COVER SHEET

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INTEGRATED MICRO-ELECTRONICS,
INC.

(Company's Full Name)

NORTH SCIENCE AVE., LAGUNA
TECHNOPARK, BINAN, LAGUNA

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

JEROME S. TAN	7756-6840
Contact Person	Company Telephone Number

1 2	3 1	SEC FORM 17-C	0 4	1 5
Month	*Day*	FORM TYPE	*Month*	*Day*
Fiscal Year			Annual Meeting	

Secondary License Type, if Applicable

C F D

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. Of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

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, ROBERT WILLIAM HEESE (Chief Finance Officer and Compliance Officer) and LAURICE S. DELA CRUZ (Vice President, Finance and Corporate Controller, Deputy Compliance Officer) 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, do hereby certify and state that: state under oath that:

1) In compliance with Securities and Exchange Commission (SEC) Memorandum Circular no. 9, series of 2022, the Company is timely filing its March 2025 SEC Form 17-Q by sending the same (in portable document format) through email to icdsubmission@sec.gov.ph and by uploading the same through PSE EDGE in accordance with the relevant PSE rules and procedures.

2) The information contained in the March 2025 SEC Form 17-Q dated May 13, 2025 is true and correct to the best of our knowledge.

3) We are executing this certification this May 13, 2025 to attest to the truthfulness of the foregoing facts and for whatever legal purpose it may serve.

ROBERT WILLIAM HEESE
Chief Finance Officer and Compliance Officer

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

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**: March 31, 2025**

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 [**x**] No [ ]

    2,217,293,215 common shares are listed with the Philippine Stock Exchange, including 15,892,224 treasury shares as of March 31, 2025.

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 [**x**] No [ ]

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

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED BALANCE SHEET

AS OF MARCH 31, 2025

(With Comparative Audited Figures as of December 31, 2024)
(In thousands)

	Mar 31, 2025 (Unaudited)	Dec 31, 2024 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**$111,918**	$91,344
Short-term investments (Note 4)	**3,249**	600
Receivables – net (Note 5)	**225,162**	227,393
Contract assets (Note 6)	**38,879**	42,642
Inventories (Note 7)	**184,413**	202,465
Other current assets (Note 8)	**25,939**	25,149
Total Current Assets	**589,560**	589,593
Noncurrent Assets		
Property, plant and equipment - net (Note 9)	**111,018**	113,220
Goodwill (Note 17)	**40,528**	40,459
Intangible assets - net (Note 10)	**2,874**	2,914
Right-of-use assets (Note 18)	**28,487**	30,018
Deferred tax assets	**3,486**	3,129
Financial assets at FVOCI	**2,519**	2,543
Other noncurrent assets (Note 11)	**9,644**	11,048
Total Noncurrent Assets	**198,556**	203,331
	$788,116	$792,924

	Mar 31, 2025 (Unaudited)	Dec 31, 2024 (Audited)
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Note 12)	**$210,688**	$228,561
Contract liabilities (Note 6)	**3,409**	3,442
Loans payable (Note 13)	**189,131**	152,594
Current portion of long-term debt (Note 14)	**1,474**	30,763
Current portion of lease liabilities (Note 18)	**4,699**	5,444
Income tax payable	**2,503**	1,759
Other current liabilities	**1,019**	1,016
Total Current Liabilities	**412,923**	423,579
Noncurrent Liabilities		
Noncurrent portion of:		
Long-term debt (Note 14)	**103,468**	107,103
Lease liabilities (Note 18)	**24,869**	25,435
Net retirement liabilities	**7,340**	7,376
Deferred tax liabilities	**972**	973
Other noncurrent liabilities	**4,906**	5,137
Total Noncurrent Liabilities	**141,555**	146,024
Total Liabilities	**554,478**	569,603

(Forward)

	Mar 31, 2025 (Unaudited)	Dec 31, 2024 (Audited)
EQUITY (Note 15)		
Equity Attributable to Equity Holders of the Parent Company		
Capital stock - common	**$42,721**	$42,721
Subscribed capital stock	**688**	688
Additional paid-in capital	**193,764**	193,764
Subscriptions receivable	**(2,562)**	(2,561)
Unappropriated retained earnings	**42,768**	39,485
Treasury stock	**(1,013)**	(1,013)
Other components of equity	**778**	830
Cumulative translation adjustment	**(36,724)**	(44,153)
Remeasurement losses on defined benefit plans	**(11,186)**	(11,186)
	229,234	218,575
Equity Attributable to Non-controlling Interests in Consolidated Subsidiaries	**4,404**	4,746
Total Equity	**233,638**	223,321
	$788,116	$792,924

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(In thousands, except Earnings per Share)

	Unaudited 2025 Jan to Mar	Unaudited 2024 Jan to Mar
REVENUES FROM CONTRACTS WITH CUSTOMERS (Note 17)	**$248,474**	$290,116
COST OF SALES	**224,894**	267,011
GROSS PROFIT	**23,580**	23,105
OPERATING EXPENSES	**(16,257)**	(23,912)
OTHERS - Net		
Interest and bank charges	**(5,542)**	(5,281)
Foreign exchange gains / (loss)	**1,364**	(829)
Interest income	**229**	666
Miscellaneous income - net	**1,346**	739
INCOME (LOSS) BEFORE INCOME TAX	**4,720**	(5,512)
PROVISION FOR INCOME TAX	**(1,376)**	(2,755)
NET INCOME/ (LOSS)	**$3,344**	($8,267)
Net Loss Attributable to:		
Equity holders of the Parent Company	**$3,283**	($3,674)
Non-controlling interests	**61**	(4,593)
	$3,344	($8,267)
Loss Per Share:		
Basic and diluted (Note 16)	**$0.0015**	($0.0017)

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(In thousands)

	Unaudited 2025 Jan to Mar	Unaudited 2024 Jan to Mar
NET INCOME (LOSS) FOR THE PERIOD	**$3,344**	($8,267)
OTHER COMPREHENSIVE INCOME (LOSS)		
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences arising from translation of foreign operations	**7,026**	(5,956)
Other comprehensive income (loss) not to be reclassified into profit or loss in subsequent periods:		
Fair value changes on financial assets at FVOCI – net of tax	**(52)**	263
	6,974	(5,693)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	**$10,318**	($13,960)
Total Comprehensive Income (Loss) Attributable to:		
Equity holders of the Parent Company	**$10,257**	($9,367)
Non-controlling interests	**61**	(4,593)
	$10,318	($13,960)

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

(In thousands)

	Attributable to Equity Holders of the Parent Company											
							Other Comprehensive Income (Loss)					
	Capital Stock-Common	Subscribed Capital Stock	Additional Paid-in Capital	Subscriptions Receivable	Retained Earnings	Treasury Stock	Other Components of Equity	Cumulative Translation Adjustment (Note 15)	Remeasurement losses on defined benefit plans	Attributable to Equity Holders of the Parent Company	Attributable to Non-controlling Interests (Note 15)	Total
Balances at January 1, 2025	$42,721	$688	$193,764	($2,561)	$39,485	($1,013)	$830	(44,153)	(11,186)	$218,575	$4,746	$223,321
Issued shares during the period	–	–	–	–	–	–	–	–	–	–	–	–
Refund on subscriptions	–	–	–	(1)	–	–	–	–	–	(1)	–	(1)
Forfeitures during the period	–	–	–	–	–	–	–	–	–	–	–	–
	42,721	688	193,764	(2,562)	39,485	(1,013)	830	(44,153)	(11,186)	218,574	4,746	223,320
Net income	–	–	–	–	3,283	–	–	–	–	3,283	61	3,344
Other comprehensive income (loss)	–	–	–	–	–	–	(52)	7,429	–	7,377	(403)	6,974
Total comprehensive income (loss)	–	–	–	–	3,283	–	(52)	7429	–	10,660	(342)	10,318
Balances at March 31, 2025	$42,721	$688	$193,764	($2,562)	$42,768	($1,013)	$778	($36,724)	($11,186)	$229,234	$4,404	$233,638

	Attributable to Equity Holders of the Parent Company											
							Other Comprehensive Income (Loss)					
	Capital Stock-Common	Subscribed Capital Stock	Additional Paid-in Capital	Subscriptions Receivable	Retained Earnings	Treasury Stock	Other Components of Equity	Cumulative Translation Adjustment (Note 15)	Remeasurement losses on defined benefit plans	Attributable to Equity Holders of the Parent Company	Attributable to Non-controlling Interests (Note 15)	Total
Balances at January 1, 2024	$42,721	$689	$193,778	($2,576)	$89,177	($1,013)	$548	($34,799)	($10,050)	$278,475	$32,110	$310,585
Issued shares during the period	0	(0)	–	–	–	–	–	–	–	–	–	–
Collection from subscriptions	–	–	–	1	–	–	–	–	–	1	–	1
Forfeitures during the period	–	(1)	(14)	15	–	–	–	–	–	–	–	–
	42,721	688	193,764	(2,560)	89,177	(1,013)	548	(34,799)	(10,050)	278,476	32,110	310,586
Net loss	–	–	–	–	(3,674)	–	–	–	–	(3,674)	(4,593)	(8,267)
Other comprehensive income (loss)	–	–	–	–	–	–	263	(5,687)	–	(5,424)	(269)	(5,693)
Total comprehensive income (loss)	–	–	–	–	(3,674)	–	263	(5,687)	–	(9,098)	(4,862)	(13,960)
Balances at March 31, 2024	$42,721	$688	$193,764	($2,560)	$85,503	($1,013)	$811	($40,486)	($10,050)	$269,378	$27,248	$296,626

	Attributable to Equity Holders of the Parent Company											
							Other Comprehensive Income (Loss)					
	Capital Stock-Common	Subscribed Capital Stock	Additional Paid-in Capital	Subscriptions Receivable	Retained Earnings	Treasury Stock	Other Components of Equity	Cumulative Translation Adjustment (Note 15)	Remeasurement losses on defined benefit plans	Attributable to Equity Holders of the Parent Company	Attributable to Non-controlling Interests (Note 15)	Total
Balances at January 1, 2024	**$42,721**	**$689**	**$193,778**	**($2,576)**	**$89,177**	**($1,013)**	**$548**	**($34,799)**	**($10,050)**	**$278,475**	**$32,110**	**$310,585**
Issued shares during the period	**0**	**(0)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Collection from subscriptions	**–**	**–**	**–**	**0**	**–**	**–**	**–**	**–**	**–**	**0**	**–**	**0**
Forfeitures during the period	**–**	**(1)**	**(14)**	**15**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Sale of other financial assets	**–**	**–**	**–**	**–**	**96**	**–**	**–**	**–**	**–**	**96**	**–**	**96**
	42,721	**688**	**193,764**	**(2,561)**	**89,273**	**(1,013)**	**548**	**(34,799)**	**(10,050)**	**278,571**	**32,110**	**310,681**
Net loss	**–**	**–**	**–**	**–**	**(49,788)**	**–**	**–**	**–**	**–**	**(49,788)**	**(27,264)**	**(77,052)**
Other comprehensive income (loss)	**–**	**–**	**–**	**–**	**–**	**–**	**282**	**(9,354)**	**(1,136)**	**(10,208)**	**(100)**	**(10,308)**
Total comprehensive income (loss)	**–**	**–**	**–**	**–**	**(49,788)**	**–**	**282**	**(9,354)**	**(1,136)**	**(59,996)**	**(27,364)**	**(87,360)**
Balances at December 31, 2024	**$42,721**	**$688**	**$193,764**	**($2,561)**	**$39,485**	**($1,013)**	**$830**	**(44,153)**	**(11,186)**	**$218,575**	**$4,746**	**$223,321**

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Three months ended March 31	
	2025 (Unaudited)	2024 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	**$4,720**	($5,512)
Adjustments for:		
Depreciation of property, plant and equipment (Note 9)	**5,165**	5,829
Interest expense	**5,479**	5,086
Amortization of right-of-use assets (Note 18)	**1,728**	1,660
Unrealized foreign exchange losses (gains)	**(1,925)**	653
Amortization of intangible assets (Note 10)	**286**	434
Gain on insurance claims	**–**	(6)
Interest income	**(229)**	(666)
Loss (gains) on sale of property, plant and equipment (Note 9)	**282**	(27)
Provision of impairment loss on property, plant and equipment	**(365)**	–
Operating income before working capital changes	**15,141**	7,451
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Loans and receivables	**5,240**	(2,217)
Contract asset	**4,441**	3,303
Inventories	**18,866**	16,051
Other current assets	**(84)**	2,721
Increase (decrease) in:		
Accounts payable and accrued expenses	**(15,218)**	(3,245)
Contract liabilities	**(34)**	325
Retirement liabilities	**(134)**	(635)
Net cash provided by operations	**28,218**	23,754
Income tax paid	**(637)**	(656)
Interest paid	**(5,388)**	(5,207)
Interest received	**222**	665
Net cash provided by operating activities	**22,415**	18,556
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of:		
Property, plant and equipment (Note 9)	**(1,556)**	(3,405)
Intangible assets (Note 10)	**(79)**	(662)
Proceeds from sale of property, plant and equipment	**687**	547
Decrease (increase) in other noncurrent assets	**2,191**	(370)
Net cash provided by (used in) investing activities	**1,243**	(3,890)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of loans	**(33,217)**	(14,537)
Availment of loans	**35,583**	641
Payments of lease liabilities	**(1,856)**	(1,802)
Refund (collection) on subscriptions	**(2)**	1
Increase (decrease) in other noncurrent liabilities	**(1,101)**	(599)
Net cash used in financing activities	**(593)**	(16,296)
NET FOREIGN EXCHANGE DIFFERENCE IN CASH AND CASH EQUIVALENTS	**158**	(3)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**23,223**	(1,633)
CASH AND CASH EQUIVALENTS AT JANUARY 1	**91,944**	103,008
CASH AND CASH EQUIVALENTS AT MARCH 31	**$115,167**	$101,375

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 47.57% owned by Mermac, Inc. (Ultimate Parent Company) and the rest by the public.

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

The Parent Company was listed by way of introduction in the PSE on January 21, 2010. It has completed its follow-on offering and listing of 215,000,000 common shares on December 5, 2014. On March 2, 2018, the Parent Company completed the stock rights offer and listing of 350,000,000 common shares to all eligible stockholders.

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

The accompanying unaudited interim condensed consolidated financial statements were approved and authorized for release by the Audit Committee on May 7, 2025.

2. Group Information

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

Subsidiary	Percentage of Ownership 2025	2024	Country of Incorporation	Functional Currency
IMI International (Singapore) Pte. Ltd.	**100.00%**	100.00%	Singapore	United States Dollar (USD)
Speedy-Tech Electronics Ltd. (STEL) Group	**100.00%**	100.00%	Singapore	USD
IMI (Chengdu) Ltd. (IMICD) [b]	**100.00%**	100.00%	China	Renminbi (RMB)
IMI Technology (Shenzhen) Co. Ltd. (IMI SZ)	**100.00%**	100.00%	China	USD
IMI Smart Technology (Shenzhen) Co. Ltd.	**100.00%**	100.00%	China	RMB
IMI Innovative Technology (Shenzhen) Co., Ltd.	**100.00%**	100.00%	China	RMB
Speedy-Tech Electronics (HK) Limited (STHK)	**100.00%**	100.00%	Hong Kong	USD
Speedy-Tech Electronics (Jiaxing) Co., Ltd. (STJX)	**100.00%**	100.00%	China	RMB
Speedy-Tech (Philippines), Inc. (STPH) [a]	**100.00%**	100.00%	Philippines	USD
Cooperatief IMI Europe U.A.	**100.00%**	100.00%	Netherlands	Euro (EUR)
Integrated Micro-Electronics Bulgaria EOOD	**100.00%**	100.00%	Bulgaria	EUR
Microenergia EOOD (Microenergia)	**100.00%**	100.00%	Bulgaria	Bulgarian Lev (BGN)
Integrated Micro-Electronics d.o.o. Niš (IMI Serbia)	**100.00%**	100.00%	Serbia	Serbian Dinar (RSD)
Integrated Micro-Electronics Czech Republic s.r.o.	**100.00%**	100.00%	Czech Republic	EUR
Integrated Micro-Electronics Mexico, S.A.P.I. de C.V.	**100.00%**	100.00%	Mexico	USD

IMI France SAS (IMI France)	**100.00%**	100.00%	France	EUR
VIA Optronics AG (VIA)	**50.32%**	50.32%	Germany	EUR
Germaneers GmbH	**100.00%**	100.00%	Germany	EUR
VIA Optronics (Philippines), Inc.	**100.00%**	100.00%	Philippines	PHP
VIA Optronics GmbH (VIA GmbH)	**100.00%**	100.00%	Germany	USD
VIA Optronics Suzhou Co. Ltd. (VIA Suzhou)	**100.00%**	100.00%	China	USD
VIA Optronics LLC (VIA LLC)	**100.00%**	100.00%	USA	USD
VIA Optronics (Taiwan) Ltd	**100.00%**	100.00%	Taiwan	Taiwan Dollar
VTS-Touchsensor Co., Ltd. (VTS)	**65.00%**	65.00%	Japan	Japanese Yen (JPY)
Integrated Micro-Electronics UK Limited (IMI UK)	**100.00%**	100.00%	United Kingdom	British Pounds (GBP)
IMI USA	**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) [a]	**40.00%**	40.00%	Philippines	USD
Pacsem Realty, Inc. (Pacsem Realty) [a]	**64.00%**	64.00%	Philippines	USD

[a] *In the process of liquidation / dormant*
[b] *Production ceased in December 2024*

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 three months periods ended March 31, 2025 and 2024 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, 2024, 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, 2024.

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 losses 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 Accounting Standards, amended PFRS Accounting Standards and improvements to PFRS Accounting Standards which were adopted beginning January 1, 2025. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

- PFRS 17, *Insurance Contracts*

  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

  On December 15, 2021, the FSRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

- Amendments to PAS 21*, Lack of exchangeability*

  The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

Standards Issued but not yet Effective

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

Effective beginning on or after January 1, 2026

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

Effective beginning on or after January 1, 2027

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

Deferred effectivity

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

4. Cash and Cash Equivalents

This account consists of:

	Mar 31, 2025 (Unaudited)	Dec 31, 2024 (Audited)
	(In thousands)	
Cash on hand	**$138**	$139
Cash in banks	**111,780**	91,205
	$111,918	$91,344

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.

<u>Short-term Investments</u>
Short-term investments amounting to $3.25 million and $0.60 million as of March 31, 2025 and December 31, 2024, 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 0.80% to 0.90% and 3.65% to 3.70% per annum as of March 31, 2025 and December 31, 2024, respectively.

5. Receivables – net

This account consists of:

	Mar 31, 2025(Unaudited)	Dec 31, 2024 (Audited)
	(In thousands)	
Trade	**$216,746**	$218,453
Nontrade	**1,896**	3,007
Due from related parties (Note 20)	**1,669**	1,533
Receivable from employees	**68**	99
Others	**6,507**	5,873
	226,886	228,965
Less:		
Allowance for ECLs	**1,724**	1,572
	$225,162	$227,393

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

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

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

Others
IMI UK provided GBP2,237,500 ($2,894,878 and $2,802,234 as of March 31, 2025 and December 31, 2024, respectively) of funding by way of unsecured loan to STI in order that each Group Company shall be in a position to continue to be able to pay its trade creditors (the Interim Funding). IMI UK also recognized receivable from RCapital equivalent to the cash consideration on the sale amounting to GBP2,237,500 (($2,894,878 and $2,802,234 as of March 31, 2025 and December 31, 2024, respectively). For both the interim funding and the consideration, interest shall accrue daily (but shall not compound) at 5% per annum, repayable on the earlier of the date falling: (i) two years after the Completion Date; and (ii) five Business Days after the occurrence of a Trigger Event (the Interim Funding Repayment Date). The accrued interest in relation to the above balances amounted to $0.45 million as of March 31, 2025.

Allowance for ECLs
Trade receivables, nontrade receivables, receivable from insurance and receivable from employees with aggregate nominal value of $1.72 million and $1.57 million as of March 31, 2025 and December 31, 2024, respectively, were individually assessed to be impaired and fully provided with allowance for ECL.

Provisions for ECL recognized for the three-month period ended March 31, 2025 and 2024 amounted to $0.09 million and $0.26 million, respectively. Provisions during the period form part of "Operating Expenses".

6. Contract Balances

	Mar 31, 2025 (Unaudited)	Dec 31, 2024 (Audited)
	(In thousands)	
Contract assets	**$38,879**	$42,642
Contract liabilities	**3,409**	3,442

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 March 31, 2025 and 2024, 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 decrease in contract liabilities was mainly due to decrease 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

Decrease in inventories mainly due to recoveries of backlog demands and improvement in loading strategy and inventory turnover.

Reversals for inventory obsolescence and allowance for decline in inventories, recognized for the three-month period ended March 31, 2025 and 2024 amounted to ($0.20) million and ($0.10) million, respectively.

8. Other Current Assets

This account consists of:

	Mar 31, 2025 (Unaudited)	Dec 31, 2024 (Audited)
	(In thousands)	
Input taxes	**$14,431**	$13,639
Prepayments and deferred charges	**4,352**	4,315
Tax credits	**3,518**	3,316
Advances to suppliers	**3,491**	3,482
Others	**147**	397
	$25,939	$25,149

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 suppler 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.

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.

Advances to Suppliers
Advances to suppliers represent advance payments made to suppliers for direct materials.

9. Property, Plant and Equipment – net

	Mar 31, 2025 (Unaudited)	Dec 31, 2024 (Audited)
	(In thousands)	
Property, Plant and Equipment	**$291,203**	$288,686
Less: Accumulated Depreciation	**167,806**	162,920
Accumulated Impairment losses	**12,379**	12,546
Property, Plant and Equipment (Net)	**$111,018**	$113,220

Additions to property, plant and equipment for the three-month period ended March 31, 2025 amounted to $1.56 million mainly to maintain and upgrade existing assets.

Depreciation expense amounted to $5.17 million and $5.83 million for the three-month period ended March 31, 2025 and 2024, respectively.

The Group recognized gains (losses) from disposal and retirement of certain machineries and facilities equipment, furniture and fixtures, and tools and instruments for the three-month period ended March 31, 2025 and 2024 amounting to ($0.22) million and $0.03 million, respectively.

10. **Intangible Assets – net**

	Mar 31, 2025 (Unaudited)	Dec 31, 2024 (Audited)
	(In thousands)	
Intangible Assets	**$73,356**	$72,552
Less: Accumulated amortization	**64,295**	63,451
Accumulated impairment losses	**6,187**	6,187
Intangible Assets (Net)	**$2,874**	$2,914

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

Product development costs includes capitalized costs arising from the development phase of certain projects which are still undergoing qualification.

The Group's intellectual properties (IPs) relate to the acquisition of VIA and VTS. VIA's intellectual properties pertain to display system optically bonded to a display region and enhanced liquid crystal display system and methods while VTS's IP relates to the transfer of the seller of the technology relevant to run the business.

Software licenses which include computer software, applications and modules has net book value of $2.57 million and $2.60 million as of March 31, 2025 and December 31, 2024, respectively. Additional licenses acquired for the year amounted to $0.14 million.

Amortization for all intangibles amounted to $0.27 million and $0.43 million for the three-month period ended March 31, 2025 and 2024, respectively. No impairment loss was recognized for these intangible assets.

11. **Other Noncurrent Assets**

This account consists of:

	Mar 31, 2025 (Unaudited)	Dec 31, 2024 (Audited)
	(In thousands)	
Deferred charges	**$7,015**	$7,745
Miscellaneous deposits	**2,223**	2,922
Pension asset – net	**198**	196
Others	**208**	185
	$9,644	$11,048

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:

	Mar 31, 2025 (Unaudited)	Dec 31, 2024 (Audited)
	(In thousands)	
Trade payables	**$137,865**	$157,666
Accrued expenses	**27,220**	26,308
Employee-related accruals	**24,372**	21,900
Nontrade payables	**11,085**	10,681
Advances from customers	**3,842**	4,999
Taxes and government-related payable	**2,470**	2,773
Accrued interest payable	**2,039**	2,345
Customers' deposits	**1,457**	1,507
Due to related parties (Note 20)	**338**	382
	$210,688	$228,561

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.

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

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.

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:

	Mar 31, 2025 (Unaudited)	Dec 31, 2024 (Audited)
	(In thousands)	
Parent Company	**$151,950**	$123,100
VIA	**37,042**	29,190
IMI CZ	**–**	165
STEL	**139**	139
	$189,131	$152,594

Parent Company
As of March 31, 2025 and December 31, 2024, the Parent Company has unsecured short-term loans aggregating to $152.0 million and $123.1 million, respectively, with maturities ranging from 30 to 120 days, and fixed annual interest rates ranging from 5.30% to 6.63% in 2025 and 5.37% to 6.63% in 2024.

VIA
The loans of VIA were obtained from China and Germany-based banks with terms ranging from 125 to 365 days and interest rates ranging from 2.80% to 3.40% in 2025 and 2024.

IMI CZ
The loans of IMI CZ are from existing revolving credit facilities with Czech-based bank which bear annual interest based on 1-month EURIBOR or PRIBOR plus 1.20%. There are no outstanding loans as of March 31, 2025.

STEL
The loans of STEL are from existing revolving credit facilities with China-based banks and bear annual interest rate ranging from 3.00% to 3.50% in 2025 and 2024.

14. Long-Term Debt

This account consists of borrowings of the following entities:

	Mar 31, 2025 (Unaudited)	Dec 31, 2024 (Audited)
	(In thousands)	
Parent Company	**$102,533**	$132,466
IMI CZ	**–**	2,887
VTS	**2,409**	2,513
	104,942	137,866
Less current portion:		
Parent Company	**800**	29,579
IMI CZ	**–**	541
VTS	**674**	643
	1,474	30,763
Noncurrent portion	**$103,468**	$107,103

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 8.65% and 4.22% to 8.65% in 2025 and 2024, respectively.

Loan covenants related to the Parent Company’s loans as of March 31, 2025 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 March 31, 2025 and December 31, 2024, the Parent Company has no indication that it will have difficulty complying with these covenants.

IMI CZ
IMI CZ have secured long-term loans with Czech-based banks that are payable in regular monthly installments with terms of five years. IMI CZ loan has interest rates ranging from 1.05% to 2.31% per annum. As of March 31, 2025, the long-term loans were already fully paid.

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

15. **Equity**

Dividends
No dividend payment was declared to common shareholders for the three months period ended March 31, 2025 and 2024.

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 March 31, 2025 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 March 31, 2025 and December 31, 2024.

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

	Mar 31, 2025 (Unaudited)	Dec 31, 2024 (Audited)
	(In thousands)	
Trust receipts and loans payable	**$189,131**	$152,594
Long-term bank borrowings	**104,942**	137,866
Total bank debt	**294,073**	290,460
Less cash and cash equivalents	**115,167**	91,943
Net bank debt	**$178,906**	$198,517
Total equity	**233,638**	223,321
Debt-to-equity ratio	**1.26:1**	1.30:1
Net debt-to-equity ratio	**0.77:1**	0.89:1

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

16. **Earnings per Share**

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

	Mar 31, 2025 (Unaudited)	Mar 31, 2024 (Unaudited)
	(In thousands)	
Net loss	**$3,283**	($3,674)
Weighted average number of common shares outstanding	**2,207,870**	2,207,914
Basic and diluted	**$0.0015**	($0.0017)

As of March 31, 2025 and 2024, 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 under Germany segment, and 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 three-month period ended March 31, 20252025 and 2024:

March 31, 2025 (Unaudited)	**Philippines**	**China**	**Europe**	**Mexico**	**Germany**	**Singapore/ USA/Japan/IMI UK**	**Consolidation and Eliminations**	**Total**
Revenue:								
Third party	**$53,951**	**$35,840**	**$90,221**	**$33,448**	**$28,366**	**$6,648**	**$–**	**$248,474**
Intersegment	**3,675**	**6,327**	**7,144**	**82**	**–**	**241**	**(17,469)**	**–**
Total revenue	**$57,626**	**$42,167**	**$97,365**	**$33,530**	**$28,366**	**$6,889**	**($17,469)**	**$248,474**
Segment interest income	**$1,087**	**$715**	**$258**	**$–**	**$70**	**$473**	**($2,374)**	**$229**
Segment interest expense and bank charges	**$5,033**	**$549**	**$434**	**$925**	**$452**	**$622**	**($2,473)**	**$5,542**
Segment profit (loss) before income tax	**($1,119)**	**$934**	**$3,801**	**($1,230)**	**$686**	**$1,908**	**($260)**	**$4,720**
Segment provision for income tax	**(566)**	**47**	**(167)**	**(35)**	**(642)**	**–**	**(13)**	**(1,376)**
Segment profit (loss) after income tax	**($1,685)**	**$981**	**$3,634**	**($1,265)**	**$44**	**$1,908**	**($273)**	**$3,344**
Net income (loss) attributable to the equity holders of the Parent Company	**($1,685)**	**$981**	**$3,634**	**($1,265)**	**($17)**	**$1,908**	**($273)**	**$3,283**

March 31, 2024 (Unaudited)	**Philippines**	**China**	**Europe**	**Mexico**	**Germany**	**Singapore/ USA/Japan/IMI UK**	**Consolidation and Eliminations**	**Total**
Revenue:								
Third party	$54,910	$53,240	$113,843	$37,168	$28,057	$2,898	$–	$290,116
Intersegment	1,414	3,284	6,076	654	–	866	(12,294)	–
Total revenue	$56,324	$56,524	$119,919	$37,822	$28,057	$3,764	($12,294)	$290,116
Segment interest income	$1,327	$933	$330	$–	$502	$569	($2,995)	$666
Segment interest expense and bank charges	$4,492	$824	$694	$1,271	$352	$747	($3,099)	$5,281
Segment profit (loss) before income tax	($4,040)	$319	$5,269	($2,383)	($6,719)	$131	$1,911	($5,512)
Segment provision for income tax	(336)	(234)	(337)	(25)	(1,814)	0	(9)	(2,755)
Segment profit (loss) after income tax	($4,376)	$86	$4,932	(2,408)	($8,533)	$131	$1,902	($8,267)
Net income (loss) attributable to the equity holders of the Parent Company	($4,376)	$86	$4,932	($2,408)	($3,940)	$131	$1,902	($3,674)

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 March 31, 2025 and December 31, 2024:

	Philippines	China	Europe	Mexico	Germany	USA/Japan/ Singapore/UK	Consolidation and Eliminations	Total
March 31, 2024 (Unaudited)	**$551,233**	**$173,594**	**$279,204**	**$106,278**	**$85,040**	**$291,872**	**($699,105)**	**$788,116**
December 31, 2024 (Audited)	$555,577	$177,115	$269,461	$107,408	$88,888	$290,680	($696,205)	$792,924

Investments in subsidiaries and intersegment receivables amounting to $448.15 million and $345.87 million as of March 31, 2025, respectively, and $448.15 million and $308.82 million as of December 31, 2024, respectively are eliminated in consolidation.

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

	Mar 31, 2025 (Unaudited)	Dec 31, 2024 (Audited)
	(In thousands)	
STEL	**$38,225**	$38,225
VIA	**1,862**	1,793
Parent Company	**441**	441
	$40,528	$40,459

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:

	Mar 31, 2025 (Unaudited)	Mar 31, 2024 (Unaudited)
	(In thousands)	
Manufacturing of goods	**$247,697**	$289,419
Non-recurring engineering services	**777**	697
Revenue from contracts with customers	**$248,474**	$290,116

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

	March 31, 2025 (Unaudited)		
	Revenue recognized over time	Revenue recognized at point in time	Total
		(In thousands)	
Philippines	**$53,952**	**$–**	**$53,952**
China	**35,802**	**38**	**35,840**
Europe	**89,482**	**739**	**90,221**
Mexico	**33,448**	**–**	**33,448**
Germany	**28,366**	**–**	**28,366**
USA/Singapore	**–**	**6,647**	**6,647**
Revenue from contracts with customers	**$241,050**	**$7,424**	**$248,474**

	March 31, 2024 (Unaudited)		
	Revenue recognized over time	Revenue recognized at point in time	Total
	(In thousands)		
Philippines	**$54,909**	**$–**	**$54,909**
China	**53,079**	**161**	**53,240**
Europe	**113,574**	**270**	**113,844**
Mexico	**36,902**	**266**	**37,168**
Germany	**28,057**	**–**	**28,057**
USA/Japan/Singapore	**–**	**2,898**	**2,898**
Revenue from contracts with customers	**$286,521**	**$3,595**	**$290,116**

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

	Mar 31, 2025 (Unaudited)	Mar 31, 2024 (Unaudited)
	(In thousands)	
Europe	**$ 177,895**	$215,175
America	**29,371**	31,120
Japan	**15,249**	13,926
Asia/Others	**25,959**	29,895
	$248,474	$290,116

Revenues are attributed to countries on the basis of the customer's location. The current top customer accounts for 16% and 14% of the Group's total revenue for the three-month period ended March 31, 2025 and 2024, respectively.

The following table presents revenues per market segment:

	Mar 31, 2025 (Unaudited)	Mar 31, 2024 (Unaudited)
	(In thousands)	
Automotive	**$165,436**	$202,508
Industrial	**69,102**	74,700
Consumer	**4,288**	1,970
Telecom	**1,017**	3,496
Medical	**5,307**	5,236
Multiple markets / Others	**3,324**	2,206
	$248,474	$290,116

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:

	Mar 31, 2025 (Unaudited)	Dec 31, 2024 (Audited)
	(In thousands)	
At beginning of period	**$30,018**	$19,473
Additions	**–**	19,640
Deductions	**–**	(404)
Amortization expense	**(1,728)**	(8,337)
Cumulative translation adjustment	**197**	(354)
As end of period	**$28,487**	$30,018

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

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	Mar 31, 2025 (Unaudited)	Dec 31, 2024 (Audited)
	(In thousands)	
At beginning of period	**$30,880**	$21,989
Additions/deduction	**–**	19,640
Interest expense on lease liabilities	**398**	1,483
Rental payments	**(1,856)**	(8,814)
Termination	**–**	(551)
Gain on lease termination	**–**	(1,107)
Cumulative translation adjustment	**146**	(1,760)
At end of period	**$29,568**	$30,880
Current	**$4,699**	$5,4444
Noncurrent	**$24,869**	$25,436

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

	Mar 31, 2025 (Unaudited)	Mar 31, 2024 (Unaudited)
	(In thousands)	
Amortization expense of right-of-use assets	**$1,728**	$1,660
Interest expense on lease liabilities	**398**	314
Expense related to short-term leases and low-value assets (included in cost of sales)	**335**	352
	$2,461	$2,326

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 three months period ended March 31, 2025 and 2024, 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, a related party

   As of March 31, 2025 and December 31, 2024, the Group maintains current and savings accounts with BPI amounting to \$0.79 million and \$0.69 million, respectively.

   Total interest income earned from investments with BPI amounted to \$0.27K and \$0.41K for the three-month period ended March 31, 2025 and 2024, respectively.

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

	Receivables		Payables	
	2025	2024	**2025**	**2024**
Immediate Parent:				
AC Industrials Technology Inc. (AC Industrials)	**\$–**	\$–	**\$–**	**\$–**
Intermediate Parent:				
Ayala Corporation (AC)	**820**	443	**–**	**–**
Entities Under Common Control:				
KTM Asia Motor Manufacturing Inc. (KAMMI)	**700**	842	**–**	**–**
Merlin Solar Technologies (Phils.) Inc. (MSTPI)	**149**	241	**–**	**–**
Ayala International Holdings Ltd (AIHL)	**–**	7	**–**	**–**
AREIT, Inc.	**–**	–	**130**	**123**
HMC, Inc. (HMCI)	**–**	–	**16**	**16**
BPI	**–**	–	**191**	**225**
Innove Communication, Inc. (ICI)	**–**	–	**1**	**13**
Globe Telecom, Inc. (GTI)	**–**	–	**0**	**5**
	\$1,669	\$1,533	**\$338**	**\$381**

i. Transaction with AC, AC Industrials and AIHL pertains to management fee on corporate and support services.

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

iii. Payable to BPI pertain to employee-related transactions.

iv. Payables to ICI pertain to building rental, leased lines, internet connections and ATM connections.

v. Payable to HMCI pertain to provision of health services.

vi. Payables to GTI pertain to billings for software and WiFi connections. These are due and demandable.

vii. Payables to AREIT pertain to leased land

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

	Revenue/Income		Expenses	
	Mar 31, 2025 (Unaudited)	Mar 31, 2024 (Unaudited)	**Mar 31, 2025 (Unaudited)**	Mar 31, 2024 (Unaudited)
		(In thousands)		
Intermediate Parent:				
AC	**$–**	$–	**$8**	$13
Entities Under Common Control:				
KAMMI	**160**	476	**–**	–
MSTPI	**30**	29	**–**	–
BPI	**1**	1	**–**	–
AREIT, Inc. (AREIT)	**–**	–	**388**	384
Laguna AAAWater Corp. (LAWC)	**–**	–	**–**	318
Innove Communication, Inc. (ICI)	**–**	–	**18**	17
GTI	**–**	–	**20**	26
Ayala Group Legal (AG Legal)	**–**	–	**1**	15
HMC, Inc. (HMCI)	–	–	**49**	54
	$191	$506	**$484**	$827

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

i. Revenues from KAMMI and MSTPI pertain to subcontracting services related to registered activities.

ii. Interest income earned from investments with BPI.

Expenses incurred from related party transactions include:

i. Administrative services charged by AC Industrials and AC related to certain transactions.

ii. Rental expense from the lease contract between the Parent Company and AREIT (Formerly with TLI).

iii. Water allocation charged by LAWC. LAWC ceased to be a related party beginning May 2024.

iv. Building rental, leased lines, internet connections and ATM connections with ICI.

v. Health services from HMCI.

vi. Consultations on legal matters and assistance on regulatory and legal requirements from AG Legal.

vii. Billings for cellphone charges and WiFi connections with GTI.

viii. Staff house rent expenses paid with BPI.

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, trade related transactions from certain customers and interest income of the Parent Company, IMI Singapore and STSN for loans granted to PSi, IMI MX, STI and CZ.

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

20. Fair Values of Financial Instruments

<u>Fair Values of Financial Assets and Financial Liabilities where the Carrying Amounts Approximate Fair Values</u>

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 March 31, 2024 and December 31, 2024:

	Carrying Amounts		Fair Values	
	Mar 31, 2025	Dec 31, 2024	**Mar 31, 2025**	Dec 31, 2024
	(In thousands)			
Financial assets:				
Financial assets at FVOCI	**$2,519**	$2,543	**$2,519**	$2,543
Financial liabilities:				
Noncurrent portion of long-term debt	**$103,468**	$107,103	**$106,707**	$112,180

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 2025 and 2024 ranged from 1.67% to 8.65% and from 1.05% to 8.65% respectively.

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

	March 31, 2025			
	Fair Value Measurement Using			
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets measured at fair value:				
Financial assets at FVOCI	**$–**	**$2,519**	**$–**	**$2,519**
Liabilities for which fair values are disclosed:				
Long-term debt	**$–**	**$–**	**$106,707**	**$106,707**

	December 31, 2024			
	Fair Value Measurement Using			
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets measured at fair value:				
Financial assets at FVOCI	$–	$2,543	$–	$2,543
Liabilities for which fair values are disclosed:				
Long-term debt	$–	$–	$112,180	$112,180

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 March 31, 2025 and 2024. There is no other impact on the Group's equity other than those already affecting income.

	Effect on Net Income before Tax	
Increase/Decrease in Basis Points	**Mar 31, 2025 (Unaudited)**	Mar 31, 2024 (Unaudited)
+100	**($727)**	($542)
-100	**727**	542

The following table shows the information about the Group's debt as of March 31, 2025 and 2024 that are exposed to interest rate risk presented by maturity profile:

	Mar 31, 2025 (Unaudited)	Mar 31, 2024 (Unaudited)
Within one year	**$189,005**	$70,817
One to five years	**101,732**	145,812
	$290,737	$216,629

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 March 31, 2025 and December 31, 2024 is the carrying amounts of the financial assets. The Group's maximum exposure for cash and cash equivalents excludes the carrying amount of cash on hand.

The Group has 30% and 27% of trade receivables relating to three major customers as of March 31, 2025 and December 31, 2024, respectively.

As of March 31, 2025 and December 31, 2024, the aging analysis of trade receivables follows:

			Past due but not impaired				
	Total	**Current**	**<30 days**	**30-60 days**	**60-90 days**	**90-120 days**	**>120 days**
March 31, 2025 (Unaudited)	**$216,746**	**$185,010**	**$17,321**	**$4,425**	**$1,714**	**$980**	**$7,296**
December 31, 2024 (Audited)	$218,453	$170,858	$28,144	$6,253	$4,049	$2,047	$7,102

Foreign Currency Risk
The Group's foreign exchange risk results primarily from movements of the functional currency of each legal entity against other currencies. As a result of significant transactions denominated in RMB, PHP and EUR the consolidated statements of income can be affected significantly by movements in the USD versus these currencies. In 2025 and 2024, the Group entered into currency forward contracts to hedge its risks associated with foreign currency fluctuations.

The Group 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 (₱)

	Mar 31, 2025 (Unaudited)		Dec 31, 2024 (Audited)	
	In USD	**In PHP**	In USD	In PHP
Cash and cash equivalents	**$816**	**₱46,661**	$722	₱41,770
Receivables	**3,479**	**199,030**	2,721	157,403
Miscellaneous deposits	**639**	**36,555**	631	36,526
Accounts payable and accrued expenses	**(9,935)**	**(568,390)**	(9,170)	(530,468)
Net retirement liabilities	**(8,673)**	**(496,153)**	(8,798)	(508,904)
Net foreign currency-denominated liabilities	**($13,674)**	**(₱782,297)**	($13,894)	(₱803,673)

Euro (€)

	Mar 31, 2025 (Unaudited)		Dec 31, 2024 (Audited)	
	In USD	**In EUR**	In USD	In EUR
Cash and cash equivalents	**$18,757**	**€17,344**	$16,724	€15,403
Receivables	**25,500**	**23,578**	21,583	19,878
Accounts payable and accrued expenses	**(43,256)**	**(39,997)**	(35,929)	(33,091)
Net foreign currency-denominated assets	**$1,001**	**€925**	$2,378	€2,190

Renminbi (RMB)

	Mar 31, 2025 (Unaudited)		Dec 31, 2024 (Audited)	
	In USD	**In RMB**	In USD	In RMB
Cash and cash equivalents	**$1,628**	**RMB 11,689**	$1,144	RMB 8,133
Receivables	**5,659**	**40,621**	6,325	44,953
Accounts payable and accrued expenses	**(8,598)**	**(61,721)**	(10,755)	(76,444)
Net foreign currency-denominated assets	**($1,311)**	**(RMB 9,411)**	($3,286)	(RMB 23,358)

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 March 31, 2025 and December 31, 2024 follows:

	Mar 31, 2025 (Unaudited)			
	In USD	**In EUR***	**In RMB***	**In GBP***
Cash and cash equivalents	**$24,798**	**€19,297**	**RMB 28,196**	**£–**
Receivables	**27,263**	**16,563**	**67,112**	**–**
Accounts payable and accrued expenses	**(26,618)**	**(13,674)**	**(62,034)**	**(2,545)**
Net foreign currency-denominated assets	**$25,443**	**€22,186**	**RMB33,274**	**(£2,545)**

**The USD-denominated monetary assets and liabilities are translated using EUR0.9231 for $1, RMB7.095 for $1 and GBP0.7919 for $1.*

	December 31, 2024 (Audited)			
	In USD	**In EUR***	**In RMB***	**In GBP***
Cash and cash equivalents	$15,342	€13,028	RMB5,186	£–
Receivables	21,794	10,972	73,673	–

Forward

Accounts payable and accrued expenses	(30,090)	(14,978)	(81,305)	(2,381)
Net foreign currency-denominated assets	$7,046	€9,022	(RMB2,446)	(£2,381)

**The USD-denominated monetary assets and liabilities are translated using EUR 0.9040 for $1, RMB7,0827 for $1 and GBP0.7849 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 March 31, 2025 and March 31, 2024. The reasonably possible change was computed based on one year average historical movement of exchange rates between the USD and other currencies.

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

		Effect on Net Income before Tax	
Currency	Increase/Decrease in USD Rate	**Mar 31, 2025 (Unaudited)**	Mar 31, 2024 (Unaudited)
PHP	+1%	**$170**	$184
	-1%	**(170)**	(184)
EUR	+1%	**(6)**	(9)
	-1%	**6**	9
RMB	+1%	**(12)**	(33)
	1%	**12**	33

22. Contingencies

As of December 31, 2024, the Group is a party to legal proceedings arising in the ordinary course of its operations but which it believes would not materially and adversely affect its business. Certain employees have filed illegal dismissal cases before the National Labor Relations Commission against IMI when the latter terminated their services due to violation of company rules and regulations such as acts of dishonesty, and excessive unauthorized absences. These cases are at various stages including appeal. There are also pending cases involving other members of the IMI Group in other jurisdictions, some of which are being resolved amicably.

As of report date, IMI is a party to legal proceedings arising in the ordinary course of its operations (including but not limited to filing creditor's claims in bankruptcy and liquidation proceedings).

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						
	Dec 31, 2024 (Audited)	Availment/ Collection	Settlement/ Payment	Reclass	Addition/ Reduction	Accretion of interest expense	Forfeitures	Waved Rentals	Foreign currency translation	**Mar 31, 2025 (Unaudited)**
Loans and trust receipts payable	$152,594	$35,583	($165)	$–	$–	$–	$–	$–	$1,119	**$189,131**
Current portion of long-term debt	30,763	–	(31,897)	2,566	–	–	–	–	42	**1,474**
Long-term debt	107,103	–	(1,155)	(2,566)	–	–	–	–	81	**103,463**
Lease liabilities	30,880	–	(1,856)	–	–	398	–	–	146	**29,568**
Other noncurrent liabilities	5,137	–	–	–	–	–	–	–	(231)	**4,906**
Subscriptions receivable	(2,561)	–	–	–	–	–	(1)	–	–	**(2,562)**
	$323,916	$35,583	($35,073)	$–	$–	$398	($1)	$–	$1,157	**$325,980**

Most of the loans are from existing revolving credit lines.

24. **Events after the Balance Sheet Date**

<u>Amendment to the Second Article of the Articles of Incorporation</u>
On March 7, 2025, the Board of Directors of the Parent Company approved the inclusion in the primary purpose of the Corporation the activities related to provision of warehousing/logistics support services, particularly importation/procurement, storage, deposit, inventory management of goods for subsequent sales, transfers or dispositions to clients, interested establishments, agencies and/or export enterprises. The purpose of the inclusion of the activities is to facilitate internal logistics activities within the Group and to enhance value proposition to customers.

<u>2025 Stock Appreciation Rights Program</u>
On March 7, 2025, the Board of Directors of the Parent Company approved the 2025 Employee Stock Option Program which may be in the form of a Stock Appreciation Rights Plan that grants cash settled and/or equity settled options (at the option of the Corporation) to its key talents.

The above two items approved on March 7, 2025 were presented and approved by the Parent Company's stockholders at the annual meeting last April 22, 2025.

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 three months ended 31 March	
	2025	**2024**
	(in US$ thousands, except Basic EPS)	
Revenues from Sales and Services	**$248,474**	$290,116
Cost of Goods Sold and Services	**224,894**	267,011
Gross Profit	**23,580**	23,105
Net Income Attributable to Equity Holders of the Parent Company	**3,283**	(3,674)
EBITDA[i]	**16,095**	6,953
Basic Earnings per Share (EPS)	**$0.0015**	($0.0017)

Revenues from Sales and Services

IMI group revenues for the quarter were US$248 million, with US$220 million generated from wholly-owned core businesses. Sales figures declined 14% versus the same period last year due to continued softness in the electronics industry.

Gross Profit and Gross Profit Margin

Largely driven by the comprehensive restructuring activities that began in mid-2024, margin and profitability both improved despite the challenges in topline sales. Gross profit margin of 9.5% significantly increased against the 8.0% result in the same period last year.

Net Income Attributable to Parent

The company reported a net income for the group of US$3.3 million in the first quarter of 2025 compared against the $3.7 million net loss in 2024 Q1, driven by significant reductions in core fixed overhead and SG&A expenses – totalling US$6.1 million. A similar restructuring approach was taken in VIA, yielding an additional US$6.3 million of cost reduction mainly from SG&A. The Euro's appreciation against the US dollar also contributed positively to the bottom line with a group FX gain of US$1.4 million.

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

EBITDA

Driven by the significant improvement of cost structures across the group, EBITDA more than doubled year-on-year to US$16.1 million from US$7.0 million for a strengthened EBITDA margin of 6.5%.

Financial Condition

The Company's balance sheet improved further with an increased cash level of US$115 million and continued management of debt levels. As of March 31, 2025, current ratio stood at 1.43:1 and debt-to-equity ratio was 1.26:1.

The Company currently focuses on improving operating cash flows which resulted to a positive cash flow from operating activities of $22.4 million for the first quarter compared to last year's $18.6M. CAPEX remains disciplined with only US$1.6 million spent in the first quarter of 2025 mainly maintenance capex. For the full year of 2025, the Company expects to spend ~$16 million on capital expenditures for existing operations and upcoming projects.

Key Performance Indicators of the Company

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

	As of end	
	Mar 31, 2025	**Dec 31, 2024**
Performance indicators		
Liquidity:		
Current ratio[a]	1.43x	1.39x
Solvency:		
Debt-to-equity ratio[b]	1.26x	1.30x

	For the three months ended 31 Mar	
	2025	**2024**
Operating efficiency:		
Revenue growth/decline[c]	-14%	-16%
Profitability:		
Gross profit margin[d]	9.5%	8.0%
Net income margin[e]	1.3%	-1.3%
Return on equity[f]	1.5%	-1.3%
Return on assets[h]	0.4%	-0.4%
[ii]EBITDA margin	6.5%	2.4%

[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*

[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.*

[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
(three months ended 31 March 2025 versus 31 March 2024)

14% decrease in Revenue ($290.1M to $248.5M)
Decrease mainly due continued softness in the automotive electronics industry.

16% decrease in Cost of sales ($267.0M to $224.9M)
Decrease related to decrease in revenue.

65% decrease in Operating expenses ($23.9M to $16.3M)
Mainly due to the comprehensive restructuring activities done in mid-2024.

32% decrease in Interest Income ($0.7M to $0.2M)
Due to the maturity of the short-term investment in Q1 2024.

264% increase in Foreign exchange gains/(loss) (-$0.8M to $1.4M)
FX gain in Q12025 from positive effect of weaker USD on balance sheet revaluation in relation to USD liabilities for sites with other than USD functional currency; last year's FX loss at -$0.8M mainly from EUR depreciation (1.11 vs. 1.08)

82% increase in Miscellaneous income ($0.7M to $1.3M)
Other income as a result of reversal and clean-up of balance sheet.

50% decrease in Provision for Tax ($2.8M to $1.4M)
Decrease was due to lower taxable income from Europe and China sites.

Balance Sheet items
(31 March 2024 versus 31 December 2024)

9% decrease in Inventories ($202.5M to $184.4M)
Mainly due to inventory depletion from recoveries of backlogs and improvement in loading strategy and inventory turnover.

9% decrease in Contract Asset ($42.6M to $38.9M)
Decrease in the level of finished goods and work in process inventories

5% decrease in Right-of-use assets ($30.0M to $28.5M)
Decrease was mainly due amortization during the year.

11% increase in Deferred tax assets ($3.1M to $3.5M)
Increase was due to tax adjustment during the year.

13% decrease in Other noncurrent assets ($11.0M to $9.6M)
Mainly from reduction in deferred charges and miscellaneous deposits.

8% decrease in Accounts payable and accrued expenses ($228.6M to $210.7M)
Reduction in trade payables related to lower revenue.

24% increase in Loans payable ($152.5M to $189.1M)
Availment of short-term loans that was used to pay the long-term loan due.

14% decrease in Current portion of Lease liabilities ($5.4M to $4.7M)
Payment of lease liabilities in 2025.

95% decrease in Current portion of Long-term debt ($30.8M to $1.5M)
Payment of long-term loans due in Q12025.

EXHIBIT 1
FINANCIAL RATIOS
For the Period Ended March 31, 2025 and 2024 and December 31, 2024

INTEGRATED MICRO-ELECTRONICS INC. AND SUBSIDIARIES
FINANCIAL RATIOS
March 31, 2025

Ratios	Formula	Mar 31, 2025	Mar 31, 2024	Dec 31, 2024
(i) Current ratio	Current assets / Current Liabilities	**1.43**	**1.43**	1.39
(ii) Quick / Acid ratio	Current assets less inventories, contract assets and other current assets/Current liabilities	**0.82**	**0.77**	0.75
(iii) Solvency ratio	Total Assets / Total Liabilities	**1.42**	**1.45**	1.39
(iv) Debt ratio	Total Debt / Total Assets	**0.37**	**0.35**	0.37
(v) Debt-to-Equity ratio	Bank debts (loans and trust receipts payable and long-term debt) / Total Equity	**1.26**	**1.15**	1.30
(vi) Assets-to-Equity ratio	Total Assets / Total Equity	**3.37**	**3.24**	3.55
(vii) Interest rate coverage ratio	Earnings before interest and taxes / Interest Expense	**1.81**	**(0.17)**	
(viii) Profitability ratios				
GP margin	Gross Profit / Revenues	**9.5%**	**8.0%**	
Net profit margin	Net Income after Tax / Revenues	**1.3%**	**-1.3%**	
EBITDA margin	EBITDA / Revenues	**6.5%**	**2.4%**	
Return on assets	Net Income after Tax / Total Asset	**0.4%**	**-0.4%**	
Return on equity	Net Income after Tax / Average equity attributable to parent	**1.5%**	**-1.3%**	

	(in US$'000)		
	Mar 31, 2025	**Mar 31, 2024**	**Dec 31, 2024**
Current Assets	589,560	712,583	589,593
Current Liabilities	412,923	499,190	423,579
Total Assets	788,116	961,516	792,924
Bank Debts	294,072	340,242	290,460
Total Liabilities	554,478	664,890	569,603
Total Equity	233,638	296,625	223,321
Average equity Attributable to parent	223,904	273,926	248,525
Revenues	248,474	290,116	
Gross Profit	23,580	23,105	
Net income attributable to equity holders of the parent	3,283	(3,674)	
Earnings before interest and taxes	10,033	(897)	
Interest expense	5,542	5,281	
EBITDA	16,095	6,953	

PART II--OTHER INFORMATION

1. At the Regular Annual Stockholders' meeting held on April 22, 2025 the stockholders considered and approved the following:

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

     Alberto M. de Larrazabal (Chairman of the Board)
     Louis Sylvester Hughes
     Rafael C. Romualdez
     Jose Ignacio A. Carlos
     Jaime Z. Urquijo
     Roland Joseph L. Duchâtelet
     Mark Robert H. Uy
     Gilles Bernard
     Sherisa P. Nuesa (Independent Director)
     Jesse O. Ang (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
Alberto M. de Larrazabal – Chairman
Rafael C. Romualdez – Member
Roland Joseph L. Duchâtelet – Member

Audit and Risk Committee
Jesse O. Ang – Chairman
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)
Jesse O. Ang – 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
Maria Franchette M. Acosta – Chairman
Laurice S. Dela Cruz – Member
Neilson C. Esguerra – Member

Related Party Transaction Committee
Hiroshi Nishimura – Chairman (Independent Director)
Rafael C. Romualdez – Member
Jesse O. Ang – Member (Independent Director)
Alberto M. de Larrazabal – Member

- Mr. Jesse O. Ang as our lead independent director;

- The officers under our By-Laws and Manual of Corporate Governance:

Louis Sylvester Hughes	-	Chief Executive Officer and President
Robert William Heese	-	Chief Finance Officer and Compliance Officer
Eric De Candido	-	Chief Operations Officer
Laurice S. Dela Cruz	-	Vice President, Finance and Corporate Controller, Deputy Compliance Officer, Acting Chief Risk Officer and Acting Chief Sustainability Officer
Maria Margarita V. del Rosario	-	Chief Human Resources Officer
Cherie R. Sasan	-	Power Business Head
Julien Fournial	-	Global Head, Sales and Marketing
Anthony Raymond P. Rodriguez	-	Treasurer
John Voltaire C. Madriaga	-	Data Protection Officer and ERM and Sustainability Manager
Maria Franchette M. Acosta	-	Corporate Secretary
Rosario Carmela G. Austria	-	Assistant Corporate Secretary
Rizza Anne O. Sy	-	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:

ROBERT WILLIAM HEESE
Chief Finance Officer and Compliance Officer

Date: May 13, 2025

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

Date: May 13, 2025