

**MINUTES OF THE
ANNUAL SHAREHOLDERS' MEETING
OF IONICS INC.**

Held on 17 June 2022
Via Remote Communication (Zoom)

STOCKHOLDERS PRESENT/REPRESENTED

Please refer to Annex "A"

I. CALL TO ORDER

The Chairman, Mr. Lawrence C. Qua, called the meeting to order and presided over the same. The Corporate Secretary, Atty. Manuel R. Roxas, recorded the minutes of the proceedings.

II. PROOF OF NOTICE OF MEETING

The Corporate Secretary certified that in accordance with Rule 20 of the Securities Regulation Code and SEC Notice dated February 16, 2022, notice of the meeting was published in online and printed format on May 26, 2022 in The Manila Times and Businessworld, and on May 27, 2022 in The Manila Times and The Philippine Daily Inquirer. Affidavits of Publication to this effect were executed by Mr. Buenaventura R. Arcano, Jr., Ms. Eden F. Del Rosario and Mr. Bernard E. Enolva of the Philippine Daily Inquirer, The Manila Times and Businessworld, respectively, the publishing companies utilized by the Corporation to publish the notice. The Notice of Meeting was also posted in the Corporation's website.

III. CERTIFICATION OF QUORUM

The Corporate Secretary certified that based on the attendance record and the proxies and powers of attorney on hand, present in person and represented by proxy were a total of Five Hundred Twenty-Eight Million Two Hundred Seven Thousand Four Hundred Thirty-Six (528,207,436) shares or 63.10% of the Eight Hundred Thirty-Seven Million One Hundred Thirty Thousand Nine Hundred Ninety-Two (837,130,992) total outstanding shares.

He thus certified that a quorum existed for the valid transaction of business.

**IV. READING AND APPROVAL OF THE MINUTES OF THE
PREVIOUS STOCKHOLDERS' MEETING HELD ON 21 MAY 2021**

The Chairman proceeded to the next item in the agenda which was the reading and approval of the minutes of the previous meeting of the shareholders held on 21 May 2021.

Since the stockholders were fully apprised of the salient matters approved in the previous meeting, the reading of the minutes of the last annual stockholders' meeting was dispensed with.

Based on the total votes received, a total of 479,019,448 shares voted in favor of approving the Minutes of the 2021 Annual Stockholders Meeting as appearing in the minutes book of the Corporate Secretary while 49,187,988 shares abstained from voting on the matter.

V. REPORT OF MANAGEMENT AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR 2021

The President and Chief Executive Officer, Mr. Lawrence C. Qua, delivered the Management Report for the year 2021.

He began by reporting that 2021 was a better year than the year prior. Ionics Inc. and its subsidiaries posted an increase of 16% in its consolidated gross revenue of \$62.4 million in 2021 from \$53.7 million in 2020. Consolidated net income increased by 449% from \$480,000 in 2020 to \$2.6 million in 2021.

The availability of the Covid-19 vaccines, the vaccination campaign and the adherence to health and safety protocols have enabled businesses to be restored to full operations.

Ionics EMS, Inc. hiked its sales by 14% to \$57.4 million in 2021 from \$50.4 million in 2020. It had a net income of \$831,000 in 2021 from a previous net loss of \$546,000 in 2020.

Ionics Properties, Inc. ("IPI"), the subsidiary engaged in real estate holdings, had a net income of \$1.8 million in 2021 with an additional lease contract for an existing tenant.

Iomni Precision, Inc. ("Iomni") increased its sales to \$3.5 million in 2021 from \$2.2 million in 2020. It, however, yielded a net loss of \$147,000 close to the previous year.

Ionics Circuits Ltd., the offshore investment subsidiary, showed a reduced net loss of \$20,000 in 2021 from a net loss of \$29,000 in 2020. The share of net losses in investment firms accounted for the outcome.

Mr. Qua also reported that as of 31 December 2021, the consolidated assets amounted to \$100.9 million which was \$12.9 million higher than the \$88 million consolidated assets in 2020.

Key parts of the country have eased into the new normal owing to the lowering of the Covid-19 cases. The Philippines' ranking into the Covid-19 recovery index was significantly elevated. How sustainable this development would be remained to be seen.

Ionics Inc. and its subsidiaries would continue to maintain adherence to health protocols. China's unrelenting "zero-Covid" policy added to the electronics component supply problem as it was the biggest global exporter of electronic parts. The invasion of Ukraine by Russia aggravated the supply chain issue as a result of the lack of raw materials being manufactured in the two (2) countries. This was compounded by sanctions imposed by the Western nations. The chip shortage and the supply chain woes had limited some of the customers' production but other customers were able to redesign to avail of alternative components. This material situation was seen to stay until the end of the year and possibly into 2023.

Despite the challenges, the electronics manufacturing services market was expected to grow significantly owing to the rising demand for recyclable energy, electronic vehicles and greener electronic devices. For 2022, Ionics EMS aimed to optimize the expanded capacity of space and machinery installed before the Covid-19 pandemic to fulfill the current demand. Additional machine and warehouse enhancements were being undertaken to meet the ramp-up of new customers. Ionics EMS retained its strength in telecom and networking equipment manufacturing and had signed on a new customer engaged in the business of manufacturing medical devices. There were also several other electronic and industrial account acquisitions. The enhanced Original Design Manufacturing ("ODM") strategy which combined hardware, software and artificial intelligence sought to provide greater value to customers especially in the industrial sector.

Iomni was expected to maintain a modest upside but the supply issue affecting the resin material lead time would impact on some delivery schedules to customers. For IPI, the completion of the build-to-suit project in late 2021 would add to the rental revenue for 2022 and onwards. Opportunities to tap suitable properties for factory, fabrications and land banking would be available.

A Philippine taxation law recently passed, a newly elected government, the rising rates of electric power and fuel, and the imminent wage hike to be mandated were some concerns to be reckoned with in the operations. Notwithstanding these challenges, Ionics Inc. and its subsidiaries looked forward to an improved year.

After the report of Mr. Qua, the total compensation received by each of the members of the Board of Directors during the year was presented to the stockholders in compliance with Sections 29 and 49 of the Revised Corporation Code.

At this point, the Corporate Secretary inquired from the stockholders if they had queries on the Management Report. There being no questions from the stockholders, the Corporate Secretary presented the proposed resolution for the notation and approval of the Corporation's 2021 Annual Report, together with the Audited Financial Statements for the period ending December 31, 2021.

With 49,187,988 shares abstaining and a total of 479,019,448 shares voting in favor, the following resolution was approved:

“**RESOLVED**, That the Management Report as reflected in the Annual Report, together with the financial statements for the period ending 31 December 2021, be, as it is hereby, noted and approved.”

VI. RATIFICATION OF ALL ACTS, RESOLUTIONS AND INVESTMENTS OF THE BOARD OF DIRECTORS AND OFFICERS OF THE CORPORATION

The Chairman proceeded to the next item on the agenda which was the ratification of all the acts, proceedings and resolutions of the Board of Directors and Officers of the Corporation from the date of the last annual stockholders' meeting up to the present as reflected in the minutes of the meetings of the Board of Directors. A summary of significant transactions undertaken by the Board was presented during the meeting.

The Corporate Secretary presented the proposed resolution for the ratification of all acts, resolutions and investments of the Board of Directors, Executive Committee and the officers of the Corporation. With 49,187,988 shares abstaining and a total of 479,019,448 voting in favor of the proposed resolution, the following was approved:

“**RESOLVED**, That all acts, resolutions and investments approved by the Board of Directors and the Officers of the Corporation from the date of the last annual stockholders' meeting up to the present in so far as the same are reflected in the minutes book of the Corporate Secretary, be, as they are hereby, approved, ratified and confirmed.”

VII. ELECTION OF DIRECTORS

The Corporate Secretary reported on the nominees approved by the Nomination Committee for the year 2022-2023, as follows:

Lawrence C. Qua
Alfredo R. de Borja
Virginia Judy Q. Dy
Guillermo D. Luchangco
Meliton C. Qua
Raymond Ma. C. Qua
Lilia B. De Lima
Cecilia Q. Chua
Monica S. Villonco
Medel T. Nera

Ricardo L. Moldez

Mr. Alfredo R. de Borja, Mr. Medel T. Nera and Ms. Lilia B. de Lima were nominated as independent directors.

The Corporate Secretary also reported that while Mr. Alfredo R. de Borja has served the allowed cumulative term of nine (9) years as independent director under the Code of Corporate Governance for Publicly-Listed Companies, he was re-nominated as independent director for the term 2022-2023 as his in-depth knowledge of the Corporation's business as well as that of its subsidiaries which he acquired during his tenure as an independent director were taken into account. The highly technical nature of the Corporation's operations and the industry to which it belongs required the specialized knowledge which Mr. de Borja possessed. The Nomination Committee believed that retaining Mr. de Borja as an independent director would be instrumental in attaining the Corporation's goals and it would be to the best interest of the Corporation if Mr. de Borja was re-nominated and re-elected.

The nominees received the following votes:

Name of Nominee	For	Against	Abstain
Lawrence C. Qua	479,019,448	0	49,187,988
Alfredo R. de Borja	479,019,448	0	49,187,988
Medel T. Nera	479,019,448	0	49,187,988
Virginia Judy Q. Dy	479,019,298	150	49,187,988
Guillermo D. Luchangco	479,019,298	150	49,187,988
Meliton C. Qua	479,019,298	150	49,187,988
Raymond Ma. C Qua	479,019,298	150	49,187,988
Lilia B. de Lima	479,019,448	0	49,187,988
Cecilia Q. Chua	479,019,298	150	49,187,988
Monica S. Villonco	479,019,298	150	49,187,988
Ricardo L. Moldez	479,019,298	150	49,187,988

Since there were only eleven (11) nominees to the Board of Directors and the nominees to the eleven (11) available seats all received votes in their names, it was proposed that the eleven (11) nominees be proclaimed as duly elected directors of the Corporation, to serve as such until the election and qualification of their successors.

The following resolution was approved:

“RESOLVED, to elect the following as Directors of the Corporation to serve as such until the election and qualification of their successors:

Lawrence C. Qua
Alfredo R. de Borja
Virginia Judy Q. Dy

Guillermo D. Luchangco
Meliton C. Qua
Raymond Ma. C. Qua
Lilia B. De Lima
Cecilia Q. Chua
Monica S. Villonco
Medel T. Nera
Ricardo L. Moldez

VIII. APPOINTMENT OF EXTERNAL AUDITOR

The Chairman of the Audit Committee, Mr. Medel T. Nera, discussed the appointment of the Corporation's External Auditor for the ensuing year. Mr. Nera reported that after considering the quality of its audit work for the past fiscal years, the reasonableness of its fees and its reputation, the Audit Committee recommended the reappointment of Sycip Gorres Velayo & Co. (SGV and Co.) as External Auditor of the Corporation for the year 2022-2023.

The Corporate Secretary presented the proposed resolution on this matter. With 49,187,988 shares abstaining and a total of 479,019,448 shares voting in favor of the proposed resolution, the following was approved:

“RESOLVED, that the Corporation be, as it is hereby, authorized to appoint Sycip Gorres Velayo & Co. (SGV & Co.) as the External Auditor for the year 2022-2023.”

IX. ADJOURNMENT

Before the adjournment, the Corporate Secretary inquired if the stockholders present in the virtual meeting would like to ask questions related to the matters discussed during the meeting.

There being no inquiries from the stockholders present and no further business to transact, the meeting was adjourned.

MANUEL R. ROXAS
Corporate Secretary

ATTEST:

LAWRENCE C. QUA
Chairman of the Meeting

Annex "A"

Present in Person	49,187,988
Present by Proxy	<u>479,019,448</u>
TOTAL	528,207,436
Total Issued and Outstanding	837,130,992
Present	528,207,436
Percentage Present	0.63097346

Prepared by:

KRISHA F. VILLANUEVA
Assistant Corporate Secretary