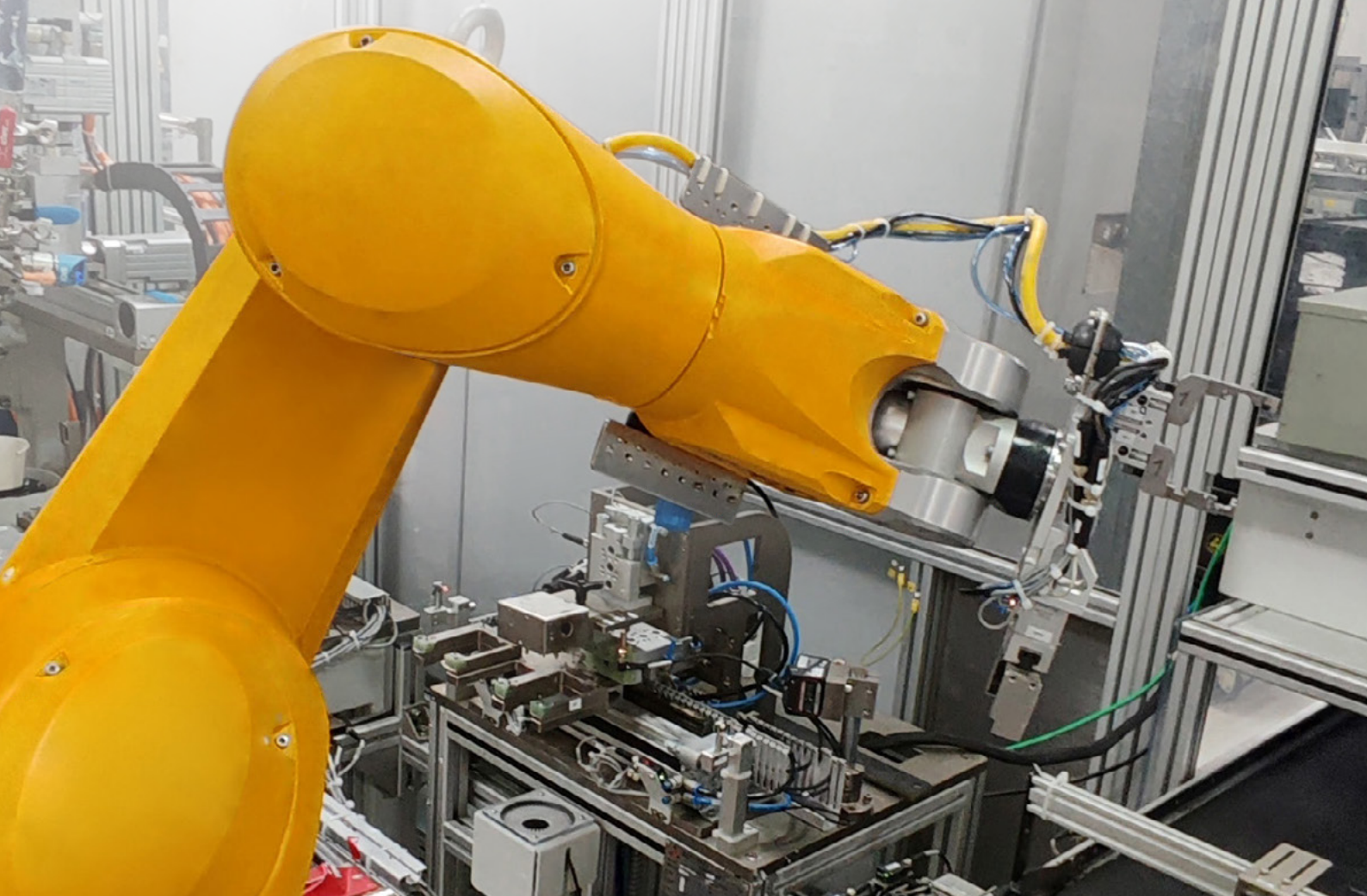




Foundations for the Future

Solidifying Our Core for Evolving Possibilities

Integrated Report 2025



IMI enters a new and fresh chapter with greater clarity and momentum.

In 2025, we reinforced our capabilities, deepened customer partnerships, and positioned the company for sustainable growth across our global operations. This report highlights the insights, milestones, and strategic direction that will guide IMI's continued growth.

OVERVIEW

- 2 Mission/Vision
- 2 About IMI
- 3 About this Integrated Report
- 4 At a Glance
- 6 Global Footprint

MESSAGES

- 10 Message from the Chairman
- 12 Report of the President and CEO

LEADERSHIP

- 18 Board of Directors
- 24 Core Management Team
- 25 General Managers
- 25 Management Team Leadership

SUSTAINABILITY

- 28 Overview
- 28 Message from the Chief Sustainability Officer
- 30 Integrated Value Chain
- 32 Governance
- 44 Global Sites Certification
- 46 Strategy
- 60 Risk Management
- 63 Metrics and Targets
- 82 Materiality
- 86 Corporate Social Responsibility
- 90 Independent Assurance Statement

FINANCIAL

- 96 Management's Discussion and Analysis and Plan of Operations
- 98 Statement of Management's Responsibility for Financial Statements
- 99 Report of Audit, Risk, and Sustainability Committee to the Board of Directors
- 101 Independent Auditor's Report
- 105 Audited Financial Statements

CORPORATE INFORMATION

- 198 Corporate Directory
- 198 Stakeholder Inquiries
- 198 Shareholder Services and Assistance

ABOUT IMI

Integrated Micro-Electronics, Inc. (IMI), the electronics manufacturing subsidiary of Ayala Corporation, is a global provider of electronics manufacturing solutions offering end-to-end capabilities from new product introduction and advanced prototyping to high-reliability mass production, testing, system integration, and aftermarket services. IMI serves the mobility, connectivity, power electronics, communications, and medical sectors with expertise that supports mission-critical and performance-driven applications.

With 11 manufacturing plants across five countries, the company delivers fast, flexible, and scalable manufacturing through deep engineering expertise, advanced test systems, robust vertical integration, and resilient, data-driven supply-chain management. IMI's comprehensive value chain enables faster time-to-market, competitive total cost of ownership, and strong global compliance, ensuring customers achieve reliability and market leadership.

For more information, visit global-imi.com.

OUR PURPOSE

We partner with global organizations to provide manufacturing solutions to **SAVE LIVES, CONSERVE ENERGY, and IMPROVE QUALITY OF LIFE.**

OUR VISION

The leading **INNOVATIVE** partner for customized solutions. Our **PEOPLE** deliver the highest quality experience.

OUR MISSION

Passionately create a unique product realization experience that our partners love

OUR CORE VALUES

Integrity

Honesty, trustworthiness, and consistency in words and actions

Customer Focus

Building a strong partnership with customers by providing excellent and mutually beneficial solutions

Concern for Others

Caring for co-employees, community, and country

Excellence

Doing the best and continuously exceeding expectations

ABOUT THE COVER

The cover features a high-precision industrial robot operating at IMI Mexico. With six axes of movement and a 6-kg load capacity, the robot performs high-accuracy pick-and-place tasks in the OP120 High-Precision Card Insertion process. It also supports automated module transfer from the assembly line to chamber pallets for a major project, reflecting IMI's commitment to advanced automation and manufacturing excellence.

ABOUT THIS INTEGRATED REPORT

This Report highlights the performance and progress of IMI for the year 2025, reflecting our ongoing commitment to transparency, disciplined performance, and long-term value creation. It shows how our strategy, capabilities, and culture are shaping a stronger, more resilient IMI—better aligned, positioned, and prepared to navigate a rapidly changing industry landscape.

As a global leader in electronics manufacturing, the company continues to serve the evolving needs of the mobility, connectivity, medical, power electronics, and communications industries. In 2025, we advanced our transformation by consolidating operations into larger, more capable manufacturing sites. This streamlined footprint has strengthened operational alignment, cost structures, and our ability to deliver consistent, high-quality solutions worldwide. Combined with rigorous commercial and operational improvements, these actions helped IMI return to profitability and drive margin growth.

While the global automotive market remained soft, particularly in Europe, where electric vehicle adoption slowed, and production schedules became more conservative, IMI mitigated these pressures by improving operational performance and diversifying our portfolio. Over the past two years, we have expanded our presence in high-growth industrial applications, data center infrastructure, medical technologies, and power module solutions beyond automotive. These markets leverage IMI's engineering strengths and support our long-term goal of diversifying revenue and improving profitability.

This report also provides an integrated view of IMI's financial and non-financial performance, presenting how we create sustainable value throughout our global supply chain. Our sustainability disclosures align with the Sustainability Accounting Standards Board (SASB) framework, complementing other international standards such as the Global Reporting Initiative (GRI) Standards, the Task Force on Climate-Related Financial Disclosures (TCFD) and the International Integrated Reporting Council (IIRC) to ensure a comprehensive approach to transparency and accountability.

We invite our stakeholders to explore this document as a concise view of our accomplishments, challenges, and strategic direction. We hope that these insights affirm confidence in our ability to navigate industry shifts, deliver sustainable value, and remain a trusted partner in the global electronics supply chain.

IMI welcomes feedback and inquiries to help improve its future reporting.

The company is happy to receive feedback and comments through the following email addresses:

- Investors IR@global-imi.com
- Governance corporatesecretary@global-imi.com
compliance_officer@global-imi.com
- Sales sales@global-imi.com
- Sustainability john.madriaga@global-imi.com
- Data Privacy privacy@global-imi.com
- Careers careers@global-imi.com

- A copy of IMI's financial statements can be accessed at www.global-imi.com.
- Additional references for specific stakeholders are available at www.global-imi.com/governance.
 - Corporate Governance Manual
 - IMI Board Charter
 - Internal Audit Charter
 - Enterprise Risk Management Policy
 - Policy on Insider Trading
 - IMI Code of Conduct
 - IMI Supplier Code of Conduct
 - 2025 SEC Form 17-A
- For more details about the various frameworks and standards referred to, check:
 - integratedreporting.ifrs.org
 - globalreporting.org
 - fsb-tcf.org
 - unglobalcompact.org
 - sdgs.un.org/goals
- For Management's Discussion and Analysis and Plan of Operations, go to **page 96**.
- The Independent Assurance Statement on IMI's sustainability disclosures is on **page 90**.

Sharpening our focus to deliver long-term value



\$996M

Total revenues vs \$1.1B in 2024

Despite softer demand in certain market segments in 2025, IMI remained bullish on strengthening the fundamentals of our business. We proactively took decisive steps to better align our cost structure with current market conditions while safeguarding our ability to deliver long-term value.

We prioritized sustainable profitability through increased efficiency and disciplined cost management while ensuring continued operational resilience. We optimized our portfolio through the divestment of our non-core subsidiaries and further consolidation of our

geographical footprint, enabling us to sharpen our focus on our core strengths.

Looking ahead, we remain focused on preparing the company for the future by actively pursuing evolving market opportunities and strengthening our agility in a dynamic environment. We continue to invest in capabilities that enhance resilience and flexibility, positioning the organization to respond decisively to emerging trends while delivering sustainable, long-term value.

Photo taken at IMI Serbia

FINANCIAL HIGHLIGHTS

Gross Profit

9.8%

vs. 7.9% in 2024

Net Income

\$13.5M

vs. (\$ 49.8M) in 2024

Total Assets

\$677M

vs. \$793M as of 2024

2025 FOCUS

IMI Core EBITDA

\$65.6M

vs \$46.2M in 2024

IMI Core loan reduction

\$62.8M

net repayment of bank debts

Footprint rationalization

- > Two businesses divested
- > Two plants consolidated

CREATING IMPACT

Environmental

14%

reduction in GHG emission of Scope 1 & 2 from 54.9K tCO₂ to 47.0K tCO₂

Social

17.5M

safe man-hours

Governance

4

Golden Arrow Award in the ASEAN Corporate Governance Scorecard

A global footprint aligned for performance and resilience

Our global footprint remains anchored on three strategic regions—Europe, North America, and Asia—each playing a distinct role in supporting our customers and strengthening our competitiveness.

In 2025, we streamlined and consolidated our operations to sharpen regional focus, boost efficiency, and align our manufacturing capabilities with evolving customer needs. Such efforts ensure that each IMI site operates with greater scale, resilience, and responsiveness, reinforcing our commitment to high-reliability electronics across mobility, connectivity, power, and technology markets. Together, our three world-class regional hubs form an integrated global supply chain network—agile, optimized, and purpose-built to support long-term growth.



Total Headcount

8,544

Employees across eight countries



Total Manufacturing Space

341,430 sq. m.

Across five countries

EUROPE

Europe is a strategic market for IMI, fully aligned with our strengths in mobility and connectivity electronics. With major manufacturing sites in Bulgaria and Serbia, it serves as one of our core global hubs and supports some of the world's largest automotive OEMs and Tier 1 suppliers.

Employee count: 2,272
Manufacturing floor space: 165,629 sq. m.

Core Capabilities and Competitive Strengths:

- Mobility and connectivity manufacturing
- Plastic injection
- Manufacturing, engineering, testing and operational expertise



IMI Bulgaria



IMI Serbia

NORTH AMERICA

Our presence in North America gives us direct access to major automotive, industrial, and technology customers anchoring IMI in a high-value electronics market. Our Mexico facility is our core production base, with our mass production now consolidated all across our sites to ensure continued support for key accounts.

Employee count: 1,174
Manufacturing floor space: 26,780 sq. m.

Core Capabilities and Competitive Strengths:

- Mobility and connectivity electronics manufacturing
- Plastic injection
- Manufacturing, engineering, testing, and operational expertise



IMI Mexico

ASIA

Asia is home to IMI's largest operational base—including our global headquarters in the Philippines and major manufacturing facilities across China and other key Asian locations—and remains a vital region for the company.

Today, the region remains one of our core production hubs, serving global customers in various markets. Its massive electronics supply chain, deep component ecosystem, and strong customer base—particularly in China and Southeast Asia—make it essential for cost-competitive, high-quality manufacturing.

Employee count: 5,098
Manufacturing floor space: 149,021 sq. m.

Core Capabilities and Competitive Strengths:

- Mobility, connectivity, and power electronics manufacturing
- Plastic injection and precision machining
- China consolidation: improved capacity utilization and streamlined logistics while maintaining customer continuity
- Regional rightsizing: in 2024–2025, selected offices were streamlined to enhance efficiency while keeping production anchored in Asia.
- Manufacturing, engineering, testing and operational expertise



IMI Jiaying



IMI Shenzhen



IMI Philippines

Insights on performance, challenges, and opportunities

10

Message from the Chairman

12

Report of the President and CEO

Our Chairman and the President and CEO share their insights on IMI's 2025 performance, the challenges navigated, and the opportunities ahead. Together, their messages outline a clear path forward—anchored in resilience, disciplined execution, and an unwavering commitment to long-term value creation.

IMI emerged with **strong conviction in our strategy**, which remains centered on increasing competitiveness by optimizing operations, improving internal capabilities, and leveraging industry trends.

Beyond operational efficiency, IMI stayed rigorous in deepening technical capabilities and innovating processes and technologies to continually strengthen our business and organization.

Dear Shareholders,

Integrated Micro-Electronics embraced a pivotal period in shaping our future, marked by decisive actions that strengthened our foundations and reinforced our commitment to long-term value creation. Over the past year, we have transformed the company and delivered clear financial and operational gains amid industry turbulence, particularly in the European automotive sector. IMI remained strong, resilient, and resolute in achieving stability and profitability, led by our leadership team and workforce, who are our source of ever-greater strength, and to whom we extend our deepest gratitude.

IMI emerged with strong conviction in our strategy, which remains centered on increasing competitiveness by optimizing operations, improving internal capabilities, and leveraging industry trends. We divested VIA Optronics, a non-core subsidiary and a provider of display solutions that has faced a challenging landscape for several years. This decision strengthens our ability to invest in parts of our business that offer the greatest

opportunities for growth and returns. We sold our manufacturing site in Czech Republic and consolidated Shenzhen operations into the larger Pingshan facility to create a more efficient and scalable manufacturing network that better supports customers while minimizing costs. Moving forward, IMI's global footprint spanning the Philippines, Mexico, Serbia, Bulgaria, and China will continue to be highly strategic in navigating volatile sector dynamics and making us a valuable partner for clients.

Beyond operational efficiency, IMI stayed rigorous in deepening technical capabilities and innovating processes and technologies to continually strengthen our business and organization. These efforts have advanced our position in the global electronics manufacturing services space through improved aptitude in high-value segments where technical expertise and quality leadership drive meaningful differentiation. Examples of these segments include power modules, automotive camera systems, and industrial and medical applications. Organizationally, IMI continues to enhance deeper collaboration, leadership development, and a culture of strong accountability.



These cornerstones hold us to higher standards and will be instrumental in sustaining the company's success and growth.

Financially, IMI delivered better performance following the momentum from 2024 and initiatives over the past two years. We closed the year with increased margins, stronger EBITDA, and returned to positive net income. These improvements strengthened the balance sheet, reducing gearing levels and enhancing IMI's capacity to invest in future growth.

With these significant developments, we enter the next phase of IMI's transformation with confidence, supported by a stronger foundation, a more focused portfolio, and a leadership team that has demonstrated both discipline and vision. We are well-positioned to seize growth opportunities through a more efficient and collaborative organization centered

on deeper customer partnerships that provide sustainable long-term returns for shareholders.

On behalf of the Board of Directors, I extend our deepest appreciation to Hiroshi Nishimura, who concludes 16 years of dedicated service as an independent director on the IMI Board. Since first joining the Board in 2010, Mr. Nishimura has provided steadfast guidance and valuable global perspective throughout IMI's transformation journey. His extensive leadership experience in the electronics and manufacturing sectors has strengthened the company's governance and contributed meaningfully to the Board's strategic deliberations. We are profoundly grateful for his commitment and the lasting impact of his contributions.

I also express my sincere appreciation to our employees, customers, and shareholders. Your trust and support have been instrumental in IMI's progress. Together, we look forward to seeing greater opportunities ahead and shaping a future of innovation, resilience, and enduring value.

Alberto M. de Larrazabal
Chairman

As we enter the next chapter of IMI's transformation, we do so with a stronger foundation, a sharper strategic focus, and renewed momentum.

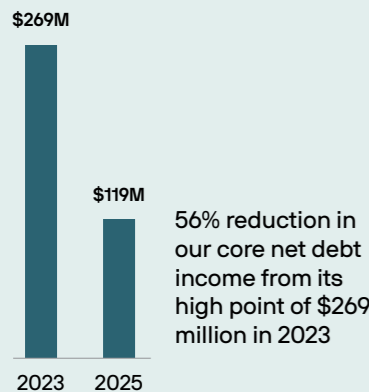
As part of our transformation strategy, we are innovating many internal processes to ensure each location can function as a complete solutions provider.

Core Net Income

\$20.3M

Return to profitability

CORE NET DEBT REDUCTION



Dear Shareholders,

As we look back on 2025, we find IMI standing on a stronger and more focused foundation. The past two years have demanded complex decisions, disciplined execution, and a willingness to confront long-standing structural challenges. These efforts have transformed our company into a more resilient, more competitive, and more customer-focused organization. Today, IMI is better positioned to serve our customers and deliver sustainable value to our shareholders.

IMI'S TRANSFORMATION

Our transformation began with a comprehensive review of our global footprint. In 2024, we closed facilities in Tustin (USA), Singapore, Japan, and Chengdu (China) to consolidate our operations under fewer, larger production facilities to improve operational cost efficiency. In 2025, we sold our site in the Czech Republic and transferred key customer programs to our larger and more competitive facilities in Bulgaria and Serbia. This move consolidated our European operations into a single regional hub in the Balkans' most competitive countries, creating the most efficient operating structure for IMI in Europe. Within Shenzhen, China, we merged our Kuichong operations into the larger Pingshan facility, centralizing our footprint within the region. This enabled us to achieve meaningful factory overhead savings through significant improvements in manufacturing utilization, while strengthening our China footprint with stand-alone large sites in both Northern and Southern China.

As part of our transformation strategy, we enhanced key internal processes to ensure each location can function as a complete solutions provider, a priority which we addressed meaningfully throughout 2025. We started sharing capabilities that were previously unique to certain locations—such as the advanced plastics and injection molding competencies historically centered in Bulgaria and Mexico—to other IMI facilities in China and the Philippines. This approach strengthens our ability to deliver consistent, high-quality support to customers across all regions globally.

EXPANSION OF VERTICAL INTEGRATION CAPABILITIES

Another area of focus has been expanding our vertical integration capabilities. In the Philippines, we broadened our machining operations by introducing new equipment, processes, and technical expertise to support increasingly complex, higher precision components. These investments improved control over key steps in our manufacturing processes, reduced dependence on external suppliers, and enabled us to provide more competitive and reliable solutions to our customers in our key industrial market segments like security and access control.

Our work in 2025 also included strategic portfolio rationalization. In November, we divested VIA Optronics (VIA), a non-core subsidiary that had experienced continuous losses and significant challenges in achieving a sustainable turnaround. The sale of VIA highlights our commitment to focus our resources



on businesses where IMI has a clear competitive advantage and where we can deliver long-term value.

MOBILITY: TECHNOLOGY INVESTMENTS & MARKET REALITIES

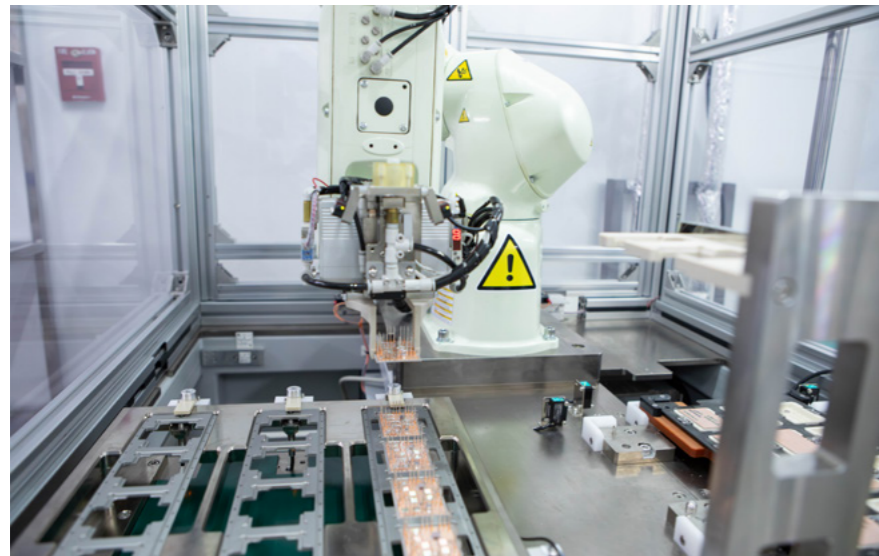
The significant investments we made in our automotive camera and lighting systems HALP technology in 2024 and 2025, will be paying dividends in 2026 and beyond. IMI brings deep technical expertise, strong customer confidence, and a proven track record of zero-defect manufacturing to these fast-growing segments. Over the past year, we have advanced our commitment to grow these businesses. We refined our engineering skills, improved our process technologies, and solidified our collaboration with leading original equipment manufacturers (OEMs) and Tier 1 suppliers. These focused initiatives have positioned IMI to capture immediate share and support our return to growth in 2026.

While these developments reinforce our long-term momentum, we have also remained mindful of near-term industry conditions. We recognized softness in the global automotive market, particularly in Europe. Industry players have noted slower EV adoption, with greatly reduced production schedules and cautious order behavior from several major OEMs. This environment has affected demand for some of our EV-focused programs and contributed to a slight decrease in our core revenues, which ended the year at US\$911 million, a 7 percent decrease from 2024. These market conditions underscore the importance of rebalancing our automotive portfolio toward applications that are not dependent on any specific drivetrain technology, including active safety applications (cameras, LIDAR, and RADAR), mechatronics for windows, doors, seats, mirrors, and advanced lighting solutions both inside and outside the vehicle.

EXPANDING CONNECTIVITY AND POWER MODULE OPPORTUNITIES

Beyond mobility, we intensified our efforts to expand IMI's connectivity revenue by pursuing new, distinct growth vectors. First, we are growing our core EMS and box-build business deeper into industrial markets, especially security and access control, data center infrastructure, smart city, smart sensors and controls, shipment tracking, and medical devices, where customers value IMI's strengths in high-quality, high-reliability manufacturing, on-time delivery, and quick time-to-market. Second, we are scaling our power module packaging business in partnership with leading semiconductor and power integrated circuit (IC) manufacturers whose products are designed into data centers, uninterruptible power supply (UPS) systems, telecom infrastructure, and industrial electrification applications.

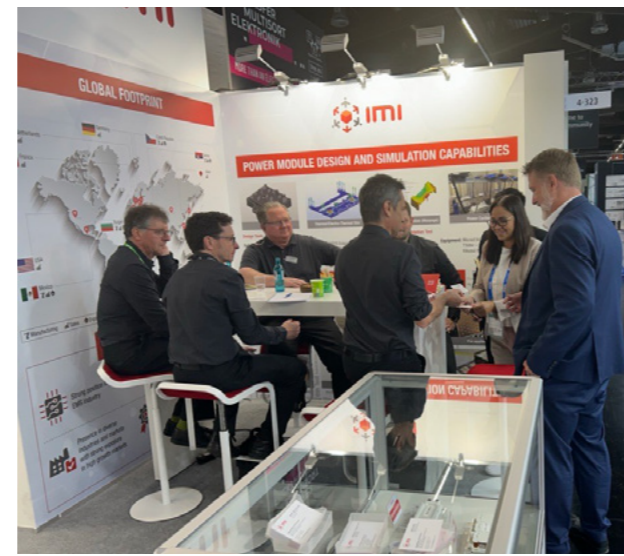
The power module market is being shaped by a powerful common trend: customers are demanding ever-higher efficiency and power density—more output, less loss, and less heat in smaller spaces. These requirements are particularly evident in data centers and telecom networks, where energy usage and thermal constraints have emerged as decisive design limits, and in industrial electrification, where efficiency standards and total cost of ownership drive adoption of advanced power architectures. As a result, power device packaging has become a key enabler of system performance and reliability through thermal management, low-inductance layouts, robust interconnects, and rigorous test and quality discipline. IMI is responding by investing in engineering, process capabilities, and state-of-the-art equipment to be a global leader in the delivery of these higher-performance power module products.



Automated and robotic manufacturing solutions at IMI, supporting high-precision, efficient, and repeatable production processes.

STRENGTHENING COMMERCIAL & OPERATIONAL CAPABILITIES

To position ourselves for future growth in the automotive and industrial markets, we are equipping our commercial and operational teams to lead more effectively. Over the past year, we have elevated our sales organization by empowering our commercial leaders to act as true strategic business managers who work closely with our sites to drive profitable, sustainable growth. Today, our sales teams do far more than serve as a channel of communication to our customers. They operate as business people who understand cost structures, margin drivers, and the competitive pressure our customers face. They challenge our customers constructively—introducing alternative material and component options, embedding design-for-manufacturing principles early in product development, and consistently seeking ways to enhance cost competitiveness in the marketplace. They also collaborate directly with our sites to ensure every quote reflects true cost, sustainable margins, and a compelling value proposition for both IMI and our customers.



At Power Conversion and Intelligent Motion (PCIM) Expo & Conference 2025 held in Nuremberg, Germany.

SUPPLY CHAIN & NPI EXCELLENCE

It is also important to highlight the progress we have made in strengthening our supply chain and new product introduction (NPI) execution. We began upgrading our sourcing and supply chain software, as well as the supporting organizational structure to improve every aspect of operations—from quotations and bill-of-materials management to minimum order quantity controls and automated demand simulations. These enhancements are designed to maximize efficiency across our high-mix business and ensure greater accuracy, responsiveness, and discipline in daily execution. We will continue this work throughout 2026 with the same rigor and commitment, guided by the belief that our long-term success comes not from improving one thing by 100%, but from improving a thousand things by one percent.

Our program managers are now more critical than ever in ensuring that our responsiveness and support to customers—and to our internal stakeholders—remain competitive, accurate, and dependable. They play a central role in validating assumptions and delivering on our commitments

Operational excellence defines who we are as a business. 2025 was a turning point for IMI, demonstrating that we can drive more efficiency and productivity throughout the company.

on time, on quality, and on budget. But without access to the highest-quality systems and software, neither they nor our broader operational teams can succeed. It is therefore imperative that we complete these system enhancements early this year to fully support our people and, ultimately, our customers.

STRATEGIC SUPPLIER NETWORK DEVELOPMENT

In parallel, we strengthened the role of sourcing and component engineering. A key achievement was the progress we made on our strategic supplier network initiative. We identified the strongest global suppliers in each commodity category and began aligning our sourcing strategies around them. Our aim is to build a global supply ecosystem that delivers consistent quality, competitive pricing, and long-term resiliency. By reducing IMI's long tail of small suppliers and shifting that spend toward strategic, commodity-aligned partners, we are streamlining our supply base, lowering material costs, and simplifying supply chain management.

This initiative is central to our strategy: approximately 70% of the value we deliver to customers comes from external suppliers. Improvements to our supply base reduce variability, enhance quality and cost structures, and strengthen our ability to serve customers. These efforts have already contributed to stronger margins and more competitive proposals through lower material costs across our businesses in 2025—and will continue to underpin profitable growth in 2026.

OPERATIONAL EXCELLENCE

Operational excellence defines who we are at IMI. In 2025, we continued to drive improvements in throughput, efficiency, yields, and quality performance across our sites. Programs that were previously underperforming have returned to profitability through better labor and

materials utilization, stronger process control, and higher yields. Our Global Quality Management Online System and Global Problem-Solving System also continued to mature, enabling faster issue resolution, greater transparency, and stronger cross-site collaboration. Together, these systems further reinforce our reputation for quality leadership.

FINANCIAL PERFORMANCE

Reflecting on our financial performance, 2025 was a turning point for IMI—demonstrating our ability to drive greater efficiency and productivity across the company. In our core businesses, despite slightly lower revenues, gross profit margin improved by 31% year on year, rising from 7.3 percent to 9.6 percent. EBITDA increased 42%, increasing from US\$46.2 million to US\$65.6 million. Most importantly, we returned to a positive net income of US\$20.3 million, a significant improvement from previous years. This return to profitability is the direct result of the deliberate actions implemented across the organization and a testament to the effectiveness of our transformation strategy and the exceptional efforts of every person at IMI.

Our balance sheet also demonstrated strong financial discipline, giving IMI a healthier financial footing. Our collaboration with customers allowed us to materially reduce our excess and obsolete inventory levels and turn them into deployable capital. Utilizing the US\$68.6 million of cash generated from core operations this year, we were able to pay down a significant portion of our high-interest loans, reducing our core net debt to US\$119 million—a reduction of 56% from its high point of US\$269 million in 2023. This substantial improvement strengthens our resilience and positions us well for the opportunities ahead.

OUR PEOPLE & A RENEWED MOMENTUM

Throughout this period of change, our people have been the driving force behind our success. Their adaptability, commitment, and willingness to embrace new ways of working have been remarkable. As we enter the next chapter of IMI's transformation, we do so with a stronger foundation, a sharper strategic focus, and a renewed momentum. The disciplined actions we have taken to optimize our global footprint and enhance our commercial and operational capabilities are evident in our return to profitability and improved margins. Our culture of accountability, collaboration, and leadership will guide us as we further our capabilities in power modules, automotive cameras and lighting systems, and high-growth connectivity and medical markets. We recognize that significant opportunities for improvement remain. The work is far from done. With the resilience we built together as a tight-knit team, I am confident that IMI is well placed to navigate an ever-changing industry landscape and continue delivering the performance our stakeholders expect.

To our employees, customers, and shareholders—thank you for your continued trust and partnership. Together, we have been through a time of meaningful change and emerged stronger. I am confident that the foundation we have built will support IMI's growth and success for many years to come.

Louis Sylvester Hughes
Louis Sylvester Hughes
 President and CEO

Guided with resilience and purpose

18

Board of Directors

24

Core Management Team

25

General Managers

25

Management Team Leadership

In 2025, our leaders guided IMI with resilience and purpose, further strengthening our capabilities and setting the stage for renewed growth. Their stewardship continues to shape a future-ready IMI, anchored in innovation, operational excellence, and sustainable value creation.

The collective experience and forward-looking stewardship of our Board of Directors ensure that IMI remains **focused on creating long-term value for shareholders, customers, and communities worldwide.**



Alberto M. de Larrazabal

Chairman of the Board,
Non-Executive Director
Filipino, 70

Date of First Appointment (As Director)	April 2021
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Length of Service (as of December 31, 2025)	5 years
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Committees:

- > Executive Committee, Chairman
- > Finance Committee, Member
- > Related Party Transactions Committee, Member

Academic Background:

- > BS Industrial Management Engineering, De La Salle University

Key Positions in Listed Companies:

- > Chairman of Integrated Micro-Electronics, Inc.
- > Director, President, and CEO of AREIT, Inc.
- > Director of ENEX Energy Corp.
- > Director of Rizal Commercial Banking Corporation
- > Director of Yoma Strategic Holdings Ltd. (listed on the Yangon Stock Exchange)

Other Key Positions:

- > President and CEO of AC Infrastructure and Globe Capital Venture Holdings, Inc.
- > Director of AC Industrial Technology Holdings, Inc., Anko JV Company, Inc., and Light Rail Manila Holdings Inc.

Skills and Experience:

He was Chief Financial Officer of Ayala Corporation for over four years, stepping down effective January 1, 2026. His tenure at Ayala Corporation was distinguished by his recognition as CFO of the Year by ING and FINEX, a fitting culmination of his leadership in finance. Mr. de Larrazabal, with over three decades of senior executive experience, has built extensive expertise across finance, business development, treasury operations, joint ventures, mergers and acquisitions, investment banking, and investor relations. Prior to joining Ayala Corporation, he served as Chief Commercial Officer and Chief Financial Officer of Globe Telecom. He was elected as an Independent Director of Rizal Commercial Banking Corporation on January 26, 2026. Earlier in his career, he held key leadership roles, including Vice President and CFO of Marsman Drysdale Corporation; Vice President and Head of the Consumer Sector at JP Morgan Hong Kong; and Senior Vice President and CFO of San Miguel Corporation.



Louis Sylvester Hughes

President and Chief Executive Officer
Executive Director
American, 61

Date of First Appointment (As Director)	June 2024
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Length of Service (as of December 31, 2025)	1.5 years
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Academic Background:

- > BS Mechanical Engineering, Union College (New York)
- > Master's degree in Business Administration with a minor in Data Analytics at University of California Irvine

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, and CEO of Beyonics, a contract manufacturer headquartered in Singapore.



Rafael C. Romualdez

Non-Executive Director
Filipino, 62

Date of First Appointment (As Director)	May 1997
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Length of Service (as of December 31, 2025)	28 years
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Committees:

- > Executive Committee, Member
- > Finance Committee, Member
- > Audit, Risk and Sustainability Committee, Member
- > Related Party Transactions Committee, Member

Academic Background:

- > BA Mathematics, Boston College
- > Master's degree in Business Administration, George Washington University

Skills and Experience:

Mr. Romualdez is a Director of Resins Incorporated and sits on 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., which is also a subsidiary of RI. He is a Director of Lakpue Drug Incorporated and La Croesus Pharma Incorporated.



Roland Joseph L. Duchâtelet

Non-Executive Director
Belgian, 79

Date of First Appointment (As Director) October 2022

Length of Service (as of December 31, 2025) 3 years

Committee:

- > Executive Committee, Member

Academic Background:

- > BS Engineering and Applied Economics, University of Louvain
- > Master's degree in Business Administration, University of Louvain

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 of the Year" in 2000. In 2000, Mr. Duchâtelet became active in the internet business. Between 2007 and 2010, he was a member of the Belgian Senate.



Jose Ignacio A. Carlos

Non-Executive Director
Filipino, 56

Date of First Appointment (As Director) April 2006

Length of Service (as of December 31, 2025) 19 years

Committee:

- > Personnel and Compensation Committee, Member

Academic Background:

- > BS Management, Ateneo de Manila University
- > Master's degree in Business Administration, Johnson Graduate School of Management, Cornell University

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.



Gilles Bernard

Director
French, 68

Date of First Appointment (As Director) June 2024

Length of Service (as of December 31, 2025) 1.5 years

Academic Background:

- > BS Engineering, major in Materials, Lycée Romain Rolland
- > Master's degree in Physics and Chemistry of Polymer, Université Paris 13

Key Positions in Listed Companies:

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 and 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 became D&D Manager of the passive components division of Thomson. He then moved to the SMEE subsidiary of Mitsubishi Corporation as Quality Manager.



Jaime Z. Urquijo

Non-Executive Director
Filipino, 38

Date of First Appointment (As Director) October 2022

Length of Service (as of December 31, 2025) 3 years

Committees:

- > Finance Committee, Chairman
- > Personnel and Compensation Committee, Member

Academic Background:

- > BA Political Science, University of Notre Dame
- > Master's degree in Business Administration, INSEAD

Key Positions in Listed Companies:

- > Director of ACEN Corporation and Bank of the Philippine Islands

Skills and Experience:

Mr. Urquijo is the Chief Sustainability and Risk Officer (CSRO) of Ayala Corporation. He was previously the 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. In addition to his CSRO role, he is also currently a director of ACEN Corporation, Bank of the Philippine Islands, AC Energy and Infrastructure Corporation, ACEN International, Inc., AC Industrial Technology Holdings, Inc., AC Infrastructure Holdings Corp., BIM Renewable Energy Joint Stock Company, BIM Energy Joint Stock Company, BIM Wind Power Joint Stock Company, BIM Energy Holding Corporation, 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, 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), MACEA Special Project Committee, Asian Institute of Management, and the Hero Foundation. Concurrently, he is an advisor to the Board of Directors of the Philippine Rugby Football Union, President of Notre Dame Club of The Philippines, and Executive Committee Member of INSEAD Alumni Association in the Philippines. Prior to joining the Ayala Group, Jaime was an associate at JPMorgan in New York.



Mark Robert H. Uy
Non-Executive Director
Filipino, 38

Date of First Appointment (As Director)	April 2025
Length of Service (as of December 31, 2025)	less than 1 year

Academic Background:

- > BS Management Engineering with a minor in Finance (cum laude), Ateneo de Manila University
- > Chartered Financial Analyst

Skills and Experience:

Mr. Uy is currently Ayala Corporation's Head of Corporate Strategy and Business Development, as well as a member of the Management Committee. His other significant positions include Chairperson and CEO of AM 50 Ventures Inc. (formerly AC Ventures Holding Corp.); AC Ventures Subco, Inc.; Chairman of AF Payments Inc. and Anko JV Company, Inc.; Director, President and Chief Executive Officer of A&CO Holdings Corporation; Director and President of ACX Holdings Corporation; Director of Integrated Micro-Electronics, Inc., AC Industrial Technology Holdings, Inc., AC Infrastructure Holdings Corporation, AC Logistics Holdings Corporation, CP Aextra AC Corporation (Formerly: M&CO CORPORATION), Globe Capital Venture Holdings, Inc., KP Motors Corporation and, Livelt Investments Limited. He 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 JPMorgan in Manila, Chicago, and Singapore offices. His industry experience includes transactions in the energy, agriculture, packaged food, and restaurant industries, among others.

Committees:

- > Audit, Risk and Sustainability Committee, Chairman
- > Corporate Governance and Nomination Committee, Member
- > Related Party Transactions Committee, Member

Academic Background:

- > BS Industrial Engineering, University of the Philippines
- > Master's degree in Business Administration, Wharton School, University of Pennsylvania

Key Position in Listed Companies:

- > Director of ACEN Corporation

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).



Jesse O. Ang
Lead Independent and Non-Executive Director
Filipino, 66

Date of First Appointment (As Director)	April 2024
Length of Service (as of December 31, 2025)	1.5 years



Hiroshi Nishimura
Independent Director
Japanese, 73

Date of First Appointment (As Director)	April 2010 to April 2020; Reappointed in June 2020
Length of Service (as of December 31, 2025)	15 years

Committees:

- > Related Party Transactions Committee, Chairman
- > Corporate Governance and Nomination Committee, Member
- > Audit, Risk and Sustainability Committee, Member

Academic Background:

- > BS Electronics Engineering, Kurame University

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 to 2007.

Committees:

- > Corporate Governance and Nomination Committee, Chairman
- > Personnel and Compensation Committee, Chairman

Academic Background:

- > BS Commerce (summa cum laude), Far Eastern University, which named her as one of its Outstanding University Alumni
- > Master's degree in Business Administration, Ateneo-Regis Graduate School of Business
- > Post-graduate courses at Harvard Business School and Stanford University
- > Certified Public Accountant
- > Awarded as the ING-FINEX CFO of the Year in 2008 and is an accredited lecturer at both ICD and the FINEX Academy

Key Positions in Listed Companies:

- > Director of AREIT Inc., Manila Water Company, Inc., Far Eastern University, and Metro Retail Stores Group Inc.

Skills and Experience:

She sits as a Board member of FEU subsidiary FERN Realty Corporation and as Senior Adviser to the Board of Vicsal Development Corporation. She is also a member of the board of trustees of the Financial Executives Institute (FINEX) Foundation, and a Board Adviser to Justice Reform Initiative Inc. (JRI), where she held the position of former chairperson for ten years until 2022. In the recent past, she was a former director of ALI 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. She was the Chief Finance Officer and Chief Administration Officer of IMI from January 2009 to July 2010 and the Vice President and Group Head for Commercial Centers of Ayala Land Inc. (ALI) from 1996 to 1999. She was then a Managing Director of Ayala Corporation and, as such, served in various capacities in Ayala Corporation, ALI, and Manila Water Company, Inc. She co-led the Initial Public Offering teams of Ayala Land, Inc., Cebu Holdings, Inc., Manila Water, and IMI.



Sherisa P. Nuesa
Independent and Non-Executive Director
Filipino, 71

Date of First Appointment (As Director)	April 2018
Length of Service (as of December 31, 2025)	7 years

CORE MANAGEMENT TEAM



Louis Sylvester Hughes
President and Chief Executive Officer



Robert William Heese
Chief Finance Officer and Compliance Officer



Eric De Candido
Chief Operations Officer



Julien Fourniel
Global Head, Sales and Marketing



Laurice Dela Cruz
VP Finance and Corporate Controller, Deputy Compliance Officer, Acting Chief Risk Officer, and Acting Chief Sustainability Officer



Philippe Antunez
Global Head, Sourcing and Commodities



Margarita Del Rosario
Chief Human Resource Officer



Fraser Clydesdale
Global Head, Quality



Remy Buogo
Global Head, Advanced Competitiveness Engineering



Cherie Sasan
Business Head, Power Electronics

GENERAL MANAGERS



Ashok Parameswaran
Philippines



Joselito Bantatua
China



Radoslav Georgiev
Europe



Heremilton Bezerra
Mexico

MANAGEMENT TEAM

SALES

Thomas Cavenaget
Mobility

Ludwig Munoz
Industrial and Others

Eric Javate
Camera

OPERATIONS

Paul Tomlinson
Global NPI

Lionel Clouet
Global Supply Chain

Svetozar Mishev
Global MRO & Production Supplies

SOURCING AND COMMODITIES

Yuki Huang
Global Commodity Manager, Mechanical

Dixon Lau
Global Commodity Manager, Passive

Derek Corcoran
Global Commodity Manager, PCB

Victor Fu
Global Commodity Manager, Emech

Amy Jian
Supplier Development Engineering Manager

Elizabeth Pacuno
Data Analytics & Process Head

ICT

Norman Paca
ICT Head

Toward lasting impact.

We continue to view sustainability as a strategic path to resilience and long-term value. The challenge—and opportunity—is to link a sustainable mindset with lasting success, making it fundamental to how we operate.

28

Overview

28

Message from the Chief Sustainability Officer

30

Integrated Value Chain

32

Governance

44

Global Sites Certification

46

Strategy

60

Risk Management

63

Metrics and Targets

82

Materiality

86

Corporate Social Responsibility

90

Independent Assurance Statement

In 2025, IMI strengthened its ESG foundation by deepening alignment with the United Nations Sustainable Development Goals and **upholding robust environmental, social, and governance practices across its global footprint.**

Our sustainability strategy remains anchored in responsible manufacturing, disciplined capital allocation, and transparent reporting. These principles are reflected in the continued development of IMI's Sustainability Hub and integrated data-driven disclosures.

A key priority for the year was efficiency-driven footprint optimization. We completed the divestment of IMI Czech Republic, consolidating our European operations into Bulgaria and Serbia to reduce overhead, improve operational focus, and streamline regional capabilities. In China, IMI successfully transferred all Kuichong production to our Pingshan facility, improving capacity

utilization, strengthening operational resilience, and ensuring uninterrupted service to customers.

The company also advanced its portfolio realignment, including the divestment of our 50.32% stake in VIA Optronics Holding AG. This strategic move sharpens IMI's focus on core automotive and industrial EMS markets—segments characterized by long product lifecycles, stringent quality requirements, and opportunities for high efficiency manufacturing. These initiatives reinforce long-term sustainability by directing resources toward higher value and more energy-efficient operations.

ESG ROADMAP AND ACTIVITIES

2022	2023	2024	2025	2030	
<ul style="list-style-type: none"> GHG reduction target by 2030 Net Zero 2050 Energy efficiency & PPA initiatives IPS ESG Awards 	<ul style="list-style-type: none"> IMI Scope 3 strategy ESG awareness initiatives (flag ceremony talk, plastic free week, etc) Sustainability Internal Audits 	<ul style="list-style-type: none"> SouthPole Project Science Based Target Initiative (SBTi) Carbon Disclosure Project (CDP) 	<ul style="list-style-type: none"> Validation of carbon emission reduction roadmap IMI-initiated community outreach programs Sustainability audits covering 20% of our top 150 suppliers 	<ul style="list-style-type: none"> 50% reduction in Scope 1 & 2 GHG 25% reduction in Scope 3 Green Energy utilization ≥ 50 % Healthy & safe work environment Stakeholder collaboration Ethical & sustainable business practices aligned with global standards 	
<ul style="list-style-type: none"> Firming up of social targets Training and certification of ESG Team IMI Global cascade workshops ESG KPI on BSC 	<ul style="list-style-type: none"> IMI COC full rollout ESG upskilling for leaders Working hour compliance 	<ul style="list-style-type: none"> IMI Sustainability table of organization ESG organizational alignment to business strategies DNV 3rd party assurance 			<ul style="list-style-type: none"> IMI Supplier Code of Conduct IMI Supplier Audit Procedure Supplier engagement workshops
<ul style="list-style-type: none"> IMI Sustainability table of organization ESG organizational alignment to business strategies DNV 3rd party assurance 	<ul style="list-style-type: none"> Preparation for SEC new guidelines on sustainability reporting Preparation for IFRS RBA COC Version 8 Audit 20% of top IMI Suppliers 				



STEWARDSHIP RESILIENCE

2025 was a year of disciplined execution and purposeful transition. Despite a volatile environment, we stayed focused on what matters most: building a resilient, low-carbon, and responsible manufacturing platform that supports our customers' shifts in mobility, industrial automation, energy, and healthcare.

We continue to view sustainability as a strategic path to resilience and long-term value. Embedding it into our operations strengthens our ability to create impact for all stakeholders. The challenge—and opportunity—is to link a sustainable mindset with lasting success, making it fundamental to how we operate.

In an industry where innovation shapes the future, we are equally responsible for protecting it. Our ESG journey reflects this commitment. Guided by the belief that profit and purpose must coexist, our roadmap evolves as we move toward a more resilient and responsible manufacturing ecosystem—one that benefits business, people, and the planet.

At IMI, sustainability is our way forward—engineered for execution, delivered with purpose. But we cannot succeed alone.

We invite you—our partners, peers, and communities—to continue this journey with us. Your collaboration fuels our progress. Together, let's build an industry that not only innovates, but inspires.



Laurice S. Dela Cruz
Laurice S. Dela Cruz
 Chief Sustainability Officer

Financial performance further validated this strategic direction. For the year 2025, IMI delivered US\$20.3 million core net income, driven by stronger utilization, margin improvements, and disciplined operating cash flow management, which collectively reduced net debt and strengthened the balance sheet. This financial resilience enables continued investments in worker safety, quality systems, environmental programs, and other ESG-aligned initiatives across IMI's global sites.

Across our network, we also maintained key global certifications—including ISO 14001 for environmental management, IATF 16949 for automotive quality, and ISO 45001 / ISO 27001 at select facilities—reflecting the company's commitment to rigorous governance, risk management, and continuous improvement in environmental and social performance.

At the same time, IMI also reinforced its dedication to responsible business practices through participation in the Ayala Integrated Corporate Governance,

Risk Management, and Sustainability Summit, underscoring the company's belief that resilience, sustainability, and long-term stakeholder value are closely intertwined.

ENGAGING CUSTOMERS TO ADVANCE ENERGY-EFFICIENT INNOVATION

As part of its commitment to climate stewardship and sustainable manufacturing, the company is deepening collaboration with customers to codevelop energy-efficient products and next-generation electronics that reduce carbon impacts across the value chain. Our engineering and manufacturing teams are expanding partnerships in power electronics, smart mobility, industrial automation, and energy-optimized device architectures. Through early-stage design engagement, materials innovation, and advanced manufacturing technologies, IMI works with customers to deliver solutions that enhance performance while reducing energy consumption throughout the product lifecycle.

This customer-centric approach enables the company to support global emissions reduction goals while helping OEM partners meet evolving regulatory requirements and sustainability standards across automotive, industrial, medical, and power markets.

LOOKING AHEAD

IMI will continue embedding ESG into its operations by advancing footprint integration, improving environmental intensity performance, strengthening supply chain sustainability, and investing in capabilities that enable the production of reliable, high-quality, and energy-efficient electronics. The company remains committed to long-term value creation, delivering responsible growth, operational excellence, and continuous innovation for customers, employees, communities, and shareholders.

Leveraging our global resources to **deliver long-term value for stakeholders and society**

This framework demonstrates how our organization strategically mobilizes diverse forms of capital—human, natural, intellectual, financial, social, and manufactured—anchored in the 4Ps: People, Planet, Purpose, and Prosperity.

Through robust processes and operations, including Kaizen initiatives, digital transformation, ESG integration, and governance practices, we bridge the gap between resource investment and meaningful outcomes. This unified strategy enables us to deliver sustainable value, drive innovation, and empower stakeholders across our ecosystem.

ENVIRONMENT | SOCIAL | GOVERNANCE

INPUTS



Financial Capital

- Equity US\$255.7 million
- Asset US\$677.0 million
- Bank debts US\$196.0 million



Human Capital

- Global headcount 8,544
- Number of engineers 715
- Cadetship programs across multiple sites



Social & Relationship Capital

- No. of customers approximately 250
- Number of active suppliers 1,918
- Continuous collaboration with government and academe in various geographies



Manufactured Capital

- 11 manufacturing plants in five countries
- Capital expenditure of US\$8.1 million



Natural Capital

- Electricity from the grid 66M kWh
- Water 698k m3



Intellectual Capital

- Advanced Competitiveness Engineering

OUTPUT



Commercial

- New programs US\$138 million
- -Automotive: 47%
- -Industrial and Others: 53%
- New business quote hit rate 11.4%



Financial

- Total revenues US\$996.3 million
- EBITDA Core US\$65.6 million



Process & Operations

- Customer satisfaction 4.69
- Code of Conduct Compliance – 100%
- Conflict of Interest Declaration Completion Rate 100%
- 1,181 Kaizen projects with total cost savings of US\$9.02 million

IMPACT



People



Planet



Purpose



Prosperity

- Revenues of IMI customers with ESG engagements – US\$520 million
- Manufacturing value add – US\$335.1 million
- Engagement survey – 89%
- Attrition rate permanent employees – 26%
- Training hours – 494k
- Recycled waste – 1.8k metric tons
- ICT digital transformation – 100% completion for 2025 projects
- Number of nationalities – 14

We promote good governance to support sustainable and responsible growth.

ALIGNMENT TO EXTERNAL STANDARDS AND FRAMEWORKS

We are committed to the principles and best practices of good corporate governance as embodied in our Corporate Governance Manual, which has been the foundation for the development and implementation of our value-creating activities. The Manual outlines our company's vision, mission, and core values and reinforces accountability, ethical corporate behavior, fairness, and transparency. It is reviewed and updated to ensure consistency with internal policies, laws, and regulations.

Importantly, we continuously look to external frameworks to better inform us of the evolving standards of responsibility and sustainability. From this perspective, we are compliant with the Code of Corporate Governance for Publicly-Listed Companies set forth by the Securities and Exchange Commission (SEC), except for the following deviations:

DEVIATIONS FROM THE CODE	EXPLANATION
Executive remuneration not disclosed on an individual basis	For executive remuneration, only the aggregate remuneration of the top five highest-paid officers is disclosed for the protection and privacy of the individual officers.
Independent director serving for a term of more than nine years	As discussed in the 2025 Definitive Information Statement, Mr. Nishimura has served as independent director for more than nine years. The Corporate Governance and Nomination Committee endorsed his nominations as independent director, notwithstanding, the fact that if elected once again, his services as such will exceed the recommended nine-year term provided in the SEC Corporate Governance Code for Publicly-Listed Companies, after taking into consideration their commitment and dedication in fulfilling his mandate and his invaluable contribution to Board discussions with his expert insights and independent judgment. He was duly elected by IMI's stockholders during the 2025 annual stockholders' meeting.

Supporting this compliance is an attestation from the company's Chief Executive Officer, Compliance Officer, and the Chief Audit Executive for 2025 on the adequacy of the company's system of internal controls, risk management, compliance, and governance processes. The Attestation is available at www.global-imi.com.

BOARD STRUCTURE AND PROCESS

The Board of Directors

The Board of Directors is the supreme authority in matters governing and overseeing the business of the Company. Within their authority under the Revised Corporation Code and other applicable laws and the By-laws of the Company, the Directors, acting as a Board, have the fullest powers to regulate the concerns of the Company according to their best judgment.

The board has the responsibility to promote and adhere to the principles and best practices of corporate governance, to foster long-term success of the Company and to ensure its sustained competitiveness in the global environment in a manner consistent with its fiduciary responsibility.

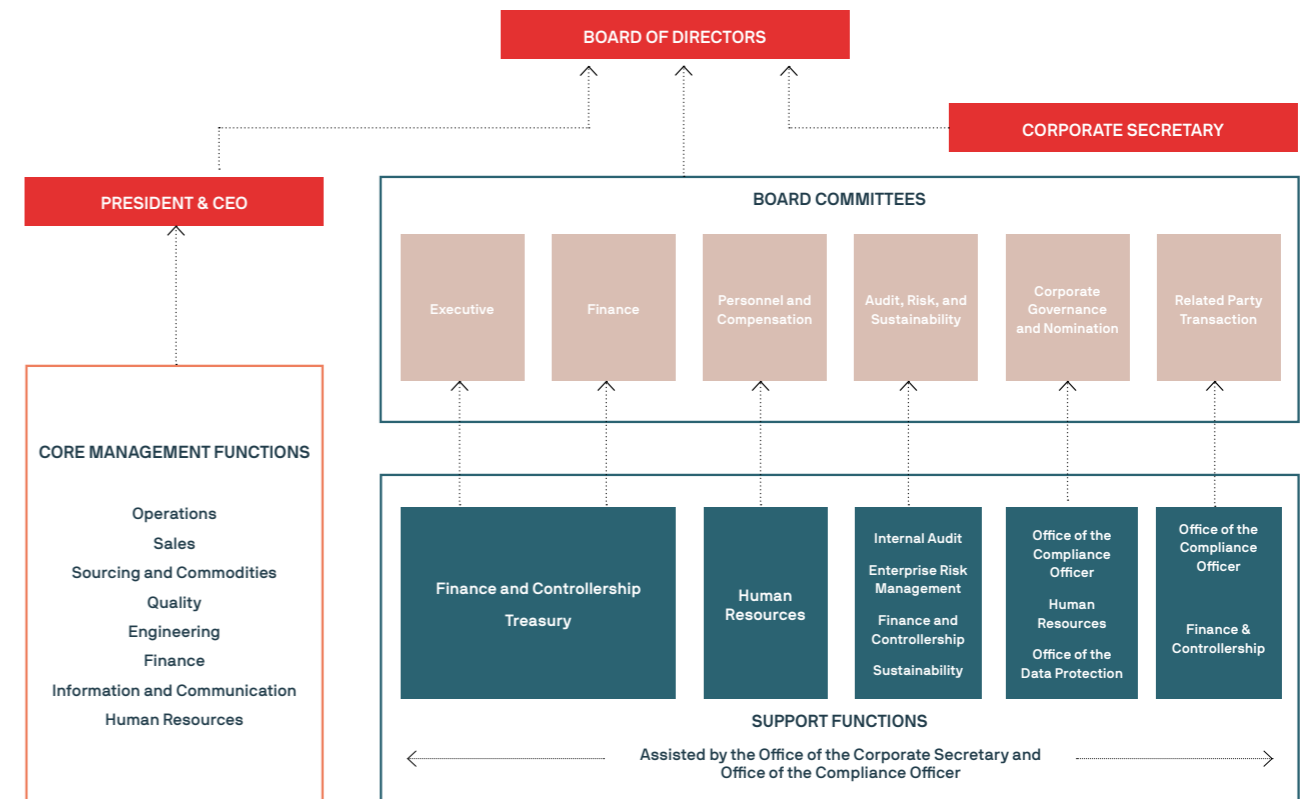
To ensure good governance, the Board formulates and continuously reviews the Company's vision, mission, strategic objectives, policies, and procedures that guide its activities, including the means to effectively monitor management's performance. The Board reviews the appropriateness of the vision and mission statement every year and oversees the implementation of the corporate strategy.

The Board oversees the development of and approves the Company's business objectives and strategy, and monitors their implementation to sustain its long-term viability and strength. They adopt effective succession planning programs for Directors, key officers, and management to ensure growth and a continued increase in the shareholders' value.

The Board also reviews and affirms the adequacy of internal control mechanism and risk management practices, accuracy and reliability of financial reporting, and compliance with applicable laws and regulations, and the proper implementation of the Company's Code of Conduct.

The Board reviews and affirms the true and fair representation of the annual financial statements.

The Board's roles and responsibilities are formalized in its Charter found on the company website, including its responsibility of overseeing business affairs and being accountable to the shareholders for the long-term performance of the company.



As a commitment to TCFD, the Board's responsibility shall extend to managing the risks and opportunities associated with climate change, which is rightly a pressing matter for both the corporation and the wider world. Our CEO and President have directed the company to focus on sustainability / ESG / climate action. As such, we continue to develop our understanding and integrate our learnings from the risks and opportunities associated with climate change into our business operations.

Acting in the best interests of its stockholders and all other stakeholders, the Board's aim is to create long-lasting success in the competitive global environments in a manner consistent with its corporate objectives.

In line with the corporate goals, IMI participates in governance summits and internal councils, as part of Ayala Corporation's (Ayala Corp) oversight controls to put management decisions in check and ensure that we conform to regulatory requirements and global best practices. IMI is also part of Ayala Corp's sustainability council to ensure that we are kept abreast of current sustainability matters concerning Ayala Corp. Furthermore, as a member of the sustainability council, we are able to learn from shared experiences, which is crucial given that sustainability and climate change are developing subject areas with research and practical guidance constantly being produced.

Board Composition

It is the responsibility of the Corporate Governance and Nomination Committee to review and monitor the structure, size, and composition of the Board and ensure the appropriate mix of competencies of directors that are aligned with the

Company's vision, mission, and strategic objectives. The Board is composed of eleven members who are elected individually by the Corporation's stockholders entitled to vote at the annual meeting and shall hold office for one year until their successors are elected in the next annual meeting. Majority of the directors have no executive responsibility and do not perform any work related to the operations (Non-Executive Directors). Among the board members are three independent non-executive directors.

Board Diversity Policy

IMI's board diversity policy encourages the selection of an appropriate mix of competent Directors, each of whom can add value and independent judgment in the formulation of sound corporate strategies and policies. Diversity includes business experience, age, gender, and ethnicity. With respect to gender, the Board shall strive to be composed of at least 30% or two (2) female directors, whichever is lower, by 2025, as stated in its board diversity policy.

Lead Independent Director

In 2025, Mr. Jesse O. Ang was appointed Lead Independent Director by the Board. As stated in the Board's Charter, it is the lead independent director's role, among others, to act as an intermediary between the Chairman of the Board and the other Directors, when the need arises; to convene and chair the periodic meetings of the non-executive and the independent directors with the external auditor and head of internal audit, compliance and risk, as needed; and to contribute to the performance evaluation of the Chairman of the Board.

Independent Directors

The Board currently includes three independent directors—Jesse O. Ang, Hiroshi Nishimura, and Sherisa P. Nuesa.

Independent directors, apart from their fees and shareholdings, hold no interests or relationships with the Corporation that may hinder their independence from the Corporation, Management, or shareholder which could, or could reasonably be perceived to, materially interfere with their exercise of independent judgment in carrying out their responsibilities as Directors of the Corporation.

The Corporation has set a term limit of nine years in accordance with the rules set by the SEC.

As discussed in the 2025 Definitive Information Statement, Mr. Nishimura has served the recommended nine-year term for independent directors (reckoned from 2012). The Corporate Governance and Nomination Committee endorsed his nominations as independent director, notwithstanding, the fact that if elected once again, his services as such will exceed the recommended nine-year term provided in the SEC Corporate Governance Code for Publicly-Listed Companies, after taking into consideration his commitment and dedication to fulfilling his mandate and invaluable contribution to Board discussions with his expert insights and independent judgment. He was elected by IMI's stockholders during the 2024 annual stockholders' meeting. Moreover, none of the directors or

senior management has worked for the Corporation's external auditing firm within the three years immediately preceding the date of their election or appointment.

BOARD PERFORMANCE

Board Meeting And Attendance

The Board meets at least six times each fiscal year, with the schedule of meetings determined and approved before the start of each financial year. As provided in the company's By-Laws, the presence of at least two-thirds of the number of directors constitutes a quorum for the transaction of corporate business.

All members of the board, including independent directors, are expected to attend and actively participate in all the Board, Committee, and Shareholders in person or remote communication, such as videoconferencing, teleconferencing, or other alternative modes of communication allowed by the Commission. The director should also review meeting materials and, if called for, ask the necessary questions or seek clarifications and explanations.

The Corporate Secretary ensures that the materials are adequate and made available at least five working days before the scheduled meeting to allow the Board enough time to prepare and make informed decisions.

The Board may, to promote transparency, require at least one independent director in all its meetings. However, the absence of an independent director shall not affect the quorum requirement if he is duly notified of the meeting, but notwithstanding such notice fails to attend.

Board Remuneration

In accordance with the company's By-Laws, each director is entitled to receive from the Corporation fees and other compensation for his services as director. The Compensation Committee's duties and responsibilities, as defined in its charter, are to recommend to the Board a remuneration package for directors, and provide oversight over the remuneration of senior management and other key personnel, ensuring that compensation is consistent with the Corporation's culture, strategy, and control environment, and aligned with the long-term interests of the company and its stakeholders.

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.

Executive Director Louis Sylvester Hughes, who is the company's President and CEO, does not receive remuneration for attending Board meetings.

Non-executive and independent directors receive a per diem of ₱100,000 for each Board meeting attended and a per diem of ₱20,000 for each Committee meeting attended.

In 2025, the following directors received gross remuneration as follows:

NON-EXECUTIVE AND INDEPENDENT DIRECTORS	GROSS REMUNERATION (IN ₱)
Alberto M. de Larrazabal	1,210,000
Jose Ignacio A. Carlos	1,010,000
Rafael C. Romualdez	1,330,000
Jaime Z. Urquijo	1,070,000
Mark Robert H. Uy	700,000
Gilles Bernard	700,000
Jesse O. Ang	1,130,000
Hiroshi Nishimura	1,130,000
Sherisa P. Nuesa	1,050,000
Roland Joseph L. Duchâtelet*	-
TOTAL	₱9,330,000

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

None of the non-executive and independent directors has been contracted and compensated by the Company for services other than those provided as directors.

BOARD COMMITTEES

The Board has established six committees to support the effective performance of its oversight responsibilities, in accordance with the Company's By-Laws, Corporate Governance Manual, and Board Charter. Each committee has been delegated specific functions and operates under a formally approved charter, all of which are available on the Company's official website.

Executive Committee

The Executive Committee, in accordance with the authority granted by the Board, or during the absence of the Board, shall act by majority vote of all its members on such specific matters within the competence of the Board of Directors as may from time to time be delegated to the Executive Committee in accordance with the Corporation's By-Laws, subject to the limitations provided by the Revised Corporation Code.

Finance Committee

The Finance Committee oversees the company's financial risk management, including the company's capital structure strategies, mergers, acquisitions, and other strategic investments, as well as divestitures of any material operations of the Company, and makes appropriate recommendations to the Board of Directors. The Committee also has general oversight responsibility over the company's treasury activities and policies, including policies with respect to cash flow management, investment of the company's cash, and financial risk management, including the use of derivatives. They are responsible for reviewing and evaluating the financial affairs of the Corporation from time to time and carrying out such other duties as may be delegated by the Board of Directors.

Personnel and Compensation Committee

The Personnel and Compensation Committee is responsible for establishing a formal and transparent procedure for developing a policy on director and executive remuneration and for fixing the remuneration packages of corporate officers and directors, and providing oversight over the remuneration of senior management and other key personnel, ensuring that compensation is consistent with the Corporation's culture, strategy, and control environment. The Committee also oversees the annual performance review of each of the members of management appointed by the Board other than the Chief Executive Officer, Chief Operating Officer and President; Recommends and reviews succession plans for members of management and senior executives, except the Chief Executive Officer, Chief Operating Officer and President, and implements a process to ensure appointment of competent, professional, honest, and highly motivated individuals who will add value to the company; Identifies, reviews and evaluates the qualifications, skills and abilities needed for management positions; Assesses the effectiveness of the Board's processes and procedures in the appointment, election or replacement of senior executives; and establishes a performance management framework that ensures senior officers' performance is at par with the standards set by the Board.

Corporate Governance and Nomination Committee

The Committee reviews and monitors the structure, size, and composition of the Board and makes recommendations to ensure compliance with applicable laws, rules and regulations as well as the Corporation's By-Laws, Board Charter, and Corporate Governance Manual. The Committee also assesses the company's needs to identify the best mix of competencies of directors that would be aligned with the company's vision, mission, and strategic objectives; Identifies, reviews, and evaluates the qualifications and disqualifications, skills, and abilities that would result in a proper mix of competent Directors, including the Chief Executive Officer, Chief Operating Officer, and President; for this purpose, the Committee may make use of professional search firms or other external sources of candidates to search for qualified candidates for the Board; Develops, updates, and recommends to the Board policies for considering nominees for Directors to ensure that all nominations to the Board are fair and transparent; Assesses the effectiveness of the Board's processes and procedures in the election or replacement, and recommends and reviews succession plans for members of the Board, including for the Chief Executive Officer, Chief Operating Officer and President; Oversees the implementation of the corporate governance framework and periodically reviews the said framework; Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance.

Audit, Risk, and Sustainability Committee

The Audit, Risk, and Sustainability Committee is expected, through the provision of checks and balances, to bring positive results in supervising and supporting the management of the Corporation. The Committee, through the Global Internal Audit (GIA) department of the company, monitors and evaluates the adequacy and effectiveness of the corporation's internal control system, integrity of financial reporting, and security of physical and information assets. The Committee also performs oversight functions over the company's internal and external auditors and reviews and monitors management's responsiveness to the auditors' findings and recommendations. The Committee is also responsible for the development, evaluation, and oversight of the implementation of enterprise risk management plans to ensure that it's relevant, comprehensive, and effective. It also provides oversight over management's activities in managing credit, market, liquidity, operational, legal, and other risk exposures and internal control processes of the corporation, including sustainability risks, disclosures, compliance, and internal controls related to ESG and sustainability matters.

Related Party Transaction Committee

The Committee was assigned by the Board to review all material RPTs for endorsement to the Board to ensure that these are at arm's length, the terms are fair, and they will inure to the best interest of the company and its subsidiaries or affiliates and their shareholders. The Committee ensures that related party transactions are reviewed, approved, and disclosed in accordance with its policy consistent with the principles of transparency and fairness. The Committee also oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.

**Board and Board Committee Membership
STOCKHOLDERS, BOARD, BOARD COMMITTEE MEETINGS, AND DIRECTORS' ATTENDANCE
FOR THE YEAR ENDED DECEMBER 31, 2025**

DETAILS	MEMBERSHIP AND ATTENDANCE									
	STOCKHOLDERS & BOARD			BOARD COMMITTEE						
	MEETINGS NO. OF MEETINGS	AS	BOD ¹	NE & ID	EC ²	ARSC	FC	CGNC	RPTC	PCC
	1		8	1	4	5	8	2	2	3
Alberto M. de Larrazabal Non-Executive Director	C 1/1	C 8/8	1/1	C 4/4	-	M 7/8	-	M 2/2	-	-
Louis Sylvester Hughes Executive Director	- 1/1	M 8/8	-							
Jerome S. Tan³ Executive Director		M 2/2	-							
Jose Ignacio A. Carlos Non-Executive Director	- 1/1	M 8/8	1/1	-	-	-	-	-	-	M 3/3
Rafael C. Romualdez Non-Executive Director	- 1/1	M 8/8	1/1	M 4/4	M 5/5	M 8/8	-	M 2/2	-	-
Jaime Z. Urquijo Non-Executive Director	- 1/1	M 7/8	1/1	-	-	C 8/8	-	-	-	M 3/3
Mark Robert H. Uy⁴ Non-Executive Director	- 1/1	M 6/6	0/1							
Roland Joseph L. Duchâtelet Non-Executive Director	- 1/1	M 7/8	1/1	M 4/4	-	-	-	-	-	-
Gilles Bernard Non-Executive Director	- 1/1	M 7/8	0/1	-	-	-	-	-	-	-
Jesse O. Ang Independent Director	- 1/1	M 8/8	1/1	-	C 5/5		M 2/2	M 2/2	-	-
Hiroshi Nishimura Independent Director	- 1/1	M 8/8	1/1	-	M 5/5	-	M 2/2	C 2/2	-	-
Sherisa P. Nuesa Independent Director	- 1/1	M 8/8	1/1	-	-	-	C 2/2	-	-	C 3/3

C: Chairman
 VC: Vice Chairman
 M: Member
 AS: Annual Stockholders' Meeting
 BOD: Board of Directors
 NE & ID: Non-Executive and Independent Directors
 EC: Executive Committee
 ARSC: Audit, Risk, and Sustainability Committee
 FC: Finance Committee
 CGNC: Corporate Governance and Nomination Committee
 RPTC: Related Party Transaction Committee
 CC: Personnel and Compensation Committee

¹ In 2025 and during the incumbency of the director.
² The actions of the Executive Committee were taken via digital/electronic means.
³ Served as director until April 22, 2025.
⁴ Elected on April 22, 2025.



Performance Assessment

Effective governance requires continuous reflection, accountability, and a commitment to improvement. As such, the Board engages in an annual process of self-assessment and evaluation of the performance of the Board, its Committees, the individual members, the CEO, and the President to measure the effectiveness of the company's governance practices and identify areas for improvement, and to adopt new methodologies towards further strengthening the company's corporate governance standards. Every three years, an independent consultant is appointed to assist in the evaluation process of the Board. AON plc facilitated the 2023 board evaluation exercise.

Each director was requested to complete a self-assessment form, which includes criteria such as: Part I: Board effectiveness; Part II: Committee effectiveness; Part III: Individual effectiveness; and Part IV: President and CEO Effectiveness.

The board assessment survey resulted in a favorable overall perception of board effectiveness. The evaluation report also included relevant comments of the Board members that will help in enriching and improving board effectiveness to carry out its responsibilities.

Training of Directors

Prior to assuming office, all new directors are required to undergo at a minimum an eight-hour orientation program on the company's business and corporate structure, vision and mission, corporate strategy, Articles, By-Laws, and Corporate Governance Manual, Board and Committee Charters, and SEC-mandated topics on corporate governance and other relevant matters essential for the effective performance of their duties and responsibilities. This ensures that directors are equipped with the knowledge and skills required to perform their roles effectively.

Directors shall likewise attend at least once a year, a four-hour annual continuing training program involving courses on corporate governance in matters relevant to the Corporation. It is the responsibility of the Compliance Officer to ensure that each director has undergone the necessary training for the year.

Training and seminars were administered by Institute of Corporate Directors, an accredited training provider of the Securities and Exchange Commission.

As part of the Board's commitment to climate governance, the board and management team attend annual integrated summits held by Ayala Corporation, which cover materials on climate action and sustainability.

The 2025 Ayala Integrated Corporate Governance, Risk Management, and Sustainability (CGRMS) Summit was held last November 4, 2025, which included sessions on Sustainability, Governance and Risk Management.

Prior to this, the Integrated CGRMS Summit conducted by the Ayala Group in collaboration with the Institute of Corporate Directors (ICD) was held on November 5, 2024. These summits have been held since 2014, which reinforce our commitment to continuous education.

Corporate Governance Programs Attended in 2025

2025 Ayala Integrated Corporate Governance, Risk Management and Sustainability Summit
 Institute of Corporate Directors (ICD)
 November 4, 2025 (8:00 AM to 12:00 PM)
 At SPACE at One Ayala, Makati City

Director Attendees:
 Alberto M. de Larrazabal, Jaime Z. Urquijo, Jesse O. Ang, Jose Ignacio A. Carlos, Mark Robert H. Uy, Rafael C. Romualdez, Hiroshi Nishimura

Beyond the Algorithm: Exploring the Cybersecurity and AI Revolution
 Institute of Corporate Directors (ICD)
 May 29 & 30, 2025 (10:00 AM to 12:00 PM) through Zoom Meeting

Director Attendee:
 Sherisa P. Nuesa

MANAGEMENT OVERSIGHT

The Management Committee ensures that everything the organization does supports its vision, purpose, and aims. The Committee sets the strategic direction to guide and direct the activities of the organization. The members are responsible for ensuring that all decisions are taken in the best interests of the organization and that their roles are carried out effectively.

Management also supports and implements the Board's strategic goals and objectives, and as such plays a crucial role in delivering upon the Board's vision for addressing the risks and opportunities associated with climate change.

Management Team

NAME	POSITION
Louis Sylvester Hughes	President and CEO
Robert William Heese	Chief Finance Officer and Compliance 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
Julien Fournial	Global Head, Sales and Marketing
Philippe Antunez	Global Head, Sourcing and Commodities
Margarita V. Del Rosario	Chief Human Resources Officer
Fraser Clydesdale	Global Head, Quality
Remy Buogo	Global Head, Advanced Competitiveness Engineering
Cherie Sasan	Business Head, Power

Through the Enterprise Risk Management department, management is informed of both internal and external large-scale climate risks and opportunities that could affect the company. This can range from natural calamities and events to climate-related risks and opportunities.

The Chief Sustainability Officer (CSO) is primarily accountable for climate oversight and disclosure.

ACCOUNTABILITY AND AUDIT

External Auditors

The Audit Committee has the primary responsibility to recommend the appointment and removal of the external auditor. The external auditors are directly accountable to the Audit Committee in helping ensure the integrity of the company's financial statements and financial reporting process. Their responsibility is to assess and provide an opinion on the conformity of the audited financial statements with Philippine Financial Reporting Standards and the overall quality of the financial reporting process. The Audit Committee oversees the work of the external auditors and ensures that they have unrestricted access to records, properties, and personnel to enable performance of the required audit.

The Committee meets with the external auditors without the presence of the management team to discuss any issues or concerns. To ensure that the external auditor maintains the highest level of independence from the company, both in fact and appearance, the Audit Committee had approved all audit, audit-related, and permitted non-audit services rendered by the external auditor. Non-audit services expressly prohibited

by regulations of the SEC were awarded to other audit firms to ensure that the company's external auditor carries out its work in an objective manner.

During the Annual Stockholders' Meeting last April 22, 2025, the shareholders reappointed Sycip, Gorres, Velayo and Co. (SGV & Co.) as the company's external auditor for the year 2025, with Ms. Mariecris N. Barbaso as the lead engagement partner.

Pursuant to the requirements of SEC MC No. 18, s. 2024 for supplemental disclosure of fee-related information of the external auditors in the audited financial statements, the circular mandates the reporting of fees related to both audit and non-audit services fees rendered by SGV & Co. and its network firms to Integrated Micro-Electronics, Inc. and subsidiaries. Breakdown of fees follows:

	2025	2024
Total Audit Fees*	\$630,056	\$616,553
Non-audit services**		
Other assurance services	-	-
Tax Services	-	-
All other services	9,754	1,032
Total Non-audit Fees	9,754	1,032
Total Audit and Non-audit Fees	\$639,810	\$617,585

*Agreed audit fees
**Billed fees for the year ended December 2025 and 2024

Audit fees. Include 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.

Non-audit service fees. Total non-audit fees billed by SGV & Co. and its network firms 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/liquidation services.



Global Internal Audit

Global Internal Audit (GIA) serves as a vital support in the effective discharge of the Board of Directors Audit, Risk, and Sustainability Committee (ARSC) oversight role and responsibilities. The main role of the Global IA is to undertake independent and systematic review of the system of internal controls, risk management, governance, and compliance, with the view to provide reasonable assurance that the system of internal controls is adequate and continues to operate effectively in all material aspects.

Global IA through the Chief Audit Executive, Richard M. Teehingchon, reports functionally to the Board's ARSC, with its operations governed by an Internal Audit Charter reviewed on annual basis, presented to senior management, and approved by ARSC and the Board, thus ensuring its independence and objectivity. Periodically, the Committee also meets the Chief Audit Executive without the presence of Management.

GIA adopts the Institute of Internal Auditors' Three Lines Model to establish clear lines of defense against risks and promote accountability and collaboration, as well as to avoid duplication of efforts across different levels and functions within IML.

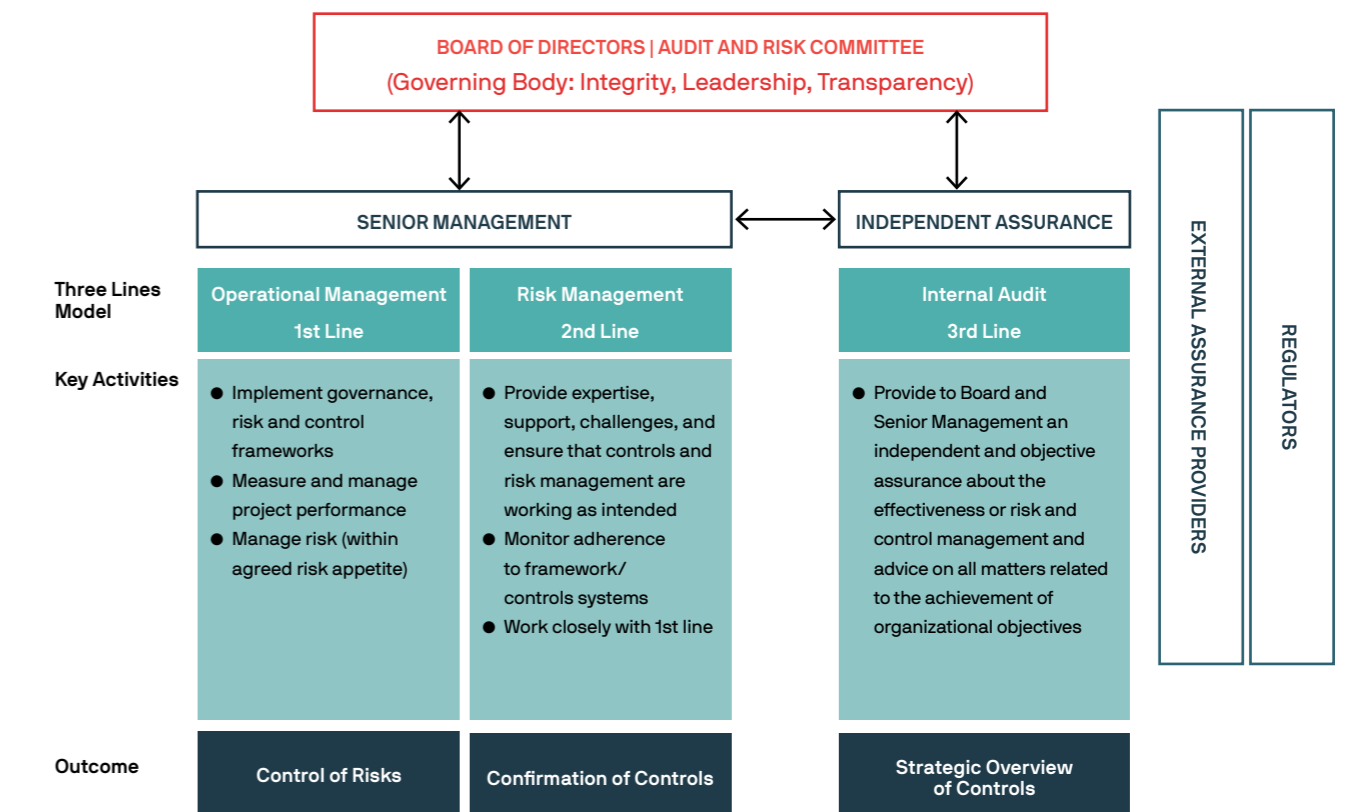
In carrying out its mandate, GIA adopts a risk-based audit approach with coverage of the most critical processes/systems in its annual internal audit plan, mapped out with assurance and advisory reviews. The internal audit plan and any changes thereto are reviewed and approved by the ARSC and are reassessed quarterly to consider emerging risks, dynamic business, market, industry, and customer conditions to allow maximum and timely coverage of key risk areas.

On a quarterly and annual basis and as needed, Global IA reports the status of the approved audit plan, review results including recommendations, and implementation status of Management corrective actions to ensure timely

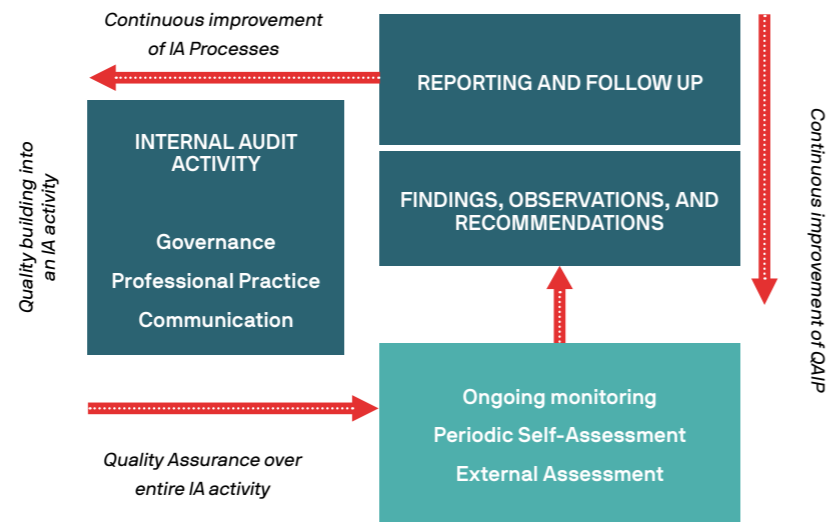
resolution. Further, the report includes quality assurance improvement program, resource management, competencies, and training of the staff to ensure effectiveness of the internal audit function and that resources are adequate and reasonably allocated to the areas of highest risk.

All members of Global IA are free from any relationships or conflicts of interest, which could impair their objectivity and independence, and these are confirmed annually, in all audit projects/reviews. Moreover, on an annual basis and as needed, members of Global IA also confirm to Company's mandated annual compliance declaration to Code of Conduct and related governance policies and procedures, including conflict of interest.

As of 2025, the audit team has an average of seventeen (17) years of audit experience with various professional qualifications, namely Certified Public Accountant, Certified Forensic Accountant, Certified Internal Auditor,



QUALITY ASSURANCE AND IMPROVEMENT PROGRAM (QAIP) FRAMEWORK



Certified Fraud Examiner, Institute of Certified Bookkeepers, and ISO/IEC 22301 Business Continuity Management System Lead Implementor.

In strengthening key stakeholders' relationship and value add proposition, GIA participates in key management and operations meetings and business reviews, coordinates with other internal and external assurance providers to optimize audit efficiencies and effectiveness, and secures Executive Management input in support and alignment with corporate strategies and business goals.

DISCLOSURE AND TRANSPARENCY

IMI is fully committed to ensuring that timely and accurate disclosure is made on all material matters regarding the Corporation, including financial information, performance, ownership, and governance of the Company.

OWNERSHIP STRUCTURE

As of December 31, 2025, IMI's outstanding common shares were held as follows:

NAME OF SHAREHOLDER AND BENEFICIAL OWNER	TOTAL SHARE OUTSTANDING*	% TO TOTAL SHARE
AC Industrial Technology Holdings, Inc.	1,153,725,046	52.03%
Resins, Inc.	291,785,034	13.16%
Shares owned by the Public	728,320,259	32.85%
AC, ESOWN, Directors and Officers	43,462,876	1.96%
TOTAL	2,217,293,215	100.00%

*Based on the Public Ownership Report as of December 31, 2025

RELATED PARTY TRANSACTIONS

RPTs are transactions that may include sales and purchases of goods and services to and from related parties that are concluded at normal commercial terms consistent with the principles of transparency and fairness. To promote good corporate governance and the protection of the shareholders and minority investors, the Company has adopted a policy to

ensure that its RPTs are at arm's length, their terms fair, and will inure to the best interest of the Company and its subsidiaries or affiliates and their shareholders. As per policy, the company or a related party or any of its subsidiaries or affiliates, as the case may be, shall disclose material RPTs to the RPT Committee for review and approval prior to entering into the transaction, unless it is considered a pre-approved RPT. Material RPTs are transactions that meet the threshold values—US\$1 million or five percent (5%) of the Company's consolidated assets based on its latest audited financial statements, whichever is lower. The RPT policy can be found on the company's website.

The Company discloses the names of all related parties, degree of relationship, nature and value of significant RPT. Details are found in Note 31 to the Consolidated Financial Statements and are also made available on the company's website.

No RPTs classified as financial assistance to entities other than wholly-owned subsidiaries were entered into in 2025. There were also no cases of noncompliance with the laws, rules, and regulations pertaining to significant or material RPTs in the past three years.

POLICY ON INSIDER TRADING

To protect the shareholders of the company, all directors, officers, consultants and employees, including their immediate family members living in the same household, who may have knowledge of material non-public information about the company, are strictly prohibited from trading IMI shares during the trading blackout period.

IMI updated its Insider Trading Policy in 2021 to clarify the definition of Covered persons and to reiterate the reporting obligations of the covered persons as indicated in the revised policy.

The blackout period starts from five trading days before and two trading days after the disclosure of quarterly and annual financial results for structured disclosures. While for non-structured disclosures, the blackout period is two trading days after disclosure of any material information other than the quarterly and annual financial results. The Compliance Officer

issues a blackout period notice via e-mail before the release of structured reports or disclosure of other material information to ensure compliance with the policy.

It is the company's policy that all directors and reportable officers must report all acquisitions and disposals, or any changes in their shareholdings in the company within three trading days from the transaction date, two days earlier than the five-day disclosure requirement of the PSE. All other officers and employees must submit a quarterly report on their trades of company securities to the Compliance Officer.

CHANGES IN SHAREHOLDINGS

Reported trades in IMI securities of the directors and officers in 2025:

	Security	Balance as of December 31, 2024	Addition	Disposal	Balance as of December 31, 2025
DIRECTORS					
Louis Sylvester Hughes	Direct	1	-	-	1
	Indirect	2,360,000	5,077,000	-	7,437,000
Jerome S. Tan*	Indirect	2,884,733	-	-	-
Alberto M. de Larrazabal	Direct	100	-	-	100
Jesse O. Ang	Direct	1	-	-	1
Sherisa P. Nuesa	Direct	112,807	-	-	112,807
	Indirect	390,578	-	-	390,578
Jose Ignacio A. Carlos	Direct	1	-	-	1
Rafael C. Romualdez	Direct	1	-	-	1
Hiroshi Nishimura	Direct	115	-	-	115
	Indirect	712,463	-	-	712,463
Jaime Zobel de Ayala Urquijo	Direct	100	-	-	100
Roland Joseph L. Duchâtelet	Direct	1,000	-	-	1,000
Gilles Bernard	Direct	1	-	-	1
	Indirect	1,280,475	-	-	1,280,475
OFFICERS					
Robert William Heese	Indirect	800,000	1,349,000	-	2,149,000
Laurice S. Dela Cruz	Indirect	219,221	97,000	-	316,221
Eric De Candido	Indirect	-	-	-	-
Mary Ann S. Natividad**	Direct	75,204	-	-	-
	Indirect	1,360,036	-	-	-
Rosalyn O. Tesoro**	Indirect	39,505	-	-	-
Anthony Raymond P. Rodriguez	Direct	-	-	-	-
Cherie R. Sasan	Direct	-	-	-	-
Julien Fournial	Direct	-	-	-	-
Maria Franchette M. Acosta	Indirect	-	-	-	-
Rosario Carmela G. Austria	Direct	-	-	-	-
Rizza Anne O. Sy	Direct	-	-	-	-
TOTAL		10,236,342	6,523,000	-	12,399,865

*Served as director until April 22, 2025

**Retired from the company effective January 1, 2025

WHISTLEBLOWER POLICY

The Policy covers all directors, officers, employees, and stakeholders. The Policy provides a process whereby employees and other stakeholders of IMI will report in good faith, instances of actual and suspected non-compliance with the Code of Conduct, and in a manner that is outside the normal chain of command that preserves confidentiality. It encourages an atmosphere that allows individuals to exercise their obligations to responsibly disclose violations of law and serious breaches of conduct and ethics covered by the Code of Conduct through IMI's reporting channels. It provides the process that protects the whistleblowers from retaliation or reprisals by adverse disciplinary or employment penalties as a result of having disclosed wrongful conduct.

Whistleblowers may report, among others, conflicts of interest; misconduct or policy violations; theft, fraud, or misappropriation; falsification of documents; financial reporting concerns; and any act of retaliation taken against persons covered by the policy.

The whistleblower may choose the manner by which he or she may be contacted without compromising his or her anonymity. It can be through face-to-face meeting with any member of the Committee or the Human Resource Department (HRD) at the option of the employee or stakeholder, through email imi-integrityhotline@global-imi.com, or through hotline 0917-629-7074 and 0917-557-9323.

STAKEHOLDER RELATIONS

Shareholder Meeting and Voting Procedures

Notice of Annual Stockholders' Meeting is sent to all shareholders at least twenty-eight (28) days before the meeting by adopting SEC-allowed alternative modes of distributing the notice and other meeting materials. The notice includes the agenda and a detailed explanation of the same, the allowed means of participation and voting, and sets the date, time, and place for validating proxies, which must be done at least five business days prior to the meeting.

Each outstanding common shares of stock entitles the registered holder to one vote.

In response to the challenge brought about by the pandemic, the company has held its virtual stockholders' meeting since 2020. The company ensures that its shareholders have active participation through attendance by remote communication, voting in absentia previously through the enhanced Voting in Absentia and Shareholder (VIASH) System, and now through ConveneAGM system, voting through proxy forms assigning the Chairman as proxy, and sending their questions and comments through the company's established communication channels. Shareholders who notified the corporation of their participation in the meeting by remote communication were included in the determination of quorum, as well as those who voted in absentia, either electronically or through proxy.



The requirements and procedure for electronic voting in absentia are included in the Notice and the Definitive Information Statements (Annex "C"), which is sent to the stockholders at least 15 business days prior to the date of the meeting. The Company also provides non-controlling or minority shareholders the right to nominate candidates for board of directors and to propose items for inclusion in the meeting agenda.

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.

Shareholder and Investor Relations

The Company maintains strong and transparent relationships with its investors, encouraging active participation and regular communication with various stakeholders. Through the Investor Relations team, information requirements of the investing public and minority shareholders are fully disclosed to securities regulators on time.

After the release of quarterly financial results, the company management team conducts briefings for the media, investors, and credit analysts. Since 2020, these briefings have been done virtually through the online app Zoom.

Presentation materials used in the briefings are posted on the Company's official website.

<https://www.global-imi.com/investors>

Typically, the company conducts roadshows two or three times a year to engage potential investors from other regions.

The Company's official website provides information on its compliance with Corporate Governance, matters related to the Board, and investor relations program.

www.global-imi.com



IMI receives the Four Golden Arrows Award from the Institute of Corporate Directors (ICD), recognizing excellence in corporate governance.

Upholding global standards to ensure quality, responsibility, and long-term resilience

Our certifications across global sites reflect our core belief that world-class manufacturing is achieved through consistent standards and responsible practices.

By aligning with leading international frameworks in quality, safety, and sustainability, we strengthen our role as a dependable partner in the global electronics value chain and reinforce our commitment to building a resilient, future-ready organization.

Photo taken at IMI Bulgaria



ISO 9001:2015
Quality Management Systems

- IMI PH Laguna (EMS 1, ATC Lab)
- IMI PH Laguna (EMS 2, Camera, Captive, Power Module)
- IMI Bulgaria
- IMI CN - Jiaxing
- IMI CN - Pingshan
- IMI Mexico
- IMI Serbia

IATF 16949:2016
Automotive Quality Management Systems

- Automotive Quality Management System
- IMI PH Laguna (EMS 1, ATC Lab)
- IMI PH Laguna (EMS 2, Camera, Captive, Power Module)
- IMI Bulgaria
- IMI CN - Jiaxing
- IMI Mexico
- IMI Serbia

ISO 14001:2015
Environmental Management Systems

- IMI PH Laguna (EMS 1, ATC Lab)
- IMI PH Laguna (EMS 2, Camera, Captive, Power Module)
- IMI Bulgaria
- IMI CN - Jiaxing
- IMI CN - Pingshan
- IMI Mexico
- IMI Serbia

ISO 13485:2016
Medical Devices - Quality Management System

- IMI PH Laguna (EMS 1, ATC Lab)
- IMI PH Laguna (EMS 2, Camera, Captive, Power Module)
- IMI CN - Jiaxing
- IMI CN - Pingshan

ISO 45001:2018
Occupational Health and Safety

- IMI CN - Jiaxing
- IMI Serbia

ISO/IEC 27001:2013
Information Security Management Systems

- IMI PH Laguna (EMS 1, ATC Lab)
- IMI PH Laguna (EMS 2, Camera, Captive, Power Module)
- IMI Bulgaria
- IMI CN - Jiaxing
- IMI Serbia

*Certifications as of December 31, 2025
** PH: Philippines | CN: China

ANSI ESD S20.20:2021
Electrostatic Discharge (ESD)

- IMI PH Laguna (EMS 1, ATC Lab)
- IMI PH Laguna (EMS 2, Camera, Captive, Power Module)
- IMI CN - Jiaxing

IEC 61340-5-1:2016
Protection of Electrical and Electronic Parts

- IMI PH Laguna (EMS 1, ATC Lab)
- IMI PH Laguna (EMS 2, Camera, Captive, Power Module)

PNS ISO/IEC 17025:2017
General Requirements and Standards for Calibration and Testing

- Analytical Testing and Calibration (ATC) Laboratory IMI PH - Laguna
 - Calibration Testing
 - Chemical Testing
 - Electrical Testing
 - Mechanical Testing

IMI has embarked on a deliberate strategic pivot designed to **sharpen our focus on core strengths and high-growth segments.**

In a global environment marked by supply chain volatility and evolving OEM behaviors, we transitioned from a broad-market EMS provider to a leaner, more agile organization positioned for sustainable growth.

By divesting non-core and underperforming assets and consolidating selected manufacturing sites in Europe and China, we reduced debt, streamlined our global footprint, and freed up management capacity to focus on high-value, vertically integrated operations. This transformation strengthens our financial resilience and enables us to allocate capital and expertise where we generate the greatest long-term returns.

1. Target Markets: High-Reliability and Long-Lifecycle Segments

Our commercial strategy centers on sectors that demand high technological complexity, strict quality standards, and long product life cycles.

- **Mobility (Automotive):** This remains IMI's largest and most strategic market. We are positioned to support the transition to Electric Vehicles (EVs) and the advancement of Advanced Driver Assistance Systems (ADAS), with key applications in vehicle lighting, steering systems, and electronic control units.

- **Connectivity:** We support the evolution toward "Industry 4.0" by delivering smart manufacturing sensors, controllers, and connectivity modules. Customers in this sector value our ability to provide durable, high-performance electronics for extended life cycles.
- **Medical:** We deliver high-reliability manufacturing solutions for imaging equipment, dental systems, and diagnostic devices, where precision, traceability, and regulatory compliance are essential.

2. The "EMS+1" Positioning: A Competitive Advantage

We differentiate ourselves through our "EMS+1" strategy. While traditional EMS providers focus primarily on electronic assembly, we position ourselves as an end-to-end partner by adding a critical "plus one" layer of vertically integrated capabilities. This approach allows us to serve as a one-stop solution, reducing complexity, cost, and supply chain risk for OEMs and Tier 1 customers who would otherwise manage multiple suppliers across mechanical and electronic components.

CORE VERTICALLY INTEGRATED CAPABILITIES

- **Plastics:** We deliver advanced plastic injection molding and over-molding solutions, producing high-tonnage automotive parts and specialized housings in-house. This enables seamless box-build integration and ensures optimal fit, finish, and structural integrity for electronic assemblies.
- **Precision Machining:** We expanded precision machining into a full-spectrum mechanical business unit, offering high-performance Computer Numerical Control (CNC) milling, turning, and fabrication. This capability supports rapid prototyping and production of complex mechanical components, such as fixtures, jigs, and machine parts, that are perfectly calibrated to the electronics they support.
- **Testing & Systems Development (TSD):** We treat testing not as a strategic engineering discipline rather than a final checkpoint. Our TSD team designs custom, fully automated test platforms in parallel with product development, accelerating time-to-market and ensuring zero-defect performance for high-reliability standards applications.

- **Camera Vision Technology:** We are a global leader in automotive camera modules, leveraging expertise in Chip-on-Board (COB) processes and Active Alignment. These capabilities enable us to produce high-performance imaging sensors for ADAS and autonomous driving applications with superior image quality and reliability.
- **Power Modules:** Through our specialized power semiconductor assembly operations (formerly PSi Technologies), we are among the few EMS providers capable of supporting both semiconductor assembly and electronic system integration for power modules, including Insulated Gate Bipolar Transistors (IGBTs) and Silicon Carbide (SiC) solutions. This capability is a critical differentiator in the EV market, where efficient power management defines performance and competitiveness.
- **Analytical Testing and Calibration (ATC) laboratory:** We provide ISO/IEC 17025-accredited failure analysis, reliability testing, and calibration services that support high-quality, compliant manufacturing across diverse industries. Equipped with advanced technologies and multidisciplinary expertise, the ATC lab delivers accurate, traceable insights that help identify root causes, validate reliability, predict product life performance, and ensure measurement accuracy that enables customers to reduce risk, improve quality, and sustain long-term product performance.

3. Strategic Rationalization and Risk Mitigation

In 2025, we made decisive actions that reflect our commitment to operational excellence. Our strategic rationalization efforts have resulted in a de-risked, more agile, and technologically focused manufacturing platform positioned to support the next generation of automotive and industrial innovation.

- **Agility for OEMs & Tier 1 Customers:** As our customers navigate "China Plus One" strategies and increasing regionalization trends, we are better equipped to respond. By consolidating our operations in high-utilization regions such as Bulgaria, Serbia, and our core Asian hubs, we provide a more stable and cost-effective, and regionally-aligned supply chain.
- **Financial Resilience:** The divestment of non-core units significantly reduced our net debt and strengthened our margin profile, with gross margins improving to nearly 10%. This stronger financial foundation enhances our ability to remain a reliable long-term partner, even amid economic volatility.
- **Decentralized Procurement:** To further mitigate supply chain risk, we decentralized procurement, empowering individual sites to implement tailored sourcing strategies. This structure improves responsiveness to localized disruptions while maintaining global coordination and standards.

IMI PRODUCTION SYSTEM (IPS): OUR FRAMEWORK FOR 2025 AND BEYOND

Strengthening Operational Excellence and Sustainability in 2025 and Beyond

At IMI, operational excellence and sustainability remain deeply interconnected pillars of our long-term strategy. As we continue to elevate our global manufacturing capabilities, the IMI Production System (IPS) serves as the backbone of our commitment to quality, efficiency, and responsible operations, guiding how we work, innovate, and deliver value to stakeholders.

Our Foundational Pillars

IMI's sustainability and operational strategy is built on three guiding principles that shape how we operate, innovate, and deliver value to our stakeholders. Collectively, they align operational excellence with environmental impact responsibility and support the development of a more sustainable value chain. These include:

- **Quality Mindset** We foster a culture of excellence grounded in San Gen Shugi, a Japanese philosophy centered on firsthand observation, root-cause analysis, and practical problem solving. Complementing this is our Golden Triangle approach—Standard, Measure, Improve—which embeds quality in every process through clear standards, data-driven performance evaluation, and continuous enhancement.
- **Customer Focus** We are committed to elevating the customer experience by proactively gathering insights, strengthening collaboration, and refining processes to meet evolving requirements. This customer-centric

approach strengthens long-term partnerships while enabling agility and responsiveness in an increasingly dynamic global market.

- **Operational Efficiency** Through the disciplined application of LEAN methodologies, we eliminate waste, streamline workflows, and optimize resource utilization. This improves productivity, reduces costs, and enhances process reliability—supporting both business resilience and sustainability objectives.

At the core of IPS are three integrated pillars that underpin operational strength and sustainability objectives:

- **Built-in Quality** Standardized processes, error-proofing mechanisms, and real-time monitoring ensure that products consistently meet the highest quality standards while minimizing rework, defects, and material waste.
- **Lean Flow** IPS integrates lean principles with advanced digital tools to streamline workflows, reduce cycle times, and maximize resource efficiency across all facilities.
- **Kaizen (Continuous Improvement)** Kaizen empowers employees at every level to drive meaningful change. By fostering a culture of continuous improvement, we encourage innovation, accountability, and shared ownership of operational excellence.

IMI's sustainability and operational strategy is built on three guiding principles: quality mindset, customer focus, and operational efficiency.

Supporting these pillars are the IPS Values, which reinforce disciplined execution and sustainable performance:

- Industry 4.0 and smart manufacturing integration;
- Waste elimination and resource optimization;
- Visual management and transparency; and
- Standardized work and capability building.

Measurable Success Through Kaizen

In 2025, Kaizen continued to deliver tangible improvements across IMI's global operations. Employee-led initiatives resulted in 1,181 improvement projects, generating combined savings of US\$ 9,019,932. This outcome demonstrates the impact of IMI's people-driven innovation and our commitment to cultivating a culture of continuous improvement worldwide.

IPS Global Convention: Celebrating Operational Excellence

The IPS Global Convention, organized annually by IMI's Global Industrial Excellence Group, provides a platform to showcase the year's most impactful Kaizen projects across regions. The event promotes collaboration, knowledge-sharing, and operational excellence, highlighting best practices that continue to advance IMI's performance objectives.

Savings

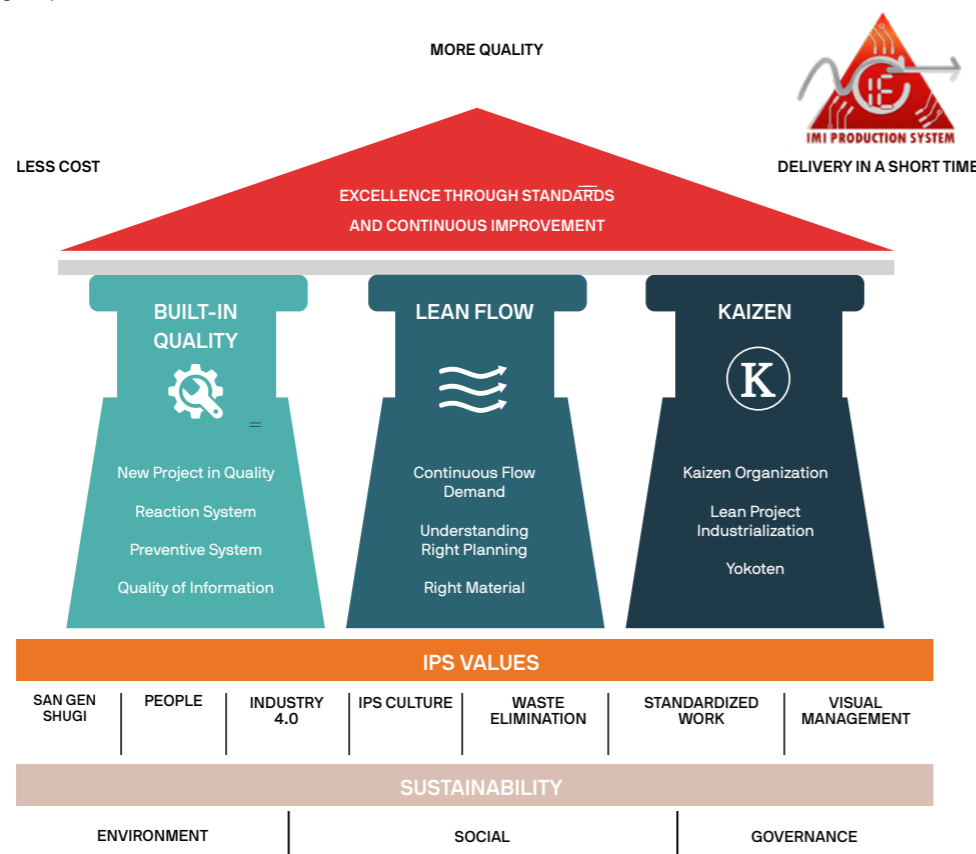
\$9.02M

Cost efficiencies from IPS projects reduced operational expenses and contributed to a 1% reduction in GHG emissions through improved process efficiency and resource optimization.

Improvement Projects

1,181

IPS-implemented projects that strategically focused on quality improvement rather than project volume, generating the above-mentioned in cost savings.



◀ Our IPS values and principles are reinforced in the factory.

HUMAN CAPITAL DEVELOPMENT STRATEGY: LEARNING & DEVELOPMENT INITIATIVES

Our Human Capital Development strategy continues to prioritize capability building, leadership strength, and workforce resilience as core drivers of long-term performance. In 2025, our HR Learning & Development (L&D) team expanded its global portfolio of programs to strengthen technical expertise, behavioral competencies, and leadership readiness across our sites. These initiatives reinforce our ESG commitment to developing a skilled, future-ready workforce while creating sustained value for employees, customers, and stakeholders.

OVERVIEW OF KEY L&D PROGRAMS AND THEIR STRATEGIC CONTRIBUTIONS

PROGRAM / INITIATIVE	OBJECTIVE	PARTICIPANTS	HIGHLIGHTS / IMPACT
LinkedIn Learning Integration	Provide personalized, on-demand learning aligned with competency needs and career development goals	Global leaders assessed under the Competency Framework; selected employees with identified competency gaps	500+ active global users; expanded access to continuous, self-paced digital learning; strengthened learning culture
Clerkship Program	Equip newly assigned clerks with essential competencies to improve readiness and performance	Clerks across all functions	Structured rotations, functional mentorship, and enhanced skill diversification; positive feedback on cross-functional collaboration
Business Acumen & EDGE Leadership Training	Strengthen operational, behavioral, and purpose-driven leadership capabilities.	Operations Leaders (global sites)	Multi-session leadership journey running from Q4 2024–Q1 2025; cross-site leadership simulations
Upskilling Program for Engineers & Technicians	Enhance technical depth, process knowledge, and continuous improvement capacity	Engineers and Technicians	Co-developed curriculum with functional leaders; improved technical proficiency and alignment with job demands
Technical Competency Program – Particle Measurement & Identification	Strengthen engineering and quality competencies in contamination control and failure analysis	EMS Camera, Engineering, and Quality Teams	Training on cleanroom protocols, SEM-EDS, FTIR, and contamination control; Kirkpatrick Levels 2–4 results confirmed measurable knowledge gains, application on the job, and operational improvements
LiDAR Technical Competency Program	Close competency gaps and build advanced understanding of LiDAR technology and applications	EMS Engineering Team, TSD Group	Specialized sessions on LiDAR fundamentals; improved foundational understanding to support innovation and process optimization
Production Planning and Control (PPC) Training Program	Strengthen planning, scheduling, and control capabilities to enhance operational efficiency	PPC team, Customer Service Representatives, and selected Production Supervisors	Custom three-month curriculum; simulation-based final assessment; increased confidence and capability in PPC processes
Project Management Refresher Program	Reinforce project management standards, cross-functional collaboration, and strategic alignment	Project Officers, Project Managers, Site Program Managers	Gamified workshops for higher engagement; improved consistency in project execution and stronger project delivery capability across sites

Impact Summary (2025)

Our 2025 L&D initiatives advanced our Human Capital Development agenda by:

- Strengthening leadership capabilities across global operations
- Expanding access to digital learning platforms and increasing adoption rates
- Enhancing technical excellence to improve quality, reliability, and operational performance
- Elevating project management discipline and cross-functional collaboration
- Improving talent readiness for broader roles and succession opportunities
- Embedding a culture of continuous learning and organizational resilience

Strategic Outlook (2026)

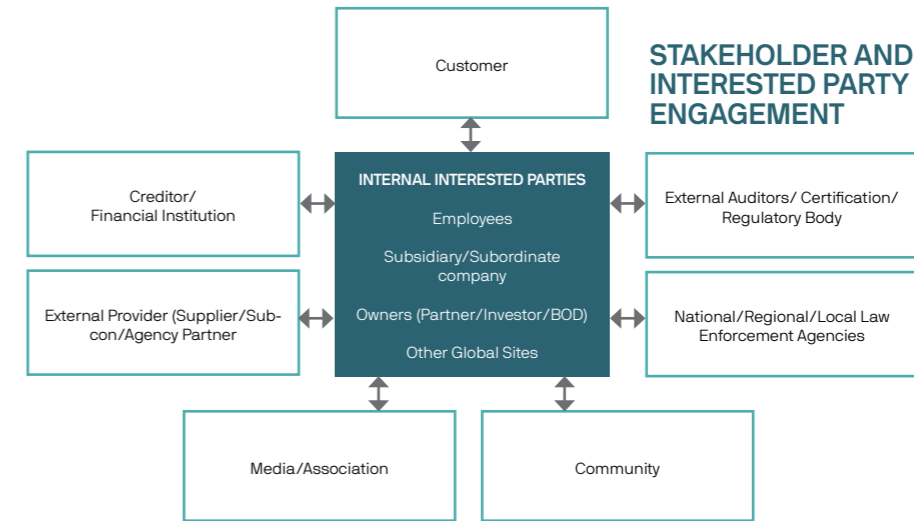
In alignment with our long-term strategy, we will continue to elevate our learning ecosystem by:

- Expanding data-driven and digitally enabled learning platforms
- Developing structured leadership pathways for emerging leaders and high-potential talent
- Strengthening technical standards through certification-based and competency-driven programs
- Ensuring all learning initiatives remain closely aligned with business priorities and evolving workforce needs

STAKEHOLDER ENGAGEMENT

We place strong emphasis on meaningful stakeholder engagement, proactively addressing internal and external issues that influence the organization. We maintain open, consistent dialogue with investors, employees, customers, suppliers, regulators, government agencies, and the communities where we operate. By actively listening to their diverse perspectives and responding to concerns, we strengthen trust, foster long-term, mutually beneficial relationships, and reinforce our commitment to sustainable and responsible business practices.

Internal Issues



CATEGORY	ISSUES	RISK	OPPORTUNITIES
Organization	Competencies/retention <ul style="list-style-type: none"> ● Continuous learning and development (training and tracking of competencies) ● Knowledge retention 	<ul style="list-style-type: none"> ● Lack of technical/organizational skills ● Lose experts and no continuity on specific functions 	To strengthen the succession planning and prioritize internal employees for critical positions Programs to retain and develop people
Process	Stabilization and managing changes (especially during disruptions)	<ul style="list-style-type: none"> ● Confusion on specific areas of role ● Unstable organization ● Lose good employees 	
Technology	Rising	Value creation and staying relevant with the emerging new technologies	<ul style="list-style-type: none"> ● Lose existing or potential customers ● Issues in delay of retrieval of records/documents More involvement and exposure to business with new technologies Expands IMI capabilities to offer with potential customers. (Under Sales/BDG Team)
	Digitalization	Awareness on cyber connection of processes and customer touchpoints in operation, supply chain, and commercial	Lead towards more automation and digitalization in different processes (such as production processes, paperless system, etc). Spearhead by ICT and different business units as Internal Customers
Asset	Space optimization	<ul style="list-style-type: none"> ● Space availability nearing full utilization ● Optimization 	No opportunity for expansion Utilize areas which are vacated by EOL and delisted customers
	Equipment optimization	Equipment performance from aging equipment	<ul style="list-style-type: none"> ● Frequent downtime ● Obsolete spare parts ● Not adaptable to traceability systems Enhancement to upgrade current equipment Study the existing machines (compact and with higher capacity)
Financial	Overhead expenses	Analyzing and benchmarking current overhead expenses	Unstable finances and planning

External Issues

We continuously assess macro-environmental factors that influence our strategy, supply chain resilience, and long-term value creation. In 2025, the following external dynamics shaped our sustainable procurement and operational priorities:

POLITICAL	ECONOMIC	SOCIAL
<ul style="list-style-type: none"> ● Trade Regionalization: Mitigating US-China tariff exposure by shifting high-value production to our hubs in Mexico and the Philippines ● “China Plus One” Strategy: Capturing opportunities as OEMs diversify toward multi-region manufacturing footprint ● Eastern Europe Stability: Balancing operations in Bulgaria and Serbia amid evolving geopolitical conditions and European automotive stabilization 	<ul style="list-style-type: none"> ● Automotive Sector Recovery: Positioning for a projected 2026 European mobility rebound and continued EV momentum in the US ● Capital Discipline: Leveraging a leaner balance sheet post-divestment (VIA/STI/Czech site) to reinvest in high-margin, technology-driven segments ● Inventory Level Normalization: Benefiting from semiconductor supply chain stabilization and more predictable production planning 	<ul style="list-style-type: none"> ● ADAS Safety Demand: Growing consumer preference for advanced safety and autonomous features drive Camera Vision and ADAS growth ● Skills Evolution: Investing in highly skilled labor in the Philippines to support integrated capabilities ● Labor Hub Excellence: Strengthening our employer value proposition to attract and retain critical engineering talent

TECHNOLOGICAL	LEGAL	ENVIRONMENTAL
<ul style="list-style-type: none"> ● Digital Manufacturing: Integrating more digital and AI-driven predictive maintenance and real-time production transparency and quality ● Cybersecurity Excellence: Protecting co-developed intellectual property through strengthened OT/IT systems ● Advanced Power Modules: Transitioning to SiC and GaN technologies to meet next-generation EV efficiency demands 	<ul style="list-style-type: none"> ● Global Trade Compliance: Navigating export controls and trade regulations amid sourcing shifts toward “China Plus One” ● ESG Regulatory Shift: Adhering to the EU’s CSDDD and sustainability regulations across European and Asian facilities ● Regulatory Simplification: Streamlining legal overhead and reporting complexity following portfolio rationalization (the exit from VIA and STI) 	<ul style="list-style-type: none"> ● Green Mobility focus: Aligning with global EV and renewable energy transitions ● Sustainable Production: Implementing circular economy practices in Plastics and Machining to reduce manufacturing waste ● Climate Resilience: Strengthening Southeast Asia site infrastructure against extreme weather risks to ensure supply continuity for critical Tier 1 components

SUSTAINABLE PROCUREMENT

Responsible Supply Chain Management and ESG Due Diligence

At IMI, we integrate environmental, social, and governance (ESG) considerations across our procurement and supplier management processes, in alignment with international reporting frameworks and regulatory expectations. Our approach follows a risk-based due diligence model designed to identify, prevent, mitigate, and remediate actual and potential adverse impacts throughout our value chain.

Sustainable procurement remains a material topic under our double materiality assessment, reflecting both:

- The impact of our supply chain activities on the environment and society, and
- The financial risks and opportunities arising from ESG-related supply chain exposures.

Sustainable Procurement – ESG Disclosure Table (2025)

DISCLOSURE AREA	FRAMEWORK REFERENCE	IMI POLICY / APPROACH	2024 PERFORMANCE	2025 ENHANCEMENTS / ONGOING ACTIONS
Governance & Oversight	GRI 2-23, 2-24 ESRS 2 GOV-3 ESRS G1	Supplier Code of Conduct (SCoC) defines environmental, social, ethical, and governance standards. Sustainability criteria embedded in procurement processes	100% of suppliers acknowledged SCoC prior to contract approval	Strengthened management-level oversight over ESG integration into sourcing decisions; enhanced reporting controls for CSRD readiness
Double Materiality & Risk Assessment (In progress available for 2026 report)	GRI 3-3 ESRS 2 SBM SASB Supply Chain Risk	Risk-based due diligence approach covering environmental, social, and governance risks across the value chain	ESG risk screening conducted for prioritized suppliers	Expanded integration of country, sector, climate, and human rights risk indicators into supplier screening tools
Supplier Onboarding & Screening	GRI 204-1 GRI 308-1 GRI 414-1	Sustainability requirements embedded into supplier qualification and onboarding processes	100% of new suppliers assessed against SCoC requirements	Digitalized supplier ESG pre-screening and documentation processes
Environmental Impact in Supply Chain	GRI 308 GRI 302 GRI 305 ESRS E1	Environmental management, emissions reduction, waste management, and regulatory compliance required under SCoC	Environmental criteria included in supplier audits	Increased focus on Scope 3 emissions transparency and supplier decarbonization engagement
Climate Risk & Scope 3 Engagement	ESRS E1 SASB Climate Risk	Encouragement of GHG measurement and reporting by key suppliers; integration of climate risk into sourcing decisions	Initial supplier climate data collection initiated	Expanded supplier emissions reporting; alignment with IMI climate transition strategy
Workers in the Value Chain	GRI 414 ESRS S2	Requirements covering forced labor, child labor, non-discrimination, freedom of association, wages, working hours, and health & safety	Human rights criteria included in 100% of sustainability audits	Strengthened grievance and remediation expectations for higher-risk suppliers

DISCLOSURE AREA	FRAMEWORK REFERENCE	IMI POLICY / APPROACH	2024 PERFORMANCE	2025 ENHANCEMENTS / ONGOING ACTIONS
Supplier Audits & Monitoring	GRI 308-2 GRI 414-2 ESRs S2-4	Hybrid audit model combining onsite and remote sustainability assessments. Corrective action plans required for non-conformities	100% of planned supplier sustainability audits completed	Enhanced corrective action tracking and follow-up verification procedures
Remediation & Corrective Actions	GRI 308-2 GRI 414-2 ESRs S2	Structured remediation process with defined timelines and follow-up reviews	Corrective actions implemented where required	Formalized escalation process for repeated or material non-compliance
Business Conduct & Ethics	GRI 2-26 ESRs G1 SASB Business Ethics	Anti-corruption, compliance, and ethical conduct embedded in SCoC and contractual agreements	Ethics criteria included in supplier audits	Expanded supplier awareness training and compliance attestations
Continuous Improvement & Value Creation	GRI 3-3 ESRs 2 SBM SASB Risk Management	ESG KPIs integrated into procurement decision-making to reduce operational and reputational risk	Sustainability embedded in supplier evaluation processes	Development of supplier ESG performance benchmarking and capability-building initiatives

We integrate environmental, social, and governance considerations across our procurement and supplier management process.

IMI CODE OF CONDUCT FOR SUPPLIERS



IMI CODE OF CONDUCT AND SUSTAINABILITY FRAMEWORK

MANAGEMENT SYSTEMS
 Ensure compliance to RBA standards and the four pillars (Labor, Ethics, Health & Safety, Environment)

- Company Commitment
- Management Accountability and Responsibility
- Legal Customer Requirements
- Risk Assessment and Risk Management
- Improvement Objectives
- Training
- Communication
- Worker Feedback and Participation
- Audits and Assessment
- Corrective Action Process
- Documentation and Records
- Supplier Communication
- Collaboration with Government and Academe

LABOR
 Treat employees with dignity and respect

- Freely Chosen Employment
- Child Labor Avoidance
- Working Hours
- Wages and Benefits
- Humane Treatment
- Non-Discrimination
- Freedom of Association

ETHICS
 Uphold the highest standards

- Business Integrity RBA Requirements
- No Improper Advantage
- Disclosure of Information
- Intellectual Property
- Fair Business, Advertising and Competition
- Protection of Identity and Retaliation
- Responsible Sourcing of Minerals
- Privacy
- Insider Trading

HEALTH AND SAFETY
 Maintain a safe and healthy work environment

- Occupational Safety
- Emergency Preparedness
- Occupational Injury and Illness
- Industrial Hygiene
- Physically Demanding Work
- Machine Safeguarding
- Sanitation, Food and Housing
- Health and Safety Communication

ENVIRONMENT
 Protect the environment

- Environmental Permits and Reporting
- Pollution Prevention and Resource Reduction
- Hazardous Substances
- Waste and Solid Waste
- Air Emissions
- Product Content Restrictions
- Water Management
- Energy Consumption and Greenhouse Gas Emission Energy

Review audit results and monitor performance

IMI SUSTAINABILITY FOR SUPPLIER

IMI
IMI SUPPLIER

Policy on Conflict Minerals

We remain firmly committed to responsible sourcing practices that uphold human rights, promote ethical supply chains, and prevent the financing of armed conflict. Our Conflict Minerals Policy supports global efforts to ensure that tin, tungsten, tantalum, and gold (3TG) used in our products are sourced responsibly and transparently.

Our Commitment

We recognize the risks associated with minerals originating from Conflict-Affected and High Risk Areas (CAHRAs) and reinforce our due diligence processes to prevent contributing to human rights abuses or illicit financing within our supply chain.

In 2025, we strengthened our approach by enhancing traceability mechanisms and deepening supplier engagement to improve data reliability and risk visibility across tiers.

Alignment With International Standards

Our responsible sourcing framework aligns with globally recognized standards and regulatory expectations, including:

- The OECD Due Diligence Guidance for Responsible Supply Chains of Minerals;
- The methodologies recommended by the Responsible Minerals Initiative (RMI), including use of industry-standard reporting templates; and
- Applicable national and international regulations governing conflict minerals disclosures.

Supplier Requirements and Due Diligence

To ensure responsible mineral sourcing across all tiers of our supply chain, we:

- Require suppliers to identify the origin of 3TG materials used in supplied components;
- Requests the use of standardized reporting tools (e.g., RMI's Conflict Minerals Reporting Template);
- Encourage sourcing exclusively from legal, audited smelters, or refiners participating in recognized assurance programs;
- Mandate timely risk disclosure of potential CAHRA-related risks; and
- Integrate conflict minerals compliance into supplier evaluation, selection, and ongoing qualification processes.

CONTINUOUS MONITORING AND IMPROVEMENT

In 2025, we expanded internal monitoring systems to enhance traceability and strengthen data quality. Key actions include:

- Strengthening internal review of supplier submissions;
- Enhancing cross-functional collaboration among Procurement, Compliance, and Sustainability teams;
- Increasing supplier training to reinforce responsible sourcing expectations; and
- Implementing corrective actions—including potential disengagement—where suppliers fail to comply with our requirements.

TRANSPARENCY AND STAKEHOLDER ENGAGEMENT

We are committed to reporting our sourcing performance with integrity. Beginning in 2025, we are enhancing disclosure clarity and consistency to meet evolving investor, customer, and regulatory expectations. We will continue engaging industry groups, customers, and partners to advance responsible mineral sourcing practices globally.

STRATEGIC CUSTOMER ALIGNMENT FOR CLIMATE IMPACT

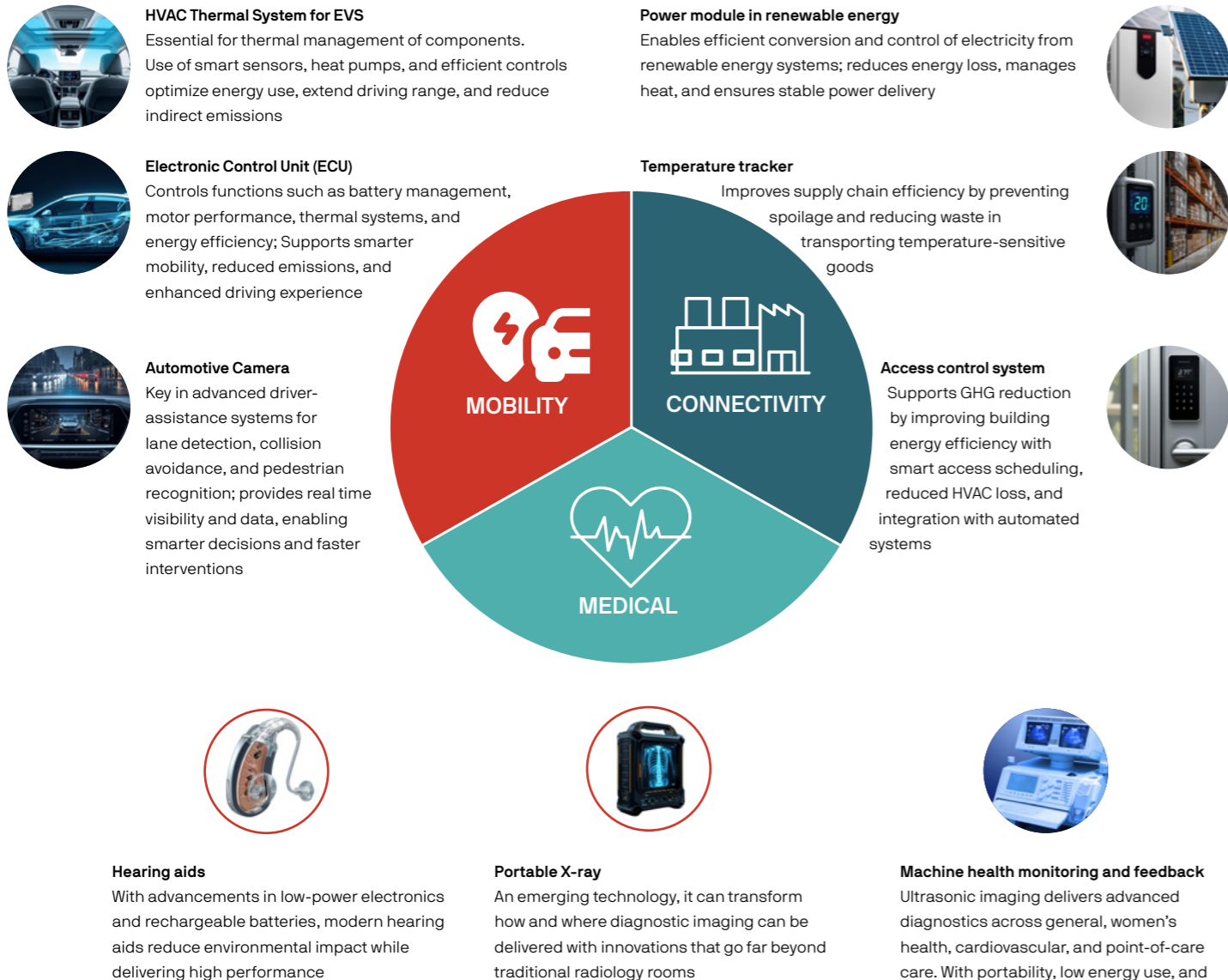
At IMI, creating a positive impact means taking responsibility for the products we bring to the world. This begins with our commitment to the environment, which guides the partnerships we cultivate and the technologies we manufacture.

As part of our long-term business strategy, IMI works with customers whose products support GHG emission reduction and contribute to a more sustainable future. Specifically, we collaborate with companies developing low-emission, energy-efficient, and environmentally responsible technologies. These collaborations position us to deliver solutions that drive climate-conscious innovation across multiple industries. By aligning with partners that share our environmental values, IMI not only advances sustainability goals but also enhances competitiveness and accelerates innovation.

In view of this approach, we intentionally refrain from manufacturing intermediate or conventional products that conflict with decarbonization objectives or materially contribute to GHG emissions.

We remain steadfast in our commitment to reduce emissions across all scopes. We are driving measurable reductions through disciplined operational efficiency and increased adoption of clean energy while intensifying collaboration across our value chain.

SNAPSHOT OF SUSTAINABLE PRODUCTS



As we advance our climate strategy, we remain steadfast in our commitment to reduce emissions across all scopes. We are driving measurable reductions in Scope 1 and 2 emissions through disciplined operational efficiency and increased adoption of clean energy, while intensifying collaboration across our value chain to address Scope 3.

By partnering closely with customers who place sustainability at the core of their strategy, we are co-engineering low-carbon solutions, extending product lifecycle efficiency, and advancing next-generation energy technologies. Through these efforts, we are not only fulfilling our environmental responsibility; we are also strengthening resilience, enhancing competitiveness, and creating sustainable long-term value for our investors and stakeholders.

Together, we are building a smarter, cleaner electronics industry—one that leads with purpose and delivers impact at scale.

PRIORITY INTERVENTIONS FOR GHG REDUCTION:

AFFECTED SCOPE	PRIMARY AFFECTED EMISSIONS SOURCE(S)	INTERVENTION	EMISSION REDUCTION POTENTIAL (%)	ABSOLUTE EMISSION REDUCTION BY 2050 (tCO ₂ e)	EASE OF IMPLEMENTATION	ADDITIONAL BENEFITS SDG
Scope 2 and 3	Purchased electricity and fuel- and energy-related activities	Install on-site solar panels	100%	21,214.66	Medium	SDG 7, SDG 12
Scope 3	Use of sold products	Engage with customers to develop energy-efficient products	30%	214,209.97	Difficult	SDG 17, SDG 9
Scope 3	Purchased goods and services	Decarbonize purchased goods and services—suppliers having a 2030-2035 near-term WB2C SBT and a long-term net-zero target for 2040-2050	90%	355,271.73	Difficult	SDG 17, SDG 12
Scope 2 and 3	Purchased electricity and fuel- and energy-related activities	Optimize office space usage per FTE- effect on electricity consumption	18.92%	5,491.70	Easy	SDG 7, SDG 12
Scope 2 and 3	Purchased electricity and fuel- and energy-related activities	Replace traditional light bulbs with LED light bulbs	9.32%	11,532.00	Easy	SDG 7, SDG 12
Scope 1	Fugitive emissions	Control refrigerant leakage	75%	1,174.40	Easy	SDG 9
Scope 2	Purchased electricity and fuel- and energy-related activities	Switch to renewable electricity	100%	5,730.01	Medium	SDG 7, SDG 12
Scope 3	Employee commuting	Introduce ride sharing policy	47.37%	2,090.82	Easy	SDG 9
Scope 1	Mobile combustion and fuel- and energy-related activities	Switch to electric vehicles and trucks	100%	2,494.90	Medium	SDG 7, SDG 12

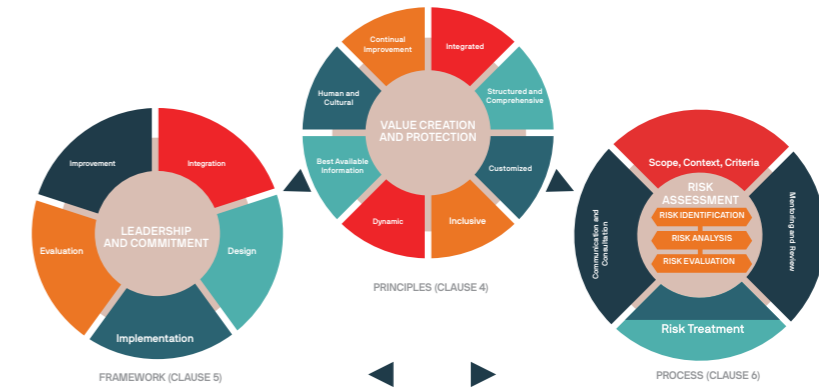
Building a sustainable and resilient future through digital innovation

In 2025, IMI is advancing a digitally enabled sustainability strategy that strengthens operational efficiency and resource optimization. We continue to build organizational resilience by enhancing digital controls and reinforcing cybersecurity measures to protect data and ensure business continuity.

With 100% of IMI-Information & Communication Technology group's committed projects delivered in 2025, we are well-positioned to accelerate our digital and sustainability initiatives in the years ahead.



Managing uncertainty through a structured approach



ENTERPRISE RISK MANAGEMENT POLICY AND FRAMEWORK

IMI adopts an integrated Enterprise Risk Management (ERM) framework that embeds risk considerations into strategy, operations, and sustainability decisions. The framework promotes accountability, transparency, and informed risk ownership across the organization.

Through a structured and data-enabled approach, the company assesses emerging and existing risks—including ESG exposures—across its global operations. This enables management to anticipate potential impacts, prioritize mitigation actions, and strengthen business continuity and financial discipline.

It also supports agile decision-making by balancing risk and opportunity, reinforcing organizational resilience, safeguarding stakeholder value, and supporting sustainable growth by aligning risk management with long-term business objectives and investor expectations.

RISK REPORTING

IMI maintains a structured and transparent risk reporting framework, establishing ownership and accountability across all operations. Quality and risk-based thinking are encouraged at all levels to identify and manage top risks.

The Audit, Risk, and Sustainability Committee (ARSC), with support from the Chief Risk Officer (CRO) and the ERM Leader, provides oversight of the Company's internal controls and enterprise risk management framework, including the identification and assessment of climate-related risks. The Company's climate-related risk governance is currently informed by the recommendations of the Task

Force on Climate-related Financial Disclosures (TCFD), as it prepares to transition and align its disclosures with IFRS S2 – Climate-related Disclosures issued by the International Sustainability Standards Board (ISSB).

The ARSC's role involves:

- Analyzing and providing guidance on significant financial and non-financial risks, along with mitigation strategies, including climate-related risk;
- Assessing climate-related hazards, their likelihood and potential impact, and reviewing corresponding risk-reduction plans; and
- Monitoring the company's overall risk management activities and evaluating the effectiveness of implemented plans.

The Chief Risk Officer ensures regular internal reporting on the effectiveness and outcomes of the risk management framework.

The ERM leader and the CRO roles:

- Collaborate with all site risk owners and designated risk leads on initiatives to strengthen the framework, including managing climate-related risks.
- Report progress to the ARSC on a quarterly basis.

Integrating Climate Risk into Enterprise Risk Management (Transitioning from TCFD to IFRS S1/S2)

IMI integrates climate-related risks and opportunities into its enterprise risk management processes in line with ISO 31000 principles. We are moving from a TCFD-based approach to alignment with the IFRS Sustainability Disclosure Standards—IFRS S1 (General Requirements for Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures).

How climate risk is integrated and strengthened under IFRS S1/S2:

- **Standards-Based Disclosure & Controls**
Clearer definitions of material sustainability-related financial information (S1) and enhanced climate metrics, targets, and scenario analysis parameters (S2)
- **Customer and Value Chain Inputs**
Embedding customer decarbonization priorities and resilience requirements into risk assessments and commercial decisions
- **Industry Specific Climate Intelligence**
Use of sector research, regulatory outlooks, and geospatial hazard data relevant to electronics manufacturing to refine our physical and transition risk assumptions
- **Internal Climate Risk Assessments & Scenario Work**
Enhance scenario analysis so that TCFD-style narratives evolve into S2-compliant disclosures, with clearer links to financial planning, capital allocation, and business continuity
- **Peer and Market Benchmarking**
Benchmark against sector leaders and sustainability datasets to test risk exposure, performance intensity, and target credibility

By embedding these inputs into operational and financial decision-making—while explicitly transitioning from TCFD to IFRS S1/S2—IMI strengthens business continuity, enhances investor confidence, and positions the Company to meet evolving regulatory expectations and supply chain requirements.

2025 RISK LANDSCAPE & 2026 OUTLOOK—NAVIGATING COMPLEXITY IN A FRAGMENTED WORLD

In 2025, IMI continued to operate in an increasingly complex and volatile global environment. The Company's risk profile reflects heightened uncertainty arising from macroeconomic pressures, geopolitical developments, competitive market dynamics, and internal operational challenges. IMI's ERM framework enables the identification, evaluation, and mitigation of material risks that may impact the achievement of strategic objectives, operational resilience, and long-term value creation.

The Shift Towards 2026. As we transition into 2026, our risk landscape has undergone a structural shift. The most critical indicator of this changing environment was the significant surge in Geopolitical and Macro-economic Risk, which climbed eight positions to become the 4th highest priority in 2025. This escalation reflects the tangible impact of regional military conflicts and fragmented trade policies on global supply chains. Furthermore, Market Demand Volatility remained the Company's top risk exposure (Rank 1), underscoring the persistent threat of recession and the uneven recovery of global markets.

For 2026, we anticipate these interlinked challenges will drive our strategic focus:

- **Geopolitical Fragmentation & Trade Wars (Rank 4 Trend):** The sharp rise in geopolitical risk highlights our exposure to "poly-crisis" events. Escalating trade wars and regional tensions—particularly in key logistics corridors—are no longer isolated incidents, but persistent headwinds affecting cost structures and cross-border operations.
- **Economic Pressure & Profitability (Rank 2 Trend):** With Profitability emerging as a new top-tier risk (Rank 2), IMI is acutely focused on protecting margins against inflationary pressures and currency fluctuations. The potential for a global recession in 2026 requires rigorous cost discipline and agile financial planning.
- **Contractual & Commercial Rigor (Rank 3 Trend):** The rise of Contract Management risks (up 3 positions) suggests an environment where commercial terms are under greater scrutiny. In 2026, we are prioritizing the mitigation of liability and the strengthening of commercial frameworks to navigate tighter regulatory and partner requirements.

- **Operational & Cyber Resilience:** As the industry accelerates toward AI-driven manufacturing and digital integration, the threat surface for cyberattacks and data breaches has expanded, requiring vigilant defense of our operational technology (OT) and intellectual property.

In 2026, IMI's risk strategy moves beyond simple mitigation; it is focused on converting volatility into resilience. By leveraging the insights from these shifting risk rankings, we are positioned to anticipate market turning points and safeguard long-term value for our stakeholders.

RISK CATEGORY	2025 RANKING	2024 RANKING	+/-
Market Demand Volatility	1	1	=
Profitability	2	-	New
Contract management / contractual liability	3	6	▲3
Geopolitical and Macro-economic Risk	4	11	▲7
High employment turnover	5	9	▲4
Quality Risk	6	8	▲2
Sourcing & Procurement / Annual Cost Savings	7	-	New
Inventory Management (Excess and Obsolete)	8	2	▼6
Production / Manufacturing Process Risk	9	-	New
Customer Concentration/ Customer portfolio	10	-	New
Labor shortage / skill gaps	11	-	New
ERP System Failure	12	-	New
Liquidity & Funding	13	7	▼6
Ransomware attacks / Data Beach	14	10	▼4
Credit Risk (Customer default)	15	-	-

TOP 5 FOCUSED RISK AREAS

Top Risk Drivers and Mitigation

The following are the Company's key risk drivers for 2026, together with corresponding mitigation strategies.

RISK AREA	RISK OVERVIEW	KEY RISK DRIVERS	RISK MITIGATION AND MANAGEMENT
Market Demand Volatility	IMI is exposed to fluctuations in customer demand, particularly in cyclical industries where order volumes are sensitive to economic conditions, technology transitions, and end consumer behavior. Demand volatility may result in order cancellations, delayed customer forecasts, and pricing pressures. Additionally, global trade tensions, tariffs, and increased competition continue to affect market stability and customer sourcing decisions.	<ul style="list-style-type: none"> ● Volatile customer demand and shifting order patterns ● Order cancellations or volume reductions ● Tariffs, trade restrictions, and protectionist policies ● Intensifying global and regional competition 	IMI proactively addresses demand volatility by enhancing operational efficiency and maintaining cost competitiveness across regions. The Company focuses on vertically-integrated business opportunities, strengthening its value proposition beyond traditional assembly services. Close collaboration with customers enables better demand visibility and joint planning, while continuous improvement initiatives help sustain competitive pricing for both existing and new RFQs. IMI also strengthens its ability to respond to regional market shifts by leveraging its global manufacturing footprint.
Profitability Risk	Rising input costs, inflationary pressures, and customer pricing constraints continue to challenge profitability. The risk is amplified by exposure to customers with low margins, unfavorable pricing structures, or heightened financial risk, including startups and customers operating in distressed sectors.	<ul style="list-style-type: none"> ● Customers with low or declining profitability ● High material and component costs ● Increasing labor costs and wage inflation ● Inflation-driven increases in operating expenses 	IMI prioritizes sales growth in projects with sustainable margins and actively reviews customer and program profitability. Alternative sourcing strategies and purchasing optimization initiatives are implemented to manage material cost pressures. Where feasible, low-cost operational improvements are preferred over capital-intensive remedies. Enhanced due diligence is conducted on customer financial health, with appropriate adjustments to payment terms when necessary. New customers, particularly startups, undergo more rigorous vetting to limit downside risk.
Contract Management Risk	Weak contract governance may expose IMI to unfavorable commercial terms, compliance issues, and legal or financial disputes. Risks arise when contracts are missing, unsigned, poorly defined, or not aligned with corporate standards.	<ul style="list-style-type: none"> ● Unfavorable contractual terms ● Inadequate contract compliance and monitoring ● Weak management processes ● Missing or unsigned customer and supplier contracts 	IMI maintains a structured contract management framework supported by standardized, legally approved contract templates. Regular contract compliance reviews and audits ensure adherence to agreed terms. The Company promotes awareness and training programs to improve understanding of contractual obligations among relevant personnel. Where commercially feasible, IMI actively seeks to renegotiate unfavorable contracts and reinforce change management discipline across projects.
Geopolitical and Macroeconomic Risk	Ongoing geopolitical tensions, including trade conflicts and regional instability, continue to disrupt global supply chains and logistics networks. Inflationary pressures and the risk of economic slowdown further impact customer demand and cost structures.	<ul style="list-style-type: none"> ● US tariffs and global trade conflicts ● Regional geopolitical instability ● Supply chain disruption and logistics constraints ● Recessionary pressures and inflation 	IMI leverages its regional diversification strategy to mitigate geopolitical concentration risks. The Company continues the strategic transfer of selected high-risk programs to more stable and competitive locations, including the Philippines. Vertical integration investments—such as plastic injection and automation—enhance local self-sufficiency. IMI prioritizes growth in local and regional markets and continuously refines its regional commercial and supply chain strategies to improve resilience.
High Employment Turnover	Attracting, developing, and retaining skilled talent remains a critical risk, particularly in highly specialized technical and leadership roles. High attrition may disrupt operations, weaken institutional knowledge, and hinder long-term succession planning.	<ul style="list-style-type: none"> ● Difficulty in hiring skilled and experienced personnel ● Retention challenges and loss of key talent ● Gaps in succession planning and leadership continuity 	IMI strengthens its people development and succession planning programs across all sites. The Company focuses on building internal talent pipelines through structured development initiatives and homegrown leadership programs. Supervisors receive training in mentoring, performance management, and goal setting. IMI continuously reviews its compensation and benefits to remain competitive and implements employee engagement programs to support organizational change. Human rights and labor risk assessments are conducted to ensure fair, inclusive, and compliant workplace practices.

IMI is building a smarter, cleaner electronics industry—one that leads with purpose and delivers impact on scale.

Translating this environmental stewardship into measurable impact requires precision and transparency. This section presents the metrics and targets that guide the company's progress toward a decarbonized and resilient future. Metrics and targets are selected to reflect material sustainability-related risks and opportunities and are aligned with applicable regulatory and reporting standards. Through systematic tracking of its carbon footprint, resource utilization, and social performance, IMI reinforces accountability to stakeholders and the communities it serves.

Beyond compliance, these disclosures function as a strategic tool to stress-test climate risks and validate the company's trajectory toward Net Zero. By providing consistent year-on-year metrics, IMI enables stakeholders to monitor performance as the company scales low-carbon solutions and upholds high standards of corporate governance.

STANDARDS: SASB AND GRI
IMI adopts a dual-standard reporting approach to provide comprehensive and accurate information for all stakeholders. By integrating the Global Reporting Initiative (GRI) Standards with the Sustainability Accounting Standards

Board (SASB) framework for Electronic Manufacturing Services (TC-ES), IMI addresses both the broader socio-environmental impacts of its operations and the financially material ESG risks relevant to investors.

The table below reconciles IMI's 2025 internal metrics with these two global frameworks. Where SASB standards for the EMS industry do not cover specific operational metrics, such as general training hours or anti-corruption, IMI relies on the more robust disclosures under the GRI standards to ensure full and balanced coverage.

ESG METRICS MAPPING TO GRI STANDARDS

Statement of use: IMI has reported the cited in GRI Content Index below for the period Jan 1 - Dec 31, 2025, with reference to GRI Standards. GRI 1 Foundation 202

Environmental Metrics

IMI ESG METRIC (METRICS & TARGETS)	PAGE NUMBER	DESCRIPTION / ERM RELEVANCE	APPLICABLE GRI STANDARD
Total energy consumption	69-70	Tracks operational efficiency and cost volatility exposure	GRI 3021: Energy consumption within the organization
Energy	69-70	Measures exposure to rising energy costs and efficiency risk	GRI 3023: Energy intensity
Scope 1 & Scope 2 GHG emissions	66-70	Assesses climate transition and regulatory risk	GRI 3051 (Direct GHG), GRI 3052 (Energy indirect GHG)
GHG emissions	66-70	Links emissions performance with production scale	GRI 3054: GHG emissions intensity
Water withdrawal	73	Indicates operational dependency and water stress risk	GRI 3033: Water withdrawal
Waste generated	72	Measures operational and environmental compliance risk	GRI 3063: Waste generated
Waste diverted from disposal	72	Reflects circularity and regulatory readiness	GRI 3064: Waste diverted from disposal
Environmental compliance incidents	72	Assesses legal and regulatory exposure	GRI 3071: Noncompliance with environmental laws

Social Metrics

IMI ESG METRIC	PAGE NUMBER	DESCRIPTION / ERM RELEVANCE	APPLICABLE GRI STANDARD
Total workforce	74	Workforce scale and labor dependency risk	GRI 27: Employees
Employee turnover rate	75	Signals retention, skills continuity, and productivity risk	GRI 4011: New employee hires and turnover
Training hours per employee	77	Measures capability resilience and succession readiness	GRI 4041: Average hours of training per employee
Occupational injury rate	75	Monitors safety risk and operational disruption	GRI 4039: Work-related injuries
Lost Time Injury Frequency Rate (LTIFR)	75	Indicator of operational health and safety maturity	GRI 4039: Work-related injuries
Human rights risk assessment coverage	60-62	Identifies labor, supplier, and regional exposure	GRI 4121: HR assessments
Workforce diversity (gender)	75	Measures inclusion, compliance, and talent access risk	GRI 4051: Diversity of governance bodies and employees
Employee engagement programs	80-89	Organizational change and morale risk mitigation	GRI 4012: Employee benefits

Governance Metrics

IMI ESG METRIC	PAGE NUMBER	DESCRIPTION / ERM RELEVANCE	APPLICABLE GRI STANDARD
Board and committee oversight	32	Evaluates effectiveness of risk governance	GRI 29: Governance structure
Risk management integration	29-40, 60-62	Alignment of ERM with strategy and sustainability	GRI 212: Role of highest governance body
Code of Business Conduct coverage	29-40	Ethical compliance and reputational risk control	GRI 2052: Communication and training on anti-corruption
Confirmed corruption incidents	60-62	Indicates integrity and regulatory exposure	GRI 2053: Confirmed incidents of corruption
Data privacy and security incidents	83	Operational continuity and compliance risk	GRI 4181: Customer privacy
Contract compliance monitoring	62	Commercial and legal risk management	GRI 4191: Socioeconomic compliance

INTEGRATED ESG METRICS TABLE (GRI + SASB)

ENVIRONMENTAL METRICS

IMI ESG METRIC	PAGE NUMBER	DESCRIPTION & IMPACT	APPLICABLE GRI STANDARD	APPLICABLE SASB CODE (EMS & ODM)
Total Energy Consumption	69-70	Tracks operational efficiency and energy dependence.	GRI 302-1: Energy consumption within the organization	GRI Focus (Not explicit in TC-ES)
Energy	69-70	Measures exposure to rising energy costs.	GRI 302-3: Energy intensity	GRI Focus
Scope 1 & 2 GHG Emissions	66-70	Assesses climate transition risk and decarbonization.	GRI 305-1 / 305-2: Direct & Indirect GHG emissions	Aligned with TCFD (TC-ES focuses on water/waste)
Water Withdrawal	73	Operational dependency and water stress risk in manufacturing	GRI 303-3: Water withdrawal	TC-ES-140a.1: Total water withdrawn, % in regions with High Baseline Water Stress
Hazardous Waste Generated	72	Measures specific compliance risk for electronics manufacturing.	GRI 306-3: Waste generated	TC-ES-150a.1: Amount of hazardous waste generated
Waste Diverted (Recycling)	72	Reflects circularity and e-waste management.	GRI 306-4: Waste diverted from disposal	TC-ES-150a.1: Percentage recycled

SOCIAL METRICS

IMI ESG METRIC	PAGE NUMBER	DESCRIPTION & IMPACT	APPLICABLE GRI STANDARD	APPLICABLE SASB CODE (EMS & ODM)
Total Workforce	74	Scale of labor dependency	GRI 2-7: Employees	GRI Focus
Occupational Safety (LTIFR)	75	Operational continuity and safety maturity	GRI 403-9: Work-related injuries	GRI Focus (SASB TC-ES implies safety in labor practices)
Human Rights/ Labor Standards	74,83	Labor risks in supply chain and manufacturing hubs	GRI 412-1: Human rights assessments	TC-ES-310a.1: Labor practices (often cross referenced to RBA code of conduct)
Workforce Diversity	75	Talent access and inclusion	GRI 405-1: Diversity of governance bodies	GRI Focus
Training Hours	77	Capability resilience	GRI 404-1: Average hours of training	

GOVERNANCE AND SUPPLY CHAIN METRICS

IMI ESG METRIC	PAGE NUMBER	DESCRIPTION & IMPACT	APPLICABLE GRI STANDARD	APPLICABLE SASB CODE (EMS & ODM)
Material Sourcing (Conflict Minerals)	55	Management of critical materials (Tantalum, Tin, Tungsten, Gold)	GRI 308: Supplier Environmental Assessment	TC-ES-4401a.1: Description of management of risks associated with critical materials
Supply Chain Compliance	53-54	Environmental/Social criteria in supplier selection	GRI 414-1: New suppliers screened using social criteria	TC-ES-430a.1: Percentage of suppliers screened for environmental criteria
Product Lifecycle/ Circularity	28, 57	Designing for recyclability and reduced hazardous materials	GRI 306: Waste (Circularity)	TC-ES-410a.1: Percentage of eligible products meeting EPEAT/ environmental standards
Data Privacy	58	Security of customer Intellectual Property and data	GRI 418-1: Customer privacy	Aligned with TC-HW (Hardware)
Anti-Corruption	83	Ethical compliance	GRI 205-3: Confirmed incidents of corruption	GRI Focus

ENVIRONMENTAL COMMITMENT: TOWARD NET ZERO: DECARBONIZING IMI'S OPERATIONS

In line with its commitment to environmental stewardship and long-term value creation, IMI continues to advance its decarbonization agenda across global operations. The company's climate strategy prioritizes reducing greenhouse gas emissions at source, improving energy efficiency, and progressively increasing the use of renewable and lower-carbon energy options within its manufacturing footprint.

Key initiatives focus on optimizing energy consumption through process improvements, equipment upgrades, and automation, supported by disciplined energy management practices at the site level. Renewable energy solutions are being adopted where feasible, alongside resource-efficient technologies that reduce both environmental impact and operational costs.

IMI also integrates sustainability considerations into operational planning and capital expenditure decisions to support long-term emissions reduction and climate resilience. By applying data-driven monitoring, continuous improvement methodologies, and cross-site best-practice sharing, the company seeks to balance environmental responsibility with operational efficiency and competitiveness.

These actions reflect IMI's commitment to supporting global climate objectives while strengthening business resilience. Through sustained decarbonization efforts and responsible resource management, the company aims to reduce its environmental footprint and contribute to a more sustainable, low-carbon future for stakeholders and the communities in which it operates.

Driving Climate Action: Our Decarbonization Strategy

As part of the strategic effort to reduce carbon footprint throughout the company's operations and supply chains, IMI's decarbonization strategy is anchored on three pillars: operational efficiency, renewable energy adoption, and supplier engagement.

Facilities are being transitioned toward low-carbon operations through enhanced energy efficiency and optimized production processes. While IMI does not directly invest in renewable energy infrastructure, it pursues renewable energy procurement through Power Purchase Agreements (PPAs) to reduce Scope 2 emissions. Several sites have already implemented energy-saving initiatives, resulting in measurable reductions in both Scope 1 and Scope 2 emissions.

The company's proposed targets reflect a strategic shift toward deep decarbonization across operations. By pursuing science-based targets, IMI aims to decouple business growth from emissions, mitigate climate-related risks, and create long-term value for our stakeholders. These initiatives demonstrate IMI's commitment to building a more resilient, low-carbon future for customers, investors, and communities.

TARGETS

- Reduce carbon emission for Scope 1 and 2 by 50% by 2030
- 25% reduction on Scope 3 by 2030
- Achieving carbon neutrality by 2050

SCOPE 1 & 2 NEAR-TERM TARGET

GHG Emission '000 tCO₂e

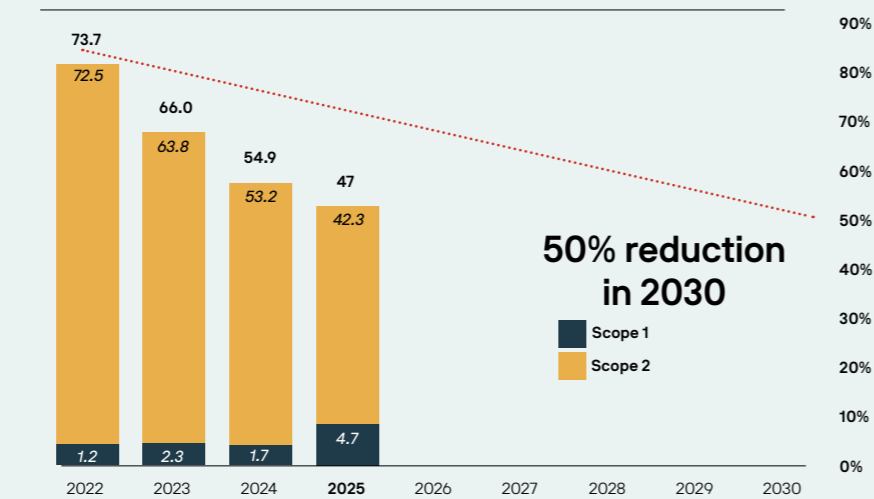
	2025	2024	2023	2022
Scope 1	4.7	1.7	2.3	1.2
Scope 2 Market-based	42.3	53.2	63.8	72.5
Total Scope 1& 2	47.0	54.9	66.0	73.7

SCOPE 3 NEAR-TERM TARGET

	GHG Emission '000 tCO ₂ e
2025	767
2024	664
2023	1,696
2022	835

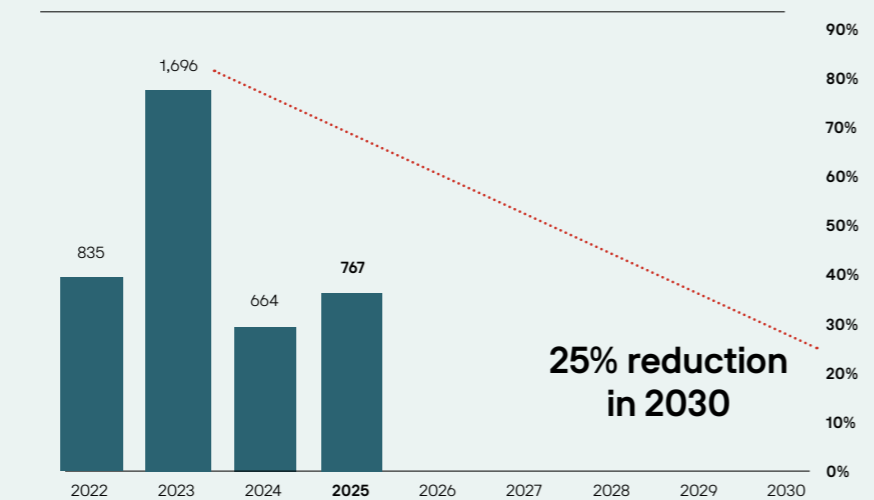
SCOPE 1 & 2 NEAR-TERM TARGET

GHG Emission '000 tCO₂e



SCOPE 3 NEAR-TERM TARGET

GHG Emission '000 tCO₂e



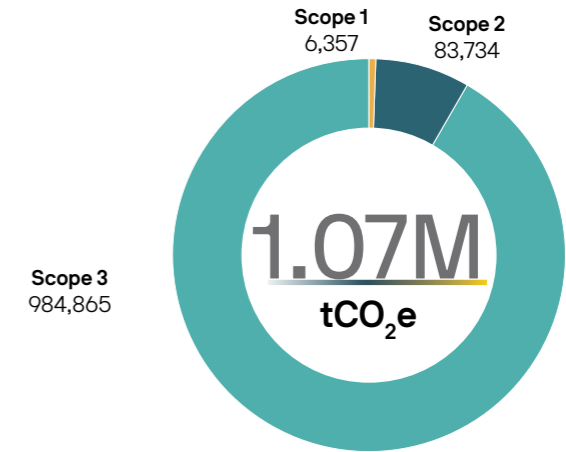
Emissions Baseline: Building the Path to Net Zero

In 2024, IMI initiated a key milestone in its climate action efforts by defining its greenhouse gas (GHG) emissions baseline for 2021. This reference point provides the framework for assessing environmental performance, guiding the establishment of reduction targets, and monitoring progress over time.

By quantifying emissions across core operational areas, IMI gained a clearer understanding of the sources and scale of its carbon footprint. The 2021 baseline serves as a benchmark for IMI's performance and also positions the company to advance its climate agenda in line with global objectives, including the goal of limiting warming to 1.5°C under the Paris Agreement. Looking ahead, the company is prioritizing emissions reductions, strengthening collaboration across its value chain, and driving sustainable growth that generates tangible benefits for stakeholders and the planet.



Emissions by Scope



SCOPE	CO ₂ e	% OF TOTAL
Scope 1	6,357	0.06%
Scope 2 (Market-based)*	83,734	7.8%
Scope 3	984,865	91.6%
Grand total	1,074,956	100.0%
Out of Scope: biogenic CO ₂ emissions**	19,677	
Out of Scope: HCFC refrigerants (non-Kyoto Protocol GHG)***	219	

* Market-based emissions are presented for Scope 2 and Scope 3.3 as they reflect emissions associated with the choices a consumer makes regarding its electricity supplier or product. Other electricity-related Scope 3 emissions are reported using location-based approach.
 ** Biogenic CO₂ emissions are reported separately out of the three Scopes to align with guidance from the GHG Protocol
 ***HCFC refrigerants are not covered by Kyoto Protocol, hence not recognized under the GHG Protocols three Scopes; emissions should be reported and addressed separately

TOTAL GHG EMISSIONS

GHG Emission in '000 tCO ₂ e	2025	2024	2023
Scope 1	4.7	1.7	2.3
Scope 2			
Market-based	42.3	53.2	63.8
Location-based	53.2	59.9	64.3
Scope 3	767.0	664.0	1,696.0

In 2025, IMI achieved a 100% reduction in combined Scope 1 and Scope 2 (market-based) greenhouse gas emissions compared to 2021. Over the same period, Scope 3 emissions declined from 2.2 million tCO₂e to 767 thousand tCO₂e, a 65% reduction, driven by facility closures, business divestments, improved procurement practices, and enhanced data quality across the supply chain.

SCOPE 1 DECARBONIZATION STRATEGY

IMI's Scope 1 GHG emissions are limited to direct fuel combustion and fugitive emissions, which arise from:

- Fuel consumption in company-owned vehicles, including delivery vans and service trucks
- Fuel use in backup generators (gensets) for operations and emergency power
- Fugitive emissions, such as refrigerant leaks from air conditioning or refrigeration systems

The company does not operate manufacturing plants, boilers, or other high-emitting stationary combustion sources. As a result, our Scope 1 emissions profile is relatively narrow but remains an important focus of IMI's carbon management and decarbonization efforts.

SCOPE 1 (TCO ₂ e)	2025	2024	2023
Fugitive emissions	4,277	1,330	1,921
Bulgaria	0	0	0
China	180	58	519
Mexico	3,205	870	875
Philippines	892	402	526
Serbia	0	0	0
Mobile combustion	344	298	301
Bulgaria	112	132	137
China	30	31	42
Mexico	93	39	0
Philippines	102	96	112
Serbia	7	0	10
Stationary combustion	103	91	40
Bulgaria	0	0	1
China	0	0	0
Mexico	19	2	16
Philippines	84	89	24
Serbia	0	0	0
Total Scope 1	4,724	1,719	2,262

* Emissions from the leakage of refrigerants R22, and R123, which are not covered under the Kyoto Protocol and therefore fall outside mandatory GHG reporting scope.

Reducing Scope 1 Emissions: Operational Efficiency Initiatives

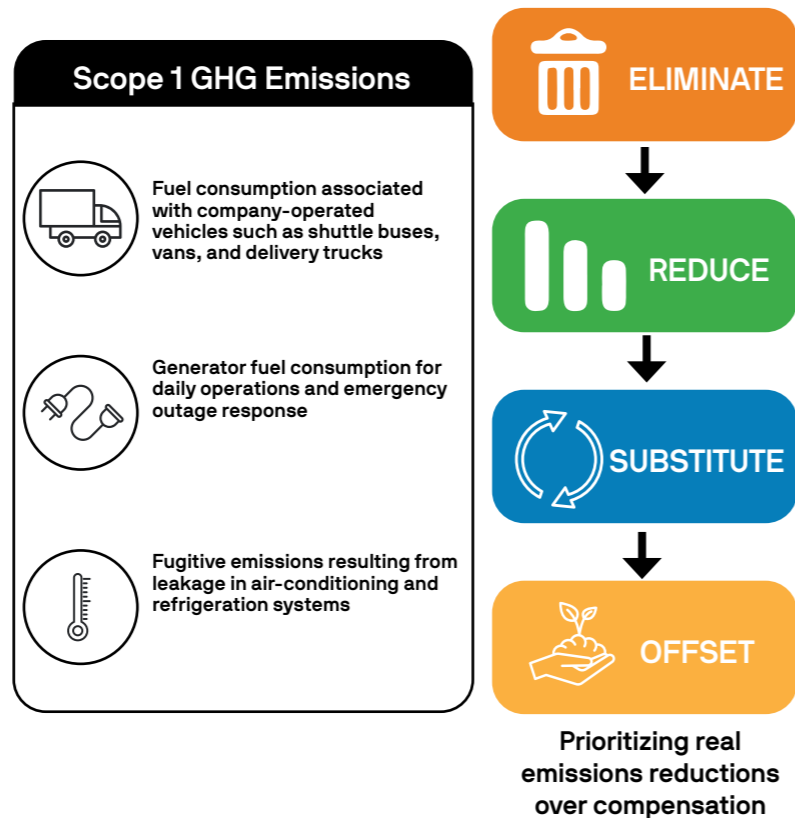
IMI has laid the groundwork for sustained reductions in Scope 1 GHG emissions through a series of targeted interventions. These initiatives focus on improving energy efficiency, minimizing fuel consumption, and eliminating unnecessary equipment operation across facilities. By optimizing processes and conducting proactive maintenance, the company continues to reduce direct emissions while maintaining operational performance.

At IMI's China sites, the company complies with national carbon regulations by installing waste gas treatment equipment, which further purifies air emissions before release.

In Mexico, IMI has implemented a range of energy efficiency measures aimed at lowering operational emissions and optimizing resource use, including:

- Detection and repair of compressed air leaks to prevent energy loss in critical systems
- Targeted deactivation of high-energy chillers, where operationally feasible, to further support decarbonization

Decarbonization Strategy



SCOPE 2 DECARBONIZATION STRATEGY

With respect to Scope 2 emissions, IMI tracks and reports performance using both location-based and market-based approaches, applying emission factors from authoritative national databases. Based on the findings from benchmark analyses, IMI has developed a strategy that prioritizes the procurement of clean energy over onsite generation, leveraging Power Purchase Agreements (PPAs) to decouple growth from carbon emissions.

Key mitigation measures deployed in 2025 include:

- **Renewable Energy Procurement:** IMI scaled its renewable adoption in Serbia and Bulgaria (100%), China (11% actual; 100% target for 2026), and the Philippines (10%).
- **Energy Optimization:** In regions where green tariffs are emerging, such as Mexico, IMI focuses on reducing energy intensity. Initiatives include transitioning to low-capacity compressors, optimizing chiller systems, and enforcing strict shutdown protocols for non-operational equipment.

Scope 2 Decarbonization Strategy



SCOPE 2 (TCO ₂ E)				
IMI SITES		2025	2024	2023
Philippines	Market-based	26,473	25,537	28,310
	Location-based	29,346	28,287	28,310
China	Market-based	9,469	13,780	18,530
	Location-based	9,974	13,780	18,530
Bulgaria	Market-based	0	6,907	8,660
	Location-based	4,330	7,834	6,831
Serbia	Market-based	0	-	-
	Location-based	3,172	3,021	2,354
Mexico	Market-based	6,325	6,901	8,180
	Location-based	6,325	6,901	8,180
Singapore	Market-based	50	62	97
	Location-based	50	62	97
Total Scope 2	Market-based	42,316	53,188	63,777
	Location-based	53,195	59,885	64,302

Renewable electricity purchases, accounting for 28% of total electricity consumption, in 2025 were treated as zero emissions under the market-based method, in accordance with GHG Protocol requirements. The emission factors applied, together with the corresponding IPCC Assessment Report versions, are fully documented in the internal reference file and appropriately cited in the sustainability report.

ELECTRICITY CONSUMPTION IN MILLION KWH

IMI Sites		2025	2024	2023
Philippines	Grid	34,211	36,571	39,873
	Renewable	3,713	3,937	4,430
China	Grid	16,801	23,286	30,258
	Renewable	895	0	0
Bulgaria	Grid	0	16,396	16,652
	Renewable	16,506	0	0
Serbia	Grid	0	0	0
	Renewable	4,621	3,935	0
Mexico	Grid	14,440	15,756	18,675
	Renewable	0	0	0
Singapore	Grid	124	151	231
	Renewable	0	0	0
Total	Grid	65,576	100,032	110,119
	Renewable	25,735	7,872	4,430
	Renewable share	28%	8%	4%

Scope 3 Reporting Framework

To address indirect value chain emissions, IMI formally adopted 2021 as the baseline year for its Scope 3 emissions, specifically focusing on Category 1: Purchased Goods and Services.

Following a rigorous data validation process, selecting 2021 as the baseline accounts for post-pandemic operational normalization, providing a credible starting point for decarbonization targets. Spend-based calculation method was employed, which maps out procurement expenditure to environmentally extended input-output (EEIO) factors, enabling the identification and prioritization of carbon hotspots within the global supply chain.

In developing the 2025 Scope 3 GHG inventory, IMI began with research and benchmarking to establish a solid methodical foundation aligned with GHG Protocol Corporate Value Chain Standard. Primary, activity-based data informed the majority of Scope 3 categories, including fuel and energy-related activities; upstream and downstream transportation and distribution; waste generated in operations; employee commuting (based on actual carpool fuel consumption); upstream leased assets; processing of sold products; use of sold products; and end-of-life treatment of sold products.

This methodology draws on measurable operational inputs, such as product weights and quantities, transport distances, energy consumption, and waste volumes, to derive more accurate emissions estimates. The only exceptions within the current inventory were Category 01: Purchased Goods and Services and Category 06: Business Travel, where supplier-level primary data is limited. For these categories, IMI applied a spend-based approach using environmentally extended input-output (EEIO) emission factors to estimate impacts from procurement and travel-related expenditures. By combining high-quality activity data with spend-based estimates where necessary, IMI delivers a comprehensive and credible disclosure of its Scope 3 emissions, while continuing to strengthen supplier engagement and improve data quality in future reporting cycles.

GHG Emission	2025	2024	2023
Total Scope 3	766.5	663.6	2,176.2
Cat 01 - Purchased goods and services	408.4	352.4	1,169.7
Cat 02 - Capital goods	0.1	0.2	0.5
Cat 03 - Fuel- & energy-related activities	13.3	15.5	53.8
Cat 04 - Upstream transportation & distribution	17.1	43.9	25.7
Cat 05 - Waste generated in operations	1.3	0.5	0.8
Cat 06 - Business travel	1.3	1.2	4.0
Cat 07 - Employee commuting	4.3	11.7	13.7
Cat 09 - Downstream transportation & distribution	5.0	44.3	22.4
Cat 10 - Processing of sold products	1.5	5.2	11.3
Cat 11 - Use of sold products	314.0	188.5	867.9
Cat 12 - End of life treatment of sold products	0.1	0.1	6.4

SUSTAINABLE COMMUTING AND FLEXIBLE WORK

As a global company with employees in multiple locations, IMI adopts hybrid and remote strategies that support productivity, employee well-being, and reduce environmental impact. Sustainable commuting practices and flexible work arrangements form a key component of these strategies, helping minimize travel-related emissions and promote a more efficient and resilient workplace. Examples include the expansion of electric vehicle (EV) infrastructure, the implementation of hybrid and remote work arrangements where operationally feasible, and the provision of localized housing programs. These initiatives support the company's long-term decarbonization pathway and contribute to reduced Scope 3 emissions while improving employee accessibility and mobility across all regions.

To ensure robust and reliable emissions reporting, IMI includes only fuel consumption from company-authorized leased transport services. Since these vehicles are used for employee commuting, the related emissions are classified under Scope 3, Category 7, consistent with applicable GHG accounting standards. By grounding its emissions reporting in fuel-based activity data rather than approximations from commuting distance or employee travel behavior, IMI prevents double counting and improves the accuracy of the company's commuting-related carbon footprint.

Site initiatives:

IMI Philippines

- Company-sponsored shuttle services and organized carpooling programs help reduce private vehicle use, emissions, and traffic congestion.
- While EV adoption remains limited, the site continues to explore alternative low-carbon transport solutions.
- Remote and hybrid work arrangements are implemented where feasible, providing practical and environmentally responsible commuting alternatives.

IMI China

- Sustainable mobility is promoted through the use of electric shuttle buses and structured carpooling programs.
- EV charging infrastructure has been expanded to support electric bicycles and EVs.
- Safety awareness initiatives, including helmet reminders for e-bike users, reinforce responsible mobility practices.
- Onsite dormitories and nearby rental housing enable short, low-impact commutes by walking or cycling.
- Shared bicycle stations and complimentary e-bike charging further enhance accessibility and low-emission travel.

IMI Bulgaria

- Shared transportation services from regional hubs support low-emission commuting options.
- Bike-to-work initiatives, complemented by secure parking and shower facilities, encourage active and healthy lifestyles.
- A robust remote work infrastructure enables secure and productive collaboration while reducing commuting-related emissions.

IMI Serbia

- Remote work options for eligible employees help lower commuting emissions and support sustainability objectives, while enhancing flexibility, work-life balance, and employee satisfaction.
- Participation rates and impacts on performance and sustainability outcomes are continuously monitored.

IMI Mexico

- A structured carpool program offers fuel incentives and preferential parking.
- Home office arrangements for administrative roles are supported by digital time-tracking systems for transparency and accountability.
- The installation of its first hybrid vehicle charger supports the adoption of clean technologies and green mobility.

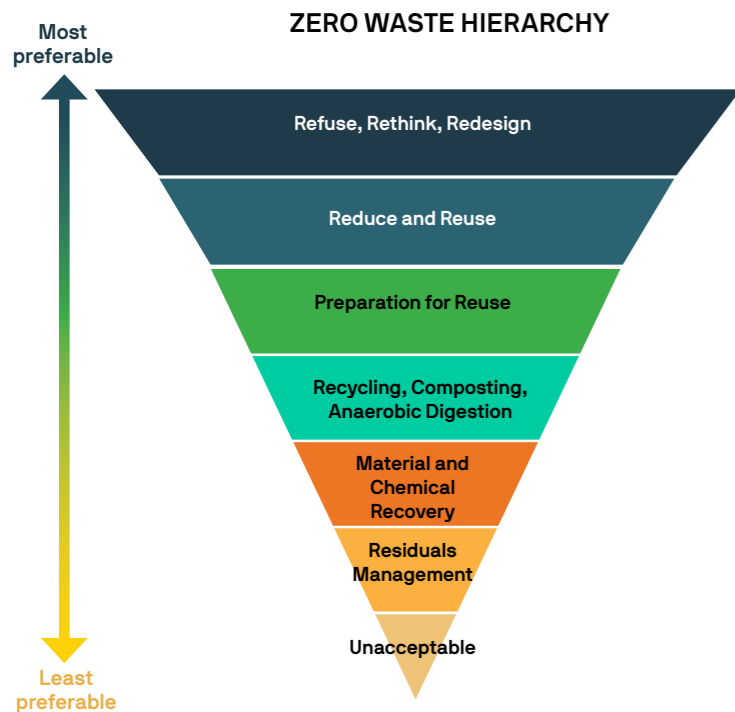


WASTE MANAGEMENT

Another key element of IMI's responsible business practices on the environment is waste management. As a global electronics manufacturing services provider, IMI generates various waste streams arising from manufacturing, testing, and support activities. Effective management of these materials is essential to minimizing environmental impact, maintaining regulatory compliance, and supporting sustainable operations across IMI's global footprint.

Central to IMI's waste management approach is a strong focus on waste reduction, resource efficiency, and responsible disposal. This approach emphasizes the prevention and minimization of waste at its source through process optimization, material efficiency initiatives, and continuous improvement in manufacturing practices. Where waste generation is unavoidable, IMI focuses on maximizing reuse, recycling, and recovery, while ensuring that residual and hazardous wastes are handled, transported, and disposed of safely and in full compliance with applicable regulations.

Additionally, site-level waste management programs are carried out throughout its operations in alignment with local regulatory requirements and the company's environmental standards. These programs are reinforced through employee awareness initiatives, supplier and contractor engagement, and regular monitoring of waste generation and diversion performance. Through consistent data tracking and performance reviews, IMI identifies opportunities to improve waste segregation, increase diversion from disposal, and further reduce environmental and operational risks.



HAZARDOUS (*000 KG)

IMI Sites	2025	2024	2023
Philippines	170	192	253
China	29	51	46
Bulgaria	87	82	87
Serbia	18	65	63
Mexico	50	39	49
TOTAL	354	429	498

NON-HAZARDOUS RECYCLED (*000 KG)

IMI Sites	2025	2024	2023
Philippines	662	581	762
China	37	60	58
Bulgaria	417	497	392
Serbia	190	120	97
Mexico	497	524	751
TOTAL	1,803	1,782	2,060

NON-HAZARDOUS RESIDUAL (*000 KG)

IMI Sites	2025	2024	2023
Philippines	266	166	228
China	37	37	37
Bulgaria	0	0	0
Serbia	0	0	0
Mexico	115	137	146
TOTAL	418	340	411



WATER MANAGEMENT

Water is an essential resource for both IMI's manufacturing activities and the communities in which it operates. Effective water management is therefore critical to ensuring operational reliability, regulatory compliance, and responsible environmental stewardship.

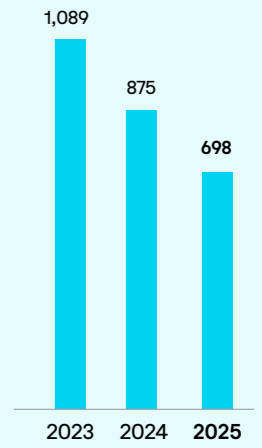
IMI's program and practices in this area underscore its focus on improving water efficiency, promoting responsible sourcing, and ensuring effective wastewater management through process optimization, use of water-efficient technologies, and strict compliance with applicable discharge standards. In addition, regular monitoring and site-level accountability support continuous improvement and proactive risk management. Through these efforts, IMI seeks to reduce its water footprint, mitigate water-related risks, and contribute to the sustainable management of shared water resources.

WATER WITHDRAWN (in '000 M3)

Reduction in water withdrawn

36%

From 1,089,000 m³ in 2023 to 698,000 m³ in 2025



WATER WITHDRAWN (IN *000 M3)

IMI Sites	2025	2024	2023
Philippines	570	730	918
China	42	66	95
Bulgaria	46	47	45
Serbia	17	13	13
Mexico	23	19	18
TOTAL	698	875	1,089

We empower our people through **inclusive and sustainable practices.**

Creating a workplace where people can thrive is fundamental to our approach to social sustainability. At IMI, we value every individual—regardless of gender, age, ethnicity, religion, disability, or background—and are committed to providing equal access to opportunities for employment and career growth.

Our hiring and employment practices are guided by fair and transparent criteria, ensuring that everyone is treated with respect and dignity. We strive to maintain a workplace free from discrimination, harassment, and inequality, while upholding labor standards that protect the rights, safety, and well-being of our team.

Across our global operations, we invest in programs and policies that support well-being, inclusion, and professional development. Through structured training, leadership development tracks, and internal mobility opportunities, we can grow and build meaningful careers within IMI. Our culture of learning and collaboration helps us stay engaged, empowered, and ready to innovate.

By continuously reviewing and improving our policies and practices, we ensure alignment with internationally recognized standards on equal opportunity and inclusive employment.

HUMAN CAPITAL

TOTAL WORKFORCE

REGION	ASIA	EUROPE	NORTH AMERICA	TOTAL
2025	60%	27%	14%	8,544
2024	61%	26%	12%	10,368
2023	63%	23%	14%	12,659

Total Workforce

8,544

Gender Diversity

64%

female

GENDER DIVERSITY IN MANAGEMENT COMMITTEE

	MALE	FEMALE	TOTAL
2025	7	3	10
2024	7	3	10
2023	5	4	9

GENDER DIVERSITY

	MALE	FEMALE
2025	36%	64%
2024	36%	64%
2023	37%	63%

HUMAN RIGHTS VIOLATIONS

2025	0
2024	0
2023	0

AGE DIVERSITY

	BELOW 30	30-50	ABOVE 50
2025	24%	63%	13%
2024	20%	64%	16%
2023	18%	64%	19%

VOLUNTARY TURNOVER RATES

2025	26%
2024	23.8%
2023	29.4%

HEALTH, SAFETY & ENVIRONMENTAL PERFORMANCE

In 2025, IMI continued to demonstrate its commitment to safe, healthy, and environmentally responsible operations across our global footprint. Every site maintained ISO 14001: Environmental Management System (EMS), reflecting our dedication to sustainable operations and adherence to international standards. At the same time, a third of our sites achieved ISO 45001: Occupational Health & Safety Management System (OHSMS) certification, showing our focus on creating workplaces where our people can thrive safely.

Over the year, we recorded a total of 14 non-disabling cases and six disabling recordable injuries, which resulted in 241 lost workdays. Compared to the previous year, this represents a 36% reduction in non-disabling cases, a 25% drop in disabling injuries, and a 15% decrease in lost workdays. Most importantly, we reported no fatalities or work-related illnesses across 17.5 million man-hours worked. These results reflect the effectiveness of our strengthened safety controls, proactive risk assessments, ongoing training programs, and the engagement of our employees in maintaining a safe work environment.

NON-DISABLING INJURIES

	ASIA	EUROPE	NORTH AMERICA	TOTAL
2025	11	3	0	14
2024	9	9	4	22
2023	13	4	3	20

DISABLING INJURIES

	ASIA	EUROPE	NORTH AMERICA	TOTAL
2025	2	0	4	6
2024	3	2	3	8
2023	2	1	3	6

FATALITIES

	ASIA	EUROPE	NORTH AMERICA	TOTAL
2025	0	0	0	0
2024	0	0	0	0
2023	1	0	0	1

SAFE MAN-HOURS (IN MILLION)

	ASIA	EUROPE	NORTH AMERICA	TOTAL
2025	11.05	4.22	2.22	17.5
2024	14.7	16.5	0.84	21.72
2023	18.26	6.02	5.43	29.72

Safe man-hours

17.5^M

The Safe Man-Hours reported are calculated using eight regular working hours per employee per day. Overtime hours are excluded due to challenges in consolidating overtime data and inconsistencies in overtime work rendered among personnel. Consequently, the reported Safe Man-Hours reflect standard working hours only and may not represent the total actual hours worked. Future enhancements may include automated timekeeping systems to capture overtime for more accurate reporting.

2025 Global IMI Engagement Survey

89

Retained sustainable engagement score
5 points higher than High Tech Manufacturing Norm
7 points higher than High Tech Manufacturing norm

*survey powered by Willis Towers Watsons in collaboration with the Ayala Group

97%

Response rate
1,872 responses

90

Sustainable engagement score of supervisors, engineers, and managers

Technicians & Group Leaders both scored 88 while Operators scored 85 for sustainable engagement

4

Increase in retention score which means more people shared they want to stay with IMI

I understand how the work I do contributes to the achievement of the organization's goals and objectives.

97% agreed with the statement

WE NEED TO FOCUS ON:



Strengthening trust and confidence in the decisions made by our leadership



Developing people to their full potential



Providing avenues for people to embrace and practice our core values

LET'S CELEBRATE



The training we received prepared us for the work we do

We are empowered to make the decisions to do our jobs well



Our immediate supervisors give regular feedback on our performance

CAREER DEVELOPMENT

As a leader, schedule one-on-one meetings with your employees to learn about their personal interests and aspirations. Discuss and agree on their priorities.

And for everyone, own your development by stepping up and looking for ways to learn and grow in the organization.

GREAT JOB TO OUR SITES!

Highest sustainable engagement:

93 Philippines
92 China
90 Bulgaria

Retained sustainable engagement:

84 Mexico

Improved sustainable engagement:

82 Serbia

EMPOWERING GROWTH THROUGH LEARNING & DEVELOPMENT INITIATIVES

Through learning and development (L&D), we are determined to nurturing professional growth to help employees develop their capabilities and thrive in their careers. To support this, we have broadened our focus to strategic initiatives that elevate performance across the organization in addition to our core offerings such as New Hire Orientation Programs, monthly IMI University training sessions, and coordination of external learning opportunities. These initiatives target leadership effectiveness, technical capabilities, and behavioral and operational excellence across the company.

A key example is our LinkedIn Learning initiative, which gives employees personalized, on-demand learning paths aligned with their career and development goals. In this initiative, global leaders completed competency assessments, while selected employees focused on bridging competency gaps. In 2025, we expanded this program across our sites, engaging 500 active users who now benefit from continuous, self-paced learning opportunities that support professional growth and capability building.

Learning and Development Across IMI Sites

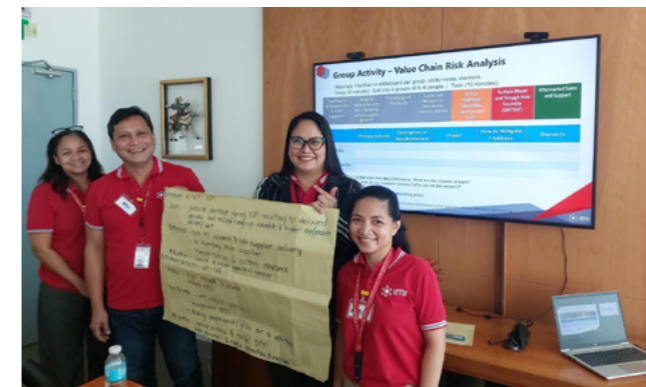
At IMI Philippines, we implemented a series of capability-building programs. The Clerkship Program enhanced role readiness through structured rotations and mentorship, fostering cross-functional collaboration and inclusivity. Business Acumen and EDGE Training equipped operations leaders with strategic and behavioral competencies, promoting purpose-driven leadership and resilience in dynamic environments. Technical upskilling initiatives for engineers and technicians improved process proficiency, supporting operational efficiency and continuous improvement. Academe-linked programs strengthened engineering competencies in cleanroom protocols, contamination control, and LiDAR technology, driving innovation and product quality. Additional initiatives, including Production Planning and Control Training and Project Management Refresher, advanced our governance, risk management, and execution standards. Collectively, these programs contribute to long-term organizational competitiveness, employee empowerment, and sustainable value creation.

At IMI China, we rolled out targeted L&D programs, covering onboarding, technical skills, leadership, and compliance. We continued to build internal expertise through Subject Matter Expert (SME) certification program, certifying five new SMEs during the year. In partnership with SGS, we also trained 34 employees on ISO 14971:2019, the international risk management standard in medical devices.

Other initiatives included digital tools such as paperless examination systems, which enhanced training platforms, improved efficiency, record management, and learning outcomes. In addition, we upgraded training content to video formats to boost engagement and retention. Specialized certifications, including VDA 6.3, ESD, and IPC series, were delivered through internal transfer training, maximizing knowledge sharing and return on investment.

TRAINING HOURS

	ASIA	EUROPE	NORTH AMERICA	TOTAL
2025	87%	9%	4%	494K
2024	86%	10%	4%	603K
2023	85%	11%	4%	629K



Training hours

494^K

At IMI Bulgaria, we implemented flexible work arrangements, including home office policies for indirect labor roles, remote options for Sales and Global teams, and flexible start times for employees with family responsibilities to better support work-life balance.

As part of our career development efforts, we announce all job openings internally and externally, creating clear pathways for growth. Many employees have progressed from entry-level roles such as interns, machine operators, or supply chain staff to leadership positions, now serving as operations heads, project managers, and unit managers. These examples for career progression reflect IMI's strong culture of internal promotion and talent recognition.

To support continuous learning, we offer targeted training programs, such as ESD Coordinator certification (recertification in 2025), automation in PLC programming, robotics, system

integration, and specialized courses like Production Robotization Level I. Digital platforms, including IMI University and LinkedIn Learning, provide scalable, personalized development opportunities.

As part of mandatory onboarding, we provide training in ISO 27001, Occupational Health and Safety, IATF 16949, and IMI Bulgaria's Quality Policy—ensuring every employee starts with a clear understanding of our global standards.

At IMI Serbia, we marked a significant milestone in leadership development with the launch of our "First-Time Manager" program. Designed to cover core leadership essentials through interactive and practical learning sessions, the program received highly positive feedback and is expected to strengthen our leadership pipeline, supporting long-term organizational growth and capability building.

At IMI Mexico, we remain focused on strengthening internal capabilities through digital learning, expert-led training, and employee engagement initiatives. Our in-house IMI U online platform provides employees with centralized access to training courses, certifications, evaluations, and professional development resources.

Through our Subject Matter Expert program, we identify and empower experienced employees to design and deliver internal training, fostering knowledge sharing and leadership development. Team building activities further strengthen collaboration, accountability, and a strong sense of community across departments.

Career progression at IMI Mexico illustrates the impact of our learning and development initiatives. For example, two career journeys show how opportunities for growth can transform potential into leadership. Starting from entry-level positions, these individuals



pursued continuous development through cross-functional assignments and certifications, eventually taking on strategic responsibilities. These experiences reflect our commitment to nurturing internal talent, promoting professional growth, and driving organizational excellence as part of our sustainability vision.

Health and Safety Training: Building a Safer, Sustainable Workplace

At IMI, we prioritize the well-being of our people and the safety of our operations. IMI University regularly offers EHS courses that are included in the monthly calendar released to ensure accessibility and proper scheduling for all participants. These programs equip our workforce with the knowledge and skills to maintain safe practices, prevent workplace incidents, and meet global standards.

We also partner with trusted external organizations, including the Philippine Red Cross, to deliver specialized training such as Standard First Aid and Basic Life Support. The curriculum covers critical areas including Personal Protective Equipment (PPE), Forklift Safety, Radiation Safety, Emergency Preparedness and Response, Chemical Safety and Spill Management, Ergonomics, Electro-Mechanical Safety, and Legal Compliance for Controlled Chemicals.

By investing in health and safety education, we safeguard our employees while strengthening trust with customers, investors, and sustainability partners. These initiatives demonstrate proactive risk management and resilience, aligned with international ESG frameworks and reporting standards.

OHS TRAINING COURSES	TOTAL (HRS)
Online safety training	15,480
Emergency preparedness and response	2,615
Occupational Health & Safety	2,840
Management of Hazardous Chemicals	2,233
Personal Protective Equipment	1,392
Safety Rotation Training	637
Equipment safety training	4,928
Radiation safety	530
Factory Power Outage	207
Electro-mechanical safety	564
TOTAL	31,431

Looking Ahead

In 2026, we will broaden our L&D portfolio by introducing data-driven and digital learning solutions, expanding leadership programs for emerging leaders and high-potential employees, and strengthening technical competencies through certification-based programs. We will also enhance Health and Safety training to ensure employees are equipped to maintain a safe, compliant, and sustainable work environment. All initiatives will remain aligned with organizational strategy and evolving workforce needs.

We remain committed to delivering meaningful, accessible, and future-ready learning experiences. By investing in people—their skills, safety, and well-being—we invest in IMI's success, building a stronger, more capable, and growth-driven organization.

We celebrate proud moments that **inspire the future.**

At IMI, every achievement reflects the dedication, passion, and excellence of our people. These proud moments are more than milestones—they are a testament to our commitment to innovation, quality, and collaboration. Each recognition we receive reinforces our drive to go further, inspiring us to shape a future full of possibilities.

From individual accomplishments to team successes, these awards celebrate the spirit that defines us and the values that guide our journey. Together, we turn success into inspiration, setting the stage for even greater achievements ahead.



▲ IMI Philippines received Top 1 Best Corporate Social Responsibility Award and Top 3 Most Outstanding Taxpayer for Other Local Taxes at the 2025 Biñan's City of Life Awards.



▲ IMI Bulgaria received the Investment with Low Carbon Footprint Award from the country's Ministry of Innovation and Growth.



▲ CFO Robert Heese received the 4 Golden Arrows Award presented by the Institute of Corporate Directors at the 2025 Golden Arrow Awards.



▲ IMI Global Head of Investor Relations and Business Development Finance, Brian Jalijali, accepted the Gold Award for Best Managed Technology Company at FinanceAsia's 29th Asia Awards.



▲ On the occasion of the 104th anniversary of the National Employment Service, IMI Nis Serbia received an award for exceptional cooperation in the field of employment.



▲ IMI Jiaxing (China) was recognized with the Outstanding Enterprise Award and the Outstanding Enterprise Manager Award (Joey Bantatua, general manager of IMI China), presented by the Jiaxing Economic Development Zone government—distinguishing the company as one of the Top 20 out of 2,000 enterprises in the city.

IMI's materiality framework drives sustainable value by **focusing on environmental impact, human capital, and responsible, innovation-led governance.**

INDUSTRY-SPECIFIC SUSTAINABILITY ACCOUNTING STANDARDS (2025 UPDATE)

IMI continues to align its sustainability reporting with the Sustainability Accounting Standards Board (SASB) framework to ensure focused, comparable, and investor-relevant disclosures on the most material ESG factors affecting the electronics manufacturing sector. SASB's industry-specific approach remains valuable because companies within the same sector typically share similar operational models, resource dependencies, and sustainability challenges—making consistent reporting essential for stakeholders.

What SASB Standards Provide

Focus on Financially Material Issues—SASB highlights ESG topics with direct financial implications for each industry. For us, operating within the Electronic Manufacturing Services (EMS) and Original Design Manufacturing sector, these material issues continue to include:

- Resource and energy efficiency
- Supply chain sustainability and responsible sourcing
- Climate-related risk and operational resilience
- Product quality, reliability, and lifecycle impacts


These issues align with the company's strategic priorities as the company continues to optimize its global footprint, strengthen operational discipline, and enhance long-term resilience.

Investor Friendly, Comparable Data


In 2025, IMI further enhanced the consistency of its ESG metrics by providing quantitative, industry-specific data aligned with SASB requirements. This supports investor decision-making, improves comparability with EMS peers, and strengthens transparency across our value chain.

Streamlined and Efficient Reporting


By focusing on industry-relevant issues, SASB allows IMI to streamline its sustainability reporting while highlighting the information most critical to financial stakeholders. This helps maintain clarity and relevance in the company's disclosures.



ENVIRONMENT




SOCIAL



GOVERNANCE

ENVIRONMENT	LABOR	HEALTH AND SAFETY	ETHICS	MANAGEMENT SYSTEMS
<p>Protect the environment</p> <ul style="list-style-type: none"> • Environmental Permits and Reporting • Pollution Prevention and Resource Reduction • Hazardous Substances • Waste and Solid Waste • Air Emissions • Product Content Restrictions • Water Management • Energy Consumption and Greenhouse Gas Emission Energy 	<p>Treat employees with dignity and respect</p> <ul style="list-style-type: none"> • Freely Chosen Employment • Child Labor Avoidance • Working Hours • Wages and Benefits • Humane Treatment • Non-Discrimination • Freedom of Association 	<p>Maintain a safe and healthy work environment</p> <ul style="list-style-type: none"> • Occupational Safety • Emergency Preparedness • Occupational Injury and Illness • Industrial Hygiene • Physically Demanding Work • Machine Safeguarding • Sanitation, Food and Housing • Health and Safety Communication 	<p>Uphold the highest standards</p> <ul style="list-style-type: none"> • Business Integrity RBA Requirements • No Improper Advantage • Disclosure of Information • Intellectual Property • Fair Business, Advertising and Competition • Protection of Identity and Retaliation • Responsible Sourcing of Minerals • Privacy • Insider Trading 	<p>Ensure compliance to RBA standards and the four pillars</p> <ul style="list-style-type: none"> • Company Commitment • Management Accountability and Responsibility • Legal Customer Requirements • Risk Assessment and Risk Management • Improvement Objectives • Training • Communication • Worker Feedback and Participation • Audits and Assessment • Corrective Action Process • Documentation and Records • Supplier Communication • Collaboration with Government & Academe



IMI CODE OF CONDUCT & SUSTAINABILITY FRAMEWORK

The IMI Code of Conduct and Sustainability Framework serves as the cornerstone of our commitment to Environmental, Social, and Governance (ESG) principles for our stakeholders. We leverage the Responsible Business Alliance (RBA) Code of Conduct as a guiding force, focusing on its four core pillars: Labor, Ethics, Health and Safety, and Environment, all under one Management System. By adhering to these principles, we ensure responsible and sustainable business practices throughout our operations and supply chain.

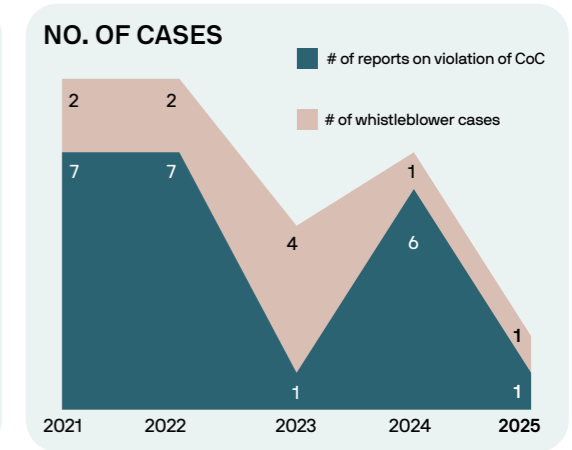
Two (2) violations to the IMI Code of Conduct (COC) cases were reported from IMI CN and BG through different reporting channels: one (1) e-mail, and one (1) during management review; both cases were resolved

Improvement actions implemented, where applicable.

DATA PRIVACY AND SECURITY INCIDENTS	
2025	47
2024	88
2023	57

*No actual data breach or high-risk cybersecurity incident

REPORTABLE INCIDENTS AS OF 2025



	LOSS EXPOSURE (USD)	TOTAL NUMBER OF CASES	TOTAL WHISTLEBLOWER CASES	# OF REPORTS ON VIOLATIONS OF COC
2021	\$504	9	2	7
2022	\$73,793	9	2	7
2023	\$1,962	5	4	1
2024	\$134,605	7	1	6
2025	\$114,000	2	1	1



How IMI Applies SASB (2025)

IMI continues to use the SASB standard for the Electronic Manufacturing Services & Original Design Manufacturing industry (SICS™ #TC0101) to guide its reporting of material ESG topics. In 2025, IMI expanded its SASB-aligned disclosures through:

- Improved tracking of energy intensity and emissions reduction;
- Expanded reporting on supplier sustainability and compliance audits;
- Strengthened climate risk integration into operational planning; and
- Enhanced consistency of sustainability data across all global sites.

IMI also maintained active stakeholder engagement with investors, customers, regulators, and employees to ensure its reporting reflects evolving ESG expectations and aligns with IMI's operational transformation efforts.

Integration with the GRI Standards

In addition to SASB, IMI also adopts the Global Reporting Initiative (GRI) Standards to provide a broader and more complete picture of material topics and disclosures. While SASB focuses on financially material ESG issues relevant to investors, GRI emphasizes a wider set of impacts on the environment, workforce, communities, and society.

Using both frameworks together allows IMI to:

- Address financial materiality (SASB) and impact materiality (GRI);
- Provide a balanced representation of IMI's sustainability performance;
- Meet the expectations of a wider stakeholder base, including customers, regulators, communities, and employees; and
- Strengthen the quality, completeness, and credibility of its disclosures.

This dual framework approach supports the company's commitment to transparent, globally aligned ESG reporting.

Compatibility with Other Frameworks

SASB and GRI also complement IMI's alignment with other sustainability and reporting frameworks, including the Task Force on Climate-Related Financial Disclosures (TCFD) and the International Integrated Reporting Council (IIRC) principles. By integrating multiple frameworks, IMI delivers a comprehensive view of its sustainability performance, long-term value creation, and risk management approach.



Carbon Disclosure Project

In 2025, IMI filed for CDP receiving a score of C Awareness Level, an improvement from 2024's score of C-.

UN Sustainable Development Goals

IMI Focused SDGs

- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE**: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
 - Saving Lives
 - Improving Lives
 - Conserve Energy
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION**: Ensure sustainable consumption and production patterns
 - Reduce
 - Reuse
 - Recycle

IMI Supported SDGs

- 3 GOOD HEALTH AND WELL-BEING
- 4 QUALITY EDUCATION
- 5 GENDER EQUALITY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 17 PARTNERSHIPS FOR THE GOALS

SASB Index – Sustainability Issues and Topics For EMS Manufacturing

MATERIAL TOPICS	ACCOUNTING METRICS	GRI	SDGs	PAGE NUMBER (S)
ENVIRONMENT	<ul style="list-style-type: none"> • GHG Emissions • Air Quality • Energy Management • Water Management • Waste & Hazardous Materials • Ecological Impact 	302, 303, 305, 306		66-73
HUMAN CAPITAL	<ul style="list-style-type: none"> • Labor Practices • Employee Health & Safety • Employee Engagement, Diversity & Inclusion 	401, 402, 403, 404, 405, 406, 407, 408, 409		74-81
BUSINESS MODEL AND INNOVATION	<ul style="list-style-type: none"> • Product Design & Life Cycle Management • Business Model Resilience • Supply Chain Management • Materials & Resource Efficiency • Physical Impact of Climate Change 	301, 307, 308, 414		4-81
LEADERSHIP AND GOVERNANCE	<ul style="list-style-type: none"> • Business Ethics • Competitive Behavior • Management of Legal & Regulatory Requirements • Critical Incident Risk Management • Systemic Risk Management 	202, 203, 204, 205, 206, 207, 307, 308		4-62

We integrate corporate social responsibility into our business strategy to create meaningful long-term value for our people, our communities, and the environment.

Anchored on its purpose to save lives, conserve energy, and improve quality of life, our CSR initiatives support inclusive growth while advancing global sustainability objectives:

Community & Social Impact: Volunteer-led CSR programs support community welfare and development, particularly in host communities in the Philippines; IMI Philippines was recognized at the City of Life Awards 2025 for its CSR contributions.

People & Culture: Employee volunteerism strengthens community partnerships while reinforcing IMI's core values of integrity, customer focus, excellence, and concern for others.

Environmental Stewardship: Ongoing initiatives focus on energy efficiency, emissions reduction, and responsible resource management, with a target to cut carbon footprint by 50% by 2030.

Governance & Ethics: Our CSR initiatives are anchored on strong governance and aligned with global sustainability standards, including GRI, SASB, and TCFD, ensuring transparency and accountability across operations.

Looking ahead, we remain firmly committed to strengthening our CSR programs as part of our integrated sustainability strategy—expanding positive social impact, supporting climate action, and contributing to shared prosperity for stakeholders globally.

HUMAN CAPITAL & CORPORATE SOCIAL RESPONSIBILITY

At the heart of IMI's sustainability journey is our commitment to our people and the communities we serve. Across all locations, we cultivate a workplace where employees feel valued, supported, and empowered. Through health and wellness initiatives, skills development, cultural activities, and community outreach, our programs foster a sense of belonging, strengthen collaboration, and ensure that our shared success leads to a positive and lasting impact.

Our global CSR efforts are deeply embedded in our ESG framework, reinforcing our dedication to human capital development, community resilience, and responsible citizenship. The following highlights showcase how the various IMI sites brought this commitment to life in 2025.

HUMAN CAPITAL: THE CORE OF IMI'S STRENGTH

In 2025, our teams across the Philippines, China, Bulgaria, Serbia, and Mexico turned celebrations into meaningful impact—combining year-end recognition with wellness programs, sports events, family-friendly initiatives, and community service. From classroom makeovers and tree planting to blood donations, humanitarian runs, and senior care visits, these festivities deepened connection, advanced health and inclusion, and strengthened trust with our communities—putting our people and purpose at the center of how we grow.

Ultimately, it is not just about what we accomplish—it is about celebrating the people who make IMI stronger every year.

Philippines: Empowering Communities and Nurturing Future Innovators
IMI Philippines continued to invest in community welfare, education, and environmental stewardship, among the highlights in 2025 include:

- **Brushing and healthy teeth program.** Free fluoride treatment and a dental seminar for parents benefited 200 children from Barangay Dela Paz, Biñan City.
- **Brigada Eskwela (San Antonio, Dela Paz).** Volunteers cleaned classrooms, donated books and supplies, repainted walls and chairs, and provided additional paint and cleaning materials.
- **Tree planting initiative, Cavinti, Laguna.** 300 fruit tree seedlings were planted to support reforestation and climate resilience.
- **Future Innovators visit.** Students from the Philippine Science High School toured the ATC Lab, inspiring interest in engineering and technology.



China: Strengthening Well-being and Community Engagement

IMI China fosters a safe, healthy, and inclusive work environment supported by:

- Annual health check-ups and access to basic medical services;
- Canteen services, sports clubs, and employee celebrations;
- Open forums encouraging transparency, feedback, and collaboration; and
- Assistance programs for employees facing personal or financial challenges.

CSR activities:

- River clean-up initiatives
- Park eco-awareness campaigns
- Blood donation drives
- Employee-led community outreach



These efforts build employee pride and reinforce IMI's role in supporting the broader community.

Bulgaria: Supporting Wellness, Skills, and Local Communities

IMI Bulgaria promotes well-being and work-life balance through:

- Annual medical check-ups and extended health insurance;
- On-site medical services;
- Interest-free loans and the IMI Privilege discount program; and
- Access to municipal sports facilities and local basketball games.

Employees also participated in the Botevgrad Run, Legion Run, and various multi-sport programs to foster fitness and camaraderie.

Community engagement highlights:

- Charity Cup – 2nd place (supporting The Invisible Children)
- Job fairs and national career days connecting IMI to diverse talent pipelines
- Youth-focused CSR programs supporting skill development and inclusion



Serbia: Advancing Health, Recognition, and Social Impact

IMI Serbia cultivates a balanced, supportive work environment through:

- Preventive health check-ups and wellness programs;
- The IMI Loyalty Program offers discounts for wellness, fitness, and healthcare;
- Flexible and remote work options to enhance work-life integration; and
- Employee appreciation and recognition initiatives.



Community and team engagement activities:

- Sfinga Business League (knowledge sharing and collaboration)
- "Relay with Heart" humanitarian run supporting children with cancer
- Business Run Niš 2025 with 29 employee participants
- Career days participation connecting students with career opportunities



Our global CSR efforts are deeply embedded in our ESG framework, reinforcing our dedication to human capital development, community resilience, and responsible citizenship.

Mexico: Advancing Health Access and Community Engagement

IMI Mexico enhances well-being through:

- Visual health campaign and dental health campaigns providing free exams and discounted services for employees and families; and
- Seasonal vaccination campaign ensuring workplace safety and disease prevention



Employee engagement programs:

- Race for health
- Bowling tournament
- Internal soccer tournament

CSR initiatives extended IMI's impact into the community through:

- Nursing home visits providing essential goods and companionship;
- Pet shelter donations and volunteering;
- Children's Day toy drive; and
- Christmas gift-giving for the elderly





Certificate No: C862895

INDEPENDENT ASSURANCE STATEMENT

Introduction

DNV AS Philippine Branch ('DNV'), has been commissioned by Integrated Micro-Electronics, Inc (Securities and Exchange Commission Identification Number: 94419, hereafter referred to as 'IMI' or 'the Company') to undertake an independent assurance of the Company's sustainability/non-financial disclosures in its Integrated Report covering the calendar year 2025 (hereafter referred as 'Report').

The disclosures have been prepared by IMI:

- in reference to requirements of Global Reporting Initiative (GRI) sustainability reporting standards 2021
- Integrated Reporting (<IR>) framework of the International Integrated Reporting Council (IIRC)
- Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard.

DNV has carried out assurance engagement in accordance with DNV's VeriSustain™ protocol, V6.0, which is based on our professional experience and international assurance practice, and the international standard in Assurance Engagements, ISAE 3000 (revised) - *Assurance Engagements other than Audits or Reviews of Historical Financial Information*. DNV's VeriSustain™ Protocol has been developed in accordance with the most widely accepted reporting and assurance standards. Apart from DNV's VeriSustain™ protocol, DNV team has also followed ISO 14064-3 - *Specification with guidance for the verification and validation of greenhouse gas statements*; to evaluate indicators wrt Greenhouse gases and water disclosures respectively.

The intended user of this assurance statement is the Management of Integrated Micro-Electronics, Inc. ('the Management').

We have not performed any work, and do not express any conclusion, on any other information that may be published outside of the Report and/or on Company's website for the current reporting period.

Responsibilities of the Management of IMI and of the Assurance Provider

The Management of IMI has the sole responsibility for the preparation of the Report and is responsible for all information disclosed in the Report. The company is responsible for maintaining processes and procedures for collecting, analyzing and reporting the information and ensuring the quality and consistency of the information presented in the Report. IMI is also responsible for ensuring the maintenance and integrity of its website and any referenced disclosures on their website. In performing this assurance work, DNV's responsibility is to the Management of the Company; however, this statement represents our independent opinion and is intended to inform the outcome of the assurance to the stakeholders of the Company.

Scope, Boundary and Limitations

The agreed scope of work included a limited level of assurance of the information on non-financial performance which were disclosed in the Report prepared by IMI based on GRI Topic-specific Standards for the identified material topics for the activities undertaken by the Company during the reporting period 01/01/2025 to 31/12/2025. The reported topic boundaries of non-financial performance are based on the internal and external materiality assessment covering Company's operations as brought out in the sections About the Report section of the report.

Boundary of the assessment covers the performance of IMI operations globally that fall under the direct operational control of the Company's Legal structure. Based on the agreed scope with the Company, the boundary of assurance covers IMI's manufacturing sites in Philippines, China, Bulgaria, Serbia and Mexico.

Inherent Limitation(s):

DNV's assurance engagements are based on the assumption that the data and information provided by the Company to us as part of our review have been provided in good faith, are true, and are free from material misstatements.

The assurance scope has the following limitations:

- The assurance engagement considers an uncertainty of ±5% based on materiality threshold for estimation/measurement errors and omissions.
- DNV has not been involved in evaluation or assessment of any financial data/performance of the company. DNV does not take any responsibility for the financial data reported in the Integrated report of the Company.
- The assessment is limited to data and information within the defined Reporting Period. Any data outside this period is not considered within the scope of assurance.
- Data outside the operations specified in the assurance boundary is excluded from the assurance, unless explicitly mentioned otherwise in this statement.
- The assurance does not cover the Company's statements that express opinions, claims, beliefs, aspirations, expectations, aims, or future intentions. Additionally, assertions related to Intellectual Property Rights and other competitive issues are beyond the scope of this assurance.
- The assessment does not include a review of the Company's strategy or other related linkages expressed in the Report. These aspects are not within the scope of the assurance engagement.



Page 2 of 4

- The assurance does not extend to mapping the Report with reporting frameworks other than those specifically mentioned. Any assessments or comparisons with frameworks beyond the specified ones are not considered in this engagement.
- Aspects of the Report that fall outside the mentioned scope and boundary are not subject to assurance. The assessment is limited to the defined parameters.
- The assurance engagement does not include a review of legal compliances. Compliance with legal requirements is not within the scope of this assurance, and the Company is responsible for ensuring adherence to relevant laws.

DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Independent Assurance Statement.

Assurance process

As part of the assurance process, a multi-disciplinary team of assurance specialists performed assurance work for selected sites of IMI. We adopted a risk-based approach, that is, we concentrated our assurance efforts on the issues of high material relevance to the Company's business and its key stakeholders. We carried out the following activities:

Limited Level of Assurance
Reviewed the disclosures in the report. Our focus included general disclosures, management processes, principle wise performance (essential indicators, and leadership indicators) and any other key metrics specified under the reporting framework.
Understanding the key systems, processes and controls for collecting, managing and reporting the non-financial disclosures in report.
Walk-through of key data sets. Understand and test, on a sample basis, the processes used to adhere to and evaluate adherence to the reporting principles.
Collect and evaluate documentary evidence and management representations supporting adherence to the reporting principles.
Interviews with the senior managers responsible for management of disclosures. We were free to choose interviewees and interviewed those with overall responsibility of monitoring, data collation and reporting the selected indicators.
DNV audit team conducted on-site audits for corporate offices and sites. Sample based assessment of site-specific data disclosures was carried out. We were free to choose sites for conducting our assessment.
Reviewed the process of reporting as defined in the assessment criteria.

Conclusion

On the basis of the Limited level of assessment undertaken, nothing has come to our attention to suggest that the disclosures are not fairly stated and are not prepared, in all material aspects, in accordance with the reporting criteria. Without affecting our assurance opinion, we provide the following observations against the principles of VeriSustain™:

Materiality

The process of determining the issues that are most relevant to an organization and its stakeholders.

The Report explains out the materiality assessment process carried out by the Company which has considered concerns of internal and external stakeholders, and inputs from peers and the industry, as well as issues of relevance in terms of impact for IMI's business. The list of topics has been prioritized, reviewed and validated by the company.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Materiality.

Stakeholder inclusiveness

The participation of stakeholders in developing and achieving an accountable and strategic response to Sustainability.

The Report brings out the stakeholders who have been identified as significant to IMI, as well as the modes of engagement established by the Company to interact with these stakeholder groups. The key topics of concern and needs of each stakeholder group which have been identified through these channels of engagement are further brought out in the Report.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Stakeholder Inclusiveness.

Responsiveness

The extent to which an organization responds to stakeholder issues.

The Report adequately brings out the Company's policies, strategies, management systems and governance mechanisms in place to respond to topics identified as material and significant concerns of key stakeholder groups.

Nothing has come to our attention to believe that the Report does not meet the requirements related to the Principle of Responsiveness.



Page 3 of 4

Reliability

The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.

The Report brings out the systems and processes that the Company has set in place to capture and report its performance related to identified material topics across its reporting boundary. The majority of information mapped with data verified through our assessments with IMI's management teams and process owners at the sampled site within the boundary of the Report were found to be fairly accurate and reliable. Some of the data inaccuracies identified in the report during the verification process were found to be attributable to transcription, interpretation, and aggregation errors. These data inaccuracies have been communicated for correction and the related disclosures were reviewed post correction.

Nothing has come to our attention to believe that the Report does not meet the principle of Reliability.

Completeness

How much of all the information that has been identified as material to the organization and its stakeholders is reported?

The Report brings out the Company's performance, strategies and approaches related to the environmental, social and governance issues that it has identified as material for its operational locations coming under the boundary of the report, for the chosen reporting period while applying and considering the requirements of Principle of Completeness.

Nothing has come to our attention to suggest that the Report does not meet the Principle of Completeness with respect to scope, boundary and time.

Neutrality

The extent to which a report provides a balanced account of an organization's performance, delivered in a neutral tone.

The Report brings out the disclosures related to IMI's performance during the reporting period in a neutral tone in terms of content and presentation, while considering the overall macroeconomic and industry environment.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Neutrality.

Statement of Competence and Independence

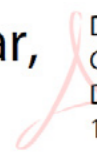
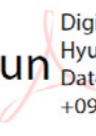
DNV applies its own management standards and compliance policies for quality control, which are based on the principles enclosed within ISO IEC 17029:2019 - Conformity assessment - General principles are requirements for validation and verification bodies and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We have complied with the DNV Code of Conduct¹ during the assurance engagement. DNV's established policies and procedures are designed to ensure that DNV, its personnel and, where applicable, others are subject to independence requirements (including personnel of other entities of DNV) and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement for internal use of IMI.

Purpose and Restriction on Distribution and Use

This assurance statement, including our conclusion has been prepared solely for the Company in accordance with the agreement between us. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Management of the Company for our work or this report.

For DNV AS Philippine Branch,

 Gangwar, Vishal Digitally signed by Gangwar, Vishal Date: 2026.04.06 11:16:41 +08'00'	 Kim, So Hyun Digitally signed by Kim, So Hyun Date: 2026.04.06 12:24:42 +09'00'
Vishal Gangwar Lead Verifier, Sustainability Services	Kim So Hyun Assurance Reviewer, Sustainability Services
Justine Repalam (Verifier) 06/04/2026	

DNV AS Philippine Branch is part of DNV, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. www.dnv.com

¹ DNV Corporate Governance & Code of Conduct - <https://www.dnv.com/about/in-brief/corporate-governance.html>



Page 4 of 4

Annex I

Verified disclosures

- GRI 2-7 Employees
- GRI 302: Energy 2016 - 302-1; 302-2
- GRI 303: Water and Effluents 2018 - 303-5
- GRI 305: Emissions 2016 - 305-1; 305-2; 305-3
- GRI 306: Waste 2020 - 306-4; 306-5
- GRI 401: Employment 2016 - 401-1; 401-2; 401-3
- GRI 403: Occupational Health and Safety 2018 - 403-1; 403-2; 403-3; 403-4; 403-5; 403-6; 403-7; 403-8; 403-9
- GRI 404: Training and Education 2016 - 404-1
- GRI 405: Diversity and Equal Opportunity 2016 - 405-1

Annex II

Sites selected for On-site audits

S.no	Site	Location
1.	IMI Philippines - Site 1	North Science Avenue, Laguna Technopark Special Export Processing Zone, Biñan 4024, Laguna

Strengthening our financial core.

96

Management's Discussion and Analysis

98

Statement of Management's Responsibility for Financial Statements

99

Report of the Audit, Risk, and Sustainability Committee to the Board of Directors

101

Independent Auditor's Report

105

Audited Financial Statements

2025 was a year of resilience and disciplined execution for IMI. We strengthened our financial footing, sharpened operational focus, and advanced capabilities across key industries despite a complex market.

With a more focused portfolio and renewed momentum, we move forward with confidence—poised to continue accelerating growth and innovation in the years ahead.

Management's Discussion and Analysis and Plan of Operations

Review of 2025 Performance

Revenues from Sales and Services

IMI reported total revenues of US\$996 million for 2025, with US\$911 million generated from its wholly owned core businesses. Overall sales declined by 9% compared to the previous year, primarily due to the weaker demand in the global automotive market. Meanwhile, VIA Optronics contributed US\$85 million in revenues for the year.

IMI continued to deepen its presence in automotive camera and lighting systems, areas where the company has long-standing expertise and a reputation for zero-defect manufacturing. Throughout 2025, IMI expanded engineering capabilities, enhanced process technologies, and strengthened collaboration with leading OEMs and Tier 1 suppliers.

In addition to the automotive industry, IMI further established itself in industrial markets, spanning security and access control, data center infrastructure, smart city technologies, sensors and control devices, tracking solutions, and medical equipment. The company also advanced its power module packaging business which serves semiconductor and power IC manufacturers as demand grows for higher-efficiency and higher-density power solutions.

Gross Profit and Gross Profit Margin

Despite weaker demand in the global automotive market, IMI delivered meaningful improvements in operational efficiency and cost structure. Reported gross margin increased to 9.8%, up from 7.9% in the previous year, while core gross margin improved from 7.3% to 9.6%.

Operating Income

IMI reported operating income of US\$31.3 million, a significant turnaround from an operating loss of US\$23.7 million in 2024. This improvement reflects stronger overall performance and the continued impact of the company's multi-year transformation program.

In 2025, IMI divested its Czech Republic facility and transitioned key customer programs to its larger, more competitive operations in Bulgaria and Serbia. In Shenzhen, the consolidation of the Kuichong site into the larger Pingshan facility enhanced IMI's operational footprint, improved facility utilization, and significantly reduced factory overhead costs. Previously underperforming programs returned to profitability, supported by improved overhead allocation and more disciplined execution.

Net Income

IMI closed the year with a consolidated group net income of US\$13.5 million, while core net income reached US\$20.3 million—marking a significant turnaround from losses in previous years.

EBITDA

Driven by significant improvements in cost structures across the group, EBITDA increased 59% year-on-year to US\$58.7 million, up from US\$36.9 million, with EBITDA margin strengthening to 5.9%. Meanwhile, core adjusted EBITDA rose 42% to US\$65.6 million from US\$46.2M in 2024.

Financial Condition

IMI generated US\$76.1 million in operating cash flow for the year, driven by improved earnings and tighter working capital management. This enabled the company to further reduce high-interest loans, bringing core net debt to US\$119.5 million from a peak of US\$269 million in 2023. The reduction in debt, along with the deconsolidation of VIA, has significantly strengthened the balance sheet, with gearing levels now well within the company's target range. Capital expenditure remained disciplined at US\$8.1 million, focused on enhancing machining and plastic injection capabilities across IMI sites.

IMI's balance sheet remains robust, with a current ratio of 1.32:1 and debt-to-equity ratio of 0.77:1.

Plan of Operation

The year 2025 reflects the continued realization of the Company's optimization program initiated in prior years. Following the successful divestment of non-core subsidiaries, the Company further sharpened its focus on its core strengths, enabling more disciplined resource allocation and stronger alignment of operations with its long-term strategic priorities. These actions allowed the organization to simplify its structure, enhance efficiency, and reinforce the foundations necessary for sustainable growth.

Operating conditions remained challenging, with evolving market dynamics and competitive pressures requiring careful and decisive management. Despite these headwinds, the Company maintained a strong focus on operational discipline, cost management, and execution of its strategic plans. As a result of these efforts, the Company sustained its recovery momentum and built on its return to profitability, demonstrating the effectiveness of the rationalization initiatives and the resilience of its core businesses.

This return to profitability marked an important turning point for the Company, demonstrating that the strategic measures undertaken in recent years are delivering tangible results. With a leaner organization, clearer direction, and stronger financial position, the Company is better equipped to navigate uncertainties while pursuing opportunities for growth.

Looking ahead to 2026, the Company will continue to build on the gains achieved through its optimization program by pursuing initiatives that strengthen its global footprint, enhance technological capabilities, and support long-term customer requirements. A key priority is the expansion of operations in Serbia, which will further strengthen the Company's European presence and position the organization to support future customer growth in the region. This expansion is expected to improve responsiveness, increase production flexibility, and reinforce the Company's role as a strategic manufacturing partner.

The Company also expects continued growth in safety-driven electronics demand, particularly in applications such as LiDAR, driver monitoring systems, and advanced camera technologies. These trends are accelerating demand for high-reliability manufacturing solutions, and the Company is well-positioned to leverage its engineering and manufacturing expertise to support next-generation automotive and industrial safety systems.

Advancements in connectivity are likewise expected to drive increasing requirements for industrial data centers, edge devices, and smart-city infrastructure. The Company plans to capitalize on these opportunities by supporting customers in the communications, industrial, and technology sectors that require complex, high-precision, and highly reliable electronic manufacturing services.

In addition, capability upgrades completed in 2025 in power modules, plastic injection, and precision machining are expected to enhance the Company's level of vertical integration. These improvements will allow the Company to deliver more comprehensive solutions, improve cost efficiency, and unlock new revenue streams across multiple end markets.

Through these initiatives, the Company aims to sustain its profitability, strengthen its competitive position, and continue delivering long-term value to shareholders and stakeholders, while maintaining disciplined execution and operational excellence.

Capital Expenditures

In 2025, IMI incurred capital expenditures of US\$8.1 million, lower than last year's US\$9.9 million, primarily for maintenance requirements, including the replacement and upgrade of existing equipment and facilities necessary to sustain current operations. The Company does not have any material capital expenditure commitments but expects to invest ~US\$27.6 million in 2026, including planned expansionary capital expenditures to be funded by internally generated cash.

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, 2025, 2024 and 2023, 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



LOUIS SYLVESTER HUGHES
President and Chief Executive Officer



ROBERT WILLIAM HEESE
Chief Finance Officer

Report of Audit, Risk, and Sustainability Committee to the Board of Directors

For the Year Ended 31 December 2025

The Board-approved Audit, Risk and Sustainability Committee Charter defines the duties and responsibilities of the Audit, Risk and Sustainability Committee. In accordance with the Charter, the Committee assists the Board of Directors in fulfilling its oversight responsibilities to the shareholders with respect to:

- Integrity of the Company's financial statements and the financial reporting process
- Appointment, remuneration, qualifications, independence and performance of the independent external auditors and the integrity of the audit process as a whole
- Effectiveness of the systems of internal control and the risk management process
- Performance and leadership of the internal audit function
- Compliance with applicable legal, regulatory, and corporate governance requirements
- Preparation of year-end report of the Committee for approval of the Board and to be included in the annual report.

In compliance with the Audit, Risk and Sustainability Committee Charter, we confirm that:

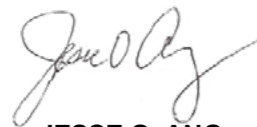
- All the Audit, Risk and Sustainability Committee members are non-executive directors, with majority being independent directors, including the Chairman.
- We had four (4) regular meetings and executive meetings with the internal auditors and independent auditors.
- We recommended for approval of the Board and endorsement to the shareholders the reappointment of E&Y/SGV & Co. as the Company's 2026 independent auditor and the related fees including appointment as 2026 integrated report auditor.
- We reviewed and approved the quarterly unaudited and the annual audited parent and consolidated financial statements of Integrated Micro-Electronics, Inc. and Subsidiaries ("IMI"), including the Management's Discussion and Analysis of Financial Condition and Results of Operations and the significant impact of new accounting standards, with management, internal auditors, and E&Y / SGV & Co. These activities were performed in the following context:
 - Management has the primary responsibility for the financial statements and the financial reporting process; and
 - E&Y / SGV & Co. is responsible for expressing an opinion on the conformity of the IMI's audited parent and consolidated financial statements with the Financial Reporting Standards;
- We approved the overall scope and the respective audit plans and revisions thereto, of the Company's internal auditors and E&Y/SGV & Co. We reviewed the adequacy of resources, the competencies of staff and the effectiveness of the auditors to execute the audit plans ensuring that resources are reasonably allocated to the areas of highest risks. We also discussed the results of their audits, their assessment of the Company's internal controls, and the overall quality of the financial reporting process including their management letter of comments.
- We reviewed the reports and updates of the internal and independent auditors ensuring that management is taking appropriate corrective actions in a timely manner, including addressing internal control and compliance issues. Based on the assurance provided by internal audit as well as E&Y / SGV & Co., as a result of their audit activities, the Committee assessed that the Company's systems of internal controls, risk management, and governance processes are adequate.
- We reviewed and discussed the adequacy of IMI's enterprise risk management process, including the nature of significant risk exposures, and the related risk mitigation efforts and initiatives. This activity was reviewed in the context that Management is primarily responsible for the risk management process.
- We reviewed the Company's sustainability programs and initiatives, and assessed the adequacy of its process.

Independent Auditor's Report For the Year Ended 31 December 2025

- We reviewed and approved all audit, audit-related and non-audit services provided by E&Y/SGV & Co. to IMI and the related fees. We also assessed the compatibility of non-audit services to ensure it will not impair the auditor's independence.
- We reviewed the Audit, Risk and Sustainability Committee Charter, Internal Audit Charter and Audit and Non-Audit Services Policy, to ensure that these remains relevant and aligned with regulatory requirements.
- We evaluated the performance of the Chief Audit Executive and the effectiveness of the internal audit function, including compliance with the Global Internal Audit Standards; and
- We conducted an annual assessment of our performance in accordance with the Securities and Exchange Commission guidelines and confirmed that the Committee had satisfactorily performed its responsibilities based on the requirements of its Charter.

Based on the reviews and discussions undertaken, and subject to the limitations on our roles and responsibilities referred to above, the Audit, Risk and Sustainability Committee recommends to the Board of Directors that the audited financial statements be included in the Annual Report for the year ended December 31, 2025, for filing with the Securities and Exchange Commission and the Philippine Stock Exchange. We are also recommending the re-appointment of E&Y/SGV & Co. as IMI's 2026 independent auditors and the related audit fee based on their performance and qualifications.

05 March 2026



JESSE O. ANG
Chairman



RAFAEL C. ROMUALDEZ
Member



HIROSHI NISHIMURA
Member

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

Opinion

We have audited the consolidated financial statements of Integrated Micro-Electronics, Inc. and its subsidiaries (the Group), which comprise the consolidated balance sheets as at December 31, 2025 and 2024, 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, 2025, 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 consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2025 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, 2025, the Group's goodwill attributable to the following cash-generating units (CGUs): Integrated Micro-Electronics, Inc. and Speedy-Tech Electronics, Ltd., amounted to \$38.67 million, which is considered significant to the consolidated financial statements. In addition, management's assessment process requires significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty due to the current economic conditions, specifically revenue growth rate, gross margin and discount rate.

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

Audit response

We obtained an understanding of the Group's impairment assessment process and the related controls. We involved our internal specialist in evaluating the reasonableness of the discount rate. We tested the parameters used in the determination of the discount rate against market data. We compared the key assumptions used such as revenue growth rate, gross margins and cost ratio 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 2025, the continuing gross loss since the start of mass production for the production line for certain customers in Philippines and Mexico has been assessed as an impairment indicator requiring an impairment assessment. The management's impairment assessment process requires significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty, specifically, revenue growth rate, gross margin, cost ratios and discount rates. As of December 31, 2025, certain items of property, plant, and equipment with carrying value of \$25.6 million were tested for impairment, which is significant to the consolidated financial statements. No impairment loss was recognized during the year based on the impairment test.

The Group's disclosures about the property, plant and equipment are included in Notes 4 and 19 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 rates. 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, 2025, 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, 2025 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.

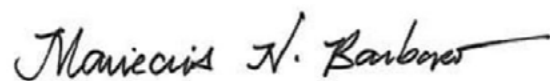
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 Mariecris N. Barbaso.

SYCIP GORRES VELAYO & CO.



Mariecris N. Barbaso

Partner

CPA Certificate No. 97101

Tax Identification No. 202-065-716

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

SEC Partner Accreditation No. 97101-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

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

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-108-2023, September 12, 2023, valid until September 11, 2026

PTR No. 10765014, January 2, 2026, Makati City

March 05, 2026

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

	December 31	
	2025	2024
ASSETS		
Current Assets		
Cash on hand and in banks (Notes 5, 32 and 33)	\$76,518,469	\$91,343,576
Cash equivalents and short-term investments (Notes 5, 32 and 33)	–	600,000
Receivables (Notes 6, 31, 32 and 33)	222,248,842	227,393,238
Contract assets (Notes 7 and 33)	43,544,337	42,642,460
Inventories (Note 8)	162,125,247	202,464,672
Other current assets (Note 9)	13,889,523	25,149,211
Total Current Assets	518,326,418	589,593,157
Noncurrent Assets		
Property, plant and equipment (Note 10)	93,072,539	113,219,489
Goodwill (Note 11)	38,666,352	40,458,873
Intangible assets (Note 12)	2,523,826	2,914,261
Right-of-use assets (Note 30)	12,777,257	30,018,442
Financial assets at FVOCI (Notes 13, 32 and 33)	2,352,441	2,543,003
Deferred tax assets - net (Note 25)	1,951,188	3,129,013
Other noncurrent assets (Notes 14 and 33)	7,303,126	11,047,998
Total Noncurrent Assets	158,646,729	203,331,079
	\$676,973,147	\$792,924,236
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Notes 15, 32 and 33)	\$187,448,333	\$228,560,590
Contract liabilities (Notes 7 and 33)	3,312,924	3,442,269
Loans payable (Notes 16, 32 and 33)	96,942,272	152,594,209
Current portion of long-term debt (Notes 17, 32 and 33)	99,066,872	30,763,284
Current portion of lease liabilities (Notes 30, 32 and 33)	3,603,447	5,444,362
Income tax payable	2,882,647	1,758,610
Other current liabilities (Notes 18, 32 and 33)	597,130	1,015,702
Total Current Liabilities	393,853,625	423,579,026
Noncurrent Liabilities		
Noncurrent portion of:		
Long-term debt (Notes 17, 32 and 33)	–	107,102,708
Lease liabilities (Notes 30, 32 and 33)	11,039,224	25,435,300
Net retirement liabilities (Note 27)	10,473,243	7,375,986
Deferred tax liabilities - net (Note 25)	1,003,162	973,582
Other noncurrent liabilities (Note 24)	4,886,264	5,136,939
Total Noncurrent Liabilities	27,401,893	146,024,515
Total Liabilities	421,255,518	569,603,541

(Forward)

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
Consolidated Statements of Income

	December 31	
	2025	2024
EQUITY		
Equity Attributable to Equity Holders of the Parent Company		
Capital stock - common (Note 19)	\$42,721,024	\$42,721,024
Subscribed capital stock (Note 19)	687,789	687,789
Additional paid-in capital (Note 19)	193,870,557	193,764,271
Subscriptions receivable (Notes 19 and 28)	(2,566,048)	(2,560,791)
Retained earnings (Notes 13 and 19)	53,010,875	39,484,572
Treasury stock (Note 19)	(1,012,588)	(1,012,588)
Other components of equity (Note 13)	680,052	830,092
Cumulative translation adjustment (Note 19)	(16,975,178)	(44,153,479)
Remeasurement losses on defined benefit plans (Note 27)	(14,698,854)	(11,186,543)
	255,717,629	218,574,347
Equity Attributable to Non-controlling Interests in Consolidated Subsidiaries (Note 19)		
Total Equity	-	4,746,348
	255,717,629	223,320,695
	\$676,973,147	\$792,924,236

See accompanying Notes to Consolidated Financial Statements.

	Years Ended December 31		
	2025	2024	2023
REVENUE FROM CONTRACTS WITH CUSTOMERS			
(Note 29)	\$996,302,665	\$1,098,692,652	\$1,327,212,932
COST OF SALES (Notes 20, 22 and 27)			
	898,938,606	1,012,178,684	1,207,207,523
GROSS PROFIT			
	97,364,059	86,513,968	120,005,409
OPERATING EXPENSES (Notes 21, 22 and 27)			
	(66,048,454)	(110,211,979)	(121,898,301)
OTHERS - net			
Interest expense and bank charges (Note 23)	(20,390,540)	(21,202,505)	(21,100,048)
Foreign exchange gains (losses) - net	(2,254,950)	(1,658,665)	5,792,592
Interest income (Note 5)	868,072	1,601,582	2,245,090
Other income (expense) - net (Note 24)	4,864,776	(26,138,779)	(97,696,586)
	(16,912,642)	(47,398,367)	(110,758,952)
INCOME (LOSS) BEFORE INCOME TAX			
	14,402,963	(71,096,378)	(112,651,844)
PROVISION FOR (BENEFIT FROM) INCOME TAX			
(Note 25)			
Current	7,198,463	5,289,746	7,313,015
Deferred	397,192	666,308	(1,694,148)
	7,595,655	5,956,054	5,618,867
NET INCOME (LOSS)			
	\$6,807,308	(\$77,052,432)	(\$118,270,711)
Net Income (Loss) Attributable to:			
Equity holders of the Parent Company (Note 29)	\$13,526,303	(\$49,788,560)	(\$105,626,141)
Non-controlling interests	(6,718,995)	(27,263,872)	(12,644,570)
	\$6,807,308	(\$77,052,432)	(\$118,270,711)
Earnings (Loss) Per Share (Note 26)			
Basic and diluted	\$0.006	(\$0.023)	(\$0.048)

See accompanying Notes to Consolidated Financial Statements.

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

	Years Ended December 31		
	2025	2024	2023
NET INCOME (LOSS)	\$6,807,308	(\$77,052,432)	(\$118,270,711)
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Other comprehensive income (loss) to be reclassified into profit or loss in subsequent periods:</i>			
Exchange differences arising from translation of foreign operations (Note 19)	28,513,368	(9,454,774)	14,121,164
<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)	(3,512,311)	(1,135,992)	(2,616,320)
Fair value changes on financial assets at FVOCI - net of tax (Note 13)	(150,040)	282,131	515,167
Differences arising from sale of subsidiary	637,580	-	1,529,043
	(3,024,771)	(853,861)	(572,110)
	25,488,597	(10,308,635)	13,549,054
TOTAL COMPREHENSIVE INCOME (LOSS)	\$32,295,905	(\$87,361,067)	(\$104,721,657)
Total Comprehensive Income (Loss)			
Attributable to:			
Equity holders of the Parent Company	\$37,042,253	(\$59,997,372)	(\$98,857,339)
Non-controlling interests	(4,746,348)	(27,363,695)	(5,864,318)
	\$32,295,905	(\$87,361,067)	(\$104,721,657)

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, 2025, 2024, AND 2023

	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, 2025	\$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
Refund on subscriptions	-	-	-	(5,257)	-	-	-	-	-	(5,257)	-	(5,257)
Cost of share-based payments	-	-	106,286	-	-	-	-	-	-	106,286	-	106,286
	42,721,024	687,789	193,870,557	(2,566,048)	39,484,572	(1,012,588)	830,092	(44,153,479)	(11,186,543)	218,675,376	4,746,348	223,421,724
Net income (loss)	-	-	-	-	13,526,303	-	-	-	-	13,526,303	(6,718,995)	6,807,308
Other comprehensive income (loss)	-	-	-	-	-	-	(150,040)	27,178,301	(3,512,311)	23,515,950	1,972,647	25,488,597
Total comprehensive income (loss)	-	-	-	-	13,526,303	-	(150,040)	27,178,301	(3,512,311)	37,042,253	(4,746,348)	32,295,905
Balances at December 31, 2025	\$42,721,024	\$687,789	\$193,870,557	(\$2,566,048)	\$53,010,875	(\$1,012,588)	\$680,052	(\$16,975,178)	(\$14,698,854)	\$255,717,629	\$-	\$255,717,629

See accompanying Notes to Consolidated Financial Statements.

	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)										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)	Attributable to Equity Holders of the Parent Company (Note 19)		Attributable to Non-controlling Interests (Note 19)
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.

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

	Years Ended December 31		
	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	\$14,402,963	(\$71,096,378)	(\$112,651,844)
Adjustments for:			
Depreciation of property, plant and equipment (Notes 10, 20, and 21)	19,769,625	23,570,106	26,437,358
Interest expense on loans (Notes 16, 17 and 23)	18,681,453	19,151,247	19,013,077
Amortization of right-of-use assets (Notes 20, 21 and 30)	6,073,944	8,337,126	8,889,808
Interest expense on lease liabilities (Note 23)	1,241,425	1,482,675	1,395,174
Amortization of intangible assets (Notes 12, 20, and 21)	768,076	1,131,455	1,855,301
Cost of share-based payments	106,286	—	—
Loss (gain) on:			
Sale of subsidiary - net (Note 2)	(4,892,045)	—	79,349,037
Unrealized foreign exchange - net (Note 33)	3,852,294	1,129,490	(5,056,450)
Sale and retirement of property, plant and equipment - net (Notes 10 and 24)	90,772	(1,751,810)	(60,061)
Currency forward	(37,200)	—	—
Insurance claims (Note 24)	(94,223)	(11,505)	(11,968)
Impairment of goodwill (Note 11)	—	27,009,305	15,590,835
Lease modifications (Note 30)	—	(1,107,398)	—
Provision (reversal) of impairment loss on property, plant and equipment, product development cost and other assets (Notes 12 and 24)	(447,157)	5,054,410	5,045,014
Interest income (Note 5)	(868,072)	(1,601,582)	(2,245,090)
Operating income before working capital changes	58,648,141	11,297,141	37,550,191
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Short-term investments	600,000	10,820,000	(2,920,390)
Receivables (Note 6)	10,084,132	53,756,284	4,970,437
Inventories (Note 8)	38,171,046	65,904,755	(22,647,057)
Contract assets	1,351,040	8,965,404	3,671,225
Other current assets	7,601,767	4,510,463	(6,590,315)
Increase (decrease) in:			
Accounts payable and accrued expenses	(14,731,608)	(58,248,522)	21,030,914
Contract liabilities	(129,345)	693,949	(4,749,754)
Other current liabilities (Note 18)	(366,059)	(502,649)	487,971
Retirement liabilities	(832,157)	(2,744,188)	(250,904)
Net cash generated from operations	100,396,957	94,452,637	30,552,318
Interest paid	(19,010,667)	(18,537,218)	(18,928,257)
Income tax paid	(5,585,519)	(5,543,326)	(7,081,598)
Interest received	864,875	1,604,779	2,245,090
Net cash provided by operating activities	76,665,646	71,976,872	6,787,553
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property, plant and equipment (Note 10)	(7,800,846)	(9,451,371)	(27,293,633)
Intangible assets (Note 12)	(281,985)	(413,020)	(271,720)
Proceeds from sale and retirement of property, plant and equipment (Note 10)	2,187,005	4,110,314	725,765
Decrease (increase) in other noncurrent assets	2,162,474	5,004,038	(402,653)
Disposal of subsidiary – net of cash disposed (Note 2)	(10,737,464)	—	—
Receivable resulting from sale of subsidiary (Notes 2 and 6)	—	—	(5,487,367)
Transaction costs related to sale of subsidiary (Note 2)	(442,259)	—	(1,325,982)
Net cash used in investing activities	(14,913,075)	(750,039)	(34,055,590)

(Forward)

	Years Ended December 31		
	2025	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Availments of loans and long-term debt (Note 36)	\$6,759,331	\$2,438,015	\$24,791,587
Payments of:			
Loans payable (Note 36)	(37,416,498)	(54,997,506)	(3,946,145)
Lease liabilities (Note 30)	(7,101,397)	(8,814,252)	(9,822,200)
Long-term debt	(36,983,938)	(10,903,138)	(6,608,470)
Increase (decrease) in noncurrent liabilities	(1,933,674)	838,632	449,792
Collections (refund) of subscriptions receivable (Note 19)	(5,257)	540	23,051
Net cash provided by (used in) financing activities	(76,681,433)	(71,437,709)	4,887,615
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	103,755	(33,564)	(1,856,117)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(14,825,107)	(244,440)	(24,236,539)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	91,343,576	91,588,016	115,824,555
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)	\$76,518,469	\$91,343,576	\$91,588,016

See accompanying Notes to Consolidated Financial Statements.

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

1. Corporate Information

Integrated Micro-Electronics, Inc. (IMI or the Parent Company), a stock corporation organized and registered under the laws of the Republic of the Philippines on August 8, 1980, has three wholly-owned direct subsidiaries, namely: IMI International (Singapore) Pte. Ltd. (IMI Singapore), IMI USA, Inc. (IMI USA) 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 47.84% 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, reduce costs and consolidate its footprint into strategically located facilities, the Group ceased the operations of its Chengdu operations in 2024 (see Note 35). The liquidation of the IMI Chengdu entity was completed on December 30, 2025.

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. As discussed in Note 2, IMI CZ was sold to a third party in 2025.

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 Depository 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 2025, the Group sold its investment in VIA to the entity's non-controlling interests. Refer to Note 2 for the discussion.

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.

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 entity was liquidated in March 2025. 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, 2025 and 2024 and for each of the three years in the period ended December 31, 2025 were endorsed for approval by the Audit Committee and authorized for issuance by the Parent Company's Board of Directors (BOD) on March 5, 2026.

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
	2025	2024		
IMI International (Singapore) Pte. Ltd. (IMI SG)	100.00%	100.00%	Singapore	United States Dollar (USD)
IMI International ROHQ ^a	–	–	Philippines	USD
Speedy-Tech Electronics Ltd. (STEL) Group	100.00%	100.00%	Singapore	USD
IMI (Chengdu) Ltd. (IMICD) ^b	–	100.00%	China	Renminbi (RMB)
IMI Technology (Shenzhen) Co. Ltd. (IMI SZ)	100.00%	100.00%	China	USD
IMI Smart Technology (Shenzhen) Co. Ltd. ^f	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) ^f	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%	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) ^f	100.00%	100.00%	France	EUR
VIA Optronics AG (VIA) ^d	–	50.32%	Germany	EUR
Germaneers GmbH	–	100.00%	Germany	EUR
VIA Optronics (Philippines), Inc.	–	100.00%	Philippines	PHP
VIA Optronics GmbH (VIA GmbH)	–	100.00%	Germany	USD
VIA Optronics Suzhou Co. Ltd. (VIA Suzhou)	–	100.00%	China	USD
VIA Optronics LLC (VIA LLC)	–	100.00%	USA	USD
VIA Optronics (Taiwan) Ltd	–	100.00%	Taiwan	Taiwan Dollar
VTS-Touchsensor Co., Ltd. (VTS)	–	65.00%	Japan	Japanese Yen (JPY)
Integrated Micro-Electronics UK Limited (IMI UK)	100.00%	100.00%	United Kingdom	British Pounds (GBP)
IMI USA ^b	100.00%	100.00%	USA	USD
IMI Japan ^e	–	100.00%	Japan	JPY
PSi	100.00%	100.00%	Philippines	USD
PSiTech Realty, Inc. (PSiTech Realty) ^f	40.00%	40.00%	Philippines	USD
Pacsem Realty, Inc. (Pacsem Realty) ^f	64.00%	64.00%	Philippines	USD

^a 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.

^b Production ceased in December 2024; The entity's liquidation was completed on December 30, 2025

^c On July 31, 2025, IMI Czech was sold to KEBODA Deutschland GmbH & Co. KG.

^d On December 31, 2025, VIA was sold through a management buy-out.

^e Liquidated on March 28, 2025

^f In the process of liquidation / dormant

Sale of Subsidiaries

Sale of IMI Czech Republic

On July 31, 2025, IMI announced the completion of the sale of its 100% equity interest in Integrated Micro-Electronics Czech Republic s.r.o. to Keboda Deutschland GmbH & Co. KG, a subsidiary of Keboda Technology Co., Ltd., a publicly listed company based in China. Keboda is a leading system solution provider for automotive intelligent and energy-sufficient electronics components.

As disclosed on June 4, 2025, the transaction was executed through IMI's subsidiary, Coöperatief IMI Europe U.A. After successful completion of all conditions pertinent to the transaction, the deal officially closed on July 31, 2025. The total consideration amounts to €9.99 million (\$11.69 million), subject to post-closing adjustments. As of December 31, 2025, Cooperatief has received €7.41 million (\$11.14 million) out of the total proceeds, while the rest are still subject to an agreement on escrow and post-closing adjustments.

This strategic divestment is in line with IMI's ongoing efforts to streamline its global manufacturing footprint. With this transaction, IMI is better equipped to enhance operational efficiency, increase facility utilization, and drive overall profitability in the region. High value customers that were previously managed by the Czech facility have been successfully transitioned into IMI's Bulgaria and Serbia manufacturing sites.

At the date of disposal, the carrying amounts of IMI CZ's net assets were as follows:

	July 31, 2025 (In USD)
Cash and cash equivalents	\$1,292,240
Receivables	2,592,471
Inventories	279,171
Other current assets	(286,169)
Property, plant and equipment	7,289,505
Intangible assets	9,410
Right-of-use assets	74,050
Deferred tax assets	247,965
Total Assets	11,498,643
Accounts payable and accrued expenses	1,750,204
Loans payable	1,750,086
Lease liabilities	88,365
Other noncurrent liabilities	61,970
Total Liabilities	3,650,625
Total Net Assets	\$7,848,018

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

	For the period ended July 31, 2025
Revenue	\$47,833,461
Costs and expenses	46,221,974
Non-operating income	2,174,323
Income before income tax	3,785,810
Provision for tax	(69,024)
Net Income	\$3,854,834

Cash flows generated by IMI Czech for the reporting period until its disposal as of July 31, 2025 are as follows:

	For the period ended July 31, 2025
Net cash from operating activities	\$19,217,092
Net cash provided by investing activities	4,709,088
Net cash used in financing activities	(24,039,008)
Net cash outflow	(\$112,828)

The table below shows the gain recognized related to sale of IMI Czech:

Net Asset	\$7,848,018
Total investment carrying value	7,848,018
Cash received as of December 31, 2025	8,682,127
Receivable under escrow (Note 6)	3,006,947
Recoverable amount (Cash consideration)	11,689,074
Gain on disposal (Note 24)	\$3,841,056

Transaction costs related to the sale recognized in outsourced activities included under operating expenses amounted to \$0.1 million.

Sale of VIA Optronics

On November 27, 2025, IMI have entered into an agreement to sell through its wholly-owned subsidiary, Coöperatief IMI Europe U.A., its 50.32% equity interest in VIA Optronics AG to Kronen 3140 GmbH (to be known in the future as V-PTR Beteiligungs GmbH) which is owned by some members of VIA's management and advisory team.

This strategic divestment is part of IMI's portfolio realignment strategy which aims to sharpen the Group's focus on its core strengths in the automotive and industrial EMS sectors. The move also supports the optimization of IMI's global footprint to concentrate capital and management allocation into high-growth, high-profitability markets. The transfer of legal ownership in the shares occurred on December 31, 2025.

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

	December 31, 2025 (In USD)
Cash and cash equivalents	\$18,414,806
Receivables	13,116,762
Inventories	7,336,607
Other current assets	4,936,179
Property, plant and equipment	5,770,519
Goodwill	2,026,223
Intangible assets	253,927
Right-of-use assets	4,544,818
Other noncurrent assets	2,264,020
Deferred tax assets	210,974
Total Assets	\$58,874,835
Accounts payable and accrued expenses	20,755,319
Loans payable	31,754,994
Long-term loans payable	2,499,409
Lease liabilities	4,547,655
Other noncurrent liabilities	600,832
Total Liabilities	\$60,158,209
Total Net Liabilities	(\$1,283,374)

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

	For the period ended December 31, 2025
Revenue	\$85,245,290
Costs and expenses	92,221,046
Non-operating expenses	(4,546,921)
Income before income tax	(\$11,522,677)
Provision for tax	(1,708,192)
Net Income	(\$13,230,869)

Cash flows generated by VIA Optronics for the reporting period until its disposal as of December 31, 2025 are as follows:

	For the period ended December 31, 2025
Net cash from operating activities	\$5,437,398
Net cash provided by investing activities	(1,123,561)
Net cash used in financing activities	(7,098,902)
Net cash outflow	(\$2,785,065)

The table below shows the gain recognized related to sale of VIA Optronics:

Net Liabilities	(\$1,283,374)
Non-controlling interests	637,580
Total investment carrying value	(645,794)
Cash received as of December 31, 2025	287,455
Receivable (Note 6)	117,740
Recoverable amount (Cash consideration)	405,195
Gain on disposal (Note 24)	\$1,050,989

Transaction costs related to the sale recognized in outsourced activities included under operating expenses amounted to \$0.3 million.

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
Total Assets	\$59,622,469
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, 2025 and 2024 are provided below:

Subsidiary	Proportion of Equity Interests		Accumulated Balances of Non-controlling Interest	
	2025	2024	2025	2024
VIA	-	49.68%	-	\$4,746,348

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

	VIA	
	2025	2024
Statements of financial position as at December 31		
Current assets	\$-	\$71,117,315
Noncurrent assets	-	17,770,489
Current liabilities	-	72,398,964
Noncurrent liabilities	-	6,935,000
Statement of comprehensive income for the Year Ended December 31		
Revenue	-	117,608,998
Loss attributable to:		
Equity holders of parent company	-	(13,323,582)
Noncontrolling interest	-	(13,251,056)
Statement of cash flows for the Year Ended December 31		
Operating activities	-	(19,609,209)
Investing activities	-	(383,043)
Financing activities	-	(5,149,150)

The Group recognized impairment of the goodwill arising from the acquisition of VIA amounting to nil and \$25.88 million in 2025 and 2024, 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, 2025 and 2024 and for each of the three years in the period ended December 31, 2025.

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:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- 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, 2025. 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.

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

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, 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, 2025 and 2024 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:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and ability to use or sell the intangible asset;
- 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;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- 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, 2025 and 2024.

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.

In 2025, the Group also initiated an Employee Stock Option Plan (ESOP) in the form of Stock Appreciation Rights (SAR) Plan that grants to key talents of the Group cash-settled or equity-settled options (see Note 28).

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.

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 lesseeLeases - 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 or decline in 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.

5. Cash on Hand and in Banks, Cash Equivalents and Short-term InvestmentsCash on hand and in banks

	2025	2024
Cash on hand	\$50,994	\$138,404
Cash in banks	76,467,475	91,205,172
	\$76,518,469	\$91,343,576

Cash in banks earn interest at the respective bank deposit rates. Interest income earned from cash in banks and cash equivalents amounted to \$0.39 million in 2025, \$0.37 million in 2024, and \$0.27 million in 2023.

6. Receivables

This account consists of:

	2025	2024
Trade	\$216,403,018	\$218,453,220
Nontrade	3,416,350	3,006,468
Due from related parties (Note 31)	477,702	1,533,381
Receivable from employees	312,183	98,984
Others	3,953,594	5,872,771
	224,562,847	228,964,824
Less allowance for ECLs	2,314,005	1,571,586
	\$222,248,842	\$227,393,238

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 as of December 31, 2024) 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 as of December 31, 2024). 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.

In June 2025, a deed of variation was executed between the parties which agreed on an installment arrangement from June to December 2025 with the first installment paid for in June 2025. The full amount of receivables was collected as of December 31, 2025.

The remaining amount in other receivables pertains to €2,632,774 (\$3,099,829 as of December 31, 2025) due from Keboda related to the sale of IMI CZ, which includes €2,119,505 held under escrow.

Allowance for ECLs

Trade receivables and nontrade receivables with aggregate nominal value of \$2.31 million and \$1.57 million as of December 31, 2025 and 2024, 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, 2025		
	Trade	Nontrade	Total
At beginning of year	\$1,480,017	\$91,569	\$1,571,586
Provisions (Note 22)	1,191,414	28,513	1,219,927
Written-off	(668,135)	(33,065)	(701,200)
Foreign currency exchange difference	223,692	-	223,692
At end of year	\$2,226,988	\$87,017	\$2,314,005
	December 31, 2024		
	Trade	Nontrade	Total
At beginning of year	\$973,524	\$12,160	\$985,684
Provisions (reversals) (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	\$1,480,017	\$91,569	\$1,571,586

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:

	2025	2024
Contract assets	\$43,544,337	\$42,642,460
Contract liabilities	3,312,924	3,442,269

Contract assets are recognized when revenue has been earned from the manufacture of goods but the Group does not yet have an unconditional right to consideration, as payment becomes due only upon completion of the related performance obligations. 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, 2025 and 2024, 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 decrease in contract liabilities was mainly due to decrease in 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:

	2025	2024
Raw materials and supplies	\$168,707,919	\$207,376,344
Work-in-process	7,745,220	8,478,650
Finished goods	648,288	5,806,534
	177,101,427	221,661,528
Less allowance for:		
Inventory obsolescence	14,907,617	19,023,390
Decline in value of inventories	68,563	173,466
	14,976,180	19,196,856
	\$162,125,247	\$202,464,672

The cost of the raw materials inventories carried at NRV amounted to \$7.47 million and \$14.77 million as of December 31, 2025 and 2024, respectively. The amount of inventories recognized as an expense under "Cost of sales" account amounted to \$705.08 million in 2025, \$803.27 million in 2024, and \$957.02 million in 2023 (see Note 20).

Movements in the allowance for inventory obsolescence follow:

	2025	2024
At beginning of year	\$19,023,390	\$10,062,010
Provisions (Note 22)	787,661	9,292,334
Write-offs	(3,613,919)	(127,497)
Disposal of subsidiary	(324,261)	-
Foreign currency exchange difference	(965,254)	(203,457)
At end of year	\$14,907,617	\$19,023,390

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

	2025	2024
At beginning of year	\$173,466	\$283,934
Reversal (Note 22)	(104,903)	(110,468)
At end of year	\$68,563	\$173,466

In 2024, certain inventories were provided with one-time allowance amounting to \$7.77 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 \$0.02 million in 2025, \$0.04 million in 2024, and \$0.06 million in 2023 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:

	2025	2024
Input taxes	\$5,342,073	\$13,638,609
Tax credits	3,183,676	3,316,616
Advances to suppliers	2,886,109	3,481,830
Prepayments	2,477,665	4,315,239
Others	-	396,917
	\$13,889,523	\$25,149,211

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

Prepayments include prepayments for rent, insurance for life, fire and product liability & recall.

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:

	2025							Total
	Land, Buildings and Improvements	Machineries and Facilities Equipment	Furniture, Fixtures and Office Equipment	Transportation Equipment	Tools and Instruments	Construction in Progress		
Cost								
At beginning of year	\$96,504,584	\$158,211,555	\$20,803,347	\$2,753,715	\$7,072,454	\$3,340,262	\$288,685,917	
Additions	888,873	2,023,802	934,929	75,900	174,976	3,702,366	7,800,846	
Disposals/retirement	(665,801)	(12,073,015)	(1,152,518)	(478,617)	(152,726)	-	(14,522,677)	
Disposals through subsidiary sold	(10,333,195)	(36,789,338)	(7,057,656)	(85)	-	(1,449,557)	(55,629,831)	
Transfers	497,334	4,949,692	123,050	-	-	(5,570,076)	-	
Foreign currency exchange difference	4,304,064	20,443,439	4,907,170	234,896	(716,027)	758,634	29,932,176	
At end of year	91,195,859	136,766,135	18,558,322	2,585,809	6,378,677	781,629	256,266,431	
Accumulated depreciation								
At beginning of year	56,195,011	86,667,355	16,424,910	1,579,171	2,053,479	-	162,919,926	
Depreciation	3,046,127	14,628,584	1,580,211	401,747	112,956	-	19,769,625	
Disposals/retirement	(620,718)	(9,924,532)	(1,098,611)	(452,422)	(148,616)	-	(12,244,899)	
Disposals through subsidiary sold	(3,817,829)	(27,342,613)	(5,580,823)	(85)	-	-	(36,741,350)	
Foreign currency exchange difference	1,669,212	17,455,399	3,774,026	155,574	(506,755)	-	22,547,456	
At end of year	56,471,803	81,484,193	15,099,713	1,683,985	1,511,064	-	156,250,758	
Accumulated impairment losses								
At beginning and end of year	106,580	12,230,070	99,977	2,972	106,903	-	12,546,502	
Net impairment loss (Notes 4 and 24)	-	(440,986)	(2,914)	-	(3,258)	-	(447,158)	
Disposals through subsidiary sold	-	(5,828,457)	-	-	-	-	(5,828,457)	
Foreign currency exchange difference	-	672,247	-	-	-	-	672,247	
At end of year	106,580	6,632,874	97,063	2,972	103,645	-	6,943,134	
Net book value	\$34,617,476	\$48,649,068	\$3,361,546	\$898,852	\$4,763,968	\$781,629	\$93,072,539	

	2024							Total
	Land, Buildings and Improvements	Machineries and Facilities Equipment	Furniture, Fixtures and Office Equipment	Transportation Equipment	Tools and Instruments	Construction in Progress		
Cost								
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	
Accumulated depreciation								
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	
Accumulated impairment losses								
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	
Net book value	\$40,202,993	\$59,314,130	\$4,278,460	\$1,171,572	\$4,912,072	\$3,340,262	\$113,219,489	

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, the Group recognized provision for impairment of certain assets amounting to \$4.48 million, 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. During 2025, upon the actual sale of the related property, plant and equipment, the previously recognized impairment loss of \$0.45 million was reversed and the resulting amount was recognized as loss on sale of property, plant and equipment.

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 \$5.57 million and \$6.84 million as of December 31, 2025, and 2024, respectively.

The Group recognized gain from disposal and retirement of certain items of property, plant and equipment amounting to \$0.09 million in 2025, \$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 (see Note 24).

Depreciation expense included in "Cost of sales" and "Operating expenses" accounts follows:

	2025	2024	2023
Cost of sales (Note 20)	\$18,050,996	\$20,881,521	\$23,258,667
Operating expenses (Note 21)	1,718,629	2,688,585	3,178,691
	\$19,769,625	\$23,570,106	\$26,437,358

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, which was subsequently released upon full settlement of the loans. 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. The Group did not have any pledged assets as of and for the year ended 2025.

There are no borrowing costs recognized as part of the cost of the property, plant and equipment.

11. Goodwill

Goodwill acquired through business combinations has been allocated to the following CGUs:

	2025	2024
STEL	\$38,225,186	\$38,225,186
Parent Company	441,166	441,166
VIA	–	1,792,521
	\$38,666,352	\$40,458,873

Movement in goodwill follows:

	2025	2024
Cost		
At beginning of year	\$89,961,851	\$92,674,359
Disposal of subsidiary (Notes 2 and 24)	(43,496,527)	–
Foreign currency exchange difference	233,702	(2,712,508)
At end of year	46,699,026	89,961,851
Accumulated impairment loss		
At beginning of year	49,502,978	22,493,673
Disposal of subsidiary (Notes 2 and 24)	(41,470,304)	–
Impairment loss (Note 24)	–	27,009,305
At end of year	8,032,674	49,502,978
	\$38,666,352	\$40,458,873

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:

	2025	2024
STEL	14.66%	15.17%
VIA	–	14.32%
IMI CZ	–	10.28%

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 in 2025 and 2024.

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 2.51% would result to impairment of goodwill. In addition, a decrease in revenue growth rate of STEL by more than 0.37% would result to an additional impairment. Lastly, an increase in direct cost ratio of STEL by 2.3% 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 2025, 2024 and 2023, 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, 2025					Total
	Customer Relationships	Unpatented Technology	Licenses	Intellectual Properties	Product Development Costs	
Cost						
At beginning of year	\$21,859,379	\$100,000	\$16,113,669	\$13,880,498	\$20,599,131	\$72,552,677
Additions	–	–	281,985	–	183,495	465,480
Disposals through subsidiary sold	–	–	(15,443)	(9,289,688)	–	(9,305,131)
Foreign currency exchange difference	–	–	(792,900)	1,364,400	–	571,500
At end of year	21,859,379	100,000	15,587,311	5,955,210	20,782,626	64,284,526
Accumulated amortization						
At beginning of year	21,859,379	100,000	13,512,270	13,567,636	14,412,055	63,451,340
Amortization	–	–	634,537	133,539	–	768,076
Disposals through subsidiary sold	–	–	(15,443)	(9,035,762)	–	(9,051,205)
Foreign currency exchange difference	–	–	(884,384)	1,289,797	–	405,413
At end of year	21,859,379	100,000	13,246,980	5,955,210	14,412,055	55,573,624
Accumulated impairment loss						
At beginning and of year	–	–	–	–	6,187,076	6,187,076
Net book value	\$–	\$–	\$2,340,331	\$–	\$183,495	\$2,523,826

	December 31, 2024					
	Customer Relationships	Unpatented Technology	Licenses	Intellectual Properties	Product Development Costs	Total
Cost						
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)
At end of year	21,859,379	100,000	16,113,669	13,880,498	20,599,131	72,552,677
Accumulated amortization						
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)
At end of year	21,859,379	100,000	13,512,270	13,567,636	14,412,055	63,451,340
Accumulated impairment loss						
At beginning and of year	–	–	–	–	6,187,076	6,187,076
Net book value	\$–	\$–	\$2,601,399	\$312,862	\$–	\$2,914,261

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.

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 \$6.2 million have been impaired as of December 31, 2025 and 2024.

Research expenditure recognized as expense amounted to \$1.75 million, \$3.85 million, and \$5.27 million in 2025, 2024, and 2023, respectively (see Note 21).

Amortization expense included in "Cost of sales" and "Operating expenses" accounts follows:

	2025	2024	2023
Cost of sales (Note 20)	\$75,565	\$113,932	\$541,829
Operating expenses (Note 21)	692,511	1,017,523	1,313,472
	\$768,076	\$1,131,455	\$1,855,301

13. Financial assets at Fair Value through Other Comprehensive Income (FVOCI)

The table below shows reconciliation of fair value measurements:

	2025	2024
Balance at beginning of year	\$2,543,003	\$2,364,096
Sale of financial assets	–	(97,795)
Change in fair value of quoted securities	(190,562)	276,702
Balance at end of year	\$2,352,441	\$2,543,003

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:

	2025	2024
Balance at beginning of year	\$830,092	\$547,961
Change in fair value of quoted securities	(190,562)	178,907
Foreign currency exchange difference	40,522	103,224
Balance at end of year	\$680,052	\$830,092

14. Other Noncurrent Assets

This account consists of:

	2025	2024
Deferred charges	\$5,422,322	\$7,745,248
Miscellaneous deposits	833,309	2,921,909
Lease receivables	732,649	–
Pension asset - net (Note 27)	171,876	196,229
Others	142,970	184,612
	\$7,303,126	\$11,047,998

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.

Lease receivables relate to the sub-lease agreements with third parties covering manufacturing space and warehouse (see Note 30).

15. Accounts Payable and Accrued Expenses

This account consists of:

	2025	2024
Trade payables	\$130,542,921	\$157,665,969
Accrued expenses	26,566,275	26,307,506
Employee-related accruals and contributions	16,535,728	21,899,828
Nontrade payables	5,195,461	10,681,286
Taxes and government-related payables	2,786,978	2,773,269
Accrued interest payable	2,016,167	2,345,381
Advances from customers	1,829,671	4,998,742
Customer deposits	1,495,476	1,506,787
Due to related parties (Note 31)	479,656	381,822
	\$187,448,333	\$228,560,590

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 of 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.

16. Loans Payable

This account consists of borrowings of the following entities:

	2025	2024
Parent Company	\$88,800,000	\$123,100,000
IMI SG	8,000,000	-
STEL	142,272	139,113
VIA	-	29,189,980
IMI CZ	-	165,116
	\$96,942,272	\$152,594,209

Parent Company

As of December 31, 2025 and 2024, the Parent Company has unsecured short-term loans aggregating to \$88.80 million and \$123.10 million, respectively, with maturities ranging from 29 to 92 days, and fixed annual interest rates ranging from 4.85% to 6.50% in 2025, 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, \$32.30 million and \$63.00 million was payable to Bank of Philippine Islands (BPI) as of December 31, 2025 and 2024, respectively (see Note 31).

The Parent Company incurred interest expense on its short-term loans amounting to \$8.23 million in 2025, \$9.58 million in 2024, and \$9.82 million in 2023 (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 2.50% to 3.00% in 2025, 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 \$1.01 million, \$1.21 million, \$1.86 million and \$2.22 million in 2025, 2024, and 2023, 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 \$0.03 million, \$0.06 million, and \$0.08 million in 2025, 2024, and 2023, respectively (see Note 23).

STEL

As of December 31, 2025 and 2024, STEL has short-term loans aggregating to \$0.14 million and \$0.14 million, respectively, which are from existing revolving credit facilities with China -based banks and bear annual interest rates ranging from 3.00% in 2025 3.50% in 2024, and 4.10% to 8.36% in 2023, and have maturities of 31 to 364 days from the date of issue.

STEL incurred interest expense on short-term loans amounting to \$0.004 million in 2025, \$0.33 million in 2024, and \$1.05 million in 2023 (see Note 23).

IMI SG

The loans of IMI SG are from existing credit facilities with Singapore-based bank which bear annual interest of 6.43% and have maturity of 31 days.

IMI SG incurred interest expense on the short-term loan amounting to \$0.16 million in 2025 (see Note 23).

17. Long-Term Debt

This account consists of borrowings of the following entities:

	2025	2024
Parent Company	\$99,066,872	\$132,466,091
IMI CZ	-	2,886,481
VTS	-	2,513,420
	99,066,872	137,865,992
Less current portion:		
Parent Company	99,066,872	29,578,880
VTS	-	643,126
IMI CZ	-	541,278
	99,066,872	30,763,284
Noncurrent portion	\$-	\$107,102,708

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 8.65% in 2025, and 4.22% to 8.65% in 2024. From the total long-term debts of the Parent Company, \$99.07 million and \$103.69 million was payable to BPI as of December 31, 2025 and 2024, 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;

The Parent Company is compliant with these debt covenants as at December 31, 2025 and 2024.

The Parent Company incurred interest expense on its long-term loans amounting to \$9.21 million in 2025, \$7.79 million in 2024, and \$5.97 million in 2023 (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 nil, \$0.16 million, and \$0.21 million in 2025, 2024, and 2023, 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 \$0.03 million, 0.02 million, and \$0.02 million in 2025, 2024, and 2023, respectively (see Note 23).

18. Other Current Liabilities

This account consists of provision for onerous contracts amounting to \$0.60 million in 2025 and \$1.02 million in 2024 (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:

	2025		2024		2023	
	Shares	Amount	Shares	Amount	Shares	Amount
Authorized - ₱1 par value						
Common	2,250,000,000		2,250,000,000		2,250,000,000	
Preferred	200,000,000		200,000,000		200,000,000	
Issued – Common						
At beginning of year	2,193,508,885	\$42,721,024	2,193,493,147	\$42,720,682	2,193,425,374	\$42,719,224
Issuances from ESOWN	–	–	15,738	342	67,773	1,458
At end of year	2,193,508,885	\$42,721,024	2,193,508,885	\$42,721,024	2,193,493,147	\$42,720,682

Out of the total issued shares, 15,892,224 shares or \$1.01 million as of December 31, 2025, 2024 and 2023 pertain to treasury shares.

As of December 31, 2025, 2024 and 2023, there were 280, 282, and 285 registered common stockholders, respectively.

Subscribed Capital Stock

Subscribed capital pertains to subscriptions relating to the ESOWN of the Group.

Details of this account follow:

	2025		2024		2023	
	Shares	Amount	Shares	Amount	Shares	Amount
At beginning of year	30,253,270	\$687,789	30,323,270	\$689,311	30,468,570	\$692,454
Issuances during the year - ESOWN	–	–	(15,738)	(342)	(67,773)	(1,458)
Forfeitures during the year - ESOWN	–	–	(54,262)	(1,180)	(77,527)	(1,685)
At end of year	30,253,270	\$687,789	30,253,270	\$687,789	30,323,270	\$689,311

Subscriptions Receivable

Details of this account follow:

	2025	2024	2023
At beginning of year	\$2,560,791	\$2,576,077	\$2,620,195
Forfeitures during the year	–	(14,746)	(21,067)
Refund / (collections) during the year	5,257	(540)	(23,051)
At end of year (Note 28)	\$2,566,048	\$2,560,791	\$2,576,077

Dividends

No dividend payment was declared to common shareholders in 2025, 2024 and 2023.

Retained Earnings

Accumulated net earnings of the subsidiaries amounting to \$15.83 million and \$25.91 million as of December 31, 2025 and 2024, 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, 2025 amounted to \$23.66 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.

On August 8, 2025, the Philippine Stock Exchange (PSE) approved the Parent Company's application of its proposed issuance of 112,500,000 Stock Appreciation Rights (SAR), which may be cash-settled or equity-settled, at the option of the Parent Company, in favor of its qualified employees pursuant to its 2025 SAR Plan. The PSE also approved the exemption from registration requirements under Section 8 and 12 of the Securities Regulation Code. The Parent Company recorded cost of share-based payments amounting to \$0.11 million for the year ended December 31, 2025 with a credit to "Additional Paid-in Capital-stock options" account in relation to the grant.

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, 2025, 2024 and 2023 follows:

	2025	2024	2023
EU	\$25,753,985	(\$10,319,574)	\$6,439,844
VIA and STI/IMI UK	3,107,762	2,854,352	(1,901,418)
STEL	1,175,665	(895,863)	(859,667)
Consolidation and eliminations	(1,524,044)	(1,093,689)	10,442,405
	\$28,513,368	(\$9,454,774)	\$14,121,164
Attributable to:			
Equity holders of the Parent	\$27,178,301	(\$9,354,951)	\$15,719,118
Non-controlling interest	1,335,067	(99,823)	(1,597,954)
	\$28,513,368	(\$9,454,774)	\$14,121,164

As a result of divestment of IMI CZ and VIA in 2025, CTA amounting to \$9.68 million was derecognized. In relation to STI's divestment, 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).

In 2025, the Group sold its share in VIA Optronics resulting to the derecognition of non-controlling interest related to VIA Optronics amounting to \$0.64 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, 2025 and 2024.

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.

	2025	2024
Loans payable (Note 16)	\$96,942,272	\$152,594,209
Long-term bank borrowings (Note 17)	99,066,872	137,865,992
Total bank debt	196,009,144	290,460,201
Less cash and cash equivalents (Note 5)	76,518,469	91,943,576
Net bank debt	\$119,490,675	\$198,516,625
Total Equity	\$255,717,629	\$223,320,695
Debt-to-equity ratio	0.77:1	1.30:1
Net debt-to-equity ratio	0.47:1	0.89:1

The Group is not subject to externally-imposed capital requirements.

20. Cost of Sales

This account consists of:

	2025	2024	2023
Direct, indirect and other material related costs (Note 8)	\$705,084,043	\$803,269,824	\$957,021,559
Direct labor, salaries, wages and employee benefits (Note 27)	139,775,240	149,791,634	178,327,058
Depreciation and amortization (Notes 10, 12 and 30)	23,500,086	26,197,182	29,376,951
Facilities costs and others (Note 22)	30,579,237	32,920,044	42,481,955
	\$898,938,606	\$1,012,178,684	\$1,207,207,523

21. Operating Expenses

This account consists of:

	2025	2024	2023
Salaries, wages and employee benefits (Note 27)	\$37,860,984	\$55,340,658	\$57,060,171
Depreciation and amortization (Notes 10, 12 and 30)	3,111,559	6,841,505	7,805,516
Facilities costs and others (Note 22)	25,075,911	48,029,816	57,032,614
	\$66,048,454	\$110,211,979	\$121,898,301

22. Facilities Costs and Others - Net

This account consists of:

	Cost of Sales			Operating Expenses		
	2025	2024	2023	2025	2024	2023
Utilities	\$14,890,067	\$16,342,907	\$20,707,291	\$965,923	\$1,282,998	\$1,899,257
Outsourced activities	9,340,167	7,607,764	9,331,680	9,084,412	17,150,456	19,233,479
Repairs and maintenance	2,814,512	4,353,260	5,824,423	742,849	606,244	2,226,766
Technology-related	957,253	1,231,751	1,381,448	4,740,052	4,247,893	5,070,206
Insurance	980,053	831,154	2,191,557	2,596,186	6,952,545	4,872,304
Travel and transportation	493,180	663,497	1,237,676	2,012,286	2,582,075	3,657,491
Government-related	415,087	500,819	984,551	2,559,426	3,065,642	3,675,523
Postal and communication	147,627	109,386	202,862	230,465	239,429	520,604
Promotional materials, representation and entertainment	79,469	103,059	244,369	613,887	890,576	1,292,086
Staff house	61,215	63,300	58,130	27,744	87,106	90,421
Membership fees	13,773	7,487	10,295	114,418	141,167	151,318
Provision for inventory obsolescence and write down in value (Note 8)	-	-	-	682,758	9,181,866	3,926,309
Provision for ECLs (Note 6)	-	-	-	1,219,927	899,160	574,495
Provision (reversal of provision) for onerous contracts (Notes 4 and 18)	-	-	-	(430,601)	(502,370)	487,971
Loss on write off of inventories (Notes 8 and 29)	-	-	-	-	-	9,508,020
Others - net	386,834	1,105,660	307,673	(83,821)	1,205,029	(153,636)
	\$30,579,237	\$32,920,044	\$42,481,955	\$25,075,911	\$48,029,816	\$57,032,614

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:

	2025	2024	2023
Interest expense on loans (Notes 16 and 17)	\$18,681,066	\$19,151,247	\$19,013,077
Interest on leases (Note 30)	1,241,425	1,482,675	1,395,174
Bank charges	291,644	378,424	514,236
Others	176,405	190,159	177,561
	\$20,390,540	\$21,202,505	\$21,100,048

Others include interest in employee housing and car loans in 2025, 2024, and 2023.

24. Other Income (Expenses) - Net

Other income (expenses) - net consists of:

	2025	2024	2023
Impairment loss on goodwill (Note 11)	\$-	(\$27,009,305)	(\$15,590,835)
Reversal (provision) for impairment on property, plant and equipment (Notes 4 and 10)	447,157	(4,932,211)	(5,045,014)
Financial subsidies	324,927	2,043,211	1,976,113
Gain (loss) on sale and retirement of property, plant and equipment – net (Note 10)	(\$90,772)	\$1,751,810	\$60,061
Gain on lease termination	-	1,107,398	-
Other income from customers	-	714,238	1,045,366
Sale of materials and scrap (Note 8)	19,311	40,328	63,114
Gain on insurance claims	94,223	11,505	11,968
Final withholding taxes	(1,335,150)	(191,537)	(418,789)
Gain (loss) on disposal of subsidiary (Notes 2 and 11)	4,892,045	-	(81,108,320)
Other income (expense) – net	513,035	325,784	1,309,750
	\$4,864,776	(\$26,138,779)	(\$97,696,586)

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 \$4.20 million and \$3.52 million in 2025 and 2024, respectively.

Loss on disposal of subsidiary is related to the sale of STI in 2023.

25. Income TaxCurrent TaxParent Company

The Parent Company is registered with PEZA and is entitled to certain incentives, which include ITH. As of December 31, 2025, 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

STJX and IMISZ have been granted a corporate income tax preferential rate of 15% (instead of the standard 25%) for a period of 3 years (from 2023 to 2025) by the State Taxation Administration of the People’s Republic of China, in recognition of their status as qualified high-tech enterprises.

IMICD is subjected to taxation at the statutory tax rate of 15% in 2024 on its taxable income as reported in its 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 2025, 2024 and 2023. 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, 2025, 2024 and 2023, 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 2025, 2024 and 2023, for VIA Suzhou (China) a tax rate of 25% for 2025, 2024 and 2023 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, 2025, 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:

	2025	2024
Deferred tax assets:		
Lease liabilities	\$1,201,864	\$2,586,939
Net operating loss carry-over	-	1,205,777
Allowance for inventory obsolescence	428,201	819,320
Difference in tax base and accounting base of property and equipment	478,711	516,669
Allowance for doubtful accounts	134,666	284,687
Others	1,383,319	1,745,284
	\$3,626,761	\$7,158,676

	2025	2024
Deferred tax liabilities:		
Right-of-use asset	\$1,097,720	\$2,682,701
Fair value adjustment on property, plant and equipment arising from business combination	674,284	857,370
Allowance for doubtful accounts	-	673,987
Difference in tax base and accounting base of property and equipment	577,852	660,406
Contract assets	52,845	60,357
Unrealized foreign exchange gain on monetary assets – net	92,948	52,398
Allowance for inventory obsolescence	-	-
Others	183,086	16,026
	\$2,678,735	\$5,003,245

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, 2025			
	Deferred Tax Assets	Deferred Tax Liabilities	Total Deferred Tax Assets - net	Total Deferred Tax Liabilities - net
Parent Company	\$-	(\$139,902)	\$-	(139,902)
PSI	-	(5,891)	-	(5,891)
IMI BG	229,226	-	229,226	-
IMI MX	116,274	-	116,274	-
STEL	1,312,083	-	1,312,083	-
Serbia	293,605	-	293,605	-
Consolidation	-	(857,369)	-	(857,369)
	\$1,951,188	(\$1,003,162)	\$1,951,188	(\$1,003,162)

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)
	\$6,484,659	(\$4,329,228)	\$3,129,013	(\$973,582)

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, 2025 and 2024, the temporary differences for which no deferred tax assets have been recognized are as follows:

	2025	2024
Net operating loss carry-over	\$145,935,032	\$217,419,058
Accumulated impairment losses on property, plant and equipment	-	2,844,471
Provisions	-	858,152
Excess of cost over NRV of inventories	-	392,465
Allowance for doubtful accounts	-	253,698
	\$145,935,032	\$221,767,844

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, 2025, 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	6,853	17,683,357
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	717,877	7,863,717
		\$78,801,976	\$724,730	\$78,077,246

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
2025	\$909,000	\$-	\$909,000
2024	4,703,633	-	4,703,633
2023	4,397,799	6,853	4,390,946
2022	3,887,000	-	3,887,000
2021	8,163,000	-	8,163,000
2020	11,762,354	717,877	11,044,477
2019 and prior	33,310,270	-	33,310,270
	\$67,133,056	\$724,730	\$66,408,326

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:

	2025	2024	2023
Statutory income tax	(25.00%)	(25.00%)	(25.00%)
Tax effects of:			
Nondeductible expenses and movement in unrecognized deferred taxes	37.77%	40.72%	50.07%
Income subject to minimum corporate income tax	(0.36%)	0.08%	0.04%
Income subject to gross income tax	(15.40%)	2.38%	1.50%
Difference in tax jurisdiction	55.75%	(26.57%)	(31.61%)
Interest income subjected to final tax	(0.03%)	0.01%	0.01%
Provision for income tax	52.74%	(8.38%)	(4.99%)

Base 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 2025. 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 beginning FY2024 through FY2026, extended recently to include FY2027, following the entry into force of the relevant legislation. The TCSH relies on simplified calculations (mainly based on data extracted from the CbCR under BEPS Action 13) and three (3) kinds of alternative tests. Where at least one (1) 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 Simplified Effective Tax Rate (ETR) equals or exceeds the transition rate (the simplified ETR test, 15% for FY 2024 and 16% for FY2025); 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. In FY2024, only three (3) jurisdictions did not pass any of the TCSH tests, namely Bulgaria, Serbia and Singapore. In FY2025, four (4) jurisdictions, namely Bulgaria, Serbia, China, and Czech Republic similarly did not qualify under any of the TCSH tests.

With respect to these jurisdictions, the Group has provisionally calculated the potential top-up tax exposure based on the full Pillar Two regime. As of December 31, 2025, and 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").

Starting 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.

26. Income (loss) per Share

The following table presents information necessary to calculate EPS on net loss attributable to equity holders of the Parent Company:

	2025	2024	2023
Net income (loss) attributable to equity holders of Parent Company	\$13,526,303	(\$49,788,560)	(\$105,626,141)
Weighted average number of common shares outstanding	2,207,869,931	2,207,880,913	2,207,956,596
Basic and diluted EPS	\$0.006	(\$0.023)	(\$0.048)

As of December 31, 2025, 2024 and 2023, the Group has no dilutive potential common shares.

27. Personnel Costs

Details of salaries, wages, and employee benefits follow:

	2025	2024	2023
Salaries, wages and benefits	\$151,841,954	\$169,617,398	\$201,742,301
Government related contributions	10,361,797	11,513,221	12,599,886
Retirement expense under defined contribution plans	6,550,706	8,660,606	8,575,737
Restructuring expense	1,041,490	7,394,382	1,163,596
Net retirement expense under defined benefit plans	1,945,986	2,185,788	1,873,003
Others	5,894,291	5,760,897	9,432,706
	\$177,636,224	\$205,132,292	\$235,387,229

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 2025, 2024 and 2023 amounted to \$1.04 million, \$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:

	2025	2024	2023
Cost of sales (Note 20)	\$139,775,240	\$149,791,634	\$178,327,058
Operating expenses (Note 21)	37,860,984	55,340,658	57,060,171
	\$177,636,224	\$205,132,292	\$235,387,229

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, 2025.

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:

	2025	2024
Parent Company	\$7,480,073	\$4,829,084
IMI BG	2,867,850	2,464,906
PSi	(171,876)	(196,229)
IMI Serbia	125,320	81,996
	\$10,301,367	\$7,179,757

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:

	Net Retirement Expense					Remeasurements							December 31
	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	Foreign Currency Exchange Difference	
Present value of defined benefit obligation	\$21,226,315	\$1,615,478	\$1,174,272	\$2,789,750	(\$3,181,189)	\$-	\$1,110,942	\$-	\$2,501,192	\$3,612,135	\$-	(\$38,215)	\$24,408,795
Fair value of plan assets	(14,046,558)	-	(843,764)	(843,764)	650,696	(99,824)	-	-	-	(99,824)	-	232,022	(14,107,428)
Net retirement liabilities	\$7,179,757	\$1,615,478	\$330,508	\$1,945,986	(\$2,530,493)	(\$99,824)	\$1,110,942	\$-	\$2,501,192	\$3,512,311	\$-	\$193,807	\$10,301,367

	Net Retirement Expense					Remeasurements							December 31
	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	Foreign Currency Exchange Difference	
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)	\$	\$1,387,050	\$1,135,992	\$182,623	(\$397,231)	\$7,179,757

The maximum economic benefit available is the contribution of expected refunds from the plans and reductions in future contributions.

The net retirement asset and net retirement liabilities as of December 31, 2025 and 2024 follows:

	2025	2024
Net pension liabilities	\$10,473,243	\$7,375,986
Net pension asset (Note 14)	171,876	196,229
	\$10,301,367	\$7,179,757

The distribution of the plan assets as of December 31, 2025 and 2024 follows:

	2025	2024
Government securities	\$7,457,041	\$7,610,366
Equities	2,305,472	1,391,514
Corporate bonds	1,600,264	1,182,927
Trust funds	318,132	1,197,791
Exchange traded funds	804,670	982,270
Mutual funds	677,851	820,947
Investment properties	1,157,601	727,246
Cash and cash equivalents	348	927
Others	(213,947)	132,570
	\$14,107,432	\$14,046,558

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, 2025 and 2024, the fair value of these plan assets amounted to \$1.15 million and \$1.52 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 \$3.14 million to the defined benefit plans for 2026.

The actual return of plan assets amounted to \$0.10 million, (\$0.03 million), and \$0.54 million in 2025, 2024 and 2023, respectively.

The average duration of net retirement liabilities ranges from 10.30 to 17.11 years as of December 31, 2025, and 9.85 to 16.60 years as of December 31, 2024.

Shown below is the maturity analysis of the undiscounted benefit payments as of December 31, 2025 and 2024:

	2025	2024
Less than one year	\$2,887,496	\$2,052,300
More than one year to five years	9,153,321	9,401,662
More than five years to ten years	14,446,409	12,300,727
More than ten years to fifteen years	16,699,328	13,470,414
More than fifteen years	54,814,902	45,123,748
	\$98,001,456	\$82,348,851

Principal actuarial assumptions

The principal actuarial assumptions used to determine retirement benefits are shown below:

	2025	2024	2023
Discount rate	3.93% - 6.47%	3.93% - 6.12%	4.03% - 6.25%
Salary increase rate	5.00% - 8.00%	5.00% - 8.50%	4.00% - 8.50%

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	
		2025	2024
Discount rate	+1%	(\$1,838,090)	(\$1,580,747)
	-1%	1,814,399	1,555,060
Salary increase rate	+1%	1,988,668	1,434,659
	-1%	(2,014,191)	(1,708,292)

The mortality rate in 2025 and 2024 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 2025 and 2024. IMI Serbia used the 2012 table of mortality published by the Statistical Office of the Republic of Serbia for 2025 and 2024.

The net retirement expense of the Parent Company, IMI BG, Serbia, STIPH and PSi under the defined benefit plans is allocated as follows:

	2025	2024	2023
Cost of sales	\$1,154,822	\$1,120,927	\$1,149,805
Operating expenses	791,164	1,064,861	723,198
	\$1,945,986	\$2,185,788	\$1,873,003

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:

	2025	2024	2023
Cost of sales	\$6,098,935	\$7,882,004	\$7,686,567
Operating expenses	451,771	778,602	889,170
	\$6,550,706	\$8,660,606	\$8,575,737

28. Employee Stock Ownership Plan (ESOWN) and Employee Stock Option Plan (ESOP)

ESOWN

The Group has an ESOWN, which is a privilege extended to the Group's eligible managers and staff whereby the Group allocates up to 10% of its authorized capital stock for subscription by said personnel under certain terms and conditions stipulated in the ESOWN.

The key features of the plan are as follows:

- The subscription price per share shall be based on the average closing price at the PSE for 20 consecutive trading days with a discount to be determined by the Parent Company's Compensation Committee.
- Term of payment is eight years reckoned from the date of subscription:

Initial payment	2.5%
1 st Anniversary	5.0%
2 nd Anniversary	7.5%
3 rd Anniversary	10.0%
Over the remaining years	75.0% balance

- Holding period:

- 40% after one (1) year from subscription date
- 30% after two (2) years from subscription date
- 30% after three (3) years from subscription date

Movements in the number of shares outstanding under ESOWN in 2025, 2024 and 2023 follow:

	2025		2024		2023	
	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	136,872,538	₱6.93	136,926,800	₱6.60	137,004,327	₱6.60
Forfeitures	–	–	(54,262)	12.50	(77,527)	12.50
At end of year	136,872,538	₱6.93	136,872,538	₱6.93	136,926,800	₱6.60

The balance of the subscriptions receivable amounted to \$2.57 million, \$2.56 million, and \$2.58 million as of December 31, 2025, 2024 and 2023, respectively (see Note 19).

There is no share option expense recognized in 2025, 2024 and 2023 related to the ESOWN Plan.

ESOP

On August 8, 2025, the Philippine Stock Exchange (PSE) approved the Parent Company's application of its proposed issuance of 112,500,000 Stock Appreciation Rights (SAR), which may be cash-settled or equity-settled, at the option of the Parent Company, in favor of its qualified employees pursuant to its 2025 SAR Plan. The PSE also approved the exemption from registration requirements under Section 8 and 12 of the Securities Regulation Code.

The Plan was designed to support the long-term success of the Company by directly incentivizing key employees who drive the Company's strategy, operations, and financial performance. Shares subject of this Plan, whether settled in cash or through issuance of shares, shall be up to 5% of the Company's authorized capital stock at the time of the Plan's Adoption Date or 112,500,000 shares.

The key features of the plan are as follows:

- The exercise price was based on the 12-month volume weighted average price of the Parent Company's Shares on the Stock Exchange preceding the Plan's approval.
- The exercise price will be fixed as at the Award Offer Date and shall be valid for the vesting period specified in the relevant Award Offer Letter and Award Agreement. The Chairman may reprice any outstanding Awards that remain unexercised after the end of the vesting period.
- Vesting Period: At the end of three years from the Plan's Adoption Date, or upon occurrence of a trigger event, whichever is earlier.
- Grant Schedule: The Awards will be granted in three tranches over three years:
 - a. 50% initial grant to be awarded upon the Plan's Adoption Date;
 - b. 25% in 2026 contingent on the Company achieving a core Earnings Before Interest, Taxes, Depreciation, and Amortization ("EBITDA") target for FY2025; and
 - c. 25% in 2027, contingent on the Company achieving a core EBITDA target for FY2026.

The Parent Company recorded cost of share-based payments amounting to \$0.11 million for the year ended December 31, 2025.

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, IMI USA, IMI Japan, IMI UK and IMI Singapore 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, 2025, 2024 and 2023:

December 31, 2025	Philippines		China	Europe	Mexico	Germany	USA/ Japan /Singapore / IMI UK	Consolidation and Eliminations	Total
	Parent Company	PSi							
Revenue from contracts with customers:									
Third party	\$231,786,190	\$8,687,468	\$144,424,574	\$364,993,231	\$133,354,383	\$85,245,290	\$27,811,529	\$-	\$996,302,665
Intersegment	18,409,682	-	25,197,459	36,539,818	324,239	-	1,004,487	(81,475,685)	-
Total revenue from contracts with customers	\$250,195,872	\$8,687,468	\$169,622,033	\$401,533,049	\$133,678,622	\$85,245,290	\$28,816,016	(\$81,475,685)	\$996,302,665
Segment interest income	\$3,832,156	\$11,179	\$2,356,162	\$1,031,086	\$-	\$288,952	\$1,154,138	(\$7,805,601)	\$868,072
Segment interest expense	\$18,063,048	\$784,349	\$1,953,687	\$1,527,506	\$2,657,633	\$1,274,556	\$2,161,102	(\$8,031,341)	\$20,390,540
Segment profit (loss) before income tax	\$25,891,949	\$1,234,042	\$3,310,314	\$23,309,649	(8,802,141)	(11,522,677)	\$29,834,274	(\$48,852,447)	\$14,402,963
Segment provision for income tax	(2,284,446)	(113,669)	(523,933)	(1,725,935)	(30,811)	(1,708,192)	(939,263)	(269,406)	(7,595,655)
Segment profit (loss) after income tax	\$23,607,503	\$1,120,373	\$2,786,381	\$21,583,714	(\$8,832,952)	(\$13,230,869)	\$28,895,011	(\$49,121,853)	\$6,807,308
Net income (loss) attributable to the equity holders of the Parent Company	\$23,607,503	\$1,120,373	\$2,786,381	\$21,583,714	(\$8,832,952)	(\$6,511,874)	\$28,895,011	(\$49,121,853)	\$13,526,303

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	(\$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)

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, 2025 and 2024:

	Philippines		China	Europe	Mexico	Germany	USA/ Japan/ Singapore/ UK	Consolidation and Eliminations	Total
	Parent Company	PSi							
2025	\$524,011,100	\$5,010,461	\$156,977,012	\$262,078,639	95,714,743	\$-	\$264,404,536	(\$631,223,344)	\$676,973,147
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

Investments in subsidiaries and intersegment receivables amounting to \$469.50 million and \$259.70 million as of December 31, 2025, respectively, and \$448.15 million and \$308.82 million as of December 31, 2024, 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, 2025 and 2024.

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:

	2025	2024	2023
Manufacturing of goods	\$993,461,701	\$1,096,202,211	\$1,323,481,365
Non-recurring engineering services	2,840,964	2,490,441	3,731,567
Revenue from contracts with customers	\$996,302,665	\$1,098,692,652	\$1,327,212,932

The following table presents revenue from contracts with customers per timing of revenue recognition for each reportable segment:

	2025		Total
	Revenue recognized over time	Revenue recognized at point in time	
Philippines			
Parent Company	\$231,786,190	\$-	\$231,786,190
PSi	8,687,468	-	8,687,468
China	144,424,574	-	144,424,574
Europe	363,337,637	1,655,594	364,993,231
Mexico	132,169,013	1,185,370	133,354,383
Germany	85,245,290	-	85,245,290
USA/Japan/Singapore	27,811,529	-	27,811,529
Revenue from contracts with customers	\$993,461,701	\$2,840,964	\$996,302,665

	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

The following table presents revenues from external customers based on customer's nationality:

	2025	2024	2022
Europe	\$731,087,136	\$802,970,863	\$921,631,187
America	107,170,463	114,236,905	182,120,031
Japan	56,763,740	62,158,240	57,307,924
Rest of Asia/Others	101,281,326	119,326,644	166,153,790
	\$996,302,665	\$1,098,692,652	\$1,327,212,932

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 31.00% (\$308.89 million), 14.76% (\$163.05 million), 12.33% (\$163.64 million) of the Group's total revenue in 2025, 2024 and 2023, respectively.

The following table presents revenues per market segment:

	2025	2024	2023
Automotive	\$643,398,685	\$750,049,973	\$800,268,154
Industrial	294,968,643	273,984,151	390,166,599
Consumer	19,317,247	32,474,716	33,872,523
Medical	22,825,889	22,237,892	23,204,347
Telecommunication	2,375,108	7,670,651	30,321,101
Aerospace/defense	—	—	36,165,083
Multiple market/others	13,417,093	12,275,269	13,215,125
	\$996,302,665	\$1,098,692,652	\$1,327,212,932

The following table presents noncurrent assets based on their physical location:

	2025	2024
Europe*	\$55,536,442	\$75,833,299
America**	23,857,583	28,559,301
Rest of Asia/Others	67,645,949	82,218,465
	\$147,039,974	\$186,611,065

*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 additions to noncurrent assets based on their physical location:

	2025	2024
Europe*	\$3,348,776	\$6,284,033
America**	779,124	624,780
Rest of Asia/Others	3,954,931	2,955,578
	\$8,082,831	\$9,864,391

*Pertains to Europe, Germany and UK

**Pertains to Mexico and USA

The following table presents the depreciation and amortization expense based on their physical location:

	2025	2024	2023
Europe*	\$9,874,531	\$11,569,422	\$15,757,118
America**	5,486,670	6,101,614	5,862,792
Rest of Asia/Others	11,250,444	15,367,651	15,562,557
	\$26,611,645	\$33,038,687	\$37,182,467

*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:

	2025	2024
As at January 1	\$30,018,442	\$19,472,578
Additions/modifications	(753,210)	19,639,887
Termination	(6,441,155)	(403,875)
Amortization expense	(6,073,944)	(8,337,126)
Disposal through subsidiary sold	(4,618,868)	—
Cumulative translation adjustment	645,992	(353,022)
As at December 31	\$12,777,257	\$30,018,442

Set out below are the carrying amounts of the Group's lease liabilities and the movements during the period:

	2025	2024
As at January 1	\$30,879,662	\$21,988,635
Additions/modifications	—	19,639,887
Interest expense on lease liabilities	1,241,425	1,482,675
Rental payments	(7,101,397)	(8,814,252)
Termination	(6,441,155)	(550,524)
Gain on lease termination	—	(1,107,398)
Disposal through subsidiary sold (Note 2)	(4,624,212)	—
Cumulative translation adjustment	688,348	(1,759,361)
As at December 31	\$14,642,671	\$30,879,662
Current	\$3,603,447	\$5,444,362
Noncurrent	\$11,039,224	\$25,435,300

The following are the amounts recognized in consolidated statements of income:

	2025	2024	2023
Amortization expense of right-of-use assets (Notes 20 and 21)	\$6,073,944	\$8,337,126	\$8,889,808
Interest expense on lease liabilities (Note 23)	1,241,425	1,482,675	1,395,174
Expense related to short-term leases and low-value assets	854,387	1,863,049	1,357,090
	\$8,169,756	\$11,682,850	\$11,642,072

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, 2025 and 2024 follow:

	2025	2024
Within one year	\$3,605,901	\$6,944,834
After one year but not more than two years	3,361,202	5,719,860
After two years but not more than three years	2,246,277	5,797,178
After three years but not more than four years	1,894,847	3,611,980
After four years but not more than five years	961,379	2,972,037
More than five years	1,531,684	7,188,795
	\$13,601,290	\$32,234,684

Lease Commitments

Parent Company as Lessee

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.

Parent Company as Lessor

The Parent Company enters into lease agreements for office and warehouse facilities. On October 1, 2025, the Company subleased a portion of its leased space to a third party under a sublease arrangement.

The sublease contract is coterminous with the Company's head lease agreement and covers the same leased premises. The sublease requires the sublessee to pay fixed monthly lease payments in Philippine Peso. The sublessee also reimburses the Company for certain operating costs such as utilities and common area maintenance charges.

The Company remains primarily obligated under the head lease agreement and continues to recognize the lease liability to the head lessor.

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. IMI SZ also entered a two-year lease agreement effective July 1, 2024 to June 30, 2026, for a dormitory located in Pingshan.

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. This lease agreement for the Kuichong plant was formally terminated on November 15, 2025 following the consolidation of the IMI SZ operations into a single facility located in the Pingshan District of Shenzhen.

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

In 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 production facility and warehouse were formally handed back to the landlord on July 30, 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 expired on March 31, 2025.

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, 2025, 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:

- Transactions with BPI, a related party

As of December 31, 2025 and 2024, the Group maintains current and savings accounts with BPI amounting to \$0.36 million and \$0.69 million, respectively.

Total interest income earned from investments with BPI amounted to \$0.001 million, \$0.002 million and \$0.003 million for the years ended December 31, 2025, 2024 and 2023, respectively.

The Group has an outstanding short term and long-term loans from BPI amounting to \$131.50 million and \$166.69 million as of December 31, 2025 and 2024, respectively.

Total interest accrued for the loan payable to BPI amounted to \$12.95 million, \$11.27 million and \$9.06 million for the years ended December 31, 2025, 2024 and 2023, respectively.

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

	Receivables		Payables	
	2025	2024	2025	2024
Intermediate Parent:				
Ayala Corporation (AC)	\$-	\$443,146	\$335,268	\$-
Entities Under Common Control:				
KTM Asia Motor Manufacturing Inc. (KAMMI)	402,382	842,178	-	-
Merlin Solar Technologies (Phils.) Inc. (MSTPI)	75,320	240,852	-	-
Ayala International Holdings Ltd (AIHL)	-	7,205	-	-
AREIT, Inc.	-	-	126,682	122,620
HMC, Inc. (HMCI)	-	-	-	15,818
BPI	-	-	3,434	224,964
Innovate Communication, Inc. (ICI)	-	-	7,577	12,983
Globe Telecom, Inc. (GTI)	-	-	5,128	5,437
Ayala Land Inc. (ALI)	-	-	1,567	-
	\$477,702	\$1,533,381	\$479,656	\$381,822

- 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.
- Payables to ALI pertain to hotel accommodation billings.

- Revenue/income and expenses from the Group's affiliates follow:

	Revenue/Income			Expenses		
	2025	2024	2023	2025	2024	2023
Immediate Parent:						
AC Industrials	\$-	\$-	\$-	\$-	\$-	\$46,807
Intermediate Parent:						
AC	-	-	-	309,296	437,175	670,643
Entities Under Common Control:						
KAMMI	428,951	1,601,459	2,437,678	-	-	-
MSTPI	205,959	120,711	122,961	-	-	-
BPI	1,161	16,691	2,567	48,751	-	41,352
AREIT	-	-	-	1,569,425	1,504,171	1,473,220
Laguna Water (LAWC)	-	-	-	-	425,296	1,189,047
AG Legal	-	-	-	199	62,237	23,250
ICI	-	-	-	95,696	163,994	217,156
HMCI	-	-	-	189,607	199,379	194,305
GTI	-	-	-	83,907	103,613	98,915
Ayala Greenfield Development Corporation (AGDC)	-	-	-	-	1,444	-
	\$636,071	\$1,738,861	\$2,563,206	\$2,296,881	\$2,897,309	\$3,954,695

Revenue/income from its affiliates pertains to the following transactions:

- Revenues from KAMMI and MSTPI pertain to subcontracting services related to registered activities.
- Interest income earned from investments with BPI.

Expenses incurred from related party transactions include:

- Administrative services charged by AC Industrials and AC related to certain transactions.
- Rental expense from the lease contract between the Parent Company and AREIT (Formerly with TLI).
- Water allocation charged by LAWC.
- Building rental, leased lines, internet connections and ATM connections with ICI.
- Health services from HMCI.
- Consultations on legal matters and assistance on regulatory and legal requirements from AG Legal.
- Billings for cellphone charges and WiFi connections with GTI.
- Staff house rent expenses paid with BPI.
- Dues and fees paid with AGDC.

- Revenue, income and expenses eliminated at the Group level follow:

- 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.
- 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.
- Dividend income of the Parent Company was declared by IMI Singapore amounting to \$21.89 million in 2025, nil in 2024 and \$24.6 million in 2023.

Compensation of Key Management Personnel of the Group

Compensation of key management personnel by benefit type follows:

	2025	2024
Short-term employee benefits	\$3,086,887	\$4,356,598
Post-employment benefits	132,535	927,713
	\$3,219,422	\$5,284,311

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, 2025 and 2024:

	Carrying Amounts		Fair Values	
	2025	2024	2025	2024
Financial assets:				
Financial assets at FVOCI	\$2,352,441	\$2,543,003	\$2,352,441	\$2,543,003
Financial liabilities:				
Noncurrent portion of long-term debt	\$-	\$107,102,708	\$-	\$112,180,367

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 ranged from 1.05% to 8.65%, respectively.

Fair Value Hierarchy

The following tables provide the fair value hierarchy of the Group's assets and liabilities:

	December 31, 2025			
	Fair Value Measurement Using			
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets measured at fair value:				
Financial assets at FVOCI	\$-	\$2,352,441	\$-	\$2,352,441
Liabilities for which fair values are disclosed:				
Long-term debt	\$-	\$-	\$-	\$-

	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
Assets measured at fair value:				
Financial assets at FVOCI	\$-	\$2,543,003	\$-	\$2,543,003
Liabilities for which fair values are disclosed:				
Long-term debt	\$-	\$-	\$112,180,367	\$112,180,367

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, 2025 and 2024. 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	
	2025	2024
+100	(\$1,960,091)	(\$2,912,583)
-100	1,960,091	2,912,583

The following table shows the information about the Group's debt as of December 31, 2025 and 2024 that are exposed to interest rate risk presented by maturity profile:

	2025	2024
Within one year	\$196,009,144	\$185,203,792
One to five years	-	106,054,534
	\$196,009,144	\$291,258,326

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:

	2025				
	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	Total
Accounts payable and accrued expenses:					
Trade payables	\$-	\$130,542,921	\$-	\$-	\$130,542,921
Employee-related accruals and contributions	-	16,535,728	-	-	16,535,728
Accrued expenses*	-	26,230,577	-	-	26,230,577
Nontrade payables	-	5,195,461	-	-	5,195,461
Accrued interest payable	-	2,016,167	-	-	2,016,167
Due to related parties	-	479,656	-	-	479,656
Contract liabilities	-	3,312,924	-	-	3,312,924
Other current liabilities	-	-	597,130	-	597,130
Loans payable**	-	97,298,687	-	-	97,298,687
Current portion of lease liabilities	-	-	3,605,901	-	3,605,901
Current portion of long-term debt**	-	-	104,081,713	-	104,081,713
Noncurrent portion of lease liabilities	-	-	-	9,995,390	9,995,390
Noncurrent portion of long-term debt**	-	-	-	-	-
	\$-	\$281,612,121	\$108,284,744	\$9,995,390	\$399,892,255

	2024				
	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	Total
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.

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, 2025 and 2024, as follows:

Financial Institution / Currency	2025		2024	
	Credit Limit	Available Credit Line	Credit Limit	Available Credit Line
Local:				
USD	110,000,000	82,200,000	132,000,000	37,400,000
PHP	800,000,000	360,162,500	800,000,000	423,000,000
Foreign:				
USD	59,000,000	12,000,000	59,000,000	37,000,000
JPY	-	-	1,100,000,000	706,530,000
Singapore Dollar (SGD)	16,000,000	8,000,000	16,000,000	16,000,000
EUR	5,000,000	5,000,000	12,107,435	9,164,704
RMB	45,000,000	44,000,000	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, 2025 and 2024 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 35% and 27% of trade receivables relating to three major customers as of December 31, 2025 and 2024, respectively.

As of December 31, 2025 and 2024, the aging analysis of receivables, contract assets and miscellaneous deposits follows:

	2025						
	Total	Current	Days Past Due				
			<30 Days	30-60 Days	60-90 Days	90-120 Days	>120 Days
Receivables:							
Trade	\$216,403,018	\$178,777,469	\$19,146,527	\$5,753,676	\$1,782,856	\$2,753,957	\$8,188,533
Nontrade	3,416,350	1,959,457	448,237	261,471	339,653	8,808	398,724
Receivable from employees	312,183	312,183	-	-	-	-	-
Due from related parties	477,702	28,803	79,561	46,909	25,445	-	296,984
Others	3,953,594	3,953,594	-	-	-	-	-
Contract assets	43,544,337	43,544,337	-	-	-	-	-
Miscellaneous deposits	833,309	833,309	-	-	-	-	-
	\$268,940,493	\$229,409,152	\$19,674,325	\$6,062,056	\$2,147,954	\$2,762,765	\$8,884,241
Expected credit loss	\$-	\$-	\$-	\$-	\$-	\$-	\$2,314,005
Expected credit loss rate	0%	0%	0%	0%	0%	0%	26%

	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%

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, 2025 and 2024 represents specifically identified impaired financial assets.

The following table summarizes the credit quality of the Group's financial assets as of December 31, 2025 and 2024:

	December 31, 2025					Total
	Minimal Risk	Average Risk	Fairly High Risk	High Risk	Past Due or Individually Impaired	
Cash and cash equivalents and short-term investments	\$76,518,469	\$-	\$-	\$-	\$-	\$76,518,469
Receivables:						
Trade	67,210,423	92,813,552	5,884,823	12,868,671	37,625,549	216,403,018
Nontrade	776,377	1,119,657	15,738	47,685	1,456,893	3,416,350
Receivable from employees	-	312,183	-	-	-	312,183
Due from related parties	-	25,426	-	3,377	448,899	477,702
Others	-	3,854,862	-	-	-	3,854,862
Financial assets at FVOCI	2,352,441	-	-	-	-	2,352,441
Miscellaneous deposits	833,309	-	-	-	-	833,309
	\$147,691,019	\$98,125,680	\$5,900,561	\$12,919,733	\$39,531,341	\$304,168,334

	December 31, 2024					Total
	Minimal Risk	Average Risk	Fairly High Risk	High Risk	Past Due or Individually Impaired	
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

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 2025 and 2024, 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 50% and 52% of the Group's sales for the years ended December 31, 2025 and 2024, respectively, and 58% and 58% of costs for the years ended December 31, 2025 and 2024, 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)

	2025		2024	
	In USD	In RMB	In USD	In RMB
Cash and cash equivalents	\$1,489,100	RMB10,466,589	\$1,144,170	RMB8,132,588
Receivables	2,318,228	16,294,361	6,324,476	44,953,428
Accounts payable and accrued expenses	(9,639,591)	(67,754,755)	(10,754,839)	(76,443,784)
Net foreign currency-denominated assets (liabilities)	(\$5,832,263)	(RMB40,993,805)	(\$3,286,193)	(RMB23,357,768)

Philippine Peso (₱)

	2025		2024	
	In USD	In PHP	In USD	In PHP
Cash and cash equivalents	\$1,474,161	₱86,665,941	\$722,099	₱41,769,817
Receivables	1,303,676	76,643,124	2,721,114	157,402,832
Miscellaneous deposits	655,657	38,546,085	631,449	36,526,149
Accounts payable and accrued expenses	(9,573,741)	(562,840,212)	(9,170,504)	(530,467,815)
Net retirement liabilities	(9,778,598)	(574,883,804)	(8,797,715)	(508,903,798)
Net foreign currency-denominated liabilities	(\$15,918,845)	(₱935,868,866)	(\$13,893,557)	(₱803,672,815)

Euro (€)

	2025		2024	
	In USD	In EUR	In USD	In EUR
Cash and cash equivalents	\$6,789,692	€5,766,682	\$16,723,937	€15,402,883
Receivables	36,029,422	30,600,834	21,583,430	19,878,516
Accounts payable and accrued expenses	(38,502,386)	(32,701,194)	(35,929,185)	(33,091,074)
Net foreign currency-denominated assets (liabilities)	\$4,316,728	€3,666,322	\$2,378,182	€2,190,325

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, 2025 and 2024 follows:

	2025			
	In USD	In EUR	In RMB	In GBP
Cash and cash equivalents	\$5,271,365	€1,191,231	RMB27,193,088	£-
Receivables	14,403,569	1,522,597	88,639,235	-
Accounts payable and accrued expenses	(24,544,406)	(7,986,390)	(106,424,680)	-
Net foreign currency-denominated assets (liabilities)	(\$4,869,472)	(€5,272,562)	RMB9,407,643	£-

The USD-denominated monetary assets and liabilities are translated using EURO.8493 for \$1, RMB7.0288 for \$1 and GBP0.7416 for \$1.

	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	€9,022,802	(RMB2,445,765)	£2,380,749

The USD-denominated monetary assets and liabilities are translated using EURO.9210 for \$1, RMB7.1079 for \$1 and GBP0.7806 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, 2025 and 2024. 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	
		2025	2024
RMB	+1%	\$65,757	\$29,653
	-1%	(65,757)	(29,653)
PHP	+1%	157,576	200,191
	-1%	(157,576)	(200,191)
EUR	+1%	(77,012)	(17,693)
	-1%	77,012	17,693
USD*	+1%	93,888	73,224
	-1%	(97,501)	(74,323)

*The USD-denominated monetary assets and liabilities are translated using EURO.8493 for \$1, RMB7.0288 for \$1.

34. Contingencies

As of December 31, 2025, 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, including but not limited to bankruptcy and liquidation proceedings of customers where the Group has filed creditor's claims, and certain labor cases, some of which are being resolved amicably.

35. Events After the Balance Sheet Date

2025 Stock Appreciation Rights Program

On February 25, 2026, the Board of Directors of the Parent Company approved the amendment to the 2025 Employee Stock Option Program in the form of the Stock Appreciation Rights Plan (the "SAR Plan") allowing eligible employees the early exercise of 15,500,000 common shares, subject to conditions stated in the SAR Plan. The shares will be issued from the Parent Company's available listed treasury shares.

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					2025
	2024	Availment/ Collection	Settlement/ Payment	Reclass	Addition	Forfeitures	Accretion of interest expense	Deductions	Gain on lease modifications	Foreign currency translation	
Loans payable (Note 16)	\$152,594,209	\$6,759,331	(\$37,416,498)	\$-	\$-	\$-	\$-	(\$31,754,994)	\$-	\$6,760,224	\$96,942,272
Current portion of long-term debt (Note 17)	30,763,284	-	(32,873,598)	101,856,347	-	-	-	(720,677)	-	41,516	99,066,872
Long-term debt (Note 17)	107,102,708	-	(4,110,340)	(101,856,347)	-	-	-	(1,778,732)	-	642,711	-
Lease liabilities (Note 30)	30,879,662	-	(7,101,397)	-	-	-	1,241,425	(11,065,367)	-	688,348	14,642,671
Other noncurrent liabilities	5,136,939	-	(1,933,674)	-	-	-	-	(600,833)	-	2,283,832	4,886,264
Subscriptions receivable	(2,560,791)	-	(5,257)	-	-	-	-	-	-	-	(2,566,048)
	\$323,916,011	\$6,759,331	(\$83,440,764)	\$-	\$-	\$-	\$1,241,425	(\$45,920,603)	\$-	\$10,416,631	\$212,972,031

	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)
	\$381,882,614	\$3,277,187	(\$74,714,896)	\$-	\$19,639,887	\$14,746	\$1,482,675	(\$550,524)	(\$1,107,398)	(\$6,008,280)	\$323,916,011

Most of the loans are from existing revolving credit lines.

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