M)

Amortization (-\$10.9M), offset by additional contracts during the year.

21% increase in Financial assets through OCI (\$1.1M to \$1.4M)

Increase in fair value of quoted club shares.

16% decrease in Deferred tax assets (\$3.5M to \$2.9M)

Reversal of DTA on lease liabilities.

14% increase in Accounts payable and accrued expenses (\$253.8M to \$289.4M)

Mainly from increase in trade and nontrade payables and accruals for salaries and benefits.

213% increase in Contract liabilities (\$1.5M to \$4.7M)

Increase in advance payments received to render manufacturing services.

20% decrease in Loans and trust receipts payable (\$206.5M to \$165.8M)

Repayment of loans.

28% decrease in Income tax payable (\$3.4M to \$2.4M)

Lower taxable income.

100% decrease in Other financial liabilities (\$1.7M to nil)

Reversal of put options.

14% decrease in Current portion of long-term debt (\$2.1M to \$1.8M)

Repayment of loans.

365% increase in Noncurrent portion of long-term debt (\$32.2M to \$149.7M)

Refinancing of short term loans and a portion of the availments used to redeem the subsidiary's preferred shares.

34% decrease in Deferred tax liabilities (\$1.6M to \$1.1M)

Decrease DTL from ROU assets, contract assets and fair value adjustments.

10% increase in Net retirement liabilities (\$9.4M to \$10.3M)

Additional provision for retirement liability.

17% decrease in Lease liabilities (\$27.6M to \$22.8M)

Payments of leases.

317% decrease in Cumulative translation adjustments (\$9.1M to -\$19.9M)

Arising from translation of management accounts in Europe denominated in their respective local currencies to the Parent Company's functional currency. The significant movement is due to depreciation of EUR against USD from 1.22 to 1.13, and RMB against USD from 6.54 to 6.38.

59% decrease in Equity attributable to NCI (\$133.2M to \$57.1M)

Decrease due to redemption of preferred shares of a subsidiary (-\$70M), and the minority share in the loss of VIA and STI.

2020 vs 2019

Revenues from Sales and Services

The Company posted consolidated full year 2020 revenues of US\$1.14 billion, 9 percent lower than 2019. The company, however, achieved its highest quarterly performance with a revenue record of US\$347 million in the fourth quarter of 2020, an increase of 12% over the same period in 2019.

IMI's wholly owned businesses made US\$867 million of revenues, a 14 percent reduction from 2019, as plant shutdowns in various operating regions during the first half of the year significantly affected financial results. Facilities in the Philippines, China, and Mexico all adhered to government mandated lockdowns to contain the spread of COVID-19, while operating sites in Bulgaria and Czech Republic aligned with the demand slowdown of OEM customers by exercising voluntary reduced work schedules. The global situation led to a 25% year-on-year reduction in top line sales in the first half. Revenues in the second half of the year recouped, 39% better than first half and 7% higher year-on year on the back of strong demand recovery and subsequent normalization of operations. The global demand for security and I-o-T products boosted industrial revenue while mobility-focused European and North American facilities benefitted from the rapid rise of global automotive production. In addition, IMI's growing foothold in the profitable medical segment also led to increased higher margin sales for its manufacturing plants in Asia.

Subsidiaries VIA Optronics and STI Ltd posted combined revenues of US\$269 million, an increase of 9 percent from the previous year. Via Optronics continues its shift towards automotive display solutions by partnering with leading manufacturers in both traditional and electric vehicle spaces. Meanwhile, STI Ltd is buoyed by the continued growth of its medical segment and recovery of the aerospace and defense markets. The financial information included herein for the fourth quarter and full year 2020 for Via Optronics and STI Ltd. may change; however, IMI does not expect any such changes to be material, in the aggregate, to IMI.

Gross Profit and Gross Profit Margin

The full year gross profit of \$96.3 million declined 6% versus 2019 due to the effect of revenue decline from the lockdowns but margins improved to 8.5% from last year's 8.2% driven by improved manufacturing efficiency. To mitigate the effects of the pandemic, IMI successfully collaborated with local government units to secure various forms of employee related subsidies in Bulgaria, China, Czech Republic, France, Mexico, Serbia, and Singapore., thereby reducing the operating costs.

Operating Income

Operating income is at \$3.9 million from a negative (\$4M) in 2019 mainly driven by reduced general and administrative expenses driven by cost reduction initiatives (reduced people costs, travel, professional fees, etc.) and reversals of inventory provisions.

Net Loss

The Company posted a net loss of \$3.5 million, lower than last year's net loss of \$7.8 million or an improvement of +\$4.3M mainly from improved operating income by +\$7.9 million, economic, technological and industrial subsidies plus special Covid incentives (+\$6.3M), beneficial FX position (+\$3.5M), increase in mark to market gains on put options (+\$2.6M), lower interest expense (+\$1.8M), higher share of minority on losses (+\$2.9M), offset by asset impairments (-\$7.3M), reversal of contingent in 2019 (-\$3.7M), higher taxes (-\$2.9M) and insurance provisions (-\$1M).

EBITDA

EBITDA of \$58.9 million, 42% higher than last year.

Financial Condition

In 2020, IMI spent \$18.7 million on capital expenditures, significantly lower than last year's \$38.8 million, still part of the Company's cost reduction initiatives and cash flow management.

IMI's balance sheet remains robust with a current ratio of 1.54:1 and debt-to-equity ratio of 0.41:1.

Key Performance Indicators of the Company

The table below sets forth the comparative performance indicators of the Company:

| Performance indicators | As of end | |
|--------------------------------------|---------------------|--------------|
| | Dec 31, 2020 | Dec 31, 2019 |
| Liquidity: | | |
| Current ratio ^a | 1.54x | 1.49x |
| Solvency: | | |
| Debt-to-equity ratio ^b | 0.41x | 0.55x |
| | | |
| | For the years ended | |
| | 31 Dec | |
| | 2020 | 2019 |
| Operating efficiency: | | |
| Revenue growth ^c | (9%) | (7%) |
| Profitability: | | |
| Gross profit margin ^d | 8.5% | 8.2% |
| Net income margin ^e | (0.3%) | (0.6%) |
| Return on equity ^f | (0.8%) | (2.0%) |
| Return on common equity ^g | (0.8%) | (2.0%) |
| Return on assets ^h | (0.3%) | (0.7%) |
| ¹⁴ EBITDA margin | 5.2% | 3.3% |

¹⁴ EBITDA Margin = EBITDA divided by revenues from sales and services where EBITDA represents net operating income after adding depreciation and amortization (including amortization of right-of-use assets in accordance with PFRS 16, Leases), interest income and foreign exchange gains/losses. EBITDA and EBITDA Margin are not measures of performance under PFRS and investors should not consider EBITDA, EBITDA Margin or EBIT in isolation or as alternatives to net income as an indicator of our operating performance or to cash flows, or any other measure of performance under PFRS. Because there are various EBITDA

^a *Current assets/current liabilities*

^b *Bank debts/Total Equity*

^c *(Current year less previous year revenue)/Previous year revenue*

^d *Gross profit/Revenues*

^e *Net income attributable to equity holders of the Parent Company/Revenues*

^f *Net income attributable to equity holders of the Parent Company/Average equity attributable to Parent*

^g *Net income attributable to equity holders of the Parent Company/Average common equity attributable to Parent*

^h *Net income attributable to equity holders of the Parent Company/Total Assets*

In the above:

The risk of recurrence of further pandemic related shutdowns after the reporting period may cause uncertainties that may impact the Company's liquidity. The Company is continuously monitoring its liquidity and solvency position.

There are no known trends, events or uncertainties that will result in the Company's liquidity increasing or decreasing in a material way.

There were no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

Likewise, there were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

The effects of potential recurrence of pandemic related shutdowns after the reporting period may pose risks and unfavorable impact to the Company but will not materially affect the Company's ability to continue as going concern.

There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on the Company's revenues from continuing operations.

There were no significant elements of income or loss that did not arise from continuing operations.

There are no seasonal aspects that may have a material effect on the financial condition of the Company.

Causes for any material changes

(Increase or decrease of 5% or more in the financial statements)

Income Statement Items

(Years ended 31 December 2020 versus 31 December 2019)

9% decrease in Revenues (\$1.25B to \$1.14B)

The decrease was driven mainly by drop in Europe and China's factory shutdown in the first half of the year.

9% decrease in Cost of goods sold (\$1,148.1M to \$1,040.3M)

Direct costs decreased relevant to the decline in revenues.

calculation methods, our presentation of these measures may not be comparable to similarly titled measures used by other companies.

13% decrease in Operating expenses (\$106.2M to \$92.5M)

Mainly due to decrease in people costs as a result of freeze hiring, optimization and work reduction programs (+4M), and reduced general and administrative expenses driven by cost reduction initiatives (travel (+3.1M), professional fees (+2.2M), etc.) and reversals of inventory provisions (+4.9M).

26% increase in Non-operating income/(expenses) (\$-\$7.2M to -\$5.3M)

Economic, technological and industrial subsidies plus special Covid incentives (+\$6.3M), beneficial FX position (+\$3.5M), increase in mark to market gains on put options (+\$2.6M), lower interest expense (+\$1.8M), offset by asset impairments (-\$7.3M), reversal of contingent in 2019 (-\$3.7M), and insurance provisions (-\$1M).

46% increase in Noncontrolling interest (-\$5.42M to -\$2.92M)

Higher share of minority in the net losses of VIA (from 76% to 50.32% beginning Oct 2020) and STI (20%).

Balance Sheet items

(31 December 2020 versus 31 December 2019)

60% increase in Cash and cash equivalents (\$152.7M to \$244.4M)

Cash provided by operating activities +\$78.3M mainly driven by improved operating income and decrease in inventory levels and receivables; cash used in investing -\$13.1M mainly from capital expenditure to support line expansion and new programs; cash provided by financing \$29.9M mainly due to net proceeds from subsidiary's public offering (+\$106.8M), offset by net repayments of loans (-\$31M), redemption of subsidiary's preferred shares (-\$30M) and payment of lease liabilities (-\$11.2M) and dividends paid to preference shares (-\$6.5M).

5% decrease in Loans and receivables (\$290.6M to \$275.6M)

Decrease in receivables mainly from collections of outstanding trade receivables and shorter AR days.

7% decrease in Inventories (\$152.6M to \$142.3M)

Decrease in inventories mainly from improved inventory turnover as a result of proactive inventory management through level loading.

7% decrease in Contract Assets (\$58.9M to \$54.5M)

Recovery of backlogs reduced work-in process and finished goods inventories.

9% decrease in Other current assets (\$19.1M to \$17.4M)

Decrease in prepayments and tax credits. A portion of the prepayment pertaining to IPO transaction costs was reversed to equity upon IPO of VIA.

8% decrease in Property, plant and equipment (\$194.3M to \$178M)

Decrease from yearly depreciation (-\$38M) and impairment losses (-2.6M), offset by additional capex for the year (+\$18.1M) and impact of forex appreciation on translation.

5% increase in Goodwill (\$140.8M to \$147.2M)

Increase mainly due to forex rate valuation at year end.

40% decrease in Intangible assets (\$28.6M to \$17.1M)

Decrease was mainly due to impairment losses recognized during the year (-\$4.7M) and yearly amortization (-\$7.9M).

6% decrease in Financial assets through OCI (\$1.2M to \$1.1M)

Decrease in fair value of quoted club shares.

9% decrease in Other noncurrent assets (\$21.9M to \$19.9M)

Decrease in deferred charges representing tooling items customized based on the specifications of the customers and to be repaid as part of the price of the manufactured items.

5% decrease in Accounts payable and accrued expenses (\$267.1M to \$253.8M)

Mainly from decrease in trade and nontrade payables and government-related payables.

68% decrease in Contract liabilities (\$4.7M to \$1.5M)

Decrease in advance payments received to render manufacturing services.

64% increase in Loans and trust receipts payable (\$126.1M to \$206.5M)

Refinancing of long-term to short term loans.

132% increase in Income tax payable (\$1.4M to \$3.4M)

Increase due to higher taxable income.

92% decrease in Other financial liabilities (\$22.4M to \$1.7M)

Mainly reduction in the value of STI and termination of VIA's put options.

92% decrease in Current portion of long-term debt (\$28.0M to \$2.1M)

Repayment of \$28.0 million and subsequently refinanced to short-term loans.

72% decrease in Noncurrent portion of long-term debt (\$114.4M to \$32.2M)

Repayment of \$80 million and subsequently refinanced to short-term loans.

15% decrease in Deferred tax liabilities (\$1.9M to \$1.6M)

Decrease DTL from ROU assets, contract assets and fair value adjustments.

7% decrease in Lease liabilities (\$29.7M to \$27.6M)

Decrease due to payments of leases.

45% increase in Other noncurrent liabilities (\$3.6M to \$5.3M)

Increase in long-term provisions.

33% increase in Additional Paid-in Capital (\$146.2M to \$193.9M)

Termination of VIA put reverted to equity (\$15M) and dilution of ownership without loss of control recognized in equity (\$32M).

152% increase in Cumulative translation adjustments (-\$17.7M to \$9.1M)

Arising from translation of management accounts in Europe denominated in their respective local currencies to the Parent Company's functional currency. The significant movement is due to appreciation of EUR against USD from 1.11 to 1.22, GBP against USD from 1.30 to 1.35 and RMB against USD from 6.99 to 6.54.

7% decrease in Remeasurement losses on defined benefit plans (-\$10.5M to -\$9.8M)

Actuarial changes in financial assumptions particularly lower discount rate and salary increase.

24% increase in Equity attributable to NCI (\$101.2M to \$125.3M)

Decrease due dilution of ownership without loss of control recognized (\$62.5M) offset by redemption of preferred shares of a subsidiary (-\$30M)

2019 vs 2018

Revenues from Sales and Services

The Company achieved US\$1.3 billion of consolidated revenues in 2019, a seven percent decline versus 2018. The marked slowdown in global markets continues to hinder revenue growth across majority of IMI's operating units.

IMI's wholly owned businesses made US\$1 billion of revenues, a 3 percent reduction from 2018. Operating units in Asia dropped a total of 11 percent to US\$547.7 million as China's domestic market, particularly in the automotive, telecommunications and industrial space have underperformed in 2019. On the other hand, operations in Europe and North America, which are largely automotive based, achieved a combined 14 percent growth year-on-year to US\$485.2 million amidst widespread industry slowdown and Euro depreciation.

Subsidiaries VIA Optronics and STI Ltd posted combined revenues of US\$248 million, a decline of 21 percent from the previous year. The drop in VIA was mainly driven by a general slowdown in computing and consumer segments as well as a delay in the release of the new generation Intel Chip. In STI, the Brexit uncertainty continues to plague manufacturing industries prompting delays in program awards.

Gross Profit and Gross Profit Margin

The full year gross profit of \$102.2 million with an 8.2% margin declined versus 2018 margin of 10%. Apart from decline in revenues driven by market slowdown, increasing material prices and labor, and significant investments in capacity and technical capabilities for growth areas also increased company expenditures impacting its gross profit margins.

Operating Loss

Operating loss is at \$4 million, a significant decline from last year's \$37.5 million driven mainly by decline in gross profit margins and higher GAE by 9.6% pertaining to higher people costs and inventory and other provisions.

Net Income

The Company posted a net loss of \$7.78 million vs last year's net income of \$47.2 million. In addition to the \$41.5 million decline in operating income, interest expenses increased by \$1.2M and forex losses increased by \$0.4 million.

The reported net income last year includes non-operating items such as net gain on the sale of a China entity (+\$19.1 million) and reversal of contingent consideration related to the STI acquisition (+\$21.3 million), gain on bargain purchase (+\$2.4M), partially offset by impairment of China goodwill (-\$6.9 million), mark-to-market losses on put options (-\$5.4 million) and other one-off transaction costs. This year's non-operating income includes reversal of contingent consideration (+\$3.7 million) and mark-to-market gains on put options (+\$3.4 million).

The decline is tempered by lower taxes (+\$6.1M) and higher share of non-controlling interest on the subsidiary net losses (+\$7M).

EBITDA

EBITDA of \$41.4 million, 43% lower than last year.

Financial Condition

In 2019, IMI spent \$38.8 million on capital expenditures, mainly purchase of additional machineries intended for emerging technologies and new projects and improvements on existing facilities.

IMI's balance sheet remains robust with a current ratio of 1.49:1 and debt-to-equity ratio of 0.55:1

Key Performance Indicators of the Company

The table below sets forth the comparative performance indicators of the Company:

| Performance indicators | As of end | |
|--------------------------------------|---------------------|--------------|
| | Dec 31, 2019 | Dec 31, 2018 |
| Liquidity: | | |
| Current ratio ^a | 1.49x | 1.31x |
| Solvency: | | |
| Debt-to-equity ratio ^b | 0.55x | 0.79x |
| | For the years ended | |
| | 31 Dec | |
| | 2019 | 2018 |
| Operating efficiency: | | |
| Revenue growth ^c | (7%) | 24% |
| Profitability: | | |
| Gross profit margin ^d | 8.2% | 10.0% |
| Net income margin ^e | (0.6%) | 3.5% |
| Return on equity ^f | (2.0%) | 13.9% |
| Return on common equity ^g | (2.0%) | 13.9% |
| Return on assets ^h | (0.7%) | 4.4% |
| ¹⁵ EBITDA margin | 3.3% | 5.3% |

^a Current assets/current liabilities

^b Bank debts/Total Equity

^c (Current year less previous year revenue)/Previous year revenue

^d Gross profit/Revenues

^e Net income attributable to equity holders of the Parent Company/Revenues

^f Net income attributable to equity holders of the Parent Company/Average equity attributable to Parent

^g Net income attributable to equity holders of the Parent Company/Average common equity attributable to Parent

^h Net income attributable to equity holders of the Parent Company/Total Assets

¹⁵ EBITDA Margin = EBITDA divided by revenues from sales and services where EBITDA represents net operating income after adding depreciation and amortization (including amortization of right-of-use assets in accordance with PFRS 16, Leases), interest income and foreign exchange gains/losses. EBITDA and EBITDA Margin are not measures of performance under PFRS and investors should not consider EBITDA, EBITDA Margin or EBIT in isolation or as alternatives to net income as an indicator of our operating performance or to cash flows, or any other measure of performance under PFRS. Because there are various EBITDA calculation methods, our presentation of these measures may not be comparable to similarly titled measures used by other companies.

In the above:

There are no known trends, events or uncertainties that will result in the Company's liquidity increasing or decreasing in a material way.

There were no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

Likewise, there were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on the Company's revenues from continuing operations.

There were no significant elements of income or loss that did not arise from continuing operations.

There are no seasonal aspects that may have a material effect on the financial condition of the Company.

Causes for any material changes

(Increase or decrease of 5% or more in the financial statements)

Income Statement Items

(Years ended 31 December 2019 versus 31 December 2018 - As restated)

7% decrease in Revenues (\$1.35B to \$1.25B)

The decrease was driven mainly by drop in China's domestic market, VIA's general slowdown in computing and consumer segments as well as a delay in the release of the new generation Intel Chip and delays in programs for STI caused by Brexit uncertainty.

5% decrease in Cost of goods sold (\$1,215.0M to \$1,148.1M)

Driven by the 7% decrease in revenues offset by high DM% due to material price increase, increasing labor costs and increase in overhead expenditures particularly full year effect of depreciation related to prior year's significant investments in capacity and technical capabilities in future growth areas.

10% increase in Operating expenses (\$96.9M to \$106.2M)

Mainly due to increase in people costs and inventory and other provisions.

137% decrease in Non-operating income/(expenses) (\$19.3M to -\$7.2M)

The reported net income last year includes non-operating items such as net gain on the sale of a China entity (+\$19.1 million) and reversal of contingent consideration related to the STI acquisition (+\$21.3 million), gain on bargain purchase (+\$2.4M), partially offset by impairment of China goodwill (-\$6.9 million), mark-to-market losses on put options (-\$5.4 million) and other one-off transaction costs. This year's non-operating income includes reversal of contingent consideration (+\$3.7 million) and mark-to-market gains on put options (+\$3.4 million).

439% decrease in Noncontrolling interest (\$1.60M to -\$5.42M)

Share of minority in the net loss of VIA (23.99%), VTS (35%), and STI (20%).

Balance Sheet items

(31 December 2019 versus 31 December 2018 – As restated)

41% increase in Cash and cash equivalents (\$108.5M to \$152.7M)

Cash provided by operating activities +\$71.1M mainly driven by decrease in inventory levels and receivables; cash used in investing -\$58.2M mainly from capital expenditure to support line expansion and new programs (-\$38.8M) and refund to a third party related to prior year sale transaction (-\$11.5M); cash provided by financing \$31.4M mainly due to proceeds from issuance of preferred shares (+\$100.0M), offset by net repayments of loans (-\$55M), payment of lease liabilities (-\$7.6M) and dividends (-\$4.4M).

5% decrease in Loans and receivables (\$304.7M to \$290.6M)

Decrease mainly due to lower revenues and collections from customers.

21% decrease in Inventories (\$192.7M to \$152.6M)

Decrease in inventories mainly from recoveries of backlogs.

7% decrease in Contract Assets (\$63.5M to \$58.9M)

Decrease in work-in-process and finished goods inventories which were recognized as revenue earned from manufacturing services as receipt of consideration is conditional on successful completion of the services, plus corresponding margins.

8% decrease in Other current assets (\$20.8M to \$19.1M)

Decrease in advances to suppliers and tax credits, offset by increase in prepayments.

100% increase in Right-of-use assets (nil to \$32.0M)

Recognition of ROU asset upon adoption of PFRS 16.

11% increase in Financial assets through OCI (\$1.1M to \$1.2M)

Increase in fair value of quoted club shares

40% increase in Other noncurrent assets (\$15.7M to \$21.9M)

Recognition of deferred charges representing tooling items customized based on the specifications of the customers and to be repaid as part of the price of the manufactured items.

159% increase in Contract liabilities (\$1.8M to \$4.7M)

Increase in advance payments received to render manufacturing services.

8% decrease in Accounts payable and accrued expenses (\$291.2M to \$267.5M)

Mainly from payment of outstanding trade payable -\$20.6M, refund of deposit to buyer of Shenzhen (-\$11.5M) and lower accruals and taxes payables (-\$6M).

8% decrease in Loans and trust receipts payable (\$136.3M to \$126.1M)

Repayment of \$20.5 million offset by availment of \$11.1M.

25% decrease in Other financial liabilities (\$29.8M to \$22.4M)

Reversal of STI contingent liability (\$3.7M) and reduction in the value of put options (\$3.4M).

56% decrease in Current portion of long-term debt (\$63.4M to \$28.0M)

Reclass to current portion of long-term debt of Philippines, Czech and VIA (\$11.2M) offset by decrease due to payment of \$46.5M.

8% decrease in Noncurrent portion of long-term debt (\$124.5M to \$114.4M)

Reclass to current portion of (\$11.2M) offset by additional availment of \$1M.

71% decrease in Deferred tax liabilities (\$6.4M to \$1.9M)

Reduced by deferred tax asset recognized on unrealized forex gains, contract asset and loss carryover.

117% increase in Pension liability (\$4.2M to \$9.2M)

Remeasurement adjustments due to lower discount rate assumptions.

100% increase in Lease liabilities (\$0.1M to \$29.7M)

Recognition of liabilities on operating leases upon adoption of PFRS 16

31% decrease in Other noncurrent liabilities (\$5.3M to \$3.6M)

Decrease in long-term provisions.

13% decrease in Subscriptions receivable (\$3.4M to \$3.0M)

Collections and forfeitures on subscriptions

34% increase in negative Cumulative translation adjustments (-\$13.2M to -\$17.7M)

Arising from translation of management accounts in Europe denominated in their respective local currencies to the Parent Company's functional currency. The significant movement is due to depreciation of EUR against USD from 1.15 to 1.11 and RMB against USD from 6.86 to 6.99.

68% increase in Remeasurement losses on defined benefit plans (-\$6.2M to -\$10.5M)

Actuarial changes in financial assumptions particularly lower discount rate.

884% increase in Equity attributable to NCI (\$7.6M to \$101.2M)

Increase pertains to the preferred shares issued by IMI Singapore to ACI Singapore (\$100M)

NATURE AND SCOPE OF BUSINESS

Integrated Micro-Electronics, Inc. (IMI or the Parent Company), a stock corporation organized and registered under the laws of the Republic of the Philippines on August 8, 1980, has four wholly-owned subsidiaries, namely: IMI International (Singapore) Pte. Ltd. (IMI Singapore), IMI USA, Inc. (IMI USA), IMI Japan, Inc. (IMI Japan) and PSi Technologies, Inc. (PSi) (collectively referred to as the Group). The Parent Company is 52.03% owned by AC Industrial Technology Holdings, Inc. (AC Industrials), a wholly-owned subsidiary of Ayala Corporation (AC), a corporation incorporated in the Republic of the Philippines and listed in the Philippine Stock Exchange (PSE). AC is 47.9% owned by Mermac, Inc. (Ultimate Parent Company) and the rest by the public.

The registered office address of the Parent Company is North Science Avenue, Laguna Technopark- Special Economic Zone (LT-SEZ), Bo. Biñan, Biñan, Laguna.

The Parent Company was listed by way of introduction in the PSE on January 21, 2010. It has completed its follow-on offering and listing of 215,000,000 common shares on December 5, 2014.

On March 2, 2018, the Parent Company completed the stock rights offer and listing of 350,000,000 common shares to all eligible stockholders.

The Parent Company is registered with the Philippine Economic Zone Authority (PEZA) as an exporter of printed circuit board assemblies (PCBA), flip chip assemblies, electronic sub-assemblies, box build products and enclosure systems. It also provides the following solutions: product design and development, test and systems development, automation, advanced manufacturing engineering, and power module assembly, among others. It serves diversified markets that include those in the automotive, industrial, medical, storage device, and consumer electronics industries, and non-electronic products (including among others, automobiles, motorcycles, solar panels) or parts, components or materials of non-electronic products, as well as to perform and provide information technology services such as but not limited to data labeling/encoding or image annotation services.

IMI Singapore is a strategic management, investment and holding entity that owns operating subsidiaries of the Group and was incorporated and domiciled in Singapore. Its wholly-owned subsidiary, Speedy-Tech Electronics Ltd. (STEL), was incorporated and domiciled also in Singapore. STEL, on its own, has subsidiaries located in Hong Kong and China. STEL and its subsidiaries (collectively referred to as the STEL Group) are principally engaged in the provision of electronic manufacturing services (EMS) and power electronics solutions to original equipment manufacturers (OEMs) in the automotive, consumer electronics, telecommunications, industrial equipment, and medical device sectors, among others.

In 2009, IMI Singapore established its Philippine Regional Operating Headquarters (IMI International ROHQ or IMI ROHQ). It serves as an administrative, communications and coordinating center for the affiliates and subsidiaries of the Group.

In 2011, the Parent Company, through its indirect subsidiary, Cooperatief IMI Europe U.A. (Cooperatief) acquired Integrated Micro-Electronics Bulgaria EOOD (formerly EPIQ Electronic Assembly EOOD) (IMI BG), Integrated Micro-Electronics Czech Republic s.r.o. (formerly EPIQ CZ s.r.o.) (IMI CZ) and Integrated Micro-Electronics Mexico, S.A.P.I. de C.V. (formerly EPIQ MX, S.A.P.I. de C.V.) (IMI MX) (collectively referred to as the IMI EU/MX Subsidiaries). IMI EU/MX Subsidiaries design and produce PCBA, engage in plastic injection, embedded toolshop, supply assembled and tested systems and sub-systems which include drive and control elements for automotive equipment, household appliances, and industrial equipment, among

others. IMI EU/MX Subsidiaries also provide engineering, test and system development and logistics management services.

In 2016, Cooperatief acquired a 76.01% ownership interest in VIA Optronics GmbH (VIA), a Germany-based company with operations in Germany and China and sales offices in the USA and Taiwan. VIA is a leading provider of enhanced display solutions for multiple end markets in which superior functionality or durability is a critical differentiating factor. The acquisition allows the Group to strengthen its partnerships with customers by offering complementary automotive camera and display monitor solutions for advanced driver assistance systems. The Group together with VIA enables the scale to introduce patented technology into automotive camera monitor systems for increased safety.

In 2018, VIA acquired 65% ownership interest in VTS-Touchsensor Co., Ltd. (VTS), a Japanese entity that develops and manufactures metal mesh touch sensor technologies and electrode base film.

In 2019, VIA formed VIA Optronics AG (VIA AG) by way of a contribution in kind against issuance of new shares making VIA AG the sole shareholder of VIA Optronics GmbH. The contribution in kind and resulting re-organization was recognized as a business combination under common control. In the same year, VIA Optronics (Taiwan) Ltd was also founded as a new subsidiary with the purpose of conducting sales activities.

In 2020, VIA raised some proceeds through an initial public offering (IPO) and was listed on the New York Stock Exchange under the ticker symbol “VIAO”. As a result of the IPO, IMI’s ownership interest in VIA was diluted from 76.01% to 50.32%.

In 2021, VIA Optronics GmbH (“VIA”) announced the acquisition of Germaneers GmbH (“Germaneers”), a high-tech engineering company focusing on automotive system integration and user interfaces (see Note 2). VIA also formed a strategic partnership with SigmaSense, a global leader in touch sensing performance. As part of the strategic partnership, VIA has made a financial investment into SigmaSense and expanded their collaboration to develop new touch solutions for automotive applications, industrial displays and consumer electronics. In December 2021, VIA incorporated a new entity in the Philippines, VIA optronics (Philippines), Inc. (“VIA Philippines”), to provide customized and platform camera solutions, from design and development to process testing and quality control. VIA Philippines was incorporated to facilitate the integration of a camera design and development team that was previously a part of IMI.

In 2018, the Group opened its 21st manufacturing site in Niš, Republic of Serbia in line with the IMI’s strategy to strengthen its global footprint and support the growing market for automotive components in the European region.

IMI France serves as a support entity which provides manufacturing support services, market research and analysis, sales promotional activity support, strategic planning advisory, and general corporate marketing support.

In 2017, IMI, through its indirect subsidiary Integrated Micro-electronics UK Limited (IMI UK), acquired an 80% stake in Surface Technology International Enterprises Limited (STI), an EMS company based in the United Kingdom (UK). STI has factories in the UK and Cebu, Philippines. STI provides electronics design and manufacturing solutions in both PCBA and full box-build manufacturing for high-reliability industries. The acquisition of STI strengthens the Group’s industrial and automotive manufacturing competencies, broaden its customer base, and also provides access to the UK market. Further, the partnership allows the Group’s entry into the aerospace, security and defense sectors.

IMI USA acts as direct support to the Group’s customers by providing program management, customer service, engineering development and prototype manufacturing services to customers, especially for processes using direct die attach to various electronics substrates. It specializes in prototyping low to medium PCBA and sub-assembly and is at the forefront of technology with regard to precision assembly capabilities including, but not

limited to, surface mount technology (SMT), chip on flex, chip on board and flip chip on flex. IMI USA is also engaged in advanced manufacturing process development, engineering development, prototype manufacturing and small precision assemblies.

IMI Japan was registered and is domiciled in Japan to serve as IMI's front-end design and product development and sales support center. IMI Japan was established to attract more Japanese OEMs to outsource their product development to IMI.

PSi is a power semiconductor assembly and test services company serving niche markets in the global power semiconductor market. PSi provides comprehensive package design, assembly and test services for power semiconductors used in various electronic devices. In 2021, the principal office of PSi was changed to North Science Avenue, Laguna Technopark – Special Economic Zone (LTSEZ), Bo.Biñan, Biñan, Laguna following the transfer of its manufacturing operations inside the IMI premises. PSi remains to be a separate legal entity.

II. MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT'S COMMON EQUITY

A) *Principal market where the registrant's common equity is traded.*

The following table shows the high and low prices (in PhP) of IMI's shares in the Philippine Stock Exchange in 2021 and 2020.

| Philippine Stock Exchange Prices in PhP/share | | | | | | |
|--|-------------|-------------|-------------|-------------|--------------|-------------|
| | <u>High</u> | | <u>Low</u> | | <u>Close</u> | |
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| First Quarter | 14.84 | 8.14 | 8.68 | 3.31 | 10.54 | 4.53 |
| Second Quarter | 11.60 | 5.65 | 8.55 | 4.45 | 9.90 | 6.08 |
| Third Quarter | 10.60 | 6.50 | 7.50 | 4.60 | 7.50 | 5.68 |
| Fourth Quarter | 9.18 | 9.50 | 7.50 | 5.45 | 8.40 | 9.10 |

The market capitalization of the Company's common shares as of December 31, 2021, based on the closing price of ₱8.40/share, was approximately ₱18.63 billion.

The price information of IMI's common shares as of the close of the latest practicable trading date, March 24, 2022, is ₱8.08 per share.

B) *Holders*

There are 283 registered common stockholders as of February 28, 2022. The following are the top 20 registered holders of common shares of the Company.

| | Stockholder Name | No. of Common Shares | Percentage of Common Shares |
|-----|---|-----------------------------|------------------------------------|
| 1. | AC Industrial Technology Holdings, Inc. | 1,153,725,046 | 52.0330% |
| 2. | PCD Nominee Corporation (Non-Filipino) | 512,230,824 | 23.1016% |
| 3. | Resins Incorporated | 291,785,034 | 13.1595% |
| 4. | PCD Nominee Corporation (Filipino) | 203,725,838 | 9.1880% |
| 5. | 2014 ESOWN Subscription | 22,221,134 | 1.0022% |
| 6. | 2007 ESOWN Subscription | 9,392,909 | 0.4236% |
| 7. | SIIX Corp. | 7,815,267 | 0.3525% |
| 8. | 2015 ESOWN Subscription | 4,566,174 | 0.2059% |
| 9. | 2009 ESOWN Subscription | 4,458,690 | 0.2011% |
| 10. | Ayala Corporation | 1,379,892 | 0.0622% |
| 11. | Meneleo J. Carlos Jr. | 805,288 | 0.0363% |
| 12. | Allen B. Paniagua | 357,726 | 0.0161% |
| 13. | Transtechonology Pte. Ltd | 304,836 | 0.0137% |
| 14. | Alfredo Gramata Jr | 258,842 | 0.0117% |
| 15. | Emmanuel V. Barcelon | 240,000 | 0.0108% |
| 16. | Philippe Marquet | 225,519 | 0.0102% |
| 17. | Conrad J. Eisenman | 160,163 | 0.0072% |
| 18. | Joselito Senadoza Bantatua | 150,000 | 0.0068% |
| 19. | Sylke Ludewig | 137,601 | 0.0062% |
| 20. | Roberto Raymond G. Castillo | 128,812 | 0.0058% |

A list of the company's top 100 shareholders as of December 31, 2021 can be found through this link: https://edge.pse.com.ph/openDiscViewer.do?edge_no=a917fb0b90ec9b3b3470cea4b051ca8f

On June 25, 2015, the Board of Directors of the Company approved the redemption of all of the Company's outstanding 1,300,000,000 Redeemable Preferred Shares which were issued in 2008. The redemption price of ₱1.00 per share and all accumulated unpaid cash dividends were paid on August 24, 2015 to the stockholders as of record date July 24, 2015.

C) Dividends

Stock Dividend-Common Shares

| PAYMENT DATE | PERCENT | RECORD DATE |
|----------------|---------|---------------|
| Sept. 24, 2010 | 15% | Aug. 31, 2010 |

Cash Dividends-Common Shares

| PAYMENT DATE | RATE | RECORD DATE |
|----------------|-----------------------|----------------|
| May 4, 2017 | USD 0.004529/₱0.22739 | April 20, 2017 |
| March 21, 2018 | USD0.00458/₱0.235 | March 7, 2018 |
| May 7, 2019 | USD0.00201/₱0.10542 | April 25, 2019 |

There was no cash dividend declaration in 2020.

Cash Dividends-Preferred Shares (Redeemed in 2015)

| PAYMENT DATE | RATE | RECORD DATE |
|-------------------|------------|------------------|
| February 21, 2014 | 2.90% p.a. | February 7, 2014 |
| May 21, 2014 | 2.90% p.a. | May 7, 2014 |
| August 22, 2014 | 2.90% p.a. | August 7, 2014 |
| November 21, 2014 | 2.90% p.a. | November 7, 2014 |
| February 20, 2015 | 2.90% p.a. | February 6, 2015 |
| May 22, 2015 | 2.90% p.a. | May 8, 2015 |
| August 24, 2015 | 2.90% p.a. | August 7, 2015 |

Dividend policy

Dividends declared by the Company on its shares of stocks are payable in cash or in additional shares of stock. The payment of dividends in the future will depend upon the earnings, cash flow and financial condition of the Company and other factors. There are no other restrictions that limit the payment of dividends on common shares.

Cash dividends are subject to approval by the Company's Board of Directors but no stockholder approval is required. Property dividends which may come in the form of additional shares of stock are subject to approval by both the Board of Directors and the stockholders of the Company. In addition, the payment of stock dividends is likewise subject to the approval of the SEC and PSE.

The Subsidiaries have not adopted any formal dividend policies. Dividend policies for the Subsidiaries shall be determined by their respective Boards of Directors.

Recent Sale of Securities

There were 9,773,144 shares subscribed by the Company's executives as a result of their subscription to the stock ownership (ESOWN) plan in 2015. No share was subscribed under the ESOWN Plan since 2016. On July 20, 2004, the SEC approved the issuance of 150,000,000 ESOWN shares as exempt transactions pursuant to Section 10.2 of the Securities Regulation Code.

D) Corporate Governance

The Company submitted its Revised Manual on Corporate Governance to the SEC on August 12, 2021 in compliance with SEC memorandum Circular No. 13, series of 2016.

- (i) The evaluation system which was established to measure or determine the level of compliance of the Board and top level management with its Revised Manual of Corporate Governance consists of a Board Performance Assessment which is accomplished by the members of the Board indicating the compliance ratings. The above is submitted to the Compliance Officer who issues the required Integrated Annual Corporate Governance Report ("I-ACGR") yearly.
- (ii) To ensure good governance, the Board establishes the vision, strategic objectives, key policies, and procedures for the management of the Company, as well as the mechanism for monitoring and evaluating management's performance. The Board also ensures the presence and adequacy of internal control mechanisms for good governance.
- (iii) The Company has adopted in the Revised Manual of Corporate Governance the leading practices and principles of good corporate governance, and full compliance therewith has been made since the adoption of the Manual.
- (iv) The Company is taking further steps to enhance adherence to principles and practices of good corporate governance through the adoption of the Revised Code of Corporate Governance. In line with this, the Board also adopted the Charter of the Board of Directors on January, 25, 2015 and the same was revised and published in the Company's official website last August 2021.
- (v) Reflecting its dedication to continuous improvement, IMI received the Golden Arrow 2 recognition for the 2019 ASEAN Corporate Governance Scorecard Assessment (one level higher than previous year's Golden Arrow 1 award) awarded by the Institute of Corporate Directors through a virtual domestic recognition last February 19, 2021.

Upon the written request of the stockholders, the Company undertakes to furnish said stockholder with a copy of SEC Form 17-A free of charge. Any written request for a copy of SEC Form 17-A shall be addressed to the following:

Integrated Micro-Electronics, Inc.
North Science Avenue
Special Export Processing Zone
Laguna Technopark
Bo. Biñan, Biñan, Laguna

Attention: Ms. Laurice S. Dela Cruz
Chief Finance Officer-OIC



Integrated Micro-Electronics, Inc.

North Science Avenue
Special Export Processing Zone
Laguna Technopark
Biñan Laguna 4024 Philippines

Tel (63 2) 756 6840
Fax (63 49) 544 0322
www.global-imi.com

23 March 2022

Securities and Exchange Commission

Secretariat Building, PICC Complex Pasay City

Attention: **Vicente Graciano P. Felizmenio, Jr.**
Director, Markets & Securities Regulation Department

Gentlemen:

Enclosed herewith is the Integrated Micro-Electronics, Inc. (the "Corporation")'s Statement of Management's Responsibility ("SMR") for Financial Statements for the years ended December 31, 2021, 2020, and 2019.

With respect to the required signatories of the SMR, please be advised that the Corporation's Chairman of the Board, Mr. Jaime Augusto Zobel de Ayala, is currently overseas for a business trip. The Corporation's Vice Chairman, Mr. Arthur R. Tan signed the SMR as Acting Chairman of the Board of Directors, pursuant to the Corporation's By-Laws¹, which provides that *"In the absence of the Chairman, the Vice Chairman shall automatically take his place as Acting Chairman of the Board of Directors."*

We trust that you find the foregoing in order. Thank you.

Very truly yours,


Laurice S. Dela Cruz
Compliance Officer

¹ Article IV, Section 8 of the Corporation's By-Laws



Integrated Micro-Electronics, Inc.

North Science Avenue
Special Export Processing Zone
Laguna Technopark
Biñan Laguna 4024 Philippines

Tel (63 2) 756 6840
Fax (63 49) 544 0322
www.global-iml.com

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of Integrated Micro-electronics, Inc. is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein for the years ended December 31, 2021, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the 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 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.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Company and its subsidiaries in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.


ARTHUR R. TAN

Acting Chairman and Chief Executive Officer


LAURICE S. DELA CRUZ
Chief Finance Officer - OIC


SUBSCRIBED AND SWORN to before me this MAR 23 2022 at Makati City, affiants exhibiting to me their respective Passports, to wit:

| Name | Passport No. | Date & Place of Issue |
|----------------------|--------------|------------------------------|
| Arthur R. Tan | P7928971A | July 13, 2018 – DFA NCR East |
| Laurice S. Dela Cruz | P7177471B | July 12, 2021 – DFA Manila |

Doc. No. 49 ;
Page No. 92 ;
Book No. XLI ;
Series of 2022.

Notarial DST pursuant to
Section. 188 of the Tax Code
affixed in Notary Public's copy




ROBERTO T. ONGSIAKO
Notary Public – Makati City
Appt. No. M-149 until December 31, 2022
Roll of Attorneys No. 37041
Lifetime IBP No. 02163 – RSM Chapter
PTR No. 8852355MJ – 01/03/2022 - Makati City
MCLE Compliance No. VII – 0000267 – 07/30/2019
4th Floor Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

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PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| E | C | H | N | O | P | A | R | K | - | S | P | E | C | I | A | L | | E | C | O | N | O | M | I | C | | Z | O | N |
| E | | (| L | T | - | S | E | Z |) | , | | B | O | . | | B | I | Ñ | A | N | , | | B | I | Ñ | A | N | , | |
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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address

ir@global-imi.com

Company's Telephone Number

(02) 7756-6840

Mobile Number

N/A

No. of Stockholders

288

Annual Meeting (Month / Day)

APRIL 15

Fiscal Year (Month / Day)

12/31

CONTACT PERSON INFORMATIONThe designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Mr. Jerome S. Tan

Email Address

jerome.tan@global-imi.com

Telephone Number/s

(02) 7756-6840

Mobile Number

N/A

CONTACT PERSON'S ADDRESS

North Science Avenue, Laguna Technopark, Biñan, Laguna

NOTE 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies



INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Integrated Micro-Electronics, Inc.
North Science Avenue
Laguna Technopark
Biñan, Laguna

Opinion

We have audited the consolidated financial statements of Integrated Micro-Electronics, Inc. and its subsidiaries (the Group), which comprise the consolidated balance sheets as at December 31, 2021 and 2020, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2021, and 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 balance sheets of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. 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 of the current period. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements.



The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Recoverability of Goodwill

Under PFRS, the Group is required to annually test the amount of goodwill for impairment. As of December 31, 2021, the Group's goodwill attributable to the following cash-generating units (CGUs): Integrated Micro-Electronics, Inc., Speedy-Tech Electronics, Ltd., IMI Czech Republic s.r.o., VIA Optronics GmbH (VIA), and Surface Technology International Enterprises Limited (STI), amounted to \$145.43 million, which is considered significant to the consolidated financial statements. In addition, management's assessment process requires significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty due to the current economic conditions which have been impacted by the coronavirus pandemic, specifically revenue growth rate, gross margin and discount rate.

The Group's disclosures about goodwill are included in Notes 4 and 11 to the consolidated financial statements.

Audit response

We obtained an understanding of the Group's impairment assessment process and the related controls. We involved our internal specialist in evaluating the reasonableness of the discount rate. We tested the parameters used in the determination of the discount rate against market data. We compared the key assumptions used such as revenue growth rate against actual historical performance of the CGU and industry outlook and gross margins against historical rates, taking into consideration the impact associated with coronavirus pandemic. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is more sensitive, specifically those that have the most significant effect on the determination of the recoverable amount of goodwill.

Recoverability of capitalized product development costs and property, plant and equipment

Under PFRS, the Group is required to test the recoverability of nonfinancial assets when indicators of impairment exist. In 2021, the continuing gross loss since the start of mass production for the production line for certain customers in Philippines and Mexico has been assessed as an impairment indicator requiring an impairment assessment. The management's impairment assessment process requires significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty due to the current economic conditions which have been impacted by the coronavirus pandemic, specifically revenue growth rate and inclusion of future price increases in the revenue growth, cost ratios and discount rates. As of December 31, 2021, certain capitalized product development costs and property, plant, and equipment with carrying value of \$50.62 million was tested for impairment, which is significant to the consolidated financial statements. No impairment loss was recognized during the year based on the impairment test.

The Group's disclosures about the capitalized product development costs and property, plant and equipment are included in Notes 4, 10 and 12 to the consolidated financial statements.



Audit response

We obtained an understanding of the Group's impairment assessment process. We involved our internal specialist in evaluating the reasonableness of the discount rate. We tested the parameters used in the determination of the discount rate against market data. We compared the key assumptions used such as revenue growth rate against actual historical performance and industry outlook and gross margins against historical rates of the above capitalized product development costs and property, plant, and equipment, taking into consideration the impact associated with coronavirus pandemic. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is more sensitive, specifically those that have the most significant effect on the determination of the recoverable amount of the capitalized product development costs and property, plant and equipment.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

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 PFRSs, 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 are responsible for overseeing the Group's financial reporting process.



Auditor's 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 auditor's 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 PSAs 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 PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the 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 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 of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

The engagement partner on the audit resulting in this independent auditor's report is
Cyril Jasmin B. Valencia.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia

Partner

CPA Certificate No. 90787

Tax Identification No. 162-410-623

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 90787-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-074-2020, December 3, 2020, valid until December 2, 2023

PTR No. 8854378, January 3, 2022, Makati City

March 23, 2022



INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

| | December 31 | |
|---|------------------------|------------------------|
| | 2021 | 2020 |
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents (Note 5) | \$159,787,623 | \$244,355,425 |
| Receivables (Notes 6 and 31) | 279,042,371 | 275,621,791 |
| Contract assets (Note 7) | 52,481,010 | 54,525,401 |
| Inventories (Note 8) | 238,588,862 | 142,316,055 |
| Other current assets (Notes 9 and 33) | 22,425,433 | 17,355,310 |
| Total Current Assets | 752,325,299 | 734,173,982 |
| Noncurrent Assets | | |
| Property, plant and equipment (Note 10) | 161,967,366 | 177,950,968 |
| Goodwill (Note 11) | 145,433,881 | 147,245,094 |
| Intangible assets (Note 12) | 10,926,579 | 17,145,629 |
| Right-of-use assets (Note 30) | 28,457,787 | 32,660,720 |
| Financial assets at FVOCI (Notes 13 and 32) | 1,364,733 | 1,124,461 |
| Deferred tax assets - net (Note 25) | 2,933,748 | 3,491,878 |
| Other noncurrent assets (Note 14) | 19,765,291 | 19,882,038 |
| Total Noncurrent Assets | 370,849,385 | 399,500,788 |
| | \$1,123,174,684 | \$1,133,674,770 |
| LIABILITIES AND EQUITY | | |
| Current Liabilities | | |
| Accounts payable and accrued expenses (Notes 15 and 33) | \$289,417,711 | \$253,824,928 |
| Contract liabilities (Notes 7 and 33) | 4,741,058 | 1,515,095 |
| Loans payable (Notes 16 and 33) | 165,772,031 | 206,490,427 |
| Other financial liabilities (Notes 18, 32 and 33) | — | 1,680,879 |
| Current portion of long-term debt (Notes 17 and 33) | 1,805,008 | 2,109,394 |
| Current portion of lease liabilities (Note 30) | 8,418,492 | 7,785,039 |
| Income tax payable | 2,409,845 | 3,350,479 |
| Total Current Liabilities | 472,564,145 | 476,756,241 |
| Noncurrent Liabilities | | |
| Noncurrent portion of: | | |
| Long-term debt (Notes 17, 32 and 33) | 149,678,652 | 32,210,531 |
| Lease liabilities (Note 30) | 22,802,307 | 27,628,221 |
| Net retirement liabilities (Note 27) | 10,310,860 | 9,355,655 |
| Deferred tax liabilities - net (Note 25) | 1,058,216 | 1,598,134 |
| Other noncurrent liabilities (Note 24) | 5,047,260 | 5,263,259 |
| Total Noncurrent Liabilities | 188,897,295 | 76,055,800 |
| Total Liabilities | 661,461,440 | 552,812,041 |

(Forward)



| | December 31 | |
|--|------------------------|------------------------|
| | 2021 | 2020 |
| EQUITY | | |
| Equity Attributable to Equity Holders of the Parent Company | | |
| Capital stock - common (Note 19) | \$42,705,563 | \$42,674,930 |
| Subscribed capital stock (Note 19) | 708,788 | 744,823 |
| Additional paid-in capital (Notes 18 and 19) | 193,830,800 | 193,869,684 |
| Subscriptions receivable (Notes 19 and 28) | (2,701,935) | (2,888,800) |
| Retained earnings (Note 19) | 201,560,230 | 215,793,690 |
| Treasury stock (Note 19) | (1,012,588) | (1,012,588) |
| Other components of equity (Note 13) | (554,610) | (874,804) |
| Cumulative translation adjustment (Note 19) | (19,865,348) | 9,137,769 |
| Remeasurement losses on defined benefit plans (Note 27) | (10,072,232) | (9,750,213) |
| | 404,598,668 | 447,694,491 |
| Equity Attributable to Non-controlling Interests | | |
| in Consolidated Subsidiaries (Note 19) | 57,114,576 | 133,168,238 |
| Total Equity | 461,713,244 | 580,862,729 |
| | \$1,123,174,684 | \$1,133,674,770 |

See accompanying Notes to Consolidated Financial Statements.



INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

| | Years Ended December 31 | | |
|---|-------------------------|------------------------|------------------------|
| | 2021 | 2020 | 2019 |
| REVENUE FROM CONTRACTS WITH CUSTOMERS (Note 29) | \$1,300,590,198 | \$1,135,840,593 | \$1,250,365,914 |
| COST OF SALES (Notes 20 and 22) | 1,209,771,812 | 1,039,503,708 | 1,148,137,698 |
| GROSS PROFIT | 90,818,386 | 96,336,885 | 102,228,216 |
| OPERATING EXPENSES (Notes 21 and 22) | (108,481,712) | (92,460,393) | (106,222,063) |
| OTHERS – Net | | | |
| Interest expense and bank charges (Note 23) | (10,553,667) | (10,422,633) | (13,141,935) |
| Foreign exchange gains (losses) – net | 5,398,202 | (755,744) | (4,215,058) |
| Interest income (Note 5) | 300,539 | 330,682 | 860,775 |
| Miscellaneous income – net (Note 24) | 8,196,782 | 5,522,929 | 9,285,288 |
| | 3,341,856 | (5,324,766) | (7,210,930) |
| LOSS BEFORE INCOME TAX | (14,321,470) | (1,448,274) | (11,204,777) |
| PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 25) | | | |
| Current | 6,399,874 | 6,496,089 | 5,279,215 |
| Deferred | (1,015,825) | (1,570,668) | (3,288,780) |
| | 5,384,049 | 4,925,421 | 1,990,435 |
| NET LOSS | (\$19,705,519) | (\$6,373,695) | (\$13,195,212) |
| Net Loss Attributable to: | | | |
| Equity holders of the Parent Company | (\$10,564,571) | (\$3,455,073) | (\$7,780,648) |
| Non-controlling interests | (9,140,948) | (2,918,622) | (5,414,564) |
| | (\$19,705,519) | (\$6,373,695) | (\$13,195,212) |
| Loss Per Share (Note 26) | | | |
| Basic and diluted | (\$0.005) | (\$0.002) | (\$0.004) |

See accompanying Notes to Consolidated Financial Statements.



INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| | Years Ended December 31 | | |
|--|-------------------------|----------------------|-----------------------|
| | 2021 | 2020 | 2019 |
| NET LOSS | (\$19,705,519) | (\$6,373,695) | (\$13,195,212) |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | |
| <i>Other comprehensive income (loss) to be reclassified into profit or loss in subsequent periods:</i> | | | |
| Exchange differences arising from translation of foreign operations (Note 19) | (25,915,831) | 29,152,586 | (5,475,454) |
| <i>Other comprehensive income (loss) not to be reclassified into profit or loss in subsequent periods:</i> | | | |
| Remeasurement gains (losses) on defined benefit plans (Note 27) | (322,019) | 700,550 | (4,214,969) |
| Fair value changes on financial assets at FVOCI - net of tax | 320,194 | (138,993) | 360,553 |
| | (1,825) | 561,557 | (3,854,416) |
| | (25,917,656) | 29,714,143 | (9,329,870) |
| TOTAL COMPREHENSIVE INCOME (LOSS) | (\$45,623,175) | \$23,340,448 | (\$22,525,082) |
| Total Comprehensive Income (Loss) | | | |
| Attributable to: | | | |
| Equity holders of the Parent Company | (\$39,569,513) | \$23,927,179 | (\$16,161,173) |
| Non-controlling interests | (6,053,662) | (586,731) | (6,363,909) |
| | (\$45,623,175) | \$23,340,448 | (\$22,525,082) |

See accompanying Notes to Consolidated Financial Statements.



INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

| | Attributable to Equity Holders of the Parent Company | | | | | | | | | | | |
|-----------------------------------|--|---|---|---|-----------------------------------|--------------------------------|---|--|--|--|--|---------------|
| | Other Comprehensive Income (Loss) | | | | | | | | | Attributable to Equity Holders of the Parent Company (Note 19) | Attributable to Non-controlling Interests (Note 19) | Total |
| | Capital Stock- Common (Note 19) | Subscribed Capital Stock (Note 19) | Additional Paid-in Capital (Note 19) | Subscriptions Receivable (Notes 19 and 28) | Retained Earnings (Note 19) | Treasury Stock (Note 19) | Other Components of Equity (Note 13) | Cumulative Translation Adjustment (Note 19) | Remeasurement losses on defined benefit plans (Note 27) | | | |
| Balances at January 1, 2021 | \$42,674,930 | \$744,823 | \$193,869,684 | (\$2,888,800) | \$215,793,690 | (\$1,012,588) | (\$874,804) | \$9,137,769 | (\$9,750,213) | \$447,694,491 | \$133,168,238 | \$580,862,729 |
| Issued shares during the year | 30,633 | (30,633) | — | — | — | — | — | — | — | — | — | — |
| Redemption of preferred shares | — | — | — | — | — | — | — | — | — | — | (70,000,000) | (70,000,000) |
| Collection from subscriptions | — | — | — | 142,579 | — | — | — | — | — | 142,579 | — | 142,579 |
| Forfeitures during the year | — | (5,402) | (38,884) | 44,286 | — | — | — | — | — | — | — | — |
| Cash dividends | — | — | — | — | (3,668,889) | — | — | — | — | (3,668,889) | — | (3,668,889) |
| | 42,705,563 | 708,788 | 193,830,800 | (2,701,935) | 212,124,801 | (1,012,588) | (874,804) | 9,137,769 | (9,750,213) | 444,168,181 | 63,168,238 | 507,336,419 |
| Net loss | — | — | — | — | (10,564,571) | — | — | — | — | (10,564,571) | (9,140,948) | (19,705,519) |
| Other comprehensive income (loss) | — | — | — | — | — | — | 320,194 | (29,003,117) | (322,019) | (29,004,942) | 3,087,286 | (25,917,656) |
| Total comprehensive income (loss) | — | — | — | — | (10,564,571) | — | 320,194 | (29,003,117) | (322,019) | (39,569,513) | (6,053,662) | (45,623,175) |
| Balances at December 31, 2021 | \$42,705,563 | \$708,788 | \$193,830,800 | (\$2,701,935) | \$201,560,230 | (\$1,012,588) | (\$554,610) | (\$19,865,348) | (\$10,072,232) | \$404,598,668 | \$57,114,576 | \$461,713,244 |

See accompanying Notes to Consolidated Financial Statements.



Attributable to Equity Holders of the Parent Company

| | Other Comprehensive Income (Loss) | | | | | | | | | | | |
|---|---------------------------------------|---|---|---|-----------------------------------|--------------------------------|---|--|--|--|--|---------------|
| | Capital Stock- Common (Note 19) | Subscribed Capital Stock (Note 19) | Additional Paid-in Capital (Note 19) | Subscriptions Receivable (Notes 19 and 28) | Retained Earnings (Note 19) | Treasury Stock (Note 19) | Other Components of Equity (Note 13) | Cumulative Translation Adjustment (Note 19) | Remeasurement losses on defined benefit plans (Note 27) | Attributable to Equity Holders of the Parent Company (Note 19) | Attributable to Non-controlling Interests (Note 19) | Total |
| Balances at January 1, 2020 | \$42,674,027 | \$752,560 | \$146,208,099 | (\$2,955,581) | \$225,752,846 | (\$1,012,588) | (\$735,811) | (\$17,682,926) | (\$10,450,763) | \$382,549,863 | \$101,228,934 | \$483,778,797 |
| Issued shares during the year | 903 | (903) | — | — | — | — | — | — | — | — | — | — |
| Redemption of preferred shares | — | — | — | — | — | — | — | — | — | — | (30,000,000) | (30,000,000) |
| Refund on subscriptions | — | — | — | (5,023) | — | — | — | — | — | (5,023) | — | (5,023) |
| Forfeitures during the year | — | (6,834) | (64,970) | 71,804 | — | — | — | — | — | — | — | — |
| Dilution of ownership interest in a subsidiary | — | — | 32,397,610 | — | — | — | — | — | — | 32,397,610 | 62,526,035 | 94,923,645 |
| Derecognition of put option financial liability | — | — | 15,328,945 | — | — | — | — | — | — | 15,328,945 | — | 15,328,945 |
| Cash dividends | — | — | — | — | (6,504,083) | — | — | — | — | (6,504,083) | — | (6,504,083) |
| | 42,674,930 | 744,823 | 193,869,684 | (2,888,800) | 219,248,763 | (1,012,588) | (735,811) | (17,682,926) | (10,450,763) | 423,767,312 | 133,754,969 | 557,522,281 |
| Net loss | — | — | — | — | (3,455,073) | — | — | — | — | (3,455,073) | (2,918,622) | (6,373,695) |
| Other comprehensive income (loss) | — | — | — | — | — | — | (138,993) | 26,820,695 | 700,550 | 27,382,252 | 2,331,891 | 29,714,143 |
| Total comprehensive income (loss) | — | — | — | — | (3,455,073) | — | (138,993) | 26,820,695 | 700,550 | 23,927,179 | (586,731) | 23,340,448 |
| Balances at December 31, 2020 | \$42,674,930 | \$744,823 | \$193,869,684 | (\$2,888,800) | \$215,793,690 | (\$1,012,588) | (\$874,804) | \$9,137,769 | (\$9,750,213) | \$447,694,491 | \$133,168,238 | \$580,862,729 |

See accompanying Notes to Consolidated Financial Statements.



| | Attributable to Equity Holders of the Parent Company | | | | | | | | | | | |
|--|--|---|---|---|---|--------------------------------|---|--|--|--|--|---------------|
| | | | | | | | Other Comprehensive Income (Loss) | | | | | |
| | Capital Stock - Common (Note 19) | Subscribed Capital Stock (Note 19) | Additional Paid-in Capital (Note 19) | Subscriptions Receivable (Notes 19 and 28) | Retained Earnings (Notes 2 and 19) | Treasury Stock (Note 19) | Other Components of Equity (Note 13) | Cumulative Translation Adjustment (Note 19) | Remeasurement losses on defined benefit plans (Note 27) | Attributable to Equity Holders of the Parent Company (Note 19) | Attributable to Non-controlling Interests (Note 19) | Total |
| Balances at January 1, 2019 | \$42,648,042 | \$815,198 | \$146,513,264 | (\$3,402,940) | \$236,289,815 | (\$1,012,588) | (\$1,096,364) | (\$12,894,291) | (\$6,235,794) | \$401,624,342 | \$4,811,994 | \$406,436,336 |
| Effect of finalization of business combination (Note 2) | — | — | — | — | 1,680,386 | — | — | (262,526) | — | 1,417,860 | 2,780,849 | 4,198,709 |
| Balances at January 1, 2019, as restated | 42,648,042 | 815,198 | 146,513,264 | (3,402,940) | 237,970,201 | (1,012,588) | (1,096,364) | (13,156,817) | (6,235,794) | 403,042,202 | 7,592,843 | 410,635,045 |
| Issued shares during the year | 25,985 | (25,985) | — | — | — | — | — | — | — | — | — | — |
| Issuance of preferred shares (Note 19) | — | — | — | — | — | — | — | — | — | — | 100,000,000 | 100,000,000 |
| Collections on subscriptions | — | — | — | 105,541 | — | — | — | — | — | 105,541 | — | 105,541 |
| Forfeitures during the year | — | (36,653) | (305,165) | 341,818 | — | — | — | — | — | — | — | — |
| Cash dividends | — | — | — | — | (4,436,707) | — | — | — | — | (4,436,707) | — | (4,436,707) |
| | 42,674,027 | 752,560 | 146,208,099 | (2,955,581) | 233,533,494 | (1,012,588) | (1,096,364) | (13,156,817) | (6,235,794) | 398,711,036 | 107,592,843 | 506,303,879 |
| Net loss | — | — | — | — | (7,780,648) | — | — | — | — | (7,780,648) | (5,414,564) | (13,195,212) |
| Other comprehensive income (loss) | — | — | — | — | — | — | 360,553 | (4,526,109) | (4,214,969) | (8,380,525) | (949,345) | (9,329,870) |
| Total comprehensive income (loss) | — | — | — | — | (7,780,648) | — | 360,553 | (4,526,109) | (4,214,969) | (16,161,173) | (6,363,909) | (22,525,082) |
| Balances at December 31, 2019 | \$42,674,027 | \$752,560 | \$146,208,099 | (\$2,955,581) | \$225,752,846 | (\$1,012,588) | (\$735,811) | (\$17,682,926) | (\$10,450,763) | \$382,549,863 | \$101,228,934 | \$483,778,797 |

See accompanying Notes to Consolidated Financial Statements.



INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Years Ended December 31 | | |
|---|-------------------------|---------------|----------------|
| | 2021 | 2020 | 2019 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Loss before income tax | (\$14,321,470) | (\$1,448,274) | (\$11,204,777) |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment (Notes 10, 20, and 21) | 40,047,883 | 38,158,147 | 35,308,020 |
| Amortization of right-of-use asset (Notes 20, 21 and 30) | 10,875,975 | 9,395,254 | 6,955,732 |
| Interest expense on loans (Note 23) | 8,433,898 | 8,411,717 | 10,262,423 |
| Amortization of intangible assets (Notes 12, 20, and 21) | 7,399,018 | 7,879,168 | 6,464,921 |
| Provision (reversal) of Impairment loss on product development cost (Note 24) | (636,456) | 4,693,985 | — |
| Unrealized foreign exchange losses (gain) - net | (5,107,955) | 3,723,227 | 1,106,924 |
| Provision (reversal) of Impairment loss on property, plant and equipment (Note 24) | (1,612,065) | 2,620,779 | — |
| Interest expense on lease liabilities (Note 23) | 1,349,772 | 1,644,189 | 1,368,494 |
| Loss (gain) on derivative transactions (Note 33) | (139,984) | 92,122 | (15,373) |
| Gain on sale of property, plant and equipment (Notes 10 and 24) | (438,498) | (657,101) | (99,404) |
| Interest income (Note 5) | (300,539) | (330,682) | (860,775) |
| Mark-to-market gain on put options (Notes 18 and 24) | (1,627,806) | (6,068,906) | (3,445,288) |
| Reversal of contingent consideration (Notes 18 and 24) | — | — | (3,728,985) |
| Gain on insurance claims (Note 24) | (458,016) | — | — |
| Loss on lease modifications (Note 24) | 159,630 | — | — |
| Operating income before working capital changes | 43,623,387 | 68,113,625 | 42,111,912 |
| Changes in operating assets and liabilities: | | | |
| Decrease (increase) in: | | | |
| Receivables | (8,642,453) | 21,328,413 | 13,411,173 |
| Inventories | (99,550,741) | 13,873,495 | 38,984,113 |
| Contract assets | 1,297,542 | 4,382,722 | 4,576,071 |
| Other current assets | (5,569,760) | (5,446,059) | 1,719,633 |
| Increase (decrease) in: | | | |
| Accounts payable and accrued expenses | 33,353,941 | (7,405,255) | (16,870,412) |
| Contract liabilities | 3,225,963 | (3,227,075) | 2,911,110 |
| Retirement liabilities | (18,741) | 487,307 | 717,179 |
| Net cash generated from (used for) operations | (32,280,862) | 92,107,173 | 87,560,779 |
| Interest paid | (7,724,832) | (9,954,398) | (9,915,877) |
| Income tax paid | (7,507,162) | (4,587,114) | (7,368,934) |
| Interest received | 300,539 | 330,682 | 860,775 |
| Net cash provided by (used in) operating activities | (47,212,317) | 77,896,343 | 71,136,743 |

(Forward)



| | Years Ended December 31 | | |
|---|-------------------------|----------------------|----------------------|
| | 2021 | 2020 | 2019 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Acquisitions of: | | | |
| Property, plant and equipment (Note 10) | (\$30,374,533) | (\$18,121,100) | (\$37,398,057) |
| Intangible assets (Note 12) | (618,132) | (595,188) | (1,388,481) |
| Proceeds from sale and retirement of property, plant and equipment | 2,729,968 | 1,529,412 | 862,996 |
| Decrease (increase) in other noncurrent assets | (1,269,552) | 4,130,406 | (6,227,538) |
| Capitalized product development costs, excluding depreciation | — | — | (2,520,866) |
| Acquisition through business combination, net of cash acquired (Note 2) | (3,018,336) | — | — |
| Decrease in deposits from a third party | — | — | (11,540,911) |
| Net cash used in investing activities | (32,550,585) | (13,056,470) | (58,212,857) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from: | | | |
| Availments of loans payable and long-term debt | 140,575,118 | 82,665,635 | 12,002,758 |
| Net proceeds from subsidiary's public offering (Note 19) | — | 106,787,500 | — |
| Payments of: (Note 35) | | | |
| Loans payable | (59,700,000) | (4,974,751) | (20,540,547) |
| Lease liabilities (Note 30) | (11,900,875) | (10,799,326) | (7,603,732) |
| Dividends paid to preference shareholders of a subsidiary (Note 19) | (3,668,889) | (6,504,083) | — |
| Long-term debt | (2,042,863) | (108,497,471) | (46,510,457) |
| Dividends paid to common equity holders of the Parent Company (Note 19) | — | — | (4,436,707) |
| Issuance (redemption) of preferred shares of a subsidiary to non-controlling interest (Note 19) | (70,000,000) | (30,000,000) | 100,000,000 |
| Increase (decrease) in noncurrent liabilities | (215,999) | 1,640,002 | (1,626,646) |
| Collections (refund) of subscriptions receivable (Note 19) | 142,579 | (5,023) | 105,541 |
| Settlement of derivatives (Note 33) | (88,361) | (5,321) | 13,555 |
| Net cash provided by (used in) financing activities | (6,899,290) | 30,307,162 | 31,403,765 |
| EFFECT OF CHANGES IN FOREIGN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS | 2,094,390 | (3,451,726) | (201,876) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (84,567,802) | 91,695,309 | 44,125,775 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 244,355,425 | 152,660,116 | 108,534,341 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5) | \$159,787,623 | \$244,355,425 | \$152,660,116 |

See accompanying Notes to Consolidated Financial Statements.



INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Integrated Micro-Electronics, Inc. (IMI or the Parent Company), a stock corporation organized and registered under the laws of the Republic of the Philippines on August 8, 1980, has four wholly-owned subsidiaries, namely: IMI International (Singapore) Pte. Ltd. (IMI Singapore), IMI USA, Inc. (IMI USA), IMI Japan, Inc. (IMI Japan) and PSi Technologies, Inc. (PSi) (collectively referred to as the Group). The Parent Company is 52.03% owned by AC Industrial Technology Holdings, Inc. (AC Industrials), a wholly-owned subsidiary of Ayala Corporation (AC), a corporation incorporated in the Republic of the Philippines and listed in the Philippine Stock Exchange (PSE). AC is 47.87% owned by Mermac, Inc. (Ultimate Parent Company) and the rest by the public.

The registered office address of the Parent Company is at North Science Avenue, Laguna Technopark- Special Economic Zone (LT-SEZ), Bo. Biñan, Biñan, Laguna.

The Parent Company was listed by way of introduction in the PSE on January 21, 2010. It has completed its follow-on offering and listing of 215,000,000 common shares on December 5, 2014. On March 2, 2018, the Parent Company completed the stock rights offer and listing of 350,000,000 common shares to all eligible stockholders.

The Parent Company is registered with the Philippine Economic Zone Authority (PEZA) as an exporter of printed circuit board assemblies (PCBA), flip chip assemblies, electronic sub-assemblies, box build products and enclosure systems. It also provides the following solutions: product design and development, test and systems development, automation, advanced manufacturing engineering, and power module assembly, among others. It serves diversified markets that include those in the automotive, industrial, medical, storage device, and consumer electronics industries, and non-electronic products (including among others, automobiles, motorcycles, solar panels) or parts, components or materials of non-electronic products, as well as to perform and provide information technology services such as but not limited to data labeling/encoding or image annotation services.

IMI Singapore is a strategic management, investment and holding entity that owns operating subsidiaries of the Group and was incorporated and domiciled in Singapore. Its wholly-owned subsidiary, Speedy-Tech Electronics Ltd. (STEL), was incorporated and domiciled also in Singapore. STEL, on its own, has subsidiaries located in Hong Kong and China. STEL and its subsidiaries (collectively referred to as the STEL Group) are principally engaged in the provision of electronic manufacturing services (EMS) and power electronics solutions to original equipment manufacturers (OEMs) in the automotive, consumer electronics, telecommunications, industrial equipment, and medical device sectors, among others.

In 2011, the Parent Company, through its indirect subsidiary, Cooperatief IMI Europe U.A. (Cooperatief) acquired Integrated Micro-Electronics Bulgaria EOOD (formerly EPIQ Electronic Assembly EOOD) (IMI BG), Integrated Micro-Electronics Czech Republic s.r.o. (formerly EPIQ CZ s.r.o.) (IMI CZ) and Integrated Micro-Electronics Mexico, S.A.P.I. de C.V. (formerly EPIQ MX, S.A.P.I. de C.V.) (IMI MX) (collectively referred to as the IMI EU/MX Subsidiaries). IMI EU/MX Subsidiaries design and produce PCBA, engage in plastic injection, embedded toolshop, supply assembled and tested systems and sub-systems which include drive and control elements for automotive equipment, household appliances, and industrial equipment, among others. IMI EU/MX Subsidiaries also provide engineering, test and system development and logistics management services.

In 2016, Cooperatief acquired a 76.01% ownership interest in VIA Optronics GmbH (VIA), a Germany-based company with operations in Germany and China and sales offices in the USA and Taiwan. VIA is a leading provider of enhanced display solutions for multiple end markets in which superior functionality or durability is a critical differentiating factor. The acquisition allows the Group to strengthen its partnerships with customers by offering complementary automotive camera and display



monitor solutions for advanced driver assistance systems. The Group together with VIA enables the scale to introduce patented technology into automotive camera monitor systems for increased safety.

In 2018, VIA acquired 65% ownership interest in VTS-Touchsensor Co., Ltd. (VTS), a Japanese entity that develops and manufactures metal mesh touch sensor technologies and electrode base film.

In 2019, VIA formed VIA Optronics AG (VIA AG) by way of a contribution in kind against issuance of new shares making VIA AG the sole shareholder of VIA Optronics GmbH. The contribution in kind and resulting re-organization was recognized as a business combination under common control. As a result of this contribution, VIA AG became the holding company for the VIA Group. In the same year, VIA Optronics (Taiwan) Ltd was also founded as a new subsidiary with the purpose of conducting sales activities.

In 2020, VIA raised some proceeds through an initial public offering (IPO) and was listed on the New York Stock Exchange under the ticker symbol "VIAO". As a result of the IPO, IMI's ownership interest in VIA was diluted from 76.01% to 50.32% (see Note 19).

In 2021, VIA Optronics GmbH ("VIA") announced the acquisition of Germaneers GmbH ("Germaneers"), a high-tech engineering company focusing on automotive system integration and user interfaces (see Note 2). VIA also formed a strategic partnership with SigmaSense, a global leader in touch sensing performance. As part of the strategic partnership, VIA has made a financial investment into SigmaSense and expanded their collaboration to develop new touch solutions for automotive applications, industrial displays and consumer electronics. In December 2021, VIA incorporated a new entity in the Philippines, VIA optronics (Philippines), Inc. ("VIA Philippines"), to provide customized and platform camera solutions, from design and development to process testing and quality control. VIA Philippines was incorporated to facilitate the integration of a camera design and development team that was previously a part of IMI.

In 2018, the Group opened its 21st manufacturing site in Niš, Republic of Serbia in line with the IMI's strategy to strengthen its global footprint and support the growing market for automotive components in the European region.

IMI France serves as a support entity which provides manufacturing support services, market research and analysis, sales promotional activity support, strategic planning advisory, and general corporate marketing support.

In 2017, IMI, through its indirect subsidiary Integrated Micro-electronics UK Limited (IMI UK), acquired an 80% stake in Surface Technology International Enterprises Limited (STI), an EMS company based in the United Kingdom (UK). STI has factories in the UK and Cebu, Philippines. STI provides electronics design and manufacturing solutions in both PCBA and full box-build manufacturing for high-reliability industries. The acquisition of STI strengthens the Group's industrial and automotive manufacturing competencies, broaden its customer base, and also provides access to the UK market. Further, the partnership allows the Group's entry into the aerospace, security and defense sectors.

IMI USA acts as direct support to the Group's customers by providing program management, customer service, engineering development and prototype manufacturing services to customers, especially for processes using direct die attach to various electronics substrates. It specializes in prototyping low to medium PCBA and sub-assembly and is at the forefront of technology with regard to precision assembly capabilities including, but not limited to, surface mount technology (SMT), chip on flex, chip on board and flip chip on flex. IMI USA is also engaged in advanced manufacturing process development, engineering development, prototype manufacturing and small precision assemblies.

IMI Japan was registered and is domiciled in Japan to serve as IMI's front-end design and product development and sales support center. IMI Japan was established to attract more Japanese OEMs to outsource their product development to IMI.



PSi is a power semiconductor assembly and test services company serving niche markets in the global power semiconductor market. PSi provides comprehensive package design, assembly and test services for power semiconductors used in various electronic devices. In 2021, the principal office of PSi was changed to North Science Avenue, Laguna Technopark – Special Economic Zone (LTSEZ), Bo.Biñan, Biñan, Laguna following the transfer of its manufacturing operations inside the IMI premises. PSi remains to be a separate legal entity.

The consolidated financial statements as of December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 were endorsed for approval by the Audit Committee and authorized for issue by the Parent Company's Board of Directors (BOD) on March 23, 2022.

2. Group Information

Information about Subsidiaries

The consolidated financial statements include the financial statements of the Parent Company and the following subsidiaries:

| Subsidiary | Percentage of Ownership | | Country of Incorporation | Functional Currency |
|--|-------------------------|---------|--------------------------|----------------------------|
| | 2021 | 2020 | | |
| IMI International (Singapore) Pte. Ltd. | 100.00% | 100.00% | Singapore | United States Dollar (USD) |
| IMI International ROHQ ^c | 100.00% | 100.00% | Philippines | USD |
| Speedy-Tech Electronics Ltd. (STEL) Group | 100.00% | 100.00% | Singapore | USD |
| IMI (Chengdu) Ltd. (IMICD) | 100.00% | 100.00% | China | Renminbi (RMB) |
| IMI Technology (Shenzhen) Co. Ltd. (IMI SZ) | 100.00% | 100.00% | China | USD |
| IMI Smart Technology (Shenzhen) Co. Ltd. | 100.00% | 100.00% | China | RMB |
| Speedy-Tech Electronics (HK) Limited (STHK) ^c | 100.00% | 100.00% | Hong Kong | USD |
| Speedy-Tech Electronics (Jiaxing) Co., Ltd. (STJX) | 100.00% | 100.00% | China | RMB |
| Speedy-Tech (Philippines), Inc. (STPH) ^c | 100.00% | 100.00% | Philippines | USD |
| Cooperatief IMI Europe U.A. | 100.00% | 100.00% | Netherlands | Euro (EUR) |
| Integrated Micro-Electronics Bulgaria EOOD | 100.00% | 100.00% | Bulgaria | EUR |
| Microenergia EOOD (Microenergia) | 100.00% | 100.00% | Bulgaria | Bulgarian Lev (BGN) |
| Integrated Micro-Electronics d.o.o. Niš (IMI Serbia) | 100.00% | 100.00% | Serbia | Serbian Dinar (RSD) |
| Integrated Micro-Electronics Czech Republic s.r.o. | 100.00% | 100.00% | Czech Republic | EUR |
| Integrated Micro-Electronics Mexico, S.A.P.I. de C.V. | 100.00% | 100.00% | Mexico | USD |
| IMI France SAS (IMI France) | 100.00% | 100.00% | France | EUR |
| VIA Optronics AG (VIA) ^a | 50.32% | 50.32% | Germany | EUR |
| Germaneers GmbH ^b | 100.00% | – | Germany | EUR |
| VIA Optronics (Philippines), Inc. ^b | 100.00% | – | Philippines | PHP |
| VIA Optronics GmbH (VIA GmbH) | 100.00% | 100.00% | Germany | USD |
| VIA Optronics Suzhou Co. Ltd. (VIA Suzhou) | 100.00% | 100.00% | China | USD |
| VIA Optronics LLC (VIA LLC) | 100.00% | 100.00% | USA | USD |
| VIA Optronics (Taiwan) Ltd | 100.00% | 100.00% | Taiwan | Taiwan Dollar |
| VTS-Touchsensor Co., Ltd. (VTS) | 65.00% | 65.00% | Japan | Japanese Yen (JPY) |
| Integrated Micro-Electronics UK Limited (IMI UK) | 100.00% | 100.00% | United Kingdom | British Pounds (GBP) |
| Surface Technology International Enterprises Ltd (STI) | 80.00% | 80.00% | United Kingdom | GBP |
| STI Limited | 100.00% | 100.00% | United Kingdom | GBP |
| STI Philippines Inc. (STIPH) | 100.00% | 100.00% | Philippines | USD |
| STI Asia Ltd ^c | 100.00% | 100.00% | Hong Kong | Hong Kong Dollar (HKD) |
| STI Supplychain Ltd ^d | – | 100.00% | United Kingdom | GBP |
| ST Intercept Limited ^c | 100.00% | 100.00% | United Kingdom | GBP |
| IMI USA | 100.00% | 100.00% | USA | USD |
| IMI Japan | 100.00% | 100.00% | Japan | USD |
| PSi | 100.00% | 100.00% | Philippines | USD |
| PSiTech Realty, Inc. (PSiTech Realty) ^c | 40.00% | 40.00% | Philippines | USD |
| Pacsem Realty, Inc. (Pacsem Realty) ^c | 64.00% | 64.00% | Philippines | USD |

^a In 2020, IMI's ownership in VIA was diluted to 50.32% as a result of the initial public offering of VIA in the New York Stock Exchange (NYSE)

^b New entities of VIA in 2021

^c In the process of liquidation / Dormant

^d Dissolved in May 2021



Business Combinations

Acquisition of Germaneers GmbH ("Germaneers")

On May 21, 2021, VIA Optronics GmbH ("VIA") acquired Germaneers GmbH ("Germaneers"), a high-tech engineering company focusing on automotive system integration and user interfaces for a transaction price of EUR3.06 million (\$3.73 million). Germaneers has provided solutions for a range of well-known high-end original equipment manufacturers (OEMs).

Germaneers is known for creating innovative and state-of-the-art digital car interiors to achieve the next level of customer experience through human machine interfaces (HMI), sensor and camera solutions.

The control concept according to PFRS 10, *Consolidated Financial Statements*, sets out three elements of control consisting of power over investee, exposure or rights to variable returns from involvement with the investee and the ability to use power over the investee to affect the amount of these returns. Based on assessment, VIA has control over Germaneers and needs to consolidate Germaneers in its consolidated financial statements.

The purchase price allocation for the acquisition of Germaneers has been prepared on a preliminary basis due to unavailability of certain information to facilitate fair valuation computation, and reasonable changes are expected as additional information becomes available. The provisional goodwill recognized on the acquisition can be attributed to its years of knowledge and experience of market requirements, system-level design, and innovative technologies in the automotive sector.

Philippine Financial Reporting Standards (PFRS) 3, *Business Combinations*, provides that if the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the acquirer shall account for the combination using those provisional values. The acquirer shall recognize any adjustments to those provisional values as a result of completing the initial accounting within twelve months of the acquisition date; and from the acquisition date (i) the carrying amount of the identifiable asset, liability or contingent liability that is recognized or adjusted as a result of completing the initial accounting shall be calculated as if its fair value at the acquisition date had been recognized from that date; (ii) goodwill or any gain recognized shall be adjusted from the acquisition date by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted; and (iii) comparative information presented for the periods before the initial accounting for the combination is complete shall be presented as if the initial accounting had been completed from the acquisition date.

3. Summary of Significant Accounting and Financial Reporting Policies

Basis of Preparation

The accompanying consolidated financial statements of the Group have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI). The consolidated financial statements are presented in United States Dollar (USD) and all values are rounded to the nearest dollar, unless otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with PFRS.



Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group as of December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- a. Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- b. Exposure, or rights, to variable returns from its involvement with the investee, and
- c. The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- a. The contractual arrangement with the other vote holders of the investee
- b. Rights arising from other contractual arrangements
- c. The Group's voting rights and potential voting rights

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included or excluded in the consolidated financial statements from the date the Group gains control or until the date the Group ceases to control the subsidiary.

Non-controlling interests pertain to the equity in a subsidiary not attributable, directly or indirectly to the Parent Company. Any equity instruments issued by a subsidiary that are not owned by the Parent Company are non-controlling interests including preferred shares and options under share-based transactions. The portion of profit or loss and net assets in subsidiaries not wholly-owned are presented separately in the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of financial position, separately from the Parent Company's equity. Non-controlling interests are net of any outstanding subscription receivable.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

In accounting for call and put options over non-controlling interests, management determines whether it has present access to the returns associated with the non-controlling interests. If the options give the Group access to the returns over the non-controlling interests, the Group consolidates the acquiree as if it acquired a 100% interest.

If the options do not give the Group present access to the returns over the non-controlling interests, the Group takes the view that the non-controlling interests should be accounted for in accordance with PFRS 10, *Consolidated Financial Statements* and must be presented within equity separate from the equity of the Parent Company, until the option is exercised.

The call option is accounted for under PFRS 9, *Financial Instruments*, as a derivative instrument carried at fair value through profit or loss.

The financial liability for the put option is accounted for under PFRS 9 like any other written put option on equity instruments. On initial recognition, the corresponding debit is made to a component of equity attributable to the parent, not to the non-controlling interest. All subsequent changes in the



carrying amount of the financial liability that result from the remeasurement of the present value payable on exercise are recognized in profit or loss also attributable to the parent.

If the put option is exercised, the entity accounts for an increase in its ownership interest. At the same time, the entity derecognizes the financial liability and reverses the component of equity that was reduced on initial recognition. If the put option expires unexercised, the financial liability is reclassified to the same component of equity that was reduced on initial recognition.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Parent Company. The difference is included as part of additional paid-in capital.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while the resulting gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those of the previous financial years except for the new PFRS, amended PFRS and improvements to PFRS which were adopted beginning January 1, 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- **Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021***
The amendment provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:
 - The rent concession is a direct consequence of COVID-19;
 - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
 - Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
 - There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted.

The Group adopted the amendment beginning April 1, 2021 and recognized rent concessions as variable lease payment amounting to \$0.35 million and \$0.42 million in 2021 and 2020, respectively, as part of cost of sales (Note 30).



- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Group shall also disclose information about:

- The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

The Group adopted the amendments beginning January 1, 2021.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations*, to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.



- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- Annual Improvements to PFRSs 2018-2020 Cycle

- Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- Amendments to PFRS 9, *Financial Instruments, Fees in the ‘10 per cent’ test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are expected to have no impact on the Group.



Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

- Amendments to PAS 8, *Definition of Accounting Estimates*

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period



- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024. [The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation].

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The significant accounting policies that have been used in the preparation of the consolidated financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated balance sheet based on current or noncurrent classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the balance sheet date; or
- Cash or cash equivalent, unless restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the balance sheet date; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the balance sheet date.



All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

Initial recognition and measurement

Financial assets are classified at fair value, at initial recognition, and subsequently measured at amortized cost, FVOCI, and FVPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

The financial assets of the Group as of December 31, 2021 and 2020 consist of financial assets at amortized cost (debt instruments) and financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).



Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes cash and cash equivalents, receivables and miscellaneous deposits included under "Other noncurrent assets" account.

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation*, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group elected to classify irrevocably its investments in club shares and non-listed common equity shares under this category.

Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the consolidated balance sheet at fair value with net changes in fair value recognized in the consolidated statement of income.

This category includes derivative instruments which the Group had not irrevocably elected to classify at FVOCI.

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

An embedded derivative within a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as either at amortized cost or at fair value depending on whether the cash flows of the hybrid contract are solely payments of principal and interest and the assessment of the business model within which the



financial asset is held. On the other hand, an embedded derivative with a financial liability or a non-financial host is separated from the host and accounted for as a separate derivative if: its economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss.

Separated embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modified the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of Financial Assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.



b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVPL

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statements of income.

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied.

This category applies to the Group's derivative liabilities and financial liabilities on put options over the non-controlling interests.

Other financial liabilities

This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations and borrowings.

After initial measurement, other financial liabilities are measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the acquisition and fees or costs that are an integral part of the EIR. Gains and losses are recognized in profit or loss when other financial liabilities are derecognized, as well as through the EIR amortization process.

This category applies to the Group's accounts payable and accrued expenses (excluding advances from customers, advances from third party, statutory payables and taxes payables), loans payable and long-term debt.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheets if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.



Fair Value Measurement

The Group measures its derivatives, financial assets at FVOCI and financial liabilities at FVPL at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortized cost are disclosed in Note 32.

The fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure the fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which the fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets and liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at balance sheet date.

For purposes of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Cost is determined using the moving average method for raw materials and supplies. For finished goods and work-in-process, cost includes direct materials, direct labor, and a proportion of manufacturing overhead costs based on normal operating capacity determined using the moving average method. NRV is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale. In the event that NRV is lower than cost, the decline shall be recognized as an expense in profit or loss.

Deferred Charges

Deferred charges are recognized when the Group incurred expenses but the benefits are not expected to be realized on a short-term basis. These are normally chargeable to the customers as part of the selling price of the manufactured items.



Property, Plant and Equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses. The initial cost of property, plant and equipment consists of its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to profit or loss in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property, plant and equipment.

Construction in progress is stated at cost, less impairment loss, if any. This includes costs of construction and installation of equipment and machinery items, and any other costs directly attributable to bringing the asset to its intended use. Construction in progress is not depreciated until such time as the relevant assets are completed and put into operational use.

Depreciation of property, plant and equipment commences once the property, plant and equipment are available for use and is calculated on a straight-line basis over the estimated useful lives (EUL) of the assets as follows:

| | Years |
|--|---------|
| Buildings | 20 - 30 |
| Building improvements | 5 |
| Machineries and facilities equipment | 3 - 13 |
| Furniture, fixtures and office equipment | 3 - 5 |
| Transportation equipment | 3 - 5 |
| Tools and instruments | 2 - 5 |

The EUL and methods of depreciation of property, plant and equipment are reviewed annually and adjusted prospectively, if appropriate. The EUL of property, plant and equipment are based on expected asset utilization as anchored on business plans and strategies that also consider expected future technological developments and market behavior to ensure that the period of depreciation is consistent with the expected pattern of economic benefits from items of property, plant and equipment.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in profit or loss when the asset is derecognized.

Fully depreciated property, plant and equipment are retained in the accounts until these are no longer used and no further depreciation is charged to profit or loss.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects to measure the non-controlling interest in the acquiree at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in the consolidated statements of income under "Operating expenses" account.



When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability, that is a financial instrument and within the scope of PFRS 9 is measured at fair value with changes in fair value recognized in profit or loss. Other contingent consideration that is not within the scope of PFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost, less accumulated impairment losses. For purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating unit (CGU), or group of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is allocated should:

- Represent the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- Not be larger than an operating segment determined in accordance with PFRS 8, *Operating Segments*.

When goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill allocated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation.

If the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the acquirer shall account for the combination using those provisional values. The acquirer shall recognize any adjustments to those provisional values as a result of completing the initial accounting within twelve months of the acquisition date as follows: (i) the carrying amount of the identifiable asset, liability or contingent liability that is recognized or adjusted as a result of completing the initial accounting shall be calculated as if its fair value at the acquisition date had been recognized from that date; (ii) goodwill or any gain recognized shall be adjusted by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted; and (iii) comparative information presented for the periods before the initial accounting for the combination is complete shall be presented as if the initial accounting has been completed from the acquisition date.



Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as of the date of acquisition.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- (a) The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- (b) Its intention to complete and ability to use or sell the intangible asset;
- (c) How the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- (d) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (e) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

After initial recognition, intangible assets are carried at cost, less accumulated amortization and any accumulated impairment losses. Amortization begins when development is complete and the asset is available for use. It is amortized over the period of expected benefit.

The EUL of intangible assets are assessed as either finite or indefinite. Intangible assets with finite useful lives are amortized over their EUL and assessed for impairment whenever there is an indication that the intangible asset is impaired. The amortization period and method for intangible assets with finite useful lives are reviewed at least at the end of each balance sheet date. Changes in the EUL or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite useful lives is recognized in profit or loss.

The EUL of intangible assets of finite useful life are as follows:

| | Years |
|---------------------------|-------|
| Customer relationships | 5 |
| Unpatented technology | 5 |
| Licenses | 2-5 |
| Intellectual properties | 5 |
| Product development costs | 5 |

Intangible assets with indefinite useful lives and those not yet available for use are not amortized, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite useful life is reviewed annually to determine whether the indefinite useful life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.



Group as Lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use Assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

Lease Liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term Leases (STL) and Leases of Low-value Assets

The Group applies the STL recognition exemption to those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. The Group applies the low-value assets recognition exemption to leases of underlying assets with a value, when new, of US\$5,000 and below. Lease payments on short-term leases and low-value assets are recognized as expense on a straight-line basis over the lease term.

Extension Options

Some property leases contain extension options exercisable by the Group up to one year before the end of the noncancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group re-assesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.



Impairment of Nonfinancial Assets

The Group assesses, at each balance sheet date, whether there is an indication that a nonfinancial asset (e.g., deferred charges, property, plant and equipment, right-of-use assets and intangible assets) is impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value-in-use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGU to which the individual assets are allocated. These budgets and forecast calculations generally covered a period of five years.

For nonfinancial assets, excluding goodwill, an assessment is made at each balance sheet date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and amortization expense is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining EUL.

All goodwill of the Group are tested for impairment annually as of December 31 and also tested for impairment when circumstances indicate that the carrying amount is impaired. Provisional goodwill allocated to a CGU is also tested for impairment even if the fair value exercise is not complete during the year.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.



Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Equity

Capital stock

Capital stock is measured at par value for all shares issued and outstanding. When the Parent Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

Preferred shares may be issued with various rights. In determining whether a preference share is financial liability or equity instrument, the issuer is required to assess the particular rights attaching to the share to determine whether it exhibits the fundamental characteristic of a financial liability. A preference share redeemable only at the holder's option is an equity instrument because the issuer does not have a present or future obligation to transfer financial assets to the shareholder.

Additional paid-in capital

Additional paid-in capital pertains to the difference of the par value and selling price of issued and outstanding shares of stock. Direct costs incurred related to equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are charged to "Additional paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against "Retained earnings" account.

The financial liabilities for the put options over the non-controlling interests are recognized at the acquisition date with a debit to additional paid-in capital.

An increase or decrease in a parent's ownership interest that does not result in a loss of control of a subsidiary is accounted for as an equity transaction, i.e. a transaction with owners in their capacity as owners. A parent's ownership interest may change without a loss of control, e.g. when a parent buys shares from or sells shares to a non-controlling interest, a subsidiary redeems shares held by a non-controlling interest, or when a subsidiary issues new shares to a non-controlling interest.

The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. PFRS 10 states that 'the entity shall recognize directly in equity any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, and attribute it to the owners of the parent. The Group recognize this difference under "Additional paid-in capital" account.

Subscriptions receivable

Subscriptions receivable pertains to the uncollected portion of the subscribed shares.

Retained earnings and dividends on capital stock of the Parent Company

Retained earnings represent net accumulated earnings of the Group, less dividends declared. Dividends on capital stock are recognized as a liability and deducted from equity when they are approved by Parent Company's BOD.

Treasury stock

Treasury stock is recorded at cost and is presented as a deduction from equity. When the shares are retired, the "Capital stock" account is reduced by its par value and the excess of cost over par value upon retirement is debited to "Additional paid-in capital" account to the extent of the specific or average additional paid-in capital when the shares were issued and to "Retained earnings" account for the remaining balance.

Revenue Recognition

a) Revenue from contracts with customers

The Group is in the business of providing electronic manufacturing and other related services to various customers. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to



which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements because it controls the goods or services before transferring them to the customer.

Manufacturing of goods

The Group provides manufacturing services in accordance with the customer's specifications. The Group promises to provide a combined performance obligation comprised of non-distinct goods or services, which include issuance of materials to production, assembly, testing and packaging.

Contracts with customers are generally classified as turnkey or consignment. In a turnkey contract, the Group procures the materials and provides the assembly services to the customer. In a consignment contract, the Group only provides assembly services to the customer.

For turnkey contracts, revenue is recognized over time since the products created have no alternative use to the Group and the Group has right to payment for performance completed to date including the related profit margin, in case of termination for reasons other than the Group's failure to perform as promised.

For goods manufactured not covered by customer purchase orders or firm delivery schedule, revenues are recognized at a point in time, when control of the asset is transferred to the customer, generally when goods are shipped or goods are received by the customer, depending on the corresponding agreement with the customer.

For consignment contracts, revenue is recognized over time as services are rendered since the customer simultaneously receives and consumes the benefits as the Group performs.

For R&D engineering services, revenue is recognized over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance completed to date.

Revenue from optical bonding technology and metal mesh touch sensors (VIA and VTS)

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

For optical bonding services performed under the consignment model, revenue is recognized at a point in time based on the fact that the assets created have alternative use to the Group entities. This is when the enhancement process is finalized, the customer removes the enhanced products from the consignment stock and is invoiced, according to contract.

For the sale of products under the full service model, revenue is recognized at a point in time when control of the products are transferred to the customers, generally on delivery of the products.

Non-recurring engineering services

Non-recurring engineering charges, tooling and other pre-production revenue stream (NREs) are recognized at a point in time since the criteria for over time recognition is not met. This is based on the assessment that while, in general, the Group has no alternative use for these NREs, either due to customization or restrictions by the customer, there is no assurance or relevant experience that IMI has enforceable right to payment or can recover the cost, plus reasonable margin, in case of contract termination. Point in time revenue recognition for NREs would mean revenue is recognized upon customer acceptance of the NREs (transfer of control).

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g.,



customer options that provide material rights to customers, warranties). In determining the transaction price, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration and consideration payable to the customer, if any.

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Significant financing component

The Group's contracts with its customers are short-term in nature. Using the practical expedient in PFRS 15, the Group does not adjust the promised amount of consideration of the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The Group does not have significant separate performance obligations wherein the transaction price needs to be allocated as of December 31, 2021 and 2020.

b) Contract balances

Contract asset

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liability

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). A contract liability is recognized as revenue when the Group performs under the contract.

c) Cost to obtain a contract

The Group pays sales commission to its employees for each contract that they obtain. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sales commissions (included under operating expenses) because the amortization period of the asset that the Group otherwise would have used is one year or less.

Other Income

Interest income

Interest income is recognized as it accrues using the EIR method.

Dividends

Dividend income is recognized when the right to receive the payment is established.

Miscellaneous income

Miscellaneous income is recognized as the Group earns the right over it.



Expenses

Cost of sales

This account includes cost of goods sold and cost of services. These expenses pertain to the direct expenses incurred by the Group in relation to the products and services offered. Cost of sales is recognized when the related goods are sold and when services are rendered.

Operating expenses

This account pertains to the general and administrative expenses. Operating expenses are recognized when incurred, except for short term and low value rental expense, which is computed on a straight line-basis over the lease term.

Government Grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is initially recognized as a liability in the consolidated balance sheet and recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to the acquisition or construction of a fixed asset, it is initially recognized as a liability in the consolidated balance sheet and recognized as income in equal amounts over the period of depreciation of the related asset.

Foreign Currency Transactions

Functional currency is determined for each entity within the Group and items included in the financial statements of each entity are measured and recorded using that functional currency. For consolidation purposes, the foreign subsidiaries' balances are translated to USD, which is the Parent Company's functional and presentation currency.

Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of initial transaction. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

The functional currencies of the Group's foreign subsidiaries are summarized in Note 2 to the consolidated financial statements. As at the balance sheet date, the assets and liabilities of these subsidiaries are translated into the presentation currency of the Parent Company at the rate of exchange ruling at the balance sheet date and their profit and loss accounts are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are recognized in the consolidated statement of comprehensive income and reported as a separate component of equity.

Exchange differences arising from elimination of intragroup balances and intragroup transactions are recognized in profit or loss. As an exception, if the exchange differences arise from intragroup balances that, in substance, forms part of an entity's net investment in a foreign operation, the exchange differences are not to be recognized in profit or loss, but are recognized in OCI and accumulated in a separate component of equity until the disposal of the foreign operation.

On disposal of a foreign entity, the deferred cumulative amount recognized in the consolidated statement of comprehensive income relating to that particular foreign operation shall be recognized in profit or loss.

Income Taxes

Current tax

Current tax assets and current tax liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used



to compute the amount are those that are enacted or substantively enacted as of the balance sheet date in the countries where the Group operates and generates taxable profit.

Current tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, when appropriate.

Deferred tax

Deferred tax is provided using the liability method on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes as of the balance sheet date.

Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of unused tax losses, to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences and carryforward benefits of unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and sufficient future taxable profits will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as of the balance sheet date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

For periods where an Income Tax Holiday (ITH) is in effect, no deferred taxes are recognized in the consolidated financial statements as the ITH status of the Group neither results in a deductible temporary difference or taxable temporary difference. However, for temporary differences that are expected to reverse beyond the ITH, deferred taxes are recognized.



Earnings per Share (EPS) Attributable to Equity Holders of the Parent Company

Basic EPS is computed by dividing net income attributable to common equity holders by the weighted average number of common shares outstanding and adjusted to give retroactive effect to any stock dividends declared during the period. Diluted EPS is computed by dividing net income attributable to common equity holders by the weighted average number of common shares outstanding, plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares. The calculation of diluted EPS does not assume conversion, exercise or other issue of potential common shares that would have an antidilutive effect on EPS.

Retirement and Other Employee Benefits

Defined benefit plans

The Parent Company, PSi, STIPH, IMI BG and IMI Serbia maintain separate defined benefit plans covering substantially all of their employees. The plans of the Parent Company, PSi and STIPH are funded and noncontributory retirement plans administered by their respective Boards of Trustees, while that of IMI BG and IMI Serbia is unfunded and noncontributory.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial valuations are conducted with sufficient regularity, with the option to accelerate when significant changes to underlying assumptions occur.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on net retirement liabilities is the change during the period in net retirement liabilities that arises from the passage of time which is determined by applying the discount rate based on government bonds to net retirement liabilities. Net interest on retirement liabilities is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on net retirement liabilities) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net retirement liabilities are the aggregate of the present value of the defined benefit obligation at the end of the balance sheet date reduced by the fair value of plan assets, adjusted for any effect of limiting a net retirement asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. The fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

Defined contribution plans

The Parent Company's subsidiaries in Singapore, China and Hong Kong, Czech Republic, Mexico, Germany, Japan, and UK participate in the respective national retirement schemes defined by the laws of the countries in which it has operations. These retirement schemes are considered as defined contribution plans. A defined contribution plan is a plan under which the subsidiary pays fixed contributions. Each subsidiary has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service



in the current and prior periods. The required contributions to the national retirement schemes are recognized as retirement expense as accrued.

Singapore

The subsidiaries incorporated in Singapore make contributions to the Central Provident Fund (CPF) scheme in Singapore, a defined contribution scheme. Contributions to the CPF scheme are recognized as an expense in the period in which the related service is performed.

China

The subsidiaries incorporated and operating in China are required to provide certain staff retirement benefits to their employees under existing China regulations, a defined contribution scheme. Retirement contributions are provided at rates stipulated by China regulations and are contributed to a retirement fund managed by government agencies, which are responsible for administering these amounts for the subsidiaries' employees. Contributions to this defined contribution scheme are recognized as expense in the period in which the related service is performed.

Hong Kong

The subsidiary in Hong Kong participates in the defined provident fund. The subsidiary and its employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. Contributions to this defined contribution scheme are recognized as expense in the period in which the related service is performed.

IMI CZ

IMI CZ, under its collective agreement, is committed to pay contributions to life and retirement insurance of its loyal employees. This is done on a monthly basis as part of payroll expenses and only over the employment period. IMI CZ is not obliged to any other payments if employment terminates.

IMI MX

In accordance with the Mexican Labor Law, IMI MX provides seniority premium benefits to its employees under certain circumstances. These benefits consist of a one-time payment equivalent to twelve days of wage for each year of service (at the employee's most recent salary, but not to exceed twice the legal minimum wage), payable to all employees with fifteen or more years of service, as well as to certain employees terminated involuntarily prior to the vesting of their seniority premium benefit.

IMI MX also provides statutorily mandated severance benefits to its employees terminated under certain circumstances. Such benefits consist of a one-time payment of three months wages plus twenty days wages for each year of service payable upon involuntary termination without just cause. These are recognized when such an event occurs.

VIA

VIA only has defined contribution plans relating to statutory pension obligations. Funds paid by the employees and employers are not saved or invested but are used to pay current pension obligations. Obligations for contributions to defined contribution plans are recognized as an expense when incurred. VIA Group has no defined benefit plans.

STI

Contributions to defined contribution plans are recognized as an expense in the period in which the related service is provided. Prepaid contributions are recognized as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognized as a finance cost in profit or loss in the period in which it arises.



Employee leave entitlement

Employee entitlements to annual leave are recognized as a liability when they accrue to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the balance sheet date is recognized for services rendered by employees up to the end of the balance sheet date.

Share-based Payment Transactions

Certain employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions").

The Group has an employee stock ownership plan (ESOWN) which allows the grantees to purchase the Parent Company's shares at a discounted price. The Group recognizes employee benefit expense over the holding period. The Group treats its ESOWN plan as option payable within a given period. These are accounted for similar to the methods outlined in PFRS 2. Dividends paid on the awards that have vested are deducted from equity while those paid on awards that are unvested are charged to profit or loss.

Operating Segments

The Group is organized and managed separately according to geographical locations of businesses. The geographical segments are segregated as follows: Philippines, China, Europe, Mexico, Germany/UK, and USA/Japan/Singapore/IMI UK. These geographical businesses are the basis upon which the Group reports its operating segment information presented in Note 29.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the consolidated financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the consolidated financial statements when an inflow of economic benefits is probable.

Events after the Balance Sheet Date

Post period events that provide additional information about the Group's financial position at the balance sheet date (adjusting events) are reflected in the consolidated financial statements. Post period events that are non-adjusting events are disclosed in the consolidated financial statements when material.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Uncertainty about these judgments, assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets and liabilities affected in future periods.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Determining the lease term of contracts with renewal and termination options - Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.



The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., a change in business strategy, construction of significant leasehold improvements or significant customization to the leased asset).

The Group's leases consist mainly of land, production facilities and warehouses and office buildings (land and buildings). The Group included the renewal period as part of the lease term for leases of land and buildings due to the significance of these assets to its operations. These leases have a lease term of more than one year and there will be a significant negative effect on the business if a replacement is not readily available.

Revenue from contracts with customers

- Identifying contracts with customers
Generally, a valid and approved manufacturing service agreement (MSA), scheduling agreement (SA), customer accepted quote, customer forecast, and/or customer purchase order or firm delivery schedule will be in place before the Group provides services or manufacture goods for the customers. The Group is not obligated to transfer any goods or provide services until the customer submits a purchase order or firm delivery schedule under the MSA or SA, respectively. The purchase order or firm delivery schedule creates the enforceable rights and obligations and is therefore evaluated together with the MSA or SA for revenue recognition in accordance with PFRS 15.
- Determining the timing of revenue recognition
The Group assessed that revenue from manufacturing of goods shall be recognized over time or point in time. For turnkey contracts wherein the products created have no alternative use to the Group and the Group has right to payment for performance completed to date including the related profit margin, in case of termination for reasons other than the Group's failure to perform as promised, revenue is recognized over time. For goods manufactured not covered by customer purchase orders or firm delivery schedule, revenues are recognized at a point in time. For consignment contracts, revenue is recognized over time as services are rendered since the customer simultaneously receives and consumes the benefits as the Group performs.
- Determining the method of measure of progress for revenue recognized over time
The Group measures progress towards complete satisfaction of the performance obligation using an input method (i.e., costs incurred). Management believes that this method provides a faithful depiction of the transfer of goods or services to the customer because the Group provides integration service to produce a combined output and each item in the combined output may not transfer an equal amount of value to the customer.

Product development costs

Expenditures for the development of new products or production systems are recognized as intangible assets if such expenditures, with a high degree of certainty, will result in future economic benefits for the Group. The rules require stringent criteria to be met for these development expenditures to be recognized as assets such as determining technical feasibility of completing the intangible asset. Management assessed that it is able to meet the identifiability and separability criteria provided in PAS 38, *Intangible Assets*, on the premise that the projects involved are in separate locations from other existing lines and that each project arises from a contractual right between the Group and each customer. Moreover, management is able to demonstrate that the projects are in the advanced stage of development.



Functional currency

PAS 21, *Effects of Changes in Foreign Exchange Rates*, requires management to use its judgment to determine each entity's functional currency such that it most faithfully represents the economic effects of the underlying transactions, events and conditions that are relevant to the Group. In making this judgment, each entity within the Group considers the currency in which the sales prices for its goods and services are denominated and settled.

In 2021, the Group has determined that there was a change in functional currency for VIA GmbH and VIA Suzhou, wholly owned subsidiaries of VIA. In prior years, the functional currency of VIA GmbH and VIA Suzhou is Euro and RMB, respectively and both were changed to USD Dollar since majority of its sales and purchases are denominated in this currency.

Contingencies

The Group is currently involved in various legal proceedings. The estimates of the probable costs of the resolutions and assessments of these claims have been developed in consultation with outside counsels handling the defense in these matters and are based upon analyses of potential results. The Group currently does not believe that these proceedings and tax assessments will have a material effect on the Group's financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

Further details are disclosed in Note 34.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its estimates and assumptions on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Lease commitments - Group as lessee

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency).

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Fair value of the financial liabilities on put options

The acquisition of VIA in 2016 and STI in 2017 included call and put options over the non-controlling interests. These options are considered when determining whether the entity has obtained control over the acquiree if in substance the entity already has access to the returns associated with that ownership interest. Management assessed that the options do not give the Group present access to the returns associated with the non-controlling interests in subsidiary and, therefore, accounted for the non-controlling interests under PFRS 10, while the financial liability was accounted for under PFRS 9 measured at the present value of the redemption amount, with a debit to a component of equity attributable to the parent.



Management assessed that the discounted, probability-weighted cash flow methodology is the appropriate model to derive the present value of the redemption amount. The key estimates and assumptions used in the valuation include impact of coronavirus pandemic, the current equity value of the acquiree, forecasted interest rate and probability of trigger events occurring. The equity value of VIA is determined using the discounted cash flow approach. The future cash flows are projected using the projected revenue growth rate of VIA. The discount rate represents the current market assessment of the risk specific to the acquiree, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the acquiree and is derived from its weighted average cost of capital. For STI, management used the market approach by approximating the EBITDA multiple taken from comparable companies of STI that are engaged in providing electronic services solutions to derive its current equity value. Management computed EBITDA as the difference of forecasted gross profit and selling and administrative expenses before depreciation and amortization.

Further details on the valuation of the put options are disclosed in Notes 18 and 32.

Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., customer type and rating, and coverage by letters of credit and other forms of credit insurance, etc.).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., industry compounded annual growth rate) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The Group has considered impact of COVID-19 pandemic and revised its assumptions in determining the macroeconomic variables and loss rates in the computation of ECL. The changes in the gross carrying amount of receivables from the sales of the Group during the year and impact of COVID-19 pandemic did not materially affect the allowance for ECLs.

Further details on the expected credit loss are disclosed in Note 6.

Estimating NRV of inventories

Inventories are valued at the lower of cost and NRV. This requires the Group to make an estimate of the inventories' estimated selling price in the ordinary course of business, costs of completion and costs necessary to make a sale to determine the NRV. In line with the impact of COVID-19, the Group experienced lower demand and production that resulted to lower sales in 2020. In the event that NRV is lower than cost, the decline is recognized as an expense. Further details on inventories are disclosed in Note 8.

Depreciation and amortization

The Group computes depreciation and amortization of property, plant and equipment, right-of-use assets and intangible assets with finite useful life on a straight-line basis over the assets' EUL. The EUL and depreciation and amortization method are reviewed annually to ensure that these are consistent with the expected pattern of the economic benefits from the assets. This requires the Group to make an estimate of the expected asset utilization from business plans and strategies,



future technical developments and market behavior to determine the expected pattern of economic benefits from the assets. Changes in the EUL or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the depreciation and amortization period or method, as appropriate, and are treated as changes in accounting estimates. The depreciation and amortization expense on property, plant and equipment and intangible assets with finite useful lives are recognized in profit or loss, in the expense category, consistent with the function of the property, plant and equipment and intangible assets.

Further details on property, plant and equipment, right-of-use assets and intangible assets are disclosed in Notes 10, 30 and 12, respectively.

Evaluation of impairment of nonfinancial assets

The Group reviews certain property, plant and equipment, right-of-use assets, goodwill, intangible assets and deferred charges, for impairment of value. Except for the impairment for goodwill which is assessed at least annually, the impairment evaluation for the other nonfinancial assets includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends. Moreover, lockdown to Group manufacturing sites due to the impact of COVID-19 pandemic that leads to lower production post impairment indicators requiring the assessment of the recoverable amount for the said assets.

The Group estimates the recoverable amount as the higher of the fair value less costs to sell and value-in-use. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that may affect property, plant and equipment, right-of-use assets, intangible assets and deferred charges. For goodwill, this requires an estimation of the recoverable amount which is the fair value less costs to sell or value-in-use of the CGU to which the goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows for the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of cash flows. Further details on property, plant and equipment, right-of-use assets, goodwill, intangible assets and deferred charges are disclosed in Notes 10, 30, 11, 12 and 14, respectively.

Details of the impairment loss recognized are disclosed in Note 24.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws and the amount and timing of future taxable profits. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience on previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the entities within the Group.

Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of unused tax losses, to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences and carryforward benefits of unused tax losses can be utilized. Significant judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Further details on taxes are disclosed in Note 25.



Retirement and other employee benefits

The cost of defined benefit plans and other long-term employee benefits as well as the present value of defined benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rates, turnover rates, mortality rates, salary increase rates, and future retirement increases. Due to the complexity of the actuarial valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each balance sheet date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The turnover rate represents the proportion of the current plan members who will resign from service prior to their retirement date and hence, be entitled to resignation benefits instead of retirement benefits. The mortality rate is based on publicly available mortality tables and is modified accordingly with estimates of mortality improvements. Salary increase rates and future retirement increases are based on expected future inflation rates.

The Group also estimates other short-term employee benefit obligations and expenses, including the cost of paid leaves based on historical leave availments of employees, subject to the Group's policies. These estimates may vary depending on the future changes in salaries, turn-over rates, mortality rates and actual experiences during the period.

Further details on retirement and other employee benefits are disclosed in Note 27.

5. Cash and Cash Equivalents

This account consists of:

| | 2021 | 2020 |
|------------------|----------------------|----------------------|
| Cash on hand | \$55,620 | \$70,169 |
| Cash in banks | 154,232,003 | 244,285,256 |
| Cash equivalents | 5,500,000 | – |
| | \$159,787,623 | \$244,355,425 |

Cash in banks earns interest at the respective bank deposit rates. Cash equivalents have maturities of varying periods of up to three months and earn interest at the respective cash equivalents rates.

Interest income earned from cash in banks and cash equivalents amounted to \$0.30 million in 2021, \$0.33 million in 2020 and \$0.86 million in 2019.

6. Receivables

This account consists of:

| | 2021 | 2020 |
|------------------------------------|----------------------|----------------------|
| Trade | \$273,946,003 | \$273,278,729 |
| Nontrade | 6,882,895 | 2,825,231 |
| Receivable from insurance | 1,078,869 | 1,095,700 |
| Receivable from employees | 471,930 | 329,548 |
| Due from related parties (Note 31) | 448,697 | 299,253 |
| Others | 957,732 | 540,695 |
| | 283,786,126 | 278,369,156 |
| Less allowance for ECLs | 4,743,755 | 2,747,365 |
| | \$279,042,371 | \$275,621,791 |



Trade

Trade receivables arise from manufacturing and other related services for electronic products and components and have credit terms averaging 70 days from invoice date.

Nontrade

Nontrade receivables represent billings to customers for production and test equipment and all other charges agreed with the customers in carrying out business operations. These receivables have credit terms averaging 45 days from invoice date.

Receivable from Insurance

Receivable from insurance pertains to claims for damages to equipment and inventories caused by a fire incident in the Parent Company's plant in Cebu in 2009 amounting to \$1.08 million and which was fully impaired as of December 31, 2021 and 2020.

Receivable from Employees

Receivable from employees mostly pertain to non-interest bearing short-term loans granted to the Group's employees which are collectible through salary deduction.

Allowance for ECLs

Trade receivables, nontrade receivables and receivable from insurance with aggregate nominal value of \$4.74 million and \$2.75 million as of December 31, 2021 and 2020, respectively, were individually assessed to be impaired and fully provided with allowance for doubtful accounts.

Movements in the allowance for ECLs are as follows:

| | December 31, 2021 | | | |
|--------------------------------------|-------------------|-----------|---------------------------|-------------|
| | Trade | Nontrade | Receivable from Insurance | Total |
| At beginning of year | \$1,503,569 | \$148,096 | \$1,095,700 | \$2,747,365 |
| Provisions (Note 22) | 1,970,799 | 40,053 | - | 2,010,852 |
| Foreign currency exchange difference | (14,462) | 16,831 | (16,831) | (14,462) |
| At end of year | \$3,459,906 | \$204,980 | \$1,078,869 | \$4,743,755 |

| | December 31, 2020 | | | |
|--------------------------------------|-------------------|-----------|---------------------------|-------------|
| | Trade | Nontrade | Receivable from Insurance | Total |
| At beginning of year | \$1,051,715 | \$157,123 | \$1,086,673 | \$2,295,511 |
| Provisions (Note 22) | 574,495 | - | - | 574,495 |
| Foreign currency exchange difference | (122,641) | (9,027) | 9,027 | (122,641) |
| At end of year | \$1,503,569 | \$148,096 | \$1,095,700 | \$2,747,365 |

Provisions form part of "Operating expenses" account and are included under "Facilities costs and others" (see Note 22).

7. **Contract Balances**

This account consists of:

| | 2021 | 2020 |
|----------------------|--------------|--------------|
| Contract assets | \$52,481,010 | \$54,525,401 |
| Contract liabilities | 4,741,058 | 1,515,095 |

Contract assets are initially recognized for revenue earned from manufacturing of goods as receipt of consideration is conditional on successful completion of the services. When goods are shipped or goods are received by the customer, depending on the corresponding agreement with the customers, the amounts recognized as contract assets are reclassified to trade receivables. Payments are received from customers depending on the credit terms.



For the years ended December 31, 2021 and 2020, the Group did not recognize a provision for expected credit losses on contract assets.

Contract liabilities includes short-term advances received to render manufacturing services. The significant decrease in contract liabilities was mainly due to lower advance payments received from new and existing customers towards the end of the year.

The Group applied the practical expedient in PFRS 15 on the disclosure of information about the transaction price allocated to remaining performance obligations given the customer contracts have original expected duration of one year or less.

8. Inventories

This account consists of:

| | 2021 | 2020 |
|---------------------------------|----------------------|---------------|
| Raw materials and supplies | \$225,928,319 | \$140,573,218 |
| Work-in-process | 6,946,498 | 6,344,858 |
| Finished goods | 18,171,690 | 8,644,901 |
| | 251,046,507 | 155,562,977 |
| Less allowance for: | | |
| Inventory obsolescence | 12,304,771 | 13,151,796 |
| Decline in value of inventories | 152,874 | 95,126 |
| | 12,457,645 | 13,246,922 |
| | \$238,588,862 | \$142,316,055 |

The cost of the inventories carried at NRV amounted to \$46.69 million and \$46.67 million as of December 31, 2021 and 2020, respectively. The amount of inventories recognized as an expense under "Cost of sales" account amounted to \$932.39 million in 2021, \$796.04 million in 2020, and \$888.42 million in 2019 (see Note 20).

Balance of work-in-process and finished goods inventories pertain to VIA's sale of product under the full service model since VIA typically controls the goods before transferring them to customers and therefore revenue is recognized at a point in time upon the delivery of products.

Movements in the allowance for inventory obsolescence follows:

| | 2021 | 2020 |
|--------------------------------------|---------------------|--------------|
| At beginning of year | \$13,151,796 | \$13,072,876 |
| Provisions (reversals) (Note 22) | 211,766 | (291,526) |
| Write-offs | (528,248) | - |
| Foreign currency exchange difference | (530,543) | 370,446 |
| At end of year | \$12,304,771 | \$13,151,796 |

Movements in the allowance for decline in value of inventories value follows:

| | 2021 | 2020 |
|----------------------------------|------------------|----------|
| At beginning of year | \$95,126 | \$92,867 |
| Provisions (reversals) (Note 22) | 57,748 | 2,259 |
| At end of year | \$152,874 | \$95,126 |



The Group recognized gains from sale of materials and scrap amounting to \$0.10 million in 2021, \$0.04 million in 2020, and \$0.03 million in 2019. Gains from sale of materials and scrap are included under "Miscellaneous income (loss) - net" account in the consolidated statements of income (see Note 24).

9. Other Current Assets

This account consists of:

| | 2021 | 2020 |
|----------------------------------|---------------------|---------------------|
| Prepayments and deferred charges | \$9,446,848 | \$5,807,226 |
| Advances to suppliers | 6,329,176 | 5,437,643 |
| Input taxes | 4,765,407 | 3,709,501 |
| Tax credits | 1,668,793 | 2,007,747 |
| Derivative assets (Note 33) | 45,794 | - |
| Others | 169,415 | 393,193 |
| | \$22,425,433 | \$17,355,310 |

Prepayments and Deferred Charges

Prepayments include prepayments for rent, life and fire insurance and prepaid insurance for product liability and recall and directors and officers (D&O) liability insurance.

Advances to Suppliers

This account represents advance payments made to suppliers for purchase of direct materials.

Input Taxes

This account includes input tax expected to be applied against output tax within 12 months from the balance sheet date. Input tax is recognized when an entity in the Group purchases goods or services from a supplier or vendor.

Tax Credits

Tax credits represent recoverable taxes of IMI MX and BG such as VAT refundable and business tax and amounts withheld from income tax payments of the Parent Company and PSi.

10. Property, Plant and Equipment

Movements in this account follows:

| | 2021 | | | | | | |
|---------------------------------------|----------------------------|--------------------------------------|--|--------------------------|-----------------------|--------------------------|---------------|
| | Buildings and Improvements | Machineries and Facilities Equipment | Furniture, Fixtures and Office Equipment | Transportation Equipment | Tools and Instruments | Construction in Progress | Total |
| Cost | | | | | | | |
| At beginning of year | \$106,722,276 | \$224,771,856 | \$23,147,356 | \$2,660,652 | \$9,941,378 | \$6,208,359 | \$373,451,877 |
| Additions | 1,714,418 | 16,889,771 | 2,400,243 | 295,809 | 240,325 | 8,833,967 | 30,374,533 |
| Acquisition thru business combination | - | - | 41,456 | - | - | - | 41,456 |
| Disposals/retirement | (4,441,612) | (15,061,221) | (552,494) | (467,327) | (860,265) | (254,415) | (21,637,334) |
| Transfers | 398,376 | 10,014,473 | 432,847 | 11,236 | - | (10,856,932) | - |
| Foreign currency exchange difference | (2,908,611) | (7,365,854) | (579,431) | (101,943) | 69,221 | (546,963) | (11,433,581) |
| At end of year | 101,484,847 | 229,249,025 | 24,889,977 | 2,398,427 | 9,390,659 | 3,384,016 | 370,796,951 |
| Accumulated depreciation | | | | | | | |
| At beginning of year | 44,498,416 | 123,522,344 | 17,841,417 | 1,437,244 | 3,848,497 | - | 191,147,918 |
| Depreciation | 7,422,130 | 29,822,825 | 2,047,420 | 508,089 | 247,419 | - | 40,047,883 |
| Disposals/retirement | (4,339,674) | (13,805,297) | (552,116) | (467,327) | (181,450) | - | (19,345,864) |
| Foreign currency exchange difference | (584,986) | (4,694,399) | (302,773) | (13,400) | 117,124 | - | (5,478,434) |
| At end of year | 46,995,886 | 134,845,473 | 19,033,948 | 1,464,606 | 4,031,590 | - | 206,371,503 |

(Forward)



| 2021 | | | | | | | |
|---|----------------------------|--------------------------------------|--|--------------------------|-----------------------|--------------------------|----------------------|
| | Buildings and Improvements | Machineries and Facilities Equipment | Furniture, Fixtures and Office Equipment | Transportation Equipment | Tools and Instruments | Construction in Progress | Total |
| Accumulated impairment losses | | | | | | | |
| At beginning and end of year | \$- | \$4,352,991 | \$- | \$- | \$- | \$- | \$4,352,991 |
| Reversal of impairment loss – net (Note 24) | - | (1,612,065) | - | - | - | - | (1,612,065) |
| Adjustments | - | (282,844) | - | - | - | - | (282,844) |
| At end of year | - | 2,458,082 | - | - | - | - | 2,458,082 |
| Net book value | \$54,488,961 | \$91,945,470 | \$5,856,029 | \$933,821 | \$5,359,069 | \$3,384,016 | \$161,967,366 |

| 2020 | | | | | | | |
|--------------------------------------|----------------------------|--------------------------------------|--|--------------------------|-----------------------|--------------------------|----------------------|
| | Buildings and Improvements | Machineries and Facilities Equipment | Furniture, Fixtures and Office Equipment | Transportation Equipment | Tools and Instruments | Construction in Progress | Total |
| Cost | | | | | | | |
| At beginning of year | \$98,810,242 | \$214,876,716 | \$24,812,986 | \$2,490,664 | \$10,292,763 | \$4,433,974 | \$355,717,345 |
| Additions | 2,173,444 | 4,550,405 | 549,379 | 405,134 | 825,140 | 9,617,598 | 18,121,100 |
| Disposals/retirement | (718,140) | (8,396,245) | (1,698,207) | (432,735) | (94,342) | - | (11,339,669) |
| Transfers (Notes 12 and 14) | 2,698,514 | 4,459,496 | (1,498,556) | 53,450 | (1,176,201) | (8,245,470) | (3,708,767) |
| Foreign currency exchange difference | 3,758,216 | 9,281,484 | 981,754 | 144,139 | 94,018 | 402,257 | 14,661,868 |
| At end of year | 106,722,276 | 224,771,856 | 23,147,356 | 2,660,652 | 9,941,378 | 6,208,359 | 373,451,877 |
| Accumulated depreciation | | | | | | | |
| At beginning of year | 38,011,962 | 98,328,542 | 18,642,159 | 1,226,971 | 3,481,051 | - | 159,690,685 |
| Depreciation | 6,597,929 | 28,789,323 | 1,882,472 | 512,201 | 376,222 | - | 38,158,147 |
| Disposals/retirement | (668,833) | (7,613,276) | (1,693,083) | (397,825) | (94,342) | - | (10,467,359) |
| Transfers (Note 12) | - | - | (1,152,456) | - | - | - | (1,152,456) |
| Foreign currency exchange difference | 557,358 | 4,017,755 | 162,325 | 95,897 | 85,566 | - | 4,918,901 |
| At end of year | 44,498,416 | 123,522,344 | 17,841,417 | 1,437,244 | 3,848,497 | - | 191,147,918 |
| Accumulated impairment losses | | | | | | | |
| At beginning and end of year | - | 1,732,212 | - | - | - | - | 1,732,212 |
| Impairment loss (Note 24) | - | 2,620,779 | - | - | - | - | 2,620,779 |
| At end of year | - | 4,352,991 | - | - | - | - | 4,352,991 |
| Net book value | \$62,223,860 | \$96,896,521 | \$5,305,939 | \$1,223,408 | \$6,092,881 | \$6,208,359 | \$177,950,968 |

Certain assets with carrying amount of \$2.62 million were impaired in 2020 due to declining demand brought by the global automotive downturn. In 2021, the Group recorded impairment reversal for certain assets amounting to \$1.61 million net of \$0.06 million impairment provision, as the business recovered.

In 2020, the Company transferred property, plant and equipment with a net book value of \$2.56 million to “Other noncurrent assets” representing deferred tooling charges, and licenses to “Intangible assets” account amounting to \$2.11 million and \$0.44 million, respectively (see Notes 12 and 14).

Construction in progress pertains to the construction and development of manufacturing production lines of the Group. Construction in progress transferred to property, plant and equipment amounted to \$10.86 million and \$8.25 million as of December 31, 2021 and 2020, respectively.

The Group recognized gains from disposal and retirement of certain property, plant and equipment amounting to \$0.44 million in 2021, \$0.66 million in 2020, and \$0.10 million in 2019 (see Note 24).

As of December 31, 2021 and 2020, the cost of fully depreciated property, plant and equipment still being used by the Group amounted to \$231.45 million and \$71.43 million, respectively.

Depreciation expense included in “Cost of sales” and “Operating expenses” accounts follows:

| | 2021 | 2020 | 2019 |
|------------------------------|---------------------|--------------|--------------|
| Cost of sales (Note 20) | \$35,982,278 | \$34,148,037 | \$30,961,361 |
| Operating expenses (Note 21) | 4,065,605 | 4,010,110 | 4,346,659 |
| | \$40,047,883 | \$38,158,147 | \$35,308,020 |



The Group has no restrictions on its property and equipment and none of these have been pledged as security for its obligations.

11. Goodwill

Goodwill acquired through business combinations had been allocated to the following CGUs:

| | 2021 | 2020 |
|----------------|----------------------|---------------|
| STI | \$58,642,020 | \$58,637,679 |
| VIA | 46,955,284 | 48,728,404 |
| STEL | 38,225,186 | 38,225,186 |
| Parent Company | 1,097,776 | 1,097,776 |
| IMI CZ | 513,615 | 556,049 |
| | \$145,433,881 | \$147,245,094 |

Movement in goodwill follows:

| | 2021 | 2020 |
|--------------------------------------|----------------------|---------------|
| Cost | | |
| At beginning of year | \$154,147,932 | \$147,684,089 |
| Additions | 2,098,674 | – |
| Foreign currency exchange difference | (3,909,887) | 6,463,843 |
| At end of year | 152,336,719 | 154,147,932 |
| Accumulated impairment loss | | |
| At beginning and end of year | 6,902,838 | 6,902,838 |
| | \$145,433,881 | \$147,245,094 |

The additional goodwill arose from the acquisition of Germaneers.

STI, VIA, STEL and IMI CZ

The recoverable amounts of these CGUs have been based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a five (5)-year period. The pre-tax discount rates applied to cash flow projections follows:

| | 2021 | 2020 |
|--------|---------------|--------|
| STI | 8.30% | 10.11% |
| VIA | 14.72% | 11.45% |
| STEL | 12.01% | 12.85% |
| IMI CZ | 11.37% | 10.60% |

Cash flows beyond the 5-year period are extrapolated using a steady growth rate of 1%, which does not exceed the compound annual growth rate (CAGR) for the global electronics manufacturing services (EMS) industry, specifically on automotive, industrial equipment, consumer electronics and telecommunications segments.

Key assumptions used in the value-in-use calculations

The calculations of value-in-use for the CGUs are most sensitive to the following assumptions:

- Revenue - Revenue forecasts are management's best estimates considering factors such as industry CAGR, existing customer contracts and projections, historical experiences and other economic factors.



- Forecasted gross margins - Gross margins are based on the mix of business model arrangements with the customers.
- Overhead and administrative expenses - estimates are based on applicable inflation rates in the respective countries of the cash generating units considering expected future cost efficiencies and production facilities rationalization.
- Pre-tax discount rates - Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. This is also the benchmark used by management to assess operating performance. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital.

No impairment loss was assessed for STI, VIA, STEL and IMI CZ in 2021, 2020 and 2019.

Sensitivity to changes in assumptions

Value in use calculation is sensitive to pre-tax discount rates and inflation rate. With regard to the assessment of value-in-use of STI, VIA, STEL and IMI CZ, an increase in the pre-tax discount rate by more than 1.77%, 1.18%, 1.95% and 12.76%, respectively, would result to impairment of goodwill. In addition, an increase in inflation rate affecting overhead and administrative costs by more than 2.88%, 5.32% and 3.80% for STI, VIA and STEL, respectively, would also result to impairment.

Parent Company

The goodwill of the Parent Company pertains to its acquisition of M. Hansson Consulting, Inc. (MHCI) in 2006 and IMI USA in 2005. MHCI was subsequently merged to the Parent Company as testing and development department. IMI USA acts as direct support to the Group's customers by providing program management, customer service, engineering development and prototyping manufacturing services. IMI USA's expertise in product design and development particularly on the flip chip technology is being used across the Group in providing competitive solutions to customers. In 2021, 2020 and 2019, the Group assessed the impairment based on value-in-use calculations using cash flow projections of the Parent Company from financial budgets approved by BOD covering a 5-year period.

The comparison of the recoverable amounts and the carrying amounts resulted to no impairment loss in 2021, 2020 and 2019.

12. Intangible Assets

Movements in this account are as follows:

| | December 31, 2021 | | | | | Total |
|---------------------------------------|------------------------|-----------------------|--------------|-------------------------|---------------------------|--------------|
| | Customer Relationships | Unpatented Technology | Licenses | Intellectual Properties | Product Development Costs | |
| Cost | | | | | | |
| At beginning of year | \$22,242,100 | \$100,000 | \$15,480,244 | \$14,477,250 | \$20,599,131 | \$72,898,725 |
| Additions | - | - | 637,630 | - | - | 637,630 |
| Acquisition thru business combination | - | - | - | 35,580 | - | 35,580 |
| Foreign currency exchange difference | (571,889) | - | 247,028 | (604,573) | - | (929,434) |
| At end of year | 21,670,211 | 100,000 | 16,364,902 | 13,908,257 | 20,599,131 | 72,642,501 |

(Forward)



| December 31, 2021 | | | | | | |
|--------------------------------------|------------------------|-----------------------|--------------------|-------------------------|---------------------------|---------------------|
| | Customer Relationships | Unpatented Technology | Licenses | Intellectual Properties | Product Development Costs | Total |
| Accumulated amortization | | | | | | |
| At beginning of year | \$21,479,959 | \$100,000 | \$11,516,011 | \$8,618,343 | \$8,820,093 | \$50,534,406 |
| Amortization | 605,095 | — | 977,244 | 2,844,376 | 2,972,303 | 7,399,018 |
| Foreign currency exchange difference | (543,526) | — | (62,427) | (193,783) | — | (799,736) |
| At end of year | 21,541,528 | 100,000 | 12,430,828 | 11,268,936 | 11,792,396 | 57,133,688 |
| Accumulated impairment loss | | | | | | |
| At beginning of year | — | — | — | — | 5,218,690 | 5,218,690 |
| Impairment loss (Note 24) | — | — | — | — | (636,456) | (636,456) |
| At end of year | — | — | — | — | 4,582,234 | 4,582,234 |
| Net book value | \$128,683 | — | \$3,934,074 | \$2,639,321 | \$4,224,501 | \$10,926,579 |

| December 31, 2020 | | | | | | |
|--------------------------------------|------------------------|-----------------------|--------------------|-------------------------|---------------------------|---------------------|
| | Customer Relationships | Unpatented Technology | Licenses | Intellectual Properties | Product Development Costs | Total |
| Cost | | | | | | |
| At beginning of year | \$22,046,083 | \$100,000 | \$13,858,721 | \$14,521,541 | \$20,599,131 | \$71,125,476 |
| Additions | — | — | 595,188 | — | — | 595,188 |
| Transfers (Note10) | — | — | 442,001 | — | — | 442,001 |
| Foreign currency exchange difference | 196,017 | — | 584,334 | (44,291) | — | 736,060 |
| At end of year | 22,242,100 | 100,000 | 15,480,244 | 14,477,250 | 20,599,131 | 72,898,725 |
| Accumulated amortization | | | | | | |
| At beginning of year | 20,599,134 | 100,000 | 9,936,846 | 6,161,827 | 5,226,127 | 42,023,934 |
| Amortization | 828,554 | — | 1,084,613 | 2,372,035 | 3,593,966 | 7,879,168 |
| Foreign currency exchange difference | 52,271 | — | 494,552 | 84,481 | — | 631,304 |
| At end of year | 21,479,959 | 100,000 | 11,516,011 | 8,618,343 | 8,820,093 | 50,534,406 |
| Accumulated impairment loss | | | | | | |
| At beginning of year | — | — | — | — | 524,705 | 524,705 |
| Impairment loss (Note 24) | — | — | — | — | 4,693,985 | 4,693,985 |
| At end of year | — | — | — | — | 5,218,690 | 5,218,690 |
| Net book value | \$762,141 | \$— | \$3,964,233 | \$5,858,907 | \$6,560,348 | \$17,145,629 |

Customer Relationships

Customer relationships pertain to STEL Group, IMI BG and VTS' contractual agreements with certain customers, which lay out the principal terms upon which the parties agree to undertake business.

Customer relationships of STEL Group and IMI BG aggregating to \$19.67 million were fully amortized as of December 31, 2021, 2020 and 2019. The remaining net book value of the customer relationship pertains to VTS with net book value of \$0.13 million and \$0.76 million as of December 31, 2021 and 2020, respectively.

Licenses

This includes acquisitions of computer software, applications and modules.

Intellectual Properties

The Group's intellectual properties (IPs) relate to the acquisition of VIA and VTS. VIA's intellectual properties pertain to display system optically bonded to a display region and enhanced liquid crystal display system and methods while VTS's IP relates to the transfer of the seller of the technology relevant to run the business.

As of December 31, 2021 and 2020, the carrying value of VIA and VTS's intellectual properties amounted to \$2.58 million and \$4.23 million, respectively.

Product Development Costs

This includes capitalized costs arising from the development phase of certain projects which are still undergoing qualification.



Intangible assets not yet available for use are tested for impairment following the value-in-use approach. The recoverable amounts of these product development costs and related property, plant and equipment have been determined using cash flow projections from financial budgets approved by management covering a 5-year period, which is within the expected life cycle of the projects. The pre-tax discount rates applied to cash flow projections range from 10.19% to 10.82%. Key assumptions used in the value-in-use calculations are consistent with those disclosed in Note 11.

Capitalized development costs amounting to \$4.69 million were impaired in 2020 due to significant delay in the ramp up of certain projects and declining demand brought by the global automotive downturn. The Group recorded impairment reversal for certain assets amounting to \$0.64 million as some businesses recovered.

Research expenditure recognized as expense amounted to \$7.70 million, \$7.43 million, and \$6.55 million in 2021, 2020 and 2019, respectively.

Amortization expense included in "Cost of sales" and "Operating expenses" accounts follows:

| | 2021 | 2020 | 2019 |
|------------------------------|--------------------|-------------|-------------|
| Cost of sales (Note 20) | \$3,233,174 | \$3,810,122 | \$2,614,302 |
| Operating expenses (Note 21) | 4,165,844 | 4,069,046 | 3,850,619 |
| | \$7,399,018 | \$7,879,168 | \$6,464,921 |

13. Financial assets at Fair Value through Other Comprehensive Income (FVOCI)

The fair value of each of the investments in equity instruments designated at fair value through other comprehensive income at the end of the reporting period is as follows:

| | 2021 | 2020 |
|----------------------|--------------------|-------------|
| Club shares - quoted | \$1,364,733 | \$1,124,461 |

The table below shows reconciliation of fair value measurements:

| | 2021 | 2020 |
|---|--------------------|-------------|
| Balance at beginning of year | \$1,124,461 | \$1,199,763 |
| Change in fair value of quoted securities | 240,272 | (75,302) |
| Balance at end of year | \$1,364,733 | \$1,124,461 |

14. Other Noncurrent Assets

This account consists of:

| | 2021 | 2020 |
|-------------------------------|---------------------|--------------|
| Deferred charges | \$15,721,545 | \$18,203,997 |
| Miscellaneous deposits | 3,565,133 | 1,547,045 |
| Pension asset - net (Note 27) | 255,318 | — |
| Others | 223,295 | 130,996 |
| | \$19,765,291 | \$19,882,038 |



Deferred charges represent tooling items customized based on the specifications of the customers and to be repaid as part of the price of the manufactured items.

Miscellaneous deposits comprise of utilities and rent deposits.

15. Accounts Payable and Accrued Expenses

This account consists of:

| | 2021 | 2020 |
|---------------------------------------|----------------------|---------------|
| Trade payables | \$205,358,544 | \$176,556,142 |
| Accrued expenses | 33,376,879 | 33,117,472 |
| Employee-related accruals | 26,818,339 | 22,993,540 |
| Nontrade payables | 17,978,918 | 15,625,138 |
| Taxes and government-related payables | 3,620,758 | 3,100,732 |
| Accrued interest payable | 1,530,999 | 821,933 |
| Advances from customers | 410,675 | 1,288,622 |
| Customer deposits | 273,162 | 230,701 |
| Due to related parties (Note 31) | 49,437 | 27,333 |
| Others | — | 63,315 |
| | \$289,417,711 | \$253,824,928 |

Trade Payables

Trade payables are noninterest-bearing and are normally settled on 30 to 90-day average terms.

Accrued Expenses

Accrued expenses consist mainly of accruals for taxes, supplies, professional fees, utilities, insurance, and freight and brokerage.

Employee-Related Accruals

This account consists mainly accrued compensation and benefits including accrued salaries, leave credits and other employee benefits.

Nontrade Payables

This account consists of obligations related to outsourced manpower, logistics and freight forwarders, professional and service fees and other nontrade related payables. These payables are normally settled on 30 to 60-day terms.

Taxes and Government-related Payables

Taxes payable pertain to taxes due other than corporate income tax and remittances related to government agencies such as social security and insurance, housing fund and health insurance.

Advances from Customers

Advances from customers include financial liabilities pertaining to commercial agreements with certain customers of VIA.

Customer Deposits

Customer deposits pertain to advance payment from customers as manufacturing bond.



Others

This account consists of unreleased checks and consignment payables of the Parent Company for the materials received from its customers.

16. Loans Payable

This account consists of borrowings of the following entities:

| | 2021 | 2020 |
|----------------|----------------------|---------------|
| Parent Company | \$96,700,000 | \$143,000,000 |
| STEL | 22,100,000 | 35,500,000 |
| VIA and STI | 43,550,163 | 27,110,927 |
| CZ | 3,421,868 | 879,500 |
| | \$165,772,031 | \$206,490,427 |

Parent Company

As of December 31, 2021 and 2020, the Parent Company has unsecured short-term loans aggregating to \$96.70 million and \$143.00 million, respectively, with maturities ranging from 30 to 91 days, and fixed annual interest rates ranging from 1.44% to 2.00% in 2021, 1.42% to 2.94% in 2020, and 2.45% to 2.95% in 2019.

The Parent Company incurred interest expense on its short-term loans amounting to \$3.00 million in 2021, \$3.23 million in 2020, and \$1.67 million in 2019 (see Note 23).

STEL

As of December 31, 2021 and 2020, STEL has short-term loans aggregating to \$22.10 million and \$35.50 million, respectively, are from existing revolving credit facilities with Singapore-based banks and bear annual interest rate from 3.02% to 3.10% in 2021, 2.93% to 4.46% in 2020, and 3.46% to 4.64% in 2019, and have maturities of 91 to 92 days from the date of issue.

STEL incurred interest expense on short-term loans amounting to \$1.08 million in 2021, \$1.28 million in 2020, and \$1.51 million in 2019 (see Note 23).

VIA & STI

The loans of VIA and STI were obtained from China, Germany and UK-based banks with terms ranging from 125 to 365 days and interest rates ranging from 0.59% to 4.00% in 2021, 1.16% to 4.0% in 2020 and 2.91% to 5.0% in 2019. VIA has pledged a portion of its trade accounts receivable, up to amounts drawn under the respective loans, in support of the obligations.

VIA and STI incurred interest expense on the short-term loan amounting to \$1.34 million, \$1.47 million and \$1.29 million in 2021, 2020 and 2019, respectively (see Note 23).

IMI CZ

The loans of IMI CZ are clean loans from existing revolving credit facilities with Czech-based bank which bear annual interest based on 1-month EURIBOR plus 0.9% to 1.20%.

IMI CZ incurred interest expense on short-term loans amounting to \$0.02 million in 2021, \$0.01 million in 2020 and \$0.01 million in 2019 (see Note 23).



17. Long-Term Debt

This account consists of borrowings of the following entities:

| | 2021 | 2020 |
|-----------------------|----------------------|---------------------|
| Parent Company | \$148,715,628 | \$29,795,564 |
| VTS and IMI CZ | 2,768,032 | 4,524,361 |
| | 151,483,660 | 34,319,925 |
| Less current portion: | | |
| Parent Company | 300,000 | — |
| VTS and IMI CZ | 1,505,008 | 2,109,394 |
| | 1,805,008 | 2,109,394 |
| Noncurrent portion | \$149,678,652 | \$32,210,531 |

Parent Company

The long-term debts of the Parent Company aggregating to \$149.70 million and \$30 million as of December 31, 2021 and 2020, respectively, were obtained from Singapore-based and Philippine banks. The long-term debts have terms of three to five years, with principal defined principal payments payable annually, and remaining balance payable in full at maturity. These are subject to annual interest rate of 3.45% to 3.798% in 2021 and annual interest rate of 3.798% in 2020.

Loan covenants related to the Parent Company's loans are as follows:

- The ratio of net debt to equity shall not exceed 1.75:1 with reference to the borrower's consolidated financial statements;
- Maintenance of debt service coverage ratio of at least 1.25:1 on the consolidated financial statements;
- Maintenance at all times of a current ratio of at least 1:1 on the consolidated financial statements;

As of December 31, 2021 and 2020, the Parent Company has complied with all of the above-mentioned loan covenants.

The Parent Company incurred interest expense on its long-term loans amounting to \$2.96 million in 2021, \$2.36 million in 2020, and \$5.70 million in 2019 (see Note 23).

VTS and IMI CZ

VTS and IMI CZ have unsecured long-term loans with Japanese and Czech-based banks that are payable in regular monthly installments both with terms of five years. The VTS loan has interest rate ranging 1.67% while the CZ loan bears interest based on 1-month EURIBOR plus 1.20% but is not to exceed 15% per annum.

VTS and IMI CZ incurred interest expense on its long-term debt amounting to \$0.04 million, \$0.06 million and \$0.08 million in 2021, 2020 and 2019, respectively (see Note 23).

18. Other Financial Liabilities

The account consists of:

| | 2021 | 2020 |
|--|------------|--------------------|
| Put options over non-controlling interests (Note 32) | | |
| STI | \$— | \$1,592,518 |
| VIA | — | — |
| Derivative liabilities (Note 33) | — | 88,361 |
| | \$— | \$1,680,879 |



Put options over non-controlling interests

The put options of VIA pertain to the right of the non-controlling shareholder to sell to IMI a portion of its shareholding that is approximately 5% of the issued and outstanding nominal share capital of VIA within the first and third anniversary of the agreement (5% put option) and all remaining shares held by the non-controlling shareholder upon the happening of certain trigger events (exit put options). The 5% put option is exercisable any time between the 1st and 3rd anniversary of the agreement or if prior to the 3rd anniversary, the share capital of VIA is increased, the 5% put option may be exercised within three months from registration of the capital increase. The exit put options are exercisable when there is a termination for a cause of the service agreement or the share capital of VIA is increased that will dilute the holding of non-controlling interest to below 10%.

In 2020, the put options of VIA was terminated in accordance with the amendment in the shareholders' agreement. Triggered by VIA's IPO, the balance of \$15.33 million liability before the termination was closed to equity under "Additional paid-in capital" account (see Note 19).

The put option of STI pertains to the right of the non-controlling shareholder to sell to IMI all non-controlling interests held upon the happening of certain trigger events as specified in the shareholders agreement. The put option of STI is exercisable during the period commencing upon the earlier of: (1) No Fault Leaver Event (i.e., First Founder of STI ceases to be an employee of a member of the STI Group) occurring in respect of a Founder, (2) the aggregate relevant proportion of the Founders falling to less than 5%, or (3) the fifth anniversary of the service agreement.

The value of put options of STI amounted to nil and \$1.59 million as of December 31, 2021 and 2020, respectively.

Mark-to-market gains (loss) on put options included under "Miscellaneous income (expense) - net" account amounted to \$1.63 million in 2021, \$6.07 million in 2020 and \$3.45 million in 2019 (see Note 24).

19. Equity

Capital Stock

This account consists of:

| | 2021 | | 2020 | | 2019 | |
|----------------------------------|---------------|--------------|---------------|--------------|---------------|--------------|
| | Shares | Amount | Shares | Amount | Shares | Amount |
| Authorized - ₱1 par value | | | | | | |
| Common | 2,250,000,000 | | 2,250,000,000 | | 2,250,000,000 | |
| Preferred | 200,000,000 | | 200,000,000 | | 200,000,000 | |
| Issued - Common | | | | | | |
| At beginning of year | 2,191,315,287 | \$42,674,930 | 2,191,273,522 | \$42,674,027 | 2,190,076,503 | \$42,648,042 |
| Issuances from ESOWN | 1,463,036 | 30,633 | 41,765 | 903 | 1,197,019 | 25,985 |
| At end of year [*] | 2,192,778,323 | \$42,705,563 | 2,191,315,287 | \$42,674,930 | 2,191,273,522 | \$42,674,027 |

^{*} Out of the total issued shares, 15,892,224 shares or \$1.01 million as of December 31, 2021, 2020 and 2019 pertain to treasury shares.

As of December 31, 2021, 2020 and 2019, there were 283, 288 and 287 registered common stockholders, respectively.

Subscribed Capital Stock

Subscribed capital pertains to subscriptions relating to the ESOWN of the Group.

Details of this account follow:

| | 2021 | | 2020 | | 2019 | |
|-------------------------------------|--------------|-----------|--------------|-----------|--------------|-----------|
| | Shares | Amount | Shares | Amount | Shares | Amount |
| At beginning of year | \$32,951,281 | \$744,823 | \$33,308,281 | \$752,560 | \$36,177,963 | \$815,198 |
| Issuances during the year - ESOWN | (1,463,036) | (30,633) | (41,765) | (903) | (1,197,019) | (25,985) |
| Forfeitures during the year - ESOWN | (249,680) | (5,402) | (315,235) | (6,834) | (1,672,663) | (36,653) |
| At end of year | \$31,238,565 | \$708,788 | \$32,951,281 | \$744,823 | \$33,308,281 | \$752,560 |



Additional Paid-in Capital

VIA Initial Public Offering

On September 25, 2020, VIA Optronics, a 76%-owned German subsidiary of IMI, raised some proceeds through an initial public offering (IPO) and was listed on the New York Stock Exchange under the ticker symbol "VIAO". The IPO involves issuance of 6,250,000 American Depositary Shares (ADSs), representing 1,250,000 ordinary shares at a public offering price of \$15.00 per ADS, for gross proceeds of \$93.75 million (net proceeds of \$87.19 million after deducting underwriting discounts and commissions). Corning Research & Development Corporation ("Corning"), one of VIA's commercial partners, has also agreed to purchase additional 1,403,505 ADSs, representing 280,701 ordinary shares, at an aggregate purchase price of approximately \$20 million (net \$19.6 million after commissions) in a separate concurrent private placement.

As a result of the IPO, IMI's ownership interest in VIA was diluted from 76.01% to 50.32%. In relation to the dilution without loss of control, the carrying amount of the non-controlling interest was increased by \$62.52 million to reflect the changes in the relative interests in VIA (including allocation of goodwill). IMI recognized directly in equity any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration received, and attributed it to the owners of the Parent Company. The amount recognized in equity amounted to \$32.40 million and was recognized as a credit to the "Additional paid-in capital" account.

The additional credit to additional paid up capital of \$15.33 million is coming from the reversal of put option liability as discussed in Note 18.

Subscriptions Receivable

Details of this account follow:

| | 2021 | 2020 | 2019 |
|--------------------------------------|--------------------|-------------|-------------|
| At beginning of year | \$2,888,800 | \$2,955,581 | \$3,402,940 |
| Forfeitures during the year | (44,286) | (71,804) | (341,818) |
| Refund/(collections) during the year | (142,579) | 5,023 | (105,541) |
| At end of year (Note 28) | \$2,701,935 | \$2,888,800 | \$2,955,581 |

Dividends

2021

IMI Singapore (IMI SG) paid dividends on the redeemable cumulative preferred stocks (RCPS) to ACI Industrials (Singapore) Pte, Ltd. (ACI SG) amounting to \$1.52 million on March 2021. In August 2021, IMI SG redeemed in full the remaining RCPS from ACI SG and paid the accrued dividends amounting to \$2.15 million as of redemption date. No dividend payment was declared to common shareholders.

2020

IMI SG paid dividends on the redeemable cumulative preferred stocks (RCPS) to ACI SG on the anniversary dates amounting to \$3.47 million and \$2.02 million in March 2020 and October 2020, respectively. In November 2020, dividends were paid to the redeemed portion of the RCPS that have accrued as of redemption date amounting to \$1.01 million. No dividend payment was declared to common shareholders.

2019

On April 8, 2019, the BOD of the Parent Company approved the declaration of cash dividend of \$0.00201 or ₱0.10542 per share to all outstanding common shares aggregating to \$4.44 million as of record date of April 25, 2019 paid on May 7, 2019.



Retained Earnings

Retained earnings as of January 1, 2019 was adjusted for the effect of the finalization of purchase price allocation of VTS with a net increase of \$1.68 million. The net increase is due to the gain on a bargain purchase of \$2.41 million, net of the increase in depreciation and amortization, deferred taxes and corresponding share of non-controlling interest totaling to \$0.73 million.

Accumulated net earnings of the subsidiaries amounting to \$211.67 million and \$202.52 million as of December 31, 2021 and 2020, respectively, are not available for dividend declaration. This accumulated net earnings of subsidiaries becomes available for dividend upon receipt of cash dividends from the investees.

The retained earnings are restricted to dividend declaration to the extent of the cost of treasury shares amounting to \$1.01 million.

In accordance with the Revised Securities Regulation Code Rule 68, Annex 68-D, the Parent Company's retained earnings available for dividend declaration as of December 31, 2021 amounted to \$2.06 million.

Treasury Shares

In July 1999, the Company repurchased a total of 8,867,318 Class B common shares issued to a minority stockholder for a price ₱75 million.

Cumulative Translation Adjustments

This account pertains to cumulative translation adjustments of subsidiaries with functional currency other than the Group's presentation currency (see Note 2). Exchange differences arising from translation of foreign operations for the period ended December 31, 2021, 2020 and 2019 follows:

| | 2021 | 2020 | 2019 |
|--------------------------------|----------------|--------------|---------------|
| EU and MX | (\$12,785,609) | \$14,970,268 | (\$3,977,210) |
| VIA and STI | (11,847,140) | 8,330,030 | 1,927,491 |
| STEL | 1,335,547 | 3,185,241 | (33,983) |
| Consolidation and Eliminations | (2,618,629) | 2,667,047 | (3,391,752) |
| | (\$25,915,831) | \$29,152,586 | (\$5,475,454) |
| Attributable to: | | | |
| Equity holders of the Parent | (\$29,003,117) | \$26,820,695 | (\$4,526,109) |
| Non-controlling interest | 3,087,286 | 2,331,891 | (949,345) |
| | (\$25,915,831) | \$29,152,586 | (\$5,475,454) |

Non-controlling interest

Issuance of capital stock - preferred by IMI Singapore

In 2019, IMI Singapore, a wholly-owned subsidiary of the Parent Company, issued RCPS, which were subscribed by AC Industrials (Singapore) Pte, Ltd., an entity under common control of AC Industrials. The preferred shares have certain features, rights and privileges, which include redemption at the option of the issuer and cumulative, non-participating dividend rights at rates to be determined by the Board of Directors. There is no conversion option to the shareholders to convert the RCPS into ordinary shares of IMI Singapore and the shareholders have no voting rights unless the resolution in question varies the rights attached to the RCPS or is for the winding-up of the IMI Singapore. Total shares issued aggregated to \$100 million, \$60 million of which was allotted and issued in July 2019 and \$40 million in November 2019.



In November 2020, the Board approved the partial redemption of the RCPS amounting to \$30.0 million and paid the dividends that have accrued as of redemption date amounting to \$1.01 million. Outstanding balance of the RCPS as of December 31, 2020 amounted to \$70.0 million.

In August 2021, the Board approved the full redemption of the outstanding RCPS amounting to \$70.0 million and paid the dividends that have accrued as of redemption date amounting to \$2.15 million.

Outstanding balance of the RCPS as of December 31, 2021 and 2020 amounted to nil and \$70.0 million, respectively.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

No changes were made in the objectives, policies and processes for the years ended December 31, 2021 and 2020.

The Group monitors capital using a gearing ratio of debt-to-equity and net debt-to-equity. The Group considers bank borrowings in the determination of debt, which consist of loans payable and long-term bank debt. Net debt is equivalent to the total bank borrowings, less cash and cash equivalents.

| | 2021 | 2020 |
|---------------------------------|----------------------|---------------|
| Loans payable | \$165,772,031 | \$206,490,427 |
| Long-term bank borrowings | 151,483,660 | 34,319,925 |
| Total bank debt | 317,255,691 | 240,810,352 |
| Less cash and cash equivalents | 159,787,623 | 244,355,425 |
| Net bank debt | \$157,468,068 | (\$3,545,073) |
| Total Equity | \$461,713,244 | \$580,862,729 |
| Debt-to-equity ratio | 0.69:1 | 0.41:1 |
| Net debt (cash)-to-equity ratio | 0.35:1 | (0.01):1 |

The Group is not subject to externally-imposed capital requirements.

20. Cost of Sales

This account consists of:

| | 2021 | 2020 | 2019 |
|---|------------------------|-----------------|-----------------|
| Direct, indirect and other material-related costs (Note 8) | \$932,394,674 | \$796,036,703 | \$888,417,084 |
| Direct labor, salaries, wages and employee benefits (Note 27) | 188,179,409 | 165,020,873 | 172,657,671 |
| Depreciation and amortization (Notes 10, 12 and 30) | 46,431,467 | 43,435,464 | 38,475,325 |
| Facilities costs and others (Note 22) | 42,766,262 | 35,010,668 | 48,587,618 |
| | \$1,209,771,812 | \$1,039,503,708 | \$1,148,137,698 |



21. Operating Expenses

This account consists of:

| | 2021 | 2020 | 2019 |
|---|----------------------|--------------|---------------|
| Salaries, wages and employee benefits (Note 27) | \$61,950,473 | \$50,543,361 | \$54,178,946 |
| Depreciation and amortization (Notes 10, 12 and 30) | 11,891,409 | 11,997,105 | 10,253,348 |
| Facilities costs and others (Note 22) | 34,639,830 | 29,919,927 | 41,789,769 |
| | \$108,481,712 | \$92,460,393 | \$106,222,063 |

22. Facilities Costs and Others - Net

This account consists of:

| | Cost of Sales | | | Operating Expenses | | |
|---|---------------------|--------------|--------------|---------------------|--------------|--------------|
| | 2021 | 2020 | 2019 | 2021 | 2020 | 2019 |
| Utilities | \$19,098,985 | \$16,944,219 | \$18,561,156 | \$1,692,556 | \$1,479,229 | \$948,015 |
| Outsourced activities | 9,737,817 | 7,968,725 | 10,332,444 | 14,206,768 | 11,184,209 | 14,143,794 |
| Repairs and maintenance | 6,220,292 | 6,203,813 | 13,052,752 | 1,495,487 | 781,950 | 1,076,059 |
| Government-related | 1,577,684 | 1,795,352 | 1,316,475 | 3,342,392 | 3,028,921 | 3,497,749 |
| Travel and transportation | 524,157 | 934,445 | 1,741,426 | 1,234,769 | 2,247,563 | 5,314,278 |
| Technology-related | 2,524,353 | 710,862 | 1,098,239 | 2,073,278 | 4,224,730 | 3,912,362 |
| Insurance | 2,347,400 | 673,733 | 1,359,974 | 5,292,394 | 2,823,246 | 2,000,776 |
| Postal and communication | 511,576 | 301,012 | 371,828 | 476,510 | 431,548 | 1,459,905 |
| Promotional materials, representation and entertainment | 71,283 | 117,674 | 476,418 | 907,893 | 637,995 | 1,012,922 |
| Staff house | 29,943 | 15,083 | 155,727 | 244,971 | 272,056 | 296,117 |
| Membership fees | 55,591 | 4,839 | 57,467 | 201,195 | 143,575 | 143,923 |
| Provision (reversal of provision) for inventory obsolescence (Note 8) | - | - | - | 211,766 | (291,526) | 4,599,150 |
| Provision for ECLs (Note 6) | - | - | - | 2,010,852 | 574,495 | 296,207 |
| Others - net | 67,181 | (659,089) | 63,712 | 1,248,999 | 2,381,936 | 3,088,512 |
| | \$42,766,262 | \$35,010,668 | \$48,587,618 | \$34,639,830 | \$29,919,927 | \$41,789,769 |

Others include sales commission, provision (reversal of provision) for decline in value of inventories (see Note 8), donations, small tools and instruments, spare parts, materials, office supplies, and copying expenses. In 2020, this also includes Covid-related incentives in the form of social insurance refunds, electricity cost subsidies and other job support schemes in China, Europe and Singapore recognized as reduction in cost of sales and operating expenses.

23. Interest Expense and Bank Charges

This account consists of:

| | 2021 | 2020 | 2019 |
|---|---------------------|--------------|--------------|
| Interest expense on loans (Notes 16 and 17) | \$8,433,898 | \$8,411,717 | \$10,262,423 |
| Interest on leases (Note 30) | 1,349,772 | 1,644,189 | 1,368,494 |
| Bank charges | 731,254 | 320,526 | 1,505,259 |
| Others | 38,743 | 46,201 | 5,759 |
| | \$10,553,667 | \$10,422,633 | \$13,141,935 |

Others include interest on employee housing and car loans in 2021, 2020, and 2019.



24. Miscellaneous Income - Net

Miscellaneous income (loss) - net consists of:

| | 2021 | 2020 | 2019 |
|---|--------------------|--------------------|--------------------|
| Financial subsidies | \$2,817,097 | \$6,288,982 | \$1,735,855 |
| Mark-to-market gain (loss) on put options (Note 18) | 1,627,806 | 6,068,906 | 3,445,288 |
| Gain on sale of property, plant and equipment (Note 10) | 438,498 | 657,101 | 99,404 |
| Other income from customers | 445,611 | 404,813 | 456,291 |
| Gain on insurance claims | 458,016 | 61,260 | 12,672 |
| Sale of materials and scrap (Note 8) | 96,459 | 36,332 | 32,927 |
| Reversal (provision) of impairment on property, plant and equipment (Notes 4 and 10) | 1,612,065 | (2,620,779) | - |
| Reversal (provision) of impairment loss on product development cost (Notes 4 and 12) | 636,456 | (4,693,985) | - |
| Set up of intellectual property related liability | - | - | (1,638,206) |
| Reversal of contingent consideration (Note 18) | - | - | 3,728,985 |
| Loss on lease modifications | (159,630) | - | - |
| Other income (expense) - net | 224,404 | (679,701) | 1,412,072 |
| | \$8,196,782 | \$5,522,929 | \$9,285,288 |

Financial subsidies are comprised of special subsidy funds such as industrial, economic and technological development fund subsidies provided by the China government, amortization of the grant incentives received from the government of Serbia related to the new manufacturing facility and other Covid-related grants in China, Europe and Singapore. The balance of the Serbia grant incentive included under "Other noncurrent liabilities" account amounted to \$1.30 million and \$2.49 million in 2021 and 2020, respectively.

Gain on sale of property, plant and equipment includes gain on the sale of the manufacturing building located in the Cavite Economic Zone amounting to \$0.41 million in 2020.

The liability on contingent consideration was reversed in full to arrive at the fair value of the expected earn-out based on target normalized EBITDA performance in relation to the acquisition of STI. The period for the prepayment of contingent consideration has lapsed in 2019.

Intellectual property (IP) related liability pertains to provision for potential compensation related to IP rights acquired on the acquisition of VTS.

25. Income Tax

Current Tax

Parent Company

The Parent Company is registered with PEZA and is entitled to certain incentives, which include ITH. As of December 31, 2021, there are two remaining project activities with ITH which will expire in 2023. Under its PEZA registrations, the Parent Company's projects and activities are subject to certain requirements and are entitled to certain incentives, which include, but are not limited to, ITH and tax and duty free importation of inventories and capital equipment.

The Company is allowed to continue to avail the incentives provided in the implementing Rules and Regulations of RA No. 11534 otherwise known as the Corporate Recovery and Tax Incentives Act (CREATE Law). Registered Business Enterprises (RBEs) currently availing of the 5% tax on gross income earned prior to the effectivity of CREATE Law shall be allowed to continue availing the tax incentive for ten years. The Special Corporate Income Tax (SCIT) shall be equivalent to a tax rate of 5% based on the gross income earned (GIE), in lieu of all national and local taxes.



For projects as Ecozone Export Enterprise under Supplemental Agreements with PEZA dated 09 December 2019 which were granted an ITH prior to the effectivity of the Act and that are entitled to the 5% tax on gross income earned incentive after the ITH are allowed to use the ITH for the period specified in the terms and conditions of its registration and thereafter, avail of the 5% tax on gross income earned incentive, subject to the 10 year limit for both incentives.

IMICD, IMISZ and STJX

In accordance with the "Income Tax Law of the China for Enterprises with Foreign Investment and Foreign Enterprises," the subsidiaries in China are entitled to full exemption from Enterprise Income Tax (EIT) for the first two years and a 50% reduction in EIT for the next three years, commencing from the first profitable year after offsetting all tax losses carried forward from the previous five years.

During the financial year ended December 31, 2021, STJX and IMISZ have been granted tax preference by the State Taxation Administration of the People's Republic of China (PRC) for a period of 3 years as the entities are operating in the high-technology industry. STJX and IMISZ are subjected to taxation at the statutory tax rate of 15% in 2021 and 2020 on its taxable income as reported in its financial statements, prepared in accordance with the accounting regulations in the PRC.

IMICD is subject to taxation at the statutory rate of 15% on its taxable income as reported in the financial statements.

STHK

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the year.

Cooperatief

Taxation is calculated on the reported pre-tax result, at the prevailing tax rate of 20% on the first €200,000 and 25% on the taxable amount exceeding €200,000, taking into account any losses carried forward from previous financial years (if applicable), tax-exempt items and nondeductible expenses, and using tax facilities.

IMI BG

Income taxes are calculated in accordance with Bulgarian legislation, and the effect of the current and deferred taxes is reported. The current tax is calculated based on the taxable income for tax purposes. The nominal tax rate is 10%.

IMI NIS

Taxable income is established on the basis of accounting profit. The applicable tax rate is 15%.

IMI CZ

Income tax due is calculated by multiplying the tax base by the rate as defined by the income tax law of Czech Republic. The tax base comprises the book income from operations, which is increased or decreased by permanently or temporarily tax-decreasing costs and tax-deductible revenues (for example, creation and recording of other provisions and allowances, entertainment expenses, difference between book and tax depreciations). The applicable tax rate is 19%.

IMI MX

The Mexican Income Tax Law (MITL) established a corporate income tax rate of 30% for fiscal years 2021, 2020 and 2019. The MITL established requirements and limits regarding certain deductions, including restrictions on the deductibility of payroll-related expenses that are considered tax-exempt for employees, contributions to create or increase pension fund reserves, and Mexican Social Security Institute dues that are paid by the company but should be paid by the employees. The MITL also establishes that certain payments made to related parties shall not be deductible if they do not meet certain requirements.



IMI France

Income tax is computed based on the income earned by the entity during the calendar year. Losses may be carried forward with no time limit. On certain conditions, losses may be carried back one year. The tax rate applicable is 33% based on net income.

VIA and VTS

VIA AG and GmbH are subject to corporate income tax and trade taxes in Germany. For the years ended December 31, 2021, 2020 and 2019, the statutory German corporate income tax rate applicable to VIA GmbH is 15,0% plus solidarity surcharge of 5,5% thereon. The municipal trade tax is approximately 16.35% in 2021 and 2020 and 16.1% in 2019. The change in the municipal trade tax is due to the relocation of a permanent establishment from Altdorf to Nuremberg, with Nuremberg having higher tax rates. Overall tax rate for Germany is 32.17% in 2021, 32.17% for 2020 and 31.9% for 2019.

For VIA's subsidiaries, VIA LLC (USA) a tax rate of 23.75% in 2021, 2020 and 2019, for VIA Suzhou (China) a tax rate of 25% for 2021, 2020 and 2019 and for VTS (Japan) a tax rate of 34.1% is applicable.

STI

The standard rate of corporation tax in the UK is 19%. STI Philippines is governed by the rules of R.A. No. 7916, which prescribes a final tax rate of 5% on gross income net of certain deductions specifically provided for by the law.

PSi

As a PEZA-registered entity, PSi is subject to a 5% tax on gross income less allowable deductions, as defined in R.A. No. 7916, as amended by R.A. No. 8748, in lieu of all national and local taxes, except real property tax on land being leased by PSi. The 5% tax on gross income shall be paid and remitted as follows: (a) 3% to the National Government; and (b) 2% to the treasurer's office of the municipality or city where the enterprise is located. Income from other income-producing activities that are not registered with PEZA is subject to RCIT rate of 30%.

As at December 31, 2021 and 2020, PSi has no PEZA-registered activities with ITH entitlement.

Deferred Tax

Recognized deferred taxes of the Group relate to the tax effects of the following:

| | 2021 | 2020 |
|--|--------------------|--------------|
| Deferred tax assets: | | |
| Lease liabilities | \$5,256,986 | \$7,355,223 |
| Net operating loss carry-over | 1,373,015 | 2,070,468 |
| Allowance for inventory obsolescence | 449,365 | 580,259 |
| Allowance for doubtful accounts | 127,951 | 149,828 |
| Unrealized foreign exchange loss on monetary assets - net | — | 6,748 |
| Fair value adjustment on property, plant and equipment arising from business combination | 192,011 | — |
| Others | 1,481,796 | 947,960 |
| | \$8,881,124 | \$11,110,486 |



| | 2021 | 2020 |
|--|--------------------|-------------|
| Deferred tax liabilities: | | |
| Right-of-use asset | \$5,040,049 | \$6,715,279 |
| Fair value adjustment on property, plant and equipment arising from business combination | 1,557,898 | 1,804,127 |
| Contract assets | 390,699 | 340,363 |
| Fair value adjustments on Intangible assets from business combination | – | 263,810 |
| Unrealized foreign exchange gain on monetary assets - net | 16,460 | 93,163 |
| Others | 486 | – |
| | \$7,005,592 | \$9,216,742 |

Deferred tax assets and deferred tax liabilities are offset on per entity level and the net amount is reported in consolidated balance sheets as follows:

| December 31, 2021 | | | | |
|-------------------|---------------------|--------------------------|---------------------------------|--------------------------------------|
| | Deferred Tax Assets | Deferred Tax Liabilities | Total Deferred Tax Assets - net | Total Deferred Tax Liabilities - net |
| Parent Company | \$– | (\$17,388) | \$– | (\$17,388) |
| PSI | 389,567 | (397,206) | – | (7,639) |
| IMI BG | 690,184 | (866,002) | – | (175,818) |
| IMI CZ | 279,983 | (44,044) | 235,939 | – |
| IMI MX | 805,391 | (628,432) | 176,959 | – |
| VIA and STI | 5,236,270 | (3,918,084) | 1,318,186 | – |
| STEL | 1,339,430 | (219,559) | 1,119,871 | – |
| Serbia | 80,628 | – | 80,628 | – |
| Consolidation | 59,671 | (914,877) | 2,165 | (857,371) |
| | \$8,881,124 | (\$7,005,592) | \$2,933,748 | (\$1,058,216) |

| December 31, 2020 | | | | |
|-------------------|---------------------|--------------------------|---------------------------------|--------------------------------------|
| | Deferred Tax Assets | Deferred Tax Liabilities | Total Deferred Tax Assets - net | Total Deferred Tax Liabilities - net |
| Parent Company | \$– | (\$106,169) | \$– | (\$106,169) |
| PSI | 396,315 | (389,247) | 7,068 | – |
| IMI BG | 683,776 | (1,054,562) | – | (370,786) |
| IMI CZ | 286,934 | (55,404) | 231,530 | – |
| IMI MX | 1,005,534 | (853,560) | 151,974 | – |
| VIA and STI | 5,527,574 | (3,490,362) | 2,037,212 | – |
| STEL | 3,111,258 | (2,073,750) | 1,037,508 | – |
| Serbia | 26,231 | – | 26,231 | – |
| Consolidation | 72,864 | (1,193,688) | 355 | (1,121,179) |
| | \$11,110,486 | (\$9,216,742) | \$3,491,878 | (\$1,598,134) |

Others pertain to the deferred tax liabilities resulting from the acquisition of IMI EU/MX Subsidiaries.

The movement in deferred taxes are impacted by the translation of the deferred taxes of the subsidiaries with functional currency other than the presentation currency of the Parent Company. The deferred taxes are translated using the closing rate as at balance sheet date and the exchange differences are recognized as part of the other comprehensive income and reported as separate component of equity.



As of December 31, 2021 and 2020, the temporary differences for which no deferred tax assets have been recognized are as follows:

| | 2021 | 2020 |
|--|---------------------|--------------|
| Net operating loss carry-over | \$56,940,984 | \$36,274,754 |
| Accumulated impairment losses on property, plant and equipment | 4,352,991 | 4,352,991 |
| Excess of cost over NRV of inventories | 608,995 | 625,966 |
| Provisions | 252,172 | 462,938 |
| Allowance for doubtful accounts | 60,130 | 61,805 |
| | \$62,215,272 | \$41,778,454 |

Deferred tax assets are recognized only to the extent that sufficient future taxable profits will be available against which the deferred tax assets can be used.

As of December 31, 2021 and 2020, deferred tax liabilities have not been recognized on the undistributed earnings of subsidiaries (see Note 19) and the related cumulative translation adjustments since the timing of the reversal of the temporary difference can be controlled by the Group and management does not expect the reversal of the temporary differences in the foreseeable future.

On September 30, 2020, the Philippine Bureau of Internal Revenue (BIR) issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2021, the entities operating in the Philippines has incurred NOLCO before taxable year 2021 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, as follows:

| Year Incurred | Availment Period | Amount | Applied/Expired | Unapplied |
|---------------|------------------|---------------------|---------------------|---------------------|
| 2018 | 2019 to 2021 | \$12,295,900 | \$12,295,900 | \$- |
| 2019 | 2020 to 2022 | 15,757,987 | - | 15,757,987 |
| | | \$28,053,887 | \$12,295,900 | \$15,757,987 |

As of December 31, 2021, the entities operating in the Philippines has incurred NOLCO in taxable year 2021 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

| Year Incurred | Availment Period | Amount | Applied/Expired | Unapplied |
|---------------|------------------|---------------------|-----------------|---------------------|
| 2021 | 2022 to 2026 | \$14,809,729 | \$- | \$14,809,729 |
| 2020 | 2021 to 2025 | 8,581,594 | - | 8,581,594 |
| | | \$23,391,323 | \$- | \$23,391,323 |

For the carry-over losses of certain entities within the Group, this expires between three to ten years from the date incurred depending on the jurisdiction the entity is operating.

| Year Incurred | Amount | Applied/Expired | Unapplied |
|----------------|----------------------|--------------------|---------------------|
| 2021 | \$29,118,201 | \$1,490,295 | \$27,627,906 |
| 2020 | 28,351,264 | 5,301,396 | 23,049,868 |
| 2019 | 15,149,680 | 1,348,007 | 13,801,673 |
| 2018 and prior | 32,300,546 | 1,177,868 | 31,122,678 |
| | \$104,919,691 | \$9,317,566 | \$95,602,125 |



The tax on income from foreign subsidiaries was derived by aggregating the effective income tax for each national jurisdiction.

The reconciliation of the statutory income tax rate to the effective income tax rate of the Group follows:

| | 2021 | 2020 | 2019 |
|---|----------|-----------|----------|
| Statutory income tax | (25.00%) | (30.00%) | (30.00%) |
| Tax effects of: | | | |
| Non deductible expenses and movement in unrecognized deferred taxes | 34.29% | (277.93%) | (13.30%) |
| Income subject to minimum corporate income tax | 0.129% | 7.48% | 0.66% |
| Income subject to gross income tax | 12.50% | 100.57% | 17.45% |
| Difference in tax jurisdiction | (59.51%) | (140.61%) | 7.24% |
| Interest income subjected to final tax | 0.002% | 0.40% | 0.19% |
| Provision for income tax | (37.59%) | (340.09%) | (17.76%) |

26. Loss per Share

The following table presents information necessary to calculate EPS on net income attributable to equity holders of the Parent Company:

| | 2021 | 2020 | 2019 |
|---|----------------|---------------|---------------|
| Net loss attributable to equity holders of Parent Company | (\$10,564,571) | (\$3,455,073) | (\$7,780,648) |
| Weighted average number of common shares outstanding | 2,208,146,264 | 2,208,592,993 | 2,208,966,029 |
| Basic and diluted EPS | (\$0.005) | (\$0.002) | (\$0.004) |

As of December 31, 2021, 2020 and 2019, the Group has no dilutive potential common shares.

27. Personnel Costs

Details of salaries, wages, and employee benefits follow:

| | 2021 | 2020 | 2019 |
|---|---------------|---------------|---------------|
| Salaries, wages and benefits | \$217,544,067 | \$189,771,833 | \$203,260,943 |
| Government related contributions | 10,271,628 | 9,509,438 | 8,699,424 |
| Retirement expense under defined contribution plans | 8,714,491 | 7,239,590 | 8,877,809 |
| Net retirement expense under defined benefit plans | 2,286,783 | 2,093,381 | 1,552,705 |
| Others | 11,312,913 | 6,949,992 | 4,445,736 |
| | \$250,129,882 | \$215,564,234 | \$226,836,617 |

Others include expenses such as subcontracting costs, employee social and recreation, employee awards and recognition, trainings and seminars, labor union expenses, and uniforms.



Salaries, wages, and employee benefits are allocated as follows:

| | 2021 | 2020 | 2019 |
|------------------------------|----------------------|---------------|---------------|
| Cost of sales (Note 20) | \$188,179,409 | \$165,020,873 | \$172,657,671 |
| Operating expenses (Note 21) | 61,950,473 | 50,543,361 | 54,178,946 |
| | \$250,129,882 | \$215,564,234 | \$226,836,617 |

Defined Benefit Plans

The Parent Company, IMI BG, IMI Serbia, STIPH and PSi have defined benefit plans covering substantially all of their employees. The latest actuarial valuations were made on December 31, 2021.

The plan is administered by local banks as trustees. The Board of Trustees is responsible for the investment direction of the assets. It defines the investment strategy as often as necessary, at least annually, especially in the case of significant market developments or changes to the structure of the plan participants. When defining the investment strategy, it takes into account the plan's objectives, benefit obligations and risk capacity. The investment strategy is defined in the form of a long-term target structure (investment policy). The Board of Trustees delegates the implementation of the investment policy in accordance with the investment strategy, as well as various principles and objectives to an Investment Committee, which also consists of members of the Board of Trustees, and the Treasurer. The Treasurer oversees the entire investment process.

The defined benefit plans of the Parent Company, STIPH and PSi meet the minimum retirement benefit specified under R.A. No. 7641, *Retirement Pay Law*, while IMI BG and IMI Serbia are in accordance with the labour legislation and the Collective Labour Contract.

The Group has net retirement liabilities attributable to the following:

| | 2021 | 2020 |
|----------------|---------------------|-------------|
| Parent Company | \$7,522,461 | \$7,253,561 |
| IMI BG | 2,116,806 | 1,751,670 |
| PSi | (255,318) | 343,258 |
| STI | 657,257 | — |
| IMI Serbia | 14,336 | 7,166 |
| | \$10,055,542 | \$9,355,655 |



Parent Company, IMI BG, IMI Serbia, STI and PSi

Changes in net retirement liabilities of the Parent Company, IMI BG, IMI Serbia, STI and PSi's defined benefit plans are as follows:

| 2021 | | | | | | | | | | | | | |
|---|------------------------|----------------------|--------------|--------------------------------------|-------------|------------------------------|---|---|--|---|-----------|---------------------|--------------------------------------|
| | Net Retirement Expense | | | | | Separation and Benefits Paid | Remeasurements | | | | | Actual Contribution | Foreign Currency Exchange Difference |
| | January 1 | Current Service Cost | Net Interest | Loss on Curtailments and Settlements | Subtotal | | Return on Plan Assets (Excluding Amount Included in Net Interest) | Actuarial Changes Due to Experience Adjustments | Actuarial Changes Due to Demographic Assumptions | Actuarial Changes Arising from Changes in Financial Assumptions | Subtotal | | |
| Present value of defined benefit obligation | \$24,482,798 | \$2,022,461 | \$805,933 | \$- | \$2,828,394 | (\$2,106,873) | \$- | \$683,260 | \$- | (\$526,208) | \$157,052 | \$- | (\$698,702) |
| Fair value of plan assets | (15,127,143) | - | (541,611) | - | (\$541,611) | - | 164,967 | - | - | - | \$164,967 | - | 896,660 |
| Net retirement liabilities | \$9,355,655 | \$2,022,461 | \$264,322 | \$- | \$2,286,783 | (\$2,106,873) | \$164,967 | \$683,260 | \$- | (\$526,208) | \$322,019 | \$- | \$197,958 |
| December 31 | | | | | | | | | | | | | \$10,055,542 |

| 2020 | | | | | | | | | | | | | |
|---|------------------------|----------------------|--------------|--------------------------------------|-------------|------------------------------|---|---|--|---|-------------|---------------------|--------------------------------------|
| | Net Retirement Expense | | | | | Separation and Benefits Paid | Remeasurements | | | | | Actual Contribution | Foreign Currency Exchange Difference |
| | January 1 | Current Service Cost | Net Interest | Loss on Curtailments and Settlements | Subtotal | | Return on Plan Assets (Excluding Amount Included in Net Interest) | Actuarial Changes Due to Experience Adjustments | Actuarial Changes Due to Demographic Assumptions | Actuarial Changes Arising from Changes in Financial Assumptions | Subtotal | | |
| Present value of defined benefit obligation | \$22,193,986 | \$1,786,540 | \$986,717 | \$- | \$2,773,257 | (\$1,182,460) | \$- | (\$856,746) | \$- | \$247,298 | (\$609,448) | \$- | \$1,307,463 |
| Fair value of plan assets | (13,028,904) | - | (679,876) | - | (679,876) | (585,093) | (77,031) | (14,071) | - | - | (91,102) | - | (742,168) |
| Net retirement liabilities | \$9,165,082 | \$1,786,540 | \$306,841 | \$- | \$2,093,381 | (\$1,767,553) | (\$77,031) | (\$870,817) | \$- | \$247,298 | (\$700,550) | \$- | \$565,295 |
| December 31 | | | | | | | | | | | | | \$9,355,655 |

The maximum economic benefit available is a contribution of expected refunds from the plans and reductions in future contributions.

The net retirement asset and net retirement liabilities as of December 31, 2021 and 2020 follows:

| | 2021 | 2020 |
|-------------------------|--------------|-------------|
| Net pension liabilities | \$10,310,860 | \$9,355,655 |
| Net pension asset | 255,318 | - |
| | \$10,055,542 | \$9,355,655 |

The net retirement asset is included in "Other Noncurrent Assets" (see note 14).



The distribution of the plan assets as of December 31, 2021 and 2020 follows:

| | 2021 | 2020 |
|---------------------------|---------------------|--------------|
| Government securities | \$8,192,686 | \$10,799,098 |
| Equities | 3,022,254 | 1,596,656 |
| Corporate bonds | 336,525 | 1,164,006 |
| Trust funds | 1,464,318 | 1,057,038 |
| Mutual funds | 1,128,367 | — |
| Investment properties | 458,085 | 486,472 |
| Cash and cash equivalents | 34 | 50 |
| Others | 5,359 | 23,823 |
| | \$14,607,628 | \$15,127,143 |

The plan assets include corporate bonds and deposit instruments of related parties, primarily AC, Ayala Land, Inc. (ALI) and Bank of the Philippine Islands (BPI). As of December 31, 2021 and 2020, the fair value of these plan assets amounted to \$1.75 million and \$1.51 million, respectively.

The plan assets pertain to diverse investments and do not have any concentration risk.

The overall investment policy and strategy of the Group's defined benefit plans are guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay retirement benefits as they fall due while also mitigating the various risk of the plans.

The Group expects to contribute \$2.98 million to the defined benefit plans for 2022.

The actual return (loss) of plan assets amounted to \$0.16 million, (\$0.08) million and (\$0.17) million in 2021, 2020 and 2019, respectively.

The average duration of net retirement liabilities at the end of the balance sheet date is 13.33 to 21.58 years as of December 31, 2021 and 13.2 to 20.03 years as of December 31, 2020.

Shown below is the maturity analysis of the undiscounted benefit payments as of December 31, 2021 and 2020:

| | 2021 | 2020 |
|--------------------------------------|---------------------|--------------|
| Less than one year | \$2,642,288 | \$1,877,723 |
| More than one year to five years | 9,537,002 | 8,798,373 |
| More than five years to ten years | 12,755,104 | 12,181,108 |
| More than ten years to fifteen years | 14,839,813 | 13,120,139 |
| More than fifteen years | 52,527,932 | 46,901,027 |
| | \$92,302,139 | \$82,878,370 |

Principal actuarial assumptions

The principal actuarial assumptions used to determine retirement benefits are shown below:

| | 2021 | 2020 | 2019 |
|----------------------|----------------------|---------------|---------------|
| Discount rate | 0.34% - 5.19% | 0.34% - 3.89% | 0.40% - 4.99% |
| Salary increase rate | 3.00% - 6.50% | 3.00% - 5.00% | 4.00% - 5.00% |



The sensitivity analysis per entity below has been determined based on reasonably possible changes of each significant assumption on the net retirement liabilities as of the end of the balance sheet date, assuming all other assumptions were held constant:

| Actuarial Assumption | Increase/ Decrease in Actuarial Assumption | Effect on Net Retirement Liability | |
|----------------------|--|------------------------------------|---------------|
| | | 2021 | 2020 |
| Discount rate | +1% | (\$5,856,746) | (\$1,833,819) |
| | -1% | 1,946,531 | 2,102,930 |
| Salary increase rate | +1% | 2,085,812 | 2,230,776 |
| | -1% | (5,959,318) | (1,981,362) |

The mortality rate in 2021 and 2020 is based on the 2017 Philippine Intercompany Mortality Table for the Parent Company and PSi. Meanwhile, IMI BG used the table for mortality and average life continuance population in the period 2017-2019 from National Statistical Institute (of Bulgaria) for 2021 and 2020. IMI Serbia used the 2012 table of mortality published by the Statistical Office of the Republic of Serbia for 2021.

The net retirement expense of the Parent Company, IMI BG, Serbia, STIPH and PSi under the defined benefit plans is allocated as follows:

| | 2021 | 2020 | 2019 |
|--------------------|--------------------|-------------|-------------|
| Cost of sales | \$1,541,183 | \$1,481,625 | \$1,058,798 |
| Operating expenses | 745,600 | 611,756 | 493,907 |
| | \$2,286,783 | \$2,093,381 | \$1,552,705 |

Defined Contribution Plans

The Parent Company's subsidiaries, excluding PSi, STIPH, IMI BG, and IMI Serbia, participate in their respective national retirement schemes which are considered as defined contribution plans. The retirement expense of these subsidiaries is allocated as follows:

| | 2021 | 2020 | 2019 |
|--------------------|--------------------|-------------|-------------|
| Cost of sales | \$6,942,099 | \$6,024,351 | \$7,696,667 |
| Operating expenses | 1,772,392 | 1,215,239 | 1,181,142 |
| | \$8,714,491 | \$7,239,590 | \$8,877,809 |

28. Employee Stock Ownership Plan (ESOWN)

The Group has an ESOWN, which is a privilege extended to the Group's eligible managers and staff whereby the Group allocates up to 10% of its authorized capital stock for subscription by said personnel under certain terms and conditions stipulated in the ESOWN.

The key features of the plan are as follows:

- The subscription price per share shall be based on the average closing price at the PSE for 20 consecutive trading days with a discount to be determined by the Parent Company's Compensation Committee.
- Term of payment is eight years reckoned from the date of subscription:

| | |
|-----------------------------|---------------|
| Initial payment | 2.5% |
| 1 st Anniversary | 5.0% |
| 2 nd Anniversary | 7.5% |
| 3 rd Anniversary | 10.0% |
| Over the remaining years | 75.0% balance |



- Holding period:
40% after one (1) year from subscription date
30% after two (2) years from subscription date
30% after three (3) years from subscription date

Movements in the number of shares outstanding under ESOWN in 2020, 2019 and 2018 follow:

| | 2021 | | 2020 | | 2019 | |
|----------------------|---------------------|--|---------------------|--|---------------------|--|
| | Number of Shares | Weighted Average Exercise Price | Number of Shares | Weighted Average Exercise Price | Number of Shares | Weighted Average Exercise Price |
| At beginning of year | 137,376,951 | ₱6.61 | 137,692,186 | ₱6.62 | 139,364,849 | ₱6.65 |
| Forfeitures | (249,680) | 8.19 | (315,235) | 10.49 | (1,672,663) | 9.39 |
| At end of year | 137,127,271 | ₱6.61 | 137,376,951 | ₱6.61 | 137,692,186 | ₱6.62 |

The balance of the subscriptions receivable amounted to \$2.70 million, \$2.89 million and \$2.96 million as of December 31, 2021, 2020 and 2019, respectively (see Note 19).

The share option expense amounted to nil in 2021 and 2020, and nil in 2019.

29. Segment Information

Management monitors operating results per geographical area for the purpose of making decisions about resource allocation and performance assessment. It evaluates the segment performance based on gross revenue, interest income and expense and net income before and after tax of its major manufacturing sites. The Parent Company and PSi are combined under Philippine segment, STEL Group is categorized under China segment, IMI BG, IMI CZ and IMI Serbia are combined under Europe based on the industry segment and customers served, IMI Mexico is presented under Mexico segment, VIA and STI are combined under Germany/UK segment representing non-wholly owned subsidiaries, IMI USA, IMI Japan, IMI UK and IMI Singapore/ROHQ are combined being the holding and support facilities for strategic management, research and development, engineering development and sales and marketing.

Prior period information is consistent with the current year basis of segmentation.

The Parent Company and its subsidiaries generally account for inter-segment revenue and transfers as if the revenue and transfers were to third parties at current market prices. These transactions are accounted for in accordance with PFRS.

Intersegment revenues, cost of sales, and operating expenses are eliminated on consolidation.

The amount of segment assets and liabilities are based on measurement principles that are similar with those used in measuring assets and liabilities in the consolidated statement of financial position which is in accordance with PFRS.



The following tables present revenue and profit information regarding the Group's geographical segments per legal entity's location for the years ended December 31, 2021, 2020 and 2019:

| December 31, 2021 | Philippines | | China | Europe | Mexico | Germany/UK | USA/ Japan /Singapore / IMI UK | Consolidation and Eliminations | Total |
|---|----------------|---------------|---------------|---------------|---------------|----------------|-----------------------------------|--------------------------------------|-----------------|
| | Parent Company | PSi | | | | | | | |
| Revenue from contracts with customers: | | | | | | | | | |
| Third party | \$233,428,675 | \$13,714,787 | \$258,277,936 | \$305,717,889 | \$133,832,494 | \$296,024,668 | \$59,593,749 | \$- | \$1,300,590,198 |
| Intersegment | 50,581,813 | - | 31,365,369 | 4,998,599 | 1,049,769 | - | 5,282,467 | (\$93,278,017) | - |
| Total revenue from contracts with customers | \$284,010,488 | \$13,714,787 | \$289,643,305 | \$310,716,488 | \$134,882,263 | \$296,024,668 | \$64,876,216 | (\$93,278,017) | \$1,300,590,198 |
| Segment interest income | \$950,758 | \$652 | \$1,270,905 | \$513,146 | \$- | \$- | \$4,846,479 | (\$7,281,401) | \$300,539 |
| Segment interest expense | \$6,266,701 | \$773,815 | \$2,261,917 | \$1,129,139 | \$1,548,283 | \$3,527,386 | \$984,016 | (\$5,937,590) | \$10,553,667 |
| Segment profit (loss) before income tax | \$2,046,952 | (\$2,293,748) | \$5,718,922 | \$14,566,566 | (\$4,182,872) | (\$23,451,345) | (\$511,591) | (\$6,214,354) | (\$14,321,470) |
| Segment provision for income tax | (1,615,774) | (117,135) | (744,376) | (1,294,576) | 24,985 | (1,846,231) | (1,670) | 210,728 | (5,384,049) |
| Segment profit (loss) after income tax | \$431,178 | (\$2,410,883) | \$4,974,546 | \$13,271,990 | (\$4,157,887) | (\$25,297,576) | (\$513,261) | (\$6,003,626) | (\$19,705,519) |
| Net income (loss) attributable to the equity holders of the Parent Company | \$431,178 | (\$2,410,883) | \$4,974,546 | \$13,271,990 | (\$4,157,887) | (\$16,610,400) | \$513,261 | (\$5,549,854) | (\$10,564,571) |

| December 31, 2020 | Philippines | | China | Europe | Mexico | Germany/UK | USA/ Japan /Singapore / IMI UK | Consolidation and Eliminations | Total |
|---|----------------|---------------|---------------|---------------|----------------|---------------|-----------------------------------|--------------------------------------|-----------------|
| | Parent Company | PSi | | | | | | | |
| Revenue from contracts with customers: | | | | | | | | | |
| Third party | \$199,431,778 | \$13,841,873 | \$225,121,982 | \$264,650,680 | \$125,021,387 | \$268,973,935 | \$38,798,958 | \$- | \$1,135,840,593 |
| Intersegment | 39,560,353 | - | 27,381,619 | 4,176,480 | 730,411 | - | 5,839,775 | (77,688,638) | - |
| Total revenue from contracts with customers | \$238,992,131 | \$13,841,873 | \$252,503,601 | \$268,827,160 | \$125,751,798 | \$268,973,935 | \$44,638,733 | (\$77,688,638) | \$1,135,840,593 |
| Segment interest income | \$1,172,755 | \$1,723 | \$1,385,590 | \$455,145 | \$- | \$5,001 | \$5,791,518 | (\$8,481,050) | \$330,682 |
| Segment interest expense | \$6,031,447 | \$773,566 | \$2,995,988 | \$904,448 | \$2,907,522 | \$3,629,390 | \$345,271 | (\$7,164,999) | \$10,422,633 |
| Segment profit (loss) before income tax | (\$8,821,652) | (\$2,275,826) | \$9,913,597 | \$19,712,613 | (\$12,695,167) | (\$8,197,912) | \$20,301,542 | (\$19,385,469) | (\$1,448,274) |
| Segment provision for income tax | (1,625,830) | (55,074) | (1,083,409) | (1,741,563) | 98,577 | (925,219) | (175,593) | 582,690 | (\$4,925,421) |
| Segment profit (loss) after income tax | (\$10,447,482) | (\$2,330,900) | \$8,830,188 | \$17,971,050 | (\$12,596,590) | (\$9,123,131) | \$20,125,949 | (\$18,802,779) | (\$6,373,695) |
| Net income (loss) attributable to the equity holders of the Parent Company | (\$10,447,482) | (\$2,330,900) | \$8,830,188 | \$17,971,050 | (\$12,596,590) | (\$6,574,888) | \$20,125,949 | (\$18,432,400) | (\$3,455,073) |



| December 31, 2019 | Philippines | | China | Europe | Mexico | Germany/UK | USA/ Japan /Singapore / IMI UK | Consolidation and Eliminations | Total |
|---|----------------|---------------|---------------|---------------|----------------|----------------|-----------------------------------|--------------------------------------|-----------------|
| | Parent Company | PSi | | | | | | | |
| Revenue from contracts with customers: | | | | | | | | | |
| Third party | \$227,466,226 | \$18,381,775 | \$258,300,064 | \$325,097,663 | \$159,560,558 | \$247,597,090 | \$13,962,538 | \$- | \$1,250,365,914 |
| Intersegment | 24,023,512 | - | 19,542,444 | 3,925,576 | 612,541 | - | 6,738,431 | (54,842,504) | - |
| Total revenue from contracts with customers | \$251,489,738 | \$18,381,775 | \$277,842,508 | \$329,023,239 | \$160,173,099 | \$247,597,090 | \$20,700,969 | (\$54,842,504) | \$1,250,365,914 |
| Segment interest income | \$2,846,963 | \$2,835 | \$796,795 | \$345,781 | \$- | \$- | \$4,408,597 | (\$7,540,196) | \$860,775 |
| Segment interest expense | \$7,543,137 | \$1,051,845 | \$2,397,163 | \$1,185,177 | \$3,302,459 | \$3,557,069 | \$217,924 | (\$6,112,839) | \$13,141,935 |
| Segment profit (loss) before income tax | \$2,906,087 | (\$3,325,773) | (\$5,308,769) | \$19,232,806 | (\$10,218,427) | (\$15,776,081) | (\$1,814,996) | \$3,100,376 | (\$11,204,777) |
| Segment provision for income tax | (2,362,461) | 25,119 | 2,119,691 | (2,035,036) | (259,504) | 18,518 | 311,927 | 191,311 | (\$1,990,435) |
| Segment profit (loss) after income tax | \$543,626 | (\$3,300,654) | (\$3,189,078) | \$17,197,770 | (\$10,477,931) | (\$15,757,563) | (\$1,503,069) | \$3,291,687 | (\$13,195,212) |
| Net income (loss) attributable to the equity holders of the Parent Company | \$543,626 | (\$3,300,654) | (\$3,189,078) | \$17,197,770 | (\$10,477,931) | (\$10,635,161) | (\$1,503,069) | \$3,583,849 | (\$7,780,648) |



The following table presents segment assets of the Group's geographical segments as of December 31, 2021 and 2020:

| | Philippines | | China | Europe | Mexico | Germany /UK | USA/ Japan/ Singapore | Consolidation and Eliminations | Total |
|------|----------------|--------------|---------------|---------------|--------------|---------------|-----------------------|--------------------------------|-----------------|
| | Parent Company | PSi | | | | | | | |
| 2021 | \$557,686,549 | \$7,453,751 | \$235,414,802 | \$279,320,752 | \$88,313,045 | \$302,454,497 | \$396,993,354 | (\$744,462,066) | \$1,123,174,684 |
| 2020 | \$467,734,712 | \$10,370,946 | \$238,505,190 | \$304,254,610 | \$91,015,689 | \$315,906,870 | \$415,927,432 | (\$710,040,679) | \$1,133,674,770 |

Investments in subsidiaries and intersegment receivables amounting to \$462.90 million and \$314.81 million as of December 31, 2021, respectively, and \$392.90 million and \$350.52 million as of December 31, 2020, respectively are eliminated in consolidation.

Goodwill arising from the acquisitions as disclosed in Note 11, are recognized at consolidated level for both years ended December 31, 2021 and 2020.

Revenue from Contracts with Customers

Revenues from contracts with customers are further disaggregated by type, customer's nationality, market segment and timing of revenue recognition, as management believes it best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

The following table presents revenue by type:

| | 2021 | 2020 |
|---------------------------------------|-----------------|-----------------|
| Manufacturing of goods | \$1,296,622,159 | \$1,129,576,030 |
| Non-recurring engineering services | 3,968,039 | 6,264,563 |
| Revenue from contracts with customers | \$1,300,590,198 | \$1,135,840,593 |

The following table presents revenue from contracts with customer per timing of revenue recognition for each reportable segments:

| | 2021 | | |
|---------------------------------------|------------------------------|-------------------------------------|-----------------|
| | Revenue recognized over time | Revenue recognized at point in time | Total |
| Philippines | | | |
| Parent Company | \$233,428,675 | \$— | \$233,428,675 |
| PSi | 13,714,787 | — | 13,714,787 |
| China | 258,277,936 | — | 258,277,936 |
| Europe | 304,726,379 | 991,510 | 305,717,889 |
| Mexico | 131,038,818 | 2,793,676 | 133,832,494 |
| Germany/UK | 80,771,701 | 215,252,967 | 296,024,668 |
| USA/Japan/Singapore | 58,253,959 | 1,339,790 | 59,593,749 |
| Revenue from contracts with customers | \$1,080,212,255 | \$220,377,943 | \$1,300,590,198 |

| | 2020 | | |
|----------------|------------------------------|-------------------------------------|---------------|
| | Revenue recognized over time | Revenue recognized at point in time | Total |
| Philippines | | | |
| Parent Company | \$199,431,778 | \$— | \$199,431,778 |
| PSi | 13,841,873 | — | 13,841,873 |
| China | 225,121,982 | — | 225,121,982 |
| Europe | 263,304,840 | 1,345,840 | 264,650,680 |

(Forward)



| | 2020 | | |
|---------------------------------------|------------------------------------|---|-----------------|
| | Revenue recognized over time | Revenue recognized at point in time | Total |
| Mexico | \$121,994,587 | \$3,026,800 | \$125,021,387 |
| Germany/UK | 93,140,200 | 175,833,735 | 268,973,935 |
| USA/Japan/Singapore | 37,429,668 | 1,369,290 | 38,798,958 |
| Revenue from contracts with customers | \$954,264,928 | \$181,575,665 | \$1,135,840,593 |

The following table presents revenues from external customers based on customer's nationality:

| | 2021 | 2020 | 2019 |
|---------------------|------------------------|-----------------|-----------------|
| Europe | \$775,010,938 | \$675,265,274 | \$777,467,488 |
| America | 184,955,706 | 164,835,520 | 197,209,628 |
| Japan | 77,943,575 | 73,620,703 | 71,563,832 |
| Rest of Asia/Others | 262,679,979 | 222,119,096 | 204,124,966 |
| | \$1,300,590,198 | \$1,135,840,593 | \$1,250,365,914 |

Revenues are attributed to countries on the basis of the customer's location. The current top customer accounts for 8.97%, 8.34% and 8.51% of the Group's total revenue in 2021, 2020 and 2019, respectively.

The following table presents revenues per market segment:

| | 2021 | 2020 | 2019 |
|------------------------|------------------------|-----------------|-----------------|
| Automotive | \$648,027,420 | \$521,070,692 | \$601,996,871 |
| Industrial | 413,898,749 | 355,463,462 | 380,061,711 |
| Consumer | 82,371,007 | 85,591,512 | 95,446,491 |
| Telecommunication | 52,342,497 | 64,928,610 | 80,762,597 |
| Aerospace/defense | 54,329,773 | 47,317,163 | 53,181,362 |
| Medical | 28,798,655 | 38,013,836 | 17,592,584 |
| Multiple market/others | 20,822,097 | 23,455,318 | 21,324,298 |
| | \$1,300,590,198 | \$1,135,840,593 | \$1,250,365,914 |

The following table presents noncurrent assets based on their physical location:

| | 2021 | 2020 |
|---------------------|----------------------|---------------|
| Europe* | \$209,819,840 | \$217,770,002 |
| America** | 34,222,815 | 36,579,308 |
| Rest of Asia/Others | 102,742,958 | 120,653,101 |
| | \$346,785,613 | \$375,002,411 |

*Pertains to Europe, Germany and UK

**Pertains to Mexico and USA

Noncurrent assets include property, plant and equipment, goodwill, intangible assets and right of use assets.

The following table presents the depreciation and amortization expense based on their physical location:

| | 2021 | 2020 | 2019 |
|---------------------|---------------------|--------------|--------------|
| Europe* | \$23,211,315 | \$21,591,738 | \$21,958,792 |
| America** | 7,215,748 | 6,417,245 | 4,575,137 |
| Rest of Asia/Others | 27,895,813 | 27,423,586 | 22,194,744 |
| | \$58,322,876 | \$55,432,569 | \$48,728,673 |

*Pertains to Europe, Germany and UK

**Pertains to Mexico and USA



30. Lease Commitments

Set out below are the carrying amounts of the Group's right-of-use assets presented under non-current assets, and the movements during the period:

| | 2021 | 2020 |
|-----------------------------------|---------------------|--------------|
| As at January 1, 2021 | \$32,660,720 | \$32,027,604 |
| Additions | 8,681,878 | 8,450,830 |
| Amortization expense | (10,875,975) | (9,818,095) |
| Loss on lease modifications | (358,337) | — |
| Cumulative translation adjustment | (1,650,499) | 2,000,381 |
| As at December 31, 2021 | \$28,457,787 | \$32,660,720 |

Set out below are the carrying amounts of the Group's lease liabilities and the movements during the period:

| | 2021 | 2020 |
|---------------------------------------|---------------------|--------------|
| As at January 1, 2021 | \$35,413,260 | \$33,797,712 |
| Additions | 8,150,592 | 10,050,921 |
| Interest expense on lease liabilities | 1,349,772 | 1,644,189 |
| Rental payments | (11,900,875) | (10,799,326) |
| Waived rentals | (350,411) | (422,841) |
| Gain on lease modifications | (198,707) | — |
| Cumulative translation adjustment | (1,242,832) | 1,142,605 |
| As at December 31, 2021 | \$31,220,799 | \$35,413,260 |
| Current | \$8,418,492 | \$7,785,039 |
| Noncurrent | \$22,802,307 | \$27,628,221 |

The following are the amounts recognized in consolidated statements of income:

| | 2021 | 2020 | 2019 |
|--|---------------------|--------------|--------------|
| Amortization expense of right-of-use assets (Notes 20 and 21) | \$10,875,975 | \$9,395,254 | \$6,955,732 |
| Interest expense on lease liabilities (Note 23) | 1,349,772 | 1,644,189 | 1,368,494 |
| Expense related to short-term leases and low-value assets | 1,265,975 | 1,695,689 | 2,961,823 |
| | \$13,491,722 | \$12,735,132 | \$11,286,049 |

Amortization expense of right-of-use assets recorded in the consolidated statements of income is net of the recognized effect of waived rentals for COVID-19-related rent concessions amounting to \$0.35 million and \$0.42 million in 2021 and 2020 respectively (see Note 3).

The Group's lease agreements have terms of fixed payments and there are no variable payment provisions.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with Group's business needs. Management exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised (see Note 4).



Shown below is the maturity analysis of the undiscounted lease payments as of December 31, 2021 and 2020 follow:

| | 2021 | 2020 |
|---|-------------------------------|----------------------------|
| Within one year | \$10,271,056 | \$11,615,891 |
| After one year but not more than five years | 16,819,948 | 26,108,092 |
| More than five years | 8,765,154 | 10,098,182 |
| | <u>\$35,858,179.00</u> | <u>\$47,822,165</u> |

Lease Commitments

Parent Company

In 2018, the Parent Company entered into a lease agreement related to warehouse building located in Laguna. The non-cancellable lease is for a period of five years from September 1, 2018 to August 31, 2023 without renewal and termination option.

The Parent Company entered into an amended lease contract with Technopark Land, Inc. (TLI), an affiliate, for the lease of parcels of land situated at the Special Export Processing Zone, Laguna Technopark, Biñan, Laguna. The previous lease contract which will expire on December 31, 2022 was extended by another five years up to 2027 subject to new lease rates beginning 2023 based on market with annual escalation thereafter until the end of the term.

On March 7, 2014, the Parent Company executed a Lease Agreement with PEZA for the use of land located at the Blk 16 Phase 4 PEZA, Rosario, Cavite to be used exclusively for IMI Cavite's registered activities. The lease is for a period of 50 years renewable once at the option of the lessee for a period of not more than 25 years. In 2020, the lease agreement was cancelled in line with the sale of the building to a third party.

The Parent Company also entered into an agreement involving the lease of residential houses and lots located in Sta. Rosa, Laguna covering a period of five years from January 1, 2021 to December 31, 2025.

IMI Singapore and STEL Group

STEL Group have various operating lease agreements on office premises, plant and equipment, leasehold building and improvement, and motor vehicles. These non-cancellable lease contracts have lease terms of between two to eight years. There are no lease commitments for IMI Singapore.

In 2017, the new entity, IMI SZ, entered into a lease agreement on its manufacturing facility covering a period of six years from May 2017 to May 2023. The lease premise is a five floor building with 29,340 square meters located in an industrial park in Pingshan district of Shenzhen. In 2020, IMI SZ executed a renewal of lease agreement for its 30,430 square meters plant in Kuichong. The coverage of the lease is from November 2019 to November 2022.

In January 2020, IMI CD entered a five year lease agreement, from January 2021 to January 2026, for its electronic production, office and staff accommodation. The lease premises is a three floor building and a dormitory located at Xindu district, Chengdu City.

IMI BG

IMI BG have lease agreements related to office and warehouse building rent lease terms of five years. These leases have renewal options.

IMI CZ

IMI CZ have various operating lease agreements in respect of its company cars with lease terms of four to five years.



IMI MX

IMI MX have various lease agreements related to building and automobiles used in operation with lease terms of three to five years

PSi

PSi leases its plant facilities, office spaces and other facilities in Calamba, Laguna from Centereach Resources, Inc. (CRI), an unrelated entity with a term of four years. The operating lease agreements will expire in 2022.

In December 2021, PSi transferred its operations and office in Laguna Technopark Inc., Binan, Laguna. PSi would continue to pay the leases due until the end of its contract term in 2022. These remaining lease liabilities, including the estimated reinstatement costs provided for in the contract, were accounted for in accordance with PFRS 16, *Leases*; and PAS 17, *Provisions, Contingent Liabilities and Contingent Assets*.

VIA Group

VIA Group has lease contracts for various items of office, plant and vehicles used in its operations. Leases of office and plant have lease terms between 3 and 18 years, while motor vehicles generally have lease terms of 3 years. VIA's obligations under its leases are secured by the lessor's title to the leased assets. For certain leases, VIA is restricted from entering into any sub-lease agreements. There are several lease contracts that include extension and termination options. VIA Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. VIA Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

STI

STI have various lease agreements in respect of manufacturing facilities, office premises and vehicles both in the UK and Philippines. These non-cancellable lease contracts have remaining non-cancellable lease terms of between three to fifty years. There are no restrictions placed upon the lessee by entering into these leases.

IMI Japan

IMI Japan entered into a six-year lease for the lease of office premises which matured in 2018. The lease contract provides for the automatic renewal of the lease contract, unless prior notice of termination is given to the lessor.

IMI USA

On June 5, 2020, IMI USA entered into a fourth amendment to a standard industrial commercial single tenant lease contract for an extended term of five years commencing from November 1, 2020 to October 31, 2025 for the lease of office premises. The lease contract contains provisions including, but not limited to, an escalation rate of 3% per year and early termination penalties.

31. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence which include affiliates. Related parties may be individuals or corporate entities.

The Group, in its regular conduct of business, has entered into transactions with subsidiaries, affiliate, and other related parties principally consisting of advances, loans and reimbursement of expenses. Sales and purchases of goods and services as well as other income and expenses to and from related parties are made at normal commercial prices and terms.



Terms and Conditions of Transactions with Related Parties

The Group has a Related Party Transactions (RPT) Committee that evaluates and governs related party transactions. Prior to finalization of any related party agreement, the management shall report for review and approval to the RPT Committee all new and proposed significant related party transaction above the threshold set by the RPT Committee.

Outstanding balances at year-end are unsecured and settlement occurs in cash unless otherwise stated. For the years ended December 31, 2021, 2020 and 2019, the Group has not recorded any impairment on receivables relating to amounts owed by related parties. Impairment assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

In the ordinary course of business, the Group transacts with its related parties. The transactions and balances of accounts with related parties follow:

- Transactions with BPI, an affiliate

As of December 31, 2021 and 2020, the Group maintains current and savings accounts and short-term investments with BPI amounting to \$1.42 million and \$5.50 million, respectively.

Total interest income earned from investments with BPI amounted to \$0.001 million, \$0.01 million and \$0.01 million for the years ended December 31, 2021, 2020 and 2019, respectively.

- Outstanding balances of the Group's related party transactions with its affiliates follow:

| | Receivables | | Payables | |
|---|------------------|-----------|-----------------|----------|
| | 2021 | 2020 | 2021 | 2020 |
| KTM Asia Motor Manufacturing Inc. (KAMMI) | \$413,754 | \$184,412 | \$- | \$- |
| Merlin Solar Technologies (Phils.) Inc. (MSTPI) | 23,130 | 99,862 | - | - |
| AC Industrials Technology Inc. (AC Industrials) | 11,813 | 14,979 | - | - |
| BPI | - | - | 21,138 | 20,873 |
| Innovate Communication, Inc. (ICI) | - | - | 6,460 | 6,460 |
| AG Legal | - | - | 19,959 | - |
| Globe Telecom, Inc. (GTI) | - | - | 1,880 | - |
| | \$448,697 | \$299,253 | \$49,437 | \$27,333 |

- Transaction with KAMMI and MSTPI pertains to trade related receivables.
- Transaction with AC Industrials pertains to management fee on corporate and support services.
- Payable to BPI pertains to employee related transactions.
- Payables to ICI pertain to building rental, leased lines, internet connections and ATM connections.
- Payable to AGLegal relates to legal and regulatory assistance services.
- Payables to GTI pertain to billings for software and WiFi connections. These are due and demandable.



- Revenue/income and expenses from the Group's affiliates follow:

| | Revenue/Income | | | Expenses | | |
|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2021 | 2020 | 2019 | 2021 | 2020 | 2019 |
| KAMMI | \$1,511,811 | \$1,040,797 | \$1,361,041 | \$- | \$- | \$- |
| MSTPI | 882,121 | 857,807 | 668,115 | - | - | - |
| AC Industrials | 49,868 | 42,801 | 49,370 | - | - | - |
| BPI | 1,396 | 3,851 | 9,740 | - | - | - |
| AREIT | - | - | - | 1,512,012 | 1,407,557 | 1,094,592 |
| Laguna Water (LAWC) | - | - | - | 1,035,751 | 961,519 | 608,094 |
| AC | - | - | - | 641,891 | 676,738 | 1,913,224 |
| AG Legal | - | - | - | 113,269 | 172,011 | 113,111 |
| ICI | - | - | - | 185,239 | 135,011 | 210,871 |
| GTI | - | - | - | 160,840 | 103,492 | 147,337 |
| ACEIC | - | - | - | - | - | 463,874 |
| | \$2,445,196 | \$1,945,256 | \$2,088,266 | \$3,649,002 | \$3,456,328 | \$4,551,103 |

Revenue/income from its affiliates pertains to the following transactions:

- Revenues from KAMMI and MSTPI pertain to subcontracting services related to registered activities.
- Revenues from AC Industrials represent recoveries for the provision of corporate and support services.
- Interest income earned from investments with BPI.

Expenses incurred from related party transactions include:

- Light and power allocation charged by ACEIC to the Parent Company. The contract with ACEIC ended in January 2019.
- Administrative services charged by AC related to certain transactions.
- Rental expense from the lease contract between the Parent Company and AREIT (Formerly TLI).
- Water allocation charged by LAWC.
- Building rental, leased lines, internet connections and ATM connections with ICI.
- Consultations on legal matters and assistance on regulatory and legal requirements from AG Legal.
- Billings for cellphone charges and WiFi connections with GTI.

- Revenue and expenses eliminated at the Group level follow:

- Intercompany revenues mainly pertain to billings of IMI USA and IMI Japan to IMI Singapore and the Parent Company for recovery costs related to the management salaries of key management personnel under IMI ROHQ.
- Expenses incurred from related party transactions include interest expense of PSi, IMI MX, STI and IMI CZ from loans granted by the Parent Company, IMI Singapore and STSN.

Guarantees and Commitments

IMI BG has agreed to provide continuing operational, investment and financial assistance to the facilities of C-Con GmbH ("C-Con"), a related party and an entity under common control of AC Industrials, for C-Con will duly and timely perform all required obligations under contracts to be



entered into with a particular customer. In case of C-Con's failure to perform its contractual obligations under the contract including but not limited to failure to perform due to C-Con's insolvency ("Breach"), IMI BG will indemnify and hold harmless the customer from any and all costs, liabilities, damages, losses, and reasonable amount of actually-incurred out of pocket expenses (including court costs and legal expenses) of the customer occasioned by or arising from such Breach. As consideration for extending said guarantee, IMI BG will be charging C-Con a guarantee fee equivalent to two (2%) of the revenue for the projects won using or relying upon IMI BG's guarantee. Additionally, IMI BG's guarantee to C-Con is backstopped by AC Industrials (Singapore) Pte. Ltd., another related party of IMI BG.

Compensation of Key Management Personnel of the Group

Compensation of key management personnel by benefit type follows:

| | 2021 | 2020 |
|------------------------------|--------------------|-------------|
| Short-term employee benefits | \$7,776,881 | \$6,482,928 |
| Post-employment benefits | 885,630 | 73,519 |
| | \$8,662,511 | \$6,556,447 |

32. Fair Values of Financial Instruments

Fair Values of Financial Assets and Financial Liabilities where the Carrying Amounts Approximate Fair Values

Financial assets and financial liabilities that are liquid or are short-term in nature which consist of cash and cash equivalents, receivables, accounts payables and accrued expenses, loans payable and current portion of long-term debt, are assumed to have carrying amounts approximating their fair values.

Below are the fair values of financial assets and financial liabilities that are either carried at fair value or where the carrying amounts do not approximate fair values as of December 31, 2021 and 2020:

| | Carrying Amounts | | Fair Values | |
|--------------------------------------|----------------------|--------------|----------------------|--------------|
| | 2021 | 2020 | 2021 | 2020 |
| Financial assets: | | | | |
| Financial assets at FVOCI | \$1,364,733 | \$1,124,461 | \$1,364,733 | \$1,124,461 |
| Financial liabilities: | | | | |
| Noncurrent portion of long-term debt | \$149,678,652 | \$32,210,531 | \$149,793,869 | \$33,678,393 |
| Financial liabilities on put options | – | 1,592,518 | – | 1,592,518 |
| | \$149,678,652 | \$33,803,049 | \$149,793,869 | \$35,270,911 |

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

Financial assets at FVOCI pertain to investments in club shares. Fair value is based on the most recent selling price of the club shares.

Derivatives - These pertain to currency forwards hedged by the Group for risks associated with foreign currency fluctuations. The fair value of the currency forwards is calculated by reference to current forward exchange rates for contracts with similar maturities as advised by the counterparty to the currency forwards contracts.

Financial liabilities on put options - These pertain to the liabilities of Cooperatief and IMI UK arising from the written put options over the non-controlling interest of VIA and STI. The fair value of the financial liabilities is estimated using the discounted, probability-weighted cash flow method. The future cash flows were projected using the equity forward pricing formula with reference to the current equity value of the acquiree and the forecasted interest rate which is the risk-free rate in Germany



and UK. The risk-free rate used is nil and (0.72%) for VIA and nil and (1.27%) for STI for 2021 and 2020, respectively. Management applied weights on the estimated future cash flows, based on management's judgment on the chance that the trigger events for the put options will occur.

The current equity value of VIA prior to derecognition is determined using the discounted cash flow approach. The future cash flows are projected using the projected revenue growth rate of VIA. The discount rate represents the current market assessment of the risk specific to the acquiree, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the acquiree and is derived from its weighted average cost of capital.

For STI, management used the market approach by approximating the EBITDA multiple taken from comparable companies of STI that are engaged in providing electronics services solutions to derive its current equity value. Management computed EBITDA as the difference of forecasted gross profit and selling and administrative expenses before depreciation and amortization. Another significant assumption is the probability of trigger event occurring within the put option period.

Contingent consideration - This pertains to the contingent consideration related to the acquisition of STI determined by discounting the probability weighted payout as estimated by management. The payout is estimated using the projected revenue growth rate of STI. The discount rate is based on the specific circumstances of the acquiree and is derived from its weighted average cost of capital. The contingent liability was fully reversed in 2019.

Noncurrent portion of long-term debt - The fair value of long-term debt is estimated by using the discounted cash flow method using the current incremental borrowing rates for similar borrowings, with maturities consistent with those remaining for the liability being valued. The discount rates used for 2021 and 2020 ranged from 1.67% to 1.91% and from 1.67% to 2.33%, respectively.

Fair Value Hierarchy

The following tables provide the fair value hierarchy of the Group's assets and liabilities:

| December 31, 2021 | | | | |
|---|--|--|--|---------------|
| | Fair Value Measurement Using | | | Total |
| | Quoted Prices in Active Markets (Level 1) | Significant Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | |
| Assets measured at fair value: | | | | |
| Financial assets at FVOCI | \$— | \$1,364,733 | \$— | \$1,364,733 |
| Liabilities measured at fair value: | | | | |
| Financial liabilities on put options | \$— | \$— | \$— | \$— |
| Liabilities for which fair values are disclosed: | | | | |
| Long-term debt | \$— | \$— | \$149,678,652 | \$149,678,652 |

| December 31, 2020 | | | | |
|---|--|--|--|--------------|
| | Fair Value Measurement Using | | | Total |
| | Quoted Prices in Active Markets (Level 1) | Significant Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | |
| Assets measured at fair value: | | | | |
| Financial assets at FVOCI | \$— | \$1,124,461 | \$— | \$1,124,461 |
| Liabilities measured at fair value: | | | | |
| Financial liabilities on put options | \$— | \$— | \$1,592,518 | \$1,592,518 |
| Liabilities for which fair values are disclosed: | | | | |
| Long-term debt | \$— | \$— | \$32,210,531 | \$32,210,531 |



The table below shows reconciliation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy:

| | Dec 31, 2020 | Mark-to-market gain-net | Adjustment to APIC | Currency Translation Adjustment | Dec 31, 2021 |
|--------------------------------------|--------------|----------------------------|-----------------------|---------------------------------------|--------------|
| Financial liabilities on put options | \$1,592,518 | (\$1,627,806) | \$- | \$35,288 | \$- |

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The following table presents the valuation techniques and unobservable key inputs used to value the Group's financial liabilities categorized as Level 3:

December 31, 2021

| | Valuation Technique | Unobservable inputs | Range of unobservable inputs | Sensitivity of the input to the fair value |
|--------------------------------------|---|---|------------------------------------|--|
| Financial liabilities on put options | Discounted, probability-weighted cash flow method | Probability of trigger events occurring | 1%-10% (5%) | Increase in the probability to 10% would result in an increase in fair value by \$0.01 million. Decrease in the probability to 1% would result in a decrease in fair value by \$0.01 million. |

December 31, 2020

| | Valuation Technique | Unobservable inputs | Range of unobservable inputs | Sensitivity of the input to the fair value |
|--------------------------------------|---|---|------------------------------------|--|
| Financial liabilities on put options | Discounted, probability-weighted cash flow method | Probability of trigger events occurring | 1%-10% (5%) | Increase in the probability to 10% would result in an increase in fair value by \$0.01 million. Decrease in the probability to 1% would result in a decrease in fair value by \$0.01 million. |

33. Financial Risk Management Objectives and Policies

The Group's principal financial instruments, composed of loans payable, long-term debt and other financial liabilities, were issued primarily to raise financing for the Group's operations. The Group has various financial instruments such as cash and cash equivalents, receivables and accounts payable and accrued expenses which arise directly from its operations.

The main purpose of the Group's financial instruments is to fund its operational and capital expenditures. The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, credit risk and foreign currency risk. The Group also enters into currency forwards to manage the currency risk arising from its operations and financial instruments.

The Group's risk management policies are summarized below:

Interest Rate Risk

The Group's exposure to market risk for changes in interest rates relates primarily to its long-term debt obligations with floating interest rates. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt.



The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's income before income tax (through the impact on floating rate borrowings) for the years ended December 31, 2021 and 2020. There is no other impact on the Group's equity other than those already affecting income.

| Increase/Decrease in Basis Points | Effect on Net Loss before Tax | |
|-----------------------------------|-------------------------------|-------------|
| | 2021 | 2020 |
| +100 | (\$2,034,055) | (\$734,980) |
| -100 | 2,034,055 | 734,980 |

The following table shows the information about the Group's debt as of December 31, 2021 and 2020 that are exposed to interest rate risk presented by maturity profile:

| | 2021 | 2020 |
|-------------------|----------------------|--------------|
| Within one year | \$51,921,868 | \$40,879,500 |
| One to five years | 151,483,661 | 32,618,457 |
| | \$203,405,529 | \$73,497,957 |

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Group's exposure to liquidity risk relates primarily to its short-term and long-term obligations. The Group seeks to manage its liquidity profile to be able to finance its capital expenditures and operations. The Group maintains a level of cash and cash equivalents deemed sufficient to finance its operations. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. To cover financing requirements, the Group intends to use internally-generated funds and loan facilities with local and foreign banks. Surplus funds are placed with reputable banks.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

| | 2021 | | | | |
|---|------------|----------------------|---------------------|----------------------|----------------------|
| | On Demand | Less than 3 Months | 3 to 12 Months | 1 to 5 Years | Total |
| Accounts payable and accrued expenses: | | | | | |
| Trade payables | \$- | \$205,358,544 | \$- | \$- | \$205,358,544 |
| Employee-related accruals and contributions | - | 26,818,339 | - | - | 26,818,339 |
| Accrued expenses* | - | 30,082,743 | - | - | 30,082,743 |
| Nontrade payables | - | 17,978,918 | - | - | 17,978,918 |
| Accrued interest payable | - | 1,530,999 | - | - | 1,530,999 |
| Due to related parties | - | 49,437 | - | - | 49,437 |
| Others | - | - | - | - | - |
| Contract liabilities | - | 4,741,058 | - | - | 4,741,058 |
| Other financial liabilities | - | - | - | - | - |
| Loans payable | - | 120,857,628 | 44,914,403 | - | 165,772,031 |
| Current portion of long-term debt | - | - | 1,805,008 | - | 1,805,008 |
| Noncurrent portion of long-term debt** | - | - | - | 149,793,869 | 149,793,869 |
| | \$- | \$407,417,666 | \$46,719,411 | \$149,793,869 | \$603,930,946 |

* Excluding statutory payables.

** Including future interest payments.

| | 2020 | | | | |
|--|--------------------|----------------------|---------------------|---------------------|----------------------|
| | On Demand | Less than 3 Months | 3 to 12 Months | 1 to 5 Years | Total |
| Accounts payable and accrued expenses: | | | | | |
| Trade payables | \$- | \$176,556,142 | \$- | \$- | \$176,556,142 |
| Accrued compensation and benefits | - | 22,993,540 | - | - | 22,993,540 |
| Accrued expenses* | - | 26,815,538 | - | - | 26,815,538 |
| Nontrade payables | - | 15,625,138 | - | - | 15,625,138 |
| Accrued interest payable | - | 821,933 | - | - | 821,933 |
| Due to related parties | - | 27,333 | - | - | 27,333 |
| Others | - | 63,315 | - | - | 63,315 |
| Contract liabilities | - | 1,515,095 | - | - | 1,515,095 |
| Financial liabilities on put options | 1,680,879 | - | - | - | 1,680,879 |
| Loans payable | - | 193,247,087 | 13,243,340 | - | 206,490,427 |
| Current portion of long-term debt | - | - | 2,109,394 | - | 2,109,394 |
| Noncurrent portion of long-term debt** | - | - | - | 33,678,393 | 33,678,393 |
| | \$1,680,879 | \$437,665,121 | \$15,352,734 | \$33,678,393 | \$488,377,127 |

* Excluding statutory payables.

** Including future interest payments.



The financial liabilities in the above tables are gross undiscounted cash flows and these amounts are to be settled through cash and cash equivalents. Furthermore, liquid assets such as cash and cash equivalents and trade receivables, and available credit lines are used by the Group to manage liquidity.

Credit lines

The Group has credit lines with different financing institutions as of December 31, 2021 and 2020, as follows:

| Financial Institution / Currency | 2021 | | 2020 | |
|----------------------------------|--------------|-----------------------|--------------|-----------------------|
| | Credit Limit | Available Credit Line | Credit Limit | Available Credit Line |
| Local: | | | | |
| USD | 132,000,000 | 68,800,000 | 112,000,000 | 9,000,000 |
| PHP | 300,000,000 | 300,000,000 | 300,000,000 | 300,000,000 |
| Foreign: | | | | |
| USD | 95,000,000 | 54,700,000 | 106,500,000 | 25,403,436 |
| JPY | 600,000,000 | 392,580,000 | 600,000,000 | 258,900,000 |
| Singapore Dollar (SGD) | 32,000,000 | 11,048,180 | 32,000,000 | 11,075,000 |
| EUR | 10,751,130 | 8,073,420 | 18,769,597 | 14,650,130 |
| GBP | 5,000,000 | 928,808 | 5,000,000 | 2,721,751 |
| CZK | 50,000,000 | 20,000,000 | - | - |

Credit Risk

Credit risk is the risk that the Group's counterparties to its financial assets will fail to discharge their contractual obligations. The Group's major credit risk exposure relates primarily to its holdings of cash and cash equivalents and receivables from customers and other third parties. Credit risk management involves dealing with institutions for which credit limits have been established. The treasury policy sets credit limits for each counterparty. The Group trades only with recognized, creditworthy third parties. The Group has a well-defined credit policy and established credit procedures. The Group extends credit to its customers consistent with sound credit practices and industry standards. The Group deals only with reputable, competent and reliable customers who pass the Group's credit standards. The credit evaluation reflects the customer's overall credit strength based on key financial and credit characteristics such as financial stability, operations, focus market and trade references. All customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group defines a financial asset as in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. Such internal or external information includes discontinuance of orders, financial difficulty or insolvency, probable bankruptcy or other financial reorganization. Actual historical experience shows low defaulted accounts which were also substantially recovered subsequently resulting to insignificant write-offs.

The Group's maximum exposure to credit risk as of December 31, 2021 and 2020 is the carrying amounts of the financial assets. The Group's maximum exposure for cash and cash equivalents excludes the carrying amount of cash on hand.

The Group has 15% and 20% of trade receivables relating to three major customers as of December 31, 2021 and 2020, respectively.



As of December 31, 2021 and 2020, the aging analysis of receivables, contract assets and miscellaneous deposits follows:

| December 31, 2021 | | | | | | | | |
|---------------------------|---------------|---------------|---------------|--------------|-------------|-------------|-------------|-----------------------|
| | Total | Current | Days Past Due | | | | | Specifically Impaired |
| | | | <30 Days | 30-60 Days | 60-90 Days | 90-120 Days | >120 Days | |
| Receivables: | | | | | | | | |
| Trade | \$273,946,003 | \$226,547,603 | \$20,981,539 | \$9,810,700 | \$3,967,686 | \$3,094,040 | \$6,084,529 | \$3,459,906 |
| Nontrade | 6,882,895 | 3,392,916 | 930,147 | 1,534,301 | 196,653 | 62,591 | 589,524 | 176,763 |
| Receivable from insurance | 1,078,869 | - | - | - | - | - | - | 1,078,869 |
| Receivable from employees | 471,930 | 426,306 | 17,407 | - | - | - | - | 28,217 |
| Due from related parties | 448,697 | 179,229 | 142,720 | 113,010 | - | - | 13,738 | - |
| Others | 957,732 | 957,732 | - | - | - | - | - | - |
| Contract assets | 52,481,010 | 52,481,010 | - | - | - | - | - | - |
| Miscellaneous deposits | 3,565,133 | 3,565,133 | - | - | - | - | - | - |
| | \$339,832,269 | \$287,549,929 | \$22,071,813 | \$11,458,011 | \$4,164,339 | \$3,156,631 | \$6,687,791 | \$4,743,755 |

| December 31, 2020 | | | | | | | | |
|---------------------------|---------------|---------------|---------------|--------------|-------------|-------------|-------------|-----------------------|
| | Total | Current | Days Past Due | | | | | Specifically Impaired |
| | | | <30 Days | 30-60 Days | 60-90 Days | 90-120 Days | >120 Days | |
| Receivables: | | | | | | | | |
| Trade | \$273,278,729 | \$225,019,629 | \$26,442,860 | \$10,695,524 | \$3,153,478 | \$1,009,684 | \$5,453,985 | \$1,503,569 |
| Nontrade | 2,825,231 | 2,469,447 | 65,695 | 66,214 | 18,250 | 2,219 | 55,310 | 148,096 |
| Receivable from insurance | 1,095,700 | - | - | - | - | - | - | 1,095,700 |
| Receivable from employees | 329,548 | 329,548 | - | - | - | - | - | - |
| Due from related parties | 299,253 | 299,253 | - | - | - | - | - | - |
| Others | 540,695 | 540,695 | - | - | - | - | - | - |
| Contract assets | 54,525,401 | 54,525,401 | - | - | - | - | - | - |
| Miscellaneous deposits | 1,547,045 | 1,547,045 | - | - | - | - | - | - |
| | \$334,441,602 | \$284,731,018 | \$26,508,555 | \$10,761,738 | \$3,171,728 | \$1,011,903 | \$5,509,295 | \$2,747,365 |

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customers with similar loss patterns. Given the loss patterns of customers and the Group's credit policy, the expected credit loss recognized for the period ended December 31, 2021 and 2020 represents specifically identified impaired financial assets.

The following table summarizes the credit quality of the Group's financial assets as of December 31, 2021 and 2020:

| December 31, 2021 | | | | | | |
|---------------------------|-------------------------------|---------------|------------------|-------------|-----------------------------------|---------------|
| | Neither Past Due nor Impaired | | | | Past Due or Individually Impaired | Total |
| | Minimal Risk | Average Risk | Fairly High Risk | High Risk | | |
| Cash and cash equivalents | \$159,787,623 | \$- | \$- | \$- | \$- | \$159,787,623 |
| Receivables: | | | | | | |
| Trade | 3,073,572 | 213,631,385 | 5,209,255 | 4,633,391 | 47,398,400 | 273,946,003 |
| Nontrade | 243,901 | 2,506,122 | 423,809 | 219,084 | 3,489,979 | 6,882,895 |
| Receivable from insurance | - | - | - | - | 1,078,869 | 1,078,869 |
| Receivable from employees | - | 426,306 | - | - | 45,624 | 471,930 |
| Due from related parties | - | 179,229 | - | - | 269,468 | 448,697 |
| Others | - | 957,732 | - | - | - | 957,732 |
| Financial assets at FVOCI | 1,364,733 | - | - | - | 1,753,589 | 3,118,322 |
| Miscellaneous deposits | 3,565,133 | - | - | - | - | 3,565,133 |
| | \$168,034,962 | \$217,700,774 | \$5,633,064 | \$4,852,475 | \$54,035,929 | \$450,257,204 |

| December 31, 2020 | | | | | | |
|---------------------------|-------------------------------|---------------|------------------|-----------|-----------------------------------|---------------|
| | Neither Past Due nor Impaired | | | | Past Due or Individually Impaired | Total |
| | Minimal Risk | Average Risk | Fairly High Risk | High Risk | | |
| Cash and cash equivalents | \$244,355,425 | \$- | \$- | \$- | \$- | \$244,355,425 |
| Receivables: | | | | | | |
| Trade | 6,730,485 | 218,297,025 | - | - | 48,251,219 | 273,278,729 |
| Nontrade | 2,469,473 | - | - | - | 355,758 | 2,825,231 |
| Receivable from insurance | - | - | - | - | 1,095,700 | 1,095,700 |
| Receivable from employees | 329,548 | - | - | - | - | 329,548 |
| Due from related parties | 299,253 | - | - | - | - | 299,253 |
| Others | 540,695 | - | - | - | - | 540,695 |
| Financial assets at FVOCI | 1,124,461 | - | - | - | 1,753,589 | 2,878,050 |
| Miscellaneous deposits | 1,547,045 | - | - | - | - | 1,547,045 |
| | \$257,396,385 | \$218,297,025 | \$- | \$- | \$51,456,266 | \$527,149,676 |



The Group classifies credit quality as follows:

Minimal Risk - Credit can proceed with favorable credit terms; can offer term of 15 to maximum of 45 days.

Average Risk - Credit can proceed normally; can extend term of 15 to maximum of 30 days.

Fairly High Risk - Credit could be extended under a confirmed and irrevocable LC and subject to semi-annual review for possible upgrade.

High Risk - Transaction should be under advance payment or confirmed and irrevocable Stand-By LC; subject to quarterly review for possible upgrade after one year.

Foreign Currency Risk

The Group's foreign exchange risk results primarily from movements of the functional currency of each legal entity against other currencies. As a result of significant transactions denominated in RMB, PHP and EUR the consolidated statements of income can be affected significantly by movements in the USD versus these currencies. In 2021 and 2020, the Group entered into currency forward contracts to hedge its risks associated with foreign currency fluctuations.

The Group also has transactional currency exposures. Such exposure arises from sales or purchases denominated in other than the Group's functional currency. Approximately 60% and 62% of the Group's sales for the years ended December 31, 2021 and 2020, respectively, and 59% and 58% of costs for the years ended December 31, 2021 and 2020, respectively, are denominated in currencies other than USD.

The Group manages its foreign exchange exposure risk by matching, as far as possible, receipts and payments in each individual currency. Foreign currency is converted into the relevant domestic currency as and when the management deems necessary. The unhedged exposure is reviewed and monitored closely on an ongoing basis and management will consider hedging any material exposure where appropriate.

Information on the Group's foreign currency-denominated monetary assets and liabilities and their USD equivalent follows:

Renminbi (RMB)

| | 2021 | | 2020 | |
|---|--------------|---------------|---------------|-----------------|
| | In USD | In RMB | In USD | In RMB |
| Cash and cash equivalents | \$1,430,875 | RMB9,122,569 | \$2,351,896 | RMB15,345,793 |
| Receivables | 26,590,585 | 169,528,751 | 20,873,053 | 136,193,743 |
| Accounts payable and accrued expenses | (22,221,964) | (141,676,532) | (26,081,420) | (170,177,605) |
| Net foreign currency-denominated assets (liabilities) | \$5,799,496 | RMB36,974,788 | (\$2,856,471) | (RMB18,638,069) |

Philippine Peso (₱)

| | 2021 | | 2020 | |
|--|----------------|----------------|----------------|------------------|
| | In USD | In PHP | In USD | In PHP |
| Cash and cash equivalents | \$2,180,945 | ₱111,226,035 | \$1,096,126 | ₱52,639,248 |
| Receivables | 1,089,585 | 55,567,745 | 2,015,909 | 96,809,988 |
| Miscellaneous deposits | 742,866 | 37,885,442 | 718,605 | 34,509,570 |
| Accounts payable and accrued expenses | (14,357,793) | (732,233,101) | (18,288,415) | (878,264,558) |
| Net retirement liabilities | (7,848,905) | (400,286,302) | (8,989,957) | (431,724,693) |
| Net foreign currency-denominated liabilities | (\$18,193,302) | (₱927,840,181) | (\$23,447,732) | (₱1,126,030,445) |



Euro (€)

| | 2021 | | 2020 | |
|---|---------------|--------------|---------------|--------------|
| | In USD | In EUR | In USD | In EUR |
| Cash and cash equivalents | \$3,111,612 | €2,752,421 | \$2,990,044 | €2,443,046 |
| Receivables | 11,282,795 | 9,980,358 | 10,264,297 | 8,386,549 |
| Accounts payable and accrued expenses | (16,688,592) | (14,762,134) | (16,388,400) | (13,390,309) |
| Net foreign currency-denominated assets (liabilities) | (\$2,294,185) | (€2,029,355) | (\$3,134,059) | (€2,560,714) |

Information on the Group's USD-denominated monetary assets and liabilities of the Parent Company's subsidiaries with functional currencies other than USD and which is also affected by movements of USD compared with their respective functional currencies as at December 31, 2021 and 2020 follows:

| | 2021 | | | |
|---|--------------|--------------|------------------|-------------|
| | In USD | In EUR | In RMB | In GBP |
| Cash and cash equivalents | \$55,571,188 | €47,859,680 | RMB2,183,511 | £831,670 |
| Receivables | 32,140,106 | 16,215,011 | 40,804,493 | 5,485,194 |
| Accounts payable and accrued expenses | (52,860,710) | (16,775,566) | (169,237,401) | (5,442,398) |
| Net foreign currency-denominated assets (liabilities) | \$34,850,584 | €47,299,125 | (RMB126,249,397) | £874,466 |

*The USD-denominated monetary assets and liabilities are translated using EUR0.8846 for \$1, RMB6.3755 for \$1 and GBP0.74036 for \$1.

| | 2020 | | | |
|---|---------------|--------------|------------------|-------------|
| | In USD | In EUR | In RMB | In GBP |
| Cash and cash equivalents | \$100,824,850 | €80,925,059 | RMB1,936,150 | £1,098,723 |
| Receivables | 16,739,927 | 5,511,729 | 24,914,721 | 4,572,554 |
| Accounts payable and accrued expenses | (48,618,830) | (15,520,948) | (158,942,289) | (3,896,969) |
| Net foreign currency-denominated assets (liabilities) | \$68,945,947 | €70,915,840 | (RMB132,091,418) | £1,774,308 |

*The USD-denominated monetary assets and liabilities are translated using EUR0.81706 for \$1, RMB6.5249 for \$1 and GBP0.74041 for \$1.

Sensitivity Analysis

The following tables demonstrate sensitivity to a reasonably possible change in the USD exchange rate, with all other variables held constant, of the Group's income before income tax (due to changes in the fair value of monetary assets and liabilities) as of December 31, 2021 and 2020. The reasonably possible change was computed based on one year average historical movement of exchange rates between the USD and other currencies.

There is no other impact on the Group's equity other than those already affecting income. The increase in USD rate as against other currencies demonstrates weaker functional currency while the decrease represents stronger USD value.

| Currency | Increase/Decrease in USD Rate | Effect on Net Income before Tax | |
|----------|-------------------------------|---------------------------------|-------------|
| | | 2021 | 2020 |
| RMB | +1% | \$18,373 | \$31,134 |
| | -1% | (18,373) | (31,134) |
| PHP | +1% | 57,488 | 246,365 |
| | -1% | (57,488) | (246,365) |
| EUR | +1% | 9,602 | 49,052 |
| | -1% | (9,602) | (49,052) |
| USD* | +1% | 285,786 | 1,123,204 |
| | -1% | (287,262) | (1,160,951) |

*The USD-denominated monetary assets and liabilities are translated using EUR0.8846 for \$1, RMB6.3755 for \$1 and GBP0.74036 for \$1.



Fair Value Changes on Derivatives

The net movements in the fair value of the Group's derivative instruments as of December 31, 2021 and 2020 follow:

| | 2021 | 2020 |
|---|----------|----------|
| Financial assets: | | |
| At beginning of year | \$- | \$5,321 |
| Fair value of currency forwards | 44,859 | - |
| Fair value of settled instruments | - | (5,321) |
| Foreign currency exchange difference | 935 | - |
| At end of year | 45,794 | \$- |
| Financial liabilities: | | |
| At beginning of year | \$88,361 | \$- |
| Fair value of currency forwards | - | 92,122 |
| Fair value of settled currency forwards | (88,361) | - |
| Foreign currency exchange difference | - | (3,761) |
| At end of year | \$0.00 | \$88,361 |

34. Contingencies

The Group has various contingent liabilities arising in the ordinary conduct of business which are either pending decision by the courts or being contested. The outcome of these cases is not presently determinable.

The Group's expanding global activities, while continuing to present a myriad of growth opportunities, also tend to increase its exposure to potential disputes with customers and suppliers. Such exposure could, in turn, directly or indirectly, affect the Group's ability to realize its short and long-term target revenues and operating margins from its services as well as adversely impact its net assets, financial position and results of operations.

In the opinion of management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Group's financial position and results of operations. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the ground that it can be expected to prejudice the outcome of these lawsuits, claims and assessments.

35. Notes to Consolidated Statements of Cash Flows

The following table shows the reconciliation of liabilities arising from financing activities:

| | Cash Flows | | | | Non-cash Changes | | | | | | |
|---|---------------|---------------|------------------------|-------------|------------------|-------------|-------------------------------------|-----------------------|-------------------|------------------------------------|---------------|
| | 2020 | Availment | Settlement/ Payment | Reclass | Addition | Declaration | Accretion of interest expense | Lease modification | Waived rentals | Foreign currency translation | 2021 |
| Dividends payable (Note 19) | \$- | \$- | (\$3,668,889) | \$- | \$- | \$3,668,889 | \$- | \$- | \$- | \$- | \$- |
| Loans payable (Note 16) | 206,490,427 | 21,012,227 | (59,700,000) | - | - | - | - | - | - | (2,030,623) | 165,772,031 |
| Current portion of long-term debt (Note 17) | 2,109,394 | - | (2,042,863) | 1,938,473 | - | - | - | - | - | (199,996) | 1,805,008 |
| Long-term debt (Note 17) | 32,210,531 | 119,562,891 | - | (1,938,473) | - | - | - | - | - | (156,297) | 149,678,652 |
| Lease liabilities (Note 30) | 35,413,260 | - | (11,900,875) | - | 8,150,592 | - | 1,349,772 | (198,707) | (350,411) | (1,242,832) | 31,220,799 |
| Other noncurrent liabilities | 5,263,259 | - | (215,999) | - | - | - | - | - | - | - | 5,047,260 |
| | \$281,486,871 | \$140,575,118 | (\$77,528,626) | \$- | \$8,150,592 | \$3,668,889 | \$1,349,772 | (\$198,707) | (\$350,411) | (\$3,629,748) | \$353,523,750 |



| | Cash Flows | | | | | Non-cash Changes | | | | 2020 |
|---|---------------|--------------|------------------------|-------------|--------------|------------------|-------------------------------------|-------------------|------------------------------------|---------------|
| | 2019 | Availment | Settlement/ Payment | Reclass | Addition | Declaration | Accretion of interest expense | Waived Rentals | Foreign currency translation | |
| Dividends payable (Note 19) | \$- | \$- | (\$6,504,083) | \$- | \$- | \$6,504,083 | \$- | \$- | \$- | \$- |
| Loans payable (Note 16) | 126,051,547 | 82,665,635 | (4,974,751) | - | - | - | - | - | 2,747,996 | 206,490,427 |
| Current portion of long-term debt (Note 17) | 28,037,902 | - | (28,288,035) | 2,062,455 | - | - | - | - | 297,072 | 2,109,394 |
| Long-term debt (Note 17) | 114,385,913 | - | (80,209,436) | (2,062,455) | - | - | - | - | 96,509 | 32,210,531 |
| Lease liabilities (Note 30) | 33,797,712 | - | (10,799,326) | - | 10,050,921 | - | 1,644,189 | (422,841) | 1,142,605 | 35,413,260 |
| Other noncurrent liabilities | 3,623,257 | 1,640,002 | - | - | - | - | - | - | - | 5,263,259 |
| | \$305,896,331 | \$84,305,637 | (\$130,775,631) | \$- | \$10,050,921 | \$6,504,083 | \$1,644,189 | (\$350,411) | \$4,284,182 | \$281,468,871 |

Most of the loans are from existing revolving credit lines.

36. Other Matters

COVID-19 Pandemic and Global Component Shortage

At the start of 2021, the Group was expecting to recover from the effects of Covid-19. However, supply chain disruptions in the electronics industry spanned the entire year which resulted to revenue backlogs, higher logistic expenses and increase in material and labor costs which impacted the Group's operations.

Although the issues brought about by the global component shortage and recurrence of pandemic-related headwinds affected the entire industry, the Group endeavors to focus on excelling in areas the Group can control. Through rigorous collaboration with customers and suppliers, the order bookings remain robust and the Group continues to build its pipeline by winning projects that should allow the Group to improve performance as soon as the supply chain find its balance.

The extent of the impact of the Covid-19 pandemic and the extended materials shortage issue to the Group's financial condition and results of operations will depend on future developments, which are highly uncertain, cannot be predicted and may pose risks and unfavorable impact to the Group but will not materially affect the Group's ability to continue as going concern.



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Integrated Micro-Electronics, Inc.
North Science Avenue
Laguna Technopark
Biñan, Laguna

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements Integrated Micro-Electronics, Inc. and its subsidiaries (the Group) as at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021 and have issued our report thereon dated March 23, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia

Partner

CPA Certificate No. 90787

Tax Identification No. 162-410-623

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 90787-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-074-2020, December 3, 2020, valid until December 2, 2023

PTR No. 8854378, January 3, 2022, Makati City

March 23, 2022



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Integrated Micro-Electronics, Inc.
North Science Avenue
Laguna Technopark
Biñan, Laguna

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SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia

Partner

CPA Certificate No. 90787

Tax Identification No. 162-410-623

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 90787-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-074-2020, December 3, 2020, valid until December 2, 2023

PTR No. 8854378, January 3, 2022, Makati City

March 23, 2022



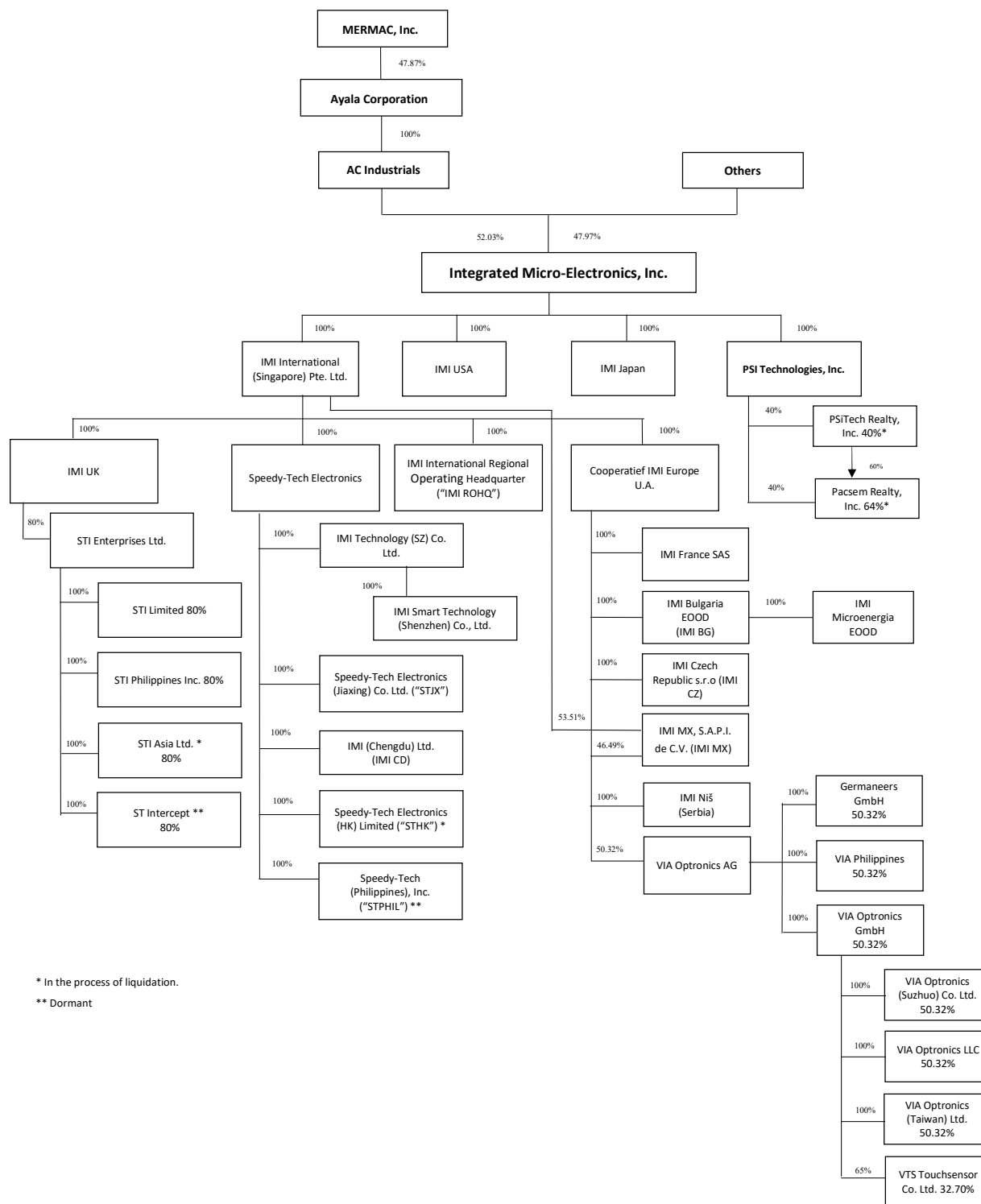
INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

INDEX TO THE SUPPLEMENTARY SCHEDULES

SUPPLEMENTARY SCHEDULES

- A. Reconciliation of Retained Earnings Available for Dividend Declaration
- B. Map of relationships of the Companies within the Group
- C. Supplementary schedules required by Annex 68-J
 - C.1 Schedule A - Financial assets
 - C.2 Schedule B - Amounts receivable from directors, officers, employees, related parties, and principal stockholder (other than related parties)
 - C.3 Schedule C - Amounts of receivable from related parties which are eliminated during the consolidation of financial statements
 - C.4 Schedule D - Long-term debt
 - C.5 Schedule E - Indebtedness to related parties
 - C.6 Schedule F - Guarantees of securities of other issuers
 - C.7 Schedule G - Capital stock

Integrated Micro-Electronics, Inc. as of December 2021



INTEGRATED MICRO-ELECTRONICS, INC
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2021

(in U.S. Dollars)

| | | |
|--|----------------|--------------------|
| Unappropriated retained earnings, beginning | | \$2,581,450 |
| Add: Net loss actually earned/realized during the year | 431,177 | |
| Net income during the year closed to Retained Earnings | | |
| Less: Non-actual/unrealized income, net of tax | | |
| Equity in net income of associate/joint venture | | |
| Unrealized foreign exchange gain - net (except those | - | |
| attributable to cash and cash equivalents) | (947,678) | |
| Fair value adjustment (M2M gains) | - | |
| Fair value adjustment of Investment Property resulting to gain | - | |
| Adjustment due to deviation from PFRS/GAAP-gain | - | |
| Other unrealized gains or adjustments to the retained earnings | | |
| as a result of certain transactions accounted for under the | | |
| PFRS | - | |
| Subtotal | (516,501) | (516,501) |
| Add: Non-actual losses | | |
| Depreciation on revaluation increment (after tax) | - | |
| Adjustment due to deviation from PFRS/GAAP – loss | - | |
| Loss on fair value adjustment of investment property (after tax) | - | |
| Subtotal | - | |
| Net income actually earned during the year | | 2,064,949 |
| Add (less): | | |
| Dividend declarations during the year | - | |
| Appropriations of Retained Earnings during the period | - | |
| Reversals of appropriations | - | |
| Effects of prior period adjustments | - | |
| Treasury shares | - | |
| TOTAL RETAINED EARNINGS AVAILABLE FOR DIVIDEND | | |
| DECLARATION, END | | \$2,064,949 |

Integrated Microelectronics, Inc. and Subsidiaries

Schedule C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements

December 31, 2021

(in U.S. Dollars)

| Name and designation of debtor | Balance at beginning of period | Additions | Amounts collected | Amounts written off | Current | Balance at end of period |
|--|--------------------------------|-------------------|-------------------|---------------------|--------------------|--------------------------|
| Accounts receivable -trade | | | | | | |
| IMI Cooperatief Subsidiaries | 1,293,133 | 2,176,763 | 2,307,451 | | 1,162,445 | 1,162,445 |
| STI | 215,615 | 605,814 | 820,717 | | 711 | 711 |
| IMI International (Singapore) Pte Ltd. | 13,849,621 | 52,317,616 | 55,766,730 | | 10,400,507 | 10,400,507 |
| STEL Group | 1,997,021 | 7,258,223 | 5,950,557 | | 3,304,687 | 3,304,687 |
| PSi Technologies Inc. | 911,766 | 440 | - | | 912,206 | 912,206 |
| IMI USA | - | 4,677 | 4,393 | | 284 | 284 |
| IMI Japan | 29,957 | - | - | | 29,957 | 29,957 |
| Accounts receivable -nontrade | - | | | | - | - |
| IMI Cooperatief Subsidiaries | 7,273,109 | 3,274,956 | 4,407,239 | | 6,140,826 | 6,140,826 |
| STEL Group | 1,061,753 | 1,319,959 | 1,776,665 | | 605,047 | 605,047 |
| PSi Technologies Inc. | 3,209,776 | 891,789 | 70,281 | | 4,031,284 | 4,031,284 |
| STI | 21,812 | 114,641 | 130,187 | | 6,265 | 6,265 |
| IMI International (Singapore) Pte Ltd. | 3,728,697 | 30 | - | | 3,728,727 | 3,728,727 |
| IMI International ROHQ | 992,833 | 476,447 | 60,019 | | 1,409,261 | 1,409,261 |
| IMI USA | 51,902 | 13,469 | 264 | | 65,107 | 65,107 |
| IMI Japan | 998,660 | 1,801 | - | | 1,000,461 | 1,000,461 |
| Due From | - | | | | - | - |
| IMI Cooperatief Subsidiaries | 1,452,473 | 1,153,666 | 1,345,788 | | 1,260,352 | 1,260,352 |
| IMI International (Singapore) Pte Ltd. | 89,587,290 | 1,426,290 | 1,500,632 | | 89,512,948 | 89,512,948 |
| STEL Group | - | 3,200,002 | | | 3,200,002 | 3,200,002 |
| IMI USA | 250,284 | | 284 | | 250,000 | 250,000 |
| IMI Japan | 823 | | | | 823 | 823 |
| STI | 1,982 | 0 | | | 1,982 | 1,982 |
| Total | 126,928,505 | 74,236,584 | 74,141,208 | - | 127,023,881 | 127,023,881 |

Integrated Micro-Electronics, Inc. and Subsidiaries
Schedule E. Indebtedness to Related Parties
December 31, 2021
(in U.S. Dollars)

Indebtedness to Related Parties (Long-term Loans from Related Companies)

| Name of Related Party | Balance at Beginning of Period | Balance at End of Period |
|------------------------------|---------------------------------------|---------------------------------|
| NOT APPLICABLE | | |

Related party payables eliminated during consolidation:

| Name of Related Party | Balance at Beginning of Period | Balance at End of Period |
|------------------------------------|---------------------------------------|---------------------------------|
| | | |
| Accounts Payable - Trade | | |
| Speedy-Tech Electronics Ltd. | 5,511,728 | 2,643,628 |
| PSi Technologies Inc. | 4,701 | 6,020 |
| IMI USA | - | 261,727 |
| IMI Cooperatief Subsidiaries | - | 6,418 |
| | | |
| Accounts Payable - Nontrade | | |
| Speedy-Tech Electronics Ltd. | 700 | 35,557 |
| IMI USA | 44,051 | 25,696 |
| IMI Cooperatief Subsidiaries | 51,601 | 23,800 |
| | | |
| Due To | | |
| Speedy-Tech Electronics Ltd. | 3,663,780 | 1,655,462 |
| IMI International ROHQ | 1,236 | 10,185 |
| PSi Technologies Inc. | 102,977 | 103,450 |
| IMI Japan | 435,615 | 442,363 |
| IMI USA | 68,859 | 145,767 |
| IMI Cooperatief Subsidiaries | 1,301,728 | 251,145 |
| | | |
| Total | 11,186,976 | 5,611,218 |

Note 1. These related party liabilities are payable on demand.

INTEGRATED MICRO-ELECTRONICS INC. AND SUBSIDIARIES
FINANCIAL RATIOS
December 31, 2021

| Ratios | Formula | Dec 31, 2021 | Dec 31, 2020 |
|------------------------------------|---|--------------|--------------|
| (i) Current ratio | Current assets / Current Liabilities | 1.59 | 1.54 |
| (ii) Quick / Acid ratio | Current assets less inventories, contract assets and other current assets/Current liabilities | 0.93 | 1.09 |
| (iii) Solvency ratio | Total Assets / Total Liabilities | 1.70 | 2.05 |
| (iv) Debt ratio | Total Debt / Total Assets | 0.28 | 0.21 |
| (v) Debt-to-Equity ratio | Bank debts (loans and trust receipts payable and long-term debt) / Total Equity | 0.69 | 0.41 |
| (vi) Assets-to-Equity ratio | Total Assets / Total Equity | 2.43 | 1.95 |
| (vii) Interest rate coverage ratio | Earnings before interest and taxes / Interest Expense | -0.39 | 0.83 |
| (viii) Profitability ratios | | | |
| GP margin | Gross Profit / Revenues | 7.0% | 8.5% |
| Net profit margin | Net Income after Tax / Revenues | -0.8% | -0.3% |
| EBITDA margin | EBITDA / Revenues | 3.6% | 5.2% |
| Return on assets | Net Income after Tax / Total Asset | -0.9% | -0.3% |
| Return on equity | Net Income after Tax / Average equity attributable to parent | -2.5% | -0.8% |

| | (in US\$'000) | |
|---|---------------|--------------|
| | Dec 31, 2021 | Dec 31, 2020 |
| Current Assets | 752,325 | 734,174 |
| Current Liabilities | 472,564 | 476,756 |
| Total Assets | 1,123,175 | 1,133,675 |
| Bank Debts | 317,256 | 240,810 |
| Total Liabilities | 661,461 | 552,812 |
| Total Equity | 461,713 | 580,863 |
| Average equity Attributable to parent | 426,147 | 415,122 |
| Revenues | 1,300,590 | 1,135,841 |
| Gross Profit | 90,818 | 96,337 |
| Net income attributable to equity holders of the parent | (10,565) | (3,455) |
| Earnings before interest and taxes | (4,068) | 8,644 |
| Interest expense | 10,554 | 10,423 |
| EBITDA | 46,358 | 58,884 |