

COVER SHEET

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(Company's Full Name)

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| 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

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Month Day
Fiscal Year

SEC Form 17-Q

FORM TYPE

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Month Day
Annual Meeting

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Secondary License Type, if Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. Of Stockholders

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

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Foreign

Total Amount of Borrowings

To be accomplished by SEC Personnel concerned

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File Number

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Document I.D.

_____ Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes



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 2023 in Makati City.

Signature of Laurice S. Dela Cruz
LAURICE S. DELA CRUZ
Chief Finance Officer
& Compliance Officer

Signature of Anthony Raymond P. Rodriguez
ANTHONY RAYMOND P. RODRIGUEZ
Treasurer, Head of Treasury and Credit

SUBSCRIBED AND SWORN to before me this NOV 10 2023 in Makati City, affiants exhibited to me, as competent evidence of their identities, to wit:

Table with 3 columns: Name, Competent Evidence of Identity, Date /Place of issue. Rows include Laurice S. Dela Cruz and Anthony Raymond P. Rodriguez.

Doc. No. 237;
Page No. 49;
Book No. LIII;
Series of 2023.



ROBERTO T. ONGSIAKO
Notary Public - Makati City
Appt. No. M-056 until December 31, 2024
Roll of Attorneys No. 37041
Lifetime IBP No. 02163 - RSM Chapter
PTR No. 9566339MM - 01/03/2023 - Makati City
MCLE Compliance No. VIII-0000591 - 09/30/2022
4th Floor Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines

Notarial DST pursuant to Sec. 61 of the TRAIN Act (amending Sec. 188 of the NIRC) 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, 2023**
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, 2023.

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, 2023

(With Comparative Audited Figures as of December 31, 2022)

(In thousands)

| | Sep 30, 2023 (Unaudited) | Dec 31, 2022 (Audited) |
|----------------------------------------------|-----------------------------|---------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents (Note 4) | \$100,934 | \$115,825 |
| Short-term investments (Note 4) | 12,685 | 8,500 |
| Receivables – net (Note 5) | 290,615 | 291,640 |
| Contract assets (Note 6) | 67,345 | 67,138 |
| Inventories (Note 7) | 279,676 | 268,497 |
| Other current assets (Note 8) | 28,160 | 25,246 |
| Total Current Assets | 779,415 | 776,846 |
| Noncurrent Assets | | |
| Property, plant and equipment - net (Note 9) | 138,538 | 146,109 |
| Goodwill (Note 17) | 83,840 | 136,248 |
| Intangible assets - net (Note 10) | 4,298 | 5,125 |
| Right-of-use assets (Note 18) | 20,703 | 19,266 |
| Deferred tax assets | 3,278 | 2,149 |
| Financial assets at FVOCI | 2,254 | 1,829 |
| Other noncurrent assets (Note 11) | 16,739 | 16,312 |
| Total Noncurrent Assets | 269,650 | 327,038 |
| | \$1,049,065 | \$1,103,884 |

LIABILITIES AND EQUITY

Current Liabilities

| | | |
|-------------------------------------------------|-----------|-----------|
| Accounts payable and accrued expenses (Note 12) | \$312,345 | \$301,774 |
| Contract liabilities (Note 6) | 5,734 | 7,407 |
| Loans payable (Note 13) | 218,767 | 192,660 |
| Current portion of long-term debt (Note 14) | 6,313 | 3,048 |
| Current portion of lease liabilities (Note 18) | 6,922 | 7,068 |
| Income tax payable | 3,395 | 1,781 |
| Other current liabilities | 1,036 | 1,035 |
| Total Current Liabilities | 554,512 | 514,773 |

Noncurrent Liabilities

| | | |
|------------------------------|---------|---------|
| Noncurrent portion of: | | |
| Long-term debt (Note 14) | 139,200 | 147,365 |
| Lease liabilities (Note 18) | 14,635 | 12,870 |
| Net retirement liabilities | 5,658 | 7,013 |
| Deferred tax liabilities | 1,091 | 1,106 |
| Other noncurrent liabilities | 5,702 | 5,474 |
| Total Noncurrent Liabilities | 166,286 | 173,828 |
| Total Liabilities | 720,798 | 688,601 |

(Forward)

| | Sep 30, 2023 (Unaudited) | Dec 31, 2022 (Audited) |
|--------------------------------------------------------------------------------------|-----------------------------|---------------------------|
| EQUITY (Note 15) | | |
| Equity Attributable to Equity Holders of the Parent Company | | |
| Capital stock - common | \$42,720 | \$42,719 |
| Subscribed capital stock | 690 | 692 |
| Additional paid-in capital | 193,778 | 193,797 |
| Subscriptions receivable | (2,578) | (2,620) |
| Unappropriated retained earnings | 109,539 | 194,803 |
| Treasury stock | (1,013) | (1,013) |
| Other components of equity | 487 | 33 |
| Cumulative translation adjustment | (43,125) | (43,668) |
| Remeasurement losses on defined benefit plans | (7,434) | (7,434) |
| | 293,064 | 377,309 |
| Equity Attributable to Non-controlling Interests in Consolidated Subsidiaries | | |
| | 35,203 | 37,974 |
| Total Equity | 328,267 | 415,283 |
| | \$1,049,065 | \$1,103,884 |

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(In thousands, except Earnings per Share)

| | 2023 (Unaudited) | | 2022 (Unaudited) | |
|---------------------------------------------------------|------------------|--------------------|------------------|-------------|
| | Jul to Sep | Jan to Sep | Jul to Sep | Jan to Sep |
| REVENUES FROM CONTRACTS WITH CUSTOMERS (Note 17) | \$340,751 | \$1,032,644 | \$351,243 | \$1,042,100 |
| COST OF SALES | 311,948 | 941,429 | 322,772 | 965,021 |
| GROSS PROFIT | 28,803 | 91,215 | 28,471 | 77,079 |
| OPERATING EXPENSES | (29,739) | (81,160) | (25,718) | (81,380) |
| OTHERS - Net | | | | |
| Interest and bank charges | (5,479) | (15,381) | (4,352) | (10,824) |
| Foreign exchange gains/(losses) | 1,920 | 147 | 1,768 | 6,695 |
| Interest income | 1,148 | 1,415 | 105 | 294 |
| Miscellaneous income (losses) – net (Note 24) | 524 | (82,413) | 873 | 2,015 |
| INCOME (LOSS) BEFORE INCOME TAX | (2,823) | (86,177) | 1,147 | (6,121) |
| PROVISION FOR INCOME TAX | 147 | (2,681) | (1,300) | (3,847) |
| NET LOSS | (\$2,676) | (\$88,858) | (\$153) | (\$9,968) |
| Net Loss Attributable to: | | | | |
| Equity holders of the Parent Company | (\$1,602) | (\$85,264) | \$806 | (\$4,708) |
| Non-controlling interests | (1,074) | (3,594) | (959) | (5,260) |
| | (\$2,676) | (\$88,858) | (\$153) | (\$9,968) |
| Loss Per Share: | | | | |
| Basic and diluted (Note 17) | | (\$0.0386) | | (\$0.0021) |

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(In thousands)

| | 2023 (Unaudited) | | 2022 (Unaudited) | |
|------------------------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | Jul to Sep | Jan to Sep | Jul to Sep | Jan to Sep |
| NET LOSS FOR THE PERIOD | (\$2,676) | (\$88,858) | (\$153) | (\$9,968) |
| 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 | (13,031) | 1,366 | (24,473) | (60,319) |
| <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 | 251 | 454 | 173 | 465 |
| | (12,780) | 1,820 | (24,300) | (59,854) |
| TOTAL COMPREHENSIVE LOSS FOR THE PERIOD | (\$15,456) | (\$87,038) | (\$24,453) | (\$69,822) |
| Total Comprehensive Loss Attributable to: | | | | |
| Equity holders of the Parent Company | (\$10,224) | (\$84,267) | (\$19,250) | (\$51,639) |
| Non-controlling interests | (5,232) | (2,771) | (5,203) | (18,183) |
| | (\$15,456) | (\$87,038) | (\$24,453) | (\$69,822) |

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(In thousands)

| | Attributable to Equity Holders of the Parent Company | | | | | | | | | | | | |
|-----------------------------------|------------------------------------------------------|--------------------------|----------------------------|--------------------------|-------------------|----------------|-----------------------------------|---------------------------------------------|-----------------------------------------------|-----------|------------------------------------------------------|-----------------------------------------------------|-------|
| | Capital Stock-Common | Subscribed Capital Stock | Additional Paid-in Capital | Subscriptions Receivable | Retained Earnings | Treasury Stock | Other Comprehensive Income (Loss) | | | | Attributable to Equity Holders of the Parent Company | Attributable to Non-controlling Interests (Note 15) | Total |
| | | | | | | | Other Components of Equity | Cumulative Translation Adjustment (Note 15) | Remeasurement losses on defined benefit plans | | | | |
| Balances at January 1, 2023 | \$42,719 | \$692 | \$193,797 | (\$2,620) | \$194,803 | (\$1,013) | \$33 | (\$43,668) | (\$7,434) | \$377,309 | \$37,974 | \$415,283 | |
| Issued shares during the year | 1 | (1) | - | - | - | - | - | - | - | - | - | - | |
| Collection from subscriptions | - | - | - | 22 | - | - | - | - | - | 22 | - | 22 | |
| Forfeitures during the year | - | (1) | (19) | 21 | - | - | - | - | - | - | - | - | |
| | 42,720 | 690 | 193,778 | (2,577) | 194,803 | (1,013) | 33 | (43,668) | (7,434) | 377,331 | 37,974 | 415,305 | |
| Net loss | - | - | - | - | (85,264) | - | - | - | - | (85,264) | (3,594) | (88,858) | |
| Other comprehensive income | - | - | - | - | - | - | 454 | 543 | - | 997 | 823 | 1,820 | |
| Total comprehensive income (loss) | - | - | - | - | (85,264) | - | 454 | 543 | - | (84,267) | (2,771) | (87,038) | |
| Balances at September 30, 2023 | \$42,720 | \$690 | \$193,778 | (\$2,577) | \$109,539 | (\$1,013) | \$487 | (\$43,125) | (\$7,434) | \$293,064 | \$35,203 | \$328,267 | |

| | Attributable to Equity Holders of the Parent Company | | | | | | | | | | | | |
|-----------------------------------|------------------------------------------------------|--------------------------|----------------------------|--------------------------|-------------------|----------------|-----------------------------------|---------------------------------------------|-----------------------------------------------|-----------|------------------------------------------------------|-------------------------------------------|-------|
| | Capital Stock-Common | Subscribed Capital Stock | Additional Paid-in Capital | Subscriptions Receivable | Retained Earnings | Treasury Stock | Other Comprehensive Income (Loss) | | | | Attributable to Equity Holders of the Parent Company | Attributable to Non-controlling Interests | Total |
| | | | | | | | Other Components of Equity | Cumulative Translation Adjustment (Note 15) | Remeasurement losses on defined benefit plans | | | | |
| 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

| | Capital Stock- Common | Subscribed Capital Stock | Additional Paid-in Capital | Subscriptions Receivable | Retained Earnings | Treasury Stock | Other Comprehensive Income (Loss) | | | Attributable to Equity Holders of the Parent Company | Attributable to Non-controlling Interests (Note 15) | Total |
|--------------------------------------|--------------------------|--------------------------------|----------------------------------|-----------------------------|----------------------|-------------------|-----------------------------------|------------------------------------------------------|--------------------------------------------------------|---------------------------------------------------------------|--------------------------------------------------------------|------------------|
| | | | | | | | Other Components of Equity | Cumulative Translation Adjustment (Note 15) | Remeasurement losses on defined benefit plans | | | |
| Balances at January 1, 2022 | \$42,705 | \$709 | \$193,831 | (\$2,702) | \$201,560 | (\$1,013) | (\$555) | (\$19,865) | (\$10,072) | \$404,598 | \$57,114 | \$461,712 |
| Issued shares during the year | 14 | (14) | - | - | - | - | - | - | - | - | - | - |
| Collection from subscriptions | - | - | - | 45 | - | - | - | - | - | 45 | - | 45 |
| Forfeitures during the year | - | (3) | (34) | 37 | - | - | - | - | - | - | - | - |
| | <u>42,719</u> | <u>\$692</u> | <u>193,797</u> | <u>(2,620)</u> | <u>201,560</u> | <u>(1,013)</u> | <u>(555)</u> | <u>(19,865)</u> | <u>(10,072)</u> | <u>404,643</u> | <u>57,114</u> | <u>461,757</u> |
| Net loss | - | - | - | - | (6,757) | - | - | - | - | (6,757) | (8,605) | (15,362) |
| Other comprehensive income (loss) | - | - | - | - | - | - | 588 | (23,803) | 2,638 | (20,577) | (10,535) | (31,112) |
| Total comprehensive income (loss) | - | - | - | - | (6,757) | - | 588 | (23,803) | 2,638 | (27,334) | (19,140) | (46,474) |
| Balances at December 31, 2022 | \$42,719 | \$692 | \$193,797 | (\$2,620) | \$194,803 | (\$1,013) | \$33 | (\$43,668) | (\$7,434) | \$377,309 | \$37,974 | \$415,283 |

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

| | Nine months ended September 30 | |
|---------------------------------------------------------------------|---------------------------------------|---------------------|
| | 2023 (Unaudited) | 2022 (Unaudited) |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss before income tax | (\$86,177) | (\$6,121) |
| Adjustments for: | | |
| Impairment loss on: | | |
| Goodwill (Notes 17 and 24) | 54,791 | - |
| Inventories (Notes 7 and 24) | 14,211 | - |
| Accounts receivable (Notes 5 and 24) | 8,765 | - |
| Property, plant and equipment (Notes 9 and 24) | 5,521 | - |
| Depreciation of property, plant and equipment (Note 9) | 18,939 | 28,944 |
| Interest expense | 15,051 | 10,505 |
| Amortization of right-of-use assets (Note 18) | 5,967 | 6,888 |
| Amortization of intangible assets (Note 10) | 1,873 | 3,713 |
| Unrealized foreign exchange losses (gains) | 526 | (12,505) |
| Loss on lease modifications | 127 | - |
| Gain on insurance claims | (11) | (408) |
| Gain on sale of property, plant and equipment (Note 9) | (50) | (191) |
| Interest income | (1,415) | (294) |
| Mark-to-market gain on derivatives | - | 43 |
| Operating income before working capital changes | 38,118 | 30,574 |
| Changes in operating assets and liabilities: | | |
| Decrease (increase) in: | | |
| Loans and receivables | (7,838) | (19,583) |
| Inventories | (26,637) | (38,598) |
| Other current assets | (2,827) | (1,068) |
| Contract asset | (225) | (8,337) |
| Increase (decrease) in: | | |
| Accounts payable and accrued expenses | 12,003 | 5,136 |
| Contract liabilities | (1,764) | (68) |
| Retirement liabilities | (1,349) | (2,550) |
| Net cash provided by (used in) operations | 9,481 | (34,494) |
| Income tax paid | (1,373) | (10,000) |
| Interest paid | (14,504) | (4,226) |
| Interest received | 1,416 | 294 |
| Net cash used in operating activities | (4,980) | (48,426) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of: | | |
| Property, plant and equipment (Note 9) | (18,378) | (15,463) |
| Intangible assets (Note 10) | (217) | (480) |
| Proceeds from sale of property, plant and equipment | 1,120 | 559 |
| Decrease in other noncurrent assets | (755) | (970) |
| Net cash used in investing activities | (18,230) | (16,354) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Payment of loans | (5,798) | (16,880) |
| Availment of loans | 27,080 | 42,727 |
| Payments of lease liabilities | (7,310) | (8,778) |
| Refund on subscriptions | 22 | 45 |
| Increase in other noncurrent liabilities | 369 | 1,690 |
| Net cash provided by financing activities | 14,363 | 18,804 |
| NET FOREIGN EXCHANGE DIFFERENCE IN CASH AND CASH EQUIVALENTS | (1,857) | 10,356 |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (10,704) | (35,620) |
| CASH AND CASH EQUIVALENTS AT JANUARY 1 | 124,324 | 159,788 |
| CASH AND CASH EQUIVALENTS AT SEPTEMBER 30 | \$113,620 | \$124,168 |

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 6, 2023.

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 |
|-------------------------------------------------------------|-------------------------|---------|--------------------------|----------------------------|
| | 2023 | 2022 | | |
| IMI International (Singapore) Pte. Ltd. | 100.00% | 100.00% | Singapore | United States Dollar (USD) |
| IMI International ROHQ ^c | 100.00% | 100.00% | Philippines | USD |
| Speedy-Tech Electronics Ltd. (STEL) Group | 100.00% | 100.00% | Singapore | USD |
| IMI (Chengdu) Ltd. (IMICD) | 100.00% | 100.00% | China | Renminbi (RMB) |
| IMI Technology (Shenzhen) Co. Ltd. (IMI SZ) | 100.00% | 100.00% | China | USD |
| IMI Smart Technology (Shenzhen) Co. Ltd. | 100.00% | 100.00% | China | RMB |
| IMI Innovative Technology (Shenzhen) Co., Ltd. ^a | 100.00% | 100.00% | China | RMB |
| Speedy-Tech Electronics (HK) Limited (STHK) | 100.00% | 100.00% | Hong Kong | USD |
| Speedy-Tech Electronics (Jiaxing) Co., Ltd. (STJX) | 100.00% | 100.00% | China | RMB |
| Speedy-Tech (Philippines), Inc. (STPH) ^c | 100.00% | 100.00% | Philippines | USD |
| Cooperatief IMI Europe U.A. | 100.00% | 100.00% | Netherlands | Euro (EUR) |
| Integrated Micro-Electronics Bulgaria EOOD | 100.00% | 100.00% | Bulgaria | EUR |
| Microenergia EOOD (Microenergia) | 100.00% | 100.00% | Bulgaria | Bulgarian Lev (BGN) |

(Forward)

| | | | | |
|--------------------------------------------------------|---------|---------|----------------|------------------------|
| Integrated Micro-Electronics d.o.o. Niš (IMI Serbia) | 100.00% | 100.00% | Serbia | Serbian Dinar (RSD) |
| Integrated Micro-Electronics Czech Republic s.r.o. | 100.00% | 100.00% | Czech Republic | EUR |
| Integrated Micro-Electronics Mexico, S.A.P.I. de C.V. | 100.00% | 100.00% | Mexico | USD |
| IMI France SAS (IMI France) | 100.00% | 100.00% | France | EUR |
| VIA Optronics AG (VIA) | 50.32% | 50.32% | Germany | EUR |
| Germaneers GmbH ^b | 100.00% | 100.00% | Germany | EUR |
| VIA Optronics (Philippines), Inc. ^b | 100.00% | 100.00% | Philippines | PHP |
| VIA Optronics GmbH (VIA GmbH) | 100.00% | 100.00% | Germany | USD |
| VIA Optronics Suzhou Co. Ltd. (VIA Suzhou) | 100.00% | 100.00% | China | USD |
| VIA Optronics LLC (VIA LLC) | 100.00% | 100.00% | USA | USD |
| VIA Optronics (Taiwan) Ltd | 100.00% | 100.00% | Taiwan | Taiwan Dollar |
| VTS-Touchsensor Co., Ltd. (VTS) | 65.00% | 65.00% | Japan | Japanese Yen (JPY) |
| Integrated Micro-Electronics UK Limited (IMI UK) | 100.00% | 100.00% | United Kingdom | British Pounds (GBP) |
| 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) |
| 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 | JPY |
| Psi | 100.00% | 100.00% | Philippines | USD |
| PSiTech Realty, Inc. (PSiTech Realty) ^c | 40.00% | 40.00% | Philippines | USD |
| Pacsem Realty, Inc. (Pacsem Realty) ^c | 64.00% | 64.00% | Philippines | USD |

^a New entity of IMI SZ incorporated in November 2022

^b New entities of VIA in 2021

^c In the process of liquidation / dormant

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, 2023 and 2022 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, 2022, 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, 2022.

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, 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

- 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.

Effective beginning on or after January 1, 2024

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

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

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

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

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

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted, and that fact must be disclosed. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

Deferred effectivity

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

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

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

4. Cash and Cash Equivalents

This account consists of:

| | Sep 30, 2023 (Unaudited) | Dec 31, 2022 (Audited) |
|---------------|-------------------------------------------|----------------------------------|
| | (In thousands) | |
| Cash on hand | \$51 | \$74 |
| Cash in banks | 100,883 | 115,751 |
| | \$100,934 | \$115,825 |

Cash in banks earns interest at the respective bank deposit rates. Cash equivalents have maturities of varying periods of up to three months and earn interest at the respective cash equivalents rates.

Short-term Investments

Short-term investments amounting to \$12.7 million and \$8.5 million as of September 30, 2023 and December 31, 2022, respectively, pertain to money market placements made for varying periods of more than three months but less than one year and earn interest ranging from 3.1% to 5.6% per annum.

5. Receivables – net

This account consists of:

| | Sep 30, 2023 (Unaudited) | Dec 31, 2022 (Audited) |
|------------------------------------|-------------------------------------------|----------------------------------|
| | (In thousands) | |
| Trade | \$288,747 | \$283,795 |
| Nontrade | 11,041 | 7,529 |
| Due from related parties (Note 20) | 1,700 | 2,530 |
| Receivable from employees | 673 | 310 |
| Others | 620 | 823 |
| | 302,781 | 294,987 |
| Less: | | |
| Allowance for ECLs | 3,401 | 3,347 |
| Impairment loss | 8,765 | – |
| | \$290,615 | \$291,640 |

Trade

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

Nontrade

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

Receivable from Employees

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

Allowance for ECLs

Trade receivables, nontrade receivables, receivable from insurance and receivable from employees with aggregate nominal value of \$12.17 million and \$3.35 million as of September 30, 2023 and December 31, 2022, respectively, were individually assessed to be impaired and fully provided with allowance for ECL.

Provisions for ECL recognized for the nine-month period ended September 30, 2023 and 2022 amounted to \$0.13 million and \$0.67 million, respectively. Provisions during the period form part of "Operating Expenses" and "Miscellaneous income (losses) account."

In relation to the sale of STI, the Company recognized impairment loss amounting to \$8.8 million for the period ended September 30, 2023 (see note 24).

6. Contract Balances

| | Sep 30, 2023 (Unaudited) | Dec 31, 2022 (Audited) |
|----------------------|-------------------------------------|---------------------------|
| | (In thousands) | |
| Contract assets | \$67,345 | \$67,138 |
| Contract liabilities | 5,734 | 7,407 |

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, 2023 and 2022, 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 build up of inventories in preparation of ramp up of new businesses and push out of demand.

Provisions for inventory obsolescence and allowance for decline in inventories, recognized for the nine-month period ended September 30, 2023 and 2022 amounted to \$2.81 million and \$0.78 million, respectively.

In relation to the sale of STI, the Company recognized impairment loss amounting to \$14.2 million for the period ended September 30, 2023 (see Note 24).

8. Other Current Assets

This account consists of:

| | Sep 30, 2023 (Unaudited) | Dec 31, 2022 (Audited) |
|----------------------------------|-------------------------------------|---------------------------|
| | (In thousands) | |
| Input taxes | \$11,870 | \$7,650 |
| Prepayments and deferred charges | 7,072 | 8,341 |
| Advances to suppliers | 6,252 | 4,911 |

| | | |
|-------------|-----------------|-----------------|
| Tax credits | 2,966 | 3,974 |
| Others | – | 370 |
| | \$28,160 | \$25,246 |

Input Taxes

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

Prepayments and Deferred Charges

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

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, 2023 | Dec 31, 2022 |
|--------------------------------------------|---------------------|------------------|
| | (Unaudited) | (Audited) |
| | (In thousands) | |
| Property, Plant and Equipment | \$319,980 | \$341,804 |
| Less: Accumulated Depreciation | 173,102 | 192,876 |
| Accumulated Impairment losses | 8,340 | 2,819 |
| Property, Plant and Equipment (Net) | \$138,538 | \$146,109 |

Additions to property, plant and equipment for the nine-month period ended September 30, 2023 amounted to \$18.38 million comprise mainly of purchases of machinery and equipment for further space utilization, line upgrades and expansion.

Depreciation expense amounted to \$18.94 million and \$28.94 million for the nine-month period ended September 30, 2023 and 2022, 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, 2023 and 2022 amounting to \$0.05 million and \$0.19 million, respectively.

In relation to the sale of STI, the Group recognized impairment losses on certain property, plant and equipment amounting to \$5.52 million for the period ended September 30, 2023 (see Note 24).

10. Intangible Assets – net

| | Sep 30, 2023 | Dec 31, 2022 |
|--------------------------------|---------------------|----------------|
| | (Unaudited) | (Audited) |
| | (In thousands) | |
| Intangible Assets | \$73,239 | \$72,277 |
| Less: Accumulated Amortization | 62,754 | 60,965 |
| Accumulated Impairment losses | 6,187 | 6,187 |
| Intangible Assets (Net) | \$4,298 | \$5,125 |

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

Product development costs with a net book value of nil and \$0.33 million as of September 30, 2023 and December 31, 2022, 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, 2023.

Capitalized development costs amounting to \$1.60 million were impaired in 2022 due to end of life of business while in 2021 the Group recorded impairment reversal for certain assets amounting to \$0.64 million as the related business recovered.

The Group's intellectual properties relate to the acquisition of VIA and VTS. Net book value as of September 30, 2023 and December 31, 2022 amounted to \$1.26 million and \$1.32 million, respectively.

Software licenses which include computer software, applications and modules has net book value of \$3.04 million and \$3.47 million as of September 30, 2023 and December 31, 2022, respectively. Additional licenses acquired for the year amounted to \$0.65 million.

Amortization for all intangibles amounted to \$1.87 million and \$3.71 million for the nine-month period ended September 30, 2023 and 2022, respectively. No impairment loss was recognized for these intangible assets.

11. Other Noncurrent Assets

This account consists of:

| | Sep 30, 2023 | Dec 31, 2022 |
|------------------------|---------------------|--------------|
| | (Unaudited) | (Audited) |
| | (In thousands) | |
| Deferred charges | \$13,826 | \$12,286 |
| Miscellaneous deposits | 2,379 | 3,157 |
| Pension asset – net | 222 | 225 |
| Others | 312 | 644 |
| | \$16,739 | \$16,312 |

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, 2023 | Dec 31, 2022 |
|--------------------------------------|---------------------|--------------|
| | (Unaudited) | (Audited) |
| | (In thousands) | |
| Trade payables | \$217,257 | \$212,113 |
| Accrued expenses | 35,079 | 37,704 |
| Employee-related accruals | 28,818 | 22,078 |
| Nontrade payables | 22,324 | 21,215 |
| Taxes and government-related payable | 3,126 | 3,076 |
| Advances from customers | 2,651 | 2,645 |
| Customers' deposits | 1,843 | 1,277 |

| | Sep 30, 2023 (Unaudited) | Dec 31, 2022 (Audited) |
|----------------------------------|-------------------------------------------|---------------------------|
| Accrued interest payable | 1,218 | 1,647 |
| Due to related parties (Note 20) | 29 | 19 |
| | \$312,345 | \$301,774 |

Trade Payables

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

Accrued Expenses

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

Employee-related Accruals

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

Nontrade Payables

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

Taxes and government-related 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, 2023 (Unaudited) | Dec 31, 2022 (Audited) |
|----------------|-------------------------------------------|---------------------------|
| | (In thousands) | |
| Parent Company | \$155,000 | \$150,100 |
| VIA and STI | 44,614 | 35,183 |
| STEL | 16,536 | 4,100 |
| CZ | 2,617 | 3,277 |
| | \$218,767 | \$192,660 |

Parent Company

As of September 30, 2023 and December 31, 2022, the Parent Company has unsecured short-term loans aggregating to \$155.00 million and \$150.10 million, respectively, with maturities ranging from 25 to 120 days, and fixed annual interest rates ranging from 5.61% to 6.17% in 2023 and 4.37% to 5.36% in 2022.

VIA and STI

The loans of VIA and STI were obtained from China, Germany and UK-based banks with terms ranging from 90 to 365 days and interest rates ranging from 2.82% to 4.0% and 1.82% to 4.00% in 2023 and 2022, respectively.

STEL

The loans of STEL are from existing revolving credit facilities with Singapore and China based banks and bear annual interest rate ranging from 4.10% to 8.33% in 2023 and 3.96% to 7.56% in 2022.

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 or PRIBOR plus 1.20%.

14. Long-Term Debt

This account consists of borrowings of the following entities:

| | Sep 30, 2023 (Unaudited) | Dec 31, 2022 (Audited) |
|-----------------------|-------------------------------------|---------------------------|
| | (In thousands) | |
| Parent Company | \$142,490 | \$146,182 |
| VTS and IMI CZ | 3,023 | 4,231 |
| | 145,513 | 150,413 |
| Less current portion: | | |
| Parent Company | 5,100 | 1,500 |
| VTS and IMI CZ | 1,213 | 1,548 |
| | 6,313 | 3,048 |
| Noncurrent portion | \$139,200 | \$147,365 |

Parent Company

The long-term debts of the Parent Company were obtained from Philippine banks. The long-term debts have terms of three to five years, principal payments payable annually, and remaining balance payable in full at maturity. These are subject to annual interest rate of 3.45% to 3.80% in 2023 and 2022, respectively.

Loan covenants related to the Parent Company's loans as of September 30, 2023 are as follows:

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

As of September 30, 2023 and December 31, 2022, 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 and IMI CZ loan has interest rates ranging from 0.80% to 2.31% per annum.

15. Equity

Dividends

No dividend payment was declared to common shareholders for the nine months period ended September 30, 2023 and 2022.

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, 2023 arose mainly from appreciation of the Euro 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, 2023 and December 31, 2022.

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, 2023 | Dec 31, 2022 |
|----------------------------------|-------------------------|------------------|
| | (Unaudited) | (Audited) |
| | (In thousands) | |
| Trust receipts and loans payable | \$218,767 | \$192,660 |
| Long-term bank borrowings | 145,513 | 150,413 |
| <u>Total bank debt</u> | <u>364,280</u> | <u>343,073</u> |
| Less cash and cash equivalents | 100,934 | 115,825 |
| <u>Net bank debt</u> | <u>\$263,346</u> | <u>\$227,248</u> |
| | | |
| <u>Total equity</u> | <u>328,267</u> | <u>415,283</u> |
| | | |
| <u>Debt-to-equity ratio</u> | <u>1.11:1</u> | <u>0.83:1</u> |
| | | |
| <u>Net debt-to-equity ratio</u> | <u>0.80:1</u> | <u>0.55:1</u> |

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, 2023 | Sep 30, 2022 |
|------------------------------------------------------|--------------------------|-------------------|
| | (Unaudited) | (Unaudited) |
| | (In thousands) | |
| Net income loss | (\$85,264) | (\$4,708) |
| Weighted average number of common shares outstanding | 2,207,967 | 2,208,030 |
| <u>Basic and diluted</u> | <u>(\$0.0386)</u> | <u>(\$0.0021)</u> |

As of September 30, 2023 and 2022, 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, 2023 and 2022:

| September 30, 2023 (Unaudited) | Philippines | China | Europe | Mexico | Germany/UK | Singapore/ USA/Japan | Consolidation and Eliminations | Total |
|----------------------------------------------------------------------------|--------------------|------------------|------------------|-------------------|-------------------|---------------------------------|-----------------------------------------------|--------------------|
| Revenue: | | | | | | | | |
| Third party | \$198,258 | \$184,823 | \$315,855 | \$119,015 | \$197,066 | \$17,627 | \$- | \$1,032,644 |
| Intersegment | 14,802 | 17,500 | 13,209 | 2,474 | - | 3,639 | (51,624) | - |
| Total revenue | \$213,060 | \$202,323 | \$329,064 | \$121,489 | \$197,066 | \$21,266 | (\$31,713) | \$1,032,644 |
| Segment interest income | \$2,731 | \$2,462 | \$766 | \$- | \$1,215 | \$5,834 | (\$11,593) | \$1,415 |
| Segment interest expense and bank charges | (\$12,687) | (\$2,433) | (\$1,838) | (\$3,134) | (\$4,281) | (\$1,163) | \$10,155 | (\$15,381) |
| Segment profit (loss) before income tax | (\$2,958) | \$7,411 | \$21,115 | (\$10,276) | (\$97,072) | \$2,018 | (\$6,415) | (\$86,177) |
| Segment provision for income tax | (1,318) | (502) | (1,761) | 26 | 883 | 14 | (23) | (2,681) |
| Segment profit (loss) after income tax | (\$4,276) | \$6,909 | \$19,354 | (\$10,250) | (\$96,189) | \$2,032 | (\$6,438) | (\$88,858) |
| Net income (loss) attributable to the equity holders of the Parent Company | (\$4,276) | \$6,909 | \$19,354 | (\$10,250) | (\$92,596) | \$2,032 | (\$6,438) | (\$85,264) |

| September 30, 2022 (Unaudited) | Philippines | China | Europe | Mexico | Germany/UK | Singapore/ USA/Japan | Consolidation and Eliminations | Total |
|----------------------------------------------------------------------------|--------------------|------------------|------------------|------------------|-------------------|---------------------------------|-----------------------------------------------|--------------------|
| Revenue: | | | | | | | | |
| Third party | \$207,770 | \$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 | \$244,306 | \$229,956 | \$257,522 | \$111,595 | \$218,931 | \$42,198 | (\$62,408) | \$1,042,100 |
| Segment interest income | \$808 | \$1,035 | \$382 | \$- | \$109 | \$3,334 | (\$5,374) | \$294 |
| Segment interest expense and bank charges | (\$7,237) | (\$1,413) | (\$944) | (\$1,179) | (\$3,790) | (\$733) | \$4,472 | (\$10,824) |
| Segment profit (loss) before income tax | \$3,862 | \$4,810 | \$3,246 | (\$3,454) | (\$15,404) | \$1,407 | (\$588) | (\$6,121) |
| Segment provision for income tax | (1,896) | (546) | (603) | (16) | (659) | (22) | (105) | (3,847) |
| Segment profit (loss) after income tax | (\$1,966) | \$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 | (\$1,966) | \$4,264 | \$2,643 | (\$3,470) | (\$10,803) | \$1,385 | (\$693) | (\$4,708) |

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, 2023 and December 31, 2022:

| | Philippines | | China | Europe | Mexico | Germany/UK | USA/ Japan/ Singapore | Consoli- dation and Eliminations | Total |
|--------------------------------------|-------------------|---------|-----------|-----------|-----------|------------|--------------------------|----------------------------------------|-------------|
| | Parent Company | PSi | | | | | | | |
| September 30, 2023 (Unaudited) | \$610,695 | \$3,914 | \$190,194 | \$334,132 | \$129,068 | \$175,024 | \$428,380 | (\$822,342) | \$1,049,065 |
| December 31, 2022 (Audited) | \$612,149 | \$5,163 | \$228,514 | \$295,339 | \$105,924 | \$261,134 | \$433,448 | (\$837,787) | \$1,103,884 |

Investments in subsidiaries and intersegment receivables amounting to \$451.15 million and \$438.53 million as of September 30, 2022, respectively, and \$462.90 million and \$408.22 million as of December 31, 2022, respectively are eliminated in consolidation.

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

| | Sep 30, 2023 (Unaudited) | Dec 31, 2022 (Audited) |
|----------------|-----------------------------|---------------------------|
| | (In thousands) | |
| VIA | \$44,035 | \$44,152 |
| STEL | 38,225 | 38,225 |
| Parent Company | 1,098 | 1,098 |
| IMI CZ | 482 | 483 |
| STI | \$- | 52,290 |
| | \$83,840 | \$136,248 |

In relation to the potential divestment in STI, the Company recognized impairment loss of \$54.8 million. (See Note 25)

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, 2023 (Unaudited) | Sep 30, 2022 (Unaudited) |
|------------------------------------------|-----------------------------|-----------------------------|
| | (In thousands) | |
| Manufacturing of goods | \$1,028,376 | \$1,039,312 |
| Non-recurring engineering services | 4,268 | 2,788 |
| Revenue from contracts with customers | \$1,032,644 | \$1,042,100 |

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

| | September 30, 2023 (Unaudited) | | Total |
|-------------------------------|------------------------------------|-------------------------------------------|-----------|
| | Revenue recognized over time | Revenue recognized at point in time | |
| | (In thousands) | | |
| Philippines Parent Company | \$194,535 | \$- | \$194,535 |
| PSi (Forward) | 3,723 | - | 3,723 |

| September 30, 2023 (Unaudited) | | | |
|------------------------------------------|------------------------------------|-------------------------------------------|--------------------|
| | Revenue recognized over time | Revenue recognized at point in time | Total |
| China | 182,409 | 2,414 | 184,823 |
| Europe | 315,412 | 443 | 315,855 |
| Mexico | 117,603 | 1,412 | 119,015 |
| Germany/UK | 65,756 | 131,310 | 197,066 |
| USA/Japan/Singapore | – | 17,627 | 17,627 |
| Revenue from contracts with customers | \$879,438 | \$153,206 | \$1,032,644 |

| September 30, 2022 (Unaudited) | | | |
|------------------------------------------|------------------------------------|-------------------------------------------|--------------------|
| | Revenue recognized over time | Revenue recognized at point in time | Total |
| (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 |
| 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 |

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

| | Sep 30, 2023 (Unaudited) | Sep 30, 2022 (Unaudited) |
|----------------|-------------------------------------|-----------------------------|
| (In thousands) | | |
| Europe | \$713,461 | \$691,825 |
| America | 148,559 | 135,056 |
| Japan | 43,247 | 53,914 |
| Asia/Others | 127,377 | 161,305 |
| | \$1,032,644 | \$1,042,100 |

Revenues are attributed to countries on the basis of the customer's location. The current top customer accounts for 12% and 10% of the Group's total revenue for the nine-month period ended September 30, 2023 and 2022, respectively.

The following table presents revenues per market segment:

| | Sep 30, 2023 (Unaudited) | Sep 30, 2022 (Unaudited) |
|---------------------------|-------------------------------------|-----------------------------|
| (In thousands) | | |
| Automotive | \$ 610,029 | \$546,394 |
| Industrial | 306,089 | 352,665 |
| Aerospace | 36,194 | 26,433 |
| Consumer | 28,872 | 54,925 |
| Telecom | 22,516 | 31,683 |
| Medical | 17,660 | 17,620 |
| Multiple markets / Others | 11,284 | 12,380 |
| | \$1,032,644 | \$1,042,100 |

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, 2023 (Unaudited) | Dec 31, 2022 (Audited) |
|-----------------------------------|-----------------------------|---------------------------|
| | (In thousands) | |
| At beginning of period | \$19,266 | \$28,458 |
| Additions | 7,597 | 1,100 |
| Amortization expense | (5,967) | (9,134) |
| Cumulative translation adjustment | (193) | (1,158) |
| As end of period | <u>\$20,703</u> | <u>\$19,266</u> |

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

| | Sep 30, 2023 (Unaudited) | Dec 31, 2022 (Audited) |
|---------------------------------------|-----------------------------|---------------------------|
| | (In thousands) | |
| At beginning of period | \$19,938 | \$31,221 |
| Additions | 7,627 | 1,156 |
| Interest expense on lease liabilities | 975 | 932 |
| Rental payments | (7,310) | (11,571) |
| Waived rentals | (30) | (57) |
| Cumulative translation adjustment | 357 | (1,743) |
| At end of period | <u>\$21,557</u> | <u>\$19,938</u> |
| Current | <u>\$6,922</u> | <u>\$7,068</u> |
| Noncurrent | <u>\$14,635</u> | <u>\$12,870</u> |

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

| | Sep 30, 2023 (Unaudited) | Sep 30, 2022 (Unaudited) |
|---------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| | (In thousands) | |
| Amortization expense of right-of-use assets | \$5,967 | \$6,888 |
| Interest expense on lease liabilities | 975 | 758 |
| Expense related to short-term leases and low-value assets (included in cost of sales) | 1,148 | 782 |
| | <u>\$8,090</u> | <u>\$8,428</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, 2023 and 2022, the Group has not recorded any impairment on receivables relating to amounts owed by related parties. Impairment assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

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

a. Transactions with BPI, an affiliate

As of September 30, 2023 and December 31, 2022, the Group maintains current and savings accounts with BPI amounting to \$2.05 million and \$2.17 million, respectively.

Total interest income earned from investments with BPI amounted to \$1.2K and \$2.8K for the nine-month period ended September 30, 2023 and 2022, respectively.

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

| | Receivables/Deposits | | Payables | |
|---------------------------------------------------|-----------------------------|---------------------------|-----------------------------|---------------------------|
| | Sep 30, 2023 (Unaudited) | Dec 31, 2022 (Audited) | Sep 30, 2023 (Unaudited) | Dec 31, 2022 (Audited) |
| | | | | |
| | | | | (In thousands) |
| KTM Asia Motorcycle Manufacturing Inc. (KAMMI) | \$1,522 | \$2,444 | \$- | \$- |
| Merlin Solar Technologies (Phils.) Inc. (MSTPI) | 178 | 86 | - | - |
| Innove Communication Inc. (ICI) | - | - | 18 | 7 |
| BPI | - | - | 10 | 11 |
| GTI | - | - | 1 | 1 |
| | \$1,700 | \$2,530 | \$29 | \$19 |

- i. Transaction with MSTPI and KAMMI pertains to trade related receivables.
- ii. Payables to ICI pertain to billings for software and WiFi connections. These are due and demandable.
- iii. Payables to BPI pertains to employee related transactions.
- iv. Payable to GTI pertains to billings for cellphone charges and WiFi connections.

- c. Revenue/income and expenses from the Group's affiliates follow:

| | Revenue/Income | | Expenses | |
|--------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Sep 30, 2023 (Unaudited) | Sep 30, 2022 (Unaudited) | Sep 30, 2023 (Unaudited) | Sep 30, 2022 (Unaudited) |
| | (In thousands) | | | |
| KAMMI | \$1,960 | \$3,591 | \$- | \$- |
| MSTPI | 93 | 103 | - | - |
| BPI | 1 | 3 | - | - |
| AREIT, Inc. (AREIT) | - | - | 1,109 | 1,108 |
| Laguna AAWater Corp. (LAWC) | - | - | 910 | 828 |
| Innove Communication, Inc. (ICI) | - | - | 190 | 268 |
| GTI | - | - | 76 | 97 |
| AC | - | - | 35 | 64 |
| Ayala Group Legal (AG Legal) | - | - | 4 | 54 |
| BPI Asset Management and Trust Corporation | - | - | 31 | 30 |
| | \$2,054 | \$3,697 | \$2,355 | \$2,449 |

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

- i. Revenues from KAMMI and MSTPI pertain to subcontracting services related to registered activities.
- ii. Interest income earned from investments 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 AREIT (Formerly TLI).
- ii. Water allocation charged by LAWC
- iii. Billings for cellphone charges and WiFi connections with GTI.
- iv. Administrative services charged by AC related to certain transactions.
- v. Consultations on legal matters and assistance on regulatory and legal requirements from AG Legal.
- vi. 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 and IMI Japan to IMI Singapore and the Parent Company for recovery costs related to the management salaries of key management personnel under IMI ROHQ.
- ii. Expenses incurred from related party transactions include interest expense of PSi, IMI MX, STI and IMI CZ from loans granted by the Parent Company, IMI Singapore and STSN.
- iii. Dividend income of the Parent Company was declared by IMI Singapore amounting to \$4.6 million as of September 2023.

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, 2023 and December 31, 2022:

| | Carrying Amounts | | Fair Values | |
|--------------------------------------|------------------|--------------|------------------|--------------|
| | Sep 30, 2023 | Dec 31, 2022 | Sep 30, 2023 | Dec 31, 2022 |
| | (In thousands) | | | |
| Financial assets: | | | | |
| Financial assets at FVOCI | \$2,254 | \$1,829 | \$2,254 | \$1,829 |
| Financial liabilities: | | | | |
| Noncurrent portion of long-term debt | \$139,200 | \$147,365 | \$133,835 | \$136,210 |

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 2023 and 2022 ranged from 1.67% to 3.80%.

Fair Value Hierarchy

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

| | September 30, 2023 | | | 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 | \$- | \$2,254 | \$- | \$2,254 |
| Liabilities for which fair values are disclosed: | | | | |
| Long-term debt | \$- | \$- | \$133,835 | \$133,835 |

| | December 31, 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 | \$- | \$1,829 | \$- | \$1,829 |
| Liabilities for which fair values are disclosed: | | | | |
| Long-term debt | \$- | \$- | \$136,210 | \$136,210 |

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, 2023 and 2022. 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, 2023 (Unaudited) | Sep 30, 2022 (Unaudited) |
| +100 | (\$1,632) | (\$1,160) |
| -100 | 1,632 | 1,160 |

The following table shows the information about the Group's debt as of September 30, 2023 and 2022 that are exposed to interest rate risk presented by maturity profile:

| | Sep 30, 2023 (Unaudited) | Sep 30, 2022 (Unaudited) |
|-------------------|-----------------------------|-----------------------------|
| Within one year | \$72,617 | \$5,000 |
| One to five years | 144,942 | 148,200 |
| | \$217,559 | \$153,200 |

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, 2023 and December 31, 2022 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 21% of trade receivables relating to three major customers as of September 30, 2023 and December 31, 2022, respectively.

As of September 30, 2023 and December 31, 2022, the aging analysis of trade receivables follows:

| | Total | Current | Past due but not impaired | | | | | Specifically Impaired |
|-----------------------------------|-----------|-----------|---------------------------|------------|------------|-------------|-----------|-----------------------|
| | | | <30 days | 30-60 days | 60-90 days | 90-120 days | >120 days | |
| September 30, 2023 (Unaudited) | \$288,747 | \$212,414 | \$34,786 | \$10,697 | \$5,601 | \$926 | \$12,201 | \$12,122 |
| December 31, 2022 (Audited) | \$283,795 | \$212,103 | \$39,345 | \$11,432 | \$8,588 | \$2,102 | \$6,922 | \$3,303 |

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 2023 and 2022, 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, 2023 (Unaudited) | | Dec 31, 2022 (Audited) | |
|----------------------------------------------|--------------------------|--------------|------------------------|------------|
| | In USD | In PHP | In USD | In PHP |
| Cash and cash equivalents | \$1,690 | ₱95,627 | \$1,044 | ₱58,213 |
| Receivables | 2,060 | 116,537 | 1,249 | 69,661 |
| Miscellaneous deposits | 642 | 36,312 | 650 | 36,237 |
| Accounts payable and accrued expenses | (14,041) | (794,367) | (10,349) | (576,995) |
| Net retirement liabilities | (8,951) | (506,407) | (4,313) | (240,486) |
| Net foreign currency-denominated liabilities | (\$18,600) | (₱1,052,298) | (\$11,719) | (₱653,370) |

Euro (€)

| | Sep 30, 2023 (Unaudited) | | Dec 31, 2022 (Audited) | |
|-----------------------------------------|--------------------------|-----------|------------------------|----------|
| | In USD | In EUR | In USD | In EUR |
| Cash and cash equivalents | \$2,239 | €2,112 | \$3,082 | €2,899 |
| Receivables | 16,692 | 15,744 | 15,552 | 14,631 |
| Accounts payable and accrued expenses | (32,773) | (30,912) | (17,665) | (16,618) |
| Net foreign currency-denominated assets | (\$13,842) | (€13,056) | (\$969) | €912 |

Renminbi (RMB)

| | Sep 30, 2023 (Unaudited) | | Dec 31, 2022 (Audited) | |
|-----------------------------------------|--------------------------|------------|------------------------|-------------|
| | In USD | In RMB | In USD | In RMB |
| Cash and cash equivalents | \$6,923 | RMB 49,709 | \$255 | RMB 1,779 |
| Receivables | 10,687 | 76,732 | 13,244 | 92,240 |
| Accounts payable and accrued expenses | (14,492) | (104,051) | (14,606) | (101,728) |
| Net foreign currency-denominated assets | \$3,118 | RMB 22,390 | (\$1,107) | RMB (7,709) |

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, 2023 and December 31, 2022 follows:

| | Sep 30, 2023 (Unaudited) | | | |
|-----------------------------------------|--------------------------|----------|--------------|----------|
| | In USD | In EUR* | In RMB* | In GBP* |
| Cash and cash equivalents | \$46,498 | €42,046 | RMB 2,369 | £1,299 |
| Receivables | 32,336 | 20,733 | 47,110 | 3,099 |
| Accounts payable and accrued expenses | (55,528) | (22,761) | (103,430) | (13,883) |
| Net foreign currency-denominated assets | \$23,306 | €40,018 | (RMB 53,951) | (£9,485) |

*The USD-denominated monetary assets and liabilities are translated using EUR0.9432 for \$1, RMB7.1798 for \$1 and GBP0.8171 for \$1.

| | December 31, 2022 (Audited) | | | |
|---------------------------|-----------------------------|---------|-----------|---------|
| | In USD | In EUR* | In RMB* | In GBP* |
| Cash and cash equivalents | \$49,310 | €44,058 | RMB 7,834 | £1,122 |
| Receivables | 27,715 | 15,359 | 23,266 | 6,682 |

Forward

| | | | | |
|-----------------------------------------|----------|----------|--------------|----------|
| Accounts payable and accrued expenses | (56,242) | (20,222) | (133,058) | (12,986) |
| Net foreign currency-denominated assets | \$20,783 | €39,195 | (RMB101,958) | (£5,182) |

*The USD-denominated monetary assets and liabilities are translated using EUR 0.9407 for \$1, RMB6.9646 for \$1 and GBP0.8303 for \$1.

Sensitivity Analysis

The following tables demonstrate sensitivity to a reasonably possible change in the USD exchange rate, with all other variables held constant, of the Group's income before income tax (due to changes in the fair value of monetary assets and liabilities) as of September 30, 2023 and September 30, 2022. 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, 2023 (Unaudited) | Sep 30, 2022 (Unaudited) |
| PHP | +1% | \$8 | \$161 |
| | -1% | (8) | (161) |
| EUR | +1% | (101) | (5) |
| | -1% | 101 | 5 |
| RMB | +1% | (10) | (11) |
| | 1% | 10 | 11 |

22. Contingencies

The Group is a party to legal proceedings arising in the ordinary course of its operations. Certain employees have filed illegal dismissal cases before the National Labor Relations Commission against IMI when the latter terminated their services due to violation of company rules and regulations such as acts of dishonesty, and excessive unauthorized absences. These cases are at various stages including appeal.

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, 2023 (Unaudited) |
|-----------------------------------|------------------------------|--------------------------|------------------------|------------------|-------------------------------------|-------------|------------------|------------------------------------|-----------------------------|
| | Dec 31, 2022 (Audited) | Availment/ Collection | Settlement/ Payment | Reclass | Accretion of interest expense | Forfeitures | Waved Rentals | Foreign currency translation | |
| Loans and trust receipts payable | \$192,660 | \$26,882 | (\$652) | \$- | \$- | \$- | \$- | (\$123) | \$218,767 |
| Current portion of long-term debt | 3,048 | - | (1,455) | 4,664 | - | - | - | 56 | 6,313 |
| Long-term debt | 147,365 | 198 | (3,691) | (4,664) | - | - | - | (8) | 139,200 |
| Lease liabilities | 19,938 | 7,627 | (7,310) | - | 975 | - | (30) | 357 | 21,557 |
| Other noncurrent liabilities | 5,474 | 369 | - | - | - | - | - | (141) | 5,702 |
| Subscriptions receivable | (2,620) | 22 | - | - | - | 21 | - | - | (2,577) |
| | \$365,865 | \$35,098 | (\$13,108) | \$- | \$975 | \$21 | (\$30) | \$141 | \$388,962 |

Most of the loans are from existing revolving credit lines.

24. Events after the Balance Sheet Date

Sale of STI Enterprise Limited

As announced on August 4, 2023, Integrated Micro-Electronics (IMI) and minority shareholders of STI Enterprises Limited (STI) have entered into an agreement to sell their respective 80% and 20% shares in STI to Rcapital, a private investment firm based in London with a portfolio of UK-based companies including precision engineering solution providers in the aerospace and defense sectors, for an agreed enterprise valuation of 7.5 million GBP.

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

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

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 | |
|--------------------------------------------------------------------|--------------------------------------------------|-------------|
| | 2023 | 2022 |
| | <i>(in US\$ thousands, except Basic EPS)</i> | |
| Revenues from Sales and Services | \$1,032,644 | \$1,042,100 |
| Cost of Goods Sold and Services | 941,429 | 965,021 |
| Gross Profit | 91,215 | 77,079 |
| Net Income Attributable to Equity Holders of the Parent Company | (85,264) | (4,708) |
| EBITDA ⁱ | 38,395 | 42,233 |
| Basic Earnings per Share (EPS) | (\$0.0386) | (\$0.0021) |

Revenues from Sales and Services

The Company posts US\$341 million of revenues in the third quarter of 2023, 3% lower year on year. The drop in demand is largely driven by a general slowdown across the electronics industry with companies tightening working capital levels amidst excess inventory in the supply chain.

New mobility project wins from the past few years have begun to contribute to the company, with the segment growing 12% compared to 2022. Sales pipeline activity remains robust with US\$ 247 million worth of annual revenue potential across all segments secured in the first nine months of 2023, a 50% improvement against the same period last year of US\$165 million.

Sales pipeline activity remains robust with US\$ 247 million worth of annual revenue potential secured in the first 9 months of 2023, a 50% improvement against the same period last year of US\$165 million. We are excited to bring in new projects from both existing and new customers which we believe will allow us to further increase profitability in our business.

Gross Profit and Gross Profit Margin

The company's gross margin sits at 8.5%, with a total gross profit of US\$ 28.8 million for the quarter. Our management teams implemented programs that significantly reduced labor and overhead costs in our operating sites while further driving manufacturing efficiency. We continue to address the issues related to elevated raw material costs and competitive labor markets, as we remain vigilant of other uncertainties in the industry.

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.

Net loss Attributable to Parent

The company reported for the first nine months of 2023 a net loss of US\$85.3 million versus last year's loss of US\$4.7 million due to the one-time loss provision recognized related to the sale of STI Enterprise Ltd. Q3 net loss is at US\$1.6 million which still includes losses from STI Limited as the transaction has not been closed as of September 30, 2023?

Wholly-owned subsidiaries ended the quarter with a net income of US\$ 1.9 million versus US\$3.8 million in the same period last year. Major contributors to this drop are a US\$1 million inventory provision in Q3 and a US\$0.9 million increase in interest expense compared to 2022. Management teams will continue to closely monitor inventory levels to mitigate our exposure and accelerate cash conversion. With STI Limited still in the process of transitioning out of the group, non-wholly-owned subsidiaries reported a net loss of US\$3.5 million in the 3rd quarter.

EBITDA

EBITDA at \$38.4 million lower by US\$3.8 million or 9% compared to last year.

Financial Condition

We remain resolutely committed to our disciplined approach to capital allocation and to maintaining a robust balance sheet. As of September 30 2023, current ratio stood at 1.41:1 and debt-to-equity ratio was 1.11:1.

On cash flows and liquidity, new business start and slowdown of global demand causing push out of orders prompted an increase in working capital particularly on inventory levels. Because of this, we have been working to improve our loading and execution strategies as well as inventory turnover to best position the business for changing market conditions. We continue to investing on critical capital expenditure for the new programs that we have won. Capital expenditures amounted to \$18.60 million in the nine months of 2023 versus \$15.94 million in the same period last year. For the full year of 2023, the Company expects to spend ~\$25 million on capital expenditures for existing operations and new expansion projects.

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, 2023 | Dec 31, 2022 |
| Liquidity: | | |
| Current ratio ^a | 1.41x | 1.51x |
| Solvency: | | |
| Debt-to-equity ratio ^b | 1.11x | 0.83x |
| | For the nine months ended 30 Sep | |
| | 2023 | 2022 |
| Operating efficiency: | | |
| Revenue growth ^c | -0.9% | 7% |
| Profitability: | | |
| Gross profit margin ^d | 8.8% | 7.4% |
| Net income margin ^e | -8.3% | -0.5% |
| Return on equity ^f | -25.4% | -1.2% |

| | | |
|-------------------------------|-------|-------|
| Return on assets ^h | -8.1% | -0.4% |
| ⁱⁱ EBITDA margin | 3.7% | 4.1% |

^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 2023 versus 30 September 2022)

42% increase in Interest and bank charges (\$10.8M to \$15.4M)

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

4,191% increase in Miscellaneous loss (\$2.0M to -\$82.4M)

Due to impairment loss recognized related to the sale of STI amounting to ~\$84 million, refer to Note 24.

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.

30% decrease in Provision for Tax (\$3.8M to \$2.7M)

Decrease was due to lower taxable income from Europe and China sites.

Balance Sheet items

(30 September 2023 versus 31 December 2022)

13% decrease in Cash and Cash Equivalents (\$115.8M to \$100.9M)

Decrease in cash mainly attributable to increase in working capital and capital expenditures.

38% decrease in Goodwill (\$136.2M to \$84.8M)

Mainly due to impairment loss recognized related to the sale of STI.

7% increase in Right-of-use assets (\$19.3 to \$20.7)

Increase was mainly due additional contracted lease in 2023.

14% increase in Trust receipts and loans payable (\$192.7M to \$218.8M)

Re-availment of short-term loans for working capital purposes.

14% increase in Noncurrent portion of Lease liabilities (\$12.9M to \$14.6M)

Additional lease liabilities in 2023.

107% increase in Current portion of Long-term debt (\$3.0M to \$6.3M)

Reclass from long-term.

6% decrease in Noncurrent portion of Long-term debt (\$147.4M to \$139.2M)

Decrease due to payment of loans.

14% increase in Noncurrent portion of Lease liabilities (\$12.9M to \$14.6M)

Related to new lease liability contract.

EXHIBIT 1**FINANCIAL RATIOS**

For the Period Ended September 30, 2023 and 2022 and December 31, 2022

| Ratios | Formula | Sep 30, 2023 | Sep 30, 2022 | Dec 31, 2022 |
|------------------------------------|-----------------------------------------------------------------------------------------------|--------------|--------------|--------------|
| (i) Current ratio | Current assets / Current Liabilities | 1.41 | 1.51 | 1.51 |
| (ii) Quick / Acid ratio | Current assets less inventories, contract assets and other current assets/Current liabilities | 0.73 | 0.82 | 0.81 |
| (iii) Solvency ratio | Total Assets / Total Liabilities | 1.46 | 1.58 | 1.60 |
| (iv) Debt ratio | Total Debt / Total Assets | 0.35 | 0.31 | 0.31 |
| (v) Debt-to-Equity ratio | Bank debts (loans and trust receipts payable and long-term debt) / Total Equity | 1.11 | 0.86 | 0.83 |
| (vi) Assets-to-Equity ratio | Total Assets / Total Equity | 3.20 | 2.72 | 2.66 |
| (vii) Interest rate coverage ratio | Earnings before interest and taxes / Interest Expense | -4.69 | 0.41 | |
| (viii) Profitability ratios | | | | |
| GP margin | Gross Profit / Revenues | 8.8% | 7.4% | |
| Net profit margin | Net Income after Tax / Revenues | -8.3% | -0.5% | |
| EBITDA margin | EBITDA / Revenues | 3.7% | 4.1% | |
| Return on assets | Net Income after Tax / Total Asset | -8.1% | -0.4% | |
| Return on equity | Net Income after Tax / Average equity attributable to parent | -25.4% | -1.2% | |

| | (in US\$'000) | | |
|---------------------------------------------------------|---------------|--------------|--------------|
| | Sep 30, 2023 | Sep 30, 2022 | Dec 31, 2022 |
| Current Assets | 779,415 | 751,842 | 776,846 |
| Current Liabilities | 554,511 | 497,479 | 514,773 |
| Total Assets | 1,049,065 | 1,067,855 | 1,103,884 |
| Bank Debts | 364,280 | 336,258 | 343,073 |
| Total Liabilities | 720,797 | 675,919 | 688,601 |
| Total Equity | 328,268 | 391,936 | 415,284 |
| Average equity Attributable to parent | 335,187 | 378,802 | 415,122 |
| Revenues | 1,032,644 | 1,042,100 | |
| Gross Profit | 91,215 | 77,079 | |
| Net income attributable to equity holders of the parent | (85,264) | (4,708) | |
| Earnings before interest and taxes | (72,210) | 4,408 | |
| Interest expense | 15,381 | 10,824 | |
| EBITDA | 38,395 | 42,233 | |

PART II--OTHER INFORMATION

1. At the Regular Annual Stockholders' meeting held on April 20, 2023 the stockholders considered and approved the following:

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

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)

- 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 C. Romualdez – Member
Alberto M. de Larrazabal – Member
Roland Joseph L. Duchâtelet – 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)
Jaime Z. Urquijo – Member
Jose Ignacio A. Carlos – Member

Finance Committee

Jaime Z. Urquijo – 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;
- The officers under our By-Laws and Manual of Corporate Governance:

| | |
|------------------------------|----------------------------------------------------------------------------------------------------------------|
| Arthur R. Tan | - Chief Executive Officer |
| Jerome S. Tan | - President |
| Eric De Candido | - Chief Operations Officer |
| Ernest Ang | - Chief Procurement Officer |
| Mary Ann S. Natividad | - Chief Commercial Officer |
| Laurice S. Dela Cruz | - Chief Finance Officer, Compliance Officer, Acting Chief Risk Officer and Acting Chief Sustainability Officer |
| Rosalyn O. Tesoro | - Chief Information Officer and Data Protection Officer |
| Nick Davey | - Chief Technology Officer |
| Anthony Raymond P. Rodriguez | - Treasurer and Investor Relations Officer |
| Solomon M. Hermosura | - Corporate Secretary |
| Rosario Carmela G. Austria | - Assistant Corporate Secretary |

SIGNATURES

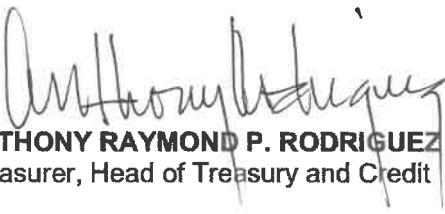
Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

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

By:


LAURICE S. DELA CRUZ
Chief Finance Officer
and Compliance Officer

Date: November 10, 2023


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

Date: November 10, 2023