Ensuring Reliability and Creating Impact

INTEGRATED REPORT 2024

THRIVE

Integrated Micro-Electronics Inc. (IMI) significantly impacts lives globally by providing reliable and high-quality electronics across various sectors, including but not limited to the automotive, industrial, and the medical markets.

Our advanced manufacturing solutions support the development of essential products, services and technologies, enhancing everyday life and safety, creating job opportunities, and fostering innovation. As such, IMI contributes to economic growth and technological advancement worldwide.

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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 IMI

Integrated Micro-Electronics, Inc. (IMI), the electronics manufacturing subsidiary of Ayala Corporation, is a leading global electronics manufacturing solutions expert specializing in highly reliable and quality electronics for long product life cycle segments in the automotive, industrial, power electronics, communications, and medical industries.

IMI ranks 23rd among the top EMS providers in the world by the Manufacturing Market Insider based on 2023 revenues, and remains among the top ten in the automotive sector according to New Venture Research.

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

For more information, visit global-imi.com.

About this Report

This Integrated Report for the year 2024 reflects IMI's unwavering value-driven commitment to transparency, innovation, and sustainable growth. As a global leader in electronics manufacturing solutions, the company continues to align its operations with the evolving demands of the automotive, industrial, medical, and communications sectors. This report serves as a comprehensive overview of our performance, strategies, and aspirations, providing stakeholders with a clear understanding of our journey and future direction.

In 2024, IMI took significant strides to refocus on its core strengths while emphasizing our dedication to foster resilience and adaptability in a dynamic market landscape. Highlighted in this report are initiatives, showcasing how the company is positioning itself as a future-ready organization.

The objective of this document is to provide a holistic view of the company's financial and non-financial performance in creating value for all stakeholders. By integrating environmental, social, and governance (ESG) considerations into our business strategies, we aim to demonstrate our role as a responsible corporate citizen. This report also outlines our efforts to address global challenges, such as climate change and technological disruptions, while seizing opportunities for sustainable growth.

IMI aligns its sustainability reporting with the Sustainability Accounting Standards Board (SASB) framework, ensuring focused and investor-relevant disclosures on the most material ESG factors impacting the electronics manufacturing sector. These standards recognize that companies within the same sector typically share similar business models and resource dependencies, which result in common sustainability challenges and opportunities. SASB standards can be used alongside other sustainability reporting frameworks, such as GRI Standards. They can also be a helpful tool for implementing broader sustainability principles outlined by organizations like the Task Force on Climate-Related Financial Disclosures (TCFD) and the International Integrated Reporting Council (IIRC).

We invite our stakeholders to join us in celebrating our achievements and understanding the challenges we face. It is our hope that this document not only informs but also inspires confidence in IMI's ability to navigate the complexities of the modern business environment.

Together, we look forward to creating a brighter, more innovative future.

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
- Risk Management Policy
- Policy on Insider Trading
- IMI Code of Conduct
- IMI Supplier Code of Conduct
- 2024 SEC Form 17-A

→ For more details about the various frameworks and standards referred to, check:
- integratedreporting.ifrs.org
- globalreporting.org
- fsb-tcfd.org
- unglobalcompact.org
- sdgs.un.org/goals

→ For Management's Discussion and Analysis of Financial Condition and Results of Operations, go to → **page 78**.

→ The Independent Assurance Statement on IMI's sustainability disclosures is on → **page 72**.

FINANCIAL HIGHLIGHTS

GROSS PROFIT	EBITDA %	TOTAL ASSETS
7.9 %	3.4 %	$ 793 M
vs. 9.0% in 2023	vs. 4.0% in 2023	vs. $995M as of 2023

2024 FOCUS

In today's dynamic business landscape, significant transformation is essential to staying competitive and relevant. In 2024, IMI underwent radical change to ensure that the organization can adapt seamlessly while minimizing disruptions. The company focused on reducing operational costs and strengthening its geographical footprints to align with evolving business demands while improving performance and enhancing its ability to serve customers with agility.

CORE OVERHEAD AND GAE REDUCTION, EXCLUDING ONE-OFFS	HEADCOUNT REDUCTION	LOAN REDUCTION
$ 24 M	18 %	$ 63 M
	From 12,659 to 10,368	Net repayment of bank debts

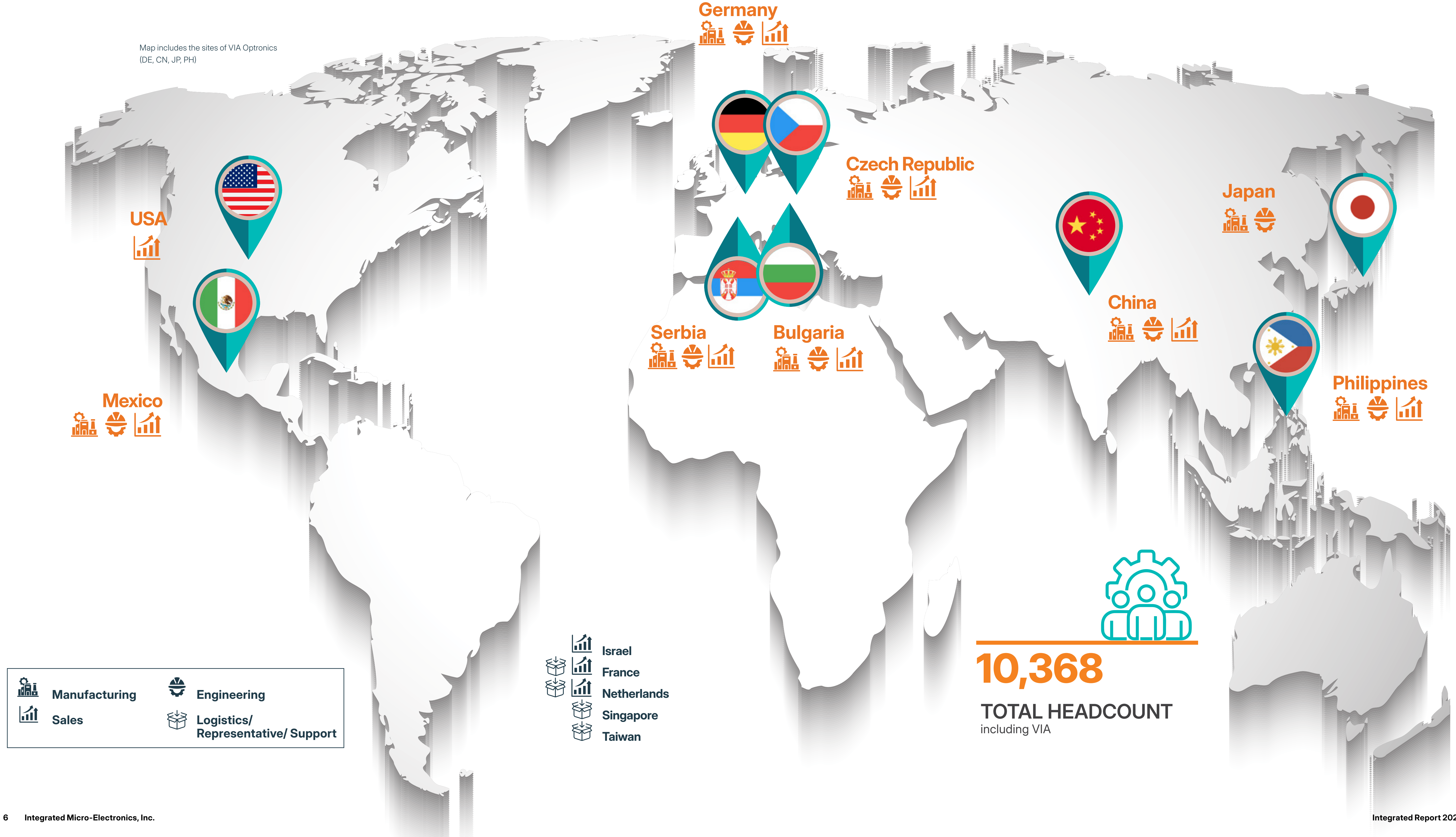
CREATING IMPACT

ENVIRONMENTAL	SOCIAL	GOVERNANCE
6 %	21.7 M	3
Reduction in GHG emission	Safe man hours	Golden Arrow Award in the ASEAN Corporate Governance Scorecard

IMI continues to establish its foothold across continents, providing electronics manufacturing and technology solutions that push the boundaries of global EMS through partnerships and ventures in many areas of new technologies and emerging markets.

410,901 sqm

TOTAL MANUFACTURING SPACE



10,368

TOTAL HEADCOUNT
including VIA

We remain bullish and well-positioned going into 2025 with our framework, management, and cost structure. – Lou Hughes, CEO

VISION

We remain committed to bolstering the foundations of our business while laying the groundwork for long-term sustainable growth.

3.2%

Global GDP remains steady

Dear Shareholders,

In 2024, IMI continued its shift towards becoming a leaner and more efficient organization in light of challenges within the EMS industry. While global growth remained steady at 3.2%, the Eurozone was significantly more muted, achieving only a 0.8% increase in GDP. This slowdown created headwinds for IMI as key operational sites in Bulgaria, Serbia, and the Czech Republic faced pressure from weakened customer demand. Though improving, global inflation rates remained relatively high at 5.8%, contributing to subdued discretionary spending. This, in turn, slowed the growth momentum of electric vehicle sales and compounded challenges in the automotive market. While improvements were seen in the supply shortage of electronic components, hurdles remain ahead. Specifically, imbalanced inventory levels and supply chain issues continue to keep the cost of raw materials and logistics elevated. Our new leadership team has therefore taken a proactive approach by restructuring the company's procurement organization. By decentralizing this function and integrating it into the manufacturing site level, the Company has enhanced agility and formed bespoke strategies unique to customer needs.

As the electronics industry continues to face an environment marked by economic challenges and shifting geopolitics, we remain committed to bolstering the foundations of our business while laying the groundwork for long-term sustainable growth. I am confident that this should position IMI for success in a rapidly evolving market.

Organizational Transformation

The past year marked a key milestone for IMI with the appointments of Louis Hughes as CEO and Robert Heese as CFO. Both Louis and Robert bring a wealth of expertise as accomplished professionals with extensive C-suite experience in global functional leadership roles. As IMI prioritizes restoring sustainable profitability, their strategic vision and proven track record of successfully leading lean organizations are driving IMI's ongoing realignment.

This marks the beginning of an exciting phase for IMI. Under their stewardship, we are focused on operational excellence, manufacturing efficiency, and margin improvement, reshaping the company into a more agile organization. With a more efficient structure, we enhance our ability to seize market opportunities and drive operations for long-term success.

Streamlining Operations and Enhancing Efficiency

IMI continues to optimize its global footprint, consolidating operations in the most promising high-growth regions while scaling down in less profitable markets.

The closure of our Tustin, California facility, which mainly supported prototyping, was a difficult but necessary decision. However, by partnering with industry leaders in prototyping, IMI preserved its value proposition while eliminating redundant costs. Similarly, the closure of our Chengdu, China facility enabled us to reduce overhead expenses while seamlessly transitioning select partners to our other Chinese plants, allowing us to focus on high-growth, high-profitability businesses. Meanwhile, support offices in Singapore and Japan were minimized as part of a broader effort to optimize resources and concentrate on profitability.

Non-essential departments were consolidated as part of the company's efforts to sharpen its focus on core strengths. For instance, our engineering talent has been realigned to leverage IMI's world-class design-for-manufacturing expertise. This will have an immediate effect in enhancing our competitiveness and profitability. Middle management layers were likewise streamlined, fostering a culture of accountability across the organization and empowering employees at all levels to contribute meaningfully.

Our supply chain improvements further strengthened operational agility and risk mitigation. By localizing selected sourcing functions to site operations, we have cut lead times, reduced freight expenses, and improved responsiveness to customer requirements. These adjustments have also aligned the supply chain success metrics with that of manufacturing operations. Through supplier contract renegotiations, diversification of our supplier base, and aggressive cost reductions, we have lowered material costs and improved margins.

Leveraging cutting-edge technologies, we continue to enhance manufacturing efficiency across our global sites. Automated production platforms are being deployed, particularly in highly competitive labor markets ensuring an optimal balance between human expertise and technological innovation. Furthermore, our commitment to lean manufacturing has reduced costs while enhancing product reliability and consistency. Moving forward, we remain focused on driving down production costs, enhancing product quality, and increasing throughput to strengthen our competitiveness in the global electronics manufacturing industry.

Looking Ahead: A Resilient Path Forward

The initiatives we launched in 2024 have strengthened IMI's foundation for long-term growth and profitability. While the electronics manufacturing industry faces ongoing geopolitical and sector-specific challenges, the dedication of our employees during this transition period has fortified our resilience. These actions not only enhance our competitive advantage but also position IMI as a leader in the global electronics manufacturing space.
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Our focus remains on innovation, operational efficiency, and the delivery of high-quality solutions to our partners. We are committed to driving long-term value for our shareholders, customers, and employees. As we turn to a new chapter for IMI, we deeply appreciate your continued trust and support.

"Our focus remains on innovation, operational efficiency, and the delivery of high-quality solutions to our partners."

Alberto M. de Larrazabal
Chairman

Last year was marked by decisive organizational transformation, with streamlined operations, optimized resources, and reinforced core strengths.

Dear Shareholders,

As we reflect on 2024, I am proud to share the progress of the strategic decisions that have reshaped Integrated Micro-Electronics Inc. for sustainable and profitable growth. Last year was marked by decisive organizational transformation, with streamlined operations, optimized resources, and reinforced core strengths.

It was a year we conducted a comprehensive review of our operations and footprint, which led to the closure of our facilities in Tustin (USA), Singapore, Japan, and Chengdu (China), while continuously assessing synergies and exploring further consolidation opportunities within Europe and China. Such initiatives resulted in fewer but larger IMI regional manufacturing centers in Eastern Europe, North America, Southeast Asia, and China, enhancing efficiency and competitiveness. A leaner management structure has improved overall communication, decision-making, and financial resilience and resulted in a reduction of US$24 million to IMI's core overhead and SG&A expenses.

Our unwavering commitment to high-quality, fast, and flexible service has solidified our position in the automotive market. By leveraging our reputation for zero-defect quality, we continue to attract and retain key customers. Additionally, we have pursued new opportunities in the industrial sector, targeting mid to large, high-mix customers with significant growth potential. Our European-led and restructured commercial leadership team, supported by dedicated automotive and industrial leads, continues to enhance our market intelligence, responsiveness, and customer engagement. We shall continue building our sales teams in the USA and Europe to attract new customers and expand our existing relationships in the automotive and industrial sectors to drive long-term shareholder value. Also in 2024, we have secured US$197 million of annual revenue potential business wins, US$125 million in automotive and US$72 million in industrial.

$24M
Cost reduction

To better address local supply and demand challenges, we recognized the need for site-specific supply chain management and transitioned from a centralized model in Malaysia to a decentralized approach in 2024. This shift has empowered site teams, ensuring better alignment with local production schedules and execution. We remain committed to supporting these teams for seamless coordination with our customers. Our engineering teams have been instrumental in driving innovation and maintaining our competitive edge. We have focused on expanding our capabilities in injection molding, tooling, machining, die casting, and metal stamping. Through vertical integration and strong supplier relationships, we were able to bring differentiated value to our customers.

To uphold industry-leading standards, we implemented rigorous quality control measures and introduced continuous improvement protocols. Last year, we launched the Global Quality Management System Online tool, granting over 10,000 employees worldwide access to quality and environmental documents. We also established an online Global Problem-Solving System that standardizes problem-solving activities globally, providing guidance and access to past issues and solutions, as well as a knowledge base for future process standards.

Our financial performance in 2024 reflected the broader industry softness in our core segments, with wholly-owned revenues declining 12% to US$981 million. Although the topline was impacted, our management teams implemented programs that significantly reduced labor and overhead costs in our operating sites, thereby minimizing the negative effect on margins. Apart from the cost reduction savings of US$24 million, we also reinforced our liquidity and supported a self-funded transformation effort through cash flow optimization and improved working capital management which generated US$91.6 million in core operating cash flows. This enabled us to repay US$60 million in bank loans, reducing future interest payments and strengthening IMI's balance sheet while maintaining healthy credit reserves.

At IMI, we believe that our people will always be our greatest asset. By investing in targeted development programs and aligning employee performance with our strategic goals, we continue to foster a culture of empowerment, accountability, and continuous improvement. Our managers remain committed to servant leadership, fostering collaboration to drive innovation and excellence and ensuring that every employee is engaged and motivated to catalyze our success.

I want to express my gratitude to our employees, customers, and shareholders for their support and dedication. Together, we navigated a challenging year and emerged stronger. We look forward to new milestones in 2025, confident in our collective ability to drive IMI's success.

Thank you for your continued trust and partnership.

At IMI, we believe that our people will always be our greatest asset.

Louis Sylvester Hughes
Chief Executive Officer

We are poised to capture emerging opportunities and drive long-term, sustainable value creation.

$118M

VIA revenues in 2024

Dear Shareholders,

Over the past year, I have dedicated my efforts to managing and strengthening IMI's subsidiary, VIA Optronics. In alignment with the transformative initiatives outlined by our Chairman Alberto de Larrazabal and our new CEO Louis Hughes, our seasoned leadership team has restructured VIA's corporate framework to enhance agility and drive profitability. We have taken steps to reassess VIA's corporate structure and execute operational and strategic improvements. Our commitment to disciplined execution and transparent performance metrics underscores our confidence in VIA's path toward sustainable growth.

Delisting from the NYSE: Simplification and Savings

One of the most significant developments for VIA in 2024 was its voluntary delisting from the NYSE–a strategic decision reached after an extensive costs-benefits analysis. This move is projected to reduce regulatory and compliance expenses by a meaningful margin while enabling a streamlined, more agile corporate structure. The delisting allows us to better focus on the things that have made VIA successful—namely, its innovative expertise and unique service capabilities to the display market. We remain committed to transparent communication with our shareholders as we navigate this strategic transformation.

Operational Improvements in VIA Optronics

In the past year, the VIA leadership team has executed a series of targeted operational improvements designed to enhance both competitiveness and profitability. Building on the actions adopted in IMI's core businesses, we have optimized our supply chain, streamlined manufacturing processes, and rationalized corporate support functions to better align with the shifting market dynamics. While we remain focused on improving margins and capturing market share, we are equally committed to fostering innovation as a crucial part of VIA's identity. We believe these strategic initiatives not only enable us to drive efficiency and cost savings, but also position us to stay at the forefront of the display technology market.

Strategic Partnerships and Collaborations

In line with IMI's broader strategic transformation, VIA has secured long-term growth by forging strategic partnerships with industry leaders in the display space. Our collaboration with Antolin, a global leader in automotive interiors, to develop "Sunrise," a state-of-the-art integrated cockpit solution not only reinforces our commitment to setting new benchmarks in user experience and seamless display integration but also validates our innovative capabilities, as demonstrated by its recognition in the "Smart Cockpit" category of China's Gasgoo awards held in Shanghai in November 2024. This achievement underlines the market's confidence in our technological direction and sets the stage for future revenue expansion.

Additionally, VIA announced a strategic partnership with JF Kilfoil, a leading firm supporting the component, interconnect, and printed circuit board manufacturers in the Midwest electronics market. This alliance is designed to drive innovation and deliver solutions addressing touch and camera technology requirements in the US markets. By extending our reach across automotive, industrial, and consumer electronics applications, this collaboration is expected to diversify our revenue streams and enhance our competitive positioning within a rapidly evolving technological landscape—all while complementing the cost efficiencies and operational improvements outlined by our Chairman and CEO.

Looking Ahead

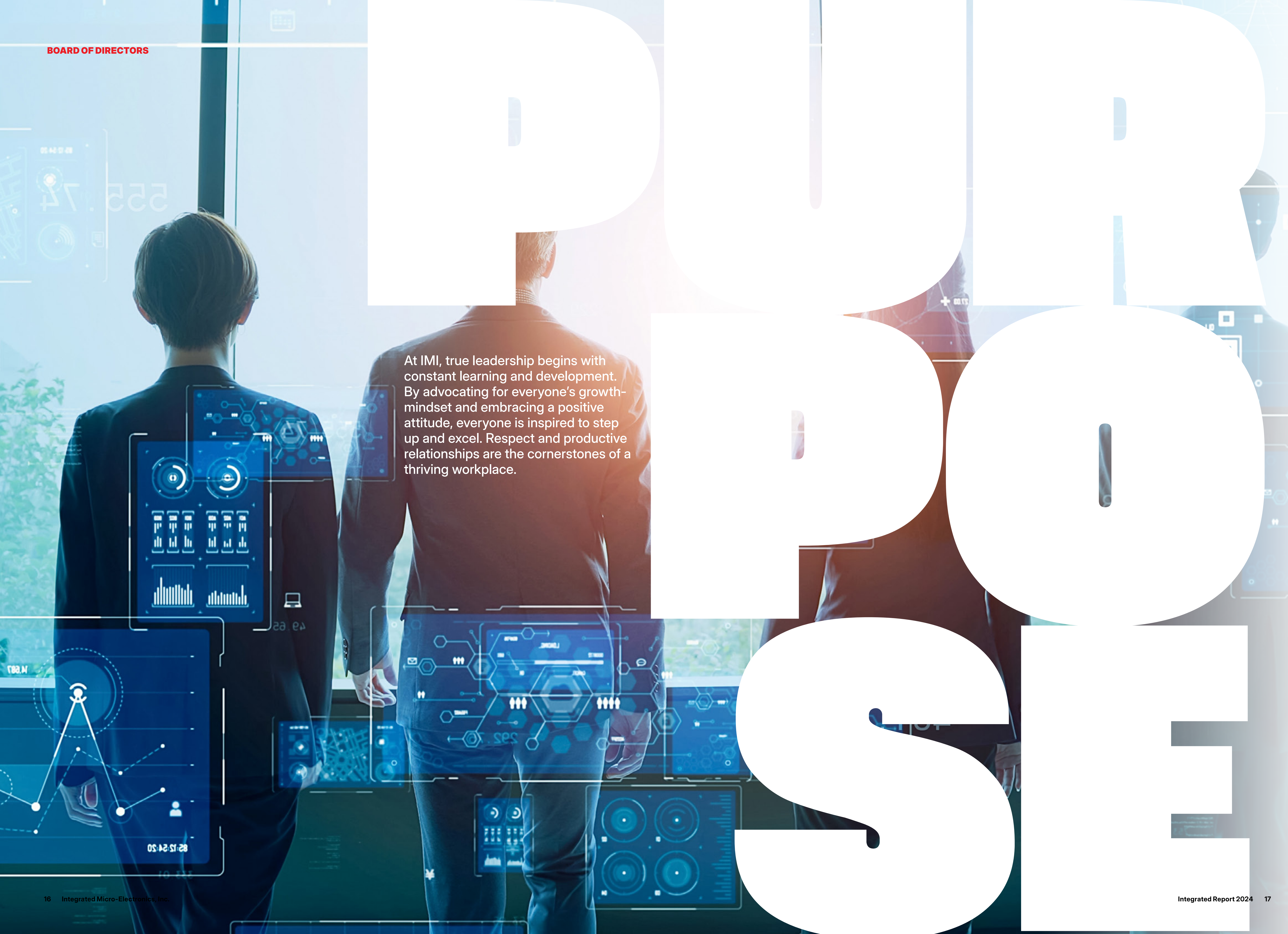
As we move forward, I am committed to propelling VIA Optronics towards sustainable growth and enhanced profitability. We are steadfast in our commitment to prioritizing operational excellence, accelerating innovation, and capitalizing on targeted strategic opportunities that directly support IMI's long-term vision. Our robust leadership structure and performance metrics ensure that we are able to execute our broader corporate strategy, delivering measurable improvements in cost efficiency and market competitiveness.

The past year has shown our ability to navigate complex market dynamics, reinforcing our confidence in the future of both IMI and VIA. I, along with the rest of the management team, remain dedicated to disciplined execution and transparent communications, delivering tangible value to our shareholders, customers, and partners. By continuing to build on our proven operational strategies and strategic vision, we are poised to capture emerging opportunities and drive long-term, sustainable value creation.

Thank you for your continued support.

> **"VIA has secured long-term growth by forging strategic partnerships with industry leaders in the display space."**

Jerome S. Tan
President



PURPOSE

At IMI, true leadership begins with constant learning and development. By advocating for everyone's growth-mindset and embracing a positive attitude, everyone is inspired to step up and excel. Respect and productive relationships are the cornerstones of a thriving workplace.

The Board of Directors plays a crucial role in guiding IMI's strategic direction and ensuring robust corporate governance.

Alberto M. de Larrazabal

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

Committees	E F
Date of Appointment	April 2021
Length of Service	4 years
Professional Qualifications	• Bachelor of Science degree in Industrial Management Engineering from De La Salle University, Philippines • Senior Managing Director and Chief Finance Officer of Ayala Corporation

Albert also holds the following positions in other publicly listed companies: Director of ENEX Energy Corp, and Non-Executive Non-Independent Director of Yoma Strategic Holdings Ltd. He is the Vice Chairman, President and CEO of AC Ventures Holdings Corp., Chairman of A&CO Holdings Corporation, AA Infrastructure Projects Corporation, Ayala Aviation Corporation, ACX Holdings Corporation, and LiveIt Investments Limited; Chairman and President of Liontide Holdings, Inc.; Director, President and CEO of AC Infrastructure Holdings Corporation, AC International Finance Ltd., and AYC Finance Limited; Vice Chairman of Lagdigan Land Corporation; Director and President of AC Ventures SubCo, Inc. and Philwater Holdings Company, Inc.; Director, Treasurer and Chief Finance Officer of WeAreAyala Business Club, Inc.; Director and CEO of AG Holdings Limited, AG Region Pte. Ltd., Ayala International Pte. Ltd., Ayala International Holdings Pte Limited, Azalaea International Venture Partners Limited, Bestfull Holdings Limited, BF Jade E-Services Philippines, Inc., Fine State Group Limited, and VIP Infrastructure Holdings Pte. Ltd; Director of AC Energy and Infrastructure Holdings, Inc., AC Industrial Technology Holdings, Inc., AC Logistics Holdings Corporation, ACEN International, Inc., A.C.S.T Business Holdings, Inc., AC Mobility Holdings Incorporated, Anko JV Company, Inc., Air 21 Holdings, Inc., APPPPS Partners, Inc., Asiacom Philippines, Inc., Ayala Healthcare Holdings, Inc., Evro Mobility Solutions, Inc., Healthnow, Inc., Global Telehealth, Inc., Light Rail Manila Holdings, Inc., Michigan Holdings, Inc., Mobility Access Philippines Ventures Inc., Affinity Express Holdings, Ltd., AI North America, Inc., AYC Holdings Limited, Pioneer Adhesives, Inc., Purefoods International Limited ("PFIL NA"), Strong Group Limited, and Total Jade Group Limited. He has over two decades of extensive experience as a senior executive in finance, business development, treasury operations, joint ventures, mergers and acquisitions, as well as investment banking and investor relations. Prior to joining Ayala Corporation, Albert served as Chief Commercial Officer and Chief Finance Officer of Globe Telecom, a business unit of Ayala Corporation. Before he joined Globe Telecom, he held positions such as Vice President and CFO of Marsman Drysdale Corporation, Vice President and Head of the Consumer Sector of JP Morgan, Hong Kong, and Senior Vice President and CFO of San Miguel Corporation.

Louis Sylvester Hughes

Executive Director and Chief Executive Officer
60, American

Date of Appointment	May 2024
Length of Service	Less than a year
Professional Qualifications	• Degree in Mechanical Engineering from Union College in New York, United States • Masters in Business Administration minor in Data Analytics at University of California Irvine

Louie has extensive global C-suite experience in sales, engineering, sourcing and operations. His 25 years in the global EMS industry centered on automotive and medical manufacturing, consumer electronics, sales and supply chain management. He was previously a senior manager at General Electric, COO of Universal Electronics, a NASDAQ-listed EMS company, CEO of Beyonics, a contract manufacturer headquartered in Singapore. He is not a director of any publicly-listed company in the Philippines other than IMI.

Jerome S. Tan

Executive Director and President
63, Singaporean

Date of Appointment	June 2021
Length of Service	4 years
Professional Qualifications	• B.A. in Economics under the Honors Program from De La Salle University, Philippines in 1982 • MBA in General Management from the Darden Business School at University of Virginia in 1987 • Senior Managing Director and the Global Chief Financial Officer and Treasurer of IMI from January 2011 to June 28, 2021 • President since June 28, 2021

Jerome is also an Independent Director of PAL Holdings, Inc., Philippine Airlines, Inc., Paramount Life & General Holdings Corporation and Paramount Life & General Insurance Corporation. He brings more than 30 years of broad experience and various achievements in finance, strategic planning, business development and acquisition/integration. He had assumed regional leadership roles in multi-national Banking and Finance companies, and Food and Beverage industry located in different countries in the Asia Pacific Region. Prior to joining IMI, he was with General Electric holding various regional and operating roles in Finance and Business Development including CFO for CNBC / NBC Universal Asia Pacific, CFO of GE Money Singapore and GE Money Bank in the Philippines. Before taking on operating CFO positions, he was the Regional FP&A Leader for GE Money Asia; and a Business Development Director for GE Capital responsible for mergers and acquisition. Prior to joining GE, he was also a key member of the management team of San Miguel Brewing International Ltd., managing Treasury and Financial Planning, and Corporate Planning and Business Development.

Key to Committee membership: E Executive Committee F Finance Committee A Audit and Risk Committee C Corporate Governance and Nomination Committee R Related Party Transactions Committee P Personnel and Compensation Committee

Position: Chairman Member

Jose Ignacio A. Carlos

Non-Executive Director

55, Filipino

Committees	P
Date of Appointment	December 2006
Length of Service	18 years
Professional Qualifications	• BS Management degree from the Ateneo de Manila University, Philippines in 1991 • Master of Business Administration at the Johnson Graduate School of Management Cornell University, New York in 1999

Jose Ignacio is concurrently the Chairman of the Board of AVC Chemical Corporation, Vice Chairman of the Board of Mindanao Energy Systems, Inc., and President of Polymer Products Philippines, Inc. and Minergy Power Corporation. He is also a member of the Board of Directors of Resins, Inc., Cagayan Electric Power and Light Co., Riverbanks Development Corporation, and Philippine Iron Construction and Marine Works, Inc. He is not a director of any publicly-listed company in the Philippines other than IMI.

Rafael C. Romualdez

Non-Executive Director

62, Filipino

Committees	E A F R
Date of Appointment	May 1997
Length of Service	27 years
Professional Qualifications	• Bachelor of Arts degree in Mathematics from Boston College in 1986 • Masters in Business Administration from George Washington University in 1991

Rafael is a Director of Resins Incorporated (RI) and sits in the boards of several of its affiliates: RI Chemical Corporation and its subsidiary, Claveria Tree Nursery Inc., Chemserve Incorporated, Pacific Resins, Incorporated (PRI), and MC Shipping Corporation. He is also Chairman of Philippine Iron Construction and Marine Works, Inc. (PICMW), a subsidiary of RI. He is a Director of Lakpue Drug Incorporated and La Croesus Pharma Incorporated. He is not a director of any publicly-listed company in the Philippines other than IMI.

Key to Committee membership: E Executive Committee; F Finance Committee; A Audit and Risk Committee

Roland Joseph L. Duchâtelet

Non-Executive Director

77, Belgian

Committees	E
Date of Appointment	October 2022
Length of Service	2 years
Professional Qualifications	Degrees in Engineering and Applied Economics, and Master in Business Administration from the University of Louvain, Belgium

Roland worked for several enterprises in Belgium and Germany. He created several businesses throughout his career, 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 the year 2000, Mr. Duchâtelet became active in the internet business. Between 2007 and 2010, he was a member of the Belgian Senate. He is not a director of any publicly-listed company in the Philippines other than IMI.

Jaime is the Chief Sustainability and Risk Officer (CSRO) of Ayala Corporation. In addition to his CSRO role, Jaime is also currently a director of ACEN Corporation, Bank of the Philippine Islands, BPI/MS Insurance, AC Industrial Technology Holdings, Inc., AC Ventures Holdings Corp., and Chairman of Klima 1.5 Corp. He is Vice Chairman of the Board of Trustees and Chairman of the Executive Committee of Ayala Foundation, a member of the Board of Trustees and Chief Executive Officer of WeAreAyala Business Club, Inc., and is also an Independent Advisor to the Board of Directors of Ayala Land Inc. He is also part of the board of WWF Philippines, the European Chamber of Commerce of the Philippines (ECCP), Makati Central Estate Association, Inc. (MACEA), and the Hero Foundation.

He was previously Vice President for Business Development at Ayala Corporation's listed energy platform, ACEN. During his tenure at ACEN, Jaime led initiatives to expand the group's portfolio of assets in the Philippines, Vietnam, Myanmar, and Indonesia. Prior to this, Jaime served as the Head of Business Development for AF Payments, Inc., which created the Beep Card payment system, the country's first interoperable public transport payment card. Prior to joining the Ayala Group, Jaime was an associate at JP Morgan in New York.

Jaime Z. Urquijo

Non-Executive Director

37, Filipino

Committees	F P
Date of Appointment	October 2022
Length of Service	2 years
Professional Qualifications	• Bachelor of Arts degree in Political Science from University of Notre Dame, Indiana, USA • Master of Business Administration in INSEAD, France in 2018

C Corporate Governance and Nomination Committee; R Related Party Transactions Committee; P Personnel and Compensation Committee; Position: Chairman, Member

Gilles Bernard

Non-Executive Director
67, French

Date of Appointment	June 2024
Length of Service	Less than a year
Professional Qualifications	• Degree in Engineering Major in Materials from Lycee Romain Roland in 1976 • Master's Degree in Physics and Chemistry of Polymer from Paris 13th University in 1976

Gilles was a former Director and the President of IMI from 2016 to 2019. Prior to this, he was the Chief Operating Officer of the IMI Group from 2014 to 2016 and previously the COO for IMI Europe and Mexico operations and Head of Global Operations support overseeing Global Materials Management, Quality, Sales and Key Strategic Accounts Management between 2011 to 2014. Before IMI, he was the General Manager of EPIQ NV (now Fremach International) from 1995 up to 2001, before he assumed the CEO post in 2001. He held this position until EPIQ NV's acquisition in 2011. He started his career as a development engineer and later on became D&D Manager of passive components division of Thomson. He then moved to the SMEE subsidiary of Mitsubishi Corporation as Quality Manager. He is not a director of any publicly-listed company in the Philippines other than IMI.

Jesse also holds directorship in ACEN Corporation, which is listed on the Philippine Stock Exchange. He 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

Independent Director
65, Filipino

Committees	A C R
Date of Appointment	April 2024
Length of Service	1 year
Professional Qualifications	• BS Industrial Engineering degree from the University of the Philippines in 1981 • Master of Business Administration from the Wharton School, University of Pennsylvania in 1985 • Lead Independent Director

Key to Committee membership: E Executive Committee F Finance Committee A Audit and Risk Committee

Hiroshi Nishimura

Independent Director
72, Japanese

Committees	R A C
Date of Appointment	June 2020
Length of Service	14 years • 10 years: Independent director (April 2010 to April 2020) • 4 years: Reappointed (June 2020 to present)
Professional Qualifications	Degree in Electronics Engineering at Kurume University, Japan in 1976

Hiroshi is the Chairman and President of Linkwest International Consultancy Services, Inc. He also serves as the Executive Vice President of All Purpose Appliances & Multi-Products, Inc. He served as President of Panasonic Communications Philippines Corporation (PCP), formerly known as Kyushu Matsushita Electronics Philippines (PKME), from 2000-2007. He is not a director of any publicly-listed company in the Philippines other than IMI.

Sherisa P. Nuesa

Independent Director
70, Filipino

Committees	C P
Date of Appointment	April 2018
Length of Service	6 years
Professional Qualifications	• Master of Business Administration degree from the Ateneo Graduate School of Business in Manila • Post-graduate courses in Harvard Business School and in Stanford University • Summa cum laude with a degree of Bachelor of Science in Commerce from the Far Eastern University in 1974, which named her as one of its Outstanding University Alumni • Certified Public Accountant

Sherisa is a director of other publicly-listed companies as follows: Independent Director of Manila Water Company, Inc. and AREIT, Inc. and a non-executive director of Far Eastern University and Metro Retail Stores Group Inc., where she serves as Chairman of the Board. She also sits in the Board of FEU subsidiary FERN Realty Corporation and concurrently a Senior Adviser to the Board of Vicsal Development Corporation. She is a member of the boards of trustees of the Financial Executives Institute (FINEX) Foundation and the NextGen Organization of Women Corporate Directors (NOWCD), where she holds the position of Vice President. She is also a Board Adviser to Justice Reform Initiative Inc. (JRI) where she was the former Chairperson for ten years since its inception. In the recent past, she is a former director of Ayala Land Inc. and ACEN Corporation from 2020 until April 2023. She also held the positions of President and Director of the ALFM Mutual Funds Group, and Trustee and Fellow of the Institute of Corporate Directors (ICD) from 2012 to 2021. In addition to her background as a Chief Finance Officer and currently as a Board Director, she also held previous positions in management operations and is an accredited lecturer of both ICD and the FINEX Academy. She was the Chief Finance Officer and Chief Administration Officer of IMI from January 2009 to July 2010. She was then a Managing Director of Ayala Corporation and had served in various capacities in Ayala Corporation, Ayala Land, Inc., and Manila Water Company, Inc. She co-led the Initial Public Offering (IPO) teams of Ayala Land, Inc., Cebu Holdings, Inc., Manila Water, and IMI. She was awarded as the ING-FINEX CFO of the Year for 2008.

C Corporate Governance and Nomination Committee R Related Party Transactions Committee P Personnel and Compensation Committee Position Chairman Member

Our core management team is the cornerstone of our success, providing leadership, ensuring operational excellence, managing risks, driving innovation, and fully committed to employee development.

Louis Sylvester Hughes
Chief Executive Officer

Jerome Tan
President

Robert William Heese
Chief Finance Officer

Eric de Candido
Chief Operations Officer

Julien Fournial
Global Head, Sales and Marketing

Laurice dela Cruz
VP Finance and Corporate Controller

Philippe Antunez
Global Head, Sourcing and Commodities

Margarita del Rosario
Chief Human Resource Officer

Onur Bayulgen
Global Head, Quality

Remy Buogo
Global Head, Advanced Competitiveness Engineering

Cherie Sasan
Power Business Head

REGIONAL GENERAL MANAGERS

Our regional General Managers are crucial in executing our strategic initiatives and ensuring operational efficiency across different regions.

Ashok Parameswaran
General Manager
Philippines

Joselito Bantatua
General Manager
China

Radoslav Georgiev
General Manager
Europe

Heremilton Bezerra
General Manager
Mexico

MANAGEMENT TEAM

We place a high value on our management team, recognizing their crucial role in driving IMI forward.

Sales

Thomas Caveneget
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

VIA

Roland Chochoiek
VIA CEO

Sustainability is essential to our operations as it reflects our dedication to responsible business practices and ensures our long-term success.

SUS TAIN ABILITY

In 2024, Integrated Micro-Electronics Inc. (IMI) embarked on a transformative journey aimed at achieving renewed profitability and growth.

The company's strategic vision in 2024 was centered around three imperatives: cost reduction, footprint rationalization, and revenue generation. Cost reduction efforts focused on improving direct material costs by identifying alternative components, increasing the share of IMI-controlled parts, and targeting logistics costs for reduction. Factory overhead was adjusted to align with revenue levels. These initiatives are projected to deliver annualized savings beginning in 2025.

Footprint rationalization involved optimizing operations in key locations in North America, Europe, and China. This rationalization seeks to enhance operational efficiency and better align IMI resources with market opportunities.

IMI's strategic direction in 2024 was deeply informed by current trends in the electronics manufacturing services (EMS) industry, including the impact of global economic factors on consumer spending, such as inflation and economic uncertainty. Meanwhile, ongoing trends towards reshoring and nearshoring presented opportunities for IMI, particularly in Mexico. By diversifying suppliers and investing in local manufacturing, the company is better mitigating risks associated with supply chain disruptions.

Growth in the electric vehicle (EV) market is another key trend. By developing specialized components for EVs, the company seeks to position itself as a major player in this burgeoning market. IMI recognizes the potential of automation and AI integration to enhance production efficiency and reduce costs. The company also strengthened its sustainability initiatives, reflecting growing pressure from eco-conscious consumers and regulatory requirements.

IMI's 2024 strategy focused on restructuring for profitability, optimizing operations, and driving growth by leveraging industry trends. By improving internal capabilities and capitalizing on market opportunities, IMI bolstered its competitive position for long-term success in the global EMS industry.

Major Strategies in each ESG Pillar

Environmental:

- Carbon Neutrality by 2050: IMI is committed to achieving carbon neutrality by 2050, demonstrating its dedication to long-term environmental sustainability.
- Reduce Carbon Intensity: The company aims to reduce carbon intensity for Scopes 1 and 2 by 50% by 2030.
- Partnerships: IMI partners with companies like Zero Motorcycles and Lithos that serve the electric vehicle ecosystem, furthering its commitment to sustainable practices.

Social:

- Training and Development: IMI provides training and development opportunities for all employees, ensuring continuous growth and skill enhancement.
- Employee Engagement: The company maintains a high employee engagement rating, reflecting its commitment to a positive and inclusive work environment.
- Health and Safety: IMI ensures a safe and healthy work environment for all its employees, prioritizing their well-being.

Governance:

- Responsible Business Practices: IMI commits to responsible business practices and aligns with the standards of the Responsible Business Alliance (RBA).
- Corporate Governance: The company upholds strong corporate governance standards across management and sites. IMI also received several recognitions from both government agencies and award-giving bodies
- Compliance: IMI ensures compliance with all audit requirements in finance, operations, and sustainability with zero incidents of material non-compliance.

For us at IMI, fostering a sustainable future is the bedrock of our business strategy. We seamlessly weave environmental stewardship and social responsibility into the fabric of our operations, propelling innovation and growth far beyond regulatory mandates. Our unwavering commitment to the UN SDGs energizes our proactive initiatives in addressing climate change and cultivating a sustainable, low-carbon future from within.

Laurice S. Dela Cruz
Chief Sustainability Officer

ESG Roadmap - Activities and Impact

The landscape of ESG compliance is demonstrably shifting, marked by an increasing emphasis on GHG reduction, addressing threats to biodiversity, water management, and the advancement of social equity. This evolution is being propelled by escalating environmental concerns worldwide and the implementation of more stringent governmental policies.

While global companies are adopting these evolving standards at different paces, often influenced by their respective market positions, IMI is actively engaging with its customers on a range of significant ESG initiatives. Through these comprehensive ESG customer engagement strategies, IMI not only enhances its brand reputation but also builds stronger, more loyal relationships with its customers. By prioritizing transparency, sustainability, and customer involvement, the company demonstrates its commitment to creating a positive impact on both the environment and society.

The following outlines the key ESG activities IMI undertakes in collaboration with its customers, along with the combined revenues associated with these partnerships.

	2022	2023	2024		2025		2030
ENVIRONMENT	☑ GHG reduction target by 2030 ☑ Net Zero 2050 ☑ Energy efficiency & PPA initiatives ☑ IPS ESG Awards	☑ IMI Scope 3 strategy ☑ ESG awareness initiatives (flag ceremony talk, Plastic free week, etc) ☑ Sustainability Internal Audits	☑ SouthPole Project ☑ Science Based Target Initiative (SBTi) ☑ Carbon Disclosure Project (CDP)	RBA Compliance Audit Preparation	☐ Validation of carbon emission reduction roadmap	RBA Certification - 2025	☐ 50% reduction in Scope 1 & 2 GHG ☐ 25% reduction in Scope 3 ☐ Green Energy utilization ≥ 50 %
SOCIAL	☑ Firming up of social targets ☑ Training and certification of ESG Team ☑ IMI Global cascade workshops ☑ ESG KPI on BSC		☑ IMI COC full rollout ☑ ESG upskilling for leaders ☑ Working hour compliance		☐ IMI-initiated community outreach programs		☐ Healthy & safe work environment ☐ Stakeholder collaboration
GOVERNANCE	☑ IMI Sustainability table of organization ☑ ESG organizational alignment to business strategies ☑ DNV 3rd party assurance	☑ IMI Supplier Code of Conduct ☑ IMI Supplier Audit Procedure ☑ Supplier engagement workshops	☑ Preparation for SEC new guidelines on sustainability reporting ☑ Preparation for IFRS ☑ RBA COC Version 8 ☑ Audit 20% of top IMI Suppliers		☐ Sustainability audits covering 20% of our top 150 suppliers		☐ Ethical & sustainable business practices aligned with global standards

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE

As one of the top 25 EMS providers globally, IMI recognizes the critical role it plays in transitioning to a low-carbon future. In 2021, we demonstrated our commitment to climate action by joining Ayala and its other subsidiaries in pledging Net Zero emissions by 2050. Additionally, we further strengthened our position by aligning with the Task Force on Climate-Related Financial Disclosures (TCFD) to ensure transparency in our climate-related efforts.

GOVERNANCE

- ☑ Present the current findings of the climate scenario analysis to Audit & Risk Committee (ARC), detailing the potential financial impacts on IMI.
- ☑ Chief Risk Officer role to be expanded to include the assessment and management of climate-related risks and opportunities.
- ☑ Ensure regulatory and legal compliance in all regions where IMI operates.

STRATEGY

- ☑ Climate Risk Analysis– Evaluate potential climate scenarios to understand and identify relevant risks and opportunities.
- ☐ Engage and partner with customers and suppliers to align common ESG targets.
- ☐ Implement tools for better ESG data collection and management.

RISK MANAGEMENT

- ☑ Describe the organization's processes for identifying and assessing climate-related risks.
- ☑ Describe the organization's processes for managing climate-related risks.
- ☑ Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

METRICS AND TARGETS

- ☐ Establish a revised greenhouse gas emissions baseline year of 2021, accompanied by the implementation of enhanced methodologies for a more comprehensive and accurate accounting of Scope 3 emissions.
- ☐ Develop Net Zero Roadmap and implement interventions to attain Near-term and Long-term goals.

☑ Completed ☐ In progress

OUR INTEGRATED VALUE CHAIN

Our integrated value chain enhances innovation, efficiency, and sustainability across our operations. It ensures high-quality outputs, optimizes resource utilization, and supports IMI's commitment to long-term growth and competitive advantage in the global market.

INPUTS

Financial Capital

- Equity
  US$223.3 million
- Asset
  US$792.9 million
- Bank debts
  US$290.5 million

Human Capital

- Global headcount
  10,368
- Number of engineers
  842
  *Excluding VIA & VTS Japan
- Cadetship programs across multiple sites

Social & Relationship Capital

- No. of customers
  approximately 300
- Number of active suppliers
  1,937
- Continuous collaboration with government and academe in various geographies

Manufactured Capital

- 18 Manufacturing plants in eight countries
- Capital expenditure of
  US$9.9 million

Natural Capital

- Electricity from the grid
  97M kWh
- Water
  877k m^3

Intellectual Capital

- Advanced Competitiveness Engineering
- Patents

OUTPUT

Commercial

- New programs
  US$197 million
  -Automotive: 63%
  -Industrial and Others: 37%
- New business quote hit rate
  16.8%

Financial

- Total revenues
  US$1.1 billion
- EBITDA
  US$36.9 million

Process & Operations

- Customer satisfaction
  4.61
- Implementation of updated supplier code of conduct
- 1,634 Kaizen projects with total cost savings of US$9.0 million

IMPACT

People | Planet | Purpose | Prosperity

- Revenues of IMI customers with ESG engagements — US$540 million
- Manufacturing value add — US$339 million
- Engagement survey — 89%
- Voluntary attrition rate — 23.8%
- Training hours — 603k
- Recycled waste — 2.0k metric tons
- ICT digital transformation —
  100% completion for 2024 projects
- Number of nationalities — 14

GOVERNANCE

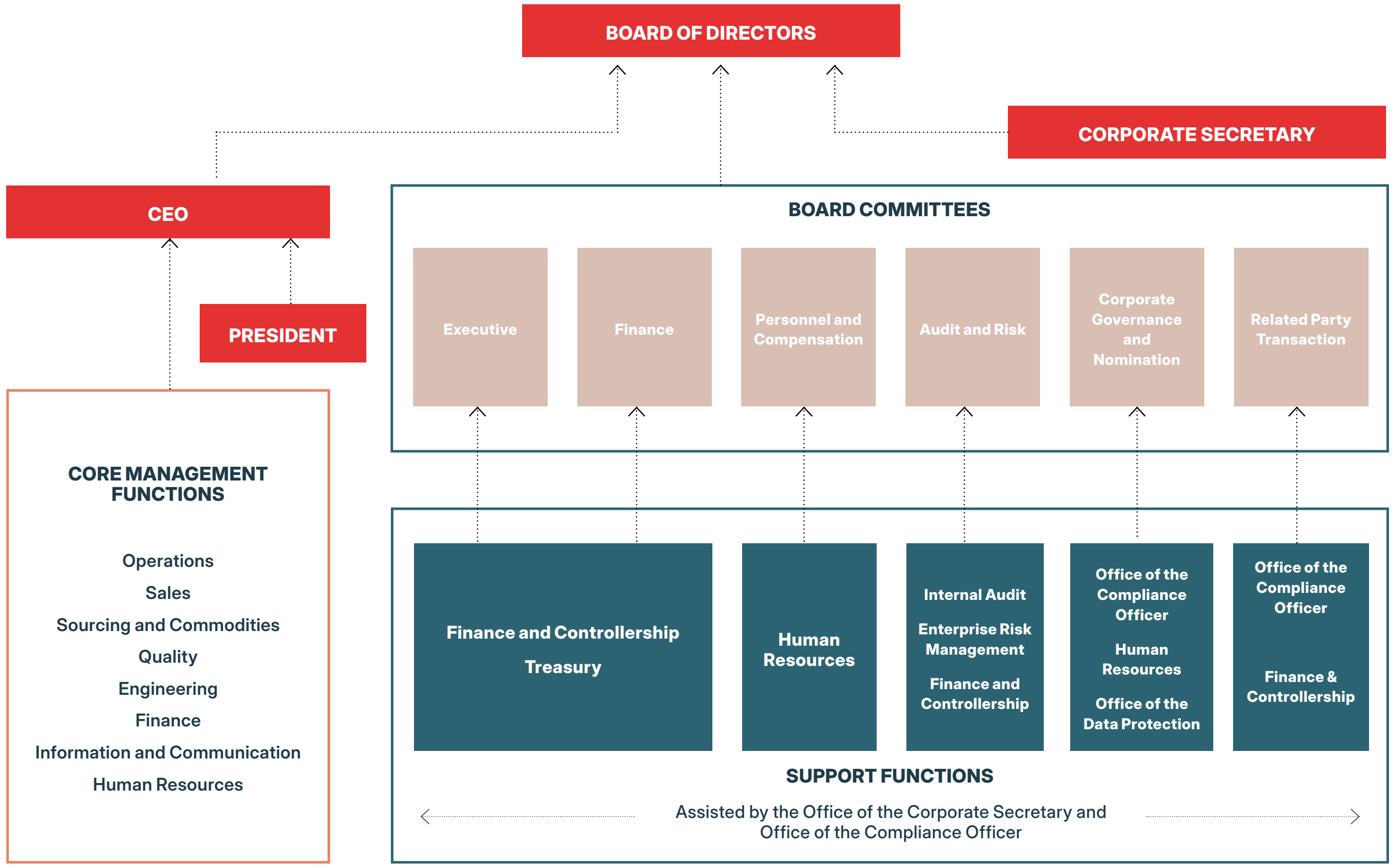
ALIGNMENT TO EXTERNAL STANDARDS AND FRAMEWORKS

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.
Notice of Annual and Special Shareholders' Meeting not sent at least 28 days before the meeting	The 2024 Definitive Information Statement was distributed to stockholders on April 3, 2024, at least 22 calendar days before the Annual Stockholders' Meeting on April 25, 2024, in compliance with SEC's required timeline of at least 15 business days before the date of the Annual Stockholders' Meeting.
Independent director serving for a term of more than nine years	As discussed in the 2024 Definitive Information Statement, Mr. Nishimura has served as an 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 2024 annual stockholders meeting.

Supporting this compliance is an attestation from the company's Chief Executive Officer, Compliance Officer and the Chief Audit Executive for 2024 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.

As we seek to improve our practices around processes and controls, we appreciate being consistently recognized for our work on corporate governance. In 2024, we were awarded a 3 Golden Arrow by the Institute of Corporate Directors (ICD) in relation to our 2023 performance based on the ASEAN Corporate Governance Scorecard (ACGS), a globally-benchmarked scoring system designed for improving the corporate governance performance of publicly-listed companies from participating ASEAN countries. The ACGS was jointly developed by the ASEAN Capital Markets Forum (ACMF) and the Asian Development Bank (ADB) to promote regional integration and the ASEAN region as an asset class. The 3-arrow recognition is given to companies that achieved a score between 100 and 109 points out of 130 points. We were included in the list of Golden Arrow awardees for three consecutive years.



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 is responsible 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 and approval of the Company's business objectives and strategies, and monitors their implementation to sustain its long-term viability and strength. They adopt an 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 reviewed and affirmed the true and fair representation of the annual financial statements.

The Board's roles and responsibilities are formalized in its Charter found in the company website, including its responsibility of overseeing the 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 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 does 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 percent or two (2) female directors, whichever is lower, by 2025 as stated in its board diversity policy.

LEAD INDEPENDENT DIRECTOR

In 2024, 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 relationship with the Corporation that may hinder their independence from the Corporation, management, or shareholder which could, or could reasonably perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a Director 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 2024 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 in fulfilling his mandate and invaluable contribution to Board discussions with his expert insights and independent judgment. He is elected by IMI's stockholders' during the 2024 annual stockholders meeting. Moreover, none of the directors or senior management have 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 of the Board, Committee and Shareholders' meetings 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 with enough time to prepare and make informed decisions. The Board may, to promote transparency, require at least one independent director in all of 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 COMMITTEES

The Board created six committees as it may deem necessary to support in the performance of its functions in accordance with the By-Laws, Corporate Governance Manual, and Board Charter of the Corporation, and to aid in good governance. The Board has delegated specific responsibilities to each of these Committees and these Committees had been formed and are guided by their respective committee charters which are available in 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 make 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 carry 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 provide oversight over 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 to 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 and Risk Committee

The Audit and Risk 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 in 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 of the corporation.

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 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 is to recommend to the Board remuneration package for directors, and provide oversight over 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.

Executive directors Louis Sylvester Hughes and Jerome S. Tan, who are the company's CEO and President, respectively, do 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 2024, the following directors received gross remuneration as follows:

NON-EXECUTIVE AND INDEPENDENT DIRECTORS	GROSS REMUNERATION (IN ₱)
Alberto M. de Larrazabal	1,420,000
Jose Ignacio A. Carlos	1,280,000
Rafael C. Romualdez	1,440,000
Jaime Z. Urquijo	1,440,000
Gilles Bernard	500,000
Jesse O. Ang	1,000,000
Hiroshi Nishimura	1,360,000
Sherisa P. Nuesa	1,360,000
Edgar O. Chua*	500,000
Mark Robert H. Uy**	300,000
Ginaflor C. Oris**	300,000
Roland Joseph L. Duchâtelet***	-
TOTAL	**₱10,900,000**

* Replaced by Mr. Jesse O. Ang during the Annual Stockholders' Meeting on April 25, 2024.

** Elected during the Annual Stockholders' Meeting on April 25, 2024 but replaced by Messrs. Louis Sylvester Hughes and Gilles Bernard during the regular board meeting held last June 20, 2024.

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

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

BOARD AND COMMITTEE MEMBERSHIP

STOCKHOLDERS, BOARD, BOARD COMMITTEE MEETINGS, AND DIRECTORS' ATTENDANCE FOR THE YEAR ENDED DECEMBER 31, 2024

DETAILS	MEMBERSHIP AND ATTENDANCE							
	Stockholder & Board		Board Committee					
MEETINGS	AS	BOD[1]	EC[2]	ARC	FC	CGNC	RPTC	PCC
NO. OF MEETINGS	1	7	4	7	8	4	-	4
Alberto M. de Larrazabal Non-Executive Director	C 1/1	C 7/7	C 4/4 effective 25 April 2024	-	M 8/8	-	M	-
Louis Sylvester Hughes[3] Executive Director	-	M 4/4						
Arthur R. Tan[4] Executive Director	- 1/1	VC 2/3	C 1/1 until 25 April 2024	-	-	-	-	-
Jerome S. Tan Executive Director	- 1/1	M 6/7	-	-	-	-	-	-

1 In 2024 and during the incumbency of the director

2 The actions of the Executive Committee were taken via digital/electronic means.

3 Elected on June 20, 2024

4 Served as director until April 25, 2024

DETAILS	MEMBERSHIP AND ATTENDANCE							
	Stockholder & Board		Board Committee					
MEETINGS	AS	BOD[1]	EC[2]	ARC	FC	CGNC	RPTC	PCC
NO. OF MEETINGS	1	7	4	7	8	4	-	4
Jose Ignacio A. Carlos Non-Executive Director	- 1/1	M 7/7	-	-	-	-	-	M 4/4
Rafael C. Romualdez Non-Executive Director	- 1/1	M 6/7	M 4/4	M 7/7	M 8/8	-	M	-
Jaime Z. Urquijo Non-Executive Director	- 1/1	M 7/7	-	-	C 8/8	-	-	M 4/4
Roland Joseph L. Duchâtelet Non-Executive Director	- 1/1	M 6/7	M 4/4	-	-	-	-	-
Gilles Bernard[4] Non-Executive Director	-	M 3/4	-	-	-	-	-	-
Jesse O. Ang Independent Director	- 1/1	M 4/4	-	C 4/4	-	M 1/1	M	-
Hiroshi Nishimura Independent Director	- 1/1	M 4/4	-	M 6/7	-	M 4/4	C	-
Sherisa P. Nuesa Independent Director	- 1/1	M 7/7	-	M 6/7	-	M 4/4	-	C 4/4
Edgar O. Chua[4] Independent Director	-	M 3/3	-	C 3/3	-	M 3/3	M	-
Mark Robert H. Uy[5] Non-Executive Director	- 1/1	M -	-	-	-	-	-	-
Ginaflor C. Oris[5] Non-Executive Director	- 1/1	M -	-	-	-	-	-	-

C - Chairman | VC - Vice Chairman | M - Member | AS - Annual Stockholder | BOD - Board of Directors | EC - Executive Committee | ARC - Audit and Risk Committee | FC - Finance Committee | CGNC - Corporate Governance and Nomination Committee | RPTC - Related Party Transaction Committee | PCC – Personnel and Compensation Committee

5 Elected on April 25, 2024 and served as director until June 20, 2024

PERFORMANCE ASSESSMENT

In a landscape of rising competitive and regulatory pressures, oversight from a strong and effective board goes a long way in guiding the company to success. 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 to a favorable overall perception on 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 matters relevant to the Corporation. It is the responsibility of the Compliance Officer to ensure that each director has undergone the necessary trainings for the year.

Trainings 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 covers materials on climate action and sustainability.

The 2024 Ayala Integrated Corporate Governance, Risk Management and Sustainability Summit was held last November 5, 2024, which included sessions on Sustainability, Governance and Risk Management.

Prior to this, the Integrated CG, RM and Sustainability Summit conducted by the Ayala Group in collaboration with the Institute of Corporate Directors (ICD) was held on October 3, 2023. These summits have been held since 2014, which reinforce our commitment to continuous education.

Corporate Governance Programs Attended in 2024

DIRECTOR	PROGRAM	TRAINING INSTITUTE	DATE OF TRAINING
Jerome S. Tan Alberto M. de Larrazabal Jaime Z. Urquijo Roland Joseph L. Duchâtelet Jesse O. Ang Jose Ignacio A. Carlos Rafael C. Romualdez Sherisa P. Nuesa Hiroshi Nishimura	2024 Ayala Integrated Corporate Governance, Risk Management and Sustainability Summit	Institute of Corporate Directors (ICD)	November 5, 2024 At Fairmont Makati, Makati City

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 support and implement the Board's strategic goals and objectives, as such play a crucial role in delivering upon the Boards vision for addressing the risks and opportunities associated with climate change.

CORE MANAGEMENT TEAM

NAME	POSITION
Louis Sylvester Hughes	Chief Executive Officer
Jerome S. Tan	President
Robert William Heese	Chief Finance Officer and Compliance Officer
Eric de Candido	Chief Operations Officer
Margarita V. Del Rosario	Chief Human Resources 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
Onur Bayulgen	Global Head, Quality
Remy Buogo	Global Head, Advanced Competitiveness Engineering
Cherie Sasan	Power Business Head
Mary Ann S. Natividad *	Chief Commercial Officer
Rosalyn O. Tesoro*	Chief Information Officer

*Retired from the company effective January 1, 2025

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 risk 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 concern. 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 25, 2024, the shareholders re-appointed Sycip, Gorres, Velayo and Co. (SGV & Co.) as the company's external auditor for the year 2024, with Ms. Cyril Jasmin B. Valencia as the lead engagement partner.

The aggregate fees billed for the current year and each of the last two years for professional services rendered by SGV & Co.:

	2024	2023	2022
Audit and Audit-related fees*	4.75	6.97	5.43
All other fees**	0.06	0.87	0.13
TOTAL	**4.81**	**7.84**	**5.56**

In ₱ Millions

* Audit and Audit-Related Fees. This category includes the audit of annual financial statements and services that are normally provided by the independent auditor in connection with statutory and regulatory filings or engagements for those calendar years, including the review of the audit work of the other independent auditors and any additional scope identified during the course of the audit. The fees are exclusive of out-of-pocket expenses incidental to the independent auditors' work.

** All Other Fees. This category includes other services rendered by SGV & Co. such as limited assurance services, agreed upon procedures and the validation of votes during Annual Stockholders' Meeting.

GLOBAL INTERNAL AUDIT

Global Internal Audit (GIA) serves as a vital support in the effective discharge of the Board of Directors Audit and Risk Committee (ARC) 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 continued to operate effectively in all material aspects.

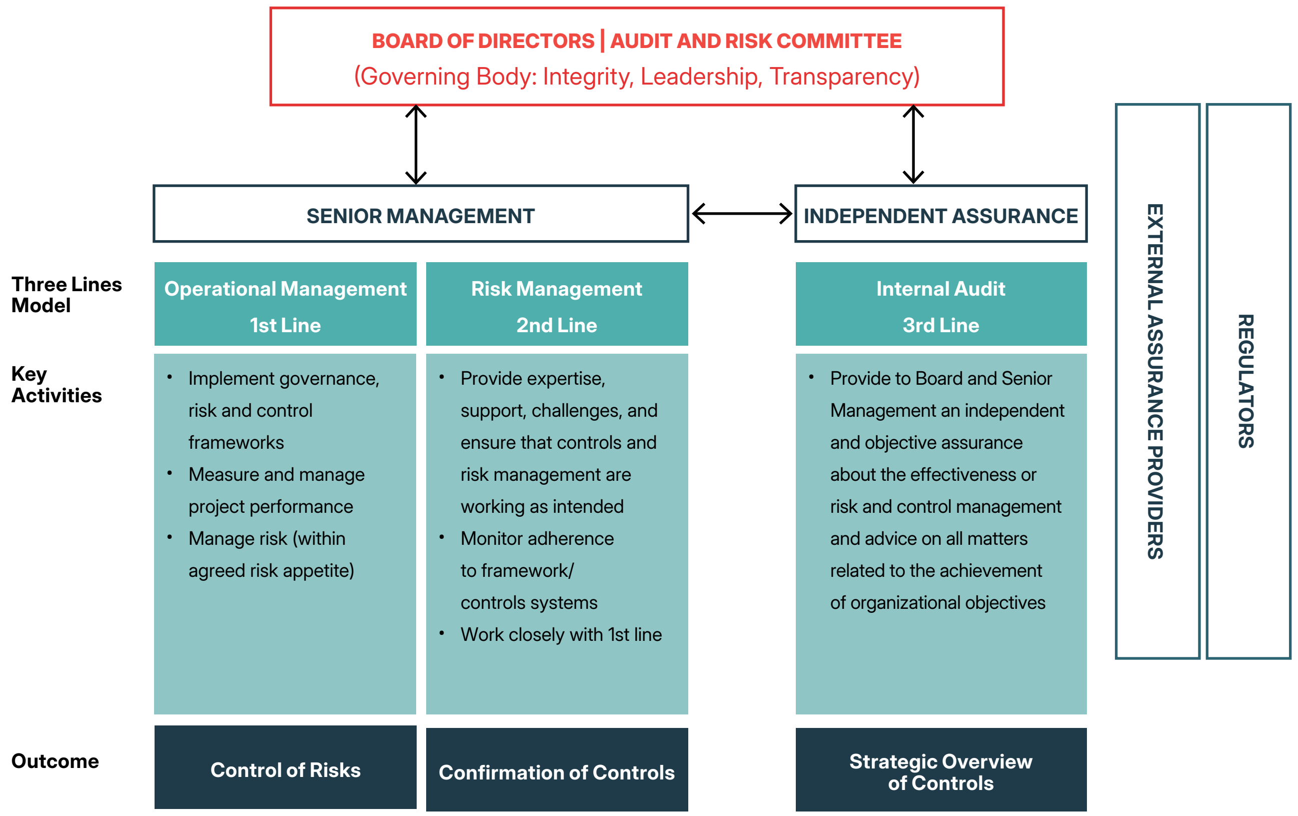
Global IA through the Chief Audit Executive, Lorlyn Arceo, reports functionally to the Board's Audit and Risk Committee, with its operations governed by an Internal Audit Charter reviewed on annual basis, presented to senior management, and approved by ARC and the Board, thus ensuring its independence 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 IMI.

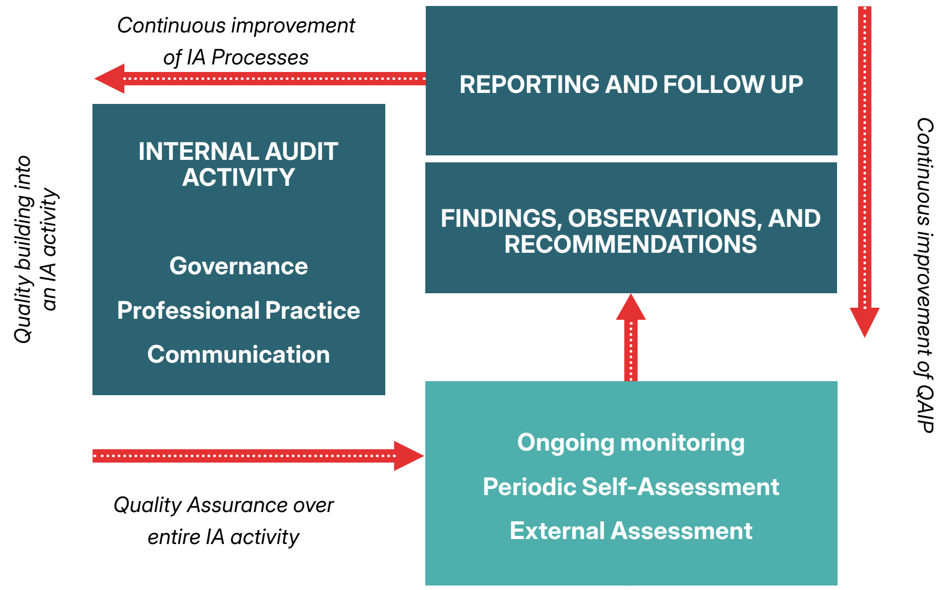
In carrying out its mandate, GIA adopts a risk-based audit approach with coverage of the most critical processes/systems in its annual internal audit plan mapped out with assurance and advisory reviews.

The internal audit plan and any changes thereto are reviewed and approved by the ARC 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 trainings of the staff to ensure effectiveness of the internal audit function and that resources are adequate and reasonably allocated to the areas of highest risks.



QUALITY ASSURANCE AND IMPROVEMENT PROGRAM (QAIP) FRAMEWORK)



All members of Global IA are free from any relationships or conflicts of interest, which could impair their objectivity and independence, and this is 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 2024, the audit team has an average of nineteen (19) years audit experience with various professional qualifications, namely Certified Public Accountant, Certified Risk Manager, Lead Auditor Certifications in Business Continuity Management System, Quality Management System, Information Security Management System, Environmental Management System, Lean Six Sigma, Verband der Automobilindustrie (VDA) 6.3 Process Audit, Qualified Persons in Industrial Regulatory Affairs (QPIRA), and affiliations to the Institute of Internal Auditors and Association of Certified Fraud Examiners.

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 to corporate strategies and business goals.

DISCLOSURE AND TRANSPARENCY

IMI is fully committed in 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 ,2024, 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	733,446,400	33.08%
AC, ESOWN, Directors and Officers	38,336,735	1.73%
TOTAL	**2,217,293,215**	**100%**

*Based on the Public Ownership Report as of December 31, 2024

RELATED PARTY TRANSACTIONS

RPTs are transactions which 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 as 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 in 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 in the company's website.

No RPTs classified as financial assistance to entities other than wholly-owned subsidiaries were entered into in 2024. 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 2024:

	SECURITY	BALANCE AS OF DECEMBER 31, 2023	ADDITION	DISPOSAL	BALANCE AS OF DECEMBER 31, 2024
DIRECTORS					
Louis Sylvester Hughes	Direct	-	1	-	1
	Indirect	-	2,500,000	(140,000)	2,360,000
Jerome S. Tan	Indirect	2,884,733	-	-	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
OFFICERS					
Robert William Heese	Indirect	-	800,000	-	800,000
Laurice S. Dela Cruz	Indirect	157,221	62,000	-	219,221
Eric De Candido	Indirect	-	-	-	-
Mary Ann S. Natividad	Direct	75,204	-	-	75,204
	Indirect	1,360,036	-	-	1,360,036
Rosalyn O. Tesoro	Indirect	39,505	-	-	39,505
Anthony Raymond P. Rodriguez	Direct	-	-	-	-
Maria Franchette M. Acosta	Indirect	-	-	-	-
Rosario Carmela G. Austria	Direct	-	-	-	-
TOTAL		**7,014,339**	**3,362,003**	**(140,000)**	**10,236,342**

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 commands 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 which 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 his 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 +63 917-629-7074 and +63 917-557-9323.

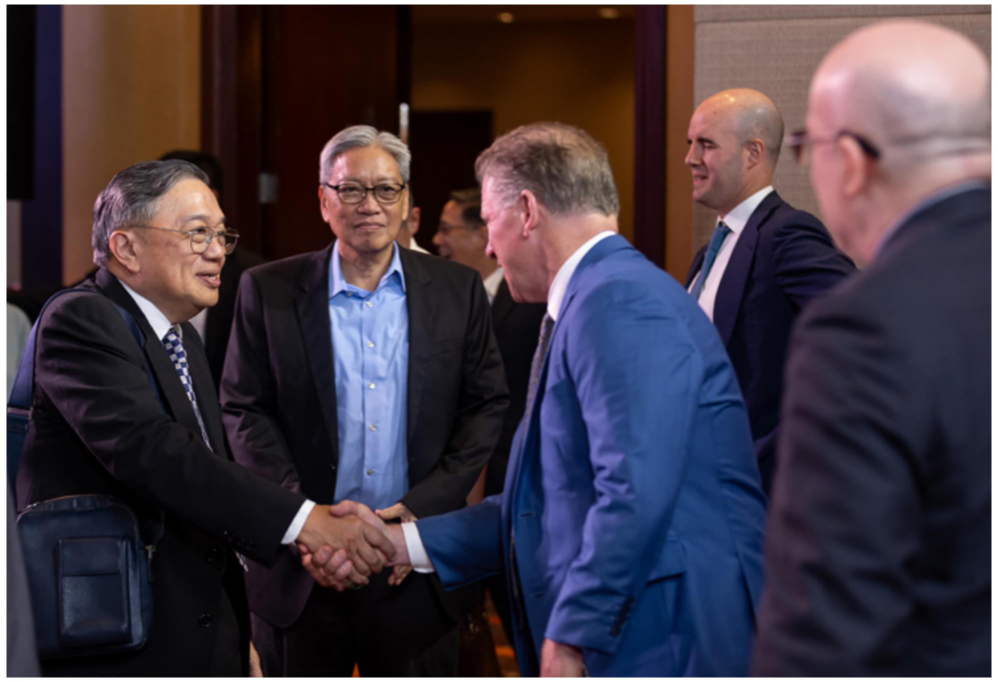
STAKEHOLDER RELATIONS

SHAREHOLDER MEETING AND VOTING PROCEDURES

Notice of Annual Stockholders' Meetings 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 on the same, the allowed means of participation and voting, and sets the date, time, 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 21 calendar 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 and encourages 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 in 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 to Corporate Governance, matters related to the Board, and investor relations program. (www.global-imi.com)

GLOBAL SITES CERTIFICATIONS

The following underscore our commitment to high-quality standards, operational efficiency, and customer satisfaction while enhancing our credibility and competitiveness in the global market.

*Certifications as of December 31, 2024

ISO 9001:2015
Quality Management Systems

- IMI PH Laguna (EMS 1, ATC Lab)
- IMI PH Laguna (EMS 2, Camera, Captive, Power Module)
- IMI CN - Jiaxing
- IMI CN - Kuichong
- IMI CN - Pingshan
- IMI Bulgaria
- IMI Serbia
- IMI Czech Republic
- IMI USA
- IMI Mexico
- Via optronics - Suzhou, China
- Via optronics - Nuremberg, Germany

IATF 16949:2016
Automotive Quality Management Systems

- IMI PH Laguna (EMS 1, ATC Lab)
- IMI PH Laguna (EMS 2, Camera, Captive, Power Module)
- IMI CN - Jiaxing
- IMI CN - Kuichong
- IMI Bulgaria
- IMI Serbia
- IMI Czech Republic
- IMI Mexico
- Via optronics - Suzhou, China
- Via optronics - Nuremberg, Germany

ISO 14001:2015
Environmental Management Systems

- IMI PH Laguna (EMS 1, ATC Lab)
- IMI PH Laguna (EMS 2, Camera, Captive, Power Module)
- IMI CN - Jiaxing
- IMI CN - Kuichong
- IMI CN - Pingshan
- IMI Bulgaria
- IMI Serbia
- IMI Czech Republic
- IMI Mexico
- Via optronics - Suzhou, China

*PH: Philippines
*CN: China

ISO 13485:2016
Quality Management Systems for Medical Devices

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

ISO 45001:2018
Occupational Health and Safety

- IMI Serbia

ISO/IEC 27001:2013
Information Security Management Systems

- IMI PH Laguna (EMS 1, ATC Lab)
- IMI Bulgaria

ANSI ESD S20.20:2021
Protection of Electrical and Electronic Parts

- IMI PH Laguna (EMS 2, Camera, Captive, Power Module)
- IMI PH Laguna (Warehousing and Testing)

IEC 61340-5-1:2016
Electrostatic Discharge Control

- IMI PH Laguna (EMS 2, Camera, Captive, Power Module)
- IMI PH Laguna (Warehousing and Testing)

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

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

STRATEGY

ESG Engagement and Communication

The landscape of climate-related expectations continues to evolve, with top customers increasingly demanding that preferred suppliers demonstrate tangible and accelerated progress towards environmental sustainability. No longer are vague commitments sufficient; customers are actively seeking suppliers with aggressive carbon neutrality targets and transparent strategies for achieving them. This heightened scrutiny extends to energy consumption, where major customers are exerting significant pressure for 100% green energy adoption by 2030, with some as early as 2025. This demand is driven by a growing awareness of climate change impacts and a desire to support businesses that align with their own values, effectively transforming sustainability from a "nice-to-have" to a core business imperative.

Customer Engagement

IMI has established itself as an electronics manufacturing services (EMS) industry leader not only through its technological prowess, but also by its commitment to Environmental, Social, and Governance (ESG) principles. The company's ESG customer engagement strategy is dedicated to sustainability, ethical governance, and transparency.

The company saves lives, saves energy, and improves the quality of life by partnering with internal and external stakeholders to deliver manufacturing solutions. The shared value and positive impact created through the delivery of IMI services and manufacturing processes for our customers go beyond ESG compliance requirements, measured through manufacturing value-add which is one of our key indicators. In 2024, IMI's manufacturing value-add was US$338.9 million.

<u>Transparency and Communication</u>: IMI places a high value on transparency and annually communicates its ESG goals, initiatives, and progress to its customers through annual integrated report.

<u>Sustainable Products and Services</u>: The company integrates sustainability into its core business strategy, actively supporting the United Nations Sustainable Development Goals (SDGs) 9 and 12, which focus on industry innovation, infrastructure, and responsible consumption and production.

<u>Customer Involvement and Feedback</u>: IMI actively involves its customers in its ESG initiatives through structured feedback. This customer input directly supported initiatives that foster a sense of community while delivering operations efficiencies.

<u>Educational Initiatives</u>: IMI believes in the power of education to drive sustainability. The company delivered targeted ESG-related content through its blogs, videos, and webinars. These educational and awareness efforts helped increase customer alignment with IMI's strategic ESG objectives.

<u>Recognition and Rewards</u>: IMI recognizes and rewards customers who support its ESG initiatives. The company has implemented structured loyalty programs and offers special resulting in measurable increases in customer uptake of sustainable products and participation in ESG activities, contributing to stronger customer loyalty and repeat business.

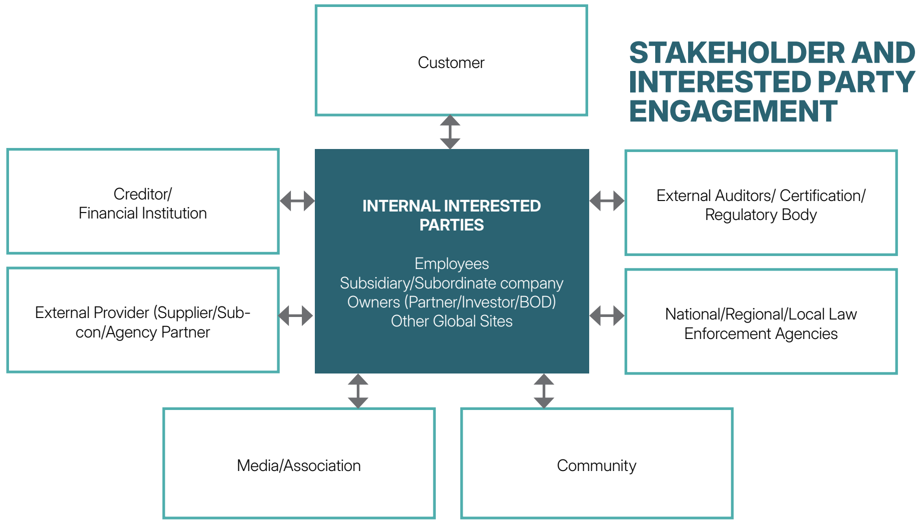
<u>Free Trade Agreements (FTAs)</u>: IMI leverages its participation in several Free Trade Agreements (FTAs) to offer additional benefits to its customers. These agreements provide preferential access to key markets, reducing tariffs and facilitating smoother trade. For example, by manufacturing in the Philippines, IMI can offer its customers significant cost savings and enhanced market access.

Current customer sustainability audit and activity requirements suggest that non-compliance with measures and objectives that are important to our major customers may result in findings that may lead to loss of business. Among our top 20 customers, 70% have ongoing ESG engagements with us, while the total revenues of customers with ESG activities with IMI stands at US$540 million, 49% of our total company revenues in 2024.

ESG ACTIVITIES	NO. OF CUSTOMERS
Net Zero Commitment	20
Green House Gas (GHG) Data Reporting: Scopes 1, 2, 3	23
Neutrality by 2030	13
Sustainability Audit	8
Third-Party Self-Assessment Questionnaires (SAQ) - Ecovadis Supplier Assurance	16
Carbon Disclosure Project (CDP) Survey Rating	2
Responsible Business Alliance (RBA) Validated Assessment Program (VAP)/RBA Membership	2
Supply Chain Management - Code of Conduct Roll Out	22
Conflict Materials Reporting Template (CMRT) and Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS)	22
TOTAL REVENUES OF CUSTOMERS WITH ESG ENGAGEMENTS	**$540 million**

Stakeholder Engagement

IMI prioritizes robust stakeholder engagement, actively addressing both internal and external concerns. This involves open dialogue with investors, employees, customers, suppliers, regulators relevant government agencies, and communities to understand their diverse perspectives. By diligently considering the issues and concerns being raised, the company strives to foster mutually beneficial relationships and ensure sustainable, responsible operations.



STAKEHOLDER AND INTERESTED PARTY ENGAGEMENT

Internal Issues

CATEGORY	ISSUES		RISK	OPPORTUNITIES
Organization	Competencies/ retention	• Continuous learning and development (training and tracking of competencies) • Knowledge retention	• 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	Capabilities	Stabilization and managing changes (especially during disruptions)	• Confusion on specific areas of role • Unstable organization • Lose good employees	
Technology	Rising	Value creation and staying relevant with the emerging new technologies	• 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	• 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	• 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

Political
- Geopolitical issues (US, EU, China)
- Trade wars; Tariff issues
- Risk in Trump Presidency
- Moving towards regionalism; protectionism

Economic
- Global economy to remain almost flat at 3.2% in 2024, and 3.3% in 2025
- Shortages in semiconductors have eased but are still present in some segments
- Global inflation rates continue to fall
- ASEAN region has growth trajectory that will outpace China in the next decade
- Advanced economies will continue to struggle
- Manufacturing will slowly recover in 2025 amidst struggle in different geographies

Social
- Rising demographic changes (rising number of older people)
- High labor costs due to high rates of attrition and talent shortage, especially in developed countries
- EV has reached almost 20% of new light vehicle sales in 2024 to above half of the market by 2035
- Use of AI language tool ChatGPT; need for upskilling in digitalization and related skills in labor force

Technical
- Hastening of technology and digital advancement
- Faster lifecycle of technologies
- Artificial intelligence, automation, machine learning, Industry 4.0
- The rise of demand for connectivity, higher bandwidth and memory for computers and enterprise systems / quantum computing
- Rise of electric vehicle; doubling of demand
- Lack of new tech skills in engineering and analytics

Legal
- ESG and Sustainability becoming a required standard for businesses
- Health, safety and travel laws
- Liability issues
- Copyright and patent laws
- Tax guidelines
- Employment and labor laws
- Manufacturing and quality standards

ENVIRONMENT	RISK (ENVI)	OPPORTUNITIES (ENVI)
Changes on weather and climate	> Excessive use of ODS refrigerant > Use of HCFC refrigerant	> Use alternative non-ODS refrigerant for cooling system > Conversion of R22 to R407C. Target: Until 2027 > Use alternative non-HCFC refrigerant for cooling system
Electricity and fuel consumption	> Excessive use of electricity and fuel resulting to increase in CO_2 emission	> Installation of solar panel as part of the priority intervention > Creation of Energy Management Committee (cater both production and facilities) Target: January 2025
Pollution control laws and waste water management	> May fail testing due to additional requirements on phophate and ammonia using current testing system	> Convert wastewater neutralization system to chemical treatment to treat phosphate and ammonia. Target: February 2025
Use of green and eco-friendly products and practices	< Non compliance to regulations < Transition Risk (Policy & Legal, Technology, Market, Reputation)	IMI opportunities for the 2030 and new carbon economy are primarily driven by Products and Services. Target: 2030
Climate risk analysis as part of ESG requirements	< Non compliance to regulations < Transition Risk (Policy & Legal, Technology, Market, Reputation)	
Integrated reporting	< Non compliance to new reporting requirements < Insufficient data as prescribed by standards (GRI/IR/TCFD/SASB)	> IMI will be preferred supplier if IMI is able to disclose at least minimum ESG and Sustainability KPIs 3rd Party Validation in place to assure transparent and accurate disclosure of non-financial KPIs

Building a Sustainable Future Through Digital Transformation

IMI is strategically aligning its digital transformation with its ESG and sustainability objectives. This integrated approach, powered by cutting-edge technology, enables us to modernize operations, automate processes, and optimize resource utilization. The result: enhanced efficiency, superior customer experience, and sustainable value creation.

In 2024 IMI-ICT completed 100% of committed projects for the year.

DIGITAL TRANSFORMATION ROADMAP

100% 100% 100% 100% 100%

2014-2019

- Global SAP ECC 6.0 Roll-out (PH, CN, BG, CZ, MX)
- Office 365
- SAP ECC 6.0 (Serbia, PSI)
- SMARTGEP
- Buy Manager
- Data Privacy Compliance (DPA)
- Wombat
- SAP ECC 6.0 (Cebu)
- SOC/SIEM
- Secure Email Gateway

2020-2021

- AWS Landing Zone (Cloud)
- Robotics Process Automation (RPA)
- QLIK (Analytics)
- Consolidated Planning (Anaplan)
- Contract Management (Concord)
- MS Teams, One-Drive
- ISO27001 Certification (PH)
- Business Process Re-Engineering
- Change Control Management System
- Global Replication (SAP Data Intelligence)
- Cyber Security Posture (Security Scorecards)
- Start Global MES Development
- Develop/Migrate applications cloud
- Global connectivity -NaaS
- Revamp of IMI website
- Global MES (US)

2022

- ISO 27001 Certification (PH)
- SAP ERP on Cloud (Rise)
- Global Replication (SAP Data Intelligence)
- Next Generation HCM
- Enterprise Hub through APIs
- Maximize investments on RPA, ANAPLAN , o365
- Global IT Risk Assessment/Data Privacy Review
- Data Intelligence
- Global Costing Tool (Assessment)
- Sales Information System
- Global MES (CZ)
- Enterprise Content Management (SharePoint on-cloud)

2023

- CN-KC SAP Migration-New Setup
- Supplier Collaboration System
- Global MES Front-end
- Continue with RPA Deployments
- Artificial Intelligence / Chatbots, etc.
- Decrease cyber-risk exposure
- TISAX L3 Assessment for PH
- ISO27001 Certification Maintenance
- Strengthening ICT Infrastructure
- PLM Vendor Selection
- ECM – Strengthening SharePoint as main ECM

2024

- Buy Manager – Price Update Module was completed
- Electronic Unfavorable Purchase Price Variance (eUPPV) 2.0
- Global Human Capital Management Evaluation
- ISO 27001:2013 Surveillance Audit (PH,BG)
- ISO 27001:2022 Certification Preparation
- Global Quality projects
- Global Connectivity Rehabilitation
- Endpoint Protection Patch Management and Drive
- Encryption (ESET) Implementation
- Recipe Management (Auto Loading of Recipe)
- HSPM Database Upgrade and Migration
- Enterprise Backup and Storage Rehab
- Spend Analytics Dashboard
- Corporate Websites Upgrade

2025

- Supplier Process Change Automation
- Global Costing Tool Price Tracker Implementation
- Global Human Capital Management Deployment
- Change Control Management System
- Production Planning Software Implementation
- Global Sites' Intranet Portal Enhancement
- ISO 27001:2022 Certification
- TISAX Certification
- Binding Corporate Rules
- Transport Management-Freight
- Demand Management System

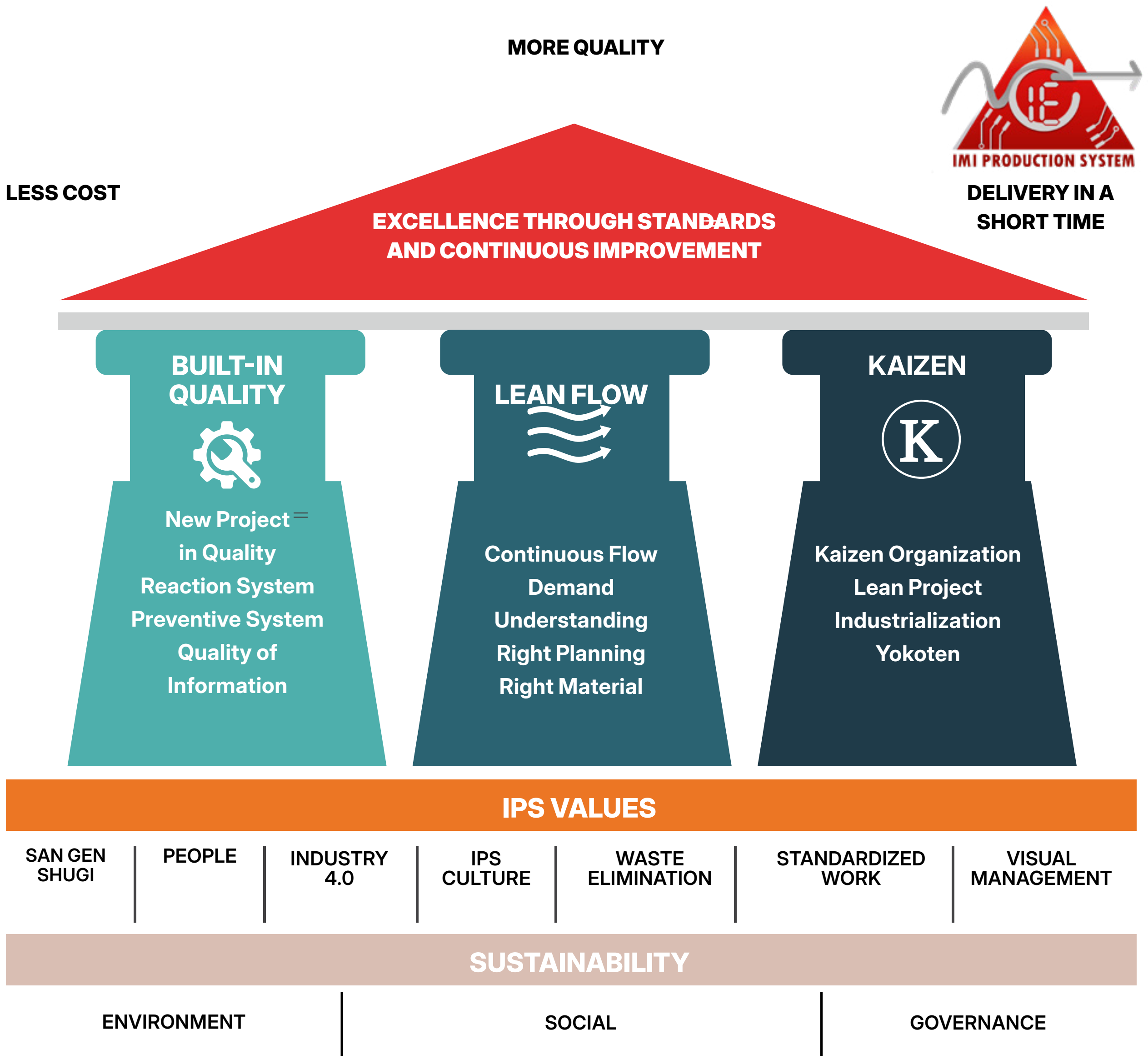
CONTINUOUS IMPROVEMENT THROUGH IMI PRODUCTION SYSTEM (IPS) — IMI's Commitment to Excellence and Sustainability

At IMI, achieving operational excellence goes hand-in-hand with sustainable practices. This commitment is built on a strong foundation of quality principles and frameworks.

The pillars that underpin our approach:

- Quality Mindset: IMI fosters a culture of quality by applying San Gen Shugi (a Japanese philosophy for workplace improvement) and the Golden Triangle (Standard – Measure – Improve).
- Customer Focus: The company continuously strives to improve the customer experience.
- Operational Efficiency: IMI utilizes LEAN methodologies (eliminating waste) to optimize costs and ensure efficient operations.

This foundation enables the company to achieve operational excellence while minimizing the company's environmental impact.



IMI's Integrated Production System (IPS) is built on three core pillars—Built-in Quality, Lean Flow, and Kaizen—which drive excellence through standardized processes and continuous improvement. Supported by IPS values, including Industry 4.0 integration, waste elimination, and visual management, this system enhances efficiency, reduces costs, and ensures high-quality, sustainable manufacturing. By embedding sustainability principles across ESG factors, the system strengthens IMI's long-term resilience and operational performance.

Measurable Success

Kaizen powers continuous improvement across all IMI facilities, resulting in 1,634 employee-led projects this year. These initiatives delivered US$ 9,019,932.00 in combined savings, an improvement from 2023's US$ 7,651,201.00 showcasing the significant impact of our team's innovation on operational excellence.

IPS Global Convention

IPS Global Convention is an annual event organized by IMI's Global Industrial Excellence Group which aims to showcase the success story of the best Kaizen projects per region.

SUSTAINABLE PROCUREMENT – Integrating Sustainability Throughout Our Supply Chain

IMI operates across a diverse range of services and markets globally. Recognizing this reach, we pursue ESG initiatives throughout our sourcing network and supply chain.

Collaboration for Sustainability:

- Customer Focus: Through close collaboration, IMI actively integrates customer sustainability expectations into its practices. IMI works alongside customers to identify and implement best practices, and extends this collaborative approach to suppliers, ensuring compliance with global standards.
- Supplier Engagement: The company fosters transparent and proactive supplier engagement by clearly articulating comprehensive sustainability expectations. IMI requires 100% of suppliers to acknowledgment and adherence to the IMI Supplier Code of Conduct (SCoC) before contract approval, ensuring all partners meet the company's stringent standards.
- Supplier Audits and Performance Monitoring: IMI utilizes a hybrid audit model, strategically blending online and onsite sustainability assessments to ensure comprehensive and effective evaluation of sustainability practices. In 2024 IMI sustainability team completed 100% of supplier sustainability audits as planned via onsite or online audit.
- Risk Management: The company drives strategic alignment and value creation by enabling suppliers to adopt a risk-based approach, as outlined in IMI's SCoC. This empowers partners to recognize their essential role in achieving IMI's and IMI customers' long-term strategic ambitions.

This comprehensive approach reduces operational and reputational risks and ensures a sustainable and responsible supply chain that aligns with IMI's values.

IMI CODE OF CONDUCT FOR SUPPLIERS

01. DEPLOYMENT OF IMI REQUIREMENT

Sending IMI Code of Conduct to Suppliers → Signing IMI Code of Conduct and sending back to globalcsr@global-imi.com

02. SELF-ASSESSMENT OF SUPPLIER

Sending Sustainability Audit checklist to IMI Suppliers → Perform Self-Assessment and sending back to IMI; Provision of action plan for any gaps identified

03. SUSTAINABILITY AUDIT OF SUPPLIER

Conduct Sustainability Audit on IMI Supplier → Provision of audit evidence; Commit action for identified gaps during audit

Review audit results and monitor performance

IMI SUSTAINABILITY FOR SUPPLIER

IMI
IMI SUPPLIER

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

Policy on Conflict Materials

IMI upholds a strict conflict-free sourcing policy, ensuring that all minerals and metals used in production comply with internationally recognized ethical sourcing standards. In 2024, 100% of IMI's mineral suppliers were required to adhere to the RBA Code of Conduct and Responsible Minerals Initiative (RMI) standards, reinforcing our commitment to human rights and supply chain transparency.

Sourcing from responsible suppliers: IMI exclusively procures minerals and metals from RBA-compliant smelters, ensuring a demonstrably 100% conflict-free supply chain from high-risk regions like the Democratic Republic of Congo (DRC) and its surrounding countries.

Transparency: IMI annually conducts full traceability assessments of all minerals and metals suppliers using RMI Conflict Minerals Reporting Template (CMRT) to disclose sourcing origins. This data is shared with customers, regulators, and other stakeholders through a dedicated customer support team.

Verification and accountability: IMI actively verifies responsible sourcing practices of its suppliers against RMI's publicly available list of compliant smelters. IMI works with suppliers to address any issues and ensure responsible sourcing.

Supplier engagement: IMI enforces responsible sourcing practices through contractual agreements and the IMI Supplier Code of Conduct. All suppliers must comply with conflict-free mineral sourcing policies. Non-compliance triggers corrective action plans or potential termination to uphold supply chain integrity.

COMPREHENSIVE GHG ACCOUNTING

IMI has strengthened its commitment to environmental sustainability by launching a comprehensive GHG emissions accounting initiative in 2024, in collaboration with South Pole, a leading climate science consulting firm. This three-phase initiative ensures a science-based, data-driven approach to decarbonization and regulatory compliance in line with global investor expectations for climate risk management.

A key component of this project was to revise IMI's greenhouse gas (GHG) emissions baseline year from 2018 to 2021. Adhering to Science Based Targets initiative (SBTi) standards, a thorough data collection and accounting process for 2021 was completed, resulting in a more comprehensive assessment of GHG emissions, particularly within Scope 3. For the 2025 reporting cycle previous GHD data reported for 2022, 2023, 2024 will be updated using methodology used in this project.

Stage 1: GHG accounting and validation

- Define Scope and review or set boundaries for Scope 1, 2, & 3 greenhouse gas inventory across IMI
- Collect data for selected emission sources
- Review and calculate emissions according to the GHG Protocol
- Report results of Scope 1 and 2 validation and complete Scope 1, 2, and 3 inventory, including recommendations to improve data quality

Deliverable:
- GHG Inventory Report for Scopes 1, 2, & 3 in line with GHG Protocol and SBTi requirements

The major contributors to total GHG emissions under Scope 3, representing approximately 89.67% are purchased goods and services, use of sold products, and purchased electricity, highlighting their significant impact.

IMI's total emissions inventory

For the calendar year (CY) 2021 reporting period, IMI's total emissions were approximately 1.07 $MtCO_2e$ with an emissions intensity of 81.01 tCO_2e / employee.

Scope 3 emissions accounted for 91.62% of IMI's total emissions, while Scope 1 and 2 accounted for the remaining 8.38%.

SCOPE	Emissions (in MtCO2e)	% OF TOTAL
Scope 1	6,357	0.6%
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 CO_2 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 Protocol's three Scopes; emissions should be reported and addressed separately.

Stage 2 - Science-based target (SBT) setting

- Conduct SBT introduction workshop in IMI
- Set SBTs by defining base year, business as usual (BAU) scenario, and target setting ambition
- Calculate the potential near- and long-term targets for IMI at the parent level, including SBT 1.5C aligned targets for Scopes 1, 2, and 3

Deliverables:
- Workshop for target setting
- Modeled target options and recommendations
- Target setting report

How the targets look based on choice of target setting

This table below contains how IMI's GHG reduction targets should be articulated in the disclosure, adhering with SBTi guidelines.

The numerical targets are also outlined below, accompanied by details of the approach taken to define the targets.

TARGET	NEAR-TERM TARGET WORDING	LONG-TERM TARGET WORDING
Scope 1 and 2	IMI commits to reducing 50% of Scope 1 and Scope 2 emissions by 2030 from a 2021 base year	IMI commits to reducing 90% of Scope 1 and Scope 2 emissions by 2050 from a 2021 base year
Scope 3	IMI commits to reducing 25% of Scope 3 emissions by 2030 from a 2021 base year	IMI commits to reducing 90% of Scope 3 emissions by 2050 from a 2021 base year

Stage 3 - Emission reduction roadmap development

- Identify options to reduce emissions, while identifying the level of unavoidable emissions
- Align interventions based on emission hotspots, and current and planned initiatives.
- Refine, assess and prioritize these interventions
- Develop a roadmap for implementing interventions over time, demonstrating estimated reduction impact (range) aggregated over time
- Visualize key contributors to reaching the company's goals, including high-level cost estimations to support IMI's decision-making process
- Finalize and present a tailored emission reduction roadmap.

Deliverables:
- Prioritized intervention recommendations
- Emission reduction roadmap report

IMI'S CLIMATE JOURNEY TOWARDS NET ZERO IN 2050

Phase 1 and 2
- Developed IMI's comprehensive GHG emissions inventory, encompassing all subsidiaries across its global operations
- Established near-term and long-term emission reduction targets in alignment with SBTi net-zero guidelines

Phase 3
- Identified and prioritized emission reduction initiatives
- Modeled IMI's net-zero reduction roadmap, aligned with set targets and selected interventions for both ambitious and conservative scenarios

What's next?
- Enhance the quality of GHG inventory and recalculate the baseline as needed
- Implement reduction measures and actively engage stakeholders to ensure progress towards targets
- Identify additional interventions to address residual emissions

IMI's climate journey will have to be more aggressive and ambitious in implementing identified priority interventions.

The following are priority interventions that IMI will implement to achieve near-term and long-term goals.

AFFECTED SCOPE	PRIMARY AFFECTED EMISSIONS SOURCE(S)	INTERVENTION	EMISSION REDUCTION POTENTIAL (%)	ABSOLUTE EMISSION REDUCTION (2050)	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, SDG12
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%	5,491.7	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	Easy	SDG 7, SDG 12
Scope 1	Fugitive emissions	Control refrigerant leakage	75%	1,174.4	Easy	SDG9
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

RISK MANAGEMENT

ENTERPRISE RISK MANAGEMENT POLICY AND FRAMEWORK

IMI implements a comprehensive Enterprise Risk Management (ERM) framework to foster a culture of risk awareness and strategic advantage based on robust ISO 31000-based standards. This comprehensive data-driven approach enables us to proactively identify, analyze, and mitigate potential ESG-related risks, transforming them into opportunities for sustainable growth and ensure operational resilience, financial strength, and long-term value creation for investors.

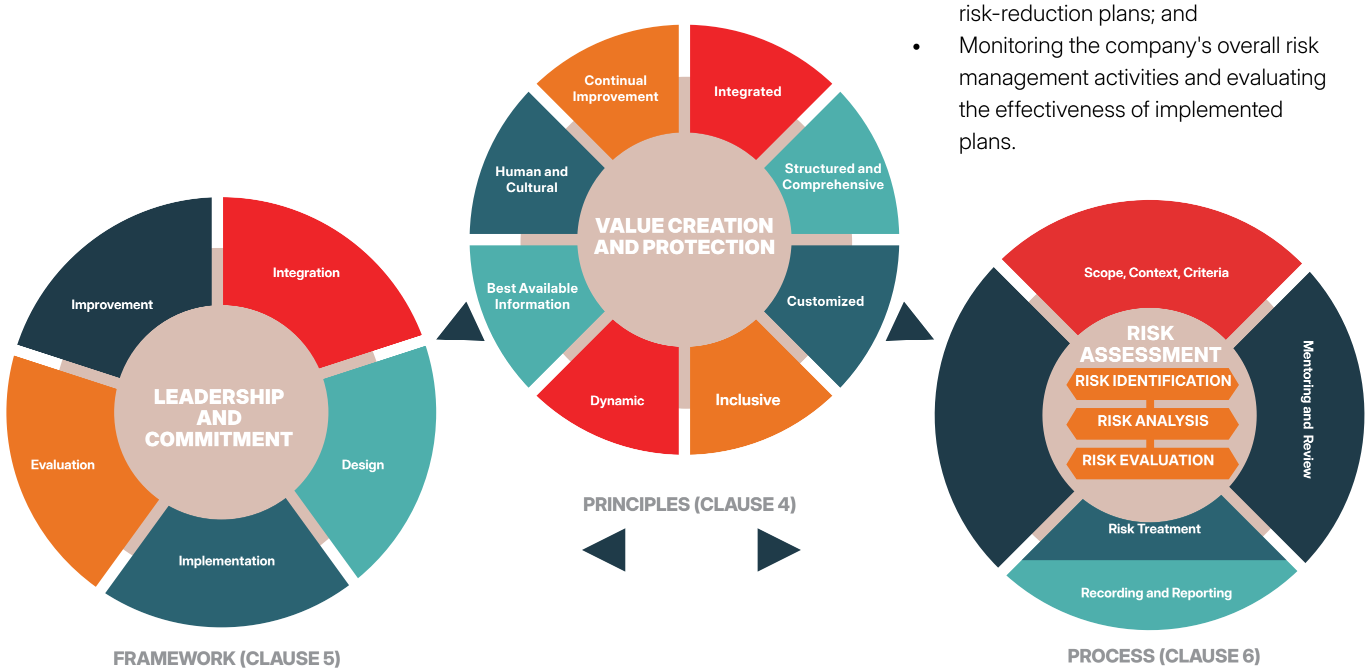
RISK REPORTING

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.

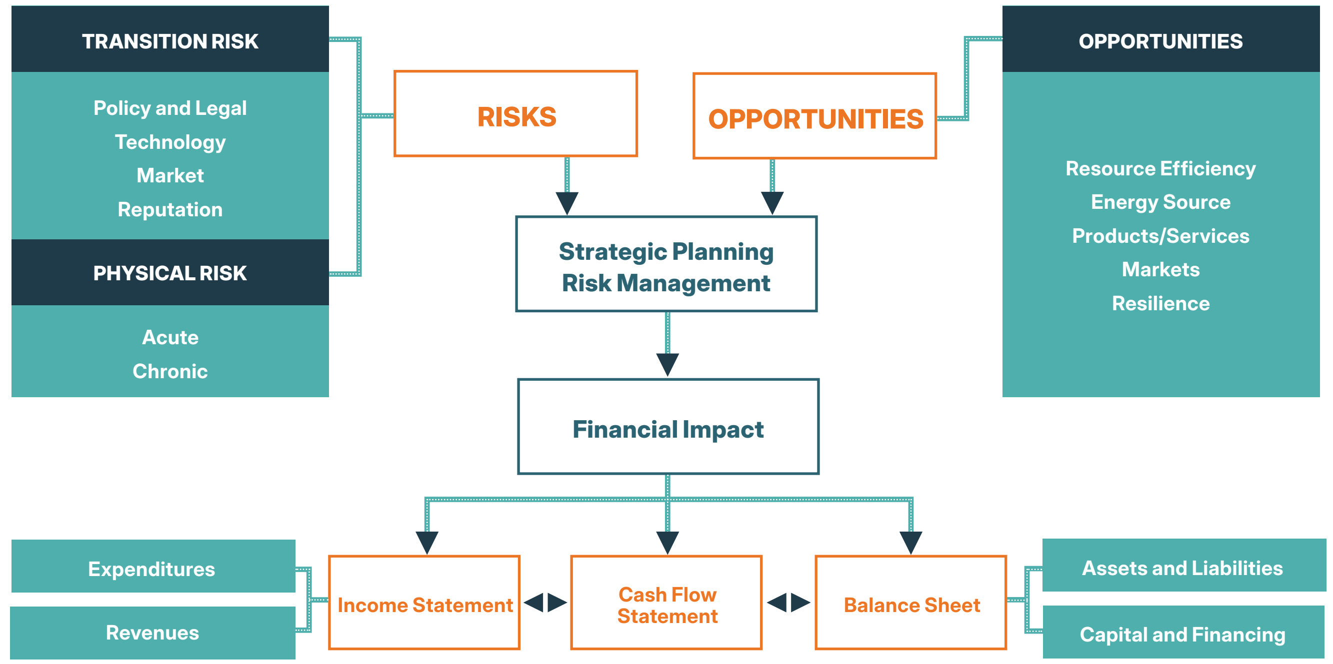
The Audit and Risk Committee (ARC), supported by the Chief Risk Officer (CRO) and Enterprise Risk Management (ERM) leader, oversees the internal controls and risk management framework, including assessing the company's exposure to climate-related risks in compliance with global risk management standards outlined by the Taskforce on Climate-Related Financial Disclosures (TCFD).

The ARC'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.



CLIMATE-RELATED RISKS, OPPORTUNITIES, AND FINANCIAL IMPACT



The Chief Risk Officer (CRO) ensures regular internal reporting on the effectiveness and outcomes of the risk management framework. The ERM leader and the CRO:

- 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 ARC on a quarterly basis.

Integrating Climate Risk into Risk Management

IMI leverages several resources alongside its updated ISO 31000-based processes to ensure a comprehensive assessment of climate-related risks and opportunities in line with Task Force on Climate-Related Financial Disclosures (TCFD) Recommendations.

Globally Recognized Reporting Frameworks: IMI applies standardized methods to ensure the tracking climate action projects and interventions, enhancing transparency and accountability under TCFD, SBTi, and CDP-aligned reporting.

Customer ESG and Climate Initiatives: In 2024, IMI integrated customer ESG priorities and climate action goals to align with customer-driven ESG practices and strengthen supplier engagement on climate resilience.

Industry-Specific Climate Information: We utilize publicly available publications that address climate change impacts specific to our industry sector.

Internal Assessments: IMI conducted internal climate risk assessments (all IMI geographies), integrated reports, opportunity profiles to support risk mitigation strategies and decarbonization roadmaps.

Benchmarking with Peers: IMI incorporated sector-specific climate impact analyses from leading publications, Carbon Disclosure Project (CDP) reports, and benchmarking from peer manufacturers to ensure competitive positioning and recognize industry trends.

By embedding these diverse resources into financial and operational decision-making, IMI strengthens its risk business continuity, investor trust, and long-term value creation to address the evolving landscape of climate-related risks, regulatory shifts, and supply chain disruptions.

TOP RISKS 2024

IMI is proactively managing the top risks of 2024, including geopolitical volatility, global inflation, and fluctuating consumer demand to safeguard financial stability and operational resilience. These risks will remain critical in 2025, with the US election outcomes and evolving trade policies potentially impacting global trade and economic stability, requiring our constant vigilance and adaptation. By maintaining vigilant risk monitoring, supply chain diversification, and cost control measures, IMI ensures continued resilience against macroeconomic uncertainties, strengthening investor confidence in long-term financial performance.

	SALES AND MARKETING – DEMAND SHIFT	OPERATIONS – INVENTORY MANAGEMENT	SALES & MARKETING – PRICE COMPETITIVENESS	OPERATIONS – STRATEGIC PLANNING & EXECUTION / CHANGE MANAGEMENT	INFORMATION & CYBERSECURITY	CLIMATE CHANGE RISK
CHALLENGE	The electronics manufacturing services (EMS) sector faces ongoing demand fluctuations, with lower consumer spending, canceled orders, and intensified industry competition impacting revenue growth. IMI is proactively addressing these risks through market intelligence, portfolio diversification, and strategic cost adjustments to enhance revenue stability and margin resilience.	Excess and obsolete (E&O) materials in manufacturing strain financial health and operational efficiency. Leading to capital lock-up, increased holding costs, and supply chain inefficiencies. Demand volatility further exacerbates inventory buildup, impacting cash flow and working capital management.	The global EMS industry is experiencing intense price competition, with aggressive price reductions placing downward pressure on profit margins for all players in the market. If unaddressed, this may lead to a race to the bottom, where profitability and value propositions are severely compromised.	In 2024, IMI embarked on a strategic organizational restructuring initiative to optimize efficiency, agility, and long-term competitiveness. While this transition presented temporary operational and workforce challenges, the company is committed to managing change through structured engagement, leadership alignment, and transparent communication to ensure business continuity and sustained performance improvements. IMI management is confident that this restructuring will strengthen the organization and position it for continued success.	The cybersecurity landscape is constantly evolving, with threat actors deploying advanced persistent threats, polymorphic malware, and ransomware attacks that pose significant operational, financial, and reputational risks to businesses of all sizes. Failure to implement robust cybersecurity measures could result in data breaches, regulatory non-compliance, and financial losses.	IMI is navigating the accelerated sustainability demands of EU-based customers, who require Net Zero commitments and 100% green energy adoption ahead of IMI's current decarbonization timelines. Delayed alignment with these expectations poses risks to customer retention, regulatory compliance, and long-term competitiveness in global markets.
CONTRIBUTING FACTORS	• Low consumer demand: Declining order volumes from key IMI Customers due to macroeconomic uncertainty. • Difficulty in attracting new customers: Already highly competitive, the EMS sector includes both established players and emerging rivals vying for potential clients with aggressive pricing structures and advanced manufacturing capabilities.	• Demand volatility: Lower-than-expected volume of orders from customers disrupts material planning leading to inventory accumulation and reduced inventory turnover. • Cash flow constraints: E&O materials tie up large amounts of capital, affecting liquidity, profitability, and cost optimization.	Pricing wars: Competitor-driven low-cost pricing strategies challenge IMI's ability to maintain competitive yet profitable quotations. Margin compression: Declining price points risk squeezing margins, impacting EBITDA and Return on Capital.	• Workforce Engagement & Change Management: The company is aligning business unit teams to IMI's new strategic direction, while ensuring morale and productivity remain strong. • Leadership Effectiveness: The company is taking care to ensure new leaders integrate these changes successfully, foster collaboration, trust, and high performance.	• Increased Sophistication of Cyber Threats: Threat actors are leveraging stealth infiltration tactics, AI-driven attacks, and supply chain vulnerabilities to target organizations. • Regulatory & Compliance Risks: Global data protection regulations, including ISO 27001, NIST, and GDPR, require companies to maintain proactive risk management strategies or face significant financial penalties.	• Customer-Driven Net Zero Targets: EU-based clients are mandating full decarbonization and renewable energy sourcing, impacting supplier qualification and contract renewals. • Regulatory & Compliance Pressures: Upcoming EU Carbon Border Adjustment Mechanism (CBAM) policies may increase operational costs for companies that fail to meet strict carbon reduction requirements.
IMI'S STRATEGIC RESPONSE AND MITIGATION MEASURES	• Advanced Demand Forecasting & Market Intelligence: IMI implemented improvements in demand forecasting, ensuring better production planning and resource allocation. • Product Portfolio Diversification: IMI is dedicated to enhancing its capabilities, particularly in non-automotive sectors, to diversify its revenue streams and expand its presence in the industrial, medical, and energy markets. • Revenue & Market Expansion: Enhance revenue generation through market expansion and product innovation, while simultaneously building the capacity to adjust costs rapidly in response to changing market conditions.	• Advanced Inventory Forecasting & Production Optimization: IMI implemented machine utilization using data-driven production planning and proactive maintenance improving inventory turnover; meanwhile, strategies to accelerate cash flow and strengthen the company's financial position were implemented. • Bill of Materials (BOM) Optimization & On-Time Delivery: Enhancement of BOM planning leverage advanced planning and scheduling tools to optimize production flow, minimize delays, and enhance on-time delivery performance. • Supply Chain Resilience & Dual-Sourcing Strategy: Implement a dual-sourcing strategy for critical components while negotiating with existing suppliers to improve lead times, ensuring greater supply chain resilience and flexibility.	• Project Selection & Resource Optimization: IMI established a profitability-based project selection framework that balances customer needs, project suitability, and product alignment with IMI's capabilities and profitability goals. • BOM Cost Optimization & Risk Mitigation: IMI enhanced its BOM assessment accuracy through cross-functional collaboration and technology utilization, while also conducting a risk assessment to mitigate single-source component risks. • Focus on direct material cost improvement through identification of alternative components and increasing share of IMI; reduce logistics costs. • Reduce factory overhead to align with revenue levels. By prioritizing high-margin projects, cost-efficient material sourcing, and operational cost reductions, IMI safeguards long-term profitability and financial resilience, ensuring stronger investor returns despite competitive pricing pressures.	• Employee Engagement & Communication: IMI has prioritized internal engagement activities to foster a cohesive and well-informed workforce. This includes feedback surveys, workshops, internal communication channels, regular town hall meetings and feedback sessions, to align employees with IMI's strategic vision. • Leadership Development & Team Alignment: New leaders actively with their teams through various initiatives, fostering a culture of collaboration, open communication, and trust. These included regular team meetings, one-on-one sessions, and seeking feedback proactively to understand team dynamics and concerns.	• ISO 27001:2022 Certification & Global Security Framework: In response to the ever-evolving landscape of cybersecurity threats, IMI obtained ISO 27001:2022 certification for IMI Philippines HQ and IMI Bulgaria, reinforcing compliance with international information security standards. • Cybersecurity Maturity & Risk Assessment: IMI conducted a third-party cybersecurity and maturity assessment aligned with the NIST Framework, identifying and mitigating 108 critical vulnerabilities. Real-time threat monitoring and response protocols were implemented, reducing the mean time to detect (MTTD) and mitigate threats.	• Customer Collaboration & Strategic Alignment: The company proactively engaged 100% of EU-based customers in sustainability working groups, aligning IMI's transition plan with their climate expectations, meeting halfway on how we can both achieve common climate action goals and aspiration. This included establishing new renewable energy partnerships, increasing green energy procurement by 25% in 2025. • Decarbonization Roadmap & Third-Party Climate Risk Assessment: Partnered with third-party consultancy firm, conduct an in-depth analysis Net Zero analysis and develop a robust Decarbonization Roadmap with 50% targeted emissions reduction in Scope 1 & 2 and 25% in Scope 3 by 2030 to enable IMI to navigate and achieve its ambitious GHG reduction milestones for Scope 1, 2, and 3 emissions. • Embedding Climate Action in Business Strategy: IMI integrated Climate Action, ESG, and Sustainability as core pillars within IMI's overarching business strategy, ensuring full Board oversight and alignment with financial materiality principles.

METRICS AND TARGETS

IMI tracks and reports measurable progress towards its sustainability goals and strategic objectives through rigorous ESG performance indicators, ensuring transparency and accountability.

According to the Greenhouse Gas (GHG) Protocol, representing the most commonly used international accounting tool, GHG emissions are categorized into three scopes / groups.

Scope 1 Emissions
Represent direct GHG emissions emanating from sources owned or controlled by IMI (e.g., emissions associated with fuel combustion in boilers, furnaces, vehicles).

Scope 2 Emissions
Characterized by indirect GHG emissions resulting from IMI's energy usage generated at the company's facilities. Scope 2 emissions are associated with the buying of various forms of energy (e.g., electricity, heat, steam, etc.).

Scope 3 Emissions
Represent all other indirect emissions that occur within the value chain of a company.

Summary of GHG Emissions (tons CO_2 equivalent)

	Scope 1	Scope 2	Scope 3
2024	**1,389**	**56,990**	**1,668**
2023	3,601	62,811	4,310
2022	1,837	72,771	6,293

Scope 1 (tons CO_2 equivalent)

	Asia	Europe	USA	TOTAL
2024	**1,192**	**143**	**55**	**1,389**
2023	2,274	174	1,153	3,601
2022	1,195	210	432	1,837

Scope 2 (tons CO_2 equivalent)

	Asia	Europe	USA	TOTAL
2024	**41,632**	**8,962**	**6,396**	**56,990**
2023	46,938	7,817	8,056	62,811
2022	56,200	8,757	7,814	72,771

Scope 3* (tons CO_2 equivalent)

	Asia	Europe	USA	TOTAL
2024	**826**	**56**	**786**	**1,668**
2023	1,124	160	3,026	4,310
2022	1,464	290	4,539	6,293

* Scope 3 data is based on the total emissions of methane and nitrous oxide, as well as fuel consumption from outsourced vehicles only.

ENERGY MANAGEMENT

ENERGY CONSUMPTION – Electricity from the Grid (million kWh)

	ASIA	EUROPE	USA	TOTAL
2024	**62**	**19**	**16**	**97**
2023	74	20	19	113
2022	88	23	18	128

2024 Energy from renewable sources (million kWh)

IMI Site	PHILIPPINES	CHINA	BULGARIA	SERBIA	CZECH REPUBLIC	MEXICO	TOTAL
Non-renewable	36.5	25.2	16.4	0	3.0	15.7	**97.0**
Renewable	3.9	0	0	3.9	0.18	0	**8.0**
Total Electricity Consumption	**40.5**	**25.2**	**16.4**	**3.9**	**3.2**	**15.7**	**105**
Renewable % share*	10%	0%	0%	100%	6%	0%	**13%**

* Percentage share of electricity derived from renewable sources.

WASTE MANAGEMENT

Hazardous ('000kg)

	ASIA	EUROPE	USA	TOTAL
2024	**243**	**158**	**38**	**439**
2023	299	208	49	**556**
2022	439	314	98	**851**

Non-Hazardous RECYCLED ('000kg)

	ASIA	EUROPE	USA	TOTAL
2024	**640**	**807**	**524**	**1,971**
2023	820	676	751	**2,247**
2022	791	624	806	**2,220**

Non-Hazardous RESIDUAL ('000kg)

	ASIA	EUROPE	USA	TOTAL
2024	203	**0**	**137**	**340**
2023	265	1.9	146	**413**
2022	356	73	194	**623**

Water Withdrawn (in '000 m3)

	ASIA	EUROPE	USA	TOTAL
2024	**796**	**62**	**19**	**877**
2023	1,013	61	18	**1,092**
2022	1,184	87	19	**1,290**

HUMAN CAPITAL

Headcount

	Asia	Europe	USA	TOTAL
2024	**61%**	**26%**	**12%**	**10,368**
2023	63%	23%	14%	**12,659**
2022	60%	27%	13%	**14,076**

Overall headcount including VIA Optronics

Gender Diversity in Core Management

	Male	Female	TOTAL
2024	**7**	**3**	**10**
2023	5	4	**9**
2022	5	4	**9**

Age Diversity

	Below 30	30-50	Over 50
2024*	**20%**	**64%**	**16%**
2023	24%	63%	13%
2022	26%	62%	12%

*Global employees 10,010 excluding VIA Optronics

Gender Diversity

	Male	Female
2024*	**36%**	**64%**
2023	37%	63%
2022	38%	62%

*Global employees 10,010 excluding VIA Optronics

The company conducts employee engagement survey every two years to help understand employee sentiment, identify areas for improvement, and take action to enhance workplace culture and productivity. The last survey was conducted in 2023.

IMI EMPLOYEE ENGAGEMENT SCORE

89%

90% Ayala Norm
92% PH Norm
84% Global High Tech Manufacturing and Global Manufacturing High Tech: Semiconductor Norm

STRENGTHS

- Customer Focus
- Company Image and Competitive Position
- Sustainable Engagement

Top 3 highest scores among the categories

Training Hours

	Asia	Europe	USA	TOTAL
2024	**86%**	**10%**	**4%**	**603K**
2023	85%	11%	4%	**629K**
2022	89%	6%	5%	**853K**

Non-disabling injuries

	Asia	Europe	USA	TOTAL
2024	**9**	**9**	**4**	**22**
2023	13	4	3	**20**
2022	15	11	4	**30**

Safe Manhours (in Million)

	Asia	Europe	USA	TOTAL
2024	**14.7**	**16.5**	**0.84**	**21.72**
2023	18.26	6.02	5.43	**29.72**
2022	20.89	16.5	7.64	**45.04**

Fatalities

	Asia	Europe	USA	TOTAL
2024	**0**	**0**	**0**	**0**
2023	1	0	0	**1**
2022	0	0	0	**0**

Disabling injuries

	Asia	Europe	USA	TOTAL
2024	**3**	**2**	**3**	**8**
2023	2	1	3	**6**
2022	1	0	1	**2**

MATERIALITY

Industry-Specific Sustainability Accounting Standards

IMI aligns its sustainability reporting with the Sustainability Accounting Standards Board (SASB) framework, ensuring focused and investor-relevant disclosures on the most material ESG factors impacting the electronics manufacturing sector.

These standards recognize that companies within the same sector typically share similar business models and resource dependencies, which result in common sustainability challenges and opportunities.

What SASB Standards Offer

Focus on Financially Material Issues: SASB standards target a specific set of ESG issues that can significantly impact a company's financial performance within a particular industry. As part of the EMS industry, IMI addresses resource efficiency, supply chain sustainability, and climate risk management as core materiality factors.

Investor-Friendly: These standards provide investors with consistent and comparable data on these financially important sustainability factors, allowing them to compare companies within the same industry more effectively. IMI's 2024 sustainability disclosures include quantitative ESG performance data in alignment with SASB's industry-specific standards, enhancing comparability, transparency, and investor decision-making.

Cost-Effective and Streamlined: By focusing on industry-specific issues, SASB reduces unnecessary reporting and highlights the most relevant sustainability information for each company.

How IMI Uses SASB

IMI, an electronics manufacturer, utilizes SASB standards specifically for the Electronic Manufacturing Services & Original Design Manufacturing industry (SICS™ #TC0101). This helps the company report on the most relevant sustainability factors for the EMS industry. IMI addresses resource efficiency, supply chain sustainability, and climate risk management as core materiality factors.

In 2024, IMI conducted multiple stakeholder engagement sessions, ensuring the company's sustainability reporting reflects key ESG priorities for investors, regulators, and customers.

Compatibility with Other Frameworks

SASB standards can be used alongside other sustainability reporting frameworks, such as GRI Standards. They can also be a helpful tool for implementing broader sustainability principles outlined by organizations like the Task Force on Climate-Related Financial Disclosures (TCFD) and the International Integrated Reporting Council (IIRC).

ENVIRONMENT | SOCIAL | GOVERNANCE

ENVIRONMENT	LABOR	HEALTH AND SAFETY	ETHICS	MANAGEMENT SYSTEMS
Protect the environment	Treat employees with dignity and respect	Maintain a safe and healthy work environment	Uphold the highest standards	Ensure compliance to RBA standards and the four pillars
• 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	• Freely Chosen Employment • Child Labor Avoidance • Working Hours • Wages and Benefits • Humane Treatment • Non-Discrimination • Freedom of Association	• Occupational Safety • Emergency Preparedness • Occupational Injury and Illness • Industrial Hygiene • Physically Demanding Work • Machine Safeguarding • Sanitation, Food and Housing • Health and Safety Communication	• 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	• 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 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.

CDP Discloser 2024

Carbon Disclosure Project

In 2024, IMI filed separate disclosure in CDP for the first time and was given a rating of C. IMI will strive to improve to a B rating for the next disclosure period in 2025.

UN Sustainable Development Goals

IMI Focused SDGs

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

- Saving Lives
- Improving Lives
- Saving Energy

Ensure sustainable consumption and production patterns

- Reduce
- Reuse
- Recycle

IMI Supported SDGs

SASB Index — Sustainability Issues and Topics For EMS Manufacturing

MATERIAL TOPICS	ACCOUNTING METRICS	GRI	SDGs	PAGE NUMBER (S)
ENVIRONMENT	• GHG Emissions • Air Quality • Energy Management • Water Management • Waste & Hazardous Materials • Ecological Impact	302, 303, 305, 306		64-65
HUMAN CAPITAL	• Labor Practices • Employee Health & Safety • Employee Engagement, Diversity & Inclusion	401, 402, 403, 404, 405, 406, 407, 408, 409		66-67
BUSINESS MODEL AND INNOVATION	• Product Design & Life Cycle Management • Business Model Resilience • Supply Chain Management • Materials & Resource Efficiency • Physical Impact of Climate Change	301, 307, 308, 414		52-59
LEADERSHIP AND GOVERNANCE	• Business Ethics • Competitive Behavior • Management of Legal & Regulatory Requirements • Critical Incident Risk Management • Systemic Risk Management	202, 203, 204, 205, 206, 207, 307, 308		6-27, 34-47, 62-63

CORPORATE SOCIAL RESPONSIBILITY

Our corporate social responsibility (CSR) efforts and programs align with our business practices with the UN's Sustainable Development Goals, promoting environmental stewardship, social equity, and good governance. By integrating CSR into our sustainability strategy, we reduce our environmental impact, foster community development, and ensure ethical operations, ultimately contributing to long-term business resilience and global sustainability.

PHILIPPINES

▲IMI Philippines donated groceries to newly adopted communities in Canlalay, Biñan, Laguna.

◀IMI Philippines participated in the DSWD's relief operations for Typhoon Carina.

SERBIA

▲IMI Serbia participated in a community job fair.

▲IMI Serbia's fourth year of internship program was successfully completed.

CHINA

▲IMI Pingshan employees joined efforts to clean Wetland Park and protect public welfare.

▲IMI Jiaxing visited the Qinqin Nursing Home.

▲IMI Pingshan's blood donation drive

▲ IMI Jiaxing hosted a charity fundraising event for employees to support those in urgent need.

▲IMI Kuichong, through Union Insurance Company, educated its employees on health awareness.

▲IMI Kuichong joined a collaborative workshop organized by the Sanxi community, focusing on potted plants.

MEXICO

▲IMI Mexico celebrated Children's Day 2024 by collecting and donating toys for the "C.O.R.A.S.O.N." orphanage in Guadalajara.

BULGARIA

▲IMI Bulgaria joined the Edenred RUN 2024 and raised 29,500 BGN for the children's ward at University Hospital Burgas.

Certificate No: C769177

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 2024 (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) and the
- 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.

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

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 also, 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 01/01/2024 to 31/12/2024. 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 the Philippines (2 sites), China (4 sites), Bulgaria (1 site), Czech Republic (1 site), Serbia (1site) and Mexico (2 sites).

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 is free from material mis-statements.
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 of 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.

- 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.

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

DNV

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 Conduct[1] 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: 2025.04.07 18:02:00 +08'00'	Kakaraparthi Venkata Raman — Digitally signed by Kakaraparthi Venkata Raman Date: 2025.04.07 16:33:12 +05'30'
Vishal Gangwar Lead Verifier, Sustainability Services	Venkata Raman Kakaraparthi Assurance Reviewer, Sustainability Services
Justine Rapalam (Verifier) Nizam Richard (Verifier)	

07/04/2025

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

DNV

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	103 Trade Avenue corner Technology Avenue, Laguna Technopark, Special Export Processing Zone, Biñan 4024, Laguna

Sites selected for Off-site audits

S.no	Site	Location
1.	Integrated Micro-Electronics México, S.A.P.I. de C. V	Calle 4 Poniente No. 10560 Parque Industrial El Salto C.P.45680 El Salto, Jalisco, México
2.	Integrated Micro-Electronics México, S.A.P.I. de C. V	Calle A 239 Parque Industrial El Salto C.P.45680, El Salto, Jalisco, México
3.	Integrated Micro-Electronics Bulgaria EOOD	Industrial Zone "Microelektronika" P.O 66 2140 Botevgrad Sofia District, Bulgaria

This section provides a comprehensive overview of the company's financial health and performance in 2024, helping our stakeholders, including investors, customers, and employees, make informed decisions based on accurate and transparent financial data. This report was prepared not merely for regulatory compliance but also to maintain our reputation in the global market.

FINANCIAL

MANAGEMENT'S DISCUSSION AND ANALYSIS

REVIEW OF 2024 PERFORMANCE

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

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

Gross Profit and Gross Profit Margin
The full year gross profit of $86.5 million decreased by 28% compared to 2023 primarily due to the decline in revenues. Gross profit margin also declined from 9.0% last year to 7.9% in 2024 mainly driven by change in sales mix due to new programs with high material costs but these are also higher value programs that contributed to the fixed overhead utilization. Management teams implemented programs that significantly reduced labor and overhead costs in each operating site while further driving manufacturing efficiency.

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

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

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

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

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

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

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

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

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

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

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

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

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Integrated Micro-Electronics, Inc. (the Company) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein for the years ended December 31, 2024, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

ALBERTO M. DE LARRAZABAL
Chairman, Board of Directors

LOUIS SYLVESTER HUGHES
Chief Executive Officer

ROBERT WILLIAM HEESE
Chief Finance Officer

REPORT OF THE AUDIT AND RISK COMMITTEE TO THE BOARD OF DIRECTORS

For the Year Ended 31 December 2024

The Board-approved Audit and Risk Committee Charter defines the duties and responsibilities of the Audit and Risk 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

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

- All the Audit and Risk 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 2024 independent auditor and the related fees including appointment as 2024 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 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 and Risk Committee Charter and Internal Audit Charter to ensure that it 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 International Standards for the Professional Practice of Internal Auditing; and
- We conducted an annual assessment of our performance in accordance with the Security 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 and Risk Committee recommends to the Board of Directors that the audited financial statements be included in the Annual Report for the year ended December 31, 2024, 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 2025 independent auditors and the related audit fee based on their performance and qualifications.

05 March 2025

JESSE O. ANG
Chairman

RAFAEL C. ROMUALDEZ
Member

HIROSHI NISHIMURA
Member

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Integrated Micro-Electronics, Inc. and its subsidiaries (the Group), which comprise the consolidated balance sheets as at December 31, 2024 and 2023, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2024, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Recoverability of Goodwill

Under PFRS Accounting Standards, the Group is required to annually test the amount of goodwill for impairment. As of December 31, 2024, the Group's goodwill attributable to the following cash-generating units (CGUs): Integrated Micro-Electronics, Inc., Speedy-Tech Electronics, Ltd., IMI Czech Republic s.r.o., and VIA Optronics GmbH (VIA), amounted to $40.46 million, which is considered significant to the consolidated financial statements, were tested for impairment. Impairment loss amounting to $27.01 million was recorded in 2024. In addition, management's assessment process requires significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty due to the current economic conditions, specifically revenue growth rate, gross margin, cost ratios and discount rates.

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

Audit Response

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

Recoverability of Property, Plant and Equipment

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

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

Audit Response

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024 are expected to be made available to us after the date of this auditor's report.

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
Tax Identification No. 162-410-623
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-074-2023, October 23, 2023, valid until October 22, 2026
PTR No. 10465396, January 2, 2025, Makati City

March 7, 2025

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated balance sheets

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

(Forward)

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

See accompanying Notes to Consolidated Financial Statements.

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated statements of income

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

See accompanying Notes to Consolidated Financial Statements.

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated statements of comprehensive income

	Years Ended December 31		
	2024	2023	2022
NET LOSS	**($77,052,432)**	($118,270,711)	($15,362,352)
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) to be reclassified into profit or loss in subsequent periods:			
Exchange differences arising from translation of foreign operations (Note 19)	**(9,454,774)**	14,121,164	(34,337,927)
Other comprehensive income (loss) not to be reclassified into profit or loss in subsequent periods:			
Remeasurement gains (losses) on defined benefit plans (Note 27)	**(1,135,992)**	(2,616,320)	2,638,001
Fair value changes on financial assets at FVOCI - net of tax (Note 13)	**282,131**	515,167	587,404
Differences arising from sale of subsidiary	**–**	1,529,043	–
	(853,861)	(572,110)	3,225,405
	(10,308,635)	13,549,054	(31,112,522)
TOTAL COMPREHENSIVE LOSS	**($87,361,067)**	($104,721,657)	($46,474,874)
Total Comprehensive Loss Attributable to:			
Equity holders of the Parent Company	**($59,997,372)**	($98,857,339)	($27,334,659)
Non-controlling interests	**(27,363,695)**	(5,864,318)	(19,140,215)
	($87,361,067)	($104,721,657)	($46,474,874)

See accompanying Notes to Consolidated Financial Statements.

Consolidated statements of changes in equity

For the years ended December 31, 2024, 2023 and 2022

	Attributable to Equity Holders of the Parent Company											
							Other Comprehensive Income (Loss)					
	Capital Stock-Common (Note 19)	Subscribed Capital Stock (Note 19)	Additional Paid-in Capital (Note 19)	Subscriptions Receivable (Notes 19 and 28)	Retained Earnings (Notes 13 and 19)	Treasury Stock (Note 19)	Other Components of Equity (Note 13)	Cumulative Translation Adjustment (Note 19)	Remeasurement losses on defined benefit plans (Note 27)	Attributable to Equity Holders of the Parent Company (Note 19)	Attributable to Non-controlling Interests (Note 19)	Total
Balances at January 1, 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.

	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 Comprehensive Income (Loss): Other Components of Equity (Note 13)	Other Comprehensive Income (Loss): Cumulative Translation Adjustment (Note 19)	Other Comprehensive Income (Loss): Remeasurement losses on defined benefit plans (Note 27)	Attributable to Equity Holders of the Parent Company (Note 19)	Attributable to Non-controlling Interests (Note 19)	Total
	Attributable to Equity Holders of the Parent Company											
Balances at January 1, 2023	$42,719,224	$692,454	$193,797,219	(2,620,195)	$194,803,301	($1,012,588)	$32,794	($43,668,483)	($7,434,231)	$377,309,495	$37,974,361	$415,283,856
Issued shares during the year	1,458	(1,458)	–	–	–	–	–	–	–	–	–	–
Collection from subscriptions	–	–	–	23,051	–	–	–	–	–	23,051	–	23,051
Forfeitures during the year	–	(1,685)	(19,382)	21,067	–	–	–	–	–	–	–	–
	42,720,682	689,311	193,777,837	(2,576,077)	194,803,301	(1,012,588)	32,794	(43,668,483)	(7,434,231)	377,332,546	37,974,361	415,306,907
Net loss	–	–	–	–	(105,626,141)	–	–	–	–	(105,626,141)	(12,644,570)	(118,270,711)
Other comprehensive income (loss)	–	–	–	–	–	–	515,167	8,869,955	(2,616,320)	6,768,802	6,780,252	13,549,054
Total comprehensive income (loss)	–	–	–	–	(105,626,141)	–	515,167	8,869,955	(2,616,320)	(98,857,339)	(5,864,318)	(104,721,657)
Balances at December 31, 2023	$42,720,682	$689,311	$193,777,837	($2,576,077)	$89,177,160	($1,012,588)	$547,961	($34,798,528)	($10,050,551)	$278,475,207	$32,110,043	$310,585,250

See accompanying Notes to Consolidated Financial Statements.

	Attributable to Equity Holders of the Parent Company											
							Other Comprehensive Income (Loss)					
	Capital Stock- Common (Note 19)	Subscribed Capital Stock (Note 19)	Additional Paid-in Capital (Note 19)	Subscriptions Receivable (Notes 19 and 28)	Retained Earnings (Note 19)	Treasury Stock (Note 19)	Other Components of Equity (Note 13)	Cumulative Translation Adjustment (Note 19)	Remeasurement losses on defined benefit plans (Note 27)	Attributable to Equity Holders of the Parent Company (Note 19)	Attributable to Non-controlling Interests (Note 19)	Total
Balances at January 1, 2022	$42,705,563	$708,788	$193,830,800	($2,701,935)	$201,560,230	($1,012,588)	($554,610)	($19,865,348)	($10,072,232)	$404,598,668	$57,114,576	$461,713,244
Issued shares during the year	13,661	(13,661)	–	–	–	–	–	–	–	–	–	–
Collection from subscriptions	–	–	–	45,486	–	–	–	–	–	45,486	–	45,486
Forfeitures during the year	–	(2,673)	(33,581)	36,254	–	–	–	–	–	-	–	–
	42,719,224	692,454	193,797,219	(2,620,195)	201,560,230	(1,012,588)	(554,610)	(19,865,348)	(10,072,232)	404,644,154	57,114,576	461,758,730
Net loss	–	–	–	–	(6,756,929)	–	–	–	–	(6,756,929)	(8,605,423)	(15,362,352)
Other comprehensive income (loss)	–	–	–	–	–	–	587,404	(23,803,135)	2,638,001	(20,577,730)	(10,534,792)	(31,112,522)
Total comprehensive income (loss)	–	–	-–	–	(6,756,929)	–	587,404	(23,803,135)	2,638,001	(27,334,659)	(19,140,215)	(46,474,874)
Balances at December 31, 2022	$42,719,224	$692,454	$193,797,219	($2,620,195)	$194,803,301	($1,012,588)	$32,794	($43,668,483)	($7,434,231)	$377,309,495	$37,974,361	$415,283,856

See accompanying Notes to Consolidated Financial Statements.

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated statements of cash flows

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

(Forward)

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

See accompanying Notes to Consolidated Financial Statements.

Notes to consolidated financial statements

1. **Corporate Information**

Integrated Micro-Electronics, Inc. (IMI or the Parent Company), a stock corporation organized and registered under the laws of the Republic of the Philippines on August 8, 1980, has four wholly-owned subsidiaries, namely: IMI International (Singapore) Pte. Ltd. (IMI Singapore), IMI USA, Inc. (IMI USA), IMI Japan, Inc. (IMI Japan) and PSi Technologies, Inc. (PSi) (collectively referred to as the Group). The Parent Company is 52.03% owned by AC Industrial Technology Holdings, Inc. (AC Industrials), a wholly-owned subsidiary of Ayala Corporation (AC), a corporation incorporated in the Republic of the Philippines and listed in the Philippine Stock Exchange (PSE). AC is 47.57% owned by Mermac, Inc. (Ultimate Parent Company) and the rest by the public.

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

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

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

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

IMI Singapore is a strategic management, investment and holding entity that owns operating subsidiaries of the Group and was incorporated and domiciled in Singapore. Its wholly-owned subsidiary, Speedy-Tech Electronics Ltd. (STEL), was incorporated and domiciled also in Singapore. STEL, on its own, has subsidiaries located in Hong Kong and China. STEL and its subsidiaries (collectively referred to as the STEL Group) are principally engaged in the provision of electronic manufacturing services (EMS) and power electronics solutions to original equipment manufacturers (OEMs) in the automotive, consumer electronics, telecommunications, industrial equipment, and medical device sectors, among others. As part of the Group's ongoing efforts to streamline operations and reduce costs, the Group planned the closure of its Chengdu operations in 2024 (see Note 35).

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

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

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

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

In 2020, VIA AG raised some proceeds through an initial public offering (IPO) and was listed on the New York Stock Exchange under the ticker symbol "VIAO". As a result of the IPO, IMI's ownership interest in VIA was diluted from 76.01% to 50.32%. On April 9, 2024, VIA announced its intention to voluntarily delist its American 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 2018, the Group opened a manufacturing site in Niš, Republic of Serbia in line with the IMI's strategy to strengthen its global footprint and support the growing market for automotive components in the European region.

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

In 2017, IMI, through its indirect subsidiary Integrated Micro-Electronics UK Limited (IMI UK), acquired an 80% stake in Surface Technology International Enterprises Limited (STI), an EMS company based in the United Kingdom (UK). STI has factories in the UK and Cebu, Philippines. STI provides electronics design and manufacturing solutions in both PCBA and full box-build manufacturing for high-reliability industries. The acquisition of STI strengthens the Group's industrial and automotive manufacturing competencies, broadens its customer base, and also provides access to the UK market. Further, the partnership allows the Group's entry into the aerospace, security and defense sectors. As discussed in Note 2, STI was sold to a third party in 2023.

IMI USA acts as direct support to the Group's customers by providing program management, customer service, engineering development and prototype manufacturing services to customers, especially for processes using direct die attach to various electronics substrates. It specializes in prototyping low to medium PCBA and sub-assembly and is at the forefront of technology with regard to precision assembly capabilities including, but not limited to, surface mount technology (SMT), chip on flex, chip on board and flip chip on flex. IMI USA is also engaged in advanced manufacturing process development, engineering development, prototype manufacturing and small precision assemblies. In October 2024, IMI entered into a Strategic Alliance/Referral Agreement with XLR8 EMS, LLC and Concisys, LLC., which are California-based firms engaged in prototyping and low volume EMS service. Under the agreement, IMI will channel or refer prototyping and low volume EMS services needs of selected customers to XLR8 and Concisys, while XLR8 and Concisys will refer IMI to their customers for volume production services. Consequently, IMI USA ceased its prototyping and manufacturing operations in December 2024, with production functions transitioned to IMI facilities across North America, Europe, and Asia.

IMI Japan was registered and is domiciled in Japan to serve as IMI's front-end design and product development and sales support center. IMI Japan was established to attract more Japanese OEMs to outsource their product development to IMI. In 2024, with a move to better align support costs with current business needs, IMI closed its sales office in Japan and currently in the process of dissolution of the entity. IMI's extensive sales team, strategically positioned across various regions, will continue to address opportunities in Japan, eliminating the need for a physical office and reducing overhead costs.

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

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

2. Group Information

Information about Subsidiaries

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

Subsidiary	Percentage of Ownership 2024	Percentage of Ownership 2023	Country of Incorporation	Functional Currency
IMI International (Singapore) Pte. Ltd.	**100.00%**	100.00%	Singapore	United States Dollar (USD)
IMI International ROHQ [a]	**–**	100.00%	Philippines	USD
Speedy-Tech Electronics Ltd. (STEL) Group	**100.00%**	100.00%	Singapore	USD
IMI (Chengdu) Ltd. (IMICD) [b]	**100.00%**	100.00%	China	Renminbi (RMB)
IMI Technology (Shenzhen) Co. Ltd. (IMI SZ)	**100.00%**	100.00%	China	USD
IMI Smart Technology (Shenzhen) Co. Ltd.	**100.00%**	100.00%	China	RMB
IMI Innovative Technology (Shenzhen) Co., Ltd.	**100.00%**	100.00%	China	RMB
Speedy-Tech Electronics (HK) Limited (STHK)	**100.00%**	100.00%	Hong Kong	USD
Speedy-Tech Electronics (Jiaxing) Co., Ltd. (STJX)	**100.00%**	100.00%	China	RMB
Speedy-Tech (Philippines), Inc. (STPH) [d]	**100.00%**	100.00%	Philippines	USD
Cooperatief IMI Europe U.A.	**100.00%**	100.00%	Netherlands	Euro (EUR)
Integrated Micro-Electronics Bulgaria EOOD	**100.00%**	100.00%	Bulgaria	EUR
Microenergia EOOD (Microenergia)	**100.00%**	100.00%	Bulgaria	Bulgarian Lev (BGN)
Integrated Micro-Electronics d.o.o. Niš (IMI Serbia)	**100.00%**	100.00%	Serbia	Serbian Dinar (RSD)
Integrated Micro-Electronics Czech Republic s.r.o.	**100.00%**	100.00%	Czech Republic	EUR
Integrated Micro-Electronics Mexico, S.A.P.I. de C.V.	**100.00%**	100.00%	Mexico	USD
IMI France SAS (IMI France)	**100.00%**	100.00%	France	EUR
VIA Optronics AG (VIA)	**50.32%**	50.32%	Germany	EUR
Germaneers GmbH	**100.00%**	100.00%	Germany	EUR
VIA Optronics (Philippines), Inc.	**100.00%**	100.00%	Philippines	PHP
VIA Optronics GmbH (VIA GmbH)	**100.00%**	100.00%	Germany	USD
VIA Optronics Suzhou Co. Ltd. (VIA Suzhou)	**100.00%**	100.00%	China	USD
VIA Optronics LLC (VIA LLC)	**100.00%**	100.00%	USA	USD
VIA Optronics (Taiwan) Ltd	**100.00%**	100.00%	Taiwan	Taiwan Dollar
VTS-Touchsensor Co., Ltd. (VTS)	**65.00%**	65.00%	Japan	Japanese Yen (JPY)
Integrated Micro-Electronics UK Limited (IMI UK)	**100.00%**	100.00%	United Kingdom	British Pounds (GBP)
IMI USA [b]	**100.00%**	100.00%	USA	USD
IMI Japan [c]	**100.00%**	100.00%	Japan	JPY
PSi	**100.00%**	100.00%	Philippines	USD
PSiTech Realty, Inc. (PSiTech Realty) [c]	**40.00%**	40.00%	Philippines	USD
Pacsem Realty, Inc. (Pacsem Realty) [c]	**64.00%**	64.00%	Philippines	USD

[a] *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*
[c] *In the process of liquidation / dormant*

Business Combinations

Sale of STI Enterprise Limited

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

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

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

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

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

	October 31, 2023
Cash and cash equivalents	$1,759,283
Receivables	15,098,908
Contract assets	11,416,661
Inventories	21,488,832
Other current assets	2,211,370
Property, plant and equipment	4,803,583
Right-of-use assets	2,842,737
Deferred tax assets	1,095
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, 2024 and 2023 are provided below:

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

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

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

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

3. Summary of Significant Accounting and Financial Reporting Policies

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

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

Statement of Compliance
The consolidated financial statements of the Group have been prepared in compliance with PFRS Accounting Standards.

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

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

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

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

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

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

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

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

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

Changes in Accounting Policies and Disclosures
The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those of the previous financial years except for the new PFRS Accounting Standards, amended PFRS Accounting Standards and improvements to PFRS Accounting Standards which were adopted beginning January 1, 2024. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

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

  The amendments clarify:
  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

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

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

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

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

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

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

Effective beginning on or after January 1, 2026
- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards—Volume 11
  - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
  - Amendments to PFRS 7, *Gain or Loss on Derecognition*
  - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities* and *Transaction Price*
  - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
  - Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027
- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*

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

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

An asset is current when it is:

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

All other assets are classified as noncurrent.

A liability is current when:

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

All other liabilities are classified as noncurrent.

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

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

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

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

a) Financial assets

   Initial recognition and measurement
   Financial assets are classified at fair value, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit and loss (FVPL).

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

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

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

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

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

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

The financial assets of the Group as of December 31, 2024 and 2023 consist of financial assets at amortized cost (debt instruments) and financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).

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

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

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

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

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

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

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

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

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

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

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

An embedded derivative within a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as either at amortized cost or at fair value depending on whether the cash flows of the hybrid contract are solely payments of principal and interest and the assessment of the business model within which the financial asset is held. On the other hand, an embedded derivative with a financial liability or a non-financial host is separated from the host and accounted for as a separate derivative if: its economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss.

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

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

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

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

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

Impairment of Financial Assets
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the

original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

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

b) Financial liabilities

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

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

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

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

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

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

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

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

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

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

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

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

c) Offsetting of financial instruments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	Years
Buildings	20 – 30
Building improvements	5
Machineries and facilities equipment (Notes 4 and 10)	3 – 13
Furniture, fixtures and office equipment	3 – 5
Transportation equipment	3 – 5
Tools and instruments	2 – 5

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

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

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

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

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

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

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

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

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

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

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

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

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

If the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the acquirer shall account for the combination using those provisional values. The acquirer shall recognize any adjustment to those provisional values as a result of completing the initial accounting within 12 months of the acquisition date as follows: (i) the carrying amount of the identifiable asset, liability or contingent liability that is recognized or adjusted as a result of completing the initial accounting shall be calculated as if its fair value at the acquisition date had been recognized from that date; (ii) goodwill or any gain recognized shall be adjusted by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted; and (iii) comparative information presented for the periods before the initial accounting for the combination is complete shall be presented as if the initial accounting has been completed from the acquisition date.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Short-term Leases (STL) and Leases of Low-value Assets
The Group applies the STL recognition exemption to those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. The Group applies the low-value assets

recognition exemption to leases of underlying assets with a value, when new, of US$5,000 and below. Lease payments on short-term leases and low-value assets are recognized as expense on a straight-line basis over the lease term.

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

Impairment of Nonfinancial Assets
The Group assesses at each balance sheet date, whether there is an indication that a nonfinancial asset (e.g., deferred charges, property, plant and equipment, right-of-use assets and intangible assets) is impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value-in-use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGU to which the individual assets are allocated. These budgets and forecast calculations generally covered a period of five years.

For nonfinancial assets, excluding goodwill, an assessment is made at each balance sheet date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years.

Such reversal is recognized in profit or loss. After such reversal, the depreciation and amortization expense is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining EUL.

All goodwill of the Group are tested for impairment annually as of December 31 and also tested for impairment when circumstances indicate that the carrying amount is impaired. Provisional goodwill allocated to a CGU is also tested for impairment even if the fair value exercise is not complete during the year.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Provisions and Onerous Contracts
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

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

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

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

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

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

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Equity
Capital stock
Capital stock is measured at par value for all shares issued and outstanding. When the Parent Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

Preferred shares may be issued with various rights. In determining whether a preference share is financial liability or equity instrument, the issuer is required to assess the particular rights attaching to the share to determine whether it exhibits the fundamental characteristic of a financial liability.

A preference share redeemable only at the holder's option is an equity instrument because the issuer does not have a present or future obligation to transfer financial assets to the shareholder.

Additional paid-in capital
Additional paid-in capital pertains to the difference of the par value and selling price of issued and outstanding shares of stock. Direct costs incurred related to equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are charged to "Additional paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against "Retained earnings" account.

An increase or decrease in a parent's ownership interest that does not result in a loss of control of a subsidiary is accounted for as an equity transaction, i.e. a transaction with owners in their capacity as owners. A parent's ownership interest may change without a loss of control, e.g. when a parent buys shares from or sells shares to a non-controlling interest, a subsidiary redeems shares held by a non-controlling interest, or when a subsidiary issues new shares to a non-controlling interest.

The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. PFRS 10 states that 'the entity shall recognize directly in equity any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, and attribute it to the owners of the parent. The Group recognize this difference under "Additional paid-in capital" account.

Subscriptions receivable
Subscriptions receivable pertains to the uncollected portion of the subscribed shares.

Retained earnings and dividends on capital stock of the Parent Company
Retained earnings represent net accumulated earnings of the Group, less dividends declared. Dividends on capital stock are recognized as a liability and deducted from equity when they are approved by Parent Company's BOD.

Treasury stock
Treasury stock is recorded at cost and is presented as a deduction from equity. When the shares are retired, the "Capital stock" account is reduced by its par value and the excess of cost over par value upon retirement is debited to "Additional paid-in capital" account to the extent of the specific or average additional paid-in capital when the shares were issued and to "Retained earnings" account for the remaining balance.

Revenue Recognition

a) Revenue from contracts with customers
The Group is in the business of providing electronic manufacturing and other related services to various customers. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements because it controls the goods or services before transferring them to the customer.

Manufacturing of goods
The Group provides manufacturing services in accordance with the customer's specifications. The Group promises to provide a combined performance obligation comprised of non-distinct goods or services, which include issuance of materials to production, assembly, testing and packaging.

Contracts with customers are generally classified as turnkey or consignment. In a turnkey contract, the Group procures the materials and provides the assembly services to the customer. In a consignment contract, the Group only provides assembly services to the customer.

For turnkey contracts, revenue is recognized over time since the products created have no alternative use to the Group and the Group has right to payment for performance completed to date including the related profit margin, in case of termination for reasons other than the Group's failure to perform as promised.

For goods manufactured not covered by customer purchase orders or firm delivery schedule, revenues are recognized at a point in time, when control of the asset is transferred to the customer, generally when goods are shipped or goods are received by the customer, depending on the corresponding agreement with the customer.

For consignment contracts, revenue is recognized over time as services are rendered since the customer simultaneously receives and consumes the benefits as the Group performs.

For R&D engineering services, revenue is recognized over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance completed to date.

Revenue from optical bonding technology and metal mesh touch sensors (VIA and VTS)
For optical bonding services performed under the consignment model, revenue is recognized at a point in time based on the fact that the assets created have alternative use to the Group entities. This is when the enhancement process is finalized, the customer removes the enhanced products from the consignment stock and is invoiced, according to contract.

For the sale of products under the full service model, revenue is recognized at a point in time when control of the products are transferred to the customers, generally on delivery of the products.

Non-recurring engineering services
Non-recurring engineering charges, tooling and other pre-production revenue stream (NREs) are recognized at a point in time since the criteria for over time recognition is not met. This is based on the assessment that while, in general, the Group has no alternative use for these NREs, either due to customization or restrictions by the customer, there is no assurance or relevant experience that IMI has enforceable right to payment or can recover the cost, plus reasonable margin, in case of contract termination. Point in time revenue recognition for NREs would mean revenue is recognized upon customer acceptance of the NREs (transfer of control).

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., customer options that provide material rights to customers, warranties). In determining the transaction price, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration and consideration payable to the customer, if any.

Variable consideration
If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Significant financing component
The Group's contracts with its customers are short-term in nature. Using the practical expedient in PFRS 15, the Group does not adjust the promised amount of consideration of the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The Group does not have significant separate performance obligations wherein the transaction price needs to be allocated as of December 31, 2024 and 2023.

b) Contract balances

Contract asset
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liability
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). A contract liability is recognized as revenue when the Group performs under the contract.

c) Cost to obtain a contract

The Group pays sales commission to its employees for each contract that they obtain. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sales commissions (included under operating expenses) because the amortization period of the asset that the Group otherwise would have used is one year or less.

Other Income

Interest income

Interest income is recognized as it accrues using the EIR method.

Dividends

Dividend income is recognized when the right to receive the payment is established.

Miscellaneous income

Miscellaneous income is recognized as the Group earns the right over it.

Expenses

Cost of sales

This account includes cost of goods sold and cost of services. These expenses pertain to the direct expenses incurred by the Group in relation to the products and services offered. Cost of sales is recognized when the related goods are sold and when services are rendered.

Operating expenses

This account pertains to the general and administrative expenses. Operating expenses are recognized when incurred, except for short term and low value rental expense, which is computed on a straight line-basis over the lease term.

Government Grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is initially recognized as a liability in the consolidated balance sheet and recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to the acquisition or construction of a fixed asset, it is initially recognized as a liability in the consolidated balance sheet and recognized as income in equal amounts over the period of depreciation of the related asset.

Foreign Currency Transactions

Functional currency is determined for each entity within the Group and items included in the financial statements of each entity are measured and recorded using that functional currency. For consolidation purposes, the foreign subsidiaries' balances are translated to USD, which is the Parent Company's functional and presentation currency.

Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of initial transaction. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

The functional currencies of the Group's foreign subsidiaries are summarized in Note 2 to the consolidated financial statements. As at the balance sheet date, the assets and liabilities of these subsidiaries are translated into the presentation currency of the Parent Company at the rate of exchange ruling at the balance sheet date and their profit and loss accounts are translated monthly using the monthly weighted average exchange rates. The exchange differences arising on the translation are recognized in the consolidated statement of comprehensive income and reported as a separate component of equity (cumulative translation adjustment).

Exchange differences arising from elimination of intragroup balances and intragroup transactions are recognized in profit or loss. As an exception, if the exchange differences arise from intragroup balances that, in substance, forms part of an entity's net investment in a foreign operation, the exchange differences are not to be recognized in profit or loss, but are recognized in OCI and accumulated in a separate component of equity until the disposal of the foreign operation.

On disposal of a foreign entity, the deferred cumulative amount recognized in the consolidated statement of comprehensive income relating to that particular foreign operation shall be recognized in profit or loss.

Income Taxes

Current tax

Current tax assets and current tax liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as of the balance sheet date in the countries where the Group operates and generates taxable profit.

Current tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, when appropriate.

Deferred tax

Deferred tax is provided using the liability method on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes as of the balance sheet date.

Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of unused tax losses, to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences and carryforward benefits of unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and sufficient future taxable profits will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as of the balance sheet date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

For periods where an Income Tax Holiday (ITH) is in effect, no deferred taxes are recognized in the consolidated financial statements as the ITH status of the Group neither results in a deductible temporary difference or taxable temporary difference. However, for temporary differences that are expected to reverse beyond the ITH, deferred taxes are recognized.

Earnings per Share (EPS) Attributable to Equity Holders of the Parent Company
Basic EPS is computed by dividing net income attributable to common equity holders by the weighted average number of common shares outstanding and adjusted to give retroactive effect to any stock dividends declared during the period. Diluted EPS is computed by dividing net income attributable to common equity holders by the weighted average number of common shares outstanding, plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares. The calculation of diluted EPS does not assume conversion, exercise or other issue of potential common shares that would have an antidilutive effect on EPS.

Retirement and Other Employee Benefits
Defined benefit plans
The Parent Company, PSi, IMI BG and IMI Serbia maintain separate defined benefit plans covering substantially all of their employees. The plans of the Parent Company and PSi are funded and noncontributory retirement plans administered by their respective Boards of Trustees, while that of IMI BG and IMI Serbia is unfunded and noncontributory.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial valuations are conducted with sufficient regularity, with the option to accelerate when significant changes to underlying assumptions occur.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on net retirement liabilities is the change during the period in net retirement liabilities that arises from the passage of time which is determined by applying the discount rate based on government bonds to net retirement liabilities. Net interest on retirement liabilities is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on net retirement liabilities) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net retirement liabilities are the aggregate of the present value of the defined benefit obligation at the end of the balance sheet date reduced by the fair value of plan assets, adjusted for any effect of limiting a net retirement asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. The fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

Defined contribution plans
The Parent Company's subsidiaries in Singapore, China, Czech Republic, Mexico, Germany, Japan, and UK participate in the respective national retirement schemes defined by the laws of the countries in which it has operations. These retirement schemes are considered as defined contribution plans. A defined contribution plan is a plan under which the subsidiary pays fixed contributions. Each subsidiary has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The required contributions to the national retirement schemes are recognized as retirement expense as accrued.

Singapore
The subsidiaries incorporated in Singapore make contributions to the Central Provident Fund (CPF) scheme in Singapore, a defined contribution scheme. Contributions to the CPF scheme are recognized as an expense in the period in which the related service is performed.

China
The subsidiaries incorporated and operating in China are required to provide certain staff retirement benefits to their employees under existing China regulations, a defined contribution scheme. Retirement contributions are provided at rates stipulated by China regulations and are contributed to a retirement fund managed by government agencies, which are responsible for administering these amounts for the subsidiaries' employees. Contributions to this defined contribution scheme are recognized as expense in the period in which the related service is performed.

IMI CZ
IMI CZ, under its collective agreement, is committed to pay contributions to life and retirement insurance of its loyal employees. This is done on a monthly basis as part of payroll expenses and only over the employment period. IMI CZ is not obliged to any other payments if employment terminates.

IMI MX
In accordance with the Mexican Labor Law, IMI MX provides seniority premium benefits to its employees under certain circumstances. These benefits consist of a one-time payment equivalent to twelve days of wage for each year of service (at the employee's most recent salary, but not to exceed twice the legal minimum wage), payable to all employees with fifteen or more years of service, as well as to certain employees terminated involuntarily prior to the vesting of their seniority premium benefit.

IMI MX also provides statutorily mandated severance benefits to its employees terminated under certain circumstances. Such benefits consist of a one-time payment of three months wages plus twenty days wages for each year of service payable upon involuntary termination without just cause. These are recognized when such an event occurs.

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

Employee leave entitlement
Employee entitlements to annual leave are recognized as a liability when they accrue to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the balance sheet date is recognized for services rendered by employees up to the end of the balance sheet date.

Share-based Payment Transactions
Certain employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions").

The Group has an employee stock ownership plan (ESOWN) which allows the grantees to purchase the Parent Company's shares at a discounted price. The Group recognizes employee benefit expense over the holding period. The Group treats its ESOWN plan as option payable within a given period. These are accounted for similar to the methods outlined in PFRS 2. Dividends paid on the awards that have vested are deducted from equity while those paid on awards that are unvested are charged to profit or loss.

Operating Segments
The Group is organized and managed separately according to geographical locations of businesses. The geographical segments are segregated as follows: Philippines, China, Europe, Mexico, Germany (Germany/UK in 2023), and USA/Japan/Singapore/IMI UK. These geographical businesses are the basis upon which the Group reports its operating segment information presented in Note 29.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the consolidated financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the consolidated financial statements when an inflow of economic benefits is probable.

Events after the Balance Sheet Date
Post period events that provide additional information about the Group's financial position at the balance sheet date (adjusting events) are reflected in the consolidated financial statements. Post period events that are non-adjusting events are disclosed in the consolidated financial statements when material.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in conformity with PFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Uncertainty about these judgments, assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets and liabilities affected in future periods.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Determining the lease term of contracts with renewal and termination options - Group as lessee
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., a change in business strategy, construction of significant leasehold improvements or significant customization to the leased asset).

The Group's leases consist mainly of land, production facilities and warehouses and office buildings (land and buildings). The Group included the renewal period as part of the lease term for leases of land and buildings due to the significance of these assets to its operations. These leases have a lease term of more than one year and there will be a significant negative effect on the business if a replacement is not readily available.

Revenue from contracts with customers
- Identifying contracts with customers
  Generally, a valid and approved manufacturing service agreement (MSA), scheduling agreement (SA), customer accepted quote, customer forecast, and/or customer purchase order or firm delivery schedule will be in place before the Group provides services or manufacture goods for the customers. The Group is not obligated to transfer any goods or provide services until the customer submits a purchase order or firm delivery schedule under the MSA or SA, respectively. The purchase order or firm delivery schedule creates the enforceable rights and obligations and is therefore evaluated together with the MSA or SA for revenue recognition in accordance with PFRS 15.

- Determining the timing of revenue recognition
  The Group assessed that revenue from manufacturing of goods shall be recognized over time or point in time. For turnkey contracts wherein the products created have no alternative use to the Group and the Group has right to payment for performance completed to date including the related profit margin, in case of termination for reasons other than the Group's failure to perform as promised, revenue is recognized over time. For goods manufactured not covered by customer purchase orders or firm delivery schedule, revenues are recognized at a point in time. For consignment contracts, revenue is recognized over time as services are rendered since the customer simultaneously receives and consumes the benefits as the Group performs.

- Determining the method of measure of progress for revenue recognized over time
  The Group measures progress towards complete satisfaction of the performance obligation using an input method (i.e., costs incurred). Management believes that this method provides a faithful depiction of the transfer of goods or services to the customer because the Group provides integration service to produce a combined output and each item in the combined output may not transfer an equal amount of value to the customer.

Product development costs
Expenditures for the development of new products or production systems are recognized as intangible assets if such expenditures, with a high degree of certainty, will result in future economic benefits for the Group. The rules require stringent criteria to be met for these development expenditures to be recognized as assets such as determining technical feasibility of completing the intangible asset. Management assessed that it is able to meet the identifiability and separability criteria provided in PAS 38, *Intangible Assets,* on the premise that the projects involved are in separate locations from other existing lines and that each project arises from a contractual right between the Group and each customer. Moreover, management is able to demonstrate that the projects are in the advanced stage of development.

Functional currency
PAS 21, *Effects of Changes in Foreign Exchange Rates*, requires management to use its judgment to determine each entity's functional currency such that it most faithfully represents the economic effects of the underlying transactions, events and conditions that are relevant to the Group. In making this judgment, each entity within the Group considers the currency in which the sales prices for its goods and services are denominated and settled.

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

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

Further details are disclosed in Notes 18 and 22.

Contingencies
The Group is currently involved in various legal proceedings. The estimates of the probable costs of the resolutions and assessments of these claims have been developed in consultation with outside counsels handling the defense in these matters and are based upon analyses of potential results. The Group currently does not believe that these proceedings and tax assessments will have a material effect on the Group's financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

Further details are disclosed in Note 34.

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet dates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its estimates and assumptions on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Estimated Useful Lives (EUL) of Property, Plant, and Equipment (PPE)
The Group estimates the useful lives of its PPE based on expected usage, wear and tear, and technological or commercial obsolescence. The Group reviews the EUL of PPE annually. If the result of the review indicates

that the PPE will continue to be used for a period longer or shorter than the existing policy and practice, the EUL is revised. The change in EUL is accounted for prospectively (no restatement of prior periods) and applied to existing assets at the time of change and to future assets to be acquired in future periods. An increase in the EUL of PPE will result in lower depreciation since the carrying values of the PPE will be depreciated over the extended remaining lives.

Lease commitments - Group as lessee
Leases - Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency).

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Provision for expected credit losses of trade receivables and contract assets
The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., customer type and rating, and coverage by letters of credit and other forms of credit insurance, etc.).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., industry compounded annual growth rate) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The Group has considered the macroeconomic variables and loss rates in the computation of ECL. The changes in the gross carrying amount of receivables from the sales of the Group during the year did not materially affect the allowance for ECLs.

Further details on the expected credit loss are disclosed in Note 6.

Estimating NRV of inventories
Inventories are valued at the lower of cost and NRV. This requires the Group to make an estimate of the inventories' estimated selling price in the ordinary course of business, costs of completion and costs necessary to make a sale to determine the NRV. In the event that NRV is lower than cost, the decline is recognized as an expense. Further details on inventories are disclosed in Note 8.

Depreciation and amortization
The Group computes depreciation and amortization of property, plant and equipment, right-of-use assets and intangible assets with finite useful life on a straight-line basis over the assets' EUL. The EUL and depreciation and amortization method are reviewed annually to ensure that these are consistent with the expected pattern of the economic benefits from the assets. This requires the Group to make an estimate of the expected asset utilization from business plans and strategies, future technical developments and market behavior to determine the expected pattern of economic benefits from the assets. Changes in the EUL or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the depreciation and amortization period or method, as appropriate, and are treated as changes in accounting estimates. The depreciation and amortization expense on property, plant and equipment and intangible assets with finite useful lives are recognized in profit or loss, in the expense category, consistent with the function of the property, plant and equipment and intangible assets.

Further details on property, plant and equipment, intangible assets, and right-of-use assets are disclosed in Notes 10, 12 and 30, respectively.

Evaluation of impairment of nonfinancial assets
The Group reviews property, plant and equipment, right-of-use assets, goodwill, intangible assets and deferred charges, for impairment of value. Except for the impairment for goodwill which is assessed at least annually, the impairment evaluation for the other nonfinancial assets includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.

The Group estimates the recoverable amount as the higher of the fair value less costs to sell and value-in-use. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that may affect property, plant and equipment, right-of-use assets, intangible assets and deferred charges. For goodwill and other non-financial assets, this requires an estimation of the recoverable amount which is the fair value less costs to sell or value-in-use of the CGU to which the goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows for the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of cash flows. Further details on property, plant and equipment, goodwill, intangible assets, deferred charges, and right-of-use assets are disclosed in Notes 10, 11, 12, 14 and 30, respectively.

Details of the impairment loss recognized are disclosed in Notes 10, 11, 12 and 24.

Taxes
Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws and the amount and timing of future taxable profits. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience on previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the entities within the Group.

Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of unused tax losses, to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences and carryforward benefits of unused tax losses can be utilized. Significant judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Further details on taxes are disclosed in Note 25.

Retirement and other employee benefits
The cost of defined benefit plans and other long-term employee benefits as well as the present value of defined benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rates, turnover rates, mortality rates, salary increase rates, and future retirement increases. Due to the complexity of the actuarial valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each balance sheet date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The turnover rate represents the proportion of the current plan members who will resign from service prior to their retirement date and hence, be entitled to resignation benefits instead of retirement benefits. The mortality rate is based on publicly available mortality tables and is modified accordingly with estimates of mortality improvements. Salary increase rates and future retirement increases are based on expected future inflation rates.

The Group also estimates other short-term employee benefit obligations and expenses, including the cost of paid leaves based on historical leave availments of employees, subject to the Group's policies. These estimates may vary depending on the future changes in salaries, turn-over rates, mortality rates and actual experiences during the period.

Further details on retirement and other employee benefits are disclosed in Note 27.

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

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

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

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

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

Cash on hand and in banks

	2024	2023
Cash on hand	**$138,404**	$72,843
Cash in banks	**91,205,172**	91,515,173
	$91,343,576	$91,588,016

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

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

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

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

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

6. Receivables

This account consists of:

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

Trade
Trade receivables arise from manufacturing and other related services for electronic products and components and have credit terms averaging 70 days from invoice date.

Nontrade
Nontrade receivables represent billings to customers for production and test equipment and all other charges agreed with the customers in carrying out business operations. These receivables have credit terms averaging 45 days from invoice date.

Receivable from Employees
Receivable from employees mostly pertain to non-interest bearing short-term loans granted to the Group's employees which are collectible through salary deduction.

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

Allowance for ECLs
Trade receivables and nontrade receivables with aggregate nominal value of $1.57 million and $0.99 million as of December 31, 2024 and 2023, respectively, were individually assessed to be impaired and fully provided with allowance for doubtful accounts.

Movements in the allowance for ECLs are as follows:

	December 31, 2024		
	Trade	**Nontrade**	**Total**
At beginning of year	**$973,524**	**$12,160**	**$985,684**
Provisions (Note 22)	**810,821**	**88,339**	**899,160**
Written-off	**(214,471)**	**(8,930)**	**(223,401)**
Foreign currency exchange difference	**(89,857)**	**–**	**(89,857)**
At end of year	**$1,480,017**	**$91,569**	**$1,571,586**

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

Provisions form part of "Operating expenses" account and are included under "Facilities costs and others" (see Note 22).

7. Contract Balances

This account consists of:

	2024	2023
Contract assets	**$42,642,460**	$52,900,849
Contract liabilities	**3,442,269**	2,748,320

Contract assets are initially recognized for revenue earned from manufacturing of goods as receipt of consideration is conditional on successful completion of the services. When goods are shipped or goods are received by the customer, depending on the corresponding agreement with the customers, the amounts recognized as contract assets are reclassified to trade receivables. Payments are received from customers depending on the credit terms.

For the years ended December 31, 2024 and 2023, the Group did not recognize a provision for expected credit losses on contract assets.

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

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

8. Inventories

This account consists of:

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

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

Movements in the allowance for inventory obsolescence follow:

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

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

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

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

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

9. Other Current Assets

This account consists of:

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

Input Taxes
This account includes input tax expected to be applied against output tax within 12 months from the balance sheet date. Input tax is recognized when an entity in the Group purchases goods or services from a supplier or vendor.

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

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

Tax Credits
Tax credits represent recoverable taxes of IMI MX and BG such as VAT refundable and business tax and amounts withheld from income tax payments of the Parent Company and PSi.

10. Property, Plant and Equipment

Movements in this account follows:

2024	**Land, Buildings and Improvements**	**Machineries and Facilities Equipment**	**Furniture, Fixtures and Office Equipment**	**Transportation Equipment**	**Tools and Instruments**	**Construction in Progress**	**Total**
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**

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

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

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

In relation to the cessation of manufacturing operation in IMI USA, certain property, plant and equipment were recognized for impairment in 2024 amounting to $0.45 million. This move is part of IMI’s ongoing efforts to streamline operations and reduce costs, aligning with the company’s strategy to consolidate its footprint into strategically located facilities.

Construction in progress pertains to the construction and development of manufacturing production lines of the Group. Construction in progress transferred to property, plant and equipment amounted to $6.84 million and $15.33 million as of December 31, 2024, and 2023, respectively.

The Group recognized gain from disposal and retirement of certain items of property, plant and equipment amounting to $1.75 million in 2024 (including gain on sale of a parcel of land in Mexico amounting to $1.55 million) and $0.06 million in 2023, and loss from disposal and retirement amounting to $2.36 million in 2022 (see Note 24).

As of December 31, 2024 and 2023, the cost of fully depreciated property, plant and equipment still being used by the Group amounted to $156.42 million and $152.49 million, respectively.

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

	2024	2023	2022
Cost of sales (Note 20)	**$20,881,521**	$23,258,667	$25,611,371
Operating expenses (Note 21)	**2,688,585**	3,178,691	2,298,569
	$23,570,106	$26,437,358	$27,909,940

As of December 31, 2024, certain property, plant and equipment with carrying value of $1.24 million is pledged as security to loans of IMI CZ with outstanding balance of $1.99 million. Other than this arrangement, the Group has no other restrictions on its property, plant and equipment or have been pledged as security for its obligations.

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

11. Goodwill

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

	2024	2023
STEL	**$38,225,186**	$38,225,186
VIA	**1,792,521**	30,355,149
Parent Company	**441,166**	1,097,776
IMI CZ	**–**	502,575
	$40,458,873	$70,180,686

Movement in goodwill follows:

	2024	2023
Cost		
At beginning of year	**$92,674,359**	$143,150,678
Disposal of subsidiary (Notes 2 and 24)	**–**	(54,791,019)
Foreign currency exchange difference	**(2,712,508)**	4,314,700
At end of year	**89,961,851**	92,674,359
Accumulated impairment loss		
At beginning of year	**22,493,673**	6,902,838
Impairment loss (Note 24)	**27,009,305**	15,590,835
At end of year	**49,502,978**	22,493,673
	$40,458,873	$70,180,686

VIA, STEL and IMI CZ

The recoverable amounts of these CGUs have been based on value-in-use calculations using cash flow projections from financial budgets prepared by the management and approved by the BOD covering a five (5)-year period. The pre-tax discount rates applied to cash flow projections follows:

	2024	2023
VIA	**14.32%**	12.01%
STEL	**15.17%**	13.37%
IMI CZ	**10.28%**	12.87%

Cash flows beyond the 5-year period are extrapolated using a growth rate of 0%-1% which does not exceed the compound annual growth rate (CAGR) for the area-specific electronics manufacturing services (EMS) industry, specifically on automotive, industrial equipment, consumer electronics and telecommunications segments.

Key assumptions used in the value-in-use calculations
The calculations of value-in-use for the CGUs are most sensitive to the following assumptions:

- Revenue - Revenue forecasts are management's best estimates considering factors such as industry CAGR, existing customer contracts, purchase orders and quotations, status of prototyping, current negotiations and historical experiences and other economic factors.
- Forecasted gross margins - Gross margins are based on the mix of business model arrangements with the customers. Significant assumptions include freight cost, labor costs and material costs.
- Overhead and administrative expenses - estimates are based on applicable inflation rates in the respective countries of the cash generating units considering expected future cost efficiencies and production facilities rationalization.
- Pre-tax discount rates - Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. This is also the benchmark used by management to assess operating performance. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital.

In 2024, the Group recognized impairment loss on the goodwill of VIA and IMI CZ amounting to $25.88 million and $0.47 million respectively (see Note 24).

In 2023, the Group recognized loss of $54.79 million related to the sale of STI (see Note 2) and partial impairment loss related to the goodwill on the acquisition of VIA of $15.59 million (see Note 24).

No impairment loss was assessed for STEL and IMI CZ in 2023.

Sensitivity to changes in assumptions
Value in use calculation is sensitive to pre-tax discount rates, revenue growth rate and direct cost ratio. With regard to the assessment of value-in-use of STEL, an increase in the pre-tax discount rate by more than 0.73% would result to impairment of goodwill. In addition, a decrease in revenue growth rate of STEL by more than 0.77% would result to an additional impairment. Lastly, an increase direct cost ratio of STEL by 0.49% would also result to impairment.

<u>Parent Company</u>
The goodwill of the Parent Company pertains to its acquisition of M. Hansson Consulting, Inc. (MHCI) in 2006 and IMI USA in 2005. MHCI was subsequently merged to the Parent Company as testing and development department. IMI USA acts as direct support to the Group's customers by providing program management, customer service, engineering development and prototyping manufacturing services. IMI USA's expertise in product design and development particularly on the flip chip technology is being used across the Group in providing competitive solutions to customers. In 2024, 2023 and 2022, the Group assessed the impairment based on value-in-use calculations using cash flow projections of the Parent Company from financial budgets approved by BOD covering a 5-year period.

In 2024, the Group recognized impairment loss on the goodwill of IMI USA amounting to $0.66 million (see Note 24) due to the cessation of prototyping and manufacturing operations at the end of 2024.

12. Intangible Assets

Movements in this account are as follows:

	December 31, 2024					
	Customer Relationships	**Unpatented Technology**	**Licenses**	**Intellectual Properties**	**Product Development Costs**	**Total**
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**

	December 31, 2023					
	Customer Relationships	Unpatented Technology	Licenses	Intellectual Properties	Product Development Costs	Total
Cost						
At beginning of year	$21,808,600	$100,000	$15,923,088	$13,846,153	$20,599,131	$72,276,972
Additions	–	–	271,720	–	–	271,720
Foreign currency exchange difference	50,779	–	(121,686)	200,729	–	129,822
At end of year	21,859,379	100,000	16,073,122	14,046,882	20,599,131	72,678,514
Accumulated amortization						
At beginning of year	21,808,600	100,000	12,455,527	12,522,039	14,078,307	60,964,473
Amortization	–	–	831,500	690,053	333,748	1,855,301
Foreign currency exchange difference	50,779	–	(172,586)	325,124	–	203,317
At end of year	21,859,379	100,000	13,114,441	13,537,216	14,412,055	63,023,091
Accumulated impairment loss						
At beginning and end of year	–	–	–	–	6,187,076	6,187,076
Net book value	$–	$–	$2,958,681	$509,666	$–	$3,468,347

<u>Customer Relationships</u>
Customer relationships pertain to STEL Group, IMI BG and VTS' contractual agreements with certain customers, which lay out the principal terms upon which the parties agree to undertake business. This was fully amortized in 2023.

<u>Licenses</u>
This includes acquisitions of computer software, applications and modules.

<u>Intellectual Properties</u>
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.

<u>Product Development Costs</u>
This includes capitalized costs arising from the development phase of certain projects which are still undergoing qualification.

Capitalized development costs amounting to $1.60 million were impaired in 2022 due to end of life of business.

Research expenditure recognized as expense amounted to $3.85 million, $5.27 million, and $5.68 million in 2024, 2023 and 2022, respectively.

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

	2024	2023	2022
Cost of sales (Note 20)	**$113,932**	$541,829	$2,505,209
Operating expenses (Note 21)	**1,017,523**	1,313,472	2,306,948
	$1,131,455	$1,855,301	$4,812,157

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

The table below shows reconciliation of fair value measurements:

	2024	2023
Balance at beginning of year	**$2,364,096**	$1,829,432
Sale of financial assets	**(97,795)**	–
Change in fair value of quoted securities	**276,702**	534,664
Balance at end of year	**$2,543,003**	$2,364,096

The Group elected to classify irrevocably its investments in club shares under FVOCI, as such, the gain on the sale of the financial assets in 2024 amounting to $0.10 million was recognized in the "Retained Earnings" account.

The table below shows the movement of the other components of equity related to FVOCI:

	2024	2023
Balance at beginning of year	**$547,961**	$32,794
Change in fair value of quoted securities	**178,907**	534,664
Foreign currency exchange difference	**103,224**	(19,497)
Balance at end of year	**$830,092**	$547,961

14. Other Noncurrent Assets

This account consists of:

	2024	2023
Deferred charges	**$7,745,248**	$13,566,747
Miscellaneous deposits	**2,921,909**	3,213,241
Pension asset - net (Note 27)	**196,229**	219,459
Others	**184,612**	441,608
	$11,047,998	$17,441,055

Deferred charges represent tooling items customized based on the specifications of the customers and to be repaid as part of the price of the manufactured items.

Miscellaneous deposits comprise of utilities and rent deposits.

15. Accounts Payable and Accrued Expenses

This account consists of:

	2024	2023
Trade payables	**$157,665,969**	$197,238,858
Accrued expenses	**26,307,506**	29,038,925
Employee-related accruals and contributions	**21,899,828**	22,098,824
Nontrade payables	**10,681,286**	19,000,151
Advances from customers	**4,998,742**	8,362,124
Taxes and government-related payables	**2,773,269**	3,332,951
Accrued interest payable	**2,345,381**	1,731,352
Customer deposits	**1,506,787**	1,972,337
Due to related parties (Note 31)	**381,822**	681,828
	$228,560,590	$283,457,350

Trade Payables
Trade payables are noninterest-bearing and are normally settled on 30 to 90-day average terms.

Accrued Expenses
Accrued expenses consist mainly of accruals for taxes, supplies, professional fees, utilities, insurance, and freight and brokerage.

Employee-Related Accruals
This account consists mainly accrued compensation and benefits including accrued salaries, leave credits and other employee benefits.

Nontrade Payables
This account consists of obligations related to outsourced manpower, logistics and freight forwarders, professional and service fees and other nontrade related payables. These payables are normally settled on 30 to 60-day terms.

Advances from Customers
Advances from customers include financial liabilities pertaining to commercial agreements with certain customers. These advances are generally applied against related billings to customers.

Taxes and Government-related Payables
Taxes payable pertain to taxes due other than corporate income tax and remittances related to government agencies such as social security and insurance, housing fund and health insurance.

Customer Deposits
Customer deposits pertain to advance payment from customers as manufacturing bond.

16. Loans Payable

This account consists of borrowings of the following entities:

	2024	2023
Parent Company	**$123,100,000**	$157,000,000
VIA	**29,189,980**	36,523,097
IMI CZ	**165,116**	634,080
STEL	**139,113**	15,869,831
	$152,594,209	$210,027,008

Parent Company
As of December 31, 2024 and 2023, the Parent Company has unsecured short-term loans aggregating to $123.10 million and $157.00 million, respectively, with maturities ranging from 30 to 120 days, and fixed annual interest rates ranging from 5.37% to 6.63% in 2024, 6.25% to 7.71% in 2023, and 4.37% to 5.36% in 2022. From the total short-term loans of the Parent Company, $63.00 million and $70.00 million was payable to Bank of Philippine Islands (BPI) as of December 31, 2024 and 2023, respectively (see Note 31).

The Parent Company incurred interest expense on its short-term loans amounting to $9.58 million in 2024, $9.82 million in 2023, and $4.75 million in 2022 (see Note 23).

VIA
The loans of VIA were obtained from China and Germany-based banks with terms ranging from 125 to 365 days and interest rates ranging from 2.90% to 3.40% in 2024, 3.40% to 3.90% in 2023, and 1.82% to 4.00% in 2022.

VIA incurred interest expense on the short-term loan amounting to $1.21 million, $1.86 million and $2.22 million in 2024, 2023 and 2022, respectively (see Note 23).

IMI CZ
The loans of IMI CZ are from existing revolving credit facilities with Czech-based bank which bear annual interest based on 1-month EURIBOR or PRIBOR plus 1.20%.

IMI CZ incurred interest expense on the short-term loan amounting to $0.06 million, $0.08 million and $0.18 million in 2024, 2023 and 2022, respectively (see Note 23).

STEL
As of December 31, 2024 and 2023, STEL has short-term loans aggregating to $0.14 million and $15.87 million, respectively, which are from existing revolving credit facilities with Singapore and China-based banks and bear annual interest rates ranging from 3.50% in 2024, 4.10% to 8.36% in 2023, and 3.96% to 7.56% in 2022, and have maturities of 31 to 364 days from the date of issue.

STEL incurred interest expense on short-term loans amounting to $0.33 million in 2024, $1.05 million in 2023, and $0.86 million in 2022 (see Note 23).

17. Long-Term Debt

This account consists of borrowings of the following entities:

	2024	2023
Parent Company	**$132,466,091**	$141,336,024
IMI CZ	**2,886,481**	4,306,756
VTS	**2,513,420**	1,055,394
	137,865,992	146,698,174
Less current portion:		
Parent Company	**29,578,880**	5,100,000
VTS	**643,126**	691,933
IMI CZ	**541,278**	692,586
	30,763,284	6,484,519
Noncurrent portion	**$107,102,708**	$140,213,655

Parent Company
The long-term debts of the Parent Company were obtained from Philippine banks. The long-term debts have terms of three to five years, with principal payments payable annually, and remaining balance payable in full at maturity. These are subject to annual interest rate of 4.22% to 8.65% in 2024 and 2023. From the total long-term debts of the Parent Company, $103.69 million and $112.31 million was payable to BPI as of December 31, 2024 and 2023, respectively (see Note 31).

Loan covenants related to the Parent Company's loans are as follows:

- The ratio of net debt to equity shall not exceed 1.75:1 with reference to the borrower's consolidated financial statements;
- Maintenance of debt service coverage ratio of at least 1.25:1 on the consolidated financial statements;
- Maintenance at all times of a current ratio of at least 1:1 on the consolidated financial statements;

As of December 31, 2024 and 2023, the Parent Company has no indication that it will have difficulty complying with these covenants.

The Parent Company incurred interest expense on its long-term loans amounting to $7.79 million in 2024, $5.97 million in 2023, and $4.93 million in 2022 (see Note 23).

IMI CZ
IMI CZ have secured long-term loans with Czech-based banks that are payable in regular monthly installments with terms of five years. IMI CZ loan has interest rates ranging from 1.05% to 2.31% per annum. The outstanding balance as of December 31, 2024 have maturities of less than one year. (see Note 10).

IMI CZ incurred interest expense on its long-term debt amounting to $0.16 million, $0.21 million and $0.11 million in 2024, 2023 and 2022, respectively (see Note 23).

VTS
VTS have unsecured long-term loans with Japanese banks that are payable in regular monthly installments with terms of five years. The VTS has interest rates ranging from 0.78% to 0.98% per annum.

VTS incurred interest expense on its long-term debt amounting to $0.02 million, $0.02 million and $0.03 million in 2024, 2023 and 2022, respectively (see Note 23).

18. Other Current Liabilities

This account consists of provision for onerous contracts amounting to $1.02 million in 2024 and $1.52 million in 2023 (see Notes 3, 4 and 22) which arises by obtaining the excess of the unavoidable costs of meeting the obligations under the contract over the economic benefits expected to be received under it. In determining the provision, the Group considers the entire remaining commitment period under the contract, including the remaining revenue to be recognized for unsatisfied, or partially unsatisfied, performance obligations and the remaining costs to fulfil those performance obligations.

19. **Equity**

Capital Stock
This account consists of:

	2024		2023		2022	
	Shares	**Amount**	Shares	Amount	Shares	Amount
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	**2,193,493,147**	**$42,720,682**	2,193,425,374	$42,719,224	2,192,778,323	$42,705,563
Issuances from ESOWN	**15,738**	**342**	67,773	1,458	647,051	13,661
At end of year*	**2,193,508,885**	**$42,721,024**	2,193,493,147	$42,720,682	2,193,425,374	$42,719,224

* *Out of the total issued shares, 15,892,224 shares or $1.01 million as of December 31, 2023, 2022 and 2021 pertain to treasury shares.*

As of December 31, 2024, 2023 and 2022, there were 282, 285 and 284 registered common stockholders, respectively.

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

Details of this account follow:

	2024		2023		2022	
	Shares	**Amount**	Shares	Amount	Shares	Amount
At beginning of year	**30,323,270**	**$689,311**	30,468,570	$692,454	31,238,565	$708,788
Issuances during the year - ESOWN	**(15,738)**	**(342)**	(67,773)	(1,458)	(647,051)	(13,661)
Forfeitures during the year - ESOWN	**(54,262)**	**(1,180)**	(77,527)	(1,685)	(122,944)	(2,673)
At end of year	**30,253,270**	**$687,789**	30,323,270	$689,311	30,468,570	$692,454

Subscriptions Receivable
Details of this account follow:

	2024	2023	2022
At beginning of year	**$2,576,077**	$2,620,195	$2,701,935
Forfeitures during the year	**(14,746)**	(21,067)	(36,254)
Collections during the year	**(540)**	(23,051)	(45,486)
At end of year (Note 28)	**$2,560,791**	$2,576,077	$2,620,195

Dividends
No dividend payment was declared to common shareholders in 2024, 2023 and 2022.

Retained Earnings
Accumulated net earnings of the subsidiaries amounting to $25.91 million and $64.19 million as of December 31, 2024 and 2023, respectively, are not available for dividend declaration. This accumulated net earnings of subsidiaries becomes available for dividend upon receipt of dividends from the investees.

The retained earnings are restricted to dividend declaration to the extent of the cost of treasury shares amounting to $1.01 million.

In accordance with the Revised Securities Regulation Code Rule 68, Annex 68-D, the Parent Company's retained earnings available for dividend declaration as of December 31, 2024 amounted to $0.48 million.

Treasury Shares
In July 1999, the Company repurchased a total of 8,867,318 Class B common shares issued to a minority stockholder for a price ₽75.00 million.

Additional paid-in capital
Additional paid-in capital (APIC) pertains to the difference of the par value and selling price of issued and outstanding shares of stock. Direct costs incurred related to equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are charged against this account.

This account also includes dilution impact without loss of control as a result of the IPO of VIA in 2020 whereby IMI's ownership interest in VIA was diluted from 76.01% to 50.32%. IMI recognized directly in the APIC account the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration received, and attributed it to the owners of the Parent Company.

Cumulative Translation Adjustments
This account pertains to cumulative translation adjustments of subsidiaries with functional currency other than the Group's presentation currency (see Note 2). Exchange differences arising from translation of foreign operations for the period ended December 31, 2024, 2023 and 2022 follows:

	2024	2023	2022
EU	**($10,319,574)**	$6,439,844	($8,405,817)
VIA and STI/IMI UK	**2,854,352**	(1,901,418)	(9,738,945)
STEL	**(895,863)**	(859,667)	(5,196,802)
Consolidation and eliminations	**(1,093,689)**	10,442,405	(10,996,363)
	($9,454,774)	$14,121,164	($34,337,927)
Attributable to:			
Equity holders of the Parent	**($9,354,951)**	$15,719,118	($23,803,135)
Non-controlling interest	**(99,823)**	(1,597,954)	(10,534,792)
	($9,454,774)	$14,121,164	($34,337,927)

As a result of divestment of STI, CTA in the amount of $6.87 million was derecognized in 2023.

Non-controlling Interest
Sale of subsidiary
In 2023, the Group sold its share in STI resulting to the derecognition of non-controlling interest related to STI amounting to $8.38 million (see Note 2).

Capital Management
The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

No changes were made in the objectives, policies and processes for the years ended December 31, 2024 and 2023.

The Group monitors capital using a gearing ratio of debt-to-equity and net debt-to-equity. The Group considers bank borrowings in the determination of debt, which consist of loans payable and long-term bank debt. Net debt is equivalent to the total bank borrowings, less cash and cash equivalents.

	2024	2023
Loans payable (Note 16)	**$152,594,209**	$210,027,008
Long-term bank borrowings (Note 17)	**137,865,992**	146,698,174
Total bank debt	**290,460,201**	356,725,182
Less cash and cash equivalents (Note 5)	**91,943,576**	91,588,016
Net bank debt	**$198,516,625**	$265,137,166
Total Equity	**$223,320,695**	$310,585,250
Debt-to-equity ratio	**1.30:1**	1.15:1
Net debt-to-equity ratio	**0.89:1**	0.85:1

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

20. Cost of Sales

This account consists of:

	2024	2023	2022
Direct, indirect and other material-related costs (Note 8)	**$803,269,824**	$957,021,559	$1,043,619,962
Direct labor, salaries, wages and employee benefits (Note 27)	**149,791,634**	178,327,058	175,021,942
Depreciation and amortization (Notes 10, 12 and 30)	**26,197,182**	29,376,951	34,250,332
Facilities costs and others (Note 22)	**32,920,044**	42,481,955	45,716,660
	$1,012,178,684	$1,207,207,523	$1,298,608,896

21. Operating Expenses

This account consists of:

	2024	2023	2022
Salaries, wages and employee benefits (Note 27)	**$55,340,658**	$57,060,171	$58,804,816
Depreciation and amortization (Notes 10, 12 and 30)	**6,841,505**	7,805,516	7,606,067
Facilities costs and others (Note 22)	**48,029,816**	57,032,614	41,339,423
	$110,211,979	$121,898,301	$107,750,306

22. Facilities Costs and Others - Net

This account consists of:

	Cost of Sales			**Operating Expenses**		
	2024	2023	2022	**2024**	2023	2022
Utilities	**$16,342,907**	$20,707,291	$23,465,974	**$1,282,998**	$1,899,257	$2,145,489
Outsourced activities	**7,607,764**	9,331,680	10,509,065	**17,150,456**	19,233,479	14,694,883
Repairs and maintenance	**4,353,260**	5,824,423	6,171,663	**606,244**	2,226,766	908,797
Technology-related	**1,231,751**	1,381,448	1,654,064	**4,247,893**	5,070,206	4,843,938
Insurance	**831,154**	2,191,557	1,427,143	**6,952,545**	4,872,304	4,883,416
Travel and transportation	**663,497**	1,237,676	808,041	**2,582,075**	3,657,491	2,914,180
Government-related	**500,819**	984,551	1,156,872	**3,065,642**	3,675,523	3,011,828
Postal and communication	**109,386**	202,862	245,808	**239,429**	520,604	546,688
Promotional materials, representation and entertainment	**103,059**	244,369	156,194	**890,576**	1,292,086	1,121,341
Staff house	**63,300**	58,130	74,309	**87,106**	90,421	83,799
Membership fees	**7,487**	10,295	19,752	**141,167**	151,318	229,669
Provision for inventory obsolescence and write down in value (Note 8)	**–**	–	–	**9,181,866**	3,926,309	2,367,099
Provision for ECLs (Note 6)	**–**	–	–	**899,160**	574,495	585,488
Provision (reversal of provision) for onerous contracts (Notes 4 and 18)	**–**	–	–	**(502,370)**	487,971	1,034,073
Loss on write off of inventories (Notes 8 and 29)	**–**	–	–	**–**	9,508,020	–
Others - net	**1,105,660**	307,673	27,775	**1,205,029**	(153,636)	1,968,735
	$32,920,044	$42,481,955	$45,716,660	**$48,029,816**	$57,032,614	$41,339,423

Others include sales commission, donations, small tools and instruments, spare parts, materials, office supplies, and copying expenses.

23. Interest Expense and Bank Charges

This account consists of:

	2024	2023	2022
Interest expense on loans (Notes 16 and 17)	**$19,151,247**	$19,013,077	$13,076,061
Interest on leases (Note 30)	**1,482,675**	1,395,174	932,077
Bank charges	**378,424**	514,236	578,565
Others	**190,159**	177,561	69,026
	$21,202,505	$21,100,048	$14,655,729

Others include interest on employee housing and car loans in 2024, 2023, and 2022.

24. Other Income (Expenses) - Net

Other income (expenses) - net consists of:

	2024	2023	2022
Impairment loss on goodwill (Note 11)	**($27,009,305)**	($15,590,835)	$–
Provision for impairment on property, plant and equipment (Notes 4 and 10)	**(4,932,211)**	(5,045,014)	(361,185)
Financial subsidies	**2,043,211**	1,976,113	2,599,524
Gain (loss) on sale and retirement of property, plant and equipment – net (Note 10)	**1,751,810**	60,061	(2,355,745)
Gain on lease termination	**1,107,398**	–	–
Other income from customers	**714,238**	1,045,366	1,260,832
Sale of materials and scrap (Note 8)	**40,328**	63,114	26,916
Gain on insurance claims	**11,505**	11,968	415,795
Reversal (provision) of impairment loss on product development cost (Notes 4 and 12)	**–**	–	(1,604,842)
Loss on disposal of subsidiary (Notes 2 and 11)	**–**	(81,108,320)	–
Other income (expense) – net	**134,247**	890,961	457,808
	($26,138,779)	($97,696,586)	$439,103

Financial subsidies are comprised of special subsidy funds such as industrial, economic and technological development fund subsidies provided by the China government, and amortization of the grant incentives received from the government of Serbia related to its manufacturing operations. The balance of the Serbia grant incentive included under “Other noncurrent liabilities” account amounted to $3.52 million and $3.56 million in 2024 and 2023, respectively.

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

25. Income Tax

Current Tax

Parent Company

The Parent Company is registered with PEZA and is entitled to certain incentives, which include ITH. As of December 31, 2024, there are four remaining project activities with ITH which will expire in 2027, 2028 and 2029. Under its PEZA registrations, the Parent Company’s projects and activities are subject to certain requirements and are entitled to certain incentives, which include, but are not limited to, ITH and tax and duty free importation of inventories and capital equipment.

The Parent Company can continue to avail the incentives provided in the implementing Rules and Regulations of RA No. 12066 otherwise known as the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy or CREATE MORE Act. Pre-CREATE RBEs are currently enjoying the sunset provisions under the CREATE Act (RA No. 11534) which provides that those currently enjoying 5% Special Corporate Income Tax (SCIT) are given until April 2031 to continue enjoying the said tax regime. However, with the effectivity of the CREATE MORE Act, these pre-CREATE RBEs are given an extension until December 31, 2034 to continue enjoying the 5% SCIT including all corresponding exemptions from national and local taxes, fees, and charges.

After the passage of CREATE Law, IMI is entitled to ITH of 5 years and SCIT for 10 years after the expiration of ITH, Duty Exemption, VAT Exemption and Zero-rating.

IMICD, IMISZ and STJX
In accordance with the "Income Tax Law of the People's Republic of China (PRC) for Enterprises with Foreign Investment and Foreign Enterprises", the subsidiaries in the PRC are entitled to full exemption from Enterprise Income Tax ("EIT") for the first two years and a 50% reduction in EIT for the next three years, commencing from the first profitable year after offsetting all tax losses carried forward from the previous five years.

STJX and IMISZ have been granted tax preference by the State Taxation Administration of the People's Republic of China for a period of 3 years (from 2023 to 2025) as the entities are operating in the high-technology industry. STJX and IMISZ are subjected to taxation at the statutory tax rate of 15% (2022: 15%) on its taxable income as reported in its financial statements, prepared in accordance with the accounting regulations in the PRC.

IMICD is subjected to taxation at the statutory tax rate of 15% (2023: 15%) on its taxable income as reported in the financial statement.

Cooperatief
Taxation is calculated on the reported pre-tax result, at the prevailing tax rate of 20% on the first €200,000 and 25% on the taxable amount exceeding €200,000, taking into account any losses carried forward from previous financial years (if applicable), tax-exempt items and nondeductible expenses, and using tax facilities.

IMI BG
Income taxes are calculated in accordance with Bulgarian legislation, and the effect of the current and deferred taxes is reported. The current tax is calculated based on the taxable income for tax purposes. The nominal tax rate is 10%.

IMI NIS
Taxable income is established on the basis of accounting profit. The applicable tax rate is 15%.

IMI CZ
Income tax due is calculated by multiplying the tax base by the rate as defined by the income tax law of Czech Republic. The tax base comprises the book income from operations, which is increased or decreased by permanently or temporarily tax-decreasing costs and tax-deductible revenues (for example, creation and recording of other provisions and allowances, entertainment expenses, difference between book and tax depreciations). The applicable tax rate is 19%.

IMI MX
The Mexican Income Tax Law (MITL) established a corporate income tax rate of 30% for fiscal years 2024, 2023 and 2022. The MITL established requirements and limits regarding certain deductions, including restrictions on the deductibility of payroll-related expenses that are considered tax-exempt for employees, contributions to create or increase pension fund reserves, and Mexican Social Security Institute dues that are paid by the company but should be paid by the employees. The MITL also establishes that certain payments made to related parties shall not be deductible if they do not meet certain requirements.

IMI France
Income tax is computed based on the income earned by the entity during the calendar year. Losses may be carried forward with no time limit. On certain conditions, losses may be carried back one year. The tax rate applicable is 33% based on net income.

VIA and VTS
VIA AG and GmbH are subject to corporate income tax and trade taxes in Germany. For the years ended December 31, 2024, 2023 and 2022, the statutory German corporate income tax rate applicable to VIA AG is 15.0% plus solidarity surcharge of 5.5% thereon (15.82% in total). The municipal trade tax is 3.5% of the trade income.

For VIA's subsidiaries, VIA LLC (USA) a tax rate of 23.75% in 2024, 2023 and 2022, for VIA Suzhou (China) a tax rate of 25% for 2024, 2023 and 2022 and for VTS (Japan) a tax rate of 34.1% is applicable.

PSi
PSi is registered with PEZA under the Omnibus Code of 1987 and RA No. 7916 on May 17, 2004, for the manufacture of power semiconductor devices and for export and importation of raw materials, machinery and equipment, and other materials used in manufacturing semiconductor devices located at Laguna Technopark - Special Economic Zone (LT-SEZ) effective on November 23, 2021.

The Company can continue to avail the incentives provided in the implementing Rules and Regulations of RA No. 12066 otherwise known as the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy or CREATE MORE Act. Pre-CREATE RBEs are currently enjoying the sunset provisions under the CREATE Act (RA No. 11534) which provides that those currently enjoying 5% Special Corporate Income Tax (SCIT) are given until April 2031 to continue enjoying the said tax regime. However, with the effectivity of the CREATE MORE Act, these pre-CREATE RBEs are given an extension until December 31, 2034 to continue enjoying the 5% SCIT including all corresponding exemptions from national and local taxes, fees, and charges. Income from other income-producing activities not registered with PEZA is subject to a regular corporate income tax rate of 25% or a minimum corporate income tax rate of 2% whichever is higher.

As of December 31, 2024, there were no PEZA-registered activities with income tax holiday (ITH) entitlement.

Deferred Tax
Recognized deferred taxes of the Group relate to the tax effects of the following:

	2024	2023
Deferred tax assets:		
Lease liabilities	**$2,586,939**	$1,259,966
Net operating loss carry-over	**1,205,777**	–
Allowance for inventory obsolescence	**819,320**	659,526
Difference in tax base and accounting base of property and equipment	**516,669**	315,417
Allowance for doubtful accounts	**284,687**	111,881
Others	**1,745,284**	2,641,092
	$7,158,676	$4,987,882

	2024	2023
Deferred tax liabilities:		
Right-of-use asset	**$2,682,701**	$600,792
Fair value adjustment on property, plant and equipment arising from business combination	**857,370**	857,370
Allowance for doubtful accounts	**673,987**	2,258
Difference in tax base and accounting base of property and equipment	**660,406**	655,895
Contract assets	**60,357**	143,995
Unrealized foreign exchange gain on monetary assets – net	**52,398**	31,360
Allowance for inventory obsolescence	**–**	30,137
Others	**16,026**	31,344
	$5,003,245	$2,353,151

Deferred tax assets and deferred tax liabilities are offset on per entity level and the net amount is reported in consolidated balance sheets as follows:

	December 31, 2024			
	Deferred Tax Assets	**Deferred Tax Liabilities**	**Total Deferred Tax Assets - net**	**Total Deferred Tax Liabilities - net**
Parent Company	**$–**	**($98,231)**	**$–**	**($98,231)**
PSI	**–**	**(3,759)**	**–**	**(3,759)**
IMI BG and VIA	**2,941,774**	**(1,971,564)**	**970,210**	**–**
IMI CZ	**161,481**	**–**	**161,481**	**–**
IMI MX	**1,531,167**	**(1,384,082)**	**147,085**	**–**
STEL	**1,663,036**	**–**	**1,663,036**	**–**
Serbia	**187,201**	**–**	**187,201**	**–**
Consolidation	**–**	**(871,592)**	**–**	**(871,592)**
	$6,484,659	**($4,329,228)**	**$3,129,013**	**($973,582)**

	December 31, 2023			
	Deferred Tax Assets	Deferred Tax Liabilities	Total Deferred Tax Assets - net	Total Deferred Tax Liabilities - net
Parent Company	$–	($121,627)	$–	($121,627)
PSI	421,961	(425,661)	–	(3,700)
IMI BG and VIA	2,270,132	(708,001)	1,562,131	–
IMI CZ	135,282	–	135,282	–
IMI MX	339,942	(181,646)	158,296	–
STEL	1,601,045	(31,343)	1,601,045	(31,343)
Serbia	189,033	–	189,033	–
Consolidation	30,487	(884,873)	2,984	(857,370)
	$4,987,882	(2,353,151)	$3,648,771	($1,014,040)

Others pertain to the deferred tax liabilities resulting from the acquisition of IMI EU/MX Subsidiaries.

The movement in deferred taxes are impacted by the translation of the deferred taxes of the subsidiaries with functional currency other than the presentation currency of the Parent Company. The deferred taxes are translated using the closing rate as at balance sheet date and the exchange differences are recognized as part of the other comprehensive income and reported as separate component of equity.

As of December 31, 2024 and 2023, the temporary differences for which no deferred tax assets have been recognized are as follows:

	2024	2023
Net operating loss carry-over	**$217,419,058**	$188,008,092
Accumulated impairment losses on property, plant and equipment	**2,844,471**	2,819,266
Provisions	**858,152**	581,909
Excess of cost over NRV of inventories	**392,465**	1,081,480
Allowance for doubtful accounts	**253,698**	77,317
	$221,767,844	$192,568,064

Deferred tax assets are recognized only to the extent that sufficient future taxable profits will be available against which the deferred tax assets can be used.

As of December 31, 2024, the entities operating in the Philippines has incurred NOLCO in taxable year 2020 and 2021 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act. However, the NOLCO incurred in taxable year 2022 onwards can be carried over as a deduction from gross income for the next three consecutive years. The extension to five years is no longer applicable, as follows:

Year Incurred	Availment Period	Amount	Applied/Expired	Unapplied
2024	2025 to 2027	$13,956,300	$–	$13,956,300
2023	2024 to 2026	17,690,210	–	17,690,210
2022	2023 to 2025	23,764,143	–	23,764,143
2021	2022 to 2026	14,809,729	–	14,809,729
2020	2021 to 2025	8,581,594	–	8,581,594
		$78,801,976	$–	$78,801,976

For the carry-over losses of certain entities within the Group, this expires between three to ten years from the date incurred depending on the jurisdiction the entity is operating.

Year Incurred	Amount	Applied/Expired	Unapplied
2024	$23,809,666	$–	$23,809,666
2023	40,373,703	–	40,373,703
2022	25,803,623	564,024	25,239,599
2021	9,962,793	265,935	9,696,858
2020	11,579,052	2,935,076	8,643,976
2019	10,655,649	1,377,964	9,277,685
2018 and prior	26,956,356	2,435,208	24,521,148
	$149,140,842	$7,578,207	$141,562,635

The tax on income from foreign subsidiaries was derived by aggregating the effective income tax for each national jurisdiction.

The reconciliation of the statutory income tax rate to the effective income tax rate of the Group follows:

	2024	2023	2022
Statutory income tax	**(25.00%)**	(25.00%)	(25.00%)
Tax effects of:			
Nondeductible expenses and movement in unrecognized deferred taxes	**40.72%**	50.07%	12.39%
Income subject to minimum corporate income tax	**0.08%**	0.04%	0.24%
Income subject to gross income tax	**2.38%**	1.50%	23.63%
Difference in tax jurisdiction	**(26.57%)**	(31.61%)	(82.47%)
Interest income subjected to final tax	**0.01%**	0.01%	0.03%
Provision for income tax	**(8.38%)**	(4.99%)	(71.18%)

Based Erosion and Profit Shifting (BEPS) Pillar Two

The Organisation for Economic Co-operation and Development (OECD) has published the Global Anti-Base Erosion (GloBE) Model Rules ("Pillar Two Rules"), which include a minimum 15% tax rate per jurisdiction on multinational companies with an annual consolidated group revenue of EUR750 million or more for 2 out of the 4 immediately preceding fiscal years.

Pillar Two tax legislation has been implemented in some of the countries in which subsidiaries of the Group operate which became effective for reporting periods beginning on 1 January 2024. Given this, the Group determined that it is in-scope for Pillar Two and has assessed the applicable Pillar Two tax legislation in all the countries in which subsidiaries of the Group operate to determine whether or not a Pillar Two 'top-up' tax liability needs to be recognized

The relevant Pillar Two Rules also provide for a transition period in which the in-scope multinational groups may avoid undergoing the complex effective tax rate calculation required by the new piece of legislation. In particular, the Pillar Two tax legislation provides for a transitional Country-by-Country Reporting ("CbCR") safe harbor ("TCSH") that applies for the first three fiscal years following the entry into force of the relevant Pillar Two tax legislation; the TCSH relies on simplified calculations (mainly based on data extracted from the CbCR under BEPS Action 13) and three kinds of alternative tests. Where at least one of the TCSH tests is met for a jurisdiction in which the Group operates, the top-up tax due for such jurisdiction will be deemed to be zero. A test is met for a jurisdiction where:

- Revenue and profit before tax are below, respectively, €10 million and €1 million (the de minimis test);
- The Effective Tax Rate (ETR) equals or exceeds an agreed rate (the ETR test, 15% for FY 2024); or
- The profit before tax does not exceed an amount calculated as a percentage of tangible assets and payroll expense (the routine profits test).

Based on the tests performed, most of the jurisdictions where the Group operates should benefit from the TCSH. Only three jurisdictions did not pass any of the TCSH tests, namely Bulgaria, Serbia and Singapore.

With respect to these three jurisdictions, the Group has provisionally calculated the potential top-up tax exposure based on the full Pillar Two regime. As of December 31, 2024, although not material at the consolidated financials level, the Group provided for and expects to pay the collectible top – up liability under the Qualified Domestic Minium Top-up Tax ("QDMTT") and Income Inclusion Rule ("IIR").

For 2024, the Group has also applied the amendment to IAS 12 which allows for temporary mandatory relief from accounting for the deferred tax impacts of the top-up tax and allows for recognition of the top-up tax as current tax expense as incurred.

26. Loss per Share

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

	2024	2023	2022
Net loss attributable to equity holders of Parent Company	**($49,788,560)**	($105,626,141)	($6,756,929)
Weighted average number of common shares outstanding	**2,207,880,913**	2,207,956,596	2,208,004,253
Basic and diluted EPS	**($0.023)**	($0.048)	($0.003)

As of December 31, 2024, 2023 and 2022, the Group has no dilutive potential common shares.

27. Personnel Costs

Details of salaries, wages, and employee benefits follow:

	2024	2023	2022
Salaries, wages and benefits	**$169,617,398**	$201,742,301	$199,313,442
Government related contributions	**11,513,221**	12,599,886	10,654,788
Retirement expense under defined contribution plans	**8,660,606**	8,575,737	8,161,495
Restructuring expense	**7,394,382**	1,163,596	–
Net retirement expense under defined benefit plans	**2,185,788**	1,873,003	2,218,249
Others	**5,760,897**	9,432,706	13,478,784
	$205,132,292	$235,387,229	$233,826,758

The Group embarked on rightsizing and rationalization of its operations to ensure that operations remain aligned with market demands while enhancing its ability to serve customers with agility and cost-effectiveness. This move is part of IMI's ongoing efforts to streamline operations, aligning with the company's strategy to consolidate its footprint into strategically located facilities. The cost of the restructuring in 2024 and 2023 amounted to $7.39 million and $1.16 million, respectively.

Others include expenses such as subcontracting costs, employee social and recreation, employee awards and recognition, trainings and seminars, labor union expenses, and uniforms. Salaries, wages, and employee benefits are allocated as follows:

	2024	2023	2022
Cost of sales (Note 20)	**$149,791,634**	$178,327,058	$175,021,942
Operating expenses (Note 21)	**55,340,658**	57,060,171	58,804,816
	$205,132,292	$235,387,229	$233,826,758

Defined Benefit Plans

The Parent Company, IMI BG, IMI Serbia, and PSi have defined benefit plans covering substantially all of their employees. The latest actuarial valuations were made on December 31, 2024.

The plan is administered by local banks as trustees. The Board of Trustees is responsible for the investment direction of the assets. It defines the investment strategy as often as necessary, at least annually, especially in the case of significant market developments or changes to the structure of the plan participants. When defining the investment strategy, it takes into account the plan's objectives, benefit obligations and risk capacity. The investment strategy is defined in the form of a long-term target structure (investment policy). The Board of Trustees delegates the implementation of the investment policy in accordance with the investment strategy, as well as various principles and objectives to an Investment Committee, which also consists of members of the Board of Trustees, and the Treasurer. The Treasurer oversees the entire investment process.

The defined benefit plans of the Parent Company and PSi meet the minimum retirement benefit specified under R.A. No. 7641, *Retirement Pay Law*, while IMI BG and IMI Serbia are in accordance with the labour legislation and the Collective Labour Contract.

The Group has net retirement liabilities (asset) attributable to the following:

	2024	2023
Parent Company	**$4,829,084**	$6,391,640
IMI BG	**2,464,906**	2,381,158
PSi	**(196,229)**	(219,459)
IMI Serbia	**81,996**	54,062
	$7,179,757	$8,607,401

Parent Company, IMI BG, IMI Serbia, STI and PSi

Changes in net retirement liabilities of the Parent Company, IMI BG, IMI Serbia, STI and PSi's defined benefit plans are as follows:

2024

	Net Retirement Expense				**Remeasurements**								
	January 1	**Current Service Cost**	**Net Interest**	**Subtotal**	**Separation and Benefits Paid**	**Return on Plan Assets (Excluding Amount Included in Net Interest)**	**Actuarial Changes Due to Experience Adjustments**	**Actuarial Changes Due to Demographic Assumptions**	**Actuarial Changes Arising from Changes in Financial Assumptions**	**Subtotal**	**Past Service Cost**	**Disposal of Subsidiary**	**Foreign Currency Exchange Difference**	**December 31**
Present value of defined benefit obligation	**$22,227,555**	**$1,615,165**	**$1,192,180**	**$2,807,345**	**($4,165,957)**	**$–**	**($220,616)**	**$–**	**$1,387,050**	**$1,166,434**	**$182,623**	**$–**	**($991,685)**	**$21,226,315**
Fair value of plan assets	**(13,620,154)**	**–**	**(804,180)**	**(804,180)**	**(186,236)**	**(30,442)**	**–**	**–**	**–**	**(30,442)**	**–**	**–**	**594,454**	**(14,046,558)**
Net retirement liabilities	**$8,607,401**	**$1,615,165**	**$388,000**	**$2,003,165**	**($4,352,193)**	**($30,442)**	**($220,616)**	**$**	**$1,387,049**	**$1,135,992**	**$182,623**	**$–**	**($397,231)**	**$7,179,757**

2023

	Net Retirement Expense				Remeasurements								
	January 1	Current Service Cost	Net Interest	Subtotal	Separation and Benefits Paid	Return on Plan Assets (Excluding Amount Included in Net Interest)	Actuarial Changes Due to Experience Adjustments	Actuarial Changes Due to Demographic Assumptions	Actuarial Changes Arising from Changes in Financial Assumptions	Subtotal	Actual Contribution	Disposal of subsidiary	Foreign Currency Exchange Difference	December 31
Present value of defined benefit obligation	$19,916,370	$1,539,599	$1,272,417	$2,812,016	($1,800,582)	$–	$694,907	$–	$1,380,975	$2,075,882	$–	($969,011)	$192,880	$22,227,555
Fair value of plan assets	(13,128,708)	–	(939,013)	(939,013)	–	540,438	–	–	540,438	540,438	–	–	(92,871)	(13,620,154)
Net retirement liabilities	$6,787,662	$1,539,599	$333,404	$1,873,003	($1,800,582)	$540,438	$694,907	$–	$1,921,413	$2,616,320	$–	($969,011)	$100,009	$8,607,401

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

The net retirement asset and net retirement liabilities as of December 31, 2024 and 2023 follows:

	2024	2023
Net pension liabilities	**$7,375,986**	$8,826,860
Net pension asset (Note 14)	**196,229**	219,459
	$7,179,757	$8,607,401

The distribution of the plan assets as of December 31, 2024 and 2023 follows:

	2024	2023
Government securities	**$7,610,366**	$7,558,908
Equities	**1,391,514**	1,242,897
Corporate bonds	**1,182,927**	1,217,638
Trust funds	**1,197,791**	450,751
Exchange traded funds	**982,270**	1,258,045
Mutual funds	**820,947**	1,043,700
Investment properties	**727,246**	421,923
Cash and cash equivalents	**927**	990
Others	**132,570**	425,302
	$14,046,558	$13,620,154

The plan assets include corporate bonds and deposit instruments of related parties, primarily AC, Ayala Land, Inc. (ALI), AC Energy (ACEN) and Bank of the Philippine Islands (BPI). As of December 31, 2024 and 2023, the fair value of these plan assets amounted to $1.52 million and $0.82 million, respectively.

The plan assets pertain to diverse investments and do not have any concentration risk.

The overall investment policy and strategy of the Group's defined benefit plans are guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay retirement benefits as they fall due while also mitigating the various risk of the plans.

The Group expects to contribute $2.30 million to the defined benefit plans for 2024.

The actual return of plan assets amounted to ($0.03 million), $0.54 million and $0.93 million in 2024, 2023 and 2022, respectively.

The average duration of net retirement liabilities ranges from 9.85 to 16.60 years as of December 31, 2024, and 9.44 to 18.04 years as of December 31, 2023.

Shown below is the maturity analysis of the undiscounted benefit payments as of December 31, 2024 and 2023:

	2024	2023
Less than one year	**$2,052,300**	$2,797,499
More than one year to five years	**9,401,662**	10,116,471
More than five years to ten years	**12,300,727**	12,766,596
More than ten years to fifteen years	**13,470,414**	13,722,895
More than fifteen years	**45,123,748**	47,135,610
	$82,348,851	$86,539,071

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

	2024	2023	2022
Discount rate	**3.93% - 6.12%**	4.03% - 6.25%	1.80% - 7.35%
Salary increase rate	**5.00% - 8.50%**	4.00% - 8.50%	4.00% - 7.50%

The sensitivity analysis per entity below has been determined based on reasonably possible changes of each significant assumption on the net retirement liabilities as of the end of the balance sheet date, assuming all other assumptions were held constant:

	Increase/Decrease in	Effect on Net Retirement Liability	
Actuarial Assumption	Actuarial Assumption	2024	2023
Discount rate	+1%	**($1,580,747)**	($1,511,077)
	-1%	**1,555,060**	1,591,261
Salary increase rate	+1%	**1,434,659**	1,735,981
	-1%	**(1,708,292)**	(1,661,656)

The mortality rate in 2024 and 2023 is based on the 2017 Philippine Intercompany Mortality Table for the Parent Company and PSi. Meanwhile, IMI BG used the table for mortality and average life continuance population in the period 2017-2019 from National Statistical Institute (of Bulgaria) for 2024 and 2023. IMI Serbia used the 2012 table of mortality published by the Statistical Office of the Republic of Serbia for 2024 and 2023.

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

	2024	2023	2022
Cost of sales	**$1,120,927**	$1,149,805	$1,400,104
Operating expenses	**1,064,861**	723,198	818,145
	$2,185,788	$1,873,003	$2,218,249

Defined Contribution Plans
The Parent Company's subsidiaries, excluding PSi, STIPH, IMI BG, and IMI Serbia, participate in their respective national retirement schemes which are considered as defined contribution plans. The retirement expense of these subsidiaries is allocated as follows:

	2024	2023	2022
Cost of sales	**$7,882,004**	$7,686,567	$7,162,887
Operating expenses	**778,602**	889,170	998,608
	$8,660,606	$8,575,737	$8,161,495

28. **Employee Stock Ownership Plan (ESOWN)**

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

The key features of the plan are as follows:

- The subscription price per share shall be based on the average closing price at the PSE for 20 consecutive trading days with a discount to be determined by the Parent Company's Compensation Committee.

- Term of payment is eight years reckoned from the date of subscription:

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

Holding period:

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

Movements in the number of shares outstanding under ESOWN in 2024, 2023 and 2022 follow:

	2024		2023		2022	
	Number of Shares	**Weighted Average Exercise Price**	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
At beginning of year	**136,926,800**	**₱6.60**	137,004,327	₱6.60	137,127,271	₱6.61
Forfeitures	**(54,262)**	**12.50**	(77,527)	12.50	(122,944)	13.56
At end of year	**136,872,538**	**₱6.93**	136,926,800	₱6.60	137,004,327	₱6.60

The balance of the subscriptions receivable amounted to $2.56 million, $2.58 million and $2.62 million as of December 31, 2024, 2023 and 2022, respectively (see Note 19).

There is no share option expense recognized in 2024, 2023 and 2022.

29. **Segment Information**

Management monitors operating results per geographical area for the purpose of making decisions about resource allocation and performance assessment. It evaluates the segment performance based on gross revenue, interest income and expense and net income before and after tax of its major manufacturing sites. The Parent Company and PSi are combined under Philippine segment, STEL Group is categorized under China segment, IMI BG, IMI CZ and IMI Serbia are combined under Europe based on the industry segment and customers served, IMI Mexico is presented under Mexico segment, VIA under Germany segment in 2024, and STI was combined with VIA under Germany/UK segment representing non-wholly owned subsidiaries in 2023, IMI USA, IMI Japan, IMI UK and IMI Singapore/ROHQ are combined being the holding and support facilities for strategic management, research and development, engineering development and sales and marketing.

Prior period information is consistent with the current year basis of segmentation.

The Parent Company and its subsidiaries generally account for inter-segment revenue and transfers as if the revenue and transfers were to third parties at current market prices. These transactions are accounted for in accordance with PFRS Accounting Standards.

Intersegment revenues, cost of sales, and operating expenses are eliminated on consolidation.

The amount of segment assets and liabilities are based on measurement principles that are similar with those used in measuring assets and liabilities in the consolidated statement of financial position which is in accordance with PFRS Accounting Standards.

The following tables present revenue and profit information regarding the Group's geographical segments per legal entity's location for the years ended December 31, 2024, 2023 and 2022:

December 31, 2024	**Philippines**		**China**	**Europe**	**Mexico**	**Germany**	**USA/ Japan/ Singapore / IMI UK**	**Consolidation and Eliminations**	**Total**
	Parent Company	**PSi**							
Revenue from contracts with customers:									
Third party	**$218,061,719**	**$6,114,468**	**$192,220,669**	**$408,588,309**	**$136,149,330**	**$117,608,998**	**$19,949,159**	**$–**	**$1,098,692,652**
Intersegment	**12,099,481**	**–**	**20,062,368**	**17,174,657**	**2,839,447**	**–**	**3,749,238**	**(55,925,191)**	**–**
Total revenue from contracts with customers	**$230,161,200**	**$6,114,468**	**$212,283,037**	**$425,762,966**	**$138,988,777**	**$117,608,998**	**$23,698,397**	**($55,925,191)**	**$1,098,692,652**
Segment interest income	**$4,864,350**	**$15,892**	**$3,342,145**	**$1,283,537**	**$–**	**$934,382**	**$2,454,374**	**($11,293,098)**	**$1,601,582**
Segment interest expense	**$18,023,775**	**$742,489**	**$2,570,198**	**$2,592,584**	**$4,701,628**	**$1,539,728**	**$2,747,588**	**($11,715,485)**	**$21,202,505**
Segment profit (loss) before income tax	**($9,796,187)**	**$283,808**	**($1,322,804)**	**$15,470,257**	**($19,111,821)**	**($24,698,998)**	**$4,495,680**	**($36,416,313)**	**($71,096,378)**
Segment provision for income tax	**(1,708,252)**	**(59,501)**	**87,072**	**(1,780,110)**	**(11,211)**	**(1,875,642)**	**(574,715)**	**(33,695)**	**(5,956,054)**
Segment profit (loss) after income tax	**($11,504,439)**	**$224,307**	**($1,235,732)**	**$13,690,147**	**($19,123,032)**	**($26,574,640)**	**$3,920,965**	**($36,450,008)**	**($77,052,432)**
Net income (loss) attributable to the equity holders of the Parent Company	**($11,504,439)**	**$224,307**	**($1,235,732)**	**$13,690,147**	**($19,123,032)**	**($13,323,584)**	**$3,920,965**	**($22,437,192)**	**($49,788,560)**

December 31, 2023	Philippines		China	Europe	Mexico	Germany/UK	USA/ Japan /Singapore / IMI UK	Consolidation and Eliminations	Total
	Parent Company	PSi							
Revenue from contracts with customers:									
Third party	$257,678,074	$4,515,281	$249,689,473	$424,345,896	$153,446,320	$214,891,014	$22,646,874	$–	$1,327,212,932
Intersegment	17,219,876	–	20,806,936	16,671,948	3,001,409	–	4,012,124	(61,712,293)	–
Total revenue from contracts with customers	$274,897,950	$4,515,281	$270,496,409	$441,017,844	$156,447,729	$214,891,014	$26,658,998	($61,712,293)	$1,327,212,932
Segment interest income	$3,909,415	$5,538	$3,399,448	$1,090,987	$–	$1,757,102	$7,326,495	($15,243,895)	$2,245,090
Segment interest expense	$16,501,172	$741,574	$3,322,109	$2,516,098	$4,337,471	$5,345,023	$1,759,279	($13,422,678)	$21,100,048
Segment profit (loss) before income tax	$8,779,880	($1,182,742)	$12,302,712	$27,426,638	($15,097,742)	($128,245,054)	$4,892,434	($21,527,970)	($112,651,844)
Segment provision for income tax	(1,732,584)	(8,163)	(326,733)	(2,204,965)	18,190	(1,343,962)	724	(21,374)	(5,618,867)
Segment profit (loss) after income tax	$7,047,296	($1,190,905)	$11,975,979	$25,221,673	($15,079,552)	($129,589,016)	$4,893,158	($21,549,344)	($118,270,711)
Net income (loss) attributable to the equity holders of the Parent Company	$7,047,296	($1,190,905)	$11,975,979	$25,221,673	($15,079,552)	($116,944,446)	$4,893,158	($21,549,344)	($105,626,141)

December 31, 2022	Philippines		China	Europe	Mexico	Germany/UK	USA/ Japan/ Singapore / IMI UK	Consolidation and Eliminations	Total
	Parent Company	PSi							
Revenue from contracts with customers:									
Third party	$269,655,708	$6,557,402	$283,932,415	$352,300,670	$150,534,635	$297,588,382	$48,447,300	$–	$1,409,016,512
Intersegment	50,125,736	–	23,772,053	4,542,223	459,663	–	5,483,354	(84,383,029)	–
Total revenue from contracts with customers	$319,781,444	$6,557,402	$307,704,468	$356,842,893	$$150,994,298	$$297,588,382	$53,930,654	($84,383,029)	$1,409,016,512
Segment interest income	$1,591,268	$1,212	$1,465,437	$547,284	$–	$434,907	$4,654,960	($8,027,167)	$667,901
Segment interest expense	$9,841,723	$747,502	$1,930,219	$1,318,245	$1,847,183	$4,730,946	$1,125,913	($6,886,002)	$14,655,729
Segment profit (loss) before income tax	$5,580,360	$92,994	$8,990,932	$10,476,172	($5,177,489)	($23,061,688)	($111,857)	($5,763,853)	($8,974,429)
Segment provision for income tax	(2,227,731)	(91,326)	(859,601)	(1,106,508)	(36,854)	(2,057,119)	38,277	(47,061)	(6,387,923)
Segment profit (loss) after income tax	$3,352,629	$1,668	$8,131,331	$9,369,664	($5,214,343)	($25,118,807)	($73,580)	($5,810,914)	($15,362,352)
Net income (loss) attributable to the equity holders of the Parent Company	$3,352,629	$1,668	$8,131,331	$9,369,664	($5,214,343)	($25,118,807)	($73,580)	($5,810,914)	($6,756,929)

In 2023, VIA recognized impairment, write-down of assets and other expenses incurred in relation to the early termination of a customer project and liquidity issues of another customer. Details of the losses included in under "Other income (expense)" in the consolidated statements of income are as follows:

	Amount of loss
Write-down of inventories to NRV (Notes 8 and 22)	$9,508,020
Impairment of property, plant and equipment (Notes 10 and 21)	5,406,199
Write-down of ROU assets (Note 30)	1,310,071
Total asset impairment/writedown	16,224,290
Others	2,595,397
Total losses	$18,819,687

Others include supplier claims, transportation costs and other costs of disposal/scrapping.

Inventories written down are with recoverable value of $3.26 million. Net realizable value (NRV) was based from an offer received from the customer to cover some of the costs for material as well as charges for one customer and internal management valuation for the other customer. The recoverable value of $0.32 million of the property, plant and equipment were determined by an external valuation expert and determined the amount based on liquidation/scrap value after deducting cost for scrapping process since the associated production line and the production facility are customer-specific and no longer usable for the cash-generating unit.

The following table presents segment assets of the Group's geographical segments as of December 31, 2024 and 2023:

	Philippines		China	Europe	Mexico	Germany	USA/ Japan/ Singapore/ UK	Consolidation and Eliminations	Total
	Parent Company	PSi							
2024	**$551,868,311**	**$3,709,175**	**$177,114,923**	**$269,460,848**	**$107,407,986**	**$88,887,804**	**$290,680,362**	**($696,205,173)**	**$792,924,236**
2023	$613,005,264	$3,350,414	$208,516,055	$327,871,869	$129,413,417	$115,943,858	$308,448,439	($711,921,788)	$994,627,528

Investments in subsidiaries and intersegment receivables amounting to $448.15 million and $308.82 million as of December 31, 2024, respectively, and $448.15 million and $326.58 million as of December 31, 2023, respectively are eliminated in consolidation.

Goodwill arising from the acquisitions as disclosed in Note 11, are recognized at consolidated level for both years ended December 31, 2024 and 2023.

Revenue from Contracts with Customers

Revenues from contracts with customers are further disaggregated by type, customer's nationality, market segment and timing of revenue recognition, as management believes it best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

The following table presents revenue by type:

	2024	2023	2022
Manufacturing of goods	**$1,096,202,211**	$1,323,481,365	$1,405,402,031
Non-recurring engineering services	**2,490,441**	3,731,567	3,614,481
Revenue from contracts with customers	**$1,098,692,652**	$1,327,212,932	$1,409,016,512

The following table presents revenue from contracts with customers per timing of revenue recognition for each reportable segment:

	2024		
	Revenue recognized over time	**Revenue recognized at point in time**	**Total**
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		
	Revenue recognized over time	Revenue recognized at point in time	Total
Philippines			
Parent Company	$257,678,074	$–	$257,678,074
PSi	4,515,281	–	4,515,281
China	249,689,473	–	249,689,473
Europe	422,861,189	1,484,707	424,345,896
Mexico	151,438,240	2,008,080	153,446,320
Germany/UK	214,891,014	–	214,891,014
USA/Japan/Singapore	19,524,182	3,122,692	22,646,874
Revenue from contracts with customers	$1,320,597,453	$6,615,479	$1,327,212,932

	2022		
	Revenue recognized over time	Revenue recognized at point in time	Total
Philippines			
Parent Company	$269,655,708	$–	$269,655,708
PSi	6,557,402	–	6,557,402
China	283,932,415	–	283,932,415
Europe	350,367,766	1,932,904	352,300,670
Mexico	149,067,584	1,467,051	150,534,635
Germany/UK	297,588,382	–	297,588,382
USA/Japan/Singapore	46,966,878	1,480,422	48,447,300
Revenue from contracts with customers	$1,404,136,135	$4,880,377	$1,409,016,512

The following table presents revenues from external customers based on customer's nationality:

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

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

The following table presents revenues per market segment:

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

The following table presents noncurrent assets based on their physical location:

	2024	2023
Europe*	**$75,833,299**	$114,227,864
America**	**28,559,301**	31,387,166
Rest of Asia/Others	**82,218,465**	86,231,841
	$186,611,065	$231,846,871

**Pertains to Europe, Germany and UK*
***Pertains to Mexico and USA*

Noncurrent assets include property, plant and equipment, goodwill, intangible assets and right of use assets.

The following table presents the depreciation and amortization expense based on their physical location:

	2024	2023	2022
Europe*	**$11,569,422**	$15,757,118	$15,815,549
America**	**6,101,614**	5,862,792	6,871,681
Rest of Asia/Others	**15,367,651**	15,562,557	19,169,169
	$33,038,687	$37,182,467	$41,856,399

**Pertains to Europe, Germany and UK*
***Pertains to Mexico and USA*

30. Lease Commitments

Set out below are the carrying amounts of the Group's right-of-use assets presented under non-current assets, and the movements during the period:

	2024	2023
As at January 1	**$19,472,578**	$19,266,348
Additions/modifications	**19,639,887**	12,594,844
Termination	**(403,875)**	(1,313,898)
Amortization expense	**(8,337,126)**	(8,889,808)
Loss on lease modifications	**–**	(41,049)
Disposal through subsidiary sold	**–**	(2,854,555)
Cumulative translation adjustment	**(353,022)**	710,696
As at December 31	**$30,018,442**	$19,472,578

Set out below are the carrying amounts of the Group's lease liabilities and the movements during the period:

	2024	2023
As at January 1	**$21,988,635**	$19,937,666
Additions/modifications	**19,639,887**	12,594,844
Interest expense on lease liabilities	**1,482,675**	1,395,174
Rental payments	**(8,814,252)**	(9,822,200)
Termination	**(550,524)**	–
Gain on lease termination	**(1,107,398)**	–
Waived rentals	**–**	(41,049)
Disposal through subsidiary sold	**–**	(3,344,661)
Cumulative translation adjustment	**(1,759,361)**	1,268,861
As at December 31	**$30,879,662**	$21,988,635
Current	**$5,444,362**	$8,265,812
Noncurrent	**$25,435,300**	$13,722,823

The following are the amounts recognized in consolidated statements of income:

	2024	2023	2022
Amortization expense of right-of-use assets (Notes 20 and 21)	**$8,337,126**	$8,889,808	$9,134,302
Interest expense on lease liabilities (Note 23)	**1,482,675**	1,395,174	932,077
Expense related to short-term leases and low-value assets	**1,863,049**	1,357,090	619,764
	$11,682,850	$11,642,072	10,686,143

The Group's lease agreements have terms of fixed payments and there are no variable payment provisions.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with Group's business needs. Management exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised (see Note 4).

Shown below is the maturity analysis of the undiscounted lease payments as of December 31, 2024 and 2023 follow:

	2024	2023
Within one year	**$6,944,834**	$8,482,824
After one year but not more than two years	**5,719,860**	5,133,061
After two years but not more than three years	**5,797,178**	2,986,827
After three years but not more than four years	**3,611,980**	2,936,224
After four years but not more than five years	**2,972,037**	558,242
More than five years	**7,188,795**	–
	$32,234,684	$20,097,178

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

The Parent Company entered into an amended lease contract with AREIT INC., formerly owned by Technopark Land, Inc. (TLI), an affiliate, for the lease of parcels of land situated at the Special Export Processing Zone, Laguna Technopark, Biñan, Laguna. The lease contract which expired on December 31, 2022 was extended by another five years up to 2027 subject to new lease rates beginning 2023 based on market with annual escalation of five percent beginning January 1, 2024 until the end of the lease term.

The Parent Company (Lessee) has existing agreement involving the lease of residential house and lots located in Sta. Rosa, Laguna covering a period of five years from January 1, 2021 to December 31, 2025.

IMI Singapore and STEL Group
STEL Group have various operating lease agreements on office premises, plant and equipment, leasehold building and improvement, and motor vehicles. These non-cancellable lease contracts have lease terms of between two to eight years. There are no lease commitments for IMI Singapore.

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

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

On November 2020, IMI CD entered a five-year lease agreement effective January 2021 to January 2026, for its electronic production, office and staff accommodation. The lease premises is a three-floor building and a dormitory located at Xindu district, Chengdu City. In September 2022, IMI CD entered a three-year non-cancellable lease, effective October 1, 2022 to September 30, 2025, located at Xindu district, Chengdu City to serve as their external warehouse. In relation to the cessation of the IMI CD operations, the facility is scheduled to be formally handed back to the landlord by 2025 and the balance of the ROU amounting to $0.12 million was written off.

IMI BG
IMI BG have lease agreements related to office and warehouse building rent with lease terms of five years. These leases have renewal options.

IMI CZ
IMI CZ have various operating lease agreements in respect of its company cars with lease terms of four to five years.

IMI MX
IMI MX have various lease agreements related to building and automobiles used in operation with lease terms of three to five years. In 2024, IMI MX entered into a lease agreement for the use of a building located in Mexico. The non-cancellable lease is for a period of five years from October 1, 2024 to September 30, 2029.

VIA Group
VIA Group has lease contracts for various items of office, plant and vehicles used in its operations. Leases of office and plant have lease terms between 1 and 6 years, while motor vehicles generally have lease terms of 3-4 years. VIA's obligations under its leases are secured by the lessor's title to the leased assets. For certain leases, VIA is restricted from entering into any sub-lease agreements. There are several lease contracts that include extension and termination options. VIA Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. VIA Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

IMI USA
On June 5, 2020, IMI USA entered into a fourth amendment to a standard industrial commercial single tenant lease contract for an extended term of five years commencing from November 1, 2020 to October 31, 2025 for the lease of office premises. The lease contract contains provisions including, but not limited to, an escalation rate of 3% per year and early termination penalties and an option to extend the lease up to two years. In relation to the cessation of prototyping and manufacturing operations of IMI USA, the right to terminate the lease has been exercised and the lease shall now expire on March 31, 2025.

31. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence which include affiliates. Related parties may be individuals or corporate entities.

The Group, in its regular conduct of business, has entered into transactions with subsidiaries, affiliate, and other related parties principally consisting of advances, loans and reimbursement of expenses. Sales and purchases of goods and services as well as other income and expenses to and from related parties are made at normal commercial prices and terms.

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

Outstanding balances at year-end are unsecured and settlement occurs in cash unless otherwise stated. For the years ended December 31, 2024, 2023 and 2022, the Group has not recorded any impairment on receivables relating to amounts owed by related parties. Impairment assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

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

- Transactions with BPI, a related party

  As of December 31, 2024 and 2023, the Group maintains current and savings accounts with BPI amounting to $0.69 million and $0.97 million, respectively.

  Total interest income earned from investments with BPI amounted to $0.002 million, $0.003 million and $0.003 million for the years ended December 31, 2024, 2023 and 2022, respectively.

  The Group has an outstanding short term and long-term loans from BPI amounting to $166.69 million and $182.31 million as of December 31, 2024 and 2023, respectively.

  Total interest accrued for the loan payable to BPI amounted to $11.27 million, $9.06 million and $5.78 million for the years ended December 31, 2024, 2023 and 2022, respectively.

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

	Receivables		Payables	
	2024	2023	**2024**	2023
Immediate Parent:				
AC Industrials Technology Inc. (AC Industrials)	**$–**	$–	**$–**	$46,904
Intermediate Parent:				
Ayala Corporation (AC)	**443,146**	–	**–**	596,737
Entities Under Common Control:				
KTM Asia Motor Manufacturing Inc. (KAMMI)	**842,178**	988,479	**–**	–
Merlin Solar Technologies (Phils.) Inc. (MSTPI)	**240,852**	208,760	**–**	–
Ayala International Holdings Ltd (AIHL)	**7,205**	–	**–**	–
AREIT, Inc.	**–**	–	**122,620**	–
HMC, Inc. (HMCI)	**–**	–	**15,818**	17,658
BPI	**–**	–	**224,964**	7,698
Innove Communication, Inc. (ICI)	**–**	–	**12,983**	12,831
Globe Telecom, Inc. (GTI)	**–**	–	**5,437**	–
	$1,533,381	$1,197,239	**$381,822**	$681,828

i. Transaction with AC, AC Industrials and AIHL pertains to management fee on corporate and support services.
ii. Transaction with KAMMI and MSTPI pertains to trade related receivables.
iii. Payable to BPI pertain to employee-related transactions.
iv. Payables to ICI pertain to building rental, leased lines, internet connections and ATM connections.
v. Payable to HMCI pertain to provision of health services.
vi. Payables to GTI pertain to billings for software and WiFi connections. These are due and demandable.
vii. Payables to AREIT pertain to leased land

- Revenue/income and expenses from the Group's affiliates follow:

	Revenue/Income			Expenses		
	2024	2023	2022	**2024**	2023	2022
Immediate Parent:						
AC Industrials	**$–**	$–	$–	**$–**	$46,807	$–
Intermediate Parent:						
AC	**–**	–	–	**437,175**	670,643	536,818
Entities Under Common Control:						
KAMMI	**1,601,459**	2,437,678	5,012,496	**–**	–	–
MSTPI	**120,711**	122,961	135,821	**–**	–	–
BPI	**16,691**	2,567	2,999	**–**	41,352	38,914
AREIT	**–**	–	–	**1,504,171**	1,473,220	1,444,719
Laguna Water (LAWC)	**–**	–	–	**425,296**	1,189,047	1,071,846
AG Legal	**–**	–	–	**62,237**	23,250	57,730
ICI	**–**	–	–	**163,994**	217,156	310,287
HMCI	**–**	–	–	**199,379**	194,305	–
GTI	**–**	–	–	**103,613**	98,915	117,306
Ayala Greenfield Development Corporation (AGDC)	**–**	–	–	**1,444**	–	–
	$1,738,861	$2,563,206	5,151,316	**$2,897,309**	$3,954,695	3,577,620

Revenue/income from its affiliates pertains to the following transactions:

i. Revenues from KAMMI and MSTPI pertain to subcontracting services related to registered activities.
ii. Interest income earned from investments with BPI.

Expenses incurred from related party transactions include:

i. Administrative services charged by AC Industrials and AC related to certain transactions.
ii. Rental expense from the lease contract between the Parent Company and AREIT (Formerly with TLI).
iii. Water allocation charged by LAWC.
iv. Building rental, leased lines, internet connections and ATM connections with ICI.
v. Health services from HMCI.
vi. Consultations on legal matters and assistance on regulatory and legal requirements from AG Legal.
vii. Billings for cellphone charges and WiFi connections with GTI.
viii. Staff house rent expenses paid with BPI.
ix. Dues and fees paid with AGDC.

- Revenue, income and expenses eliminated at the Group level follow:

i. Intercompany revenues and income mainly pertain to billings of IMI USA and IMI Japan to IMI Singapore, trade related transactions from certain customers and interest income of the Parent Company, IMI Singapore and STSN for loans granted to PSi, IMI MX, STI and IMI CZ.
ii. Expenses incurred from related party transactions include interest expense of PSi, IMI MX, STI and IMI CZ from loans granted by the Parent Company, IMI Singapore and STSN and trade related transactions from certain customers.
iii. Dividend income of the Parent Company was declared by IMI Singapore amounting to nil and $24.60 million in 2024 and 2023, respectively.

Compensation of Key Management Personnel of the Group
Compensation of key management personnel by benefit type follows:

	2024	2023
Short-term employee benefits	**$8,003,546**	$6,621,722
Post-employment benefits	**884,955**	853,693
	$8,888,501	$7,475,415

32. Fair Values of Financial Instruments

Fair Values of Financial Assets and Financial Liabilities where the Carrying Amounts Approximate Fair Values
Financial assets and financial liabilities that are liquid or are short-term in nature which consist of cash and cash equivalents and short-term investments, receivables, accounts payables and accrued expenses, current portion of long-term debt and other current liabilities are assumed to have carrying amounts approximating their fair values.

Below are the fair values of financial assets and financial liabilities that are either carried at fair value or where the carrying amounts do not approximate fair values as of December 31, 2024 and 2023:

	Carrying Amounts		Fair Values	
	2024	2023	**2024**	2023
Financial assets:				
Financial assets at FVOCI	**$2,543,003**	$2,364,096	**$2,543,003**	$2,364,096
Financial liabilities:				
Noncurrent portion of long-term debt	**$107,102,708**	$140,213,655	**$112,180,367**	$144,909,080

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

Financial assets at FVOCI pertain to investments in club shares. Fair value is based on the most recent selling price of the club shares.

Noncurrent portion of long-term debt - The fair value of long-term debt is estimated by using the discounted cash flow method using the current incremental borrowing rates for similar borrowings, with maturities consistent with those remaining for the liability being valued. The discount rates used for 2024 and 2023 ranged from 1.05% to 8.65% and from 1.05% to 4.99%, respectively.

Fair Value Hierarchy
The following tables provide the fair value hierarchy of the Group's assets and liabilities:

	December 31, 2024			
	Fair Value Measurement Using			
	Quoted Prices in Active Markets (Level 1)	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
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**

	December 31, 2023			
	Fair Value Measurement Using			
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets measured at fair value:				
Financial assets at FVOCI	$–	$2,364,096	$–	$2,364,096
Liabilities for which fair values are disclosed:				
Long-term debt	$–	$–	$144,909,080	$144,909,080
	$–	$–	$144,909,080	$144,909,080

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

33. Financial Risk Management Objectives and Policies

The Group's principal financial instruments, composed of loans payable, long-term debt and other financial liabilities, were issued primarily to raise financing for the Group's operations. The Group has various financial instruments such as cash and cash equivalents and short-term investments, receivables and accounts payable and accrued expenses which arise directly from its operations.

The main purpose of the Group's financial instruments is to fund its operational and capital expenditures. The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, credit risk and foreign currency risk. The Group also enters into currency forwards to manage the currency risk arising from its operations and financial instruments.

The Group's risk management policies are summarized below:

Interest Rate Risk
The Group's exposure to market risk for changes in interest rates relates to its short-term and long-term debt obligations with floating interest rates. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's income before income tax (through the impact on floating rate borrowings) for the years ended December 31, 2024 and 2023. There is no other impact on the Group's equity other than those already affecting income.

	Effect on Net Loss before Tax	
Increase/Decrease in Basis Points	**2024**	2023
+100	**($2,912,583)**	($2,178,962)
-100	**2,912,583**	2,178,962

The following table shows the information about the Group's debt as of December 31, 2024 and 2023 that are exposed to interest rate risk presented by maturity profile:

	2024	2023
Within one year	**$185,203,792**	$70,634,080
One to five years	**106,054,534**	147,262,150
	$291,258,326	$217,896,230

Liquidity Risk
Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Group's exposure to liquidity risk relates primarily to its short-term and long-term obligations. The Group seeks to manage its liquidity profile to be able to finance its capital expenditures and operations. The Group maintains a level of cash and cash equivalents deemed sufficient to finance its operations. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. To cover financing requirements, the Group intends to use internally-generated funds and loan facilities with local and foreign banks. Surplus funds are placed with reputable banks.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	2024				
	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.*

	2023				
	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	Total
Accounts payable and accrued expenses:					
Trade payables	$–	$197,238,858	$–	$–	$197,238,858
Employee-related accruals and contributions	–	22,098,824	–	–	22,098,824
Accrued expenses*	–	29,038,925	–	–	29,038,925
Nontrade payables	–	19,000,151	–	–	19,000,151
Accrued interest payable	–	1,731,352	–	–	1,731,352
Due to related parties	–	681,828	–	–	681,828
Contract liabilities	–	2,748,320	–	–	2,748,320
Other current liabilities	–	1,032	1,523,795	–	1,524,827
Loans payable	–	182,615,096	28,956,207	–	211,571,303
Current portion of lease liabilities			8,482,824		8,482,824
Current portion of long-term debt	–	3,197,375	8,714,478	–	11,911,853
Noncurrent portion of lease liabilities	–	–	–	11,614,353	11,614,353
Noncurrent portion of long-term debt**	–	–	–	148,349,969	148,349,969
	$–	$458,351,761	$47,677,304	$159,964,322	$665,993,387

** Excluding statutory payables.*
*** Including future interest payments.*

The financial liabilities in the above tables are gross undiscounted cash flows and these amounts are to be settled through cash and cash equivalents. Furthermore, liquid assets such as cash and cash equivalents and trade receivables, and available credit lines are used by the Group to manage liquidity.

Credit lines
The Group has credit lines with different financing institutions as of December 31, 2024 and 2023, as follows:

	2024		2023	
Financial Institution / Currency	**Credit Limit**	**Available Credit Line**	Credit Limit	Available Credit Line
Local:				
USD	**132,000,000**	**37,400,000**	132,000,000	9,000,000
PHP	**800,000,000**	**423,000,000**	800,000,000	403,835,000
Foreign:				
USD	**59,000,000**	**37,000,000**	104,500,000	42,359,387
JPY	**1,100,000,000**	**706,530,000**	800,000,000	650,850,000
Singapore Dollar (SGD)	**16,000,000**	**16,000,000**	16,000,000	1,535,000
EUR	**12,107,435**	**9,164,704**	15,800,000	14,226,789
RMB	**390,000,000**	**175,900,000**	–	–

Credit Risk
Credit risk is the risk that the Group's counterparties to its financial assets will fail to discharge their contractual obligations. The Group's major credit risk exposure relates primarily to its holdings of cash and cash equivalents and receivables from customers and other third parties. Credit risk management involves dealing with institutions for which credit limits have been established. The treasury policy sets credit limits for each counterparty. The Group trades only with recognized, creditworthy third parties. The Group has a well-defined credit policy and established credit procedures. The Group extends credit to its customers consistent with sound credit practices and industry standards. The Group deals only with reputable, competent and reliable customers who pass the Group's credit standards. The credit evaluation reflects the customer's overall credit strength based on key financial and credit characteristics such as financial stability, operations, focus market and trade references. All customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group defines a financial asset as in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. Such internal or external information includes discontinuance of orders, financial difficulty or insolvency, probable bankruptcy or other financial reorganization. Actual historical experience shows low defaulted accounts which were also substantially recovered subsequently resulting to insignificant write-offs.

The Group's maximum exposure to credit risk as of December 31, 2024 and 2023 is the carrying amounts of the financial assets. The Group's maximum exposure for cash and cash equivalents excludes the carrying amount of cash on hand.

The Group has 27% and 24% of trade receivables relating to three major customers as of December 31, 2024 and 2023, respectively.

As of December 31, 2024 and 2023, the aging analysis of receivables, contract assets and miscellaneous deposits follows:

	2024						
			Days Past Due				
	Total	**Current**	**<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%**	**18%**

	2023						
			Days Past Due				
	Total	Current	<30 Days	30-60 Days	60-90 Days	90-120 Days	>120 Days
Receivables:							
Trade	$260,623,416	$206,109,745	$29,531,821	$8,138,296	$4,955,965	$1,143,199	$10,744,390
Nontrade	16,590,926	15,437,369	725,781	79,284	156,299	129,190	63,003
Receivable from employees	223,780	208,595	15,185	–	–	–	–
Due from related parties	1,197,239	68,424	177,691	86,794	226,900	129,674	507,756
Others	6,058,958	6,058,958	–	–	–	–	–
Contract assets	52,900,849	52,900,849	–	–	–	–	–
Miscellaneous deposits	3,213,241	3,213,241	–	–	–	–	–
	$340,808,409	$283,997,181	$30,450,478	$8,304,374	$5,339,164	$1,402,063	$11,315,149
Expected credit loss		$–	$–	$–	$–	$–	$985,684
Expected credit loss rate		0%	0%	0%	0%	0%	9%

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customers with similar loss patterns. Given the loss patterns of customers and the Group's credit policy, the expected credit loss recognized for the period ended December 31, 2024 and 2023 represents specifically identified impaired financial assets.

The following table summarizes the credit quality of the Group's financial assets as of December 31, 2024 and 2023:

	December 31, 2024					
	Neither Past Due nor Impaired					
	Minimal Risk	**Average Risk**	**Fairly High Risk**	**High Risk**	**Past Due or Individually Impaired**	**Total**
Cash and cash equivalents and short-term investments	**$91,943,576**	**$–**	**$–**	**$–**	**$–**	**$91,943,576**
Receivables:						
Trade	**64,227,036**	**90,109,135**	**5,634,062**	**10,888,212**	**47,594,775**	**218,453,220**
Nontrade	**–**	**334,578**	**–**	**–**	**2,671,890**	**3,006,468**
Receivable from employees	**–**	**98,984**	**–**	**–**	**–**	**98,984**
Due from related parties	**–**	**209,533**	**1,507**	**10,889**	**1,311,452**	**1,533,381**
Others	**–**	**5,872,771**	**–**	**–**	**–**	**5,872,771**
Financial assets at FVOCI	**2,543,003**	**–**	**–**	**–**	**–**	**2,543,003**
Miscellaneous deposits	**2,921,909**	**–**	**–**	**–**	**–**	**2,921,909**
	$161,635,524	**$96,625,001**	**$5,635,569**	**$10,899,101**	**$51,578,117**	**$326,373,312**

	December 31, 2023					
	Neither Past Due nor Impaired				Past Due or Individually Impaired	
	Minimal Risk	Average Risk	Fairly High Risk	High Risk		Total
Cash and cash equivalents and short-term investments	$103,008,016	$–	$–	$–	$–	$103,008,016
Receivables:						
Trade	84,225,866	89,921,945	11,753,994	20,207,940	54,513,671	260,623,416
Nontrade	2,988,940	12,308,549	15,442	124,438	1,153,557	16,590,926
Receivable from employees	–	223,780	–	–	–	223,780
Due from related parties	–	58,624	–	9,800	1,128,815	1,197,239
Others	–	6,058,958	–	–	–	6,058,958
Financial assets at FVOCI	2,364,096	–	–	–	–	2,364,096
Miscellaneous deposits	3,213,241	–	–	–	–	3,213,241
	$195,800,159	$108,571,856	$11,769,436	$20,342,178	$56,796,043	$393,279,672

The Group classifies credit quality as follows:

Minimal Risk - Credit can proceed with favorable credit terms; can offer term of 15 to maximum of 45 days.

Average Risk - Credit can proceed normally; can extend term of 15 to maximum of 30 days.

Fairly High Risk - Credit could be extended under a confirmed and irrevocable LC and subject to semi-annual review for possible upgrade.

High Risk - Transaction should be under advance payment or confirmed and irrevocable Stand-By LC; subject to quarterly review for possible upgrade after one year.

<u>Foreign Currency Risk</u>
The Group's foreign exchange risk results primarily from movements of the functional currency of each legal entity against other currencies. As a result of significant transactions denominated in RMB, PHP and EUR the consolidated statements of income can be affected significantly by movements in the USD versus these currencies. In 2024 and 2023, the Group entered into currency forward contracts to hedge its risks associated with foreign currency fluctuations.

The Group also has transactional currency exposures. Such exposure arises from sales or purchases denominated in other than the Group's functional currency. Approximately 52% and 51% of the Group's sales for the years ended December 31, 2024 and 2023, respectively, and 58% and 53% of costs for the years ended December 31, 2024 and 2023, respectively, are denominated in currencies other than USD.

The Group manages its foreign exchange exposure risk by matching, as far as possible, receipts and payments in each individual currency. Foreign currency is converted into the relevant domestic currency as and when the management deems necessary. The unhedged exposure is reviewed and monitored closely on an ongoing basis and management will consider hedging any material exposure where appropriate.

Information on the Group's foreign currency-denominated monetary assets and liabilities and their USD equivalent follows:

Renminbi (RMB)

	2024		2023	
	In USD	**In RMB**	In USD	In RMB
Cash and cash equivalents	**$1,144,170**	**RMB8,132,588**	$1,947,777	RMB13,795,521
Receivables	**6,324,476**	**44,953,428**	9,389,369	66,502,083
Accounts payable and accrued expenses	**(10,754,839)**	**(76,443,784)**	(10,898,081)	(77,187,838)
Net foreign currency-denominated assets (liabilities)	**($3,286,193)**	**(RMB23,357,768)**	$439,065	RMB3,109,766

Philippine Peso (₱)

	2024		2023	
	In USD	**In PHP**	In USD	In PHP
Cash and cash equivalents	**$722,099**	**₱41,769,817**	$1,004,584	₱55,623,830
Receivables	**2,721,114**	**157,402,832**	1,345,465	74,498,404
Miscellaneous deposits	**631,449**	**36,526,149**	655,805	36,311,942
Accounts payable and accrued expenses	**(9,170,504)**	**(530,467,815)**	(10,403,845)	(576,060,904)
Net retirement liabilities	**(8,797,715)**	**(508,903,798)**	(11,814,529)	(654,170,479)
Net foreign currency-denominated liabilities	**($13,893,557)**	**(₱803,672,815)**	($19,212,520)	(₱1,063,797,207)

Euro (€)

	2024		2023	
	In USD	**In EUR**	In USD	In EUR
Cash and cash equivalents	**$16,723,937**	**€15,402,883**	$1,922,215	€1,737,674
Receivables	**21,583,430**	**19,878,516**	24,355,149	22,016,949
Accounts payable and accrued expenses	**(35,929,185)**	**(33,091,074)**	(33,141,647)	(29,959,905)
Net foreign currency-denominated assets (liabilities)	**$2,378,182**	**€2,190,325**	($6,864,283)	(€6,205,282)

Information on the Group's USD-denominated monetary assets and liabilities of the Parent Company's subsidiaries with functional currencies other than USD and which is also affected by movements of USD compared with their respective functional currencies as at December 31, 2024 and 2023 follows:

	2024			
	In USD	**In EUR**	**In RMB**	**In GBP**
Cash and cash equivalents	**$15,341,592**	**€13,028,332**	**RMB5,186,465**	**£–**
Receivables	**21,793,744**	**10,972,222**	**73,673,418**	**–**
Accounts payable and accrued expenses	**(30,089,578)**	**(14,977,752)**	**(81,305,648)**	**2,380,749**
Net foreign currency-denominated assets (liabilities)	**$7,045,758**	**€10,022,802**	**(RMB2,445,765)**	**£2,380,749**

**The USD-denominated monetary assets and liabilities are translated using EUR0.9210 for $1, RMB7.1079 for $1 and GBP0.7806 for $1.*

	2023			
	In USD	In EUR	In RMB	In GBP
Cash and cash equivalents	$41,539,707	€35,077,560	RMB19,384,715	£–
Receivables	11,770,652	3,012,624	59,764,440	–
Accounts payable and accrued expenses	(43,236,874)	(21,149,375)	(119,701,444)	(2,308,396)
Net foreign currency-denominated assets (liabilities)	10,073,485	€16,940,809	(RMB40,552,289)	(£2,308,396)

**The USD-denominated monetary assets and liabilities are translated using EUR0.9407 for $1, RMB6.9646 for $1 and GBP0.8303 for $1.*

<u>Sensitivity Analysis</u>
The following tables demonstrate sensitivity to a reasonably possible change in the USD exchange rate, with all other variables held constant, of the Group's income before income tax (due to changes in the fair value of monetary assets and liabilities) as of December 31, 2024 and 2023. The reasonably possible change was computed based on one year average historical movement of exchange rates between the USD and other currencies.

There is no other impact on the Group's equity other than those already affecting income. The increase in USD rate as against other currencies demonstrates weaker functional currency while the decrease represents stronger USD value.

Currency	Increase/Decrease in USD Rate	Effect on Net Income before Tax 2024	2023
RMB	+1%	**$29,653**	($5,351)
	-1%	**(29,653)**	5,351
PHP	+1%	**200,191**	123,838
	-1%	**(200,191)**	(123,838)
EUR	+1%	**(17,693)**	99,421
	-1%	**17,693**	(99,421)
USD*	+1%	**73,224**	184,350
	-1%	**(74,323)**	(190,285)

**The USD-denominated monetary assets and liabilities are translated using EUR0.9210 for $1 and RMB7.1079 for $1.*

34. Contingencies

As of December 31, 2024, the Group is a party to legal proceedings arising in the ordinary course of its operations but which it believes would not materially and adversely affect its business. Certain employees have filed illegal dismissal cases before the National Labor Relations Commission against IMI when the latter terminated their services due to violation of company rules and regulations such as acts of dishonesty, and excessive unauthorized absences. These cases are at various stages including appeal. There are also pending cases involving other members of the IMI Group in other jurisdictions, some of which are being resolved amicably.

Subsequent Events
As of date of issuance of the consolidated financial statements, IMI is a party to legal proceedings arising in the ordinary course of its operations (including but not limited to filing creditor's claims in bankruptcy and liquidation proceedings).

35. Events After the Balance Sheet Date

Strategic Closure of Chengdu Facility to Optimize Operations
On January 24, 2025, IMI announced the strategic closure of its Chengdu, China facility. This move is part of the Group's ongoing efforts to streamline operations and reduce costs, aligning with the Group's strategy to consolidate its footprint into strategically located facilities.

Production at IMI Chengdu concluded in December 2024, with all customer commitments successfully met. The remaining customer projects have been seamlessly transferred to other IMI sites.

IMI is working diligently to comply with local government regulations and initiated a six-month winding up period. On February 10, 2025, IMI Chengdu made a liquidation notice and registered a liquidation team with the Chengdu government.

Amendment to the Second Article of the Articles of Incorporation
On March 7, 2025, the Board of Directors of the Parent Company approved the inclusion in the primary purpose of the Corporation the activities related to provision of warehousing/logistics support services, particularly importation/procurement, storage, deposit, inventory management of goods for subsequent sales, transfers or dispositions to clients, interested establishments, agencies and/or export enterprises. The purpose of the inclusion of the activities is to facilitate internal logistics activities within the Group and to enhance value proposition to customers.

2025 Stock Appreciation Rights Program
On March 7, 2025, the Board of Directors of the Parent Company approved the 2025 Employee Stock Option Program which may be in the form of a Stock Appreciation Rights Plan that grants cash settled and/or equity settled options (at the option of the Corporation) to its key talents.

The above two items approved on March 7, 2025 will be presented to the Parent Company's stockholders for approval at the annual meeting on April 22, 2025.

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