

COVER SHEET

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I	N	C	.																								

(Company's Full Name)

N	O	R	T	H		S	C	I	E	N	C	E		A	V	E	.	,		L	A	G	U	N	A			
T	E	C	H	N	O	P	A	R	K	,		B	I	N	A	N	,		L	A	G	U	N	A				

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

JEROME S. TAN

Contact Person

7756-6840

Company Telephone Number

1	2	3	1
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Month Day
Fiscal Year

SEC Form 17-Q

FORM TYPE

0	4	1	5
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Month Day
Annual Meeting

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Secondary License Type, if Applicable

C	F	D
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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. Of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

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Document I.D.

_____ Cashier

STAMPS

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Integrated Micro-Electronics, Inc.
 North Science Avenue,
 Special Export Processing Zone
 Laguna Technopark
 Binan Laguna 4024
 Philippines

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


CERTIFICATION

We, LAURICE S. DELA CRUZ and ANTHONY RAYMOND P. RODRIGUEZ, Chief Finance Officer & Compliance Officer and Treasurer, Head of Treasury and Credit, respectively, of Integrated Micro-Electronics, Inc. (the "Corporation"), with SEC Registration Number 94419 and with principal office at North Science Avenue, Laguna Technopark-Special Processing Zone, Binan, Laguna, state under oath that:

- 1) On behalf of the Corporation, we have caused the SEC Form 17-Q (Quarterly Report) to be prepared;
- 2) We have read and understood its contents which are true and correct of my own personal knowledge and/or based on true records; and
- 3) The Corporation will comply with the requirements set forth in SEC Notice dated June 24, 2020 for the complete and official submission of reports and/or documents through electronic mail.

IN WITNESS WHEREOF, we have hereunto set our hands this NOV 10 2022 in Makati City.


LAURICE S. DELA CRUZ
 Chief Finance Officer (OIC)
 & Compliance Officer



ANTHONY RAYMOND P. RODRIGUEZ
 Treasurer, Head of Treasury and Credit

SUBSCRIBED AND SWORN to before me this NOV 10 2022 in Makati City, affiants exhibited to me, as competent evidence of their identities, to wit:

Name	Competent Evidence of Identity	Date /Place of issue
LAURICE S. DELA CRUZ	Passport Number P7177471B	July 12, 2021/DFA Manila
ANTHONY RAYMOND P. RODRIGUEZ	Passport Number P9350433B	March 25, 2022/DFA Manila

Doc. No. 191;
 Page No. 40;
 Book No. XVI;
 Series of 2022.




RIZZA ANNE O. SY
 Notary Public - Makati City
 Appt. No. M-150 until December 31, 2022
 Roll of Attorneys No. 64676
 Lifetime IBP No. 018509 - 01/04/18 - Bulacan
 PTR No. 8852361MJ - 01/03/2022 - Makati City
 MCLE Compliance No. VII - 0019324 - 05/27/2022
 4th Floor Tower One and Exchange Plaza
 Ayala Triangle, Ayala Avenue
 Makati City, Philippines

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended: **September 30, 2022**
2. Commission Identification No.: **94419**
3. BIR Tax Identification No.: **000-409-747-000**
4. Exact name of issuer as specified in its charter: **INTEGRATED MICRO-ELECTRONICS, INC.**
5. Province, country or other jurisdiction of incorporation or organization: **PHILIPPINES**
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office: **North Science Avenue, Laguna Technopark-Special Processing Zone (LT-SEZ), Bo. Biñan, Biñan, Laguna
Postal Code: 4024**
8. Issuer's telephone number, including area code: **(632) 756-6840**
9. Former name, former address and former fiscal year: **Not applicable**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA:

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

* Net of 15,892,224 treasury shares;

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

2,217,293,215 common shares are listed with the Philippine Stock Exchange, including 15,892,224 treasury shares as of September 30, 2022.

12. Indicate by check mark whether the registrant:

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

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

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES**INTERIM CONSOLIDATED BALANCE SHEET****AS OF SEPTEMBER 30, 2022****(With Comparative Audited Figures as of December 31, 2021)****(In thousands)**

	Sep 30, 2022 (Unaudited)	Dec 31, 2021 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	\$124,168	\$159,788
Receivables – net (Note 5)	281,734	279,042
Contract assets (Note 6)	56,032	52,481
Inventories (Note 7)	268,398	238,589
Other current assets (Note 8)	21,511	22,425
Total Current Assets	751,843	752,325
Noncurrent Assets		
Property, plant and equipment - net (Note 9)	137,131	161,967
Goodwill (Note 17)	129,210	145,434
Intangible assets - net (Note 10)	7,898	10,927
Right-of-use assets (Note 19)	19,891	28,458
Deferred tax assets	3,482	2,934
Financial assets at FVOCI	1,624	1,365
Other noncurrent assets (Note 11)	16,776	19,765
Total Noncurrent Assets	316,012	370,850
	\$1,067,855	\$1,123,175
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Note 12)	\$299,495	\$289,418
Contract liabilities (Note 6)	4,370	4,741
Loans payable (Note 13)	185,245	165,772
Current portion of long-term debt (Note 14)	2,794	1,805
Current portion of lease liabilities (Note 18)	3,472	8,418
Income tax payable	2,103	2,410
Total Current Liabilities	497,479	472,564
Noncurrent Liabilities		
Noncurrent portion of:		
Long-term debt (Note 14)	148,219	149,679
Lease liabilities (Note 18)	17,131	22,802
Net retirement liabilities	7,590	10,311
Deferred tax liabilities	1,262	1,058
Other noncurrent liabilities	4,238	5,047
Total Noncurrent Liabilities	178,440	188,897
Total Liabilities	675,919	661,461

(Forward)

	Sep 30, 2022 (Unaudited)	Dec 31, 2021 (Audited)
EQUITY (Note 15)		
Equity Attributable to Equity Holders of the Parent Company		
Capital stock - common	\$42,719	\$42,706
Subscribed capital stock	693	709
Additional paid-in capital	193,797	193,831
Subscriptions receivable	(2,621)	(2,702)
Unappropriated retained earnings	196,852	201,560
Treasury stock	(1,013)	(1,013)
Other components of equity	(89)	(555)
Cumulative translation adjustment	(67,261)	(19,865)
Remeasurement losses on defined benefit plans	(10,072)	(10,072)
	353,005	404,599
Equity Attributable to Non-controlling Interests in Consolidated Subsidiaries		
	38,931	57,114
Total Equity	391,936	461,713
	\$1,067,855	\$1,123,175

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(In thousands, except Earnings per Share)

	2022 (Unaudited)		2021 (Unaudited)	
	Jul to Sep	Jan to Sep	Jul to Sep	Jan to Sep
REVENUES FROM CONTRACTS WITH CUSTOMERS (Note 18)	\$351,243	\$1,042,100	\$326,407	\$972,970
COST OF SALES	322,772	965,021	308,148	904,768
GROSS PROFIT	28,471	77,079	18,259	68,202
OPERATING EXPENSES	(25,718)	(81,380)	(26,435)	(76,156)
OTHERS - Net				
Interest and bank charges	(4,352)	(10,824)	(2,770)	(7,343)
Foreign exchange gains	1,768	6,695	1,619	2,061
Interest income	105	294	211	279
Miscellaneous income – net	873	2,015	2,473	5,989
INCOME (LOSS) BEFORE INCOME TAX	1,147	(6,121)	(6,643)	(6,968)
PROVISION FOR INCOME TAX	(1,300)	(3,847)	(2,217)	(5,489)
NET LOSS	(\$153)	(\$9,968)	(\$8,860)	(\$12,457)
Net Income (Loss) Attributable to:				
Equity holders of the Parent Company	\$806	(\$4,708)	(\$6,237)	(\$5,322)
Non-controlling interests	(959)	(5,260)	(2,623)	(7,135)
	(\$153)	(\$9,968)	(\$8,860)	(\$12,457)
Earnings (Loss) Per Share:				
Basic and diluted (Note 17)		(\$0.0021)		(\$0.0024)

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(In thousands)

	2022 (Unaudited)		2021 (Unaudited)	
	Jul to Sep	Jan to Sep	Jul to Sep	Jan to Sep
NET LOSS FOR THE PERIOD	(\$153)	(\$9,968)	(\$8,860)	(\$12,457)
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences arising from translation of foreign operations	(24,473)	(60,319)	(8,495)	(15,328)
<i>Other comprehensive income (loss) not to be reclassified into profit or loss in subsequent periods:</i>				
Fair value changes on financial assets at FVOCI – net of tax	173	465	5	324
	(24,300)	(59,854)	(8,490)	(15,004)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	(\$24,453)	(\$69,822)	(\$17,350)	(\$27,461)
Total Comprehensive Income (Loss) Attributable to:				
Equity holders of the Parent Company	(\$19,250)	(\$51,639)	(\$15,792)	(\$20,218)
Non-controlling interests	(5,203)	(18,183)	(1,558)	(7,243)
	(\$24,453)	(\$69,822)	(\$17,350)	(\$27,461)

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(In thousands)

	Attributable to Equity Holders of the Parent Company											Total
	Capital Stock - Common	Subscribed Capital Stock	Additional Paid-in Capital	Subscriptions Receivable	Retained Earnings	Treasury Stock	Other Components of Equity	Cumulative Translation Adjustment (Note 15)	Remeasurement losses on defined benefit plans	Attributable to Equity Holders of the Parent Company	Attributable to Non-controlling Interests	
Balances at January 1, 2022	\$42,706	\$709	\$193,831	(\$2,702)	\$201,560	(\$1,013)	(\$555)	(\$19,865)	(\$10,072)	\$404,599	\$57,114	\$461,713
Issued shares during the year	13	(13)	-	-	-	-	-	-	-	-	-	-
Collection from subscriptions	-	-	-	45	-	-	-	-	-	45	-	45
Forfeitures during the year	-	(3)	(34)	36	-	-	-	-	-	-	-	-
	42,719	693	193,797	(2,621)	201,560	(1,013)	(555)	(19,865)	(10,072)	404,644	57,114	461,758
Net loss	-	-	-	-	(4,708)	-	-	-	-	(4,708)	(5,260)	(9,968)
Other comprehensive income (loss)	-	-	-	-	-	-	465	(47,396)	-	(46,931)	(12,923)	(59,854)
Total comprehensive income (loss)	-	-	-	-	(4,708)	-	466	(47,396)	-	(51,639)	(18,183)	(69,822)
Balances at September 30, 2022	\$42,719	\$693	\$193,797	(\$2,621)	\$196,852	(\$1,013)	(\$89)	(\$67,261)	(\$10,072)	\$353,005	\$38,931	\$391,936

	Attributable to Equity Holders of the Parent Company											Total
	Capital Stock - Common	Subscribed Capital Stock	Additional Paid-in Capital	Subscriptions Receivable	Retained Earnings	Treasury Stock	Other Components of Equity	Cumulative Translation Adjustment	Remeasurement losses on defined benefit plans	Attributable to Equity Holders of the Parent Company	Attributable to Non-controlling Interests	
Balances at January 1, 2021	\$42,675	\$745	\$193,870	(\$2,889)	\$215,794	(\$1,013)	(\$875)	\$9,138	(\$9,750)	\$447,695	\$133,168	\$580,863
Issued shares during the year	31	(31)	-	-	-	-	-	-	-	-	-	-
Redemption of preferred shares	-	-	-	-	-	-	-	-	-	-	(70,000)	(70,000)
Refund on subscriptions	-	-	-	40	-	-	-	-	-	40	-	40
Forfeitures during the year	-	(5)	(39)	44	-	-	-	-	-	-	-	-
Cash dividends (Note 16)	-	-	-	-	(3,669)	-	-	-	-	(3,669)	-	(3,669)
	42,706	709	193,831	(2,805)	212,125	(1,013)	(875)	9,138	(9,750)	444,066	63,168	507,234
Net income (loss)	-	-	-	-	(5,322)	-	-	-	-	(5,322)	(7,135)	(12,457)
Other comprehensive income (loss)	-	-	-	-	-	-	324	(15,220)	-	(14,896)	(108)	(15,004)
Total comprehensive income (loss)	-	-	-	-	(5,322)	-	324	(15,220)	-	(20,218)	(7,243)	(27,461)
Balances at September 30, 2021	\$42,706	\$709	\$193,831	(\$2,805)	\$206,803	(\$1,013)	(\$551)	(\$6,082)	(\$9,750)	\$423,848	\$55,925	\$479,773

Attributable to Equity Holders of the Parent Company

	Other Comprehensive Income (Loss)										Total	
	Capital Stock- Common	Subscribed Capital Stock	Additional Paid-in Capital	Subscriptions Receivable	Retained Earnings	Treasury Stock	Other Components of Equity	Cumulative Translation Adjustment	Remeasurement losses on defined benefit plans	Attributable to Equity Holders of the Parent Company		Attributable to Non-controlling Interests (Note 15)
Balances at January 1, 2021	\$42,675	\$745	\$193,870	(\$2,889)	\$215,794	(\$1,013)	(\$875)	\$9,138	(\$9,750)	\$447,695	\$133,168	\$580,863
Issued shares during the year	31	(31)	-	-	-	-	-	-	-	-	-	-
Redemption of preferred shares	-	-	-	-	-	-	-	-	-	-	(70,000)	(70,000)
Collection from subscriptions	-	-	-	143	-	-	-	-	-	143	-	143
Forfeitures during the year	-	(5)	(39)	44	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(3,669)	-	-	-	-	(3,669)	-	(3,669)
	42,706	709	193,831	(2,702)	212,125	(1,013)	(875)	9,138	(9,750)	444,169	63,168	507,337
Net loss	-	-	-	-	(10,565)	-	-	-	-	(10,565)	(9,141)	(19,706)
Other comprehensive income (loss)	-	-	-	-	-	-	320	(29,003)	(322)	(29,005)	3,087	(25,918)
Total comprehensive income (loss)	-	-	-	-	(10,565)	-	320	(29,003)	(322)	(39,570)	(6,054)	(45,624)
Balances at December 31, 2021	\$42,706	\$709	\$193,831	(\$2,702)	\$201,560	(\$1,013)	(\$555)	(\$19,865)	(\$10,072)	\$404,599	\$57,114	\$461,713

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Nine months ended September 30	
	2022	2021
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(\$6,121)	(\$6,968)
Adjustments for:		
Depreciation of property, plant and equipment (Note 9)	28,944	30,499
Interest expense	10,505	6,912
Amortization of right-of-use assets (Note 19)	6,888	8,008
Amortization of intangible assets (Note 10)	3,713	5,823
Interest income	(294)	(279)
Unrealized foreign exchange gains	(12,505)	(3,127)
Gains on sale of property, plant and equipment (Note 9)	(191)	(231)
Mark-to-market losses (gains) on put options (Note 15)	-	(1,628)
Mark-to-market gain on derivatives	43	(161)
(Reversal of impairment) impairment losses on noncurrent assets	-	(2,303)
Gain on insurance claims	(408)	(431)
Operating income before working capital changes	30,574	36,114
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Loans and receivables	(19,583)	285
Contract asset	(8,337)	(3,115)
Inventories	(38,598)	(82,076)
Other current assets	(1,068)	(3,073)
Increase (decrease) in:		
Accounts payable and accrued expenses	5,136	24,731
Contract liabilities	(68)	4,160
Retirement liabilities	(2,550)	(1,585)
Net cash used in operations	(34,494)	(24,559)
Income tax paid	(10,000)	(5,821)
Interest paid	(4,226)	(5,562)
Interest received	294	279
Net cash used in operating activities	(48,426)	(35,663)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of:		
Property, plant and equipment (Note 9)	(15,463)	(23,905)
Intangible assets (Note 10)	(480)	(392)
Proceeds from sale of property, plant and equipment	559	1,762
Acquisition by a subsidiary through business combination, net of cash acquired	-	(3,018)
Decrease (increase) in other noncurrent assets	(970)	1,061
Net cash used in investing activities	(16,354)	(24,492)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of loans	(16,880)	(67,219)
Availment of loans	42,727	131,089
Payments of lease liabilities	(8,778)	(9,109)
Dividends paid to preference shareholders of a subsidiary (Note 16)	-	(3,669)
Redemption of preferred shares	-	(70,000)
Collection on subscriptions	45	40
Increase in other noncurrent liabilities	1,690	98
Net cash provided by (used in) financing activities	18,804	(18,770)
NET FOREIGN EXCHANGE DIFFERENCE IN CASH AND CASH EQUIVALENTS	10,356	2,664
NET DECREASE IN CASH AND CASH EQUIVALENTS	(35,620)	(76,261)
CASH AND CASH EQUIVALENTS AT JANUARY 1	159,788	244,356
CASH AND CASH EQUIVALENTS AT SEPTEMBER 30	\$124,168	\$168,095

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information and Basis of Financial Statement Preparation

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 47.91% 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.

The accompanying unaudited interim condensed consolidated financial statements were approved and authorized for release by the Audit Committee on November 7, 2022.

2. Group Information

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

Subsidiary	Percentage of Ownership		Country of Incorporation	Functional Currency
	2022	2021		
IMI International (Singapore) Pte. Ltd.	100.00%	100.00%	Singapore	United States Dollar (USD)
IMI International ROHQ	100.00%	100.00%	Philippines	USD
Speedy-Tech Electronics Ltd. (STEL) Group	100.00%	100.00%	Singapore	USD
IMI (Chengdu) Ltd. (IMICD)	100.00%	100.00%	China	Renminbi (RMB)
IMI Technology (Shenzhen) Co. Ltd. (IMI SZ)	100.00%	100.00%	China	USD
IMI Smart Technology (Shenzhen) Co. Ltd. ^a	100.00%	100.00%	China	RMB
Speedy-Tech Electronics (HK) Limited (STHK) ^c	100.00%	100.00%	Hong Kong	USD
Speedy-Tech Electronics (Jiaxing) Co., Ltd. (STJX)	100.00%	100.00%	China	RMB
Speedy-Tech (Philippines), Inc. (STPH)	100.00%	100.00%	Philippines	USD

(Forward)

Subsidiary	Percentage of Ownership		Country of Incorporation	Functional Currency
	2022	2021		
Cooperatief IMI Europe U.A.	100.00%	100.00%	Netherlands	Euro (EUR)
Integrated Micro-Electronics Bulgaria EOOD	100.00%	100.00%	Bulgaria	EUR
Microenergia EOOD (Microenergia)	100.00%	100.00%	Bulgaria	Bulgarian Lev (BGN)
Integrated Micro-Electronics d.o.o. Niš (IMI Serbia)	100.00%	100.00%	Serbia	Serbian Dinar (RSD)
Integrated Micro-Electronics Czech Republic s.r.o.	100.00%	100.00%	Czech Republic	EUR
Integrated Micro-Electronics Mexico, S.A.P.I. de C.V.	100.00%	100.00%	Mexico	USD
IMI France SAS (IMI France)	100.00%	100.00%	France	EUR
VIA Optronics AG (VIA) ^a	50.32%	50.32%	Germany	EUR
Germaneers GmbH ^b	100.00%	100.00%	Germany	EUR
VIA Optronics (Philippines), Inc. ^b	100.00%	100.00%	Philippines	PHP
VIA Optronics GmbH (VIA)	100.00%	100.00%	Germany	USD
VIA Optronics Suzhou Co. Ltd. (VIA Suzhou)	100.00%	100.00%	China	USD
VIA Optronics LLC (VIA LLC)	100.00%	100.00%	USA	USD
VIA Optronics (Taiwan) Ltd	100.00%	100.00%	Taiwan	Taiwan Dollar
VTS-Touchsensor Co., Ltd. (VTS)	65.00%	65.00%	Japan	Japanese Yen (JPY)
Integrated Micro-Electronics UK Limited (IMI UK)	100.00%	100.00%	United Kingdom	British Pounds (GBP)
Surface Technology International Enterprises Ltd (STI)	80.00%	80.00%	United Kingdom	GBP
STI Limited	100.00%	100.00%	United Kingdom	GBP
STI Philippines Inc. (STIPH)	100.00%	100.00%	Philippines	USD
STI Asia Ltd ^c	100.00%	100.00%	Hong Kong	Hong Kong Dollar (HKD)
STI Supplychain Ltd ^d	–	–	United Kingdom	GBP
ST Intercept Limited ^c	100.00%	100.00%	United Kingdom	GBP
IMI USA	100.00%	100.00%	USA	USD
IMI Japan	100.00%	100.00%	Japan	USD
PSi	100.00%	100.00%	Philippines	USD
PSiTech Realty, Inc. (PSiTech Realty) ^c	40.00%	40.00%	Philippines	USD
Pacsem Realty, Inc. (Pacsem Realty) ^c	64.00%	64.00%	Philippines	USD

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

^b New entities of VIA in 2021

^c In the process of liquidation / Dormant

^d Dissolved in May 2021

Business Combinations

Acquisition of Germaneers GmbH (“Germaneers”)

On May 21, 2021, VIA Optronics GmbH (“VIA”) announced the acquisition of Germaneers GmbH (“Germaneers”), a high-tech engineering company focusing on automotive system integration and user interfaces. Germaneers has provided solutions for a range of well-known high-end original equipment manufacturers (OEMs).

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

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

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

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

3. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying unaudited interim condensed consolidated financial statements of the Group have been prepared using the historical cost basis, except for financial assets and liabilities at fair value through profit or loss (FVPL) and financial assets through other comprehensive income (FVOCI). The unaudited interim condensed consolidated financial statements are presented in United States (U.S.) Dollar (\$), and all values are rounded to the nearest thousands except when otherwise indicated.

Statement of Compliance

The interim condensed consolidated financial statements as of and for the nine months periods ended September 30, 2022 and 2021 have been prepared in accordance with the Philippine Accounting Standard (PAS) 34 (Amended), *Interim Financial Reporting*. Accordingly, the unaudited interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual audited consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as of and for the year ended December 31, 2021, which have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

The preparation of the financial statements in compliance with PFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions used in the accompanying unaudited interim condensed consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the unaudited interim condensed consolidated financial statements. Actual results could differ from such estimates.

Except as otherwise stated, the significant accounting judgments, estimates and assumptions used in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements as at and for the year ended December 31, 2020.

Basis of Consolidation

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

Specifically, the Group controls an investee if and only if the Group has:

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

- c. The ability to use its power over the investee to affect its returns

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

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

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

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

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

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

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

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

The financial liability for the put option is accounted for under PFRS 9 like any other written put option on equity instruments. On initial recognition, the corresponding debit is made to a component of equity attributable to the parent, not to the non-controlling interest. All subsequent changes in the carrying amount of the financial liability that result from the remeasurement of the present value payable on exercise are recognized in profit or loss also attributable to the parent.

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

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

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

Changes in Accounting Policies and Disclosures

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

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

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

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

The Group shall also disclose information about:

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2021 and apply retrospectively, however, the Group is not required to restate prior periods.

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2022

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

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

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

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

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

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

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

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

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

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

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

- Annual Improvements to PFRSs 2018-2020 Cycle

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

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

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

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

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

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

to have a material impact on the Group.

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

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

The amendments are expected to have no impact on the Group.

Effective beginning on or after January 1, 2023

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

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

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

PFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted.

The amendments are expected to have no impact on the Group.

Deferred effectivity

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

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

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

4. Cash and Cash Equivalents

This account consists of:

	Sep 30, 2022 (Unaudited)	Dec 31, 2021 (Audited)
	(In thousands)	
Cash on hand	\$79	\$56
Cash in banks	83,939	154,232
Cash equivalents	40,150	5,500
	\$124,168	\$159,788

Cash in banks earns interest at the respective bank deposit rates. Short-term investments are made for varying periods of up to ten months and earn interest at the respective short-term investment rates.

5. Receivables – net

This account consists of:

	Sep 30, 2022 (Unaudited)	Dec 31, 2021 (Audited)
	(In thousands)	
Trade	\$279,121	\$273,946
Nontrade	2,876	6,883
Due from related parties (Note 20)	2,472	449
Receivable from insurance	1,043	1,079
Receivable from employees	384	472
Others	915	957
	286,811	283,786
Less allowance for ECLs	5,077	4,744
	\$281,734	\$279,042

Trade

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

Nontrade

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

Receivable from insurance

Claims to damages to equipment and inventories caused by a fire incident in the Parent Company's plant in Cebu in 2009 amounting to \$1.06 million and which was fully impaired as of June 30, 2022 and December 31, 2021.

Receivable from employees

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

Allowance for ECLs

Trade receivables, nontrade receivables, receivable from insurance and receivable from employees with aggregate nominal value of \$5.08 million and \$4.74 million as of September 30, 2022 and December 31, 2021, respectively, were individually assessed to be impaired and fully provided with allowance for ECL.

Provisions (reversals) for ECL recognized for the nine-month period ended September 30, 2022 and 2021 amounted to \$0.67 million and (\$0.07) million, respectively. Reversals and provisions during the period form part of "Operating Expenses" account.

6. Contract Balances

	Sep 30, 2022	Dec 31, 2021
	(Unaudited)	(Audited)
	(In thousands)	
Contract assets	\$56,032	\$52,481
Contract liabilities	4,370	4,741

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 periods ended September 30, 2022 and 2021, the Group did not recognize a provision for expected credit losses on contract assets.

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

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

7. Inventories

Increase in inventories mainly due to backlogs linked to global component shortage.

Provisions (reversals) for inventory obsolescence and allowance for decline in inventories, recognized for the nine-month period ended September 30, 2022 and 2021 amounted to \$0.78 million and (\$1.55) million, respectively.

8. Other Current Assets

This account consists of:

	Sep 30, 2022	Dec 31, 2021
	(Unaudited)	(Audited)
	(In thousands)	
Prepayments and deferred charges	\$6,763	\$9,447
Input taxes	7,574	4,765
Advances to suppliers	4,503	6,329
Tax credits	2,236	1,669
Derivative assets	-	46
Others	435	169
	\$21,511	\$22,425

Prepayments and Deferred Charges

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

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.

Advances to suppliers

Advances to suppliers represent advance payments made to suppliers for 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.

9. Property, Plant and Equipment - net

	Sep 30, 2022	Dec 31, 2021
	(Unaudited)	(Audited)
	(In thousands)	
Property, Plant and Equipment	\$329,391	\$370,796
Less: Accumulated Depreciation	189,802	206,371
Accumulated Impairment losses	2,458	2,458
Property, Plant and Equipment (Net)	\$137,131	\$161,967

Additions to property, plant and equipment for the nine-month period ended September 30, 2022 amounted to \$15.94 million comprise mainly of purchases of machinery and equipment for new programs and constructions-in-progress for capacity expansion.

Depreciation expense amounted to \$28.94 million and \$30.50 million for the nine-month period ended September 30, 2022 and 2021, respectively.

The Group recognized gains from disposal and retirement of certain machineries and facilities equipment, furniture and fixtures, and tools and instruments for the nine-month period ended September 30, 2022 and 2021 amounting to \$0.19 million and \$0.23 million, respectively.

10. Intangible Assets - net

	Sep 30, 2022	Dec 31, 2021
	(Unaudited)	(Audited)
	(In thousands)	
Intangible Assets	\$71,783	\$72,643
Less: Accumulated Amortization	59,303	57,134
Accumulated Impairment losses	4,582	4,582
Intangible Assets (Net)	\$7,898	\$10,927

Intangible assets consist of product development costs, intellectual properties, customer relationships, and software licenses.

Product development costs with a net book value of \$2.49 million and \$4.22 million as of September 30, 2022 and December 31, 2021, respectively, include capitalized costs arising from the development phase of certain projects which are still undergoing qualification. No additional costs were capitalized during the nine-month period ended September 30, 2022.

The Group's intellectual properties relate to the acquisition of VIA and VTS. Net book value as of September 30, 2022 and December 31, 2021 amounted to \$1.64 million and \$2.58 million, respectively.

In 2018, the acquisition of VTS gave rise to identification and valuation of customer relationships that were not recognized as internally-developed intangible assets. The net book value of the customer relationships amounted to \$0.24 million and \$0.13 million as of September 30, 2022 and December 31, 2021, respectively.

Software licenses which include computer software, applications and modules has net book value of \$3.52 million and \$3.93 million as of September 30, 2022 and December 31, 2021, respectively. Additional licenses acquired for the year amounted to \$0.48 million.

Amortization for all intangibles amounted to \$3.71 million and \$5.82 million for the nine-month period ended September 30, 2022 and 2021, respectively. No impairment loss were recognized for these intangible assets.

11. Other Noncurrent Assets

This account consists of:

	Sep 30, 2022	Dec 31, 2021
	(Unaudited)	(Audited)
	(In thousands)	
Deferred charges	\$13,152	\$15,722
Miscellaneous deposits	3,314	3,565
Pension asset – net	222	255
Others	88	223
	\$16,776	\$19,765

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 utilities and rent deposits.

12. Accounts Payable and Accrued Expenses

This account consists of:

	Sep 30, 2022 (Unaudited)	Dec 31, 2021 (Audited)
	(In thousands)	
Trade payables	\$208,424	\$205,359
Accrued expenses	32,230	33,377
Employee-related accruals	26,348	26,818
Nontrade payables	25,856	17,979
Taxes and government-related payable	3,693	3,621
Accrued interest payable	1,278	1,531
Advances from customers	1,248	411
Customers' deposits	392	273
Due to related parties (Note 20)	26	49
	\$299,495	\$289,418

Trade Payables

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

Employee-related Accruals

This account consists mainly of accrued compensation and benefits including accrued salaries, leave credits and other employee benefits.

Accrued Expenses

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

Nontrade Payables

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

Taxes and government-related payable

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

Advances from Customers

Advances from customers include financial liabilities pertaining to commercial agreements with certain customers of VIA.

Customers deposits

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

13. Loans Payable

This account consists of borrowings of the following entities:

	Sep 30, 2022	Dec 31, 2021
	(Unaudited)	(Audited)
	(In thousands)	
Parent Company	\$131,200	\$96,700
VIA and STI	43,084	43,550
STEL	7,800	22,100
CZ	3,161	3,422
	\$185,245	\$165,772

Parent Company

As of September 30, 2022 and December 31, 2021, the Parent Company has unsecured short-term loans aggregating to \$131.20 million and \$96.70 million, respectively, with maturities ranging from 28 to 60 days, and annual interest rates ranging from 3.15% to 4.22% in 2022 and 1.44% to 2.00% in 2021.

VIA and STI

The loans of VIA and STI were obtained from China, Germany and UK-based banks with terms ranging from 113 to 365 days and interest rates ranging from 1.82% to 4.0% in 2022 and 2021.

STEL

The loans of STEL are from existing revolving credit facilities with Singapore-based banks and bear annual interest rate ranging from 4.90% in 2022 and 3.02% to 3.10% in 2021.

CZ

The loans of IMI CZ are clean loans from existing revolving credit facilities with Czech-based bank which bear annual interest based on 1-month EURIBOR plus 1.2% to 1-month PRIBOR plus 1.65%.

14. Long-Term Debt

This account consists of borrowings of the following entities:

	Sep 30, 2022	Dec 31, 2021
	(Unaudited)	(Audited)
	(In thousands)	
Parent Company	\$147,383	\$148,716
VTS and IMI CZ	3,630	2,768
	151,013	151,484
Less current portion:		
Parent Company	1,500	300
VTS and IMI CZ	1,294	1,505
	2,794	1,805
Noncurrent portion	\$148,219	\$149,679

Parent Company

The long-term debt of the Parent Company aggregating to \$148.20 million and \$149.70 million as of September 30, 2022 and December 31, 2021, respectively, were obtained from Philippine banks with terms of five years, with principal defined principal payments payable annually, and remaining balance payable in full at maturity. These are subject to annual interest rate ranging from 3.45% to 3.8%.

Loan covenants related to the Parent Company's loans as of September 30, 2022 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 parent financial statements;

As of September 30, 2022 and December 31, 2021, the Parent Company has complied with all of the above-mentioned loan covenants.

VTS and IMI CZ

VTS and IMI CZ have unsecured long-term loans with Japanese and Czech-based banks that are payable in regular monthly installments both with terms of five years. The VTS loan has interest rate of 1.67% while the CZ loan has annual interest rate ranging from 1.05% to 2.31%.

15. Equity

Dividends

2021

IMI Singapore paid dividends on the redeemable cumulative preferred stocks (RCPS) to AC Industrials (Singapore) Pte, Ltd. (ACI Singapore) amounting to \$1.52 million on March 2021. In August 2021, IMI SG redeemed in full the remaining RCPS from ACI SG and paid the accrued dividends amounting to \$2.15 million as of redemption date. No dividend payment was declared to common shareholders.

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 September 30, 2022 arose mainly from depreciation of the Euro, GBP and RMB against the USD.

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 during the period ended September 30, 2022 and December 31, 2021.

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 trust receipts and loans payable and long-term bank debt. Net debt is equivalent to the total bank borrowings, less cash and cash equivalents.

	Sep 30, 2022	Dec 31, 2021
	(Unaudited)	(Audited)
	(In thousands)	
Trust receipts and loans payable	\$185,245	\$165,772
Long-term bank borrowings	151,013	151,484
Total bank debt	336,258	317,256
Less cash and cash equivalents	124,168	159,788
Net bank debt	\$212,090	\$157,468
Total Equity	391,936	461,713
Debt-to-equity ratio	0.86:1	0.69:1
Net debt-to-equity ratio	0.54:1	0.34:1

The Group is not subject to externally imposed capital requirements.

16. Earnings per Share

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

	Sep 30, 2022	Sep 30, 2021
	(Unaudited)	(Unaudited)
	(In thousands)	
Net loss	(\$4,708)	(\$5,322)
Weighted average number of common shares outstanding	2,208,030	2,208,153
Basic and diluted	(\$0.0021)	(\$0.0024)

As of September 30, 2022 and 2021, the Parent Company has no dilutive potential common shares.

17. Segment Information

Management monitors operating results per geographical area for the purpose of making decisions about resource allocation and performance assessment. It evaluates the segment performance based on gross revenue, interest income and expense and net income before and after tax of its major manufacturing sites. The Parent Company and PSi are combined under Philippine segment, STEL Group is categorized under China segment, IMI BG, IMI CZ and IMI Serbia are combined under Europe based on the industry segment and customers served, IMI Mexico is presented under Mexico segment, VIA and STI are combined under Germany/UK segment representing non-wholly owned subsidiaries, IMI USA, IMI Japan, IMI UK and IMI Singapore/ROHQ are combined being the holding and support facilities for strategic management, research and development, engineering development and sales and marketing.

Prior period information is consistent with the current year basis of segmentation.

The Parent Company and its subsidiaries generally account for inter-segment revenue and transfers as if the revenue and transfers were to third parties at current market prices. These transactions are accounted for in accordance with PFRS.

Intersegment revenues, cost of sales, and operating expenses are eliminated on consolidation.

The amount of segment assets and liabilities are based on measurement principles that are similar with those used in measuring assets and liabilities in the consolidated statement of financial position which is in accordance with PFRS.

The following tables present revenue and profit information regarding the Group's geographical segments per legal entity's parent or main business location for the nine-month period ended September 30, 2022 and 2021:

September 30, 2022 (Unaudited)	Philippines						Singapore/ USA/Japan	Consolidation and Eliminations	Total
	Parent Company	PSi	China	Europe	Mexico	Germany/UK			
Revenue:									
Third party	\$203,151	\$4,619	\$211,832	\$254,466	\$111,222	\$218,931	\$37,879	\$-	\$1,042,100
Intersegment	36,536	-	18,124	3,056	373	-	4,319	(62,408)	-
Total revenue	\$239,687	\$4,619	\$229,956	\$257,522	\$111,595	\$218,931	\$42,198	(\$62,408)	\$1,042,100
Segment interest income	\$807	\$1	\$1,035	\$382	\$-	\$109	\$3,334	(\$5,374)	\$294
Segment interest expense and bank charges	(\$6,677)	(\$560)	(\$1,413)	(\$944)	(\$1,179)	(\$3,790)	(\$733)	\$4,472	(\$10,824)
Segment profit (loss) before income tax	4,298	(\$436)	\$4,810	\$3,246	(\$3,454)	(\$15,404)	\$1,407	(\$588)	(\$6,121)
Segment provision for income tax	(1,832)	(64)	(546)	(603)	(16)	(659)	(22)	(105)	(3,847)
Segment profit (loss) after income tax	\$2,466	(\$500)	\$4,264	\$2,643	(\$3,470)	(\$16,063)	\$1,385	(\$693)	(\$9,968)
Net income (loss) attributable to the equity holders of the Parent Company	\$2,466	(\$500)	\$4,264	\$2,643	(\$3,470)	(\$10,803)	\$1,385	(\$693)	(\$4,708)

September 30, 2021 (Unaudited)	Philippines						Singapore/ USA/Japan	Consolidation and Eliminations	Total
	Parent Company	PSi	China	Europe	Mexico	Germany/UK			
Revenue:									
Third party	\$175,141	\$12,835	\$182,780	\$233,485	\$101,202	\$221,866	\$45,661	\$-	\$972,970
Intersegment	39,327	-	25,183	3,336	672	-	4,805	(73,323)	-
Total revenue	\$214,468	\$12,835	\$207,963	\$236,821	\$101,874	\$221,866	\$50,466	(\$73,323)	\$972,970
Segment interest income	\$708	\$1	\$981	\$408	\$-	\$5	\$3,707	(\$5,531)	\$279
Segment interest expense and bank charges	(\$4,205)	(\$582)	(\$1,758)	(\$834)	(\$1,211)	(\$2,537)	(\$736)	\$4,520	(\$7,343)
Segment profit (loss) before income tax	(\$1,543)	(\$281)	\$522	\$12,476	(\$1,254)	(\$17,131)	\$65	\$178	(\$6,968)
Segment provision for income tax	(1,236)	(112)	(1,125)	(1,091)	52	(2,040)	(27)	90	(5,489)
Segment profit (loss) after income tax	(\$2,779)	(\$393)	(\$603)	\$11,385	(\$1,202)	(\$19,171)	\$38	\$268	(\$12,457)
Net income (loss) attributable to the equity holders of the Parent Company	(\$2,779)	(\$393)	(\$603)	\$11,385	(\$1,202)	(\$12,489)	\$38	\$721	(\$5,322)

Intersegment revenues, cost of sales, and operating expenses are eliminated on consolidation.

The following table presents segment assets of the Group's geographical segments as of September 30, 2022 and December 31, 2021:

	Philippines		China	Europe	Mexico	Germany/UK	USA/ Japan/ Singapore	Consoli- dation and Eliminations	Total
	Parent Company	PSi							
September 30, 2022 (Unaudited)	\$587,035	\$5,784	\$222,865	\$269,873	\$100,099	\$256,753	\$398,150	(\$772,704)	\$1,067,855
December 31, 2021 (Audited)	\$557,687	\$7,454	\$235,415	\$279,321	\$88,313	\$302,454	\$396,993	(\$744,462)	\$1,123,175

Investments in subsidiaries and intersegment receivables amounting to \$462.90 million and \$343.11 million as of September 30, 2022, respectively, and \$462.90 million and \$314.81 million as of December 31, 2021, respectively are eliminated in consolidation.

Goodwill acquired through business combinations recognized at consolidated level had been allocated to the following CGUs:

	Sep 30, 2022 (Unaudited)	Dec 31, 2021 (Audited)
	(In thousands)	
STI	\$48,557	\$58,642
VIA	40,883	46,955
STEL	38,225	38,225
Parent Company	1,098	1,098
IMI CZ	447	514
	\$129,210	\$145,434

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:

	Sep 30, 2022 (Unaudited)	Sep 30, 2021 (Unaudited)
	(In thousands)	
Manufacturing of goods	\$1,039,312	\$969,574
Non-recurring engineering services	2,788	3,396
Revenue from contracts with customers	\$1,042,100	\$972,970

The following table presents revenue from contracts with customer per timing of revenue recognition for each reportable segments:

	September 30, 2022 (Unaudited)		Total
	Revenue recognized over time	Revenue recognized at point in time	
	(In thousands)		
Philippines			
Parent Company	\$203,151	\$-	\$203,151
PSi	4,619	-	4,619
China	211,832	-	211,832
Europe	253,354	1,112	254,466
Mexico	110,010	1,212	111,222

(Forward)

September 30, 2022 (Unaudited)			
	Revenue recognized over time	Revenue recognized at point in time	Total
Germany/UK	45,281	173,650	218,931
USA/Japan/Singapore	36,646	1,233	37,879
Revenue from contracts with customers	\$864,893	\$177,207	\$1,042,100

September 30, 2021 (Unaudited)			
	Revenue recognized over time	Revenue recognized at point in time	Total
(In thousands)			
Philippines			
Parent Company	\$175,141	\$–	\$175,141
PSi	12,835	–	12,835
China	182,780	–	182,780
Europe	233,339	146	233,485
Mexico	98,762	2,440	101,202
Germany/UK	60,076	161,790	221,866
USA/Japan/Singapore	–	45,661	45,661
Revenue from contracts with customers	\$762,933	\$210,037	\$972,970

The following table presents revenues from external customers based on customer's nationality:

	Sep 30, 2022 (Unaudited)	Sep 30, 2021 (Unaudited)
(In thousands)		
Europe	\$691,825	\$584,193
America	135,056	136,218
Japan	53,914	59,390
Asia/Others	161,305	193,169
	\$1,042,100	\$972,970

Revenues are attributed to countries on the basis of the customer's location. The current top customer accounts for 10% and 9% of the Group's total revenue for the nine-month period ended September 30, 2022 and 2021, respectively.

The following table presents revenues per market segment:

	Sep 30, 2022 (Unaudited)	Sep 30, 2021 (Unaudited)
(In thousands)		
Automotive	\$546,394	\$483,816
Industrial	352,665	305,001
Consumer	54,925	63,020
Telecom	31,683	37,727
Aerospace	26,433	38,438
Medical	17,620	21,649
Multiple markets / Others	12,380	23,319
	\$1,042,100	\$972,970

18. 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:

	Sep 30, 2022 (Unaudited)	Dec 31, 2021 (Audited)
	(In thousands)	
At beginning of period	\$28,458	\$32,661
Additions	531	8,682
Amortization expense	(6,888)	(10,876)
Loss on lease modifications	-	(358)
Cumulative translation adjustment	(2,210)	(1,651)
As end of period	<u>\$19,891</u>	<u>\$28,458</u>

Set out below are the carrying amounts of the Group's lease liabilities and the movements during the period:

	Sep 30, 2022 (Unaudited)	Dec 31, 2021 (Audited)
	(In thousands)	
At beginning of period	\$31,221	\$35,413
Additions	531	8,151
Interest expense on lease liabilities	758	1,350
Rental payments	(8,778)	(11,901)
Waived rentals	(57)	(350)
Gain on lease modifications	-	(199)
Cumulative translation adjustment	(3,072)	(1,243)
At end of period	<u>\$20,603</u>	<u>\$31,221</u>
Current	<u>\$3,472</u>	<u>\$8,418</u>
Noncurrent	<u>\$17,131</u>	<u>\$22,802</u>

The following are the amounts recognized in consolidated statements of income:

	Sep 30, 2022 (Unaudited)	Sep 30, 2021 (Unaudited)
	(In thousands)	
Amortization expense of right-of-use assets	\$6,888	\$8,008
Interest expense on lease liabilities	758	999
Expense related to short-term leases and low-value assets	782	2,218
	<u>\$8,428</u>	<u>\$11,225</u>

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.

19. 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 nine months period ended September 30, 2022 and 2021, the Group has not recorded any impairment on receivables relating to amounts owed by related parties. Impairment assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

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

a. Transactions with BPI, an affiliate

As of September 30, 2022 and December 31, 2021, the Group maintains current and savings accounts with BPI amounting to \$1.23 million and \$1.42 million, respectively.

Total interest income earned from investments with BPI amounted to \$2.8K and \$1.4K for the nine-month period ended September 30, 2022 and 2021, respectively.

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

	Receivables/Deposits		Payables	
	Sep 30, 2022 (Unaudited)	Dec 31, 2021 (Audited)	Sep 30, 2022 (Unaudited)	Dec 31, 2021 (Audited)
	(In thousands)			
KTM Asia Motorcycle Manufacturing Inc. (KAMMI)	\$2,419	\$414	\$-	\$-
Merlin Solar Technologies (Phils.) Inc. (MSTPI)	53	23	-	-
AC Industrials Technology Inc. (AC Industrials)	-	12	-	-
Innove Communication Inc. (ICI)	-	-	7	6
BPI	-	-	11	21
GTI	-	-	8	2
Ayala Legal (AG Legal)	-	-	-	20
	\$2,472	\$449	\$26	\$49

i. Transaction with MSTPI and KAMMI pertains to trade related receivables.

ii. Transaction with AC Industrials pertains to management fee on corporate and support services.

iii. Payables to BPI pertains to employee related transactions.

- iv. Payables to ICI pertain to billings for software and WiFi connections. These are due and demandable.
- c. Revenue/income and expenses from the Group's affiliates follow:

	Revenue/Income		Expenses	
	Sep 30, 2022 (Unaudited)	Sep 30, 2021 (Unaudited)	Sep 30, 2022 (Unaudited)	Sep 30, 2021 (Unaudited)
	(In thousands)			
KAMMI	\$3,591	\$1,957	\$-	\$-
MSTPI	103	776	-	-
AC Industrials	-	50	-	-
BPI	-	1	-	-
Technopark Land, Inc (TLI)	-	-	1,108	1,145
Laguna AAAWater Corp. (LAWC)	-	-	828	765
Innove Communication, Inc. (ICI)	-	-	268	164
GTI	-	-	97	130
AC	-	-	64	65
Ayala Group Legal (AG Legal)	-	-	54	90
BPI Asset Management and Trust Corporation	-	-	30	30
	\$3,694	\$2,784	\$2,449	\$2,389

Revenue/income from its affiliates pertains to the following transactions:

- i. Revenues from KAMMI and MSTPI pertain to subcontracting services related to registered activities.
- ii. Revenues from AC Industrials represents recoveries for the provision of corporate and support services.
- iii. Interest income earned from investments and gain on foreign currency forwards with BPI.

Expenses incurred from related party transactions include:

- i. Rental expense from the lease contract between the Parent Company and TLI.
- ii. Water allocation charged by LAWC
- iii. Billings for cellphone charges and WiFi connections with GTI.
- iv. Building rental, leased lines, internet connections and ATM connections with ICI.
- v. Administrative services charged by AC related to certain transactions.
- vi. Consultations on legal matters and assistance on regulatory and legal requirements from AG Legal.
- vii. Lease rental for staff house with BPI Asset Management and Trust Corporation.

- d. Revenue and expenses eliminated at the Group level follow:

- i. Intercompany revenues mainly pertain to billings of IMI USA, IMI Japan and Parent Company to IMI Singapore for recovery costs related to salaries and revenue from contracts with customers.

- ii. Expenses incurred from related party transactions include interest expense of PSi, IMI MX, STI and IMI CZ from loans granted by the Parent Company, IMI Singapore and STSN.

Guarantees and Commitments

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

20. 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, receivables, accounts payables and accrued expenses, with maturity of less than one year, 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 September 30, 2022 and December 31, 2021:

	Carrying Amounts		Fair Values	
	Sep 30, 2022	Dec 31, 2021	Sep 30, 2022	Dec 31, 2021
	(In thousands)			
Financial assets:				
Financial assets at FVOCI	\$1,624	\$1,365	\$1,624	\$1,365
Financial liabilities:				
Noncurrent portion of long-term debt	\$148,219	\$149,679	\$148,168	\$149,794

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 quoted prices.

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 2022 and 2021 ranged from 1.67% to 2.33%.

Fair Value Hierarchy

The following tables provide the fair value hierarchy of the Group's assets and liabilities:

	Jun 30, 2022			Total
	Fair Value Measurement Using			
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Assets measured at fair value:				
Financial assets at FVOCI	\$-	\$1,624	\$-	\$1,624
Liabilities for which fair values are disclosed:				
Long-term debt	\$-	\$-	\$148,219	\$148,219

	December 31, 2021			Total
	Fair Value Measurement Using			
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Assets measured at fair value:				
Financial assets at FVOCI	\$-	\$1,365	\$-	\$1,365
Liabilities for which fair values are disclosed:				
Long-term debt	\$-	\$-	\$149,679	\$149,679

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.

21. Financial Risk Management Objectives and Policies

The Group's principal financial instruments, composed of trust receipts and loans payable, long-term debt and other financial liabilities, were issued primarily to raise financing for the Group's operations. The Group has various financial instruments such as cash and cash equivalents, receivables and accounts payable and accrued expenses which arise directly from its operations.

The main purpose of the Group's financial instruments is to fund its operational and capital expenditures. The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, credit risk and foreign currency risk. The Group also enters into currency forwards to manage the currency risk arising from its operations and financial instruments.

The Group's risk management policies are summarized below:

Interest Rate Risk

The Group's exposure to market risk for changes in interest rates relates primarily to its long-term debt obligations with floating interest rates. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's income before income tax (through the impact on floating rate borrowings) for the years ended September 30, 2022 and 2021. There is no other impact on the Group's equity other than those already affecting income.

Increase/Decrease in Basis Points	Effect on Net Income before Tax	
	Sep 30, 2022 (Unaudited)	Sep 30, 2021 (Unaudited)
+100	(\$1,160)	(\$256)
-100	1,160	256

The following table shows the information about the Group's debt as of September 30, 2022 and 2021 that are exposed to interest rate risk presented by maturity profile:

	Sep 30, 2022 (Unaudited)	Sep 30, 2021 (Unaudited)
Within one year	\$5,000	\$34,080
One to five years	148,200	–
	\$153,200	\$34,080

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.

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's maximum exposure to credit risk as of September 30, 2022 and December 31, 2021 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 16% and 15% of trade receivables relating to three major customers as of September 30, 2022 and December 31, 2021, respectively.

As of September 30, 2022 and December 31, 2021, the aging analysis of trade receivables follows:

	Total	Neither past due nor impaired	Past due but not impaired				Specifically impaired	
			<30 days	30-60 days	60-90 days	90-120 days		>120 days
September 30, 2022 (Unaudited)	\$279,121	\$214,808	\$19,366	\$22,550	\$5,659	\$2,235	\$10,586	\$3,917
December 31, 2022 (Audited)	\$273,946	\$226,548	\$20,981	\$9,811	\$3,968	\$3,094	\$6,084	\$3,460

Foreign Currency Risk

The Group's foreign exchange risk results primarily from movements of the functional currency of each legal entity against other currencies. As a result of significant transactions denominated in RMB, PHP and EUR the consolidated statements of income can be affected significantly by movements in the USD versus these currencies. In 2021 and 2020, the Group entered into currency forward contracts to hedge its risks associated with foreign currency fluctuations.

The Group 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: (In Thousands)

Philippine Peso (₱)

	Sep 30, 2022 (Unaudited)		Dec 31, 2021 (Audited)	
	In USD	In PHP	In USD	In PHP
Cash and cash equivalents	\$1,073	₱62,933	\$2,181	₱111,226
Receivables	1,370	80,296	1,090	55,568
Miscellaneous deposits	617	36,147	743	37,885
Accounts payable and accrued expenses	(14,237)	(834,659)	(14,358)	(732,233)
Net retirement liabilities	(5,056)	(296,404)	(7,849)	(400,286)
Net foreign currency-denominated liabilities	(\$16,233)	(₱951,687)	(\$18,193)	(₱927,840)

Euro (€)

	Sep 30, 2022 (Unaudited)		Dec 31, 2021 (Audited)	
	In USD	In EUR	In USD	In EUR
Cash and cash equivalents	\$6,955	€7,066	\$3,112	€2,753
Receivables	8,866	9,007	11,283	9,980
Accounts payable and accrued expenses	(15,488)	(15,735)	(16,689)	(14,762)
Net foreign currency-denominated assets	\$333	€338	(\$2,294)	(€2,029)

Renminbi (RMB)

	Sep 30, 2022 (Unaudited)		Dec 31, 2021 (Audited)	
	In USD	In RMB	In USD	In RMB
Cash and cash equivalents	\$820	RMB5,826	\$1,431	RMB 9,123
Receivables	19,624	139,330	26,591	169,529
Accounts payable and accrued expenses	(18,367)	(130,401)	(22,222)	(141,677)
Net foreign currency-denominated assets	\$2,077	RMB14,755	\$5,800	RMB 36,975

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 September 30, 2022 and December 31, 2021 follows:

	Sep 30, 2022 (Unaudited)			
	In USD	In EUR*	In RMB*	In GBP*
Cash and cash equivalents	\$49,234	€47,961	RMB5,909	£1,067
Receivables	35,933	27,255	39,279	3,195
Accounts payable and accrued expenses	(45,673)	(19,120)	(136,612)	(6,805)
Net foreign currency-denominated assets	\$39,494	€56,096	(RMB91,424)	(£2,543)

*The USD-denominated monetary assets and liabilities are translated using EUR01.016 for \$1, RMB7.0998 for \$1 and GBP0.89413 for \$1.

	December 31, 2021 (Audited)			
	In USD	In EUR*	In RMB*	In GBP*
Cash and cash equivalents	\$55,571	€47,860	RMB 2,183	£832
Receivables	32,140	16,215	40,804	5,485
Accounts payable and accrued expenses	(52,861)	(16,776)	(169,237)	(5,442)
Net foreign currency-denominated assets	\$34,850	€47,299	(RMB 126,250)	£875

*The USD-denominated monetary assets and liabilities are translated using EUR0.88456 for \$1, RMB6.3757 for \$1 and GBP0.74036 for \$1.

Sensitivity Analysis

The following tables demonstrate sensitivity to a reasonably possible change in the USD exchange rate, with all other variables held constant, of the Group's income before income tax (due to changes in the fair value of monetary assets and liabilities) as of September 30, 2021 and December 31, 2020. The reasonably possible change was computed based on one year average historical movement of exchange rates between the USD and other currencies.

There is no other impact on the Group's equity other than those already affecting income. The increase in USD rate as against other currencies demonstrates weaker functional currency while the decrease represents stronger USD value.

Currency	Increase/Decrease in USD Rate	Effect on Net Income before Tax	
		Sep 30, 2022 (Unaudited)	Sep 30, 2021 (Unaudited)
PHP	+1%	\$161	\$243
	-1%	(161)	(243)
EUR	+1%	(5)	(6)
	-1%	5	6
RMB	+1%	(11)	(10)
	1%	11	10

22. Contingencies

The Group has various contingent liabilities arising in the ordinary conduct of business which are either pending decision by the courts or being contested. The outcome of these cases is not presently determinable.

The Group's expanding global activities, while continuing to present a myriad of growth opportunities, also tend to increase its exposure to potential disputes with customers and suppliers. Such exposure could, in turn, directly or indirectly, affect the Group's ability to realize its short and long-term target revenues and operating margins from its services as well as adversely impact its net assets, financial position and results of operations.

In the opinion of management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Group's financial position and results of operations. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the ground that it can be expected to prejudice the outcome of these lawsuits, claims and assessments.

23. Notes to Consolidated Statement of Cash Flows

The following table shows the reconciliation of liabilities arising from financing activities:

	Cash Flows			Non-cash changes						Sep 30, 2022 (Unaudited)
	Dec 31, 2021 (Audited)	Availment	Settlement/ Repayment	Reclass	Addition	Declaration	Accretion of interest expense	Waved Rentals	Foreign currency translation	
Loans and trust receipts payable	\$165,772	\$40,083	(\$14,300)	\$-	\$-	\$-	\$-	\$-	(\$6,310)	\$185,245
Current portion of long-term debt	1,805	-	(1,547)	2,848	-	-	-	-	(312)	2,794
Long-term debt	149,679	2,644	(1,033)	(2,848)	-	-	-	-	(223)	148,219
Lease liabilities	31,221	-	(8,778)	-	531	-	758	(57)	(3,072)	20,603
Other noncurrent liabilities	5,047	1,690	-	-	-	-	-	-	(2,499)	4,238
	\$353,524	\$44,417	(\$25,658)	\$-	\$531	\$-	\$758	(\$57)	(\$12,416)	\$361,099

Most of the loans are from existing revolving credit lines.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

	For the nine months ended 30 September	
	2022	2021
	<i>(in US\$ thousands, except Basic EPS)</i>	
Revenues from Sales and Services	\$1,042,100	\$972,970
Cost of Goods Sold and Services	965,021	904,768
Gross Profit	77,079	68,202
Net Income (Loss) Attributable to Equity Holders of the Parent Company	(4,708)	(5,322)
EBITDA ⁱ	42,233	38,715
Basic Earnings per Share (EPS)	(\$0.0021)	(\$0.0024)

Revenues from Sales and Services

The Company generated revenues of US\$1.04 billion for the first nine months of 2022, a seven percent growth compared to the same period last year. Revenues for the quarter were at US\$351 million, an 8 percent improvement versus the same period last year.

Revenue growth is being driven by the automotive and industrial segments, improving 13% and 16% respectively in the first nine months of 2022 compared to last year. The company remains focused on the successful ramp-up of recent key wins in the electric vehicle space that are expected to help drive the company's growth moving forward

Gross Profit and Gross Profit Margin

IMI has executed various cost recovery programs that aim to recoup lost profits due to the increased raw material cost from the extended component shortage of the past two years. Despite continuing challenges from the weak Euro and Renminbi, and inflationary pressure in labor and energy markets, the Company ushered improvements in financial performance with a gross profit of US\$28.5 million for an 8.1% margin, an improvement compared to the 7.1% margin in the first half of 2022.

Net Income Attributable to Parent

The company reported for the first nine months of 2022 a net loss of (US\$4.7) million versus last year's loss of (US\$5.3) million. Although challenges in supply chain headwinds have only begun to improve, price adjustment and operating efficiency initiatives by the company have shown better

ⁱ EBITDA = EBITDA represents income before income tax after adding back depreciation and amortization, interest expense and other non-recurring items. EBITDA and EBITDA Margin are not measures of performance under PFRS and investors should not consider EBITDA, EBITDA Margin or EBIT in isolation or as alternatives to net income as an indicator of our operating performance or to cash flows, or any other measure of performance under PFRS. Because there are various EBITDA calculation methods, our presentation of these measures may not be comparable to similarly titled measures used by other companies.

operating results, ending the quarter with a group net income of US\$806 thousand, with wholly-owned subsidiaries achieving US\$ 3.8 million of net income in Q3. VIA Optronics and STI Limited margins, on the other hand, have improved against the previous quarters at a slower pace as they continue to face challenging competitive landscapes; these non-wholly-owned subsidiaries ended the quarter with a combined net loss of US\$ 3 million.

EBITDA

EBITDA higher by US\$3.5 million or 9% versus last year due to lower operating losses and higher foreign exchange gain.

Financial Condition

We remain resolutely committed to our disciplined approach to capital allocation and to maintaining a robust balance sheet. As of Q3 2022, current ratio stood at 1.51:1 and debt-to-equity ratio was 0.86:1.

We continue to manage our capital expenditures and focus our investments on significant expansion programs. Capital expenditures amounted to \$15.9 million in the last nine months of 2022 versus \$24.3 million in the same period last year. For the full year of 2022, the Company expects to spend ~\$25 million on capital expenditures for existing operations and new expansion projects that are expected to ramp up next year.

Key Performance Indicators of the Company

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

Performance indicators	As of end	
	Sep 30, 2022	Dec 31, 2021
Liquidity:		
Current ratio ^a	1.51x	1.59x
Solvency:		
Debt-to-equity ratio ^b	0.86x	0.69x
	For the nine months ended 30 Sep	
	2022	2021
Operating efficiency:		
Revenue growth ^c	7%	23%
Profitability:		
Gross profit margin ^d	7.4%	7.0%
Net income margin ^e	-0.5%	-0.5%
Return on equity ^f	-1.2%	-1.2%
Return on assets ^h	-0.4%	-0.5%
ⁱⁱ EBITDA margin	4.1%	4.0%

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

^a Current assets/current liabilities

^b Bank debts/Equity attributable to equity holders of the Parent Company

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

^d Gross profit/Revenues

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

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

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

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

In the above:

- (i) The risk of effects of further and extended period of pandemic and impact of component shortage and geopolitical issues after the reporting period may cause uncertainties that may impact the Company's liquidity. The Company is continuously monitoring its liquidity and solvency position.
- (ii) There were no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
- (iii) Likewise, there were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.
- (iv) The effects of further and extended period of pandemic and impact of component shortage and geopolitical issues after the reporting period may pose risks and unfavorable impact to the Company but will not materially affect the Company's ability to continue as going concern.
- (v) There were no significant elements of income or loss that did not arise from continuing operations.
- (vi) There are no seasonal aspects that may have a material effect on the financial condition of the Company.

Causes for any material changes

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

Income Statement Items

(Nine months ended 30 September 2022 versus 30 September 2021)

7% increase in Revenues (\$973.0M to \$1,042.1M)

Driven by recovery of demand in automotive and industrial segment.

7% increase in Cost of Goods Sold and Services (\$904.8M to \$965.0M)

Relevant to the increase in revenues and increase in cost of direct materials and logistics due to material component shortage, increasing labor costs and utilities.

7% increase in Operating Expenses (\$76.2M to \$81.4M)

Mainly due to increase in people related expenses, utilities and provisions on inventory allowances.

47% increase in Interest and bank charges (\$7.3M to \$10.8M)

Due to higher balance of loans and interest rates during the year compared to last year.

225% increase in Foreign exchange gains (\$2.0M to \$6.7M)

Driven by appreciation of USD against EUR and GBP on USD net asset position for EUR and GBP functional currency entities. Weakening of PHP against USD is also beneficial in relation to the company's PHP liabilities.

66% decrease in Miscellaneous income (\$6.0M to \$2.0M)

Mainly due to reversal of asset impairment last year.

30% decrease in Provision for Tax (\$5.5M to \$3.8M)

Decrease was due to lower taxable income from Europe sites.

Balance Sheet items

(30 September 2022 versus 31 December 2021)

11% increase in Inventories and Contract Assets (\$291.1M to \$324.4M)

Inventory buildup due to accumulation of customer backlog and component issues.

15% decrease in Property, plant and equipment (\$162.0M to \$137.1M)

Decrease mainly due to depreciation.

11% decrease in Goodwill (\$145.4M to \$129.2M)

Decrease mainly due to depreciation of Euro and GBP currency.

28% decrease in Intangible assets (\$10.9M to \$7.9M)

Decrease mainly due to amortization.

30% decrease in Right-of-use assets (\$28.5 to \$19.9M)

Decrease mainly due to amortization.

15% decrease in Other non-current assets (\$19.8 to \$16.8M)

Decrease mainly due to amortization of customer deferred charges.

8% decrease in Contract liabilities (\$4.7M to \$4.4M)

Decrease in advance payments received to render manufacturing services.

12% increase in Trust receipts and loans payable (\$165.8M to \$185.2M)

Availment of additional short-term loans for working capital purposes.

59% decrease in Current portion of Lease liabilities (\$8.4M to \$3.5M)

Payments of lease liabilities.

55% increase in Current portion of Long-term debt (\$1.8M to \$2.8M)

Reclass from long-term.

25% decrease in Noncurrent portion of Lease liabilities (\$22.8M to \$17.1M)

Payments of lease liabilities.

239% decrease in cumulative translation adjustments (-\$19.9M to -\$67.3M)

Arising from translation of management accounts in Europe denominated in their respective local currencies to the Parent Company's functional currency. The significant movement is due to depreciation of EUR against USD from 1.13 to 0.98 and GBP against USD from 1.35 to 1.12.

EXHIBIT 1
FINANCIAL RATIOS
For the Period Ended September 30, 2022 and 2021 and December 31, 2021

Ratios	Formula	Sep 30, 2022	Sep 30, 2021	Dec 31, 2021
(i) Current ratio	Current assets / Current Liabilities	1.51	1.65	1.59
(ii) Quick / Acid ratio	Current assets less inventories, contract assets and other current assets/Current liabilities	0.82	0.98	0.93
(iii) Solvency ratio	Total Assets / Total Liabilities	1.58	1.75	1.70
(iv) Debt ratio	Total Debt / Total Assets	0.31	0.27	0.28
(v) Debt-to-Equity ratio	Bank debts (loans and trust receipts payable and long-term debt) / Total Equity	0.86	0.63	0.69
(vi) Assets-to-Equity ratio	Total Assets / Total Equity	2.72	2.33	2.43
(vii) Interest rate coverage ratio	Earnings before interest and taxes / Interest Expense	0.41	0.01	
(viii) Profitability ratios				
GP margin	Gross Profit / Revenues	7.4%	7.0%	
Net profit margin	Net Income after Tax / Revenues	-0.5%	-0.5%	
EBITDA margin	EBITDA / Revenues	4.1%	4.0%	
Return on assets	Net Income after Tax / Total Asset	-0.4%	-0.5%	
Return on equity	Net Income after Tax / Average equity attributable to parent	-1.2%	-1.2%	

	(in US\$'000)		
	Sep 30, 2022	Sep 30, 2021	Dec 31, 2021
Current Assets	751,842	742,412	752,325
Current Liabilities	497,479	450,888	472,564
Total Assets	1,067,855	1,118,264	1,123,175
Bank Debts	336,258	303,270	317,256
Total Liabilities	675,919	638,492	661,461
Total Equity	391,936	479,772	461,713
Average equity Attributable to parent	378,802	435,771	415,122
Revenues	1,042,100	972,970	
Gross Profit	77,079	68,202	
Net income attributable to equity holders of the parent	(4,708)	(5,322)	
Earnings before interest and taxes	4,408	96	
Interest expense	10,824	7,343	
EBITDA	42,233	38,715	

PART II--OTHER INFORMATION

1. At the Regular Annual Stockholders' meeting held on April 22, 2022 the stockholders considered and approved the following:

- Election of the following Board of Directors for the ensuing year:

Jaime Augusto Zobel de Ayala (Chairman of the Board)*/**

Fernando Zobel de Ayala*

Delfin L. Lazaro (**Chairman of the Board**)**

Arthur R. Tan (Vice Chairman of the Board)

Jerome S. Tan

Alberto M. de Larrazabal

Rafael C. Romualdez

Jose Ignacio A. Carlos

Jaime Z. Urquijo*

Roland Joseph L. Duchâtelet*

Sherisa P. Nuesa (Independent Director)

Edgar O. Chua (Independent Director)

Hiroshi Nishimura (Independent Director)

**As a result of regular Board Meeting held last October 21, 2022, the Board of Directors accepted the resignations of Mr. Jaime Augusto Zobel de Ayala and Mr. Fernando Zobel de Ayala. Upon the endorsement of our Corporate Governance and Nomination Committee ("CGN Committee"), the remaining members of our Board, still constituting a quorum, elected Mr. Jaime Z. Urquijo vice Mr. Fernando Zobel de Ayala, and Mr. Roland Joseph L. Duchâtelet vice Mr. Jaime Augusto Zobel de Ayala.*

***Also in the same meeting, our Board considered and approved the appointment of Mr. Delfin L. Lazaro as the Chairman of the Board vice Mr. Jaime Augusto Zobel de Ayala as endorsed by our CGN Committee. Mr. Jaime Augusto Zobel de Ayala will remain involved in overseeing IMI's strategy, vision and growth in his capacity as Chairman of AC Industrial Technology Holdings, IMI's parent company, and Ayala Corporation.*

- Appointment of Sycip, Gorres, Velayo & Co. as the external auditors of the Company for the ensuing year.
2. In the Organizational meeting held immediately after the Regular Annual Stockholders' meeting, the Board of Directors elected the following:

- Chairpersons and the Member of the Board Committees:

Executive Committee

Arthur R. Tan - Chairman

Rafael Ma. C. Romualdez – Member

Alberto M. de Larrazabal – Member

Audit and Risk Committee

Edgar O. Chua – Chairman (Independent Director)

Rafael C. Romualdez - Member

Hiroshi Nishimura – Member (Independent Director)

Corporate Governance and Nomination Committee

Sherisa P. Nuesa – Chairman (Independent Director)

Hiroshi Nishimura – Member (Independent Director)

Edgar O. Chua – Member (Independent Director)

Personnel and Compensation Committee

Sherisa P. Nuesa – Chairman (Independent Director)

Alberto M. de Larrazabal – Member

Jose Ignacio A. Carlos – Member

Finance Committee

Delfin L. Lazaro – Chairman

Alberto M. de Larrazabal – Member

Rafael C. Romualdez – Member

Proxy Validation Committee

Solomon M. Hermosura – Chairman

Laurice S. Dela Cruz – Member

Neilson C. Esguerra – Member

Related Party Transaction Committee

Hiroshi Nishimura – Chairman (Independent Director)

Rafael C. Romualdez – Member

Edgar O. Chua – Member (Independent Director)

Alberto M. de Larrazabal – Member

- Mr. Edgar O. Chua as our lead independent director;
- Mr. Jamie Augusto Zobel de Ayala as Chairman of the Board; and
- The officers under our By-Laws and Manual of Corporate Governance:

Arthur R. Tan	- Chief Executive Officer
Jerome S. Tan	- President
Laurice S. Dela Cruz	- Chief Finance Officer and Compliance Officer
Eric De Candido	- Chief Operations Officer
Mary Ann S. Natividad	- Chief Commercial Officer
Anthony Raymond P. Rodriguez	- Treasurer, Head of Treasury and Credit
Rosalyn O. Tesoro	- Chief Information Officer and Data Protection Officer
Solomon M. Hermosura	- Corporate Secretary
Rosario Carmela G. Austria	- Assistant Corporate Secretary

SIGNATURES

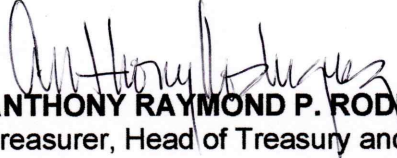
Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Registrant **INTEGRATED MICRO-ELECTRONICS, INC.**

By:


LAURICE S. DELA CRUZ
Chief Finance Officer
and Compliance Officer

Date: November 10, 2022


ANTHONY RAYMOND P. RODRIGUEZ
Treasurer, Head of Treasury and Credit

Date: November 10, 2022