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I N T E G R A T E D M I C R O E L E C T R O N I C S ,

I N C .

(Company's Full Name)

N O R T H S C I E N C E A V E N U E, L A G U N A

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

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

ATTY. MARIA FRANCHETTE M. ACOSTA

Contact Person

908-3346

Company Telephone Number

DEFINITIVE

1	2		3	1
Month			*Day*	

Fiscal Year

2 0 - I S

FORM TYPE

0	4		2	0
Month			*Day*	

Annual Meeting

Secondary License Type, if Applicable

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

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

NOTICE IS HEREBY GIVEN that the annual meeting of stockholders of **INTEGRATED MICRO-ELECTRONICS, INC.** will be conducted virtually via http://www.ayalagroupshareholders.com/ on **Thursday, April 25, 2024** at **3:00 o'clock in the afternoon** with the following

A G E N D A[1]

1. Call to Order
2. Certification of Notice and Quorum
3. Matters for Approval of Stockholders[2]
   i. Approval of Minutes of Previous Meeting
   ii. Ratification of All Acts of the Board of Directors and Officers
   iii. Election of Directors (including the Independent Directors)
   iv. Election of External Auditor and Fixing of its Remuneration
   v. Approval of the Audited Financial Statements, including noting of Annual Report
4. Consideration of Such Other Business as May Properly Come Before the Meeting
5. Presentation of Management and Open Forum
6. Adjournment

Pursuant to the Company's By-Laws, the Board of Directors during its meeting on February 13, 2024, has approved that the Annual Stockholders' Meeting be held in a fully virtual format. Stockholders may only attend the meeting by remote communication, by voting *in absentia* or by appointing the Chairman of the meeting as their proxy.

Only stockholders of record as of **March 13, 2024** are entitled to notice of, and to vote at, this meeting. Stockholders intending to participate by remote communication should notify the Company by email on or before **April 16, 2024.** Stockholders may likewise register online starting April 3, 2024. Voting may be by electronic means or *in absentia* or by proxy subject to validation procedures. The procedures for participating in the meeting through remote communication and for casting of votes electronically and *in absentia* will be set forth in the Information Statement[3].

Stockholders intending to participate by appointing the Chairman of the meeting as their proxy should submit their duly accomplished proxies and voting instructions on or before **April 16, 2024** to the Office of the Corporate Secretary at 4/F Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City or by email. Validation of proxies is set for April 18, 2024 at 9:00 o'clock in the morning.

Stockholders of record as of March 13, 2024 owning at least 5% of the total outstanding capital stock of the Company may submit proposals on items for inclusion in the agenda by email on or before **April 18, 2024**[4].

All email communications should be sent to corporatesecretary@global-imi.com on or before the designated deadlines.

This notice superseded the notice filed on February 28, 2024 with the Securities and Exchange Commission and Philippine Stock Exchange.

Makati City, April 1, 2024.

MARIA FRANCHETTE M. ACOSTA
Corporate Secretary

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[1] *See pages 2 and 3 for the explanation for each agenda item.*

[2] *Proposed resolutions are indicated below and will be included in the proxy form with voting instructions and in the electronic ballot.*

[3] *Stockholders should notify the Company by email at corporatesecretary@global-imi.com of their preference to receive hard copies of the Information Statement and other ASM materials on or before March 13, 2024.*

[4] *The inclusion of the proposed agenda item shall be in accordance with SEC Memorandum Circular No. 14, Series of 2020, and the Company's internal guidelines.*

EXPLANATION OF AGENDA ITEMS WITH PROPOSED RESOLUTIONS

Call to order
The Chairman will formally open the meeting at approximately 3:00 o'clock in the afternoon.

Certification of notice and quorum (and rules of conduct and procedures)
The Corporate Secretary will certify that written notice for the meeting was duly sent to stockholders and that a quorum exists for the transaction of business.

Pursuant to Sections 57 and 23 of the Revised Corporation Code which allow voting *in absentia* by the stockholders, the Company has set up a designated online web address, http://www.ayalagroupshareholders.com/, which may be accessed by the stockholders to register and vote *in absentia* on the matters for resolution at the meeting.[5] A stockholder participating by remote communication or who votes *in absentia* shall be deemed present for purposes of quorum.

The following are the rules of conduct and procedures for the meeting to be conducted in virtual format:

(i) Stockholders may attend the meeting remotely through the online web address (URL) provided. Questions and comments may be sent prior to or during the meeting at corporatesecretary@global-imi.com and shall be limited to the Items in the Agenda.

(ii) Each of the proposed resolutions will be shown on the screen during the livestreaming as the same is taken up at the meeting.

(iii) Stockholders must notify the Company through corporatesecretary@global-imi.com on or before April 16, 2024 of their intention to participate in the Meeting by remote communication in order to be included in determining the existence of a quorum, together with the stockholders who voted *in absentia* and by giving voting instruction to the Chairman as proxy.

(iv) Voting shall only be allowed for validated stockholders registered in the Ayala Group Voting System or through authorizing the Chairman of the meeting as proxy. Stockholders registered in the Ayala Group Voting System may cast their votes through the said System at any time prior to or at real time during the meeting. Vote tabulation shall be completed and finalized after the meeting.

(v) All the items in the agenda for the approval by the stockholders will need the affirmative vote of stockholders representing at least a majority of the issued and outstanding voting stock present at the meeting, unless the law requires otherwise.

(vi) Election of directors will be by plurality of votes and every stockholder will be entitled to cumulate his votes. Each outstanding share of stock entitles the registered stockholder to one vote.

(vii) The Proxy Validation Committee will tabulate all votes received and an independent third party will validate the results. The Corporate Secretary shall report the results of initial voting during the meeting.

(viii) The meeting proceedings shall be recorded in audio and video format.

Matters for Stockholders Approval

1. Approval of minutes of previous meeting

The minutes of the meeting held on April 20, 2023 are available at the Company's website, www.global-imi.com, and shall be presented for stockholders approval. Below is the proposed resolution:

"*RESOLVED, to approve the minutes of the annual stockholders' meeting held on 20 April 2023."*

2. Ratification of all acts of the Board of Directors and Officers

The actions of the Board and its committees taken and the acts of officers to implement the resolutions of the Board or its committees or made in the general conduct of business since the annual stockholders' meeting on April 20, 2023 until April 25, 2023 shall be presented for stockholders' ratification. These include the approval of operations-related and treasury-related matters and other matters covered by disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange. Below is the proposed resolution:

"RESOLVED, to ratify each and every act and resolution, from 20 April 2023 to 25 April 2024 (the "Period"), of the Board of Directors (the "Board") and the Executive Committee and other Board committees exercising powers delegated by the Board, and each and every act, during the Period, of the officers of the Corporation performed in accordance with the resolutions of the Board, the Executive Committee and other Board committees as well as with the By-laws of the Corporation."

3. Election of directors (including the independent directors)

The eleven (11) nominees for directors, including independent directors, as evaluated and determined by the Corporate Governance and Nomination Committee of the Board to have all the qualifications and competence necessary for the effective performance of the Board's roles and responsibilities, and none of the disqualifications to serve as members of the Board, shall be presented for election to the stockholders. Below is the proposed resolution:

"RESOLVED, to elect the following as directors of the Corporation to serve as such beginning 25 April 2024 until their successors are elected and qualified:

Alberto M. de Larrazabal
Jerome S. Tan
Jose Ignacio A. Carlos
Roland Joseph L. Duchâtelet
Rafael C. Romualdez
Jaime Z. Urquijo
Mark Robert H. Uy
Ginaflor C. Oris
Jesse O. Ang *(independent director)*
Hiroshi Nishimura *(independent director)*
Sherisa P. Nuesa *(independent director)"*

[5] *The detailed instructions pertaining to the URL and the use thereof will be provided in the Information Statement.*

The profiles of the nominees to the Board will be provided in the Information Statement.

4. Election of external auditor and fixing of its remuneration

As endorsed by the Audit and Risk Committee of the Board, the election of the external auditor for the ensuing year as well as its proposed remuneration shall be presented for stockholders' approval. The external auditor conducts an independent verification of the Company's financial statements and provides an objective assurance on the accuracy of its financial statements. Below is the proposed resolution:

> *"RESOLVED, as endorsed by the Board of Directors, to approve the election of SyCip Gorres Velayo & Co. as the external auditor of the Corporation for the year 2024 for an audit fee of PhP5,480,000.00, exclusive of value added tax and out-of-pocket expenses."*

The profile of the external auditor will be provided in the Information Statement.

5. Approval of the Audited Financial Statements and Noting of Annual Report

The Audited Financial Statements as of December 31, 2023 (AFS), to be approved by the Board upon the recommendation of the Audit and Risk Committee, will be embodied in the Information Statement to be sent to the stockholders at least 15 business days prior to the meeting. The Audited Financial Statement shall be presented for stockholders' approval during the meeting, together with the noting of the Company's annual report. The Company's Annual Report will contain the Messages from the Chairman and CEO and Report of the President. Below is the proposed resolution:

> *"RESOLVED, to approve the consolidated audited financial statements of the Corporation and its subsidiaries as of December 31, 2023, as audited by the Corporation's external auditor, SyCip Gorres Velayo & Co."*

Consideration of such other business as may properly come before the meeting

The Chairman will take up agenda items received from stockholders on or before April 18, 2024 in accordance with existing laws, rules and regulations of the Securities and Exchange Commission and the Company's internal guidelines[6].

Presentation of Management and Open Forum

The Chairman, Mr. Alberto M. de Larrazabal, the Chief Executive Officer (CEO), Mr. Arthur R. Tan, and the President, Mr. Jerome S. Tan will report on the performance of the Company in 2023. The Company's performance is also embodied in the Company's Annual Report. Copies of the Annual Report will be distributed to the stockholders and posted on the Company's website, www.global-imi.com.

The Chairman will open the floor for comments and questions by the stockholders.

[6] *SEC Memorandum Circular No. 14, series of 2020 or "Shareholders' Right to Put items on the Agenda for Regular/Special Stockholders' Meetings":https://www.sec.gov.ph/mc-2020/mc-no-14-s-2020shareholders-right-to-put-items-on-the-agenda-for-regular-special-stockholders-meetings/.*

PROXY AND VOTING INSTRUCTION

1. IDENTIFICATION

This Proxy, when properly executed, will be voted in the manner herein directed by the stockholder(s) in connection with the Annual Stockholders' Meeting of **INTEGRATED MICRO-ELECTRONICS, INC.** to be held on April 25, 2024 at 3:00 o'clock in the afternoon.

2. INSTRUCTIONS

The undersigned stockholder of **INTEGRATED MICRO-ELECTRONICS, INC.** (the "Corporation") hereby appoints the Chairman of the meeting of the stockholders, as *attorney-in-fact* and *proxy,* to represent and vote all shares registered in his/her/its name at the annual meeting of the stockholders of the Corporation on April 25, 2024 and at any of the adjournments thereof for the purpose of acting on the matters stated below.

Please place an "X" in the box below how you wish your votes to be cast in respect of the matter to be taken up during the meeting.

If no specific direction as to voting is given, the votes will be cast for the approval of the resolution on the matter stated below and as set out in the notice, and for such other matters as may properly come before the meeting in the manner described in the Information Statements and as recommended by the Chairman.

1. Approval of minutes of previous meeting
   Resolution No. S-01-2024 - "***RESOLVED****, to approve the minutes of the annual stockholders' meeting held on 20 April 2023.*"

   ❑ For ❑ Against ❑ Abstain

2. Ratification of the acts of the Board of Directors and Officers
   Resolution No. S-02-2024 - "***RESOLVED****, to ratify each and every act and resolution, from 20 April 2023 to 25 April 2024 (the "Period"), of the Board of Directors (the "Board") and the Executive Committee and other Board committees exercising powers delegated by the Board, and each and every act, during the Period, of the officers of the Corporation performed in accordance with the resolutions of the Board, the Executive Committee and other Board committees as well as with the By-laws of the Corporation.*"

   ❑ For ❑ Against ❑ Abstain

3. Election of Directors

	No. of Votes
Alberto M. de Larrazabal	____________________
Jerome S. Tan	____________________
Jose Ignacio A. Carlos	____________________
Roland Joseph L. Duchâtelet	____________________
Rafael C. Romualdez	____________________
Jaime Z. Urquijo	____________________
Mark Robert H. Uy	____________________
Ginaflor C. Oris	____________________
Independent Directors:	
Jesse O. Ang	____________________
Hiroshi Nishimura	____________________
Sherisa P. Nuesa	____________________

Resolution No. S-03-2024 – "***RESOLVED****, to elect the following as directors of the Corporation to serve as such beginning 28 April 2023 until their successors are elected and qualified:*

Alberto M. de Larrazabal

Jerome S. Tan
Jose Ignacio A. Carlos
Roland Joseph L. Duchâtelet
Rafael C. Romualdez
Jaime Z. Urquijo
Mark Robert H. Uy
Ginaflor C. Oris
Jesse O. Ang *(independent director)*
Hiroshi Nishimura *(independent director)*
Sherisa P. Nuesa *(independent director)"*

4. Election of External Auditors and Fixing of its Remuneration
Resolution No. S-04-2024 - ***"RESOLVED****, as endorsed by the Board of Directors, to approve the election of SyCip Gorres Velayo & Co. as the external auditor of the Corporation for the year 2024 for an audit fee of PhP5,480,000.00, exclusive of value added tax and out-of-pocket expenses."*

❏ For ❏ Against ❏ Abstain

5. Audited Financial Statements, including noting of Annual Report
Resolution No. S-05-2024 - "***RESOLVED****, to approve the consolidated audited financial statements of the Corporation and its subsidiaries as of December 31, 2023, as audited by the Corporation's external auditor, SyCip Gorres Velayo & Co.*"

❏ For ❏ Against ❏ Abstain

6. Other Matters
At his/her discretion, the proxy named above is authorized to vote upon such other matters as may properly come before the meeting.

❏ For ❏ Against

A scanned copy of this Proxy and Voting Instruction should be received by the Corporate Secretary at corporatesecretary@global-imi.com on or before **April 16, 2024**, the deadline for submission of Proxies. For corporate stockholders, please attach to this Proxy form the Secretary's Certificate on the authority of the signatory/ies to appoint the Proxy and sign this form.

3. REVOCABILITY OF PROXY

The Proxy and Voting Instruction may be revoked by the stockholder executing the same at any time by submitting to the Corporate Secretary a written notice of revocation not later than the start of the meeting. The Proxy and Voting Instruction is also considered revoked if the stockholder registers and votes on the Corporation's secured online voting system (the "Voting System") before or during the Annual Stockholders' Meeting of the Corporation on April 25, 2024. Shares represented by an unrevoked Proxy will be voted as authorized by the stockholder.

4. PERSON MAKING THE SOLICITATION

The Corporation is not soliciting proxy.

5. INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

The directors and officers do not have a substantial interest, direct or indirect, by security holdings or otherwise, on any matter to be acted upon. The Corporation has not received any written information from anyone seeking to oppose any action to be taken up in the Annual Stockholders' Meeting of the Corporation.

NOTARIZATION OF THIS PROXY IS NOT REQUIRED.

SIGNATURE OF STOCKHOLDER / AUTHORIZED SIGNATORY OVER PRINTED NAME	NUMBER OF SHARES

DATE

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

Information Statement
of

INTEGRATED MICRO-ELECTRONICS, INC.
(the "Registrant," "Company", "Corporation" or "IMI")
Pursuant to Section 20 of the Securities Regulation Code

1. **Check the appropriate box:**

_____ Preliminary Information Statement
__√__ Definitive Information Statement

2. **Name of Registrant as specified in its charter:** INTEGRATED MICRO-ELECTRONICS, INC.

3. **Province, country or other jurisdiction of incorporation or organization:**

REPUBLIC OF THE PHILIPPINES

4. **SEC Identification Number:** 94419
s
5. **BIR Tax Identification Code:** 000-409-747-000

6. **Address of Principal Office:** North Science Avenue
Laguna Technopark-Special Economic Zone (LT-SEZ)
Bo. Biñan, Biñan, Laguna

7. **Registered Business Address:** North Science Avenue
Laguna Technopark-Special Economic Zone (LT-SEZ)
Bo. Biñan, Biñan, Laguna

8. **Registrant's telephone number, including area code:** (632) 7756-6840

9. **Date, time and place of the meeting of security holders:**

Date	-	April 25, 2024
Time	-	3:00 P.M.
Place	-	To be conducted virtually through http://www.ayalagroupshareholders.com/

10. **Approximate date on which the Information Statement is first to be sent or given to security holders:**

April 3, 2024

11. **Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA:**

a. **Shares of Stock**

Title of Each Class	Par Value	No. of Shares	Amount
Common	₱1.00	2,233,185,439	₱2,233,185,439.00

b. **Debt Securities** - None

12. **Are any or all of registrant's securities listed in a Stock Exchange?**

_√_ Yes ______ No

2,116,001,370 common shares are listed with the Philippine Stock Exchange ("PSE"), including 15,892,224 treasury shares.

* * *

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders (hereafter, the "annual stockholders' meeting" or "meeting")

a.	Date	-	April 25, 2024, Thursday
	Time	-	3:00 P.M.
	Place	-	To be conducted virtually through http://www.ayalagroupshareholders.com/
	Principal Office	-	North Science Avenue Laguna Technopark-Special Economic Zone (LT-SEZ) Bo. Biñan, Biñan, Laguna

b. Approximate date when the Information Statement is first to be sent to security holders:

April 3, 2024

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY

Item 2. Dissenter's right of appraisal

Under Section 80, Title X of the Revised Corporation Code of the Philippines ("Revised Corporation Code"), a stockholder shall have the right to dissent and demand payment of the fair value of his shares in the following instances:

(a) In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

(b) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Corporation Code;

(c) In case of merger or consolidation; and

(d) In case of investment of corporate funds for any purpose other than the primary purpose of the Corporation.

No matters or actions that may give rise to a possible exercise by stockholders of their appraisal rights will be taken up at the meeting.

Item 3. Interest of certain persons in or opposition to matters to be acted upon

None of the Directors or Executive Officers of the Company has any personal involvement or interest, either direct or indirect, in the matters to be acted upon.

No Director has informed the Company of his opposition to any matter to be acted upon.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting securities and principal holders thereof

a. **Number of shares outstanding as of February 29, 2024:** 2,217,293,215 Common shares

Number of votes entitled: one (1) vote per common share

b. All **stockholders of record** as of March 13, 2024 (the "Record Date") are entitled to receive notice and to vote at the annual stockholders' meeting.

c. **Manner of voting**

Sections 6, 7 and 8 of Article III of the By-laws of the Company (the "By-laws") provide:

> Section 6 – Any stockholder entitled to vote may vote in person, through remote communication, in absentia, or be represented by proxy at any regular or special stockholders' meetings, subject to compliance with rules and regulations as may be issued by the Securities and Exchange Commission from time to time. Proxies shall be in writing and signed and in accordance with existing laws, rules and regulations of the Securities and Exchange Commission. Duly accomplished proxies must be submitted to the Office of the Corporate Secretary not later than seven (7) business days prior to the date to the stockholders' meeting. Validation of proxies shall be conducted at least five (5) business days prior to the date of the stockholders' meeting.
>
> Section 7 - Each share of stock entitles the person in whose name it is registered in the books of the corporation to one vote, provided the share has not been declared delinquent.
>
> Section 8 - The election of Directors shall be by ballot and each stockholder entitled to vote may cast the vote in person, by proxy, through remote communication, or in absentia, electronically or otherwise, to which the number of shares he owns entitles him, for as many persons as are to be elected as Directors, or he may give to one candidate as many votes as the number of Directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates he may see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of Directors to be elected.

Stockholders may vote on the resolutions for approval at the meeting by appointing the Chairman of the Meeting as their proxy or electronically *in absentia* using the online web address, http://www.ayalagroupshareholders.com/, subject to validation procedures. A stockholder voting electronically or *in absentia* shall be deemed present for purposes of quorum. The detailed instructions for electronic voting *in absentia* are set forth in Annex A (I).

d. **Security ownership of certain record and beneficial owners and management**

(i) Security ownership of certain record and beneficial owners (of more than 5%) as of February 29, 2024.

Title of Class	Name, address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent of Outstanding Shares
Common	AC Industrial Technology Holdings, Inc.[1] 32nd Floor, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City.	AC Industrial Technology Holdings, Inc.[2]	Filipino	1,153,725,046	52.0330%
Common	PCD Nominee Corporation (Non- Filipino)[3] 29th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati City 1226	PCD participants acting for themselves or for their customers [4]	Various Non-Filipino	291,794,427	13.1599%
Common	Resins, Inc.[5] E. Rodriguez Jr. Avenue, Bagong Ilog, Pasig City.	Resins, Inc.[6]	Filipino	291,785,034	13.1595%
Common	PCD Nominee Corporation (Filipino)[3] 29th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati City 1226	PCD participants acting for themselves or for their customers[4]	Filipino	224,603,912	10.1296%
Common	PCD Nominee Corporation (Non- Filipino)[3] 29th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati City 1226	Fremach International[7]	Belgian	199,999,000	9.0200%

(ii) Security ownership of directors and management as of February 29, 2024.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership		Citizenship	Percentage of Ownership
Directors					
Common	Arthur R. Tan	21,223,552	(direct & indirect)	Filipino	0.9572%
Common	Jerome S. Tan	2,884,733	(indirect)	Singaporean	0.1301%
Common	Alberto M. de Larrazabal	100	(direct)	Filipino	0.0000%
Common	Rafael C. Romualdez	1	(direct)	Filipino	0.0000%
Common	Jose Ignacio A. Carlos	1	(direct)	Filipino	0.0000%

[1] AC Industrial Technology Holdings, Inc. (AC Industrials) is a stockholder of the Company.
[2] The Board of Directors of AC Industrials has the power to decide how AC Industrials' shares in IMI are to be voted. The Chairman of the meeting is appointed to exercise the voting power.
[3] PCD Nominee Corporation (PCD) is not related to the Company.
[4] Each beneficial owner of shares through a PCD participant is the beneficial owner to the extent of the number of shares in his/her account with the PCD participant. The beneficial owner, with certification of ownership of shares from the PCD Participant, has the power to vote either in person or by proxy. Out of the 516,185,357 common shares registered in the name of PCD, 216,650,877 common shares or 9.7709% of the outstanding common shares are for the account of The Hongkong and Shanghai Banking Corporation. Based on the records of Company, none of its customers, beneficially owns more than 5% of the Company's common shares.
[5] Resins, Inc. is a substantial stockholder to the Company.
[6] The Board of Directors of Resins, Inc. has the power to decide how Resins' shares in IMI are to be voted. The Chairman of the meeting is usually appointed to exercise the voting power.
[7] The Board of Directors of Fremach International has the power to decide how Fremach International's shares in IMI are to be voted. The Chairman of the meeting is usually appointed to exercise the voting power.

Common	Jaime Z. Urquijo	100	(direct)	Filipino	0.0000%
Common	Roland Joseph L. Duchâtelet	1,000	(direct)	Belgian	0.0000%
Common	Edgar O. Chua	100	(direct)	Filipino	0.0000%
Common	Hiroshi Nishimura	712,578	(direct & indirect)	Japanese	0.0321%
Common	Sherisa P. Nuesa	503,385	(direct & indirect)	Filipino	0.0227%
CEO and Most Highly Compensated Officers					
Common	Arthur R. Tan	21,223,552	(direct & indirect)	Filipino	0.9572%
Common	Eric De Candido	0		French	0.0000%
Common	Laurice S. Dela Cruz	157,221	(indirect)	Filipino	0.0071%
Common	Mary Ann S. Natividad	1,435,240	(direct & indirect)	Filipino	0.0647%
Common	Jerome S. Tan	2,884,733	(indirect)	Singaporean	0.1301%
Other Executive Officers					
Common	Anthony Raymond P. Rodriguez	0		Filipino	0.0000%
Common	Rosalyn O. Tesoro	39,505	(indirect)	Filipino	0.0018%
Common	Solomon M. Hermosura*	15	(direct)	Filipino	0.0000%
Common	Maria Franchette M. Acosta**	0		Filipino	0.0000%
Common	Rosario Carmela G. Austria	0		Filipino	0.0000%
All Directors and Officers as a group		**26,952,531**			**1.2158%**

*Resigned as an officer of the Company effective February 29, 2024.
**Elected to replace Mr. Hermosura in his vacated role effective March 6, 2024.

No director or member of the Company's management owns 2.0% or more of the outstanding capital stock of the Company.

(iii) Voting trust holders of 5% or more

The Company knows of no person holding more than 5% of common shares under a voting trust or similar agreement.

(iv) Changes in control

No change of control in the Company has occurred since 2017.

e. **Foreign owned shares as of February 29, 2024:** 502,138,953 shares or 22.6464% of the total outstanding shares

Item 5. Directors and executive officers

Section 9 of Article III of the By-laws provides:

Section 9 - At the regular general meetings, a Board of eleven (11) Directors shall be elected who shall hold office for a term of one (1) year or until their successors shall have been elected and qualified.

The attendance of the directors at the meetings of the Board of Directors (the "Board") held in 2023 is as follows:

Directors	No. of Meetings Attended/Held[8]	Percent Present
Delfin L. Lazaro	7/7	100%
Alberto M. de Larrazabal	6/7	86%
Arthur R. Tan	7/7	100%
Jerome S. Tan	7/7	100%
Jose Ignacio A. Carlos	6/7	86%
Rafael C. Romualdez	7/7	100%

[8] In 2023 and during the incumbency of the director.

Roland Joseph L. Duchâtelet	7/7	100%
Jaime Z. Urquijo	6/7	86%
Hiroshi Nishimura	7/7	100%
Sherisa P. Nuesa	7/7	100%
Edgar O. Chua	7/7	100%

All the directors were also present during the annual stockholders' meeting on April 20, 2023.

The non-executive directors held a separate meeting on November 24, 2023. All the non-executive directors were present in the meeting.

The Management Committee members and other officers of the Company, unless removed by the Board, shall serve as such until their successors are elected or appointed.

The Board has established committees to assist in exercising its authority in monitoring the performance of the business of the Company. The committees, as mentioned below, provide organized and focused means for the Board to achieve specific goals and address issues, including those related to corporate governance.

	Executive Committee	**Personnel and Compensation Committee**	**Corporate Governance and Nomination Committee**	**Audit and Risk Committee**	**Finance Committee**	**Related Party Transactions Committee**
Delfin L. Lazaro					C[9]	
Alberto M. de Larrazabal	M	M[10]			M	M
Arthur R. Tan	C					
Jerome S. Tan						
Jose Ignacio A. Carlos		M				
Rafael C. Romualdez	M			M	M	M
Roland Joseph L. Duchâtelet	M[11]					
Jaime Z. Urquijo		M[10]			C[9]	
Hiroshi Nishimura**			M	M		C
Sherisa P. Nuesa**		C	C			
Edgar O. Chua***			M	C		M

C – Chairman **Non-executive Director*
M – Member ***Independent Director*
****Lead Independent Director*

Each director has been requested to complete a self-assessment form on the following criteria: Part I: Board Effectiveness; Part II: Committee Effectiveness; Part III: Individual Effectiveness; and Part IV: President and CEO Effectiveness. The 2023 Board Self-Assessment Survey was facilitated by Aon Singapore Pte. Ltd. in compliance with recommended best practice.

a. **Information required of directors and executive officers**

i. Directors and executive officers

The nominees for election to the Board at the annual meeting of the shareholders are as follows:

Alberto M. de Larrazabal	Jaime Z. Urquijo
Jerome S. Tan	Mark Robert H. Uy

[9] Mr. Lazaro was replaced by Mr. Urquijo as Chairman of the Finance Committee on April 20, 2023.
[10] Mr. de Larrazabal was replaced by Mr. Urquijo as Member of the Personnel and Compensation Committee on April 20, 2023.
[11] Effective April 20, 2023.

Jose Ignacio A. Carlos	Jesse O. Ang
Roland Joseph L. Duchâtelet	Hiroshi Nishimura
Ginaflor C. Oris	Sherisa P. Nuesa
Rafael C. Romualdez	

Messrs. Jesse O. Ang and Hiroshi Nishimura, and Ms. Sherisa P. Nuesa are nominated as independent directors.

Mr. Christopher B. Topacio, a shareholder of the Company, formally nominated all the candidates for election to the Board, except Mr. Duchâtelet. Mr. Topacio is not related to any of the nominees. Mr. Duchâtelet was nominated by Fremach International. Please refer to Annex "B" for the summary of the directors' qualifications. The certifications on the qualifications of the nominees for independent directors are attached herewith as Annex "B-1".

Each nominee has accepted his or her nomination.

The Corporate Governance and Nomination Committee of the Company (with Sherisa P. Nuesa, as Chairman and Hiroshi Nishimura and Edgar O. Chua, as members) evaluated the qualifications of the nominees and prepared the final list of nominees in accordance with SRC Rule 38 (Requirements on Nomination and Election of Independent Directors) and the By-laws of the Company.

Messrs. Romualdez and Carlos have served as directors of the Company for more than six years; Ms. Nuesa for six years; Mr. de Larrazabal for three years; Mr. Jerome S. Tan for more than two years; and Messrs. Duchâtelet and Urquijo for more than one year. Messrs. Ang and Uy, and Ms. Oris were nominated for the first time.

Messrs. Nishimuara has served an independent director for more than nine years. The Corporate Governance and Nomination Committee endorsed his nomination as independent director notwithstanding the fact that if elected once again, his services as such will exceed the recommended nine-year term provided in the SEC Corporate Governance Code for Publicly-Listed Companies after taking into consideration his commitment and dedication in fulfilling his mandate and his invaluable contribution to Board discussions with their expert insights and independent judgment.

The above-named nominees are expected to attend the annual stockholders' meeting.

The Company undertakes to abide by SRC Rule 38 on the required number of independent directors subject to any revision that may be prescribed by the Securities and Exchange Commission ("SEC").

None of the directors and officers of the Company are employed by the Philippine government.

ii. Significant employees

The Company attributes its continued success to the collective efforts of its employees, all of whom contribute significantly to the business in various ways.

iii. Family relationships

Jose Ignacio A. Carlos and Rafael C. Romualdez, both incumbent directors, are first cousins.

Except for the foregoing, there are no known family relationships between the current members of the Board and the key officers.

iv. Involvement in Certain Legal Proceedings

There are no material pending legal proceedings, bankruptcy petition, conviction by final judgment, order, or decree or any violation of a securities or commodities law for the past five years up to the present date to which the Company or any of its subsidiaries or its directors or executive officers is a party or of which any of its material properties are subject in any court or administrative government agency.

v. Trainings and Continuing Education Programs for the Directors and Officers

In 2023, the directors and key officers of the Company joined online seminars on Corporate Governance for at least four (4) hours, as follows:

Name of Director/Officer	Date of Training	Program
Directors	October 3, 2023	2023 Ayala Integrated Corporate Governance, Risk Management, and Sustainability Summit
Arthur R. Tan		
Jerome S. Tan		
Alberto M. de Larrazabal		
Jaime Z. Urquijo		
Roland Joseph L. Duchâtelet		
Hiroshi Nishimura		
Jose Ignacio A. Carlos		
Rafael C. Romualdez		
Edgar O. Chua		
Officers		
Mary Ann S. Natividad		
Rosalyn O. Tesoro		
Nicholas John Davey		
Laurice S. dela Cruz		
Anthony Raymond P. Rodriguez		
Solomon M. Hermosura*		
Rosario Carmela G. Austria		
Delfin L. Lazaro	October 27, 2023	ICD Masterclass: The Third Series – Session 4:Transforming Companies with Digital-Disruption-Ready Board of Directors
	November 24, 2023	ICD Masterclass: The Third Series - Session 5: Disruptive Health Innovations
Sherisa P. Nuesa	October 27, 2023	ICD Masterclass: The Third Series – Session 4: Transforming Companies With Digital-Disruption – Ready Board of Directors
	December 4, 2023	Advanced Corporate Governance Training

*Resigned as an officer of the Company effective February 29, 2024.

The programs were facilitated by the Institute of Corporate Directors, a training provider accredited by the Securities and Exchange Commission.

b. **Certain relationships and related transactions**

The Company and its subsidiaries (the "Group"), in its regular conduct of business, has entered into transactions with subsidiaries, affilliate, 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. None of the Company's directors have entered into self-dealing and related party transactions with or involving the Company in 2023.

Terms and Conditions of Transactions with Related Parties
The Group has a Related Party Transactions (RPT) Committee that evaluates and governs related party transactions. Prior to finalization of any related party agreement, the management shall report for review and approval to the RPT Committee all new and proposed significant related party transaction above the threshold set by the RPT Committee.

Outstanding balances at year-end are unsecured and settlement occurs in cash unless otherwise stated. For the years ended December 31, 2023, 2022 and 2021, the Group has not recorded any impairment on receivables relating to amounts owed by related parties. Impairment assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

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

- Transactions with Bank of the Philippine Islands ("BPI"), an affiliate

  As of December 31, 2023 and 2022, the Group maintains current and savings accounts and short-term investments with BPI amounting to $0.97 million and $2.17 million, respectively.

  Total interest income earned from investments with BPI amounted to $0.003 million, $0.003 million and $0.001 million for the years ended December 31, 2023, 2022 and 2021, respectively.

  The Group has outstanding short term and long-term loans from BPI amounting to $182.31 million and $177.59 million as of December 31, 2023 and 2022, respectively.

  Total interest accrued for the loan payable to BPI amounted to $9.06 million, $5.78 million and $1.36 million for the years ended December 31, 2023, 2022 and 2021, respectively.

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

	Receivables		Payables	
	2023	2022	**2023**	2022
KTM Asia Motor Manufacturing Inc. (KAMMI)	**$988,479**	$2,444,570	**$–**	$–
Merlin Solar Technologies (Phils.) Inc. (MSTPI)	**208,760**	85,745	**–**	–
AC Industrials Technology Inc. (AC Industrials)	**–**	–	**46,904**	–
Ayala Corporation (AC)	**–**	–	**596,737**	–
HMC, Inc. (HMCI)	**–**	–	**17,658**	–
BPI	**–**	–	**7,698**	10,458

Innove Communication, Inc. (ICI)	**–**	–	**12,831**	7,383
Globe Telecom, Inc. (GTI)	**–**	–	**–**	1,117
	$1,197,239	$2,530,315	**$681,828**	$18,958

i. Transaction with KAMMI and MSTPI pertains to trade related receivables.
ii. Transaction with AC and AC Industrials pertains to management fee on corporate and support services.
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.

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

	Revenue/Income			Expenses		
	2023	2022	2021	**2023**	2022	2021
KAMMI	**$2,437,678**	$5,012,496	$1,511,811	**$–**	$–	$–
MSTPI	**122,961**	135,821	882,121	**–**	–	–
AC Industrials	**–**	–	49,868	**46,807**	–	–
BPI	**2,567**	2,999	1,396	**41,352**	38,914	−
AREIT, Inc.	**–**	–	–	**1,473,220**	1,444,719	1,512,012
Laguna Water (LAWC)	**–**	–	–	**1,189,047**	1,071,846	1,035,751
AC	**–**	–	–	**670,643**	536,818	641,891
AG Legal	**–**	–	–	**23,250**	57,730	113,269
ICI	**–**	–	–	**217,156**	310,287	185,239
HMCI	**–**	–	–	**194,305**	–	–
GTI	**–**	–	–	**98,915**	117,306	160,840
	$2,563,206	$5,151,316	$2,445,196	**$3,954,695**	$3,577,620	$3,649,002

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

i. Revenues from KAMMI and MSTPI pertain to subcontracting services related to registered activities.
ii. Revenues from AC Industrials represent recoveries for the provision of corporate and support services.
iii. Interest income earned from investments with BPI.

Expenses incurred from related party transactions include:

i. Administrative services charged by AC related to certain transactions.
ii. Rental expense from the lease contract between the Parent Company and AREIT (Formerly with Technopark Land, Inc.).
iii. Water allocation charged by LAWC.
iv. Building rental, leased lines, internet connections and ATM connections with ICI.
v. Health services from HMCI.
vi. Consultations on legal matters and assistance on regulatory and legal requirements from AG Legal.
vii. Billings for cellphone charges and WiFi connections with GTI.
viii. Staff house rent expenses paid with BPI.

- Revenue, income and expenses eliminated at the Group level follow:

  i. Intercompany revenues and income mainly pertain to billings of IMI USA and IMI Japan to IMI Singapore, trade related transactions from certain customers and interest income of the Parent Company, IMI Singapore and Speedy-Tech Electronics Ltd. (STSN) for loans granted to PSi Technologies, Inc. (PSi), Integrated Micro-Electronics Mexico, S.A.P.I. de C.V. (IMI MX), STI Limited (STI) and Integrated Micro-Electronics Czech Republic s.r.o. (IMI CZ).
  ii. Expenses incurred from related party transactions include interest expense of PSi, IMI MX, STI and IMI CZ from loans granted by the Parent Company, IMI Singapore and STSN and trade related transactions from certain customers.
  iii. Dividend income of the Parent Company was declared by IMI Singapore amounting to $24.60 million and $4.57 million in 2023 and 2022, respectively.

Guarantees and Commitments
Integrated Micro-Electronics Bulgaria EOOD (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. The specific project for which the guarantee was issued never materialized and the guarantee has not taken into effect to date. C-Con ceased to be a related party after the divestment by AC Industrials on August 18, 2023.

Compensation of Key Management Personnel of the Group
Compensation of key management personnel by benefit type follows:

	2023	2022
Short-term employee benefits	**$6,091,130**	$6,450,787
Post-employment benefits	**867,215**	724,073
	$6,958,345	$7,174,860

c. Ownership structure and parent company

The Company's parent is AC Industrial Technology Holdings, Inc. which owns 52.0330% of the total outstanding capital stock of the Company as of February 29, 2024. Resins, Inc. owns 13.1595% of the total outstanding capital stock of the Company.

d. Resignation of directors

Except for Mr. Delfin L. Lazaro who has resigned as Director and Chairman of the Board on November 24, 2023 due to personal reasons, no other director has resigned from or declined to stand for re-election to the Board since the date of the 2023 annual meeting of stockholders due to any disagreement with the Company relative to the Company's operations, policies and practices.

Item 6. Compensation of directors and executive officers

a. **Executive Compensation**

Name and Principal Position	Year	Salary	Other Income
Arthur R. Tan Chief Executive Officer			
Jerome S. Tan President			
Eric De Candido Chief Operations Officer			
Laurice S. Dela Cruz Chief Finance Officer, Compliance Officer, Acting Chief Risk Officer and Chief Sustainability Officer			
Mary Ann S. Natividad Chief Commercial Officer			
CEO & Other Named Executive Officers	Actual 2022	88.23M	10.64M
	Actual 2023	86.79M	13.84M
	Projected 2024	91.13M	14.53M
All officers as a group unnamed*	Actual 2022	351.47M	36.53M
	Actual 2023	358.84M	27.98M
	Projected 2024	376.78M	29.38M

**All key management personnel, including all above-named officers*

The Company has no other arrangement with regard to the remuneration of its existing directors and officers aside from the compensation received as stated above.

b. **Compensation of directors**

Section 9 of Article IV of the By-laws provides:

> Section 9 – Each director shall be entitled to receive from the Corporation, pursuant to a resolution of the Board of Directors, fees and other compensation for his services as director. In no case shall the total yearly compensation of directors exceed five percent (5%) of the net income before income tax of the Corporation during the preceding year.
>
> x x x
>
> The Chairman of the Board shall receive such remuneration as may be fixed by the Board of Directors each year, in addition to the per diem and compensation that each Director may be entitled to receive.

i. Standard arrangement

During the 2008 annual stockholders' meeting, the stockholders approved a resolution fixing the remuneration of non-executive directors as follows:

Board Meeting Fee per meeting attended	₽ 100,000.00
Committee Meeting Fee per meeting attended	₽ 20,000.00

The executives who are members of the Board of the Company do not receive any amount as per diem. Their compensation as executives of the Company is included in the compensation table indicated above.

In 2023, the non-executive directors and independent directors of the Company received remuneration, as follows:

Name	Amount (Php)
Delfin L. Lazaro*	720,000.00
Alberto M. de Larrazabal	920,000.00
Jaime Z. Urquijo	800,000.00
Jose Ignacio A. Carlos	720,000.00
Rafael C. Romualdez	1,080,000.00
Roland Joseph L. Duchâtelet**	-
Edgar O. Chua	1,060,000.00
Sherisa P. Nuesa	940,000.00
Hiroshi Nishimura	1,060,000.00
Total	7,300,000.00

*Resigned from the Board of Directors effective November 24, 2023
**Mr. Duchâtelet waived his director's fees for the meetings attended

ii. Other arrangements

Aside from the compensation received as herein stated, the Company has no other arrangement with regard to the remuneration of its existing non-executive and independent directors for services provided as a director.

c. **Employment contracts and termination of employment and change-in-control arrangements**

The above-named executive officers are covered by letters of appointment and employment agreements stating their respective job functions, among others.

The Board of Directors, at the special meeting held on February 13, 2024, approved the transition plan for the Company's Chief Executive Officer, as endorsed by the Corporate Governance and Nomination Committee, including the identification and vetting of the candidate for the role, Mr. Lou Hughes. Subject to his appointment by the Board, Mr. Hughes' assumption of office will be effective on May 1, 2024, after the expiration of the term of Mr. Arthur R. Tan as CEO.

d. **Warrants and options outstanding, repricing**

The Company has not offered any stock options, warrants or rights to its employees.

Item 7. Independent Public Accountants

a. The principal accountant and external auditor of the Company is the accounting firm of SyCip Gorres Velayo & Company (SGV & Co.). The same accounting firm is being recommended for election at the scheduled annual stockholders' meeting with an audit fee of Php5,480,000, exclusive of value-added tax and out-of-pocket expenses.

b. Representatives of SGV & Co. for the most recently completed fiscal year are expected to be present at the annual stockholders' meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

Pursuant to the General Requirements of Revised SRC Rule 68, Par. 3 (Qualifications and Reports of Independent Auditors), the Company has engaged SGV & Co. as external auditor of the Company. Ms. Cyril Jasmin B. Valencia is the audit partner for the years 2023, 2022, 2021, 2020 and 2019, while Mr. Carlo Paolo V. Manalang served as such for the audit years 2018 and 2017.

c. **Changes in and disagreements with accountants on accounting and financial disclosure**

The Company has engaged the services of SGV & Co. during the two most recent fiscal years. There are no disagreements with SGV & Co. on accounting and financial disclosures.

d. **Audit and audit-related fees**

The Company paid or accrued the following fees to its external auditors in the past two years:

	Audit & Audit-related Fees	Tax Fees	Other Fees
2023	₱5.32M	-	₱1.02M
2022	₱5.43M	-	₱ 0.13M
2021	₱ 4.65M	-	₱ 0.06M

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

e. **Tax fees**

No tax consultancy services has been rendered by SGV & Co. for the past three years.

f. **All other fees**

Other fees includes other services rendered by SGV & Co. such as agreed-upon procedures, validation of votes during Annual Stockholders' meetings and integrated report assurance requirements.

The Company's Audit and Risk Committee (with Edgar O. Chua, as Chairman and Rafael C. Romualdez and Hiroshi Nishimura, as members) recommended the election of SGV & Co. as its external auditor and the fixing of the audit fees to the Board. Likewise, the other services rendered by SGV & Co. were approved by the Board of Directors upon the recommendation of the Audit and Risk Committee. The foregoing recommendations are now being endorsed for approval by the stockholders.

Item 8. Compensation Plans

No matter or action relating to any compensation plan pursuant to which cash or non-cash compensation may be paid or distributed will be taken up during the meeting.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or issuance of securities other than for exchange

No matter or action concerning authorization or issuance of securities will be taken up during the meeting.

Item 10. Modification or exchange of securities

The Company will not be presenting any matter or act involving the modification of any class of the Company's securities or the issuance or authorization for issuance of one class of the Company's securities in exchange for outstanding securities of another class, during the meeting.

Item 11. Financial and other information

The audited financial statements as of December 31, 2023, Management's Discussion and Analysis, Market Price of Shares and Dividends and other data related to the Company's financial information are attached hereto as Annex "C." The schedules required under Part IV of Revised SRC Rule 68 will be included in the Annual Report (Form 17-A).

Item 12. Mergers, consolidations, acquisitions and similar matters

There is no proposed merger, consolidation, acquisition by, sale or liquidation of the Company that will be presented during the meeting.

Item 13. Acquisition or disposition of property

There are no matters or actions to be taken up in the meeting with respect to an acquisition or disposition of any property by the Company requiring stockholders' approval under the Revised Corporation Code.

Item 14. Restatement of accounts

As used herein and in other sections of this Information Statement, unless the context otherwise requires, IMI Group or the Group refers to the Company and its subsidiaries where the Company has control as defined in the Philippine Financial Reporting Standards (PFRSs). PFRSs include Philippine Financial Reporting Standards, Philippine Accounting Standards and Interpretations issued by the Philippine Interpretations Committee.

The 2023 Audited Consolidated Financial Statements of the Group have been prepared in accordance with PFRS.

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.

The details and the impact of the adoption of the above financial reporting reliefs are discussed in Note 3 of the attached Group's 2023 Audited Consolidated Financial Statements.

There were no restatements of accounts in the 2023 financial statements.

D. OTHER MATTERS

Item 15. Action with respect to reports

a. Approval of the minutes of the 2023 annual stockholders' meeting held on April 20, 2023 covering the following matters, which were all duly approved by at least a majority of the stockholders present and represented in the meeting:

   (i) Approval of the minutes of the 2022 annual stockholders' meeting;
   (ii) Annual report for calendar year 2022, including the consolidated audited financial statements for the calendar year December 31, 2022;
   (iii) Ratification of the acts of Board of Directors and Officers;
   (iv) Election of Directors, including the Independent Directors; and
   (v) Election of SyCip Gorres Velayo & Co. as external auditor for the year 2023 and fixing of its remuneration.

   The minutes of the 2023 Annual Stockholders Meeting had been uploaded to the Company's website within five (5) days from the date of the meeting and may be viewed through the following link:

   https://www.global-imi.com/sites/default/files/IMI%20-%202023%20ASM%20Minutes.pdf

   In addition, the minutes contain the following information:

   1. A description of the voting and vote tabulation procedures used in the previous meeting;
   2. A description of the opportunity given to stockholders or members to ask questions and a record of the questions asked and answers given;
   3. The matters discussed and resolutions reached;
   4. A record of the voting results for each agenda item;
   5. A list of the directors, officers and the percentage of outstanding and voting shares of stockholders who attended and participated in the meeting;
   6. Information on the stockholders who participated in the meeting and their voting rights;
   7. A description of the Company's performance including business strategy and other affairs as presented in the Annual Report of Officers; and
   8. All other matters taken up related to good governance and the protection of minority stockholders.

b. Approval of the audited financial statements, including noting of the annual report of Management for the year ending December 31, 2023.

Item 16. Matters Not Required to be Submitted

There are no matters or actions to be taken up in the meeting that will not require the vote of the stockholders as of the record date.

Item 17. Amendment of charter, by-laws or other documents

There are no matters of actions to be submitted in the meeting that will not require the vote of common stockholders as of record date.

Item 18. Other proposed actions

a. Ratification of the acts of the Board of Directors and Officers

The acts of the Board of Directors and Officers from April 20, 2023 to April 25, 2024 involve –

(i) Constitution of Board Committees and appointment of Chairmen and members;
(ii) Election of lead independent director and officers;
(iii) Updating of the lists of attorneys-in-fact for general transactions, for litigation proceedings or litigation matters, and for non-disclosure agreement, for government agencies and local government units, and list of bank signatories;
(iv) Ratification of all the actions of the board committees including the approval of the hedging plans, strategic plans, tax exemption of foreign sourced dividends, internal dividend plan, and treasury-related transactions;
(v) Appointment of new Chairman of the Board;
(vi) Appointment of new stock transfer agent;
(vii) Renewal of credit facilities from various banks and other fund-raising initiatives and exercises;
(viii) Approval of Integrated Annual Corporate Governance Report for 2022;
(ix) Approval of 2024 budget;
(x) Details of 2024 Annual Stockholders' Meeting;
(xi) Approval of sale of stake in STI;
(xii) Approval of Corporation's Chief Executive Officer (CEO) Transition Plan; and
(xiii) Implementation of strategic business initiatives, including divestment plans, through the execution of relevant agreements;

b. Election of the members of the Board, including the independent directors, for the ensuing calendar year; and

c. Election of external auditor and fixing of its remuneration.

Item 19. Voting procedures

a. **Vote required**

The affirmative vote of at least a majority of the issued and outstanding capital stock entitled to vote and represented at the annual stockholders' meeting is required for the approval of all matters to be presented to the stockholders for decision. The election of directors is by plurality of votes.

b. **Method of Voting**

In all items for approval, each share of stock entitles its registered owner as of Record Date to one vote. As explained in Item 20 below, stockholders will only be allowed to vote by appointing the Chairman of the meeting as their proxy or electronically *in absentia.*

In the case of election of directors, each stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares, or he may distribute them on the same principle among as many nominees as he shall see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the total number of directors to be elected.

Proxies shall be in writing, signed and filed, by the stockholders, in the form provided in this DIS, and shall be submitted to the Office of the Corporate Secretary at 4/F Tower One and Exchange Plaza, Ayala

Triangle, Ayala Avenue, Makati City or by email to corporatesecretary@global-imi.com on or before April 16, 2024.

A stockholder may vote electronically *in absentia* using the online web address, http://www.ayalagroupshareholders.com/, subject to validation procedures. A stockholder voting electronically *in absentia* shall be deemed present for purposes of quorum.

All votes will be counted and tabulated by the Proxy Validation Committee and the results will be validated by an independent third party.

Item 20. Participation of Shareholders by Remote Communication

Pursuant to the Company's By-Laws, the Board of Directors during its meeting on February 13, 2024, approved the holding of the meeting in a fully virtual format. Stockholders may attend the meeting only by remote communication, as set forth below, and by voting in absentia, as provided in Item 4(c) and Item 19 above, or voting through the Chairman of the meeting as their proxy.

The live webcast of the meeting shall be accessible through the following online web address: http://www.ayalagroupshareholders.com/ to shareholders who registered in the Ayala Group Voting System. A Meeting livestreaming access button will be available on the Stockholder's dashboard in the Voting System on the date set for the Meeting as indicated in the Company's Notice of Meeting. To enable the Company to perform validation procedures, identify the shareholders participating by remote communication, and record their presence for purposes of quorum, the shareholders shall inform the Company by email to corporatesecretary@global-imi.com on or before April 16, 2024, of their participation in the meeting by remote communication.

Stockholders may email questions or comments prior to or during the meeting to the following email address: corporatesecretary@global-imi.com. The detailed instructions for participation through remote communication are set forth in Annex A (II).

Item 21. Acceptance of Stockholder Proposals on Agenda Item

Stockholders of record as of March 13, 2024 owning at least 5% of the total outstanding capital stock of the Company may submit proposals on items for inclusion in the agenda on or before April 18, 2024[12].

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed this April 2, 2024.

INTEGRATED MICRO-ELECTRONICS, INC.

by: MARIA FRANCHETTE M. ACOSTA
Corporate Secretary

[12] The inclusion of the proposed agenda item shall be in accordance with SEC Memorandum Circular No. 14, Series of 2020, and the Company's internal guidelines.

ANNEX "A"

2024 ANNUAL STOCKHOLDERS' MEETING
OF
INTEGRATED MICRO-ELECTRONICS, INC.
(THE "MEETING")

REQUIREMENTS AND PROCEDURE FOR
ELECTRONIC VOTING IN ABSENTIA
AND
PARTICIPATION BY REMOTE COMMUNICATION

Electronic voting *in absentia* and participation by remote communication shall be allowed only through complete registration and successful validation in the Ayala Group Voting System.

I. ELECTRONIC VOTING IN ABSENTIA

1. Stockholders as of March 13, 2024 ("Stockholders") have the option of electronic voting *in absentia* on the matters in the Agenda, after complete registration in the Ayala Group Voting System. Only votes cast by duly validated stockholders would be included in the preliminary and final tally of votes.

2. Stockholders with e-mail addresses on record shall be sent an e-mail with a link to the Ayala Group Voting System. To register in the Voting System, Stockholders shall simply follow the instructions sent in the e-mail.

3. Stockholders may access the link http://www.ayalagroupshareholders.com/ to create an account and register in the Ayala Group Voting System. Stockholders should complete the online registration form and submit for validation together with the requirements provided in Item 5 below. Once the online registration form has been completed, the digital ballot will be available for the Stockholders to cast their votes.

4. All registered accounts shall be subject to a post validation process set forth in Item 5 below. Only the votes cast by validated Stockholders shall be considered in the preliminary and final tally of votes. The deadline for registration to vote *in absentia* is April 16, 2024. Registered stockholders may vote until the end of the meeting. The Ayala Gorup Voting System will be open for registration on **April 3, 2024**.

5. The following are needed for registration:

    5.1 For individual Stockholders –

    - 5.1.1 A recent photo of the Stockholder, with the face fully visible (in JPG or PNG format). The file size should be no larger than 5MB;
    - 5.1.2 A scanned-copy of the Stockholder's valid government-issued ID showing photo and personal details, preferably with residential address (in JPG or PDF format). The file size should be no larger than 5MB;
    - 5.1.3 A valid and active e-mail address;
    - 5.1.4 A valid and active contact number;

    5.2 For Stockholders with joint accounts –
    A scanned copy of an authorization letter signed by all Stockholders, identifying who among them is authorized to cast the vote for the account (in JPG or PDF format). The file size should be no larger than 5MB;

5.3 For Stockholders under Broker accounts –

5.3.1 A broker's certification on the Stockholder's number of shareholdings (in JPG or PDF format). The file size should be no larger than 5MB;
5.3.2 A recent photo of the stockholder, with the face fully visible (in JPG or PNG format). The file size should be no larger than 5MB;
5.3.3 A scanned copy of the Stockholder's valid government-issued ID showing photo and personal details, preferably with residential address (in JPG or PDF format). The file size should be no larger than 5MB;
5.3.4 A valid and active e-mail address;
5.3.5 A valid and active contact number;

5.4 For corporate Stockholders –

5.4.1 A secretary's certificate attesting to the authority of the representative to vote for, and on behalf of the Corporation (in JPG or PDF format). The file size should be no larger than 5MB;
5.4.2 A recent photo of the Stockholder's representative, with the face fully visible (in JPG or PNG format). The file size should be no larger than 5MB;
5.4.3 A scanned copy of the valid government-issued ID of the Stockholder's representative showing photo and personal details, preferably with residential address (in JPG or PDF format). The file-size should be no larger than 5MB;
5.4.4 A valid and active e-mail address of the Stockholder's representative;
5.4.5 A valid and active contact number of the Stockholder's representative.

Important Notes:

• Stockholders who, as of record date, are also Stockholders of the other publicly listed corporations in the Ayala group only need to register one account in the Ayala Group Voting System and may "Add another company" in their respective profiles, as applicable. The digital ballot for each corporation shall be separately accessed from the Stockholder's Dashboard in the Voting System and votes shall be cast per corporation.

• Voting will be allowed after successful registration of the Stockholder but votes will only be included in the preliminary and final tally after the Stockholder has been duly validated. The Stockholder will be advised by email if his/her vote has been considered or discarded. If discarded, Stockholders may still vote through the Chairman of the Meeting as their proxy, by submitting a duly accomplished proxy form, on or before April 16, 2024.

6. All agenda items indicated in the Notice of the Meeting will be set out in the digital ballot in the Ayala Group Voting System and the registered Stockholder may vote as follows:

6.1 For items other than the Election of Directors, the registered Stockholder has the option to vote: For, Against, or Abstain. The vote is considered cast for all shares of the registered Stockholder.
6.2 For the Election of Directors, the registered Stockholder may either: (1) vote for all nominees, (2) not vote for any of the nominees, or (3) vote for some nominees only, in such number of shares as preferred by the Stockholder, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of directors to be elected.

Once voting on the agenda items is finished, the registered Stockholder can proceed to submit the accomplished ballot by clicking the 'Submit' button.

The Ayala Group Voting System will prompt the Stockholder to confirm the submission of the ballot. The votes cast electronically *in absentia* will have equal effect as votes cast by proxy.

After the ballot has been submitted, Stockholders may no longer change their votes except by submitting a duly accomplished proxy form within the set deadline.

7. The Proxy Validation Committee will tabulate all votes cast electronically *in absentia* together with the votes cast by proxy, and a firm selected for this purpose will validate the results.

II. PARTICIPATION BY REMOTE COMMUNICATION

1. Stockholders as of March 13, 2024 ("Stockholders") are required to register in the Ayala Group Voting System to participate by remote communication in the Meeting on April 25, 2024. A Meeting livestreaming access button will be available on the Voting System on the Meeting date as indicated in the Company's Notice of the Meeting.

2. The procedure and requirements for registration in the Ayala Group Voting System are found in the Electronic Voting *in Absentia* section in this Annex. The deadline for registration to participate by remote communication is on April 16, 2024.

3. In addition to registration in the Ayala Group Voting System, Stockholders are requested to notify the Company by e-mail to corporatesecretary@global-imi.com on or before April 16, 2024 of their intention to participate in the Meeting by remote communication.

4. Stockholders who have notified the Company of their intention to participate in the Meeting by remote communication, together with the Stockholders who voted electronically or *in absentia* or by proxy, will be included in the determination of quorum at the Meeting.

5. Registered stockholders participating by remote communication may vote in real time until the end of the Meeting using the digital ballot in the Ayala Group Voting System. Vote tabulation shall be completed and finalized after the meeting.

6. Stockholders may send their questions and/or remarks prior to or during the Meeting by e-mail to corporatesecretary@global-imi.com.

7. A link to the recorded webcast of the Meeting will be posted on the Company's website after the Meeting. Stockholders shall have two weeks from posting to raise to the Company any issues, clarifications and concerns on the Meeting conducted by e-mail to corporatesecretary@global-imi.com.

For any clarifications, please contact our Office of the Corporate Secretary through corporatesecretary@global-imi.com.

ANNEX "B"

DIRECTORS AND KEY OFFICERS

The write-ups below include positions held by the directors and executive officers currently and during the past five years and their personal circumstances as of December 31, 2023, unless otherwise stated.

Board of Directors*

Alberto M. de Larrazabal	Chairman of the Board of Directors
Arthur R. Tan	Vice-Chairman and Chief Executive Officer
Jerome S. Tan	President
Jose Ignacio A. Carlos	Director
Roland Joseph L. Duchâtelet	Director
Rafael C. Romualdez	Director
Jaime Z. Urquijo	Director
Edgar O. Chua	Lead Independent Director
Hiroshi Nishimura	Independent Director
Sherisa P. Nuesa	Independent Director
**with one vacant board seat.*	

Alberto M. de Larrazabal, Filipino, 68, has served as a Director of IMI since April 15, 2021. He was elected Chairman of the Board of Directors on November 24, 2023. He is a Senior Managing Director and Chief Finance Officer of Ayala Corporation. He is also a Director of publicly listed companies, namely, Manila Water Company, Inc. and ENEX Energy Corp., Inc. He is the Vice Chairman, President and CEO of AC Ventures Holdings Corp., Chairman of Ayala Aviation Corporation, AG Counselors Corporation and LiveIt Investments Limited; Chairman and President of Liontide Holdings, Inc.; President and CEO of AC Infrastructure Holdings Corporation, AC International Finance Ltd., AYC Finance Limited, and Bestfull Holdings Limited; Vice Chairman of Lagdigan Land Corporation; President of Philwater Holdings Company, Inc.; CEO of Azalaea International Venture Partners Limited, Director, Treasurer and Chief Finance Officer of WeAreAyala Business Club, Inc., Trustee of Ayala Foundation, Inc., Director of AC Energy and Infrastructure Holdings, Inc., AC Industrial Technology Holdings, Inc., AC Logistics Holdings Corporation, ACEN International, Inc., A.C.S.T Business Holdings, Inc., Air 21 Holdings, Inc., APPPPS Partners, Inc., Asiacom Philippines, Inc., Ayala Healthcare Holdings, Inc., Healthnow, Inc., Light Rail Manila Holdings, Inc., Merlin Solar Technologies, Inc., Michigan Holdings, Inc., Mobility Access Philippines Ventures Inc., Affinity Express Holdings, Ltd., AG Holdings Limited, AG Region Pte. Ltd., AI North America, Inc., Ayala International Pte. Ltd., Ayala International Holdings Pte Limited, AYC Holdings Limited, BF Jade E-Services Philippines, Inc., Fine State Group Limited, Pioneer Adhesives, Inc., Purefoods International Limited ("PFIL NA"), Strong Group Limited, Total Jade Group Limited, and VIP Infrastructure Holdings Pte. Ltd. He has over two decades of extensive experience as a senior executive in Finance, Business Development, Treasury Operations, Joint Ventures, Mergers and Acquisitions, as well as Investment Banking and Investor Relations. Prior to joining Ayala Corporation, Albert served as Chief Commercial Officer and Chief Finance Officer of Globe Telecom, a business unit of Ayala Corporation. Before he joined Globe Telecom, he held positions such as Vice President and CFO of Marsman Drysdale Corporation, Vice President and Head of the Consumer Sector of JP Morgan, Hong Kong, and Senior Vice President and CFO of San Miguel Corporation. He holds a Bachelor of Science degree in Industrial Management Engineering from De La Salle University.

Arthur R. Tan, Filipino, 64, has been the Chief Executive Officer of Integrated Micro-Electronics, Inc. (IMI), a publicly listed company, since April 2002. He was re-elected as President of IMI effective 1 January 2020 and served as such until 28 June 2021. He was elected as Vice Chairman of IMI on 28 June 2021. He has been a Senior Managing Director of Ayala Corporation since January 2007 and has been a member of the Ayala Group Management Committee since 2002. Concurrently, he is the Vice Chairman, President and Chief Executive Officer of AC Industrial Technology Holdings, Inc. He is also the Chairman of the Board and Chief Executive Officer of Merlin Solar Technologies (Phils.), Inc., Merlin Solar Technologies, Inc.; Chairman of the Board of PSi Technologies Inc., Adventure Cycle Philippines, Inc., KTM Asia Motorcycle Manufacturing, Inc., Speedy-Tech Electronics, Ltd.; Director of AC Mobility Holdings Incorporated, Mobility Access Philippines Ventures Inc., Automobile Central Enterprises, Inc., Iconic Dealership, Inc., KP Motors Corporation, Member of the Board of Advisors of Via Optronics; Independent Board Member of SSI Group, Inc., Lyceum of the Philippines University, and East Asia Computer Center/FEU Institute of Technology. Prior to IMI, he was the Northeast Area Sales Manager and Acting Design Center Manager of American Microsystems Inc. (Massachusetts, USA), from 1994 to 1998, of which he became the Managing Director for Asia Pacific Region/Japan from 1998 to 2001. He graduated with B.S. in Electronics Communications Engineering degree from Mapua Institute of Technology in 1982 and attended post-graduate programs at the University of Idaho, Singapore Institute of Management, IMD and Harvard Business School.

Jerome S. Tan, Singaporean, 62, has been the President of IMI since June 28, 2021. He served as Senior Managing Director and the Global Chief Financial Officer and Treasurer of IMI from January 2011 to June 28, 2021, providing leadership, direction and management of all Finance functions including Treasury, Financial Planning & Analysis and Controllership. Concurrently, he is also an Independent Director of PAL Holdings, Inc., Philippine Airlines, Inc., Paramount Life & General Holdings Corporation and Paramount Life & General Insurance Corporation. He brings more than 30 years of broad experience and various achievements in finance, strategic planning, business development and acquisition/integration. He had assumed regional leadership roles in multi-national Banking and Finance companies, and Food and Beverage industry located in different countries in the Asia Pacific Region. Prior to joining IMI, he was with General Electric holding various regional and operating roles in Finance and Business Development including CFO for CNBC / NBC Universal Asia Pacific, CFO of GE Money Singapore and GE Money Bank in the Philippines. Before taking on operating CFO positions, he was the Regional FP&A Leader for GE Money Asia; and a Business Development Director for GE Capital responsible for mergers and acquisition. Prior to joining GE, he was also a key member of the management team of San Miguel Brewing International Ltd., managing Treasury and Financial Planning, and Corporate Planning and Business Development. He graduated with B.A. in Economics under the Honors Program from De La Salle University in 1982 and obtained an MBA in General Management from the Darden Business School at University of Virginia in 1987.

Jose Ignacio A. Carlos, Filipino, 55, has been a Director of IMI since December 2006. Concurrently, he is the Chairman of the Board of AVC Chemical Corporation, Vice Chairman of the Board of Mindanao Energy Systems, Inc., and President of Polymer Products Philippines, Inc. and Minergy Power Corporation. He is also a member of the Board of Directors of Resins, Inc., Cagayan Electric Power and Light Co., Riverbanks Development Corporation, and Philippine Iron Construction and Marine Works, Inc. He is not a director of any publicly listed company in the Philippines other than IMI. He earned a BS Management degree from the Ateneo de Manila University in 1991 and finished Masters of Business Administration at the Johnson Graduate School of Management Cornell University in 1999.

Roland Joseph L. Duchatelet, Belgian, 77, was elected as Director of the Company on October 21, 2022. He worked for several enterprises in Belgium and Germany. He created several businesses throughout his career, meanwhile organizing approximately 50 acquisitions or sales of businesses. One of them was EPIQ, now part of IMI. Together with his business partners Rudi De Winter and Françoise Chombar, he created Melexis, a company which yielded them the title of "Enterprise the Year" in 2000. In the year 2000, Mr. Duchâtelet became active in the internet business. Between 2007 and 2010 he was a member of the Belgian Senate. Mr. Duchâtelet has degrees in Engineering and Applied Economics from the University of Louvain. He also obtained his Masters in Business Administration from the same university.

Rafael C. Romualdez, Filipino, 61, has been a Director of IMI since May 1997. He is a Director of Resins Incorporated (RI) and sits in the boards of several of its affiliates: RI Chemical Corporation, Chemserve Incorporated, Pacific Resins, Incorporated (PRI), and Bio Renewable Energy Ventures

Incorporated (BIOREV); he is also Chairman of Philippine Iron Construction and Marine Works, Incorporated (PICMW), a subsidiary of RI. He is a Director of Lakpue Drug Incorporated and La Croesus Pharma Incorporated. He earned a Bachelor of Arts degree in Mathematics from Boston College in 1986 and a Masters in Business Administration from George Washington University in 1991.

Jaime Z. Urquijo, Filipino, 35, was elected as Director of the Company on October 21, 2022. He is the Chief Sustainability and Risk Officer (CSRO) of Ayala Corporation. He was previously Vice President for Business Development at Ayala Corporation's listed energy platform, ACEN. During his tenure at ACEN, Jaime led initiatives to expand the group's portfolio of assets in the Philippines, Vietnam, Myanmar, and Indonesia. Most recently as country manager for Indonesia, he established ACEN's office in Jakarta. These initiatives resulted in 500MW of operating wind and solar assets in Vietnam and over 2GW of pipeline projects for ACEN across the region. Prior to his time at ACEN, he served as the Head of Business Development for AF Payments, Inc., a joint venture between the Ayala group and Metro Pacific which was awarded and successfully delivered on a concession to modernize the ticketing system of the LRT 1, LRT 2, and MRT 3. Jaime and the AF Payments team created the Beep Card payment system, which delivered the country's first interoperable public transport payment card, integrating the rail commute of the 1.5 million commuters who use the LRT and MRT daily, with buses and retail use cases. In addition to his CSRO role, he is also currently a director of the Bank of the Philippine Islands, BPI/MS Insurance, AC Industrial Technology Holdings, Inc., AC Ventures Holdings Corp., Merlin Solar Technologies, Inc., Merlin Solar Technologies (Phils.), Inc., and Chairman of Klima 1.5 Corp. He is also Vice Chairman of the Board of Trustees and Chairman of the Executive Committee of Ayala Foundation. He is an advisor to the board of the Philippine Rugby Football Union and is the current President of the Notre Dame Club of the Philippines. He is also an executive committee member of the INSEAD Alumni Association of the Philippines, and a trustee of WWF Philippines. Prior to joining the Ayala Group, Jaime was an associate at JP Morgan in New York. Jaime received his Bachelor of Arts degree in Political Science from the University of Notre Dame in the US and his Master's in Business Administration from INSEAD in France.

Edgar O. Chua, Filipino, 66, has been an independent director of IMI since April 2014 and its Lead Independent Director since August 16, 2017. He is currently an independent director of Metropolitan Bank and Trust Company, a publicly listed company, First Gen Corp, Philcement, JGSummit Olefins Corp and PHINMA Corp. He is also in the advisory boards of Mitsubishi Motors Philippines Corporation and Coca Cola Bottlers Corp. He is the Chairman of the Makati Business Club, University of St. La Salle Bacolod, and the Philippine Eagle Foundation. He is also President of De La Salle Philippines. He is also a trustee of various civic and business organizations. He was the Country Chairman of the Shell Companies in the Philippines from September 2003 to October 2016. He had corporate responsibility for the various Shell companies in the exploration, manufacturing and marketing sector of the petroleum business. Likewise, he also oversaw the Shared Services operations and various Shell holding companies. Outside the Philippines, he held senior positions as Transport Analyst in Group Planning in the UK and as General Manager of the Shell Company of Cambodia. Mr. Chua earned his Bachelor of Science Degree in Chemical Engineering from De La Salle University in 1978 and attended various international seminar and courses including the senior management course in INSEAD, France.

Hiroshi Nishimura, Japanese, 71, has been an independent director of IMI since June 17, 2020. He served as an Independent Director of the Company from April 2010 to April 15, 2020. He is the Chairman and President of Linkwest International Consultancy Services, Inc. He also serves as the Executive Vice President of All Purpose Appliances & Multi-Products, Inc. He served as President of Panasonic Communications Philippines Corporation (PCP), formerly known as Kyushu Matsushita Electronics Philippines (PKME), from 2000-2007. He is not a director of any publicly listed company in the Philippines other than IMI. He finished a degree in Electronics Engineering Course at Kurame University in 1976.

Sherisa P. Nuesa, Filipino, 69, has been an independent director of IMI since April 2018. Currently, she is an Independent Director of other publicly listed companies namely: Manila Water Company, Inc.

and AREIT, Inc and a non-executive Director of Far Eastern University and Metro Retail Stores Group Inc., both also publicly-listed. She also sits in the Board of FEU subsidiary FERN Realty Corporation and concurrently a Senior Adviser to the Board of Vicsal Development Corporation. She is a member of the boards of trustees of the Financial Executives Institute (FINEX) Foundation and the NextGen Organization of Women Corporate Directors (NOWCD), where she holds the position of Vice President. She is also a Board Adviser to Justice Reform Initiative Inc. (JRI) where she was the former Chairperson since its inception. In the recent past, she is a former director of Ayala Land Inc. and ACEN Corporation from 2020 until April 2023. She also held the positions of President and Director of the ALFM Mutual Funds Group, and Trustee and Fellow of the Institute of Corporate Directors (ICD) from 2012 to 2021. In addition to her background as a Chief Finance Officer and currently as a Board Director, she also held previous positions in management operations and is an accredited lecturer of both ICD and the FINEX Academy. She was the Chief Finance Officer and Chief Administration Officer of IMI from January 2009 to July 2010. She was then a Managing Director of Ayala Corporation and had served in various capacities in Ayala Corporation, Ayala Land, Inc., and Manila Water Company, Inc. She co-led the Initial Public Offering (IPO) teams of Ayala Land, Inc., Cebu Holdings, Inc., Manila Water, and IMI. She received a Master of Business Administration degree from the Ateneo Graduate School of Business in Manila. She also attended post-graduate courses in Harvard Business School and in Stanford University. She graduated summa cum laude in 1974, with a degree of Bachelor of Science in Commerce from the Far Eastern University, which named her as one of its Outstanding University Alumni. A Certified Public Accountant, she was awarded as the ING-FINEX CFO of the Year for 2008.

Nominees to the Board of Directors for election at the stockholders' meeting

All the incumbent directors of the Company are being nominated to the Board of Directors, except for Messrs. Arthur R. Tan and Edgar O. Chua. Messrs. Jesse O. Ang and Mark Robert H. Uy, and Ms. Ginaflor C. Oris are first-time nominees.

Jesse O. Ang, Filipino, 64, is currently an independent director of BPI Capital Corporation, BPI Asset Management and Trust Company, BPI AIA Life Assurance Corporation, BPI/MS Insurance Corporation and BPI International Limited (based in Hong Kong), ACEN CORPORATION and ACEN International, Inc. He was previously an independent director of BPI Securities Corporation (August 2022 - February 2023); part of the Philippine office of the International Finance Corporation (2000-2018) of which he was Head (Resident Representative) from 2007-2015; CFO of the Philippine International Air Terminals Company (1998-2000); Director for Global Structured Finance, New York City branch of Australia New Zealand Bank (1994-1998); Vice President for Trade and Commodity Finance, New York City branch of Generale Bank (1988-1994); Assistant Vice President in the Asia Division, Irving Trust Company in New York City (1985-1988); Budget Analyst for the Philippine National Oil Company (1982-1983); and Lecturer at the Department of Industrial Engineering of the University of the Philippines - Diliman (1981-1982). Mr. Ang received his BS Industrial Engineering degree from the University of the Philippines in 1981 and his Master of Business Administration from the Wharton School, University of Pennsylvania in 1985.

Mark Robert H. Uy, Filipino, 36, is the Head of Corporate Strategy Group, Head of Business Development and Digital Ventures and member of the Management Committee of Ayala Corporation. He has over a decade of investment banking experience, more recently as Credit Suisse's Country Manager and Head of Investment Banking and Capital Markets in the Philippines. Prior to joining Credit Suisse, he spent 12 years at J.P. Morgan in Manila, Chicago and Singapore offices. His industry experience includes transactions in the energy, agriculture, packaged food and restaurant industries, among others. He graduated from Ateneo de Manila University with a bachelor's degree, cum laude, in Management Engineering with minor in Finance. He is CFA charterholder.

Ginaflor C. Oris, Filipino, 56 is a Managing Director of Ayala Corporation (AC) where she has been working for 29 years in various roles. She is currently seconded to AC Industrials as Portfolio Managing Director, Chief Risk Officer and Data Protection Officer. She is concurrently a director of Adventure

Cycle Philippines, Inc. and Merlin Solar Technologies, Inc. Prior to her AC Industrials assignment, she was seconded to Ayala Land, Inc. (ALI) as Vice President and Chief Finance Officer of the Construction Management Group from May 2014 to April 2022. She was the Corporate Finance and Procurement Group Head of Makati Development Corporation (MDC), director of MDC, MDC Buildplus Inc., MDC Conqrete Inc., MDC Equipment Solutions Inc., MDBI Construction Corporation, and MDC Subic, Inc. Before joining ALI, she was the Managing Director for Corporate Finance and Asset Management of AC. She was concurrently the CFO of Azalea Group, which held AC's various investments in information and communications technology (ICT), business process outsourcing (BPO), venture capital funds and emerging market funds. She has extensive experience in strategic financial management, execution of mergers, acquisitions and divestment transactions, financial reporting, controls, risk management, digital transformation, business process re-engineering, and oversight of portfolio investments and other assets. She graduated Honorable Mention from the Ateneo de Manila University with a degree of B.S. Mathematics major in Computer Science in 1987. She obtained her Master in Business Management degree from the Asian Institute of Management in 1992 as an Asian Development Bank scholar. She passed the Chartered Financial Analyst program and was President of CFA Society Philippines in 2002 and 2005. She is a member of the Financial Executives Institute of the Philippines (FINEX).

Management Committee Members and Key Executive Officers

*/**	Arthur R. Tan	Chief Executive Officer
*/**	Jerome S. Tan	President
**	Eric De Candido	Chief Operations Officer
	Mary Ann S. Natividad	Chief Commercial Officer
	Laurice S. Dela Cruz	Chief Finance Officer, Compliance Officer, Acting Chief Risk Officer and Chief Sustainability Officer
	Anthony P. Rodriguez	Treasurer
	Ernest Ang	Chief Procurement Officer
	Nicholas John Davey	Chief Technology Officer
	Rosalyn O. Tesoro	Chief Information Officer and Data Protection Officer
	Maria Franchette M. Acosta***	Corporate Secretary
	Rosario Carmela G. Austria	Assistant Corporate Secretary

* *Members of the Board of Directors*
** *Members of the Management Committee*
*** *Elected as Corporate Secretary on March 6, 2024 to replace Mr. Solomon M. Hermosura who resigned as such effective February 29, 2024.*

Eric De Candido, French, 49, has been IMI's Chief Operations Officer since January 1, 2020. He was IMI's Regional Head for Europe Operations covering Bulgaria, Czech Republic and Serbia since January 2018. He has more than 11 years of experience as a General Manager handling Bulgarian operations of Fremach International (formerly EPIQ NV) and IMI since 2008. His professional experience includes working for 11 years in different Valeo production plants in Poland, France, Iran and Morocco. He has graduated with Production Engineering in ESIEE/Electronics & Electrotechnic High School in Amiens, France.

Mary Ann S. Natividad, Filipino, 57, has been the Chief Commercial Officer of IMI since January 1, 2020. She was the Global Head of Sales and Marketing of IMI since 2016. Prior to this assignment, she managed Key Accounts and Management, and Strategic Planning. She is also the former Business Unit Head for Singapore Turnkey Operations. Her track record spans over 30 years in the electronics industry, covering its various aspects. She is a licensed Electronics and Communications Engineer. She has an Electronics and Communications Engineering degree from the Mapua Institute of Technology.

Laurice S. Dela Cruz, Filipino, 39, has served as Chief Finance Officer since June 2021. Prior to her appointment, she has held roles of increasing responsibilities since she joined IMI in 2011, including her last role as Global Head for Financial Planning and Analysis. She is also the Corporation's

Compliance Officer since April 2020. Over the years, she has demonstrated her strong proficiency in technical accounting as well as a broad knowledge in finance in general. She has over 15 years of professional experience in the field of audit, accounting and controllership. Prior to joining IMI, she held the position of Business Unit Controller for the Agro-Industrial Division at Universal Robina Corporation for over two years. She was also a Senior Associate Auditor at Sycip Gorres Velayo (SGV) & Co. for four years. She graduated with a degree of BS in Accountancy from the University of Santo Tomas in 2004 and is a Certified Public Accountant.

Anthony Raymond P. Rodriguez, Filipino, 56, has been the Treasurer of the Company since June 1, 2021. He has been the Head of Treasury and Credit and Investor Relations Officer since February 2009. Prior to IMI, he has gained nineteen years of extensive professional experience from Metropolitan Bank & Trust Co. as Head, FX Trading – USD/Thirds, BDO – Equitable PCI Bank as Senior Dealer and Head –FX and Derivatives Desk and from Far East Bank & Trust Co. as Institutional Sales Desk Head for Treasury Marketing. He finished a degree in Industrial Engineering at University of Sto. Tomas in 1990 and obtained an MBA from De La Salle University in 1997.

Rosalyn O. Tesoro, Filipino, 52, has been the Chief Information Officer since 2013 and Data Protection Officer of IMI since August 12, 2020. She joined IMI in 2005, initially as IT Infrastructure manager, before being designated as IT head in 2010. Prior to joining IMI, she held various roles in semiconductor manufacturing and IT companies. She has been an IT practitioner for more 30 years. She holds a BS Computer Engineering degree from Mapua Institute of Technology.

Ernest Ang, Malaysian, 55, has been the Chief Procurement Officer since April 20, 2023. He is an experienced professional skilled in Strategic Sourcing, Manufacturing, Management, Material Requirements Planning (MRP), Sales Management, and Supply Management, with a demonstrated history of working in the electronics industry with leading multinationals such as Sanmina and Flextronics. Prior to IMI, Ernest was Chief Operating Officer for Advanced Digital Broadcast (ADB) Global for almost two years. He spent more than five years with Bull Will Co. Ltd., a passive components distributor/ manufacturer, as Chief Supply Chain Officer and General Manager. His stint with Flextronics International as VP for Global Procurement for two years and as VP for Global Supplier Management for almost five years further expanded his network as he managed to establish a significant number of global suppliers and clients in Asia, Americas and Europe. He completed his bachelor’s degree in Electrical Engineering and Computer Systems from the University of Queensland in 1991.

Nicholas John Davey, British, 51, has been the Chief Technology Officer since April 20, 2023. Prior to this, he was with Surface Technology International Limited (STI) from 2011 as Group Commercial Director and was appointed as R&D Director in 2013. Earlier on, he ran his own product development company, Tattu Ltd., for seven years and was a Founding Member of Sensei Ltd, in 1999, which was eventually purchased by Vtech Group to become Vtech Mobile Ltd., where he eventually became Global Materials Director. Nick also spent eleven years at Motorola Ltd. within Global Commodity/Materials Management specializing in plastics commodities, and eventually leading the International NPI Development within the Mobile Handset Division. He finished BTEC in Business from Alleynes School in 1988 and has earned units in Master of Business Administration.

Maria Franchette M. Acosta, Filipino, 51, is the Corporate Secretary of IMI effective March 6, 2024. She is the Corporate Governance Group Head, Chief Legal Officer, OIC Compliance Officer, Data Protection Office and Corporate Secretary of Ayala Corporation. She is also the Corporate Secretary of Ayala Land, Inc., AREIT, Inc. and ACEN CORPORATION. She is a practicing lawyer for 24 years, with 18 years in Villaraza & Angangco Law Firm where she was a Senior Partner, Co-Managing Partner and Head of its Corporate and Commercial Department. She was an Assistant Secretary at the Office of the Chief Presidential Legal Counsel of the Republic of the Philippines from 2001 to 2003. She is recognized as an expert counsel in leading legal journals and publications such as Chambers Global, Chambers Asia Pacific and Legal 500. She is a consistent Asia Business Law Journal’s top 100 lawyers of the Philippines. Ms. Acosta graduated from New York University with a Master of Laws in 2003.

She ranked 3rd in the Philippine Bar Examination and earned her Bachelor of Laws from the University of the Philippines College of Law in 1998 where she graduated Class Valedictorian and Cum Laude. She holds a Bachelor of Science in Business Economics from the University of the Philippines School of Economics in 1994 where she graduated Magna Cum Laude.

Rosario Carmela G. Austria, Filipino, 41, was elected as Assistant Corporate Secretary of Integrated Micro-Electronics in April 2021. She is also the Assistant Corporate Secretary of Ayala Corporation, Ayala Foundation, Inc., AC Industrial Technology Holdings, Inc., and Corporate Secretary or Assistant Corporate Secretary of other companies within the Ayala Group. She is Head of the Corporate Secretarial Services Division, Corporate Governance Group of Ayala Corporation. Previously, she was Corporate Governance Manager in Ayala Group Legal from May 2019 to May 2020 and in Ayala Corporation from May 2020 to March 2021. Prior to joining Ayala Group, she worked in the Securities and Exchange Commission from September 2009 to April 2019 where her last post was Assistant Director of the Corporate Governance Division, Corporate Governance and Finance Department. She graduated with a Bachelor of Science degree in Legal Management, minor in International Business, from the Ateneo de Manila University in 2004 and completed her Juris Doctor degree from the same university in 2008. She was admitted to the Philippine Bar in 2009. She obtained a Master of Public Policy in 2013 from the National Graduate Institute of Policy Studies (GRIPS) in Tokyo, Japan as a recipient of the Japan-IMF Scholarship Program for Asia.

ANNEX "B-1"

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **JESSE O. ANG**, Filipino, of legal age and a resident of after having been duly sworn to in accordance with law do hereby declare that:

1. I am a first time nominee for independent director of **Integrated Micro-Electronics, Inc.**

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
BPI Capital Corporation	Independent Director	July 2018 – present
BPI Asset Management and Trust Company	Independent Director	July 2018 – present
BPI AIA Life Assurance Corporation	Independent Director	April 2019 - present
BPI/MS Insurance Corporation	Independent Director	June 2019 - present
BPI International Limited	Independent Director	January 2020 – present
ACEN Corporation	Independent Director	April 2023 – present
ACEN International, Inc.	Independent Director	August 2023 – present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **Integrated Micro-Electronics, Inc.**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to the following director/officer/substantial shareholder of **Integrated Micro-Electronics, Inc.** and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable).

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of **Integrated Micro-Electronics, Inc.** of any changes in the abovementioned information within five days from its occurrence or any knowledge of such change.

IN WITNESS WHEREOF, I have signed this certification on 29 February 2024 in Makati City

JESSE O. ANG

SUBSCRIBED AND SWORN to before me this FEB 29 2024 at Makati City, affiant personally appeared before me and exhibited to me his issued on issued at the .

Doc. No. 31;
Page No. 8;
Book No. XXI;
Series of 2024.

Notarial DST pursuant to Sec. 61 of the TRAIN Act (Amending Sec. 188 of the NIRC) affixed on Notary Public's copy.

ATTY. RIZZA ANNE O. SY
NOTARY PUBLIC
ROLL NO.
MAKATI CITY, PHILIPPINES

ANNEX "B-2"

CERTIFICATION OF INDEPENDENT DIRECTOR

I, HIROSHI NISHIMURA, of legal age and a resident of
, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of INTEGRATED MICRO-ELECTRONICS, INC., (the "Corporation") for its Annual Stockholders' Meeting on April 25, 2024 and have been its Independent Director since June 17, 2020.

2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Linkwest International Consultancy Services, Inc.	Chairman and President	April 12, 2008 to present
All Purpose Appliances & Multi-Products, Inc.	Executive Vice President	November 23, 2009 to present
Panasonic Communications Philippines Corporation	President	2000-2007

I am not affiliated with any of Government-Owned and Controlled Corporation.

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided in Section 38 of the Securities Regulations Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of the Corporation and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

Name of Director/Officer/ Substantial Shareholder	Company	Nature of Relationship
N.A.		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this ________________ at ______________________.

HIROSHI NISHIMURA
Affiant

SUBSCRIBED AND SWORN to before me this _______________ at ___________________, affiant personally appeared before me and exhibited to me his Passport No. TT2784893 issued on 22 December 2022 at Japan.

Doc No. ________;
Page No. ________;
Book No. ________;
Series of ________.

A member of ACIndustrials

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

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI) SS.

CERTIFICATION AND UNDERTAKING

I, **ROSARIO CARMELA G. AUSTRIA**, being the duly elected, qualified and incumbent Assistant Corporate Secretary of **INTEGRATED MICRO-ELECTRONICS, INC.** (the "Corporation"), do thereby certify -

1. That in compliance with the Securities and Exchange Commission (the "Commission") Memorandum Circular No. 5, Series of 2017, attached as Annexes B-1 and B-2 of our Definitive Information Statement ("DIS") are the notarized certifications of independent director ("CID") of our nominees for independent directors, Mr. Jesse O. Ang and Ms. Sherisa P. Nuesa, and as Annex B-3 of our DIS is the electronically signed CID of another nominee for independent director, Mr. Hiroshi Nishimura;

2. That as of this time, Mr. Nishimura is currently abroad and will not be able to submit a notarized and apostilled CID in time for the DIS submission to the Commission;

3. That I hereby undertake to submit to the Commission the wet signed and duly notarized CID of Mr. Nishimura as soon as he returns to the country;

4. That this certification and undertaking is executed to attest to the truth of the foregoing facts and to express our commitment to comply with the rules of the Commission.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Corporation this MAR 27 2024 at Makati City.

ROSARIO CARMELA G. AUSTRIA
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me this MAR 27 2024 at ________, the affiant exhibited to me, as competent evidence of identity, her
ssued on at the .

Doc. No. 250;
Page No. 51;
Book No. LV;
Series of 2024.

ATTY. ROBERTO T. ONGSIAKO
NOTARY PUBLIC
ROLL NO.
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.

ANNEX "B-3"

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **SHERISA P. NUESA,** Filipino, of legal age and a resident of
after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **INTEGRATED MICRO-ELECTRONICS, INC.**, (the "Corporation") for its Annual Stockholders' Meeting on April 25, 2024 and have been its Independent Director since April 13, 2018.

2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Manila Water Company, Inc.	Independent Director	April 2013 to date
AREIT, Inc.	Independent Director	April 2023 to date
Far Eastern University, Inc.	Director	August 2010 to date
FERN Realty Corporation	Director	August 2012 to date
Metro Retail Stores Group, Inc.	Director	October 2023 to date
Vicsal Development Corporation	Senior Board Adviser	March 2012 to date
Justice Reform Initiative (JRI)	Board Adviser	May 2017 to date
Financial Executives Institute (FINEX) Foundation	Board Trustee	
NextGen Organization of Women Corporate Directors	Vice President, Board Trustee	September 2021 to date

I am not affiliated with any of Government-Owned and Controlled Corporation.

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided in Section 38 of the Securities Regulations Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of the Corporation and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

Name of Director/Officer/ Substantial Shareholder	Company	Nature of Relationship
N.A.		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this MAR 11 2024 at MAKATI CITY.

SHERISA P. NUESA
Affiant

SUBSCRIBED AND SWORN to before me this MAR 11 2024 at MAKATI CITY, affiant personally appeared before me and exhibited to me her Passport No. P8595622A issued on 04 September 2018 at DFA Manila.

Doc No. 84;
Page No. 18;
Book No. XXI;
Series of 2024.

ATTY. RIZZA ANNE O. SY
NOTARY PUBLIC
ROLL NO.
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.

ANNEX "C"

MANAGEMENT REPORT

I. MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Results of Operations

Revenues, gross profit, net income, and the related computed EBITDA and basic earnings per share, for the years ended 2023, 2022 and 2021 are shown on the following table:

	For the years ended December 31		
	2023	**2022**	**2021**
	(in US$ thousands, except Basic EPS)		
Revenues from contracts with customers	1,325,660	1,409,017	1,300,590
Cost of goods sold and service	(1,205,153)	(1,298,609)	(1,209,772)
Gross profit	120,507	110,408	90,818
Net loss attributable to equity holders of the Parent Company	(109,195)	(6,757)	(10,565)
EBITDA[13]	47,337	47,099	46,358
Basic Earnings per Share (EPS)	(0.049)	(0.003)	(0.005)

<u>2023 vs 2022</u>

Revenues from Sales and Services

The Company posted consolidated full year 2023 revenues of US$1.3 billion, 6 percent lower than the previous year, driven by factors attributable to its non-wholly owned subsidiary group including the shorter fiscal year of STI Limited which was divested in October 31, 2023. The core business maintained the same level of revenues from last year at $1.11 billion.

Gross Profit and Gross Profit Margin

The full year gross profit of $120.5 million increased 9% versus 2022. GP% also improved from 7.8% last year to 9.1% this year as component shortage situation eased and overhead restructuring that enabled better utilization of fixed costs.

Operating income

Operating income is at $7.8 million from $2.7 million in 2022 mainly driven by improved GP margins brought about by lower direct material cost, operational efficiency and facilities utilization.

[13] EBITDA = 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.

Net Loss

The Company posted a net loss of $109.2 with one-time losses of US$106.1 million related to the sale of STI and impairment of goodwill and certain assets.

On the other hand, wholly-owned subsidiaries maintained the momentum from 2022, with revenues on par with the previous year, and better profitability margins netting an income of US$13.0 million versus last year's $11.5 million.

EBITDA

EBITDA of $47.3 million, marginally improved by 0.5% from last year and an improvement of 23 bps in terms of % to revenues.

Financial Condition

In 2023, IMI spent $27.8 million on capital expenditures related to new programs, higher than last year's $21.2 million. The Company does not have any material commitment for capital expenditure but expects to spend ~$30 million in 2024 to be funded by internal cash and bank loans.

IMI's balance sheet remains robust with a current ratio of 1.43:1 and debt-to-equity ratio of 1.15:1.

Key Performance Indicators of the Company

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

	As of end	
	Dec 31, 2023	**Dec 31, 2022**
Performance indicators		
Liquidity:		
Current ratio[a]	1.43x	1.51x
Solvency:		
Debt-to-equity ratio[b]	1.15x	0.83x
	For the years ended 31 Dec	
	2023	**2022**
Operating efficiency:		
Revenue growth[c]	(6%)	8%
Profitability:		
Gross profit margin[d]	9.1%	7.8%
Net income margin[e]	(8.2%)	(0.5%)
Return on equity[f]	(33.3%)	(1.7%)
Return on common equity[g]	(33.3%)	(1.7%)
Return on assets[h]	(11.0%)	(0.6%)
[14]EBITDA margin	3.6%	3.3%

[14] 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.

[a] *Current assets/current liabilities*
[b] *Bank debts/Total Equity*
[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:

The risk of recurrence of geopolitical and macro-economic factors after the reporting period may cause uncertainties that may impact the Company's liquidity. The Company is continuously monitoring its liquidity and solvency position.

There are no known trends, events or uncertainties that will result in the Company's liquidity increasing or decreasing in a material way.

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.

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.

The effects of geopolitical and macro-economic factors 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.

There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on the Company's revenues from continuing operations.

There were no significant elements of income or loss that did not arise from continuing operations.

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
(Years ended 31 December 2023 versus 31 December 2022)

6% decrease in Revenues ($1.41B to $1.33B)
Driven by factors attributable to its non-wholly owned subsidiary group including the shorter fiscal year of STI Enterprises Limited which was divested on October 31, 2023.

7% decrease in Cost of goods sold ($1,298.6M to $1,205.2M)
Direct costs decreased relevant to the revenues, lower direct material cost and operational efficiencies.

5% increase in Operating expenses ($107.8M to $112.7M)
Mainly due to increase in people costs, professional fees other financial provisions.

Because there are various EBITDA calculation methods, our presentation of these measures may not be comparable to similarly titled measures used by other companies.

1000% increase in Non-operating expenses (-$11.6M to -$128.0M)
Increase due to asset impairments, loss on disposal of STI and other one-off adjustments during the year ($106.1M). Interest expense also significantly increased from increase in loans and higher interest rates.

83% increase in Noncontrolling interest (-$8.6M to -$15.8M)
Higher share of minority in the net losses of non-wholly owned subsidiaries.

Balance Sheet items
(31 December 2023 versus 31 December 2022)

21% decrease in Cash and cash equivalents ($115.8M to $91.6M)
Cash used in investing -$33.8M mainly from capital expenditure to support new programs; cash provided in financing +$4.6M mainly from net availment of loans (+$13.9M) offset by payment of lease liabilities (-$9.8M). The company however generated positive cash flows from operating activities (+$6.8M).

34% increase in Short-term Investment ($8.5M to $11.4M)
Increase was due to increase in money market placements made for varying periods of more than three months but less than one year.

21% decrease in Contract assets ($67.1M to $53.1M)
Recovery of backlogs reduced work-in process and finished goods inventories.

15% increase in Other current assets ($25.3M to $29.0M)
Increase in input and tax credits.

5% decrease in Property, plant and equipment ($146.1M to $138.8M)
Decrease from yearly depreciation (-$26.4M), offset by additional capex for the year (+$27.0M) and impairment of machineries.

49% decrease in Goodwill ($136.2M to $70,1M)
Decrease was due to recognized loss of $54.79 million related to the sale of STI (See Note 2) and partial impairment loss related to the goodwill from the acquisition of Via of $15.70 million.

32% decrease in Intangible assets ($5.1M to $3.5M)
Yearly amortization (-$1.9M) and offset by additional acquisitions during the year.

16% decrease in Right-of-use of assets ($19.3M to $16.1M)
Amortization (-$8.9M), offset by additional contracts during the year.

29% increase in Financial assets through OCI ($1.8M to $2.4M)
Increase in fair value of quoted club shares.

106% increase in Deferred tax assets ($2.1M to $4.4M)
Provision of DTA on lease liabilities.

63% decrease in Contract liabilities ($7.4M to $2.7M)
Decrease in advance payments received to render manufacturing services.

9% increase in Loans and trust receipts payable ($192.7M to $209.7M)
Availment of loans.

13% increase in Income tax payable ($1.8M to $2.0M)
Provision for taxable income.

47% increase in Other current liabilities ($1.0 to $1.5M)
Increase in provision for onerous contracts.

113% increase in Current portion of long-term debt ($3.0M to $6.5M)
Availment of loans.

26% increase in Net retirement liabilities ($7.0M to $8.8M)
Increase in provision for retirement liability.

18% decrease in Non-current lease liabilities ($12.9M to $10.6M)
Payments of leases.

27% decrease in Cumulative translation adjustments (-$43.7M to -$31.9M)
Arising from translation of management accounts in Europe denominated in their respective local currencies to the Parent Company's functional currency. The significant movement is due to appreciation of EUR against USD from 1.06 to 1.11, and RMB against USD from 6.96 to 7.08.

16% decrease in Equity attributable to NCI ($38.0M to $31.9M)
Decrease due to the minority share in the loss of non-wholly owned subsidiaries.

2022 vs 2021

Revenues from Sales and Services

The Company posted consolidated full year 2022 revenues of US$1.4 billion, 8 percent growth compared to the previous year. Despite the on-going component shortage and impact of weakened Euro, IMI was able to deliver strong revenue growth on focus market segments automotive (15%) and industrial (+15%) driven by successful ramp up of new projects.

Wholly-owned subsidiaries achieved revenues of US$1.1 billion for the year, an 11% growth from 2021. Meanwhile, VIA optronics (VIAO) and Surface Technology International (STI Ltd.) continued to face stiffer headwinds in their operating environments. Component allocation challenges, particularly for aerospace/defense and consumer, continue to be slower compared to other markets. Combined revenues for these non wholly owned subsidiaries was flat vs last year with 1% year-on-year increase.

Gross Profit and Gross Profit Margin

The full year gross profit of $110.4 million increased 22% versus 2021 (GP% of 7.8% vs 7.0% last year). This was a result of proactive steps taken to streamline the supply chain, rationalize global headcount, restructure product pricing, and an upside gain was booked to align the company's accounting for the estimated useful life of manufacturing equipment with the rest of the industry from an average of 7 to 10 years.

Operating income

Operating income is at $2.7 million from a negative ($17.7M) in 2021 mainly driven by improved GP margins reduced general and administrative expenses driven by cost reduction initiatives.

Net Loss

The Company posted a net loss of $6.8 million, better than last year's net loss of $10.6 million or an improvement of +$3.8M mainly from improved operating income by +$20.3 million, offset by higher interest expense, provision for onerous contracts and some financial provisions and forex losses on the core business. 2021 also has one off gains such as mark-to-market on put options and reversal of impairment losses.

EBITDA

EBITDA of $47.1 million, slightly higher by 2% than last year due to better operating income.

Financial Condition

In 2022, IMI spent $21.2 million on capital expenditures related to new programs, lower than last year's $31 million. The Company does not have any material commitment for capital expenditure but expects to spend ~$30-40 million in 2023 to be funded by internal cash and bank loans.

IMI's balance sheet remains robust with a current ratio of 1.51:1 and debt-to-equity ratio of 0.83:1.

Key Performance Indicators of the Company

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

	As of end	
	Dec 31, 2022	**Dec 31, 2021**
Performance indicators		
Liquidity:		
Current ratio[a]	1.51x	1.59x
Solvency:		
Debt-to-equity ratio[b]	0.83x	0.69x

	For the years ended 31 Dec	
	2022	**2021**
Operating efficiency:		
Revenue growth[c]	8%	15%
Profitability:		
Gross profit margin[d]	7.8%	7.0%
Net income margin[e]	(0.5%)	(0.8%)
Return on equity[f]	(1.7%)	(2.5%)
Return on common equity[g]	(1.7%)	(2.5%)
Return on assets[h]	(0.6%)	(0.9%)
[15]EBITDA margin	3.3%	3.6%

[a] *Current assets/current liabilities*
[b] *Bank debts/Total Equity*
[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*

[15] *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.*

In the above:

The risk of recurrence of further pandemic related shutdowns and other macro-economic factors after the reporting period may cause uncertainties that may impact the Company's liquidity. The Company is continuously monitoring its liquidity and solvency position.

There are no known trends, events or uncertainties that will result in the Company's liquidity increasing or decreasing in a material way.

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.

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.

The effects of potential recurrence of pandemic related shutdowns and other macro-economic factors 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.

There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on the Company's revenues from continuing operations.

There were no significant elements of income or loss that did not arise from continuing operations.

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
(Years ended 31 December 2022 versus 31 December 2021)

8% increase in Revenues ($1.30B to $1.41B)
The increase was driven mainly by focus market segments automotive (+15%) and industrial (+15%) year-on-year.

22% increase in Cost of goods sold ($1,209.8M to $1,298.6M)
Direct costs increased relevant to the revenues. Higher than revenue increase due to higher material prices affected by component shortage and elevated freight costs.

1% decrease in Operating expenses ($108.5M to $107.8M)
Mainly due to decrease in people costs (-$3.2M), depreciation and amortization (-$4.3M) offset by increase in travel and transportation (+$2.8M), and other financial provisions.

448% decrease in Non-operating income/(expenses) ($3.3M to -$11.6M)
Decrease due to asset impairments in 2022 (-$4.3M), foreign exchange valuation (-$3.5M) related to appreciation of USD versus Euro, GBP and RMB and increase in interest expense (-$4.1M) due to increase in interest rates and additional loans during the year.

6% decrease in Noncontrolling interest (-$9.1M to -$8.6M)
Higher share of minority in the net losses of VIA (49.68%) and STI (20%).

Balance Sheet items
(31 December 2022 versus 31 December 2021)

28% decrease in Cash and cash equivalents ($159.8M to $115.8M)
Cash used in operating activities -$40.1M mainly driven by higher inventory levels due to the component shortage issue and increase in receivables; cash used in investing -$19.3M mainly from capital expenditure to support new programs; cash provided in financing +$18.9M mainly from net availment of loans (+$29.1M) offset by payment of lease liabilities (-$11.6M).

100% increase in Short-term Investment (nil to $8.5M)
Increase was due to reclassification from Cash and cash equivalent for money market placements made for varying periods of more than three months but less than one year.

13% increase in Inventories ($238.6M to $268.5M)
Inventory build up due to customer backlogs and component shortage.

13% increase in Other current assets ($22.4M to $25.3M)
Increase in tax credits.

10% decrease in Property, plant and equipment ($162.0M to $146.1M)
Decrease from yearly depreciation (-$27.9M), offset by additional capex for the year (+$20.7M) and impact of forex depreciation on translation.

53% decrease in Intangible assets ($10.9M to $5.1M)
Yearly amortization (-$4.8M) and due to booking of provision for impairment.

32% decrease in Right-of-use of assets ($28.5M to $19.3M)
Amortization (-$9.1M), offset by additional contracts during the year.

34% increase in Financial assets through OCI ($1.4M to $1.8M)
Increase in fair value of quoted club shares.

27% decrease in Deferred tax assets ($2.9M to $2.1M)
Reversal of DTA on lease liabilities.

56% increase in Contract liabilities ($4.7M to $7.4M)
Increase in advance payments received to render manufacturing services.

16% increase in Loans and trust receipts payable ($165.8M to $192.7M)
Availment of loans.

26% decrease in Income tax payable ($2.4M to $1.8M)
Lower taxable income.

100% increase in Other current liabilities (nit to $1.0M)
Recognition of provision for onerous contracts.
69% increase in Current portion of long-term debt ($1.8M to $3.0M)
Availment of loans.

32% decrease in Net retirement liabilities ($10.3M to $7.0M)
Decrease in provision for retirement liability.

44% decrease in Lease liabilities ($22.8M to $12.9M)
Payments of leases.

120% decrease in Cumulative translation adjustments (-$19.9M to -$43.7M)
Arising from translation of management accounts in Europe denominated in their respective local currencies to the Parent Company's functional currency. The significant movement is due to depreciation of EUR against USD from 1.13 to 1.06, GBP against USD from 1.35 to 1.20 and RMB against USD from 6.38 to 6.96.

34% decrease in Equity attributable to NCI ($57.1M to $38.0M)
Decrease due to the minority share in the loss of VIA and STI.

2021 vs 2020

Revenues from Sales and Services

The Company posted consolidated full year 2021 revenues of US$1.3 billion, 15 percent growth compared to the previous year. Despite supply chain constraints spanning the entire year, IMI was able to deliver on strong customer demand for electronic products. Focus market segments automotive (+24%), industrial (+16%), and aerospace (+15%) all grew year-on-year.

Wholly-owned subsidiaries achieved revenues of US$1 billion for the year, a 16% growth from 2020. Meanwhile, VIA optronics (VIAO) and Surface Technology International (STI Ltd.) revenues also increased to US$296 million, a 10% year-on-year growth.

Gross Profit and Gross Profit Margin

The full year gross profit of $90.8 million declined 6% versus 2020 (GP% of 7.0% vs 8.5% last year). The challenging business environment has been further complicated by the disruptions in the supply chain of electric components which resulted to revenue backlogs, high raw material prices and elevated logistics expenses. The component shortage also resulted to labor inefficiencies and low utilization.

Operating loss

At the start of 2021, the Group was expecting to recover from the effects of Covid-19. However, supply chain disruptions in the electronics industry spanned the entire year which resulted to revenue backlogs, higher logistic expenses and increase in material and labor costs which impacted the Group's operations.

Although the issues brought about by the global component shortage and recurrence of pandemic-related headwinds affected the entire industry, the Group endeavors to focus on excelling in areas the Group can control. Through rigorous collaboration with customers and suppliers, the order bookings remain robust and the Group continues to build its pipeline by winning projects that should allow the Group to improve performance as soon as the supply chain find its balance.

Operating loss is at $17.7 million from an operating income of $3.9 million in 2020 from lower gross profit due to impact of component shortage and increase in general and administrative expenses mainly growth and technology-related expenditures, people cost, outsourced activities and insurance expense.

Net Loss

The Company posted a net loss of $10.6 million, higher loss than last year's net loss of $3.5 million. With effects of Covid-19 largely in control at the beginning of the year, the disruptions in supply chain and rising Covid Delta cases towards the second half of the year has pushed back the recovery timeline which significantly affected the operating performance of the Company. Losses were tempered by beneficial FX position, financial subsidies, mark-to-market gains and reversal of impairment losses.

EBITDA

EBITDA of $46.4 million, 21% lower than last year due to operating losses.

Financial Condition

Despite the current market situation, we continued investing on capital expenditure for further space utilization and line upgrades to ensure readiness for capacity expansion when the supply issues begin to resolve. In 2021, IMI spent $31.0 million on capital expenditures, higher than last year's $18.7 million, mainly purchase of machineries for new projects and maintenance of existing facilities. The Company does not have any material commitment for capital expenditure but expects to spend ~$30-40 million in 2022 to be funded by internal cash and bank loans.

On the financing activities, our high cash level provided the opportunity to redeem $70M of preferred shares that will translate to lower financing cost for IMI. We remain resolutely committed to our disciplined approach to capital allocation and to maintaining a robust balance sheet. As of December 31, 2021, current ratio stood at 1.59:1, debt-to-equity ratio was 0.69:1.

Key Performance Indicators of the Company

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

	As of end	
	Dec 31, 2021	**Dec 31, 2020**
Performance indicators		
Liquidity:		
Current ratio[a]	1.59x	1.54x
Solvency:		
Debt-to-equity ratio[b]	0.69x	0.41x
	For the years ended 31 Dec	
	2021	**2020**
Operating efficiency:		
Revenue growth[c]	15%	(9%)
Profitability:		
Gross profit margin[d]	7.0%	8.5%
Net income margin[e]	(0.8%)	(0.3%)
Return on equity[f]	(2.5%)	(0.8%)
Return on common equity[g]	(2.5%)	(0.8%)
Return on assets[h]	(0.9%)	(0.3%)
[16]EBITDA margin	3.6%	5.2%

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

[a] *Current assets/current liabilities*
[b] *Bank debts/Total Equity*
[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:

The risk of recurrence of further pandemic related shutdowns and other macro-economic factors after the reporting period may cause uncertainties that may impact the Company's liquidity. The Company is continuously monitoring its liquidity and solvency position.

There are no known trends, events or uncertainties that will result in the Company's liquidity increasing or decreasing in a material way.

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.

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.

The effects of potential recurrence of pandemic related shutdowns and other macro-economic factors 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.

There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on the Company's revenues from continuing operations.

There were no significant elements of income or loss that did not arise from continuing operations.

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
(Years ended 31 December 2021 versus 31 December 2020)

15% increase in Revenues ($1.14B to $1.30B)
The increase was driven mainly by recovery from focus market segments automotive (+24%), industrial (+16%), and aerospace (+15%) year-on-year.

16% increase in Cost of goods sold ($1,039.5M to $1,209.8M)
Direct costs increased relevant to the revenues. Slightly higher than revenue increase due to higher material prices, elevated freight costs and increase in labor costs.

16% increase in Operating expenses ($92.5M to $108.5M)
Mainly due to increase in people costs (+11.4M), insurance expense (+2.5M), and contracted services (+1.3M).

95% increase in Non-operating income/(expenses) (-$5.3M to $3.3M)
Increase due to reversal of asset impairments in 2020 (+$2.3M), gain on foreign exchange valuation (+$6.2M) related to appreciation of Euro, GBP and RMB.

213% increase in Noncontrolling interest (-$2.9M to -$9.1M)
Higher share of minority in the net losses of VIA (50.32%) and STI (20%).

Balance Sheet items
(31 December 2021 versus 31 December 2020)

35% decrease in Cash and cash equivalents ($244.4M to $159.8M)
Cash used in operating activities -$47.5M mainly driven by increase in inventory levels due to the shortage issue and receivables; cash used in investing -$32.6M mainly from capital expenditure to support line expansion and new programs; cash used in financing -$6.6M mainly due to net availment of loans (+$78.8M) offset by redemption of subsidiary's preferred shares (-$70M), payment of lease liabilities (-$11.6M) and dividends paid to preference shares (-$3.7M).

68% increase in Inventories ($142.3M to $238.6M)
Inventory build up due to accumulation of customer backlog and component issues.

29% increase in Other current assets ($17.4M to $22.4M)
Increase in prepayments and tax credits.

9% decrease in Property, plant and equipment ($178.0M to $162.0M)
Decrease from yearly depreciation (-$40M), offset by additional capex for the year (+$30.4M) and impact of forex appreciation on translation.
36% decrease in Intangible assets ($17.1M to $10.9M)
Yearly amortization (-$7.4M) slightly offset by reversal of impairment.

13% decrease in Right-of-use of assets ($32.7M to $28.5M)
Amortization (-$10.9M), offset by additional contracts during the year.

21% increase in Financial assets through OCI ($1.1M to $1.4M)
Increase in fair value of quoted club shares.

16% decrease in Deferred tax assets ($3.5M to $2.9M)
Reversal of DTA on lease liabilities.

14% increase in Accounts payable and accrued expenses ($253.8M to $289.4M)
Mainly from increase in trade and nontrade payables and accruals for salaries and benefits.

213% increase in Contract liabilities ($1.5M to $4.7M)
Increase in advance payments received to render manufacturing services.

20% decrease in Loans and trust receipts payable ($206.5M to $165.8M)
Repayment of loans.

28% decrease in Income tax payable ($3.4M to $2.4M)
Lower taxable income.

100% decrease in Other financial liabilities ($1.7M to nil)
Reversal of put options.

<u>14% decrease in Current portion of long-term debt ($2.1M to $1.8M)</u>
Repayment of loans.
<u>365% increase in Noncurrent portion of long-term debt ($32.2M to $149.7M)</u>
Refinancing of short-term loans and a portion of the availments used to redeem the subsidiary's preferred shares.

<u>34% decrease in Deferred tax liabilities ($1.6M to $1.1M)</u>
Decrease DTL from ROU assets, contract assets and fair value adjustments.

<u>10% increase in Net retirement liabilities ($9.4M to $10.3M)</u>
Additional provision for retirement liability.

<u>17% decrease in Lease liabilities ($27.6M to $22.8M)</u>
Payments of leases.

<u>317% decrease in Cumulative translation adjustments ($9.1M to -$19.9M)</u>
Arising from translation of management accounts in Europe denominated in their respective local currencies to the Parent Company's functional currency. The significant movement is due to depreciation of EUR against USD from 1.22 to 1.13, and RMB against USD from 6.54 to 6.38.

<u>59% decrease in Equity attributable to NCI ($133.2M to $57.1M)</u>
Decrease due to redemption of preferred shares of a subsidiary (-$70M), and the minority share in the loss of VIA and STI.

NATURE AND SCOPE OF BUSINESS

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 47.86% owned by Mermac, Inc. (Ultimate Parent Company) and the rest by the public.

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

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

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

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

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

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

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

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

In 2020, VIA AG raised some proceeds through an initial public offering (IPO) and was listed on the New York Stock Exchange under the ticker symbol "VIAO". As a result of the IPO, IMI's ownership interest in VIA was diluted from 76.01% to 50.32% (see Note 19).

In 2021, VIA Optronics GmbH ("VIA") announced the acquisition of Germaneers GmbH ("Germaneers), a high-tech engineering company focusing on automotive system integration and user interfaces (see Note 2). VIA also formed a strategic partnership with SigmaSense, a global leader in touch sensing performance. As part of the strategic partnership, VIA has made a financial investment into SigmaSense and expanded their collaboration to develop new touch solutions for automotive applications, industrial displays and consumer electronics. In December 2021, VIA incorporated a new entity in the Philippines, VIA optronics (Philippines), Inc. ("VIA Philippines"), to provide customized and platform camera solutions, from design and development to process testing and quality control. VIA Philippines was incorporated to facilitate the integration of a camera design and development team that was previously a part of IMI.

In 2018, the Group opened a manufacturing site in Niš, Republic of Serbia in line with the IMI's strategy to strengthen its global footprint and support the growing market for automotive components in the European region.

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

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

IMI USA acts as direct support to the Group's customers by providing program management, customer service, engineering development and prototype manufacturing services to customers, especially for processes using direct die attach to various electronics substrates. It specializes in prototyping low to medium PCBA and sub-assembly and is at the forefront of technology with regard to precision assembly capabilities including, but not limited to, surface mount technology (SMT), chip on flex, chip on board and flip chip on flex. IMI USA is also engaged in advanced manufacturing process development, engineering development, prototype manufacturing and small precision assemblies.

IMI Japan was registered and is domiciled in Japan to serve as IMI’s front-end design and product development and sales support center. IMI Japan was established to attract more Japanese OEMs to outsource their product development to IMI.

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

MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT'S COMMON EQUITY

A) ***Principal market where the registrant's common equity is traded.***

The following table shows the high and low prices (in PhP) of IMI's shares in the Philippine Stock Exchange in 2023 and 2022.

Philippine Stock Exchange
Prices in PhP/share

	High		Low		Close	
	2023	2022	2023	2022	2023	2022
First Quarter	5.84	10.56	4.63	7.82	5.30	8.10
Second Quarter	5.60	8.05	4.90	6.00	4.94	6.19
Third Quarter	4.92	7.46	3.75	5.66	3.90	5.66
Fourth Quarter	3.88	5.51	3.03	4.55	3.16	4.87

The market capitalization of the Company's common shares as of December 31, 2023, based on the closing price of ₱3.16 per share, was approximately ₱7.0 billion.

The price information of IMI's common shares as of the close of the latest practicable trading date, March 27, 2024, is ₱2.14 per share.

B) ***Holders***

There are 284 registered common stockholders as of February 29, 2024. The following are the top 20 registered holders of common shares of the Company.

	Stockholder Name	No. of Common Shares	Percentage of Common Shares
1.	AC Industrial Technology Holdings, Inc.	1,153,725,046	52.0330%
2.	PCD Nominee Corporation (Non-Filipino)	491,793,427	23.1799%
3.	Resins Incorporated	291,785,034	13.1595%
4.	PCD Nominee Corporation (Filipino)	224,603,912	10.1903%
5.	2014 ESOWN Subscription	19,764,242	0.8914%
6.	ESOWN Trust Account	9,337,397	0.4211%
7.	SIIX Corp.	7,815,267	0.3525%
8.	2007 ESOWN Subscription	5,542,289	0.2500%
9.	2015 ESOWN Subscription	3,469,100	0.1585%
10.	2009 ESOWN Subscription	2,391,268	0.1078%
11.	Meneleo J. Carlos, Jr.	805,288	0.0363%
12.	Transtechnology Pte. Ltd.	304,836	0.0137%
13.	Alfredo Gramata, Jr.	258,842	0.0117%
14.	Emmanuel V. Barcelon	240,000	0.0108%
15.	Philippe Marquet	225,519	0.0102%
16.	Ayala Corporation	179,892	0.0811%
17.	Conrad J. Eisenman	160,163	0.0072%
18.	Joselito Senadoza Bantatua	150,000	0.0068%
19.	Sylke Ludewig	137,601	0.0062%
20.	Roberto Raymond G. Castillo	128,812	0.0058%

A list of the company's top 100 shareholders as of December 31, 2023 can be found through this link:
https://edge.pse.com.ph/openDiscViewer.do?edge_no=dad0f99353ebbe7eabca0fa0c5b4e4d0

On June 25, 2015, the Board of Directors of the Company approved the redemption of all the Company's outstanding 1,300,000,000 Redeemable Preferred Shares which were issued in 2008. The redemption price of ₱1.00 per share and all accumulated unpaid cash dividends were paid on August 24, 2015 to the stockholders as of record date July 24, 2015.

C) *Dividends*

Stock Dividend-Common Shares

PAYMENT DATE	PERCENT	RECORD DATE
Sept. 24, 2010	15%	Aug. 31, 2010

Cash Dividends-Common Shares

PAYMENT DATE	RATE	RECORD DATE
May 4, 2017	USD 0.004529/₱0.22739	April 20, 2017
March 21, 2018	USD0.00458/₱0.235	March 7, 2018
May 7, 2019	USD0.00201/-₱0.10542	April 25, 2019

There was no cash dividend declaration in 2020.

Cash Dividends-Preferred Shares (Redeemed in 2015)

PAYMENT DATE	RATE	RECORD DATE
February 21, 2014	2.90% p.a.	February 7, 2014
May 21, 2014	2.90% p.a.	May 7, 2014
August 22, 2014	2.90% p.a.	August 7, 2014
November 21, 2014	2.90% p.a.	November 7, 2014
February 20, 2015	2.90% p.a.	February 6, 2015
May 22, 2015	2.90% p.a.	May 8, 2015
August 24, 2015	2.90% p.a.	August 7, 2015

Dividend policy

Dividends declared by the Company on its shares of stocks are payable in cash or in additional shares of stock. The payment of dividends in the future will depend upon the earnings, cash flow and financial condition of the Company and other factors. There are no other restrictions that limit the payment of dividends on common shares.

Cash dividends are subject to approval by the Company's Board of Directors but no stockholder approval is required. Property dividends which may come in the form of additional shares of stock are subject to approval by both the Board of Directors and the stockholders of the Company. In addition, the payment of stock dividends is likewise subject to the approval of the SEC and PSE.

The Subsidiaries have not adopted any formal dividend policies. Dividend policies for the Subsidiaries shall be determined by their respective Boards of Directors.

Recent Sale of Securities

There were 9,773,144 shares subscribed by the Company's executives as a result of their subscription to the stock ownership (ESOWN) plan in 2015. No share was subscribed under the

ESOWN Plan since 2016. On July 20, 2004, the SEC approved the issuance of 150,000,000 ESOWN shares as exempt transactions pursuant to Section 10.2 of the Securities Regulation Code.

D) ***Corporate Governance***

The Company submitted its Revised Manual on Corporate Governance to the SEC on August 12, 2021 in compliance with SEC memorandum Circular No. 13, series of 2016.

(i) The evaluation system which was established to measure or determine the level of compliance of the Board and top level management with its Revised Manual of Corporate Governance consists of a Board Performance Assessment which is accomplished by the members of the Board indicating the compliance ratings. The above is submitted to the Compliance Officer who issues the required Integrated Annual Corporate Governance Report ("I-ACGR") yearly.

(ii) To ensure good governance, the Board establishes the vision, strategic objectives, key policies, and procedures for the management of the Company, as well as the mechanism for monitoring and evaluating management's performance. The Board also ensures the presence and adequacy of internal control mechanisms for good governance.

(iii) The Company has adopted in the Revised Manual of Corporate Governance the leading practices and principles of good corporate governance, and full compliance therewith has been made since the adoption of the Manual.

(iv) The Company is taking further steps to enhance adherence to principles and practices of good corporate governance through the adoption of the Revised Code of Corporate Governance. In line with this, the Board also adopted the Charter of the Board of Directors on January 25, 2015 and the same was revised and published in the Company's official website last August 2021.

(v) Reflecting its dedication to continuous improvement, IMI received the Golden 4-Arrow recognition for the 2022 ASEAN Corporate Governance Scorecard Assessment (one level higher than previous year's Golden Arrow 3 award) awarded by the Institute of Corporate Directors at the Okada Manila Hotel on September 28, 2023.

Upon the written request of the stockholders, the Company undertakes to furnish said stockholder with a copy of SEC Form 17-A free of charge. Any written request for a copy of SEC Form 17-A shall be addressed to the following:

Integrated Micro-Electronics, Inc.
North Science Avenue, Special Export Processing Zone
Laguna Technopark, Bo. Biñan, Biñan, Laguna

Attention: **Ms. Laurice S. Dela Cruz**
Chief Finance Officer

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

Tel (63 2) 756 6840
Fax (63 49) 544 0322
www.global-imi.com

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Integrated Micro-electronics, Inc. (the Company) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein for the years ended December 31, 2023, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

ALBERTO M. DE LARRAZABAL
Chairman, Board of Directors

JEROME S. TAN
President

LAURICE S. DELA CRUZ
Chief Finance Officer

SUBSCRIBED AND SWORN to before me this APR 01 2024 at Makati City, affiants exhibiting to me their respective Passports, to wit:

Name	Passport No.	Date & Place of Issue
Alberto M. de Larrazabal		
Jerome S. Tan		
Laurice S. Dela Cruz		

Doc. No. 257 ;
Page No. 53 ;
Book No. LV ;
Series of 2024.

ATTY. ROBERTO T. ONGSIAKO
NOTARY PUBLIC
ROLL NO
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.

imi

A member of AC Industrials

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

Tel (63 2) 756 6840
Fax (63 49) 544 0322
www.global-imi.com

REPUBLIC OF THE PHILIPPINES)
QUEZON CITY)SS.

SECRETARY'S CERTIFICATE

I, **ROSARIO CARMELA G. AUSTRIA**, of legal age, being the duly elected, qualified and incumbent Assistant Corporate Secretary of **INTEGRATED MICRO-ELECTRONICS, INC.** (the "Corporation"), a corporation duly organized and existing under the laws of the Republic of the Philippines, after having been duly sworn in accordance with law, do hereby certify that at the regular meeting of the Board of Directors held on 6 March 2024, at which meeting a quorum existed and acted throughout, the Board approved the following resolution:

Resolution No. B-12-2024

> **RESOLVED**, to approve the delegation to the President, Mr. Jerome S. Tan, of the authority to sign the Corporation's Statement of Management Responsibility and Annual Report (17-A) in lieu of the Chief Executive Officer, Mr. Arthur R. Tan.

IN WITNESS WHEREOF, I have signed this Certificate this April 2, 2024 at Makati City.

ROSARIO CARMELA G. AUSTRIA
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me this April 2, 2024 at Makati City, the affiant exhibited to me, as competent evidence of identity, her issued on at

Doc. No. 262;
Page No. 54;
Book No. LV;
Series of 2024.

Notarial DST pursuant to Sec. 61 of the TRAIN Act (amending Sec. 188 of the NIRC) affixed on Notary Public's copy.

ROBERTO T. ONGSIAKO
NOTARY PUBLIC
ROLL NO.
MAKATI CITY, PHILIPPINES

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number: 9 4 4 1 9

COMPANY NAME

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

NORTH SCIENCE AVENUE, LAGUNA TECHNOPARK-SPECIAL ECONOMIC ZONE (LT-SEZ), BO. BIÑAN, BIÑAN, LAGUNA

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	SEC	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
ir@global-imi.com	(02) 7756-6840	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
284	APRIL 15	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Laurice S. Dela Cruz	Laurice.delacruz@global-imi.com	(02) 7756-6840	N/A

CONTACT PERSON's ADDRESS

North Science Avenue, Laguna Technopark, Biñan, Laguna

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies*

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SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Integrated Micro-Electronics, Inc. and its subsidiaries (the Group), which comprise the consolidated balance sheets as at December 31, 2023 and 2022, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the consolidated financial statements, including material accounting policy information.

Qualified Opinion on the 2023 Consolidated Financial Statements

In our opinion, except for the effects and the possible effects of the matters described in the Basis for Qualified Opinion on the 2023 Consolidated Financial Statements section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Integrated Micro-Electronics, Inc. and its subsidiaries as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Qualified Opinion on the 2023 Consolidated Financial Statements

As at and for the year ended December 31, 2023, the Group's consolidated financial statements included the assets, liabilities, income and expense accounts of its 50.32% owned subsidiary, VIA optronics, AG (VIA AG) and its subsidiaries (VIA Group). However, we were unable to obtain sufficient appropriate audit evidence on the carrying amounts of these VIA Group accounts because the audit procedures of the component auditor are still ongoing as of the date of this report. This includes accounts within the current and non-current assets and liabilities, equity, revenue, cost of sales, operating expenses, other income and expense, provision for income tax and line items within other comprehensive income, and cash flows from operating, investing and financing activities. No further disclosures of the amounts of these accounts and line items and other required qualitative disclosures were made by the Group since VIA AG is a listed entity outside the Philippines and is subject to certain regulatory restrictions on disclosures. In addition, given that the VIA Group balances have not yet been finalized, the component auditor's audit procedures on the impairment testing of goodwill on VIA Group as a cash generating unit, where an impairment loss of $15.70 million was recognized, is still ongoing. Consequently, we were unable to determine whether any adjustments to the affected accounts and line items in the 2023 consolidated financial statements were necessary.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. In addition to the matters described in the Basis for Qualified Opinion on the 2023 Consolidated Financial Statements section, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Recoverability of Goodwill

Under PFRS, the Group is required to annually test the amount of goodwill for impairment. As of December 31, 2023, the Group's goodwill attributable to the following cash-generating units (CGUs): Integrated Micro-Electronics, Inc., Speedy-Tech Electronics, Ltd., IMI Czech Republic s.r.o., and VIA Optronics GmbH (VIA), amounted to $70.07 million, which is considered significant to the consolidated financial statements. In addition, management's assessment process requires significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty due to the current economic conditions which continue to be impacted by the coronavirus pandemic, specifically revenue growth rate, gross margin, cost ratios and discount rates.

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

Audit Response

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

Recoverability of Property, Plant and Equipment

Under PFRS, the Group is required to test the recoverability of nonfinancial assets when indicators of impairment exist. In 2023, the continuing gross loss for the production line for certain customers in Philippines, Mexico and Germany has been assessed as an impairment indicator requiring an impairment assessment. Accordingly, the related items of property, plant, and equipment with an aggregate depreciated cost of $33.07 million as of December 31, 2023, which is significant to the consolidated financial statements, were tested for impairment. No impairment loss was recorded in 2023. The management's impairment assessment process requires significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty, specifically revenue growth rate, gross margin, cost ratios and discount rates.

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

Audit Response

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31,2023 are expected to be made available to us after the date of this auditor's report.

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

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

Opinion on the 2022 Consolidated Financial Statements

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Integrated Micro-Electronics, Inc. and its subsidiaries (the Group) as at December 31, 2022, and its financial performance and its cash flows for the years ended December 31,2022 and 2021 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion on the 2022 Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia
Partner
CPA Certificate No.
Tax Identification No.
BOA/PRC Reg. No. , August 25, 2021, valid until April 15, 2024
BIR Accreditation No. , October 23, 2023, valid until October 22, 2026
PTR No. , January 6, 2024, Makati City

April 01, 2024

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5, 32 and 33)	**$91,588,823**	$115,824,555
Short-term investments (Notes 5, 32 and 33)	**11,420,000**	8,499,610
Receivables (Notes 6, 31, 32 and 33)	**287,398,207**	291,640,064
Contract assets (Notes 7 and 33)	**53,055,666**	67,138,029
Inventories (Note 8)	**268,518,150**	268,497,252
Other current assets (Note 9)	**29,027,614**	25,246,196
Total Current Assets	**741,008,460**	776,845,706
Noncurrent Assets		
Property, plant and equipment (Note 10)	**138,809,415**	146,108,637
Goodwill (Note 11)	**70,071,122**	136,247,840
Intangible assets (Note 12)	**3,468,350**	5,125,423
Right-of-use assets (Note 30)	**16,145,566**	19,266,348
Financial assets at FVOCI (Notes 13, 32 and 33)	**2,364,096**	1,829,432
Deferred tax assets – net (Note 25)	**4,427,046**	2,148,861
Other noncurrent assets (Notes 14 and 33)	**17,441,055**	16,312,146
Total Noncurrent Assets	**252,726,650**	327,038,687
	$993,735,110	$1,103,884,393
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Notes 15, 32 and 33)	**$286,902,035**	$301,774,641
Contract liabilities (Notes 7, 32 and 33)	**2,748,320**	7,406,803
Loans payable (Notes 16, 32 and 33)	**209,746,929**	192,659,599
Current portion of long-term debt (Notes 17, 32 and 33)	**6,484,519**	3,048,254
Current portion of lease liabilities (Notes 30, 32 and 33)	**8,252,108**	7,067,675
Income tax payable	**2,012,208**	1,780,773
Other current liabilities (Notes 18, 32 and 33)	**1,524,827**	1,035,201
Total Current Liabilities	**517,670,946**	514,772,946
Noncurrent Liabilities		
Noncurrent portion of:		
Long-term debt (Notes 17, 32 and 33)	**140,213,655**	147,365,278
Lease liabilities (Notes 30, 32 and 33)	**10,551,647**	12,869,991
Net retirement liabilities (Note 27)	**8,826,860**	7,012,752
Deferred tax liabilities - net (Note 25)	**1,014,040**	1,105,620
Other noncurrent liabilities (Note 24)	**5,746,710**	5,473,950
Total Noncurrent Liabilities	**166,352,912**	173,827,591
Total Liabilities	**684,023,858**	688,600,537

(Forward)

	December 31	
	2023	2022
EQUITY		
Equity Attributable to Equity Holders of the Parent Company		
Capital stock - common (Note 19)	**$42,720,682**	$42,719,224
Subscribed capital stock (Note 19)	**689,311**	692,454
Additional paid-in capital (Note 19)	**193,777,837**	193,797,219
Subscriptions receivable (Notes 19 and 28)	**(2,576,077)**	(2,620,195)
Retained earnings (Note 19)	**85,608,544**	194,803,301
Treasury stock (Note 19)	**(1,012,588)**	(1,012,588)
Other components of equity (Note 13)	**547,961**	32,794
Cumulative translation adjustment (Note 19)	**(31,879,127)**	(43,668,483)
Remeasurement losses on defined benefit plans (Note 27)	**(10,050,551)**	(7,434,231)
	277,825,992	377,309,495
Equity Attributable to Non-controlling Interests in Consolidated Subsidiaries (Note 19)	**31,885,260**	37,974,361
Total Equity	**309,711,252**	415,283,856
	$993,735,110	$1,103,884,393

See accompanying Notes to Consolidated Financial Statements.

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2023	2022	2021
REVENUE FROM CONTRACTS WITH CUSTOMERS (Note 29)	**$1,325,660,040**	$1,409,016,512	$1,300,590,198
COST OF SALES (Notes 20, 22 and 27)	**1,205,153,476**	1,298,608,896	1,209,771,812
GROSS PROFIT	**120,506,564**	110,407,616	90,818,386
OPERATING EXPENSES (Notes 21, 22 and 27)	**(112,664,366)**	(107,750,306)	(108,481,712)
OTHERS – Net			
Interest expense and bank charges (Note 23)	**(21,099,986)**	(14,655,729)	(10,553,667)
Foreign exchange gains (losses) – net	**63,374**	1,916,986	5,398,202
Interest income (Note 5)	**2,245,090**	667,901	300,539
Miscellaneous income (expense) – net (Note 24)	**(109,167,087)**	439,103	8,196,782
	(127,958,609)	(11,631,739)	3,341,856
LOSS BEFORE INCOME TAX	**(120,116,411)**	(8,974,429)	(14,321,470)
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 25)			
Current	**7,313,015**	5,929,924	6,399,874
Deferred	**(2,483,046)**	457,999	(1,015,825)
	4,829,969	6,387,923	5,384,049
NET LOSS	**($124,946,380)**	($15,362,352)	($19,705,519)
Net Loss Attributable to:			
Equity holders of the Parent Company (Note 29)	**(109,194,757)**	($6,756,929)	($10,564,571)
Non-controlling interests	**(15,751,623)**	(8,605,423)	(9,140,948)
	($124,946,380)	($15,362,352)	($19,705,519)
Loss Per Share (Note 26)			
Basic and diluted	**($0.049)**	($0.003)	($0.005)

See accompanying Notes to Consolidated Financial Statements.

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2023	2022	2021
NET LOSS	**($124,946,380)**	($15,362,352)	($19,705,519)
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) to be reclassified into profit or loss in subsequent periods:			
Exchange differences arising from translation of foreign operations (Note 19)	**19,939,123**	(34,337,927)	(25,915,831)
Other comprehensive income (loss) not to be reclassified into profit or loss in subsequent periods:			
Remeasurement gains (losses) on defined benefit plans (Note 27)	**(2,616,320)**	2,638,001	(322,019)
Fair value changes on financial assets at FVOCI - net of tax (Note 13)	**515,167**	587,404	320,194
Differences arising from sale of subsidiary	**1,512,755**	–	–
	(588,398)	3,225,405	(1,825)
	19,350,725	(31,112,522)	(25,917,656)
TOTAL COMPREHENSIVE INCOME (LOSS)	**($105,595,655)**	($46,474,874)	($45,623,175)
Total Comprehensive Income (Loss) Attributable to:			
Equity holders of the Parent Company	**(99,506,554)**	($27,334,659)	($39,569,513)
Non-controlling interests	**(6,089,101)**	(19,140,215)	(6,053,662)
	($105,595,655)	($46,474,874)	($45,623,175)

See accompanying Notes to Consolidated Financial Statements.

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

	Attributable to Equity Holders of the Parent Company											
							Other Comprehensive Income (Loss)					
	Capital Stock- Common (Note 19)	**Subscribed Capital Stock** (Note 19)	**Additional Paid-in Capital** (Note 19)	**Subscriptions Receivable** (Notes 19 and 28)	**Retained Earnings** (Note 19)	**Treasury Stock** (Note 19)	**Other Components of Equity** (Note 13)	**Cumulative Translation Adjustment** (Note 19)	**Remeasurement losses on defined benefit plans** (Note 27)	**Attributable to Equity Holders of the Parent Company** (Note 19)	**Attributable to Non-controlling Interests** (Note 19)	**Total**
Balances at January 1, 2023	**$42,719,224**	**$692,454**	**$193,797,219**	**(2,620,195)**	**$194,803,301**	**($1,012,588)**	**$32,794**	**($43,668,483)**	**($7,434,231)**	**$377,309,495**	**$37,974,361**	**$415,283,856**
Issued shares during the year	**1,458**	**(1,458)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Collection from subscriptions	**–**	**–**	**–**	**23,051**	**–**	**–**	**–**	**–**	**–**	**23,051**	**–**	**23,051**
Forfeitures during the year	**–**	**(1,685)**	**(19,382)**	**21,067**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	$42,720,682	**$689,311**	**$193,777,837**	**($2,576,077)**	**$194,803,301**	**($1,012,588)**	**$32,794**	**($43,668,483)**	**($7,434,231)**	**$377,332,546**	**$37,974,361**	**$415,306,907**
Net loss	**–**	**–**	**–**	**–**	**(109,194,757)**	**–**	**–**	**–**	**–**	**(109,194,757)**	**(15,751,623)**	**(124,946,380)**
Other comprehensive income (loss)	**–**	**–**	**–**	**–**	**–**	**–**	**515,167**	**11,789,356**	**(2,616,320)**	**9,688,203**	**9,662,522**	**19,350,725**
Total comprehensive income (loss)	**–**	**–**	**–**	**–**	**(109,194,757)**	**–**	**515,167**	**11,789,356**	**(2,616,320)**	**(99,506,554)**	**(6,089,101)**	**(105,595,655)**
Balances at December 31, 2023	**$42,720,682**	**$689,311**	**$193,777,837**	**($2,576,077)**	**$85,608,544**	**($1,012,588)**	**$547,961**	**($31,879,127)**	**($10,050,551)**	**$277,825,992**	**$31,885,260**	**$309,711,252**

See accompanying Notes to Consolidated Financial Statements.

	Attributable to Equity Holders of the Parent Company											
							Other Comprehensive Income (Loss)					
	Capital Stock- Common (Note 19)	Subscribed Capital Stock (Note 19)	Additional Paid-in Capital (Note 19)	Subscriptions Receivable (Notes 19 and 28)	Retained Earnings (Note 19)	Treasury Stock (Note 19)	Other Components of Equity (Note 13)	Cumulative Translation Adjustment (Note 19)	Remeasurement losses on defined benefit plans (Note 27)	Attributable to Equity Holders of the Parent Company (Note 19)	Attributable to Non-controlling Interests (Note 19)	Total
Balances at January 1, 2022	$42,705,563	$708,788	$193,830,800	($2,701,935)	$201,560,230	($1,012,588)	($554,610)	($19,865,348)	($10,072,232)	$404,598,668	$57,114,576	$461,713,244
Issued shares during the year	13,661	(13,661)	–	–	–	–	–	–	–	–	–	–
Collection from subscriptions	–	–	–	45,486	–	–	–	–	–	45,486	–	45,486
Forfeitures during the year	–	(2,673)	(33,581)	36,254	–	–	–	–	–	-	–	–
	42,719,224	692,454	193,797,219	(2,620,195)	201,560,230	(1,012,588)	(554,610)	(19,865,348)	(10,072,232)	404,644,154	57,114,576	461,758,730
Net loss	–	–	–	–	(6,756,929)	–	–	–	–	(6,756,929)	(8,605,423)	(15,362,352)
Other comprehensive income (loss)	–	–	–	–	–	–	587,404	(23,803,105)	2,638,001	(20,577,730)	(10,534,792)	(31,112,522)
Total comprehensive income (loss)	–	–	-–	–	(6,756,929)	–	587,404	(23,803,105)	2,638,001	(27,334,659)	(19,140,215)	(46,474,874)
Balances at December 31, 2022	$42,719,224	$692,454	$193,797,219	$(2,620,195)	$194,803,301	($1,012,588)	$32,794	($43,668,483)	($7,434,321)	$377,309,495	$37,974,361	$415,283,856

See accompanying Notes to Consolidated Financial Statements.

	Attributable to Equity Holders of the Parent Company											
							Other Comprehensive Income (Loss)					
	Capital Stock-Common (Note 19)	**Subscribed Capital Stock** (Note 19)	**Additional Paid-in Capital** (Note 19)	**Subscriptions Receivable** (Notes 19 and 28)	**Retained Earnings** (Note 19)	**Treasury Stock** (Note 19)	**Other Components of Equity** (Note 13)	**Cumulative Translation Adjustment** (Note 19)	**Remeasurement losses on defined benefit plans** (Note 27)	**Attributable to Equity Holders of the Parent Company** (Note 19)	**Attributable to Non-controlling Interests** (Note 19)	**Total**
Balances at January 1, 2021	$42,674,930	$744,823	$193,869,684	($2,888,800)	$215,793,690	($1,012,588)	($874,804)	$9,137,769	($9,750,213)	$447,694,491	$133,168,238	$580,862,729
Issued shares during the year	30,633	(30,633)	–	–	–	–	–	–	–	–	–	–
Redemption of preferred shares	–	–	–	–	–	–	–	–	–	–	(70,000,000)	(70,000,000)
Collection from subscriptions	–	–	–	142,579	–	–	–	–	–	142,579	–	142,579
Forfeitures during the year	–	(5,402)	(38,884)	44,286	–	–	–	–	–	–	–	–
Cash dividends	–	–	–	–	(3,668,889)	–	–	–	–	(3,668,889)	–	(3,668,889)
	42,705,563	708,788	193,830,800	(2,701,935)	212,124,801	(1,012,588)	(874,804)	9,137,769	(9,750,213)	444,168,181	63,168,238	507,336,419
Net loss	–	–	–	–	(10,564,571)	–	–	–	–	(10,564,571)	(9,140,948)	(19,705,519)
Other comprehensive income (loss)	–	–	–	–	–	–	320,194	(29,003,117)	(322,019)	(29,004,942)	3,087,286	(25,917,656)
Total comprehensive income (loss)	–	–	–	–	(10,564,571)	–	320,194	(29,003,117)	(322,019)	(39,569,513)	(6,053,662)	(45,623,175)
Balances at December 31, 2021	$42,705,563	$708,788	$193,830,800	($2,701,935)	$201,560,230	($1,012,588)	($554,610)	($19,865,348)	($10,072,232)	$404,598,668	$57,114,576	$461,713,244

See accompanying Notes to Consolidated Financial Statements.

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax	**($120,116,411)**	($8,974,429)	($14,321,470)
Adjustments for:			
Loss on sale of subsidiary – net of cash (Note 2)	**79,349,037**	–	–
Depreciation of property, plant and equipment (Notes 10, 20, and 21)	**26,437,358**	27,909,940	40,047,883
Interest expense on loans (Notes 16, 17 and 23)	**19,143,221**	13,076,061	8,433,898
Impairment loss on goodwill (Note 11)	**15,700,399**	–	–
Amortization of right-of-use asset (Notes 20, 21 and 30)	**8,893,841**	9,134,302	10,875,975
Amortization of intangible assets (Notes 12, 20, and 21)	**1,855,301**	4,812,157	7,399,018
Loss (gain) on sale and retirement of property, plant and equipment – net (Notes 10 and 24)	**(60,061)**	2,355,745	(438,498)
Provision (reversal) of impairment loss on product development cost (Notes 12 and 24)	**–**	1,604,842	(636,456)
Interest expense on lease liabilities (Note 23)	**1,461,233**	932,077	1,349,772
Provision (reversal) of impairment loss on property, plant and equipment (Note 24)	**4,698,152**	361,185	(1,612,065)
Loss (gain) on derivative transactions	**–**	42,640	(139,984)
Unrealized foreign exchange losses (gain) - net	**672,769**	(8,153,359)	(5,107,955)
Interest income (Note 5)	**(2,245,090)**	(667,901)	(300,539)
Mark-to-market gain on put options (Notes 19 and 24)	**–**	–	(1,627,806)
Gain on insurance claims (Note 24)	**(11,968)**	(415,795)	(458,016)
Loss on lease modifications (Note 24)	**–**	–	159,630
Operating income before working capital changes	**35,581,516**	42,017,465	43,623,387
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Short-term investments	**(2,920,390)**	(8,499,610)	–
Receivables (Note 6)	**2,484,874**	(20,352,968)	(8,642,453)
Inventories (Note 8)	**(20,295,582)**	(35,844,294)	(99,550,741)
Contract assets	**3,516,408**	(17,280,645)	1,297,542
Other current assets	**(5,239,679)**	(3,416,787)	(5,569,760)
Increase (decrease) in:			
Accounts payable and accrued expenses	**21,860,567**	10,876,000	33,353,941
Contract liabilities	**(4,749,754)**	2,713,065	3,225,963
Other current liabilities (Notes 18 and 22)	**487,971**	1,034,209	–
Retirement liabilities	**(250,904)**	(1,036,186)	(18,741)
Net cash generated from (used for) operations	**30,475,027**	(29,789,751)	(32,280,862)
Interest paid	**(18,862,136)**	(12,960,528)	(7,724,832)
Income tax paid	**(7,081,580)**	(6,558,996)	(7,507,162)
Interest received	**2,245,090**	667,901	300,539
Net cash provided by (used in) operating activities	**6,776,401**	(48,641,374)	(47,212,317)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property, plant and equipment (Note 10)	**(27,029,854)**	(20,683,406)	(30,374,533)
Intangible assets (Note 12)	**(271,743)**	(505,349)	(618,132)
Proceeds from sale and retirement of property, plant and equipment	**725,765**	782,678	2,729,968
Decrease (increase) in other noncurrent assets	**(402,653)**	1,155,440	(1,269,552)
Receivable resulting from sale of subsidiary (Notes 2 and 6)	**(5,487,367)**	–	–
Transaction costs related to sale of subsidiary (Note 2)	**(1,325,982)**	–	–
Acquisition through business combination, net of cash acquired (Note 2)	**–**	–	(3,018,336)
Net cash used in investing activities	**(33,791,834)**	(19,250,637)	(32,550,585)

(Forward)

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Availments of loans and long-term debt (Note 35)	**$24,511,507**	$56,695,080	$140,575,118
Payments of: (Note 35)			
Loans payable	**(3,946,145)**	(23,499,829)	(59,700,000)
Lease liabilities (Note 30)	**(9,804,620)**	(11,571,267)	(11,900,875)
Dividends paid to preference shareholders of a subsidiary (Note 19)	**–**	–	(3,668,889)
Long-term debt	**(6,608,470)**	(4,088,335)	(2,042,863)
Redemption of preferred shares of a subsidiary to non-controlling interest (Note 19)	**–**	–	(70,000,000)
Increase (decrease) in noncurrent liabilities	**460,495**	1,318,426	(215,999)
Collections (refund) of subscriptions receivable (Note 19)	**23,051**	45,486	142,579
Settlement of derivatives	**–**	–	(88,361)
Net cash provided by (used in) financing activities	**4,635,818**	18,899,561	(6,899,290)
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	**(1,856,117)**	5,029,382	2,094,390
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(24,235,732)**	(43,963,068)	(84,567,802)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**115,824,555**	159,787,623	244,355,425
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)	**$91,588,823**	$115,824,555	$159,787,623

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

Integrated Micro-Electronics, Inc. (IMI or the Parent Company), a stock corporation organized and registered under the laws of the Republic of the Philippines on August 8, 1980, has four wholly-owned subsidiaries, namely: IMI International (Singapore) Pte. Ltd. (IMI Singapore), IMI USA, Inc. (IMI USA), IMI Japan, Inc. (IMI Japan) and PSi Technologies, Inc. (PSi) (collectively referred to as the Group). The Parent Company is 52.03% owned by AC Industrial Technology Holdings, Inc. (AC Industrials), a wholly-owned subsidiary of Ayala Corporation (AC), a corporation incorporated in the Republic of the Philippines and listed in the Philippine Stock Exchange (PSE). AC is 47.86% owned by Mermac, Inc. (Ultimate Parent Company) and the rest by the public.

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

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

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

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

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

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

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

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

In 2020, VIA AG raised some proceeds through an initial public offering (IPO) and was listed on the New York Stock Exchange under the ticker symbol “VIAO”. As a result of the IPO, IMI’s ownership interest in VIA was diluted from 76.01% to 50.32% (see Note 19).

In 2021, VIA Optronics GmbH (“VIA”) announced the acquisition of Germaneers GmbH (“Germaneers), a high-tech engineering company focusing on automotive system integration and user interfaces (see Note 2). VIA also formed a strategic partnership with SigmaSense, a global leader in touch sensing performance. As part of the strategic partnership, VIA has made a financial investment into SigmaSense and expanded their collaboration to develop new touch solutions for automotive applications, industrial displays and consumer electronics. In December 2021, VIA incorporated a new entity in the Philippines, VIA optronics (Philippines), Inc. (“VIA Philippines”), to provide customized and platform camera solutions, from design and development to process testing and quality control. VIA Philippines was incorporated to facilitate the integration of a camera design and development team that was previously a part of IMI.

In 2018, the Group opened a manufacturing site in Niš, Republic of Serbia in line with the IMI’s strategy to strengthen its global footprint and support the growing market for automotive components in the European region.

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

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

IMI USA acts as direct support to the Group’s customers by providing program management, customer service, engineering development and prototype manufacturing services to customers, especially for processes using direct die attach to various electronics substrates. It specializes in prototyping low to medium PCBA and sub-assembly and is at the forefront of technology with regard to precision assembly capabilities including, but not limited to, surface mount technology (SMT), chip on flex, chip on board and flip chip on flex. IMI USA is also engaged in advanced manufacturing process development, engineering development, prototype manufacturing and small precision assemblies.

IMI Japan was registered and is domiciled in Japan to serve as IMI's front-end design and product development and sales support center. IMI Japan was established to attract more Japanese OEMs to outsource their product development to IMI.

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

The consolidated financial statements as of December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 were endorsed for approval by the Audit Committee and authorized for issue by the Parent Company's Board of Directors (BOD) on April 01, 2024.

2. Group Information

Information about Subsidiaries

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

Subsidiary	Percentage of Ownership 2023	2022	Country of Incorporation	Functional Currency
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)
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%	United Kingdom	GBP
STI Limited	**–**	100.00%	United Kingdom	GBP
STI Philippines Inc. (STIPH)	**–**	100.00%	Philippines	USD
STI Asia Ltd [c]	**–**	100.00%	Hong Kong	Hong Kong Dollar (HKD)
ST Intercept Limited [c]	**–**	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*

Business Combinations

Acquisition of Germaneers GmbH ("Germaneers")
On May 21, 2021, VIA Optronics GmbH ("VIA") acquired Germaneers GmbH ("Germaneers), a high-tech engineering company focusing on automotive system integration and user interfaces for a transaction price of EUR3.06 million ($3.73 million). Germaneers provides solutions for a range of well-known high-end original equipment manufacturers (OEMs).

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

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

In 2021, the purchase price allocation for the acquisition of Germaneers has been prepared on a preliminary basis due to unavailability of certain information to facilitate fair valuation computation, and reasonable changes are expected as additional information becomes available. The provisional goodwill recognized on the acquisition can be attributed to its years of knowledge and experience of market requirements, system-level design, and innovative technologies in the automotive sector. The purchase price allocation has been finalized in 2022 and there were no significant changes in the fair value of the identifiable assets and liabilities and the resulting goodwill (see Note 11).

Sale of STI Enterprise Limited

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

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

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

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

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

	October 31, 2023
Cash and cash equivalents	$1,759,283
Receivables	15,098,908
Contract assets	11,416,661
Inventories	21,488,832
Other current assets	2,211,370
Property, plant and equipment	4,803,583
Right-of-use assets	2,842,737
Deferred tax assets	1,095
Total Assets	59,622,469
Accounts payable and accrued expenses	95,248,308
Loans payable	2,306,057
Lease liabilities	2,666,986
Other noncurrent liabilities	1,102,874
Total Liabilities	101,324,225
Total Net Liabilities	($41,701,756)

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

	For the period ended October 31, 2023
Revenue	$70,845,741
Cost of sales	69,372,533
Gross profit	1,473,208
Operating expenses	(7,166,214)
Non-operating expenses	(3,768,368)
Loss before income tax	(9,461,374)
Provision for tax	45,001
Net Loss	($9,506,375)

Cash flows generated by STI for the reporting period until its disposal as of October 31, 2023 are as follows:

	For the period ended October 31, 2023
Net cash from operating activities	$2,358,239
Net cash used in investing activities	(462,160)
Net cash used in financing activities	(1,905,663)
Net cash outflow	($9,584)

The table below shows the loss recognized related to sale of STI:

Net Liabilities	($41,701,756)
Related goodwill	54,791,019
Non-controlling interests	8,378,206
Total investment carrying value	21,467,469
Shareholder loans	62,368,811
Interim funding (payable after two years)	2,759,407
Total carrying value	86,595,687
Recoverable amount (Interim funding and cash consideration)	5,487,367
Loss on disposal (Note 24)	($81,108,320)

Transaction cost related to the sale recognized in outsourced activities included under operating expenses amounted to $1.33 million.

3. Summary of Significant Accounting and Financial Reporting Policies

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

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

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

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Group as of December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023.

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

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those of the previous financial years except for the new PFRS, 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 significant impact on the consolidated financial statements of the Group.

- Amendments to Philippine Accounting Standards (PAS) 1 and Philippine Financial Reporting Standards (PFRS) Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments to the Practice Statement provide non-mandatory guidance.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

- Amendments to PAS 12 Income Taxes, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

- Amendments to PAS 12, *Income Taxes, International Tax Reform – Pillar Two Model Rules*

  The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

  The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

  The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

  Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023.

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective. Unless otherwise stated, the following pronouncement is not expected to have material impact to 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:
  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.

- 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.

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

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

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier adoption is permitted and that fact must be disclosed.

Effective beginning on or after January 1, 2025

- 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.

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 and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the 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.

Current versus Noncurrent Classification

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

An asset is current when it is:

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

All other assets are classified as noncurrent.

A liability is current when:

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

All other liabilities are classified as noncurrent.

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

Cash and Cash Equivalents

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

Short-term Investments

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

Financial Instruments

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

a) Financial assets

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

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

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

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

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

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

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

The financial assets of the Group as of December 31, 2023 and 2022 consist of financial assets at amortized cost (debt instruments) and financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Impairment of Financial Assets
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

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

b) Financial liabilities

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

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

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

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

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

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

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

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

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

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

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

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

c) Offsetting of financial instruments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Group as Lessee

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

Right-of-use Assets

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

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

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

Lease Liabilities

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

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

Short-term Leases (STL) and Leases of Low-value Assets

The Group applies the STL recognition exemption to those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. The Group applies the low-value assets recognition exemption to leases of underlying assets with a value, when new, of US$5,000 and below. Lease payments on short-term leases and low-value assets are recognized as expense on a straight-line basis over the lease term.

Extension Options

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

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

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

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

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

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

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

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

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

When the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.

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

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

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

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

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

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

Equity

Capital stock

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

Preferred shares may be issued with various rights. In determining whether a preference share is financial liability or equity instrument, the issuer is required to assess the particular rights attaching to the share to determine whether it exhibits the fundamental characteristic of a financial liability.
A preference share redeemable only at the holder's option is an equity instrument because the issuer does not have a present or future obligation to transfer financial assets to the shareholder.

Additional paid-in capital

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

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

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

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

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

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

Revenue Recognition
a) Revenue from contracts with customers

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

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

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

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

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

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

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

Revenue from optical bonding technology and metal mesh touch sensors (VIA and VTS)
Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

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

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

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

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

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

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

The Group does not have significant separate performance obligations wherein the transaction price needs to be allocated as of December 31, 2023 and 2022.

b) Contract balances

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

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

c) Cost to obtain a contract

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

Other Income

Interest income

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

Dividends

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

Miscellaneous income

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

Expenses

Cost of sales

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

Operating expenses

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

Government Grants

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

Foreign Currency Transactions

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

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

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

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

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

Income Taxes

Current tax

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

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

Deferred tax

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

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

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

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

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

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

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

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

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

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

Earnings per Share (EPS) Attributable to Equity Holders of the Parent Company

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

Retirement and Other Employee Benefits

Defined benefit plans

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

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

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

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

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

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

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

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

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

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

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

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

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

VIA
VIA only has defined contribution plans relating to statutory pension obligations. Funds paid by the employees and employers are not saved or invested but are used to pay current pension obligations. Obligations for contributions to defined contribution plans are recognized as an expense when incurred. VIA Group has no defined benefit plans.

STI
Contributions to defined contribution plans are recognized as an expense in the period in which the related service is provided. Prepaid contributions are recognized as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognized as a finance cost in profit or loss in the period in which it arises.

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

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

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

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

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

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

4. Significant Accounting Judgments, Estimates and Assumptions

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

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

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

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

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

Revenue from contracts with customers
- Identifying contracts with customers

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

- Determining the timing of revenue recognition

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

- Determining the method of measure of progress for revenue recognized over time

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

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

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

In 2021, the Group has determined that there was a change in functional currency for VIA GmbH and VIA Suzhou, wholly owned subsidiaries of VIA. In prior years, the functional currency of VIA GmbH and VIA Suzhou is Euro and RMB, respectively and both were changed to USD since majority of its sales and purchases are denominated in this currency.

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

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

Further details are disclosed in Notes 18 and 22.

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

Further details are disclosed in Note 34.

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

Estimated Useful Lives (EUL) of Property, Plant, and Equipment (PPE)
The Group estimates the useful lives of its PPE based on expected usage, wear and tear, and technological or commercial obsolescence. The Group reviews the EUL of PPE annually. If the result of the review indicates that the PPE will continue to be used for a period longer or shorter than the existing policy and practice, the EUL is revised. The change in EUL is accounted for prospectively (no restatement of prior periods) and applied to existing assets at the time of change and to future assets to be acquired in future periods. An increase in the EUL of PPE will result in lower depreciation since the carrying values of the PPE will be depreciated over the extended remaining lives.

In 2022, the Group has concluded its assessment that most of its production machineries and equipment were historically being used in operations for about ten (10) years which is beyond the EUL of seven (7) years. The review also disclosed that the repairs being incurred for these production machineries and equipment, after seven (7) years, remain to be low or not more than 50% of the annual depreciation. Because of this, the Group changed the EUL of production machineries and equipment from seven (7) to ten (10) years (see Note 10).

Lease commitments - Group as lessee

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

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

Fair value of the financial liabilities on put options
The acquisition of VIA in 2016 and STI in 2017 included call and put options over the non-controlling interests. These options are considered when determining whether the entity has obtained control over the acquiree if in substance the entity already has access to the returns associated with that ownership interest. Management assessed that the options do not give the Group present access to the returns associated with the non-controlling interests in subsidiary and, therefore, accounted for the non-controlling interests under PFRS 10, while the financial liability was accounted for under PFRS 9 measured at the present value of the redemption amount, with a debit to a component of equity attributable to the parent.

Management assessed that the discounted, probability-weighted cash flow methodology is the appropriate model to derive the present value of the redemption amount. The key estimates and assumptions used in the valuation include impact of coronavirus pandemic, the current equity value of the acquiree, forecasted interest rate and probability of trigger events occurring. The equity value of VIA is determined using the discounted cash flow approach. The future cash flows are projected using the projected revenue growth rate of VIA. The discount rate represents the current market assessment of the risk specific to the acquiree, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the acquiree and is derived from its weighted average cost of capital. For STI, management used the market approach by approximating the EBITDA multiple taken from comparable companies of STI that are engaged in providing electronic services solutions to derive its current equity value. Management computed EBITDA as the difference of forecasted gross profit and selling and administrative expenses before depreciation and amortization.

Further details on the valuation of the put options are disclosed in Note 19.

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

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

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

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

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

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

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

Further details on property, plant and equipment, intangible assets, and right-of-use assets are disclosed in Notes 10, 11, 12 and 30, respectively.

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

relative to expected historical or projected future operating results and significant negative industry or economic trends.

The Group estimates the recoverable amount as the higher of the fair value less costs to sell and value-in-use. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that may affect property, plant and equipment, right-of-use assets, intangible assets and deferred charges. For goodwill, this requires an estimation of the recoverable amount which is the fair value less costs to sell or value-in-use of the CGU to which the goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows for the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of cash flows. Further details on property, plant and equipment, goodwill, intangible assets, deferred charges, and right-of-use assets are disclosed in Notes 10, 11, 12, 14 and 30, respectively. Details of the impairment loss recognized are disclosed in Notes 10, 12 and 24.

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

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

Further details on taxes are disclosed in Note 25.

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

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

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

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

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

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

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

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

5. Cash and Cash Equivalents and Short-term Investments

Cash and Cash Equivalents
This account consists of:

	2023	2022
Cash on hand	**$72,843**	$73,706
Cash in banks	**91,515,980**	115,750,849
	$91,588,823	$115,824,555

Cash in banks earn 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.

Interest income earned from cash in banks and cash equivalents amounted to $0.27 million in 2023, $0.25 million in 2022 and $0.30 million in 2021.

Short-term Investments
Short-term investments amounting to $11.42 million and $8.50 million as of December 31, 2023 and 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 5.3% to 5.5% per annum and 2.0% to 2.4% per annum in 2023 and 2022, respectively.

Interest income earned from these investments amounted to $1.76 million and $0.42 million in 2023 and 2022, respectively.

6. **Receivables**

This account consists of:

	2023	2022
Trade (Note 16)	**$263,993,264**	$283,795,011
Nontrade	**16,590,926**	7,529,001
Due from related parties (Note 31)	**1,197,239**	2,530,315
Receivable from employees	**223,780**	310,056
Others	**6,058,958**	822,810
	288,064,167	294,987,193
Less allowance for ECLs	**665,960**	3,347,129
	$287,398,207	$291,640,064

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 ($2,850,575) of funding by way of unsecured loan to STIL 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 ($2,850,575). 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).

Allowance for ECLs
Trade receivables, nontrade receivables and receivables from insurance with aggregate nominal value of $0.67 million and $3.35 million as of December 31, 2023 and 2022, respectively, were individually assessed to be impaired and fully provided with allowance for doubtful accounts.

Movements in the allowance for ECLs are as follow:

	December 31, 2023		
	Trade	**Nontrade**	**Total**
At beginning of year	**$3,303,461**	**$43,668**	**$3,347,129**
Provisions (reversals) (Note 22)	**596,318**	**(21,823)**	**574,495**
Written-off	**(2,841,082)**	**(9,685)**	**(2,850,767)**
Disposal of subsidiary	**(281,197)**	**–**	**(281,197)**
Foreign currency exchange difference	**(123,700)**	**–**	**(123,700)**
At end of year	**$653,800**	**$12,160**	**$665,960**

	December 31, 2022			
	Trade	Nontrade	Receivable from Insurance	Total
At beginning of year	$3,459,906	$204,980	$1,078,869	$4,743,755
Provisions (Note 22)	604,726	(19,238)	−	585,488
Written-off	(628,458)	(103,886)	(1,117,057)	(1,849,401)
Foreign currency exchange difference	(132,713)	(38,188)	38,188	(132,713)
At end of year	$3,303,461	$43,668	$−	$3,347,129

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

7. Contract Balances

This account consists of:

	2023	2022
Contract assets	**$53,055,666**	$67,138,029
Contract liabilities	**2,748,320**	7,406,803

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

For the years ended December 31, 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 higher advance payments received from new and existing customers.

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

8. Inventories

This account consists of:

	2023	2022
Raw materials and supplies	**$260,216,889**	$267,413,402
Work-in-process	**6,950,956**	7,995,649
Finished goods	**11,696,249**	5,984,042
	278,864,094	281,393,093
Less allowance for:		
Inventory obsolescence	**$10,062,010**	$12,601,131
Decline in value of inventories	**283,934**	294,710
	10,345,944	12,895,841
	$268,518,150	$268,497,252

The cost of the inventories carried at NRV amounted to $28.36 million and $27.60 million as of December 31, 2023 and 2022, respectively. The amount of inventories recognized as an expense under “Cost of sales” account amounted to $954.87 million in 2023, $1,043.62 million in 2022, and $932.39 million in 2021 (see Note 20).

Movements in the allowance for inventory obsolescence follows:

	2023	2022
At beginning of year	**$12,601,131**	$12,304,771
Provisions (Note 22)	**3,937,085**	2,225,263
Write-offs	**(626,684)**	(1,024,313)
Disposal of subsidiary	**(4,968,364)**	–
Foreign currency exchange difference	**(881,158)**	(904,590)
At end of year	**$10,062,010**	$12,601,131

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

	2023	2022
At beginning of year	**$294,710**	$152,874
Provisions (reversal) (Note 22)	**(10,776)**	141,836
At end of year	**$283,934**	$294,710

The Group recognized gains from sale of materials and scrap amounting to $0.06 million in 2023, $0.03 million in 2022, and $0.10 million in 2021 and write off of inventories in 2023 amounting to $10.87 million. Gains from sale of materials and scrap and loss on write off of inventories are included under "Miscellaneous income (loss) - net" account in the consolidated statements of income (see Note 24).

9. Other Current Assets

This account consists of:

	2023	2022
Input taxes	**$11,468,501**	$7,649,650
Tax credits	**7,910,900**	3,973,586
Advances to suppliers	**4,185,344**	4,911,642
Prepayments and deferred charges	**4,285,354**	8,341,278
Others	**1,177,515**	370,040
	$29,027,614	$25,246,196

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.

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

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.

10. Property, Plant and Equipment

Movements in this account follows:

	2023						
	Buildings and Improvements	**Machineries and Facilities Equipment**	**Furniture, Fixtures and Office Equipment**	**Transportation Equipment**	**Tools and Instruments**	**Construction in Progress**	**Total**
Cost							
At beginning of year	**$101,117,036**	**$196,843,203**	**$26,305,898**	**$2,184,570**	**$9,287,712**	**$6,065,577**	**$341,803,996**
Additions	**1,139,714**	**9,903,876**	**1,411,811**	**465,506**	**201,783**	**13,907,164**	**27,029,854**
Disposals/retirement	**(4,169)**	**(34,985,026)**	**(5,032,020)**	**(211,361)**	**(1,225,806)**	**–**	**(41,458,382)**
Disposals through subsidiary sold	**(3,437,083)**	**(10,683,386)**	**(345,678)**	**–**	**–**	**–**	**(14,466,147)**
Transfers	**449,760**	**15,011,502**	**368,020**	**53,731**	**(548,985)**	**(15,334,028)**	**–**
Foreign currency exchange difference	**1,525,801**	**(1,888,330)**	**274,333**	**164,657**	**462,969**	**(2,527)**	**536,903**
At end of year	**100,791,059**	**174,201,839**	**22,982,364**	**2,657,103**	**8,177,673**	**4,636,186**	**313,446,224**
Accumulated depreciation							
At beginning of year	**51,549,544**	**115,744,321**	**20,055,321**	**1,405,458**	**4,121,448**	–	**192,876,092**
Depreciation	**4,692,601**	**19,005,888**	**2,147,323**	**439,891**	**151,655**	**–**	**26,437,358**
Disposals/retirement	**(1,772)**	**(34,363,493)**	**(5,027,168)**	**(193,443)**	**(1,206,803)**	–	**(40,792,679)**
Disposals through subsidiary sold	**(2,060,039)**	**(7,296,678)**	**(305,846)**	–	–	–	**(9,662,563)**
Foreign currency exchange difference	**409,083**	**(2,314,973)**	**106,665**	**102,383**	**(107,297)**	–	**(1,804,139)**
At end of year	**54,589,417**	**90,775,065**	**16,976,295**	**1,754,289**	**2,959,003**	–	**167,054,069**
Accumulated impairment losses							
At beginning and end of year	**–**	**2,819,267**	**–**	**–**	**–**	**–**	**2,819,267**
Net Impairment loss (Notes 4 and 24)	**–**	**4,698,152**	**–**	**–**	**–**	**–**	**4,698,152**
Foreign currency exchange difference	**–**	**65,321**	**–**	**–**	**–**	**–**	**65,321**
At end of year	**–**	**7,582,740**	**–**	**–**	**–**	**–**	**7,582,740**
Net book value	**$46,201,642**	**$75,844,034**	**$6,006,069**	**$902,814**	**$5,218,670**	**$4,636,186**	**$138,809,415**

	2022						
	Buildings and Improvements	Machineries and Facilities Equipment	Furniture, Fixtures and Office Equipment	Transportation Equipment	Tools and Instruments	Construction in Progress	Total
Cost							
At beginning of year	$101,484,847	$229,249,025	$24,889,977	$2,398,427	$9,390,659	$3,384,016	$370,796,951
Additions	1,083,887	8,679,316	1,913,115	296,971	132,080	8,578,037	20,683,406
Disposals/retirement	(215,408)	(33,579,982)	(592,206)	(450,283)	(23,892)	(64,045)	(34,925,816)
Transfers	1,947,480	4,145,714	90,135	63,443	970	(6,247,742)	–
Foreign currency exchange difference	(3,183,770)	(11,650,870)	4,877	(123,988)	(212,105)	415,311	(14,750,545)
At end of year	101,117,036	196,843,203	26,305,898	2,184,570	9,287,712	6,065,577	341,803,996
Accumulated depreciation							
At beginning of year	46,995,886	134,845,473	19,033,948	1,464,606	4,031,590	–	206,371,503
Depreciation	5,891,911	19,193,903	2,214,925	462,768	146,433	–	27,909,940
Disposals/retirement	(92,702)	(30,683,460)	(572,763)	(418,484)	(19,985)	–	(31,787,394)
Foreign currency exchange difference	(1,245,551)	(7,611,595)	(620,789)	(103,432)	(36,590)	–	(9,617,957)
At end of year	51,549,544	115,744,321	20,055,321	1,405,458	4,121,448	–	192,876,092
Accumulated impairment losses							
At beginning and end of year	–	2,458,082	–	–	–	–	2,458,082
Impairment loss (Notes 4 and 24)	–	361,185	–	–	–	–	361,185
Adjustments	–	–	–	–	–	–	–
At end of year	–	2,819,267	–	–	–	–	2,819,267
Net book value	$49,567,492	$78,279,615	$6,250,577	$779,112	$5,166,264	$6,065,577	$146,108,637

In 2023, the Group recognized a provision for impairment of certain assets amounting to $5.05 million due to end of contract with certain customers and a reversal of provision for impairment loss amounting to $0.36 million assessed as over-provision of certain assets which were initially booked in 2022 as impairment loss.

The Group decided to change the EUL of machineries from 7 to 10 years based on the expected asset utilization and pattern of economic benefits. The change, which was accounted for prospectively effective January 1, 2022, resulted in a decrease in depreciation expense of $7.63 million in 2022. The assets affected will result to a lower depreciation expense annually over its remaining life.

Construction in progress pertains to the construction and development of manufacturing production lines of the Group. Construction in progress transferred to property, plant and equipment amounted to $15.33 million and $6.25 million as of December 31, 2023 and 2022, respectively.

The Group recognized gains / (loss) from disposal and retirement of certain items of property, plant and equipment amounting to $0.60 in 2023, ($2.36 million) in 2022, and $0.44 million in 2021 (see Note 24).

As of December 31, 2023 and 2022, the cost of fully depreciated property, plant and equipment still being used by the Group amounted to $173.88 million and $218.88 million, respectively.

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

	2023	2022	2021
Cost of sales (Note 20)	**$23,258,667**	$25,611,371	$35,982,278
Operating expenses (Note 21)	**3,178,691**	2,298,569	4,065,605
	$26,437,358	$27,909,940	$40,047,883

The Group has no restrictions on its property, plant and equipment and none of these have been pledged as security for its obligations.

11. **Goodwill**

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

	2023	2022
STI	**$-**	$52,290,256
VIA	**30,245,585**	44,151,673
STEL	**38,225,186**	38,225,186
Parent Company	**1,097,776**	1,097,776
IMI CZ	**502,575**	482,949
	$70,071,122	$136,247,840

Movement in goodwill follows:

	2023	2022
Cost		
At beginning of year	**$143,150,678**	$152,336,719
Foreign currency exchange difference	**4,314,700**	(9,186,041)
At end of year	**147,465,378**	143,150,678
Accumulated impairment loss		
At beginning of year	**6,902,838**	6,902,838
Reversal from sale of STI (Notes 2 and 24)	**54,791,019**	–
Impairment loss (Note 24)	**15,700,399**	–
At end of year	**77,394,256**	6,902,838
	$70,071,122	$136,247,840

In 2023, The Group recognized loss of $54.79 million related to the sale of STI (See Note 2) and partial impairment loss related to the goodwill on the acquisition of VIA of $15.70 million (nil in 2022 and 2021).

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

	2023	2022
STI	**–**	11.57%
VIA	**12.01%**	19.71%
STEL	**13.37%**	13.51%
IMI CZ	**12.87%**	13.79%

Cash flows beyond the 5-year period are extrapolated using a growth rate of 1% to 3.47%, which does not exceed the compound annual growth rate (CAGR) for the area-specific electronics manufacturing services (EMS) industry, specifically on automotive, industrial equipment, consumer electronics and telecommunications segments.

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

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

No impairment loss was assessed for STEL and IMI CZ in 2023, 2022 and 2021.

Sensitivity to changes in assumptions
Value in use calculation is sensitive to pre-tax discount rates and inflation rate. With regard to the assessment of value-in-use of VIA, STEL and IMI CZ, an increase in the pre-tax discount rate by more than 9.43%, 0.73% and 20.90%, respectively, would result to impairment of goodwill. In addition, an increase in inflation rate affecting overhead and administrative costs by more than 67.87%, 0.67% and 3.31% for VIA, STEL and IMI CZ, respectively, would also result to impairment.

Parent Company
The goodwill of the Parent Company pertains to its acquisition of M. Hansson Consulting, Inc. (MHCI) in 2006 and IMI USA in 2005. MHCI was subsequently merged to the Parent Company as testing and development department. IMI USA acts as direct support to the Group's customers by providing program management, customer service, engineering development and prototyping manufacturing services. IMI USA's expertise in product design and development particularly on the flip chip technology is being used across the Group in providing competitive solutions to customers. In 2023 2022 and 2021, the Group assessed the impairment based on value-in-use calculations using cash flow projections of the Parent Company from financial budgets approved by BOD covering a 5-year period.

The comparison of the recoverable amounts and the carrying amounts resulted to no impairment loss in 2023, 2022 and 2021.

12. Intangible Assets

Movements in this account are as follows:

	December 31, 2023					
	Customer Relationships	**Unpatented Technology**	**Licenses**	**Intellectual Properties**	**Product Development Costs**	**Total**
Cost						
At beginning of year	**$21,808,600**	**$100,000**	**$15,923,088**	**$13,846,153**	**$20,599,131**	**$72,276,972**
Additions	**–**	**–**	**271,743**	**–**	**–**	**271,743**
Foreign currency exchange difference	**50,779**	**–**	**222,988**	**200,729**	**–**	**474,496**
At end of year	**21,859,379**	**100,000**	**16,417,819**	**14,046,882**	**20,599,131**	**73,023,211**
Accumulated amortization						
At beginning of year	**21,808,600**	**100,000**	**12,455,527**	**12,522,039**	**14,078,307**	**60,964,473**
Amortization	**–**		**831,500**	**690,053**	**333,748**	**1,855,301**
Foreign currency exchange difference	**50,779**	**–**	**172,108**	**325,124**	**–**	**548,011**
At end of year	**21,859,379**	**100,000**		**13,537,216**	**14,412,055**	**63,367,785**
Accumulated impairment loss						
At beginning of year	**–**	**–**	**–**	**–**	**6,187,076**	**6,187,076**
Impairment loss (Notes 4 and 24)	**–**	**–**	**–**	**–**	**–**	**–**
At end of year	**–**	**–**	**–**	**–**	**6,187,076**	**6,187,076**
Net book value	**$–**	**$–**	**$**	**$509,666**	**$–**	**$3,468,350**

	December 31, 2022					
	Customer Relationships	Unpatented Technology	Licenses	Intellectual Properties	Product Development Costs	Total
Cost						
At beginning of year	$21,670,211	$100,000	$16,364,902	$13,908,257	$20,599,131	$72,642,501
Additions	–	–	506,538	–	–	506,538
Foreign currency exchange difference	138,389	–	(948,352)	(62,104)	–	(872,067)
At end of year	21,808,600	100,000	15,923,088	13,846,153	20,599,131	72,276,972
Accumulated amortization						
At beginning of year	$21,541,528	$100,000	$12,430,828	$11,268,936	$11,792,396	$57,133,688
Amortization	374,149	–	923,448	1,228,649	2,285,911	4,812,157
Foreign currency exchange difference	(107,077)	–	(898,749)	24,454	–	(981,372)
At end of year	21,808,600	100,000	12,455,527	12,522,039	14,078,307	60,964,473
Accumulated impairment loss						
At beginning of year	–	–	–	–	4,582,234	4,582,234
Impairment loss (Notes 4 and 24)	–	–	–	–	1,604,842	1,604,842
At end of year	–	–	–	–	6,187,076	6,187,076
Net book value	$–	$–	$3,467,561	$1,324,114	$333,748	$5,125,423

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

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

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

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

Capitalized development costs amounting to $1.60 million were impaired in 2022 due to end of life of business (see Note 4).

Research expenditure recognized as expense amounted to $5.27 million, $5.68 million, and $7.70 million in 2023, 2022 and 2021, respectively (see Note 21).

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

	2023	2022	2021
Cost of sales (Note 20)	**$541,829**	$2,505,209	$3,233,174
Operating expenses (Note 21)	**1,313,472**	2,306,948	4,165,844
	$1,855,301	$4,812,157	$7,399,018

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

The table below shows reconciliation of fair value measurements:

	2023	2022
Balance at beginning of year	**$1,829,432**	$1,364,733
Change in fair value of quoted securities	**534,664**	464,699
Balance at end of year	**$2,364,096**	$1,829,432

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

	2023	2022
Balance at beginning of year	**$32,794**	($554,610)
Change in fair value of quoted securities	**534,664**	464,699
Foreign currency exchange difference	**(19,497)**	122,705
Balance at end of year	**$547,961**	$32,794

14. Other Noncurrent Assets

This account consists of:

	2023	2022
Deferred charges	**$13,566,747**	$12,286,431
Miscellaneous deposits	**3,213,241**	3,156,449
Pension asset - net (Note 27)	**219,459**	225,090
Others	**441,608**	644,176
	$17,441,055	$16,312,146

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

Miscellaneous deposits comprise of utilities and rent deposits.

15. Accounts Payable and Accrued Expenses

This account consists of:

	2023	2022
Trade payables	**$197,215,056**	$212,112,883
Accrued expenses	**31,131,078**	37,704,785
Employee-related accruals and contributions	**21,873,706**	22,078,493
Nontrade payables	**20,604,921**	21,215,024
Taxes and government-related payables	**3,332,951**	3,075,974
Advances from customers	**8,358,806**	2,644,613
Accrued interest payable	**1,731,352**	1,646,532
Customer deposits	**1,972,337**	1,277,379
Due to related parties (Note 31)	**681,828**	18,958
	$286,902,035	$301,774,641

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

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

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

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

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

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

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

16. Loans Payable

This account consists of borrowings of the following entities:

	2023	2022
Parent Company	**$157,000,000**	$150,100,000
STEL	**15,869,831**	4,100,000
IMI CZ, VIA and STI	**36,877,098**	38,459,599
	$209,746,929	$192,659,599

Parent Company
As of December 31, 2023 and 2022, the Parent Company has unsecured short-term loans aggregating to $157.00 million and $150.10 million, respectively, with maturities ranging from 30 to 120 days, and fixed annual interest rates ranging from in 6.25% to 7.71% in 2023, 4.37% to 5.36% in 2022, and 1.44% to 2.00% in 2021. From the total short-term loans of the Parent Company, $70.00 million and $60.70 million was payable to BPI as of December 31, 2023 and 2022, respectively (see Note 31).

The Parent Company incurred interest expense on its short-term loans amounting to $9.82 million in 2023, $4.75 million in 2022, and $3.00 million in 2021 (see Note 23).

STEL
As of December 31, 2023 and 2022, STEL has short-term loans aggregating to $15.87 million and $4.10 million, respectively, which are from existing revolving credit facilities with Singapore and China -based banks and bear annual interest rates ranging from 4.10% to 8.36% in 2023, 3.96% to 7.56% in 2022, and 3.02% to 3.10% in 2021, and have maturities of 31 to 364 days from the date of issue.

STEL incurred interest expense on short-term loans amounting to $1.05 million in 2023, $0.86 million in 2022, and $1.08 million in 2021 (see Note 23).

IMI CZ, VIA & STI
The loans of VIA and STI were obtained from China, Germany and UK-based banks with terms ranging from 125 to 365 days and interest rates ranging from 3.40% to 3.90% in 2023, 1.82% to 4.00% in 2022 and 0.59% to 4.00% in 2021.

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%.

IMI CZ, VIA and STI incurred interest expense on the short-term loan amounting to $1.88 million, $2.40 million and $1.36 million in 2023, 2022 and 2021, respectively (see Note 23).

17. Long-Term Debt

This account consists of borrowings of the following entities:

	2023	2022
Parent Company	**$141,336,024**	$146,182,491
VTS and IMI CZ	**5,362,150**	4,231,041
	146,698,174	150,413,532
Less current portion:		
Parent Company	**5,100,000**	1,500,000
VTS and IMI CZ	**1,384,519**	1,548,254
	6,484,519	3,048,254
Noncurrent portion	**$140,213,655**	$147,365,278

Parent Company
The long-term debts of the Parent Company were obtained from Philippine banks. The long-term debts have terms of three to five years, with principal payments payable annually, and remaining balance payable in full at maturity. These are subject to annual interest rate of 3.83% to 4.22% in 2023 and 2022. From the total long-term debts of the Parent Company, $112.31million and $116.89 million was payable to BPI as of December 31, 2023 and 2022, respectively (see Note 31).

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

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

As of December 31, 2023 and 2022, the Parent Company has complied with all of the above-mentioned loan covenants.

The Parent Company incurred interest expense on its long-term loans amounting to $5.97 million in 2023, $4.93 million in 2022, and $2.96 million in 2021 (see Note 23).

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.

VTS and IMI CZ incurred interest expense on its long-term debt amounting to $0.23 million, $0.14 million and $0.04 million in 2023, 2022 and 2021, respectively (see Note 23).

18. Other Current Liabilities

This account consists of provision for onerous contracts amounting to $1.52 million in 2023 and $1.03 million in 2022 (see Notes 3, 4 and 22) which arises by obtaining the excess of the unavoidable costs of meeting the obligations under the contract over the economic benefits expected to be received under it. In determining the provision, the Group considers the entire remaining commitment period under the contract, including the remaining revenue to be recognized for unsatisfied, or partially unsatisfied, performance obligations and the remaining costs to fulfil those performance obligations.

19. Equity

Capital Stock
This account consists of:

	2023		2022		2021	
	Shares	**Amount**	Shares	Amount	Shares	Amount
Authorized - ₱1 par value						
Common	**2,250,000,000**		2,250,000,000		2,250,000,000	
Preferred	**200,000,000**		200,000,000		200,000,000	
Issued – Common						
At beginning of year	**2,193,425,374**	**$42,719,224**	2,192,778,323	$42,705,563	2,191,315,287	$42,674,930
Issuances from ESOWN	**67,773**	**1,458**	647,051	13,661	1,463,036	30,633
At end of year*	**2,193,493,147**	**$42,720,682**	2,193,425,374	$42,719,224	2,192,778,323	$42,705,563

* *Out of the total issued shares, 15,892,124 shares or $1.01 million as of December 31, 2023, 2022 and 2021 pertain to treasury shares.*

As of December 31, 2023, 2022 and 2021, there were 285, 284 and 283 registered common stockholders, respectively.

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

Details of this account follow:

	2023		2022		2021	
	Shares	**Amount**	Shares	Amount	Shares	Amount
At beginning of year	**30,468,570**	**$692,454**	31,238,565	$708,788	32,951,281	$744,823
Issuances during the year - ESOWN	**(67,773)**	**(1,458)**	(647,051)	(13,661)	(1,463,036)	(30,633)
Forfeitures during the year - ESOWN	**(77,527)**	**(1,685)**	(122,944)	(2,673)	(249,680)	(5,402)
At end of year	**30,323,270**	**$689,311**	30,468,570	$692,454	31,238,565	$708,788

Subscriptions Receivable
Details of this account follow:

	2023	2022	2021
At beginning of year	**$2,620,195**	$2,701,935	$2,888,800
Forfeitures during the year	**(21,067)**	(36,254)	(44,286)
Refund/(collections) during the year	**(23,051)**	(45,486)	(142,579)
At end of year (Note 28)	**$2,576,077**	$2,620,195	$2,701,935

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

Retained Earnings
Accumulated net earnings of the subsidiaries amounting to $75.54 million and $176.87 million as of December 31, 2023 and 2022, respectively, are not available for dividend declaration. This accumulated net earnings of subsidiaries becomes available for dividend upon receipt of cash dividends from the investees.

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

In accordance with the Revised Securities Regulation Code Rule 68, Annex 68-D, the Parent Company's retained earnings available for dividend declaration as of December 31, 2023 amounted to $12.24 million.

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

Cumulative Translation Adjustments
This account pertains to cumulative translation adjustments of subsidiaries with functional currency other than the Group's presentation currency (see Note 2). Exchange differences arising from translation of foreign operations for the period ended December 31, 2023, 2022 and 2021 follows:

	2023	2022	2021
EU and MX	**$6,439,844**	($8,405,817)	($12,785,609)
VIA and STI	**3,900,254**	(9,738,945)	(11,847,140)
STEL	**(859,667)**	(5,196,802)	1,335,547
Consolidation and eliminations	**10,458,692**	(10,996,363)	(2,618,629)
	$19,939,123	($34,337,927)	($25,915,831)
Attributable to:			
Equity holders of the Parent	**$18,654,807**	($23,803,135)	($29,003,117)
Non-controlling interest	**1,284,316**	(10,534,792)	3,087,286
	$19,939,123	($34,337,927)	($25,915,831)

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

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

In August 2021, the Board of IMI Singapore, a wholly-owned subsidiary of the Parent Company approved the full redemption of the outstanding RCPS amounting to $70.0 million and paid the dividends that have accrued as of redemption date amounting to $2.15 million.

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

No changes were made in the objectives, policies and processes for the years ended December 31, 2023 and 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 loans payable and long-term bank debt. Net debt is equivalent to the total bank borrowings, less cash and cash equivalents.

	2023	2022
Loans payable	**$209,746,929**	$192,659,599
Long-term bank borrowings	**146,698,174**	150,413,532
Total bank debt	**356,445,103**	343,073,131
Less cash and cash equivalents	**91,588,823**	115,824,555
Net bank debt	**$264,856,280**	$227,248,576
Total Equity	**$309,711,252**	$415,283,856
Debt-to-equity ratio	**1.15:1**	0.83:1
Net debt-to-equity ratio	**0.86:1**	0.55:1

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

20. Cost of Sales

This account consists of:

	2023	2022	2021
Direct, indirect and other material-related costs (Note 8)	**$954,874,394**	$1,043,619,962	$932,394,674
Direct labor, salaries, wages and employee benefits (Note 27)	**178,327,058**	175,021,942	188,179,409
Depreciation and amortization (Notes 10, 12 and 30)	**29,470,069**	34,250,332	46,431,467
Facilities costs and others (Note 22)	**42,481,955**	45,716,660	42,766,262
	$1,205,153,476	$1,298,608,896	$1,209,771,812

21. Operating Expenses

This account consists of:

	2023	2022	2021
Salaries, wages and employee benefits (Note 27)	**$57,177,518**	$58,804,816	$61,950,473
Depreciation and amortization (Notes 10, 12 and 30)	**7,716,431**	7,606,067	11,891,409
Facilities costs and others (Note 22)	**47,770,417**	41,339,423	34,639,830
	$112,664,366	$107,750,306	$108,481,712

The Group restructured its operations to respond to the decline in business activities. The cost of the restructuring in 2023 amounted to $1.16 million.

22. Facilities Costs and Others - Net

This account consists of:

	Cost of Sales			Operating Expenses		
	2023	2022	2021	**2023**	2022	2021
Utilities	**$20,707,291**	$23,465,974	$19,098,985	**$1,912,178**	$2,145,489	$1,692,556
Outsourced activities	**9,331,680**	10,509,065	9,737,817	**18,406,060**	14,694,883	14,206,768
Repairs and maintenance	**5,824,423**	6,171,663	6,220,292	**1,769,047**	908,797	1,495,487
Technology-related	**1,381,448**	1,654,064	2,524,353	**5,070,206**	4,843,938	2,073,278
Insurance	**2,191,557**	1,427,143	2,347,400	**4,872,304**	4,883,416	5,292,394
Government-related	**984,551**	1,156,872	1,577,684	**3,675,523**	3,011,828	3,342,392
Travel and transportation	**1,237,676**	808,041	524,157	**3,657,491**	2,914,180	1,234,769
Postal and communication	**202,862**	245,808	511,576	**520,604**	546,688	476,510
Promotional materials, representation and entertainment	**244,369**	156,194	71,283	**1,292,086**	1,121,341	907,893
Staff house	**58,130**	74,309	29,943	**90,421**	83,799	244,971
Membership fees	**10,295**	19,752	55,591	**151,318**	229,669	201,195
Provision (reversal of provision) for inventory obsolescence (Note 8)	**–**	–	–	**3,926,309**	2,367,099	211,766
Provision for ECLs (Note 6)	**–**	–	–	**574,495**	585,488	2,010,852
Provision for onerous contracts (Notes 4 and 18)	**–**	–	–	**487,971**	1,034,073	–
Others – net	**307,673**	27,775	67,181	**1,364,404**	1,968,735	1,248,999
	$42,481,955	$45,716,660	$42,766,262	**$47,770,417**	$41,339,423	$34,639,830

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

23. Interest Expense and Bank Charges

This account consists of:

	2023	2022	2021
Interest expense on loans (Notes 16 and 17)	**$18,946,956**	$13,076,061	$8,433,898
Interest on leases (Note 30)	**1,461,233**	932,077	1,349,772
Bank charges	**514,236**	578,565	731,254
Others	**177,561**	69,026	38,743
	$21,099,986	$14,655,729	$10,553,667

Others include interest on employee housing and car loans in 2023, 2022, and 2021.

24. Miscellaneous Income (loss) - Net

Miscellaneous income (loss) - net consists of:

	2023	2022	2021
Financial subsidies	**$1,976,113**	$2,599,524	$2,817,097
Other income from customers	**1,045,366**	1,260,832	445,611
Gain on insurance claims	**11,968**	415,795	458,016
Sale of materials and scrap (Note 8)	**63,114**	26,916	96,459
Mark-to-market gain on put options (Note 19)	**–**	–	1,627,806
Loss on lease modifications	**–**	–	(159,630)
Reversal (provision) of impairment on property, plant and equipment (Notes 4 and 10)	**(4,698,152)**	(361,185)	1,612,065
Reversal (provision) of impairment loss on product development cost (Notes 4 and 12)	**–**	(1,604,842)	636,456
Gain (loss) on sale and retirement of property, plant and equipment – net (Note 10)	**60,061**	(2,355,745)	438,498
Loss on disposal of subsidiary (Note 2)	**(81,108,320)**	–	–
Impairment loss on goodwill (Note 11)	**(15,700,399)**	–	–
Loss on write off of inventories (Note 8)	**(10,871,784)**	–	–
Other income (expense) – net	**54,946**	457,808	224,404
	($109,167,087)	$439,103	$8,196,782

Financial subsidies are comprised of special subsidy funds such as industrial, economic and technological development fund subsidies provided by the China government, amortization of the grant incentives received from the government of Serbia related to the new manufacturing facility. The balance of the Serbia grant incentive included under “Other noncurrent liabilities” account amounted to $3.56 million and $3.13 million in 2023 and 2022, respectively.

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

25. Income Tax

<u>Current Tax</u>

Parent Company

The Parent Company is registered with PEZA and is entitled to certain incentives, which include ITH. As of December 31, 2023, there are three remaining project activities with ITH which will expire in 2027 and 2028. Under its PEZA registrations, the Parent Company’s projects and activities are subject to certain requirements and are entitled to certain incentives, which include, but are not limited to, ITH and tax and duty free importation of inventories and capital equipment.

The Company is allowed to continue to avail the incentives provided in the implementing Rules and Regulations of RA No. 11534 otherwise known as the Corporate Recovery and Tax Incentives Act (CREATE Law). Registered Business Enterprises (RBEs) currently availing of the 5% tax on gross income earned prior to the effectivity of CREATE Law shall be allowed to continue availing the tax incentive for ten years. The Special Corporate Income Tax (SCIT) shall be equivalent to a tax rate of 5% based on the gross income earned (GIE), in lieu of all national and local taxes.

For projects as Ecozone Export Enterprise under Supplemental Agreements with PEZA dated 09 December 2019 which were granted an ITH prior to the effectivity of the Act and that are entitled to the 5% tax on gross income earned incentive after the ITH are allowed to use the ITH for the period specified in the terms and conditions of its registration and thereafter, avail of the 5% tax on gross income earned incentive, subject to the 10 year limit for both incentives.

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

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

IMICD is subjected to taxation at the statutory tax rate of 15% (2022: 15%) on its taxable income as reported in the financial statement.

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

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

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

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

IMI MX
The Mexican Income Tax Law (MITL) established a corporate income tax rate of 30% for fiscal years 2023, 2022 and 2021. The MITL established requirements and limits regarding certain deductions, including restrictions on the deductibility of payroll-related expenses that are considered tax-exempt for employees, contributions to create or increase pension fund reserves, and Mexican Social Security Institute dues that are paid by the company but should be paid by the employees. The MITL also establishes that certain payments made to related parties shall not be deductible if they do not meet certain requirements.

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

VIA and VTS
VIA AG and GmbH are subject to corporate income tax and trade taxes in Germany. For the years ended December 31, 2023, 2022 and 2021, the statutory German corporate income tax rate applicable to VIA AG is 15.0% plus solidarity surcharge of 5.5% thereon (15.82% in total). The municipal trade tax is 3.5% of the trade income.

For VIA's subsidiaries, VIA LLC (USA) a tax rate of 23.75% in 2023, 2022 and 2021, for VIA Suzhou (China) a tax rate of 25% for 2023, 2022 and 2021and for VTS (Japan) a tax rate of 34.1% is applicable.

PSi
As a PEZA-registered entity, PSi is subject to a 5% tax on gross income less allowable deductions, as defined in R.A. No. 7916, as amended by R.A. No. 8748, in lieu of all national and local taxes, except real property tax on land being leased by PSi. The 5% tax on gross income shall be paid and remitted as follows: (a) 3% to the National Government; and (b) 2% to the treasurer's office of the municipality or city where the enterprise is located. Income from other income-producing activities that are not registered with PEZA is subject to RCIT rate of 30%.

As at December 31, 2023 and 2022, PSi has no PEZA-registered activities with ITH entitlement.

Deferred Tax
Recognized deferred taxes of the Group relate to the tax effects of the following:

	2023	2022
Deferred tax assets:		
Lease liabilities	**$2,036,654**	$4,324,978
Net operating loss carry-over	**–**	749,310
Allowance for inventory obsolescence	**659,526**	348,052
Allowance for doubtful accounts	**111,881**	139,500
Fair value adjustment on property, plant and equipment arising from business combination	**315,417**	–
Others	**2,642,679**	1,598,268
	$5,766,157	$7,160,108

	2023	2022
Deferred tax liabilities:		
Right-of-use asset	**$600,792**	$4,205,842
Fair value adjustment on property, plant and equipment arising from business combination	**1,513,265**	1,573,339
Contract assets	**143,995**	244,816
Unrealized foreign exchange gain on monetary assets – net	**31,360**	32,171
Allowance for inventory obsolescence	**30,137**	–
Allowance for doubtful accounts	**2,258**	–
Others	**31,344**	60,699
	$2,353,151	$6,116,867

Deferred tax assets and deferred tax liabilities are offset on per entity level and the net amount is reported in consolidated balance sheets as follows:

	December 31, 2023			
	Deferred Tax Assets	**Deferred Tax Liabilities**	**Total Deferred Tax Assets - net**	**Total Deferred Tax Liabilities - net**
Parent Company	**$–**	**($121,627)**	**$–**	**($121,627)**
PSI	**421,961**	**(425,661)**	**–**	**(3,700)**
IMI BG and VIA	**3,048,407**	**(708,001)**	**2,340,406**	**–**
IMI CZ	**135,282**	**–**	**135,282**	**–**
IMI MX	**339,942**	**(181,646)**	**158,296**	**–**
STEL	**1,601,045**	**(31,343)**	**1,601,045**	**(31,343)**
Serbia	**189,033**	**–**	**189,033**	**–**
Consolidation	**30,487**	**(884,873)**	**2,984**	**(857,370)**
	$5,766,157	**($2,353,151)**	**$4,427,046**	**($1,014,040)**

	December 31, 2022			
	Deferred Tax Assets	Deferred Tax Liabilities	Total Deferred Tax Assets - net	Total Deferred Tax Liabilities - net
Parent Company	$–	($167,151)	$–	($167,151)
PSI	408,823	(409,744)	–	(921)
IMI BG	741,963	(794,223)	–	(52,260)
IMI CZ	233,175	(49,182)	183,993	–
IMI MX	544,339	(404,234)	140,105	–
VIA and STI	4,054,916	(3,364,541)	690,375	–
STEL	987,197	(41,443)	987,197	(41,443)
Serbia	144,095	–	144,095	–
Consolidation	45,600	(886,349)	3,096	(843,845)
	$7,160,108	($6,116,867)	$2,148,861	($1,105,620)

Others pertain to the deferred tax liabilities resulting from the acquisition of IMI EU/MX Subsidiaries.

The movement in deferred taxes are impacted by the translation of the deferred taxes of the subsidiaries with functional currency other than the presentation currency of the Parent Company. The deferred taxes are translated using the closing rate as at balance sheet date and the exchange differences are recognized as part of the other comprehensive income and reported as separate component of equity.

As of December 31, 2023 and 2022, the temporary differences for which no deferred tax assets have been recognized are as follows:

	2023	2022
Net operating loss carry-over	**$92,587,503**	$80,551,989
Accumulated impairment losses on property, plant and equipment	**2,819,266**	2,819,266
Excess of cost over NRV of inventories	**1,081,480**	417,786
Provisions	**581,909**	567,139
Allowance for doubtful accounts	**77,317**	34,733
	$97,147,475	$84,390,913

Deferred tax assets are recognized only to the extent that sufficient future taxable profits will be available against which the deferred tax assets can be used.

As of December 31, 2023 and 2022, deferred tax liabilities have not been recognized on the undistributed earnings of subsidiaries (see Note 19) and the related cumulative translation adjustments since the timing of the reversal of the temporary difference can be controlled by the Group and management does not expect the reversal of the temporary differences in the foreseeable future.

As of December 31, 2023, the entities operating in the Philippines has incurred NOLCO in taxable year 2020 and 2021 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act. However, the NOLCO incurred in taxable year 2022 can be carried over as a deduction from gross income for the next three consecutive years. The extension to five years is no longer applicable, as follows:

Year Incurred	Availment Period	Amount	Applied/Expired	Unapplied
2023	2024 to 2026	$17,604,458	$–	$17,604,458
2022	2023 to 2025	23,764,143	–	23,764,143
2021	2022 to 2026	14,809,729	–	14,809,729
2020	2021 to 2025	8,581,594	–	8,581,594
		$64,759,924	$–	$64,759,924

For the carry-over losses of certain entities within the Group, this expires between three to ten years from the date incurred depending on the jurisdiction the entity is operating.

Year Incurred	Amount	Applied/Expired	Unapplied
2023	$8,331,415	$–	$8,331,415
2022	5,227,605	–	5,227,605
2021	10,480,752	–	10,480,752
2020	11,015,123	–	11,015,123
2019	9,404,108	–	9,404,108
2018 and prior	23,872,971	–	23,872,971
	$68,331,974	$–	$68,331,974

The tax on income from foreign subsidiaries was derived by aggregating the effective income tax for each national jurisdiction.

The reconciliation of the statutory income tax rate to the effective income tax rate of the Group follows:

	2023	2022	2021
Statutory income tax	**(25.00%)**	(25.00%)	(25.00%)
Tax effects of:			
Nondeductible expenses and movement in unrecognized deferred taxes	**50.73%**	12.39%	34.29%
Income subject to minimum corporate income tax	**0.038%**	0.244%	0.129%
Income subject to gross income tax	**1.41%**	23.63%	12.50%
Difference in tax jurisdiction	**(31.20%)**	(82.47%)	(59.51%)
Interest income subjected to final tax	**0.004%**	0.029%	0.002%
Provision for income tax	**(4.02%)**	(71.18%)	(37.59%)

The Group is subject to Pillar Two rules and has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in PAS 12. Accordingly, the Group neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes. Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions where the Group operates. However, the legislation will not be effective before 31 December 2023 and as such, there is no current tax impact for the year ended December 31, 2023. Based on the Group's Country-by-Country Report ("CbCR") for FY2023, the Group may have potential exposure to Pillar Two income taxes on profits earned in the following countries, namely: IMI Bulgaria and IMI NIS Serbia, where the expected Pillar Two effective tax rate is likely to be lower than 15%. However, the potential exposure, if any, to Pillar Two income taxes is currently not known or reasonably estimable until the 2024 financial data becomes available and after carrying out the full impact assessment when the Pillar Two rules are already in effect.

26. Loss per Share

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

	2023	**2022**	2021
Net loss attributable to equity holders of Parent Company	**($109,194,757)**	**($6,756,929)**	($10,564,571)
Weighted average number of common shares outstanding	**2,207,956,596**	**2,208,004,253**	2,208,146,264
Basic and diluted EPS	**($0.049)**	**($0.003)**	($0.005)

As of December 31, 2023, 2022 and 2021, the Group has no dilutive potential common shares.

27. Personnel Costs

Details of salaries, wages, and employee benefits follow:

	2023	2022	2021
Salaries, wages and benefits	**$202,039,871**	$199,313,442	$217,544,067
Government related contributions	**12,599,886**	10,654,788	10,271,628
Retirement expense under defined contribution plans	**8,575,737**	8,161,495	8,714,491
Net retirement expense under defined benefit plans	**1,873,003**	2,218,249	2,286,783
Others	**10,416,079**	13,478,784	11,312,913
	$235,504,576	$233,826,758	$250,129,882

Others include expenses such as subcontracting costs, employee social and recreation, employee awards and recognition, trainings and seminars, labor union expenses, and uniforms.

Salaries, wages, and employee benefits are allocated as follows:

	2023	2022	2021
Cost of sales (Note 20)	**$178,327,058**	$175,021,942	$188,179,409
Operating expenses (Note 21)	**57,177,518**	58,804,816	61,950,473
	$235,504,576	$233,826,758	$250,129,882

Defined Benefit Plans

The Parent Company, IMI BG, IMI Serbia, and PSi have defined benefit plans covering substantially all of their employees. The latest actuarial valuations were made on December 31, 2023.

The plan is administered by local banks as trustees. The Board of Trustees is responsible for the investment direction of the assets. It defines the investment strategy as often as necessary, at least annually, especially in the case of significant market developments or changes to the structure of the plan participants. When defining the investment strategy, it takes into account the plan's objectives, benefit obligations and risk capacity. The investment strategy is defined in the form of a long-term target structure (investment policy). The Board of Trustees delegates the implementation of the investment policy in accordance with the investment strategy, as well as various principles and objectives to an Investment Committee, which also consists of members of the Board of Trustees, and the Treasurer. The Treasurer oversees the entire investment process.

The defined benefit plans of the Parent Company, STIPH and PSi meet the minimum retirement benefit specified under R.A. No. 7641, *Retirement Pay Law*, while IMI BG and IMI Serbia are in accordance with the labour legislation and the Collective Labour Contract.

The Group has net retirement liabilities attributable to the following:

	2023	2022
Parent Company	**$6,391,640**	$4,225,271
IMI BG	**2,381,158**	1,910,386
PSi	**(219,459)**	(225,090)
STI	**–**	856,149
IMI Serbia	**54,062**	20,946
	$8,607,401	$6,787,662

Parent Company, IMI BG, IMI Sebia, STI and PSi

Changes in net retirement liabilities of the Parent Company, IMI BG, IMI Serbia, STI and PSi's defined benefit plans are as follows:

	2023													
		Net Retirement Expense					**Remeasurements**							
	January 1	**Current Service Cost**	**Net Interest**	**Subtotal**	**Separation and Benefits Paid**	**Return on Plan Assets (Excluding Amount Included in Net Interest)**	**Actuarial Changes Due to Experience Adjustments**	**Actuarial Changes Due to Demographic Assumptions**	**Actuarial Changes Arising from Changes in Financial Assumptions**	**Subtotal**	**Actual Contribution**	**Disposal of subsidiary**	**Foreign Currency Exchange Difference**	**December 31**
Present value of defined benefit obligation	**$19,916,370**	**$1,539,599**	**$1,272,417**	**$2,812,016**	**($1,800,582)**	**$–**	**$694,907**	**$–**	**$1,380,975**	**$2,075,882**	**$–**	**($969,011)**	**$192,880**	**$22,227,555**
Fair value of plan assets	**(13,128,708)**	**–**	**(939,013)**	**(939,013)**	**–**	**540,438**	**–**	**–**		**540,438**	**–**	**–**	**(92,871)**	**(13,620,154)**
Net retirement liabilities	**$6,787,662**	**$1,539,599**	**$333,404**	**$1,873,003**	**(1,800,582)**	**$540,438**	**$694,907**	**$–**	**$1,380,975**	**$2,616,320**	**$–**	**(969,011)**	**$100,009**	**$8,607,401**

	2022													
		Net Retirement Expense					Remeasurements							
	January 1	Current Service Cost	Net Interest	Loss on Curtailments and Settlements	Subtotal	Separation and Benefits Paid	Return on Plan Assets (Excluding Amount Included in Net Interest)	Actuarial Changes Due to Experience Adjustments	Actuarial Changes Due to Demographic Assumptions	Actuarial Changes Arising from Changes in Financial Assumptions	Subtotal	Actual Contribution	Foreign Currency Exchange Difference	December 31
Present value of defined benefit obligation	$24,662,688	$1,861,195	$1,048,689	$–	$2,909,884	($2,262,643)	$–	$79,571	$–	($3,648,842)	($3,569,271)	$–	($1,824,288)	$19,916,370
Fair value of plan assets	(14,607,146)	–	(691,635)	–	(691,635)	–	931,270	–	–	–	931,270	–	1,238,803	(13,128,708)
Net retirement liabilities	$10,055,542	$1,861,195	$357,054	$–	$2,218,249	($2,262,643)	$931,270	$79,571	$–	($3,648,842)	($2,638,001)	$–	($585,485)	$6,787,662

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

The net retirement asset and net retirement liabilities as of December 31, 2023 and 2022 follows:

	2023	2022
Net pension liabilities	**$8,826,860**	$7,012,752
Net pension asset	**219,459**	225,090
	$8,607,401	$6,787,662

The net pension asset is included in "Other Noncurrent Assets" (see Note 14).

The distribution of the plan assets as of December 31, 2023 and 2022 follows:

	2023	2022
Government securities	**$7,558,908**	$6,898,768
Equities	**2,500,942**	999,271
Corporate bonds	**1,217,638**	947,265
Trust funds	**450,751**	2,627,167
Mutual funds	**1,043,700**	602,953
Investment properties	**421,923**	1,003,732
Cash and cash equivalents	**990**	1,865
Others	**425,302**	47,687
	$13,620,154	$13,128,708

The plan assets include corporate bonds and deposit instruments of related parties, primarily AC, Ayala Land, Inc. (ALI), AC Energy (ACEN) and Bank of the Philippine Islands (BPI). As of December 31, 2023 and 2022, the fair value of these plan assets amounted to $0.82 million and $2.93 million, respectively.

The plan assets pertain to diverse investments and do not have any concentration risk.

The overall investment policy and strategy of the Group's defined benefit plans are guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay retirement benefits as they fall due while also mitigating the various risk of the plans.

The Group expects to contribute $3.26 million to the defined benefit plans for 2024.

The actual return (loss) of plan assets amounted to $0.54 million, $0.93 million and $0.16 million in 2023, 2022 and 2021, respectively.

The average duration of net retirement liabilities ranges from 9.44 to 18.04 years as of December 31, 2023 and 9.11 to 18.33 years as of December 31, 2022.

Shown below is the maturity analysis of the undiscounted benefit payments as of December 31, 2023 and 2022:

	2023	2022
Less than one year	**$2,797,499**	$2,444,184
More than one year to five years	**10,116,471**	9,400,759
More than five years to ten years	**12,766,596**	11,327,781
More than ten years to fifteen years	**13,722,895**	13,982,186
More than fifteen years	**47,135,610**	46,836,131
	$86,539,071	$83,991,041

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

	2023	2022	2021
Discount rate	**4.03% - 6.25%**	1.80% - 7.35%	0.34% - 5.19%
Salary increase rate	**4.00% - 8.50%**	4.00% - 7.50%	3.00% - 6.50%

The sensitivity analysis per entity below has been determined based on reasonably possible changes of each significant assumption on the net retirement liabilities as of the end of the balance sheet date, assuming all other assumptions were held constant:

Actuarial Assumption	Increase/Decrease in Actuarial Assumption	Effect on Net Retirement Liability 2023	2022
Discount rate	+1%	**($1,511,077)**	($1,245,286)
	-1%	**1,591,261**	1,359,093
Salary increase rate	+1%	**1,735,981**	1,497,069
	-1%	**(1,661,656)**	(1,386,536)

The mortality rate in 2023 and 2022 is based on the 2017 Philippine Intercompany Mortality Table for the Parent Company and PSi. Meanwhile, IMI BG used the table for mortality and average life continuance population in the period 2017-2019 from National Statistical Institute (of Bulgaria) for 2023 and 2022. IMI Serbia used the 2012 table of mortality published by the Statistical Office of the Republic of Serbia for 2023 and 2022.

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

	2023	2022	2021
Cost of sales	**$1,149,805**	$1,400,104	$1,541,183
Operating expenses	**723,198**	818,145	745,600
	$1,873,003	$2,218,249	$2,286,783

Defined Contribution Plans
The Parent Company's subsidiaries, excluding PSi, STIPH, IMI BG, and IMI Serbia, participate in their respective national retirement schemes which are considered as defined contribution plans. The retirement expense of these subsidiaries is allocated as follows:

	2023	2022	2021
Cost of sales	**$7,686,567**	$7,162,887	$6,942,099
Operating expenses	**889,170**	998,608	1,772,392
	$8,575,737	$8,161,495	$8,714,491

28. Employee Stock Ownership Plan (ESOWN)

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

The key features of the plan are as follows:

- The subscription price per share shall be based on the average closing price at the PSE for 20 consecutive trading days with a discount to be determined by the Parent Company's Compensation Committee.

- Term of payment is eight years reckoned from the date of subscription:

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

- Holding period:

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

Movements in the number of shares outstanding under ESOWN in 2023, 2022 and 2021 follow:

	2023		2022		2021	
	Number of Shares	**Weighted Average Exercise Price**	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
At beginning of year	**137,004,327**	**₱6.60**	**137,127,271**	**₱6.61**	137,376,951	₱6.61
Forfeitures	**(77,527)**	**12.50**	**(122,944)**	**13.56**	(249,680)	8.19
At end of year	**136,926,800**	**₱6.60**	**137,004,327**	**₱6.60**	137,127,271	₱6.61

The balance of the subscriptions receivable amounted to $2.58 million, $2.62 million and $2.70 million as of December 31, 2023, 2022 and 2021, respectively (see Note 19).

There is no share option expense recognized in 2023, 2022 and 2021.

29. Segment Information

Management monitors operating results per geographical area for the purpose of making decisions about resource allocation and performance assessment. It evaluates the segment performance based on gross revenue, interest income and expense and net income before and after tax of its major manufacturing sites. The Parent Company and PSi are combined under Philippine segment, STEL Group is categorized under China segment, IMI BG, IMI CZ and IMI Serbia are combined under Europe based on the industry segment and customers served, IMI Mexico is presented under Mexico segment, VIA 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 location for the years ended December 31, 2023, 2022 and 2021:

December 31, 2023	**Philippines**		**China**	**Europe**	**Mexico**	**UK**	**USA/ Japan /Singapore / IMI UK**	**Consolidation and Eliminations**	**Total**
	Parent Company	**PSi**							
Revenue from contracts with customers:									
Third party	**$257,678,074**	**$4,515,281**	**$249,689,473**	**$566,838,277**	**$153,446,320**	**$70,845,741**	**$22,646,874**	**$−**	**$1,325,660,040**
Intersegment	**17,219,876**	**−**	**20,806,936**	**16,671,948**	**3,001,409**	**−**	**4,012,124**	**(61,712,293)**	**−**
Total revenue from contracts with customers	**$274,897,950**	**$4,515,281**	**$270,496,409**	**$583,510,225**	**$156,447,729**	**$70,845,741**	**$26,658,998**	**($61,712,293)**	**$1,325,660,040**
Segment interest income	**$3,909,415**	**$5,538**	**$3,399,448**	**$2,847,901**	**$−**	**$188**	**$7,326,495**	**(15,243,895)**	**$2,245,090**
Segment interest expense	**$16,501,172**	**$741,574**	**$3,322,109**	**$4,240,009**	**$4,337,471**	**$3,621,051**	**$1,759,279**	**(13,422,679)**	**$21,099,986**
Segment profit (loss) before income tax	**$8,779,880**	**(1,182,742)**	**$12,302,712**	**(16,387,306)**	**(15,097,742)**	**(91,895,676)**	**$4,892,434**	**(21,527,971)**	**(120,116,411)**
Segment provision for income tax	**(1,732,584)**	**(8,163)**	**(326,733)**	**(2,715,028)**	**18,190**	**(45,001)**	**724**	**(21,374)**	**(4,829,969)**
Segment profit (loss) after income tax	**$7,047,296**	**($1,190,905)**	**$11,975,979**	**(19,102,334)**	**($15,079,552)**	**($91,940,677)**	**$4,893,158**	**(21,549,345)**	**($124,946,380)**
Net income (loss) attributable to the equity holders of the Parent Company	**$7,047,296**	**($1,190,905)**	**$11,975,979**	**($5,251,986)**	**($15,079,552)**	**($90,039,402)**	**$4,893,158**	**($21,549,345)**	**($109,194,)**

December 31, 2022	Philippines		China	Europe	Mexico	Germany/UK	USA/ Japan /Singapore / IMI UK	Consolidation and Eliminations	Total
	Parent Company	PSi							
Revenue from contracts with customers:									
Third party	$269,655,708	$6,557,402	$283,932,415	$352,300,670	$150,534,635	$297,588,382	$48,447,300	$−	$1,409,016,512
Intersegment	50,125,736	−	23,772,053	4,542,223	459,663	−	5,483,354	(84,383,029)	−
Total revenue from contracts with customers	$319,781,444	$6,557,402	$307,704,468	$356,842,893	$150,994,298	$297,588,382	$53,930,654	($84,383,029)	$1,409,016,512
Segment interest income	$1,591,268	$1,212	$1,465,437	$547,284	$−	$434,907	$4,654,960	($8,027,167)	$667,901
Segment interest expense	$9,841,723	$747,502	$1,930,219	$1,318,245	$1,847,183	$4,730,946	$1,125,913	($6,886,002)	$14,655,729
Segment profit (loss) before income tax	$5,580,360	$92,994	$8,990,932	$10,476,172	($5,177,489)	($23,061,688)	($111,857)	($5,763,853)	($8,974,429)
Segment provision for income tax	(2,227,731)	(91,326)	(859,601)	(1,106,508)	(36,854)	(2,057,119)	38,277	(47,061)	(6,387,923)
Segment profit (loss) after income tax	$3,352,629	$1,668	$8,131,331	$9,369,664	($5,214,343)	($25,118,807)	($73,580)	($5,810,914)	($15,362,352)
Net income (loss) attributable to the equity holders of the Parent Company	$3,352,629	$1,668	$8,131,331	$9,369,664	($5,214,343)	($16,513,384)	($73,580)	($5,810,914)	($6,756,929)

December 31, 2021	Philippines		China	Europe	Mexico	Germany/UK	USA/ Japan /Singapore / IMI UK	Consolidation and Eliminations	Total
	Parent Company	PSi							
Revenue from contracts with customers:									
Third party	$233,428,675	$13,714,787	$258,277,936	$305,717,889	$133,832,494	$296,024,668	$59,593,749	$–	$1,300,590,198
Intersegment	50,581,813	–	31,365,369	4,998,599	1,049,769	–	5,282,467	($93,278,017)	–
Total revenue from contracts with customers	$284,010,488	$13,714,787	$289,643,305	$310,716,488	$134,882,263	$296,024,668	$64,876,216	($93,278,017)	$1,300,590,198
Segment interest income	$950,758	$652	$1,270,905	$513,146	$–	$–	$4,846,479	($7,281,401)	$300,539
Segment interest expense	$6,266,701	$773,815	$2,261,917	$1,129,139	$1,548,283	$3,527,386	$984,016	($5,937,590)	$10,553,667
Segment profit (loss) before income tax	$2,046,952	($2,293,748)	$5,718,922	$14,566,566	($4,182,872)	($23,451,345)	($511,591)	($6,214,354)	($14,321,470)
Segment provision for income tax	(1,615,774)	(117,135)	(744,376)	(1,294,576)	24,985	(1,846,231)	(1,670)	210,728	(5,384,049)
Segment profit (loss) after income tax	$431,178	($2,410,883)	$4,974,546	$13,271,990	($4,157,887)	($25,297,576)	($513,261)	($6,003,626)	($19,705,519)
Net income (loss) attributable to the equity holders of the Parent Company	$431,178	($2,410,883)	$4,974,546	$13,271,990	($4,157,887)	($16,610,400)	($513,261)	($5,549,854)	($10,564,)

The following table presents segment assets of the Group's geographical segments as of December 31, 2023 and 2022:

	Philippines		China	Europe	Mexico	UK	USA/ Japan/ Singapore	Consolidation and Eliminations	Total
	Parent Company	PSi							
2023	$613,005,264	$3,350,414	$208,516,055	$442,923,311	$129,413,417	$5,961,447	$302,486,991	(711,921,789)	$993,735,110

	Philippines		China	Europe	Mexico	Germany /UK	USA/ Japan/ Singapore	Consolidation and Eliminations	Total
2022	$612,148,519	$5,162,866	$228,514,351	$295,338,592	$105,924,441	$261,134,473	$433,447,826	(837,786,675)	$1,103,884,393

Investments in subsidiaries and intersegment receivables amounting to $447.58 million and $326.58 million as of December 31, 2023, respectively, and 462.90 million and $408.22 million as of December 31, 2022, respectively are eliminated in consolidation.

Goodwill arising from the acquisitions as disclosed in Note 11, are recognized at consolidated level for both years ended December 31, 2023 and 2022.

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:

	2023	2022
Manufacturing of goods	**$1,321,928,473**	$1,405,402,031
Non-recurring engineering services	**3,731,567**	3,614,481
Revenue from contracts with customers	**$1,325,660,040**	$1,409,016,512

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

	2023		
	Revenue recognized over time	**Revenue recognized at point in time**	**Total**
Philippines			
Parent Company	**$257,678,074**	**$–**	**$257,678,074**
PSi	**4,515,281**	**–**	**4,515,281**
China	**249,689,473**	**–**	**249,689,473**
Europe	**565,353,570**	**1,484,707**	**566,838,277**
Mexico	**151,438,240**	**2,008,080**	**153,446,320**
UK	**70,845,741**	**–**	**70,845,741**
USA/Japan/Singapore	**19,524,182**	**3,122,692**	**22,646,874**
Revenue from contracts with customers	**$1,319,044,561**	**$6,615,479**	**$1,325,660,040**

	2022		
	Revenue recognized over time	Revenue recognized at point in time	Total
Philippines			
Parent Company	$269,655,708	$–	$269,655,708
PSi	6,557,402	–	6,557,402
China	283,932,415	–	283,932,415
Europe	350,367,766	1,932,904	352,300,670
Mexico	149,067,584	1,467,051	150,534,635
Germany/UK	297,588,382	–	297,588,382
USA/Japan/Singapore	46,966,878	1,480,422	48,447,300
Revenue from contracts with customers	$1,404,136,135	$4,880,377	$1,409,016,512

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

	2023	2022	2021
Europe	**$921,147,611**	$940,205,928	$775,010,938
America	**181,507,047**	175,174,834	184,955,706
Japan	**57,307,924**	70,436,636	77,943,575
Rest of Asia/Others	**165,697,458**	223,199,114	262,679,979
	$1,325,660,040	$1,409,016,512	$1,300,590,198

Revenues are attributed to countries on the basis of the customer's location. The current top customer accounts for 12.31%, 10.68% and 8.97% of the Group's total revenue in 2023, 2022 and 2021, respectively.

The following table presents revenues per market segment:

	2023	2022	2021
Automotive	**$799,383,005**	$748,133,702	$648,027,420
Industrial	**389,778,376**	476,146,759	413,898,749
Consumer	**33,593,002**	71,740,418	82,371,007
Telecommunication	**30,321,101**	37,895,276	52,342,497
Aerospace/defense	**36,165,083**	39,953,992	54,329,773
Medical	**23,204,347**	23,005,325	28,798,655
Multiple market/others	**13,215,126**	12,141,040	20,822,097
	$1,325,660,040	$1,409,016,512	$1,300,590,198

The following table presents noncurrent assets based on their physical location:

	2023	2022
Europe*	**$110,875,447**	$190,694,116
America**	**31,387,166**	30,502,194
Rest of Asia/Others	**86,231,840**	85,551,938
	$228,494,453	$306,748,248

**Pertains to Europe, Germany and UK*
***Pertains to Mexico and USA*

Noncurrent assets include property, plant and equipment, goodwill, intangible assets and right of use assets.

The following table presents the depreciation and amortization expense based on their physical location:

	2023	2022	2021
Europe*	**$15,761,151**	$15,815,549	$23,211,315
America**	**5,862,792**	6,871,681	7,215,748
Rest of Asia/Others	**15,562,557**	19,169,169	27,895,813
	$37,186,500	$41,856,399	$58,322,876

**Pertains to Europe, Germany and UK*
***Pertains to Mexico and USA*

30. Lease Commitments

Set out below are the carrying amounts of the Group's right-of-use assets presented under non-current assets, and the movements during the period:

	2023	2022
As at January 1, 2023	**$19,266,348**	$28,457,787
Additions	**10,898,575**	1,099,695
Deductions	**(2,940,608)**	–
Amortization expense	**(8,893,841)**	(9,134,302)
Loss on lease modifications	**(41,049)**	–
Disposal through subsidiary sold	**(2,854,555)**	–
Cumulative translation adjustment	**710,696**	(1,156,832)
As at December 31, 2023	**$16,145,566**	$19,266,348

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

	2023	2022
As at January 1, 2023	**$19,937,666**	$31,220,799
Additions	**10,898,575**	1,156,394
Interest expense on lease liabilities	**1,461,233**	932,077
Rental payments	**(9,804,620)**	(11,571,267)
Waived rentals	**(41,049)**	(56,698)
Disposal through subsidiary sold	**(3,344,661)**	–
Cumulative translation adjustment	**(303,389)**	(1,743,639)
As at December 31, 2023	**$18,803,755**	$19,937,666
Current	**$8,252,108**	$7,067,675
Noncurrent	**$10,551,647**	$12,869,991

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

	2023	**2022**	2021
Amortization expense of right-of-use assets (Notes 20 and 21)	**$8,893,841**	**$9,134,302**	$10,875,975
Interest expense on lease liabilities (Note 23)	**1,461,233**	**932,077**	1,349,772
Expense related to short-term leases and low-value assets	**1,356,812**	**619,764**	1,265,975
	$11,711,886	**$10,686,143**	$13,491,722

The Group's lease agreements have terms of fixed payments and there are no variable payment provisions.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with Group's business needs. Management exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised (see Note 4).

Shown below is the maturity analysis of the undiscounted lease payments as of December 31, 2023 and 2022 follow:

	2023	2022
Within one year	**$8,482,824**	$5,660,158
After one year but not more than two years	**5,133,061**	5,283,763
After two years but not more than three years	**2,986,827**	3,093,442
After three years but not more than four years	**2,936,224**	1,493,346
After four years but not more than five years	**558,242**	1,028,240
More than five years	**–**	4,202,209
	$20,097,178	$20,761,158

Lease Commitments

Parent Company

In 2023, the Parent Company entered into a lease agreement for the use of a warehouse building located in Laguna. The non-cancellable lease is for a period of five years and four months from September 1, 2023 to August 31, 2028.

The Parent Company entered into an amended lease contract with AREIT INC., formerly owned by Technopark Land, Inc. (TLI), an affiliate, for the lease of parcels of land situated at the Special Export Processing Zone, Laguna Technopark, Biñan, Laguna. The lease contract which expired on December 31, 2022 was extended by another five years up to 2027 subject to new lease rates beginning 2023 based on market with annual escalation of five percent beginning January 1, 2024 until the end of the lease term.

The Parent Company (Lessee) has existing agreement involving the lease of residential house and lots located in Sta. Rosa, Laguna covering a period of five years from Januar1, 2021 to December 31, 2025.

IMI Singapore and STEL Group

STEL Group have various operating lease agreements on office premises, plant and equipment, leasehold building and improvement, and motor vehicles. These non-cancellable lease contracts have lease terms of between two to eight years. There are no lease commitments for IMI Singapore.

In 2017, IMI SZ entered into a lease agreement on its manufacturing facility covering a period of six years from May 2017 to May 2023. The lease premise is a five-floor building with 29,340 square meters located in an industrial park in Pingshan district of Shenzhen. In 2020, IMI SZ executed a renewal of lease agreement for its 30,430 square meters plant in Kuichong. The coverage of the lease is from November 2019 to November 2022, the contract was extended up to November 2023. In 2022, IMI SZ entered a two-year lease agreement effective July 1, 2022 to June 30, 2024, for a dormitory located in Pingshan.

In 2017, STJX extended its existing lease agreement up to 2027 with Jiaxing Economic Development Zone Investment and Development Group Co., Ltd to use as its manufacturing facility located in He Ping Street, Jiaxing.

On November 2020, IMI CD entered a five-year lease agreement effective January 2021 to January 2026, for its electronic production, office and staff accommodation. The lease premises is a three-floor building and a dormitory located at Xindu district, Chengdu City. In September 2022, IMI CD entered a three-year non-cancellable lease, effective October 1, 2022 to September 30, 2025, located at Xindu district, Chengdu City to serve as their external warehouse.

IMI BG
IMI BG have lease agreements related to office and warehouse building rent with lease terms of five years. These leases have renewal options.

I*MI CZ*
IMI CZ have various operating lease agreements in respect of its company cars with lease terms of four to five years.

I*MI MX*
IMI MX have various lease agreements related to building and automobiles used in operation with lease terms of three to five years.

PSi
PSi leases its plant facilities, office spaces and other facilities in Calamba, Laguna from Centereach Resources, Inc. (CRI), an unrelated entity with a term of four years. The operating lease agreements expired in 2022 and were no longer renewed. PSi transferred its operations and office in Laguna Technopark Inc., Binan, Laguna.

VIA Group
VIA Group has lease contracts for various items of office, plant and vehicles used in its operations. Leases of office and plant have lease terms between 3 and 18 years, while motor vehicles generally have lease terms of 3 years. VIA's obligations under its leases are secured by the lessor's title to the leased assets. For certain leases, VIA is restricted from entering into any sub-lease agreements. There are several lease contracts that include extension and termination options. VIA Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. VIA Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

STI
STI have various lease agreements in respect of manufacturing facilities, office premises and vehicles both in the UK and Philippines. These non-cancellable lease contracts have remaining non-cancellable lease terms of between three to fifty years. There are no restrictions placed upon the lessee by entering into these leases.

IMI Japan
IMI Japan entered a two-year lease of office premises which matured in 2012 with automatic renewal unless prior notice of termination is given to the lessor.

IMI USA
On June 5, 2020, IMI USA entered into a fourth amendment to a standard industrial commercial single tenant lease contract for an extended term of five years commencing from November 1, 2020 to October 31, 2025 for the lease of office premises. The lease contract contains provisions including, but not limited to, an escalation rate of 3% per year and early termination penalties and an option to extend the lease up to two years.

31. **Related Party Transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence which include affiliates. Related parties may be individuals or corporate entities.

The Group, in its regular conduct of business, has entered into transactions with subsidiaries, affiliate, and other related parties principally consisting of advances, loans and reimbursement of expenses. Sales and purchases of goods and services as well as other income and expenses to and from related parties are made at normal commercial prices and terms.

Terms and Conditions of Transactions with Related Parties
The Group has a Related Party Transactions (RPT) Committee that evaluates and governs related party transactions. Prior to finalization of any related party agreement, the management shall report for review and approval to the RPT Committee all new and proposed significant related party transaction above the threshold set by the RPT Committee.

Outstanding balances at year-end are unsecured and settlement occurs in cash unless otherwise stated. For the years ended December 31, 2023, 2022 and 2021, the Group has not recorded any impairment on receivables relating to amounts owed by related parties. Impairment assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

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

- Transactions with BPI, an affiliate

  As of December 31, 2023 and 2022, the Group maintains current and savings accounts and short-term investments with BPI amounting to $0.97 million and $2.17 million, respectively.

  Total interest income earned from investments with BPI amounted to $0.003 million, $0.003 million and $0.001 million for the years ended December 31, 2023, 2022 and 2021, respectively.

  The Group has an outstanding short term and long-term loans from BPI amounting to $182.31 million and $177.59 million as of December 31, 2023 and 2022, respectively.

  Total interest accrued for the loan payable to BPI amounted to $9.06 million, $5.78 million and $1.36 million for the years ended December 31, 2023, 2022 and 2021, respectively.

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

	Receivables		Payables	
	2023	2022	**2023**	2022
KTM Asia Motor Manufacturing Inc. (KAMMI)	**$988,479**	$2,444,570	**$–**	$–
Merlin Solar Technologies (Phils.) Inc. (MSTPI)	**208,760**	85,745	**–**	–
AC Industrials Technology Inc. (AC Industrials)	**–**	–	**46,904**	–
Ayala Corporation (AC)	**–**	–	**596,737**	–
HMC, Inc. (HMCI)	**–**	–	**17,658**	–
BPI	**–**	–	**7,698**	10,458
Innove Communication, Inc. (ICI)	**–**	–	**12,831**	7,383
Globe Telecom, Inc. (GTI)	**–**	–	**–**	1,117
	$1,197,239	$2,530,315	**$681,828**	$18,958

i. Transaction with KAMMI and MSTPI pertains to trade related receivables.
ii. Transaction with AC and ACI pertains to management fee on corporate and support services.
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.

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

	Revenue/Income			Expenses		
	2023	2022	2021	**2023**	2022	2021
KAMMI	**$2,437,678**	$5,012,496	$1,511,811	**$–**	$–	$–
MSTPI	**122,961**	135,821	882,121	**–**	–	–
AC Industrials	**–**	–	49,868	**46,807**	–	–
BPI	**2,567**	2,999	1,396	**41,352**	38,914	–
AREIT	**–**	–	–	**1,473,220**	1,444,719	1,512,012
Laguna Water (LAWC)	**–**	–	–	**1,189,047**	1,071,846	1,035,751
AC	**–**	–	–	**670,643**	536,818	641,891
AG Legal	**–**	–	–	**23,250**	57,730	113,269
ICI	**–**	–	–	**217,156**	310,287	185,239
HMCI	**–**	–	–	**194,305**	–	–
GTI	**–**	–	–	**98,915**	117,306	160,840
	$2,563,206	$5,151,316	$2,445,196	**$3,954,695**	$3,577,620	$3,649,002

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

i. Revenues from KAMMI and MSTPI pertain to subcontracting services related to registered activities.
ii. Revenues from AC Industrials represent recoveries for the provision of corporate and support services.
iii. Interest income earned from investments with BPI.

Expenses incurred from related party transactions include:

i. Administrative services charged by AC related to certain transactions.
ii. Rental expense from the lease contract between the Parent Company and AREIT (Formerly with TLI).
iii. Water allocation charged by LAWC.
iv. Building rental, leased lines, internet connections and ATM connections with ICI.
v. Health services from HMCI.
vi. Consultations on legal matters and assistance on regulatory and legal requirements from AG Legal.
vii. Billings for cellphone charges and WiFi connections with GTI.
viii. Staff house rent expenses paid with BPI.

- Revenue, income and expenses eliminated at the Group level follow:

i. Intercompany revenues and income mainly pertain to billings of IMI USA and IMI Japan to IMI Singapore, trade related transactions from certain customers and interest income of the Parent Company, IMI Singapore and STSN for loans granted to Psi, IMI MX, STI and IMI CZ.
ii. Expenses incurred from related party transactions include interest expense of PSi, IMI MX, STI and IMI CZ from loans granted by the Parent Company, IMI Singapore and STSN and trade related transactions from certain customers.
iii. Dividend income of the Parent Company was declared by IMI Singapore amounting to $24.60 million and $4.57 million in 2023 and 2022, respectively.

<u>Guarantees and Commitments</u>
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. The specific project for which the guarantee was issued never materialized and the guarantee has not taken into effect to date. C-Con ceased to be a related party after the divestment by AC Industrials on August 18, 2023.

Compensation of Key Management Personnel of the Group
Compensation of key management personnel by benefit type follows:

	2023	2022
Short-term employee benefits	**$6,091,130**	$6,450,787
Post-employment benefits	**867,215**	724,073
	$6,958,345	$7,174,860

32. **Fair Values of Financial Instruments**

Fair Values of Financial Assets and Financial Liabilities where the Carrying Amounts Approximate Fair Values
Financial assets and financial liabilities that are liquid or are short-term in nature which consist of cash and cash equivalents and short-term investments, receivables, accounts payables and accrued expenses, contract liabilities, current portion of lease liabilities, loans payable, current portion of long-term debt and other current liabilities are assumed to have carrying amounts approximating their fair values.

Below are the fair values of financial assets and financial liabilities that are either carried at fair value or where the carrying amounts do not approximate fair values as of December 31, 2023 and 2022:

	Carrying Amounts		Fair Values	
	2023	2022	**2023**	2022
Financial assets:				
Financial assets at FVOCI	**$2,364,096**	$1,829,432	**$2,364,096**	$1,829,432
Financial liabilities:				
Noncurrent portion of long-term debt	**$140,213,655**	$147,365,278	**$144,909,080**	$136,209,707
	$140,213,655	$147,365,278	**$144,909,080**	$136,209,707

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

Financial assets at FVOCI pertain to investments in club shares. Fair value is based on the most recent selling price of the club shares.

Noncurrent portion of long-term debt - The fair value of long-term debt is estimated by using the discounted cash flow method using the current incremental borrowing rates for similar borrowings, with maturities consistent with those remaining for the liability being valued. The discount rates used for 2023 and 2022 ranged from 1.05% to 4.99% and from 1.83% to 4.30%, respectively.

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

	December 31, 2023			
	Fair Value Measurement Using			
	Quoted Prices in Active Markets (Level 1)	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
Assets measured at fair value:				
Financial assets at FVOCI	**$–**	**$2,364,096**	**$–**	**$2,364,096**
Liabilities for which fair values are disclosed:				
Long-term debt	**$–**	**$–**	**$144,909,080**	**$144,909,080**
	$–	**$–**	**$144,909,080**	**$144,909,080**

	December 31, 2022			
	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	$–	$1,829,432	$–	$1,829,432
Liabilities for which fair values are disclosed:				
Long-term debt	$–	$–	$136,209,707	$136,209,707
	$–	$–	$136,209,707	$136,209,707

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

33. **Financial Risk Management Objectives and Policies**

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

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

The Group's risk management policies are summarized below:

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

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's income before income tax (through the impact on floating rate borrowings) for the years ended December 31, 2023 and 2022. There is no other impact on the Group's equity other than those already affecting income.

	Effect on Net Loss before Tax	
Increase/Decrease in Basis Points	**2023**	2022
+100	**($2,178,962)**	($2,143,904)
-100	**$2,178,962**	2,143,904

The following table shows the information about the Group's debt as of December 31, 2023 and 2022 that are exposed to interest rate risk presented by maturity profile:

	2023	2022
Within one year	**$70,634,080**	$67,025,099
One to five years	**147,262,150**	147,365,278
	$217,896,230	$214,390,377

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Group's exposure to liquidity risk relates primarily to its short-term and long-term obligations. The Group seeks to manage its liquidity profile to be able to finance its capital expenditures and operations. The Group maintains a level of cash and cash equivalents deemed sufficient to finance its operations. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. To cover financing requirements, the Group intends to use internally-generated funds and loan facilities with local and foreign banks. Surplus funds are placed with reputable banks.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	2023				
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**Total**
Accounts payable and accrued expenses:					
Trade payables	**$–**	**$197,215,056**	**$–**	**$–**	**$197,215,056**
Employee-related accruals and contributions	**–**	**21,873,706**	**–**	**–**	**21,873,706**
Accrued expenses*	**–**	**31,131,078**	**–**	**–**	**31,131,078**
Nontrade payables	**–**	**20,604,921**	**–**	**–**	**20,604,921**
Accrued interest payable	**–**	**1,731,352**	**–**	**–**	**1,731,352**
Due to related parties	**–**	**681,828**	**–**	**–**	**681,828**
Contract liabilities	**–**	**2,748,320**	**–**	**–**	**2,748,320**
Other current liabilities	**–**	**1,032**	**1,523,795**	**–**	**1,524,827**
Loans payable	**–**	**182,615,096**	**28,666,325**	**–**	**211,281,421**
Current portion of lease liabilities			**8,252,108**		**8,252,108**
Current portion of long-term debt	**–**	**3,197,375**	**8,714,478**	**–**	**11,911,853**
Noncurrent portion of lease liabilities	**–**	**–**	**–**	**10,551,647**	**10,551,647**
Noncurrent portion of long-term debt**	**–**	**–**	**–**	**148,349,969**	**148,349,969**
	$–	**$461,799,764**	**$ 47,156,706**	**$163,227,959**	**$667,858,086**

*** Excluding statutory payables.***

***** Including future interest payments.***

	2022				
	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	Total
Accounts payable and accrued expenses:					
Trade payables	$–	$212,112,883	$–	$–	$212,112,883
Employee-related accruals and contributions	–	22,078,493	–	–	22,078,493
Accrued expenses*	–	37,704,785	–	–	37,704,785
Nontrade payables	–	21,215,024	–	–	21,215,024
Accrued interest payable	–	1,646,532	–	–	1,646,532
Due to related parties	–	18,958	–	–	18,958
Contract liabilities	–	7,406,803	–	–	7,406,803
Other current liabilities	–	992	1,034,209	–	1,035,201
Loans payable	–	116,182,727	78,031,609	–	194,214,336
Current portion of lease liabilities		–	5,660,158	–	5,660,158
Current portion of long-term debt	–	–	9,485,852	–	9,485,852
Noncurrent portion of lease liabilities	–	–	–	15,101,000	15,101,000
Noncurrent portion of long-term debt**	–	–	–	147,137,895	147,137,895
	$–	$418,367,197	$94,211,828	$162,238,895	$674,817,920

** Excluding statutory payables.*
*** Including future interest payments.*

The financial liabilities in the above tables are gross undiscounted cash flows and these amounts are to be settled through cash and cash equivalents. Furthermore, liquid assets such as cash and cash equivalents and trade receivables, and available credit lines are used by the Group to manage liquidity.

Credit lines
The Group has credit lines with different financing institutions as of December 31, 2023 and 2022, as follows:

	2023		2022	
Financial Institution / Currency	**Credit Limit**	**Available Credit Line**	Credit Limit	Available Credit Line
Local:				
USD	**132,000,000**	**9,000,000**	132,000,000	9,300,000
PHP	**800,000,000**	**403,835,000**	300,000,000	300,000,000
Foreign:				
USD	**104,500,000**	**42,359,387**	99,000,000	71,600,000
JPY	**800,000,000**	**650,850,000**	800,000,000	518,830,000
Singapore Dollar (SGD)	**16,000,000**	**1,535,000**	21,000,000	16,742,770
EUR	**15,800,000**	**14,226,789**	8,657,435	5,666,843
GBP	**-**	**-**	5,000,000	2,159,680
CZK	**-**	**-**	50,000,000	–

<u>Credit Risk</u>
Credit risk is the risk that the Group’s counterparties to its financial assets will fail to discharge their contractual obligations. The Group’s major credit risk exposure relates primarily to its holdings of cash and cash equivalents and receivables from customers and other third parties. Credit risk management involves dealing with institutions for which credit limits have been established. The treasury policy sets credit limits for each counterparty. The Group trades only with recognized, creditworthy third parties. The Group has a well-defined credit policy and established credit procedures. The Group extends credit to its customers consistent with sound credit practices and industry standards. The Group deals only with reputable, competent and reliable customers who pass the Group’s credit standards. The credit evaluation reflects the customer’s overall credit strength based on key financial and credit characteristics such as financial stability, operations, focus market and trade references. All customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group’s exposure to bad debts is not significant.

The Group defines a financial asset as in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. Such internal or external information includes discontinuance of orders, financial difficulty or insolvency, probable bankruptcy or other financial reorganization. Actual historical experience shows low defaulted accounts which were also substantially recovered subsequently resulting to insignificant write-offs.

The Group’s maximum exposure to credit risk as of December 31, 2023 and 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 24% and 19% of trade receivables relating to three major customers as of December 31, 2023 and 2022, respectively.

As of December 31, 2023 and 2022, the aging analysis of receivables, contract assets and miscellaneous deposits follows:

	2023						
			Days Past Due				
	Total	Current	<30 Days	30-60 Days	60-90 Days	90-120 Days	>120 Days
Receivables:							
Trade	$263,993,264	$209,479,593	$29,531,821	$8,138,296	$4,955,965	$1,143,199	$10,744,390
Nontrade	16,590,926	15,437,369	725,781	79,284	156,299	129,190	63,003
Receivable from employees	223,780	208,595	15,185	–	–	–	–
Due from related parties	1,197,239	68,424	177,691	86,794	226,900	129,674	507,756
Others	6,058,958	6,058,958	–	–	–	–	–
Contract assets	53,055,666	53,055,666	–	–	–	–	–
Miscellaneous deposits	3,213,241	3,213,241	–	–	–	–	–
	$344,333,074	$287,521,846	$30,450,478	$8,304,374	$5,339,164	$1,402,063	$11,315,149
Expected credit loss		$–	$–	$–	$–	$–	$665,960
Expected credit loss rate		0%	0%	0%	0%	0%	6%

	2022						
			Days Past Due				
	Total	Current	<30 Days	30-60 Days	60-90 Days	90-120 Days	>120 Days
Receivables:							
Trade	$283,795,011	$212,103,423	$39,344,922	$11,431,696	$8,588,534	$2,101,894	$10,224,542
Nontrade	7,529,001	6,375,444	725,781	79,284	156,299	129,190	63,003
Receivable from employees	310,056	268,359	41,697	–	–	–	–
Due from related parties	2,530,315	145,578	427,885	476,974	296,265	417,857	765,756
Others	822,810	822,810	–	–	–	–	–
Contract assets	67,138,029	67,138,029	–	–	–	–	–
Miscellaneous deposits	3,156,449	3,156,449	–	–	–	–	–
	$365,281,671	$290,010,092	$40,540,285	$11,987,954	$9,041,098	$2,648,941	$11,053,301
Expected credit loss		$–	$–	$–	$–	$–	$3,347,129
Expected credit loss rate		0%	0%	0%	0%	0%	30%

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customers with similar loss patterns. Given the loss patterns of customers and the Group’s credit policy, the expected credit loss recognized for the period ended December 31, 2023 and 2022 represents specifically identified impaired financial assets.

The following table summarizes the credit quality of the Group’s financial assets as of December 31, 2023 and 2022:

	December 31, 2023					
	Neither Past Due nor Impaired				Past Due or	
	Minimal Risk	Average Risk	Fairly High Risk	High Risk	Individually Impaired	Total
Cash and cash equivalents and short-term investments	$103,008,823	$–	$–	$–	$–	$103,008,823
Receivables:						
Trade	84,225,866	93,291,793	11,753,994	20,207,940	54,513,671	263,993,264
Nontrade	2,988,940	12,308,549	15,442	124,438	1,153,557	16,590,926
Receivable from employees	–	223,780	–	–	–	223,780
Due from related parties	–	58,624	–	9,800	1,128,815	1,197,239
Others	–	6,058,958	–	–	–	6,058,958
Financial assets at FVOCI	2,364,096	–	–	–	–	2,364,096
Miscellaneous deposits	3,213,241	–	–	–	–	3,213,241
	$195,800,966	$111,941,704	$11,769,436	$20,342,178	$56,796,043	$396,650,327

	December 31, 2022					
	Neither Past Due nor Impaired				Past Due or Individually Impaired	
	Minimal Risk	Average Risk	Fairly High Risk	High Risk		Total
Cash and cash equivalents and short-term investments	$124,324,165	$–	$–	$–	$–	$124,324,165
Receivables:						
Trade	85,280,871	93,012,305	10,507,911	23,302,336	71,691,588	283,795,011
Nontrade	60,277	6,014,111	225,921	75,135	1,153,557	7,529,001
Receivable from employees	–	310,056	–	–	–	310,056
Due from related parties	–	127,582	4,963	13,033	2,384,737	2,530,315
Others	–	822,810	–	–	–	822,810
Financial assets at FVOCI	1,829,432	–	–	–	–	1,829,432
Miscellaneous deposits	3,156,449	–	–	–	–	3,156,449
	$214,651,194	$100,286,864	$10,738,795	$23,390,504	$75,229,882	$424,297,239

The Group classifies credit quality as follows:

Minimal Risk - Credit can proceed with favorable credit terms; can offer term of 15 to maximum of 45 days.

Average Risk - Credit can proceed normally; can extend term of 15 to maximum of 30 days.

Fairly High Risk - Credit could be extended under a confirmed and irrevocable LC and subject to semi-annual review for possible upgrade.

High Risk - Transaction should be under advance payment or confirmed and irrevocable Stand-By LC; subject to quarterly review for possible upgrade after one year.

Foreign Currency Risk

The Group's foreign exchange risk results primarily from movements of the functional currency of each legal entity against other currencies. As a result of significant transactions denominated in RMB, PHP and EUR the consolidated statements of income can be affected significantly by movements in the USD versus these currencies. In 2023 and 2022, the Group entered into currency forward contracts to hedge its risks associated with foreign currency fluctuations.

The Group also has transactional currency exposures. Such exposure arises from sales or purchases denominated in other than the Group's functional currency. Approximately 51% and 48% of the Group's sales for the years ended December 31, 2023 and 2022, respectively, and 53**%** and 53% of costs for the years ended December 31, 2023 and 2022, respectively, are denominated in currencies other than USD.

The Group manages its foreign exchange exposure risk by matching, as far as possible, receipts and payments in each individual currency. Foreign currency is converted into the relevant domestic currency as and when the management deems necessary. The unhedged exposure is reviewed and monitored closely on an ongoing basis and management will consider hedging any material exposure where appropriate.

Information on the Group's foreign currency-denominated monetary assets and liabilities and their USD equivalent follows:

Renminbi (RMB)

	2023		2022	
	In USD	**In RMB**	In USD	In RMB
Cash and cash equivalents	**$1,947,777**	**RMB 13,795,521**	$255,404	RMB1,778,784
Receivables	**9,389,369**	**66,502,083**	13,244,212	92,240,641
Accounts payable and accrued expenses	**(9,888,866)**	**(70,039,872)**	(14,606,522)	(101,728,582)
Net foreign currency-denominated assets (liabilities)	**$1,448,280**	**RMB10,257,732**	($1,106,906)	(RMB7,709,157)

Philippine Peso (₱)

	2023		2022	
	In USD	**In PHP**	In USD	In PHP
Cash and cash equivalents	**$ 1,004,584**	**₱55,623,830**	$1,044,085	₱58,212,959
Receivables	**1,345,465**	**74,498,404**	1,249,406	69,660,655
Miscellaneous deposits	**655,805**	**36,311,942**	649,932	36,236,942
Accounts payable and accrued expenses	**(10,403,845)**	**(576,060,904)**	(10,348,754)	(576,994,759)
Net retirement liabilities	**(11,814,529)**	**(654,170,479)**	(4,313,259)	(240,485,773)
Net foreign currency-denominated liabilities	**($19,212,520)**	**(₱1,063,797,207)**	($11,718,590)	(₱653,369,976)

Euro (€)

	2023		2022	
	In USD	**In EUR**	In USD	In EUR
Cash and cash equivalents	**$ 1,922,215**	**€1,737,674**	$3,081,643	€2,899,005
Receivables	**24,355,149**	**22,016,949**	15,552,641	14,630,894
Accounts payable and accrued expenses	**(33,141,647)**	**(29,959,905)**	(17,664,812)	(16,617,885)
Net foreign currency-denominated assets (liabilities)	**($6,864,283)**	**(€6,205,282)**	$969,472	€912,014

Information on the Group's USD-denominated monetary assets and liabilities of the Parent Company's subsidiaries with functional currencies other than USD and which is also affected by movements of USD compared with their respective functional currencies as at December 31, 2023 and 2022 follows:

	2023			
	In USD	**In EUR**	**In RMB**	**In GBP**
Cash and cash equivalents	**$ 41,540,515**	**€35,078,290**	RMB19,384,715	**£–**
Receivables	**11,445,713**	**2,718,881**	59,764,440	–
Accounts payable and accrued expenses	**(43,236,874)**	**(21,149,375)**	**(119,701,444)**	**(2,308,396)**
Net foreign currency-denominated assets (liabilities)	**$9,749,354**	**€16,647,796**	**(RMB40,552,289)**	**(£2,306,373)**

**The USD-denominated monetary assets and liabilities are translated using EUR0.9040 for $1, RMB7.0827 for $1 and GBP0.7849 for $1.*

	2022			
	In USD	In EUR	In RMB	In GBP
Cash and cash equivalents	$49,310,604	€44,058,395	RMB7,834,990	£1,122,183
Receivables	27,715,193	15,359,324	23,266,044	6,681,848
Accounts payable and accrued expenses	(56,242,289)	(20,222,625)	(133,058,500)	(12,986,272)
Net foreign currency-denominated assets (liabilities)	$20,783,508	€39,195,094	(RMB101,957,466)	(£5,182,241)

**The USD-denominated monetary assets and liabilities are translated using EUR0.9407 for $1, RMB6.9646 for $1 and GBP0.8303 for $1.*

<u>*Sensitivity Analysis*</u>
The following tables demonstrate sensitivity to a reasonably possible change in the USD exchange rate, with all other variables held constant, of the Group's income before income tax (due to changes in the fair value of monetary assets and liabilities) as of December 31, 2023 and 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 2023	2022
RMB	+1%	**($19,899)**	$10,595
	-1%	**$19,899**	(10,595)
PHP	+1%	**123,838**	110,305
	-1%	**(123,838)**	(110,305)
EUR	+1%	**99,421**	6,365
	-1%	**(99,421)**	(6,365)
USD*	+1%	**164,326**	98,736
	-1%	**(169,673)**	(98,391)

**The USD-denominated monetary assets and liabilities are translated using EUR0.9040 for $1 and RMB7.0827 for $1.*

34. Contingencies

As of December 31, 2023, 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.

35. Notes to Consolidated Statements of Cash Flows

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

		Cash Flows					**Non-cash Changes**				
	2022	**Availment/ Collection**	**Settlement/ Payment**	**Reclass**	**Addition**	**Forfeitures**	**Accretion of interest expense**	**Disposal of subsidiary**	**Waived rentals**	**Foreign currency translation**	**2023**
Loans payable (Note 16)	**$192,659,599**	**$21,927,157**	**($3,946,145)**	**$–**	**$–**	**$–**	**$–**	**(2,306,057)**	**$–**	**$1,412,375**	**$209,746,929**
Current portion of long-term debt (Note 17)	**3,048,254**	**–**	**(1,762,003)**	**5,053,317**	**–**	**–**	**–**	**–**	**–**	**144,951**	**6,484,519**
Long-term debt (Note 17)	**147,365,278**	**2,584,350**	**(4,846,467)**	**(5,053,317)**	**–**	**–**	**–**	**–**	**–**	**163,811**	**140,213,655**
Lease liabilities (Note 30)	**19,937,666**	**–**	**(9,804,620)**	**–**	**10,898,575**	**–**	**1,461,233**	**(3,344,661)**	**(41,049)**	**(303,389)**	**18,803,755**
Other noncurrent liabilities	**5,473,950**	**460,495**	**–**	**–**	**–**	**–**	**–**	**(1,102,874)**	**–**	**915,139**	**5,746,710**
Subscriptions receivable	**(2,620,195)**	**23,051**	**–**	**–**	**–**	**21,067**	**–**	**–**	**–**	**–**	**(2,576,077)**
	$365,864,552	**$24,995,053**	**$20,359,235**	**$–**	**$10,898,575**	**$21,067**	**$1,461,233**	**($6,753,592)**	**($41,049)**	**$2,332,887**	**$378,419,491**

		Cash Flows					Non-cash Changes				
	2021	Availment/ Collection	Settlement/ Payment	Reclass	Addition	Forfeitures	Accretion of interest expense	Lease modification	Waived rentals	Foreign currency translation	2022
Loans payable (Note 16)	$165,772,031	$53,445,670	($23,499,829)	$–	$–	$–	$–	$–	$–	($3,058,273)	$192,659,599
Current portion of long-term debt (Note 17)	1,805,008	–	(1,855,198)	3,248,072	–	–	–	–	–	(149,628)	3,048,254
Long-term debt (Note 17)	149,678,652	3,249,410	(2,233,137)	(3,248,072)	–	–	–	–	–	(81,575)	147,365,278
Lease liabilities (Note 30)	31,220,799	–	(11,571,267)	–	1,156,394	–	932,077	–	(56,698)	(1,743,639)	19,937,666
Other noncurrent liabilities	5,047,260	1,318,426	–	–	–	–	–	–	–	(891,736)	5,473,950
Subscriptions receivable	(2,701,935)	45,486	–	–	–	36,254	–	–	–	–	(2,620,195)
	$350,821,815	$58,058,992	($39,159,431)	$–	$1,156,394	$36,254	$932,077	$–	($56,698)	($5,924,851)	$365,864,552

Most of the loans are from existing revolving credit lines.

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements Integrated Micro-Electronics, Inc. and its subsidiaries (the Group) as at December 31,2023 and 2022, and for each of the three years in the period ended December 31, 2023 and have issued our report thereon dated April 1, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, except for the effects and the possible effects of the matters described in the Basis for Qualified Opinion on the 2023 Consolidated Financial Statements paragraph section of our report, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia
Partner
CPA Certificate No.
Tax Identification No.
BOA/PRC Reg. No. , August 25, 2021, valid until April 15, 2024
BIR Accreditation No. , October 23, 2023, valid until October 22, 2026
PTR No. , January 6, 2024, Makati City

April 1, 2024

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Integrated Micro-Electronics, Inc. and its subsidiaries (the Group) as at December 31,2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated April 1, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and except for the effects and the possible effects of the matters described in the Basis of Qualified Opinion on the 2023 Consolidated Financial Statements paragraph section of our report, no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia
Partner
CPA Certificate No.
Tax Identification No.
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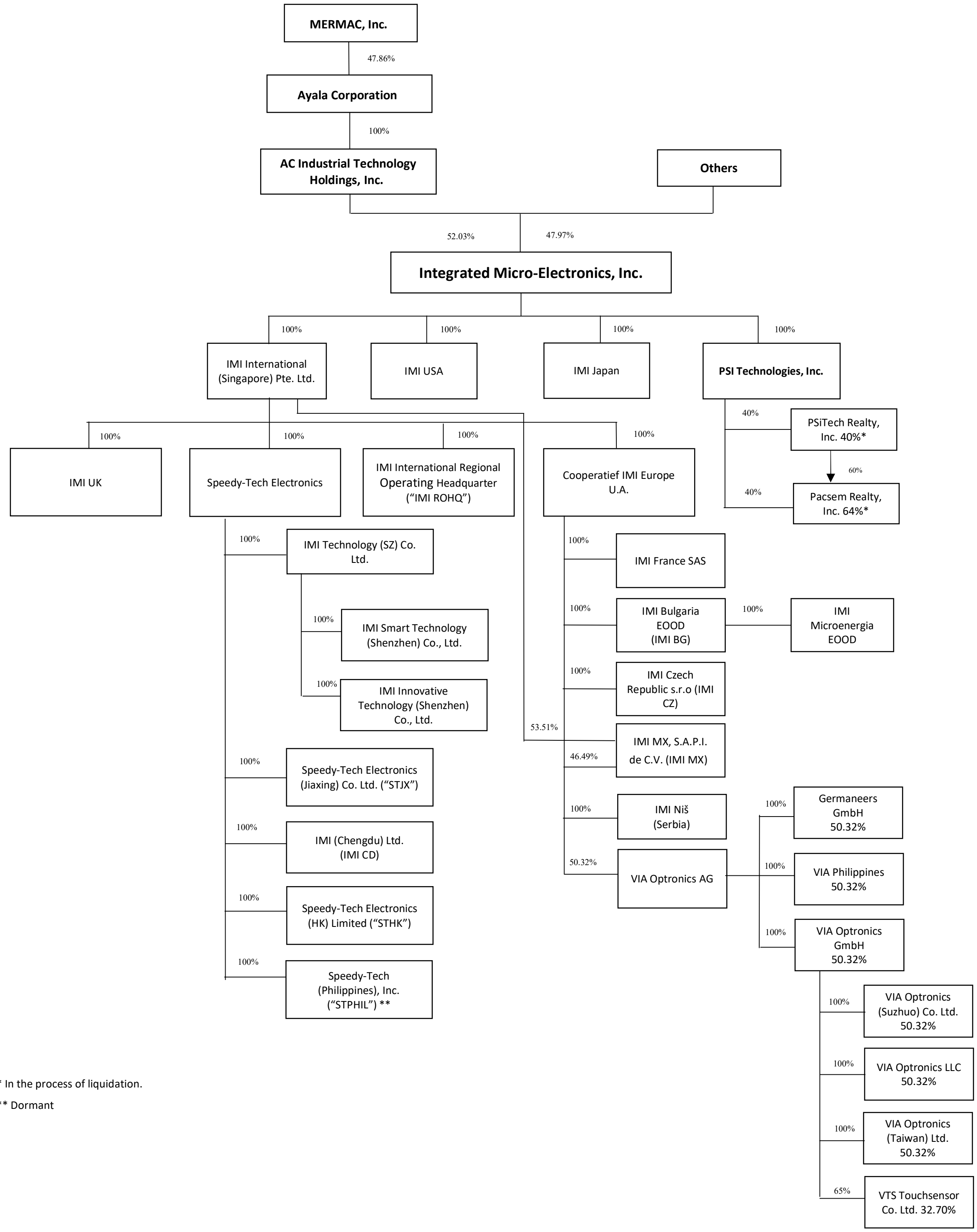
April 1, 2024

INTEGRATED MICRO-ELECTRONICS, INC
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2023
(in U.S. Dollars)

Unappropriated retained earnings, beginning		**$5,120,154**
Add: Net income actually earned/realized during the year	7,047,296	
Net income during the year closed to Retained Earnings		
Less: Non-actual/unrealized income, net of tax		
Equity in net income of associate/joint venture	-	
Unrealized foreign exchange loss - net (except those attributable to cash and cash equivalents)	69,426	
Fair value adjustment (M2M gains)	-	
Fair value adjustment of Investment Property resulting to gain	-	
Adjustment due to deviation from PFRS/GAAP-gain	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	
Subtotal	69,426	7,116,722
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)	-	
Adjustment due to deviation from PFRS/GAAP – loss	-	
Loss on fair value adjustment of investment property (after tax)	-	
Subtotal	-	
Net income actually earned during the year		**7,116,722**
Add (less):		
Dividend declarations during the year	-	
Appropriations of Retained Earnings during the period	-	
Reversals of appropriations	-	
Effects of prior period adjustments	-	
Treasury shares	-	
TOTAL RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION, END		**$12,236,876**

Integrated Micro-Electronics, Inc.
as of December 31, 2023



* In the process of liquidation.

** Dormant

Integrated Microelectronics, Inc. and Subsidiaries
Schedule C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
December 31, 2023
(in U.S. Dollars)

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Balance at end of period
Accounts receivable -trade						
IMI Cooperatief Subsidiaries	3,465,643	332,762	3,537,738	-	260,667	260,667
STI	2,269	-	2,269	-	-	-
IMI International (Singapore) Pte Ltd.	39,260,540	7,065,237	39,483,394	-	6,842,383	6,842,383
STEL Group	4,586,541	15,670	4,115,548	-	486,662	486,662
PSi Technologies Inc.	912,206	2,684	111,793	-	803,098	803,098
IMI USA	7,092	-	-	-	7,092	7,092
IMI Japan	29,957	-	-	-	29,957	29,957
Accounts receivable -nontrade	-				-	-
IMI Cooperatief Subsidiaries	5,096,413	1,928,390	967,119	-	6,057,684	6,057,684
STEL Group	473,517	3,375,909	349,947	-	3,499,479	3,499,479
PSi Technologies Inc.	3,863,228	1,083,726	1,733,817	-	3,213,137	3,213,137
IMI UK	71,392	1,932	71,392	-	1,932	1,932
IMI International (Singapore) Pte Ltd.	2,837,021	25,193,076	6,349,178	-	21,680,918	21,680,918
IMI International ROHQ	-	-	-	-	-	-
IMI USA	103,184	88,343	4,121	-	187,406	187,406
IMI Japan	1,002,740	2,474	19,651	-	985,563	985,563
Due From						
IMI Cooperatief Subsidiaries	5,420,240	25,672	700,000	-	4,745,911	4,745,911
IMI International (Singapore) Pte Ltd.	98,875,212	20,806,080	-	-	119,681,292	119,681,292
STEL Group	23,700,000	5,845,304	1,909,210	-	27,636,094	27,636,094
IMI USA	250,000	-		-	250,000	250,000
IMI Japan	823	-		-	823	823
IMI UK	1,771	2,856,169	7,328	-	2,850,612	2,850,612
Total	**189,959,787**	**68,623,428**	**59,362,505**	**-**	**199,220,711**	**199,220,711**

Integrated Micro-Electronics, Inc. and Subsidiaries
Schedule E. Indebtedness to Related Parties
December 31, 2023
(in U.S. Dollars)

Indebtedness to Related Parties (Long-term Loans from Related Companies)

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
NOT APPLICABLE		

Related party payables eliminated during consolidation:

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
Accounts Payable - Trade		
Speedy-Tech Electronics Ltd.	5,862,050	3,882,872
PSi Technologies Inc.	6,278	-
IMI USA	15,132	3,590
IMI Cooperatief Subsidiaries	18,280	32,274
Accounts Payable - Nontrade		
Speedy-Tech Electronics Ltd.	30,103	778,741
IMI USA	-	2,892
IMI Cooperatief Subsidiaries	4,650	14,551
Due To		
Speedy-Tech Electronics Ltd.	897,131	2,839,272
IMI International (Singapore) Pte Ltd.	36,585	49,412
IMI International ROHQ	-	-
PSi Technologies Inc.	103,750	93
IMI Japan	447,889	450,106
IMI USA	138,975	133,588
IMI Cooperatief Subsidiaries	59,535	77,356
Total	**7,620,358**	**8,264,748**

Note 1. These related party liabilities are payable on demand.

INTEGRATED MICRO-ELECTRONICS INC. AND SUBSIDIARIES
FINANCIAL RATIOS
December 31, 2023

Ratios	Formula	Dec 31, 2023	Dec 31, 2022
(i) Current ratio	Current assets / Current Liabilities	**1.43**	1.51
(ii) Quick / Acid ratio	Current assets less inventories, contract assets and other current assets/Current liabilities	**0.75**	0.81
(iii) Solvency ratio	Total Assets / Total Liabilities	**1.45**	1.60
(iv) Debt ratio	Total Debt / Total Assets	**0.36**	0.31
(v) Debt-to-Equity ratio	Bank debts (loans and trust receipts payable and long-term debt) / Total Equity	**1.15**	0.83
(vi) Assets-to-Equity ratio	Total Assets / Total Equity	**3.21**	2.66
(vii) Interest rate coverage ratio	Earnings before interest and taxes / Interest Expense	**-4.80**	0.34
(viii) Profitability ratios			
GP margin	Gross Profit / Revenues	**9.1%**	7.8%
Net profit margin	Net Income after Tax / Revenues	**-8.2%**	-0.5%
EBITDA margin	EBITDA / Revenues	**3.6%**	3.3%
Return on assets	Net Income after Tax / Total Asset	**-11.0%**	-0.6%
Return on equity	Net Income after Tax / Average equity attributable to parent	**-33.3%**	-1.7%

	(in US$'000) Dec 31, 2023	Dec 31, 2022
Current Assets	741,008	776,846
Current Liabilities	517,671	514,773
Total Assets	993,735	1,103,884
Bank Debts	356,445	343,073
Total Liabilities	684,024	688,601
Total Equity	309,711	415,284
Average equity Attributable to parent	327,568	390,954
Revenues	1,325,660	1,409,017
Gross Profit	120,507	110,408
Net income attributable to equity holders of the parent	(109,195)	(6,757)
Earnings before interest and taxes	(101,262)	5,013
Interest expense	21,100	14,656
EBITDA	47,337	47,099