

# COVER SHEET

for

## AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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**COMPANY NAME**

[illegible]**PRINCIPAL OFFICE** ( No. / Street / Barangay / City / Town / Province )[illegible]

Form Type

<b>1</b>	<b>7</b>	<b>-</b>	<b>A</b>
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Department requiring the report

<b>C</b>	<b>F</b>	<b>D</b>	
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Secondary License Type, If Applicable

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## COMPANY INFORMATION

Company's Email Address

**corporatesecretary@global-imi.com**

Company's Telephone Number

**(02) 7756-6840**

Mobile Number

\_\_\_\_\_

No. of Stockholders

282

Annual Meeting (Month / Day)

**April 22**

Fiscal Year (Month / Day)

December 31

### CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

**Ms. Laurice S. Dela Cruz**

Email Address

**Laurice.delacruz@global-imi.com**

Telephone Number/s

**(02) 7756-6840**

Mobile Number

Media Name:

**CONTACT PERSON'S ADDRESS**

**North Science Ave., Laguna Technopark Special Export Processing Zone, Binan 4024, Laguna,  
Philippines**

**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.

SEC Number: 94419  
File Number: \_\_\_\_\_

**INTEGRATED MICRO-ELECTRONICS, INC.**

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(Company's Full Name)

North Science Avenue, Laguna Technopark-Special Economic Zone (LT-SEZ),  
Bo. Binan, Binan, Laguna

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(Company Address)

(632) 7756-6840

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(Telephone Number)

As of December 31, 2024

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(Fiscal Year Ending)  
(Month & Day)

**SEC Form 17-A**

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(Form Type)

# SECURITIES AND EXCHANGE COMMISSION

## SEC FORM 17-A

### ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended: **December 31, 2024**
2. SEC Identification Number: **94419**
3. BIR Tax Identification No. **000-409-747-000**
4. Exact name of issuer as specified in its charter: **INTEGRATED MICRO-ELECTRONICS, INC.**
5. Province, Country or other jurisdiction of incorporation or organization: **Philippines**
6. Industry Classification Code: \_\_\_\_\_ (SEC Use Only)
7. Address of principal office: **North Science Avenue, Laguna Technopark-Special Economic Zone (LT-SEZ), Bo. Biñan, Biñan, Laguna** Postal Code: **4024**
8. Registrant's telephone number: **(632) 7756-6840**
9. Former name, former address, and former fiscal year: **Not applicable**
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares Issued and Outstanding
Common *	2,217,293,215

\* Net of 15,892,224 treasury shares

11. Are any or all of these securities listed on a Stock Exchange? Yes [ ☒ ] No [ ☐ ]

2,116,001,370 common shares are listed with the Philippine Stock Exchange.

12. Check whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports): Yes [ ☒ ] No [ ☐ ]

(b) has been subject to such filing requirements for the past ninety (90) days: Yes [ ☒ ] No [ ☐ ]

13. The aggregate market value of the voting stock held by non-affiliates of the Company is about **₱1.1** billion (based on closing stock price of IMI common shares as of December 31, 2024)

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## **PART I - BUSINESS AND GENERAL INFORMATION**

### **ITEM 1. BUSINESS**

#### **(A) Description of Business**

##### **(1) Business Development**

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 47.57% 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. As part of the Group's ongoing efforts to streamline operations and reduce costs, the Group planned the closure of its Chengdu operations in 2024 (see Note 35 of the audited consolidated audited financial statements).

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 AG 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%. On April 9, 2024, VIA announced its intention to voluntarily delist its American Depositary Shares ("ADSs") from the New York Stock Exchange ("NYSE"), terminate its registration with the U.S. Securities and Exchange Commission ("US SEC"). On July 29, 2024, the delisting from the NYSE and deregistration of its ADS by the SEC was completed.

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 a 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, broadens 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. As discussed in Note 2 of the audited consolidated financial statements, STI was sold to a third party in 2023.

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. In October 2024, IMI entered into a Strategic Alliance/Referral Agreement with XLR8 EMS, LLC and Concisys, LLC., which are California-based firms engaged in prototyping and low volume EMS service. Under the agreement, IMI will channel or refer prototyping and low volume EMS services needs of selected customers to XLR8 and Concisys, while XLR8 and Concisys will refer IMI to their customers for volume production services. Consequently, IMI USA ceased its prototyping and manufacturing operations in December 2024, with production functions transitioned to IMI facilities across North America, Europe, and Asia.

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. In 2024, with a move to better align support costs with current business needs, IMI closed its sales office in Japan and currently in the process of dissolution of the entity. IMI's extensive sales team, strategically positioned across various regions, will continue to address opportunities in Japan, eliminating the need for a physical office and reducing overhead costs.

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.

## **(2) Business of Issuer**

### **Principal Products, Services and Market Segments**

#### **MOBILITY**

IMI's Mobility business unit significantly increased its booked business for the coming years with US \$112 million of annual revenue potential secured in 2024. Over the past three years, IMI has strategically focused on car electrification, laying the foundation for leadership in this rapidly growing sector. As we move forward, a significant portion of our new business acquisition continues to be driven by the EV market. With our enhanced capabilities, we are now poised to produce complex box-build projects with electronic content up to 10 times greater than traditional automotive platforms. These advancements have allowed us to expand our portfolio and secure new Tier 1 and OEM customers who trust in our ability to tackle the evolving challenges of mobility electrification. As we look ahead, IMI is well-positioned to lead in the electrification of the mobility market and embrace the exciting opportunities that lie ahead.

In 2024, we have leveraged our experience and solid foundation to fuel our ambitious growth trajectory. Looking ahead, we remain committed to strengthening our position in the Electric Vehicles (EV) and Plug-in Hybrid Electric Vehicles (PHEV) markets, where we see exciting opportunities. To ensure a balanced and resilient product portfolio, we will also continue to

pursue proven opportunities in lighting, opening systems, and sensors—key areas that are independent of powertrain typology. Our focus will remain on innovation and adaptability as we drive forward into the future.

While improvements were seen in the supply shortage of electronic components, hurdles remain ahead. Specifically, imbalanced inventory levels and supply chain issues continue to keep the cost of raw materials and logistics elevated. Our new leadership team has therefore taken a proactive approach by restructuring the company's procurement organization. By decentralizing this function and integrating it into the manufacturing site level, the Company has enhanced agility and formed bespoke strategies unique to customer needs.

### AUTOMOTIVE CAMERAS

IMI has firmly established itself as a leading player in the automotive camera manufacturing industry. Since 2010, IMI has been at the forefront of developing and refining key processes to manufacture and test automotive cameras for various Advanced Driver Assistance Systems (ADAS) applications. With over 15 years of experience perfecting the Chip on Board (COB) process for mounting bare die image sensors, IMI has successfully expanded its capabilities to include the assembly of next-generation Lidar receiver modules and high-resolution driver monitoring cameras.

Use of Bare die imager sensors for automotive cameras would allow the camera to perform with superior low light sensitivity, enhanced signal-to-noise ratio, and reduced image flare compared to traditional packaged sensors.

This technical proficiency has enabled IMI to undertake new projects for major European Tier 1 suppliers, further solidifying its position as a trusted partner in the automotive electronics industry. In 2024, we secured \$13 million of annual revenue potential business wins in this market segment.

By continuously innovating and adapting to the evolving demands of the automotive market, IMI remains committed to delivering high-quality, reliable solutions that enhance vehicle safety and performance

### INDUSTRIAL AND OTHERS

IMI has long been recognized as a global leader in automotive electronics. One of our goals now is to extend this expertise and absolute commitment to quality into new markets including the industrial and medical sectors. We have been pursuing new opportunities in the industrial sector, focusing on mid to large, high-mix customers with significant growth potential. In 2024, we secured \$72 million of annual revenue potential business wins in the industrial and others market segment.

Connectivity is the other major focus point of our Industrial business unit. We see IoT as a key enabling technology that will drive a more interconnected future. By seamlessly connecting multiple systems to real-time data, our devices drive efficiency in logistics, manufacturing, energy management and asset tracking. Similar sensor systems that we develop for top automotive manufacturers in the world also go into our own facilities. Our advanced sites utilize these devices to enable robotics and automation systems that enable us in manufacturing high quality, high reliability products while maintaining peak efficiency.

### POWER Business

IMI's Power Device package platforms in Discrete and Power modules are optimized to enable a wide range of applications meeting market demands from automotive, industrial, renewable energy systems and AI data center.

Our high performance industry standard and customized power module footprints include innovative packaging capable to accommodate high voltage up to 2.3kV at various current ratings from 200A to 900A. We offer advanced process technologies including SiC wafer dicing, silver sintering, heavy aluminum and copper wirebonding, ultrasonic welding interconnects and pre-applied TIM for easy integration.

Our experienced engineering team delivers end-to-end OSAT services from design, virtual simulation, NPI, design verification, test and product validation services that meet automotive standards for all power products.

IMI has demonstrated its capability to full turnkey Si top cool DBC baseplate-less transfer molded and SiC pin-fin baseplate package platforms to electric vehicle manufacturers. IMI's own designed plastic enclosure for high voltage and high current package platform is a cost-effective solution for industrial application.

### VIA

The company is a leading provider of enhanced display solutions for multiple end markets in which superior functionality or durability is a critical differentiating factor. About 800 employees worldwide working on high-end products for our customers in the automotive, consumer electronics, industrial and specialized end markets.

Since we acquired VIA in 2016, our management teams have identified strategy roadmaps to maximize VIA's potential in high margin markets. We leveraged IMI's position as a top automotive EMS company and VIA's expertise in robust, high reliability display processes to continuously improve automotive proficiency and build relationships with proven industry partners. Over the past six years, we started with a service company mainly focused on the industrial and consumer segments, and transformed it into a key player in mobility displays.

In 2024, VIA signed a contract for the design and development of a new automotive camera with Immervision Inc. ("Immervision"), a specialist in the design of advanced vision systems. VIA will work with Immervision to develop specialized lens technology to customize and produce exterior automotive cameras which can be brought to market quickly while reducing non-recurring engineering costs. The new technology for the next generation cameras will enhance VIA's camera portfolio and meet growing customer demand for a variety of field of views (FOVs). The Company expects these next generation cameras to be used most frequently with e-mirror and surround view applications.

VIA together with Grupo Antolin-Irausa, S.A.U. ("Antolin"), a global provider of automotive technology solutions, unveiled their new Sunrise vehicle cockpit concept at an event in Nuremberg around the European exhibition "Embedded World". The companies are leveraging their combined expertise and capabilities to design, develop, and produce innovative integrated display systems for vehicle interiors including cockpits, floor consoles, door panels, overhead systems and seat headrests. VIA and Antolin are now pleased to unveil the initial results of their strategic collaboration with a joint product demonstration of their new concept vehicle cockpit named Sunrise. The companies believe that Sunrise sets a new benchmark in user experience and seamless display integration offering many benefits including: a sleek and minimalist design; integrated displays and smart surfaces; on-demand technologies for improved user experience and versatility, immersive ambient lighting and an enhanced safety profile that helps prevent driver distractions. Moreover, the Sunrise cockpit also incorporates innovative, environmentally friendly materials, aligning with the companies' commitment to sustainable practices and responsible manufacturing.

VIA also received two new business awards from a tier 1 Chinese electric vehicle (EV) maker for pillar-to-pillar display solutions. One product combines two 24 inch- displays on one cover glass. The other one combines two displays with mentioned size on one flat cover glass. These

awards bolster VIA's presence as a trusted solutions provider within the automotive market. VIA has already started production on the first award and expects to begin production in the second half of 2025 for the second award.

### **Product Capabilities**

#### **Automotive**

As the tenth largest automotive EMS provider as per New Venture Research based on 2023 revenues, the company continues to provide end-to-end solutions to the global automotive market, with manufacturing lines that are IATF 16949:2016 certified.

- Automotive Camera
- PCBA for Electronic Stability Program (ESP)
- Electronic Power Steering (EPS) ECU
- Gear Shifter controller
- Dual clutch transmission ECU
- Power module
- Body Control Module (BCM)
- Rotor Position Sensor (RPS)
- Steering Wheel Control Device
- Tire Pressure Sensor PCBA
- Wiper controller
- Car Windshield Temperature and Humidity Sensor
- Switch Controller for Main Light
- Communication Power PCBA
- Powertrain Control Solutions
- Semiconductors used in Electric Drive/ Hybrid Electric Vehicles
- Fuel Management
- Pump Driver
- Cockpit Control Device
- Audio Processor
- Vehicle detections equipment
- ECU Control PCBA for BEV
- e-Scooter ECU
- ADAS ECU and controllers
- Seat Occupancy Sensor

#### **Industrial**

The company specializes in durable electronics for long product life cycle segments, offering customized solutions in industrial engineering and manufacturing markets while taking advantage and maximizing new applications of industrial electronics for the industrial field market.

- Automated Meter Reading (AMR)
- Security Control Device
- Electronic Door Access System
- Electronic Toll Charging device
- Building automation
- Aircon damper controller
- Smart Card
- Intruder system
- Point of Sales System
- Power Amplifier
- DC-DC Power Converter

- Engine Controllers
- Welding Machine Inverter
- Motor Drivers for Conveyor
- Fan Motor Control Board
- Computer Numerical Control (CNC) Control Board
- Main power supplies for LED street lighting
- Modules for renewable energy generation, transmission and conversion
- Inverter Control Unit
- EV Charging Pile Control Board
- Optical Fingerprints for Biometric security
- Power distribution unit for EV charging station

## **Power Electronics**

The company is one of the few companies in the world capable of handling not only the electronics manufacturing side of the power modules but also the power semiconductor side of it. We have the capability to scale and produce within a wide breadth of module specifications.

- Medium-High Power Packages
  - SOT 93 3L
  - SOT 227
  - TO 247 3L
  - TO 264 3/5L,
  - Standard Package 3 (SP3)
  - Standard Package 4 (SP4)
  - Standard Package 6 (SP6)
- Low-Medium Power Packages
  - TO 220 Fpak 3L
  - PowerFlex 2/3/5/7L
  - TN234 / TN233
  - TO 263 3L
  - 3 x 3 mm QFN
  - 3.3 x 3.3 mm QFN
  - 5 x 6 mm QFN
- Small Signal Packages
  - SOT 223 3L
  - TO 220 2/3/5/7L

## **Communications**

The company is a key player in the development and manufacturing of systems and products in a world where information is power. We closely collaborate with our partners in moving such information around quickly and intelligently.

- Back Panel for Telecommunication Board
- Fiber to the "X" (FFTx) systems
- Booster Amplifier
- GPON (Gigabit Passive Optical Network) Systems
- Wireless Security System
- Base Station Power Supply
- Digital Station Control Board
- Power Transistors for amplifiers in cellular base stations
- Power Conversion ICs in adapters and chargers
- DC Port and USB Port protection for satellite radio peripherals
- Enterprise Network Wireless

## **Medical**

The company enables our partners to better handle and address the increasing volumes of electronic content in the medical industry.

- Flat Panel Imaging Equipment
- Auto Body Contouring Imaging Equipment
- Dental Imaging System
- Defibrillator Component Device
- Concealed Hearing Aid
- Biomedical and Laboratory Equipment
- Centrifuge Control Board
- Fitness Equipment Control Board
- Non-invasive Ventilation Device
- Continuous Positive Airway Pressure (CPAP)

## **Other Capabilities and Services**

### **New Product Introduction**

While thriving on speed and quality, we cut down time-to-market and maintain the highest product quality.

IMI offer rapid prototyping and make every effort to get it right the first time. By offering process development and tool design locally, you save on valuable lead-time.

### **Test and Systems Development**

IMI guarantee customized test solutions of high quality and reliability in your products.

Robotic automation processes in many of our production facilities are implemented in various test platforms while sharing common software and hardware architectures.

Collaboration among our various TSD teams from different regions ensures continuous innovations in complex tester projects.

- Design for Testability
  - Parallel test solutions
  - Test coverage analysis & improvement
- Rapid turnkey hardware design and fabrication
- Flexible test platforms for product ECNs
  - SW revisions
  - Hardware field upgrades
- Test process and hardware documentation
- Training and 24x7 manufacturing

The company has five TSD Centers of Competence with more than 70 engineers serving our global factory network.

The company continues to innovate for sustainability, constantly rolling out customized test solutions for the EMS and automotive industry.

Our unique five-stage Tester Development Process involves a rigorous set of \*gate check points\* that help ensure compliance to quality standards and customer requirements.



2024 highlighted fruitful collaboration among Test and System Development (TSD) teams from Global IMI sites to develop test and automation solutions for new projects of new and existing EMS customers.

In Mexico, local engineers partnered with colleagues from China and the Philippines to build a new compact automated test line for the latest model of an ECU for the electric steering control system of vehicles in less than a year from concept to qualification. This new automated test line includes in line PCBA test, hot temperature run-in test and end of line test for the fully assembled ECU. The same teams collaborated in the development of an EV charging system tester for another OEM.

In the Philippines, TSD supported growth in automotive camera and IOT products businesses in 2024. Manufacturing and optical testing of automotive cameras have spanned more than a decade of operations in Laguna. Last year, the engineering teams qualified new processes including test systems for LIDAR automotive camera receivers. A focus and alignment system was built in collaboration with a Chinese equipment supplier while the function testers for LIDAR PCBAs were designed and built internally. Additional new automotive cameras and models from OEMs were qualified in standard automated end of line test stations built two years ago. The intrinsic calibration test system – internally designed- was implemented for new customers/camera projects. In the realm of IOT products, new testers were built, in particular for those used for electronic lock systems and security applications. Last year also marked the full deployment for mass production of test systems for battery and cell management PCBAs for a new electric motorcycle customer.

In China, replication and improvement of test equipment to support increased volume requirements of customers for various automotive applications (automotive lighting, car wiper control, motor hall and RPS sensors). The TSD Team in Jiaxing is also a proud recipient of six patent awards in 2024 (four in standard test platform development, one in software architecture and one in data acquisition innovation) from the Chinese Patent Office. This recognition affirms the innovation in test solutions developed in IMI.

In Bulgaria, the team implemented a pilot project for a major EU OEM to integrate measures for cyber-security for firmware programmed in an automotive product. This is an emerging requirement for automotive as well other IOT products i.e. those for electronic lock systems. Similar to China, several testers were modified to increase the test capacity and support volume surge requirements of some customers. The BG team also implemented a new SCARA robot-controlled test station for an IOT product with a replication of this system due this year.

These accomplishments clearly demonstrated the significant value-add of internal test development capabilities in IMI to enable and expand business development.

### **Analytical Testing and Calibration**

As one of the Philippines' premier test service providers, IMI's Analytical Testing and Calibration (ATC) laboratory demonstrates its commitment to excellence by continuously improving and expanding its range of testing capabilities.

ATC laboratory, an ISO 17025 Accredited Test Service Provider specializes in a wide range of services including reliability testing, failure analysis, and calibration for critical industries: automotive, industrial, power electronics, aerospace, defense & security, communication, and medical. Equipped with advanced instrumentation and guided by specialized expertise, our method development team applies protocols like ISO, VDA, AECQ, Military, and JEDEC to provide innovative test plans and accurate analysis, committed to long-term client partnerships as a global manufacturing solutions provider.

## 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 under Germany segment in 2024, and STI was combined with VIA under Germany/UK segment representing non-wholly owned subsidiaries in 2023, 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.

Intersegment revenue is generally recorded at values that approximate third-party selling prices.

Please refer to Note 29 ("Segment Information") of the Notes to Consolidated Financial Statements of the 2024 Audited Consolidated Financial Statements which is incorporated herein as Exhibit 1.

### Revenue Contribution by Industry Segment (in US\$)

	2024	2023	2022
Automotive	\$750,049,973	\$800,268,154	\$748,133,702
Industrial	273,984,151	390,166,599	476,146,759
Consumer	32,474,716	33,872,523	71,740,418
Medical	22,237,892	23,204,347	23,005,325
Telecommunication	7,670,651	30,321,101	37,895,276
Aerospace/defense	—	36,165,083	39,953,992
Multiple market/others	12,275,269	13,215,125	12,141,040
	<b>\$1,098,692,652</b>	<b>\$1,327,212,932</b>	<b>\$1,409,016,512</b>

### Revenue Contribution by Customer Nationality (in US\$)

	2024	2023	2022
Europe	\$802,970,863	\$921,631,187	\$940,205,928
America	114,236,905	182,120,031	175,174,834
Japan	62,158,240	57,307,924	70,436,636
Rest of Asia/Others	119,326,644	166,153,790	223,199,114
	<b>\$1,098,692,652</b>	<b>\$1,327,212,932</b>	<b>\$1,409,016,512</b>

### Foreign Subsidiaries' Contribution

	Revenue	Net Income*	2023		2022	
			Revenue	Net Income*	Revenue	Net Income*
Foreign Subsidiaries:						
China/SG	19%	N/A	20%	N/A	24%	N/A
Europe/UK	48%	N/A	49%	N/A	46%	N/A
Mexico	12%	N/A	12%	N/A	11%	N/A
<b>TOTAL</b>	<b>79%</b>	<b>Net Loss</b>	<b>81%</b>	<b>Net Loss</b>	<b>81%</b>	<b>Net Loss</b>

\* Attributable to equity holders of the Parent Company

Revenues are attributed to countries on the basis of the customer's location. The current top customer which is under the automotive segment accounts for 14.76% (\$163.05 million), 12.33% (\$163.64 million) and 10.68% (\$150.48 million) of the Group's total revenue in 2024, 2023 and 2022, respectively.

## **Sales and Distribution**

The Company's global presence allows it to provide solutions to OEMs thru its Tier 1 customers catering to regional and international markets. IMI's unique global footprint significantly contributes to the differentiated value proposition that the Company offers to its customers, further driving incremental growth with existing customers as well as attracting new customers.

- Philippines: offers a low-cost manufacturing option with an improved cost structure through low labor and tariff export advantages. In addition, PH capitalized its competencies in camera and power module manufacturing
- Mexico: provides an opportunity for North American customers to onshore manufacturing
- Europe: provides European automotive OEMs close proximity to the manufacturing operation
- China: meets Chinese domestic demand (100% of IMI's revenue with Chinese-domiciled customers is generated out of its China sites)

In 2024 as part of the company's organizational transformation, A European-led restructured commercial leadership team supported by dedicated market segment leads, enhances our market intelligence, responsiveness, and customer engagement. It was established with a balanced portfolio tapping on horizontal markets for mobility and industrial, and vertical markets for the power module and camera businesses. Apart from shifting sales focus to higher value add segments, part of the strategy was to also achieve shorter gestation periods for revenue generation and to focus on more box build and system assemblies for higher differentiation. The group also optimized and expanded the businesses with its key customers through global and regional key account management to tap regional and global opportunities.

Our global sales teams have boosted their efforts to ensure a strong rebound for IMI. New project wins in 2024 reached US\$197 million of annual revenue potential (ARP) for IMI wholly-owned sites.

## **Mergers and Acquisition**

The Company did not enter into any merger and acquisition in the last three years.

## **Competition**

IMI ranks 23rd in the list of top EMS providers in the world, and 10th in the automotive EMS market based on 2023 revenues as per New Venture Research.

From its 18 manufacturing plants across eight different countries, IMI provides engineering, manufacturing, support, and fulfillment capabilities to diverse industries globally.

IMI has created an extensive global manufacturing network that enables the Company to best serve its global, blue-chip customers. The company has a strong global footprint with foothold in key major markets worldwide. IMI is a technology leader in attractive areas such as Camera vision, power modules, sensors and connectivity. Our leading-edge capabilities, including robust design and advanced manufacturing engineering and processes, and bare die assembly, position the company for accelerated growth. We also provide solutions for advanced technology products in attractive end markets with long product life cycles. IMI also has reputation for quality and customer recognition.

The Company's performance is affected by its ability to compete and by the competition it faces from other global EMS companies as well as the disruptions in the global electronics supply chain. While it is unlikely for EMS companies to pursue identical business activities, the industry remains competitive. Competitive factors that influence the market for the Company's products and services include product and service quality, pricing, and timely delivery.

The Company is further dependent on its customers' ability to compete and succeed in their respective markets for the products that the Company manufactures.

There are two methods of competition: a) price competitiveness; and b) robustness of total solution (service, price, quality, special capabilities or technology). IMI competes with EMS company's original design manufacturer (ODM) manufacturers all over the world. Some of its EMS provider competitors include Flex, Plexus, SIIX, and Kimball.

Flex is a Singapore-headquartered company with annual revenues of US\$26.4 billion in 2024; Through the collective strength of a global workforce across 30 countries and responsible, sustainable operations, Flex delivers technology innovation, supply chain, and manufacturing solutions to diverse industries and end markets. Its cost structure is very competitive, and it is vertically integrated as well. Flextronics poses competition to IMI in the consumer, communications, industrial, and automotive segments.

Plexus, a U.S.-based Electronics Manufacturing Services (EMS) provider, achieved revenues totaling US\$3.96 billion in 2024. With a commitment to building a better world, Plexus collaborates with companies to develop impactful products with over 20,000 dedicated individuals offering a range of services including Design and Development, Supply Chain Solutions, New Product Introduction, Manufacturing, and Sustaining Services. Renowned as a global leader, Plexus specializes in serving industries with intricate products and stringent regulatory standards and excel in delivering customer service excellence to leading companies, offering innovative and comprehensive solutions across the entire product lifecycle. Operating prominently in industrial, medical, communications, and military sectors, Plexus is a key player in the EMS industry alongside IMI.

Kimball Electronics, situated in Jasper, Indiana, USA, generated revenues of US\$1.7 billion in 2024. Specializing in end-to-end engineering, design, and manufacturing solutions, Kimball Electronics offers a comprehensive range of services including contract Electronics Manufacturing Services (EMS), Diversified Contract Manufacturing Services (DCMS), and Automation, Test & Measurement services. Its reputation for delivering award-winning service is underpinned by a highly integrated global presence, stringent quality systems, customer-centric approach, and robust supply chain support. In the automotive, industrial, and medical markets, Kimball emerges as a strong competitor alongside IMI.

### **Principal Suppliers**

IMI's supplier base is extremely diversified in terms of spend and geography, providing the Company further flexibility across its supply chain. The Company's top 10 suppliers in 2024 comprise about 34% of global purchases. No supplier represents more than 11% of total spend. In 2024, direct material spends comprise 47% active components, 14% passive components, 13% electro-mechanicals, 11% mechanicals, 11% PCBs, 4% others.

Purchases from suppliers generally comprise of electronic components processed by our facilities. The Company strives to manage the quality of the products supplied to ensure strict adherence to quality standards and only purchase from suppliers whose product meet all applicable health and safety standards.

Throughout the year, IMI endeavored to make its supply chain more resilient without sacrificing competitiveness. The company mapped the full extent of its supply network and identified both direct and indirect sources. IMI addresses the vulnerabilities by rallying its suppliers and stockpiling essential materials. The company also analyzes how it would recover from a disruption.

### **Transactions with Related Parties**

Please refer to Item 12. Certain Relationships and Related Transactions of this Report.

## Intellectual Property

The table below summarizes the intellectual properties registered with the Patent and Trademark Offices in the United States, Europe and Asia:

In addition to certain patents, know-how and expertise is critical IMI is able to leverage its extensive experience in unique applications to other relevant products.

Existing / Pending Patents	Descriptions	Filing Date	Publication Date	Expiration Date
<b>United States Patent (US) 9839142 B2</b>	Vacuum Pallet Reflow, a soldering device and method of soldering enabling vacuum reflow while using a standard reflow oven conveyor.  <b>Also published as:</b> KR101984064B1 (May 2019) RS61026B1 (In Process) WO2012149284A1 (In Process) JP2014515887A (In Process) EP2701871B1 (June 2020) JP6284571B2 (February 2018)	April 2012	December 2017	2032
<b>United States Patent (SG) 7787265 B2</b>	A dual switch forward power converter, and a method of operating the same, employs a self- coupled driver to achieve among other advantages higher efficiency, lower part count and component cost.  <b>Also published as:</b> WO2008105741A1 (In Process)	February 2007	August 2010	2027
<b>United States Patent (PH) 11086092 B2</b>	Camera Lens Heater, a heating assembly having an annular - shaped heating element disposed on the second surface of the objective lens.	May 2019	August 2021	2039
<b>China National Intellectual Property Administration (SZ) CN114226110B</b>	An electronic component processing equipment with testing function and its usage method	December 2021	December 2022	2041
<b>China National Intellectual Property Administration (SZ) CN113829265B</b>	Clamping device for electronic material research and development	October 2021	December 2022	2041
<b>China National Intellectual Property Administration (JX) CN116400666B</b>	Test framework of RTH base on LabView	March 2023	February 2024	2043
<b>China National Intellectual Property Administration (JX) CN117907675B</b>	High Precision Voltage & Current acquisition device	March 2024	July 2024	2044
<b>China National Intellectual Property Administration (JX) CN111123897B</b>	Rapid ECU test equipment	January 2020	March 2023	2040

<b>China National Intellectual Property Administration (JX) CN111123898B</b>	Rapid test equipment for EV car	January 2020	February 2023	2040
<b>China National Intellectual Property Administration (JX) CN114954598B</b>	Automated carousel equipment with rapid feeding cart	June 2022	April 2023	2042
<b>China National Intellectual Property Administration (JX) CN112630132B</b>	Batch burn-in test equipment for car LED strip	December 2020	August 2022	2040
<b>World Intellectual Property Organization PCT (US) WO 2013/028616 A3</b>	A flip chip video camera mounted on a flexible substrate with glass stiffener  <b>Also published as:</b> JP2014527722A (In Process)	August 2012		In Process
<b>World Intellectual Property Organization PCT (PH) WO/2022/084773</b>	Ultraviolet Air Filter For A Vehicle Cabin	September 2021		In Process

#### *VIA Optronics*

VIA's success and ability to compete depend in part on its ability to maintain the proprietary aspects of its technologies and products. The company relies on a combination of patents, trademarks, trade secrets, licensing and collaboration agreements, confidentiality agreements, and other statutory and contractual provisions to protect its intellectual property, but these measures may provide only limited protection. For more information, please refer to VIA Optronics Annual Report (Form 20-F).

#### **Government Regulations and Approvals**

IMI complies with all existing government regulations applicable to the company and secures all government approvals for its registered activities. Currently, there are no known probable governmental regulations that may significantly affect the business of the Company.

IMI is subject to various national and local environmental laws and regulations in the areas where it operates, including those governing the use, storage, discharge, and disposal of hazardous substances in the ordinary course of its manufacturing processes. If more stringent compliance or cleanup standards under environmental laws or regulations are imposed, or the results of future testing and analyses at IMI's manufacturing plants indicate that it is responsible for the release of hazardous substances, IMI may be exposed to liability. Further, additional environmental matters may arise in the future at sites where no problem is currently known or at sites that IMI may acquire in the future.

IMI closely coordinates with various government agencies and customers to comply with existing regulations and continuously looks for ways to improve its environmental and safety standards.

Below is the detailed enumeration of its permits and licenses together with its pertinent details:

License/Permit Name	Regulatory Body
SEC Certificate of Registration	Securities and Exchange Commission
PEZA Certificate of Registration - Export Enterprise	Philippine Economic Zone Authority
PEZA Certificate of Registration – Motorcycle Engine Assembly	Philippine Economic Zone Authority
PEZA Certificate of Registration - Facilities Enterprise	Philippine Economic Zone Authority
PEZA Certificate of Registration – High Power Electric Motorcycle Assembly	Philippine Economic Zone Authority
PEZA Certificate of Registration – Battery Cell Block Assembly	Philippine Economic Zone Authority
PEZA Certificate of Registration – Electric Motorcycle Assembly	Philippine Economic Zone Authority
BIR Form 2303 - Certificate of Registration	Bureau of Internal Revenue
Permit to Use Computerized Accounting System	Bureau of Internal Revenue
Permit to Use Loose-leaf Invoices	Bureau of Internal Revenue
Authority to Print Invoices	Bureau of Internal Revenue 1. Sales Invoice; Official Receipt (back up invoices during system downtime) 2. Billing Invoice; Collection Receipt (back up invoices during system downtime)
Business Permit	City of Biñan
Environmental Compliance Certificate	Department of Environment and Natural Resources
Laguna Lake Development Authority Discharge Permit	Laguna Lake Development Authority
Permit to Operate - Emission Source Installation	Department of Environment and Natural Resources
CG	
SSCG	
Philippine Drug Enforcement Agency Permit	Philippine Drug Enforcement Agency
License to Operate and X-Ray Facility	Department of Health - Food and Drug Administration
License to Handle Controlled Precursors & Essential Chemicals	Philippine Drug Enforcement Agency
License-to-Possess Explosives (Nitric Acid)	Philippine National Police
CG	
SSCG	
Radioactive Material License	Philippine Nuclear Research Institute
Fire Safety Inspection Certificate	Bureau of Fire Protection

License/Permit Name	Location	Integrated Micro-Electronics, Inc.		
		License/Permit No.	Issue Date	Expiry Date
1. SEC Certificate of Registration		94419	08/08/1980	
2. PEZA Certificates & Permits				
PEZA Certificate of Registration - Export and IT Enterprise	Laguna	94-59 (Amended)	12/15/2022	
PEZA Certificate of Registration – Motorcycle Engine Assembly	Laguna	2022-00058-PEZA-EX-C29-1	07/18/2022	
PEZA Certificate of Registration – High Power Electric Motorcycle Assembly	Laguna	2023-00061-PEZA-EX-C29-2-A1	07/08/2024	

PEZA Certificate of Registration – Battery Cell Block Assembly	Laguna	2023-00062-PEZA-EX-C29-3	03/20/2023	
PEZA Certificate of Registration – Electric Motorcycle Assembly	Laguna	2024-00089-PEZA-EX-C27-4	06/11/2024	
PEZA Certificate of Registration - Facilities Enterprise	Laguna	11-19-F	11/29/2011	
PEZA Permit to Operate – Annual Inspection	Laguna	R-070424-L-01-A1	07/04/2024	07/04/2025
PEZA Permit to Operate – Electrical	Laguna	R-070424-L-01 EPTO-R	07/04/2024	07/04/2025
PEZA Permit to Operate - Electronics	Laguna	R-070424-L-01-ELPTO-R	07/04/2024	07/04/2025
PEZA Permit to Operate - Mechanical	Laguna	R-070424-L-01-MPTO-R	07/04/2024	07/04/2025
3. BIR Form 2303 - Certificate of Registration		OCN: 116RC20240000000218	02/05/2024	
4. Permit to Use Computerized Accounting System	Laguna	AC_116_062024_000338	06/11/2024	
5. Permit to Use Loose-leaf Invoices	Laguna	LTAD-LL-09-769-14	09/05/2014	
6. Authority to Print Invoices		OCN 8AU0000356125	08/28/2019	Valid until exhaustion of invoices
		OCN 8AU0000356126	08/28/2019	Valid until exhaustion of invoices
7. Business Permit	Laguna	2025-02008	01/16/2025	12/31/2025
8. Business Clearance	Laguna	20252191454	01/16/2025	12/31/2025
9. Fire Safety Inspection Certificate	Laguna	FSIC No. R4A 1208023;	10/14/2024	10/15/2025
10. Environmental Compliance Certificate	Laguna	ECC-R4A-2023-06-0076	06/15/2023	N/A No expiration
11. Hazardous Waste Generator Registration Certificate	Laguna	OL-GR-R4A-34-000488	07/26/2020	N/A No expiration
12. Laguna Lake Development Authority (LLDA) – Clearance	Laguna	LX-21a-2023-00811;	08/18/2023;	N/A No expiration
13. LLDA - Discharge Permit	Laguna	DP (R)-21a-2024-00191; DP (R)-21a-2021-05287	01/23/2024; 01/21/2022	01/20/2027 ; 01/15/2025
14. & 15. Department of Environment and Natural Resources (DENR) - Permit to Operate	Laguna	PTO-OL-R4A-2023-04219-R; PTO-OL-R4A-2022-00505	05/03/2023; 01/19/2022	05/03/2028 ; 01/19/2027
16. DENR - Permit to Transport	Laguna	OL-P-R4A-10-148512	02/21/2025	08/21/2025
17. DOLE Permit to Operate – Power Piping Line (Compressed Dry Air)	Laguna	PPLDL-IVA-23-2024	02/15/2024	02/14/2025
18. DOLE Permit to Operate – Power Piping Line (Nitrogen Piping System)	Laguna	PPLDL-IVA-214-2024	11/19/2024	11/18/2025

IMI paid nominal fees required for the submission of applications for the above-mentioned environmental laws.

### **Research and Development Activities**

IMI launched several package platform variants in its Discrete and Power Module package portfolio. The new T0-247 4-ld HC is an improved version of the T0-247 4-ld with high clearance and creepage distances between the critical leads. It provides an additional connection to the source (Kelvin



Connection); the other variant is the Holeless version which can accommodate bigger chip, allows higher heat dissipation. Compared to bigger Discrete it reduces heatsink space and can reduce the number of devices in parallel.

The IMI own designed high CTI, EZ 1 and EZ 2 packs with metal insert and all-plastic options with press fit pins provides high reliability solderless connections can withstand 2.3kV operating voltage offers flexibility and cost-effective solution for industrial applications.

IMI is continuously developing and maintaining its technology roadmap for potential areas of innovation exploring new technologies, materials and processes through regular engagement with its customers, strategic collaboration and partnerships with the academe and industry partners to leverage shared resources and gain competitive advantage.

VIA conducts research and development activities primarily in Germany as well as in China and Japan that focus on advancing its existing optical bonding and metal mesh technologies, improving its current product solutions, developing new products, improving functionality and manufacturing processes, enhancing the quality and performance of our product solutions and expanding its technologies to position the company as a critical and innovative supplier in its customers' supply chains.

The Group spent the following for research and development activities in the last three years:

Year	Amount	% to Revenues
2024	\$3,854,677	0.35%
2023	\$5,265,906	0.40%
2022	\$5,675,802	0.40%

## **Human Resources**

The Company has a total workforce of 10,368 employees as of December 31, 2024, shown in the following table:

	2024	2023
<b>Managers</b>	480	554
<b>Supervisors</b>	1,236	1,705
<b>Rank-and-File</b>	1,698	1,989
<b>Technicians/Operators</b>	6,954	8,411
<b>TOTAL</b>	<b>10,368</b>	<b>12,659</b>

The company will continuously assess its cost structure to adapt effectively to market conditions and remain financially stable. IMI's projected headcount for 2025 is 10,378.

The relationship between management and employees has always been of solidarity and collaboration from the beginning of its operations up to the present. The Company believes that open communication and direct engagement between management and employees are the most effective ways to resolve workplace issues.

IMI has existing supplemental benefits for its employees such as transportation and meal subsidy, group hospitalization insurance coverage and non-contributory retirement plan.

The Company recently approved the 2025 Employee Stock Option Program which may be in the form of a Stock Appreciation Rights Plan that grants cash settled and/or equity settled options (at the option of the Corporation) to its key talents.

The Company has or will have no supplemental benefits or incentive arrangements with its employees other than those mentioned above.

## **Risk Factors**

The Company's business, financial condition and results of operation could be materially and adversely affected by risks relating to the Company and the Philippines.

### ***IMI's operating results may significantly fluctuate from period to period***

There is a risk that the Company's operating results may fluctuate significantly due to various factors including but not limited to natural calamities such as global pandemic, volcanic eruption, weather and climate related incidents, geopolitical issues, macro-economic factors, changes in demand for its products and services, customers' sales outlook, purchasing patterns, and inventory adjustments, changes in the types of services provided to customers, variations in the, volume of products, adjustments in the processes and manner of delivery of services, as well as alterations to product specifications on account of complexity of product maturity, the extent to which the Company can provide vertically integrated services for a product. The result is also affected by the Company's effectiveness in managing its manufacturing processes, controlling costs, and integrating any potential future acquisitions, the Company's ability to make optimal use of its available manufacturing capacity, changes in the cost and availability of labor, skills and expertise, raw materials, and components, which affect its margins and its ability to meet delivery schedules, and the ability to manage the timing of its component purchases so that components are available when needed for production while avoiding the risks of accumulating inventory in excess of immediate production needs. Fluctuations in operating results may also be experienced by the Company on account of the advent of new technology and customer qualification of technology employed in the production, and the occurrence of any changes in local conditions or occurrence of events that may affect production volumes and costs of production, such as, but not limited to lockdowns, travel restrictions, labor conditions, political instability, changes in law and regulation, economic disruptions or changes in economic policies affecting flow of capital, entry of competition, substantial rate hikes of utilities required for production. The Company may also experience possible business disruptions as a result of fire and explosion due to presence and use of flammable materials in the operations, or force majeure. Additionally regional conflicts such as the Russia – Ukraine, or tensions in the Asia-Pacific region may also result in disruptions in logistics, supply chain, increased oil and natural gas prices, food supply, and sanctions levied upon individuals and entities that may have ties with Company's suppliers and customers. Donald Trump's presidential election win may also result in some policy changes such as trade war, tariffs, & US pullout from trade organizations that may affect global economies.

The factors identified above, and other risks discussed in this section affect the Company's operating results from time to time.

Some of these factors are beyond the Company's control. The Company may not be able to effectively sustain its growth due to restraining factors concerning corporate competencies, competition, global economies, and market and customer requirements. To meet the needs of its customers, the Company has expanded its operations in recent years and, in conjunction with the execution of its strategic plans, the Company expects to continue expanding in terms of geographical reach, customers served, products, and services. To manage its growth, the Company must continue to enhance its managerial, technical, operational, and other resources, as well as realign strategies to adjust to the new normal brought about by factors such as Covid-19 Global Pandemic, climate change and failure to adopt to new carbon economy.

The Company's ongoing operations and future growth may also require funding either through internal or external sources. There can also be no assurance that any future expansion plans will not adversely affect the Company's existing operations since execution of said plans may involve challenges. For instance, the Company may be required to be confronted with such issues as shortages of production

equipment and raw materials or components, capacity constraints, difficulties in ramping up production at new facilities or upgrading or expanding existing facilities, lack of skills and training an increasing number of personnel to manage and operate those facilities. Compounding these issues are other restraining factors such as more aggressive efforts of competition in expanding business, volatility in global economies and market and customer requirements, including requirements related to sustainability and ESG. All these challenges could make it difficult for the Company to implement any expansion plans successfully and in a timely manner.

In response to a very dynamic operating environment and intense industry competition, the Company focuses on high-growth/high-margin specialized product niches, diversifies its markets and products, engages in higher value add services, improves its cost structure, and pursues strategies to grow existing accounts. The Company also incorporates Environment, Social, and Governance (Sustainability) into its strategy and future growth.

***IMI may need to raise additional capital from time to time to meet our growth goals and may be unable to do so on attractive terms, or at all.***

We intend to continue to make investments to support the growth of our business and may require additional funds to respond to business challenges, including the need to complement our growth strategy, increase market share in our current markets or expand into other markets, or broaden our technology, intellectual property or service capabilities. Accordingly, we may require additional investments of capital from time to time, and our existing sources of cash and any funds generated from operations may not provide us with sufficient capital. Currently, we have existing short-term loans which are renewed every three months, and the Company relies on the continuing availability of unsecured revolving credit lines for liquidity and financial flexibility. For various reasons, including any non-compliance with existing or future lending arrangements, additional financing may not be available when needed, or may not be available on terms favorable to us. If we fail to obtain adequate capital on a timely basis or if capital cannot be obtained on terms satisfactory to us or in an amount or manner permitted by any restrictive covenants contained in lending or other arrangements in place as of such time, we may not be able to achieve our planned rate of growth, which will adversely affect our business, financial condition and results of operations.

***IMI is highly dependent on an industry that is characterized by rapid technological changes***

The demand for the Company's solutions is derived from the demand of end customers particularly for end-use applications in the automotive, industrial, communications, consumer, and the increased demands of medical electronics industries as well as fast phase growth in green/clean energy industry. These industries have historically been characterized by rapid technological changes, evolving industry standards, and changing customer needs. Original Equipment Manufacturers (OEMs) continue to make adjustments to the design, and the choice of components, for their PCBAs, therefore requiring the Company to maintain regular communication with OEM customers and share forecast information with suppliers. The sudden change of demand may also create inventory buildup and may affect the supply chain flexibilities of IMI and abilities to adapt to the market change.

New services or technologies may also render the Company's existing services or technologies less competitive. If the Company does not promptly make measures to respond to technological developments and industry standard changes, the eventual integration of new technology or industry standards or the eventual upgrading of its facilities and production capabilities, taking into account renewed focus on sustainable and renewable technologies, may require substantial time, effort, and capital investment.

The Company is focusing on longer life cycle industries such as automotive, industrial and telecommunication infrastructure to reduce the volatility of model and design changes. The Company also keeps itself abreast of trends and technology development in the electronics industry and is continuously conducting studies to enhance its technologies, capabilities and value proposition to its customers. It defines and executes technology road maps that are aligned with market and customer requirements.

***With rapid technological changes come increasingly sophisticated methods to infiltrate information and communication systems. The rapid deployment of digital and mobile environments, opening of network infrastructure to work from home and telecommuting pose an increase in the risk of unauthorized access and disruption in operations. IMI's maybe vulnerable to increased cybersecurity, information security, and data privacy breach.***

Information and cybersecurity risks, DDoS, ransomware, data breach, sabotage of production systems, penalties resulting from data privacy violations, reputation loss are important risk factors that the company needs to be able to manage and ensure sufficient and appropriate controls are in place. In this regard, we ensure strong and adequate information security controls are implemented to safeguard confidentiality, integrity, and prevent loss of our critical information.

Automation, analytics and machine-learning algorithms have taken its step to a number of factories for quicker, more efficient production, with human operators monitoring and maintaining the systems. Understanding the role of our employees as resilient participants in this digital age, our cybersecurity awareness program is continuously running. We engaged a third-party online security training provider to support this initiative.

Secure Email Gateway (SEG), Security Incident & Event Management (SIEM) and Security Operations (SOC) are in place to enhance security controls and mitigate existing risks at the same time.

The company also complies with the Data Privacy Act (DPA) to protect all forms of information that are personal, private, or privileged. IMI also as a global company maintains strict compliance with General Data Protection Regulations (GDPR).

In addition, the company has embarked on ISO 27001 – Information Security Management Systems certification program to ensure integrity and validity of cyber security controls across the IMI enterprise. The program also includes contracting 3rd party security assessors to determine maturity of IMI's information technology infrastructure, software, policies, procedures, and practices.

***The industry where IMI operates in does not serve, generally, firm or long-term volume purchase commitments***

Save for specific engagements peculiar to certain products and services required, the Company's customers do not generally contract for firm and long-term volume purchase. Customers may place lower-than-expected orders, cancel existing or future orders or change production quantities. There are no guaranteed or fixed volume orders that are committed on a monthly or periodic basis.

In addition, the Company makes significant investment decisions, including determining the levels of business that it will seek and accept capacity expansion, personnel needs, and other resource requirements. These key decisions are ultimately based on estimates of customer long-term requirements. The rapid changes in demand for its products reduce its ability to estimate accurately long-term future customer requirements. Thus, there is the risk that resource investments are not optimized at a certain period.

In order to manage the effects of these uncertainties, customers are required to place firm orders within the manufacturing lead time to ensure delivery. The Company does not solely rely on the forecast provided by the clients. By focusing on the longer cycle industry segments, the volatility that comes with rapid model changes is reduced and the Company is able to have a more accurate production planning and inventory management process.

Buy-back agreements are also negotiated by the Company in the event there are excess inventory when customer products reach their end-of-life. To the extent possible, the Company's contract includes volume break pricing, and materials buy-back conditions to taper the impact of sudden cancellations, reductions, and delays in customer requirements.

***IMI may encounter difficulties in connection with its global expansion***

The Company's globalization strategy has transformed it from a Philippines-centric company into a global network with manufacturing and engineering facilities as well as sales offices in Asia, Europe, and North America. This global expansion may expose the Company to potential difficulties that include diversion of management's attention from the normal operations of the Company's business, potential loss of key employees and customers of the acquired companies, physical, legal, cultural, and social impediments in managing and integrating operations in geographically dispersed locations, lack of experience operating in the geographic market of the acquired business, reduction in cash balance and increases in expenses and working capital requirements, which may reduce return on invested capital, potential increases in debt, which may increase operating costs as a result of higher interest payments, and complexities in integrating acquired businesses into existing operations, which may prevent it from achieving, or may reduce the anticipated synergy.

The Company's acquisitions of new companies or creation of new units, whether onshore or offshore, may also have an immediate financial impact to the Company due to the dilution of the percentage of ownership of current stockholders if the acquisition requires any payment in the form of equity of the Company, the periodic impairment of goodwill and other intangible assets, and liabilities, litigations, and/or unanticipated contingent liabilities assumed from the acquired companies.

If the Company is not able to successfully manage these potential difficulties, any such acquisitions may not result in material revenue enhancement or other anticipated benefits or even adversely affect its financial and/or operating condition.

To limit its exposure, the Company performs a thorough assessment of the upside and downside of any merger or acquisition. Supported by a team that focuses on business development, finance, legal, and engineering units, the vision, long-term strategy, compatibility with the culture, customer relationship, technology, and financial stability of the company to be acquired is carefully examined through due diligence to ensure exposures are mitigated through proper warranties. In addition, the Company looks at acquisitions that are immediately accretive to the P&L of the Company. The decision is then reviewed and endorsed by the Finance Committee and approved by the Board. The Company carefully plans any merger or acquisition for a substantial period prior to closing date. Prior to closing of transactions, the Company forms an integration team and formulates detailed execution plans to integrate the key functions of the acquired entity into the Company.

***IMI may not be able to mitigate the effects of the declining prices of goods over the life cycles of its products or as a result of changes in its mix of new and mature products, mix of turnkey and consignment business arrangements, and lower prices offered by the competition***

The price of the Company's products tends to decline over the later years of the product life cycle, reflecting decreased costs of input components, improved efficiency, decreased demand, and

increased competition as more manufacturers are able to produce similar or alternative products. The gross margin for manufacturing services is highest when a product is first developed but as products mature, average selling prices of a product drop due to various market forces resulting in gross margin erosion. The Company may be constrained to reduce the price of its service for more mature products in order to remain competitive against other manufacturing services providers. This is most apparent in the automotive segment, where the reduction has historically been observed to occur between the first two to three years. The Company's gross margin may further decline to be competitive with the lower prices offered by the competition or to absorb excess capacity, liquidate excess inventories, or restructure or attempt to gain market share.

The Company is moving towards a higher proportion of contracting under a turnkey production (with the Company providing labor, materials and overhead support), as compared to those under a consignment model, indicating a possible deterioration in its margins. The Company will also need to deploy larger amounts of working capital for turnkey engagements.

To mitigate the effects of price declines in the Company's existing products and to sustain margins, the Company continues to improve its production efficiency by increasing yields, increasing throughputs through LEAN and six sigma manufacturing process. In addition, the Company continues to leverage on its purchase base and supplier programs to avail of discounts and reduced costs in component prices. It also utilizes its global procurement network and supply chain capabilities to reduce logistics costs for components including inventory levels. The Company also intensifies its effort to contract with customers with higher-margin products most of which involve higher engineering value add and more complex box build or system integration requirements.

### ***IMI operates in a highly competitive industry***

Some of the Company's competitors in the industry may have greater design, engineering, manufacturing, financial capabilities, or superior resources than the Company. Customers evaluate EMS and ODMs based on, among other things, global manufacturing capabilities, speed, quality, engineering services, flexibility, and costs. In outsourcing, OEMs seek to reduce cost. In addition, major OEMs typically outsource the same type of products to at least two or three outsourcing partners in order to diversify their supply risks. The competitive nature of the industry may result in substantial price competition. The Company faces increasing challenges from competitors who are able to put in place a competitive cost structure by consolidating with or acquiring other competitors, relocating to lower cost areas, strengthening supply chain partnerships, or enhancing solutions through vertical integration, among others. The Company's customers may opt to transact with the Company's competitors instead of the Company or if the Company fails to develop and provide the technology and skills required by its customers at a rate comparable to its competitors. There can be no assurance that the Company will be able to competitively develop the higher value add solutions necessary to retain business or attract new customers. There can also be no assurance that it will be able to establish a compelling advantage over its competitors.

The industry could become even more competitive if OEMs fail to significantly increase their overall levels of outsourcing. Increased competition could result in significant price competition, reduced revenues, lower profit margins, or loss of market share, any of which would have a material adverse effect on the Company's business, financial condition, and results of operations.

The Company regularly assesses the appropriate pricing model (so as to ensure that it is strategic/value based or demand based, among others) to be applied on its quotation to existing or prospective customers. The Company is also strengthening its risk management capabilities to be able to turn some of the risks (e.g., credit risks) into opportunities to gain or maintain new or existing customers, respectively. The Company also continues to develop high value-add services that fit the dynamic

markets it serves. It continues to enhance capabilities in design and development, advanced manufacturing engineering, test and systems development, value engineering, and supply chain management to ensure an efficient product realization experience for its customers.

In addition, the Company's size, stability and geographical reach allow it to attract global OEMs customers that look for stable partners that can service them in multiple locations. This is evident in the increasing number of global contracts that the Company is able to develop and have multiple sites serving single customers.

Focusing on high value automotive (such as those for ADAS and safety-related, power modules and electronic control units, among others), industrial, aerospace/defense and medical segments where strict performance and stringent certification processes are required, the Company is able to establish a high barrier of entry, business sustainability and better pricing. Generally, the Company has observed that it is usually difficult for customers in these industries to shift production as they would have to go through a long lead time in the certification process. The direction the Company has taken resulted in the rise of the Company's ranking in the global and automotive EMS spaces.

***IMI may be subject to reputation and financial risks due to product quality and liability issues***

The contracts the Company enters into with its customers, especially customers from the automotive and medical industry, typically include warranties that its products will be free from defects and will perform in accordance with agreed specifications. To the extent that products delivered by the Company to its customers do not, or are not deemed to, satisfy such warranties, the Company could be responsible for repairing or replacing any defective products, or, in certain circumstances, for the cost of effecting a recall of all products which might contain a similar defect in an occurrence of an epidemic failure, as well as for consequential damages. Defects in the products manufactured by the Company adversely affect its customer relations, standing and reputation in the marketplace, result in monetary losses, and have a material adverse effect on its business, financial condition, and results of operations. There can be no assurance that the Company will be able to recover any losses incurred as a result of product liability in the future from any third party.

In order to prevent or avoid a potential breach of warranties which may expose the Company to liability, the Company's quality assurance focused on defect prevention, globalizing the culture of early detection and reaction to internal issues. The Company also refined its Advanced Product Quality Planning (APQP) procedure to ensure customer specific requirements on process and product quality are met early on the design and development phase before the product gets launched into production.

The Company performs a detailed review and documentation of the manufacturing process that is verified, audited and signed-off by the customers. In addition, customers are encouraged, and in some cases, required to perform official audits of the Company's manufacturing and quality assurance processes, to ensure compliance with specifications. The Company works closely with customers to define customer specifications and quality requirements and follow closely these requirements to mitigate future product liability claims. The Company also insures itself on product liability and recall on a global basis.

***IMI's production capacity may not correspond precisely to its production demand***

The Company's customers may require it to have a certain percentage of excess capacity that would allow the Company to meet unexpected increases in purchase orders. On occasion, however, customers may require rapid increases in production beyond the Company's production capacity, and the Company may not have sufficient capacity at any given time to meet sharp increases in these requirements. On the other hand, there is also a risk of the underutilization of the production line, which

may slightly lower the Company's profit margins. In response, the Company makes the necessary adjustments in order to have a match between demand and supply. In the case of a lack in supply, the Company equips itself with flexible systems that allow it to temporarily expand its production lines in order to lower the overhead costs, and then make corresponding increases in its capacity when there is a need for it as well.

To soften the impact of this, the Company closely coordinates with customers to provide the parties with regular capacity reports and action plan/s for common reference and future capacity utilizations. The Company also closely collaborates with its customers to understand the required technology roadmaps, anticipate changes in technological requirements, and discuss possible future solutions.

***IMI may be involved in intellectual property disputes***

The Company's business depends in part on its ability to provide customers with technologically sophisticated products. The Company's failure to protect its intellectual property or the intellectual property of its customers exposes it to legal liability, loss of business to competition and could hurt customer relationships and affect its ability to obtain future business. It could incur costs in either defending or settling any intellectual property disputes. Customers typically require that the Company indemnify them against claims of intellectual property infringement. If any claims are brought against the Company's customers for such infringement, whether these have merit or not, it could be required to expend significant resources in defending such claims. In the event the Company is subjected to any infringement claims, it may be required to spend a significant amount of money to develop non-infringing alternatives or obtain licenses. The Company may not be successful in developing such alternatives or in obtaining such licenses on reasonable terms or at all, which could disrupt manufacturing processes, damage its reputation, and affect its profitability.

Since the Company is not positioned as an ODM, the likelihood of the Company infringing upon product-related intellectual property of third parties is significantly reduced. Product designs are prescribed by and ultimately owned by the customer.

The Company observes strict adherence to approved processes and specifications and adopts appropriate controls to ensure that the Company's intellectual property and that of its customers are protected and respected. It continuously monitors compliance with confidentiality undertakings of the Company and management. As of the date of this Prospectus, there has been no claim or disputes involving the Company or between the Company and its customers involving any intellectual property.

***Demand for services in the EMS industry depends on the performance and business of the industry's customers as well as the demand from end consumers of electronic products***

The performance and profitability of the Company's customers' industries are partly driven by the demand for electronic products and equipment by end-consumers. If the end-user demand is low for the industry's customers' products, companies in the Company's industry may see significant changes in orders from customers and may experience greater pricing pressures. Therefore, risks that could harm the customers of its industry could, as a result, adversely affect the Company as well. These risks include the customer's inability to manage their operations efficiently and effectively, the reduced consumer spending in key customers' markets, the seasonality demand for their products, and failure of the customer's products to gain widespread commercial acceptance.

The impact of these risks was very evident in the aftermath of the global financial crisis which resulted in global reduction of demand for electronics products by end-customers. The Company mitigates the impact of industry downturns on demand by rationalizing excess labor and capacity to geographical areas that are most optimal, and by initiating cost containment programs. With indications of global



financial recovery already in place, the Company has been able to re-hire some of its employees. There are also electronics requirements resulting from global regulations, such as those for improving vehicle safety and promoting energy-efficient technologies that would increase the demand for electronic products and equipment.

The Company continuously addresses its concentration risks. There is no single customer that the Company is dependent on or accounts for more than 15% of the Company's revenues. The Company also serves global customers which are not concentrated on a specific geographic market.

***IMI's industry is dependent on the continuous growth of outsourcing by OEMs***

The Company belongs to an industry that is dependent on the strong and continuous growth of outsourcing in the communications, consumer automotive, industrial, and medical electronics industries where customers choose to outsource production of certain components and parts, as well as functions in the production process. A customer's decision to outsource is affected by its ability and capacity for internal manufacturing and the competitive advantages of outsourcing.

The Company's industry depends on the continuing trend of increased outsourcing by its customers. Future growth in its revenue depends on new outsourcing opportunities in which it assumes additional manufacturing and supply chain management responsibilities from its customers. To the extent that these opportunities do not materialize, either because the customers decide to perform these functions internally or because they use other providers of these services, the Company's future growth could be limited.

The Company believes that its global footprint with manufacturing operations in Asia, Europe, and North America, its global supply chain systems and capabilities, and its design services will continue to provide strategic advantages for customers to outsource parts of their product development and manufacturing processes to the Company.

***IMI's industry may experience shortages in, or rises in the prices of components, which may adversely affect business***

There is a risk that the Company will be unable to acquire necessary components for its business as a result of strong demand in the industry for those components or if suppliers experience any problems with production or delivery (lockdowns and logistics issues). The Company is also exposed to challenges surrounding lead-times within the electronic component market.

The Company is often required by its customers to source certain key components from customer-nominated and accredited suppliers only, and it may not be able to obtain alternative sources of supply should such suppliers be unable to meet the supply of key components in the future. Shortages of components could limit its production capabilities or cause delays in production, which could prevent it from making scheduled shipments to customers.

If the Company is unable to make scheduled shipments, it may experience a reduction in its sales, an increase in costs, and adverse effects on its business. Component shortages may also increase costs of goods sold because it may be required to pay higher prices for components in short supply and redesign or reconfigure products to accommodate substitute components.

To the extent possible, the Company works closely with customers to ensure that there are back up suppliers or manufacturers for customer-supplied components or components supplied by customer-nominated suppliers to mitigate uncertainties in the supply chain. The changes in market also allows opportunities for the Company to consolidate strategic suppliers and improve supply chain cost, efficiencies and flexibilities, especially in passive and discrete components, and consolidate the global

spend for global supplier management and negotiation instead of regional negotiation. In addition, the Company has established supplier certification and development programs designed to assess and improve suppliers' capability in ensuring uninterrupted supply of components to the Company.

***Any shortage of raw materials or components could impair IMI's ability to ship orders of its products in a cost-efficient manner or could cause IMI to miss its delivery requirements of its retailers or distributors, which could harm IMI's business***

The ability of the Company's manufacturers to supply its products is dependent, in part, upon the availability of raw materials and certain components. The Company's manufacturers may experience shortages in the availability of raw materials or components, which could result in delayed delivery of products to the Company or in increased costs to it. Any shortage of raw materials or components or inability to control costs associated with manufacturing could increase the costs for the Company's products or impair its ability to ship orders in a timely cost-efficient manner. As a result, it could experience cancellation of orders, refusal to accept deliveries, or a reduction in the Company's prices and margins, any of which could harm the Company's financial performance and results of operations. Other than for customer-nominated suppliers or specialty components for the manufacture of specific products, the Company is not dependent on a single supplier for its raw materials.

***IMI may be exposed to risk of inventory obsolescence and working capital tied up in inventories***

As an EMS provider, the Company may be exposed to a risk of inventory obsolescence because of rapidly changing technology and customer requirements. Delays in ramp up of new projects may result to inventory buildup therefore giving the Company exposure to potential inventory obsolescence which may require it to make adjustments to write down inventory to the lower of cost or net realizable value, and its operating results could be adversely affected. The Company is cognizant of these risks and accordingly exercises due diligence in materials planning.

The Company works with key suppliers to establish supplier-managed inventory arrangements that will mutually reduce the risk. The Company also puts tight control in the inventory with regular negotiation with customers on demand change and suppliers on the pushout and cancellation of deliveries. In addition, the Company often negotiates buy back arrangements with customers where, in the event the customers' purchase orders are delayed, canceled, or enter in the end-of-life phase, the customers assume the risk and compensate the Company for the excess inventory.

***Macroeconomic pressures in the markets in which we operate, including, but not limited to, the effects of COVID-19, political and social conditions or civil unrest in the U.S. and in certain international markets, may adversely affect our financial results.***

To varying degrees, our customer's products are sensitive to changes in macroeconomic conditions that impact consumer demand. As a result, consumers may be affected in many different ways, including for example:

- whether or not they make a purchase;
- their choice of brand, model or price-point; and
- how frequently they upgrade or replace their video gaming consoles.

Real GDP growth, consumer confidence, the COVID-19 pandemic, inflation, employment levels, oil prices, interest rates, tax rates, housing market conditions, foreign currency exchange rate fluctuations, costs for items such as fuel and food and other macroeconomic trends can adversely affect consumer demand for the products and services that our direct customers (B2B) offer and hence affects demand for components we supply. Geopolitical issues around the world and how our markets are positioned can also impact the macroeconomic conditions and could have a material adverse impact on our financial results.

***IMI may, from time to time, be involved in legal and other proceedings arising out of its operations.***

The Company's expanding global activities while continuing to present a myriad of growth opportunities, may tend to increase exposure to potential disputes with its employees and various parties involved in its manufacturing operations, including contractual disputes with customers or suppliers, labor disputes with workers or be exposed to damage or personal liability claims. Regardless of the outcome, these disputes may lead to legal or other proceedings that may affect the ability of the Company to realize its short and long-term target revenues and margins, and may result in substantial costs, delays in the Company's development schedule, and the diversion of resources and management's attention.

The Company may also have disagreements with regulatory bodies in the course of its operations, which may subject it to administrative proceedings and unfavorable decisions that result in penalties and/or delay the development of its projects. In such cases, the Company's business, financial condition, results of operations and cash flows could be materially and adversely affected.

***IMI is highly dependent on the continued service of its directors, members of senior management and other key officers***

The Company's directors, members of its senior management, and other key officers have been an integral part of its success, and the experience, knowledge, business relationships and expertise that would be lost should any such persons depart could be difficult to replace and may result in a decrease in the Company's operating efficiency and financial performance. Key executives and members of management of the Company include Chief Executive Officer, President, Chief Finance Officer, Chief Operations Officer, VP Finance and Corporate Controller, Global Head – Sales and Marketing, Global Head – Sourcing and Commodities, Chief Human Resources Officer, Global Head – Quality, Global Head – Advanced Competitiveness Engineering, Power – Business Head and Plant General Managers and all other key functions. In the event that the Company loses the services of any such person and is unable to fill any vacant key executive or management positions with qualified candidates, or if the qualified individual takes time to learn the details of the Company, the Company's business and results of operations may be adversely affected.

***Any deterioration in IMI's employee relations could materially and adversely affect the Company's operations***

The Company's success depends partially on the ability of the Company, its contractors, and its third-party marketing agents to maintain productive workforces. Any strikes, work stoppages, work slowdowns, grievances, complaints or claims of unfair practices or other deterioration in the Company's, its contractors' or its third party marketing agents' employee relations could have a material and adverse effect on the Company's financial condition and results of operations.

The Company conducts Employee Engagement Survey to better understand the diverse needs and aspiration of its workforce, and ultimately contribute to their professional and personal goals. It also aims to instill corporate values and institutionalize an employee-centric and high impact working culture.

There have been no historical events related to strikes or protests from its employees or unions, despite having higher labor unrest risk due to growing population, given the well-established employee relations programs of the Company.

***IMI's success depends on attracting, engaging, and retaining key talents, including skilled research and development engineers***

In order to sustain its ability to complete contracted services and deliver on commitments and promote growth, the Company will have to continuously attract, develop, engage and retain skilled workforce highly capable to achieve business goals. The Company recognizes that its competitiveness is dependent on its key talent pipeline, including leadership, talent and skill pool, and succession plan.

The Company continuously identifies top-caliber candidates and keeps the pipeline full to be ready to assume new roles and fuel growth. The Company has a strong ability to hire in terms of the quality of recruits as well as in scale. Specifically, there is a strong recruitment in the Philippines and in China, having been able to tie up with universities. In the case of an immediate need to provide manpower, there are contractual agreements at hand to meet the demand. They have the ability to rapidly organize and train skilled workers for new products and services and retain qualified personnel.

The Company also leverages on its global reach to identify, recruit and develop the right employees who can be deployed to the various operating units or divisions of the Company. It also implements on a regular basis pertinent employee training and development programs, including a cadetship program that enables it to tap and employ capable graduates from different leading universities. The Company has implemented proactive measures to retain employees through sound retention programs, encouraging work-life balance among its employees, and providing structured career development paths to promote career growth within the organization and loyalty to the Company.

***If American Depositary Receipts (ADRs) of any foreign company such as VIA are traded even on pink sheets, there is still a possibility for investors to sue VIA for violations of US securities laws, if any.***

VIA has been delisted and deregistered in the New York Stock Exchange in 2024, and consequently suspended from SEC reporting obligations, but are still being traded thru Pink Open Market also known as the "Pink Sheets".

**RISKS RELATING TO COUNTRIES WHERE THE COMPANY OPERATES (INCLUDING THE PHILIPPINES)**

***IMI conducts business in various jurisdictions, exposing it to business, political, operational, financial, regulatory and economic risks due to its operations in these jurisdictions***

There is no assurance that there will be no occurrence of an economic slowdown in the countries where the Company operates, including the Philippines. Factors that may adversely affect an economy include but are not limited to:

- decreases in business, industrial, manufacturing or financial activity in the Philippines or in the global market,
- scarcity of credit or other financing, resulting in lower demand for products and services
- the sovereign credit ratings of the country,
- currency exchange rate fluctuations,
- a prolonged period of inflation or increase in interest rates,
- changes in the relevant government's taxation policies,
- climate change, natural (or man-made) disasters, including pandemic, typhoons, earthquakes, fires, floods and similar events,
- political instability, terrorism or military conflict, and
- trade wars
- other regulatory, political or economic developments in or affecting the Company

Notwithstanding the foregoing, the global operations, marketing, and distribution of the Company's products inherently integrate the impact of any economic downturn affecting a single country where the Company operates and enables the Company to shift the focus of its operations to other jurisdictions.

The Company's manufacturing and sales operations are located in a number of countries throughout Asia, Europe, and North America. As a result, it is affected by business, political, operational, financial, climate and economic risks inherent in international business, many of which are beyond the Company's control, including difficulties in obtaining domestic and foreign export, import, and other governmental approvals, permits, and licenses, and compliance with foreign laws, which could halt, interrupt, or delay the Company's operations if it is unable to obtain such approvals, permits, and licenses, and could have a material adverse effect on the Company's results of operations.

Changes in law including unexpected changes in regulatory requirements affect the Company's business plans, such as those relating to labor, environmental compliance and product safety. Delays or difficulties, burdens, and costs of compliance with a variety of foreign laws, including often conflicting and highly prescriptive regulations also directly affect the Company's business plans and operations, cross-border arrangements and the inter-company systems.

Increases in duties and taxation and a potential reversal of current tax or other currently favorable policies encouraging foreign investment or foreign trade by host countries leading to the imposition of government controls, changes in tariffs, or trade restrictions on component or assembled products may result in adverse tax consequences, including tax consequences which may arise in connection with inter-company pricing for transactions between separate legal entities within a group operating in different tax jurisdictions, also result in increases in cost of duties and taxation.

The Financial Action Task Force (FATF), a global organization based in Paris, has once again placed the Philippines on its "grey list" for failing to address strategic deficiencies in combating money laundering, terrorist financing, and proliferation financing in compliance with its 40+9 recommendations. The Anti-Money Laundering Act (AMLA)'s shortcomings persisted in the nation even after the 2020 Anti-Terrorism Act and its modifications were passed. The Bank Deposit Secrecy Act has not yet undergone any changes. Being placed on the gray list of FATF implies risk of higher inflation and processing fees, as well as increased scrutiny from financial companies.

Under existing foreign exchange controls in the Philippines, as a general rule, Philippine residents may freely dispose of their foreign exchange receipts and foreign exchange may be freely sold and purchased outside the Philippine banking system. Restrictions exist on the sale and purchase of foreign exchange in the Philippine banking system. In the past, the Government has instituted restrictions on the ability of foreign companies to use foreign exchange revenues or to convert Philippine pesos into foreign currencies to satisfy foreign currency- denominated obligations, and no assurance can be given that the Government will not institute such or other restrictive exchange policies in the future.

A substantial portion of the Company's manufacturing operations is located in China, which has regulated financial and foreign exchange regime. The Company continuously evaluates the options available to the organization to ensure maximum usage of excess liquidity. Among others, excess liquidity may be repatriated out of China through dividend payments, payment of management service or royalty fees, use of leading and lagging payment, and transfer pricing.

Also, because of China's role in many important supply chains, its exports contain a large amount of value added applied in other Asian economies. At least as importantly, China has become a principal final destination for Asian exports. As China, is hit by US trade tariffs, the spill-over into other APAC economies takes place via international supply chains and changes in China's domestic demand.

***Climate Change and Environmental laws applicable to IMI's projects could have a material adverse effect on its business, financial condition or results of operations***

The Company cannot predict what environmental, climate change legislation or regulations will be amended or enacted in the future, how existing or future laws or regulations will be enforced, administered or interpreted, or the amount of future expenditures that may be required to comply with these environmental laws or regulations or to respond to environmental claims. The introduction or inconsistent application of, or changes in, laws and regulations applicable to the Company's business could have a material adverse effect on its business, financial condition and results of operations.

There can be no assurance that current or future environmental laws and regulations applicable to the Company will not increase the costs of conducting its business above currently projected levels or require future capital expenditures. In addition, if a violation of any environmental law or regulation occurs or if environmental hazards on land where the Company's projects are located cause damage or injury to buyers or any third party, the Company may be required to pay a fine, to incur costs in order to cure the violation and to compensate its buyers and any affected third parties.

***Any political instability in the Philippines and the countries or geographic regions where IMI operates may adversely affect the business operations, plans, and prospects of the Company***

The Philippines has from time to time experienced severe political and social instability. The Philippine Constitution provides that, in times of national emergency, when the public interest so requires, the Government may take over and direct the operation of any privately owned public utility or business.

**Russia – Ukraine Conflict**

The ongoing Russia-Ukraine conflict has had far-reaching effects on the global economy and supply chain. Key impacts as follows:

**1. Energy Market Disruptions:**

**Soaring Oil and Gas Prices:** Russia is a major exporter of oil and natural gas. Sanctions and the conflict have severely disrupted supplies, leading to skyrocketing prices globally. This has increased costs across industries, fueling inflation and reducing consumer spending power.

**Energy Security Concerns:** Europe relies heavily on Russian gas, and the war has triggered a scramble for alternative sources. This has highlighted the vulnerability of energy supplies and the urgency to diversify energy sources and infrastructure.

**2. Agricultural Supply Shocks:**

**Grain Export Blockages:** Ukraine and Russia are major wheat and grain exporters. Ukrainian ports have been blocked, and sanctions on Russia have hindered its exports. This has led to global shortages, price spikes, and food insecurity, especially in developing countries.

**Fertilizer Supply Constraints:** Russia is a significant exporter of fertilizers. Sanctions and disruptions have limited supplies and driven up prices, hurting farmers worldwide and potentially reducing future agricultural yields and further increasing food insecurity.

### 3. Supply Chain Disruptions:

**Critical Raw Materials:** Russia and Ukraine are suppliers of important metals like neon (essential for semiconductors), palladium (used in automobiles), and nickel (used for batteries). Disruptions have caused price volatility and shortages in numerous manufacturing sectors.

**Increased Transportation Costs:** The war and sanctions have disrupted trade routes and transportation networks from the region. This has increased shipping costs, adding to the price pressure on goods and creating logjams in global supply chains.

### 4. Global Economic Ripple Effects:

**Inflationary Pressure:** The combined effect of rising energy, food, and commodity prices has caused extreme inflationary pressure worldwide. This erodes purchasing power, slows economic growth, and prompts central banks to raise interest rates, potentially curbing investment, and spending.

**Market Uncertainty:** The war has increased geopolitical uncertainty and instability. This volatility dampens investor confidence, leading to increased risk premiums and potentially slowing down global capital flows.

### 5. Long-Term Consequences

**Shifting Trade Patterns:** The conflict and sanctions are accelerating a move away from reliance on Russian commodities. This could lead to more regionalized supply chains and the development of alternative trade routes.

**Strengthening Alliances:** The conflict has reinforced geopolitical divisions, with countries potentially aligning themselves into more economically defined blocs. This may reshape international trade and finance in the long run.

**Important Note:** The situation is still volatile and evolving. The severity and long-term impact of these effects will depend on the duration of the conflict and how global markets adapt.

## ***Israel - Palestine Conflict***

Israel has launched new ground invasion into Gaza after breaking ceasefire. The Palestine-Israel conflict has the potential to affect the global economy and supply chain in several ways, although the direct impact may vary depending on the specific dynamics of the conflict at any given time. Key impacts as follows:

1. **\*\*Oil Prices\*\*:** The Middle East, including Israel and Palestine, is a major oil-producing region. Any escalation of conflict in the area could disrupt oil production and transportation routes, leading to an increase in oil prices globally. This increase can affect various sectors of the economy due to higher transportation and production costs.
2. **\*\*Financial Markets\*\*:** Political instability and conflict in the Middle East can lead to uncertainty in financial markets. Investors may become more cautious, leading to fluctuations in stock prices and currency values. This uncertainty can affect global investment flows and capital markets.
3. **\*\*Trade Disruptions\*\*:** Israel and Palestine are both involved in trade with various countries around the world. Any disruption in trade routes, ports, or infrastructure due to the conflict can affect

the flow of goods and services globally. This disruption can lead to delays in supply chains and increased costs for businesses reliant on goods from the region.

4. **\*\*Investment and Business Confidence\*\***: Persistent conflict can deter foreign investment and business activities in the region. Companies may hesitate to invest in infrastructure or establish operations in areas prone to conflict, leading to a slowdown in economic development. This lack of investment can have indirect effects on the global economy through reduced trade and investment opportunities.

5. **\*\*Humanitarian Costs\*\***: The conflict's humanitarian toll can have broader economic implications. Displacement of people, destruction of infrastructure, and loss of life can destabilize communities and strain resources. Humanitarian aid and reconstruction efforts divert resources that could otherwise be used for economic development, impacting the region's overall economic stability.

6. **\*\*Regional Stability\*\***: The Palestine-Israel conflict is interconnected with broader geopolitical dynamics in the Middle East, including the Red Sea Crisis. Escalation of the conflict could exacerbate tensions in the region, potentially leading to wider conflicts or geopolitical realignments. Any such developments can have ripple effects on global stability and economic conditions.

Overall, while the direct impact of the Palestine-Israel conflict on the global economy and supply chain may not be as significant as other factors like trade disputes or economic policies of major economies, it nonetheless represents a source of geopolitical uncertainty that can influence global economic dynamics, particularly in the context of the Middle East's strategic importance.

***Macro-economic conditions of different countries where IMI operates may adversely affect the Company's business and prospectus***

Historically, the Philippines' sovereign debt has been rated relatively low by international credit rating agencies. Although the Philippines' long-term foreign currency-denominated debt was recently upgraded by each of Standard & Poor's, and Moody's to investment-grade, no assurance can be given that Standard & Poor's, or Moody's or any other international credit rating agency will not downgrade the credit ratings of the Government in the future and, therefore, Philippine companies. Any such downgrade could have an adverse impact on the liquidity in the Philippine financial markets, the ability of the Government and Philippine companies, including the Parent Company, to raise additional financing and the interest rates and other commercial terms at which such additional financing is available.

In addition, some countries in which the Company operates, such as China, Czech Republic and Mexico, have experienced periods of slow or negative growth, high inflation, significant currency devaluations, or limited liability of foreign exchange. In countries such as UK, China and Mexico, governmental authorities exercise significant influence over many aspects of the economy which may significantly affect the Company.

On an as-needed basis, the Company seeks the help of consultants and subject matter experts for changes in laws and regulations that may have a significant impact in the Company's business operations. It also maintains good relationship with local government, customs, and tax authorities through business transparency and compliance and/or payment of all government-related assessments in a timely manner. The Company has been able to overcome major crises brought about by economic and political factors affecting the countries where it operates. The strong corporate governance structure of the Company and its prudent management team are the foundations for its continued success. The Company also constantly monitors its macroeconomic risk exposure, identifies unwanted risk concentration, and modifies its business policies and activities to navigate such risks.



There is no single customer that the Company is dependent on or accounts for more than 15% of the Company's revenues. The Company also serves global customers which are not concentrated on a specific geographic market.

Severe macroeconomic contractions may conceivably lead the Company to tweak or modify its investment decisions to meet the downturn. As a holding company, the Company affirms the principles of fiscal prudence and efficiency in the operations to its subsidiaries operating in various countries.

***IMI faces risks of international expansion and operation in multiple jurisdictions***

The Company expects to have an international customer base which may require worldwide service and support. The Company may expand its operations internationally and enter additional markets, which will require significant management attention. Any such expansion may cause a strain in existing management resources.

The distances between the Company, the customers, and the suppliers globally, create a number of logistical and communications challenges, including managing operations across multiple time zones, directing the manufacture and delivery of products across significant distances, coordinating the procurement of raw materials and their delivery to multiple locations, and coordinating the activities and decisions of the Company's management team, the members of which are spread out internationally.

While the Company tries to keep its local expertise, it established global functions to ensure that there is adequate coordination of activities. In addition, the availability and use of cell phones, e-mails, and internet-based communication tools by the Company resulted in more efficient and timely coordination of activities and decision making by management from different sites and countries.

The Company aggressively pursues hiring of experienced international managers and staff globally. This enables the Company to ensure that it has sufficient manpower complement possessed with the required skills and experience to work with customers, vendors, and other partners in and out of the relevant country where it operates.

***Natural or other catastrophes, including severe weather conditions and epidemics, pandemics, that may materially disrupt IMI's and its supplier's operations, affect its ability to complete projects and result in losses not covered by its insurance***

Apart from Covid-19 pandemic, which has affected all countries in 2020, the Philippines has experienced a number of major natural catastrophes over the years, including typhoons, droughts, volcanic eruptions and earthquakes. In 2021 alone, Super Typhoon Kiko and Odette caused massive disruptions in multiple cities and provinces, leaving over 1,500 people injured and resulting in about 500 deaths. In October 2013, a 7.2 magnitude earthquake affected Cebu and the island of Bohol, and in November 2013, Super Typhoon Haiyan (called Yolanda in the Philippines) caused destruction and casualties. Approximately 3.42 million households (161 million people) with 6,300 casualties and 1,061 missing in the Philippines. It damaged 1,084,762 buildings in the country including heavily 489,613 and moderately 595,149 (NDRRMC, 2014). There can be no assurance that the occurrence of such natural catastrophes will not materially disrupt the Company's operations. These factors, which are not within the Company's control, could potentially have significant effects on the Company's manufacturing facilities. As a result, the occurrence of natural or other catastrophes or severe weather conditions may adversely affect the Company's business, financial condition and results of operations.

Natural disasters, such as the 2008 earthquake in China, where a significant portion of the Company's manufacturing operations is located, could severely disrupt the Company's manufacturing operations and increase the Company's supply chain costs. These events, over which we have little or no control, could cause a decrease in demand for the Company's services, make it difficult or impossible for the

Company to manufacture and deliver products and for the Company's suppliers to deliver components allowing it to manufacture those products, require large expenditures to repair or replace the Company's facilities, or create delays and inefficiencies in the Company's supply chain.

In addition, epidemic or pandemic such as the Covid-19 Pandemic in 2020, Middle East Respiratory Syndrome (MERS) of 2012, H1N1 Influenza virus of 2009, Severe Acute Respiratory Syndrome (SARS) of 2003 may have severe effects on global supply chain affecting company's employees, and business.

Any escalation in these events or similar future events may disrupt the Company's operations and the operations of the Company's customers and suppliers and may affect the availability of materials needed for the Company's manufacturing services. Such events may also disrupt the transportation of materials to the Company's manufacturing facilities and finished products to the Company's customers.

There can be no assurance that the Company is fully capable to deal with these situations and that the insurance coverage it maintains will fully compensate it for all the damages and economic losses resulting from these catastrophes.

***Political instability or threats that may disrupt IMI's operations could result in losses not covered by the Company's insurance***

No assurance can be given that the political environment in the Philippines will remain stable and any political instability in the future could reduce consumer demand, or result in inconsistent or sudden changes in regulations and policies that affect the Company's business operations, which could have an adverse effect on the results of operations and the financial condition of the Company.

Increased political instability threats or occurrence of terrorist attacks, enhanced national security measures, and conflicts, as well as territorial and other disputes, which strain international relations, may reduce consumer confidence and economic weakness.

Any impact on the following cases in countries in which the Company has operations could materially and adversely affect the Company's business plans and prospects, financial condition and results of operations.

The Philippines, China, and several Southeast Asian nations have been engaged in a series of long-standing territorial disputes over certain islands in the West Philippine Sea, also known as the South China Sea. Vietnam, the Philippines, Brunei, Malaysia and Taiwan claim parts of the same maritime area, a thriving fishing zone through which more than \$5 trillion of trade passes each year. In July 2016, an international tribunal in The Hague ruled against China in a case brought by the Philippines, saying it had no historic rights to the resources within a dashed line drawn on a 1940s map that had formed the basis of its claims. While the court said the ruling was binding, China said the United Nations Convention on the Law of the Sea (UNCLOS) 29 tribunal had no jurisdiction. China is also in dispute with Japan and India over claims to a separate set of islands.

## ITEM 2. PROPERTIES

IMI has production facilities in the Philippines (Laguna), China (Shenzhen, Jiaxing, Chengdu, and Suzhou), Bulgaria, Czech Republic, Serbia, Germany, and Mexico. Engineering and design centers, on the other hand, are located in the Philippines, China, Bulgaria, Czech Republic, and Germany. IMI also has a global network of sales and logistics offices in Asia, North America and Europe.

The Company's global facilities and capabilities of each location as of December 31, 2024 are shown below:

Location	Floor Area (square meters)	Capabilities
Manufacturing Sites		
Philippines-Laguna (2 sites)	104,599	<ul style="list-style-type: none"><li>▪ 30 SMT lines, 2 FC lines</li><li>▪ 6 COB/COF lines</li><li>▪ Box build to Complex Equipment manufacturing</li><li>▪ LVHM, HVLM</li><li>▪ Solder Wave, Potting, AI &amp; AG W/B</li><li>▪ Protective Coating</li><li>▪ ICT, FCT, AOI, RF Testing</li><li>▪ Design &amp; Development</li><li>▪ Test &amp; System Development</li><li>▪ Cleanroom to class 100</li><li>▪ Low Pressure Molding (Overmold)</li><li>▪ Vacuum reflow</li><li>▪ Precision Metals/Machining</li></ul>
VIA Philippines	2,511	
PSi Technologies		
China-Pingshan	29,340	<ul style="list-style-type: none"><li>▪ 7 SMT lines</li><li>▪ Box Build</li><li>▪ PTH, Solder Wave</li><li>▪ POP, Auto Pin Insertion</li><li>▪ Potting, Conformal coating and Burn-in</li><li>▪ ICT, FCT, AOI, RF Testing</li><li>▪ Design &amp; Development</li><li>▪ Test &amp; System Development</li><li>▪ LVHM, HVLM</li><li>▪ Sourcing, Procurement and Material Purchasing</li><li>▪ Logistics</li><li>▪ Regional support</li></ul>
China-Kuichong	19,004	<ul style="list-style-type: none"><li>▪ 21 SMT lines</li><li>▪ Box Build</li><li>▪ PTH, Auto Pin Insertion, Solder Wave</li><li>▪ ICT, FCT, AOI, SPI, RF Testing</li><li>▪ Test &amp; System Development</li><li>▪ LVHM, HVLM</li><li>▪ X-RAY 3D testing, RoHS screening instrument, BGA rework</li><li>▪ Burn-in test for high-end power supply, Thermal cycle test, Vibration test.</li><li>▪ Conformal Coating, Potting, PCB router, Underfill</li><li>▪ Bar-code tracking system</li></ul>
China-Jiaxing	18,452	<ul style="list-style-type: none"><li>▪ 12 SMT lines</li><li>▪ Vapor Phase Vacuum Reflow, SMD Odd shape Component Auto Mount</li></ul>

		<ul style="list-style-type: none"> <li>▪ Box Build (w/ Automated Customized Assembly Line)</li> <li>▪ PTH, Auto Pin Insertion, Solder Wave, Selective Solder Wave</li> <li>▪ Full Auto Selective Conformal Coating Line and CC AOI</li> <li>▪ Ultrasonic welding and lamination</li> <li>▪ Plastic injection (180T/300T press)</li> <li>▪ SPI, 2D &amp; 3D AOI, ICT, FCT, 3D X-ray, Run-in</li> <li>▪ Test &amp; System Development</li> <li>▪ HVLM</li> </ul>
Botevgrad, Sofia, Bulgaria (2ites)	115,416	<ul style="list-style-type: none"> <li>▪ 25 SMT Lines</li> <li>▪ PCB Assembly and Testing</li> <li>▪ Plastic injection</li> <li>▪ Box build</li> <li>▪ Cabling</li> <li>▪ Chip on Board</li> <li>▪ Tooling</li> <li>▪ Metrology &amp; Laboratory</li> <li>▪ Automation</li> <li>▪</li> </ul>
Niš, Serbia	50,213	<ul style="list-style-type: none"> <li>▪ 25 SMT Lines</li> <li>▪ PCB Assembly and Testing</li> <li>▪ Plastic injection</li> <li>▪ Box build</li> <li>▪ Cabling</li> <li>▪ Chip on Board</li> <li>▪ Tooling</li> <li>▪ Metrology &amp; Laboratory</li> <li>▪ Automation</li> </ul>
El Salto, Guadalajara, Mexico (2 sites)	25,820	<ul style="list-style-type: none"> <li>▪ 10 SMT lines</li> <li>▪ 40 Plastic Injection Machines (50-1,600T) including Overmolding</li> <li>▪ Box build (w/ Automated Customized Assembly Line)</li> <li>▪ PTH, Auto Pin Insertion, Solder Wave, Selective Solder Wave</li> <li>▪ Full Auto Selective Conformal Coating Line and CC AOI, Automated potting</li> <li>▪ SPI, 2D &amp; 3D AOI, ICT, FCT, 3D X-Ray</li> <li>▪ Embedded Toolshop</li> <li>▪ Test &amp; System Development</li> </ul>
Třemošná, Plzeňská, Czech Republic	7,470	<ul style="list-style-type: none"> <li>▪ 5 SMT lines</li> <li>▪ 2 Pin Insertion</li> <li>▪ 3 Wave soldering</li> <li>▪ 2 Selective soldering</li> <li>▪ 3 Selective coating</li> <li>▪ ICT, FCT, AOI (SMT, CC)</li> <li>▪ Mechanical Assembly</li> <li>▪ 4 Automated line</li> <li>▪ Further customized assembly line</li> </ul>
Nuremberg, Germany (VIA) Wettstetten, Germany  VIA Optronics AG VIA Optronics GmbH Germaneers GmbH	4,650	<ul style="list-style-type: none"> <li>▪ VIA bond plus qualification</li> <li>▪ Bonding material development</li> <li>▪ Manual line, mainly lower quantity projects</li> <li>▪ Prototype 84Inch</li> </ul>

		<ul style="list-style-type: none"> <li>▪ 2 clear rooms (ISO class 6 &amp; ISO class 7)</li> <li>▪ ESD control</li> <li>▪ Engineering, prototyping and production process improvement</li> <li>▪ Test &amp; system development (electrical)</li> <li>▪ Optical test labor (mainly for display evaluation)</li> </ul>
Suzhou, China (VIA) VIA optronics Suzhou	14,220	<ul style="list-style-type: none"> <li>▪ Semi autoline and full autoline</li> <li>▪ Large size bonding in MaxVu II</li> <li>▪ Touch capabilities, ACF process</li> <li>▪ Curved bonding &amp; bonding to plastic cover</li> </ul>
Shiga, Japan (VIA) (2 sites) VTS-Touchsensor Co., Ltd	12,634	<ul style="list-style-type: none"> <li>▪ Metal Mesh Sensor on roll</li> <li>▪ Customized design</li> <li>▪ 100µm/50µm Film thickness</li> <li>▪ Up to 55" VTS internal</li> <li>▪ Up to 85" through external partners</li> </ul>
IMI Batangas	6,572	<ul style="list-style-type: none"> <li>▪ Capacity: 1600 energy storages</li> <li>▪ Sub Assembly Lines</li> <li>▪ Coil Winding, Potting, DCR Test</li> <li>▪ Inductance Test</li> <li>▪ 4 Final Assembly Lines</li> <li>▪ High Pot Test, Helium Leak Test</li> <li>▪ EIT/CLS</li> <li>▪ Test System &amp; Development</li> <li>▪ 8 Reliability Spin Test Pits</li> <li>▪ 8 Final Spin Test pits</li> </ul>
<b>Total Manufacturing Space</b>	<b>410,901</b>	
<b>Sales/Support Office in sqm</b>		
Singapore	15	Finance and logistics representative office
Taiwan (VIA)	73	Sales
USA (VIA)	199	Sales
<b>Total Support</b>	<b>287</b>	
<b>Manufacturing sites ceased operation as of December 31, 2024</b>		
USA-Tustin, CA	1,184	<ul style="list-style-type: none"> <li>▪ Global AME (Advance Manufacturing Engineering)</li> <li>▪ Engineering &amp; Process Development</li> <li>▪ Prototype Manufacturing Center</li> <li>▪ NPI (New Product Introduction)</li> <li>▪ Precision Assembly</li> <li>▪ 2 SMT prototyping lines</li> <li>▪ SMT, DCA (COB, Flip Chip), THT</li> <li>▪ Box build</li> <li>▪ Low Volume Production</li> </ul>
China-Chengdu	7,500	<ul style="list-style-type: none"> <li>▪ 3 SMT lines</li> <li>▪ Box Build</li> <li>▪ PTH, Auto Pin Insertion, BGA, X-Ray</li> <li>▪ Solder Wave</li> <li>▪ Automated Conformal Coating</li> <li>▪ ICT, FCT, AOI</li> <li>▪ HVLM / LVHM</li> </ul>

		▪ Test & System Development
	<b>8,684</b>	
<b>Total Space</b>	<b>419,872</b>	

## Lease Commitments

### Parent Company

In 2023, the Parent Company entered into a lease agreement for the use of a warehouse building located in Laguna. The non-cancellable lease is for a period of five years and four months from September 1, 2023 to August 31, 2028.

The Parent Company entered into an amended lease contract with AREIT INC., formerly owned by 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 lease contract which expired 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 of five percent beginning January 1, 2024 until the end of the lease term.

The Parent Company (Lessee) has existing agreement involving the lease of residential house 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 2024, IMI SZ entered into a lease agreement on its manufacturing facility covering a period of eight years from Aug 2024 to July 2032. The lease premise is a five-floor building with 29,340 square meters located in an industrial park in Pingshan district of Shenzhen. During the year, IMI SZ executed a renewal of lease agreement for its 23,211 square meters plant in Kuichong with coverage period from April 2024 to December 2033. IMI SZ entered a two-year lease agreement effective July 1, 2024 to June 30, 2026, for a dormitory located in Pingshan.

In 2017, STJX extended its existing lease agreement up to 2027 with Jiaxing Economic Development Zone Investment and Development Group Co., Ltd to use as its manufacturing facility located in He Ping Street, Jiaxing.

On November 2020, IMI CD entered a five-year lease agreement effective 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. In September 2022, IMI CD entered a three-year non-cancellable lease, effective October 1, 2022 to September 30, 2025, located at Xindu district, Chengdu City to serve as their external warehouse. In relation to the cessation of the IMI CD operations, the facility is scheduled to be formally handed back to the landlord by 2025 and the balance of the ROU amounting to \$0.12 million was written off.

### IMI BG

IMI BG have lease agreements related to office and warehouse building rent with 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. In 2024, IMI MX entered into a lease agreement for the use of a building located in Mexico. The non-cancellable lease is for a period of five years from October 1, 2024 to September 30, 2029.

#### 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 1 and 6 years, while motor vehicles generally have lease terms of 3-4 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.

#### 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 and an option to extend the lease up to two years. In relation to the cessation of prototyping and manufacturing operations of IMI USA, the right to terminate the lease has been exercised and the lease shall now expire on March 31, 2025.

#### Capital Expenditures

In 2024, IMI spent \$9.9 million on capital expenditures related to new programs and maintenance, lower than last year's \$27.6 million. The Company does not have any material commitment for capital expenditure but expects to spend ~\$15 million in 2025 to be funded by internal cash and bank loans.

### ITEM 3. LEGAL PROCEEDINGS AND CONTINGENCIES

There are no material pending legal proceedings, bankruptcy petition, conviction by final judgment, order, 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.

### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Except for matters taken up during the annual meeting of stockholders, there was no other matter submitted to a vote of security holders during the period covered by this report.

## PART II - OPERATIONAL AND FINANCIAL INFORMATION

### ITEM 5. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The following table shows the high and low prices (in PhP) of IMI's shares in the Philippine Stock Exchange in 2024 and 2023.

Philippine Stock Exchange Prices in PhP/share				
	<u>2024</u>		<u>2023</u>	
	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>
1 <sup>st</sup> qtr	3.19	2.13	₱5.84	₱4.63
2 <sup>nd</sup> qtr	2.36	1.60	₱5.60	₱4.90
3 <sup>rd</sup> qtr	2.00	1.66	₱4.92	₱3.75
4 <sup>th</sup> qtr	1.87	1.45	₱3.88	₱3.03

The market capitalization of the Company's common shares as of end-2024, based on the closing price of P1.49/share, was approximately P3.3 billion.

The price information of common shares, shares as of the close of the latest practicable trading date, March 24, 2025 is P1.49 per share.

#### Holdings

There are 282 registered common stockholders as of February 28, 2025. 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)	442,404,503	19.9525%
3.	Resins Incorporated	291,785,034	13.1595%
4.	PCD Nominee Corporation (Filipino)	274,060,520	12.3601%
5.	2014 ESOWN Subscription	19,764,242	0.8914%
6.	ESOWN Trust Account	9,337,397	0.4211%
7.	SIIX Corp.	7,815,267	0.3525%
8.	2007 ESOWN Subscription	5,542,289	0.2500%
9.	2015 ESOWN Subscription	3,469,100	0.1585%
10.	2009 ESOWN Subscription	2,391,268	0.1078%
11.	PCD Nominee Corporation (Filipino)*	1,345,738	0.0607%
12.	Meneleo J. Carlos, Jr.	805,288	0.0363%
13.	Transtechonlogy 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.	Ayala Corporation	180,289	0.0081%
18.	Conrad J. Eisenman	160,163	0.0072%
19.	Joselito Senadoza Bantatua	150,000	0.0068%
20.	Sylke Ludewig	137,601	0.0062%

\*Subject for listing



A list of the company's top 100 shareholders as of December 31, 2024 can be found through the link, <https://www.global-imi.com/sites/default/files/IMI%20Top%20100%20Stockholders%20Report%20as%20of%20December%2031%2C%202024.pdf>

## *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, 2021, 2022 and 2023.

### **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

On June 25, 2015, the Board of Directors of the Company approved the redemption of all the Company's outstanding 1,300,000,000 Redeemable Preferred Shares which were issued in 2008. The redemption price of P1.00 per share and all accumulated unpaid cash dividends were paid on August 24, 2015 to the stockholders as of record date July 24, 2015.

### **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 9,743,144 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.

## **ITEM 6. MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) AND PLAN OF OPERATIONS**

### **Results of Operations**

Revenues, gross profit, net income, and the related computed EBITDA and basic earnings per share, for the years ended 2024, 2023 and 2022 are shown on the following table:

	<b>For the years ended December 31</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
	<b>(in US\$ thousands, except Basic EPS)</b>		
Revenues from contracts with customers	1,098,693	1,327,213	1,409,017
Cost of goods sold and service	(1,012,179)	(1,207,208)	(1,298,609)
Gross profit	86,514	120,005	110,408
Net loss attributable to equity holders of the Parent Company	(49,789)	(105,626)	(6,757)
EBITDA <sup>1</sup>	36,944	52,835	47,099
Basic Earnings per Share (EPS)	(0.022)	(0.048)	(0.003)

### **2024 vs 2023**

#### **Revenues from Sales and Services**

IMI achieved total revenues of US\$1.1 billion in 2024 with US\$981 million generated from core businesses. The company's wholly owned subsidiaries faced ongoing recovery challenges in the automotive and industrial markets resulting in a 12% decline in sales year-on-year. While VIA Optronics ends the year with US\$118 million of revenues despite facing continued challenges in the display market, the company made significant strides in innovation and partnerships.

The automotive segment, which includes mobility and camera technologies, remained our largest segment generating US\$750.0 million in revenues and accounting for 68% of total revenues. On the other hand, the industrial segment ended the year with US\$274.0 million in revenues, representing 25% of IMI's total revenues.

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<sup>1</sup> EBITDA = EBITDA represents net operating income/loss after adding depreciation and amortization (including amortization of right-of-use assets in accordance with PFRS 16, *Leases*), other non-cash and one-off items, 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 \$86.5 million decreased by 28% compared to 2023 primarily due to the decline in revenues. Gross profit margin also declined from 9.0% last year to 7.9% in 2024 mainly driven by change in sales mix due to new programs with high material costs but these are also higher value programs that contributed to the fixed overhead utilization. Management teams implemented programs that significantly reduced labor and overhead costs in each operating site while further driving manufacturing efficiency.

## **Operating loss**

To align with shifting market dynamics and to position the company for sustainable profitability, IMI undertook a comprehensive restructuring initiative by streamlining its management structure, flattening the organizational hierarchy, and optimizing its global footprint by closing and rationalizing facilities in California, Malaysia, Singapore, Japan and Chengdu. Such move resulted in one-time expenses along with additional provisions to clean up the balance sheet.

As a result, the Group reported an operating loss of (\$23.7) million which includes one off items totaling \$27.6 million mainly provision for inventories amounting to \$9.78 million and tooling provision amounting to \$2.76 million, both were from end-of-life programs, restructuring costs of \$7.4 million, VIA's elevated costs related to the expenses incurred from being a listed company until July 2024 amounting to \$7.3 million, and one-off expenses related to the closure of offices amounting to \$0.4 million. Excluding one-off expenses, operating income would have been \$4.0 million, which is still lower than last year's \$7.6 million mainly driven by lower revenues.

## **Net Loss**

The Company posted a net loss of \$49.8 million which includes one-time losses of US\$44.4 million. These losses are related to the restructuring costs, inventory provision, elevated costs of VIA, closure of facilities to optimize our footprint, and the impairment of goodwill and certain assets.

## **EBITDA**

EBITDA net of one-off expenses amounted to \$36.9 million, reflecting a 30% decline from last year primarily due to decrease in revenues.

## **Financial Condition**

In 2024, IMI invested \$9.86 million in capital expenditures to support new programs and upgrade existing machinery.

On cash flows and liquidity, the slowdown of global demand that led to order delays prompted the Company to improve its loading and execution strategies to better position the business for changing market conditions. The Company focused on improving operating cash flow, which resulted in a positive cash flow from operating activities of \$72.0 million for the year compared to last year's \$6.8 million. This enabled the company to repay bank loans amounting to \$63.5 million for the year, thereby reducing interest expenses.

IMI's balance sheet remains robust with a current ratio of 1.39:1 and debt-to-equity ratio of 1.30:1.

## **Plan of Operation**

IMI embarked on a transformative journey in 2024 under a new leadership team aimed at improving efficiency, fostering growth, and adapting to changing market dynamics. The restructuring initiative will help position the company for sustainable profitability. While the restructuring efforts resulted in one-time expenses, they were essential to creating a leaner, more agile organization. The company looks forward to seeing the full effect of these actions in the coming years. The company will continuously assess its cost structure to adapt effectively to market conditions and remain financially stable.

IMI has long been recognized as a global leader in automotive electronics. One of the goals is to extend this expertise and unwavering commitment to quality into new markets including the industrial and medical sectors, to achieve a better balance in the company's business portfolio. IMI believes that this direction will unlock more opportunities for sustainable and profitable growth. The company is also rationalizing its global footprint to balance price competitiveness with the capability to consistently offer high-quality products across key regions.

The company has also been working on strengthening its balance sheet by reducing external loans and maintaining adequate liquidity through effective cash flow management, optimizing working capital, and establishing credit lines.

IMI remains disciplined in its capital investments, making strategic, well-evaluated decisions on how to allocate its financial resources. For 2025, the company estimates to spend on critical capital expenditures amounting to approximately \$16 million for new programs and the maintenance of existing machines.

As IMI moves into 2025, the highly motivated team is energized by the opportunities ahead. The company remains dedicated to delivering value to its customers, employees, and shareholders.

### Capital Expenditures

In 2024, IMI spent \$9.9 million in capital expenditures related to new programs and maintenance, lower than last year's \$27.6 million. The Company does not have any material commitment for capital expenditure but expects to spend ~\$16 million in 2025 to be funded by internal cash and bank loans.

### 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, 2024	Dec 31, 2023
Liquidity:		
Current ratio <sup>a</sup>	1.39x	1.44x
Solvency:		
Debt-to-equity ratio <sup>b</sup>	1.30x	1.15x
	For the years ended	
	31 Dec 2024	2023
Operating efficiency:		
Revenue growth <sup>c</sup>	(17%)	(6%)
Profitability:		
Gross profit margin <sup>d</sup>	7.9%	9.0%
Net income margin <sup>e</sup>	(4.5%)	(8.0%)
Return on equity <sup>f</sup>	(20.0%)	(32.2%)
Return on common	(20.0%)	(32.2%)
equity <sup>g</sup>		
Return on assets <sup>h</sup>	(6.3%)	(10.6%)
<sup>2</sup> EBITDA margin	3.4%	4.0%

<sup>2</sup> 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), other non-cash and one-off items, interest income and foreign exchange gains/losses. EBITDA and EBITDA

<sup>a</sup> Current assets/current liabilities

<sup>b</sup> Bank debts/Total Equity

<sup>c</sup> (Current year less previous year revenue)/Previous year revenue

<sup>d</sup> Gross profit/Revenues

<sup>e</sup> Net income attributable to equity holders of the Parent Company/Revenues

<sup>f</sup> Net income attributable to equity holders of the Parent Company/Average equity attributable to Parent

<sup>g</sup> Net income attributable to equity holders of the Parent Company/Average common equity attributable to Parent

<sup>h</sup> Net income attributable to equity holders of the Parent Company/Total Assets

In the above:

The risk of recurrence of geopolitical and 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.

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 geopolitical and 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 2024 versus 31 December 2023)

#### 17% decrease in Revenues (\$1.33B to \$1.10B)

Partly due to the divestment of STI which was still contributing revenues to the company last year, and automotive market's continued uncertainty, coupled with customer rightsizing of industrial inventory levels has led to reduced ordering patterns and pushouts of new product ramp-ups.

#### 16% decrease in Cost of goods sold (\$1,207.2M to \$1,012.2M)

Direct costs decreased relevant to the revenues, and net effect of higher direct material cost offset by operational efficiencies.

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*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.*

10% decrease in Operating expenses (\$121.9M to \$110.2M)

Decrease related to rightsizing initiatives of the Company. The Company recognized restructuring costs amounting to \$7.4 million for the year.

57% decrease in Non-operating expenses (-\$110.8M to -\$47.4M)

Decrease was due to loss on disposal of STI and other one-off adjustments in 2023 (\$96.70M) as compared to asset and goodwill impairments in 2024 (\$27.00M) and impact of foreign exchange losses in 2024 vs 2023 (-\$7.5M) driven by depreciation of USD against EUR on USD net liability position for EUR functional currency entities.

116% increase in Noncontrolling interest (-\$12.6M to -\$27.3M)

Higher share of minority in the net losses of non-wholly owned subsidiaries and impairment of goodwill.

**Balance Sheet items**

(31 December 2024 versus 31 December 2023)

95% decrease in Short-term Investment (\$283.7M to \$227.4M)

Decrease mainly due to maturity of short-term investments.

20% decrease in Receivables (\$11.4M to \$0.6M)

Decrease mainly due to collection of trade receivables and decrease in revenue.

25% decrease in Inventories (\$269.3M to \$202.5M)

Mainly due to inventory depletion from recoveries of backlogs, buyback claims from customers, decline in revenues and provision for certain inventories due to end of life of business.

19% decrease in Contract assets (\$52.9M to \$42.6M)

Decrease in the level of finished goods and work in process inventories as they are being converted to revenues.

17% decrease in Other current assets (\$30.4M to \$25.1M)

Decrease mainly due to usage of tax credits and amortization of prepayments and deferred charges.

18% decrease in Property, plant and equipment (\$138.7M to \$113.2M)

Decrease from yearly depreciation (-\$23.6M) and sale land (\$1.1M), offset by additional capex for the year (+\$9.5M).

42% decrease in Goodwill (\$70.1M to \$40.5M)

Decrease was due to impairment loss related to the goodwill from the acquisition of Via of \$25.9 million, IMI CZ of \$0.5 million, and IMI USA of \$0.7 million.

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

Yearly amortization (-\$1.1M) and offset by additional acquisitions during the year.

54% increase in Right-of-use assets (\$19.5M to \$30.0M)

Increase was mainly due to renewal of leased assets during the period.

8% increase in Financial assets through OCI (\$2.4M to \$2.5M)

Increase in fair value of quoted club shares.

14% decrease in Deferred tax assets (\$3.6M to \$3.1M)

Decrease was due to tax adjustment during the period.

37% decrease in Other noncurrent assets (\$17.4M to \$11.1M)

Decrease was mainly due to amortization and write off of deferred charges.

19% decrease in Accounts payable and accrued expenses (\$283.5M to \$228.6M)

Payment of trade payables.

15% increase in Contract liabilities (\$2.7M to \$3.4M)

Mainly due to increase in advance payments received from new and existing customers during the period.

27% decrease in Loans and trust receipts payable (\$210.0M to \$152.6M)

Payment of short-term loans.

13% decrease in Income tax payable (\$2.0M to \$1.8M)

Provision for taxable income.

58% decrease in Current portion of Lease liabilities (\$8.3M to \$3.4M)

Payment of lease liabilities in 2024 and some reclassifications from non-current portion.

374% increase in Current portion of Long-term debt (\$6.5M to \$30.8M)

Increase due to reclassification from non-current to current portion.

33% decrease in Other current liabilities (\$1.5 to \$1.0M)

Reversal of provision for onerous contracts.

22% decrease in Noncurrent portion of Long-term debt (\$140.2M to \$107.1M)

Reclassification of noncurrent portion to current portion of the long-term debt and payment loans.

85% increase in Noncurrent portion of Lease liabilities (\$13.7M to \$25.4M)

Additional lease liabilities in 2024.

16% decrease in Net retirement liabilities (\$8.8M to \$7.4M)

Decrease due to payment of retirement expenses related to the company's rightsizing initiatives.

11% decrease in Other noncurrent liabilities (\$5.7M to \$5.1M)

Decrease mainly on long-term employee benefits.

27% increase in Cumulative translation adjustments (-\$34.8M to -\$44.2M)

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 1.106 to 1.042, and RMB against USD from 7.08 to 7.19.

85% decrease in Equity attributable to NCI (\$32.1M to \$4.7M)

Decrease due to the minority share in the loss of non-wholly owned subsidiaries and related to the goodwill impairment.

## **2023 vs 2022**

### **Revenues from Sales and Services**

The Company posted consolidated full year 2023 revenues of US\$1.3 billion, 6 percent lower than the previous year, driven by factors attributable to its non-wholly owned subsidiary group including the shorter fiscal year of STI Limited which was divested in October 31, 2023. The core business maintained the same level of revenues from last year at \$1.11 billion.

### **Gross Profit and Gross Profit Margin**

The full year gross profit of \$120.0 million increased 9% versus 2022. GP% also improved from 7.8% last year to 9.0% this year as component shortage situation eased and overhead restructuring that enabled better utilization of fixed costs.

## Operating loss

Operating loss of (\$1.9) million includes loss on write off of inventories amounting to \$9.5 million. Excluding one-off inventory write off, operating income should have been at \$7.6 million, better than last year's \$2.7 million mainly driven by improved GP margins brought about by lower direct material cost, operational efficiency and facilities utilization.

## Net Loss

The Company posted a net loss of \$105.6 million with one-time losses of US\$107.5 million related to the sale of STI and impairment of goodwill and certain assets.

On the other hand, wholly-owned subsidiaries maintained the momentum from 2022, with revenues on par with the previous year, and better profitability margins netting an income of US\$13.0 million versus last year's \$11.5 million.

## EBITDA

EBITDA net of one-off inventory write off amounted to \$52.8 million, marginally improved by 12% from last year and an improvement of 64 bps in terms of % to revenues.

## Financial Condition

In 2023, IMI spent \$27.6 million on capital expenditures related to new programs, higher than last year's \$21.2 million. The Company does not have any material commitment for capital expenditure but expects to spend ~\$25 to \$30 million in 2024 to be funded by internal cash and bank loans.

IMI's balance sheet remains robust with a current ratio of 1.44:1 and debt-to-equity ratio of 1.15:1.

## 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, 2023	Dec 31, 2022
Liquidity:		
Current ratio <sup>a</sup>	1.44x	1.51x
Solvency:		
Debt-to-equity ratio <sup>b</sup>	1.15x	0.83x
	For the years ended 31 Dec	
	2023	2022
Operating efficiency:		
Revenue growth <sup>c</sup>	(6%)	8%
Profitability:		
Gross profit margin <sup>d</sup>	9.0%	7.8%
Net income margin <sup>e</sup>	(8.0%)	(0.5%)
Return on equity <sup>f</sup>	(32.2%)	(1.7%)
Return on common	(32.2%)	(1.7%)
equity <sup>g</sup>		
Return on assets <sup>h</sup>	(10.6%)	(0.6%)



<sup>3</sup> EBITDA margin	4.0%	3.3%
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<sup>a</sup> Current assets/current liabilities

<sup>b</sup> Bank debts/Total Equity

<sup>c</sup> (Current year less previous year revenue)/Previous year revenue

<sup>d</sup> Gross profit/Revenues

<sup>e</sup> Net income attributable to equity holders of the Parent Company/Revenues

<sup>f</sup> Net income attributable to equity holders of the Parent Company/Average equity attributable to Parent

<sup>g</sup> Net income attributable to equity holders of the Parent Company/Average common equity attributable to Parent

<sup>h</sup> Net income attributable to equity holders of the Parent Company/Total Assets

In the above:

The risk of recurrence of geopolitical and 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.

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 geopolitical and 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 2023 versus 31 December 2022)

#### **6% decrease in Revenues (\$1.41B to \$1.33B)**

Driven by factors attributable to its non-wholly owned subsidiary group including the shorter fiscal year of STI Enterprises Limited which was divested on October 31, 2023.

#### **7% decrease in Cost of goods sold (\$1,298.6M to \$1,207.2M)**

<sup>3</sup> 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), other non-cash and one-off items, 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.

Direct costs decreased relevant to the revenues, lower direct material cost and operational efficiencies.

13% increase in Operating expenses (\$107.8M to \$121.9M)

Mainly due to increase in people costs, professional fees, other financial provisions and loss on write-offs of inventories.

852% increase in Non-operating expenses (-\$11.6M to -\$110.8M)

Increase due to asset impairments, loss on disposal of STI and other one-off adjustments during the year (\$107.3M). Interest expense also significantly increased from increase in loans and higher interest rates.

47% increase in Noncontrolling interest (-\$8.6M to -\$12.6M)

Higher share of minority in the net losses of non-wholly owned subsidiaries.

**Balance Sheet items**

(31 December 2023 versus 31 December 2022)

21% decrease in Cash and cash equivalents (\$115.8M to \$91.6M)

Cash used in investing -\$34.1M mainly from capital expenditure to support new programs; cash provided in financing +\$4.9M mainly from net availment of loans (+\$14.2M) offset by payment of lease liabilities (-\$9.8M). The company however generated positive cash flows from operating activities (+\$6.8M).

34% increase in Short-term Investment (\$8.5M to \$11.4M)

Increase was due to increase in money market placements made for varying periods of more than three months but less than one year.

21% decrease in Contract assets (\$67.1M to \$52.9M)

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

20% increase in Other current assets (\$25.3M to \$30.4M)

Increase in input and tax credits.

5% decrease in Property, plant and equipment (\$146.1M to \$138.7M)

Decrease from yearly depreciation (-\$26.4M), offset by additional capex for the year (+\$27.3M) and impairment of machineries.

48% decrease in Goodwill (\$136.2M to \$70.1M)

Decrease was due to recognized loss of \$54.79 million related to the sale of STI (See Note 2) and partial impairment loss related to the goodwill from the acquisition of Via of \$15.59 million.

32% decrease in Intangible assets (\$5.1M to \$3.5M)

Yearly amortization (-\$1.9M) and offset by additional acquisitions during the year.

29% increase in Financial assets through OCI (\$1.8M to \$2.4M)

Increase in fair value of quoted club shares.

70% increase in Deferred tax assets (\$2.1M to \$3.6M)

Provision of DTA on lease liabilities.

63% decrease in Contract liabilities (\$7.4M to \$2.7M)

Decrease in advance payments received to render manufacturing services.

9% increase in Loans and trust receipts payable (\$192.7M to \$210.0M)

Availment of loans.

13% increase in Income tax payable (\$1.8M to \$2.0M)

Provision for taxable income.

47% increase in Other current liabilities (\$1.0 to \$1.5M)

Increase in provision for onerous contracts.

113% increase in Current portion of long-term debt (\$3.0M to \$6.5M)

Availment of loans.

26% increase in Net retirement liabilities (\$7.0M to \$8.8M)

Increase in provision for retirement liability.

7% increase in Non-current lease liabilities (\$12.9M to \$13.7M)

Additional lease liabilities in 2023.

20% decrease in Cumulative translation adjustments (-\$43.7M to -\$34.8M)

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 1.06 to 1.11, and RMB against USD from 6.96 to 7.08.

15% decrease in Equity attributable to NCI (\$38.0M to \$32.1M)

Decrease due to the minority share in the loss of non-wholly owned subsidiaries.

## **2022 vs 2021**

### **Revenues from Sales and Services**

The Company posted consolidated full year 2022 revenues of US\$1.4 billion, 8 percent growth compared to the previous year. Despite the on-going component shortage and impact of weakened Euro, IMI was able to deliver strong revenue growth on focus market segments automotive (15%) and industrial (+15%) driven by successful ramp up of new projects.

Wholly-owned subsidiaries achieved revenues of US\$1.1 billion for the year, an 11% growth from 2021. Meanwhile, VIA optronics (VIAO) and Surface Technology International (STI Ltd.) continued to face stiffer headwinds in their operating environments. Component allocation challenges, particularly for aerospace/defense and consumer, continue to be slower compared to other markets. Combined revenues for these non wholly owned subsidiaries was flat vs last year with 1% year-on-year increase.

### **Gross Profit and Gross Profit Margin**

The full year gross profit of \$110.4 million increased 22% versus 2021 (GP% of 7.8% vs 7.0% last year). This was a result of proactive steps taken to streamline the supply chain, rationalize global headcount, restructure product pricing, and an upside gain was booked to align the company's accounting for the estimated useful life of manufacturing equipment with the rest of the industry from an average of 7 to 10 years.

### **Operating income**

Operating income is at \$2.7 million from a negative (\$17.7M) in 2021 mainly driven by improved GP margins reduced general and administrative expenses driven by cost reduction initiatives.

### **Net Loss**

The Company posted a net loss of \$6.8 million, better than last year's net loss of \$10.6 million or an improvement of +\$3.8M mainly from improved operating income by +\$20.3 million, offset by higher interest expense, provision for onerous contracts and some financial provisions and forex losses on the core business. 2021 also has one off gains such as mark-to-market on put options and reversal of impairment losses.

## EBITDA

EBITDA of \$47.1 million, slightly higher by 2% than last year due to better operating income.

## Financial Condition

In 2022, IMI spent \$21.2 million on capital expenditures related to new programs, lower than last year's \$31 million. The Company does not have any material commitment for capital expenditure but expects to spend ~\$30-40 million in 2023 to be funded by internal cash and bank loans.

IMI's balance sheet remains robust with a current ratio of 1.51:1 and debt-to-equity ratio of 0.83:1.

## 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, 2022	Dec 31, 2021
Liquidity:		
Current ratio <sup>a</sup>	1.51x	1.59x
Solvency:		
Debt-to-equity ratio <sup>b</sup>	0.83x	0.69x
	For the years ended	
	31 Dec	
	2022	2021
Operating efficiency:		
Revenue growth <sup>c</sup>	8%	15%
Profitability:		
Gross profit margin <sup>d</sup>	7.8%	7.0%
Net income margin <sup>e</sup>	(0.5%)	(0.8%)
Return on equity <sup>f</sup>	(1.7%)	(2.5%)
Return on common	(1.7%)	(2.5%)
equity <sup>g</sup>	(1.7%)	(2.5%)
Return on assets <sup>h</sup>	(0.6%)	(0.9%)
<sup>4</sup> EBITDA margin	3.3%	3.6%

<sup>a</sup> Current assets/current liabilities

<sup>b</sup> Bank debts/Total Equity

<sup>c</sup> (Current year less previous year revenue)/Previous year revenue

<sup>d</sup> Gross profit/Revenues

<sup>e</sup> Net income attributable to equity holders of the Parent Company/Revenues

<sup>f</sup> Net income attributable to equity holders of the Parent Company/Average equity attributable to Parent

<sup>g</sup> Net income attributable to equity holders of the Parent Company/Average common equity attributable to Parent

<sup>h</sup> Net income attributable to equity holders of the Parent Company/Total Assets

In the above:

<sup>4</sup> 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), other non-cash and one-off items, 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.

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.

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 2022 versus 31 December 2021)

#### 8% increase in Revenues (\$1.30B to \$1.41B)

The increase was driven mainly by focus market segments automotive (+15%) and industrial (+15%) year-on-year.

#### 22% increase in Cost of goods sold (\$1,209.8M to \$1,298.6M)

Direct costs increased relevant to the revenues. Higher than revenue increase due to higher material prices affected by component shortage and elevated freight costs.

#### 1% decrease in Operating expenses (\$108.5M to \$107.8M)

Mainly due to decrease in people costs (-\$3.2M), depreciation and amortization (-\$4.3M) offset by increase in travel and transportation (+\$2.8M), and other financial provisions.

#### 448% decrease in Non-operating income/(expenses) (\$3.3M to -\$11.6M)

Decrease due to asset impairments in 2022 (-\$4.3M), foreign exchange valuation (-\$3.5M) related to appreciation of USD versus Euro, GBP and RMB and increase in interest expense (-\$4.1M) due to increase in interest rates and additional loans during the year.

#### 6% decrease in Noncontrolling interest (-\$9.1M to -\$8.6M)

Higher share of minority in the net losses of VIA (49.68%) and STI (20%).

### **Balance Sheet items**

(31 December 2022 versus 31 December 2021)

#### 28% decrease in Cash and cash equivalents (\$159.8M to \$115.8M)

Cash used in operating activities -\$40.1M mainly driven by higher inventory levels due to the component shortage issue and increase in receivables; cash used in investing -\$19.3M mainly from capital expenditure to support new programs; cash provided in financing +\$18.9M mainly from net availment of loans (+\$29.1M) offset by payment of lease liabilities (-\$11.6M).

100% increase in Short-term Investment (nil to \$8.5M)

Increase was due to reclassification from Cash and cash equivalent for money market placements made for varying periods of more than three months but less than one year.

13% increase in Inventories (\$238.6M to \$268.5M)

Inventory build up due to customer backlogs and component shortage.

13% increase in Other current assets (\$22.4M to \$25.3M)

Increase in tax credits.

10% decrease in Property, plant and equipment (\$162.0M to \$146.1M)

Decrease from yearly depreciation (-\$27.9M), offset by additional capex for the year (+\$20.7M) and impact of forex depreciation on translation.

53% decrease in Intangible assets (\$10.9M to \$5.1M)

Yearly amortization (-\$4.8M) and due to booking of provision for impairment.

32% decrease in Right-of-use of assets (\$28.5M to \$19.3M)

Amortization (-\$9.1M), offset by additional contracts during the year.

34% increase in Financial assets through OCI (\$1.4M to \$1.8M)

Increase in fair value of quoted club shares.

27% decrease in Deferred tax assets (\$2.9M to \$2.1M)

Reversal of DTA on lease liabilities.

56% increase in Contract liabilities (\$4.7M to \$7.4M)

Increase in advance payments received to render manufacturing services.

16% increase in Loans and trust receipts payable (\$165.8M to \$192.7M)

Availment of loans.

26% decrease in Income tax payable (\$2.4M to \$1.8M)

Lower taxable income.

100% increase in Other current liabilities (nil to \$1.0M)

Recognition of provision for onerous contracts.

69% increase in Current portion of long-term debt (\$1.8M to \$3.0M)

Availment of loans.

32% decrease in Net retirement liabilities (\$10.3M to \$7.0M)

Decrease in provision for retirement liability.

44% decrease in Lease liabilities (\$22.8M to \$12.9M)

Payments of leases.

120% decrease in Cumulative translation adjustments (-\$19.9M to -\$43.7M)

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 1.13 to 1.06, GBP against USD from 1.35 to 1.20 and RMB against USD from 6.38 to 6.96.

34% decrease in Equity attributable to NCI (\$57.1M to \$38.0M)

Decrease due to the minority share in the loss of VIA and STI.

## ITEM 7. FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

*Please see attached Exhibit 1.*

## ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

### Information on Independent Public Accountant

- a. The external auditor of the Company is the accounting firm of SyCip Gorres Velayo & Company (SGV & Co.). The Board, upon the recommendation of the Company's Audit and Risk Committee (with Mr. Jesse O. Ang as Chairman and Messrs. Rafael C. Romualdez and Hiroshi Nishimura as members), approved the election of SGV & Co. as the Company's external auditor for 2025 based on its performance and qualifications, and fixed its remuneration amounting to P4,887,543, exclusive of value-added tax and out-of-pocket expenses.

The election of SGV & Co., and the fixing of its remuneration will be presented to the stockholders for their approval at the Annual Stockholders' Meeting.

- b. Representatives of SGV & Co. 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 questions related to the completed fiscal year review.

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, with Ms. Cyril Jasmin B. Valencia as the audit partner for the years 2019 to 2024, while Mr. Carlo Paolo V. Manalang served as such for the audit years 2017 and 2018.

- 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:

	Audit Fees & Audit-related Fees	Tax Fees	Non-Audit Fees
2024	P4.75M	-	P0.06M
2023	P6.97M	-	P0.87M

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, including the review of the audit work of the other independent auditors and any additional scope identified during the course of the audit. The fees are exclusive of value-added tax and 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 three years.

f. **All other fees (Non-audit fees)**

Total non-audit fees billed by SGV & Co. in 2024 and 2023 are P0.06 and P0.87 million, respectively. The non-audit fees include services rendered by the external auditor in relation to the Company's Annual Stockholders' Meeting and other one-time, non-recurring special projects/consulting services.

The Audit and Risk Committee reviewed the nature of non-audit services rendered by SGV & Co. and the corresponding fees and concluded that these are not in conflict with the audit functions of the external auditors.

The Audit and Risk Committee has an existing policy to review and to approve the audit and non-audit services rendered by the Company's external auditor. It does not allow the Company to engage the external auditor for certain non-audit services expressly prohibited by regulations of the SEC to be performed by an external auditor for its audit clients. This is to ensure that the external auditor maintains the highest level of independence from the Company, both in fact and appearance.

### **PART III - CONTROL AND COMPENSATION INFORMATION**

#### **ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER**

Alberto M. de Larrazabal	Chairman of the Board, Non-Executive Director
Jerome S. Tan	President, Executive Director
Louis Sylvester Hughes	Chief Executive Officer, Executive Director
Gilles Bernard	Non-Executive Director
Jose Ignacio A. Carlos	Non-Executive Director
Rafael C. Romualdez	Non-Executive Director
Jaime Z. Urquijo	Non-Executive Director
Roland Joseph L. Duchâtelet	Non-Executive Director
Jesse O. Ang	Lead Independent Director
Sherisa P. Nuesa	Independent Director
Hiroshi Nishimura	Independent Director

**ALBERTO M. DE LARRAZABAL**, Filipino, 69  
Chairman, Non-Executive Director since November 24, 2023

**Committee memberships:**

- Chairman of Executive Committee
- Member of Finance Committee
- Member of Related Party Transactions Committee

**Skills and experience:**

Mr. de Larrazabal is a Senior Managing Director and Chief Finance Officer of Ayala Corporation since April 23, 2021. He also holds the following positions in other publicly listed companies: Director of ENEX Energy Corp, and Non-Executive Non-Independent Director of Yoma Strategic Holdings Ltd. He is the Vice Chairman, President and CEO of AC Ventures Holdings Corp., Chairman of A&CO Holdings Corporation, AA Infrastructure Projects Corporation, Ayala Aviation Corporation, ACX Holdings Corporation, and Livelt Investments Limited; Chairman and President of Lontide Holdings, Inc.; Director, President and CEO of AC Infrastructure Holdings Corporation, AC International Finance Ltd., and AYC Finance Limited; Vice Chairman of Lagdigan Land Corporation; Director and President of AC Ventures SubCo, Inc. and Philwater Holdings Company, Inc.; Director, Treasurer and Chief Finance Officer of WeAreAyala Business Club, Inc.; Director and CEO of AG Holdings Limited, AG Region Pte. Ltd., Ayala International Pte. Ltd., Ayala International Holdings Pte Limited, Azalaea International



Venture Partners Limited, Bestfull Holdings Limited, BF Jade E-Services Philippines, Inc., Fine State Group Limited, and VIP Infrastructure Holdings Pte. Ltd; Director of AC Energy and Infrastructure Holdings, Inc., AC Industrial Technology Holdings, Inc., AC Logistics Holdings Corporation, ACEN International, Inc., A.C.S.T Business Holdings, Inc., AC Mobility Holdings Incorporated, Anko JV Company, Inc., Air 21 Holdings, Inc., APPPPS Partners, Inc., Asiacom Philippines, Inc., Ayala Healthcare Holdings, Inc., Evro Mobility Solutions, Inc., Healthnow, Inc., Global Telehealth, Inc., Light Rail Manila Holdings, Inc., Michigan Holdings, Inc., Mobility Access Philippines Ventures Inc., Affinity Express Holdings, Ltd., AI North America, Inc., AYC Holdings Limited, Pioneer Adhesives, Inc., Purefoods International Limited ("PFIL NA"), Strong Group Limited, and Total Jade Group Limited. He has 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 Ayala Corporation, Albert served as Chief Commercial Officer and Chief Finance Officer of Globe Telecom, a business unit of Ayala Corporation. Before he joined Globe Telecom, he held positions such as Vice President and CFO of Marsman Drysdale Corporation, 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.

***Directorship in other publicly listed companies:***

ENEX Energy Corp. and Yoma Strategic Holdings Ltd. (listed on the Yangon Stock Exchange)

**JEROME S. TAN**, Singaporean, 63  
President since June 28, 2021

***Committee membership:***

None

***Skills and Experience:***

Mr. Tan, Singaporean served as Senior Managing Director and the Global Chief Financial Officer and Treasurer of IMI from January 2011 to June 28, 2021, providing leadership, direction and management of all Finance functions including Treasury, Financial Planning & Analysis and Controllershship. Concurrently, he is also an Independent Director of PAL Holdings, Inc., Philippine Airlines, Inc., Paramount Life & General Holdings Corporation and Paramount Life & General Insurance Corporation. 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 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.

***Directorship in other publicly listed companies:***

PAL Holdings, Inc.

**LOUIS SYLVESTER HUGHES**, American, 60  
Executive Director since June 20, 2024 and Chief Executive Officer since May 1, 2024

***Committee memberships:***

None

***Skills and experience:***

Mr. Hughes has extensive global C-suite experience in sales, engineering, sourcing and operations. His 25 years in the global EMS industry centered on automotive and medical manufacturing, consumer electronics, sales and supply chain management. He was previously a senior manager at General Electric, COO of Universal Electronics, a NASDAQ-listed EMS company, CEO of Beyonics, a contract manufacturer headquartered in Singapore. He graduated with a degree in Mechanical Engineering from Union College and completed a Masters in Business Administration minor in Data Analytics at University of California Irvine.

***Directorship in other publicly listed companies:***

None

**HIROSHI NISHIMURA**, Japanese, 72

Independent Director since June 17, 2020

***Committee memberships:***

- Member of Corporate Governance and Nomination Committee
- Member of Audit and Risk Committee
- Chairman of Related Party Transactions Committee

***Skills and experience:***

Mr. Nishimura served as an Independent Director of the Company from April 2010 to April 15, 2020 and was re-elected as such on June 17, 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.

***Directorship in other publicly listed companies:***

None

**JOSE IGNACIO A. CARLOS**, Filipino, 55

Non-Executive Director since December 14, 2006

***Committee membership:***

- Member of Personnel and Compensation Committee

***Skills and experience:***

Mr. Carlos is the Chairman of the Board of AVC Chemical Corporation, Vice Chairman of the Board of Mindanao Energy Systems, Inc., and President of Polymer Products Philippines, Inc. and Minergy Power Corporation. He is also a member of the Board of Directors of Resins, Inc., Cagayan Electric Power and Light Co., Riverbanks Development Corporation, 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.

***Directorship in other publicly listed companies:***

None

**JESSE O. ANG**, Filipino, 65

Independent and Non-Executive Director since April 25, 2024

***Committee memberships:***

- Member of Corporate Governance and Nomination Committee
- Chairman of Audit and Risk Committee
- Member of Related Party Transactions Committee

***Skills and experience:***

Mr. Ang is currently an independent director of BPI Capital Corporation, BPI Asset Management and Trust Company, BPI AIA Life Assurance Corporation, BPI/MS Insurance Corporation and BPI International Finance Limited (based in Hong Kong), ACEN CORPORATION and ACEN International, Inc. He was previously an independent director of BPI Securities Corporation (August 2022 - February 2023); part of the Philippine office of the International Finance Corporation (2000-2018) of which he was Head (Resident Representative) from 2007-2015; CFO of the Philippine International Air Terminals Company (1998-2000); Director for Global Structured Finance, New York City branch of Australia New Zealand Bank (1994-1998); Vice President for Trade and Commodity Finance, New York City branch of Generale Bank (1988-1994); Assistant Vice President in the Asia Division, Irving Trust Company in New York City (1985-1988); Budget Analyst for the Philippine National Oil Company (1982-1983); and Lecturer at the Department of Industrial Engineering of the University of the Philippines - Diliman (1981-1982). Mr. Ang received his BS Industrial Engineering degree from the University of the Philippines in 1981 and his Master of Business Administration from the Wharton School, University of Pennsylvania in 1985.

***Directorships in another publicly listed company:***

ACEN Corporation

***SHERISA P. NUESA***, Filipino, 70

Independent and Non-Executive Director since April 13, 2018

***Committee memberships:***

- Chairman of Corporate Governance and Nomination Committee
- Member of Personnel and Compensation Committee

***Skills and experience:***

Ms. Nuesa is a Director of other publicly listed companies as follows: Independent Director of Manila Water Company, Inc. and AREIT, Inc. and a non-executive Director of Far Eastern University and Metro Retail Stores Group Inc., where she serves as Chairman of the Board. She also sits in the Board of FEU subsidiary FERN Realty Corporation and concurrently a Senior Adviser to the Board of Vicsal Development Corporation. She is a member of the boards of trustees of the Financial Executives Institute (FINEX) Foundation and the NextGen Organization of Women Corporate Directors (NOWCD), where she holds the position of Vice President. She is also a Board Adviser to Justice Reform Initiative Inc. (JRI) where she was the former Chairperson for ten years since its inception. In the recent past, she is a former director of Ayala Land Inc. and ACEN Corporation from 2020 until April 2023. She also held the positions of President and Director of the ALFM Mutual Funds Group, and Trustee and Fellow of the Institute of Corporate Directors (ICD) from 2012 to 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 is an accredited lecturer of both ICD and the FINEX Academy. 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 had served in various capacities in Ayala Corporation, Ayala Land, Inc., and Manila Water Company, Inc. She co-led the Initial Public Offering (IPO) teams of Ayala Land, Inc., Cebu Holdings, Inc., Manila Water, and IMI. Ms. Nuesa received a Master of Business Administration degree from the Ateneo-Regis 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 in 1974, with a degree of Bachelor of Science in Commerce from the Far Eastern University, which named her as one of its Outstanding University Alumni. A Certified Public Accountant, she was awarded as the ING-FINEX CFO of the Year for 2008.

***Directorship in another publicly listed company:***

Manila Water Company, Inc., AREIT, Inc., Far Eastern University Incorporated and Metro Retail Stores Group Inc.

**JAIME Z. URQUIJO**, Filipino, 37  
Non-Executive Director since October 21, 2022

**Committee memberships:**

- Chairman of Finance Committee
- Member of Personnel and Compensation Committee

**Skills and experience:**

Mr. Urquijo is the Chief Sustainability and Risk Officer (CSRO) of Ayala Corporation. In addition to his CSRO role, he is also currently a director of ACEN Corporation, Bank of the Philippine Islands, BPI/MS Insurance, AC Industrial Technology Holdings, Inc., AC Ventures Holdings Corp., and Chairman of Klima 1.5 Corp. He is Vice Chairman of the Board of Trustees and Chairman of the Executive Committee of Ayala Foundation, a member of the Board of Trustees and Chief Executive Officer of WeAreAyala Business Club, Inc., and is also an Independent Advisor to the Board of Directors of Ayala Land Inc. He is also part of the board of WWF Philippines, the European Chamber of Commerce of the Philippines (ECCP), Makati Central Estate Association, Inc. (MACEA), and the Hero Foundation. He was previously Vice President for Business Development at Ayala Corporation's listed energy platform, ACEN. During his tenure at ACEN, Jaime led initiatives to expand the group's portfolio of assets in the Philippines, Vietnam, Myanmar, and Indonesia. Prior to this, Jaime served as the Head of Business Development for AF Payments, Inc., which created the Beep Card payment system, the country's first interoperable public transport payment card. Prior to joining the Ayala Group, Jaime was an associate at JP Morgan in New York. Jaime received his Bachelor of Arts degree in Political Science from the University of Notre Dame in the US and his Master's in Business Administration from INSEAD in France.

**Directorship in another publicly listed company:**  
ACEN Corporation and Bank of the Philippine Islands

**RAFAEL C. ROMUALDEZ**, Filipino, 61  
Non-Executive Director since May 21, 1997

**Committee memberships:**

- Member of Executive Committee
- Member of Finance Committee
- Member of Audit and Risk Committee
- Member of Related Party Transactions Committee

**Skills and experience:**

Mr. Romualdez is a Director of Resins Incorporated and sits in the boards of several of its affiliates, namely, RI Chemical Corporation and its subsidiary, Claveria Tree Nursery Inc., Chemserve Incorporated, Pacific Resins, Incorporated, and MC Shipping Corporation. He is also Chairman of Philippine Iron Construction and Marine Works, Inc., also a subsidiary 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.

**Directorship in another publicly listed company:**  
None

**ROLAND JOSEPH L. DUCHÂTELET**, Belgian, 78  
Non-Executive Director since October 21, 2022

**Committee membership:**

- Member of Executive Committee

**Skills and experience:**

Mr. Duchâtelet worked for several enterprises in Belgium and Germany. He created several businesses throughout his career, meanwhile organizing approximately 50 acquisitions or sales of businesses. One

of them was EPIQ, now part of IMI. Together with his business partners Rudi De Winter and Françoise Chombar, he created Melexis, a company which yielded them the title of “Enterprise the Year” in 2000. In the year 2000, Mr. Duchâtelet became active in the internet business. Between 2007 and 2010 he was a member of the Belgian Senate. Mr. Duchâtelet has degrees in Engineering and Applied Economics from the University of Louvain. He also obtained his Masters in Business Administration from the same university.

***Directorship in another publicly listed company:***

None

**GILLES BERNARD**, French, 67  
Director since June 20, 2024

***Committee membership:***

None

***Skills and experience:***

Mr. Bernard was a former Director and the President of IMI from 2016 to 2019. Prior to this, he was the Chief Operating Officer of the IMI Group from 2014 to 2016 and previously the COO for IMI Europe and Mexico operations and Head of Global Operations support overseeing Global Materials Management, Quality, Sales and Key Strategic Accounts Management between 2011 to 2014. Before IMI, he was the General Manager of EPIQ NV (now Fremach International) from 1995 up to 2001, before he assumed the CEO post in 2001. He held this position until EPIQ NV’s acquisition in 2011. He started his career as a development engineer and later on became D&D Manager of passive components division of Thomson. He then moved to the SMEE subsidiary of Mitsubishi Corporation as Quality Manager. He finished a degree in Engineering Major in Materials from Lycee Romain Roland in 1976 and obtained a Master’s Degree in Physics and Chemistry of Polymer from Paris 13th University in 1976.

***Directorship in another publicly listed company:***

None

**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 except for Mr. Jerome S. Tan. Mr. Mark Robert H. Uy is being nominated to the Board of Directors.

**MARK ROBERT H. UY**, Filipino, 38, is currently Ayala Corporation’s Corporate Strategy and Business Development Group Head, as well as a member of its Management Committee. His other significant positions include: Chairman of Anko JV Company, Inc.; Director, President and Chief Executive Officer of A&CO Holdings Corporation; Director & President of ACX Holdings Corporation; Director of AC Industrial Technology Holdings, Inc., AC Logistics Holdings Corporation, AC Ventures Holding Corp., and AC Ventures Subco, Inc. Mark has over a decade of investment banking experience, more recently as Credit Suisse’s Country Manager and Head of Investment Banking and Capital Markets in the Philippines. Prior to joining Credit Suisse, he spent 12 years at J.P. Morgan in Manila, Chicago and Singapore offices. His industry experience includes transactions in the energy, agriculture, packaged food and restaurant industries, among others. He graduated from Ateneo de Manila University with a bachelor’s degree, cum laude, in Management Engineering with minor in Finance. He is a CFA charter holder.

**Senior Leadership Team/Key Officers**

Jerome S. Tan*/**	President
Louis Sylvester Hughes*/**	Chief Executive Officer
Robert William Heese	Chief Finance Officer and Compliance Officer
Eric De Candido**	Chief Operations Officer
Laurice S. Dela Cruz	Vice President, Finance and Corporate Comptroller,

Maria Margarita V. Del Rosario  
Mary Ann S. Natividad\*\*\*  
Anthony Raymond P. Rodriguez  
Rosalyn O. Tesoro\*\*\*  
John Voltaire C. Madriaga\*\*\*\*

Maria Franchette M. Acosta  
Rosario Carmela G. Austria

*\* Member of the Board of Directors.*

*\*\* Members of the Management Committee*

*\*\*\* Retired effective January 1, 2025*

*\*\*\*\*Appointed on March 7, 2025*

Deputy Compliance Officer, Acting Chief Risk Officer and  
Chief Sustainability Officer  
Chief Human Resources Officer  
Advisor to CEO and Chairman  
Treasurer  
Chief Information Officer and Data Protection Officer  
Data Protection Officer and ERM and Sustainability  
Manager  
Corporate Secretary  
Assistant Corporate Secretary

**ROBERT WILLIAM HEESE**, Canadian, 63, has been the Chief Finance Officer and Compliance Officer since April 27, 2024. Robert has over 20 years of senior level Finance experience in diversified industries including manufacturing, technology, financial services, and resources supporting a variety of companies such as Beyonics, Avation PLC, MMI Holdings and Mando Corporation among others. He played key roles as Chief Financial Officer of publicly traded and equity backed companies, and as a member of senior leadership teams, boards and audit committees overseeing entire accounting, finance, audit, tax, treasury, FP&A, banking, M&A, risk management, HR, and IT functions. Prior to joining IMI, Robert was an independent consultant providing strategic advice to companies and investors. He attended Thompson Rivers University, and the University of British Columbia in Canada leading to a professional designation as a Certified Professional Accountant (CPA) and Certified General Accountant (CGA) in Canada.

**ERIC DE CANDIDO**, French, 50, 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. He has graduated with Production Engineering in ESIEE/Electronics & Electrotechnic Engineering School in Amiens, France.

**LAURICE S. DELA CRUZ**, Filipino, 40, has served as VP-Finance and Corporate Controller/Deputy Compliance Officer since April 25, 2024. She is also the Acting Chief Risk Officer and Chief Sustainability Officer from April 2022 to present. Prior to this, she has held roles of increasing responsibilities since she joined IMI in 2011, including her long-term role as Global Head for Financial Planning and Analysis. She also served as the Chief Finance Officer and Compliance Officer from June 2021 to April 2024. 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.

**MARIA MARGARITA V. DEL ROSARIO**, Filipino, 51, has served as Chief HR Officer since May 1, 2024. Marge was the Global Head of Organization Development and Talent Management when she joined IMI in 2018. She has been a Human Resources professional with 30 years of experience in the areas of talent acquisition and development, total rewards management, employee engagement and labor relations, organizational management and HR information systems and data management gained from local and multinational companies. She earned a degree in Psychology from the University of the Philippines, Diliman.

**MARY ANN S. NATIVIDAD**, Filipino, 57, was the Advisor to CEO and Chairman from June 19, 2024 until December 31, 2024. Prior to this, she served as the Chief Commercial Officer of IMI from January

1, 2020 to June 19, 2024. 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 30 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.

**ANTHONY RAYMOND P. RODRIGUEZ**, Filipino, 57, has been the Treasurer of the Company since June 1, 2021. He has been the Head of Treasury and Credit and Investor Relations Officer since February 2009. Prior to IMI, he has gained nineteen 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, 53, served as the Chief Information Officer and Data Protection Officer of IMI until December 31, 2025. She joined IMI in 2005, initially as IT Infrastructure manager, before being designated as IT head in 2010. Prior to joining IMI, she held various roles in semiconductor manufacturing and IT companies. She has been an IT practitioner for more 30 years. She holds a BS Computer Engineering degree from Mapua Institute of Technology.

**JOHN VOLTAIRE C. MADRIAGA**, Filipino, 52, has been appointed as the Data Protection Officer of the Company on March 7, 2025. He joined IMI on May 6, 2019 and has since held the position of ERM and Sustainability Manager. He is a proactive Enterprise Risk Management professional with a deep understanding of sustainability principles, combined with expertise in risk management, ESG reporting, and GHG accounting, which he has gained from other companies such as 24/7.ai and Convergys. He completed a degree in Computer Engineering at Don Bosco College Mandaluyong in March 1998 and a Masters in Technology Management from the University of the Philippines in March 2007.

**MARIA FRANCHETTE M. ACOSTA**, Filipino, 52, Integrated Micro-electronics, Inc.'s Corporate Secretary since March 6, 2024. She is the Corporate Secretary, Corporate Governance Group Head and Chief Legal Officer of Ayala Corporation. She is also the Corporate Secretary of Ayala Land, Inc., AREIT, Inc., ACEN CORPORATION and Globe Telecom, Inc. She has been a practicing lawyer for 24 years, with 18 years in Villaraza & Angangco Law Firm where she was a Senior Partner, Co-Managing Partner and Head of its Corporate and Commercial Department. Ms. Acosta was also an Assistant Secretary at the Office of the Chief Presidential Legal Counsel of the Republic of the Philippines where she worked from 2001 to 2003 and recognized as an expert counsel in leading legal journals and publications such as Chambers Global, Chambers Asia Pacific and Legal 500. She is a consistent Asia Business Law Journal's top 100 lawyers of the Philippines. Atty. Acosta graduated from New York University with a Master of Laws in 2003, and ranked 3rd in the Philippine Bar Examination. She earned her Bachelor of Laws from the University of the Philippines College of Law in 1998 where she graduated Class Valedictorian and Cum Laude. She holds a Bachelor of Science in Business Economics from the University of the Philippines School of Economics in 1994 where she graduated Magna Cum Laude.

**ROSARIO CARMELA G. AUSTRIA**, Filipino, 42, 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 Corporate Secretary or Assistant Corporate Secretary of other companies within the Ayala Group. She is 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.

### 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.

### Family Relationships

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.

## ITEM 10. EXECUTIVE COMPENSATION

Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation
Louis Sylvester Hughes (Chief Executive Officer)				
Arthur R. Tan (Former Vice Chairman/CEO)*				
Jerome S. Tan (President)				
Robert William Heese (Chief Finance Officer)				
Eric De Candido (Chief Operations Officer)				
Laurice S. dela Cruz (Vice President Finance and Corporate Controller, Deputy Compliance Officer, Acting Chief Risk Officer and Acting Chief Sustainability Officer)				
CEO and most highly compensated Executive Officers	Actual 2023 Actual 2024 Projected 2025	P95.06M P128.17M P134.58M		P29.53M P 35.57M P 37.35M
All other officers** as a group unnamed	Actual 2023 Actual 2024 Projected 2025	P365.33M P448.63M P471.06M		P50.23M P 59.64M P 62.62M

\*Until April 25, 2024

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

The total annual compensation consists of basic pay and other taxable income (guaranteed bonus and performance-based bonus).

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

### 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. The Board of Directors shall have the sole authority to determine the amount, form and structure of the fees and other compensation of the directors. 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 2024, the non-executive directors and independent directors of the Company received remuneration, as follows:

	<b>Board Meetings</b>	<b>Committee Meetings</b>	<b>Total</b>
Alberto M. de Larrazabal	1,100,000	320,000	1,420,000
Jaime Z. Urquijo	1,100,000	340,000	1,440,000
Jose Ignacio A. Carlos	1,100,000	180,000	1,280,000
Rafael C. Romualdez	1,100,000	340,000	1,440,000
Roland Joseph L. Duchâtelet**	-	-	-
Edgar O. Chua***	400,000	100,000	500,000
Jesse O. Ang****	800,000	200,000	1,000,000
Sherisa P. Nuesa	1,100,000	260,000	1,360,000
Hiroshi Nishimura	1,100,000	260,000	1,360,000
Gilles Bernard*	500,000	-	500,000
Mark Robert H. Uy*****	300,000	-	300,000
Ginaflor C. Oris*****	300,000	-	300,000
<b>Total</b>	<b>8,900,000</b>	<b>2,000,000</b>	<b>10,900,000</b>

\*Effective June 20, 2024

\*\*Mr. Duchâtelet waived his director's fees for meetings attended

\*\*\*Until April 25, 2024

\*\*\*\*Effective April 25, 2024

\*\*\*\*\* Served from April 25, 2024 until June 20, 2024.

(i) Other arrangement

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.

## Employment contracts and termination of employment and change-in-control arrangements

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

## Warrants and options outstanding, repricing

There are no outstanding warrants or options in connection with the shares of the Company held by any of the directors or executive officers.

## Compensation Plans

On March 10, 2025, the Board of Directors, upon endorsement by its Personnel and Compensation Committee, approved the 2025 Employee Stock Option Program which may be in the form of a Stock Appreciation Rights Plan that grants cash settled and/or equity settled options, at the option of the Corporation, to its key talents. Please see below summary of key terms of the Plan:

Key Features	Details
Qualified Recipients	Managers, executives and key talents occupying strategic functions selected in accordance with the Plan. Independent directors are not qualified to receive stock appreciation rights.
Volume	Up to 5% of the authorized capital stock of IMI
Strike Price	Based on the 12-month VWAP prior to plan approval
Vesting	To be vested and exercised upon a Liquidity Event, defined as any transaction that results in a change of control of IMI or raises common equity that, post-transaction, accounts for at least one-third of IMI's total paid-up common equity or at the end of 3 years from the adoption date of the Plan, whichever is earlier.
Expiry Date	Three (3) years from date of approval of the Plan by the Securities and Exchange Commission (extendible upon approval by the Personnel and Compensation Committee and the Board of Directors)
Settlement	At the option of the Company, settlement may either be through cash payment or share issuance upon exercise of the Award.

The adoption of the 2025 Employee Stock Option Program will be presented to our stockholders for approval of two-thirds (2/3) of the outstanding capital stock at their annual meeting on April 22, 2025.

The Plan will be submitted to the SEC for their approval after the stockholders' approval is secured.

## ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

- 1) Security ownership of certain record and beneficial owners (of more than 5%) as of February 28, 2025

Title of class of shares	Name and 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. <sup>5</sup> 37th Floor, Ayala Triangle Gardens Tower 2, Paseo de	AC Industrial Technology Holdings, Inc. <sup>6</sup>	Filipino	1,153,725,046	52.0330%

<sup>5</sup> AC Industrial Technology Holdings, Inc. (AC Industrials) is a stockholder of the Company.

<sup>6</sup> The Board of Directors of AC Industrials has the power to decide how AC Industrials' shares in IMI are to be voted. The Chairman of the meeting is appointed to exercise the voting power.

	Roxas corner Makati Avenue, Makati City				
Common	PCD Nominee Corporation (Non- Filipino) <sup>7</sup> 29th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati City 1226	PCD participants acting for themselves or for their customers <sup>8</sup>	Various Non- Filipino	242,405,503	10.9325%
Common	PCD Nominee Corporation (Non- Filipino) <sup>7</sup> 29th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati City 1226	Fremach International <sup>9</sup>	Belgian	199,999,000	9.0200%
Common	Resins, Inc. <sup>10</sup> E. Rodriguez Jr. Avenue, Bagong Ilog, Pasig City.	Resins, Inc. <sup>11</sup>	Filipino	291,785,034	13.1595%
Common	PCD Nominee Corporation (Filipino) <sup>7</sup> 29th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati City 1226	PCD participants acting for themselves or for their customers <sup>4</sup>	Filipino	274,060,520	12.3601%

2) Security ownership of directors and management as of February 28, 2025.

Title of class of outstanding shares	Name of beneficial owner	Amount and nature of beneficial ownership	Citizenship	Percent of total outstanding shares
<b>Directors</b>				
Common	Alberto M. de Larrazabal	100 (direct)	Filipino	0.0000%
Common	Jerome S. Tan	2,884,733 (indirect)	Singaporean	0.1301%
Common	Louis Sylvester Hughes	3,010,001 (direct & indirect)	American	0.1358%
Common	Hiroshi Nishimura	712,578 (direct & indirect)	Japanese	0.0321%
Common	Jose Ignacio A. Carlos	1 (direct)	Filipino	0.0000%
Common	Jesse O. Ang	1 (direct)	Filipino	0.0000%
Common	Sherisa P. Nuesa	503,385 (direct & indirect)	Filipino	0.0227%
Common	Jaime Z. Urquijo	100 (direct)	Filipino	0.0000%
Common	Rafael C. Romualdez	1 (direct)	Filipino	0.0000%
Common	Roland Joseph L. Duchâtelet	1,000 (direct)	Belgian	0.0000%
Common	Gilles Bernard	1,280,476 (direct & indirect)	French	0.0577%
<b>CEO and most highly compensated officers</b>				
Common	Louis Sylvester Hughes	3,010,001 (direct & indirect)	American	0.1358%
Common	Jerome S. Tan	2,884,733 (indirect)	Singaporean	0.1301%
Common	Robert William Heese	1,101,000 (indirect)	Canadian	0.0497%
Common	Eric De Candido	0	Filipino	0.0000%
Common	Laurice S. Dela Cruz	219,221 (indirect)	Filipino	0.0099%
<b>Other Officers</b>				
Common	Anthony Raymond P. Rodriguez	0	Filipino	0.0000%

<sup>7</sup> PCD Nominee Corporation (PCD) is not related to the Company.

<sup>8</sup> 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. Based on the records of Company, none of PCD participants or any of their customers beneficially owns more than 5% of the Company's common shares, other than Fremach International.

<sup>9</sup> 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.

<sup>10</sup> Resins, Inc. is a substantial stockholder to the Company.

<sup>11</sup> The Board of Directors of Resins, Inc. has the power to decide how Resins' shares in IMI are to be voted. The Chairman of the meeting is usually appointed to exercise the voting power.

Common	Maria Margarita V. Del Rosario	0	Filipino	0.0000%
Common	Maria Franchette M. Acosta	0	Filipino	0.0000%
Common	Rosario Carmela G. Austria	0	Filipino	0.0000%
<b>All Directors and Officers as a group</b>		<b>9,712,597</b>		<b>0.4380%</b>

None of the members of the Company's directors and management owns 2.0% or more of the outstanding capital stock of the Company.

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

No change of control in the Company has occurred since the beginning of its last fiscal year.

As of December 2024, 33.08% of IMI's common shares were owned by the public.

Foreign owned shares as of February 28, 2025: 452,750,031 shares or 20.42% of the total outstanding shares

## ITEM 12. CERTAIN RELATIONSHIPS AND RELATED 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.

All publicly-listed and certain member companies of the Group have Material Related Party Transactions Policies containing the approval requirements and limits on amounts and extent of related party transactions in compliance with the requirements under the Revised SRC Rule 68 and SEC Memorandum Circular 10, series of 2019.

The Company has an approval requirement such that material related party transactions (RPT) shall be reviewed by the Related Party Transactions Committee (the Committee) and endorsed to the BOD for approval. Material RPTs are those transactions that meet the Committee approved threshold value – of \$1.0 million or five (5) percent of the total assets, whichever is lower. The Company's Compliance Officer, acting as the secretariat of the Committee, reviewed the RPTs before these were presented to the Committee for approval.

The Group, in its regular conduct of business, has entered into transactions with associates, joint ventures and other related parties principally consisting of deposits/placements, advances, loans and reimbursement of expenses, purchase and sale of real estate properties, various guarantees, construction contracts, and development, management, underwriting, marketing and administrative service agreements. Sales and purchases of goods and services as well as other income and expense to and from related parties are made at normal commercial prices and terms.

To date, there have been no complaints received by the Company regarding related-party transactions. None of the Company's directors has entered into self-dealing and related party transactions with or involving the Company in 2024.

For further information on the Group's related party transactions, see Note 31 to IMI's 2024 Audited Consolidated Financial Statements included in this Report. Except for those discussed in the said 2024 Audited Consolidated Financial Statements, no other transaction, other than as appropriately disclosed by the Parent Company, was undertaken by the Group involving any director or executive officer, any nominee for election as director, any beneficial owner of more than 5% of the Parent Company's outstanding shares (direct or indirect) or any member of his immediate family. The Parent Company's employees are required to promptly disclose any business and family-related transactions

with the Parent Company to ensure that potential conflicts of interest are reviewed and disclosed as appropriate.

## **PART IV – CORPORATE GOVERNANCE**

Please refer to the Definitive Information Statement and Integrated Annual Corporate Governance Report posted in the Company's Official Website [www.global-imi.com](http://www.global-imi.com). The detailed discussion of the Annual Corporate Governance Section deleted as per SEC Memorandum Circular No. 5, series of 2013, issued last March 20, 2013.

## **PART V – SUSTAINABILITY REPORT**

Please refer to the Sustainability Report posted in the Company's Official Website with the following link: <https://www.global-imi.com/governance/sustainability>

## **PART VI - EXHIBITS AND SCHEDULES**

### **Exhibit 1: 2024 Audited Consolidated Financial Statements, Integrated Micro-Electronics, Inc. and Subsidiaries**

Statement of Management's Responsibility for the Financial Statements  
Report of Independent Auditors  
Consolidated Balance Sheets as of December 31, 2024 and 2023  
Consolidated Statements of Income for the Years ended December 31, 2024, 2023 and 2024  
Consolidated Statements of Comprehensive Income for the Years ended December 31, 2024, 2023 and 2022  
Consolidated Statements of Changes in Equity for the Years Ended December 31, 2024, 2023 and 2022  
Consolidated Statements of Cash Flows for the Years Ended December 31, 2024, 2023 and 2022  
Notes to Consolidated Financial Statements

### **Exhibit 2: Supplementary Schedules**

Report of Independent Public Accountant on Supplementary Schedules

- A. Financial Assets
- B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Affiliates)
- C. Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements
- D. Long-Term Debt
- E. Indebtedness to Related Parties (Long-term Loans from Related Companies)
- F. Guarantees of Securities of Other Issuers
- G. Capital Stock

Supplementary Schedule of External Auditor Fee-Related Information

Reconciliation of Retained Earnings Available for Dividend Declaration

Schedule of Financial Ratios

Map Showing the Relationships between and Among the Companies in the Group, its Ultimate Parent Company and Co-Subsidiaries

## 2024 Audited Annual Financial Statements of Significant Foreign Subsidiaries

Exhibit 3: IMI International (Singapore) Pte Ltd

Exhibit 4: Speedy-Tech Electronics Ltd and its subsidiaries

Exhibit 5: Cooperatief IMI Europe U.A. and Subsidiaries

## Reports on SEC Form 17-C

The Company regularly files various reports on SEC Form 17-C relative to various company disclosures.:


Date	Particulars
Jan. 24, 2024	Attendance of the Directors in 2023
Feb. 13, 2024	Leadership Transition
Feb. 13, 2024	Notice of Annual or Special Stockholders' Meeting: Setting of the 2024 Annual Stockholders' Meeting
Feb. 26, 2024	Resignation of Officer
Feb. 29, 2024	Detailed Notice and Agenda of the 2024 Annual Stockholders' Meeting
Mar. 7, 2024	Election of Corporate Secretary
Mar. 14, 2024	Clarification on news article posted at Malaya Business Insight (Online Edition) dated March 14, 2024
Apr. 3, 2024	Notice of Analysts' Briefing (Full year 2023 performance) Press Release: IMI Core Business Sustains Path to Recovery with US\$ 13 Million of Net Income for the Year
Apr. 4, 2024	Amended Detailed Notice and Agenda of the 2024 Annual Stockholders' Meeting
Apr. 11, 2024	Press Release: IMI's Subsidiary, VIA optronics AG, Announces Intention to Voluntarily Delist its ADSs from the New York Stock Exchange
Apr. 26, 2024	Results of 2024 Annual Stockholders' Meeting Results of the 2024 Organizational Board of Directors' Meeting
Apr. 29, 2024	Press Release: IMI's Subsidiary, VIA optronics AG files Annual Report 2022 on Form 20-F with the U.S. Securities and Exchange Commission
May 6, 2024	Notice of Analysts' Briefing (Q1 2024 Performance)
May 10, 2024	Press Release: IMI Posts US\$290 Million of Revenues for Q1 of 2024
Jun. 20, 2024	Discontinuance of Employment
Aug. 2, 2024	Notice of Analysts' Briefing (Q2 2024 Performance) Press Release: IMI Reports \$566 Million Revenues in First Half of 2024
Oct. 1, 2024	Press Release: IMI Executes on Global Restructuring to Enhance Margins
Oct. 31, 2024	Notice of Analysts' Briefing (Q3 2024 Performance)
Nov. 4, 2024	Press Release: IMI Reports \$841 Million Revenues in First Nine Months of 2024
Nov. 22, 2024	Setting of the 2025 Annual Stockholders' Meeting

The Company reports Statement of Changes in Beneficial Ownership of Securities of Directors and Reportable officer within three business days to Philippine Stock Exchange (PSE) and to Securities and Exchange Commission (SEC) within the prescribed due date.

## SIGNATURES

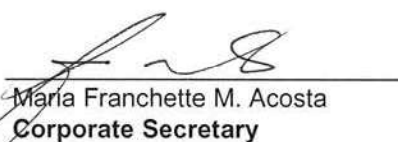
Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on APR 10 2025 2025.

By:

  
Alberto M. de Larrazabal  
Chairman of the Board

  
Robert William Heese  
Chief Finance Officer and Compliance Officer

  
Laurice S. Dela Cruz  
Vice President, Finance and Corporate Controller,  
and Deputy Compliance Officer

  
Maria Franchette M. Acosta  
Corporate Secretary


**SUBSCRIBED AND SWORN** to before me this APR 10 2025 day of 2025, affiants exhibiting to me their respective passports as follows:

	Passport No.	Date of Issue	Place of Issue
Alberto M. de Larrazabal	P6263220B	Feb. 11, 2021	Manila City
Robert William Heese	P319543NG	May 7, 2024	Canada
Laurice S. Dela Cruz	P7177471B	July 12, 2021	Manila City
Maria Franchette M. Acosta	P2265706C	Nov. 04, 2022	Manila City

Doc. No. 213  
Page No. 54  
Book No. XXIV  
Series of 2025.

Notarial DST pursuant to Sec. 61 of the TRAIN ACT (amending Sec. 188 of the NIRC) affixed on original submitted to the court.



  
**RIZZA ANNE O. SY**  
Notary Public – Makati City  
Appt. No. M-106 until December 31, 2026  
Roll of Attorneys No. 64676  
Lifetime IBP No. 018509 – 01/04/18 – Bulacan  
PTR No. 10467520MN – 01/02/2025 – Makati City  
MCLE Compliance No. VIII– 0000243 – 08/26/2022  
37th Floor, Ayala Triangle Gardens Tower 2  
Paseo de Roxas cor. Makati Avenue  
Makati City, Philippines

REPUBLIC OF THE PHILIPPINES)  
MAKATI CITY ) SS.

### SECRETARY'S CERTIFICATE

I, **ROSARIO CARMELA G. AUSTRIA**, of legal age, being the duly elected, qualified and incumbent Assistant Corporate Secretary of **INTEGRATED MICRO-ELECTRONICS, INC.** (the "Corporation"), a corporation duly organized and existing under the laws of the Republic of the Philippines, after having been duly sworn in accordance with law, do hereby certify that at the regular meeting of the Board of Directors (the "Board") held on 7 March 2025, at which meeting a quorum existed and acted throughout, the Board approved the following resolutions:

#### Resolution No. B-14-2025

**RESOLVED**, to approve the delegation to the Chief Finance Officer / Compliance Officer, Mr. Robert W. Heese, of the authority to sign the Corporation's SEC Form 17-A (Annual Report), Statement of Management Responsibility and the Integrated Annual Corporate Governance Report in lieu of the Chief Executive Officer, Mr. Louis Sylvester Hughes.

#### Resolution No. B-15-2025

**RESOLVED**, to approve the delegation to the VP Finance and Corporate Controller/Deputy Compliance Officer, Ms. Laurice S. Dela Cruz, of the authority to sign the Corporation's SEC Form 17-A (Annual Report), Statement of Management Responsibility and the Integrated Annual Corporate Governance Report in lieu of the Chief Finance Officer/Compliance Officer, Mr. Robert W. Heese.

IN WITNESS WHEREOF, I have signed this Certificate this MAR 12 2025 at Makati City.

  
**ROSARIO CARMELA G. AUSTRIA**  
Assistant Corporate Secretary

**SUBSCRIBED AND SWORN** to before me this MAR 12 2025 at Makati City, the affiant exhibited to me, as competent evidence of identity, her Passport No. \_\_\_\_\_ issued on \_\_\_\_\_ at \_\_\_\_\_.

Doc. No. 389 ;  
Page No. 79 ;  
Book No. 1 ;  
Series of 2025.

Notarial DST pursuant to Sec. 61 of the TRAIN Act (amending Sec. 188 of the NIRC) affixed on original submitted to the court.



  
**JOANNE M. LIM**  
Notary Public - Makati City



**EXHIBIT 1**

**2024 Audited Consolidated Financial Statements,  
Integrated Micro-Electronics, Inc. and Subsidiaries**

# COVER SHEET

for

## AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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### COMPANY NAME

I	N	T	E	G	R	A	T	E	D		M	I	C	R	O	-	E	L	E	C	T	R	O	N	I	C	S	,		
I	N	C	.		A	N	D		S	U	B	S	I	D	I	A	R	I	E	S										

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

N	O	R	T	H		S	C	I	E	N	C	E		A	V	E	N	U	E	,		L	A	G	U	N	A		T
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L	A	G	U	N	A																								

Form Type

A	A	F	S	
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Department requiring the report

S	E	C	
---	---	---	--

Secondary License Type, If Applicable

N	/	A	
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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

282

Annual Meeting (Month / Day)

APRIL 22

Fiscal Year (Month / Day)

12/31

### CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Ms. Laurice S. Dela Cruz

Email Address

Laurice.delacruz@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



**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. (the Company) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein for the years ended December 31, 2024, 2023 and 2022, 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 and its subsidiaries 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 and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's and its subsidiaries' 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.

  
**ALBERTO M. DE LARRAZABAL**  
Chairman, Board of Directors

  
**ROBERT WILLIAM HEESE**  
Chief Finance Office and Compliance Officer

  
**LAURICE S. DELA CRUZ**  
Vice President, Finance and Corporate Controller, and  
Deputy Compliance Officer

SUBSCRIBED AND SWORN to before me this MAR 07 2025 at Makati City, affiants exhibiting to me their respective Passports, to wit:

Name
Alberto M. de Larrazabal
Robert William Heese
Laurice S. Dela Cruz


Passport No.
P6263220B
P319543NG
P7177471B

Date & Place of Issue
February 11, 2021 – DFA Manila
May 7, 2024 – Canada
July 12, 2021 – DFA Manila

Doc. No. 481 ;  
Page No. 88 ;  
Book No. Lx ;  
Series of 2025.

Notarial DST pursuant to Sec. 61 of the TRAIN ACT (amending Sec. 188 of the NIRC) affixed on original submitted to the court.



  
**ROBERTO T. ONGSIAKO**  
Notary Public.- Makati City  
Appt. No. M-082 until December 31, 2026  
Roll of Attorneys No. 37041  
Lifetime IBP No. 02163 – RSM Chapter  
PTR No. 10467518MN – 01/02/2025 - Makati City  
MCLE Compliance No. VIII – 0000591 – 09/30/2022  
37th Floor, Ayala Triangle Gardens Tower 2  
Paseo de Roxas cor. Makati Avenue  
Makati City, Philippines

REPUBLIC OF THE PHILIPPINES)  
MAKATI CITY ) SS.

### SECRETARY'S CERTIFICATE

I, **ROSARIO CARMELA G. AUSTRIA**, of legal age, being the duly elected, qualified and incumbent Assistant Corporate Secretary of **INTEGRATED MICRO-ELECTRONICS, INC.** (the "Corporation"), a corporation duly organized and existing under the laws of the Republic of the Philippines, after having been duly sworn in accordance with law, do hereby certify that at the regular meeting of the Board of Directors (the "Board") held on 7 March 2025, at which meeting a quorum existed and acted throughout, the Board approved the following resolutions:

#### Resolution No. B-14-2025

**RESOLVED**, to approve the delegation to the Chief Finance Officer / Compliance Officer, Mr. Robert W. Heese, of the authority to sign the Corporation's SEC Form 17-A (Annual Report), Statement of Management Responsibility and the Integrated Annual Corporate Governance Report in lieu of the Chief Executive Officer, Mr. Louis Sylvester Hughes.

#### Resolution No. B-15-2025

**RESOLVED**, to approve the delegation to the VP Finance and Corporate Controller/Deputy Compliance Officer, Ms. Laurice S. Dela Cruz, of the authority to sign the Corporation's SEC Form 17-A (Annual Report), Statement of Management Responsibility and the Integrated Annual Corporate Governance Report in lieu of the Chief Finance Officer/Compliance Officer, Mr. Robert W. Heese.

IN WITNESS WHEREOF, I have signed this Certificate this MAR 12 2025 at Makati City.

  
**ROSARIO CARMELA G. AUSTRIA**  
Assistant Corporate Secretary

**SUBSCRIBED AND SWORN** to before me this MAR 12 2025 at Makati City, the affiant exhibited to me, as competent evidence of identity, her Passport No. \_\_\_\_\_ issued on \_\_\_\_\_ at \_\_\_\_\_

Doc. No. 389 ;  
Page No. 79 ;  
Book No. 1 ;  
Series of 2025.

Notarial DST pursuant to Sec. 61 of the TRAIN Act (amending Sec. 188 of the NIRC) affixed on original submitted to the court.



  
**JOANNE M. LIM**  
Notary Public - Makati City

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders  
Integrated Micro-Electronics, Inc.  
North Science Avenue - Special Economic Zone (LT - SEZ)  
Laguna Technopark, Bo. Biñan  
Biñan, Laguna

### Report on the Audit of the Consolidated Financial Statements

#### 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, 2024 and 2023, 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, 2024, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2024 and 2023, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2024 in accordance with Philippine Financial Reporting Standards (PFRSs) Accounting Standards.

#### 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 Accounting Standards, the Group is required to annually test the amount of goodwill for impairment. As of December 31, 2024, 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., and VIA Optronics GmbH (VIA), amounted to \$40.46 million, which is considered significant to the consolidated financial statements, were tested for impairment. Impairment loss amounting to \$27.01 million was recorded in 2024. 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, specifically revenue growth rate, gross margin, cost ratios and discount rates.

The Group's disclosures about goodwill are included in Note 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, gross margins and cost ratios against actual historical performance of the CGU and industry outlook. 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 Property, Plant and Equipment**

Under PFRS Accounting Standards, the Group is required to test the recoverability of nonfinancial assets when indicators of impairment exist. In 2024, the continuing gross loss for the production line for certain customers in Philippines, Mexico and Germany has been assessed as an impairment indicator requiring an impairment assessment. Accordingly, the related items of property, plant, and equipment with an aggregate depreciated cost of \$57.63 million as of December 31, 2024, which is significant to the consolidated financial statements, were tested for impairment. The Group recorded impairment loss amounting to \$4.93 million in 2024. The management's impairment assessment process requires significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty, specifically revenue growth rate, gross margin, cost ratios and discount rates.

The Group's disclosures about the property, plant and equipment are included in Notes 4 and 10 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, gross margins and cost ratios against actual historical performance attributable to the property, plant, and equipment and industry outlook. 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 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, 2024, 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, 2024 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 PFRS Accounting Standards, 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.





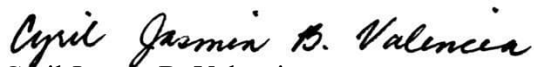
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Partner

CPA Certificate No. 90787

Tax Identification No. 162-410-623

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-074-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10465396, January 2, 2025, Makati City

March 7, 2025



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

	December 31	
	2024	2023
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash on hand and in banks (Notes 5, 32 and 33)	\$91,343,576	\$91,588,016
Cash equivalents and short-term investments (Notes 5, 32 and 33)	600,000	11,420,000
Receivables (Notes 6, 31, 32 and 33)	227,393,238	283,708,635
Contract assets (Notes 7 and 33)	42,642,460	52,900,849
Inventories (Note 8)	202,464,672	269,313,547
Other current assets (Note 9)	25,149,211	30,395,688
Total Current Assets	589,593,157	739,326,735
<b>Noncurrent Assets</b>		
Property, plant and equipment (Note 10)	113,219,489	138,725,260
Goodwill (Note 11)	40,458,873	70,180,686
Intangible assets (Note 12)	2,914,261	3,468,347
Right-of-use assets (Note 30)	30,018,442	19,472,578
Financial assets at FVOCI (Notes 13, 32 and 33)	2,543,003	2,364,096
Deferred tax assets - net (Note 25)	3,129,013	3,648,771
Other noncurrent assets (Notes 14 and 33)	11,047,998	17,441,055
Total Noncurrent Assets	203,331,079	255,300,793
	<b>\$792,924,236</b>	<b>\$994,627,528</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses (Notes 15, 32 and 33)	\$228,560,590	\$283,457,350
Contract liabilities (Notes 7 and 33)	3,442,269	2,748,320
Loans payable (Notes 16, 32 and 33)	152,594,209	210,027,008
Current portion of long-term debt (Notes 17, 32 and 33)	30,763,284	6,484,519
Current portion of lease liabilities (Notes 30, 32 and 33)	5,444,362	8,265,812
Income tax payable	1,758,610	2,012,190
Other current liabilities (Notes 18, 32 and 33)	1,015,702	1,524,827
Total Current Liabilities	423,579,026	514,520,026
<b>Noncurrent Liabilities</b>		
Noncurrent portion of:		
Long-term debt (Notes 17, 32 and 33)	107,102,708	140,213,655
Lease liabilities (Notes 30, 32 and 33)	25,435,300	13,722,823
Net retirement liabilities (Note 27)	7,375,986	8,826,860
Deferred tax liabilities - net (Note 25)	973,582	1,014,040
Other noncurrent liabilities (Note 24)	5,136,939	5,744,874
Total Noncurrent Liabilities	146,024,515	169,522,252
Total Liabilities	569,603,541	684,042,278

(Forward)



	December 31	
	2024	2023
<b>EQUITY</b>		
<b>Equity Attributable to Equity Holders of the Parent Company</b>		
Capital stock - common (Note 19)	\$42,721,024	\$42,720,682
Subscribed capital stock (Note 19)	687,789	689,311
Additional paid-in capital (Note 19)	193,764,271	193,777,837
Subscriptions receivable (Notes 19 and 28)	(2,560,791)	(2,576,077)
Retained earnings (Note 19)	39,484,572	89,177,160
Treasury stock (Note 19)	(1,012,588)	(1,012,588)
Other components of equity (Note 13)	830,092	547,961
Cumulative translation adjustment (Note 19)	(44,153,479)	(34,798,528)
Remeasurement losses on defined benefit plans (Note 27)	(11,186,543)	(10,050,551)
	<b>218,574,347</b>	<b>278,475,207</b>
<b>Equity Attributable to Non-controlling Interests</b>		
<b>in Consolidated Subsidiaries</b> (Note 19)	<b>4,746,348</b>	<b>32,110,043</b>
Total Equity	<b>223,320,695</b>	<b>310,585,250</b>
	<b>\$792,924,236</b>	<b>\$994,627,528</b>

See accompanying Notes to Consolidated Financial Statements.



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

	Years Ended December 31		
	2024	2023	2022
<b>REVENUE FROM CONTRACTS WITH CUSTOMERS</b> (Note 29)	<b>\$1,098,692,652</b>	\$1,327,212,932	\$1,409,016,512
<b>COST OF SALES</b> (Notes 20, 22 and 27)	<b>1,012,178,684</b>	1,207,207,523	1,298,608,896
<b>GROSS PROFIT</b>	<b>86,513,968</b>	120,005,409	110,407,616
<b>OPERATING EXPENSES</b> (Notes 21, 22 and 27)	<b>(110,211,979)</b>	(121,898,301)	(107,750,306)
<b>OTHERS - net</b>			
Interest expense and bank charges (Note 23)	(21,202,505)	(21,100,048)	(14,655,729)
Foreign exchange gains (losses) - net	(1,658,665)	5,792,592	1,916,986
Interest income (Note 5)	1,601,582	2,245,090	667,901
Other income (expense) - net (Note 24)	(26,138,779)	(97,696,586)	439,103
	<b>(47,398,367)</b>	(110,758,952)	(11,631,739)
<b>LOSS BEFORE INCOME TAX</b>	<b>(71,096,378)</b>	(112,651,844)	(8,974,429)
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b> (Note 25)			
Current	5,289,746	7,313,015	5,929,924
Deferred	666,308	(1,694,148)	457,999
	<b>5,956,054</b>	5,618,867	6,387,923
<b>NET LOSS</b>	<b>(\$77,052,432)</b>	(\$118,270,711)	(\$15,362,352)
<b>Net Loss Attributable to:</b>			
Equity holders of the Parent Company (Note 29)	(\$49,788,560)	(\$105,626,141)	(\$6,756,929)
Non-controlling interests	(27,263,872)	(12,644,570)	(8,605,423)
	<b>(\$77,052,432)</b>	(\$118,270,711)	(\$15,362,352)
<b>Loss Per Share</b> (Note 26)			
Basic and diluted	<b>(\$0.023)</b>	(\$0.048)	(\$0.003)

See accompanying Notes to Consolidated Financial Statements.



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

	Years Ended December 31		
	2024	2023	2022
<b>NET LOSS</b>	<b>(\$77,052,432)</b>	<b>(\$118,270,711)</b>	<b>(\$15,362,352)</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
<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)	<b>(9,454,774)</b>	14,121,164	(34,337,927)
<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)	<b>(1,135,992)</b>	(2,616,320)	2,638,001
Fair value changes on financial assets at FVOCI - net of tax (Note 13)	<b>282,131</b>	515,167	587,404
Differences arising from sale of subsidiary	<b>—</b>	1,529,043	—
	<b>(853,861)</b>	(572,110)	3,225,405
	<b>(10,308,635)</b>	13,549,054	(31,112,522)
<b>TOTAL COMPREHENSIVE LOSS</b>	<b>(\$87,361,067)</b>	<b>(\$104,721,657)</b>	<b>(\$46,474,874)</b>
<b>Total Comprehensive Loss Attributable to:</b>			
Equity holders of the Parent Company	<b>(\$59,997,372)</b>	(\$98,857,339)	(\$27,334,659)
Non-controlling interests	<b>(27,363,695)</b>	(5,864,318)	(19,140,215)
	<b>(\$87,361,067)</b>	<b>(\$104,721,657)</b>	<b>(\$46,474,874)</b>

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, 2024, 2023 AND 2022

	Attributable to Equity Holders of the Parent Company											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 (Notes 13 and 19)	Treasury Stock (Note 19)	Other Comprehensive Income (Loss)			Attributable to Equity Holders of the Parent Company (Note 19)	Attributable to Non-controlling Interests (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, 2024	\$42,720,682	\$689,311	\$193,777,837	(\$2,576,077)	\$89,177,160	(\$1,012,588)	\$547,961	(\$34,798,528)	(\$10,050,551)	\$278,475,207	\$32,110,043	\$310,585,250
Issued shares during the year	342	(342)	—	—	—	—	—	—	—	—	—	—
Collection from subscriptions	—	—	—	540	—	—	—	—	—	540	—	540
Forfeitures during the year	—	(1,180)	(13,566)	14,746	—	—	—	—	—	—	—	—
Sale of other financial assets	—	—	—	—	95,972	—	—	—	—	95,972	—	95,972
	42,721,024	687,789	193,764,271	(2,560,791)	89,273,132	(1,012,588)	547,961	(34,798,528)	(10,050,551)	278,571,719	32,110,043	310,681,762
Net loss	—	—	—	—	(49,788,560)	—	—	—	—	(49,788,560)	(27,263,872)	(77,052,432)
Other comprehensive income (loss)	—	—	—	—	—	—	282,131	(9,354,951)	(1,135,992)	(10,208,812)	(99,823)	(10,308,635)
Total comprehensive income (loss)	—	—	—	—	(49,788,560)	—	282,131	(9,354,951)	(1,135,992)	(59,997,372)	(27,363,695)	(87,361,067)
Balances at December 31, 2024	\$42,721,024	\$687,789	\$193,764,271	(\$2,560,791)	\$39,484,572	(\$1,012,588)	\$830,092	(\$44,153,479)	(\$11,186,543)	\$218,574,347	\$4,746,348	\$223,320,695

See accompanying Notes to Consolidated Financial Statements.



**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, 2023	\$42,719,224	\$692,454	\$193,797,219	(2,620,195)	\$194,803,301	(\$1,012,588)	\$32,794	(\$43,668,483)	(\$7,434,231)	\$377,309,495	\$37,974,361	\$415,283,856
Issued shares during the year	1,458	(1,458)	—	—	—	—	—	—	—	—	—	—
Collection from subscriptions	—	—	—	23,051	—	—	—	—	—	23,051	—	23,051
Forfeitures during the year	—	(1,685)	(19,382)	21,067	—	—	—	—	—	—	—	—
	42,720,682	689,311	193,777,837	(2,576,077)	194,803,301	(1,012,588)	32,794	(43,668,483)	(7,434,231)	377,332,546	37,974,361	415,306,907
Net loss	—	—	—	—	(105,626,141)	—	—	—	—	(105,626,141)	(12,644,570)	(118,270,711)
Other comprehensive income (loss)	—	—	—	—	—	—	515,167	8,869,955	(2,616,320)	6,768,802	6,780,252	13,549,054
Total comprehensive income (loss)	—	—	—	—	(105,626,141)	—	515,167	8,869,955	(2,616,320)	(98,857,339)	(5,864,318)	(104,721,657)
Balances at December 31, 2023	\$42,720,682	\$689,311	\$193,777,837	(\$2,576,077)	\$89,177,160	(\$1,012,588)	\$547,961	(\$34,798,528)	(\$10,050,551)	\$278,475,207	\$32,110,043	\$310,585,250

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, 2022	\$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
Issued shares during the year	13,661	(13,661)	—	—	—	—	—	—	—	—	—	—
Collection from subscriptions	—	—	—	45,486	—	—	—	—	—	45,486	—	45,486
Forfeitures during the year	—	(2,673)	(33,581)	36,254	—	—	—	—	—	—	—	—
	42,719,224	692,454	193,797,219	(2,620,195)	201,560,230	(1,012,588)	(554,610)	(19,865,348)	(10,072,232)	404,644,154	57,114,576	461,758,730
Net loss	—	—	—	—	(6,756,929)	—	—	—	—	(6,756,929)	(8,605,423)	(15,362,352)
Other comprehensive income (loss)	—	—	—	—	—	—	587,404	(23,803,135)	2,638,001	(20,577,730)	(10,534,792)	(31,112,522)
Total comprehensive income (loss)	—	—	—	—	(6,756,929)	—	587,404	(23,803,135)	2,638,001	(27,334,659)	(19,140,215)	(46,474,874)
Balances at December 31, 2022	\$42,719,224	\$692,454	\$193,797,219	(\$2,620,195)	\$194,803,301	(\$1,012,588)	\$32,794	(\$43,668,483)	(\$7,434,231)	\$377,309,495	\$37,974,361	\$415,283,856

See accompanying Notes to Consolidated Financial Statements.





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

	Years Ended December 31		
	2024	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before income tax	(\$71,096,378)	(\$112,651,844)	(\$8,974,429)
Adjustments for:			
Impairment loss on goodwill (Note 11)	27,009,305	15,590,835	—
Depreciation of property, plant and equipment (Notes 10, 20, and 21)	23,570,106	26,437,358	27,909,940
Interest expense on loans (Notes 16, 17 and 23)	19,151,247	19,013,077	13,076,061
Amortization of right-of-use assets (Notes 20, 21 and 30)	8,337,126	8,889,808	9,134,302
Provision of impairment loss on property, plant and equipment, product development cost and other assets (Notes 12 and 24)	5,054,410	5,045,014	1,966,027
Interest expense on lease liabilities (Note 23)	1,482,675	1,395,174	932,077
Amortization of intangible assets (Notes 12, 20, and 21)	1,131,455	1,855,301	4,812,157
Unrealized foreign exchange loss (gain) - net	1,129,490	(5,056,450)	(8,153,359)
Gain on insurance claims (Note 24)	(11,505)	(11,968)	(415,795)
Gain on lease modifications (Note 30)	(1,107,398)	—	—
Interest income (Note 5)	(1,601,582)	(2,245,090)	(667,901)
Loss (gain) on sale and retirement of property, plant and equipment - net (Notes 10 and 24)	(1,751,810)	(60,061)	2,355,745
Loss on sale of subsidiary - net of cash (Note 2)	—	79,349,037	—
Loss on derivative transactions	—	—	42,640
Operating income before working capital changes	11,297,141	37,550,191	42,017,465
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Short-term investments	10,820,000	(2,920,390)	(8,499,610)
Receivables (Note 6)	53,756,284	4,970,437	(20,352,968)
Inventories (Note 8)	65,904,755	(22,647,057)	(35,844,294)
Contract assets	8,965,404	3,671,225	(17,280,645)
Other current assets	4,510,463	(6,590,315)	(3,416,787)
Increase (decrease) in:			
Accounts payable and accrued expenses	(58,248,522)	21,030,914	10,876,000
Contract liabilities	693,949	(4,749,754)	2,713,065
Other current liabilities (Note 18)	(502,649)	487,971	1,034,209
Retirement liabilities	(2,744,188)	(250,904)	(1,036,186)
Net cash generated from (used for) operations	94,452,637	30,552,318	(29,789,751)
Interest paid	(18,537,218)	(18,928,257)	(12,960,528)
Income tax paid	(5,543,326)	(7,081,598)	(6,558,996)
Interest received	1,604,779	2,245,090	667,901
Net cash provided by (used in) operating activities	71,976,872	6,787,553	(48,641,374)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisitions of:			
Property, plant and equipment (Note 10)	(9,451,371)	(27,293,633)	(20,683,406)
Intangible assets (Note 12)	(413,020)	(271,720)	(505,349)
Proceeds from sale and retirement of property, plant and equipment (Note 10)	4,110,314	725,765	782,678
Decrease (increase) in other noncurrent assets	5,004,038	(402,653)	1,155,440
Receivable resulting from sale of subsidiary (Notes 2 and 6)	—	(5,487,367)	—
Transaction costs related to sale of subsidiary (Note 2)	—	(1,325,982)	—
Net cash used in investing activities	(750,039)	(34,055,590)	(19,250,637)

(Forward)



	Years Ended December 31		
	2024	2023	2022
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from:			
Availments of loans and long-term debt (Note 36)	<b>\$2,438,015</b>	\$24,791,587	\$56,695,080
Payments of: (Note 36)			
Loans payable	<b>(54,997,506)</b>	(3,946,145)	(23,499,829)
Lease liabilities (Note 30)	<b>(8,814,252)</b>	(9,822,200)	(11,571,267)
Long-term debt	<b>(10,903,138)</b>	(6,608,470)	(4,088,335)
Increase in noncurrent liabilities	<b>838,632</b>	449,792	1,318,426
Collections of subscriptions receivable (Note 19)	<b>540</b>	23,051	45,486
Net cash provided by (used in) financing activities	<b>(71,437,709)</b>	4,887,615	18,899,561
<b>EFFECT OF CHANGES IN FOREIGN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS</b>	<b>(33,564)</b>	(1,856,117)	5,029,382
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(244,440)</b>	(24,236,539)	(43,963,068)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>91,588,016</b>	115,824,555	159,787,623
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)</b>	<b>\$91,343,576</b>	\$91,588,016	\$115,824,555

See accompanying Notes to Consolidated Financial Statements.



# INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 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 47.57% 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. As part of the Group's ongoing efforts to streamline operations and reduce costs, the Group planned the closure of its Chengdu operations in 2024 (see Note 35).

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 AG 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%. On April 9, 2024, VIA announced its intention to voluntarily delist its American Depositary Shares ("ADSs") from the New York Stock Exchange ("NYSE") and terminate its registration with the U.S. Securities and Exchange Commission ("US SEC"). On July 29, 2024, the delisting from the NYSE and deregistration of its ADS by the SEC was completed.

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 a 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, broadens 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. As discussed in Note 2, STI was sold to a third party in 2023.



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. In October 2024, IMI entered into a Strategic Alliance/Referral Agreement with XLR8 EMS, LLC and Concisys, LLC., which are California-based firms engaged in prototyping and low volume EMS service. Under the agreement, IMI will channel or refer prototyping and low volume EMS services needs of selected customers to XLR8 and Concisys, while XLR8 and Concisys will refer IMI to their customers for volume production services. Consequently, IMI USA ceased its prototyping and manufacturing operations in December 2024, with production functions transitioned to IMI facilities across North America, Europe, and Asia.

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. In 2024, with a move to better align support costs with current business needs, IMI closed its sales office in Japan and currently in the process of dissolution of the entity. IMI's extensive sales team, strategically positioned across various regions, will continue to address opportunities in Japan, eliminating the need for a physical office and reducing overhead costs.

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, 2024 and 2023 and for each of the three years in the period ended December 31, 2024 were endorsed for approval by the Audit Committee and authorized for issuance by the Parent Company's Board of Directors (BOD) on March 7, 2025.

## 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
	2024	2023		
IMI International (Singapore) Pte. Ltd.	100.00%	100.00%	Singapore	United States Dollar (USD)
IMI International ROHQ <sup>a</sup>	—	100.00%	Philippines	USD
Speedy-Tech Electronics Ltd. (STEL) Group	100.00%	100.00%	Singapore	USD
IMI (Chengdu) Ltd. (IMICD) <sup>b</sup>	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
IMI Innovative Technology (Shenzhen) Co., Ltd.	100.00%	100.00%	China	RMB
Speedy-Tech Electronics (HK) Limited (STHK)	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) <sup>d</sup>	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)	50.32%	50.32%	Germany	EUR
Germaneers GmbH	100.00%	100.00%	Germany	EUR
VIA Optronics (Philippines), Inc.	100.00%	100.00%	Philippines	PHP
VIA Optronics GmbH (VIA GmbH)	100.00%	100.00%	Germany	USD



Subsidiary	Percentage of Ownership		Country of Incorporation	Functional Currency
	2024	2023		
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)
IMI USA <sup>b</sup>	100.00%	100.00%	USA	USD
IMI Japan <sup>c</sup>	100.00%	100.00%	Japan	JPY
PSi	100.00%	100.00%	Philippines	USD
PSiTech Realty, Inc. (PSiTech Realty) <sup>c</sup>	40.00%	40.00%	Philippines	USD
Pacsem Realty, Inc. (Pacsem Realty) <sup>c</sup>	64.00%	64.00%	Philippines	USD

<sup>a</sup> IMI ROHQ has withdrawn its License in the Philippines as a Regional Operating Headquarters which was approved by the Philippine Securities and Exchange Commission on May 16, 2024.

<sup>b</sup> Production ceased in December 2024

<sup>c</sup> In the process of liquidation / dormant

## Business Combinations

### Sale of STI Enterprise Limited

On August 3, 2023, Integrated Micro-Electronics UK Limited (IMI UK) and the minority shareholders of STI Enterprises Limited (STI) have entered into an agreement to sell their respective 80% and 20% shares in STI to Rcapital, a private investment firm based in London with a portfolio of UK-based companies including precision engineering solution providers in the aerospace and defense sectors, for an agreed consideration of £2.5 million GBP (\$3.2 million).

As part of the pre-completion covenant, £2.5 million of funding (£2.24 million or \$2.76 million being the share of IMI UK) was provided by the existing shareholders to STI by way of unsecured loan ("Interim Funding") in order that STI shall be in a position to continue to be able to pay its trade creditors. At completion date, the consideration payable to IMI UK amounted to £2.24 million (\$2.76 million). Both the interim funding and the consideration are payable on the earlier of the date falling: (i) two years after the Completion date; and (ii) five business days after the occurrence of a trigger event (the Repayment Date). In each case, interest shall accrue daily (but shall not compound) at 5% per annum, repayable on the Repayment Date.

With the condition precedent having been met, particularly, the UK government's clearance under the National Security and Investment Act 2021, and closing deliverables having been exchanged by the parties, the transaction was completed on October 31, 2023. The balance sheet accounts as of October 31, 2023 were deconsolidated and subsequently, the financial results of STI were no longer consolidated into the Group's financial statements.

The conclusion of this divestment initiative allows IMI management to sharpen its portfolio and focus on driving growth and profitability in its core segments. The mobility and industrial markets remain at the forefront for IMI, with interconnectivity and the electrification of vehicles driving technology megatrends of the near future.

At the date of disposal, the carrying amounts of STI's net liabilities were as follows:

	October 31, 2023
Cash and cash equivalents	\$1,759,283
Receivables	15,098,908
Contract assets	11,416,661
Inventories	21,488,832
Other current assets	2,211,370
Property, plant and equipment	4,803,583
Right-of-use assets	2,842,737
Deferred tax assets	1,095
<b>Total Assets</b>	<b>59,622,469</b>

(Forward)



	October 31, 2023
Accounts payable and accrued expenses	\$94,570,633
Loans payable	2,306,057
Lease liabilities	3,344,661
Other noncurrent liabilities	1,102,874
Total Liabilities	101,324,225
Total Net Liabilities	(\$41,701,756)

The profit and loss until the date of disposal is summarized as follows:

	For the period ended October 31, 2023
Revenue	\$70,845,741
Cost of sales	69,372,533
Gross profit	1,473,208
Operating expenses	(7,166,214)
Non-operating expenses	(3,768,368)
Loss before income tax	(9,461,374)
Provision for tax	45,001
Net Loss	(\$9,506,375)

Cash flows generated by STI for the reporting period until its disposal as of October 31, 2023 are as follows:

	For the period ended October 31, 2023
Net cash from operating activities	\$2,358,239
Net cash used in investing activities	(462,160)
Net cash used in financing activities	(1,905,663)
Net cash outflow	(\$9,584)

The table below shows the loss recognized related to sale of STI:

Net liabilities	(\$41,701,756)
Related goodwill	54,791,019
Non-controlling interests	8,378,206
Total investment carrying value	21,467,469
Shareholder loans	62,368,811
Interim funding (payable after two years)	2,759,407
Total carrying value	86,595,687
Recoverable amount (Interim funding and cash consideration)	5,487,367
Loss on disposal (Note 24)	(\$81,108,320)

Transaction costs related to the sale recognized in outsourced activities included under operating expenses amounted to \$1.33 million.

Information of subsidiaries that have material non-controlling economic interests as at December 31, 2024 and 2023 are provided below:

Subsidiary	Proportion of Equity Interests		Accumulated Balances of Non-controlling Interest	
	2024	2023	2024	2023
VIA	49.68%	49.68%	\$4,746,348	\$32,110,043



The summarized financial information of these subsidiaries are provided below which are based on amounts before inter-company eliminations:

	VIA		STI	
	2024	2023	2024	2023
<b>Statements of financial position as at</b>				
<b>December 31</b>				
Current assets	<b>\$71,117,315</b>	\$93,166,778	<b>\$—</b>	\$—
Noncurrent assets	<b>17,770,489</b>	22,777,080	<b>—</b>	—
Current liabilities	<b>72,398,964</b>	77,969,439	<b>—</b>	—
Noncurrent liabilities	<b>6,935,000</b>	7,960,763	<b>—</b>	—
<b>Statement of comprehensive income for the</b>				
<b>Year Ended December 31</b>				
Revenue	<b>117,608,998</b>	144,045,273	<b>—</b>	70,845,741
Loss attributable to:				
Equity holders of parent company	<b>(13,323,582)</b>	(11,314,209)	<b>—</b>	(7,605,100)
Noncontrolling interest	<b>(13,251,056)</b>	(10,743,295)	<b>—</b>	(1,901,275)
<b>Statement of cash flows for the Year Ended</b>				
<b>December 31</b>				
Operating activities	<b>(19,609,209)</b>	(2,498,049)	<b>—</b>	2,358,239
Investing activities	<b>(383,043)</b>	(5,906,217)	<b>—</b>	(462,160)
Financing activities	<b>(5,149,150)</b>	134,129	<b>—</b>	(1,905,663)

The Group recognized impairment of the goodwill arising from the acquisition of VIA amounting to \$25.88 million and \$15.59 million in 2024 and 2023, respectively (see Note 11).

### 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 Accounting Standards.

#### Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group as of December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024.

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:

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

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 Accounting Standards, amended PFRS Accounting Standards and improvements to PFRS Accounting Standards which were adopted beginning January 1, 2024. 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 significant impact on the consolidated financial statements of the Group.

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

The amendments clarify:

- That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
- 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.



- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

#### Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Group's consolidated financial statements, unless otherwise indicated.

#### *Effective beginning on or after January 1, 2025*

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

#### *Effective beginning on or after January 1, 2026*

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards—Volume 11
  - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
  - Amendments to PFRS 7, *Gain or Loss on Derecognition*
  - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
  - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
  - Amendments to PAS 7, *Cost Method*

#### *Effective beginning on or after January 1, 2027*

- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*

#### *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*

#### 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.

#### Short-term Investments

Short-term investments are short-term placements with maturities of more than three months but less than one year from the date of acquisition. These earn interest at the respective short-term investment rates.

#### 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, fair value through other comprehensive income (FVOCI), and Fair value through profit and loss (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, 2024 and 2023 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, short-term investments, 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 (Notes 4 and 10)	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 adjustment to those provisional values as a result of completing the initial accounting within 12 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 is 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.

#### Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of income.

#### 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 and Onerous Contracts

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. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

#### *Provision for Restructuring*

Restructuring provisions are recognized only when the Group has a constructive obligation, which is when: (i) there is a detailed formal plan that identifies the business or part of the business concerned, the location and number of employees affected, the detailed estimate of the associated costs, and the timeline; and (ii) the employees affected have been notified of the plan's main features.

#### *Onerous Contracts*

Many contracts (for example, some routine purchase orders) can be cancelled without paying compensation to the other party, and therefore there is no obligation. Other contracts establish both rights and obligations for each of the contracting parties. Where events make such a contract onerous, the contract falls within the scope of PAS 37, *Provisions, Contingent liabilities and contingent assets*, and a liability exists which is recognized. Executory contracts that are not onerous fall outside the scope of PAS 37.



PAS 37 defines an onerous contract as a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

The cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both:

- (a) the incremental costs of fulfilling that contract – for example, direct labour and materials; and
- (b) an allocation of other costs that relate directly to fulfilling contracts – for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract among others.

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.

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)*

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, 2024 and 2023.

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 monthly using the monthly weighted average exchange rates. The exchange differences arising on the translation are recognized in the consolidated statement of comprehensive income and reported as a separate component of equity (cumulative translation adjustment).

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, IMI BG and IMI Serbia maintain separate defined benefit plans covering substantially all of their employees. The plans of the Parent Company and PSi 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, 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.

#### 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

Pensions and similar obligations relate to VIA's statutory pension obligations for defined contribution plans. Obligations for contributions to defined contribution plans are recognized as an expense when incurred. VIA Group has no defined benefit plans.

#### *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 (Germany/UK in 2023), 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.

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## **4. Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the consolidated financial statements in conformity with PFRS Accounting Standards 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.



*Onerous contracts - costs of fulfilling a contract*

When the Group assessed that it has contracts that are onerous, the present obligation under the contract shall be recognized and measured as a provision. The Group defines an onerous contract as a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

The Group applies judgment in assessing loss-making projects and determining commitment period or non-cancellable period of the contract.

Further details are disclosed in Notes 18 and 22.

*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 dates 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.

*Estimated Useful Lives (EUL) of Property, Plant, and Equipment (PPE)*

The Group estimates the useful lives of its PPE based on expected usage, wear and tear, and technological or commercial obsolescence. The Group reviews the EUL of PPE annually. If the result of the review indicates that the PPE will continue to be used for a period longer or shorter than the existing policy and practice, the EUL is revised. The change in EUL is accounted for prospectively (no restatement of prior periods) and applied to existing assets at the time of change and to future assets to be acquired in future periods. An increase in the EUL of PPE will result in lower depreciation since the carrying values of the PPE will be depreciated over the extended remaining lives.

*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).



*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 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 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 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, intangible assets, and right-of-use assets are disclosed in Notes 10, 12 and 30, respectively.

*Evaluation of impairment of nonfinancial assets*

The Group reviews 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.





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 and other non-financial assets, 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, goodwill, intangible assets, deferred charges, and right-of-use assets are disclosed in Notes 10, 11, 12, 14 and 30, respectively.

Details of the impairment loss recognized are disclosed in Notes 10, 11, 12 and 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.

*Onerous contracts - costs of fulfilling a contract*

The Group estimates the provision on onerous contract by determining the revenues less unavoidable costs during the commitment period based on financial budgets approved by management. In determining unavoidable costs, the Group excludes other non-directly related costs such as costs of wasted materials, labor inefficiencies and other costs of resources that were not reflected in the pricing of the contract.

Where the effect of the time value of money is material, the amount of a provision shall be the present value of the expenditures expected to be required to settle the obligation. Because of the time value of money, provisions relating to cash outflows that arise soon after the reporting period are more onerous than those where cash outflows of the same amount arise later. Provisions are therefore discounted, where the effect is material.

The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall not reflect risks for which future cash flow estimates have been adjusted. The Group assessed that the time value of money is not applicable in the determination of the current provision as the committed periods are normally not exceeding one year.

Further details on onerous contracts are disclosed in Notes 18 and 22.

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**5. Cash on Hand and in Banks, Cash Equivalents and Short-term Investments**

Cash on hand and in banks

	2024	2023
Cash on hand	\$138,404	\$72,843
Cash in banks	91,205,172	91,515,173
	<b>\$91,343,576</b>	<b>\$91,588,016</b>

Cash in banks earn interest at the respective bank deposit rates.

Cash equivalents

Cash equivalents have maturities of varying periods of up to three months and earn interest at the respective cash equivalents rates. As of December 31, 2024, cash equivalents amounting to \$0.60 million earned interest ranging from 3.65% to 3.70% per annum in 2024.

Interest income earned from cash in banks and cash equivalents amounted to \$0.37 million in 2024, \$0.27 million in 2023 and \$0.25 million in 2022.

Short-term Investments

Short-term investments pertain to money market placements made for varying periods of more than three months but less than one year. As of December 31, 2023, short-term investment amounting to \$11.42 million and earned interest ranging 5.3% to 5.5% per annum in 2023.

Interest income earned from these investments amounted to \$1.23 million and \$1.76 million in 2024 and 2023, respectively.



## 6. Receivables

This account consists of:

	2024	2023
Trade	\$218,453,220	\$260,623,416
Nontrade	3,006,468	16,590,926
Due from related parties (Note 31)	1,533,381	1,197,239
Receivable from employees	98,984	223,780
Others	5,872,771	6,058,958
	<b>228,964,824</b>	<b>284,694,319</b>
Less allowance for ECLs	1,571,586	985,684
	<b>\$227,393,238</b>	<b>\$283,708,635</b>

### 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 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.

### Others

IMI UK provided GBP2,237,500 (\$2,802,234 and \$2,850,575 as of December 31, 2024 and 2023, respectively) of funding by way of unsecured loan to STI in order that each Group Company shall be in a position to continue to be able to pay its trade creditors (the Interim Funding). IMI UK also recognized receivable from RCapital equivalent to the cash consideration on the sale amounting to GBP2,237,500 (\$2,802,234 and \$2,850,575 as of December 31, 2024 and 2023, respectively). For both the interim funding and the consideration, interest shall accrue daily (but shall not compound) at 5% per annum, repayable on the earlier of the date falling: (i) two years after the Completion Date; and (ii) five Business Days after the occurrence of a Trigger Event (the Interim Funding Repayment Date). The accrued interest in relation to the above balances amounted to \$0.36 million as of December 31, 2024.

### Allowance for ECLs

Trade receivables and nontrade receivables with aggregate nominal value of \$1.57 million and \$0.99 million as of December 31, 2024 and 2023, 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, 2024		
	Trade	Nontrade	Total
At beginning of year	\$973,524	\$12,160	\$985,684
Provisions (Note 22)	810,821	88,339	899,160
Written-off	(214,471)	(8,930)	(223,401)
Foreign currency exchange difference	(89,857)	-	(89,857)
At end of year	<b>\$1,480,017</b>	<b>\$91,569</b>	<b>\$1,571,586</b>



	December 31, 2023		
	Trade	Nontrade	Total
At beginning of year	\$3,303,461	\$43,668	\$3,347,129
Provisions (reversals) (Note 22)	596,318	(21,823)	574,495
Written-off	(2,857,855)	(9,685)	(2,867,540)
Disposal of subsidiary	(281,197)	-	(281,197)
Foreign currency exchange difference	212,797	-	212,797
At end of year	\$973,524	\$12,160	\$985,684

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:

	2024	2023
Contract assets	<b>\$42,642,460</b>	\$52,900,849
Contract liabilities	<b>3,442,269</b>	2,748,320

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, 2024 and 2023, the Group did not recognize a provision for expected credit losses on contract assets.

Contract liabilities include short-term advances received to render manufacturing services. The increase in contract liabilities was mainly due to higher advance payments received from new and existing customers.

The Group applied the practical expedient in PFRS 15 on the disclosure of information about the transaction price allocated to remaining performance obligations given that customer contracts have original expected duration of one year or less.

## 8. Inventories

This account consists of:

	2024	2023
Raw materials and supplies	<b>\$207,376,344</b>	\$264,733,491
Work-in-process	<b>8,478,650</b>	6,934,237
Finished goods	<b>5,806,534</b>	7,991,763
	<b>221,661,528</b>	279,659,491
Less allowance for:		
Inventory obsolescence	<b>19,023,390</b>	10,062,010
Decline in value of inventories	<b>173,466</b>	283,934
	<b>19,196,856</b>	10,345,944
	<b>\$202,464,672</b>	\$269,313,547

The cost of the raw materials inventories carried at NRV amounted to \$14.77 million and \$28.36 million as of December 31, 2024 and 2023, respectively. The amount of inventories recognized as an expense under "Cost of sales" account amounted to \$803.27 million in 2024, \$957.02 million in 2023, and \$1,043.62 million in 2022 (see Note 20).



Movements in the allowance for inventory obsolescence follow:

	2024	2023
At beginning of year	\$10,062,010	\$12,601,131
Provisions - net (Note 22)	9,292,334	3,937,085
Write-offs	(127,497)	(626,684)
Disposal of subsidiary	-	(4,968,364)
Foreign currency exchange difference	(203,457)	(881,158)
At end of year	\$19,023,390	\$10,062,010

Movements in the allowance for decline in value of inventories follow:

	2024	2023
At beginning of year	\$283,934	\$294,710
Reversal (Note 22)	(110,468)	(10,776)
At end of year	\$173,466	\$283,934

In 2024, certain inventories were provided with one-time allowance amounting to \$9.78 million due to end of life of the business and customer impending liquidity issues. The Group is working on the recovery of these inventories through disposal and legal claims.

The Group recognized gains from sale of materials and scrap amounting to \$0.04 million in 2024, \$0.06 million in 2023, and \$0.03 million in 2022 included under "Other income (expenses) - net" (see Note 24) and loss on write-offs of inventories included under "Operating expenses" account in the consolidated statements of income (see Note 22).

## 9. Other Current Assets

This account consists of:

	2024	2023
Input taxes	\$13,638,609	\$11,468,501
Prepayments and deferred charges	4,315,239	5,841,008
Advances to suppliers	3,481,830	4,185,344
Tax credits	3,316,616	7,912,428
Others	396,917	988,407
	\$25,149,211	\$30,395,688

### 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.

### Prepayments and Deferred Charges

Prepayments include prepayments for rent, insurance for life, fire and product liability & recall, and directors & officers (D&O) liability insurance.

### Advances to Suppliers

This account represents advance payments made to suppliers for purchase of direct materials.

### 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:

2024							
	Land, Buildings and Improvements	Machineries and Facilities Equipment	Furniture, Fixtures and Office Equipment	Transportation Equipment	Tools and Instruments	Construction in Progress	Total
<b>Cost</b>							
At beginning of year	\$100,791,059	\$174,110,892	\$22,927,623	\$2,657,103	\$8,177,673	\$4,697,719	\$313,362,069
Additions	325,849	1,733,704	879,939	743,313	101,418	5,667,149	9,451,372
Disposals/retirement	(1,727,245)	(15,572,890)	(2,107,275)	(592,430)	(936,880)	(20,972)	(20,957,692)
Reclassifications	(793,983)	(2,413,935)	(360,681)	(18,441)	—	—	(3,587,040)
Transfers	94,784	6,616,729	61,153	67,090	5,350	(6,845,106)	—
Foreign currency exchange difference	(2,185,880)	(6,262,945)	(597,412)	(102,920)	(275,107)	(158,528)	(9,582,792)
At end of year	96,504,584	158,211,555	20,803,347	2,753,715	7,072,454	3,340,262	288,685,917
<b>Accumulated depreciation</b>							
At beginning of year	54,589,417	90,423,725	16,976,295	1,754,289	2,959,003	—	166,702,729
Depreciation	3,819,845	17,119,534	1,981,970	477,830	170,927	—	23,570,106
Disposals/retirement	(645,866)	(14,370,887)	(2,084,258)	(567,489)	(930,688)	—	(18,599,188)
Reclassifications	(793,983)	(2,270,516)	(355,175)	(17,180)	—	—	(3,436,854)
Foreign currency exchange difference	(774,402)	(4,234,501)	(93,922)	(68,279)	(145,763)	—	(5,316,867)
At end of year	56,195,011	86,667,355	16,424,910	1,579,171	2,053,479	—	162,919,926
<b>Accumulated impairment losses</b>							
At beginning and end of year	—	7,934,080	—	—	—	—	7,934,080
Net impairment loss (Notes 4 and 24)	106,580	4,615,779	99,977	2,972	106,903	—	4,932,211
Foreign currency exchange difference	—	(319,789)	—	—	—	—	(319,789)
At end of year	106,580	12,230,070	99,977	2,972	106,903	—	12,546,502
<b>Net book value</b>	<b>\$40,202,993</b>	<b>\$59,314,130</b>	<b>\$4,278,460</b>	<b>\$1,171,572</b>	<b>\$4,912,072</b>	<b>\$3,340,262</b>	<b>\$113,219,489</b>

2023							
	Land, Buildings and Improvements	Machineries and Facilities Equipment	Furniture, Fixtures and Office Equipment	Transportation Equipment	Tools and Instruments	Construction in Progress	Total
<b>Cost</b>							
At beginning of year	\$101,117,036	\$196,843,203	\$26,305,898	\$2,184,570	\$9,287,712	\$6,065,577	\$341,803,996
Additions	1,139,714	10,160,950	1,357,768	465,506	201,783	13,967,913	27,293,634
Disposals/retirement	(4,169)	(34,985,026)	(5,032,020)	(211,361)	(1,225,806)	—	(41,458,382)
Disposals through subsidiary sold	(3,437,083)	(10,683,386)	(345,678)	—	—	—	(14,466,147)
Transfers	449,760	15,011,502	368,020	53,731	(548,985)	(15,334,028)	—
Foreign currency exchange difference	1,525,801	(2,236,351)	273,635	164,657	462,969	(1,743)	188,968
At end of year	100,791,059	174,110,892	22,927,623	2,657,103	8,177,673	4,697,719	313,362,069
<b>Accumulated depreciation</b>							
At beginning of year	51,549,544	115,744,321	20,055,321	1,405,458	4,121,448	—	192,876,092
Depreciation	4,692,601	19,005,888	2,147,323	439,891	151,655	—	26,437,358
Disposals/retirement	(1,772)	(34,363,493)	(5,027,168)	(193,443)	(1,206,803)	—	(40,792,679)
Disposals through subsidiary sold	(2,060,039)	(7,296,678)	(305,846)	—	—	—	(9,662,563)
Foreign currency exchange difference	409,083	(2,666,313)	106,665	102,383	(107,297)	—	(2,155,479)
At end of year	54,589,417	90,423,725	16,976,295	1,754,289	2,959,003	—	166,702,729
<b>Accumulated impairment losses</b>							
At beginning and end of year	—	2,819,267	—	—	—	—	2,819,267
Net impairment loss (Notes 4 and 24)	—	5,045,014	—	—	—	—	5,045,014
Foreign currency exchange difference	—	69,799	—	—	—	—	69,799
At end of year	—	7,934,080	—	—	—	—	7,934,080
<b>Net book value</b>	<b>\$46,201,642</b>	<b>\$75,753,087</b>	<b>\$5,951,328</b>	<b>\$902,814</b>	<b>\$5,218,670</b>	<b>\$4,697,719</b>	<b>\$138,725,260</b>

In 2024, in relation to the strategic closure of the Chengdu facility, the Group reclassified the property, plant and equipment with carrying value of \$0.15 million to “Other current assets” and were written down to their fair values resulting to impairment loss of \$1.31 million (see Note 24). These are expected to be sold in 2025.

In 2024 and 2023, the Group recognized provision for impairment of certain assets amounting to \$4.48 million and \$5.05 million, respectively, due to end of contract with the customers.

In relation to the cessation of manufacturing operation in IMI USA, certain property, plant and equipment were recognized for impairment in 2024 amounting to \$0.45 million. This move is part of IMI’s ongoing efforts to streamline operations and reduce costs, aligning with the company’s strategy to consolidate its footprint into strategically located facilities.

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 \$6.84 million and \$15.33 million as of December 31, 2024, and 2023, respectively.



The Group recognized gain from disposal and retirement of certain items of property, plant and equipment amounting to \$1.75 million in 2024 (including gain on sale of a parcel of land in Mexico amounting to \$1.55 million) and \$0.06 million in 2023, and loss from disposal and retirement amounting to \$2.36 million in 2022 (see Note 24).

As of December 31, 2024 and 2023, the cost of fully depreciated property, plant and equipment still being used by the Group amounted to \$156.42 million and \$152.49 million, respectively.

Depreciation expense included in "Cost of sales" and "Operating expenses" accounts follows:

	2024	2023	2022
Cost of sales (Note 20)	<b>\$20,881,521</b>	\$23,258,667	\$25,611,371
Operating expenses (Note 21)	<b>2,688,585</b>	3,178,691	2,298,569
	<b>\$23,570,106</b>	\$26,437,358	\$27,909,940

As of December 31, 2024, certain property, plant and equipment with carrying value of \$1.24 million is pledged as security to loans of IMI CZ with outstanding balance of \$1.99 million. Other than this arrangement, the Group has no other restrictions on its property, plant and equipment or have been pledged as security for its obligations.

There are no borrowing costs recognized as part of the cost of the property, plant and equipment.

## 11. Goodwill

Goodwill acquired through business combinations had been allocated to the following CGUs:

	2024	2023
STEL	<b>\$38,225,186</b>	\$38,225,186
VIA	<b>1,792,521</b>	30,355,149
Parent Company	<b>441,166</b>	1,097,776
IMI CZ	<b>–</b>	502,575
	<b>\$40,458,873</b>	\$70,180,686

Movement in goodwill follows:

	2024	2023
<b>Cost</b>		
At beginning of year	<b>\$92,674,359</b>	\$143,150,678
Disposal of subsidiary (Notes 2 and 24)	<b>–</b>	(54,791,019)
Foreign currency exchange difference	<b>(2,712,508)</b>	4,314,700
At end of year	<b>89,961,851</b>	92,674,359
<b>Accumulated impairment loss</b>		
At beginning of year	<b>22,493,673</b>	6,902,838
Impairment loss (Note 24)	<b>27,009,305</b>	15,590,835
At end of year	<b>49,502,978</b>	22,493,673
	<b>\$40,458,873</b>	\$70,180,686

### 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 prepared by the management and approved by the BOD covering a five (5)-year period. The pre-tax discount rates applied to cash flow projections follows:

	2024	2023
VIA	<b>14.32%</b>	12.01%
STEL	<b>15.17%</b>	13.37%
IMI CZ	<b>10.28%</b>	12.87%



Cash flows beyond the 5-year period are extrapolated using a growth rate of 0%-1% which does not exceed the compound annual growth rate (CAGR) for the area-specific 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, purchase orders and quotations, status of prototyping, current negotiations and historical experiences and other economic factors.
- Forecasted gross margins - Gross margins are based on the mix of business model arrangements with the customers. Significant assumptions include freight cost, labor costs and material costs.
- 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.

In 2024, the Group recognized impairment loss on the goodwill of VIA and IMI CZ amounting to \$25.88 million and \$0.47 million respectively (see Note 24).

In 2023, the Group recognized loss of \$54.79 million related to the sale of STI (see Note 2) and partial impairment loss related to the goodwill on the acquisition of VIA of \$15.59 million (see Note 24).

No impairment loss was assessed for STEL and IMI CZ in 2023.

*Sensitivity to changes in assumptions*

Value in use calculation is sensitive to pre-tax discount rates, revenue growth rate and direct cost ratio. With regard to the assessment of value-in-use of STEL, an increase in the pre-tax discount rate by more than 0.73% would result to impairment of goodwill. In addition, a decrease in revenue growth rate of STEL by more than 0.77% would result to an additional impairment. Lastly, an increase direct cost ratio of STEL by 0.49% 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 2024, 2023 and 2022, 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.

In 2024, the Group recognized impairment loss on the goodwill of IMI USA amounting to \$0.66 million (see Note 24) due to the cessation of prototyping and manufacturing operations at the end of 2024.





## 12. Intangible Assets

Movements in this account are as follows:

December 31, 2024						
	Customer Relationships	Unpatented Technology	Licenses	Intellectual Properties	Product Development Costs	Total
<b>Cost</b>						
At beginning of year	\$21,859,379	\$100,000	\$16,073,122	\$14,046,882	\$20,599,131	\$72,678,514
Additions	–	–	413,020	–	–	413,020
Foreign currency exchange difference	–	–	(372,473)	(166,384)	–	(538,857)
<b>At end of year</b>	<b>21,859,379</b>	<b>100,000</b>	<b>16,113,669</b>	<b>13,880,498</b>	<b>20,599,131</b>	<b>72,552,677</b>
<b>Accumulated amortization</b>						
At beginning of year	21,859,379	100,000	13,114,441	13,537,216	14,412,055	63,023,091
Amortization	–	–	723,629	407,826	–	1,131,455
Foreign currency exchange difference	–	–	(325,800)	(377,406)	–	(703,206)
<b>At end of year</b>	<b>21,859,379</b>	<b>100,000</b>	<b>13,512,270</b>	<b>13,567,636</b>	<b>14,412,055</b>	<b>63,451,340</b>
<b>Accumulated impairment loss</b>						
At beginning and of year	–	–	–	–	6,187,076	6,187,076
<b>Net book value</b>	<b>\$–</b>	<b>\$–</b>	<b>\$2,601,399</b>	<b>\$312,862</b>	<b>\$–</b>	<b>\$2,914,261</b>

December 31, 2023						
	Customer Relationships	Unpatented Technology	Licenses	Intellectual Properties	Product Development Costs	Total
<b>Cost</b>						
At beginning of year	\$21,808,600	\$100,000	\$15,923,088	\$13,846,153	\$20,599,131	\$72,276,972
Additions	–	–	271,720	–	–	271,720
Foreign currency exchange difference	50,779	–	(121,686)	200,729	–	129,822
<b>At end of year</b>	<b>21,859,379</b>	<b>100,000</b>	<b>16,073,122</b>	<b>14,046,882</b>	<b>20,599,131</b>	<b>72,678,514</b>
<b>Accumulated amortization</b>						
At beginning of year	21,808,600	100,000	12,455,527	12,522,039	14,078,307	60,964,473
Amortization	–	–	831,500	690,053	333,748	1,855,301
Foreign currency exchange difference	50,779	–	(172,586)	325,124	–	203,317
<b>At end of year</b>	<b>21,859,379</b>	<b>100,000</b>	<b>13,114,441</b>	<b>13,537,216</b>	<b>14,412,055</b>	<b>63,023,091</b>
<b>Accumulated impairment loss</b>						
At beginning and end of year	–	–	–	–	6,187,076	6,187,076
<b>Net book value</b>	<b>\$–</b>	<b>\$–</b>	<b>\$2,958,681</b>	<b>\$509,666</b>	<b>\$–</b>	<b>\$3,468,347</b>

### 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. This was fully amortized in 2023.

### 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.

### Product Development Costs

This includes capitalized costs arising from the development phase of certain projects which are still undergoing qualification.

Capitalized development costs amounting to \$1.60 million were impaired in 2022 due to end of life of business.

Research expenditure recognized as expense amounted to \$3.85 million, \$5.27 million, and \$5.68 million in 2024, 2023 and 2022, respectively.



Amortization expense included in “Cost of sales” and “Operating expenses” accounts follows:

	2024	2023	2022
Cost of sales (Note 20)	<b>\$113,932</b>	\$541,829	\$2,505,209
Operating expenses (Note 21)	<b>1,017,523</b>	1,313,472	2,306,948
	<b>\$1,131,455</b>	\$1,855,301	\$4,812,157

### 13. Financial assets at Fair Value through Other Comprehensive Income (FVOCI)

The table below shows reconciliation of fair value measurements:

	2024	2023
Balance at beginning of year	<b>\$2,364,096</b>	\$1,829,432
Sale of financial assets	<b>(97,795)</b>	–
Change in fair value of quoted securities	<b>276,702</b>	534,664
Balance at end of year	<b>\$2,543,003</b>	\$2,364,096

The Group elected to classify irrevocably its investments in club shares under FVOCI, as such, the gain on the sale of the financial assets in 2024 amounting to \$0.10 million was recognized in the “Retained Earnings” account.

The table below shows the movement of the other components of equity related to FVOCI:

	2024	2023
Balance at beginning of year	<b>\$547,961</b>	\$32,794
Change in fair value of quoted securities	<b>178,907</b>	534,664
Foreign currency exchange difference	<b>103,224</b>	(19,497)
Balance at end of year	<b>\$830,092</b>	\$547,961

### 14. Other Noncurrent Assets

This account consists of:

	2024	2023
Deferred charges	<b>\$7,745,248</b>	\$13,566,747
Miscellaneous deposits	<b>2,921,909</b>	3,213,241
Pension asset - net (Note 27)	<b>196,229</b>	219,459
Others	<b>184,612</b>	441,608
	<b>\$11,047,998</b>	\$17,441,055

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.



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## 15. Accounts Payable and Accrued Expenses

This account consists of:

	2024	2023
Trade payables	\$157,665,969	\$197,238,858
Accrued expenses	26,307,506	29,038,925
Employee-related accruals and contributions	21,899,828	22,098,824
Nontrade payables	10,681,286	19,000,151
Advances from customers	4,998,742	8,362,124
Taxes and government-related payables	2,773,269	3,332,951
Accrued interest payable	2,345,381	1,731,352
Customer deposits	1,506,787	1,972,337
Due to related parties (Note 31)	381,822	681,828
	<b>\$228,560,590</b>	<b>\$283,457,350</b>

### 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.

### Advances from Customers

Advances from customers include financial liabilities pertaining to commercial agreements with certain customers. These advances are generally applied against related billings to customers.

### 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.

### Customer Deposits

Customer deposits pertain to advance payment from customers as manufacturing bond.

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## 16. Loans Payable

This account consists of borrowings of the following entities:

	2024	2023
Parent Company	\$123,100,000	\$157,000,000
VIA	29,189,980	36,523,097
IMI CZ	165,116	634,080
STEL	139,113	15,869,831
	<b>\$152,594,209</b>	<b>\$210,027,008</b>



Parent Company

As of December 31, 2024 and 2023, the Parent Company has unsecured short-term loans aggregating to \$123.10 million and \$157.00 million, respectively, with maturities ranging from 30 to 120 days, and fixed annual interest rates ranging from in 5.37% to 6.63% in 2024, 6.25% to 7.71% in 2023, and 4.37% to 5.36% in 2022. From the total short-term loans of the Parent Company, \$63.00 million and \$70.00 million was payable to Bank of Philippine Islands (BPI) as of December 31, 2024 and 2023, respectively (see Note 31).

The Parent Company incurred interest expense on its short-term loans amounting to \$9.58 million in 2024, \$9.82 million in 2023, and \$4.75 million in 2022 (see Note 23).

VIA

The loans of VIA were obtained from China and Germany-based banks with terms ranging from 125 to 365 days and interest rates ranging from 2.90% to 3.40% in 2024, 3.40% to 3.90% in 2023 and 1.82% to 4.00% in 2022.

VIA incurred interest expense on the short-term loan amounting to \$1.21 million, \$1.86 million and \$2.22 million in 2024, 2023 and 2022, respectively (see Note 23).

IMI CZ

The loans of IMI CZ are from existing revolving credit facilities with Czech-based bank which bear annual interest based on 1-month EURIBOR or PRIBOR plus 1.20%.

IMI CZ incurred interest expense on the short-term loan amounting to \$0.06 million, \$0.08 million and \$0.18 million in 2024, 2023 and 2022, respectively (see Note 23).

STEL

As of December 31, 2024 and 2023, STEL has short-term loans aggregating to \$0.14 million and \$15.87 million, respectively, which are from existing revolving credit facilities with Singapore and China -based banks and bear annual interest rates ranging from 3.50% in 2024, 4.10% to 8.36% in 2023, and 3.96% to 7.56% in 2022, and have maturities of 31 to 364 days from the date of issue.

STEL incurred interest expense on short-term loans amounting to \$0.33 million in 2024, \$1.05 million in 2023, and \$0.86 million in 2022 (see Note 23).

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**17. Long-Term Debt**

This account consists of borrowings of the following entities:

	<b>2024</b>	<b>2023</b>
Parent Company	<b>\$132,466,091</b>	\$141,336,024
IMI CZ	<b>2,886,481</b>	4,306,756
VTS	<b>2,513,420</b>	1,055,394
	<b>137,865,992</b>	146,698,174
Less current portion:		
Parent Company	<b>29,578,880</b>	5,100,000
VTS	<b>643,126</b>	691,933
IMI CZ	<b>541,278</b>	692,586
	<b>30,763,284</b>	6,484,519
Noncurrent portion	<b>\$107,102,708</b>	\$140,213,655



#### Parent Company

The long-term debts of the Parent Company were obtained from Philippine banks. The long-term debts have terms of three to five years, with principal payments payable annually, and remaining balance payable in full at maturity. These are subject to annual interest rate of 4.22% to 8.65% in 2024 and 2023. From the total long-term debts of the Parent Company, \$103.69 million and \$112.31 million was payable to BPI as of December 31, 2024 and 2023, respectively (see Note 31).

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, 2024 and 2023, the Parent Company has no indication that it will have difficulty complying with these covenants.

The Parent Company incurred interest expense on its long-term loans amounting to \$7.79 million in 2024, \$5.97 million in 2023, and \$4.93 million in 2022 (see Note 23).

#### IMI CZ

IMI CZ have secured long-term loans with Czech-based banks that are payable in regular monthly installments with terms of five years. IMI CZ loan has interest rates ranging from 1.05% to 2.31% per annum. The outstanding balance as of December 31, 2024 have maturities of less than one year. (see Note 10).

IMI CZ incurred interest expense on its long-term debt amounting to \$0.16 million, \$0.21 million and \$0.11 million in 2024, 2023 and 2022, respectively (see Note 23).

#### VTs

VTs have unsecured long-term loans with Japanese banks that are payable in regular monthly installments with terms of five years. The VTs has interest rates ranging from 0.78% to 0.98% per annum.

VTs incurred interest expense on its long-term debt amounting to \$0.02 million, \$0.02 million and \$0.03 million in 2024, 2023 and 2022, respectively (see Note 23).

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### **18. Other Current Liabilities**

This account consists of provision for onerous contracts amounting to \$1.02 million in 2024 and \$1.52 million in 2023 (see Notes 3, 4 and 22) which arises by obtaining the excess of the unavoidable costs of meeting the obligations under the contract over the economic benefits expected to be received under it. In determining the provision, the Group considers the entire remaining commitment period under the contract, including the remaining revenue to be recognized for unsatisfied, or partially unsatisfied, performance obligations and the remaining costs to fulfil those performance obligations.



## 19. Equity

### Capital Stock

This account consists of:

	2024		2023		2022	
	Shares	Amount	Shares	Amount	Shares	Amount
<b>Authorized - ₱1 par value</b>						
Common	2,250,000,000		2,250,000,000		2,250,000,000	
Preferred	200,000,000		200,000,000		200,000,000	
<b>Issued – Common</b>						
At beginning of year	2,193,493,147	\$42,720,682	2,193,425,374	\$42,719,224	2,192,778,323	\$42,705,563
Issuances from ESOWN	15,738	342	67,773	1,458	647,051	13,661
At end of year*	2,193,508,885	\$42,721,024	2,193,493,147	\$42,720,682	2,193,425,374	\$42,719,224

\* Out of the total issued shares, 15,892,224 shares or \$1.01 million as of December 31, 2023, 2022 and 2021 pertain to treasury shares.

As of December 31, 2024, 2023 and 2022, there were 282, 285 and 284 registered common stockholders, respectively.

### Subscribed Capital Stock

Subscribed capital pertains to subscriptions relating to the ESOWN of the Group.

Details of this account follow:

	2024		2023		2022	
	Shares	Amount	Shares	Amount	Shares	Amount
At beginning of year	30,323,270	\$689,311	30,468,570	\$692,454	31,238,565	\$708,788
Issuances during the year - ESOWN	(15,738)	(342)	(67,773)	(1,458)	(647,051)	(13,661)
Forfeitures during the year - ESOWN	(54,262)	(1,180)	(77,527)	(1,685)	(122,944)	(2,673)
At end of year	30,253,270	\$687,789	30,323,270	\$689,311	30,468,570	\$692,454

### Subscriptions Receivable

Details of this account follow:

	2024	2023	2022
At beginning of year	\$2,576,077	\$2,620,195	\$2,701,935
Forfeitures during the year	(14,746)	(21,067)	(36,254)
Collections during the year	(540)	(23,051)	(45,486)
At end of year (Note 28)	\$2,560,791	\$2,576,077	\$2,620,195

### Dividends

No dividend payment was declared to common shareholders in 2024, 2023 and 2022.

### Retained Earnings

Accumulated net earnings of the subsidiaries amounting to \$25.91 million and \$64.19 million as of December 31, 2024 and 2023, respectively, are not available for dividend declaration. This accumulated net earnings of subsidiaries becomes available for dividend upon receipt of 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, 2024 amounted to \$0.48 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 ₱75.00 million.

### Additional paid-in capital

Additional paid-in capital (APIC) 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 against this account.

This account also includes dilution impact without loss of control as a result of the IPO of VIA in 2020 whereby IMI's ownership interest in VIA was diluted from 76.01% to 50.32%. IMI recognized directly in the APIC account the 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.

### 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, 2024, 2023 and 2022 follows:

	2024	2023	2022
EU	<b>(\$10,319,574)</b>	\$6,439,844	(\$8,405,817)
VIA and STI/IMI UK	<b>2,854,352</b>	(1,901,418)	(9,738,945)
STEL	<b>(895,863)</b>	(859,667)	(5,196,802)
Consolidation and eliminations	<b>(1,093,689)</b>	10,442,405	(10,996,363)
	<b>(\$9,454,774)</b>	\$14,121,164	(\$34,337,927)
Attributable to:			
Equity holders of the Parent	<b>(\$9,354,951)</b>	\$15,719,118	(\$23,803,135)
Non-controlling interest	<b>(99,823)</b>	(1,597,954)	(10,534,792)
	<b>(\$9,454,774)</b>	\$14,121,164	(\$34,337,927)

As a result of divestment of STI, CTA in the amount of \$6.87 million was derecognized in 2023.

### Non-controlling Interest

#### *Sale of subsidiary*

In 2023, the Group sold its share in STI resulting to the derecognition of non-controlling interest related to STI amounting to \$8.38 million (see Note 2).

### 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, 2024 and 2023.



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.

	2024	2023
Loans payable (Note 16)	<b>\$152,594,209</b>	\$210,027,008
Long-term bank borrowings (Note 17)	<b>137,865,992</b>	146,698,174
Total bank debt	<b>290,460,201</b>	356,725,182
Less cash and cash equivalents (Note 5)	<b>91,943,576</b>	91,588,016
Net bank debt	<b>\$198,516,625</b>	\$265,137,166
Total Equity	<b>\$223,320,695</b>	\$310,585,250
Debt-to-equity ratio	<b>1.30:1</b>	1.15:1
Net debt-to-equity ratio	<b>0.89:1</b>	0.85:1

The Group is not subject to externally-imposed capital requirements.

## 20. Cost of Sales

This account consists of:

	2024	2023	2022
Direct, indirect and other material-related costs (Note 8)	<b>\$803,269,824</b>	\$957,021,559	\$1,043,619,962
Direct labor, salaries, wages and employee benefits (Note 27)	<b>149,791,634</b>	178,327,058	175,021,942
Depreciation and amortization (Notes 10, 12 and 30)	<b>26,197,182</b>	29,376,951	34,250,332
Facilities costs and others (Note 22)	<b>32,920,044</b>	42,481,955	45,716,660
	<b>\$1,012,178,684</b>	\$1,207,207,523	\$1,298,608,896

## 21. Operating Expenses

This account consists of:

	2024	2023	2022
Salaries, wages and employee benefits (Note 27)	<b>\$55,340,658</b>	\$57,060,171	\$58,804,816
Depreciation and amortization (Notes 10, 12 and 30)	<b>6,841,505</b>	7,805,516	7,606,067
Facilities costs and others (Note 22)	<b>48,029,816</b>	57,032,614	41,339,423
	<b>\$110,211,979</b>	\$121,898,301	\$107,750,306





## 22. Facilities Costs and Others - Net

This account consists of:

	Cost of Sales			Operating Expenses		
	2024	2023	2022	2024	2023	2022
Utilities	\$16,342,907	\$20,707,291	\$23,465,974	\$1,282,998	\$1,899,257	\$2,145,489
Outsourced activities	7,607,764	9,331,680	10,509,065	17,150,456	19,233,479	14,694,883
Repairs and maintenance	4,353,260	5,824,423	6,171,663	606,244	2,226,766	908,797
Technology-related	1,231,751	1,381,448	1,654,064	4,247,893	5,070,206	4,843,938
Insurance	831,154	2,191,557	1,427,143	6,952,545	4,872,304	4,883,416
Travel and transportation	663,497	1,237,676	808,041	2,582,075	3,657,491	2,914,180
Government-related	500,819	984,551	1,156,872	3,065,642	3,675,523	3,011,828
Postal and communication	109,386	202,862	245,808	239,429	520,604	546,688
Promotional materials, representation and entertainment	103,059	244,369	156,194	890,576	1,292,086	1,121,341
Staff house	63,300	58,130	74,309	87,106	90,421	83,799
Membership fees	7,487	10,295	19,752	141,167	151,318	229,669
Provision for inventory obsolescence and write down in value (Note 8)	-	-	-	9,181,866	3,926,309	2,367,099
Provision for ECLs (Note 6)	-	-	-	899,160	574,495	585,488
Provision (reversal of provision) for onerous contracts (Notes 4 and 18)	-	-	-	(502,370)	487,971	1,034,073
Loss on write off of inventories (Notes 8 and 29)	-	-	-	-	9,508,020	-
Others - net	1,105,660	307,673	27,775	1,205,029	(153,636)	1,968,735
	<b>\$32,920,044</b>	<b>\$42,481,955</b>	<b>\$45,716,660</b>	<b>\$48,029,816</b>	<b>\$57,032,614</b>	<b>\$41,339,423</b>

Others include sales commission, donations, small tools and instruments, spare parts, materials, office supplies, and copying expenses.

## 23. Interest Expense and Bank Charges

This account consists of:

	2024	2023	2022
Interest expense on loans (Notes 16 and 17)	\$19,151,247	\$19,013,077	\$13,076,061
Interest on leases (Note 30)	1,482,675	1,395,174	932,077
Bank charges	378,424	514,236	578,565
Others	190,159	177,561	69,026
	<b>\$21,202,505</b>	<b>\$21,100,048</b>	<b>\$14,655,729</b>

Others include interest on employee housing and car loans in 2024, 2023, and 2022.

## 24. Other Income (Expenses) - Net

Other income (expenses) - net consists of:

	2024	2023	2022
Impairment loss on goodwill (Note 11)	(\$27,009,305)	(\$15,590,835)	\$-
Provision for impairment on property, plant and equipment (Notes 4 and 10)	(4,932,211)	(5,045,014)	(361,185)
Financial subsidies	2,043,211	1,976,113	2,599,524

(Forward)



	2024	2023	2022
Gain (loss) on sale and retirement of property, plant and equipment – net (Note 10)	<b>\$1,751,810</b>	\$60,061	(\$2,355,745)
Gain on lease termination	<b>1,107,398</b>	–	–
Other income from customers	<b>714,238</b>	1,045,366	1,260,832
Sale of materials and scrap (Note 8)	<b>40,328</b>	63,114	26,916
Gain on insurance claims	<b>11,505</b>	11,968	415,795
Reversal (provision) of impairment loss on product development cost (Notes 4 and 12)	–	–	(1,604,842)
Loss on disposal of subsidiary (Notes 2 and 11)	–	(81,108,320)	–
Other income (expense) – net	<b>134,247</b>	890,961	457,808
	<b>(\$26,138,779)</b>	<b>(\$97,696,586)</b>	<b>\$439,103</b>

Financial subsidies are comprised of special subsidy funds such as industrial, economic and technological development fund subsidies provided by the China government, and amortization of the grant incentives received from the government of Serbia related to its manufacturing operations. The balance of the Serbia grant incentive included under “Other noncurrent liabilities” account amounted to \$3.52 million and \$3.56 million in 2024 and 2023, respectively.

Loss on disposal of subsidiary is related to the sale of STI in 2023.

## 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, 2024, there are four remaining project activities with ITH which will expire in 2027, 2028 and 2029. 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 Parent Company can continue to avail the incentives provided in the implementing Rules and Regulations of RA No. 12066 otherwise known as the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy or CREATE MORE Act. Pre-CREATE RBEs are currently enjoying the sunset provisions under the CREATE Act (RA No. 11534) which provides that those currently enjoying 5% Special Corporate Income Tax (SCIT) are given until April 2031 to continue enjoying the said tax regime. However, with the effectivity of the CREATE MORE Act, these pre-CREATE RBEs are given an extension until December 31, 2034 to continue enjoying the 5% SCIT including all corresponding exemptions from national and local taxes, fees, and charges.

After the passage of CREATE Law, IMI is entitled to ITH of 5 years and SCIT for 10 years after the expiration of ITH, Duty Exemption, VAT Exemption and Zero-rating .

#### *IMICD, IMISZ and STJX*

In accordance with the “Income Tax Law of the People's Republic of China (PRC) for Enterprises with Foreign Investment and Foreign Enterprises”, the subsidiaries in the PRC 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.



STJX and IMISZ have been granted tax preference by the State Taxation Administration of the People's Republic of China for a period of 3 years (from 2023 to 2025) as the entities are operating in the high-technology industry. STJX and IMISZ are subjected to taxation at the statutory tax rate of 15% (2022: 15%) on its taxable income as reported in its financial statements, prepared in accordance with the accounting regulations in the PRC.

IMICD is subjected to taxation at the statutory tax rate of 15% (2023: 15%) on its taxable income as reported in the financial statement.

*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 2024, 2023 and 2022. 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, 2024, 2023 and 2022, the statutory German corporate income tax rate applicable to VIA AG is 15.0% plus solidarity surcharge of 5.5% thereon (15.82% in total). The municipal trade tax is 3.5% of the trade income.

For VIA's subsidiaries, VIA LLC (USA) a tax rate of 23.75% in 2024, 2023 and 2022, for VIA Suzhou (China) a tax rate of 25% for 2024, 2023 and 2022 and for VTS (Japan) a tax rate of 34.1% is applicable.



**PSi**

PSi is registered with PEZA under the Omnibus Code of 1987 and RA No. 7916 on May 17, 2004, for the manufacture of power semiconductor devices and for export and importation of raw materials, machinery and equipment, and other materials used in manufacturing semiconductor devices located at Laguna Technopark - Special Economic Zone (LT-SEZ) effective on November 23, 2021.

The Company can continue to avail the incentives provided in the implementing Rules and Regulations of RA No. 12066 otherwise known as the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy or CREATE MORE Act. Pre-CREATE RBEs are currently enjoying the sunset provisions under the CREATE Act (RA No. 11534) which provides that those currently enjoying 5% Special Corporate Income Tax (SCIT) are given until April 2031 to continue enjoying the said tax regime. However, with the effectivity of the CREATE MORE Act, these pre-CREATE RBEs are given an extension until December 31, 2034 to continue enjoying the 5% SCIT including all corresponding exemptions from national and local taxes, fees, and charges. Income from other income-producing activities not registered with PEZA is subject to a regular corporate income tax rate of 25% or a minimum corporate income tax rate of 2% whichever is higher.

As of December 31, 2024, there were no PEZA-registered activities with income tax holiday (ITH) entitlement.

**Deferred Tax**

Recognized deferred taxes of the Group relate to the tax effects of the following:

	2024	2023
<b>Deferred tax assets:</b>		
Lease liabilities	\$2,586,939	\$1,259,966
Net operating loss carry-over	1,205,777	—
Allowance for inventory obsolescence	819,320	659,526
Difference in tax base and accounting base of property and equipment	516,669	315,417
Allowance for doubtful accounts	284,687	111,881
Others	1,745,284	2,641,092
	<b>\$7,158,676</b>	<b>\$4,987,882</b>
	2024	2023
<b>Deferred tax liabilities:</b>		
Right-of-use asset	\$2,682,701	\$600,792
Fair value adjustment on property, plant and equipment arising from business combination	857,370	857,370
Allowance for doubtful accounts	673,987	2,258
Difference in tax base and accounting base of property and equipment	660,406	655,895
Contract assets	60,357	143,995
Unrealized foreign exchange gain on monetary assets – net	52,398	31,360
Allowance for inventory obsolescence	—	30,137
Others	16,026	31,344
	<b>\$5,003,245</b>	<b>\$2,353,151</b>



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, 2024				
	Deferred Tax Assets	Deferred Tax Liabilities	Total Deferred Tax Assets - net	Total Deferred Tax Liabilities - net
Parent Company	\$-	(\$98,231)	\$-	(\$98,231)
PSI	-	(3,759)	-	(3,759)
IMI BG and VIA	2,941,774	(1,971,564)	970,210	-
IMI CZ	161,481	-	161,481	-
IMI MX	1,531,167	(1,384,082)	147,085	-
STEL	1,663,036	-	1,663,036	-
Serbia	187,201	-	187,201	-
Consolidation	-	(871,592)	-	(871,592)
	<b>\$6,484,659</b>	<b>(\$4,329,228)</b>	<b>\$3,129,013</b>	<b>(\$973,582)</b>

December 31, 2023				
	Deferred Tax Assets	Deferred Tax Liabilities	Total Deferred Tax Assets - net	Total Deferred Tax Liabilities - net
Parent Company	\$-	(\$121,627)	\$-	(\$121,627)
PSI	421,961	(425,661)	-	(3,700)
IMI BG and VIA	2,270,132	(708,001)	1,562,131	-
IMI CZ	135,282	-	135,282	-
IMI MX	339,942	(181,646)	158,296	-
STEL	1,601,045	(31,343)	1,601,045	(31,343)
Serbia	189,033	-	189,033	-
Consolidation	30,487	(884,873)	2,984	(857,370)
	<b>\$4,987,882</b>	<b>(2,353,151)</b>	<b>\$3,648,771</b>	<b>(\$1,014,040)</b>

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, 2024 and 2023, the temporary differences for which no deferred tax assets have been recognized are as follows:

	2024	2023
Net operating loss carry-over	<b>\$217,419,058</b>	\$188,008,092
Accumulated impairment losses on property, plant and equipment	<b>2,844,471</b>	2,819,266
Provisions	<b>858,152</b>	581,909
Excess of cost over NRV of inventories	<b>392,465</b>	1,081,480
Allowance for doubtful accounts	<b>253,698</b>	77,317
	<b>\$221,767,844</b>	<b>\$192,568,064</b>

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, 2024, the entities operating in the Philippines has incurred NOLCO in taxable year 2020 and 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. However, the NOLCO incurred in taxable year 2022 onwards can be carried over as a deduction from gross income for the next three consecutive years. The extension to five years is no longer applicable, as follows:

Year Incurred	Availment Period	Amount	Applied/Expired	Unapplied
2024	2025 to 2027	\$13,956,300	\$—	\$13,956,300
2023	2024 to 2026	17,690,210	—	17,690,210
2022	2023 to 2025	23,764,143	—	23,764,143
2021	2022 to 2026	14,809,729	—	14,809,729
2020	2021 to 2025	8,581,594	—	8,581,594
		<b>\$78,801,976</b>	<b>\$—</b>	<b>\$78,801,976</b>

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
2024	\$23,809,666	\$—	\$23,809,666
2023	40,373,703	—	40,373,703
2022	25,803,623	564,024	25,239,599
2021	9,962,793	265,935	9,696,858
2020	11,579,052	2,935,076	8,643,976
2019	10,655,649	1,377,964	9,277,685
2018 and prior	26,956,356	2,435,208	24,521,148
	<b>\$149,140,842</b>	<b>\$7,578,207</b>	<b>\$141,562,635</b>

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:

	2024	2023	2022
Statutory income tax	<b>(25.00%)</b>	(25.00%)	(25.00%)
Tax effects of:			
Non deductible expenses and movement in unrecognized deferred taxes	<b>40.72%</b>	50.07%	12.39%
Income subject to minimum corporate income tax	<b>0.08%</b>	0.04%	0.24%
Income subject to gross income tax	<b>2.38%</b>	1.50%	23.63%
Difference in tax jurisdiction	<b>(26.57%)</b>	(31.61%)	(82.47%)
Interest income subjected to final tax	<b>0.01%</b>	0.01%	0.03%
Provision for income tax	<b>(8.38%)</b>	(4.99%)	(71.18%)

#### Based Erosion and Profit Shifting (BEPS) Pillar Two

The Organisation for Economic Co-operation and Development (OECD) has published the Global Anti-Base Erosion (GloBE) Model Rules ("Pillar Two Rules"), which include a minimum 15% tax rate per jurisdiction on multinational companies with an annual consolidated group revenue of EUR750 million or more for 2 out of the 4 immediately preceding fiscal years.



Pillar Two tax legislation has been implemented in some of the countries in which subsidiaries of the Group operate which became effective for reporting periods beginning on 1 January 2024. Given this, the Group determined that it is in-scope for Pillar Two and has assessed the applicable Pillar Two tax legislation in all the countries in which subsidiaries of the Group operate to determine whether or not a Pillar Two 'top-up' tax liability needs to be recognized

The relevant Pillar Two Rules also provide for a transition period in which the in-scope multinational groups may avoid undergoing the complex effective tax rate calculation required by the new piece of legislation. In particular, the Pillar Two tax legislation provides for a transitional Country-by-Country Reporting ("CbCR") safe harbor ("TCSH") that applies for the first three fiscal years following the entry into force of the relevant Pillar Two tax legislation; the TCSH relies on simplified calculations (mainly based on data extracted from the CbCR under BEPS Action 13) and three kinds of alternative tests. Where at least one of the TCSH tests is met for a jurisdiction in which the Group operates, the top-up tax due for such jurisdiction will be deemed to be zero. A test is met for a jurisdiction where:

- Revenue and profit before tax are below, respectively, €10 million and €1 million (the de minimis test);
- The Effective Tax Rate (ETR) equals or exceeds an agreed rate (the ETR test, 15% for FY 2024); or
- The profit before tax does not exceed an amount calculated as a percentage of tangible assets and payroll expense (the routine profits test).

Based on the tests performed, most of the jurisdictions where the Group operates should benefit from the TCSH. Only three jurisdictions did not pass any of the TCSH tests, namely Bulgaria, Serbia and Singapore.

With respect to these three jurisdictions, the Group has provisionally calculated the potential top-up tax exposure based on the full Pillar Two regime. As of December 31, 2024, although not material at the consolidated financials level, the Group provided for and expects to pay the collectible top – up liability under the Qualified Domestic Minimum Top-up Tax ("QDMTT") and Income Inclusion Rule ("IIR").

For 2024, the Group has also applied the amendment to IAS 12 which allows for temporary mandatory relief from accounting for the deferred tax impacts of the top-up tax and allows for recognition of the top-up tax as current tax expense as incurred.

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## 26. Loss per Share

The following table presents information necessary to calculate EPS on net loss attributable to equity holders of the Parent Company:

	2024	2023	2022
Net loss attributable to equity holders of Parent Company	<b>(\$49,788,560)</b>	(\$105,626,141)	(\$6,756,929)
Weighted average number of common shares outstanding	<b>2,207,880,913</b>	2,207,956,596	2,208,004,253
Basic and diluted EPS	<b>(\$0.023)</b>	(\$0.048)	(\$0.003)

As of December 31, 2024, 2023 and 2022, the Group has no dilutive potential common shares.



## 27. Personnel Costs

Details of salaries, wages, and employee benefits follow:

	2024	2023	2022
Salaries, wages and benefits	<b>\$169,617,398</b>	\$201,742,301	\$199,313,442
Government related contributions	<b>11,513,221</b>	12,599,886	10,654,788
Retirement expense under defined contribution plans	<b>8,660,606</b>	8,575,737	8,161,495
Restructuring expense	<b>7,394,382</b>	1,163,596	—
Net retirement expense under defined benefit plans	<b>2,185,788</b>	1,873,003	2,218,249
Others	<b>5,760,897</b>	9,432,706	13,478,784
	<b>\$205,132,292</b>	\$235,387,229	\$233,826,758

The Group embarked on rightsizing and rationalization of its operations to ensure that operations remain aligned with market demands while enhancing its ability to serve customers with agility and cost-effectiveness. This move is part of IMI's ongoing efforts to streamline operations, aligning with the company's strategy to consolidate its footprint into strategically located facilities. The cost of the restructuring in 2024 and 2023 amounted to \$7.39 million and \$1.16 million, respectively.

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:

	2024	2023	2022
Cost of sales (Note 20)	<b>\$149,791,634</b>	\$178,327,058	\$175,021,942
Operating expenses (Note 21)	<b>55,340,658</b>	57,060,171	58,804,816
	<b>\$205,132,292</b>	\$235,387,229	\$233,826,758

### Defined Benefit Plans

The Parent Company, IMI BG, IMI Serbia, and PSi have defined benefit plans covering substantially all of their employees. The latest actuarial valuations were made on December 31, 2024.

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 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 (asset) attributable to the following:

	2024	2023
Parent Company	<b>\$4,829,084</b>	\$6,391,640
IMI BG	<b>2,464,906</b>	2,381,158
PSi	<b>(196,229)</b>	(219,459)
IMI Serbia	<b>81,996</b>	54,062
	<b>\$7,179,757</b>	\$8,607,401





*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:

2024														
Net Retirement Expense					Remeasurements									
January 1	Current Service Cost	Net Interest	Subtotal	Separation and Benefits Paid	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	Past Service Cost	Disposal of Subsidiary	Foreign Currency Exchange Difference	December 31	
Present value of defined benefit obligation	\$22,227,555	\$1,615,165	\$1,192,180	\$2,807,345	(\$4,165,957)	\$-	(\$220,616)	\$-	\$1,387,050	\$1,166,434	\$182,623	\$-	(\$991,685)	\$21,226,315
Fair value of plan assets	(13,620,154)	-	(804,180)	(804,180)	(186,236)	(30,442)	-	-	(30,442)	-	-	-	594,454	(14,046,558)
Net retirement liabilities	\$8,607,401	\$1,615,165	\$388,000	\$2,003,165	(\$4,352,193)	(\$30,442)	(\$220,616)	\$	\$1,387,049	\$1,135,992	\$182,623	\$-	(\$397,231)	\$7,179,757

2023														
Net Retirement Expense					Remeasurements									
January 1	Current Service Cost	Net Interest	Subtotal	Separation and Benefits Paid	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	Actual Contribution	Disposal of subsidiary	Foreign Currency Exchange Difference	December 31	
Present value of defined benefit obligation	\$19,916,370	\$1,539,599	\$1,272,417	\$2,812,016	(\$1,800,582)	\$-	\$694,907	\$-	\$1,380,975	\$2,075,882	\$-	(\$969,011)	\$192,880	\$22,227,555
Fair value of plan assets	(13,128,708)	-	(939,013)	(939,013)	-	540,438	-	540,438	540,438	-	-	-	(92,871)	(13,620,154)
Net retirement liabilities	\$6,787,662	\$1,539,599	\$333,404	\$1,873,003	(\$1,800,582)	\$540,438	\$694,907	\$-	\$1,921,413	\$2,616,320	\$-	(\$969,011)	\$100,009	\$8,607,401

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, 2024 and 2023 follows:

	2024	2023
Net pension liabilities	<b>\$7,375,986</b>	\$8,826,860
Net pension asset (Note 14)	<b>196,229</b>	219,459
	<b>\$7,179,757</b>	\$8,607,401

The distribution of the plan assets as of December 31, 2024 and 2023 follows:

	2024	2023
Government securities	<b>\$7,610,366</b>	\$7,558,908
Equities	<b>1,391,514</b>	1,242,897
Corporate bonds	<b>1,182,927</b>	1,217,638
Trust funds	<b>1,197,791</b>	450,751
Exchange traded funds	<b>982,270</b>	1,258,045
Mutual funds	<b>820,947</b>	1,043,700
Investment properties	<b>727,246</b>	421,923
Cash and cash equivalents	<b>927</b>	990
Others	<b>132,570</b>	425,302
	<b>\$14,046,558</b>	\$13,620,154

The plan assets include corporate bonds and deposit instruments of related parties, primarily AC, Ayala Land, Inc. (ALI), AC Energy (ACEN) and Bank of the Philippine Islands (BPI). As of December 31, 2024 and 2023, the fair value of these plan assets amounted to \$1.52 million and \$0.82 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 \$2.30 million to the defined benefit plans for 2024.

The actual return of plan assets amounted to (\$0.03 million), \$0.54 million and \$0.93 million in 2024, 2023 and 2022, respectively.

The average duration of net retirement liabilities ranges from 9.85 to 16.60 years as of December 31, 2024, and 9.44 to 18.04 years as of December 31, 2023.

Shown below is the maturity analysis of the undiscounted benefit payments as of December 31, 2024 and 2023:

	2024	2023
Less than one year	<b>\$2,052,300</b>	\$2,797,499
More than one year to five years	<b>9,401,662</b>	10,116,471
More than five years to ten years	<b>12,300,727</b>	12,766,596
More than ten years to fifteen years	<b>13,470,414</b>	13,722,895
More than fifteen years	<b>45,123,748</b>	47,135,610
	<b>\$82,348,851</b>	\$86,539,071



*Principal actuarial assumptions*

The principal actuarial assumptions used to determine retirement benefits are shown below:

	2024	2023	2022
Discount rate	<b>3.93% - 6.12%</b>	4.03% - 6.25%	1.80% - 7.35%
Salary increase rate	<b>5.00% - 8.50%</b>	4.00% - 8.50%	4.00% - 7.50%

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	
		2024	2023
Discount rate	+1%	<b>(\$1,580,747)</b>	(\$1,511,077)
	-1%	<b>1,555,060</b>	1,591,261
Salary increase rate	+1%	<b>1,434,659</b>	1,735,981
	-1%	<b>(1,708,292)</b>	(1,661,656)

The mortality rate in 2024 and 2023 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 2024 and 2023. IMI Serbia used the 2012 table of mortality published by the Statistical Office of the Republic of Serbia for 2024 and 2023.

The net retirement expense of the Parent Company, IMI BG, Serbia, STIPH and PSi under the defined benefit plans is allocated as follows:

	2024	2023	2022
Cost of sales	<b>\$1,120,927</b>	\$1,149,805	\$1,400,104
Operating expenses	<b>1,064,861</b>	723,198	818,145
	<b>\$2,185,788</b>	\$1,873,003	\$2,218,249

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:

	2024	2023	2022
Cost of sales	<b>\$7,882,004</b>	\$7,686,567	\$7,162,887
Operating expenses	<b>778,602</b>	889,170	998,608
	<b>\$8,660,606</b>	\$8,575,737	\$8,161,495

## 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 <sup>st</sup> Anniversary	5.0%
2 <sup>nd</sup> Anniversary	7.5%
3 <sup>rd</sup> 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 2024, 2023 and 2022 follow:

	2024		2023		2022	
	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	136,926,800	₱6.60	137,004,327	₱6.60	137,127,271	₱6.61
Forfeitures	(54,262)	12.50	(77,527)	12.50	(122,944)	13.56
At end of year	136,872,538	₱6.93	136,926,800	₱6.60	137,004,327	₱6.60

The balance of the subscriptions receivable amounted to \$2.56 million, \$2.58 million and \$2.62 million as of December 31, 2024, 2023 and 2022, respectively (see Note 19).

There is no share option expense recognized in 2024, 2023 and 2022.

## 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 under Germany segment in 2024, and STI was combined with VIA under Germany/UK segment representing non-wholly owned subsidiaries in 2023, 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 Accounting Standards.

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 Accounting Standards.



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, 2024, 2023 and 2022:

December 31, 2024	Philippines		China	Europe	Mexico	Germany	USA/ Japan /Singapore / IMI UK	Consolidation and Eliminations	Total
	Parent Company	PSi							
Revenue from contracts with customers:									
Third party	\$218,061,719	\$6,114,468	\$192,220,669	\$408,588,309	\$136,149,330	\$117,608,998	\$19,949,159	\$-	\$1,098,692,652
Intersegment	12,099,481	-	20,062,368	17,174,657	2,839,447	-	3,749,238	(55,925,191)	-
Total revenue from contracts with customers	\$230,161,200	\$6,114,468	\$212,283,037	\$425,762,966	\$138,988,777	\$117,608,998	\$23,698,397	(55,925,191)	\$1,098,692,652
Segment interest income	\$4,864,350	\$15,892	\$3,342,145	\$1,283,537	\$-	\$934,382	\$2,454,374	(11,293,098)	\$1,601,582
Segment interest expense	\$18,023,775	\$742,489	\$2,570,198	\$2,592,584	\$4,701,628	\$1,539,728	\$2,747,588	(11,715,485)	\$21,202,505
Segment profit (loss) before income tax	(\$9,796,187)	\$283,808	(\$1,322,804)	\$15,470,257	(\$19,111,821)	(\$24,698,998)	\$4,495,680	(\$36,416,313)	(\$71,096,378)
Segment provision for income tax	(1,708,252)	(59,501)	87,072	(1,780,110)	(11,211)	(1,875,642)	(574,715)	(33,695)	(5,956,054)
Segment profit (loss) after income tax	(\$11,504,439)	\$224,307	(\$1,235,732)	\$13,690,147	(\$19,123,032)	(\$26,574,640)	\$3,920,965	(\$36,450,008)	(\$77,052,432)
Net income (loss) attributable to the equity holders of the Parent Company	(\$11,504,439)	\$224,307	(\$1,235,732)	\$13,690,147	(\$19,123,032)	(\$13,323,584)	\$3,920,965	(22,437,192)	(\$49,788,560)

December 31, 2023	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	\$257,678,074	\$4,515,281	\$249,689,473	\$424,345,896	\$153,446,320	\$214,891,014	\$22,646,874	\$-	\$1,327,212,932
Intersegment	17,219,876	-	20,806,936	16,671,948	3,001,409	-	4,012,124	(61,712,293)	-
Total revenue from contracts with customers	\$274,897,950	\$4,515,281	\$270,496,409	\$441,017,844	\$156,447,729	\$214,891,014	\$26,658,998.00	(61,712,293)	\$1,327,212,932
Segment interest income	\$3,909,415	\$5,538	\$3,399,448	\$1,090,987	\$-	\$1,757,102	\$7,326,495	(15,243,895)	\$2,245,090
Segment interest expense	\$16,501,172	\$741,574	\$3,322,109	\$2,516,098	\$4,337,471	\$5,345,023	\$1,759,279	(13,422,678)	\$21,100,048
Segment profit (loss) before income tax	\$8,779,880	(\$1,182,742)	\$12,302,712	\$27,426,638	(\$15,097,742)	(\$128,245,054)	\$4,892,434	(21,527,970)	(\$112,651,844)
Segment provision for income tax	(1,732,584)	(8,163)	(326,733)	(2,204,965)	18,190	(1,343,962)	724	(21,374)	(5,618,867)
Segment profit (loss) after income tax	\$7,047,296	(\$1,190,905)	\$11,975,979	\$25,221,673	(\$15,079,552)	(\$129,589,016)	\$4,893,158	(21,549,344)	(\$118,270,711)
Net income (loss) attributable to the equity holders of the Parent Company	\$7,047,296	(\$1,190,905)	\$11,975,979	\$25,221,673	(\$15,079,552)	(\$116,944,446)	\$4,893,158	(21,549,344)	(\$105,626,141)



December 31, 2022	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	\$269,655,708	\$6,557,402	\$283,932,415	\$352,300,670	\$150,534,635	\$297,588,382	\$48,447,300	\$-	\$1,409,016,512
Intersegment	50,125,736	-	23,772,053	4,542,223	459,663	-	5,483,354	(84,383,029)	-
Total revenue from contracts with customers	\$319,781,444	\$6,557,402	\$307,704,468	\$356,842,893	\$150,994,298	\$297,588,382	\$53,930,654	(\$84,383,029)	\$1,409,016,512
Segment interest income	\$1,591,268	\$1,212	\$1,465,437	\$547,284	\$-	\$434,907	\$4,654,960	(\$8,027,167)	\$667,901
Segment interest expense	\$9,841,723	\$747,502	\$1,930,219	\$1,318,245	\$1,847,183	\$4,730,946	\$1,125,913	(\$6,886,002)	\$14,655,729
Segment profit (loss) before income tax	\$5,580,360	\$92,994	\$8,990,932	\$10,476,172	(\$5,177,489)	(\$23,061,688)	(\$111,857)	(\$5,763,853)	(\$8,974,429)
Segment provision for income tax	(2,227,731)	(91,326)	(859,601)	(1,106,508)	(36,854)	(2,057,119)	38,277	(47,061)	(6,387,923)
Segment profit (loss) after income tax	\$3,352,629	\$1,668	\$8,131,331	\$9,369,664	(\$5,214,343)	(\$25,118,807)	(\$73,580)	(\$5,810,914)	(\$15,362,352)
Net income (loss) attributable to the equity holders of the Parent Company	\$3,352,629	\$1,668	\$8,131,331	\$9,369,664	(\$5,214,343)	(\$25,118,807)	(\$73,580)	(\$5,810,914)	(\$6,756,929)



In 2023, VIA recognized impairment, write-down of assets and other expenses incurred in relation to the early termination of a customer project and liquidity issues of another customer. Details of the losses included in under “Other income (expense)” in the consolidated statements of income are as follows:

	Amount of loss
Write-down of inventories to NRV (Notes 8 and 22)	\$9,508,020
Impairment of property, plant and equipment (Notes 10 and 21)	5,406,199
Write-down of ROU assets (Note 30)	1,310,071
Total asset impairment/writedown	16,224,290
Others	2,595,397
Total losses	\$18,819,687

Others include supplier claims, transportation costs and other costs of disposal/scraping.

Inventories written down are with recoverable value of \$3.26 million. Net realizable value (NRV) was based from an offer received from the customer to cover some of the costs for material as well as charges for one customer and internal management valuation for the other customer. The recoverable value of \$0.32 million of the property, plant and equipment were determined by an external valuation expert and determined the amount based on liquidation/scrap value after deducting cost for scrapping process since the associated production line and the production facility are customer-specific and no longer usable for the cash-generating unit.

The following table presents segment assets of the Group’s geographical segments as of December 31, 2024 and 2023:

	Philippines		China	Europe	Mexico	Germany	USA/ Japan/ Singapore/ UK	Consolidation and Eliminations	Total
	Parent Company	PSi							
2024	\$551,868,311	\$3,709,175	\$177,114,923	\$269,460,848	\$107,407,986	\$88,887,804	\$290,680,362	(\$696,205,173)	\$792,924,236
2023	\$613,005,264	\$3,350,414	\$208,516,055	\$327,871,869	\$129,413,417	\$115,943,858	\$308,448,439	(\$711,921,788)	\$994,627,528

Investments in subsidiaries and intersegment receivables amounting to \$448.15 million and \$308.82 million as of December 31, 2024, respectively, and \$448.15 million and \$326.58 million as of December 31, 2023, 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, 2024 and 2023.

#### 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:

	2024	2023	2022
Manufacturing of goods	\$1,096,202,211	\$1,323,481,365	\$1,405,402,031
Non-recurring engineering services	2,490,441	3,731,567	3,614,481
Revenue from contracts with customers	\$1,098,692,652	\$1,327,212,932	\$1,409,016,512



The following table presents revenue from contracts with customers per timing of revenue recognition for each reportable segment:

	2024		Total
	Revenue recognized over time	Revenue recognized at point in time	
Philippines			
Parent Company	\$218,061,719	\$—	\$218,061,719
Psi	6,114,468	—	6,114,468
China	192,220,669	—	192,220,669
Europe	407,118,169	1,470,140	408,588,309
Mexico	135,129,029	1,020,301	136,149,330
Germany	117,608,998	—	117,608,998
USA/Japan/Singapore	17,941,111	2,008,048	19,949,159
Revenue from contracts with customers	\$1,094,194,163	\$4,498,489	\$1,098,692,652

	2023		Total
	Revenue recognized over time	Revenue recognized at point in time	
Philippines			
Parent Company	\$257,678,074	\$—	\$257,678,074
Psi	4,515,281	—	4,515,281
China	249,689,473	—	249,689,473
Europe	422,861,189	1,484,707	424,345,896
Mexico	151,438,240	2,008,080	153,446,320
Germany/UK	214,891,014	—	214,891,014
USA/Japan/Singapore	19,524,182	3,122,692	22,646,874
Revenue from contracts with customers	\$1,320,597,453	\$6,615,479	\$1,327,212,932

	2022		Total
	Revenue recognized over time	Revenue recognized at point in time	
Philippines			
Parent Company	\$269,655,708	\$—	\$269,655,708
Psi	6,557,402	—	6,557,402
China	283,932,415	—	283,932,415
Europe	350,367,766	1,932,904	352,300,670
Mexico	149,067,584	1,467,051	150,534,635
Germany/UK	297,588,382	—	297,588,382
USA/Japan/Singapore	46,966,878	1,480,422	48,447,300
Revenue from contracts with customers	\$1,404,136,135	\$4,880,377	\$1,409,016,512

The following table presents revenues from external customers based on customer's nationality:

	2024	2023	2022
Europe	\$802,970,863	\$921,631,187	\$940,205,928
America	114,236,905	182,120,031	175,174,834
Japan	62,158,240	57,307,924	70,436,636
Rest of Asia/Others	119,326,644	166,153,790	223,199,114
	\$1,098,692,652	\$1,327,212,932	\$1,409,016,512

Revenues are attributed to countries on the basis of the customer's location. The current top customer which is under the automotive segment accounts for 14.76% (\$163.05 million), 12.33% (\$163.64 million) and 10.68% (\$150.48 million) of the Group's total revenue in 2024, 2023 and 2022, respectively.





The following table presents revenues per market segment:

	2024	2023	2022
Automotive	<b>\$750,049,973</b>	\$800,268,154	\$748,133,702
Industrial	<b>273,984,151</b>	390,166,599	476,146,759
Consumer	<b>32,474,716</b>	33,872,523	71,740,418
Medical	<b>22,237,892</b>	23,204,347	23,005,325
Telecommunication	<b>7,670,651</b>	30,321,101	37,895,276
Aerospace/defense	<b>—</b>	36,165,083	39,953,992
Multiple market/others	<b>12,275,269</b>	13,215,125	12,141,040
	<b>\$1,098,692,652</b>	\$1,327,212,932	\$1,409,016,512

The following table presents noncurrent assets based on their physical location:

	2024	2023
Europe*	<b>\$75,833,299</b>	\$114,227,864
America**	<b>28,559,301</b>	31,387,166
Rest of Asia/Others	<b>82,218,465</b>	86,231,841
	<b>\$186,611,065</b>	\$231,846,871

\*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:

	2024	2023	2022
Europe*	<b>\$11,569,422</b>	\$15,757,118	\$15,815,549
America**	<b>6,101,614</b>	5,862,792	6,871,681
Rest of Asia/Others	<b>15,367,651</b>	15,562,557	19,169,169
	<b>\$33,038,687</b>	\$37,182,467	\$41,856,399

\*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:

	2024	2023
As at January 1	<b>\$19,472,578</b>	\$19,266,348
Additions/modifications	<b>19,639,887</b>	12,594,844
Termination	<b>(403,875)</b>	(1,313,898)
Amortization expense	<b>(8,337,126)</b>	(8,889,808)
Loss on lease modifications	<b>—</b>	(41,049)
Disposal through subsidiary sold	<b>—</b>	(2,854,555)
Cumulative translation adjustment	<b>(353,022)</b>	710,696
As at December 31	<b>\$30,018,442</b>	\$19,472,578



Set out below are the carrying amounts of the Group's lease liabilities and the movements during the period:

	2024	2023
As at January 1	<b>\$21,988,635</b>	\$19,937,666
Additions/modifications	<b>19,639,887</b>	12,594,844
Interest expense on lease liabilities	<b>1,482,675</b>	1,395,174
Rental payments	<b>(8,814,252)</b>	(9,822,200)
Termination	<b>(550,524)</b>	—
Gain on lease termination	<b>(1,107,398)</b>	—
Waived rentals	—	(41,049)
Disposal through subsidiary sold	—	(3,344,661)
Cumulative translation adjustment	<b>(1,759,361)</b>	1,268,861
As at December 31	<b>\$30,879,662</b>	\$21,988,635
Current	<b>\$5,444,362</b>	\$8,265,812
Noncurrent	<b>\$25,435,300</b>	\$13,722,823

The following are the amounts recognized in consolidated statements of income:

	2024	2023	2022
Amortization expense of right-of-use assets (Notes 20 and 21)	<b>\$8,337,126</b>	\$8,889,808	\$9,134,302
Interest expense on lease liabilities (Note 23)	<b>1,482,675</b>	1,395,174	932,077
Expense related to short-term leases and low-value assets	<b>1,863,049</b>	1,357,090	619,764
	<b>\$11,682,850</b>	\$11,642,072	10,686,143

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, 2024 and 2023 follow:

	2024	2023
Within one year	<b>\$6,944,834</b>	\$8,482,824
After one year but not more than two years	<b>5,719,860</b>	5,133,061
After two years but not more than three years	<b>5,797,178</b>	2,986,827
After three years but not more than four years	<b>3,611,980</b>	2,936,224
After four years but not more than five years	<b>2,972,037</b>	558,242
More than five years	<b>7,188,795</b>	—
	<b>\$32,234,684</b>	\$20,097,178

#### Lease Commitments

##### *Parent Company*

In 2023, the Parent Company entered into a lease agreement for the use of a warehouse building located in Laguna. The non-cancellable lease is for a period of five years and four months from September 1, 2023 to August 31, 2028.



The Parent Company entered into an amended lease contract with AREIT INC., formerly owned by 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 lease contract which expired 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 of five percent beginning January 1, 2024 until the end of the lease term.

The Parent Company (Lessee) has existing agreement involving the lease of residential house 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 2024, IMI SZ entered into a lease agreement on its manufacturing facility covering a period of eight years from Aug 2024 to July 2032. The lease premise is a five-floor building with 29,340 square meters located in an industrial park in Pingshan district of Shenzhen. During the year, IMI SZ executed a renewal of lease agreement for its 23,211 square meters plant in Kuichong with coverage period from April 2024 to December 2033. IMI SZ entered a two-year lease agreement effective July 1, 2024 to June 30, 2026, for a dormitory located in Pingshan.

In 2017, STJX extended its existing lease agreement up to 2027 with Jiaxing Economic Development Zone Investment and Development Group Co., Ltd to use as its manufacturing facility located in He Ping Street, Jiaxing.

On November 2020, IMI CD entered a five-year lease agreement effective 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. In September 2022, IMI CD entered a three-year non-cancellable lease, effective October 1, 2022 to September 30, 2025, located at Xindu district, Chengdu City to serve as their external warehouse. In relation to the cessation of the IMI CD operations, the facility is scheduled to be formally handed back to the landlord by 2025 and the balance of the ROU amounting to \$0.12 million was written off.

*IMI BG*

IMI BG have lease agreements related to office and warehouse building rent with 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. In 2024, IMI MX entered into a lease agreement for the use of a building located in Mexico. The non-cancellable lease is for a period of five years from October 1, 2024 to September 30, 2029.

*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 1 and 6 years, while motor vehicles generally have lease terms of 3-4 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.

#### *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 and an option to extend the lease up to two years. In relation to the cessation of prototyping and manufacturing operations of IMI USA, the right to terminate the lease has been exercised and the lease shall now expire on March 31, 2025.

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### 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, 2024, 2023 and 2022, 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, a related party

As of December 31, 2024 and 2023, the Group maintains current and savings accounts with BPI amounting to \$0.69 million and \$0.97 million, respectively.

Total interest income earned from investments with BPI amounted to \$0.002 million, \$0.003 million and \$0.003 million for the years ended December 31, 2024, 2023 and 2022, respectively.

The Group has an outstanding short term and long-term loans from BPI amounting to \$166.69 million and \$182.31 million as of December 31, 2024 and 2023, respectively.

Total interest accrued for the loan payable to BPI amounted to \$11.27 million, \$9.06 million and \$5.78 million for the years ended December 31, 2024, 2023 and 2022, respectively.



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

	Receivables		Payables	
	2024	2023	2024	2023
<b>Immediate Parent:</b>				
AC Industrials Technology Inc. (AC Industrials)	\$-	\$-	\$-	\$46,904
<b>Intermediate Parent:</b>				
Ayala Corporation (AC)	443,146	-	-	596,737
<b>Entities Under Common Control:</b>				
KTM Asia Motor Manufacturing Inc. (KAMMI)	842,178	988,479	-	-
Merlin Solar Technologies (Phils.) Inc. (MSTPI)	240,852	208,760	-	-
Ayala International Holdings Ltd (AIHL)	7,205	-	-	-
AREIT, Inc.	-	-	122,620	-
HMC, Inc. (HMCi)	-	-	15,818	17,658
BPI	-	-	224,964	7,698
Innovate Communication, Inc. (ICI)	-	-	12,983	12,831
Globe Telecom, Inc. (GTI)	-	-	5,437	-
	<b>\$1,533,381</b>	<b>\$1,197,239</b>	<b>\$381,822</b>	<b>\$681,828</b>

- Transaction with AC, AC Industrials and AIHL pertains to management fee on corporate and support services.
- Transaction with KAMMI and MSTPI pertains to trade related receivables.
- Payable to BPI pertain to employee-related transactions.
- Payables to ICI pertain to building rental, leased lines, internet connections and ATM connections.
- Payable to HMCi pertain to provision of health services.
- Payables to GTI pertain to billings for software and WiFi connections. These are due and demandable.
- Payables to AREIT pertain to leased land

- Revenue/income and expenses from the Group's affiliates follow:

	Revenue/Income			Expenses		
	2024	2023	2022	2024	2023	2022
<b>Immediate Parent:</b>						
AC Industrials	\$-	\$-	\$-	\$-	\$46,807	\$-
<b>Intermediate Parent:</b>						
AC	-	-	-	437,175	670,643	536,818
<b>Entities Under Common Control:</b>						
KAMMI	1,601,459	2,437,678	5,012,496	-	-	-
MSTPI	120,711	122,961	135,821	-	-	-
BPI	16,691	2,567	2,999	-	41,352	38,914
AREIT	-	-	-	1,504,171	1,473,220	1,444,719
Laguna Water (LAWC)	-	-	-	425,296	1,189,047	1,071,846
AG Legal	-	-	-	62,237	23,250	57,730
ICI	-	-	-	163,994	217,156	310,287
HMCi	-	-	-	199,379	194,305	-
GTI	-	-	-	103,613	98,915	117,306
Ayala Greenfield Development Corporation (AGDC)	-	-	-	1,444	-	-
	<b>\$1,738,861</b>	<b>\$2,563,206</b>	<b>5,151,316</b>	<b>\$2,897,309</b>	<b>\$3,954,695</b>	<b>3,577,620</b>



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. Interest income earned from investments with BPI.

Expenses incurred from related party transactions include:

- i. Administrative services charged by AC Industrials and AC related to certain transactions.
  - ii. Rental expense from the lease contract between the Parent Company and AREIT (Formerly with TLI).
  - iii. Water allocation charged by LAWC.
  - iv. Building rental, leased lines, internet connections and ATM connections with ICI.
  - v. Health services from HMCI.
  - 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.
  - viii. Staff house rent expenses paid with BPI.
  - ix. Dues and fees paid with AGDC.
- Revenue, income and expenses eliminated at the Group level follow:
    - i. Intercompany revenues and income mainly pertain to billings of IMI USA and IMI Japan to IMI Singapore, trade related transactions from certain customers and interest income of the Parent Company, IMI Singapore and STSN for loans granted to PSi, IMI MX, STI and IMI CZ.
    - 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 and trade related transactions from certain customers.
    - iii. Dividend income of the Parent Company was declared by IMI Singapore amounting to nil and \$24.60 million in 2024 and 2023, respectively.

Compensation of Key Management Personnel of the Group

Compensation of key management personnel by benefit type follows:

	2024	2023
Short-term employee benefits	<b>\$8,003,546</b>	\$6,621,722
Post-employment benefits	<b>884,955</b>	853,693
	<b>\$8,888,501</b>	\$7,475,415

### 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 and short-term investments, receivables, accounts payables and accrued expenses, current portion of long-term debt and other current liabilities 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, 2024 and 2023:

	Carrying Amounts		Fair Values	
	2024	2023	2024	2023
<b>Financial assets:</b>				
Financial assets at FVOCI	<b>\$2,543,003</b>	\$2,364,096	<b>\$2,543,003</b>	\$2,364,096



	Carrying Amounts		Fair Values	
	2024	2023	2024	2023
<b>Financial liabilities:</b>				
Noncurrent portion of long-term debt	<b>\$107,102,708</b>	\$140,213,655	<b>\$112,180,367</b>	\$144,909,080

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.

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 2024 and 2023 ranged from 1.05% to 8.65% and from 1.05% to 4.99%, respectively.

#### Fair Value Hierarchy

The following tables provide the fair value hierarchy of the Group's assets and liabilities:

December 31, 2024				
	Fair Value Measurement Using			
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
<b>Assets measured at fair value:</b>				
Financial assets at FVOCI	\$—	\$2,543,003	\$—	\$2,543,003
<b>Liabilities for which fair values are disclosed:</b>				
Long-term debt	\$—	\$—	\$112,180,367	\$112,180,367

December 31, 2023				
	Fair Value Measurement Using			
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
<b>Assets measured at fair value:</b>				
Financial assets at FVOCI	\$—	\$2,364,096	\$—	\$2,364,096
<b>Liabilities for which fair values are disclosed:</b>				
Long-term debt	\$—	\$—	\$144,909,080	\$144,909,080
	\$—	\$—	\$144,909,080	\$144,909,080

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.

### 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 and short-term investments, 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 to its short-term and 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, 2024 and 2023. 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	
	2024	2023
+100	<b>(\$2,912,583)</b>	(\$2,178,962)
-100	<b>2,912,583</b>	2,178,962

The following table shows the information about the Group's debt as of December 31, 2024 and 2023 that are exposed to interest rate risk presented by maturity profile:

	2024	2023
Within one year	<b>\$185,203,792</b>	\$70,634,080
One to five years	<b>106,054,534</b>	147,262,150
	<b>\$291,258,326</b>	\$217,896,230

#### 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:

	2024				Total
	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	
Accounts payable and accrued expenses:					
Trade payables	\$-	\$157,665,969	\$-	\$-	\$157,665,969
Employee-related accruals and contributions	-	21,899,828	-	-	21,899,828
Accrued expenses*	-	21,813,931	-	-	21,813,931
Nontrade payables	-	10,681,286	-	-	10,681,286
Accrued interest payable	-	2,345,381	-	-	2,345,381
Due to related parties	-	381,822	-	-	381,822
Contract liabilities	-	3,442,269	-	-	3,442,269
Other current liabilities	-	972	1,014,730	-	1,015,702
Loans payable**	-	135,837,492	17,775,044	-	153,612,536
Current portion of lease liabilities	-	-	6,944,834	-	6,944,834
Current portion of long-term debt**	-	33,002,181	11,671,140	-	44,673,321
Noncurrent portion of lease liabilities	-	-	-	25,289,850	25,289,850
Noncurrent portion of long-term debt**	-	-	-	110,226,549	110,226,549
	\$-	\$387,071,131	\$37,405,748	\$135,516,399	\$559,993,278

\* Excluding statutory payables.

\*\* Including future interest payments.





	2023				
	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	Total
Accounts payable and accrued expenses:					
Trade payables	\$-	\$197,238,858	\$-	\$-	\$197,238,858
Employee-related accruals and contributions	-	22,098,824	-	-	22,098,824
Accrued expenses*	-	29,038,925	-	-	29,038,925
Nontrade payables	-	19,000,151	-	-	19,000,151
Accrued interest payable	-	1,731,352	-	-	1,731,352
Due to related parties	-	681,828	-	-	681,828
Contract liabilities	-	2,748,320	-	-	2,748,320
Other current liabilities	-	1,032	1,523,795	-	1,524,827
Loans payable	-	182,615,096	28,956,207	-	211,571,303
Current portion of lease liabilities	-	-	8,482,824	-	8,482,824
Current portion of long-term debt	-	3,197,375	8,714,478	-	11,911,853
Noncurrent portion of lease liabilities	-	-	-	11,614,353	11,614,353
Noncurrent portion of long-term debt**	-	-	-	148,349,969	148,349,969
	\$-	\$458,351,761	\$47,677,304	\$159,964,322	\$665,993,387

\* 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, 2024 and 2023, as follows:

Financial Institution / Currency	2024		2023	
	Credit Limit	Available Credit Line	Credit Limit	Available Credit Line
Local:				
USD	132,000,000	37,400,000	132,000,000	9,000,000
PHP	800,000,000	423,000,000	800,000,000	403,835,000
Foreign:				
USD	59,000,000	37,000,000	104,500,000	42,359,387
JPY	1,100,000,000	706,530,000	800,000,000	650,850,000
Singapore Dollar (SGD)	16,000,000	16,000,000	16,000,000	1,535,000
EUR	12,107,435	9,164,704	15,800,000	14,226,789
RMB	390,000,000	175,900,000	-	-

#### 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, 2024 and 2023 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 27% and 24% of trade receivables relating to three major customers as of December 31, 2024 and 2023, respectively.

As of December 31, 2024 and 2023, the aging analysis of receivables, contract assets and miscellaneous deposits follows:

	2024						
	Total	Current	Days Past Due				
			<30 Days	30-60 Days	60-90 Days	90-120 Days	>120 Days
Receivables:							
Trade	\$218,453,220	\$170,858,445	\$28,143,991	\$6,252,584	\$4,049,302	\$2,047,233	\$7,101,665
Nontrade	3,006,468	334,579	399,503	14,986	1,645,618	6,555	605,227
Receivable from employees	98,984	81,671	17,313	-	-	-	-
Due from related parties	1,533,381	221,929	76,034	166,988	82,578	65,887	919,965
Others	5,872,771	5,872,771	-	-	-	-	-
Contract assets	42,642,460	42,642,460	-	-	-	-	-
Miscellaneous deposits	2,921,909	2,921,909	-	-	-	-	-
	\$274,529,193	\$222,933,764	\$28,636,841	\$6,434,558	\$5,777,498	\$2,119,675	\$8,626,857
Expected credit loss	\$-	\$-	\$-	\$-	\$-	\$-	\$1,571,586
Expected credit loss rate	0%	0%	0%	0%	0%	0%	18%

	2023						
	Total	Current	Days Past Due				
			<30 Days	30-60 Days	60-90 Days	90-120 Days	>120 Days
Receivables:							
Trade	\$260,623,416	\$206,109,745	\$29,531,821	\$8,138,296	\$4,955,965	\$1,143,199	\$10,744,390
Nontrade	16,590,926	15,437,369	725,781	79,284	156,299	129,190	63,003
Receivable from employees	223,780	208,595	15,185	-	-	-	-
Due from related parties	1,197,239	68,424	177,691	86,794	226,900	129,674	507,756
Others	6,058,958	6,058,958	-	-	-	-	-
Contract assets	52,900,849	52,900,849	-	-	-	-	-
Miscellaneous deposits	3,213,241	3,213,241	-	-	-	-	-
	\$340,808,409	\$283,997,181	\$30,450,478	\$8,304,374	\$5,339,164	\$1,402,063	\$11,315,149
Expected credit loss	\$-	\$-	\$-	\$-	\$-	\$-	\$985,684
Expected credit loss rate	0%	0%	0%	0%	0%	0%	9%

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, 2024 and 2023 represents specifically identified impaired financial assets.

The following table summarizes the credit quality of the Group's financial assets as of December 31, 2024 and 2023:

	December 31, 2024					Total
	Neither Past Due nor Impaired				Past Due or Individually Impaired	
	Minimal Risk	Average Risk	Fairly High Risk	High Risk		
Cash and cash equivalents and short-term investments	\$91,943,576	\$-	\$-	\$-	\$-	\$91,943,576
Receivables:						
Trade	64,227,036	90,109,135	5,634,062	10,888,212	47,594,775	218,453,220
Nontrade	-	334,578	-	-	2,671,890	3,006,468
Receivable from employees	-	98,984	-	-	-	98,984
Due from related parties	-	209,533	1,507	10,889	1,311,452	1,533,381
Others	-	5,872,771	-	-	-	5,872,771
Financial assets at FVOCI	2,543,003	-	-	-	-	2,543,003
Miscellaneous deposits	2,921,909	-	-	-	-	2,921,909
	\$161,635,524	\$96,625,001	\$5,635,569	\$10,899,101	\$51,578,117	\$326,373,312



	December 31, 2023					Total
	Minimal Risk	Neither Past Due nor Impaired Average Risk	Fairly High Risk	High Risk	Past Due or Individually Impaired	
Cash and cash equivalents and short-term investments	\$103,008,016	\$-	\$-	\$-	\$-	\$103,008,016
Receivables:						
Trade	84,225,866	89,921,945	11,753,994	20,207,940	54,513,671	260,623,416
Nontrade	2,988,940	12,308,549	15,442	124,438	1,153,557	16,590,926
Receivable from employees	-	223,780	-	-	-	223,780
Due from related parties	-	58,624	-	9,800	1,128,815	1,197,239
Others	-	6,058,958	-	-	-	6,058,958
Financial assets at FVOCI	2,364,096	-	-	-	-	2,364,096
Miscellaneous deposits	3,213,241	-	-	-	-	3,213,241
	\$195,800,159	\$108,571,856	\$11,769,436	\$20,342,178	\$56,796,043	\$393,279,672

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 2024 and 2023, 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 52% and 51% of the Group's sales for the years ended December 31, 2024 and 2023, respectively, and 58% and 53% of costs for the years ended December 31, 2024 and 2023, 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)

	2024		2023	
	In USD	In RMB	In USD	In RMB
Cash and cash equivalents	\$1,144,170	RMB8,132,588	\$1,947,777	RMB13,795,521
Receivables	6,324,476	44,953,428	9,389,369	66,502,083
Accounts payable and accrued expenses	(10,754,839)	(76,443,784)	(10,898,081)	(77,187,838)
Net foreign currency-denominated assets (liabilities)	(\$3,286,193)	(RMB23,357,768)	\$439,065	RMB3,109,766



**Philippine Peso (₱)**

	2024		2023	
	In USD	In PHP	In USD	In PHP
Cash and cash equivalents	\$722,099	₱41,769,817	\$1,004,584	₱55,623,830
Receivables	2,721,114	157,402,832	1,345,465	74,498,404
Miscellaneous deposits	631,449	36,526,149	655,805	36,311,942
Accounts payable and accrued expenses	(9,170,504)	(530,467,815)	(10,403,845)	(576,060,904)
Net retirement liabilities	(8,797,715)	(508,903,798)	(11,814,529)	(654,170,479)
Net foreign currency-denominated liabilities	(\$13,893,557)	(₱803,672,815)	(\$19,212,520)	(₱1,063,797,207)

**Euro (€)**

	2024		2023	
	In USD	In EUR	In USD	In EUR
Cash and cash equivalents	\$16,723,937	€15,402,883	\$1,922,215	€1,737,674
Receivables	21,583,430	19,878,516	24,355,149	22,016,949
Accounts payable and accrued expenses	(35,929,185)	(33,091,074)	(33,141,647)	(29,959,905)
Net foreign currency-denominated assets (liabilities)	\$2,378,182	€2,190,325	(\$6,864,283)	(€6,205,282)

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, 2024 and 2023 follows:

	2024			
	In USD	In EUR	In RMB	In GBP
Cash and cash equivalents	\$15,341,592	€13,028,332	RMB5,186,465	£-
Receivables	21,793,744	10,972,222	73,673,418	-
Accounts payable and accrued expenses	(30,089,578)	(14,977,752)	(81,305,648)	2,380,749
Net foreign currency-denominated assets (liabilities)	\$7,045,758	€10,022,802	(RMB2,445,765)	£2,380,749

\*The USD-denominated monetary assets and liabilities are translated using EUR0.9210 for \$1, RMB7.1079 for \$1 and GBP0.7806 for \$1.

	2023			
	In USD	In EUR	In RMB	In GBP
Cash and cash equivalents	\$41,539,707	€35,077,560	RMB19,384,715	£-
Receivables	11,770,652	3,012,624	59,764,440	-
Accounts payable and accrued expenses	(43,236,874)	(21,149,375)	(119,701,444)	(2,308,396)
Net foreign currency-denominated assets (liabilities)	10,073,485	€16,940,809	(RMB40,552,289)	(£2,308,396)

\*The USD-denominated monetary assets and liabilities are translated using EUR0.9407 for \$1, RMB6.9646 for \$1 and GBP0.8303 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, 2024 and 2023. 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	
		2024	2023
RMB	+1%	\$29,653	(\$5,351)
	-1%	(29,653)	5,351
PHP	+1%	200,191	123,838
	-1%	(200,191)	(123,838)
EUR	+1%	(17,693)	99,421
	-1%	17,693	(99,421)
USD*	+1%	73,224	184,350
	-1%	(74,323)	(190,285)

\*The USD-denominated monetary assets and liabilities are translated using EUR0.9210 for \$1 and RMB7.1079 for \$1.

### 34. Contingencies

As of December 31, 2024, the Group is a party to legal proceedings arising in the ordinary course of its operations but which it believes would not materially and adversely affect its business. Certain employees have filed illegal dismissal cases before the National Labor Relations Commission against IMI when the latter terminated their services due to violation of company rules and regulations such as acts of dishonesty, and excessive unauthorized absences. These cases are at various stages including appeal. There are also pending cases involving other members of the IMI Group in other jurisdictions, some of which are being resolved amicably.

#### *Subsequent Events*

As of date of issuance of the consolidated financial statements, IMI is a party to legal proceedings arising in the ordinary course of its operations (including but not limited to filing creditor's claims in bankruptcy and liquidation proceedings).

### 35. Events After the Balance Sheet Date

#### Strategic Closure of Chengdu Facility to Optimize Operations

On January 24, 2025, IMI announced the strategic closure of its Chengdu, China facility. This move is part of the Group's ongoing efforts to streamline operations and reduce costs, aligning with the Group's strategy to consolidate its footprint into strategically located facilities.

Production at IMI Chengdu concluded in December 2024, with all customer commitments successfully met. The remaining customer projects have been seamlessly transferred to other IMI sites.

IMI is working diligently to comply with local government regulations and initiated a six-month winding up period. On February 10, 2025, IMI Chengdu made a liquidation notice and registered a liquidation team with the Chengdu government.

#### Amendment to the Second Article of the Articles of Incorporation

On March 7, 2025, the Board of Directors of the Parent Company approved the inclusion in the primary purpose of the Corporation the activities related to provision of warehousing/logistics support services, particularly importation/procurement, storage, deposit, inventory management of goods for subsequent sales, transfers or dispositions to clients, interested establishments, agencies and/or export enterprises. The purpose of the inclusion of the activities is to facilitate internal logistics activities within the Group and to enhance value proposition to customers.



2025 Stock Appreciation Rights Program

On March 7, 2025, the Board of Directors of the Parent Company approved the 2025 Employee Stock Option Program which may be in the form of a Stock Appreciation Rights Plan that grants cash settled and/or equity settled options (at the option of the Corporation) to its key talents.

The above two items approved on March 7, 2025 will be presented to the Parent Company's stockholders for approval at the annual meeting on April 22, 2025.



### 36. Notes to Consolidated Statements of Cash Flows

The following table shows the reconciliation of liabilities arising from financing activities:

	Cash Flows						Non-cash Changes				2024
	2023	Availment/ Collection	Settlement/ Payment	Reclass	Addition	Forfeitures	Accretion of interest expense	Deductions	Gain on lease modifications	Foreign currency translation	
Loans payable (Note 16)	\$210,027,008	\$—	(\$54,997,506)	\$—	\$—	\$—	\$—	\$—	\$—	(\$2,435,293)	\$152,594,209
Current portion of long-term debt (Note 17)	6,484,519	—	(6,033,206)	30,349,363	—	—	—	—	—	(37,392)	30,763,284
Long-term debt (Note 17)	140,213,655	2,438,015	(4,869,932)	(30,349,363)	—	—	—	—	—	(329,667)	107,102,708
Lease liabilities (Note 30)	21,988,635	—	(8,814,252)	—	19,639,887	—	1,482,675	(550,524)	(1,107,398)	(1,759,361)	30,879,662
Other noncurrent liabilities	5,744,874	838,632	—	—	—	—	—	—	—	(1,446,567)	5,136,939
Subscriptions receivable	(2,576,077)	540	—	—	—	14,746	—	—	—	—	(2,560,791)
	<b>\$381,882,614</b>	<b>\$3,277,187</b>	<b>(\$74,714,896)</b>	<b>\$—</b>	<b>\$19,639,887</b>	<b>\$14,746</b>	<b>\$1,482,675</b>	<b>(\$550,524)</b>	<b>(\$1,107,398)</b>	<b>(\$6,008,280)</b>	<b>(\$74,714,896)</b>

	Cash Flows						Non-cash Changes				2023
	2022	Availment/ Collection	Settlement/ Payment	Reclass	Addition	Forfeitures	Accretion of interest expense	Lease modification	Waived rentals	Foreign currency translation	
Loans payable (Note 16)	\$192,659,599	\$22,207,237	(\$3,946,145)	\$—	\$—	\$—	\$—	(\$2,306,057)	\$—	\$1,412,374	\$210,027,008
Current portion of long-term debt (Note 17)	3,048,254	—	(1,762,003)	5,053,317	—	—	—	—	—	144,951	6,484,519
Long-term debt (Note 17)	147,365,278	2,584,350	(4,846,467)	(5,053,317)	—	—	—	—	—	163,811	140,213,655
Lease liabilities (Note 30)	19,937,666	—	(9,822,200)	—	12,594,844	—	1,395,174	(3,344,661)	(41,049)	1,268,861	21,988,635
Other noncurrent liabilities	5,473,950	449,792	—	—	—	—	—	(1,102,874)	—	924,006	5,744,874
Subscriptions receivable	(2,620,195)	23,051	—	—	—	21,067	—	—	—	—	(2,576,077)
	<b>\$365,864,552</b>	<b>\$25,264,430</b>	<b>(\$20,376,815)</b>	<b>\$—</b>	<b>\$12,594,844</b>	<b>\$21,067</b>	<b>\$1,395,174</b>	<b>(\$6,753,592)</b>	<b>(\$41,049)</b>	<b>\$3,914,003</b>	<b>\$381,882,614</b>

Most of the loans are from existing revolving credit lines.

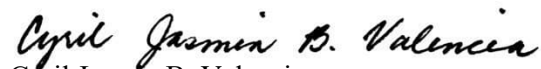


## **INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors  
Integrated Micro-Electronics, Inc.  
North Science Avenue - Special Economic Zone (LT - SEZ)  
Laguna Technopark, Bo. Biñan  
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, 2024 and 2023, and for each of the three years in the period ended December 31, 2024 and have issued our report thereon dated March 7, 2025. 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

Partner

CPA Certificate No. 90787

Tax Identification No. 162-410-623

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-074-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10465396, January 2, 2025, Makati City

March 7, 2025



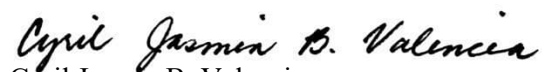


## **INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

The Stockholders and the Board of Directors  
Integrated Micro-Electronics, Inc.  
North Science Avenue - Special Economic Zone (LT - SEZ)  
Laguna Technopark, Bo. Biñan  
Biñan, Laguna

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Integrated Micro-Electronics, Inc. and its subsidiaries (the Group) as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated March 7, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Cyril Jasmin B. Valencia

Partner

CPA Certificate No. 90787

Tax Identification No. 162-410-623

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-074-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10465396, January 2, 2025, Makati City

March 7, 2025



**EXHIBIT 2**

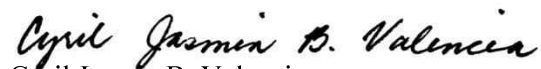
**Supplementary Schedules**

## **INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors  
Integrated Micro-Electronics, Inc.  
North Science Avenue - Special Economic Zone (LT - SEZ)  
Laguna Technopark, Bo. Biñan  
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, 2024 and 2023, and for each of the three years in the period ended December 31, 2024 and have issued our report thereon dated March 7, 2025. 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

Partner

CPA Certificate No. 90787

Tax Identification No. 162-410-623

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-074-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10465396, January 2, 2025, Makati City

March 7, 2025



Integrated Micro-Electronics, Inc. and Subsidiaries  
Schedule A. Financial Assets  
December 31, 2024

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Valued based on market quotation at end of reporting period	Income received and accrued
NOT APPLICABLE				
Total		0	0	0

**Integrated Micro-Electronics, Inc. and Subsidiaries**

**Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)**

**December 31, 2024**

*(in U.S. Dollars)*

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not current	Balance at end of period
Receivables from Employees:							
Various Officers and Employees*	223,780	9,053,414	(9,178,210)	-	98,984	-	98,984
<b>Total</b>	<b>223,780</b>	<b>9,053,414</b>	<b>(9,178,210)</b>	<b>-</b>	<b>98,984</b>	<b>-</b>	<b>98,984</b>

\* Consist of receivables from approximately more than 2,000 Officers and Employees.

**Integrated Microelectronics, Inc. and Subsidiaries**

**Schedule C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements**

**December 31, 2024**

*(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
<b>Accounts receivable -trade</b>						
IMI Cooperatief Subsidiaries	260,667	292,507	68,906	-	484,268	484,268
STI	-	-	-	-	-	-
IMI International (Singapore) Pte Ltd.	6,842,383	5,753,192	7,146,652	-	5,448,923	5,448,923
STEL Group	486,662	44,931	15,900	-	515,693	515,693
PSi Technologies Inc.	803,098	3,471	343,484	-	463,085	463,085
IMI USA	7,092	18,300	-	-	25,392	25,392
IMI Japan	29,957	-	29,957	-	-	-
<b>Accounts receivable -nontrade</b>	-	-	-	-	-	-
IMI Cooperatief Subsidiaries	6,057,684	1,294,782	1,743,534	-	5,608,932	5,608,932
STEL Group	3,499,479	1,296,712	2,636,842	-	2,159,350	2,159,350
PSi Technologies Inc.	3,213,137	1,030,610	898,498	-	3,345,249	3,345,249
IMI UK	1,932	-	1,932	-	-	-
IMI International (Singapore) Pte Ltd.	21,680,918	19,485,225	40,882,283	-	283,860	283,860
IMI International ROHQ	-	-	-	-	-	-
IMI USA	187,406	81,827	-	-	269,233	269,233
IMI Japan	985,563	-	985,563	-	-	-
<b>Due From</b>						
IMI Cooperatief Subsidiaries	4,745,911	8,602,371	10,140,759	-	3,207,523	3,207,523
IMI International (Singapore) Pte Ltd.	119,681,292	-	806,080	-	118,875,212	118,875,212
STEL Group	27,636,094	3,161,700	4,897,794	-	25,900,000	25,900,000
IMI USA	250,000	-	-	-	250,000	250,000
IMI Japan	823	-	823	-	-	-
IMI UK	2,850,612	-	48,330	-	2,802,282	2,802,282
<b>Total</b>	<b>199,220,711</b>	<b>41,065,626</b>	<b>70,647,337</b>	<b>-</b>	<b>169,639,001</b>	<b>169,639,001</b>

Integrated Micro-Electronics, Inc. and Subsidiaries  
Schedule D. Long-Term Debt  
December 31, 2024  
(in U.S. Dollars)

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-term debt" in related balance sheet	Remarks
Clean loan (Parent Company)	132,466,091	29,578,880	102,887,212	Please see Note 17 of the Audited Financial Statement
Long-term debt from Czech and Japan Bank	5,399,901	1,184,405	4,215,496	
<b>Total</b>	<b>137,865,992</b>	<b>30,763,284</b>	<b>107,102,708</b>	

**Integrated Micro-Electronics, Inc. and Subsidiaries**  
**Schedule E. Indebtedness to Related Parties**  
**December 31, 2024**  
*(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
<b>NOT APPLICABLE</b>		

*Related party payables eliminated during consolidation:*

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
<b>Accounts Payable - Trade</b>		
Speedy-Tech Electronics Ltd.	3,882,872	6,078,762
IMI International (Singapore) Pte Ltd.	-	74,394
PSi Technologies Inc.	-	2,582
IMI USA	3,590	1,290
IMI Cooperatief Subsidiaries	32,274	6,231
<b>Accounts Payable - Nontrade</b>		
Speedy-Tech Electronics Ltd.	778,741	68,183
PSi Technologies Inc.	-	828
IMI USA	2,892	1,015
IMI Cooperatief Subsidiaries	14,551	2,232
<b>Due To</b>		
Speedy-Tech Electronics Ltd.	2,839,272	3,083,109
IMI International (Singapore) Pte Ltd.	49,412	87,426
PSi Technologies Inc.	93	221
IMI Japan	450,106	-
IMI USA	133,588	170,767
IMI Cooperatief Subsidiaries	77,356	41,963
<b>Total</b>	<b>8,264,748</b>	<b>9,619,003</b>

Note 1. These related party liabilities are payable on demand.



Integrated Micro-Electronics, Inc. and Subsidiaries  
Schedule F. Guarantees of Securities of Other Issuers  
December 31, 2024  
*(in U.S. Dollars)*

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which this statement if filed	Nature of Guarantee
NOT APPLICABLE				
Total		-	-	-

Integrated Micro-Electronics, Inc. and Subsidiaries  
Schedule G. Capital Stock  
December 31, 2024

Title of Issue	Number of Shares Authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common Stocks	2,250,000,000	2,223,762,155				
Less: Treasury Shares		(15,892,224)				
<b>Common shares</b>	<b>2,250,000,000</b>	<b>2,207,869,931</b>	30,253,270		36,956,446	2,140,660,215

**INTEGRATED MICRO-ELECTRONICS INC. AND SUBSIDIARIES**  
**FINANCIAL RATIOS**  
**December 31, 2024**

Ratios	Formula	Dec 31, 2024	Dec 31, 2023
(i) Current ratio	Current assets / Current Liabilities	1.39	1.44
(ii) Quick / Acid ratio	Current assets less inventories, contract assets and other current assets/Current liabilities	0.75	0.75
(iii) Solvency ratio	Total Assets / Total Liabilities	1.39	1.45
(iv) Debt ratio	Total Debt / Total Assets	0.37	0.36
(v) Debt-to-Equity ratio	Bank debts (loans and trust receipts payable and long-term debt) / Total Equity	1.30	1.15
(vi) Assets-to-Equity ratio	Total Assets / Total Equity	3.55	3.20
(vii) Interest rate coverage ratio	Earnings before interest and taxes / Interest Expense	-2.43	(4.45)
(viii) Profitability ratios			
GP margin	Gross Profit / Revenues	7.9%	9.0%
Net profit margin	Net Income after Tax / Revenues	-4.5%	-8.0%
EBITDA margin	EBITDA / Revenues	3.4%	4.0%
Return on assets	Net Income after Tax / Total Asset	-6.3%	-10.6%
Return on equity	Net Income after Tax / Average equity attributable to parent	-20.0%	-32.2%

	(in US\$'000)	
	Dec 31, 2024	Dec 31, 2023
Current Assets	589,593	739,327
Current Liabilities	423,579	514,520
Total Assets	792,924	994,628
Bank Debts	290,460	356,725
Total Liabilities	569,604	684,042
Total Equity	223,321	310,585
Average equity Attributable to parent	248,525	327,892
Revenues	1,098,693	1,327,213
Gross Profit	86,514	120,005
Net income attributable to equity holders of the parent	(49,789)	(105,626)
Earnings before interest and taxes	(51,495)	(93,797)
Interest expense	21,203	21,100
EBITDA	36,944	52,835

**Reconciliation of Retained Earnings Available for Dividend Declaration**

For the reporting period ended December 31, 2024

**Integrated Micro-electronics, Inc.**

North Science Avenue, Laguna Technopark- Special Economic Zone (LT-SEZ)

Bo. Biñan, Biñan, Laguna

<b>Unappropriated Retained Earnings, beginning of reporting period</b>		<b>\$12,236,876</b>
<b>Add: <u>Category A:</u> Items that are directly credited to Unappropriated Retained Earnings</b>		
Reversal of Retained Earnings Appropriation/s	-	
Effect of restatements or prior-period adjustments	-	
Others	95,973	95,973
<b>Less: <u>Category B:</u> Items that are directly debited to Unappropriated Retained Earnings</b>		
Dividend declaration during the reporting period	-	
Retained Earnings Appropriated during the reporting period	-	
Effect of restatement or prior-period adjustments	-	
Others	-	-
<b>Unappropriated Retained Earnings, as adjusted</b>		<b>12,332,849</b>
<b>Add/Less: Net Income (loss) for the current year</b>		<b>(11,504,439)</b>
<b>Less: <u>Category C.1:</u> Unrealized income recognized in the profit or loss during the reporting period (net of tax)</b>		
Equity in net income of associate/joint venture, net of dividends declared	-	
Unrealized foreign exchange gain (loss), except those attributable to cash and cash equivalents	256,030	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Unrealized fair value gain of Investment Property	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	
Sub-total		<b>256,030</b>
<b>Add: <u>Category C.2:</u> Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)</b>		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	-	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Realized fair value gain of Investment Property	-	

Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS

Sub-total

-

-

**Add: Category C.3: Unrealized income recognized in the profit or loss in prior periods but reversed in the current reporting period (net of tax)**

Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents

Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)

Reversal of previously recorded fair value gain of Investment Property

Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS

Sub-total

-

-

-

-

-

**Adjusted Net Income/Loss**

**(11,760,469)**

**Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)**

Depreciation on revaluation increment (after tax)

Sub-total

-

**Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP**

Amortization of the effect of reporting relief

Total amount of reporting relief granted during the year

Others

Sub-total

-

-

-

-

**Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution**

Net movement of treasury shares (except for reacquisition of redeemable shares)

Net movement of deferred tax asset not considered in the reconciling items under the previous categories

Net movement of deferred tax asset and deferred tax liabilities related to same transactions, e.g., set up of right of use asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable

Adjustment due to deviation from PFRS/GAAP – gain (loss)

Others

Sub-total

-

-

-

-

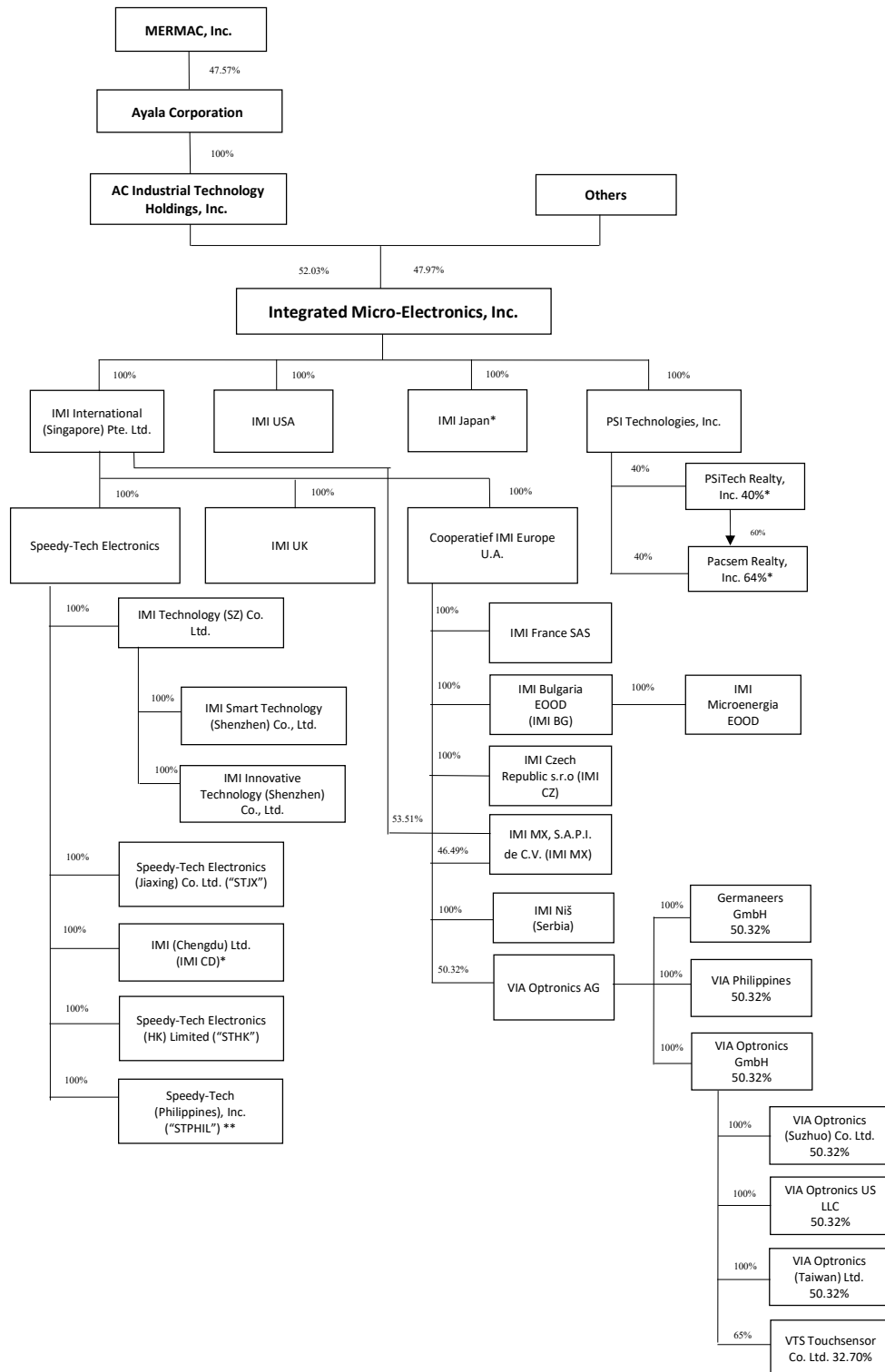
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**Total Retained Earnings, end of the reporting period available for dividend**

**\$572,380**

**Integrated Micro-Electronics, Inc.**  
**as of December 31, 2024**



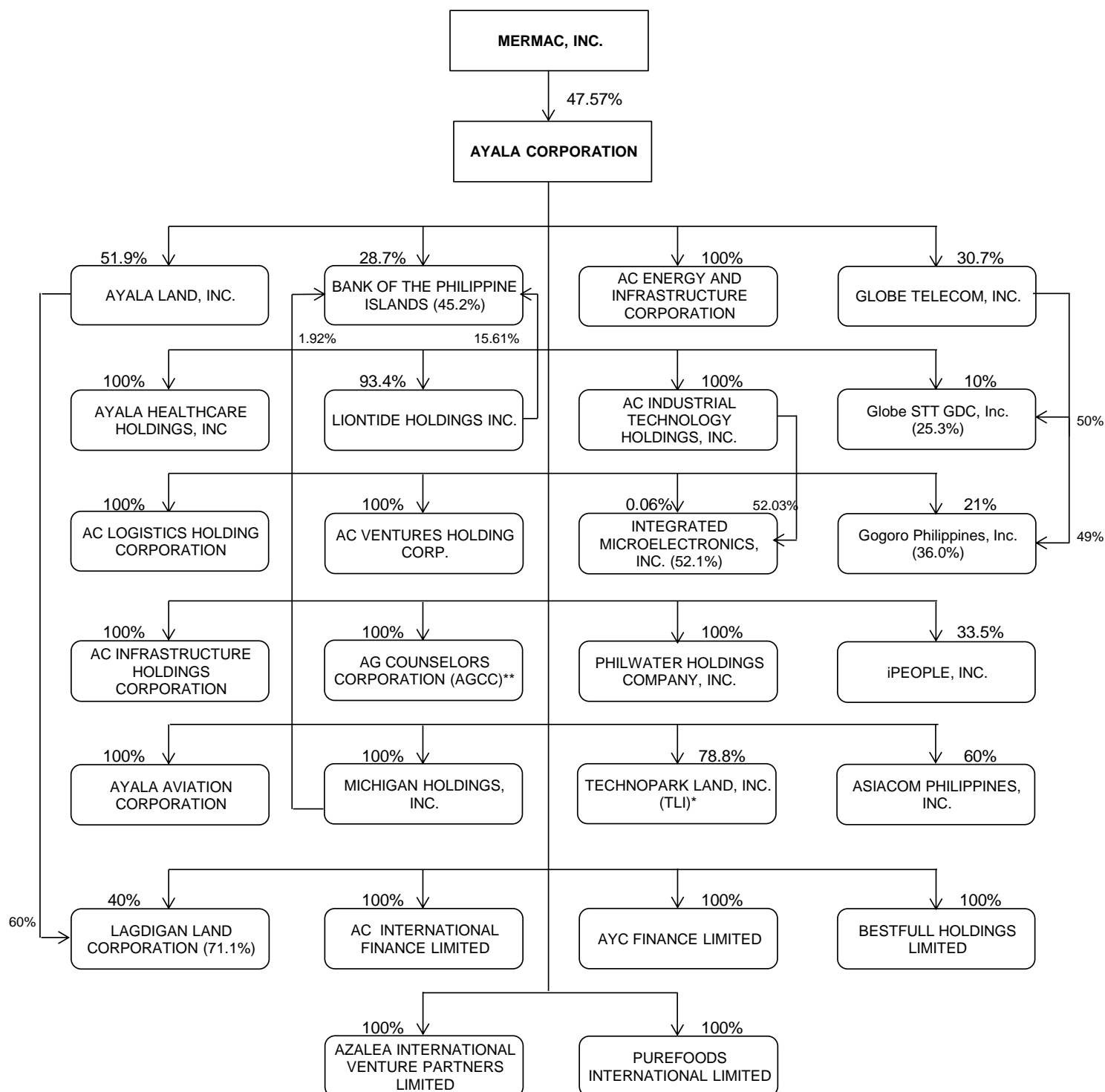
\* In the process of liquidation.

**\*\* Dormant**

# AYALA CORPORATION AND SUBSIDIARIES

## Map of Relationships of the Companies within the Group

As of December 31, 2024



### Legend:

% of ownership appearing outside the box - direct % of economic ownership

% of ownership appearing inside the box - effective % of economic ownership

\*On December 10, 2021, the BOD and stockholders of TLI approved the plan to shorten its corporate term to June 30, 2023. On December 23, 2021, the SEC approved the amendment of the Fourth Article of the Articles of Incorporation to shorten the corporate term to June 30, 2023. It is anticipated that it will not carry out any significant business operation or activity until approval of closure from other regulatory bodies.

\*\*On January 6, 2025, the SEC approved the amendment to AGCC's AOI including (1) the change of its corporate name to ACX Holdings Corporation, and (2) the change in its business from a business of advisory, consultancy assistance and other allied services, into a holding company with principal business interest in the consumer retail space.

**Integrated Micro-Electronics, Inc. and Subsidiaries**  
**SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION**  
**December 31, 2024 and 2023**  
*(in U.S. Dollars)*

	2024	2023
<b>Total Audit Fees (Section 2.1a)</b>	<b>616,553</b>	<b>758,914</b>
Non-audit services fees:		
Other assurance services	-	14,165
Tax Services	-	-
All other services	1,032	1,032
<b>Total Non-audit Fees (Section 2.1b)</b>	<b>1,032</b>	<b>15,197</b>
<b>Total Audit and Non-audit Fees</b>	<b>617,585</b>	<b>774,111</b>

**Audit and Non-audit fees of other related entities (Section 2.1c)**

	2024	2023
Audit Fees	-	-
Non-audit services fees:		
Other assurance services	-	-
Tax Services	-	-
All other services	-	-
<b>Total Audit and Non-audit fees of other related entities</b>	<b>-</b>	<b>-</b>

**Section 2.1a:** Agreed fees (excluding out of pocket expenses and VAT) with the external auditor/audit firm and its network firms for the audit of the company's stand-alone and consolidated financial statements and the covered company's consolidated subsidiaries' fees for special purpose audit or review of financial statements.

**Section 2.1b:** Charged or billed fees (excluding out of pocket expenses and VAT) with the external auditor/audit firm and its network firms for non-audit services to the company and its related entities over which the company has direct or indirect control that are consolidated in the financial statements on which the external auditor/audit firm expresses an opinion. These include other assurance services such as special purpose audit or review of financial statements.

**Section 2.1c:** Fees for services (excluding out of pocket expenses and VAT) charged to any related entities of the company over which the company has direct or indirect control, which are not yet disclosed in (a) and (b), such as fees for services to any unconsolidated subsidiaries that meet the consolidation exemption criteria of Philippine Financial Reporting Standard (PFRS) 10 applicable to investment entities, if the external auditor/audit firm's independence, as communicated by the external auditor/audit firm with the company's Those charged with Governance or equivalent (e.g. Audit Committee).



**EXHIBIT 3**

**2024 Audited Annual Financial Statements,  
IMI International (Singapore) Pte Ltd**

Company Registration No. 200502337G

IMI International (Singapore) Pte. Ltd.

Annual Financial Statements  
31 December 2024



IMI International (Singapore) Pte. Ltd.

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Independent auditor's report	3
Statement of comprehensive income	6
Balance sheet	7
Statement of changes in equity	8
Cash flow statement	9
Notes to the financial statements	10

**IMI International (Singapore) Pte. Ltd.**

**Directors' statement**

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The directors are pleased to present their statement to the member together with the audited financial statements of IMI International (Singapore) Pte. Ltd. (the "Company") for the financial year ended 31 December 2024.

**Opinion of the directors**

In the opinion of the directors,

- (i) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2024 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due as the immediate holding company has agreed to provide continuing financial support to the Company as is necessary to enable it to continue its operations and meet its liabilities as and when they fall due for the next 12 months from the date of the financial statements.

**Directors**

The directors of the Company in office at the date of this statement are:

Arthur R. Tan  
Jerome Su Tan  
Robert William Heese (Appointed on 1 October 2024)

**Arrangements to enable directors to acquire shares and debentures**

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

**Directors' interests in shares and debentures**

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act 1967 (the "Act"), an interest in shares of the Company and its related corporations (other than wholly-owned subsidiaries) as stated below:

	Deemed interest	
	At the beginning of financial year	At the end of financial year
<b>Ultimate holding company</b>		
<b>Ayala Corporation</b>		
<u>Ordinary shares of 1 Peso each</u>		
Arthur R. Tan	446,098	446,098

**IMI International (Singapore) Pte. Ltd.****Directors' statement**

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**Directors' interests in shares and debentures (cont'd)**

	Direct interest	
	At the beginning of financial year	At the end of financial year
<b>Immediate holding company</b>		
<b>Integrated Micro-Electronics, Inc.</b>		
<u>Ordinary shares of 1 Peso each</u>		
Arthur R. Tan	1,955,452	1,955,452
<u>Employee Stock Ownership Plan</u>		
Arthur R. Tan	19,268,100	19,268,100
Jerome Su Tan	2,884,733	2,884,733

Except as disclosed in this statement, no other director who held office at the end of the financial year had an interest in any shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning, or at the end of the financial year.

**Employee Stock Ownership Plan ("ESOWN")**

The Employee Stock Ownership Plan is a privilege given to eligible employees of immediate holding company, Integrated Micro-Electronics, Inc. whereby it allocates up to 10% of its authorised capital stock for subscription by said personnel under certain terms and conditions stipulated in the plan. The term of payment is eight years for all subscriptions from same grant, reckoned from date of subscription. Full settlement of the subscription is allowed after the holding period as follow: (1) 40% after 1 year from subscription date (2) 30% after 2 years from subscription date and (3) 30% after 3 years from subscription date.

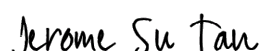
**Auditor**

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors,



Robert William Heese  
Director



Jerome Su Tan  
Director

Singapore

28 March 2025

**IMI International (Singapore) Pte. Ltd.**

**Independent auditor's report  
For the financial year ended 31 December 2024**

**Independent auditor's report to the member of IMI International (Singapore) Pte. Ltd.**

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**Report on the audit of the financial statements**

**Opinion**

We have audited the financial statements of IMI International (Singapore) Pte. Ltd. (the "Company"), which comprise the balance sheet as at 31 December 2024, the statement of comprehensive income, statement of changes in equity and cash flow statement of the Company for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 December 2024 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

**Basis for opinion**

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other information**

Management is responsible for other information. The other information comprises the Directors' statement as set out on pages 1 to 2.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**IMI International (Singapore) Pte. Ltd.**

**Independent auditor's report  
For the financial year ended 31 December 2024**

**Independent auditor's report to the member of IMI International (Singapore) Pte. Ltd.**

**Responsibilities of management and directors for the financial statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

The directors' responsibilities include overseeing the Company's financial reporting process.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

**IMI International (Singapore) Pte. Ltd.**

**Independent auditor's report  
For the financial year ended 31 December 2024**

**Independent auditor's report to the member of IMI International (Singapore) Pte. Ltd.**

**Auditor's responsibilities for the audit of the financial statements (cont'd)**

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

**Report on other legal and regulatory requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The logo for Ernst & Young LLP, featuring the company name in a stylized blue font.

Ernst & Young LLP  
Public Accountants and  
Chartered Accountants  
Singapore  
28 March 2025



**IMI International (Singapore) Pte. Ltd.****Statement of comprehensive income  
For the financial year ended 31 December 2024**

	<b>Note</b>	<b>2024 \$'000</b>	<b>2023 \$'000</b>
Revenue	4	16,741	19,729
Cost of sales		(16,379)	(19,324)
<b>Gross profit</b>		362	405
Other operating income/(expense)	5	14,767	(96,389)
Administrative expenses		(6,624)	(6,963)
Finance costs	6	(2,728)	(1,740)
<b>Profit/(loss) before taxation</b>	7	5,777	(104,687)
Income tax expense	9	(571)	–
<b>Profit/(loss) for the year, representing total comprehensive income for the year attributable to owner of the Company</b>		5,206	(104,687)

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

**IMI International (Singapore) Pte. Ltd.****Balance sheet  
As at 31 December 2024**

	<b>Note</b>	<b>2024 \$'000</b>	<b>2023 \$'000</b>
<b>Non-current asset</b>			
Investment in subsidiaries	10	215,765	215,765
<b>Current assets</b>			
Trade and other receivables	11	61,771	79,048
Cash and cash equivalents	12	4,690	3,470
		66,461	82,518
<b>Total assets</b>		282,226	298,283
<b>Current liabilities</b>			
Trade and other payables	13	108,656	125,466
Tax payable		571	–
		109,227	125,466
<b>Net current liabilities</b>		(42,766)	(42,948)
<b>Non-current liability</b>			
Loan from immediate holding company	13	30,933	35,957
<b>Total liabilities</b>		140,160	161,423
<b>Net assets</b>		142,066	136,860
<b>Equity attributable to owner of the Company</b>			
Share capital	14	14,546	104,839
Redeemable preference shares	15	119,119	119,119
Reserves/(accumulated losses)	16	8,401	(87,098)
<b>Total equity</b>		142,066	136,860

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

**IMI International (Singapore) Pte. Ltd.****Statement of changes in equity  
For the financial year ended 31 December 2024**

	Share capital (Note 14) \$'000	Redeemable preference shares (Note 15) \$'000	Capital contribution reserves (Note 16a) \$'000	Revenue reserves/ (accumulated losses) (Note 16b) \$'000	Total \$'000
<b>At 1 January 2023</b>	104,839	119,119	5,524	36,665	266,147
Loss for the year, representing total comprehensive loss for the year	—	—	—	(104,687)	(104,687)
<u>Distribution to owners</u>					
Dividends on ordinary shares (Note 22)	—	—	—	(21,613)	(21,613)
Dividends on Class B redeemable cumulative preference shares (Note 22)	—	—	—	(2,987)	(2,987)
<b>At 31 December 2023 and 1 January 2024</b>	104,839	119,119	5,524	(92,622)	136,860
Profit for the year, representing total comprehensive income for the year	—	—	—	5,206	5,206
Effect of capital reduction (Note 14)	(90,293)	—	—	90,293	—
<b>At 31 December 2024</b>	14,546	119,119	5,524	2,877	142,066

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

**IMI International (Singapore) Pte. Ltd.****Cash flow statement****For the financial year ended 31 December 2024**

	<b>Note</b>	<b>2024</b> \$'000	<b>2023</b> \$'000
<b>Operating activities</b>			
Profit/(loss) before tax		5,777	(104,687)
Adjustments for:			
Finance costs	6	2,728	1,740
Interest income	5	(2,454)	(7,325)
Unrealised exchange gain, net	5	(46)	(1,684)
Dividend income	5	(8,000)	(16,586)
Impairment loss on loan to a related company	5,11	739	29,415
Write-off of loan to a subsidiary	5	–	93,908
Write-off of other receivables	5	179	–
<b>Operating cash flows before changes in working capital</b>		(1,077)	(5,219)
Changes in working capital:			
Decrease in trade and other receivables		21,426	9,564
Decrease in trade and other payables		(1,706)	(9,655)
<b>Cash flows generated from/(used in) operations</b>		18,643	(5,310)
Finance costs paid		(13)	(9)
<b>Net cash flows generated from/(used in) operating activities</b>		18,630	(5,319)
<b>Investing activities</b>			
Interest received from bank deposits	5	21	52
Dividend received from subsidiaries	5	8,000	16,586
Increase in loan to subsidiaries		(1,200)	(5,668)
(Increase)/decrease in amount due from subsidiaries, net		(1,625)	249
Decrease/(increase) in amount due from related companies		260	(750)
<b>Net cash flows generated from investing activities</b>		5,456	10,469
<b>Financing activities</b>			
Decrease in amount due to immediate holding company (non-trade), net	13	(15,688)	(9)
Decrease in amount due to related companies (non-trade)	13	(178)	(208)
(Decrease)/increase in loan from immediate holding company	13	(7,000)	20,000
Dividends paid on preference shares	22	–	(2,987)
Dividends paid on ordinary shares	22	–	(21,613)
<b>Net cash flows used in financing activities</b>		(22,866)	(4,817)
Net increase in cash and cash equivalents		1,220	333
Cash and cash equivalents at beginning of year		3,470	3,137
<b>Cash and cash equivalents at end of year</b>	12	4,690	3,470

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

**IMI International (Singapore) Pte. Ltd.****Notes to the financial statements  
For the financial year ended 31 December 2024**

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**1. Corporate information**

IMI International (Singapore) Pte. Ltd. (the “Company”) is a private limited company incorporated and domiciled in Singapore.

The immediate holding company is Integrated Micro-Electronics Inc. (“IMI”) which is incorporated in the Republic of the Philippines and listed in the Philippine Stock Exchange (“PSE”). IMI is a subsidiary of AC Industrial Technology Holdings, Inc. (“AC Industrials”), also a wholly-owned subsidiary of Ayala Corporation (“AC”), a corporation incorporated in the Republic of the Philippines and listed in the PSE.

Related companies refer to the AC group of companies.

The registered office of the Company is located at 1 Harbourfront Avenue #14-07, Keppel Bay Tower, Singapore 098632.

The Company is an investment holding company and serves as an administrative, communications and coordinating center for its affiliates and subsidiaries. The Company is also engaged in the provision of Electronic Manufacturing Services and Power Electronics solutions to Original Equipment Manufacturer (“OEM”) customers in the consumer electronics, computer peripherals/IT, industrial equipment, telecommunications and medical devices sectors. Other activities include sourcing and procurement of raw materials, suppliers and provision of customer services.

The principal activities of the subsidiaries are disclosed in Note 10 to the financial statements.

**2. Material accounting policy information****2.1 Basis of preparation**

The financial statements of the Company have been prepared in accordance with Financial Reporting Standards in Singapore (“FRSs”).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollars (USD or \$) and all values in the tables are rounded to the nearest thousand (\$'000), except when otherwise indicated.

Pursuant to Singapore Financial Reporting Standards No. 110, Consolidated Financial Statements, the Company need not prepare consolidated financial statements as the Company is itself a wholly-owned subsidiary of Integrated Micro-Electronics Inc., which prepared one set of consolidated financial statements incorporating the financial statements of the Company and its subsidiaries. The registered office of Integrated Micro-Electronics Inc. is North Science Avenue, Laguna Technopark, Binan, Laguna.

**2.2 Changes in accounting policies**

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards that are effective for annual periods beginning on or after 1 January 2024. The adoption of these standards did not have any effect on the financial performance or position of the Company.

**IMI International (Singapore) Pte. Ltd.****Notes to the financial statements  
For the financial year ended 31 December 2024**

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**2. Material accounting policy information (cont'd)****2.3 Standards issued but not yet effective**

A number of new standards and amendments to standard that have been issued are not yet effective and have not been applied in preparing these financial statements.

The directors expect that the adoption of these new and amended standards will have no material impact on the financial statements in the year of initial application, apart from FRS 118 Presentation and Disclosure in Financial Statements issued on 4 October 2024, effective for financial years beginning on or after 1 January 2027.

FRS 118 Presentation and Disclosure in Financial Statements introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for the location, aggregation and disaggregation of financial information.

**2.4 Foreign currency**

The financial statements are presented in United States Dollars, which is also the Company's functional currency.

**Transactions and balances**

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

**2.5 Subsidiaries**

A subsidiary is an investee that is controlled by the Company. The Company controls an investee when it 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.

In the Company's balance sheet, investment in subsidiaries are accounted for at cost less impairment losses.

**IMI International (Singapore) Pte. Ltd.****Notes to the financial statements  
For the financial year ended 31 December 2024**

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**2. Material accounting policy information (cont'd)****2.6 Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as revaluation increase.

**2.7 Financial instruments****(a) Financial assets***Initial recognition and measurement*

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Trade receivables are measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

*Subsequent measurement**Investments in debt instruments*

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

**IMI International (Singapore) Pte. Ltd.****Notes to the financial statements  
For the financial year ended 31 December 2024**

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**2. Material accounting policy information (cont'd)****2.7 Financial instruments (cont'd)****(a) Financial assets (cont'd)***De-recognition*

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

**(b) Financial liabilities***Initial recognition and measurement*

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

*Subsequent measurement*

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

*De-recognition*

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On de-recognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

**2.8 Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.



**IMI International (Singapore) Pte. Ltd.****Notes to the financial statements  
For the financial year ended 31 December 2024**

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**2. Material accounting policy information (cont'd)****2.9 Impairment of financial assets**

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company 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.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company 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 Company considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**2.10 Provisions**

Provisions are recognised when the Company 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 the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**2.11 Employee benefits****(a) Defined contribution plans**

The Company participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Company makes contributions to the Central Provident Fund (CPF) scheme in Singapore, a defined contribution pension scheme. These contributions are recognised as an expense in the period in which the related service is performed.

**IMI International (Singapore) Pte. Ltd.****Notes to the financial statements  
For the financial year ended 31 December 2024**

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**2. Material accounting policy information (cont'd)****2.11 Employee benefits****(b) Employee leave entitlement**

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

**(c) Equity-settled transactions**

The cost of equity-settled transactions with employees was measured by reference to the fair value at the date on which the share options are granted. In valuing the share options, no account was taken of any performance conditions, other than conditions linked to the price of the shares of the company ('market conditions'), if applicable.

The cost of equity-settled transactions was recognised, together with a corresponding increase in the employee share option reserve, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date').

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Since the scheme was cancelled after the vesting period, share option reserves representing the cumulative share option expense recognised was retained as part of equity.

**2.12 Revenue**

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

The Company is in the business providing electronic manufacturing and other related services to various customers as well as providing administrative, communications and coordination center for its affiliates and subsidiaries. The Company has concluded that it is the principal in its revenue arrangements because it controls the goods or services before transferring them to the customer.

**(a) Manufacturing services**

The Company provides manufacturing services in accordance with the customer's specifications. The Company 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.

**IMI International (Singapore) Pte. Ltd.****Notes to the financial statements  
For the financial year ended 31 December 2024**

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**2. Material accounting policy information (cont'd)****2.12 Revenue (cont'd)****(a) Manufacturing services (cont'd)**

Contracts with customers are generally classified as turnkey or consignment. In a turnkey contract, the Company procures the materials and provides the assembly services to the customer. In a consignment contract, the Company only provides assembly services to the customer. Revenue is recognised at a point in time when the goods are delivered to the customer and all criteria for acceptance have been satisfied.

**(b) Interest income**

Interest income is recognised using the effective interest method.

**(c) Dividend income**

Dividend income is recognised when the Company's right to receive payment is established.

**2.13 Taxes****(a) Current income tax**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Company operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. 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 where appropriate.

**(b) Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or 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 taxable temporary differences associated with investments in subsidiaries, where 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.

**IMI International (Singapore) Pte. Ltd.****Notes to the financial statements  
For the financial year ended 31 December 2024**

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**2. Material accounting policy information (cont'd)****2.13 Taxes (cont'd)****(b) Deferred tax (cont'd)**

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference 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 recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**2.14 Share capital and share issuance expenses**

Proceeds from issuance of ordinary shares and redeemable preference shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

**IMI International (Singapore) Pte. Ltd.****Notes to the financial statements  
For the financial year ended 31 December 2024**

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**2. Material accounting policy information (cont'd)****2.15 Contingencies**

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- (b) a present obligation that arises from past events but is not recognised because:
  - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent liabilities and assets are not recognised on the balance sheet of the Company, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

**2.16 Government grants**

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss or are deducted in reporting the related expenses.

**2.17 Climate-related matters**

The Company considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the group due to both physical and transition risks. Even though the Company believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Company is closely monitoring relevant changes and developments, such as new climate-related legislation.

**IMI International (Singapore) Pte. Ltd.****Notes to the financial statements  
For the financial year ended 31 December 2024**

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**3. Significant accounting estimates and judgements**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

**3.1 Judgements made in applying accounting policies**

In the process of applying the Company's accounting policies, management has not made any significant judgement that have significant effect on the amounts recognised in the financial statements.

**3.2 Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the 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 Company. Such changes are reflected in the assumptions when they occur.

***Impairment of investment in subsidiaries***

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the forecast for the next five years. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

The carrying amount of investment in subsidiaries as at the end of the reporting period is disclosed in Note 10 to the financial statements.

**4. Revenue**

	<b>2024</b> \$'000	<b>2023</b> \$'000
<b>Major revenue stream</b>		
Manufacturing services	16,741	19,729
<b>Timing of transfer of goods or services</b>		
At a point in time	16,741	19,729

**IMI International (Singapore) Pte. Ltd.****Notes to the financial statements  
For the financial year ended 31 December 2024****5. Other operating income/(expense)**

	<b>2024</b> \$'000	<b>2023</b> \$'000
Unrealised exchange gain, net	46	1,684
Realised exchange loss, net	(10)	(936)
Write off of other receivables	(179)	–
Write-off of loan to a subsidiary	–	(93,908)
Impairment loss on loan to a related company	(739)	(29,415)
Interest income from:		
- Loans to subsidiaries and a related party	2,433	7,273
- Bank deposits	21	52
Rebates income	5,179	2,275
Dividend income from subsidiaries	8,000	16,586
Others	16	–
	<b>14,767</b>	<b>(96,389)</b>

**6. Finance costs**

	<b>2024</b> \$'000	<b>2023</b> \$'000
Interest expense on loan from immediate holding company	2,715	1,731
Bank charges	13	9
	<b>2,728</b>	<b>1,740</b>

**7. Profit/(loss) before taxation**

The following items have been included in arriving at profit/(loss) before taxation:

	<b>2024</b> \$'000	<b>2023</b> \$'000
Employee benefits expense (Note 8)	4,559	3,198
Professional fees	322	1,542
Inventories recognised as an expense in cost of sales	16,379	19,324

**8. Employee benefits expense**

	<b>2024</b> \$'000	<b>2023</b> \$'000
Wages, salaries and bonuses	4,261	3,164
Central Provident Fund/pension contributions	35	34
Termination benefits*	263	–
	<b>4,559</b>	<b>3,198</b>

**IMI International (Singapore) Pte. Ltd.****Notes to the financial statements  
For the financial year ended 31 December 2024****8. Employee benefits expense (cont'd)**

- \* In 2024, the Group embarked on rightsizing and rationalization of its operations to ensure that operations remain aligned with market demands while enhancing its ability to serve customers with agility and cost-effectiveness. This move is part of IMI's ongoing efforts to streamline operations, aligning with the company's strategy to consolidate its footprint into strategically located facilities. Following the announcement, termination benefits of \$263,407 was recorded in relation to the restructuring of operation.

**9. Income tax expense**

The Company is subjected to taxation at the statutory tax rate of 17% (2023: 17%) on its taxable income as reported in the financial statement.

The major components of tax expense for the years ended 31 December 2024 and 2023 are:

	<b>2024</b> \$'000	<b>2023</b> \$'000
<b>Current income tax</b>		
Current year	280	—
Under provision in respect of prior years	291	—
Income tax expense recognised in profit or loss	571	—

***Relationship between tax expense and accounting profit/(loss)***

A reconciliation between the tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 December 2024 and 2023 are as follows:

	<b>2024</b> \$'000	<b>2023</b> \$'000
Profit/(loss) before taxation	5,777	(104,687)
Tax expense/(credit) at the applicable statutory tax rate of 17% (2023: 17%)	982	(17,797)
Adjustments:		
Tax effect of expenses not deductible for tax purposes	798	21,872
Income not subject to tax	(1,433)	(4,155)
Deferred tax assets not recognised	—	81
Effect of partial tax exemption	(13)	—
Effect of differences in tax rates in other country where Company operates	—	(1)
Utilisation of previously unrecognised tax losses	(24)	—
Tax rebates	(30)	—
Under provision of current tax in respect of prior years	291	—
Tax expense recognised in profit or loss	571	—

As at the balance sheet date, the Company has no unused tax losses (2023: US\$142,721).



**IMI International (Singapore) Pte. Ltd.**

**Notes to the financial statements**

**For the financial year ended 31 December 2024**

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**10. Investment in subsidiaries**

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Unquoted equity shares, at cost		
At 1 January and 31 December	215,765	215,765

In 2024, the Company carried out a review of the recoverable amount of the investment in Speedy-Tech Electronics Ltd and IMI Mexico, S.A.P.I de C.V. as there were indicators of impairment. The recoverable amount based on its value in use calculation is higher than the cost of investment.

The recoverable amount based on its value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period.

The key assumptions used to extrapolate the cash flow projections beyond the five-year period are as follows:

	<b>2024</b>	
<b>Speedy-Tech Electronics Ltd</b>		
Terminal growth rate		1%
Discount rate		12.8%

	<b>2024</b>	<b>2023</b>
<b>IMI Mexico, S.A.P.I de C.V.</b>		
Terminal growth rate	1%	1%
Discount rate	15.0%	13.9%

**IMI International (Singapore) Pte. Ltd.****Notes to the financial statements  
For the financial year ended 31 December 2024****10. Investment in subsidiaries (cont'd)**

Details of subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Effective equity interest held by the Company	
			2024 %	2023 %
<b><i>Held by the Company</i></b>				
Speedy-Tech Electronics Ltd (“STEL”)*	Singapore	Provision of electronic manufacturing service and manufacturing of Power Electronics, marketing and procurement	100	100
Cooperatief IMI Europe U.A. (“Cooperatief”)**	Netherlands	Provision of material needs of its members, pursuant to agreements concluded with its members in respect of the business that it carries on or procures to be carried on for the benefit of its members	100	100
Integrated Micro-Electronics UK Limited (“IMI UK”) #	United Kingdom	Investment holding	100	100
IMI Mexico, S.A.P.I de C.V. (“IMI MX”) #	Mexico	Manufacture and sale of electronic components and plastic injection moulding primarily for the automotive and household industries	54	54
<b><i>Held through STEL:</i></b>				
Speedy-Tech Electronics (HK) Limited (“STHK”) #	Hong Kong	Procurement, marketing and supply chain services	100	100
Speedy-Tech (Philippines) Inc. (“STPHIL”) ®	Philippines	Provision of electronic manufacturing service and manufacturing of Power Electronics, marketing and procurement (dormant)	100	100
Speedy-Tech Electronics (Jiaxing) Co. Ltd. (“STJX”) #	People's Republic of China	Provision of electronic manufacturing service and manufacturing of Power Electronics, marketing and procurement	100	100
IMI (Chengdu) Ltd. (“IMICD”) # ^	People's Republic of China	Provision of electronic manufacturing services and manufacture of Power Electronics, marketing and procurement	100	100

**IMI International (Singapore) Pte. Ltd.****Notes to the financial statements  
For the financial year ended 31 December 2024****10. Investment in subsidiaries (cont'd)**

Name	Country of incorporation	Principal activities	Effective equity interest held by the Company	
			2024 %	2023 %
<b><i>Held through STEL (cont'd):</i></b>				
IMI Technology (Shenzhen) Co., Ltd. ("IMISZ") #	People's Republic of China	Provision of electronic manufacturing services and manufacture of Power Electronics, marketing, procurement and research and development	100	100
IMI Smart Technology (Shenzen) Co., Ltd ("IMIST") #	People's Republic of China	Provision of electronic manufacturing services and manufacture of Power Electronics, marketing, procurement and research and development	100	100
IMI Innovative Technology (Shenzen) Co., Ltd. ("IMIIT") ®	People's Republic of China	Provision of electronic manufacturing services and manufacture of Power Electronics, marketing, procurement and research and development	100	100
Speedy-Tech Electronics Inc.* ®	United States of America	Marketing, liaison and support services	100	100
<b><i>Held through Cooperatief:</i></b>				
IMI Bulgaria EOOD ("IMI BG") #	Bulgaria	Production of electronic modules for domestic goods and automobile manufacturing	100	100
IMI Microenergia EOOD #	Bulgaria	Supply of water, refurbishment and infrastructure maintenance activities	100	100
IMI Czech Republic s.r.o ("IMI CZ") #	Czech Republic	Installation and repairs of products and equipment of consumer electronics; purchase of goods for the purpose of resale thereof, and sale of goods; leasing of real property, residential and non-residential premises without provision of other than basic services ensuring proper operation of the real property, residential and non-residential premises	100	100
IMI Mexico, S.A.P.I de C.V. ("IMI MX") #	Mexico	Manufacture and sale of electronic components and plastic injection moulding primarily for the automotive and household industries	46	46

**IMI International (Singapore) Pte. Ltd.****Notes to the financial statements  
For the financial year ended 31 December 2024****10. Investment in subsidiaries (cont'd)**

Name	Country of incorporation	Principal activities	Effective equity interest held by the Company	
			2024 %	2023 %
<b><i>Held through Cooperatief (cont'd):</i></b>				
IMI d.o.o. Niš # **	Serbia	Production of electronic modules for domestic goods and automobile manufacturing	100	100
IMI France SAS @	France	Employer of executives in Europe and Mexico subsidiaries	100	100
VIA Optronics AG ©	Germany	Holding company of VIA Optronics Group	50	50
VIA Optronics GmbH ©	Germany	Manufactures enhanced display solutions and provides optical bonding solutions	50	50
VIA Optronics Suzhou Co. Ltd. (VIA Suzhou) ©	People's Republic of China	Manufactures enhanced display solutions and provides optical bonding solutions	50	50
VIA Optronics LLC (VIA LLC) ©	USA	Manufactures enhanced display solutions and provides optical bonding solutions	50	50
VTs-Touchsensor Co., Ltd. ("VTs") ©	Japan	Provides optical bonding solutions	50	50
VIA Optronics Taiwan Ltd. ©	Taiwan	Sales Office	50	50
VIA Optronics (Philippines), Inc. ©	Philippines	Design and Development of Camera Solutions	50	50
Germaneers GmbH	Germany	Provides solutions for high-end original equipment manufacturers	50	50

\* Audited by Ernst & Young LLP, Singapore.

# Audited by member firms of Ernst & Young Global in the respective countries.

\*\* No audit is required by the law of its country of incorporation.

@ Audited by Cauchy-Chaumont & Associates in France.

© Audited by PWC

® The Company is a dormant company

^ IMI Chengdu is in the process of member's voluntary liquidation.

**IMI International (Singapore) Pte. Ltd.****Notes to the financial statements  
For the financial year ended 31 December 2024****11. Trade and other receivables**

	<b>2024</b> \$'000	<b>2023</b> \$'000
<b>Trade receivables:</b>		
Third parties	6,608	10,848
<b>Other receivables:</b>		
Deposits	–	3
Third parties	1,455	18,659
Due from a related company (non-trade)	490	750
Due from subsidiaries (non-trade)	19,704	18,079
Due from immediate holding company (non-trade)	185	116
Loan to subsidiaries	33,329	30,435
Loan to a related company	30,154	29,415
Sales tax receivables, net	–	158
Total trade and other receivables	91,925	108,463
Impairment losses	(30,154)	(29,415)
Net trade and other receivables	61,771	79,048
Less: Sales tax receivables, net	–	(158)
Add: Cash and cash equivalents (Note 12)	4,690	3,470
Total financial assets carried at amortised cost	66,461	82,360

Trade receivables (receivables from contracts with customers) are non-interest bearing and are generally on 45 to 75 days' credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Amounts due from a related company, subsidiaries and immediate holding company are non-trade, unsecured, interest-free, repayable on demand and to be settled in cash.

Loan to subsidiaries is unsecured, with an interest rate of 3.1% to 7.15% (2023: 3.1% to 7.23%) per annum with some loans subject to monthly repricing, repayable in 2025 and to be settled in cash. In 2023, the Company had written-off its loan to subsidiaries amounting to \$93,908,000 in connection with the sales of STI shares by IMIUK.

Loan to a related company is unsecured, with an interest rate ranging from 2.7% to 3.9% (2023: 2.7% to 3.9%) per annum, repayable in 2025 or until such time the Borrower has sufficient cash available to pay. The Company has impaired its loan to PSI Technologies, Inc. amounting to \$739,000 (2023: \$29,415,000) in current year.

Trade and other receivables are denominated in foreign currencies at 31 December are as follows:

	<b>2024</b> \$'000	<b>2023</b> \$'000
Singapore Dollar	–	3

**IMI International (Singapore) Pte. Ltd.****Notes to the financial statements  
For the financial year ended 31 December 2024**

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**11. Trade and other receivables (cont'd)**Expected credit loss

The movement in allowance for expected credit losses computed based on lifetime ECL was as follows:

	<b>2024</b> \$'000	<b>2023</b> \$'000
At 1 January	29,415	–
Impairment losses	739	29,415
At 31 December	30,154	29,415

**12. Cash and cash equivalents**

	<b>2024</b> \$'000	<b>2023</b> \$'000
Cash and bank balances	4,690	3,470

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Cash and cash equivalents denominated in foreign currencies at 31 December are as follows:

	<b>2024</b> \$'000	<b>2023</b> \$'000
Singapore Dollar	87	156
Philippine Peso	–	55
Hong Kong Dollar	1	–

**IMI International (Singapore) Pte. Ltd.****Notes to the financial statements  
For the financial year ended 31 December 2024****13. Trade and other payables**

	<b>2024</b> \$'000	<b>2023</b> \$'000
<b>Non-current</b>		
Loan from immediate holding company	30,933	35,957
<b>Current</b>		
<u>Trade payables:</u>		
- Immediate holding company	4,918	5,089
- Subsidiaries	4,713	5,805
	9,631	10,894
<u>Other payables:</u>		
Other payables	62	2
Accrued operating expenses	316	465
Customer deposits	1,497	1,962
Advances from customers	112	12
Due to immediate holding company (non-trade)	66,480	82,099
Due to subsidiaries (non-trade)	372	395
Due to related companies (non-trade)	73	263
Loan from immediate holding company	30,113	29,374
<b>Total trade and other payable</b>	<b>108,656</b>	<b>125,466</b>
<b>Total financial liabilities carried at amortised cost</b>	<b>139,589</b>	<b>161,423</b>

Amounts due to immediate holding company (trade and non-trade) and subsidiaries (trade and non-trade) are unsecured, interest-free, repayable on demand and to be settled in cash.

Amounts due to related companies (non-trade) relate to global expenses paid on behalf of the company's subsidiaries are unsecured, interest-free, repayable on demand and to be settled in cash.

Loans from immediate holding company are unsecured, with an interest rate ranging from 2.70% to 3.86% (2023: 2.70% to 3.86%) per annum, repayable on demand and to be settled in cash.

Non-current loans from immediate holding company are unsecured, with an interest rate ranging from 5.97% to 7.15% (2023: 5.97% to 6.83%) per annum subject to monthly repricing. These loans are repayable in 2028 and 2033 amounting to \$9,419,863 and \$21,513,056 respectively (2023: \$15,766,000 and \$20,191,000) and to be settled in cash.

Accrued operating expenses include accruals for salaries and benefits such as leave credits and bonuses, and professional fees.

**IMI International (Singapore) Pte. Ltd.****Notes to the financial statements  
For the financial year ended 31 December 2024****13. Trade and other payables (cont'd)**

Included in trade and other payables are the following amounts denominated in foreign currencies at 31 December:

	<b>2024</b> \$'000	<b>2023</b> \$'000
Singapore Dollar	99	241
Japanese Yen	14	263
Euro	372	395
British Pound	—	127

A reconciliation arising from the Company's financing activities is as follows:

	<b>1 January</b> <b>2024</b> \$'000	<b>Cash</b> <b>flows</b> \$'000	<b>Non-cash change</b>			<b>31 December</b> <b>2024</b> \$'000
			<b>Accretion of</b> <b>interest</b> \$'000	<b>Foreign</b> <b>exchange</b> \$'000	<b>Reclassification</b> \$'000	
Amount due to immediate holding company (non-trade), net	81,983	(15,688)	—	—	—	66,295
Amount due to related companies (non-trade)	263	(178)	—	(12)	—	73
Loan from immediate holding company (current and non-current)	65,331	(7,000)	2,715	—	—	61,046

	<b>1 January</b> <b>2023</b> \$'000	<b>Cash</b> <b>flows</b> \$'000	<b>Non-cash change</b>			<b>31 December</b> <b>2023</b> \$'000
			<b>Accretion of</b> <b>interest</b> \$'000	<b>Foreign</b> <b>exchange</b> \$'000	<b>Reclassification</b> \$'000	
Amount due to immediate holding company (non-trade)	61,643	(9)	—	—	20,349*	81,983
Amount due to related companies (non-trade)	474	(208)	—	(3)	—	263
Loan from immediate holding company (current and non-current)	43,584	20,000	1,731	—	16	65,331

\* This is related to reclassification of amount due to immediate holding company from trade to non-trade in nature.



**IMI International (Singapore) Pte. Ltd.****Notes to the financial statements  
For the financial year ended 31 December 2024****14. Share capital**

	<b>2024</b>		<b>2023</b>	
	<b>No. of Shares '000</b>	<b>\$'000</b>	<b>No. of Shares '000</b>	<b>\$'000</b>
<b>Issued and fully paid ordinary shares</b>				
At 1 January	137,338	104,839	137,338	104,839
Capital reduction	(120,532)	(90,293)	–	–
At 31 December	16,806	14,546	137,338	104,839

On 8 April 2024, the Company reduced its issued and paid-up capital in accordance with Section 78B of the Companies Act 1967 by way of cancellation of the share capital of the Company that has been lost or is unrepresented by available assets of the Company to the extent of \$90,293,000 representing 120,532,000 ordinary shares issued and fully paid-up in the share capital of the Company.

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

**15. Redeemable preference shares**

	<b>2024</b>		<b>2023</b>	
	<b>No. of Shares '000</b>	<b>\$'000</b>	<b>No. of Shares '000</b>	<b>\$'000</b>
<b>Issued and fully paid Class A redeemable preference shares</b>				
At 1 January and 31 December	108,227	79,119	108,227	79,119
<b>Issued and fully paid Class B redeemable preference shares</b>				
At 1 January and 31 December	55,300	40,000	55,300	40,000

There is no conversion option to the shareholders to convert the Class B RCPS or Class A RPS into ordinary shares of the Company and there is no redemption date for the Class B RCPS or Class A RPS. The shareholders are entitled to receive dividends as and when declared by the Company. Dividend rights for Class B RCPS are cumulative but non-cumulative for Class A RPS. The shareholders have no voting rights unless the resolution in question varies the rights attached to the Class B RCPS or Class A RPS or is for the winding-up of the Company.

**IMI International (Singapore) Pte. Ltd.****Notes to the financial statements  
For the financial year ended 31 December 2024****16. Reserves/(accumulated losses)****(a) Capital contribution reserves**

Capital contribution reserves are made up of the difference between the fair value and the subscription price of the share of the immediate holding company's Employee Stock Ownership Plan ("ESOWN") granted to employees of the Company.

**(b) Revenue reserves/(accumulated losses)**

Revenue reserves of the Company are available for distribution as dividends.

**17. Related party transactions****(a) Sale and purchase of goods and services**

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and related parties took place at terms agreed between the parties during the financial year:

	<b>2024</b> \$'000	<b>2023</b> \$'000
Purchase from immediate holding company	(9,192)	(13,508)
Purchase from subsidiaries	(7,187)	(5,816)
Recovery cost expenses from related parties	(3,837)	(3,906)
Rental of office premises from a subsidiary	(32)	(31)

**(b) Compensation of key management personnel**

	<b>2024</b> \$'000	<b>2023</b> \$'000
Short-term employee benefits	2,073	1,201
Pension and post-employment medical benefits	34	34
Termination benefits	263	–
Total compensation entitled to key management personnel	2,370	1,235
<i>Comprise amounts entitled to:</i>		
• Directors of the Company	918	673
• Other key management personnel	1,452	562
	2,370	1,235

**IMI International (Singapore) Pte. Ltd.****Notes to the financial statements  
For the financial year ended 31 December 2024****18. Commitments*****Lease commitments***

The Company has no lease contracts that have not yet commenced as at 31 December 2024.

**19. Financial risk management objectives and policies**

The Company's principal financial instruments comprise cash and cash equivalents. The main purpose of these financial instruments is to finance the Company's operations. The Company has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is, and has been throughout the year under review, the Company's policy that no trading in derivative financial instruments shall be undertaken.

***Foreign currency risk***

The Company is exposed to foreign currency risk from revenues generated and cost incurred in foreign currencies, principally in Philippine Peso ("PHP"), Singapore Dollar ("SGD"), Japanese Yen ("JPY"), British Pound ("GBP") and Euro ("EUR"). The Company does not enter into forward foreign exchange contracts to hedge against its foreign exchange risk resulting from sale and purchase transactions denominated in foreign currencies.

The Company 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 to hedge any material exposure where appropriate.

***Sensitivity analysis for foreign currency risk***

The following table demonstrates the sensitivity to a reasonably possible change in PHP, SGD, JPY, GBP and EUR exchange rates (against USD), with all other variables held constant, of the Company's profit/(loss) before tax.

		<b>2024</b> \$'000 <b>Profit before tax</b> <b>increase/</b> <b>(decrease)</b>	<b>2023</b> \$'000 <b>Loss before tax</b> <b>decrease/</b> <b>(increase)</b>
PHP	– strengthened 1% (2023: 1%)	–	(1)
	– weakened 1% (2023: 1%)	–	1
SGD	– strengthened 1% (2023: 1%)	1	1
	– weakened 1% (2023: 1%)	(1)	(1)
JPY	– strengthened 1% (2023: 1%)	1	3
	– weakened 1% (2023: 1%)	(1)	(3)
GBP	– strengthened 1% (2023: 1%)	–	(1)
	– weakened 1% (2023: 1%)	–	1
EUR	– strengthened 1% (2023: 1%)	4	4
	– weakened 1% (2023: 1%)	(4)	(4)

**IMI International (Singapore) Pte. Ltd.****Notes to the financial statements  
For the financial year ended 31 December 2024****19. Financial risk management objectives and policies (cont'd)*****Liquidity risk***

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

In the management of liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the directors to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

The table below summarises the maturity profile of the Company's financial liabilities at the balance sheet date based on the contractual undiscounted payments.

<b>2024</b>	<b>Carrying amount \$'000</b>	<b>One year or less \$'000</b>	<b>Two to five years \$'000</b>	<b>Total \$'000</b>
<b>Financial liabilities:</b>				
Trade and other payables (excluding loans)	78,543	78,543	–	78,543
Loans from immediate holding company	61,046	32,613	37,458	70,071
Total undiscounted financial liabilities	139,589	111,156	37,458	148,614
<b>2023</b>				
<b>Financial liabilities:</b>				
Trade and other payables (excluding loans)	96,092	96,092	–	96,092
Loans from immediate holding company	65,331	32,315	42,569	74,884
Total undiscounted financial liabilities	161,423	128,407	42,569	170,976

***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Company trades only with recognised and creditworthy third parties. It is the Company's policy that 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 Company's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Company does not offer credit terms without the approval of the Head of Credit Control.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

**IMI International (Singapore) Pte. Ltd.****Notes to the financial statements  
For the financial year ended 31 December 2024****19. Financial risk management objectives and policies (cont'd)*****Credit risk (cont'd)******Trade receivables***

The Company has determined the default event on financial asset to be when there are information indicating that the Company is unlikely to receive the outstanding contractual amounts in full. Such information includes discontinuance of orders, financial difficulty or insolvency, probable bankruptcy or other financial reorganisation. The Company's historical information shows low defaulted accounts which were also substantially recovered subsequently, resulting in insignificant write-offs.

The Company provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Company's historical observed default rates analysed in accordance to days past due. Historically, the Company did not incur any bad debt.

The expected credit losses also incorporate forward looking information. The Company uses compounded annual growth rate (CAGR) of the worldwide Electronics Assembly Market for Electronics Products Forecast being published annually by New Venture Research Corp. (NVR) as forward-looking estimate. Based on the assessment, the Company has concluded a forward-looking default rate of zero.

Hence, the lifetime expected credit loss will have no impact on the Company's trade receivables.

Summarised below is the information about the credit risk exposure on the Company's trade receivables:

	<b>&lt; 30 days past due \$'000</b>	<b>&gt; 30 days past due \$'000</b>	<b>&gt; 60 days past due \$'000</b>	<b>&gt; 90 days past due \$'000</b>	<b>Total \$'000</b>
<b>2024</b>					
Carrying amount	896	–	158	–	1,054
<b>2023</b>					
Carrying amount	1,925	1,990	235	4,238	8,388

The Company does not have loss allowance movement of trade receivables.

***Exposure to credit risk***

At the end of the reporting period, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheet.

***Financial assets that are neither past due nor impaired***

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Company. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

**IMI International (Singapore) Pte. Ltd.**

**Notes to the financial statements  
For the financial year ended 31 December 2024**

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**19. Financial risk management objectives and policies (cont'd)**

***Credit risk (cont'd)***

*Other receivables and loan to the related company*

The Company assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Company measured the impairment loss allowance using 12-month ECL. The movement in allowance for expected credit loss is disclosed in Note 11 to the financial statements.

**20. Fair value of financial instruments**

**(a) Fair value hierarchy**

The Company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

The Company does not have financial instruments carried at above levels of fair value hierarchy.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

**(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value**

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

*Trade receivables and trade payables*

The carrying amounts of these receivables and payables approximate their fair values as they are subject to normal trade credit terms.

*Bank balances, short-term receivables, short-term borrowings and other current liabilities*

The carrying amounts approximate fair values due to the relatively short period to maturity of these instruments.

**IMI International (Singapore) Pte. Ltd.****Notes to the financial statements  
For the financial year ended 31 December 2024****20. Fair value of financial instruments (cont'd)**

- (b) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value (cont'd)***

*Long-term borrowing*

The carrying amount of non-current loan from immediate holding company approximate their fair values as they are subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

The Company does not have any financial instruments that are carried at fair value or any financial instruments that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value.

**21. Capital management**

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholder, return capital to shareholder or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2024 and 31 December 2023.

	<b>2024</b> \$'000	<b>2023</b> \$'000
Trade and other payables (Note 13)	139,589	161,423
Less: Cash and cash equivalents (Note 12)	(4,690)	(3,470)
Net debt	134,899	157,953
Equity attributable to equity holder of the Company	142,066	136,860
Total capital	142,066	136,860
Capital and net debt	276,965	294,813
Gearing ratio	49%	54%

**IMI International (Singapore) Pte. Ltd.****Notes to the financial statements  
For the financial year ended 31 December 2024****22. Dividends**

	<b>2024</b> \$'000	<b>2023</b> \$'000
<b>Declared and paid during the financial year</b>		
<i>Dividend on ordinary shares:</i>		
- Interim exempt (one-tier) dividend for 2024: Nil (2023: 15.74 cents per share)	—	21,613
<i>Dividend on Class B redeemable preference shares</i>		
- Interim exempt (one-tier) dividend for 2024: Nil (2023: 5.40 cents per share)	—	2,987
	—	24,600

**23. Comparative Information**

Previous year amounts in the financial statements, including notes thereto have been re-classified wherever required to conform to the current year presentation/classification. These do not affect the previously reported net loss or equity.

The Group modified the classification of rebates income for prior year of \$2,275,111 from cost of sales to other income. Rebates during the year of \$5,179,207 has been reclassified to other income.

**24. Authorisation of financial statements for issue**

The financial statements for the financial year ended 31 December 2024 were authorised for issue in accordance with a resolution of the directors on 28 March 2025.



**EXHIBIT 4**

**2024 Audited Annual Financial Statements,  
Speedy-Tech Electronics Ltd and its subsidiaries**

## **EXHIBIT 5**

**2024 Audited Annual Financial Statements,  
Cooperatief IMI Europe U.A. and Subsidiaries**

## INDEPENDENT AUDITOR'S REPORT

The Members and the Board of Directors  
Coöperatief IMI Europe U.A. and Subsidiaries  
De Boelelaan 7, 7th Floor,  
1083HJ CM Amsterdam  
The Netherlands

### Opinion

We have audited the consolidated financial statements of Coöperatief IMI Europe U.A. and Subsidiaries (the Group), which comprise the consolidated balance sheets as at December 31, 2024 and 2023, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in members' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2024 and 2023, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2024 in accordance with Philippine Financial Reporting Standards (PFRSs) Accounting Standards.

### 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.

### Basis of Accounting and Restriction of Use

Without modifying our opinion, we draw attention to Note 3 to the consolidated financial statements, which describes the basis of preparation. The consolidated financial statements are prepared to assist Integrated Micro-Electronics, Inc. (IMI) to meet the requirements of the Philippine Securities and Exchange Commission (SEC). As a result, the consolidated financial statements may not be suitable for another purpose. Our auditor's report is intended solely for IMI and the Philippine SEC and should not be used by parties other than IMI and the Philippine SEC.

### 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 Accounting Standards, 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.

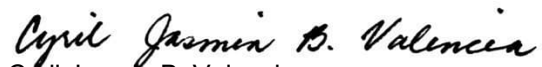
As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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.

SYCIP GORRES VELAYO & CO.



Cyril Jasmin B. Valencia

Partner

CPA Certificate No. 90787

Tax Identification No. 162-410-623

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-074-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10465396, January 2, 2025, Makati City

March 7, 2025



# COÖPERATIEF IMI EUROPE U.A. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

	December 31	
	2024	2023
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Notes 5, 28 and 29)	\$56,154,102	\$48,981,025
Short-term investments (Notes 5, 28 and 29)	–	11,420,000
Receivables (Notes 6, 27, 28 and 29)	128,690,543	138,376,326
Contract assets (Notes 7, 28 and 29)	20,214,666	26,395,256
Inventories (Note 8)	126,764,976	167,256,117
Other current assets (Note 9)	20,855,779	26,423,416
Total Current Assets	352,680,066	418,852,140
<b>Noncurrent Assets</b>		
Property, plant and equipment (Note 10)	89,422,891	102,091,131
Goodwill (Notes 2 and 11)	1,792,521	30,857,725
Intangible assets (Note 12)	2,653,133	2,997,450
Deferred tax assets (Note 23)	1,465,976	2,044,742
Right-of-use assets (Notes 26)	10,317,559	8,033,015
Other noncurrent assets (Note 13)	7,424,493	8,352,940
Total Noncurrent Assets	113,076,573	154,377,003
	<b>\$465,756,639</b>	<b>\$573,229,143</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses (Notes 14, 28 and 31)	\$143,804,364	\$168,705,521
Loans payable (Notes 15, 28 and 29)	113,136,550	121,644,437
Current portion of lease liabilities (Notes 26, 28 and 29)	2,316,918	3,105,642
Current portion of long-term debt (Notes 16, 28 and 29)	1,184,404	1,384,519
Income tax payable	1,430,378	696,232
Total Current Liabilities	261,872,614	295,536,351
<b>Noncurrent Liabilities</b>		
Due to related parties (Notes 27, 28 and 29)	17,770,665	17,770,665
Noncurrent portion of lease liabilities (Notes 26, 28 and 29)	8,085,675	6,832,191
Noncurrent portion of long-term debt (Notes 16, 28 and 29)	4,215,497	3,977,631
Deferred tax liabilities (Note 23)	857,370	857,370
Retirement liability (Note 24)	2,546,902	2,435,221
Other noncurrent liabilities (Note 22)	5,136,938	5,606,821
Total Noncurrent Liabilities	38,613,047	37,479,899
Total Liabilities	<b>\$300,485,661</b>	<b>\$333,016,250</b>
<b>MEMBERS' EQUITY</b>		
<b>Equity Attributable to the owners of the Parent</b>		
Members' contribution (Note 17)	105,269,893	105,269,893
Additional paid-in capital (Note 17)	36,118,436	36,118,436
Retained earnings	55,847,470	95,034,209
Cumulative translation adjustment (Note 17)	(36,160,064)	(27,722,942)
Remeasurement losses on defined benefit plan	(551,105)	(596,746)
	160,524,630	208,102,850
<b>Equity Attributable to Non-controlling Interest in a Consolidated Subsidiary</b>	<b>4,746,348</b>	<b>32,110,043</b>
Total Members' Equity	165,270,978	240,212,893
	<b>\$465,756,639</b>	<b>\$573,229,143</b>

See accompanying Notes to Consolidated Financial Statements.



**COÖPERATIEF IMI EUROPE U.A. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**

	Years Ended December 31	
	2024	2023
<b>REVENUE FROM CONTRACTS WITH CUSTOMERS</b> (Note 18)	<b>\$664,418,914</b>	<b>\$ 725,277,394</b>
<b>COST OF SALES</b> (Notes 19, 21 and 24)	<b>621,390,038</b>	<b>662,254,152</b>
<b>GROSS PROFIT</b>	<b>43,028,876</b>	<b>63,023,242</b>
<b>OPERATING EXPENSES</b> (Note 20, 21 and 24)	<b>65,783,666</b>	<b>68,689,499</b>
<b>OTHERS – net</b>		
Interest and other financing charges (Note 22)	(7,284,415)	(7,226,208)
Foreign exchange losses – net	(1,937,128)	6,353,968
Interest income (Note 5)	945,522	1,756,914
Miscellaneous income - net (Note 22)	(23,719,142)	(19,110,821)
	<b>(31,995,163)</b>	<b>(18,226,147)</b>
<b>INCOME (LOSS) BEFORE INCOME TAX</b>	<b>(54,749,953)</b>	<b>(23,892,404)</b>
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b> (Note 23)		
Current	3,236,399	4,549,782
Deferred	464,259	(1,042,672)
	<b>3,700,658</b>	<b>3,507,110</b>
<b>NET LOSS</b>	<b>(\$58,450,611)</b>	<b>(\$27,399,514)</b>
<b>Net Loss Attributable to:</b>		
Equity holders of the Parent Company	<b>(\$31,186,739)</b>	<b>(\$16,656,219)</b>
Non-controlling interests	<b>(27,263,872)</b>	<b>(10,743,295)</b>
	<b>(\$58,450,611)</b>	<b>(\$27,399,514)</b>

*See accompanying Notes to Consolidated Financial Statements.*



**COÖPERATIEF IMI EUROPE U.A. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	<b>Years Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
<b>NET LOSS</b>	<b>(\$58,450,611)</b>	<b>(\$27,399,514)</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences arising from translation of foreign operations	<b>(8,536,945)</b>	5,022,625
<i>Other comprehensive loss not to be reclassified into profit or loss in subsequent periods:</i>		
Remeasurement gain/losses on defined benefit plan (Note 24)	<b>45,641</b>	(138,620)
	<b>(8,491,304)</b>	4,884,005
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>(\$66,941,915)</b>	<b>(\$22,515,509)</b>
<b>Total Comprehensive Income (Loss) Attributable to:</b>		
Equity holders of the Parent Company	<b>(\$39,578,220)</b>	(\$9,755,487)
Non-controlling interests	<b>(27,363,695)</b>	(12,760,022)
	<b>(\$66,941,915)</b>	<b>(\$22,515,509)</b>

*See accompanying Notes to Consolidated Financial Statements.*





**COÖPERATIEF IMI EUROPE U.A. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY**

	Attributable to Equity Holders of the Parent Company					Attributable to Non-controlling Interests in a Consolidated Subsidiary	Total
	Members' Contribution (Note 17)	Additional Paid-in Capital (Note 17)	Retained Earnings (Note 2)	Cumulative Translation Adjustment (Note 17)	Other Comprehensive Income (Loss) Remeasurement Losses on Defined Benefit Plans		
Balances at January 1, 2024	\$105,269,893	\$36,118,436	\$95,034,209	(27,722,942)	(\$596,746)	\$32,110,043	\$240,212,893
Cash dividends (Note 17)	–	–	(8,000,000)	–	–	–	(8,000,000)
	105,269,893	36,118,436	87,034,209	(27,722,942)	(596,746)	32,110,043	232,212,893
Net income (loss)	–	–	(31,186,739)	–	–	(27,263,872)	(58,450,611)
Other comprehensive income (loss)	–	–	–	(8,437,122)	45,641	(99,823)	(8,491,304)
Total comprehensive loss	–	–	(31,186,739)	(8,437,122)	45,641	(27,363,695)	(66,941,915)
Balances at December 31, 2024	\$105,269,893	\$36,118,436	\$55,847,470	(\$36,160,064)	(\$551,105)	\$4,746,348	\$165,270,978
Balances at January 1, 2023	\$105,269,893	\$36,118,436	\$116,276,808	(\$34,762,294)	(\$458,126)	\$44,870,065	\$267,314,782
Cash dividends (Note 17)	–	–	(4,586,380)	–	–	–	(4,586,380)
	105,269,893	36,118,436	111,690,428	(34,762,294)	(458,126)	44,870,065	262,728,402
Net income (loss)	–	–	(16,656,219)	–	–	(10,743,295)	(27,399,514)
Other comprehensive loss	–	–	–	7,039,352	(138,620)	(2,016,727)	4,884,005
Total comprehensive loss	–	–	(16,656,219)	7,039,352	(138,620)	(12,760,022)	(22,515,509)
Balances at December 31, 2023	\$105,269,893	\$36,118,436	\$95,034,209	(27,722,942)	(\$596,746)	\$32,110,043	\$240,212,893

See accompanying Notes to Consolidated Financial Statements.



# COÖPERATIEF IMI EUROPE U.A. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before income tax	(\$54,749,953)	(\$23,892,404)
Adjustments for:		
Impairment loss on goodwill (Note 11)	26,352,695	15,590,835
Depreciation of property, plant and equipment (Note 10)	13,245,116	13,784,315
Interest expense on loans (Note 22)	6,790,638	6,798,309
Amortization of right-of-use asset (Note 26)	3,205,955	3,701,104
Amortization of intangible assets (Note 12)	789,604	1,438,682
Interest expense on lease liabilities (Notes 22 and 26)	372,750	340,682
Interest income (Note 5)	(945,522)	(1,756,914)
Gain on lease modifications (Note 24)	(1,107,398)	—
Gain on sale of property, plant and equipment (Notes 10 and 22)	(1,559,620)	14,747
Unrealized foreign exchange loss – net	(2,612,947)	2,098,804
Provision (reversal) of Impairment loss on property, plant and equipment (Notes 10 and 22)	—	5,406,199
Operating income (loss) before working capital changes	(10,218,682)	23,524,359
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Short-term investments	11,420,000	(2,920,390)
Receivables	5,061,569	(17,085,003)
Inventories	36,145,232	(31,604,327)
Contract assets	6,180,590	3,425,227
Other current assets	5,567,637	(10,212,977)
Increase (decrease) in:		
Accounts payable and accrued expenses	(32,343,196)	19,311,809
Liability for onerous contracts	(1,052)	(6,607)
Other noncurrent liabilities	(469,882)	1,266,510
Retirement liabilities	9,406	428,979
Net cash provided by (used in) operations	21,351,622	(13,872,420)
Income tax paid	(2,502,253)	(4,529,489)
Interest paid	(1,853,993)	(3,805,872)
Interest received	945,522	1,756,914
Net cash provided by (used in) operating activities	17,940,898	(20,450,867)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions of:		
Property, plant and equipment (Note 10)	(6,628,081)	(20,625,046)
Intangible assets (Note 12)	(281,825)	(54,282)
Decrease (increase) in other noncurrent assets	928,446	(3,763,612)
Proceeds from sale of property, plant and equipment	3,744,729	574,880
Net cash used in investing activities	(2,236,731)	(23,868,060)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from:		
Availment of loans payable and long-term debt (Note 31)	3,232,209	30,340,764
Payments of:		
Loans payable (Note 31)	(6,868,448)	(3,475,935)
Long-term debt (Note 31)	(2,033,206)	(1,762,003)
Lease liabilities (Note 31)	(2,895,236)	(3,703,979)
Net cash provided by (used in) financing activities	(8,564,681)	21,398,847
<b>EFFECT OF CHANGES IN FOREIGN EXCHANGE RATES ON CASH</b>	33,591	1,797,380
<b>NET INCREASE (DECREASE) IN CASH</b>	7,173,077	(\$21,122,700)
<b>CASH AT BEGINNING OF YEAR</b>	48,981,025	70,103,725
<b>CASH AT END OF YEAR (Note 5)</b>	\$56,154,102	\$48,981,025

See accompanying Notes to Consolidated Financial Statements.



# COÖPERATIEF IMI EUROPE U.A. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 1. Corporate Information

Coöperatief IMI Europe U.A. (Coöperatief or the Parent Company), a non-stock holding entity registered under the laws of Amsterdam, the Netherlands on May 2, 2011, has six direct subsidiaries, namely: Integrated Micro-Electronics Bulgaria EOOD (IMI BG), Integrated Micro-Electronics Czech Republic s.r.o. (IMI CZ), Integrated Micro-Electronics Mexico, S.A.P.I. de C.V. (IMI MX), Integrated Micro-Electronics d.o.o. Niš (IMI Serbia), VIA Optronics AG (VIA) and IMI France SAS (IMI France) (collectively referred to as the Group).

The registered office address of the Parent Company is De Boelelaan 7, 7th Floor, 1083HJ Amsterdam, the Netherlands.

The Parent Company is a wholly-owned subsidiary of Integrated Micro-electronics, Inc. (IMI), through IMI International (Singapore) Pte. Ltd. (IMI Singapore). IMI 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 47.57% owned by Mermac, Inc. (the Ultimate Parent Company) and the rest by the public.

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%.

On April 9, 2024, VIA announced its intention to voluntarily delist its American Depositary Shares ("ADSs") from the New York Stock Exchange ("NYSE"), terminate its registration with the U.S.



Securities and Exchange Commission (“US SEC”). On July 29, 2024, the delisting from the NYSE and deregistration of its ADS by the SEC was completed.

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.

The consolidated financial statements as of and for the years ended December 31, 2024 and 2023 were authorized for issue by Coöperatief’s Board of Directors (BOD) on March 7, 2025.

## 2. Group Information

### Information about Subsidiaries

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

Name of Subsidiary	Percentage of Ownership		Country of Incorporation	Functional Currency
	2024	2023		
Integrated Micro-Electronics Bulgaria EOOD	100.00%	100.00%	Bulgaria	Euro (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. <sup>a</sup>	46.49%	46.49%	Mexico	United States Dollar (USD)
IMI France SAS (IMI France)	100.00%	100.00%	France	EUR
VIA Optronics AG (VIA)	50.32%	50.32%	Germany	EUR
Germaneers GmbH	100.00%	100.00%	Germany	EUR
VIA Optronics (Philippines), Inc.	100.00%	100.00%	Philippines	PHP
VIA Optronics GmbH (VIA)	100.00%	100.00%	Germany	USD
VIA Optronics Suzhou Co. Ltd. (VIA Suzhuo)	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)

<sup>a</sup> IMI Cooperatief’s ownership in IMI Mexico was diluted to 46.49% as a result conversion of intercompany loan with IMI International (Singapore) Pte. Ltd. to equity in March 2021. IMI Singapore owns 53.51% share in IMI Mexico



Information of subsidiaries that have material non-controlling economic interests as at December 31, 2024 and 2023 are provided below:

Subsidiary	Proportion of Equity Interests		Accumulated Balances of Non-controlling Interest	
	2024	2023	2024	2023
VIA	49.68%	49.68%	\$4,746,348	\$32,110,043

The summarized financial information of these subsidiaries are provided below which are based on amounts before inter-company eliminations:

	2024	2023
<b>Statements of financial position as at December 31</b>		
Current assets	\$71,117,315	\$93,166,778
Noncurrent assets	17,770,489	22,777,080
Current liabilities	72,398,964	77,969,439
Noncurrent liabilities	6,935,000	7,960,763
<b>Statement of comprehensive income for the year ended December 31</b>		
Revenue	117,608,998	144,045,273
Loss attributable to:		
Equity holders of parent company	(13,323,582)	(11,314,209)
Noncontrolling interest	(13,251,056)	(10,743,295)
<b>Statement of cash flows for the year ended December 31</b>		
Operating activities	(19,609,209)	(2,498,049)
Investing activities	(383,043)	(5,906,217)
Financing activities	(5,149,150)	134,129

The Group recognized impairment of the goodwill arising from the acquisition of VIA amounting to \$25.88 million and \$15.59 million in 2024 and 2023, respectively (see Note 11).

### 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 are prepared to assist IMI to meet its requirement with the Philippine SEC. In this regard, the consolidated financial statements may not be suitable for another purpose.

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 Philippine Financial Reporting Standards (PFRS).



### Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group as of and for the years ended December 31, 2024 and 2023.

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 balance sheet, 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.

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 Accounting Standards, amended PFRS Accounting Standards and improvements to PFRS Accounting Standards which were adopted beginning January 1, 2024. 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 significant impact on the consolidated financial statements of the Group.

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

The amendments clarify:

- That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
- 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.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Group's consolidated financial statements, unless otherwise indicated.

*Effective beginning on or after January 1, 2025*

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

*Effective beginning on or after January 1, 2026*

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards—Volume 1
  - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
  - Amendments to PFRS 7, *Gain or Loss on Derecognition*
  - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
  - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
  - Amendments to PAS 7, *Cost Method*

*Effective beginning on or after January 1, 2027*

- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*

*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*

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

#### 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, 2024 and 2023 consist of financial assets at amortized cost (debt 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, short-term investments, receivables and miscellaneous deposits included under "Other noncurrent assets" account.

### *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 statement of financial position) 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:

##### *Loans and borrowings*

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of income.

This category applies to the Group's accounts payable and accrued expenses (excluding from 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 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 28.

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 by 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 (Notes 4 and 10)	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 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 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

##### *Members' Contribution*

Members' contribution pertains to the capital contributed by members.

##### *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 are charged to the "Additional paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against "Retained earnings" account.

The financial liability arising from the put options over the non-controlling interest of VIA was recognized with a corresponding debit to the "Additional paid-in capital" account.

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.



### *Retained earnings*

Retained earnings represent the net accumulated earnings of the Group.

### 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.

#### *Revenue from optical bonding technology and metal mesh touch sensors (VIA and VTS)*

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, 2024 and 2023.

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*

Expenses of the Group include cost of sales, operating expenses and interest expense.

*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 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*

The functional currencies of the Group's foreign operations are determined as the currency in the country where the subsidiary operates. For consolidation purposes, the foreign subsidiaries' balances are translated to USD, which is IMI'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 monthly 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.



## Retirement and Other Employee Benefits

### *Defined benefit plans*

IMI BG and IMI Serbia maintain separate defined benefit plans covering substantially all of their employees. The plans of IMI BG and IMI Serbia are 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 Czech Republic, Mexico and Germany (including China and Japan) 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.

### 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.

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 IMI Singapore 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.

#### 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.



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#### 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 to 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 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.

#### *Onerous contracts - costs of fulfilling a contract*

When the Group assessed that it has contracts that are onerous, the present obligation under the contract shall be recognized and measured as a provision. The Group defines an onerous contract as a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

The Group applies judgment in assessing loss-making projects and determining commitment period or non-cancellable period of the contract.

Further details are disclosed in Notes 14 and 21.

#### *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.

#### 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).

*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 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 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 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 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 and intangible assets are disclosed in Notes 10 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.

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, goodwill, intangible assets, deferred charges and right-of-use assets are disclosed in Notes 10, 11, 12, 13 and 26, respectively.

#### *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 23.

#### *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 and actual experiences during the period.

Further details on retirement and other employee benefits are disclosed in Note 25.

*Onerous contracts - costs of fulfilling a contract*

The Group estimates the provision on onerous contract by determining the revenues less unavoidable costs during the commitment period based on financial budgets approved by management. In determining unavoidable costs, the Group excludes other non-directly related costs such as costs of wasted materials, labor inefficiencies and other costs of resources that were not reflected in the pricing of the contract.

Where the effect of the time value of money is material, the amount of a provision shall be the present value of the expenditures expected to be required to settle the obligation. Because of the time value of money, provisions relating to cash outflows that arise soon after the reporting period are more onerous than those where cash outflows of the same amount arise later. Provisions are therefore discounted, where the effect is material.

The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall not reflect risks for which future cash flow estimates have been adjusted. The Group assessed that the time value of money is not applicable in the determination of the current provision as the committed periods are normally not exceeding one year.

Further details on onerous contracts are disclosed in Notes 14 and 21

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## 5. Cash and Cash Equivalents and Short-Term Investments

This account consists of:

	2024	2023
Cash on hand	\$96,193	\$22,859
Cash in banks	56,057,909	48,958,166
	<b>\$56,154,102</b>	<b>\$48,981,025</b>

Cash in banks earns interest at the respective bank deposit rates. Short-term investments are made for varying periods of up to three months and earn interest at the respective short-term investment rates.

Interest income earned from cash in banks amounted to and nil in 2024 and 2023, respectively.



#### Short-term Investments

Short-term investments amounting to nil and \$11.42 million as of December 31, 2024 and 2023, respectively, pertain to money market placements made for varying periods of more than three months but less than one year and earn interest ranging from and 5.3% to 5.5% per annum in 2023.

Interest income earned from these investments amounted to \$0.95 million and \$1.76 million in 2024 and 2023, respectively.

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#### 6. **Receivables**

This account consists of:

	2024	2023
Trade	<b>\$127,591,362</b>	\$135,731,196
Nontrade	<b>1,833,743</b>	2,054,231
Due from related parties (Note 27)	<b>514,739</b>	1,340,402
Others	<b>133,222</b>	166,776
	<b>130,073,066</b>	139,292,605
Less allowance for ECLs	<b>1,382,523</b>	916,279
	<b>\$128,690,543</b>	\$138,376,326

#### 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.

#### Allowance for ECLs

Trade receivables with aggregate nominal value of \$1.38 million and \$0.92 million as of December 31, 2024 and 2023, respectively, were individually assessed to be impaired and fully provided with allowance for doubtful accounts.

Movements in the allowance for ECLs follow:

	2024	2023
At beginning of year	<b>\$916,279</b>	\$3,059,340
Provisions (Note 21)	<b>552,494</b>	305,019
Written-off	<b>(80,311)</b>	(2,262,535)
Foreign currency exchange difference	<b>(5,939)</b>	(185,545)
At end of year	<b>\$1,382,523</b>	\$916,279

Provisions during the year form part of "Operating expenses" account and are included under "Facilities costs and others" account (see Note 21).

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#### 7. **Contract Assets**

This account consists of:

	2024	2023
Contract assets	<b>\$20,214,666</b>	\$26,395,256



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 year ended December 31, 2024 and 2023, the Group did not recognize a provision for expected credit losses on contract assets.

The Group applies the practical expedient in PFRS 15 and does not disclose information about the transaction price allocated to remaining performance obligations given contracts have original expected duration of one year or less.

## 8. Inventories

This account consists of:

	2024	2023
<b>Cost</b>		
Raw materials and supplies	\$125,049,208	\$157,126,087
Work-in-process	7,421,649	6,273,857
Finished goods	5,586,173	7,802,957
	<b>138,057,030</b>	<b>171,202,901</b>
<b>Allowance for inventory obsolescence</b>		
Inventory obsolescence	11,292,054	3,946,784
	<b>\$126,764,976</b>	<b>\$167,256,117</b>

The amount of inventories recognized as expense under "Cost of sales" account amounted to \$506.28 million in 2024 and \$537.34 million in 2023 (see Note 19).

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 follow:

	2024	2023
At beginning of year	\$3,946,784	\$2,646,009
Provisions (reversals) (Note 21)	7,557,299	1,751,354
Foreign currency exchange difference	(212,029)	(450,579)
At end of year	<b>\$11,292,054</b>	<b>\$3,946,784</b>

Certain inventories were provided with one-time allowance amounting to \$7.23 million due to end of life of the business. The recoverability of these inventories are currently being negotiated with the customers.



## 9. Other Current Assets

This account consists of:

	2024	2023
Input taxes	\$11,675,035	\$9,776,804
Prepayments	3,714,387	5,281,577
Tax credits	2,837,551	7,386,435
Advances to suppliers	2,382,031	2,985,997
Others	246,775	992,603
	<b>\$20,855,779</b>	<b>\$26,423,416</b>

### Input Taxes

Input taxes include 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 supplier or vendor.

### Prepayments

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.

### Tax Credits

Tax credits represent recoverable taxes of BG and VIA such as VAT refundable and business tax.

### Advances to Suppliers

Advances to suppliers represent advance payments made to suppliers for direct materials.

## 10. Property, Plant and Equipment

Movements in this account follows:

	2024					
	Land, Buildings and Improvements	Machinery and Facilities Equipment	Furniture, Fixtures and Office Equipment	Transportation Equipment	Construction in Progress	Total
<b>Cost</b>						
At beginning of year	\$50,966,198	\$139,071,541	\$9,641,111	\$1,052,145	\$4,435,454	\$205,166,449
Additions	29,271	439,132	275,405	534,079	5,350,194	6,628,081
Disposals/retirement	(1,112,061)	(4,164,190)	(429,554)	(175,152)	(20,972)	(5,901,929)
Transfers	91,082	6,385,701	61,153	67,090	(6,605,026)	0
Foreign currency exchange difference	(2,135,602)	(6,852,219)	(886,086)	(102,589)	(158,528)	(10,135,024)
At end of year	47,838,888	\$134,879,965	8,662,029	1,375,573	\$3,001,122	\$195,757,577
<b>Accumulated depreciation</b>						
At beginning of year	10,602,013	80,804,613	5,520,187	672,507	—	97,599,320
Depreciation	1,807,197	10,173,251	1,057,259	207,409	—	13,245,116
Disposals	(34,317)	(3,086,355)	(425,491)	(170,657)	—	(3,716,820)
Foreign currency exchange difference	(722,255)	(4,967,477)	(191,128)	(68,280)	—	(5,949,140)
At end of year	11,652,638	82,924,032	5,960,827	640,979	—	101,178,476
<b>Accumulated impairment losses</b>						
At beginning of year	—	5,475,998	—	—	—	5,475,998
Net Impairment loss (Note 22)	—	—	—	—	—	—
Foreign currency exchange difference	—	(319,788)	—	—	—	(319,788)
At end of year	—	5,156,210	—	—	—	5,156,210
<b>Net book value</b>	<b>\$36,186,250</b>	<b>\$46,799,723</b>	<b>\$2,701,202</b>	<b>\$734,594</b>	<b>\$3,001,122</b>	<b>\$89,422,891</b>



	2023					
	Land, Buildings and Improvements	Machinery and Facilities Equipment	Furniture, Fixtures and Office Equipment	Transportation Equipment	Construction in Progress	Total
Cost						
At beginning of year	\$49,270,502	\$120,220,664	\$7,594,512	\$773,370	\$5,714,423	\$183,573,471
Additions	80,774	6,221,728	361,808	242,487	13,718,249	20,625,046
Disposals/retirement	(4,169)	(3,234,774)	(55,852)	(24,119)	—	(3,318,914)
Transfers	385,351	14,468,445	362,092	53,731	(15,269,619)	—
Foreign currency exchange difference	1,233,740	1,395,478	1,378,551	6,676	272,401	4,286,846
At end of year	50,966,198	139,071,541	9,641,111	1,052,145	4,435,454	205,166,449
Accumulated depreciation						
At beginning of year	8,613,254	71,714,080	4,188,005	539,845	—	85,055,184
Depreciation	1,773,209	10,756,849	1,096,775	157,482	—	13,784,315
Disposals	(1,772)	(2,653,509)	(51,897)	(22,109)	—	(2,729,287)
Foreign currency exchange difference	217,322	987,193	287,304	(2,711)	—	1,489,108
At end of year	10,602,013	80,804,613	5,520,187	672,507	—	97,599,320
Accumulated impairment losses						
At beginning of year	—	—	—	—	—	—
Net Impairment loss (Note 22)	—	5,406,199	—	—	—	5,406,199
Foreign currency exchange difference	—	69,799	—	—	—	69,799
At end of year	—	5,475,998	—	—	—	5,475,998
Net book value	\$40,364,185	\$52,790,930	\$4,120,924	\$379,638	\$4,435,454	\$102,091,131

In 2023, the Group recognized a provision for impairment of certain assets amounting to \$5.41 million due to end of contract with certain customers.

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 \$6.61 million and \$15.27 million as of December 31, 2024 and 2023, respectively.

The Group recognized gains from disposal and retirement of certain property, plant and equipment amounting to \$1.56 million in 2024 (including gain on sale of a parcel of land in Mexico amounting to \$1.55 million) and \$0.02 million in 2023 included under “Miscellaneous income - net” account in the consolidated statements of income (see Note 22).

As of December 31, 2024 and 2023, the cost of fully depreciated property, plant and equipment still being used by the Group amounted to \$36.22 million and \$37.39 million, respectively.

Depreciation expense included in “Cost of sales” and “Operating expenses” accounts follows:

	2024	2023
Cost of sales (Note 19)	<b>\$11,593,598</b>	\$11,967,502
Operating expenses (Note 20)	<b>1,651,518</b>	1,816,813
	<b>\$13,245,116</b>	\$13,784,315

As of December 31, 2024, certain property, plant and equipment with carrying value of \$1.24 million is pledged as security to loans of IMI CZ with outstanding balance of \$1.99 million. Other than this arrangement, the Group has no other restrictions on its property, plant and equipment or have been pledged as security for its obligations.

There are no borrowing costs recognized as part of the cost of the property, plant and equipment.





## 11. Goodwill

As of December 31, 2024 and 2023, goodwill acquired through business combinations had been allocated to the following CGUs:

	2024	2023
VIA	<b>\$1,792,521</b>	\$30,355,150
IMI CZ	–	502,575
	<b>\$1,792,521</b>	<b>\$30,857,725</b>

Movement in goodwill follows:

	2024	2023
<b>Cost</b>		
At beginning of year	<b>\$30,857,725</b>	\$44,634,622
Impairment loss (Note 22)	<b>(26,352,695)</b>	(15,590,835)
Foreign currency exchange difference	<b>(2,712,509)</b>	1,813,938
At end of year	<b>\$1,792,521</b>	<b>\$30,857,725</b>

In 2024, the Group recognized impairment loss on the goodwill of VIA and IMI CZ amounting to \$25.88 million and \$0.47 million, respectively (see Note 21).

In 2023, the Group recognized a partial impairment loss related to the goodwill on the acquisition of VIA of \$15.59 million.

### VIA 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 5-year period. The pre-tax discount rates applied to cash flow projections follows:

	2024	2023
VIA	<b>14.32%</b>	12.01%
IMI CZ	<b>10.28%</b>	12.87%

Cash flows beyond the 5-year period are extrapolated using a steady growth rate of 0%-1%, which does not exceed the compound annual growth rate (CAGR) for the global electronics manufacturing services (EMS) industry.

### *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.



## 12. Intangible Assets

Movements in this account follows:

December 31, 2024					
	Customer Relationships	Licenses	Intellectual Properties	Product Development costs	Total
<b>Cost</b>					
At beginning of year	\$9,353,998	\$7,629,463	\$14,046,681	\$6,330,558	\$37,360,700
Additions	–	281,825	–	–	281,825
Foreign currency exchange difference	–	(350,792)	(166,384)	–	(517,176)
At end of year	9,353,998	7,560,496	13,880,297	6,330,558	37,125,349
<b>Accumulated amortization</b>					
At beginning of year	9,353,998	5,141,674	13,537,020	6,330,558	34,363,250
Amortization	–	381,778	407,826	–	789,604
Foreign currency exchange difference	–	(303,228)	(377,410)	–	(680,638)
At end of year	9,353,998	5,220,224	13,567,436	6,330,558	34,472,216
Net book value	\$–	2,340,272	312,861	\$–	2,653,133

December 31, 2023					
	Customer Relationships	Licenses	Intellectual Properties	Product Development costs	Total
<b>Cost</b>					
At beginning of year	\$9,303,219	\$7,343,314	\$13,845,957	6,330,558	\$36,823,048
Additions	–	54,282	–	–	54,282
Foreign currency exchange difference	50,779	231,867	200,724	–	483,370
At end of year	9,353,998	7,629,463	14,046,681	6,330,558	37,360,700
<b>Accumulated amortization</b>					
At beginning of year	9,303,219	4,544,198	12,521,844	5,996,811	32,366,072
Amortization	–	414,882	690,053	333,747	1,438,682
Foreign currency exchange difference	50,779	182,594	325,123	–	558,496
At end of year	9,353,998	5,141,674	13,537,020	6,330,558	34,363,250
Net book value	\$–	\$2,487,789	\$509,661	\$–	\$2,997,450

### Customer Relationships

Customer relationships pertain to IMI BG and VTS' contractual agreements with certain customers which lay out the principal terms upon which the parties agree to undertake business.

This was fully amortized in 2023.

### 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.

### Product Development Costs

This includes capitalized costs arising from the development phase of certain projects which are still under qualification.

Amortization expense included in "Cost of sales" and "Operating expenses" accounts follows:

	2024	2023
Cost of sales (Note 19)	\$27,878	\$ 358,699
Operating expenses (Note 20)	761,726	1,079,983
	<b>\$789,604</b>	<b>\$1,438,682</b>



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**13. Other Noncurrent Assets**

This account consists of:

	2024	2023
Deferred charges	\$6,075,607	\$6,368,385
Miscellaneous deposits	1,348,886	1,984,555
	<b>\$7,424,493</b>	<b>\$8,352,940</b>

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.

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**14. Accounts Payable and Accrued Expenses**

This account consists of:

	2024	2023
Trade	\$95,175,905	\$116,434,869
Due to related parties (Note 27)	22,456,168	17,770,554
Nontrade payables	9,611,399	16,661,797
Employee-related accruals	7,751,028	7,190,287
Taxes payable	4,909,440	3,973,066
Accrued expenses	2,450,298	551,498
Accrued tooling expense	1,320,325	5,984,200
Provision for onerous contract (Note 21)	108,147	114,564
Others	21,654	24,686
	<b>\$143,804,364</b>	<b>\$168,705,521</b>

Trade Payables

Trade payables are noninterest-bearing and are normally settled on 30 to 90-day average terms.

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.

Employee-related accruals

Accrued compensation and benefits include accrued salaries, leave credits and other employee benefits.

Taxes Payable

Taxes payable pertain to taxes withheld such as withholding taxes on purchased goods and services. Withholding taxes payable are expected to be settled within the next financial year.

Accrued Expenses

Accrued expenses consist mainly of accruals for supplies, professional fees, utilities, repairs and maintenance, postal and communication, insurance, interest, and freight and brokerage.

Accrued Tooling Expenses

Accrued tooling expenses pertain to billings from customers due to upgrades done by customers on the production equipment to cater product specifications. These are noninterest-bearing and are normally settled on 30 to 90-day average terms.



Provision for Onerous Contract

This account consists of provision for onerous contracts amounting to \$108,147 in 2024, \$114,564 in 2023, and \$5,655 in 2022 (see Note 21) which arises by obtaining the excess of the unavoidable costs of meeting the obligations under the contract over the economic benefits expected to be received under it. In determining the provision, the Group considers the entire remaining commitment period under the contract, including the remaining revenue to be recognized for unsatisfied, or partially unsatisfied, performance obligations and the remaining costs to fulfil those performance obligations.

## 15. Loans Payable

This account consists of borrowings of the following entities:

	2024	2023
Intercompany (Note 27)		
IMI MX	\$74,398,448	\$73,901,827
IMI CZ	9,383,006	10,585,434
Banks:		
IMI CZ	165,116	634,080
VIA	29,189,980	36,523,096
	<b>\$113,136,550</b>	<b>\$121,644,437</b>

IMI MX

IMI MX has outstanding loans from IMI, STEL and IMI Singapore to fund its working capital requirements. In 2024 and 2023, the loans bear interest rates ranging from 3.00% to 8.36%, respectively, with terms ranging from 30 to 365 days. Breakdown of the loan from IMI and IMI Singapore follows:

	2024	2023
STEL	\$47,114,832	\$47,334,485
IMI Singapore	25,283,616	23,067,342
IMI PH	2,000,000	3,500,000
	<b>\$74,398,448</b>	<b>\$73,901,827</b>

In 2024, IMI Singapore and STEL advanced additional loan to IMI Mexico for its expansion and working capital requirements.

Interest expense incurred on remaining loans amounted to \$4.48 million and \$4.12 million in 2024 and 2023, respectively (see Note 22).

IMI CZ

IMI CZ has outstanding loans from STEL and IMI Singapore to fund its working capital requirements. In 2024 and 2023, the loans bear interest rates ranging from to 5.97%, respectively, with terms ranging from 31 to 365 days. Breakdown of the loan from IMI Singapore and STEL follows:

	2024	2023
IMI Singapore	\$9,044,991	\$7,367,405
STEL	338,015	3,218,029
	<b>\$9,383,006</b>	<b>\$10,585,434</b>

Interest expense incurred on remaining loans amounted to \$0.57 million and \$0.67million in 2024 and 2023, respectively (see Note 22).

The bank 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 or PRIBOR plus 1.20%.



IMI CZ incurred interest expense on the short-term loan amounting to \$0.06 million in 2024 and \$0.08 million in 2023 (see Note 22).

VIA

The loans of VIA obtained from China and German banks with terms ranging from 125 to 365 days and interest rates ranging from 2.90% to 3.40% in 2024 and 3.40% to 3.90% in 2023.

VIA incurred interest expense on the short-term loan amounting to \$1.21 million in 2024 and \$1.43 million in 2023 (see Note 22).

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**16. Long-Term Debt**

This account consists of borrowings of the following entities:

	2024	2023
IMI CZ	<b>\$2,886,481</b>	\$4,306,756
VTs	<b>2,513,420</b>	1,055,394
	<b>5,399,901</b>	5,362,150
Less current portion:		
IMI CZ	<b>541,278</b>	692,586
VTs	<b>643,126</b>	691,933
	<b>1,184,404</b>	1,384,519
Noncurrent portion	<b>\$4,215,497</b>	\$3,977,631

IMI CZ

IMI CZ have secured long-term loans with Czech-based banks that are payable in regular monthly installments with terms of five years. IMI CZ loan has interest rates ranging from 1.05% to 2.31% per annum (see Note 10).

IMI CZ incurred interest expense on its long-term debt amounting to \$0.16 million in 2024 and \$0.21 million in 2023 (see Note 22).

VTs

VTs have unsecured long-term loans with Japanese banks that are payable in regular monthly installments with terms of five years. The VTs loan has interest rates ranging from 0.78% to 0.98% per annum.

VTs incurred interest expense on its long-term debt amounting to \$0.02 million in 2024 and \$0.02 million in 2023 (see Note 22).

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**17. Members' Equity**

Members' contribution

Details of the members of the Coöperatief follow:

	Country of Incorporation	2024	2023
IMI Singapore	Singapore	<b>100%</b>	<b>100%</b>



The movements in “Members’ contribution” account are as follows:

	2024	2023
At beginning of year	<b>\$105,269,893</b>	\$105,269,893
Contributions during the year	—	—
At end of year	<b>\$105,269,893</b>	\$105,269,893

#### Dividends

IMI Cooperatief paid cash dividends to IMI Singapore amounting to \$8.0 million in 2024 and \$4.6 million in 2023.

#### 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).

#### 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.

No changes were made in the objectives, policies and processes during the years ended December 31, 2024 and 2023.

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.

	2024	2023
Loans payable	<b>\$113,136,550</b>	\$121,644,437
Long-term debt	<b>5,399,901</b>	5,362,150
Total debt	<b>118,536,451</b>	127,006,587
Less cash and cash equivalents	<b>56,154,102</b>	48,981,025
Net bank debt (cash)	<b>62,382,349</b>	78,025,562
Total Member’s Equity	<b>\$165,270,978</b>	\$240,212,893
Debt-to-equity ratio	<b>0.72:1</b>	0.53:1
Net debt (cash)-to-equity ratio	<b>0.38:1</b>	0.32:1

The Group is not subject to externally imposed capital requirements.

## **18. Revenue from Contracts with Customers**

Revenues from contracts with customers are further disaggregated by type, customer’s nationality, product type 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:

	2024	2023
Manufacturing of goods	<b>\$661,928,474</b>	\$721,545,828
Non-recurring engineering services	<b>2,490,440</b>	3,731,566
Revenue from contracts with customers	<b>\$664,418,914</b>	\$725,277,394



The following table presents revenue from contracts with customer per timing of revenue recognition for each reportable segments:

	2024	2023
Revenue recognized:		
Over time	\$544,319,476	\$577,739,333
At point in time	120,099,438	147,538,061
Revenue from contracts with customers	\$664,418,914	\$725,277,394

The following table presents revenues from external customers based on customer's nationality:

	2024	2023
Europe	\$512,133,342	\$526,435,193
America	64,137,338	122,960,240
Japan	33,761,748	32,443,452
Rest of Asia/Others	54,386,486	43,438,509
	\$664,418,914	\$725,277,394

Revenues are attributed to countries on the basis of the customer's location. The current top customer accounts for 21.40% and 18.19%, of the Group's total revenue in 2024 and 2023, respectively.

The following table presents revenues per product type:

	2024	2023
Automotive	\$561,883,050	\$598,996,684
Industrial	77,319,111	99,149,636
Consumer	25,216,753	27,131,074
	\$664,418,914	\$725,277,394

## 19. Cost of Sales

This account consists of:

	2024	2023
Direct, indirect and other material-related costs (Note 8)	\$500,266,837	\$537,337,435
Direct labor, salaries, wages and employee benefits (Note 24)	90,509,696	91,898,497
Depreciation and Amortization (Note 10,12 and 26)	14,153,603	15,108,739
Facilities costs and others (Note 22)	16,459,902	17,909,481
	\$621,390,038	\$662,254,152

## 20. Operating Expenses

This account consists of:

	2024	2023
Salaries, wages and employee benefits (Note 24)	\$28,145,122	\$28,666,024
Depreciation and amortization (Notes 10, 12 and 26)	3,087,072	3,815,361
Facilities costs and others (Note 21)	34,551,472	36,208,114
	\$65,783,666	\$68,689,499



## 21. Facilities Costs and Others

This account consists of:

	Cost of Goods Sold and Services		Operating Expenses	
	2024	2023	2024	2023
Utilities	\$8,216,445	\$8,899,842	\$726,903	\$1,101,038
Outsourced activities	3,846,205	3,497,702	12,716,303	12,635,872
Repairs and maintenance	2,556,461	2,755,187	298,060	1,512,382
Technology-related	1,152,274	1,373,018	3,592,663	2,371,789
Travel	504,436	745,877	1,605,625	1,672,759
Postal and communication	69,479	72,359	102,919	81,599
Government-related	41,150	114,601	480,402	452,225
Promotional materials representation and entertainment	7,719	15,342	596,789	682,608
Insurance	72	394,966	6,265,889	3,968,892
Provision for (reversal of) inventory obsolescence (Note 8)	-	-	7,557,299	1,751,354
Provision for ECLs (Note 6)	-	-	552,494	305,019
Provision for Onerous Contract (Note 21)	-	-	278	107,293
Loss on write off of inventories (Note 8)	-	-	-	9,508,020
Others	65,661	40,587	55,848	57,264
	<b>\$16,459,902</b>	<b>\$17,909,481</b>	<b>\$34,551,472</b>	<b>\$36,208,114</b>

"Others" include small tools and instruments, copying expenses, office supplies, and other miscellaneous expenses.

## 22. Others - Net

### Interest and Other Financing Charges

This account consists of:

	2024	2023
Interest expense on intercompany loans (Note 15)	\$5,338,278	\$5,050,500
Interest expense on bank loans (Notes 15 and 16)	1,452,360	1,747,809
Interest on leases	372,750	340,682
Bank charges	121,027	87,217
	<b>\$7,284,415</b>	<b>\$7,226,208</b>

### Miscellaneous income - Net

This account consists of:

	2024	2023
Gain on sale of property, plant and equipment (Note 10)	\$1,559,620	\$14,747
Financial subsidies	723,884	636,093
Gain on insurance claims	9,475	11,968
Impairment loss on goodwill (Note 11)	(26,352,695)	(15,590,835)
Provision of impairment on property, plant and equipment (Notes 10)	-	(5,406,199)
Other income	340,574	1,223,405
	<b>(\$23,719,142)</b>	<b>(\$19,110,821)</b>





Financial subsidies pertain to the grant incentives received from the government of Serbia. The balance of the grant incentive of IMI Serbia included under "Other noncurrent liabilities" account amounted to \$3.52 million and \$3.56 million in 2024 and 2023, respectively.

Other income pertains to selling of tools and instruments to third parties plus technical services from third parties relating to provide support of adhesion technology for the LCD module.

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## 23. Income Tax

### Current Tax

#### *Coöperatief*

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 Serbia*

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 2024, 2023 and 2022. 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, 2024, 2023 and 2022, the statutory German corporate income tax rate applicable to VIA AG is 15.0% plus solidarity surcharge of 5.5% thereon (15.82% in total). The municipal trade tax is 3.5% of the trade income.

For VIA's subsidiaries, VIA LLC (USA) a tax rate of 23.75% in 2024, 2023 and 2022, for VIA Suzhou (China) a tax rate of 25% for 2024, 2023 and 2022 and for VTS (Japan) a tax rate of 34.1% is applicable.



## Deferred Tax

Deferred taxes of the Group relate to the following:

	2024	2023
<b>Deferred tax assets:</b>		
Lease liabilities	\$2,586,939	\$807,518
Net operating loss carry-over	1,073,937	–
Allowance for inventory obsolescence	508,719	324,612
Allowance for doubtful accounts	284,687	111,881
Others	1,041,356	1,690,379
	<b>\$5,495,638</b>	<b>\$2,934,390</b>

	2024	2023
<b>Deferred tax liabilities:</b>		
Right of use asset	\$2,682,701	\$184,042
Fair value adjustment on property, plant and equipment and intangible assets arising from business combination	857,370	857,370
Allowance for doubtful accounts	673,987	–
Difference in tax base and accounting base of property and equipment	660,406	655,895
Contract assets	12,568	49,709
	<b>\$4,887,032</b>	<b>\$1,747,016</b>

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, 2024				
	Deferred Tax Assets	Deferred Tax Liabilities	Total Deferred Tax Assets - net	Total Deferred Tax Liabilities - net
IMI BG	\$905,754	(\$672,944)	\$232,809	\$–
IMI MX	1,531,167	(1,384,082)	147,085	–
IMI Serbia	187,201	–	187,201	–
IMI CZ	161,481	–	161,481	–
VIA	2,036,018	(1,298,618)	737,400	–
Consolidation	–	(857,370)	–	(857,370)
	<b>\$4,821,621</b>	<b>(\$4,213,014)</b>	<b>\$1,465,976</b>	<b>(\$857,370)</b>

December 31, 2023				
	Deferred Tax Assets	Deferred Tax Liabilities	Total Deferred Tax Assets – net	Total Deferred Tax Liabilities - net
IMI BG	\$818,529	(\$708,001)	\$110,528	\$–
IMI MX	339,942	(181,646)	158,296	–
IMI Serbia	189,034	–	189,034	–
IMI CZ	135,282	–	135,282	–
VIA	1,451,603	–	1,451,603	–
Consolidation	–	(857,370)	–	(857,370)
	<b>\$2,934,390</b>	<b>(\$1,747,017)</b>	<b>\$2,044,743</b>	<b>(\$857,370)</b>



The temporary differences and tax losses for which no deferred tax assets have been recognized follows:

	2024	2023
Net operating loss carry-over	<b>\$102,740,082</b>	\$83,992,968
Excess of cost over NRV of inventories	<b>392,465</b>	1,081,480
Provisions	<b>858,152</b>	581,909
Allowance for doubtful accounts	<b>253,698</b>	77,317
	<b>\$104,244,397</b>	\$85,733,674

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, 2024 and 2023, deferred tax liabilities have not been recognized on the undistributed earnings of subsidiaries and 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.

The carry-over losses of certain entities within the Group expires between three to ten years from the date incurred depending on the jurisdiction the entity is operating.

Year Incurred	Amount	Applied/Expired	Unapplied
2024	\$21,692,666	\$-	\$21,692,666
2023	37,907,703	-	37,907,703
2022	1,866,626	564,025	1,302,601
2021	265,935	265,935	-
2020	6,977,052	2,935,075	4,041,977
2019	5,549,649	1,377,964	4,171,685
2018 and prior	39,004,211	2,435,209	36,569,002
	<b>\$113,263,842</b>	<b>\$7,578,208</b>	<b>\$105,685,634</b>

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:

	2024	2023
Statutory income tax	<b>25.00%</b>	25.00%
Tax effects of:		
Difference in tax jurisdiction	<b>18.24%</b>	10.32%
Nondeductible expenses	<b>(50.00%)</b>	(50.00%)
Effective income tax rate	<b>(6.76%)</b>	(14.68%)

#### Based Erosion and Profit Shifting (BEPS) Pillar Two

The Organisation for Economic Co-operation and Development (OECD) has published the Global Anti-Base Erosion (GloBE) Model Rules ("Pillar Two Rules"), which include a minimum 15% tax rate per jurisdiction on multinational companies with an annual consolidated group revenue of EUR750 million or more for 2 out of the 4 immediately preceding fiscal years.

Pillar Two tax legislation has been implemented in some of the countries in which subsidiaries of the Group operate which became effective for reporting periods beginning on 1 January 2024. Given this, the Group determined that it is in-scope for Pillar Two and has assessed the applicable Pillar Two tax legislation in all the countries in which subsidiaries of the Group operate to determine whether or not a Pillar Two 'top-up' tax liability needs to be recognized



The relevant Pillar Two Rules also provide for a transition period in which the in-scope multinational groups may avoid undergoing the complex effective tax rate calculation required by the new piece of legislation. In particular, the Pillar Two tax legislation provides for a transitional Country-by-Country Reporting (“CbCR”) safe harbor (“TCSH”) that applies for the first three fiscal years following the entry into force of the relevant Pillar Two tax legislation; the TCSH relies on simplified calculations (mainly based on data extracted from the CbCR under BEPS Action 13) and three kinds of alternative tests. Where at least one of the TCSH tests is met for a jurisdiction in which the Group operates, the top-up tax due for such jurisdiction will be deemed to be zero. A test is met for a jurisdiction where:

- Revenue and profit before tax are below, respectively, €10 million and €1 million (the de minimis test);
- The Effective Tax Rate (ETR) equals or exceeds an agreed rate (the ETR test, 15% for FY 2024); or
- The profit before tax does not exceed an amount calculated as a percentage of tangible assets and payroll expense (the routine profits test).

Based on the tests performed, most of the jurisdictions where the Group operates should benefit from the TCSH. Only two jurisdictions did not pass any of the TCSH tests, namely Bulgaria and Serbia.

With respect to these two jurisdictions, the Group has provisionally calculated the potential top-up tax exposure based on the full Pillar Two regime. As of December 31, 2024, although not material at the consolidated financials level, the Group provided for and expects to pay the collectible top – up liability under the Qualified Domestic Minimum Top-up Tax (“QDMTT”) and Income Inclusion Rule (“IIR”).

For 2024, the Group has also applied the amendment to IAS 12 which allows for temporary mandatory relief from accounting for the deferred tax impacts of the top-up tax and allows for recognition of the top-up tax as current tax expense as incurred.

## 24. Personnel Costs

Salaries, wages, and employee benefits follow:

	2024	2023
Salaries and benefits	\$103,726,512	\$107,802,058
Retirement expense under defined contribution plans	5,022,473	4,596,508
Government related contributions	7,461,008	6,846,957
Net retirement expense under defined benefit plans	459,373	428,488
Others	1,985,452	890,510
	<b>\$118,654,818</b>	<b>\$120,564,521</b>

Others include expenses such as 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:

	2024	2023
Cost of sales (Note 19)	\$90,509,696	\$91,898,497
Operating expenses (Note 20)	28,145,122	28,666,024
	<b>\$118,654,818</b>	<b>\$120,564,521</b>



#### Defined Benefits Plans

IMI BG and IMI Serbia has a defined benefit plan covering substantially all of its employees. The latest actuarial valuation was made on December 31, 2024.

The tables below summarize the amount of IMI BG and IMI Serbia's retirement liability recognized in the consolidated balance sheets and components of retirement expense recognized in the consolidated statements of income as of and for the years ended December 31, 2024 and 2023:

#### *Retirement Expense*

	2024	2023
Current service cost	<b>\$364,291</b>	\$344,654
Net interest	<b>95,082</b>	83,834
	<b>\$459,373</b>	\$428,488

The retirement expense of the Group is included under "Salaries, wages, and employee benefits" account.

#### *Retirement Liability*

	2024	2023
At beginning of year	<b>\$2,435,221</b>	\$1,931,332
Retirement expense	<b>459,373</b>	428,488
Actuarial loss	<b>(45,641)</b>	130,582
Separation and benefits paid	<b>(154,135)</b>	(126,929)
Foreign currency exchange difference	<b>(147,916)</b>	71,748
At end of year	<b>\$2,546,902</b>	\$2,435,221

IMI BG expects to contribute \$0.74 million to the defined benefit plans for 2024.

The average duration of net retirement liabilities at the end of the balance sheet date is 16.60 years and 17.44 years as of December 31, 2024 and 2023, respectively.

Shown below is the maturity analysis of the undiscounted benefit payments as of December 31, 2024 and 2023:

	2024	2023
Less than one year	<b>\$767,901</b>	\$627,248
More than one year to five years	<b>1,236,411</b>	1,448,490
More than five years	<b>19,125,316</b>	22,453,270
	<b>\$21,129,628</b>	\$24,529,008

#### *Principal Actuarial Assumptions*

The principal actuarial assumptions used to determine retirement benefits are shown below:

	2024	2023
Discount rate	<b>3.93%</b>	5.14%
Salary increase rate	<b>5.00%</b>	6.80%



The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the retirement liability 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 Retirement Liability	
		2024	2023
Discount rate	+1%	(\$195,213)	(\$35,952)
	-1%	40,960	40,596
Salary increase rate	+1%	68,287	43,090
	-1%	(218,592)	(33,965)

#### Defined Contribution Plans

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:

	2024	2023
Cost of sales	\$5,070,891	\$4,649,414
Operating expenses	410,956	375,582
	<b>\$5,481,847</b>	<b>\$5,024,996</b>

#### 25. Employee Stock Ownership Plan

IMI has an ESOWN plan, which allows the grantees to purchase IMI's share at a discounted price.

There was no allocation of cost of share-based payments by IMI to the Group in 2024 and 2023.

#### 26. 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:

	2024	2023
As at January 1, 2024	\$8,033,015	\$10,319,100
Additions	5,824,859	1,834,204
Deductions	—	(1,313,897)
Amortization expense	(3,205,955)	(3,701,104)
Cumulative translation adjustment	(334,360)	894,712
As at December 31, 2024	<b>\$10,317,559</b>	<b>\$8,033,015</b>

Set out below are the carrying amounts of the Group's lease liabilities and the movements during the period:

	2024	2023
As at January 1, 2024	\$9,937,833	\$10,138,762
Additions	5,824,859	1,834,204
Interest expense on lease liabilities	372,750	340,682
Rental payments	(2,895,236)	(3,703,979)
Gain on lease modifications	(1,107,398)	—
Cumulative translation adjustment	(1,730,215)	1,328,164
As at December 31, 2024	<b>\$10,402,593</b>	<b>\$9,937,833</b>
Current	<b>\$2,316,918</b>	<b>\$3,105,642</b>
Noncurrent	<b>\$8,085,675</b>	<b>\$6,832,191</b>



The following are the amounts recognized in consolidated statements of income:

	2024	2023
Amortization expense of right-of-use assets	\$3,205,955	\$3,701,104
Interest expense on lease liabilities	372,750	340,682
Expense related to short-term leases and low-value assets	407,975	413,977
	<b>\$3,986,680</b>	<b>\$4,455,763</b>

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, 2024 and 2023:

	2024	2023
Within one year	\$2,759,258	\$ 2,728,711
After one year but not more than two years	1,849,997	1,830,368
After two years but not more than three years	1,808,140	837,147
After three years but not more than four years	1,314,905	769,475
After four years but not more than five years	935,969	223,125
More than five years	—	—
	<b>\$8,668,269</b>	<b>\$6,388,826</b>

#### Lease Commitments

##### *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.

##### *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.

## **27. 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 purchase of goods and services as well as other income and expenses to and from related parties made at normal commercial prices and terms.

Terms and Conditions of Transactions with Related Parties

Outstanding balances at year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the years ended December 31, 2024 and 2023, 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:

a. Outstanding balances of related party transactions follow:

	Receivables		Payables	
	2024	2023	2024	2023
IMI:				
Trade	\$—	\$—	\$87,383	\$382,244
Nontrade	50,426	82,491	7,598,516	7,355,544
Loans	—	—	2,000,000	3,500,000
STEL:				
Nontrade	50,038	752,496	4,899,961	3,145,151
Loans	—	—	47,452,847	50,552,515
Interest	—	—	9,438,632	6,414,058
IMI Singapore:				
Nontrade	398,515	398,515	391,646	288,072
Noncurrent liabilities	—	—	17,770,665	17,770,665
Loans	—	—	34,328,607	30,434,746
IMI US:				
Trade	15,760	106,900	40,032	185,485
	<b>\$514,739</b>	<b>\$1,340,402</b>	<b>\$124,008,289</b>	<b>\$120,028,480</b>

- i. Trade payables include purchase of goods and services.
- ii. Nontrade receivables and payables include management fee on corporate and support services and operating cash advances. Nontrade transactions are unsecured, noninterest-bearing, repayable on demand and to be settled in cash.
- iii. Intercompany loans of IMI to IMI MX have a 360-day term subject to interest rate range of 6.65% to 7.03%. Intercompany loans from IMI Singapore and STEL bear interest rates ranging from 3.00% to 8.36% with terms ranging from 30 to 360 days.
- iv. Noncurrent liabilities to IMI Singapore, presented as “Due to related parties” in the consolidated balance sheets, are nontrade in nature and relate to the acquisition of IMI EU/MX Subsidiaries. Management intends to convert these payables into equity in the future.

Payable to related parties are summarized as follows:

	2024	2023
Loans payable (Note 15)	\$83,781,454	\$84,487,261
Due to related parties (Note 14)	13,017,538	11,356,496
Accrued interest payable (Note 14)	9,438,632	6,414,058
Noncurrent liabilities	17,770,665	17,770,665
	<b>\$124,008,289</b>	<b>\$120,028,480</b>





b. Revenue/income and expenses from related parties follow:

	Revenue/Income		Expenses	
	2024	2023	2024	2023
STEL	\$2,134,448	\$3,224,465	\$6,781,363	\$7,981,558
IMI	24,142	124,175	1,704,859	3,560,968
IMI Singapore	-	-	1,693,861	1,378,731
IMI US	-	89,875	9,333	67,940
	<b>\$2,158,590</b>	<b>\$3,438,515</b>	<b>\$10,189,416</b>	<b>\$12,989,197</b>

These amounts represent intercompany sale of services, purchases of materials, and interest expenses from IMI's intercompany advances to IMI EU/MX Subsidiaries.

Compensation of Key Management Personnel of the Group

Key management personnel of the Group include all management committee members.

Short-term employee benefits of key management personnel amounted to \$2.52 million and \$2.50million in 2024 and 2023, respectively.

28. **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, such as cash and cash equivalents, short-term investments, receivables and accounts payable and accrued expenses are assumed to have carrying amounts approximating their fair values.

Below are the fair values of financial liabilities that are either carried at fair value or where the carrying amounts do not approximate fair values as at December 31, 2024 and 2023:

	Carrying Amounts		Fair Values	
	2024	2023	2024	2023
<b>Financial liabilities</b>				
Noncurrent portion of long-term debt	<b>\$4,215,497</b>	\$3,977,631	<b>\$4,072,533</b>	\$3,525,192
	<b>\$4,215,497</b>	\$3,977,631	<b>\$4,072,533</b>	\$3,525,192

The following methods and assumptions were used to estimate the fair value:

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.

Noncurrent portion of long-term debt - The fair value of long-term debt is estimated by using the discounted cash flow methodology using the current incremental borrowing rates for similar borrowings with maturities consistent with those remaining for the liability being valued. The discount rates used ranged from and 1.83% in 2024 and 2023.



#### Fair Value Hierarchy

The following table provides the fair value hierarchy of the inputs to the valuation of the financial liabilities:

December 31, 2024				
	Fair Value Measurement Using			
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Total				
<b>Liabilities for which fair values are disclosed:</b>				
Long-term debt	\$4,072,533	\$–	\$–	\$4,072,533

December 31, 2023				
	Fair Value Measurement Using			
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Total				
<b>Liabilities for which fair values are disclosed:</b>				
Long-term debt	\$3,525,192	\$–	\$–	\$3,525,192

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.

## 29. Financial Risk Management Objectives and Policies

The Group's principal financial instruments, composed of loans payable, long-term debt and due to related parties, were issued primarily to raise financing for the Group's operations. The Group has various financial instruments such as cash and cash equivalents, short-term investments, receivables, accounts payable and accrued expenses and lease liabilities 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'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 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) as of December 31, 2024 and 2023.

Increase/Decrease in Basis Points	Effect on Income before Tax	
	2024	2023
+100	(\$30,516)	(\$49,408)
-100	\$30,516	\$49,408

There is no other impact on the Group's equity other than those already affecting income.

#### 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 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 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 assets held for liquidity purposes and financial liabilities based on contractual undiscounted payments:

#### 2024

	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	Total
<b>Financial liabilities:</b>					
Accounts payable and accrued expenses:					
Trade payables	\$—	95,175,905	\$—	\$—	\$95,175,905
Due to related parties	—	13,017,536	—	—	13,017,536
Employee-related accruals and contributions	—	7,751,028	—	—	7,751,028
Accrued expenses*	—	2,557,473	—	—	2,557,473
Accrued interest payable	—	9,438,632	—	—	9,438,632
Accrued tooling expense	—	1,320,325	—	—	1,320,325
Other current liabilities	—	972	—	—	972
Loans payable**	—	—	113,136,550	—	113,136,550
Current portion of lease liabilities	—	—	2,316,918	—	2,316,918
Current portion of long-term debt	—	—	1,184,405	—	1,184,405
Noncurrent portion of lease liabilities	—	—	—	8,085,675	8,085,675
Noncurrent portion of long-term debt**	—	—	—	4,294,251	4,294,251
	\$—	129,261,871	116,637,873	12,379,926	\$258,279,670

\*Includes future interest payable

\*\* Including future interest payment



## 2023

	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	Total
Financial liabilities:					
Accounts payable and accrued expenses:					
Trade payables	\$-	\$116,434,869	\$-	\$-	\$116,434,869
Due to related parties	-	11,356,496	-	-	11,356,496
Employee-related accruals and contributions	-	7,190,287	-	-	7,190,287
Accrued expenses*	-	665,030	-	-	665,030
Accrued interest payable	-	6,414,058	-	-	6,414,058
Accrued tooling expense	-	5,984,200	-	-	5,984,200
Other current liabilities	-	1,032	-	-	1,032
Loans payable**	-	-	121,644,437	-	121,644,437
Current portion of lease liabilities	-	-	3,105,642	-	3,105,642
Current portion of long-term debt	-	-	1,384,519	-	1,384,519
Noncurrent portion of lease liabilities	-	-	-	6,832,191	6,832,191
Noncurrent portion of long-term debt**	-	-	-	4,061,023	4,061,023
	\$-	\$148,045,972	\$126,134,598	\$10,893,214	\$285,073,784

\*Includes future interest payable

\*\*Including future interest payment

The financial liabilities in the above tables are gross undiscounted cash flows. However, these amounts may be settled using liquid assets such as cash and cash equivalents and trade receivables. Furthermore, available credit lines may also be used to manage liquidity.

### Credit lines

The Group has credit lines with different financing institutions as at December 31, 2024 and 2023, as follows:

	2024		2023	
Financial Institutions	Credit Limit	Available Credit Line	Credit Limit	Available Credit Line
Local:				
EUR	12,107,435	9,164,704	15,800,000	14,226,789
CZK	-	-	50,000,000	-
Foreign:				
USD	-	-	35,500,000	359,387
JPY	1,100,000,000	706,530,000	800,000,000	650,850,000
RMB	390,000,000	175,900,000	-	-

### 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 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, 2024 and 2023 is the carrying amounts of the financial asset. The Group's maximum exposure for cash excludes the carrying amount of cash on hand.

The Group has 33% and 28% of trade receivables relating to three major customers as of December 31, 2024 and 2023, respectively.

As of December 31, 2024 and 2023, the aging analysis of receivables, contract assets and miscellaneous deposits as follows:

December 31, 2024								
	Total	Neither Past Due nor Impaired	Days Past Due					Specifically Impaired
			<30 Days	30-60 Days	60-90 Days	90-120 Days	>120 Days	
<b>Receivables:</b>								
Trade	\$127,591,362	\$107,479,769	\$9,262,975	\$2,953,885	\$1,712,877	\$937,039	\$3,862,294	\$1,382,523
Nontrade	1,833,743	1,833,743	—	—	—	—	—	—
Due from related parties	514,739	514,739	—	—	—	—	—	—
Others	133,222	133,222	—	—	—	—	—	—
Contract Assets	20,214,666	20,214,666	—	—	—	—	—	—
Miscellaneous deposits	1,348,886	1,348,886	—	—	—	—	—	—
	<b>\$151,636,618</b>	<b>\$131,525,025</b>	<b>\$9,262,975</b>	<b>\$2,953,885</b>	<b>\$1,712,877</b>	<b>\$937,039</b>	<b>\$3,862,294</b>	<b>\$1,382,523</b>

December 31, 2023								
	Total	Neither Past Due nor Impaired	Days Past Due					Specifically Impaired
			<30 Days	30-60 Days	60-90 Days	90-120 Days	>120 Days	
<b>Receivables:</b>								
Trade	\$135,731,196	\$117,448,344	\$10,854,301	\$1,634,761	\$2,212,755	\$538,497	\$2,126,259	\$916,279
Nontrade	2,054,231	2,054,231	—	—	—	—	—	—
Due from related parties	1,340,402	1,340,402	—	—	—	—	—	—
Others	166,776	166,776	—	—	—	—	—	—
Contract Assets	26,395,256	26,395,256	—	—	—	—	—	—
Miscellaneous deposits	1,984,554	1,984,554	—	—	—	—	—	—
	<b>\$167,672,415</b>	<b>\$149,389,563</b>	<b>\$10,854,301</b>	<b>\$1,634,761</b>	<b>\$2,212,755</b>	<b>\$538,497</b>	<b>\$2,126,259</b>	<b>\$916,279</b>

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, 2024 and 2023 represents specifically identified impaired financial assets.

The following table summarizes the credit quality of the Group's financial assets as of December 31, 2024 and 2023:

December 31, 2024						
	Neither Past Due nor Impaired				Past Due or Individually Impaired	Total
	Minimal Risk	Average Risk	Fairly High Risk	High Risk		
Cash and cash equivalents and short-term investments	\$56,154,102	\$—	\$—	\$—	\$—	\$56,154,102
<b>Receivables:</b>						
Trade	51,552,550	55,927,219	—	—	20,111,593	127,591,362
Nontrade	1,616,076	217,667	—	—	—	1,833,743
Due from related parties	514,739	—	—	—	—	514,739
Others	66,093	67,128	—	—	—	133,221
Miscellaneous deposits	1,348,886	—	—	—	—	1,348,886
	<b>\$111,252,446</b>	<b>\$56,212,014</b>	<b>\$—</b>	<b>\$—</b>	<b>\$20,111,593</b>	<b>\$187,576,053</b>



	December 31, 2023					Total
	Minimal Risk	Neither Past Due nor Impaired Average Risk	Fairly High Risk	High Risk	Past Due or Individually Impaired	
Cash and cash equivalents and short-term investments	\$60,401,025	\$—	\$—	\$—	\$—	\$60,401,025
Receivables:						
Trade	66,212,534	51,235,810	—	—	18,282,852	135,731,196
Nontrade	1,733,570	320,661	—	—	—	2,054,231
Due from related parties	1,340,402	—	—	—	—	1,340,402
Others	90,514	76,262	—	—	—	166,776
Miscellaneous deposits	1,984,554	—	—	—	—	1,984,554
	\$131,762,599	\$51,632,733	\$—	\$—	\$18,282,852	\$201,678,184

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 Letters of Credit (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 USD the consolidated statements of income can be affected significantly by movements in the EUR versus USD.

The Group also has transactional currency exposures. Such exposure arises from sales or purchases denominated in other than the Group's functional currency. Approximately 33% and 17% of the Group's sales for the years ended December 31, 2024 and 2023, respectively, and 40% and 46% of costs for the years ended December 31, 2024 and 2023, respectively, are denominated in 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 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, 2024 and 2023 follows:

	2024		2023	
	In USD	In EUR	In USD	In EUR
Cash and cash equivalents	\$14,611,910	€14,028,332	\$38,802,797	€35,077,560
Receivables	11,428,666	10,972,222	3,332,565	3,012,624
Accounts payable and accrued expenses	(15,600,827)	(14,977,752)	(23,395,439)	(21,149,375)
Net foreign currency-denominated assets	\$10,439,749	€10,022,802	\$18,739,923	€16,940,809

\*The USD-denominated monetary assets and liabilities are translated using for EUR0.9601 for \$1 in 2024 and EUR0.9040 for \$1 in 2023



### 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, 2024 and 2023. 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	
		2024	2023
USD	+1%	<b>\$149,049</b>	\$267,552
	-1%	<b>(153,430)</b>	(275,416)

\* The USD-denominated monetary assets and liabilities are translated using EUR0.9601 for \$1 in 2024 and EUR0.9040 for \$1 in 2023

## 30. Contingencies

As of December 31, 2024, the Group is a party to legal proceedings arising in the ordinary course of its operations, some of which are being resolved amicably but which it believes would not materially and adversely affect its business.

### Subsequent Events

As of date of issuance of the consolidated financial statements, IMI is a party to legal proceedings arising in the ordinary course of its operations (including but not limited to filing creditor's claims in bankruptcy and liquidation proceedings).

## 31. Notes to Consolidated Statements of Cash Flows

The following table shows the reconciliation of liabilities arising from financing activities:

	Cash Flows					Non-cash changes			2024
	2023	Availment	Settlement/ Payment	Reclass	Addition	Accretion of interest expense	Gain on lease modifications	Foreign currency translation	
Loans payable (Note 15)	\$121,644,437	\$794,194	(\$6,868,448)	\$-	\$-	\$-	\$-	(\$2,433,633)	\$113,136,550
Current portion of long-term debt (Note 16)	1,384,519	-	(2,033,206)	1,870,483	-	-	-	(37,392)	1,184,404
Long-term debt (Note 16)	3,977,631	2,438,015	-	(1,870,483)	-	-	-	(329,666)	4,215,497
Lease liabilities (Note 26)	9,937,833	-	(2,895,236)	-	5,824,859	372,750	(1,107,398)	(1,730,215)	10,402,593
	<b>\$136,944,420</b>	<b>\$3,232,209</b>	<b>(\$11,796,890)</b>	<b>\$-</b>	<b>\$5,824,859</b>	<b>\$372,750</b>	<b>(\$1,107,398)</b>	<b>(\$4,530,906)</b>	<b>\$128,939,044</b>



	Cash Flows				Non-cash changes			2024
	2023	Availment	Settlement/ Payment	Reclass	Addition	Accretion of interest expense	Foreign currency translation	
Loans payable (Note 15)	\$95,659,915	\$ 27,756,413	(\$3,475,935)	\$-	\$-	\$-	\$ 1,704,044	\$121,644,437
Current portion of long-term debt (Note 16)	1,548,254	-	(1,762,003)	1,453,317	-	-	144,951	1,384,519
Long-term debt (Note 16)	2,682,788	2,584,351	-	(1,453,317)	-	-	163,809	3,977,631
Lease liabilities (Note 26)	10,138,762	-	(3,703,979)	-	1,834,204	340,682	1,328,164	9,937,833
	<u>\$110,029,719</u>	<u>\$30,340,764</u>	<u>(\$8,941,917)</u>	<u>\$-</u>	<u>\$1,834,204</u>	<u>\$340,682</u>	<u>\$3,340,968</u>	<u>\$136,944,420</u>





**GENERAL FORM FOR FINANCIAL STATEMENTS**  
**INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES**

# GENERAL FORM FOR FINANCIAL STATEMENTS

NAME OF CORPORATION: INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES  
CURRENT ADDRESS: NORTH SCIENCE AVE., LAGUNA TECHNOPARK SEPZ BIÑAN, BIÑAN, LAGUNA 4024  
TEL. NO.: 02 756 6840 FAX NO.: (049)5491028  
COMPANY TYPE : MANUFACTURING PSIC: \_\_\_\_\_

*If these are based on consolidated financial statements, please so indicate in the caption.*

Table 1. Balance Sheet

FINANCIAL DATA	2024 ( in US\$'000 )	2023 ( in US\$'000 )
<b>A. ASSETS (A.1 + A.2 + A.3 + A.4 + A.5 + A.6 + A.7 + A.8 + A.9 + A.10)</b>	<b>792,924</b>	<b>994,628</b>
A.1 Current Assets (A.1.1 + A.1.2 + A.1.3 + A.1.4 + A.1.5)	589,593	739,327
A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3)	91,344	91,588
A.1.1.1 On hand	138	73
A.1.1.2 In domestic banks/entities	5,454	4,669
A.1.1.3 In foreign banks/entities	85,751	86,846
A.1.2 Trade and Other Receivables (A.1.2.1 + A.1.2.2)	227,393	283,709
A.1.2.1 Due from domestic entities (A.1.2.1.1 + A.1.2.1.2 + A.1.2.1.3 + A.1.2.1.4)	1,671	1,474
A.1.2.1.1 Due from customers (trade)		
A.1.2.1.2 Due from related parties	1,533	1,197
A.1.2.1.3 Others, specify (A.1.2.1.3.1+A.1.2.1.3.2)	138	277
A.1.2.1.3.1 Nontrade		
A.1.2.1.3.2 Receivables from employees & others	138	277
A.1.2.1.4 Allowance for doubtful accounts (negative entry)		
A.1.2.2 Due from foreign entities, specify (A.1.3.2.1 + A.1.3.2.2 + A.1.3.2.3 + A.1.3.2.4)	225,722	282,234
A.1.2.2.1 Due from customers (trade)	218,453	260,623
A.1.2.2.2 Nontrade	3,006	16,591
A.1.2.2.3 Receivables from insurance & others	5,834	6,006
A.1.2.2.4 Allowance for doubtful accounts (negative entry)	(1,572)	(986)
A.1.3 Inventories (A.1.3.1 + A.1.3.2 + A.1.3.3 + A.1.3.4 + A.1.3.5 + A.1.3.6)	202,465	269,314
A.1.3.1 Raw materials and supplies	207,376	264,733
A.1.3.2 Goods in process (including unfinished goods, growing crops,	8,479	6,934
A.1.3.3 Finished goods	5,807	7,992
A.1.3.4 Merchandise/Goods in transit		
A.1.3.5 Unbilled Services (in case of service providers)		
A.1.3.6 Others, specify (A.1.3.6.1+A.1.3.6.2)	(19,197)	(10,346)
A.1.3.6.1 Allowance for inventory obsolescence (negative entry)	(19,197)	(10,346)
A.1.3.6.2		
A.1.4 Financial Assets other than Cash/Receivables/Equity investments (A.1.4.1 + A.1.4.2 + A.1.4.3 + A.1.4.4+A.1.4.5+A.1.4.6)	600	11,420
A.1.4.1 Financial Assets at Fair Value through Profit or Loss - issued by domestic entities (A.1.4.1.1 + A.1.4.1.2 + A.1.4.1.3 + A.1.4.1.4 + A.1.4.1.5)	-	-
A.1.4.1.1 National Government		
A.1.4.1.2 Public Financial Institutions		
A.1.4.1.3 Public Non-Financial Institutions		
A.1.4.1.4 Private Financial Institutions	-	-
A.1.4.1.5 Private Non-Financial Institutions		
A.1.4.2 Held to Maturity Investments - issued by domestic entities (A.1.4.2.1 + A.1.4.2.2 + A.1.4.2.3 + A.1.4.2.4 + A.1.4.2.5)	-	-
A.1.4.2.1 National Government		
A.1.4.2.2 Public Financial Institutions		
A.1.4.2.3 Public Non-Financial Institutions		
A.1.4.2.4 Private Financial Institutions		
A.1.4.2.5 Private Non-Financial Institutions		

## NOTE:

This general form is applicable to companies engaged in Agriculture, Fishery, Forestry, Mining, and Quarrying, Manufacturing, Electricity, Gas and Water, Construction, Wholesale and Retail Trade, Transportation, Storage and Communications, Hotels and Restaurants, Real Estate, Community, Social and Personal Services, other forms of production, and general business operations. This form is also applicable to other companies that do not have industry-specific Special Forms. Special forms shall be used by publicly-held companies and those engaged in non-bank financial intermediation activities, credit granting, and activities auxiliary to financial intermediation, which require secondary license from SEC.

Domestic corporations are those which are incorporated under Philippine laws or branches/subsidiaries of foreign corporations that are licensed to do business in the Philippines where the center of economic interest or activity is within the Philippines. On the other hand, foreign corporations are those that are incorporated abroad, including branches of Philippine corporations operating abroad.

Financial Institutions are corporations principally engaged in financial intermediation, facilitating financial intermediation, or auxiliary financial services. Non-Financial institutions refer to corporations that are primarily engaged in the production of market goods and non-financial services.

**GENERAL FORM FOR FINANCIAL STATEMENTS**

NAME OF CORPORATION: **INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES**  
 CURRENT ADDRESS: **NORTH SCIENCE AVE., LAGUNA TECHNOPARK SEPZ BIÑAN, BIÑAN, LAGUNA 4024**  
 TEL. NO.: **02 756 6840** FAX NO.: **(049)5491028**  
 COMPANY TYPE: **MANUFACTURING** PSIC: \_\_\_\_\_

*If these are based on consolidated financial statements, please so indicate in the caption.*

**Table 1. Balance Sheet**

<b>FINANCIAL DATA</b>	<b>2024</b> ( in US\$'000 )	<b>2023</b> ( in US\$'000 )
A.1.4.3 Loans and Receivables - issued by domestic entities: (A.1.4.3.1 + A.1.4.3.2 + A.1.4.3.3 + A.1.4.3.4 + A.1.4.3.5)	-	-
A.1.4.3.1 National Government		
A.1.4.3.2 Public Financial Institutions		
A.1.4.3.3 Public Non-Financial Institutions		
A.1.4.3.4 Private Financial Institutions		
A.1.4.3.5 Private Non-Financial Institutions		
A.1.4.4 Available-for-sale financial assets - issued by domestic entities: (A.1.4.4.1 + A.1.4.4.2 + A.1.4.4.3 + A.1.4.4.4 + A.1.4.4.5)	-	-
A.1.4.4.1 National Government		
A.1.4.4.2 Public Financial Institutions		
A.1.4.4.3 Public Non-Financial Institutions		
A.1.4.4.4 Private Financial Institutions		
A.1.4.4.5 Private Non-Financial Institutions		
A.1.4.5 Financial Assets issued by foreign entities:	600	11,420
A.1.4.5.1 Financial Assets at fair value through profit or loss		
A.1.4.5.2 Held-to-maturity investments	600	11,420
A.1.4.5.3 Loans and Receivables		
A.1.4.5.4 Available-for-sale financial assets		
A.1.4.6 Allowance for decline in market value (negative entry)		
A.1.5 Contract Assets	42,642	52,901
A.1.6 Other Current Assets (state separately material items) (A.1.5.1 + A.1.5.2 + A.1.5.3)	25,149	30,396
A.1.6.1 Prepayments and advances to suppliers	7,797	10,026
A.1.6.2 Tax credits	3,317	7,912
A.1.6.3 Input taxes	13,639	11,469
A.1.6.4 Others	397	988
A.2 Property, plant, and equipment (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5 + A.2.6 + A.2.7+A.2.8)	113,219	138,725
A.2.1 Land		
A.2.2 Building and improvements including leasehold improvement	96,505	100,791
A.2.3 Machinery and equipment (on hand and in transit)	158,212	174,111
A.2.4 Transportation/motor vehicles, automotive equipment, autos and trucks, and delivery	2,754	2,657
A.2.5 Others, specify (A.2.5.1 + A.2.5.2 + A.2.5.3 + A.2.5.4 + A.2.5.5)	31,216	35,803
A.2.5.1 Property, or equipment used for education purposes		
A.2.5.2 Construction in progress	3,340	4,698
A.2.5.3 Furniture, Fixtures and Equipment	20,803	22,928
A.2.5.4 Tools and Instruments	7,072	8,178
A.2.5.5		
A.2.6 Appraisal increase, specify (A.2.6.1 + A.2.6.2 + A.2.6.3 + A.2.6.4)		
A.2.6.1		
A.2.6.2		
A.2.6.3		
A.2.6.4		
A.2.7 Accumulated Depreciation (negative entry)	(162,920)	(166,703)
A.2.8 Impairment Loss or Reversal (if loss, negative entry)	(12,547)	(7,934)
A.3 Investments accounted for using the equity method (A.3.1 + A.3.2 + A.3.3)	-	-
A.3.1 Equity in domestic subsidiaries/affiliates		
A.3.2 Equity in foreign branches/subsidiaries/affiliates		
A.3.3 Others, specify (A.3.1.1 + A.3.2.1 + A.3.3.1 + A.3.3.4)	-	-
A.3.3.1 Investment in Radar Golf		
A.3.3.2 Investment in Technopark Land Inc.		
A.3.3.3		
A.3.3.4		
A.4 Investment Property		
A.5 Biological Assets		
A.6 Intangible Assets (A.6.1 + A.6.2)	43,373	73,649
A.6.1 Major item/s, specify (A.6.1.1 + A.6.1.2 + A.6.1.3 + A.6.1.4)	43,373	73,649
A.6.1.1 Goodwill	40,459	70,181
A.6.1.2 Product Development Cost	0	0
A.6.1.3 Intellectual properties	313	510
A.6.1.4 Licenses	2,601	2,959
A.6.1.5 Customer Relationships	-	-
A.6.2 Others, specify (A.6.2.1 + A.6.2.2 + A.6.2.3 + A.6.2.4)	-	-
A.6.2.1		
A.6.2.2		
A.6.2.3		
A.6.2.4		
A.7 Assets Classified as Held for Sale		
A.8 Assets included in Disposal Groups Classified as Held for Sale		

**GENERAL FORM FOR FINANCIAL STATEMENTS**

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TEL. NO.: 02 756 6840 FAX NO.: (049)5491028  
COMPANY TYPE: MANUFACTURING PSIC: \_\_\_\_\_

*If these are based on consolidated financial statements, please so indicate in the caption.*

**Table 1. Balance Sheet**

<b>FINANCIAL DATA</b>	<b>2024 ( in US\$'000 )</b>	<b>2023 ( in US\$'000 )</b>
A.9 Long-term receivables (net of current portion) (A.9.1 + A.9.2 + A.9.3)	-	-
A.9.1 From domestic entities, specify (A.9.1.1 + A.9.1.2 + A.9.1.3 + A.9.1.4)		
A.9.1.1		
A.9.1.2		
A.9.1.3		
A.9.1.4		
A.9.2 From foreign entities, specify (A.9.2.1 + A.9.2.2 + A.9.2.3 + A.9.2.4)		
A.9.2.1		
A.9.2.2		
A.9.2.3		
A.9.2.4		
A.9.3 Allowance for doubtful accounts, net of current portion (negative entry)		
A.10 Other Assets (A.10.1 + A.10.2 + A.10.3 + A.10.4+A.10.5)	46,738	42,927
A.10.1 Pension asset	196	219
A.10.2 Deferred Income Tax	3,129	3,649
A.10.3 Financial assets at FVOCI	2,543	2,364
A.10.4 Noncurrent receivables		
A.10.5 Others, specify (A.10.4.1 + A.10.4.2 + A.10.4.3 + A.10.4.4)	40,870	36,694
A.10.4.1 Deferred charges	7,745	13,567
A.10.4.2 Miscellaneous deposits	2,922	3,213
A.10.4.3 Others	185	442
A.10.4.4 Right-of-use assets	30,018	19,473
A.10.5 Allowance for write-down of deferred charges/bad accounts (negative entry)		
<b>B. LIABILITIES (B.1 + B.2 + B.3 + B.4 + B.5)</b>	<b>569,604</b>	<b>684,042</b>
B.1 Current Liabilities (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5 + B.1.6 + B.1.7)	423,579	514,520
B.1.1 Trade and Other Payables to Domestic Entities	143,243	180,142
B.1.1.1 Trust receipts and Loans/Notes Payables	123,100	157,000
B.1.1.2 Trade Payables	2,437	1,508
B.1.1.3 Non trade Payables	3	1,952
B.1.1.4 Payables to Related Parties, specify (B.1.1.3.1 + B.1.1.3.2 + B.1.1.3.3)	382	682
B.1.1.3.1 Due to a related party	382	682
B.1.1.3.2		
B.1.1.3.3		
B.1.1.4 Others, specify (B.1.1.4.1 + B.1.1.4.2 + B.1.1.4.3 + B.1.1.4.4 + B.1.1.4.5)	17,321	19,000
B.1.1.4.1 Accrued expenses	9,200	10,741
B.1.1.4.2 Employee related payables	5,719	6,091
B.1.1.4.3 Others		
B.1.1.4.4 Taxes and government related payable	913	910
B.1.1.4.5 Current portion of lease liabilities	1,489	1,258
B.1.2 Trade and Other Payables to Foreign Entities (specify) (B.1.2.1+B.1.2.2+B.1.2.3+B.1.2.4)	243,356	321,608
B.1.2.1 Trust receipts and Loans/Notes Payables	29,494	53,027
B.1.2.2 Trade Payables	155,229	195,731
B.1.2.3 Non Trade Payables	10,678	17,048
B.1.2.4 Accrued expenses	19,453	20,029
B.1.2.5 Taxes and government related payable	1,860	2,423
B.1.2.6 Customers' deposits & Advances from customers	6,506	10,334
B.1.2.7 Employee related payables	16,181	16,008
B.1.2.8 Dividends Payable		
B.1.2.9 Current portion of lease liabilities	3,955	7,008
B.1.2.10 Others	-	-
B.1.3 Contract Liabilities	3,442	2,748
B.1.4 Financial Liabilities (excluding Trade and Other Payables and Provisions) (B.1.4.1 + B.1.4.2 + B.1.4.3)	1,016	1,525
B.1.4.1 Other financial liabilities	1	1
B.1.4.2 Liability for Onerous Contracts	1,015	1,524
B.1.4.3		
B.1.4.4		
B.1.5 Liabilities for Current Tax	1,759	2,012
B.1.6 Deferred Tax Liabilities		
B.1.7 Others, specify (If material, state separately; indicate if the item is payable to public/private or financial/non-financial institutions)	30,763	6,485
B.1.7.1 Dividends declared and not paid at balance sheet date		
B.1.7.2 Derivatives liabilities		
B.1.7.3 Liabilities under Trust Receipts		
B.1.7.4 Portion of Long-term Debt Due within one year	30,763	6,485
B.1.7.5 Deferred Income		
B.1.7.6 Any other current liability in excess of 5% of Total Current Liabilities, specify: (B.1.7.6.1 + B.1.7.6.2 + B.1.7.6.3 + B.1.7.6.4)	-	-
B.1.7.6.1		
B.1.7.6.2		
B.1.7.6.3		
B.1.7.6.4		

**GENERAL FORM FOR FINANCIAL STATEMENTS**

NAME OF CORPORATION: INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

CURRENT ADDRESS: NORTH SCIENCE AVE., LAGUNA TECHNOPARK SEPZ BIÑAN, BIÑAN, LAGUNA 4024

TEL. NO.: 02 756 6840

FAX NO.: (049)5491028

COMPANY TYPE: MANUFACTURING

PSIC: \_\_\_\_\_

*If these are based on consolidated financial statements, please so indicate in the caption.*

**Table 1. Balance Sheet**

<b>FINANCIAL DATA</b>	<b>2024 ( in US\$'000 )</b>	<b>2023 ( in US\$'000 )</b>
B.2 Long-term Debt - Non-current Interest-bearing Liabilities (B.2.1 + B.2.2 + B.2.3 + B.2.4 +	107,103	140,214
B.2.1 Domestic Public Financial Institutions		
B.2.2 Domestic Public Non-Financial Institutions		
B.2.3 Domestic Private Financial Institutions		
B.2.4 Domestic Private Non-Financial Institutions	102,887	136,236
B.2.5 Foreign Financial Institutions	4,215	3,978
B.3 Indebtedness to Affiliates and Related Parties (Non-Current)		
B.4 Liabilities Included in the Disposal Groups Classified as Held for Sale		
B.5 Other Liabilities (B.5.1 + B.5.2)	38,922	29,309
B.5.1 Deferred Income Tax	974	1,014
B.5.2 Others, specify (B.5.2.1 + B.5.2.2 + B.5.2.3 + B.5.2.4)	37,948	28,295
B.5.2.1 Finance lease	25,435	13,723
B.5.2.2 Deferred Revenue		
B.5.2.3 Pension Liability	7,376	8,827
B.5.2.4 Other Long term payables	5,137	5,745
<b>C. EQUITY (C.3 + C.4 + C.5 + C.6 + C.7 + C.8 + C.9+C.10)</b>	<b>223,321</b>	<b>310,585</b>
C.1 Authorized Capital Stock (no. of shares, par value and total value; show details) (C.1.1+C.1.2+C.1.3)	0	0
C.1.1 Common shares		
C.1.2 Preferred Shares		
C.1.3 Others		
C.2 Subscribed Capital Stock (no. of shares, par value and total value) (C.2.1 + C.2.2 + C.2.3)	688	689
C.2.1 Common shares	688	689
C.2.2 Preferred Shares		
C.2.3 Others		
C.3 Paid-up Capital Stock (C.3.1 + C.3.2)	42,721	42,721
C.3.1 Common shares	42,721	42,721
C.3.2 Preferred Shares		
C.4 Additional Paid-in Capital / Capital in excess of par value / Paid-in Surplus	193,764	193,778
C.5 Minority Interest	4,746	32,110
C.6 Others, specify (C.6.1 + C.6.2 + C.6.3 + C.6.4 + C.6.5)	(57,071)	(46,877)
C.6.1 Subscription receivable	(2,561)	(2,576)
C.6.2 Reserve for fluctuation on available for sale - investments	830	548
C.6.3 Asset valuation reserve	0	0
C.6.4 Cumulative translation Adjustment	(44,153)	(34,799)
C.6.5 Other Comprehensive Income	(11,187)	(10,051)
C.7 Appraisal Surplus/Revaluation Increment in Property/Revaluation Surplus		
C.8 Retained Earnings (C.8.1 + C.8.2)	39,485	89,177
C.8.1 Appropriated		
C.8.2 Unappropriated	39,485	89,177
C.9 Head / Home Office Account (for Foreign Branches only)		
C.10 Cost of Stocks Held in Treasury (negative entry)	(1,013)	(1,013)
<b>D. TOTAL LIABILITIES AND EQUITY (B + C)</b>	<b>792,924</b>	<b>994,628</b>

**GENERAL FORM FOR FINANCIAL STATEMENTS**

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TEL. NO.: 02 756 6840 FAX NO.: (049)5491028  
COMPANY TYPE : MANUFACTURING PSIC: \_\_\_\_\_

*If these are based on consolidated financial statements, please so indicate in the caption.*

**Table 2. Income Statement**

FINANCIAL DATA	2024 ( in US\$'000 )	2023 ( in US\$'000 )
<b>A. REVENUE / INCOME (A.1 + A.2 + A.3 + A.4)</b>	<b>1,072,496.79</b>	<b>1,237,554.03</b>
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining, utilities, trade, services, etc.) (from Primary Activity)	1,098,692.65	1,327,212.93
A.2 Share in the Profit or Loss of Associates and Joint Ventures accounted for using the		
A.3 Other Revenue (A.3.1 + A.3.2 + A.3.3 + A.3.4 + A.3.5)	4,010.60	13,432.43
A.3.1 Rental Income from Land and Buildings		
A.3.2 Receipts from Sale of Merchandise (trading) (from Secondary Activity)		
A.3.3 Sale of Real Estate or other Property and Equipment		
A.3.4 Royalties, Franchise Fees, Copyrights (books, films, records, etc.)		
A.3.5 Others, specify (A.3.5.1 + A.3.5.2 + A.3.5.3 + A.3.5.4 + A.3.5.5 + A.3.5.6 + A.3.5.7)	4,010.60	13,432.43
A.3.5.1 Financial subsidies	2,043.21	1,976.11
A.3.5.2 Miscellaneous Income	1,955.88	11,444.35
A.3.5.3 Gain on insurance claims	11.51	11.97
A.3.5.4		
A.3.5.5		
A.3.5.6		
A.3.5.7		
A.4 Other Income (non-operating) (A.4.1 + A.4.2 + A.4.3 + A.4.4)	(30,206.46)	(103,091.33)
A.4.1 Interest Income	1,601.58	2,245.09
A.4.2 Dividend Income		
A.4.3 Gain / (Loss) from selling of Assets, specify (A.4.3.1 + A.4.3.2 + A.4.3.3 + A.4.3.4 + A.4.3.5 + A.4.3.6 + A.4.3.7)	1,792.14	123.18
A.4.3.1 Gain/(loss) on sale of fixed assets	1,751.81	60.06
A.4.3.2 Mark-to-market gains (loss) from put option		
A.4.3.3 Net gain on disposal of a subsidiary		
A.4.3.4 Sale of materials and scrap	40.33	63.11
A.4.4 Other Non-operating Gain / (Loss) (A.4.4.1 + A.4.4.2 + A.4.4.3 + A.4.4.4)	(33,600.18)	(105,459.60)
A.4.4.1 Net foreign exchange gain	(1,658.67)	5,792.59
A.4.4.2 Reversal (provision) of Impairment loss	(31,941.52)	(20,635.85)
A.4.4.3 Loss on disposal of subsidiary		(81,108.32)
A.4.4.4 Loss on write off of inventories		(9,508.02)
<b>B. COST OF GOODS SOLD (B.1 + B.2 + B.3)</b>	<b>1,012,178.68</b>	<b>1,207,207.52</b>
B.1 Cost of Goods Manufactured (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5)	1,012,178.68	1,207,207.52
B.1.1 Direct Material Used	803,269.82	957,021.56
B.1.2 Direct Labor	149,791.63	178,327.06
B.1.3 Other Manufacturing Cost / Overhead	59,117.23	71,858.91
B.1.4 Goods in Process, Beginning		
B.1.5 Goods in Process, End (negative entry)		
B.2 Finished Goods, Beginning		
B.3 Finished Goods, End (negative entry)		
<b>C. COST OF SALES (C.1 + C.2 + C.3)</b>	<b>0.00</b>	<b>0.00</b>
C.1 Purchases		
C.2 Merchandise Inventory, Beginning		
C.3 Merchandise Inventory, End (negative entry)		
<b>D. COST OF SERVICES, SPECIFY (D.1 + D.2 + D.3 + D.4 + D.5 + D.6)</b>	<b>0.00</b>	<b>0.00</b>
D.1		
D.2		
D.3		
D.4		
D.5		
D.6		

**GENERAL FORM FOR FINANCIAL STATEMENTS**

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TEL. NO.: 02 756 6840 FAX NO.: (049)5491028  
COMPANY TYPE : MANUFACTURING PSIC: \_\_\_\_\_

*If these are based on consolidated financial statements, please so indicate in the caption.*

**Table 2. Income Statement**

FINANCIAL DATA	2024 ( in US\$'000 )	2023 ( in US\$'000 )
<b>E. OTHER DIRECT COSTS, SPECIFY (E.1 + E.2 + E.3 + E.4 + E.5 + E.6)</b>		
E.1		
E.2		
E.3		
E.4		
E.5		
E.6		
<b>F. GROSS PROFIT (A - B - C - D - E)</b>	<b>60,318.106</b>	<b>30,346.51</b>
<b>G. OPERATING EXPENSES (G.1 + G.2 + G.3 + G.4)</b>	<b>110,211.979</b>	<b>121,898.30</b>
G.1 Selling or Marketing Expenses		
G.2 Administrative Expenses		
G.3 General Expenses	110,211.979	121,898.301
G.4 Other Expenses, specify (G.4.1 + G.4.2 + G.4.3 + G.4.4 + G.4.5 + G.4.6)	-	-
G.4.1 Interest and bank charges		
G.4.2 Impairment loss on goodwill		
G.4.3		
G.4.4 Foreign exchange losses		
G.4.5 Miscellaneous		
G.4.6		
<b>H. FINANCE COSTS</b>	<b>21,202.505</b>	<b>21,100.048</b>
<b>I. NET INCOME (LOSS) BEFORE TAX ( F - G - H)</b>	<b>(71,096.38)</b>	<b>(112,651.84)</b>
<b>J. INCOME TAX EXPENSE (negative entry)</b>	<b>-5,956.054</b>	<b>-5,618.867</b>
<b>K. INCOME AFTER TAX</b>	<b>(77,052.43)</b>	<b>(118,270.71)</b>
<b>L. Amount of (i) Post-Tax Profit or Loss of Discontinued Operations; and (ii) Post-Tax Gain or Loss Recognized on the Measurement of Fair Value less Cost to Sell or on the Disposal of the Assets or Disposal Group(s) constituting the Discontinued Operation (if any)</b>	<b>0.000</b>	<b>0.00</b>
L.1		
L.2		
<b>M. Profit or Loss Attributable to Minority Interest</b>	<b>27,263.872</b>	<b>12,644.570</b>
<b>N. Profit or Loss Attributable to Equity Holders of the Parent</b>	<b>(49,788.56)</b>	<b>(105,626.14)</b>

**GENERAL FORM FOR FINANCIAL STATEMENTS**

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TEL. NO.: 02 756 6840 FAX NO.: (049)5491028  
COMPANY TYPE : MANUFACTURING PSIC: \_\_\_\_\_

*If these are based on consolidated financial statements, please so indicate in the caption.*

**Table 3. Cash Flow Statements**

FINANCIAL DATA		2024 ( in US\$'000 )	2023 ( in US\$'000 )
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net Income (Loss) Before Tax and Extraordinary Items		(71,096.38)	(112,651.84)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
Depreciation		23,570.11	26,437.36
Amortization, specify: Interest expense		19,151.25	19,013.08
Others, specify: Amortization of Intangible Assets		1,131.46	1,855.30
Amortization of right-of-use asset		8,337.13	8,889.81
Interest expense on lease liabilities		1,482.68	1,395.17
Unrealized foreign exchange loss (gain) - net		1,129.49	(5,056.45)
Loss (gain) on derivative transactions		0.00	0.00
Loss (gain) on sale of property, plant and equipment		(1,751.81)	(60.06)
Interest income		(1,601.58)	(2,245.09)
Loss on sale of subsidiary		0.00	79,349.04
Impairment loss on goodwill		27,009.31	15,590.84
Provision (reversal) of impairment loss on product development cos		0.00	0.00
Provision (reversal) of impairment loss of property, plant and equipr		5,054.41	5,045.01
Gain on insurance claims		(11.51)	(11.97)
Gain on lease modifications		(1,107.40)	
Reversal of impairment loss on property, plant and equipment			
Operating income before working capital changes		11,297.14	37,550.190
Changes in operating assets and liabilities:			
Decrease (Increase) in:			
Loans and receivables		53,756.28	4,970.44
Inventories		65,904.76	(22,647.06)
Other current assets		4,510.46	(6,590.32)
Contract assets		8,965.40	3,671.23
Short-term investments		10,820.00	(2,920.39)
Increase (Decrease) in:			
Accounts payables and accrued expenses		(58,248.52)	21,030.92
Contract liabilities		693.95	(4,749.75)
Liability for Onerous Contracts		(502.65)	487.97
Retirement Liabilities		(2,744.19)	(250.90)
Accrued rent			
Other noncurrent liabilities			
Net cash generated (used) from operations		94,452.64	30,552.32
Interest paid		(18,537.22)	(18,928.26)
Income tax paid		(5,543.33)	(7,081.60)
Interest received		1,604.78	2,245.09
Dividends received			
<b>A. Net Cash Provided by (Used in) Operating Activities (sum of above rows)</b>		<b>71,976.87</b>	<b>6,787.55</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of:			
Property, plant, and equipment		(9,451.37)	(27,293.63)
Available-for-sale financial assets			
Intangible assets		(413.02)	(271.72)
Acquisition through business combination, net of cash acquired			
Receivable resulting from sale of subsidiary		0.00	(5,487.37)
Proceeds from sale of property, plant and equipment		4,110.31	725.77
Transaction costs related to sale of subsidiary		0.00	(1,325.98)
Decrease (increase) in other non current assets		5,004.04	(402.65)
<b>B. Net Cash Provided by (Used in) Investing Activities (sum of above rows)</b>		<b>(750.04)</b>	<b>(34,055.59)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net proceeds from subsidiary's public offering			
Proceeds from stock rights offering			
Availment of loans		2,438.02	24,791.59
Payments of:			
Loans payable		(54,997.51)	(3,946.15)
Lease liabilities		(8,814.25)	(9,822.20)
Long-term debt		(10,903.14)	(6,608.47)
Dividends paid to preference shareholders of a subsidiary			
Dividends paid to equity holders of the Parent Company			
Collections (refund) of subscriptions receivable		0.54	23.05
Redemption of preferred shares of a subsidiary to non-controlling interest			
Acquisition of Treasury Shares			
Settlement of derivatives			
Increase in noncurrent liabilities		838.63	449.79
<b>C. Net Cash Provided by (Used in) Financing Activities (sum of above rows)</b>		<b>(71,437.71)</b>	<b>4,887.62</b>
<b>Effect of changes in foreign exchange rates on cash &amp; cash equivalents</b>		<b>(33.56)</b>	<b>(1,856.12)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)</b>		<b>(244.44)</b>	<b>(24,236.54)</b>
Cash and Cash Equivalents			
Beginning of year		91,588.02	115,824.56
End of year		91,343.58	91,588.02



Control No.:  
Form Type:

GFFS (rev 2006)

## GENERAL FORM FOR FINANCIAL STATEMENTS

NAME OF CORPORATION:

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

CURRENT ADDRESS:

NORTH SCIENCE AVE., LAGUNA TECHNOPARK SEPZ BINAN, LAGUNA 4024

TEL. NO.:

02 756 6840 loc 5370

FAX NO.: (049)-5491028

COMPANY TYPE :

MANUFACTURING

PSIC:

If these are based on consolidated financial statements, please so indicate in the caption.

Table 4. Statement of Changes in Equity

(Amount in US\$'000)													
FINANCIAL DATA	Capital Stock-Common	Capital Stock-Preferred	Subscribed Capital Stock	APIC	Subscriptions Receivable	Treasury Stock	Retained Earnings	Reserved for Fluctuation on AFS Financial Assets	Other Comprehensive Loss	Other Reserves	Cumulative Translation Adjustment	Minority Interest	TOTAL
A Balance, 2022	42,719.22	-	692.45	193,797.22	(2,620.20)	(1,012.587)	194,803.30	32.79	(7,434.23)	-	(43,668.48)	37,974.36	415,283.86
B Surplus	-	-	(1.69)	(19.38)	44.12	-	-	-	-	-	-	-	23.05
B.1 Surplus (Deficit) on Revaluation of Properties													-
B.2 Surplus (Deficit) on Revaluation of Investments													-
B.3 Currency Translation Differences													-
B.4 Other Surplus (specify)	-	-	(1.69)	(19.38)	44.12	-	-	-	-	-	-	-	23.05
B.4.1 Forfeitures during the year			(1.69)	(19.38)	21.07								-
B.4.2 Collections from subscriptions					23.05								23.05
B.4.3 Cost of Share based payments													-
B.4.4 Reacquired shares													-
B.4.5 Accretion of subscription receivable													-
B.4.6 Transaction costs on shares issuance													-
B.4.7 Effect of recognition of financial liability arising from put options on business combination													-
C Net Income (Loss) for the Period							(105,626.14)					(12,644.57)	(118,270.71)
D Dividends (negative entry)							-						-
D.1 Reversal of cash dividends declared													-
D.2 Cash Dividend													-
E Appropriation for: Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-
E.1 Dilution of ownership interest in a subsidiary													-
E.2 Derecognition of put option financial liability													-
F Issuance of Capital Stock	1.46	-	(1.46)	-	-	-	-	-	-	-	-	-	-
F.1 Shares issued during the year	1.46		(1.46)										-
F.2 Redemption of preferred shares													-
G Other Comprehensive Income/(Loss)								515.17	(2,616.32)		8,869.96	6,780.25	13,549.05
H Balance, 2023	42,720.68	-	689.31	193,777.84	(2,576.08)	(1,012.59)	89,177.16	547.96	(10,050.55)	-	(34,798.53)	32,110.04	310,585.25
I Balance, 2023	42,720.68	-	689.31	193,777.84	(2,576.08)	(1,012.59)	89,177.16	547.96	(10,050.55)	-	(34,798.53)	32,110.04	310,585.25
J Effect of finalization of business combination													-
K Surplus	-	-	(1.18)	(13.57)	15.29	-	95.97		-	-		-	96.51
K.1 Surplus (Deficit) on Revaluation of Properties													-
K.2 Surplus (Deficit) on Revaluation of Investments													-
K.3 Currency Translation Differences													-
K.4 Other Surplus (specify)	-	-	(1.18)	(13.57)	15.29	-	95.97	-	-	-	-	-	96.51
K.4.1 Forfeitures during the year			(1.18)	(13.57)	14.75								-
K.4.2 Collections from subscriptions					0.54								0.54
K.4.3 Cost of Share based payments													-
K.4.4 Reacquired shares													-
K.4.5 Accretion of subscription receivable													-
K.4.6 Transaction costs on shares issuance													-
K.4.7 Sale of other financial assets							95.97						95.97
L Net Income (Loss) for the Period							(49,788.56)					(27,263.87)	(77,052.43)
M Dividends (negative entry)							-						-
L.1 Reversal of cash dividends declared													-
L.2 Cash Dividend													-
N Appropriation for: Acquisition of non-controlling interests										-	-	-	-
N.1 Dilution of ownership interest in a subsidiary													-
N.2 Derecognition of put option financial liability													-
O Issuance of Capital Stock	0.34	-	(0.34)	-	-	-	-	-	-	-	-	-	-
N.1 Shares issued during the year	0.34		(0.34)										-
N.2 Redemption of preferred shares													-
P Other Comprehensive Income/(Loss)								282.13	(1,135.99)		(9,354.95)	(99.82)	(10,308.64)
Q Balance, 2024	42,721.02	-	687.79	193,764.27	(2,560.79)	(1,012.59)	39,484.57	830.09	(11,186.54)	-	(44,153.48)	4,746.35	223,320.70

# GENERAL FORM FOR FINANCIAL STATEMENTS

NAME OF CORPORATION: INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES  
CURRENT ADDRESS: NORTH SCIENCE AVE., LAGUNA TECHNOPARK SEPZ, BIÑAN LAGUNA 4024  
TEL. NO.: 02 756 6840 loc 5370 FAX NO.: (049)-5411028  
COMPANY TYPE : MANUFACTURING PSIC: \_\_\_\_\_

*If these are based on consolidated financial statements, please so indicate in the caption.*

**Table 5. Details of Income and Expenses, by source**  
**(applicable to corporations transacting with foreign corporations/entities)**

FINANCIAL DATA	2024 ( in \$'000 )	2023 ( in \$'000 )
<b>A. REVENUE / INCOME (A.1 + A.2)</b>	<b>1,104,438.31</b>	<b>1,237,554.03</b>
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining, utilities, trade, services, etc.) (from Primary Activity) (A.1.1 + A.1.2)	1,098,692.65	1,327,212.93
A.1.1 Domestic		
A.1.2 Foreign	1,098,692.65	1,327,212.93
A.2 Other Revenue (A.2.1 + A.2.2)	5,745.65	(89,658.90)
A.2.1 Domestic		
A.2.2 Foreign, specify (A.2.2.1+A.2.2.2+ A.2.2.3+ A.2.2.4+ A.2.2.5+ A.2.2.6+A.2.2.7+ A.2.2.8+A.2.2.9+A.2.2.10)	5,745.65	(89,658.90)
A.2.2.1 Gain (loss) on sale of assets	1,792.14	123.18
A.2.2.2 Miscellaneous	1,955.88	1,936.33
A.2.2.3 Forex gain (loss)	(1,658.67)	5,792.59
A.2.2.4 Financial subsidies	2,043.21	1,976.11
A.2.2.5 Interest Income	1,601.58	2,245.09
A.2.2.6 Gain on insurance claims	11.51	11.97
A.2.2.7 Impairment of PPE and Intangibles		-20,635.85
A.2.2.8 Loss on disposal of subsidiary		-81,108.32
A.2.2.9 Reversal of contingent consideration		0.00
A.2.2.10		
<b>B. EXPENSES (B.1 + B.2)</b>	<b>1,181,490.74</b>	<b>1,355,824.74</b>
B.1 Domestic		
B.2 Foreign, specify (B.2.1+B.2.2+B.2.3+B.2.4+B.2.5+B.2.6+B.2.7+B.2.8+B.2.9+B.2.10)	1,181,490.74	1,355,824.74
B.2.1 Cost of Sales	1,012,178.68	1,207,207.52
B.2.2 Operating Expenses	110,211.98	121,898.30
B.2.3 Loss on disposal of subsidiary	-	-
B.2.4 Income Tax	5,956.05	5,618.87
B.2.5 Financing Cost	21,202.51	21,100.05
B.2.6 Impairment losses	31,941.52	
B.2.7		
B.2.8		
B.2.9		
B.2.10		

**INTEGRATED MICRO-ELECTRONICS, INC. (Parent)**  
**Filed in Securities and Exchange Commission**

for  
**AUDITED FINANCIAL STATEMENTS**

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N	/	A	
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C O M P A N Y   I N F O R M A T I O N		
Company's Email Address	Company's Telephone Number	Mobile Number
<b>ir@global-imi.com</b>	<b>(02) 7756-6840</b>	<b>N/A</b>
No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
<b>282</b>	<b>APRIL/22</b>	<b>12/31</b>

CONTACT PERSON INFORMATION			
The designated contact person <u><b>MUST</b></u> be an Officer of the Corporation			
Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
<b>Ms. Laurice S. Dela Cruz</b>	<b>laurice.delacruz@global-imi.com</b>	<b>(02) 7756-6840</b>	<b>N/A</b>

<b>CONTACT PERSON's ADDRESS</b>
North Science Avenue, Laguna Technopark, Biñan, Laguna

**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 Stockholders and the Board of Directors  
Integrated Micro-Electronics, Inc.  
North Science Avenue - Special Economic Zone (LT - SEZ)  
Laguna Technopark, Bo. Biñan  
Biñan, Laguna

### Report on the Audit of the Parent Company Financial Statements

#### Opinion

We have audited the parent company financial statements of Integrated Micro-Electronics, Inc. (the "Parent Company"), which comprise the parent company balance sheets as at December 31, 2024 and 2023, and the parent company statements of income, parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for each of the three years in the period ended December 31, 2024, and notes to the parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Parent Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2024 in accordance with Philippine Financial Reporting Standards (PFRSs) Accounting Standards.

#### 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 Parent Company Financial Statements* section of our report. We are independent of the Parent Company 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 parent company 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.

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

Management is responsible for the preparation and fair presentation of the parent company financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company financial statements, management is responsible for assessing the Parent 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 Parent Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Parent Company's financial reporting process.



## **Auditor's Responsibilities for the Audit of the Parent Company Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent company 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 parent company 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 parent company 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 Parent Company'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 Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company 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 Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.



### **Report on the Supplementary Information Required Under Revenue Regulations 15-2010**

Our audits were conducted for the purpose of forming an opinion on the parent company financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 35 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic parent company financial statements. Such information is the responsibility of the management of Integrated Micro-Electronics, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic parent company financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic parent company financial statements taken as a whole.

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

Partner

CPA Certificate No. 90787

Tax Identification No. 162-410-623

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-074-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10465396, January 2, 2025, Makati City

March 7, 2025



**INTEGRATED MICRO-ELECTRONICS, INC.**  
**PARENT COMPANY BALANCE SHEETS**

	December 31	
	2024	2023
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Notes 4, 30 and 31)	\$4,931,393	\$3,884,234
Receivables (Notes 5, 29, 30 and 31)	225,737,558	261,273,148
Contract assets (Notes 6, 30 and 31)	12,843,363	17,676,778
Inventories (Note 7)	48,741,437	62,864,962
Other current assets (Note 8)	1,891,866	1,675,269
Total Current Assets	294,145,617	\$347,374,391
<b>Noncurrent Assets</b>		
Investments in and advances to subsidiaries (Note 9)	232,382,435	232,382,435
Property, plant and equipment (Note 10)	16,536,292	22,420,124
Right-of-use assets (Note 28)	4,815,813	6,220,385
Financial assets at FVOCI (Notes 12, 30 and 31)	2,543,003	2,364,096
Goodwill and other noncurrent assets (Note 11)	1,445,151	2,243,833
Total Noncurrent Assets	257,722,694	265,630,873
	<b>\$551,868,311</b>	<b>\$613,005,264</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses (Notes 13, 30 and 31)	\$56,110,712	\$59,649,300
Contract liabilities (Notes 6, 30 and 31)	3,780,494	3,556,003
Loans payable (Notes 14, 30 and 31)	123,100,000	157,000,000
Current portion of long-term debt (Notes 15, 30 and 31)	29,578,880	5,100,000
Current portion of lease liabilities (Notes 28, 30 and 31)	1,488,521	1,257,754
Income tax payable	454,761	386,072
Total Current Liabilities	214,513,368	226,949,129
<b>Noncurrent Liabilities</b>		
Long-term debt (Notes 15, 29, 30 and 31)	102,887,211	136,236,024
Net retirement liability (Note 26)	4,829,084	6,391,640
Noncurrent portion of lease liabilities (Notes 28, 30 and 31)	3,968,631	5,422,889
Deferred tax liabilities (Note 25)	98,231	121,627
Other long-term liabilities	—	17,161
Total Noncurrent Liabilities	111,783,157	148,189,341
Total Liabilities	<b>\$326,296,525</b>	<b>\$375,138,470</b>
<b>EQUITY</b>		
Capital stock - common (Note 16)	42,721,024	42,720,682
Subscribed capital stock (Note 16)	687,789	689,311
Additional paid-in capital (Note 16)	182,077,391	182,090,957
Subscriptions receivable (Note 16)	(2,560,791)	(2,576,077)
Retained earnings (Note 16)	13,575,555	24,984,020
Treasury stock (Note 16)	(1,012,588)	(1,012,588)
Reserve for fluctuation on financial assets at FVOCI (Note 12)	830,092	547,961
Remeasurement losses on defined benefit plans	(10,746,686)	(9,577,472)
Total Equity	225,571,786	237,866,794
	<b>\$551,868,311</b>	<b>\$613,005,264</b>

See accompanying Notes to Parent Company Financial Statements.





**INTEGRATED MICRO-ELECTRONICS, INC.**  
**PARENT COMPANY STATEMENTS OF INCOME**

	Years Ended December 31		
	2024	2023	2022
<b>REVENUE FROM CONTRACTS WITH CUSTOMERS</b> (Note 18)	<b>\$230,161,200</b>	\$274,897,950	\$319,781,444
<b>COST OF SALES</b> (Notes 19, 21 and 26)	<b>207,020,934</b>	250,134,862	287,691,156
<b>GROSS PROFIT</b>	<b>23,140,266</b>	24,763,088	32,090,288
<b>OPERATING EXPENSES</b> (Notes 20, 21 and 26)	<b>18,691,580</b>	19,770,952	20,809,701
<b>OTHERS – Net</b>			
Interest expense and bank charges (Note 22)	(18,023,775)	(16,501,172)	(9,841,722)
Miscellaneous income (expense) - net (Note 23)	(1,379,806)	(8,069,085)	(3,868,822)
Foreign exchange gains (losses) - net	294,359	(151,414)	1,852,198
Interest income (Note 24)	4,864,350	3,909,415	1,591,268
Dividend income (Note 9)	–	24,600,000	4,566,915
	<b>(14,244,872)</b>	3,787,744	(5,700,163)
<b>INCOME (LOSS) BEFORE INCOME TAX</b>	<b>(9,796,186)</b>	8,779,880	5,580,424
<b>PROVISION FOR (BENEFIT FROM)</b> <b>INCOME TAX</b> (Note 25)			
Current	1,733,161	1,764,500	2,092,827
Deferred	(24,909)	(31,916)	134,905
	<b>1,708,252</b>	1,732,584	2,227,732
<b>NET INCOME (LOSS)</b>	<b>(\$11,504,438)</b>	\$7,047,296	\$3,352,692
<b>Earnings (Loss) Per Share</b> (Note 17)			
Basic and diluted	<b>(\$0.00521)</b>	\$0.00319	\$0.00152

See accompanying Notes to Parent Company Financial Statements.



**INTEGRATED MICRO-ELECTRONICS, INC.**  
**PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME**

	Years Ended December 31		
	2024	2023	2022
<b>NET INCOME (LOSS)</b>	<b>(\$11,504,438)</b>	\$7,047,296	\$3,352,692
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
<i>Other comprehensive loss not to be reclassified into profit or loss in subsequent periods:</i>			
Remeasurement gains (losses) on defined benefit plan (Note 26)	(1,169,214)	(2,409,124)	2,268,353
Fair value changes on financial assets at FVOCI - net of tax (Note 12)	282,131	515,167	587,404
	<b>(887,083)</b>	(1,893,957)	2,855,757
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>(\$12,391,521)</b>	\$5,153,339	\$6,208,449

See accompanying Notes to Parent Company Financial Statements.



# INTEGRATED MICRO-ELECTRONICS, INC.

## PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

	December 31, 2024								
							Other Comprehensive Income (Loss)		
	Capital Stock - Common (Note 16)	Subscribed Capital Stock (Note 16)	Additional Paid-in Capital (Note 16)	Subscriptions Receivable (Note 16)	Retained Earnings (Note 16)	Treasury Stock (Note 16)	Reserve for Fluctuation on Financial assets at FVOCI (Note 12)	Remeasurement Losses on Defined Benefit Plan (Note 26)	Total
Balances at January 1, 2024	\$42,720,682	\$689,311	\$182,090,957	(\$2,576,077)	\$24,984,020	(\$1,012,588)	\$547,961	(\$9,577,472)	\$237,866,794
Issued shares during the year	342	(342)	—	—	—	—	—	—	—
Forfeitures during the year	—	(1,180)	(13,566)	14,746	—	—	—	—	—
Collections on subscriptions	—	—	—	540	95,973	—	—	—	540
	42,721,024	687,789	182,077,391	(2,560,791)	25,079,993	(1,012,588)	547,961	(9,577,472)	237,867,334
Net loss	—	—	—	—	(11,504,438)	—	—	—	(\$11,504,438)
Other comprehensive income (loss)	—	—	—	—	95,973	—	282,131	(1,169,214)	(791,110)
Total comprehensive income (loss)	42,721,024	687,789	182,077,391	(2,560,791)	(1,1408,465)	(1,012,588)	282,131	(1,169,214)	(12,295,548)
Balances at December 31, 2024	\$42,721,024	\$687,789	\$182,077,391	(\$2,560,791)	\$13,575,555	(\$1,012,588)	\$830,092	(\$10,746,686)	\$225,571,786
	December 31, 2023								
							Other Comprehensive Income (Loss)		
	Capital Stock - Common (Note 16)	Subscribed Capital Stock (Note 16)	Additional Paid-in Capital (Note 16)	Subscriptions Receivable (Note 16)	Retained Earnings (Note 16)	Treasury Stock (Note 16)	Reserve for Fluctuation on Financial assets at FVOCI (Note 12)	Remeasurement Losses on Defined Benefit Plan (Note 26)	Total
Balances at January 1, 2023	\$42,719,224	\$692,454	\$182,110,339	(\$2,620,195)	\$17,936,724	(\$1,012,588)	\$32,794	(\$7,168,349)	\$232,690,403
Issued shares during the year	1,458	(1,458)	—	—	—	—	—	—	—
Forfeitures during the year	—	(1,685)	(19,382)	21,067	—	—	—	—	—
Collections on subscriptions	—	—	—	23,051	—	—	—	—	23,051
	42,720,682	689,311	182,090,957	(2,576,077)	17,936,724	(1,012,588)	32,794	(7,168,349)	232,713,454
Net income	—	—	—	—	7,047,296	—	—	—	7,047,296
Other comprehensive income (loss)	—	—	—	—	—	—	515,167	(2,409,123)	(1,893,956)
Total comprehensive income (loss)	—	—	—	—	7,047,296	—	515,167	(2,409,123)	5,153,340
Balances at December 31, 2023	\$42,720,682	\$689,311	\$182,090,957	(\$2,576,077)	\$24,984,020	(\$1,012,588)	\$547,961	(\$9,577,472)	\$237,866,794



December 31, 2022									
	Capital Stock - Common (Note 16)	Subscribed Capital Stock (Note 16)	Additional Paid-in Capital (Note 16)	Subscriptions Receivable (Note 16)	Retained Earnings (Note 16)	Treasury Stock (Note 16)	Other Comprehensive Income (Loss)		Total
							Reserve for Fluctuation on Financial assets at FVOCI (Note 12)	Remeasurement Losses on Defined Benefit Plan (Note 26)	
Balances at January 1, 2022	\$42,705,563	\$708,788	\$182,143,920	(\$2,701,935)	\$14,584,032	(\$1,012,588)	(\$554,610)	(\$9,436,702)	\$226,436,468
Issued shares during the year	13,661	(13,661)	—	—	—	—	—	—	—
Forfeitures during the year	—	(2,673)	(33,581)	36,254	—	—	—	—	—
Collections on subscriptions	—	—	—	45,486	—	—	—	—	45,486
	42,719,224	692,454	182,110,339	(2,620,195)	14,584,032	(1,012,588)	(554,610)	(9,436,702)	226,481,954
Net income	—	—	—	—	3,352,692	—	—	—	3,352,692
Other comprehensive income	—	—	—	—	—	—	587,404	2,268,353	2,855,757
Total comprehensive income	—	—	—	—	3,352,692	—	587,404	2,268,353	6,208,449
Balances at December 31, 2022	\$42,719,224	\$692,454	\$182,110,339	(\$2,620,195)	\$17,936,724	(\$1,012,588)	\$32,794	(\$7,168,349)	\$232,690,403

See accompanying Notes to Parent Company Financial Statements.



**INTEGRATED MICRO-ELECTRONICS, INC.**  
**PARENT COMPANY STATEMENTS OF CASH FLOWS**

	Years Ended December 31		
	2024	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income (loss) before income tax	(\$9,796,186)	\$8,779,880	\$5,580,424
Adjustments for:			
Interest expense on loans (Note 22)	17,376,061	15,788,494	9,679,533
Depreciation of property, plant and equipment (Note 10)	5,846,491	6,296,447	7,233,908
Reversal (impairment) of property, plant and equipment (Note 10)	1,767,478	(361,185)	361,185
Amortization of right-of-use assets (Note 28)	1,530,581	1,516,010	1,563,607
Interest expense on lease liabilities (Note 22 and 28)	615,007	668,815	103,892
Amortization of intangible assets (Note 11)	259,452	294,335	1,179,647
Gain on insurance claims (Note 23)	(1,046)	—	(2,316)
Loss (gain) on sale and retirement of property, plant and equipment (Note 10)	(52,116)	(46,294)	2,342,781
Unrealized foreign exchange (gains) losses – net	(256,030)	69,426	(297,423)
Interest income (Note 24)	(4,864,350)	(3,909,415)	(1,591,268)
Write-off of loans receivable	—	6,084,292	—
Impairment loss on investment (Note 23)	—	3,002,733	—
Impairment loss on product development cost (Note 11)	—	—	1,604,842
Loss (gain) on derivative transactions (Note 23)	—	—	(3,763)
Dividend income (Note 9)	—	(24,600,000)	(4,566,915)
Operating income before working capital changes	12,425,342	13,583,538	23,188,134
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Receivables	39,698,947	(17,501,240)	(16,328,118)
Inventories	14,123,525	14,394,841	(14,220,056)
Other current assets	(216,597)	1,402,237	2,155,369
Contract assets	4,833,415	(561,653)	(3,507,634)
Increase (decrease) in:			
Accounts payable and accrued expenses	(4,171,489)	(15,585,473)	2,930,685
Contract liabilities	703,333	435,436	(22,403)
Retirement liability	(2,731,770)	(242,755)	(1,448,076)
Net cash generated from (used for) operations	64,664,706	(4,075,069)	(7,252,099)
Interest paid	(16,718,364)	(15,731,718)	(9,497,123)
Income tax paid	(1,664,473)	(1,852,796)	(2,081,055)
Interest received	542,189	217,366	31,790
Net cash used in operating activities	46,824,058	(21,442,217)	(18,798,487)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Dividends received	—	24,600,000	4,566,915
Proceeds from sale and retirement of property, plant and equipment	62,534	61,322	366,953
Decrease (increase) in:			
Advances to related parties	—	—	(42,580,000)
Other noncurrent assets	652,062	32,061	(170,639)
Acquisitions of:			
Property, plant and equipment (Note 10)	(1,740,555)	(3,191,155)	(3,310,026)
Computer software (Note 11)	(112,832)	(151,536)	(381,228)
Additional investment in a subsidiary (Note 9)	—	—	—
Net cash provided by (used in) investing activities	(1,138,791)	21,350,692	(41,508,025)

(Forward)



	Years Ended December 31		
	2024	2023	2022
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payments of loans payable and long-term debt (Note 33)	(149,069,932)	(\$7,946,467)	(\$8,733,137)
Payments of lease liabilities (Note 28 and 33)	(1,868,716)	(1,802,537)	(1,870,779)
Collections (refund) of subscriptions receivable (Note 16)	540	23,051	45,486
Availments of loans payable and long-term-debt (Note 33)	106,300,000	10,000,000	59,600,000
Net cash provided by financing activities	(44,638,108)	274,047	49,041,570
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,047,159</b>	<b>182,522</b>	<b>(11,264,942)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>3,884,234</b>	<b>3,701,712</b>	<b>14,966,654</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)</b>	<b>\$4,931,393</b>	<b>\$3,884,234</b>	<b>\$3,701,712</b>

See accompanying Notes to Parent Company Financial Statements.



# **INTEGRATED MICRO-ELECTRONICS, INC.**

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## **NOTES TO PARENT COMPANY FINANCIAL STATEMENTS**

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### **1. Corporate Information**

Integrated Micro-Electronics, Inc. (the Parent Company or IMI), 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 47.91% 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, 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.

The parent company financial statements as of December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024 were endorsed for approval by the Audit Committee and authorized for issue by the Board of Directors (BOD) on March 7, 2025.

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### **2. Summary of Significant Accounting and Financial Reporting Policies**

#### Basis of Preparation

The parent company financial statements have been prepared on the historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI). The parent company financial statements are presented in United States Dollar (USD), which is the functional currency of the Parent Company, and all values are rounded to the nearest dollar, unless otherwise indicated.

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

#### Statement of Compliance

The financial statements of the Parent Company, which are prepared for submission to the Philippine Securities and Exchange Commission (SEC) and the Bureau of Internal Revenue (BIR), are in compliance with Philippine Financial Reporting Standards Accounting Standards (PFRS Accounting Standards). The Parent Company also prepares and issues consolidated financial statements presented in compliance with PFRS Accounting Standards which can be obtained from the Parent Company's registered address.



#### Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial years except for the new PFRS Accounting Standards, amended PFRS Accounting Standards and improvements to PFRS Accounting Standards which were adopted beginning January 1, 2024. The Parent Company 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 significant impact on the financial statements of the Parent Company.

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

The amendments clarify:

- That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
- 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.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

#### Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Group's consolidated financial statements, unless otherwise indicated.

##### *Effective beginning on or after January 1, 2025*

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

##### *Effective beginning on or after January 1, 2026*

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards—Volume 11
  - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
  - Amendments to PFRS 7, *Gain or Loss on Derecognition*
  - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
  - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
  - Amendments to PAS 7, *Cost Method*

##### *Effective beginning on or after January 1, 2027*

- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*

##### *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*





#### Current versus Noncurrent Classification

The Parent Company presents assets and liabilities in the 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 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.

#### 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 Parent Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Parent Company has applied the practical expedient, the Parent Company 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 Parent Company 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 Parent Company'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 marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Parent Company 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 Parent Company as of December 31, 2024 and 2023 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 Parent Company. The Parent Company 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 Parent Company'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 Parent Company 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 parent company statement of income when the right of payment has been established, except when the Parent Company 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 Parent Company elected to classify irrevocably its investments in club shares and common equity shares under this 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 balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Parent Company 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 Parent Company has transferred substantially all the risks and rewards of the asset, or (b) the Parent Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.



When the Parent Company 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 Parent Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Parent Company 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 Parent Company 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 Parent Company could be required to repay.

#### *Impairment of financial assets*

The Parent Company 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 Parent Company 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 Parent Company applies a simplified approach in calculating ECLs. Therefore, the Parent Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Parent Company 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.

For nontrade and intercompany receivables, the Parent Company uses the general approach in applying the ECL model, where the Parent Company intends to determine if significant increase in credit risk is evident at each reporting date, beginning the initial recognition of the asset and if the loan is already credit impaired. The Parent Company has established an ECL computation which represents the weighted average of the credit losses based on the risks of a default occurring.

The Parent Company considers a financial asset in default when internal or external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Parent Company. 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:

##### *Loans and borrowings*

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 Parent Company's accounts payable and accrued expenses (excluding advances from customers, advances from third party, statutory payables and taxes payables), loans and trust receipts payable and long-term debt.

#### *Derecognition*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or 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 the parent company statement of income.

#### c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the 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 Parent Company measures its financial assets at FVOCI at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortized cost are disclosed in Note 30.

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 by the Parent Company.

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 Parent Company 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 Parent Company's 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 parent company financial statements on a recurring basis, the Parent Company 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 Parent Company 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.

#### Investment in Subsidiaries

A subsidiary is an entity over which the Parent Company 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 Parent Company controls an investee if and only if the Parent Company 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 Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company 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; and
- (c) The Parent Company's voting rights and potential voting rights.

The Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Investment in subsidiaries are accounted for using the cost method, less accumulated impairment, if any. Under this method, an investment is recognized at cost and income from investment is recognized in profit or loss only to the extent that the investor receives distributions from accumulated profits of the investee arising after the acquisition date.

#### 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 plant and 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	25
Building improvements	5
Machineries and facilities equipment (Notes 3 and 10)	10
Furniture, fixtures and office equipment	3 – 5
Transportation equipment	3 – 5
Tools and instruments	2

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 Parent Company incurs in connection with the borrowing of funds.

#### Goodwill

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 in a business combination. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in profit or loss. The Parent Company 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 Parent Company'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 Parent Company 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 Parent Company 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.

#### Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost.

#### *Research and development costs*

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Parent Company 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
Product development cost	5
Computer software	3

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 Parent Company 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.

### Parent Company as Lessee

The Parent Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Parent Company 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 Parent Company 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 Parent Company 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 Parent Company 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 Parent Company and payments of penalties for terminating the lease, if the lease term reflects the Parent Company 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 Parent Company 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 Parent Company 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 Parent Company 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 Parent Company up to one year before the end of the noncancellable contract period. Where practicable, the Parent Company seeks to include extension options in new leases to provide operational flexibility. The extension options held





are exercisable only by the Parent Company and not by the lessors. The Parent Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Parent Company 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 Parent Company assesses, at each balance sheet date, whether there is an indication that an asset is impaired. If any indication exists, or when annual impairment testing for an asset is required, the Parent Company 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 group 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 Parent Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Parent Company's CGU to which the individual assets are allocated. These budgets and forecast calculations generally covered a period of five years.

For 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 Parent Company 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.

Goodwill is tested for impairment annually as of September 30 and when circumstances indicate that the carrying amount is impaired.

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 and Onerous Contracts

Provisions are recognized when the Parent Company 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 Parent Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.

Many contracts (for example, some routine purchase orders) can be cancelled without paying compensation to the other party, and therefore there is no obligation. Other contracts establish both



rights and obligations for each of the contracting parties. Where events make such a contract onerous, the contract falls within the scope of PAS 37 and a liability exists which is recognized. Executory contracts that are not onerous fall outside the scope of PAS 37.

PAS 37 defines an onerous contract as a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

The cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both:

- (a) the incremental costs of fulfilling that contract – for example, direct labour and materials; and
- (b) an allocation of other costs that relate directly to fulfilling contracts – for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract among others.

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 attached to the share to determine whether it exhibits the fundamental characteristic of a financial liability. A preference share redeemable only at the option of the Parent Company 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 the “Additional paid-in capital” account. If additional paid-in capital is not sufficient, the excess is charged against “Retained earnings” account.

#### *Subscriptions receivable*

Subscriptions receivable pertains to the uncollected portion of the subscribed shares.

#### *Retained earnings and dividend on capital stock*

Retained earnings represent net accumulated earnings of the Parent Company, less dividends declared. Dividends on capital stock are recognized as a liability and deducted from equity when they are approved by the 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 the “Additional paid-in capital” account to the extent of the specific or



average additional paid-in capital when the shares were issued and to the "Retained earnings" account for the remaining balance.

#### Revenue Recognition

##### a) Revenue from contracts with customers

The Parent Company 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 Parent Company expects to be entitled in exchange for those goods or services. The Parent Company 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 Parent Company provides manufacturing services in accordance with the customer's specifications. The Parent Company 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 Parent Company procures the materials and provides the assembly services to the customer. In a consignment contract, the Parent Company 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 Parent Company and the Parent Company has right to payment for performance completed to date including the related profit margin, in case of termination for reasons other than the Parent Company'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 Parent Company performs.

##### *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 Parent Company 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 Parent Company 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 and warranties). In determining the transaction price, the Parent Company 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 Parent Company 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 Parent Company's contracts with its customers are short-term in nature. Using the practical expedient in PFRS 15, the Parent Company 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 Parent Company does not have significant separate performance obligations wherein the transaction price needs to be allocated as of December 31, 2024 and 2023.

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 Parent Company 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 Parent Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Parent Company 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 Parent Company performs under the contract.

c) Cost to obtain a contract

The Parent Company pays sales commission to its employees for each contract that they obtain. The Parent Company has elected to apply the optional practical expedient for costs to obtain a contract which allows the Parent Company to immediately expense sales commissions (included under operating expenses) because the amortization period of the asset that the Parent Company 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 Parent Company 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 Parent Company 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.



### Foreign Currency Transactions

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.

### 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.

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 and unused tax credits, 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 and unused tax credits 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 parent company financial statements as the ITH status of the Parent Company 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)

Basic EPS is computed by dividing net income by the weighted average number of common share outstanding and adjusted to give retrospective 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 plan*

The Parent Company maintains a defined benefit plan covering substantially all its employees and IMI International Regional Operating Headquarters (IMI ROHQ)'s employees. The Parent Company allocates the retirement expense to IMI ROHQ according to the Parent Company's best estimate based on the prevailing basic pay of the employees. The plan is a funded, noncontributory retirement plan administered by the Board of Trustees.

The cost of providing benefits under the defined benefit plan 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. An actuarial valuation is 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 liability is the change during the period in net retirement liability that arises from the passage of time which is determined by applying the discount rate based on government bonds to net retirement liability. Net interest on net retirement liability 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 liability) 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 liability is 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 Parent Company, nor can they be paid directly to the Parent



Company. 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).

#### *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 Parent Company 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 Parent Company has an employee stock ownership plan (ESOWN) which allows the grantees to purchase the Parent Company's shares at a discounted price. The Parent Company recognizes employee benefit expense over the holding period. The Parent Company treats its ESOWN plan as option exercisable within a given period. The Parent Company recognizes the granted option to the employees of its subsidiaries as investment. 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.

#### Contingencies

Contingent liabilities are not recognized in the parent company financial statements. These are disclosed in the parent company financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the parent company financial statements but are disclosed when an inflow of economic benefits is probable.

#### Events after the Balance Sheet Date

Post period events that provide additional information about the Parent Company's financial position at the balance sheet date (adjusting events) are reflected in the parent company financial statements. Post period events that are non-adjusting events are disclosed in the parent company financial statements when material.

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### **3. Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the parent company financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the parent company 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 Parent Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the parent company financial statements:

#### *Determining the lease term of contracts with renewal and termination options – Parent Company as lessee*

The Parent Company 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 Parent Company has several lease contracts that include extension and termination options. The Parent Company 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 Parent Company 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 Parent Company's leases consist mainly of land, production facilities and warehouses and office buildings (land and buildings). The Parent Company 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.

Further details are disclosed in Note 28.

*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 Parent Company provides services or manufacture goods for the customers. The Parent Company 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 Parent Company assessed that revenue from manufacturing of goods shall be recognized over time. For turnkey contracts, revenue is recognized over time since the products created have no alternative use and the Parent Company has right to payment for performance completed to date including the related profit margin, in case of termination for reasons other than the Parent Company's failure to perform as promised. For consignment contracts, revenue is recognized over time as services are rendered since the customer simultaneously receives and consumes the benefits as the Parent Company performs.
- Determining the method to measure of progress for revenue recognized over time  
The Parent Company 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 Parent Company 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.

*Onerous contracts – costs of fulfilling a contract*

When the Parent Company assessed that it has contracts that are onerous, the present obligation under the contract shall be recognized and measured as a provision. The Parent Company defines an onerous contract as a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

The Parent Company applies judgment in assessing loss-making projects and determining commitment period or non-cancellable period of the contract.

Further details are disclosed in Notes 13 and 21.





### *Contingencies*

The Parent Company 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 Parent Company currently does not believe that these proceedings will have a material effect on the Parent Company'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 32.

### 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 are discussed below. The Parent Company based its estimates and assumptions on parameters available when the parent company 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 Parent Company. Such changes are reflected in the assumptions when they occur.

### *Estimated Useful Lives (EUL) of Property, Plant, and Equipment (PPE)*

The Parent Company estimates the useful lives of its PPE based on expected usage, wear and tear, and technological or commercial obsolescence. The Parent Company reviews the EUL of PPE annually. If the result of the review indicates that the PPE will continue to be used for a period longer or shorter than the existing policy and practice, the EUL is revised. The change in EUL is accounted for prospectively (no restatement of prior periods) and applied to existing assets at the time of change and to future assets to be acquired in future periods. An increase in the EUL of PPE will result in lower depreciation since the carrying values of the PPE will be depreciated over the extended remaining lives.

### *Lease commitments – Parent Company as lessee*

#### *Leases – Estimating the incremental borrowing rate*

The Parent Company 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 Parent Company 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 Parent Company '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 Parent Company 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).

#### *Provision for expected credit losses of trade receivables and contract assets*

The Parent Company 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 Parent Company's historical observed default rates. The Parent Company 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 Parent Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Further details on the expected credit loss are disclosed in Note 5.

*Estimating NRV of inventories*

Inventories are valued at the lower of cost and NRV. This requires the Parent Company 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 the event that NRV is lower than cost, the decline is recognized as an expense.

Further details on inventories are disclosed in Note 7.

*Depreciation and amortization*

The Parent Company computes depreciation and amortization of property, plant and equipment and intangible assets with finite useful life on a straight-line basis over the assets' EUL. The EUL of 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 Parent Company 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 and intangible assets are disclosed in Notes 10 and 11, respectively.

*Evaluation of impairment of financial assets*

The Parent Company reviews the expected collectability of its intercompany receivables based on expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In assessing the impairment, the Parent Company considers a financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Parent Company's loans receivable from STI Enterprises Limited amounting to \$6.08 million was written off. This is based on a contractual agreement whereby the carrying amount of the financial asset exceeds the recoverable amount and all the rights, titles, powers, interests and benefits have been assigned and transferred.

*Evaluation of impairment of nonfinancial assets*

The Parent Company reviews investment in subsidiaries, property, plant and equipment, goodwill and intangible assets for impairment of value. Impairment for goodwill is assessed at least annually. This 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. The Parent Company 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



Parent Company is required to make estimates and assumptions that may affect property, plant and equipment, and intangible assets. 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 CGU and also to choose a suitable discount rate in order to calculate the present value of cash flows. The impairment assessment disclosed that the Parent Company's remaining value of investment with PSi is fully impaired. In 2023, the Parent Company has fully impaired its investment in Psi (see Notes 9 and 23).

Further details on investments in subsidiaries, property, plant and equipment and intangible assets are disclosed in Notes 9, 10 and 11, respectively.

#### *Taxes*

The Parent Company has exposures to the tax rules and regulations in the Philippines and significant judgment is involved in determining the provision for these tax exposures. The Parent Company recognizes liabilities for expected tax issues based on estimates of whether additional taxes are due. Where the final tax outcome of these matters is different from the amounts that were initially recognized, such difference will impact profit or loss in the period in which such determination is made.

Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of unused tax losses and unused tax credits, 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 and unused tax credits 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 the defined benefit plan and other long-term employee benefits as well as the present value of defined benefit obligation are determined using an actuarial valuation. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, turnover rate, mortality rate, salary increase rate, and future retirement increase. 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 rate and future retirement increase are based on expected future inflation rates.

The Parent Company 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 Parent Company's policies. These estimates may vary depending on the future changes in salaries and actual experiences during the period.

Further details on retirement and other employee benefits are disclosed in Note 26.

#### *Onerous contracts – costs of fulfilling a contract*

The Parent Company estimates the provision on onerous contract by determining the revenues less unavoidable costs during the commitment period based on financial budgets approved by



management. In determining unavoidable costs, the Parent Company excludes other non-directly related costs such as costs of wasted materials, labor inefficiencies and other costs of resources that were not reflected in the pricing of the contract.

Further details on onerous contracts are disclosed in Notes 13 and 21.

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#### 4. Cash and Cash Equivalents

This account consists of:

	2024	2023
Cash on hand	\$33,898	\$35,086
Cash in banks	4,297,495	3,849,148
Cash equivalents	600,000	—
	<b>\$4,931,393</b>	<b>\$3,884,234</b>

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 \$0.10 million in 2024, \$0.05 million in 2023, and \$0.02 million in 2022 (see Note 24).

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#### 5. Receivables

This account consists of:

	2024	2023
Accounts receivable:		
Third parties	\$41,064,077	\$52,542,592
Related parties (Note 29)	89,868,035	114,932,741
Loans to subsidiaries (Note 3 and 29)	94,800,716	93,731,471
Others	136,136	277,112
	<b>225,868,964</b>	<b>261,483,916</b>
Less allowance for ECLs	131,406	210,768
	<b>\$225,737,558</b>	<b>\$261,273,148</b>

##### Trade

Trade receivables arise from manufacturing and other related services for electronic products and components and have credit terms averaging 45 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 40 days from invoice date.

##### Others

Others include receivable from employee, maternity and sickness benefit receivable from the Social Security System.

##### Allowance for ECLs

Trade receivables, nontrade receivables, and receivable from employees with aggregate nominal value of \$0.13 and \$0.21 million as of December 31, 2024 and 2023, respectively, were individually assessed to be impaired and fully provided with allowance for ECLs.



Movements in the allowance for ECLs follows:

December 31, 2024				
	Trade	Nontrade	Receivable from Employees	Total
At beginning of year	\$192,831	\$17,594	\$343	\$210,768
Provisions (Note 21)	11,334	95,051	–	106,385
Write-off	(185,747)	–	–	(185,747)
At end of year	\$18,418	\$112,645	\$343	\$131,406

December 31, 2023				
	Trade	Nontrade	Receivable from Employees	Total
At beginning of year	\$29,366	\$17,594	\$343	\$47,303
Provisions (Note 21)	185,747	–	–	185,747
Write-off	(22,282)	–	–	(22,282)
At end of year	\$192,831	\$17,594	\$343	\$210,768

Provisions during the year form part of “Operating expenses” account and are included under “Facilities costs and others” (see Note 21).

## 6. Contract Balances

	2024	2023
Contract assets	\$12,843,363	\$17,676,778
Contract liabilities	3,780,494	3,556,003

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, 2024 and 2023, the Parent Company did not recognize a provision for expected credit losses on contracts assets.

Contract liabilities includes short-term advances received to render manufacturing services. The significant increase in the contract liabilities was mainly due to advance payments of new and existing customers towards the end of the year.

The Parent Company 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.

## 7. Inventories

This account consists of:

	2024	2023
Raw materials and supplies	\$54,243,443	\$66,413,149
Less allowance for:		
Inventory obsolescence	5,328,620	3,264,253
Decline in value of inventories	173,386	283,934
	5,502,006	3,548,187
	\$48,741,437	\$62,864,962



The cost of the inventories carried at NRV amounted to \$11.92 million and \$25.36 million as of December 31, 2024 and 2023, respectively. The amount of inventories recognized as an expense under "Cost of sales" account amounted to \$162.67 million in 2024, \$201.22 million in 2023, \$234.43 million in 2022 (see Note 19).

Movements in the allowance for inventory obsolescence follows:

	2024	2023
At the beginning of year	\$3,264,253	\$3,056,655
Provisions (Note 21)	2,836,709	210,255
Write-off	(772,342)	(2,657)
At end of year	\$5,328,620	\$3,264,253

Movements in the allowance for decline in value of inventories value are as follows:

	2024	2023
At the beginning of year	\$283,934	\$294,503
Provisions (Note 21)	(110,548)	(10,569)
At end of year	\$173,386	\$283,934

## 8. Other Current Assets

This account consists of:

	2024	2023
Advances to suppliers	\$826,478	\$567,602
Prepayments	297,545	213,268
Tax credits	478,954	421,780
Input taxes	288,889	472,619
	\$1,891,866	\$1,675,269

Advances to suppliers represent advance payments made to suppliers for direct materials.

Prepayments include prepayments for rent, life and fire insurance and prepaid insurance for product liability and recall which covers product recall expenses and potential liability to third parties seeking damage if the Parent Company recalls any of its products.

Tax credits are amounts withheld from income tax payments of the Parent Company within the year.

Input taxes are amounts expected to be applied against output tax within 12 months from the balance sheet date. Input taxes are recognized when an entity in the Parent Company purchases goods or services from a supplier or vendor.

## 9. Investments in and Advances to Subsidiaries

This account consists of:

	2024				
	IMI Singapore	IMI USA	IMI Japan	PSi	Total
<b>Cost</b>					
At beginning and end of year	\$229,481,543	\$2,751,206	\$149,686	-	\$232,382,435
<b>Accumulated impairment losses</b>					
At beginning and end of year	-	-	-	-	-
	\$229,481,543	\$2,751,206	\$149,686	\$-	\$232,382,435



	2023				
	IMI Singapore	IMI USA	IMI Japan	PSi	Total
<b>Cost</b>					
At beginning and end of year	\$229,481,543	\$2,751,206	\$149,686	\$11,548,062	\$243,930,497
<b>Accumulated impairment losses</b>					
At beginning of year	—	—	—	(8,545,329)	(8,545,329)
Impairment loss	—	—	—	(3,002,733)	(3,002,733)
At end of year	—	—	—	(11,548,062)	(11,548,062)
	\$229,481,543	\$2,751,206	\$149,686	\$-	\$232,382,435

The Parent Company's voting rights on its investment in subsidiaries is proportionate to its ownership interest which is 100% for all its direct subsidiary.

In 2023, the Parent Company recognized an impairment loss of \$3.00 million, which represents the full remaining value of its investment on PSI.

The Parent Company received dividends from IMI Singapore amounting to nil in 2024 and \$24.60 million in 2023, respectively.

## 10. Property, Plant and Equipment

Movements in this account are as follows

	2024						
	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	\$44,678,686	\$90,471,319	\$11,838,804	\$1,495,741	\$2,851,659	\$240,079	\$151,576,288
Additions	242,498	362,568	363,258	195,734	97,543	478,954	1,740,555
Disposals	(71,100)	(882,287)	(361,803)	(305,717)	(36,289)	—	(1,657,196)
Reclassification	3,702	231,027	—	—	5,350	(240,079)	—
At end of year	44,853,786	90,182,627	11,840,259	1,385,758	2,918,263	478,954	151,659,647
Accumulated depreciation							
At beginning of year	41,198,786	70,870,398	11,217,265	1,024,720	2,671,644	—	126,982,813
Depreciation	1,427,880	3,635,594	370,452	246,183	166,382	—	5,846,491
Disposals/retirement	(71,100)	(882,287)	(361,803)	(295,299)	(36,289)	—	(1,646,778)
At end of year	42,555,566	73,623,705	11,225,914	975,604	2,801,737	—	131,182,526
Accumulated impairment losses							
At beginning of year	736,565	1,424,560	12,226	—	—	—	2,173,351
Impairment loss (Notes 3 and 23)	—	1,767,478	—	—	—	—	1,767,478
At end of year	736,565	3,192,038	12,226	—	—	—	3,940,829
Net book value	\$1,561,655	\$13,366,884	\$602,119	\$410,154	\$116,526	\$478,954	\$16,536,292

	2023						
	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	\$43,813,672	\$89,718,817	\$11,793,694	\$1,439,072	\$2,671,735	64,409	\$149,501,399
Additions	800,605	1,394,527	371,722	186,288	197,934	240,079	3,191,155
Disposals	—	(642,025)	(326,612)	(129,619)	(18,010)	—	(1,116,266)
Reclassification	64,409	—	—	—	—	(64,409)	—
At end of year	44,678,686	90,471,319	11,838,804	1,495,741	2,851,659	240,079	151,576,288
Accumulated depreciation							
At beginning of year	39,396,791	67,763,393	11,193,037	880,619	2,553,764	—	121,787,604
Depreciation	1,801,995	3,749,344	350,808	258,724	135,576	—	6,296,447
Disposals/retirement	—	(642,339)	(326,580)	(114,623)	(17,696)	—	(1,101,238)
At end of year	41,198,786	70,870,398	11,217,265	1,024,720	2,671,644	—	126,982,813
Accumulated impairment losses							
At beginning of year	736,565	1,785,745	12,226	—	—	—	2,534,536
Reversal of impairment loss (Notes 3 and 23)	—	(361,185)	—	—	—	—	(361,185)
At end of year	736,565	1,424,560	12,226	—	—	—	2,173,351
Net book value	\$2,743,335	\$18,176,361	\$609,313	\$471,021	\$180,015	\$240,079	\$22,420,124

In 2024 and 2023, provision for (reversal of) impairment of certain assets was recognized by the Parent Company amounting to \$1.77 million and (\$0.36 million), respectively.



Construction in progress pertains to the construction and development of manufacturing production lines of the Parent Company. Construction in progress transferred to property, plant and equipment amounted to \$0.24 million and \$0.06 million as of December 31, 2024 and 2023, respectively.

The Parent Company recognized gains (loss) from disposal and retirement of certain property, plant and equipment amounting to \$0.05 million in 2024, \$0.05 million in 2023 and (\$2.34 million) in 2022 (see Note 23).

As of December 31, 2024, and 2023, the cost of fully depreciated property, plant and equipment still being used by the Parent Company amounted to \$95.75 million and \$84.61 million, respectively.

Depreciation expense included in "Cost of sales" and "Operating expenses" accounts follows:

	2024	2023	2022
Cost of sales (Note 19)	<b>\$5,124,298</b>	\$5,599,009	\$6,624,416
Operating expenses (Note 20)	<b>722,193</b>	697,438	609,492
	<b>\$5,846,491</b>	\$6,296,447	\$7,233,908

There is no borrowing costs recognized as part of the cost of the property, plant and equipment.

## 11. Goodwill and Other Noncurrent Assets

Goodwill and other noncurrent assets consist of:

	2024	2023
Miscellaneous deposits	<b>\$810,377</b>	\$1,462,440
Computer software	<b>193,608</b>	340,227
Goodwill	<b>441,166</b>	441,166
	<b>\$1,445,151</b>	\$2,243,833

### Miscellaneous Deposits

Miscellaneous deposits comprise utilities and rental deposits.

### Goodwill

The goodwill of the Parent Company pertains to its acquisition of M. Hansson Consulting, Inc. (MHCI) in 2006. MHCI was subsequently merged to the Parent Company as testing and development department. In 2024, 2023 and 2022, given the volatile market, the Parent Company assessed the impairment based on value-in-use calculations using cash flow projections of the Parent Company from financial budgets approved by management covering a 5-year period.

The comparison of the recoverable amounts and the carrying amounts resulted to no impairment loss in 2024, 2023 and 2022.

### *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 Parent Company and its operating segments and is derived from its weighted average cost of capital.

#### Computer Software

Computer software pertains to the Parent Company's acquisitions of computer software, applications and modules.

Movements in computer software follows:

	2024	2023
<b>Cost</b>		
At beginning of year	\$7,537,807	\$7,386,271
Additions	112,832	151,536
At end of year	7,650,639	7,537,807
<b>Accumulated amortization</b>		
At beginning of year	7,197,580	6,903,245
Amortization	259,452	294,335
At end of year	7,457,032	7,197,580
<b>Net book value</b>	<b>\$193,607</b>	<b>\$340,227</b>

Amortization expense related to product development cost and computer software are included in "Operating expenses" and "Cost of sales" accounts follows:

	2024	2023	2022
Cost of sales (Note 19)	\$28,935	\$86,806	\$998,921
Operating expenses (Note 20)	230,517	207,529	180,726
	<b>\$259,452</b>	<b>\$294,335</b>	<b>\$1,179,647</b>

## 12. Financial assets at Fair Value through Other Comprehensive Income (FVOCI)

The table below shows reconciliation of fair value measurements of financial assets at FVOCI:

	2024	2023
Balance at beginning of year	\$2,364,096	\$1,829,432
Sale of financial assets	(97,795)	—
Change in fair value of quoted securities	276,702	534,664
Balance at end of year	<b>\$2,543,003</b>	<b>\$2,364,096</b>

The table below shows the movement of the other components of equity related to FVOCI:

	2024	2023
Balance at beginning of year	\$547,961	\$32,794
Change in fair value of quoted securities	178,907	534,664
Foreign currency exchange difference	103,224	(19,497)
Balance at end of year	<b>\$830,092</b>	<b>\$547,961</b>



### 13. Accounts Payable and Accrued Expenses

This account consists of:

	2024	2023
Accounts payable:		
Third parties (Note 31)	\$29,786,366	\$33,306,814
Related parties (Note 29 and 31)	6,617,348	4,000,658
Accrued expenses (Note 31)	6,577,115	8,806,428
Accrued compensation and benefits (Note 31)	5,483,293	5,985,066
Due to related parties (Note 29)	3,383,487	3,549,827
Accrued interest payable (Note 31)	2,345,381	1,687,684
Provision for Onerous Contracts (Note 21)	906,583	1,409,231
Taxes payable	486,402	481,833
Employee-related contributions	524,823	421,759
	<b>\$56,110,798</b>	<b>\$59,649,300</b>

#### Accounts Payable

Accounts payable are trade and non-trade related, noninterest-bearing and are normally settled on 80-day average terms.

#### Accrued Expenses

Accrued expenses consist mainly of accruals for hardware and software maintenance, freight and brokerage, insurance, utilities, professional fees, sub-contractual labor costs, and taxes.

#### Accrued Compensation and Benefits

Accrued compensation and benefits include accrued salaries, leave credits and other employee benefits.

#### Provision for Onerous Contracts

This account consists of liability for onerous contracts amounting to \$0.91 million in 2024 and \$1.41 million in 2023 (see Notes 3 and 21) which arises by obtaining the excess of the unavoidable costs of meeting the obligations under the contract over the economic benefits expected to be received under it. In determining the provision, the Parent Company considers the entire remaining commitment period under the contract, including the remaining revenue to be recognized for unsatisfied, or partially unsatisfied, performance obligations and the remaining costs to fulfil those performance obligations.

#### Taxes Payable

Taxes payable pertain to taxes withheld such as fringe benefits tax and withholding taxes on purchased goods and services. Withholding taxes payable are expected to be settled within the next financial year.

#### Employee-related Contributions

This account consists mainly of remittances related to government agencies such as SSS, Pag-IBIG and Philhealth.

### 14. Loans Payable

As of December 31, 2024 and 2023, the Parent Company has unsecured short-term loans aggregating to \$123.10 million and \$157.00 million respectively, with maturities ranging from 30 to 120 days and fixed annual interest rates ranging from 5.37% to 6.63% in 2024, and 6.25% to 7.71% in 2023. From the total short-term loans of the Parent Company, \$63.00 million and \$70.00 million was payable to Bank of Philippine Islands (BPI), a related party as of December 31, 2024 and 2023, respectively (see Note 29).



The Parent Company incurred interest expense on short-term loans amounting to \$9.58 million in 2024, \$9.82 million in 2023, and \$4.75 million in 2022 (see Note 22).

## 15. Long-Term Debt

The long-term debts of the Parent Company aggregating to \$132.47 million and \$141.34 million as of December 31, 2024 and 2023, respectively, were obtained from local banks. The long-term debts have terms of three to five years, with principal payments payable annually, and remaining balance payable in full at maturity. These are subject to annual interest rates ranging from 4.22% to 8.65% in 2024 and 2023, respectively. From the total long-term debts of the Parent Company, \$103.69 million and \$112.31 million was payable to BPI, a related party, as of December 31, 2024 and 2023, respectively (see Note 29).

Loan covenants related to the Parent Company's loans are as follows:

- The ratio of debt to EBITDA shall not exceed 1.75:1 at all times, 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; and
- Maintenance at all times of a current ratio of at least 1:1.

As of December 31, 2024 and 2023, 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 \$7.79 million in 2024, \$5.97 million in 2023, and \$4.93 million in 2022 (see Note 22).

## 16. Equity

### Capital Stock

Details of capital stock follow:

	2024		2023		2022	
	Shares	Amount	Shares	Amount	Shares	Amount
<b>Authorized – P1 par value</b>						
Common	2,250,000,000		2,250,000,000		2,250,000,000	
Preferred	200,000,000		200,000,000		200,000,000	
<b>Issued – Common</b>						
At beginning of year	2,193,493,147	\$42,720,682	2,193,425,374	\$42,719,224	2,192,778,323	\$42,705,563
Issuances from ESOWN	15,738	342	67,773	1,458	647,051	13,661
At end of year*	2,193,508,885	\$42,721,024	2,193,493,147	\$42,720,682	2,193,425,374	\$42,719,224

\* Out of the total issued shares, 15,892,124 shares or \$1.01 million as of December 31, 2024, 2023 and 2022 pertain to treasury shares.

As of December 31, 2024, 2023 and 2022, there were 282, 285 and 284 registered common stockholders, respectively.

### Subscribed Capital Stock

Subscribed capital pertains to subscriptions relating to ESOWN of the Parent Company. Details of this account follow:

	2024		2023		2022	
	Shares	Amount	Shares	Amount	Shares	Amount
At beginning of year	30,323,270	\$689,311	30,468,570	\$692,454	31,238,565	\$708,788
Issuances during the year - ESOWN	(15,738)	(342)	(67,773)	(1,458)	(647,051)	(13,661)
Forfeitures during the year - ESOWN	(54,262)	(1,180)	(77,527)	(1,685)	(122,944)	(2,673)
At end of year	30,253,270	\$687,789	30,323,270	\$689,311	30,468,570	\$692,454



#### Additional Paid-in Capital

The grant of equity-settled awards to the Parent Company's employees was recognized as increase in the "Additional paid-in capital" account.

#### Subscriptions Receivable

Details of this account follow:

	2024	2023	2022
At beginning of year	<b>\$2,576,077</b>	\$2,620,195	\$2,701,935
Forfeitures during the year	<b>(14,746)</b>	(21,067)	(36,254)
Refund/(collections) during the year	<b>(540)</b>	(23,051)	(45,486)
At end of year (Note 27)	<b>\$2,560,791</b>	\$2,576,077	\$2,620,195

#### Dividends

No dividend payment was declared to common shareholders in 2024 and 2023.

#### Retained Earnings

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, 2024 amounted to \$0.48 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 ₱75.00 million (\$1,012,588).

#### Capital Management

The primary objective of the Parent Company'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 during the years ended December 31, 2024 and 2023.

The Parent Company monitors capital using a gearing ratio of debt-to-equity and net debt-to-equity. The Parent Company considers bank borrowings in the determination of debt, which consist of loans payable and long-term debt. Net debt is equivalent to the total bank borrowings less cash and cash equivalents.

	2024	2023
Loans payable	<b>\$123,100,000</b>	\$157,000,000
Long-term bank borrowings	<b>132,466,091</b>	141,336,024
Total bank debt	<b>255,566,091</b>	298,336,024
Less cash and cash equivalents	<b>4,931,393</b>	3,884,234
Net bank debt	<b>\$250,634,698</b>	\$294,451,790
Equity	<b>\$225,571,786</b>	\$237,866,794
Debt-to-equity ratio	<b>1.13:1</b>	1.25:1
Net debt-to-equity ratio	<b>1.11:1</b>	1.24:1

The Parent Company is not subject to externally-imposed capital requirements.



## 17. Earnings (Loss) Per Share

The following table presents information necessary to calculate EPS:

	2024	2023	2022
Net income (loss)	<b>(\$11,504,438)</b>	\$7,047,296	\$3,352,692
Weighted average number of common shares outstanding	<b>2,207,880,913</b>	2,207,956,596	2,208,004,253
Basic and diluted EPS	<b>(\$0.00521)</b>	\$0.00319	\$0.00152

As of December 31, 2024, 2023, and 2022, the Parent Company has no potential dilutive common shares.

## 18. Revenue from Contracts with Customers

Revenue from contracts with customers pertains to manufacturing services that are being recognized over time. These are further disaggregated by customer's nationality and by market segment, 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 revenues from external customers based on customer's nationality:

	2024	2023	2022
Europe	<b>\$132,923,638</b>	\$153,116,695	\$165,729,556
America	<b>31,304,164</b>	45,122,658	75,409,318
Japan	<b>25,386,549</b>	23,266,288	34,489,355
Rest of Asia/others	<b>40,546,849</b>	53,392,309	44,153,215
	<b>\$230,161,200</b>	\$274,897,950	\$319,781,444

The following table presents revenues per industry:

	2024	2023	2022
Industrial	<b>\$139,820,533</b>	\$185,130,623	\$219,619,578
Automotive	<b>68,156,721</b>	64,692,728	72,264,322
Medical	<b>16,290,345</b>	14,699,351	11,452,346
Computing	<b>4,966,123</b>	3,483,213	6,172,817
Multiple markets/others	<b>927,478</b>	6,892,035	10,272,381
	<b>\$230,161,200</b>	\$274,897,950	\$319,781,444

## 19. Cost of Sales

This account consists of:

	2024	2023	2022
Direct, indirect and other material-related costs (Note 7)	<b>\$162,668,481</b>	\$201,216,914	\$234,427,121
Direct labor, salaries, wages and employee benefits (Note 26)	<b>28,187,611</b>	30,932,677	31,604,783
Depreciation and amortization (Notes 10, 11 and 28)	<b>5,398,991</b>	5,916,890	7,854,069
Facilities costs and others (Note 21)	<b>10,765,851</b>	12,068,381	13,805,183
	<b>\$207,020,934</b>	\$250,134,862	\$287,691,156



## 20. Operating Expenses

This account consists of:

	2024	2023	2022
Salaries, wages and employee benefits (Note 26)	<b>\$8,750,753</b>	\$9,784,237	\$9,859,130
Depreciation and amortization (Notes 10, 11 and 28)	<b>2,237,533</b>	2,189,902	2,123,093
Facilities costs and others (Note 21)	<b>7,703,294</b>	7,796,813	8,827,478
	<b>\$18,691,580</b>	\$19,770,952	\$20,809,701

## 21. Facilities Costs and Others

Facilities costs and others consists of:

	Cost of Goods Sold and Services			Operating Expenses		
	2024	2023	2022	2024	2023	2022
Utilities	<b>\$5,034,868</b>	\$6,264,675	\$8,673,040	<b>\$382,280</b>	\$367,253	\$574,561
Outsourced activities	<b>3,528,607</b>	3,463,472	3,018,092	<b>1,460,121</b>	2,545,483	2,558,232
Insurance	<b>781,832</b>	1,220,638	876,928	<b>104,874</b>	218,056	136,676
Repairs and maintenance	<b>777,122</b>	1,120,620	874,052	<b>(112,631)</b>	434,956	251,765
Travel and transportation	<b>61,132</b>	156,481	95,262	<b>468,926</b>	1,005,702	633,124
Government-related	<b>52,768</b>	56,793	120,324	<b>1,442,818</b>	1,757,442	1,259,360
Promotional materials, representation and entertainment	<b>51,613</b>	78,765	38,823	<b>166,310</b>	245,957	166,524
Technology-related	<b>45,968</b>	(368,869)	(170,423)	<b>1,905,931</b>	2,939,513	1,642,334
Membership fees	<b>4,886</b>	5,846	11,492	<b>82,748</b>	88,397	173,913
Sales commission	<b>585</b>	46,151	112,831	<b>300,782</b>	233,232	348,385
Postal and communication	<b>(7,684)</b>	75,345	64,589	<b>(8,441)</b>	239,965	195,725
Staff house	-	729	-	<b>13,247</b>	521	(3,104)
Provision (reversal of provision) for inventory obsolescence (Note 7)	-	-	-	<b>2,836,709</b>	210,255	80,134
Provision for ECLs (Note 5)	-	-	-	<b>106,385</b>	185,747	8,329
Provision (reversal of provision) for decline in value of inventories (Note 7)	-	-	-	<b>(110,548)</b>	(10,569)	142,600
Provision for (reversal of provision) onerous contracts (Note 13)	-	-	-	<b>(502,648)</b>	380,678	1,028,554
Others	<b>434,154</b>	(52,265)	90,173	<b>(833,569)</b>	(3,045,775)	(369,634)
	<b>\$10,765,851</b>	\$12,068,381	\$ 13,805,183	<b>\$7,703,294</b>	\$7,796,813	\$8,827,478

Others include recovery costs, test materials, small tools and instruments, spare parts, and office supplies.

## 22. Interest Expense and Bank Charges

This account consists of:

	2024	2023	2022
Interest expense on loans (Notes 14 and 15)	<b>\$17,376,061</b>	\$15,788,494	\$9,679,533
Interest expense from lease liabilities (Note 28)	<b>615,007</b>	668,815	103,892
Bank charges	<b>32,707</b>	43,863	54,731
Others	-	-	3,566
	<b>\$18,023,775</b>	\$16,501,172	\$9,841,722

Others include interest on employee housing and car loans in 2024, 2023, and 2022.



## 23. Miscellaneous Income (Expense) – net

This account consists of:

	2024	2023	2022
Rental income	\$79,944	\$78,767	\$72,534
Gain (loss) on sale and retirement of property, plant and equipment - net (Note 10)	52,116	46,294	(2,342,781)
Gain on insurance claims	1,046	–	2,316
Reversal (impairment) of property, plant and equipment (Notes 3 and 10)	(1,767,478)	361,185	(361,185)
Impairment loss on product development cost (Note 11)	–	–	(1,604,842)
Impairment loss on investment	–	(3,002,733)	–
Gain (loss) on derivative transactions	–	–	(3,763)
Write-off of loan to a subsidiary (Note 3)	–	(6,084,292)	–
Others	254,566	531,694	368,899
	<b>(\$1,379,806)</b>	<b>(\$8,069,085)</b>	<b>(\$3,868,822)</b>

In 2023, the Parent Company recognized impairment loss on investment to PSI amounting to \$3.00 million. No impairment loss was recognized in 2022.

In October 2023, the Parent Company has written-off its loan to subsidiary amounting to \$6.08 million in connection with the sale of STI shares by IMI UK

Others include gain on sale of scrap and other provisions.

## 24. Interest Income

This account consists of:

	2024	2023	2022
Interest income from intercompany advances (Note 29)	\$4,761,583	\$3,855,513	\$1,570,466
Interest on bank balances and fixed deposits (Note 4)	102,767	53,902	20,802
	<b>\$4,864,350</b>	<b>\$3,909,415</b>	<b>\$1,591,268</b>

## 25. Income Tax

### Current Tax

The Parent Company is registered with PEZA and is entitled to certain incentives, which include ITH. As of December 31, 2024, four (4) projects/activities with ITH entitlement will expire in 2027, 2028 and 2029. Under its PEZA registrations, the 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 can continue to avail the incentives provided in the implementing Rules and Regulations of RA No. 12066 otherwise known as the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy or CREATE MORE Act. Pre-CREATE RBEs are currently enjoying the sunset provisions under the CREATE Act (RA No. 11534) which provides that those currently enjoying 5% Special Corporate Income Tax (SCIT) are given until April 2031 to continue enjoying the said tax regime. However, with the effectivity of the CREATE MORE Act, these pre-CREATE RBEs are given an extension until December 31, 2034 to continue enjoying the 5% SCIT including all corresponding exemptions from national and local taxes, fees, and charges.

After the passage of CREATE Law, IMI is entitled to ITH of 5 years and SCIT for 10 years after the expiration of ITH, Duty Exemption, VAT Exemption and Zero-rating for the following projects:

Project Name	Tax Regime	Registration Date	SCO Date	ITH Entitlement Period
Motorcycle Engine Assembly	ITH Incentive	July 18, 2022	March 2022	Mar 1, 2022 – Feb 28, 2027
Battery Cell Block Assembly	ITH Incentive	March 20, 2023	July 2023	Jul 1, 2023 – Jun 30, 2028
High-Power Electric Motorcycle Assembly	ITH Incentive	March 20, 2023	July 2023	Jul 1, 2023 – Jun 30, 2028
Electric Motor Assembly	ITH Incentive	June 11, 2024	November 2024	Nov 1, 2024 – Oct 31, 2029

#### Deferred Tax

Deferred taxes of the Parent Company relate to the tax effects of the following:

	2024	2023
<b>Deferred tax liabilities:</b>		
Contract assets	\$47,820	\$94,286
Unrealized foreign exchange gain on monetary items – net	50,411	27,341
	<b>98,231</b>	<b>121,627</b>
<b>Net deferred tax liabilities</b>	<b>(\$98,231)</b>	<b>(\$121,627)</b>

On September 30, 2020, the 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, 2024, the Company has incurred NOLCO in taxable year 2020 and 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. However, the NOLCO incurred after taxable year 2022 can be carried over as a deduction from gross income for the next three consecutive years. The extension to five years is no longer applicable. Details of NOLCO and MCIT are as follows:

#### NOLCO

Year Incurred	Availment Period	Amount	Applied/Expired	Unapplied
2024	2025 to 2027	\$13,903,247	\$–	\$13,903,247
2023	2024 to 2026	17,604,458	–	17,604,458
2022	2023 to 2025	23,764,143	–	23,764,143
2021	2022 to 2026	14,809,729	–	14,809,729
2020	2021 to 2025	8,581,594	–	8,581,594
		<b>\$78,663,171</b>	<b>\$–</b>	<b>\$78,663,171</b>





*MCIT*

Period of Recognition	Availment Period	Amount	Expired	Balance
2024	2025 to 2027	\$114,681	\$—	\$114,681
2023	2024 to 2026	69,294	—	69,294
2022	2023 to 2025	21,876	—	21,876
2021	2022 to 2026	18,466	—	18,466
2020	2021 to 2025	81,211	—	81,211
		<b>\$305,528</b>	<b>\$—</b>	<b>\$305,528</b>

The reconciliation of the statutory income tax to the provision for income tax of the Parent Company follows:

	2024	2023	2022
Statutory income tax	<b>25.00%</b>	25.00%	25.00%
Tax effects of:			
Nondeductible expenses	<b>(25.29%)</b>	(24.97%)	(22.63%)
Income subject to gross income tax	<b>(16.66%)</b>	19.17%	37.11%
Income subject to MCIT	<b>(0.59%)</b>	0.53%	0.39%
Interest income subjected to final tax	<b>0.10%</b>	0.06%	0.05%
Provision for income tax	<b>(17.44%)</b>	19.73%	39.92%

**26. Personnel Costs**

Salaries, wages, and employee benefits follow:

	2024	2023	2022
Salaries and benefits	<b>\$32,498,753</b>	\$35,649,415	\$35,884,589
Social security costs	<b>2,466,047</b>	2,435,399	2,194,990
Net retirement expense	<b>1,724,833</b>	1,347,102	1,701,586
Others	<b>248,731</b>	1,284,998	1,682,748
	<b>\$36,938,364</b>	\$40,716,914	\$41,463,913

Others include expenses for employee social and recreation, health/medical premium, housing premium, training and seminars.

Salaries, wages and employee benefits are allocated as follows:

	2024	2023	2022
Cost of sales (Note 19)	<b>\$28,187,611</b>	\$30,392,677	\$31,604,783
Operating expenses (Note 20)	<b>8,750,753</b>	9,784,237	9,859,130
	<b>\$36,938,364</b>	\$40,176,914	\$41,463,913

The Parent Company has a defined benefit plan covering substantially all of its employees and IMI ROHQ's employees, which require contributions to be made to the administered fund. The latest retirement valuation was made on December 31, 2024.



The plan is administered by a local bank as trustee. 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 plan of the Parent Company meets the minimum retirement benefit specified under R.A. No. 7641, *Retirement Pay Law*.



Changes in the net retirement liability of the Parent Company's funded plan are as follows:

2024														
	Net Retirement Expense					Separation and Benefits Paid	Remeasurement				Subtotal	Actual Contribution	Foreign Currency Exchange Difference	December 31
	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				
Present value of defined benefit obligation	\$19,765,279	\$1,236,266	\$1,095,492	\$182,623	\$2,514,381	(\$4,011,822)	\$—	(\$179,137)	\$—	\$1,379,788	\$1,200,651	\$—	(\$842,293)	\$18,626,196
Fair value of plan assets	(13,373,639)	—	(789,548)	—	(789,548)	4,011,822	(31,437)	—	—	—	(31,437)	(4,198,058)	583,749	(13,797,112)
Net retirement liability	\$6,391,640	\$1,236,266	\$305,944	\$182,623	\$1,724,833	\$—	(\$31,437)	(\$179,137)	\$—	\$1,379,788	\$1,169,214	(\$4,198,058)	(\$258,544)	\$4,829,084
2023														
	Net Retirement Expense					Separation and Benefits Paid	Remeasurement				Subtotal	Actual Contribution	Foreign Currency Exchange Difference	December 31
	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				
Present value of defined benefit obligation	\$17,120,038	\$1,121,470	\$ 1,147,398	\$—	\$2,268,868	\$—	\$—	\$498,597	\$—	\$1,376,432	\$1,875,029	(\$1,627,693)	\$129,037	\$19,765,279
Fair value of plan assets	(12,894,767)	—	(921,766)	—	(921,766)	—	534,095	—	—	—	534,095	—	(91,201)	(13,373,639)
Net retirement liability	\$4,225,271	\$1,121,470	\$225,632	\$—	\$1,347,102	\$—	\$534,095	\$498,597	\$—	\$1,376,432	\$2,409,124	(\$1,627,693)	\$37,836	\$6,391,640

The maximum economic benefit available is a contribution of expected refunds from the plan and reductions in future contributions.



The distribution of the plan assets as of December 31, 2024 and 2023 follows:

	2024	2023
Government securities	\$7,506,082	\$7,356,404
Equities	1,391,514	2,500,942
Corporate bonds	1,182,927	1,217,638
Trust funds	1,197,791	410,333
Mutual funds	820,947	1,043,700
Investment properties	584,182	421,923
Others	1,113,669	422,699
	<b>\$13,797,112</b>	<b>\$13,373,639</b>

The plan assets include corporate bonds and deposit instruments of related parties, primarily AC, Ayala Land, Inc. (ALI), AC Energy (ACEN) and Bank of the Philippine Islands (BPI). As of December 31, 2024 and 2023, the fair value of these plan assets amounted to \$1.58 million and \$0.82 million, respectively. The plan assets pertain to diverse investments and do not have any concentration risk.

The overall investment policy and strategy of the Parent Company's defined benefit plan 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 Parent Company expects to contribute \$1.56 million to the defined benefit plan in 2024.

The actual return of plan assets amounted to \$0.82 million, and \$0.39 million in 2024 and 2023, respectively.

The average duration of the net retirement liability at the end of the balance sheet date is 9.85 years and 9.44 years as of December 31, 2024, and 2023.

Shown below is the maturity analysis of the undiscounted benefit payments as of December 31, 2024, and 2023:

	2024	2023
Less than one year	\$1,279,128	\$2,170,251
More than one year to five years	8,165,252	8,664,397
More than five years to ten years	12,251,019	12,733,640
More than ten years to fifteen years	13,296,698	13,591,917
More than fifteen years to twenty years	11,559,847	10,746,773
More than twenty years	13,667,224	13,257,704
	<b>\$60,219,168</b>	<b>\$61,164,682</b>

*Principal actuarial assumptions*

The principal actuarial assumptions used to determine retirement benefits are shown below:

	2024	2023
Discount rate	6.12%	6.07%
Salary increase rate	5.00%	4.00%



The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the net retirement liability 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	
		2024	2023
Discount rate	+1%	<b>(\$1,296,855)</b>	(\$1,308,679)
	-1%	<b>1,467,675</b>	1,477,878
Salary increase rate	+1%	<b>1,560,498</b>	1,590,783
	-1%	<b>(1,400,719)</b>	(1,429,812)

The mortality rate in 2024 and 2023 is based on the 2017 Philippine Intercompany Mortality Table.

The net retirement expense of the Parent Company under the defined benefit plans is allocated as follows:

	2024	2023	2022
Cost of goods sold and services	<b>\$1,093,895</b>	\$1,031,241	\$1,251,459
Operating expenses	<b>630,938</b>	315,861	450,127
	<b>\$1,724,833</b>	\$1,347,102	\$1,701,586

## 27. Employee Stock Ownership Plan

The Parent Company has an ESOWN, which is a privilege extended to the Parent Company's eligible managers and staff whereby the Parent Company 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 <sup>st</sup> Anniversary	5.0%
2 <sup>nd</sup> Anniversary	7.5%
3 <sup>rd</sup> 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 2024, 2023 and 2022 follow:

	2024		2023		2022	
	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	<b>136,926,800</b>	<b>₱6.60</b>	137,004,327	₱6.60	137,127,271	₱6.61
Forfeitures	<b>(54,262)</b>	<b>12.50</b>	(77,527)	12.50	(122,944)	13.56
At end of year	<b>136,872,538</b>	<b>₱6.59</b>	136,926,800	₱6.60	137,004,327	₱6.60



The balance of the subscriptions receivable amounted to \$2.56 million, \$2.58 million, and \$2.62 million as of December 31, 2024, 2023 and 2022, respectively (see Note 16).

The share option expense amounted to nil in 2024, 2023 and 2022.

## 28. Lease Commitments

Set out below are the carrying amounts of the Parent Company's right-of-use assets presented under non-current assets, and the movements during the period:

	2024	2023
As at January 1, 2024	\$6,220,385	\$270,473
Additions	126,009	7,465,922
Amortization expense	(1,530,581)	(1,516,010)
As at December 31, 2024	\$4,815,813	\$6,220,385

Set out below are the carrying amounts of the Parent Company's lease liabilities and the movements during the period:

	2024	2023
As at January 1, 2024	\$6,680,643	\$298,580
Additions	126,009	7,465,922
Interest expense on lease liabilities	615,007	668,815
Rental payments	(1,868,716)	(1,802,537)
Foreign exchange losses (gains)	(95,791)	49,863
As at December 31, 2024	\$5,457,152	\$6,680,643
Current	\$1,488,521	\$1,257,754
Noncurrent	\$3,968,631	\$5,422,889

The following are the amounts recognized in parent company income statement:

	2024	2023
Amortization expense of right-of-use assets	\$1,530,581	\$1,516,010
Interest expense on lease liabilities	615,007	668,815
Expense related to short-term leases and low-value assets (included in cost of sales)	34,005	63,792
Expense related to short-term leases and low-value assets (included in operating expenses)	35,679	36,556
	\$2,215,272	\$2,285,173

Amortization expense related to right-of-use assets is included in "Operating expenses" and "Cost of sales" accounts follows:

	2024	2023
Cost of sales (Note 19)	\$245,758	\$231,075
Operating expenses (Note 20)	1,284,823	1,284,935
	\$1,530,581	\$1,516,010

The Parent Company's lease agreements have terms of fixed payments and there are no variable payment provisions.

The Parent Company 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 Parent Company's business needs. Management exercises significant



judgment in determining whether these extension and termination options are reasonably certain to be exercised (see Note 3).

Shown below is the maturity analysis of the undiscounted lease payments as of December 31, 2024 and 2023 follow:

	2024	2023
Within one year	<b>\$1,892,090</b>	\$1,865,213
After one year but not more than two years	<b>1,934,640</b>	1,961,387
After two years but not more than three years	<b>2,348,937</b>	2,006,705
	<b>\$6,175,667</b>	\$5,833,305

#### Lease Commitments

In 2023, the lease contract of warehouse building which expired on August 31, 2023 was renewed by another five years and 4 months up to December 31, 2028. The non-cancellable lease is for a period of five years and four months from September 1, 2023 to December 31, 2028.

The Parent Company (Lessee) entered into an amended lease contract with AREIT INC., formerly owned by 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 lease contract, which expired 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 of five percent beginning January 1, 2024 until the end of the lease term.

The Parent Company (Lessee) has existing an agreement involving the lease of residential house and lots located in Sta. Rosa, Laguna covering a period of five years from January 1, 2021 to December 31, 2025.

On November 22, 2021, the Parent Company (Lessor) executed a Lease Agreement with VIA Optronics (Philippines), Inc. to lease out a portion of a building for a period of five years beginning January 1, 2022 up to December 31, 2026. On October 27, 2022, the parties agreed to amend the contract with a new term of one year beginning October 1, 2022 until September 30, 2023 with automatic renewal for successive one year term unless both parties terminate the agreement.

The Parent Company (Lessor) also entered into an agreement with PSI Technologies, Inc. on June 10, 2021 to lease out portion of Building B for a period of two years from October 1, 2021 until September 30, 2023, renewable upon mutual agreement of both parties. On September 6, 2022, the Parent Company executed an addendum to include portion of Building A effective January 1, 2022. In September 4, 2023, contract was renewed for a period of one year from October 1, 2023 to September 30, 2024.

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## 29. 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 Parent Company, in its regular conduct of business, has entered into transactions with subsidiaries, affiliate, and other related parties principally consisting of advances, loans 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 Parent Company 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, 2024, 2023 and 2022, the Parent Company 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 Parent Company transacts with its related parties. The transactions and balances of accounts with related parties follow:

a. Transactions with BPI, an affiliate

As of December 31, 2024 and 2023, the Parent Company maintains current and savings accounts and money market placements with BPI amounting to \$0.69 million and \$0.97 million, respectively.

Total interest income earned from cash in bank and short-term investments with BPI amounted to \$0.002 million, \$0.003 million and \$0.003 million for the years ended December 31, 2024, 2023 and 2022, respectively.

The Parent company has outstanding short term and long-term loans with BPI amounting to \$166.69 million and \$182.31 million as of December 31, 2024 and 2023, respectively.

Total interest accrued for the loan payable to BPI amounted to \$11.27 million, \$9.06 million and \$5.78 million for the years ended December 31, 2024, 2023 and 2022, respectively.

b. Outstanding balances of related party transactions with affiliates follow:

	Receivables		Payables	
	2024	2023	2024	2023
<b>Immediate Parent:</b>				
AC Industrials Technology Inc. (AC Industrials)	\$—	\$—	\$—	\$46,904
<b>Intermediate Parent:</b>				
Ayala Corporation (AC)	443,146	—	—	596,737
<b>Entities Under Common Control:</b>				
KTM Asia Motor Manufacturing Inc. (KAMMI)	842,178	988,479	—	—
Merlin Solar Technologies (Phils.) Inc. (MSTPI)	240,852	208,760	—	—
AREIT, Inc.	—	—	122,620	—
HMC, Inc. (HMCI)	—	—	15,818	17,658
BPI	—	—	224,964	7,698
Innovate Communication, Inc. (ICI)	—	—	12,983	12,831
Globe Telecom, Inc. (GTI)	—	—	5,437	—
	<b>\$1,526,176</b>	<b>\$1,197,239</b>	<b>\$381,822</b>	<b>\$681,828</b>





- i. Transactions with KAMMI and MSTPI pertains to trade related receivables.
  - ii. Transaction with AC pertains to management fee on corporate and support service.
  - 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 HMCi pertain to provision of health services.
  - vi. Payables to GTI pertain to billings for software and WiFi connections. These are due and demandable.
  - vii. Payables to AREIT pertain to leased land.
- c. Outstanding balances of related party transactions of the Parent Company with its subsidiaries follow:

	Receivables		Payables	
	2024	2023	2024	2023
Trade and nontrade receivables:				
IMI Singapore	<b>\$71,938,774</b>	\$92,020,748	<b>\$161,820</b>	\$92,815
IMI EU/MX Subsidiaries	<b>7,174,998</b>	7,594,713	<b>50,426</b>	124,181
Psi	<b>3,808,420</b>	4,017,206	<b>3,642</b>	93
Speedy-Tech Electronics (STEL)	<b>4,875,042</b>	6,915,929	<b>9,230,054</b>	6,733,463
IMI Japan	<b>—</b>	1,016,343	<b>—</b>	450,106
IMI USA	<b>544,625</b>	444,498	<b>173,072</b>	136,996
	<b>88,341,859</b>	112,009,437	<b>9,619,014</b>	7,537,654
Loans:				
IMI Singapore	<b>60,482,219</b>	60,475,302	—	—
STEL	<b>27,555,378</b>	26,900,000	—	—
IMI UK	<b>3,054,662</b>	2,856,169	—	—
IMI MX	<b>2,385,176</b>	3,500,000	—	—
Psi	<b>1,323,281</b>	1,719,231	—	—
	<b>94,800,716</b>	95,450,702	—	—
	<b>\$183,142,575</b>	\$207,460,139	<b>\$9,619,014</b>	\$7,537,654

- i. Receivables from IMI Singapore, IMI EU/MX Subsidiaries, PSi, STEL, IMI Japan, STI and IMI USA are composed of \$6.93 million trade related receivables and \$176.21 million other receivables. Other receivables are nontrade in nature and pertain to operating cash advances made by the Parent Company. These are noninterest-bearing and are due on demand.
- ii. Loans to IMI Singapore have terms of one to five years and subject to annual interest rates ranging from 2.70% to 7.15% in 2023 and are subject to monthly repricing. Loan to STEL, issued in December 2023, have 30 to 32 day term subject to annual interest rates ranging from 6.25% to 6.63%. Loans to IMI MX in 2022 have a term of one year with annual interest rate of 5.73% to 7.25% in 2024 subject to monthly repricing.
- iii. Payables to STEL, IMI EU/MX Subsidiaries, IMI USA, PSi and IMI Japan are composed of \$5.10 million trade related transactions and \$4.52 million non-trade related transactions. Non-trade transactions include freight and handling charges, business travel expenses and consideration for the net assets transferred by Speedy-Tech Philippines (STPH) to the Parent Company. These advances are noninterest-bearing and are payable on demand.



iv. Revenue and expenses from its affiliates follow:

	Revenue/Income			Expenses		
	2024	2023	2022	2024	2023	2022
<b>Immediate Parent:</b>						
AC Industrials Technology Inc. (AC Industrials)	\$-	\$-	\$-	\$-	\$46,807	\$-
<b>Intermediate Parent:</b>						
Ayala Corporation (AC)	-	-	-	94,611	670,643	536,818
<b>Entities Under Common Control:</b>						
KTM Asia Motor Manufacturing Inc. (KAMMI)	1,601,459	2,437,678	\$5,012,496	-	-	-
Merlin Solar Technologies (Phils.) Inc. (MSTPI)	120,711	122,961	135,821	-	-	-
BPI	16,594	983	2,999	44,337	41,352	38,914
AREIT	-	-	-	1,504,171	1,473,220	1,444,719
HMC, INC.	-	-	-	199,379	194,305	-
Laguna Water (LAWC)	-	-	-	387,887	1,189,047	1,071,846
ICI	-	-	-	163,994	217,156	310,287
AG Legal	-	-	-	60,551	23,250	57,730
Ayala Greenfield Development Corporation (AGDC)	-	-	-	1,444	-	-
GTI	-	-	-	102,290	98,915	117,306
	<b>\$1,738,764</b>	<b>\$2,561,622</b>	<b>\$5,151,316</b>	<b>\$2,558,664</b>	<b>\$3,954,695</b>	<b>\$3,577,620</b>

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. Interest income earned from investments with BPI.

Expenses incurred from related party transactions include:

- i. Administrative services charged by AC Industrials and AC related to certain transactions.
- ii. Rental expense from the lease contract between the Parent Company and AREIT (formerly TLI).
- iii. Water allocation charged by LAWC.
- iv. Building rental, leased lines, internet connections and ATM connections with ICI.
- v. Health services from HMC.
- 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.
- viii. Staff house rent expenses paid with BPI.
- ix. Dues and fees paid with AGDC



d. Revenue/income and expenses from its subsidiaries follow:

	Revenue/Income			Expenses		
	2024	2023	2022	2024	2023	2022
IMI Singapore	<b>\$11,907,906</b>	\$13,303,769	\$39,889,055	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>
IMI EU/MX Subsidiaries	<b>1,850,747</b>	2,958,124	6,562,502	<b>24,321</b>	3,911	87,564
STI	-	-	97,436	-	-	-
Psi	<b>66,899</b>	73,712	79,017	-	-	-
STEL	<b>3,194,392</b>	975,263	5,243,356	<b>8,111,859</b>	9,649,420	14,271,421
IMI ROHQ	-	-	-	-	-	-
IMI JAPAN	-	-	-	-	2,882	-
IMI USA	<b>18,300</b>	-	-	<b>(4,985)</b>	36,396	183,163
	<b>\$17,038,244</b>	\$17,310,868	\$51,871,366	<b>\$8,136,195</b>	\$9,692,609	\$14,542,148

- Intercompany revenue/income are related to trade transactions, interest income and rental income made to IMI Singapore, IMI EU/MX Subsidiaries, STEL, PSi and STI.
- Expenses incurred from related party transactions mainly pertain to billings from STEL in relation to trade transactions.

#### Compensation of Key Management Personnel of the Parent Company

Key management personnel of the Parent Company include all management committee members.

### 30. 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 and short-term investments, receivables, accounts payables and accrued expenses, current portion of long-term debt and other current liabilities 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, 2024 and 2023:

	Carrying Amounts		Fair Values	
	2024	2023	2024	2023
<b>Financial assets:</b>				
Financial assets at FVOCI	<b>\$2,543,003</b>	\$2,364,096	<b>\$2,543,003</b>	\$2,364,096
<b>Financial liabilities:</b>				
Noncurrent portion of long-term debt	<b>\$78,216,167</b>	\$136,236,024	<b>\$104,000,000</b>	\$135,719,912

#### Fair Value Hierarchy

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.

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 (Level 3). The discount rates used for 2024 and 2023 ranged from 8.65% to 5.80%, respectively.

The Parent Company'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.

### 31. Financial Risk Management Objectives and Policies

The Parent Company's principal financial instruments, composed of loans payable, long-term debt and other financial liabilities, were issued primarily to raise financing for the Parent Company's operations. The Parent Company has various financial instruments such as cash and cash equivalents, loans and receivables, accounts payable and accrued expenses and lease liabilities which arise directly from its operations.

The main purpose of the Parent Company's financial instruments is to fund its operational and capital expenditures. The main risks arising from the Parent Company's financial instruments are interest rate risk, liquidity risk, credit risk and foreign currency risk. The Parent Company also enters into currency forwards to manage the currency risk arising from its operations and financial instruments.

The Parent Company's risk management policies are summarized below:

#### Interest Rate Risk

The Parent Company's exposure to market risk for changes in interest rates relates primarily to its long-term debt obligations with floating interest rates. The Parent Company'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 Parent Company's income before income tax (through the impact on floating rate borrowings) for the years ended December 31, 2024 and 2023. There is no other impact on the Parent Company's equity other than those already affecting income.

Increase/Decrease in Basis Points	Effect on Net Income before Tax	
	2024	2023
+100	<b>\$2,566,789</b>	(\$2,119,000)
-100	<b>(\$2,566,789)</b>	\$2,119,000

The following table shows the information about the Parent Company's debt as of December 31, 2024 and 2023 that are exposed to interest rate risk presented by maturity profile:

	2024	2023
Within one year	<b>\$63,000,000</b>	<b>\$70,000,000</b>
One to five years	<b>\$132,466,091</b>	<b>141,336,024</b>
	<b>\$195,466,091</b>	<b>\$211,336,024</b>

#### Liquidity Risk

Liquidity risk is the risk that the Parent Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Parent Company's exposure to liquidity risk relates primarily to its short and long-term obligations. The Parent Company seeks to manage its liquidity profile to be able to finance its capital expenditures and operations. The Parent Company maintains a level of cash and cash equivalents deemed sufficient to finance operations. As part of its liquidity risk management, the Parent Company regularly evaluates its projected and actual cash flows. To cover financing requirements, the Parent Company 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 Parent Company's financial liabilities based on contractual undiscounted payments:

December 31, 2024					
	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	Total
Accounts payable and accrued expenses:					
Accounts payable	\$-	\$36,403,714	\$-	\$-	\$36,403,714
Accrued expenses*	-	5,947,276	-	-	5,947,276
Accrued compensation and benefits	-	5,483,293	-	-	5,483,293
Due to related parties	-	3,383,487	-	-	3,383,487
Accrued interest payable	-	2,345,381	-	-	2,345,381
Contract liabilities	-	3,780,494	-	-	3,780,494
Loans payable**	-	123,100,000	-	-	123,100,000
Current portion of lease liabilities	-	315,218	1,576,872	-	1,892,090
Current portion of long-term debt**	-	-	29,557,760	-	29,557,760
Noncurrent portion of lease liabilities	-	-	-	4,283,577	4,283,577
Noncurrent portion of long-term debt**	-	-	-	102,574,423	102,574,423
	\$-	\$180,758,863	\$31,134,632	\$106,858,000	\$318,751,495

\* Excluding statutory payables

\*\*Includes future interest payable

December 31, 2023					
	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	Total
Accounts payable and accrued expenses:					
Accounts payable	\$-	\$37,307,472	\$-	\$-	\$37,307,472
Accrued expenses*	-	8,147,310	-	-	8,147,310
Accrued compensation and benefits	-	5,985,066	-	-	5,985,066
Due to related parties	-	3,549,827	-	-	3,549,827
Accrued interest payable	-	1,687,684	-	-	1,687,684
Contract liabilities	-	3,556,003	-	-	3,556,003
Loans payable**	-	157,590,354	-	-	157,590,354
Current portion of lease liabilities	-	310,869	1,554,344	-	1,865,213
Current portion of long-term debt**	-	-	9,242,610	-	9,242,610
Noncurrent portion of lease liabilities	-	-	-	3,968,092	3,968,092
Noncurrent portion of long-term debt**	-	-	-	144,175,555	144,175,555
	\$-	\$218,134,585	\$10,796,954	\$148,143,647	\$377,075,186

\* Excluding statutory payables

\*\*Includes future interest payable

The financial liabilities in the above tables are gross undiscounted cash flows. However, these amounts may be settled using liquid assets such as cash and cash equivalents, and trade receivables. Furthermore, available credit lines, may also be used to manage liquidity.

### Credit lines

The Parent Company has credit lines with different financing institutions as of December 31, 2024 and 2023 as follows:

Financial Institutions	2024		2023	
	Credit Limit	Available Credit Line	Credit Limit	Available Credit Line
Local:				
USD	132,000,000	37,400,000	132,000,000	9,300,000
Philippine Peso (PHP)	800,000,000	423,000,000	800,000,000	403,835,000
Foreign:				
USD	59,000,000	37,000,000	69,000,000	32,000,000

### Credit Risk

Credit risk is the risk that the Parent Company's counterparties to its financial instruments will fail to discharge their contractual obligations. The Parent Company'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 Parent Company trades only with recognized, creditworthy third parties. The Parent Company has a well-defined credit policy and established credit procedures. The Parent Company extends credit to its customers consistent with sound credit practices and industry standards. The Parent Company deals only with reputable,



competent and reliable customers who pass the Parent Company'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 Parent Company's exposure to bad debts is not significant.

The Parent Company defines a financial asset as in default when internal or external information indicates that the Parent Company 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 Parent Company's maximum exposure to credit risk as of December 31, 2024 and 2023 is the carrying amounts of the financial assets. The Parent Company's maximum exposure for cash and cash equivalents excludes the carrying amount of cash on hand.

The Parent Company has 26% and 39% of trade receivables relating to three major customers as of December 31, 2024 and 2023, respectively.

As of December 31, 2024 and 2023 the aging analysis of receivables, contract assets and miscellaneous deposits follows:

December 31, 2024							
	Total	Neither Past Due nor Impaired	Days Past Due				
			<30 Days	30-60 Days	60-90 Days	90-120 Days	>120 Days
Receivables:							
Accounts receivable	\$41,064,077	\$25,008,383	\$9,973,112	\$3,041,770	\$853,836	\$900,442	\$1,286,534
Due from related parties	89,424,889	88,563,927	76,034	166,988	82,578	65,887	469,475
Loans to subsidiaries	94,800,716	94,800,716	-	-	-	-	-
Receivable from insurance	-	-	-	-	-	-	-
Receivable from employees	(8,753)	(8,753)	-	-	-	-	-
Others	144,889	122,733	-	-	-	-	22,156
Contract assets	12,843,363	12,843,363	-	-	-	-	-
Miscellaneous deposits	810,377	810,377	-	-	-	-	-
	<b>\$239,079,558</b>	<b>\$222,140,746</b>	<b>\$10,049,146</b>	<b>\$3,208,758</b>	<b>\$936,414</b>	<b>\$966,329</b>	<b>\$1,778,165</b>
Expected credit loss		\$-	\$-	\$-	\$-	\$-	\$131,406
Expected credit loss rate		0%	0%	0%	0%	0%	7%

December 31, 2023							
	Total	Neither Past Due nor Impaired	Days Past Due				
			<30 Days	30-60 Days	60-90 Days	90-120 Days	>120 Days
Receivables:							
Accounts receivable	\$52,542,591	\$32,703,309	\$-	\$14,854,643	\$826,825	\$2,750,248	\$1,407,566
Due from related parties	113,141,567	2,875,040	2,250,199	433,480	2,165,798	1,687,064	103,729,986
Loans to subsidiaries	93,731,471	93,731,471	-	-	-	-	-
Receivable from insurance	-	-	-	-	-	-	-
Receivable from employees	103,107	103,107	-	-	-	-	-
Others	174,005	151,849	-	-	-	-	22,156
Contract assets	17,676,778	17,676,778	-	-	-	-	-
Miscellaneous deposits	1,462,440	1,462,440	-	-	-	-	-
	<b>\$278,831,960</b>	<b>\$148,703,994</b>	<b>\$2,250,199</b>	<b>\$15,288,123</b>	<b>\$2,992,623</b>	<b>\$4,437,312</b>	<b>\$105,159,708</b>
Expected credit loss		\$-	\$-	\$-	\$-	\$-	\$210,768
Expected credit loss rate		0%	0%	0%	0%	0%	1%

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 Parent Company's credit policy, the expected credit loss recognized for the period ended December 31, 2024 and 2023 represents specifically identified impaired financial assets.



The following table summarizes the credit quality of the Parent Company's financial assets as of December 31, 2024 and 2023:

December 31, 2024						
	Neither Past Due nor Impaired				Past Due or Individually Impaired	Total
	Minimal Risk	Average Risk	Fairly High Risk	High Risk		
Cash and cash equivalents	\$4,931,393	\$-	\$-	\$-	\$-	\$4,931,393
Receivables:						
Accounts receivable	1,661,636	2,634,813	9,331,469	11,380,465	16,055,694	41,064,077
Due from related parties	-	88,563,927	-	-	860,962	89,424,889
Loans to subsidiaries	-	94,800,716	-	-	-	94,800,716
Receivable from insurance	-	-	-	-	-	-
Receivable from employees	-	(8,753)	-	-	-	(8,753)
Others	-	144,889	-	-	-	144,889
Miscellaneous deposits	810,377	-	-	-	-	810,377
Financial assets at FVOCI	2,543,003	-	-	-	-	2,543,003
	<b>\$9,946,409</b>	<b>\$186,135,592</b>	<b>\$9,331,469</b>	<b>\$11,380,465</b>	<b>\$16,916,656</b>	<b>\$233,710,591</b>

December 31, 2023						
	Neither Past Due nor Impaired				Past Due or Individually Impaired	Total
	Minimal Risk	Average Risk	Fairly High Risk	High Risk		
Cash and cash equivalents	\$3,884,234	\$-	\$-	\$-	\$-	\$3,884,234
Receivables:						
Accounts receivable	3,717,385	18,801,325	12,169,315	10,390,846	7,463,719	52,542,592
Due from related parties	-	69,671,764	(840,030)	1,359,603	44,471,405	114,932,741
Loans to subsidiaries	-	93,731,471	-	-	-	93,731,471
Receivable from insurance	-	-	-	-	-	-
Receivable from employees	-	103,107	-	-	-	103,107
Others	-	174,005	-	-	-	174,005
Miscellaneous deposits	1,232,800	-	-	-	-	1,232,800
Financial assets at FVOCI	2,364,096	-	-	-	-	2,364,096
	<b>\$11,198,515</b>	<b>\$182,481,672</b>	<b>\$11,329,285</b>	<b>\$11,750,449</b>	<b>\$51,935,124</b>	<b>\$268,965,045</b>

The Parent Company 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 Letter of Credit (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 Parent Company's foreign exchange risk results primarily from movements of the USD against other currencies. As a result of significant operating expenses in PHP, the parent company statements of income can be affected significantly by movements in the USD versus the PHP. In 2024 and 2023, the Parent Company entered into currency forward contracts to hedge its risks associated with foreign currency fluctuations.

The Parent Company also has transactional currency exposures. Such exposure arises from sales or purchases denominated in other than the Parent Company's functional currency. Approximately 3.59% and 0.01% of the Parent Company's sales in 2024 and 2023, and 19.78% and 17.76% of costs for the years ended in 2024 and 2023 are denominated in currencies other than the Parent Company's functional currency.

The Parent Company manages its foreign exchange exposure risk by matching, as much 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 to hedge any material exposure where appropriate.

Information on the Parent Company's foreign currency-denominated monetary assets and liabilities and their U.S. Dollar equivalents follows:

*Philippine Peso (₱)*

	2024		2023	
	In USD	In PHP <sup>1</sup>	In USD	In PHP <sup>2</sup>
Cash and cash equivalents	\$592,861	₱34,294,033	\$801,886	₱44,401,142
Receivables	2,713,216	156,946,000	1,345,465	74,495,965
Miscellaneous deposits	631,449	36,526,149	655,805	36,311,942
Accounts payable and accrued expenses	(9,077,628)	(525,095,379)	(10,296,333)	(564,559,138)
Net retirement and other noncurrent liabilities	(5,627,001)	(325,493,848)	(7,466,503)	(413,420,279)
Net foreign currency-denominated liabilities	(\$10,767,103)	(₱622,823,046)	(\$14,959,680)	(\$822,770,368)

<sup>1</sup> Exchange rate: ₱55.76 to \$1.00

<sup>2</sup> Exchange rate: ₱51.00 to \$1.00

*Euro (EUR or €)*

	2024		2023	
	In USD	In EUR <sup>1</sup>	In USD	In EUR <sup>2</sup>
Cash and cash equivalents	\$56,301	€54,049	\$86,590	€78,277
Receivables	4,174,527	4,007,546	3,184,838	2,878,474
Accounts payable and accrued expenses	(951,914)	(913,837)	(1,990,789)	(1,799,665)
Net foreign currency-denominated assets	\$3,278,914	€3,147,758	\$1,280,639	€1,157,086

<sup>1</sup> Exchange rate: €0.94 to \$1.00

<sup>2</sup> Exchange rate: €0.88 to \$1.00

*Japanese Yen (JPY or ¥)*

	2024		2023	
	In USD	In JPY <sup>1</sup>	In USD	In JPY <sup>1</sup>
Cash and cash equivalents	\$3,705	¥585,293	\$4,570	¥612,538
Receivables	(18)	(2,894)	4,293	609,747
Accounts payable and accrued expenses	(78,869)	(12,459,756)	(44,635)	(6,313,349)
Net foreign currency-denominated assets (liabilities)	(\$75,182)	(¥11,877,357)	(\$35,772)	(¥5,091,064)

<sup>1</sup> Exchange rate: ¥133.70 to \$1.00

<sup>2</sup> Exchange rate: ¥115.15 to \$1.00

*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 Parent Company's income before income tax (due to changes in the fair value of monetary assets and liabilities) as of December 31, 2024 and 2023. 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 Parent Company's equity other than those already affecting the 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	
		2024	2023
PHP	+1%	\$96,431	\$74,617
	-1%	(96,431)	(74,617)
EUR	+1%	(32,789)	(12,806)
	-1%	32,789	12,806
JPY	+1%	752	358
	-1%	(752)	(358)





### 32. Contingencies

The Parent Company 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 Parent Company'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 Parent Company'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 this connection, the Parent Company is currently involved in an ongoing arbitration proceeding arising from a contractual dispute with its customer.

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 Parent Company's financial position and financial performance. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice the outcome of these lawsuits, claims and assessments.

### 33. Events After the Balance Sheet Date

#### Amendment to the Second Article of the Articles of Incorporation

On March 7, 2025, the Board of Directors of the Parent Company approved the inclusion in the primary purpose of the Corporation the activities related to provision of warehousing/logistics support services, particularly importation/procurement, storage, deposit, inventory management of goods for subsequent sales, transfers or dispositions to clients, interested establishments, agencies and/or export enterprises. The purpose of the inclusion of the activities is to facilitate internal logistics activities within the Group and to enhance value proposition to customers.

#### 2025 Stock Appreciation Rights Program

On March 7, 2025, the Board of Directors of the Parent Company approved the 2025 Employee Stock Option Program which may be in the form of a Stock Appreciation Rights Plan that grants cash settled and/or equity settled options (at the option of the Corporation) to its key talents.

The above two items approved on March 7, 2025 will be presented to the Corporation's stockholders for approval at the annual meeting on April 22, 2025.

### 34. Notes to Statement of Cash Flows

The following table shows the reconciliation of liabilities arising from financing activities:

	Cash flows				Non-cash changes			2024
	2024	Availment/ Collection	Settlement/ Payment	Reclass	Additions/ Forfeitures	Accretion of interest expense	Foreign currency translation	
Long-term debt	\$136,236,024	\$-	(\$4,848,812)	(\$28,500,000)	\$-	\$-	\$-	\$102,887,212
Loans payable	157,000,000	106,300,000	(140,200,000)	-	-	-	-	123,100,000
Current portion of long-term debt	5,100,000	-	(4,021,120)	28,500,000	-	-	-	29,578,880
Lease liabilities	6,680,643	-	(1,868,716)	-	126,009	615,007	(95,791)	5,457,152
Subscription receivable	(2,576,077)	540	-	-	14,745	-	-	(2,560,792)
	<b>\$302,440,590</b>	<b>\$106,300,540</b>	<b>(\$150,938,648)</b>	<b>\$-</b>	<b>\$140,754</b>	<b>\$615,007</b>	<b>(\$95,791)</b>	<b>\$258,462,452</b>



	Cash flows				Non-cash changes			2023
	2023	Availment/ Collection	Settlement/ Payment	Reclass	Addition/ Forfeitures	Accretion of interest expense	Foreign currency translation	
Long-term debt	\$144,682,491	\$—	(\$4,846,467)	(\$3,600,000)	\$—	\$—	\$—	\$136,236,024
Loans payable	150,100,000	10,000,000	(3,100,000)	—	—	—	—	157,000,000
Current portion of long-term debt	1,500,000	—	—	3,600,000	—	—	—	5,100,000
Lease liabilities	298,580	—	(1,802,537)	—	7,465,923	668,815	49,862	6,680,643
Subscription receivable	(2,620,195)	23,051	—	—	21,067	—	—	(2,576,077)
	\$293,960,876	\$10,023,051	(\$9,749,004)	\$—	\$7,486,990	\$668,815	\$49,862	\$302,440,590

Most of the loans are from existing revolving credit lines.

### 35. Supplementary Information Required under Revenue Regulations (RR) 15-2010

In compliance with the requirements set forth by RR 15-2010 hereunder are the information on taxes, duties and license fees paid or accrued during the taxable year.

#### Value Added Tax (VAT)

The National Internal Revenue Code (NIRC) of 1997 provides for the imposition of VAT on the sale of goods and services. Accordingly, the Parent Company's sale of goods and services under non-PEZA registered activities are subject to output VAT. Export sales, on the other hand, are accordingly exempt from VAT.

- a. Net sales/receipts and output VAT declared by the Parent Company (amounts in Philippine Peso):

	Net Sales/ Receipts	Output VAT
Service income	₱40,490,310	₱4,858,837
Rental income	6,788,463	814,616
Local Sales	3,860,040	463,205
Other miscellaneous income	1,274,800	152,976
	52,413,613	6,289,634
Zero-rated sales	13,485,785,126	—
	₱13,538,198,739	₱6,289,634

Vatable sales constitute income from services that are not part of registered activities, commissions on vending machines, sale on fixed asset and other service fees. These are not qualified for preferential tax treatment and is therefore subject to 12% VAT under the NIRC of 1997.

Zero-rated sales consist of export sales and those rendered to person or entities whose exemptions are provided in accordance with Section 4.108-5 of RR No. 16-2005, as amended by RR No. 13-2018, 26-2018, 9-2021 and 21-2021.

- b. Input VAT

As a PEZA-registered enterprise, the Company is qualified for VAT exemption on its importations and for VAT zero-rating on its local purchase of goods and services directly and exclusively used in the registered projects or activities subject to the provisions of Rule 2, Section 5 of the amended IRR of the CREATE Law and BIR Revenue Regulation (RR) No. 21-2021 dated 03 December 2021.

As of December 31, 2024, the Company has a carryforward input tax of P14,230,978. This amount represents the unutilized input tax from previous periods from domestic purchase of service.



#### Custom Duties and Tax Exemptions

The Implementing Rules and Regulations of R.A. 7916, particularly under Book VI Executive Omnibus, provide for the Parent Company's exemption on duties, taxes and fees related to its importation.

The importation of capital equipment, raw materials, spare parts, and accessories made by RBEs shall be exempt from customs duties subject to the provisions of Rule 2, Section 4 of the amended IRR of the CREATE Law.

#### Taxes and Licenses

This includes all other taxes, local and national, including real estate taxes, licenses and permit fees which are recorded under "Government-related costs" under "Cost of goods sold and services" and "Operating expenses account" in the company's statement of comprehensive income (amounts in Philippine Peso).

	Cost of Goods Sold and Services	Operating Expenses
Documentary stamp tax	₱—	₱74,415,861
Real property taxes	649,977	—
Fringe benefit tax	—	5,110,432
Business permits	—	86,451
Other taxes	338,140	2,030,833
	<u>₱988,117</u>	<u>₱81,643,577</u>

#### Withholding Taxes

Withholding Taxes are recorded in "Taxes payable" under "Accounts payable and accrued expenses" account in the parent company balance sheet.

Details of withholding taxes for the year are as follows (amounts in Philippine Peso):

	Remittances for the Year	Outstanding Balance
Withholding taxes on compensation	₱137,202,363	₱19,783,229
Expanded withholding taxes	94,148,961	4,043,618
Final withholding taxes	35,679,508	3,140,285
	<u>₱267,030,832</u>	<u>₱26,967,132</u>

#### Contingencies

The Parent Company is currently not involved in any tax case against the BIR.



## INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors  
Integrated Micro-Electronics, Inc.  
North Science Avenue - Special Economic Zone (LT - SEZ)  
Laguna Technopark, Bo. Biñan  
Biñan, Laguna

We have audited the parent company financial statements of Integrated Micro-Electronics, Inc. (the "Parent Company") for the year ended December 31, 2024, on which we have rendered the attached report dated March 7, 2025.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the Parent Company has two hundred eighty-two (282) stockholders owning one hundred (100) or more shares each.

SYCIP GORRES VELAYO & CO.



Cyril Jasmin B. Valencia  
Partner

CPA Certificate No. 90787

Tax Identification No. 162-410-623

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-074-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10465396, January 2, 2025, Makati City

March 7, 2025

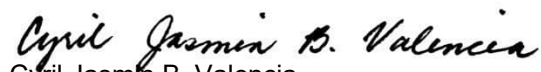


## **INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors  
Integrated Micro-Electronics, Inc.  
North Science Avenue - Special Economic Zone (LT - SEZ)  
Laguna Technopark, Bo. Biñan  
Biñan, Laguna

We have audited in accordance with Philippine Standards on Auditing, the parent company financial statements of Integrated Micro-Electronics, Inc. (the "Parent Company") as at and for the years ended December 31, 2024 and 2023 and have issued our report thereon dated March 7, 2025. Our audits were made for the purpose of forming an opinion on the parent company basic financial statements taken as a whole. The accompanying schedule of all effective standards and interpretations under PFRS Accounting Standards as of December 31, 2024 is the responsibility of the Parent Company's management. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic parent company financial statements and, in our opinion, fairly states, in all material respects, the information required to be set forth therein in relation to the basic parent company financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Cyril Jasmin B. Valencia

Partner

CPA Certificate No. 90787

Tax Identification No. 162-410-623

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-074-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10465396, January 2, 2025, Makati City

March 7, 2025



## **INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

The Stockholders and the Board of Directors  
Integrated Micro-Electronics, Inc.  
North Science Avenue - Special Economic Zone (LT - SEZ)  
Laguna Technopark, Bo. Biñan  
Biñan, Laguna

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Integrated Micro-Electronics, Inc. (the Parent Company) as at December 31, 2024 and 2023 and for each of the two years in the period ended December 31, 2024, and have issued our report thereon dated March 7, 2025. Our audits were made for the purpose of forming an opinion on the basic parent company financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Parent Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards Accounting Standards (PFRS Accounting Standards) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic parent company financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Parent Company's financial statements as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Cyril Jasmin B. Valencia  
Partner

CPA Certificate No. 90787

Tax Identification No. 162-410-623

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-074-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10465396, January 2, 2025, Makati City

March 7, 2025



**IMI BAJASAN, Ma. Jemly G.**

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