COVER SHEET

SEC Registration Number

1 0 7 4 3 2

Company Name

I O N I C S , I N C . A N D S U B S I D I A R I E S

Principal Office (No./Street/Barangay/City/Town/Province)

Circuit Street, Light Industry and Science Park of the Philippines I, Bo. Diezmo, Cabuyao City, Laguna

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
ronan.andrade@ionics-ems.com	(049) 508-1111	0917-869-5688

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
844	06/15	03/31

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
RONAN R. ANDRADE	ronan.andrade@ionics-ems.com	(049) 508-1111	0917-869-5688

Contact Person's Address

No. 14 Mountain Drive, Light Industry and Science Park II Brgy. La Mesa, Calamba, Laguna

Note: 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.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarter ended — March 31, 2023

2. SEC Identification Number — 107432

3. BIR Tax Identification No. — 000-124-671-000

4. Exact name of issuer as specified in its charter — **IONICS, INC.**

5. Province, country or other jurisdiction of incorporation or organization — Philippines

6. Industry classification code: ________ (SEC Use Only)

7. Address of principal office — Circuit Street, Light Industry and Science Park of the Philippines I, Bo. Diezmo, Cabuyao City, Laguna
   Postal code — 4025

8. Issuer's telephone number, including area code — (049) 508-1111 and Fax Number (049) 508-111 loc. 309

9. In 1996, the Company changed its principal place of business from Makati, Metro Manila to Cabuyao, Laguna.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the SRC

Title of Each Class	Number of Shares of Common Stock Outstanding
Common	₱1.00 par value issued 857,974,992 shares and outstanding, 837,130,992 shares (net of 20,844,000 shares of treasury stock).

11. Are any or all of these securities listed on a Stock Exchange?

    Yes [x]   No [ ]

    If yes, state the name of such Stock Exchange and the classes of securities listed therein:
    Philippine Stock Exchange

12. Check whether the issuer:

    (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the SRC and SRC Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

    Yes [x]   No [ ]

    (b) has been subject to such filing requirements for the past ninety (90) days.

Yes [x]   No [ ]

PART I – FINANCIAL INFORMATION

ITEM 1. Unaudited Interim Condensed Consolidated Financial Statements

The unaudited interim condensed consolidated financial statements including notes thereto are filed as part of this report (pages 10-40).

These unaudited interim condensed consolidated financial statements include the accounts of the Parent Company and its wholly-owned subsidiaries, Ionics Properties, Inc. (IPI), Synertronix, Inc. (SI), Ionics Circuits Limited (ICL), Iomni Precision, Inc. (Iomni), Ionics Products Solutions, Inc. (IPSI) and the 97%-owned Ionics EMS, Inc. (EMS) and a Subsidiary (EMS-USA). All intercompany balances have been eliminated in the consolidation.

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

Below are the Consolidated Key Financial Ratios for the nine months period ended March 31, 2023 and full year ended December 31, 2022:

	March 31, 2023	December 31, 2022
Revenue Growth	**70.83%**	24.43%
Gross Profit Margin	**14.79%**	12.47%
Net Income Margin	**5.76%**	5.77%
Return on Equity	**2.33%**	7.44%
Current Ratio	**1.65:1**	1.69:1
Quick Asset Ratio	**0.67:l**	0.72:1
Leverage Ratio	**0.43:1**	0.38:1
Debt-to-Equity Ratio	**1.08:1**	0.99:1
Asset-to-Equity Ratio	**2.08:1**	1.99:1
Interest Rate Coverage Ratio	**4.55:1**	5.77:1

1. **Revenue Growth**
   Revenue growth is computed from current revenue less revenue of the prior period divided by revenue of the prior period. The result is expressed in percentage.

2. **Gross Profit Margin**
   Gross profit margin reflects the management's policies related to pricing and production efficiency. This is computed by dividing gross profit by the total revenue for the period. The result is expressed in percentage.

3. **Net Income Margin**
   Net income margin is the ratio of the Group's net income for a given period. This is computed by dividing net income by the total revenue for the period. The result is expressed in percentage.

4. **Return on Equity**
   Return on equity ratio is the ratio of the Group's net income to equity. This measures the management's ability to generate returns on their investments. This is computed by dividing net income by total equity. The result is expressed in percentage.

5. **Current Ratio**
   Current ratio is the ratio of the Group's current resources and its current obligation. This is computed by dividing current assets by current liabilities.

6. **Quick Asset Ratio**
   Quick asset ratio is the ratio of the Group's current assets to its current obligations. This is computed by dividing sum of cash and cash equivalents, marketable securities and receivables by current liabilities.
   Leverage RatioLeverage ratio determines the Group's cost mix and its effects on the operating income. This is computed by dividing net debt by the sum of total equity and net debt.
   Leverage Ratio

7. **Debt-to-Equity Ratio**
   The debt-to-equity ratio is used to measure the Group's financial standing and ability to repay its obligations. This is computed by dividing total liabilities by equity.

8. **Asset-to-Equity Ratio**
   The asset-to-equity ratio shows the relationship of the total assets of the Group to the portion owned by shareholders. This indicates the Group's leverage (debt) used to finance the Group. This is computed by dividing total assets by equity.

9. **Interest rate Coverage Ratio**
   Interest rate coverage ratio is the ratio of the Group's ability to meet its interest payment. This is computed by dividing the sum of income before income taxes and finance costs by the finance costs.

As of the filing date, the management of the Group is not aware of:

a) any known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity;
b) any events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation;
c) all material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period;
d) any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures except for the approved capital expenditures;
e) any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/ revenues/ income from continuing operations except on the global material shortage on key critical components resulting from the COVID-19 pandemic and the Russia-Ukraine war, the demand of electronic cars affecting the global supply chain creating a longer material lead time;
f) any significant elements of income or loss that did not arise from the issuer's continuing operations; and,
g) any seasonal aspects that had a material effect on the financial condition or results of operations.

The causes for any material change from period to period, which shall include vertical and horizontal analyses of any material item, were disclosed in page number 7 to 10 of this report.

<u>CONSOLIDATED FINANCIAL POSITION</u>

As of March 31, 2023, the consolidated assets of the Group amounted to US$126.15 million which is US$5.49 million higher than the US$120.66 million as of December 31, 2022. The increase in the Group's total assets was due to the increase in receivables, inventories, contract assets, prepayments and other current assets and property plant and equipment.

Current ratio is 1.65:1 for the period ended March 31, 2023 and 1.69:1 for the year ended December 31, 2022 while debt-to-equity ratio increased from 0.99:1 in 2022 to 1.08:1 in three months ended March 31, 2023.

Below is the summary of Statements of Financial Position accounts with 5% or more increase (decrease):

	Percentage increase (decrease)	
	March 31, 2023 vs. December 31, 2022	March 31, 2022 vs. December 31, 2021
ASSETS		
Cash and cash equivalents	**(26)**	N/A
Receivables	**19**	(16)
Contract assets	**19**	18
Inventories	**N/A**	24
Advances to suppliers	**N/A**	4
Prepayments and other current assets	**20**	59
Financial assets at FVOCI	**8**	19
Property, plant and equipment - net	**23**	(3)
Investment properties	**N/A**	(1)
Right-of-use assets	**(6)**	(5)
Deferred tax assets	**(8)**	(13)
LIABILITIES		
Accounts payable and other liabilities	**6**	11
Contract liabilities	**8**	42
Bank loans and long-term debt	**16**	(2)
Lease liabilities	**19**	(1)
Income tax payable	**97**	56
Net pension liabilities	**6**	8
Deferred tax liabilities	**N/A**	27

As of March 31, 2023 (03.31.22 vs 12.31.22)

Cash decreased due to net cash flows used in operations and down payment for machine acquired in Q1. Receivables increased due to higher sales for the quarter. Contract assets increased due to higher level of work in process and finished goods recognized as contract assets under PFRS 15. The increase in prepayments and other current assets was due to prepayment made during the quarter. Financial Assets at FVOCI increase due to additional investment. Additional deferred tax assets-net were recognized for the lease liability. Property and equipment increased due to acquisitions of machinery during the quarter. Right-of-use assets (ROU) decreased due to amortization for the quarter. Contract liabilities increased due to payment received from customer for advance ordering of materials. Bank loans and long-term debt increased due to acquisition of machine under long term debt. Lease liabilities increased due to new warehouse facility and the lease of existing warehouse. Income tax increased due to provision of income tax during the quarter. Net pension liability increased due to accrual of pension expense during the quarter. Income tax payable increased as a result of the provision for income tax set up for the quarter. Deferred tax liabilities - net increased due to the increase on fair value of financial assets at FVOCI. The increase in accounts payable and accrued expenses was attributable to the increase in materials and sales for the quarters.

As of December 31, 2022 (12.31.22 vs 12.31.21)

Cash increased due to net positive cash flows financing activities. Receivables increased due to higher sales. Contract assets increased due to higher level of work in process and finished goods recognized as contract assets under PFRS 15. Inventories increased due to inventory buildup resulting from longer material lead time of critical components due to global material shortage impacting the industry and the materials intended for new turnkey customers. Advances to suppliers decreased due to the decrease in advanced payment made to suppliers for material ordering. The increase in prepayments and other current assets is due to the annual renewal of insurance of machine and equipment, healthcare and prepayments of factory rental. Financial Assets at FVOCI and investment in associates decreased due to fair value loss recognized as of December 31, 2022. The increase in accounts payable and accrued expenses was attributable to the increase in materials and sales for the first three quarters of 2022. Contract liabilities increased due to payment received from customers for advance ordering of materials. Banks loans and long-term debt increased due to the additional loan drawdown for the construction of new building of IPI and working capital loan during the year. Net pension liability increased due to accrual of pension expense during the quarter. Deferred tax liabilities - net decreased due to the decrease on fair value of financial assets at FVOCI.

CONSOLIDATED RESULTS OF OPERATIONS

The summarized revenues and net income (losses) of the Group for the three months ended March 31, 2023 and 2022 are presented as follows (amounts in US Dollars):

	March 31, 2023 (3 months)					March 31, 2022 (3 months)				
	REVENUE					REVENUE				
COMPANY	**Sales**	**Rent income and Other income**	**Total**	**Operatin g Expense**	**NET INCOME (LOSS)***	Sales	Rental Income and Other Income	Total	Operating Expense	NET INCOME (LOSS)*
Parent	–	**159,783**	**159,783**	**147,925**	**(15,348)**	–	152,998	152,998	114,379	9,230
EMS and a Subsidiary	**22,841,516**	**-**	**22,841,516**	**1,088,192**	**765,197**	12,935,335	(60,381)	12,874,954	647,441	151,763
IPI	–	**894,139**	**894,139**	**29,738**	**584,333**	–	805,268	805,268	44,276	596,696
ICL	–	**-**	**-**	**1,850**	**(6,142)**	–	(2,431)	(2,431)	1,822	(4,253)
Iomni	**1,141,177**	**36,555**	**1,177,732**	**41,113**	**101,540**	935,618	42,501	978,119	44,943	11,482
Synertronix	–	–	–	**9**	**(9)**	–	–	–	10	(10)
IPSI	–	**-**	**-**	**652**	**(103)**	–	(445)	(446)	606	(1,052)
TOTAL	**23,982,693**	**1,090,477**	**25,073,170**	**1,309,355**	**1,429,797**	13,870,953	937,510	14,808,462	853,477	763,856
Eliminations	**(233,698)**	**(325,808)**	**(559,738)**	**(37,805)**	**(17,476)**	(295,140)	(267,093)	(562,233)	(30,670)	9,310
Consolidated	**23,748,995**	**764,669**	**24,513,432**	**1,285,550**	**1,412,321**	13,575,813	670,417	14,246,229	822,807	773,166

**Net income (loss) attributable to equity holders of the Parent Company.*

The Group's sales increased by US$10.17 million or by 75% from US$13.58 million for the three months ended March 31, 2022 to US$23.75 million in March 31, 2023 due to due to higher customer demands. Gross profit increased by US$1.86 million from US$1.77 million or 105% for the three months ended March 31, 2022 to US$3.63 million in March 31, 2023 due to higher sales.

Operating expenses increased by US$0.46 million from US$0.82 million in three months ended March 31, 2022 to US$1.29 million in March 31, 2023 due to increase in commission expenses resulting from higher sales subject to commission. Interest expense increase from US$0.21 million to US$0.46 million due to higher bank loans and interest rates. The Group posted net other expense of US$0.25 in three months ended March 31, 2023 due to foreign exchange loss while reported a net other income of US$0.10 million in March 31, 2022 due to foreign exchange gain as a result of appreciation of Philippine peso.

With the foregoing, the Group reported an increase in the consolidated net income attributable to equity holders of the Parent Company of US$1.39 million from US$0.77 million for the three months ended March 31, 2023 and 2022, respectively.

INDIVIDUAL RESULT OF OPERATIONS

Ionics, Inc.

The Parent Company reported a net loss of US$0.02 million and net income of US$0.09 million for the three months ended March 31, 2023 and 2022, respectively.

The individual performances of the subsidiaries for the three months ended March 31, 2023 and 2022 are as follows:

Ionics EMS, Inc. and a Subsidiary

IEMS revenue increased by US$9.91 million or 77% from US$12.94 million for the three months ended March 31, 2022 to US$22.84 million in the same period of 2023 due to higher customer demands. With the foregoing, gross profit increased by 184% or US$1.69 million from US$0.92 million for the three months ended March 31, 2022 to US$2.615 million in the same period of 2023.

Operating expenses increased by US$0.44 million from US$0.65 million for the three months period ended March 31, 2022 to US$1.09 million in the same period of 2023 primarily due to increase in commission expenses resulting from higher sales subject to commission. Interest expense increased to US$0.24 million for the three months period ended March 31, 2023 from US$0.14 million in the same period of 2022 due to higher bank loans and interest rates. From net foreign exchange gain of US$0.08 million for the three months ended March 31, 2022, IEMS reported net foreign exchange loss of US$0.22 million in the same period of 2023.

With the foregoing, IEMS reported a net income of US$0.77 million and US$0.15 million for the three months period ended March 31, 2023 and 2022, respectively.

Ionics Properties, Inc. (IPI)

IPI contributed rent income and other income of US$0.89 million and US$0.81 million in three months ended March 31, 2023 and 2022, respectively. Net income decreased from US$0.60 million to US$0.58 million for the three months ended March 31, 2023 and 2022, respectively, the decrease was due to payment of bank loan interest.

Ionics Circuits, Limited (ICL)

ICL reported a net loss amounting to US$0.01 million for the three months ended March 31, 2023 and 2022. This is due to the lower share in net losses of investees.

Iomni Precision, Inc. (Iomni)

Iomni's revenue for the three months ended March 31, 2023, increased to US$1.18 million from US$0.98 million for three months ended March 31, 2022. Iomni reported a gross profit of US$0.20 and US$0.07 million for the three months ended March 31, 2023 and 2022, respectively.

Operating expenses amounted to US$0.05 million in March 31, 2023 and 2022, respectively.

With the foregoing, the Company's performance resulted to a net income of US$0.10 million and US$0.01 million for the three months ended March 31, 2023 and 2022, respectively.

Synertronix, Inc. (SI)

SI reported nil for the nine months ended March 31, 2023 and 2022.

Ionics Products Solutions, Inc. (IPSI)

IPSI reported net loss amounting to US$103 and US$1,052 for the three months ended March 31, 2023 and 2022, respectively**.**

ITEM 3. Additional Requirements

Financial Soundness Indicator

Below are the financial ratios that are relevant to the Group for two comparative periods:

a. Liquidity Ratio

	March 31, 2023	December 31, 2022
Current ratio	**1.65:1**	1.69:1

Quick asset ratio	**0.67:1**	0.72:1
Debt-to-equity ratio	**1.08:1**	0.99:1
Asset-to-equity ratio	**2.08:1**	1.99:1

b. Profitability Ratio

	March 31, 2023	December 31, 2022
Interest rate coverage ratio	**4.55:1**	5.77:1
Profitability ratio		
Gross profit margin	**14.79%**	12.47%
Operating income margin	**14.79%**	6.89%
Net income margin	**5.76%**	5.77%
Revenue growth (decline)	**70.83%**	25.43%

IONICS, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
FINANCIAL POSITION

	Unaudited March 31, 2023	Audited December 31, 2022
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 3, 4, 5 and 23)	**US$12,456**	US$16,936
Receivables (Notes 3, 6 and 23)	**19,654**	16,498
Contract assets (Notes 3 and 7)	**5,693**	4,768
Inventories (Note 8)	**38,394**	36,964
Advances to suppliers	**2,361**	2,275
Prepayments and other current assets	**932**	777
Total Current Assets	**79,490**	78,218
Noncurrent Assets		
Financial assets at FVOCI (Notes 3, 9 and 23)	**1,906**	1,761
Investments in associates (Note 10)	**413**	676
Property, plant and equipment (Note 11)	**26,884**	21,869
Investment properties (Note 12)	**13,113**	13,568
Right-of-use assets (Note 20)	**3,709**	3,947
Deferred tax assets - net	**43**	40
Other noncurrent assets (Notes 4 and 23)	**590**	582
Total Noncurrent Assets	**46,658**	42,443
	US$126,148	US$120,661
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other liabilities (Notes 3, 4, 13 and 23)	**US$25,189**	US$25,176
Contract liabilities (Note 7)	**1,446**	1,579
Current portion of bank loans and long-term debt (Notes 3, 4, 14 and 23)	**18,575**	18,575
Current portion of lease liabilities (Notes 3, 4, 20 and 23)	**867**	867
Dividend payable (Note 24)	**1,540**	–
Income tax payable	**415**	211
Total Current Liabilities	**48,032**	46,408
Noncurrent Liabilities		
Bank loans and long-term debt - net of current portion (Notes 3, 4, 14 and 23)	**11,588**	7,418
Lease liabilities - net of current portion (Notes 3, 4, 20 and 23)	**1,754**	1,985
Net pension liabilities	**2,874**	2,709

Deferred tax liabilities - net	**60**	60
Other noncurrent liabilities (Notes 3, 4, 13 and 23)	**1,322**	1,324
Total Noncurrent Liabilities	**17,598**	13,496
Total Liabilities	**US$65,630**	US$59,904

(Amounts in Thousands)

IONICS, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

	~~Unaudited March 31, 2023~~	~~Audited December 31, 2022~~

(Forward)

	Unaudited March 31, 2023	Audited December 31, 2022
Equity (Note 4)		
Capital stock	**US$17,633**	US$17,633
Additional paid-in capital	**9,072**	9,072
Retained earnings	**37,278**	37,431
Unrealized losses on financial assets at FVOCI (Note 9)	**(2,046)**	(2,046)
Other reserves	**(505)**	(394)
Adjustment to noncontrolling interests	**(943)**	(943)
Exchange differences	**893**	893
Treasury shares	**(1,365)**	(1,365)
	60,017	60,281
Noncontrolling interests	**501**	476
Total Equity	**60,518**	60,757
	US$126,148	US$120,661

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

IONICS, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands, Except Earnings (Loss) per Share)

	2023	
	January to March (3 months)	January to March (3 months)
REVENUE (Note 22)		
Revenue from contracts with customers	**US$23,749**	US$13,576
Rental income	**765**	774
	24,514	14,350
COST OF SALES AND RENTAL SERVICES		
Cost of sales (Note 15)	**20,696**	12,382
Cost of rental services (Note 16)	**192**	199
	20,888	12,581
GROSS PROFIT	**3,626**	1,769
OPERATING EXPENSES (Note 17)	**1,286**	823
OTHER INCOME (EXPENSES)		
Share in net losses of associate (Note 10)	**(19)**	8
Finance costs (Note 18)	**(455)**	(209)
Others - net (Note 19)	**(249)**	97
	(723)	(104)
INCOME BEFORE INCOME TAX	**1,617**	842
PROVISION FOR INCOME TAX	**205**	69
NET INCOME (LOSS)	**1,412**	773
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that may not be reclassified to profit or loss:		
Share in other comprehensive gain (loss) of associate (Note 10)	**–**	(15)
Change in fair value gain (loss) on financial assets at FVOCI (Note 9)	**–**	260
	–	245
TOTAL COMPREHENSIVE INCOME	**US$1,412**	US$1,018
NET INCOME ATTRIBUTABLE TO:		
Equity holders of the Parent Company	**US$1,387**	US$768
Noncontrolling interests	**(25)**	5
	US$1,412	US$773
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		

Equity holders of the Parent Company	**US$1,437**	US$1,013
Noncontrolling interests	**(25)**	5
	US$1,412	US$1,018
BASIC/DILUTED EARNINGS PER SHARE (Note 21)		
For net income for the year attributable to ordinary equity holders of the Parent Company	**US$0.0017**	US$0.0009

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statement

IONICS, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS CHANGES IN EQUITY

(Amounts in Thousands)

	Attributable to the Equity Holders of the Parent Company										
	Capital Stock	Additional Paid-in Capital	Retained Earnings	Unrealized Gains (Losses) on Financial Assets at FVOCI (Note 9)	Other Reserves	Adjustment to Non-Controlling Interest	Exchange Difference	Treasury Shares	Totals	Non-Controlling Interest	Total
	For the period ended March 31, 2023										
Balances as of January 1, 2023	**US$17,633**	**US$9,072**	**US$37,431**	**(US$2,046)**	**(US$394)**	**(US$943)**	**US$893**	**(US$1,365)**	**US$60,281**	**US$476**	**US$60,757**
Net income	**–**	**–**	**1,387**	**–**	**–**	**–**	**–**	**–**	**1,387**	**25**	**1,412**
Dividend declared	**–**	**–**	**(1,540)**	**–**	**–**	**–**	**–**	**–**	**(1,540)**	**–**	**(1,540)**
Other comprehensive loss	**–**	**–**	**–**	**–**	**(111)**	**–**	**–**	**–**	**(111)**	**–**	**(111)**
Total comprehensive income (loss)	**–**	**–**	**(153)**	**–**	**(111)**	**–**	**–**	**–**	**264**	**25**	**(239)**
Balances as of March 31, 2023	**US$17,633**	**US$9,072**	**US$37,278**	**(US$2,046)**	**(US$505)**	**(US$943)**	**US$893**	**(US$1,365)**	**US$60,017**	**US$501**	**US$60,518**
	For the period ended March 31, 2022										
Balances as of January 1, 2022	US$17,633	US$9,072	US$32,982	(US$1,546)	(US$763)	(US$943)	US$909	(US$1,365)	US$55,979	US$394	US$56,373
Net income	–	–	4,449	–	–	–	–	–	4,449	71	4,520
Other comprehensive loss	–	–	–	500	369	–	(16)	–	(147)	11	(136)
Total comprehensive loss	–	–	4,449	(500)	369	–	(16)	–	4,302	82	4,384
Balances as of March 31, 2022	US$17,633	US$9,072	US$37,431	(US$2,046)	(US$394)	(US$943)	US$893	(US$1,365)	US$60,281	US$476	US$60,757

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

IONICS, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	For the Period Ended March 31	
	2023	2022
	January to March (3 months)	January to March (3 months)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	**US$1,617**	US$842
Adjustments for:		
Depreciation and amortization (Notes 11, 12, 15, 16, 17 and 20)	**1,593**	1,285
Finance costs (Note 18)	**455**	209
Share in net losses of associates (Note 10)	**20**	(8)
Movement in net pension liabilities	**165**	243
Interest income (Note 19)	**(2)**	(3)
Share in other comprehensive income	**132**	–
Operating income before working capital changes	**3,980**	2,568
Changes in working capital:		
Decrease (increase) in:		
Receivables	**(3,156)**	2,334
Contract assets	**(925)**	(540)
Inventories	**(1,430)**	(5,224)
Prepayments and other current assets	**(155)**	(247)
Advances to suppliers	**(86)**	(125)
Other noncurrent assets	**(8)**	(8)
Increase (decrease) in:		
Accounts payable and other liabilities	**13**	1,887
Contract liabilities	**(133)**	466
Other noncurrent liabilities	**(2)**	27
Net cash generated from (used in) operations	**(1,902)**	1,138
Interest received	**2**	3
Income taxes paid	**(4)**	2
Net cash provided by (used in) operating activities	**(1,904)**	1,143
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	**–**	–
Acquisitions in:		
Property and equipment (Notes 11 and 14)	**(1,450)**	(210)
Investment properties	**(224)**	–
Financial assets at FVOCI (Note 9)	**(145)**	(100)
Net cash used in investing activities	**(1,819)**	(310)
CASH FLOWS FROM FINANCING ACTIVITIES		
Availments of (Note 3):		
Commercial loans	**14,000**	8,000
Payments of (Note 3):		
Commercial loans	**(14,000)**	(8,000)
Lease liabilities	**(231)**	(377)
Bank loans	**(71)**	(15)
Long-term debt	**–**	(200)
Interests	**(455)**	(215)
Net cash provided by (used in) financing activities	**(757)**	(807)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(4,480)**	26
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**16,936**	14,577
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 5)	**US$12,456**	US$14,603

1. Corporate Information

Ionics, Inc. (the Parent Company) is a domestic corporation incorporated under the laws of the Philippines and registered with the Securities and Exchange Commission (SEC) in September 1982. The Parent Company started commercial operations in July 1987 and engaged in electronic manufacturing services business. In September 1999, the Parent Company transferred its primary manufacturing business to a majority owned subsidiary, Ionics EMS, Inc. (EMS), which was subsequently listed in the Singapore Exchange Securities Trading Limited (Singapore Exchange). However, on March 2, 2010, the Parent Company and EMS jointly announced the proposed voluntary delisting of EMS from the Singapore Exchange. Consequently, the Parent Company's primary purpose was amended from a manufacturing company to a holding company.

The Parent Company is listed in the Philippine Stock Exchange.

The principal place of business and registered office address of the Group is Circuit Street, Light Industry and Science Park of the Philippines, Bo. Diezmo, Cabuyao City, Laguna.

The unaudited interim condensed consolidated financial statements were approved and authorized for issue by the Board of Directors (BOD) on May 9, 2023.

2. Summary of Significant Accounting Policies

Basis of Preparation

The unaudited interim condensed consolidated financial statements of the Group have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as of December 31, 2022.

The unaudited interim condensed consolidated financial statements are presented in United States (US) Dollar, which is also the Group's functional currency. All amounts are rounded to the nearest thousand US$ (US$000), except earnings (loss) per share or unless otherwise indicated.

The following are the wholly and majority-owned subsidiaries of the Parent Company as of March 31, 2023 and December 31, 2022:

Subsidiaries	Country of Incorporation	Principal Activity	Effective Percentage of Ownership
ICL	Cayman Islands	Investing	**100%**
IPI	Philippines	Leasing	**100**
Iomni	Philippines	Manufacturing	**100**
SI	Philippines	Manufacturing	**100**
IPSI	Philippines	Retailing	**100**
EMS	Philippines	Manufacturing	**97**
USA	United States of America	Manufacturing	**97**

New Standards, Interpretations and Amendments

The accounting policies adopted in the preparation of the Group's unaudited interim condensed consolidated financial statements are consistent with those of the Group's annual consolidated financial statements for the year ended December 31, 2022, except for the adoption of the following new and amended accounting pronouncements which became effective January 1, 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to PAS 1 and 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. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

- 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.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 12, *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).

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

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3. **Financial Risk Management Objectives and Policies**

Risk management structure
All policy directions, business strategies and management initiatives emanate from the BOD. The BOD convenes in quarterly meetings and in addition, is available to meet in the interim should the need arises.

The Group has adopted internal guidelines setting forth matters that require BOD approval. Under the guidelines, all new investments, any increase in investment in business and subsidiary and any divestments require BOD approval.

The normal course of the Group's business exposes it to a variety of financial risks such as credit risk, liquidity risk and market risks which include foreign currency risk exposures.

The Group has various financial assets such as cash and cash equivalents, receivables (excluding advances to managers and employees), financial assets at fair value through other comprehensive income (FVOCI) and refundable deposits (included under "Other noncurrent assets"). The Group's principal financial liabilities consist of accounts payable and other liabilities (excluding nonfinancial liabilities), bank loans and long-term debt, lease liabilities, and security deposits (included under "Other noncurrent liabilities"). The main purpose of these financial liabilities is to raise funds for the Group's operations. The Group's policies on managing the risks arising from the Group's financial instruments follow:

<u>Credit Risk</u>
Credit risk is the risk of loss resulting from the failure of a borrower or counterparty to perform its obligations during the life of the transaction. This includes the risk of non-payment by banks and customers, failed settlement of transactions and default on contracts. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. The Group's credit risk management involves entering into arrangements only with counterparties with acceptable credit standing and that are duly approved by the BOD. The Group does not hold any collateral from its customers thus, the carrying amounts of cash and cash equivalents, receivables, financial assets at FVOCI and refundable deposits approximate the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

Trade receivables, rent receivables, other receivables from customers and contract assets
The Group's trade receivables, other receivables from customers and contract assets are monitored on a regular basis. 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 of the customer with loss pattern. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

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.

Generally, trade receivables, rent receivables and other receivables from customers and contract asset are written-off when deemed unrecoverable and are not subject to enforcement activity. The maximum credit exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

Other financial assets
Credit risk from balances with banks and financial institutions is managed in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty limits are reviewed and approved by the BOD and are updated when necessary.

Cash and cash equivalents are placed in various banks. Amounts are held by banks that have good reputation and low probability of insolvency. These are considered to be low credit risk investments.

Risk concentration of the maximum exposure to credit risk
An industry sector analysis of the Group's maximum exposure to credit risk is as follows:

	March 31, 2023	December 31, 2022
Banks and financial intermediaries*	**US$12,451**	US$16,927
Telecommunications (Telecom)	**6,709**	7,083
Consumer electronics	**4,603**	5,416
Computer peripherals	**6,618**	7,196
Automotive	**131**	217
Real estate	**580**	656
Others**	**1,360**	1,241
Total	**US$32,452**	US$38,736

**Excludes cash on hand amounting US$0.01 million as of March 31, 2023 and December 31, 2022.*
***Excludes nonfinancial assets amounting to US$0.03 million as of March 31, 2023 and December 31, 2022.*

The Group has concentration of credit risk due to sales to significant customers. The Group's financial instruments are broadly diversified along industry, product and geographic lines, and transactions are entered into with a range of counterparties, thereby mitigating any significant concentration of credit risk.

The tables below summarize the credit quality of the Group's financial assets (gross of allowance for impairment losses):

	March 31, 2023				
	Minimal Risk	**Average Risk**	**High Risk**	**Credit Impaired**	**Total**
Cash and cash equivalents*	**US$12,448**	**US$–**	**US$–**	**US$–**	**US$12,448**
Receivables					
Trade receivables	**16,049**	**–**	**–**	**-**	**16,049**
Other receivables from customers	**3,056**	**–**	**–**	**-**	**3,056**
SSS claims receivables	**62**	**–**	**–**	**-**	**62**
Advances to managers and employees**	**129**	**–**	**–**	**–**	**129**
Others	**273**	**–**	**–**	**–**	**273**
Contract assets	**5,693**	**–**	**–**	**–**	**5,693**
Other noncurrent assets					
Refundable deposits	**434**	**–**	**–**	**–**	**434**
	US$38,144	**US$–**	**US$–**	**US$-**	**US$38,144**

**Excludes cash on hand amounting to US$.009 million.*
***Excludes nonfinancial assets amounting to US$0.031 million.*

	December 31, 2022				
	Minimal Risk	Average Risk	High Risk	Credit-Impaired	Total
Cash and cash equivalents*	US$16,927	US$–	US$–	US$–	US$16,927
Receivables					
Trade receivables	13,582	–	–	86	13,668
Other receivables from customers	1,949	–	–	19	1,968
Rent receivables	656	–	–	–	656
Advances to managers and employees**	96	–	–	–	96
SSS claims receivables	61	–	–	2	63
Others	115	–	–	–	115
Contract assets	4,768	–	–	–	4,768
Other noncurrent assets					
Refundable deposits	582	–	–	–	582
	US$38,736	US$–	US$–	US$107	US$38,843

**Excludes cash on hand amounting to US$0.009 million.*
*** Excludes nonfinancial assets amounting to US$0.041 million.*

The Group classifies credit quality risk as follows:

Minimal risk - accounts with a high degree of certainty in collection, where counterparties have consistently displayed prompt settlement practices, and have little to no instance of defaults or discrepancies in payment.

Average risk - active accounts with minimal to regular instances of payment default, due to ordinary/common collection issues, but where the likelihood of collection is still moderate to high as the counterparties are generally responsive to credit actions initiated by the Group.

High risk - accounts with a low probability of collection and can be considered impaired based on historical experience, where counterparties exhibit a recurring tendency to default despite constant reminder and communication, or even extended payment terms.

The Group maintains cash and cash equivalents with various financial institutions that management believes to be of high credit quality. The Group's policy is to invest with financial institution from which it has outstanding loans and loan facilities.

The following tables below summarize the staging considerations (other than trade receivables, other receivables from customers and contract assets subject to provision matrix) of the Group's financial assets as at:

	March 31, 2023			
	Stage 1 (12-month ECL)	**Stage 2 (Lifetime ECL)**	**Stage 3 (Credit-impaired)**	**Total**
Cash and cash equivalents*	**US$12,448**	**US$–**	**US$–**	**US$12,448**
Receivables				
Trade receivables	**16,049**	**–**	**-**	**16,049**
Other receivables from customers	**3,056**	**–**	**-**	**3,056**
Advances to managers and employees**	**129**	**–**	**–**	**129**
SSS claims receivables	**62**	**–**	**-**	**62**
Others	**273**	**–**	**–**	**273**
Contract assets	**5,693**	**–**	**–**	**5,693**
Other noncurrent assets				
Refundable deposits	**434**	**–**	**–**	**434**
Total	**US$38,145**	**US$–**	**US$-**	**US$38,145**

**Excludes cash on hand amounting to US$0.009 million*
***Excludes nonfinancial assets amounting to US$0.055 million*

	December 31, 2022			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Credit-impaired)	Total
Cash and cash equivalents*	US$16,927	US$–	US$–	US$16,927
Receivables				
Rent receivables	656			656
Advances to managers and employees**	96	–	–	96
SSS claims receivables	61	–	2	63
Others	115	–	–	115
Other noncurrent assets				
Refundable deposits	582	–	–	582
Total	US$18,437	US$–	US$2	US$18,439

**Excludes cash on hand amounting to US$0.009 million*
***Excludes nonfinancial assets amounting to US$0.041 million*

Set out below is the information about the credit risk exposure on trade receivables, other receivables from customers and contract assets using a provision matrix as at:

March 31, 2023:

		Trade receivables							
			Days past due						
	Contract Assets	**Current**	**<30 days**	**30-60 days**	**61-90 days**	**91-120 days**	**121-150 days**	**>150 days**	**Total**
Expected credit loss rate	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	
Estimated total gross carrying amount at default	**US$4,114**	**US$344**	**US$**	**US$918**	**US$63**	**US$1**	**US$1**	**US$218**	**US$1,545**
	–	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
		Other receivables from customers							
Expected credit loss rate		**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	
Estimated total gross carrying amount at default		**1,676**	**133**	**163**	**5**	**20**	**–**	**17**	**2,014**
		–	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total expected credit loss	**US$–**	**US$–**	**US$–**	**US$–**	**US$–**	**US$–**	**US$–**	**US$–**	**US$–**

December 31, 2022:

	Contract Assets	Current	<30 days	30-60 days	61-90 days	91-120 days	121-150 days	>150 days	Total
		Trade receivables							
			Days past due						
Expected credit loss rate	0%	0%	0%	0%	0%	0%	0%	0%	
Estimated total gross carrying amount at default	US$4,768	US$10,893	US$1,816	US$414	US$408	US$–	US$5	US$46	US$13,582
	–	–	–	–	–	–	–	–	–
		Other receivables from customers							
Expected credit loss rate		0%	0%	0%	0%	0%	0%	0%	
Estimated total gross carrying amount at default		1,694	206	20	9	–	20	–	1,949
		–	–	–	–	–	–	–	–
Total expected credit loss	US$–	US$–	US$–	US$–	US$–	US$–	US$–	US$–	US$–

Liquidity Risk

Liquidity risk is the risk of not being able to meet funding obligations such as the repayment of liabilities or payment of asset purchases. Short-term funding is obtained to finance cash requirements for operations and capital expenditures. Amount of credit lines are obtained from designated banks duly approved by the BOD. Surplus funds are placed with reputable banks to which the Group has outstanding loans and loan facilities. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and highly liquid marketable securities and adequate committed lines of funding from major financial institutions to meet the short and longer-term liquidity requirements of the Group.

The tables below show the maturity profile of the financial assets and liabilities, based on its internal methodology that manages liquidity based on remaining contractual maturities as at:

	March 31, 2023					
	On demand	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**More than 5 years**	**Total**
Financial assets						
Cash and cash equivalents	**US$12,456**	**US$--**	**US$–**	**US$–**	**US$–**	**US$12,456**
Receivables[1]	**7,562**	**14,250**	**–**	**–**	**–**	**21,812**
Refundable deposits[2]	**–**	**–**	**–**	**417**	**–**	**417**
	20,018	**14,250**	**–**	**417**	**–**	**34,685**
Financial liabilities						
Accounts payable and other liabilities[3]	**11,211**	**13,657**	**–**	**–**	**–**	**24,868**
Bank loans and long-term debt[4]	**–**	**15,216**	**4,418**	**10,528**	**–**	**30,162**
Lease liabilities[5]	**–**	**154**	**584**	**3,099**	**–**	**3,837**
Security deposits[6]	**–**	**–**	**–**	**606**	**–**	**606**
	11,211	**29,027**	**5,002**	**14,233**	**–**	**59,473**
Liquidity gap	**US$8,807**	**(US$14,777)**	**(US$5,002)**	**(US$13,816)**	**US$–**	**(US$24,788)**

[1]*Excludes nonfinancial assets amounting to US$0.033 million*
[2]*Included under noncurrent assets*
[3]*Excludes nonfinancial liabilities amounting to US$0.397 million*
[4]*Including future interest payable amounting to US$0.024 million*
[5]*Including future interest payable amounting to US$0.227 million*
[6]*Included under accounts payable and other liabilities and other noncurrent liabilities*

December 31, 2022						
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Financial assets						
Cash and cash equivalents	US$16,936	US$–	US$–	US$–	US$–	US$16,936
Receivables[1]	13,407	2,873	181	–	–	16,461
Refundable deposits[2]	–	–	–	582	–	582
	30,343	2,873	181	582	–	33,979
Financial liabilities						
Accounts payable and other liabilities[3]	11,624	13,108	227	–	–	24,959
Bank loans and long-term debt[4]	–	14,173	5,320	6,364	2,327	28,184
Lease liabilities[5]	–	268	623	2,581	–	3,472
Security deposits[6]	–	606	–	-	–	606
	11,624	28,155	6,170	8,945	2,327	57,221
Liquidity gap	US$18,719	(US$25,282)	(US$5,989)	(US$8,363)	(US$2,327)	(US$23,242)

[1]*Excludes nonfinancial assets amounting to US$0.041 million*
[2]*Included under noncurrent assets*
[3]*Excludes nonfinancial liabilities amounting to US$0.323 million*
[4]*Including future interest payable amounting to US$0.084 million*
[5]*Including future interest payable amounting to US$0.331 million*
[6]*Included under accounts payable and other liabilities and other noncurrent liabilities*

In order to manage the liquidity gap, the Group has various sources of financing, either through support of related parties or availment of bank credit lines. The Group finances its cash requirements by obtaining advances from the Ultimate Parent Company and its affiliates.

The Group will apply for additional credit lines as the need arises.

Market Risk

Market risk is the risk of loss to future earnings, to fair value or future cash flows of a financial instrument as a result of changes in its price, caused by changes in interest rates, equity prices and foreign currency exchange rates and other market factors.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to currency risk primarily through purchases that are denominated in a currency other than the functional currency of the Group. The currency giving rise to this risk is primarily the Philippine Peso (₱). It is the Group's policy not to trade in derivative contracts. In addition, the Group believes that its profile of foreign currency exposure on its assets and liabilities is within conservative limits in the type of business in which the Group is engaged.

The table below details the Group's exposure at the reporting date to currency risk arising from forecasted transactions or recognized assets or liabilities denominated in a currency other than the functional currency of the Group.

Philippine Peso

	March 31, 2023		December 31, 2022	
	In US Dollar	**In Philippine Peso**	In US Dollar	In Philippine Peso
Cash	**US$923**	**₱50,249**	US$705	₱39,334
Receivables	**634**	**34,498**	819	45,674
Financial assets at FVOCI	**416**	**24,416**	1,101	61,399
Refundable deposits	**533**	**29,214**	449	25,024
	2,506	**138,377**	3,074	171,431
Less accounts payable and other liabilities	**5,463**	**298,555**	6,856	382,268
Net exposure arising from recognized assets and liabilities	**(US$2,957)**	**(₱160,178)**	(US$3,782)	(₱210,837)

The exchange rates used to restate the Group's foreign currency-denominated assets and liabilities follow:

Currency	**Source**	**March 31, 2023**	December 31, 2022
Philippine Peso	Bankers Association of the Philippines (BAP) closing rate	**US$0. 018396**	US$0.017936

Sensitivity analysis
The following table indicates the approximate change in the Group's income before income tax in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the reporting date:

Increase (decrease) from year-end exchange rates	**2023**		2022	
Changes in foreign currency exchange rates	**1.45%**	**(1.45%)**	8.55%	(8.55%)
Effect on income (loss) before tax	**US$12.21**	**(US$12.21)**	(US$435.61)	US$435.61

Other than the potential impact on income (loss) before income tax, there is no significant effect on equity.

The sensitivity analysis has been determined assuming that the change in foreign currency exchange rates has occurred at the reporting date and has been applied to each of the Group entities' exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant. The Group does not expect the impact of the volatility on other currencies to be material.

The stated changes represent management's assessment of reasonably possible changes in foreign currency exchange rates over the period until the next annual reporting date. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the entities' income before tax measured in the respective functional currencies, translated into US Dollars at the exchange rate ruling at the reporting date for presentation purposes.

Changes in liabilities arising from financing activities:

	March 31, 2023					
	Long-term Debt (Note 14)	**Bank Loan** (Note 14)	**Commercial Loan** (Note 14)	**Lease Liabilities** (Note 20)	**Accrued Interest** (Note 18)	**Total**
Balances at beginning of year	**US$814**	**US$7,264**	**US$11,000**	**US$2,621**	**US$38**	**US$21,737**
Non-cash flows activities:						
Accretion of interest	**–**	**62**	**–**	**9**	**634**	**705**
Availments	**–**	**–**	**–**	**1,696**	**–**	**1,696**
Cash flows activities:						
Availments	**–**	**800**	**31,000**	**–**	**–**	**31,800**
Payment of principal	**(607)**	**(43)**	**(24,000)**	**(1,127)**	**–**	**(25,777)**
Payment of interest	**–**	**(62)**	**–**	**(9)**	**(634)**	**(705)**
Effect of forex	**–**	**–**	**–**	**(200)**	**–**	**(200)**
Balances at end of year	**US$207**	**US$8,021**	**US$18,000**	**US$2,990**	**US$38**	**US$29,256**

	December 31, 2022					
	Long-term Debt (Note 16)	Bank Loan (Note 16)	Commercial Loan (Note 16)	Lease Liabilities (Note 24)	Accrued Interest (Note 15)	Total
Balances at beginning of year	US$814	US$7,264	US$11,000	US$2,621	US$38	US$21,737
Non-cash flows activities:						
Lease concession (Notes 2 and 24)	–	–	–	–	–	–
Availments	–	–	–	1,696	–	1,696
Accretion of interest (Note 19)	–	–	–	156	913	1,069
Cash flows activities:						
Availments	–	800	37,000	–	–	37,800
Payments of principal	(814)	(71)	(30,000)	(1,465)	–	(32,350)
Payment of interest	–	–	–	(156)	(925)	(1,081)
Balances at end of year:	US$–	US$7,993	US$18,000	US$2,852	US$26	US$28,871

4. Capital Management

The Group's primary objective in managing capital is to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group monitors capital using a leverage ratio, which is net debt divided by the sum of total equity and net debt. Net debt includes bank loans and lease liabilities and accounts payable and other liabilities less cash and cash equivalents. The Group's policy is for its leverage ratio not to exceed 75%. The management continues to monitor and improve on areas of customers' terms to adhere with the policy of leverage ratio.

The leverage ratio as of March 31, 2023 and December 31, 2022:

	March 31, 2023	December 31, 2022
Current liabilities		
Accounts payable and other liabilities*	**US$25,336**	US$25,328
Current portion of bank loans and long-term debt	**19,641**	18,575
Current portion of lease liabilities	**268**	867
	45,245	44,770
Noncurrent liabilities		
Security deposits**	**610**	606
Bank loans and long-term debt - net of current portion	**10,521**	7,418
Lease liabilities - net of current portion	**2,353**	1,985
	13,484	10,009
Total debt	**58,729**	54,779
Less cash and cash equivalents	**12,447**	16,936
Net debt	**46,282**	37,483
Equity	**61,948**	60,757
Total equity and net debt	**US$108,230**	US$98,600
Leverage ratio	**42.76:1**	38.38:1

**Excluding nonfinancial liabilities amounting to US$0.409 million and US$0.323 million as of September 30, 2022 and December 31, 2021, respectively.*
*** Included under other noncurrent liabilities.*

5. Cash and Cash Equivalents

This account consists of:

	March 31, 2023	December 31, 2022
Cash on hand	**US$7**	US$9
Cash in banks	**12,449**	16,927
Cash equivalents	**–**	–
	US$12,456	US$16,936

6. Receivables

This account consists of:

	March 31, 2023	December 31, 2022
Trade receivables	**US$13,036**	US$13,668
Other receivables from customers	**2,639**	1,968
Rent receivables	**3,579**	656
Advances to managers and employees	**133**	135
SSS claims receivables	**63**	63
Others	**313**	115
	19,763	16,605
Less allowance for impairment losses	**109**	107
	US$19,654	US$16,498

Trade receivables, other receivables from customers and others are noninterest-bearing and normally collected within 30-180 days credit term.

Below is the movement of the allowance for impairment losses as of March 31, 2023 and December 31, 2022 based on individual impairment (nil for collective impairment):

	Lifetime-ECL credit impaired			
	March 31, 2023			
	Trade receivables	**Other receivables from customers**	**Others**	**Total**
Balances at beginning and end of year	**US$58**	**US$1**	**US$2**	**US$61**

	Lifetime ECL credit-impaired			
	December 31, 2022			
	Trade receivables	Other receivables from customers	Others	Total
Balances at beginning of year	US$58	US$1	US$2	US$61
Provision for impairment losses (Note 21)	69	18	–	87
Receivables written off	(41)	–	–	(41)
Balances at end of year	US$86	US$19	US$2	US$107

The Group recovered receivables from customers as of December 31, 2022 totaling US$0.008 million (nil in 2022), respectively, net of transaction costs, recorded under "Others - net" in the unaudited interim condensed consolidated statements of comprehensive income, in which total carrying amount of the outstanding receivables have been fully provided with allowance.

7. Contract Balances

This account consists of:

	March 31, 2023	December 31, 2022
Contract assets	**US$5,693**	US$4,768
Contract liabilities	**1,446**	1,579

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 normally received from customers depending on the credit terms.

For the period ended March 31, 2023 and December 31, 2022, the Group assessed that there are no expected credit losses on contract assets.

Contract liabilities include short-term advances received for advance ordering of materials and customer advances for aging inventories as part of the buy-back agreement.

The Group applied the practical expedient under PFRS 15 on the disclosure of information about the transaction price allocated to remaining performance obligations given the customer contracts have original expected duration of one (1) year or less.

8. **Inventories**

This account consists of:

	March 31, 2023	December 31, 2022
At NRV:		
Raw materials	**US$37,272**	US$35,928
Spare parts and supplies	**1,122**	1,036
	US$38,394	US$36,964

The Group recognizes a write-down whenever the NRV of inventories is lower than its cost. The related cost of inventories at NRV amounted to US$30.37 million and US$21.78 million as of March 31, 2023 and December 31, 2022, respectively.

As of March 31, 2023 and December 31, 2022, allowance for inventory obsolescence on raw materials amounted to US$0.03 million.

The raw materials and supplies used in the operations amounted to US$28.66 million and US$26.06 million for the three (3) months period ended March 31, 2023 and 2022, respectively (see Note 15).

9. **Financial Assets at FVOCI**

This account consists of:

	March 31, 2023	December 31, 2022
Quoted	**US$19**	US$19
Unquoted		
Beginning balance	**1,742**	2,076
Additional investments	**145**	250
Fair value gain (loss)	**-**	(584)
	1,887	1,742
	US$1,906	US$1,761

The Group's investments at FVOCI include investment listed in US NASDAQ stock market, investments in golf/club shares and other non-listed companies which are not held for trading and which the Group has irrevocably designated at FVOCI.

The movements in net unrealized losses on financial assets at FVOCI (net of tax) follows:

	March 31, 2023	December 31, 2022
Beginning balance	**(US$2,046)**	(US$1,546)
Fair value gain/(loss)	**-**	(500)
Ending balance	**(US$2,046)**	(US$2,046)

10. Investments in Associates

The composition of and movements in this account follow:

	March 31, 2023	December 31, 2022
Acquisition cost		
Balance at beginning and end of period	**US$580**	US$580
Liquidation	**–**	(62)
Accumulated equity in net earnings		
Balance at beginning of period	**262**	254
Liquidation	**(83)**	(14)
Share in net earnings	**(20)**	37
Share in other comprehensive income	**(132)**	(15)
Dividend income	**–**	–
Return of investments		
Balance at end of period	**27**	262
Equity in cumulative translation adjustment		
Balance at the beginning of period	**(104)**	(88)
Exchange differences	**(90)**	(16)
Balance at end of period	**(194)**	(104)
Net book value	**US$413**	US$676

11. Property, Plant and Equipment

The composition of and movements in this account follow:

	March 31, 2023							
	Land	**Machineries and Equipment**	**Building, Building Improvements and Leasehold Improvements**	**Tools and Other Equipment**	**Plant Water and Airconditioning Systems**	**Furniture, Fixtures and Equipment**	**Transportation Equipment**	**Total**
Cost								
Balances at January 1	**US$2,546**	**US$46,411**	**US$9,938**	**US$9,972**	**US$2,178**	**US$269**	**US$304**	**US$71,618**
Additions	**–**	**5,221**	**50**	**382**	**35**	**–**	**3**	**5,691**
Disposals/retirements	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Transfer from ROU	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Balances at March 31	**2,546**	**51,632**	**9,988**	**10,354**	**2,213**	**269**	**307**	**77,344**
Accumulated Depreciation and Amortization								
Balances at January 1	**–**	**30,639**	**9,048**	**7,859**	**1,661**	**271**	**271**	**49,749**
Depreciation and Amortization (Notes 15 and 17)	**–**	**710**	**(200)**	**179**	**42**	**–**	**2**	**733**
Disposal/retirements	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Reclassification	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Balances at March 31	**–**	**31,349**	**8,848**	**8,038**	**1,703**	**271**	**273**	**50,482**
Net Book Values	**US$2,546**	**US$20,283**	**US$1,140**	**US$2,316**	**US$510**	**(US$2)**	**US$34**	**US$26,884**

	December 31, 2022							
	Land	Machineries and Equipment	Building, Building Improvements and Leasehold Improvements	Tools and Other Equipment	Airconditioning Systems	Furniture, Fixtures and Equipment	Transportation Equipment	Total
Cost								
Balances at beginning of year	US$2,546	US$43,681	US$9,778	US$9,154	US$1,978	US$269	US$285	US$67,691
Additions	–	1,668	160	1,080	200	–	19	3,127
Retirement	–	–	–	(262)	–	–	–	(262)
Reclassifications	–	–	–	–	–	–	–	–
Transfer from Right-of-use assets (Note 20)	–	1,062 –	–	–	–	–	–	1,062
Balances at end of year	2,546	46,411	9,938	9,972	2,178	269	304	71,618
Accumulated depreciation and amortization								
Balances at beginning of year	–	27,764	8,844	7,378	1,518	269	259	46,032
Depreciation and amortization (Notes 15 and 17)	–	2,669	204	743	143	2	12	3,773
Retirement	–	(269)	–	(262)	–	–	–	(262)
Reclassifications	–	–	–	–	–	–	–	–
Transfer from Right-of-use assets (Note 20)	–	206	–	–	–	–	–	206
Balances at end of year	–	30,639	9,048	7,859	1,661	271	271	49,749
Net book values	US$2,546	US$15,772	US$890	US$2,113	US$517	(US$2)	US$33	US$21,869

In 2021, Iomni increased the useful life from ten (10) years to fifteen (15) years. The Group accounted the change in useful life effective January 1, 2021 for those machineries and equipment with carrying values as of effectivity date. The effect of change in useful life was prospectively recognized in the consolidated statement of comprehensive income.

The Group has no unpaid acquisition of property and equipment as of March 31, 2023 and December 31, 2022.

12. Investment Properties

The composition of and movements in this account follow:

	March 31, 2023				
	Land	**Building**	**Building Improvements**	**Construction in Progress**	**Total**
Cost					
Balances at beginning and end of year	**US$1,769**	**US$14,474**	**US$4,329**	**US$–**	**US$20,572**
Additions	**–**	**–**	**60**	**–**	**US$60**
Accumulated Depreciation and Amortization					
Balances at beginning of year	**–**	**3,310**	**3,830**	**–**	**7,140**
Depreciation and amortization (Note 16)	**–**	**394**	**110**	**–**	**504**
Transfers to property, plant and equipment	**–**	**(38)**	**(93)**	**–**	**(131)**
Balances at end of year	–	**3.666**	**3,847**	**–**	**7,513**
Exchange Reserves	**(6)**	**–**	**–**	**–**	**(6)**
Net Book Values	**US$1,763**	**US$11,077**	**US$331**	**US$–**	**US$13,113**

	December 31, 2022				
	Land	Building	Building Improvements	Construction -In-Progress	Total
Cost					
Balances at beginning of year	US$1,769	US$15,188	US$4,118	US$–	US$21,075
Additions	–	59	211	–	270
Balances at end of year	1,769	15,247	4,329	–	21,345
Accumulated Depreciation					
Balances at beginning of year	–	3,310	3,830	–	7,140
Depreciation (Note 16)	–	483	148	–	631
Balances at end of year	–	3,793	3,978	–	7,771
Exchange Reserves	(6)	–	–	–	(6)
Net Book Values	US$1,763	US$11,454	US$351	(US$–)	US$13,568

In July 2020, the Board, by majority vote, ratified the memorandum of Agreement entered into by the Parent Company's wholly-owned subsidiary, IPI, with Continental Temic Philippines, Inc. to construct and lease a build-to-suit production facility on its property in Light Industry and Science Park II, Calamba City, Laguna. The construction cost was financed internally and through bank borrowings (see Note 14).

13. Accounts Payable and Other Liabilities

This account consists of:

	March 31, 2023	December 31, 2022
Trade payables	**US$19,322**	US$19,898
Accrued expenses	**3,694**	3,038
Unearned rent income	**713**	718
Security deposit	**462**	606
Non-trade payables	**–**	1,050
Others	**45**	1,190
	26,513	26,500
Less noncurrent portion of unearned rent and security deposits*	**1,324**	1,324
	US$25,189	US$25,176

**Included under other noncurrent liabilities.*

Accrued expenses consist of:

	March 31, 2023	December 31, 2022
Accrued salaries, wages, and other benefits	**US$941**	US$646
Accrued utilities	**484**	661
Accrued sales commission	**927**	714
Accrued handling charges	**401**	363
Accrued professional fees	**300**	263
Accrued direct materials	**10**	8
Accrued rent	**5**	2
Others	**392**	381
	US$3,460	US$3,038

Other payables mainly include withholding taxes and statutory payables to government which are normally settled within a year.

14. **Bank Loans and Long-term Debt**

This account consists of:

	March 31, 2023	December 31, 2022
Long-term debt		
Current	**US$500**	US$–
Noncurrent	**3,727**	–
Bank loans		
Current	**75**	575
Noncurrent	**7,861**	7,418
Commercial loans		
Current	**18,000**	18,000
	US$30,163	US$25,993
Current	**US$18,575**	US$18,575
Noncurrent	**11,588**	7,418
	US$30,163	US$25,993

The Group entered into short-term and long-term loan arrangements with domestic and foreign financial institutions for its various working capital and capital expenditure requirements.

Long-term debt:

- In February 2023, the Group entered into three (3)-year financing agreements with a supplier with contract prices amounting to US$4.70 million, accounted as property and equipment, which are subject to 2.11% quarterly interest and will mature on January 31, 2026, respectively. The financing agreements are secured by a chattel mortgage over machineries and equipment of the Group located at its premises (see Note 10). The Group made payments in relation to these financing agreements amounting to US$0.47 million. As of March 31, 2023, the carrying values of the outstanding long-term debt relating to this agreement amounted to US$4.23 million.

Bank loan:
In 2020, IPI entered into a secured term loan agreement aggregating to US$8.00 million with a term of ten (10) years (inclusive of the two (2)-year grace period on the principal payment) for the construction of a two (2)-storey build-to-suit production facility to be leased out to its existing third-party lessee (see Note 12). This loan is subject to 3.75% interest for the first five (5) years and for the next five (5) years, interest shall be repriced annually at 12-month LIBOR plus 2.75% spread inclusive of the 10% FCDU withholding tax. The term loan is secured by a real estate mortgage over the land which said build-to-suit production facility is being constructed.

On December 29, 2020, IPI made its first drawdown amounting to US$1.53 million, net of transaction costs amounting to US$0.07 million. On June 2 and March 8, 2021, IPI made additional drawdowns amounting to US$1.60 million and US$2.00 million, respectively. On May 20, 2022, IPI made final drawdown amounting US$0.80 million. These are subject to amortization, payable monthly.

Commercial loans:

In 2022, the Group made a drawdown for a four (4)-month short term loan with interest rate of 3.50% amounting to US$2.00 million on February 15, 2022, US$5.00 million on May 10, 2022, US$2.00 million on June 20, 2022, US$5.00 million each on September 07, 2022 and September 27, 2022, US$2.00 million on October 26, 2022. Out of the US$21.00 million drawdowns in 2022, the Group already paid US$9.00 million. The remaining outstanding balance amounting to US$12.00 million will matured on January 05, 2023, January 25, 2023 and February 2023, respectively.

In 2022, the Group made a drawdown for a four (4)-month short term loan with interest rate of 3.40% amounting to US$4.00 million on January 14, 2022 and six (6)-month short term loan amounting to US$2.00 million on March 10, 2022, US$4.00 million on May 20, 2022, US$2.00 million on August 23, 2022 and US$4.00 million on November 25, 2022. Out of the US$16.00 million drawdowns in 2022, the Group already paid US$10.00 million. The remaining outstanding balance of US$6.00 million will matured on February 20, 2023 and May 24, 2023.

In 2023, the Group made a drawdown for a four (4)-month short term loan with interest rates of 5.00%, 5.50% and 6.25% amounting to US$5.00 million each on January 10, 2023 and February 01, 2023 and US$2.00 million on March 03, 2023. The remaining outstanding balance of US$12.00 million will matured on May 10, 2023, June 01, 2023 and June 30, 2023, respectively.

In 2023, the Group made a drawdown for a six (6)-month short term loan with interest rate of 6.50% amounting to US$2.00 million on March 03, 2023. The remaining outstanding balance of US$6.00 million will matured on May 24, 2023 and August 22, 2023, respectively.

There are no debt covenants related to these loans.

15. **Cost of Sales**

This account consists of:

	March 31, 2023 (9 months)	March 31, 2022 (3 months)
Raw materials and supplies used (Note 8)	**US$13,885**	US$7,137

Salaries, wages, and benefits	**4,083**	3,323
Depreciation and amortization (Notes 11 and 20)	**1,150**	922
Occupancy cost and utilities	**1,036**	669
Handling and freight charges	**260**	–
Other expenses	**282**	332
	US$20,696	US$12,383

16. **Cost of Rental Services**

This account consists of:

	March 31, 2023 (3 months)	March 31, 2022 (3 months)
Depreciation (Notes 12 and 20)	**US$187**	US$195
Taxes and licenses	**5**	4
Other expenses	**–**	–
	US$192	US$199

17. **Operating Expenses**

This account consists of:

	March 31, 2023 (3 months)	March 31, 2022 (3 months)
General and administrative expenses	**US$602**	US$555
Selling expenses	**684**	268
	US$1,286	US$823

General and administrative expenses consist of the following:

	March 31, 2023 (3 months)	March 31, 2022 (3 months)
Salaries and benefits	**US$321**	US$310
Professional fees	**69**	85
Occupancy cost and utilities	**84**	39
Receivables written-off (Note)	**2**	–
Management bonus	**–**	34
Depreciation (Notes 11 and 20)	**26**	28
Insurance	**16**	16
Taxes and licenses	**9**	8
Other expenses	**75**	35
	US$602	US$555

Selling expenses consist of the following:

	March 31, 2023 (3 months)	March 31, 2022 (3 months)
Sales commission and agent's professional fee	**US$555**	US$162
Salaries and benefits	**104**	86
Depreciation and amortization (Notes 11 and 20)	**3**	3
Occupancy cost and utilities (Note 21)		
IT SW/HW Maintenance	**4**	–
Other expenses	**18**	17
	US$684	US$268

18. **Finance Costs**

This account consists of

	March 31, 2023 (3 months)	March 31, 2022 (3 months)
Interest on:		
Interest on bank loans	**US$339**	US$119
Lease liabilities (Notes 20)	**57**	83
Long-term debt	**59**	–
Others (Note 13)	**–**	86x
	US$455	US$209

19. **Others - Net**

This account consists of:

	March 31, 2023 (3 months)	March 31, 2022 (3 months)
Foreign currency exchange gains (loss) - net	**(US$239)**	US$101
Bank charges	**(13)**	(18)
Recoveries of impairment losses (Note 6)	**–**	–
Interest income	**3**	3
Miscellaneous	**–**	11
	(US$249)	US$97

20. **Leases**

The movements in right-of-use assets follow:

	March 31, 2023		
	Building	**Machineries, Tools and Equipment**	**Total**
Cost			
Balances as at January 1 and march 31	**US$4,206**	**US$1,719**	**US$5,925**
Additions	–	–	–
Reclassifications	–	–	–
Accumulated Depreciation			
Balances as at January 1	**1,442**	**536**	**1,978**
Depreciation (Notes 15, 16, and 17)	**188**	**50**	**238**
Balances as at end of March 31	**1,630**	**586**	**2,216**
Net Book Values as at September 30	**US$2,576**	**US$1,133**	**US$3,709**

	December 31, 2022		
	Building	Machineries, Tools and Equipment	Total
Cost			
Balances at beginning of year	US$2,510	US$2,781	US$5,291
Additions	1,696	–	1,696
Reclassifications (Note 11)	–	(1,062)	(1,062)
Balances at end of year	4,206	1,719	5,925
Accumulated Depreciation			
Balances at beginning of year	883	433	1,316
Depreciation (Notes 15, 16 and 17)	559	309	868
Reclassifications (Note 11)	–	(206)	(206)
Balances at end of year	1,442	536	1,978
Net Book Values	US$2,764	US$1,183	US$3,947

The rollforward analysis of lease liabilities follow:

	March 31, 2023	December 31, 2022
Balance at beginning of year	**US$2,852**	US$2,621
Additions	**–**	1,696
Accretion of interests (Note 18)	**59**	156
Payment of principal	**(231)**	(1,465)
Payment of interests	**(59)**	(156)
Lease concession adjustments	**–**	–
Effect of foreign exchange	**–**	–
Balance at end of year	**US$2,621**	US$2,852
Current	**US$867**	US$867
Noncurrent	**1,754**	1,985
	US$2,621	US$2,852

In February 2020, the Group entered into another three (3)-year financing agreements with a supplier covering machineries and equipment with a contract price of US$1.67 million, subject to 1.08% quarterly interest and will mature on April 2023. The Group accounted these transactions under PFRS 16 by recognizing right-of-use assets with corresponding lease liabilities totaling US$1.72 million. As of September 30, 2022, the carrying amounts of the related right-of-use assets and lease liabilities amounted to US$1.29 million and US$0.28 million, respectively.
In May 2021, the Group entered into a lease agreement with a third-party lessor covering office, factory and warehouse building for a period of five (5) years commencing May 1, 2021 and ending April 31, 2026 at a rate subject to 5% annual escalation. The Group accounted these transactions under PFRS 16 by recognizing right-of-use assets with corresponding lease liabilities totaling US$0.35 million. As of September 30, 2022, the carrying amounts of the related right-of-use assets and lease liabilities amounted to US$0.25 million and US$0.22 million, respectively.

In 2022, the Group entered into another three (3) years lease agreement for office factory warehouse from another third party starting September 01, 2022 to August 01, 2022. The carrying amount of right-of use assets and lease liabilities amounted to US$0.57 million as of September 30, 2022.

21. Earnings Per Share

The basis of income per share calculations attributable to the equity holders of the Parent Company follows (amounts in thousands, except earnings per share):

	March 31, 2023 (3 months)	March 31, 2022 (3 months)
a. Net income attributable to equity holders of the Parent Company	**US$1,412**	US$768
b. Weighted average number of outstanding common shares	**823,072**	823,072
c. Basic earnings per share (a/b)	**US$0.0017**	US$0.0009

There were no potential dilutive shares in 2023 and 2022.

22. Segment Information

The primary segment reporting format of the Group is by business segments as the Group's risks and rates of return are affected predominantly by differences in the goods produced. Secondary information is reported geographically. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The revenues from major customer under the telecom sector amounted to US$8.09 million for the nine months period ended March 31, 2023 and US$3.79 million for the three months period ended March 31, 2022. Total revenue from these customers exceeds 10% of the total revenues of the Group.

The analysis of the Group's segments by product line follows:

	March 31, 2023 (3 months)							
	Computer Peripherals	Telecom	Automotive	Consumer Electronics	Real Estate	Others	Adjustments and Eliminations	Total
Sales (external customers)	US$6,603	US$8,092	US$104	US$8,379	–	US$805	(US$234)	US$23,749
Rental income	US$–	US$31	US$$–	US$–	US$894	US$166	(US$326)	US$765
Income (loss) from operations	US$533	US$593	(US$20)	US$449	US$697	US$106	(US$15)	US$2,343
Foreign exchange gain - net	(84)	(84)	(2)	(53)	3	(18)	-	(238)
Income tax	(50)	(68)	–	(50)	(35)	(2)	–	(205)
Share in net earnings of associates - net	–	–	–	–	–	(4)	(16)	(20)
Interest – net	(109)	(146)	(1)	(123)	(81)	(10)	16	(455)
Non-controlling interests	–	–	–	–	–	–	(25)	(25)
Miscellaneous – net	(5)	(5)	–	(3)	–	–	–	(13)
Net income (loss)	US$284	US$290	(US$23)	US$220	US$584	US$71	(US$40)	US$1,387
Identifiable assets	US$25,183	US$32,356	US$325	US$28,175	US$27,668	US$44,035	(US$40,870)	US$116,872
Unallocated assets	–	–	–	–	–	9,566	–	9,566
Total assets	US$25,183	US$32,356	US$325	US$28,175	US$27,668	US$53,601	(US$40,870)	US$126,438
Identifiable liabilities	US$2,136	US$4,940	US$13	US$1,458	US$10,032	US$31,244	(US$34,818)	US$16,005
Unallocated liabilities	–	–	–	–	–	65,858	(14,516)	51,342
Total liabilities	US$2,136	US$4,940	US$13	US$1,458	US$10,032	US$98,102	(US$49,334)	US$67,347
Capital expenditures	US$5,243	US$156	US$–	US$139	US$54	US$1,798	US$–	US$7,390
Depreciation and amortization	US$757	US$334	US$–	US$114	US$167	US$937	US$–	US$2,309

	March 31, 2022 (3 months)							
	Computer Peripherals	Telecom	Automotive	Consumer Electronics	Real Estate	Others	Adjustments and Eliminations	Total
Sales (external customers)	**US$4,834**	**US$3,785**	**US$107**	**US$4,600**	**–**	**US$546**	**(US$295)**	**US$13,576**
Rental income	**US$–**	**US$31**	**US$–**	**US$–**	**US$879**	**US168**	**(US$303)**	**US$774**
Income (loss) from operations	**(US$139)**	**US$145**	**(US$35)**	**US$315**	**US$667**	**US$ 12**	**(US$20)**	**US$946**
Foreign exchange gain - net	**51**	**22**	**4**	**15**	**–**	**11**	**(5)**	**99**
Income tax	**(28)**	**(21)**	**–**	**(18)**	**–**	**(2)**	**–**	**(69)**
Share in net earnings of associates - net	**–**	**–**	**–**	**–**	**–**	**(2)**	**11**	**9**
Interest – net	**(62)**	**(35)**	**(3)**	**(47)**	**(75)**	**(10)**	**25**	**(206)**
Non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**(5)**	**(5)**
Miscellaneous – net	**–**	**(2)**	**–**	**(4)**	**–**	**–**	**–**	**(7)**
Net income (loss)	**(US$177)**	**US$109**	**(US$34)**	**US$262**	**US$592**	**US$9**	**US$6**	**US$768**
Identifiable assets	**US$16,493**	**US$19,052**	**US$508**	**US$22,836**	**US$25,738**	**US$44,330**	**(US$37,594)**	**US$91,363**
Unallocated assets	**–**	**–**	**–**	**–**	**–**	**12,706**	**–**	**12,706**
Total assets	**US$16,493**	**US$19,052**	**US$508**	**US$22,836**	**US$25,738**	**US$57,035**	**(US$37,594)**	**US$104,069**
Identifiable liabilities	**US$597**	**US$ 3,005**	**US$26**	**US$486**	**US$10,359**	**US$ 21,344**	**(US$24,002)**	**US$11,816**
Unallocated liabilities	**–**	**–**	**–**	**–**	**–**	**49,045**	**(14,183)**	**34,862**
Total liabilities	**US$597**	**US$3,005**	**US$26**	**US$486**	**US$10,359**	**US$70,388**	**(US$38,185)**	**US$46,678**
Capital expenditures	**US$65**	**US$83**	**US$–**	**US30**	**US$–**	**US$32**	**US$–**	**US$210**
Depreciation and amortization	**US$677**	**US186**	**US$–**	**US$125**	**US$169**	**US$128**	**US$–**	**US$1,285**

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in the geographical segments are based on the geographical location of its customers.

The following tables represent the Group's total revenue and certain assets based on the Group's geographical segment:

Segment Revenue

	March 31, 2023	March 31, 2022
Asia	**US$22,480**	US$11,047
North America	**1,557**	2,025
Europe	**477**	1,278
	US$24,514	US$14,350

Segment Assets

	March 31, 2023	March 31, 2022
Asia	**US$122,347**	US$99,906
North America	**3,534**	3,786
Europe	**267**	377
	US$126,148	US$104,069

Revenue from Contracts with Customers

Revenues from contracts with customers are further disaggregated by type, product type 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 Group's revenue from manufacturing of goods recognized over time amounted to US$32.29 million and US$21.65 million for the nine months period ended March 31, 2023 and 2022, respectively.

23. Fair Value Measurement

The Group's financial instruments consist of cash and cash equivalents, receivables (excluding advances to managers and employees), refundable deposits (included under other noncurrent assets), financial assets at FVOCI, accounts payable and other liabilities (excluding nonfinancial liabilities), bank loans, long-term debt, lease liabilities, and security deposits (included under other noncurrent liabilities).

The following table sets forth the fair value hierarchy of the Group's assets and liabilities:

March 31, 2023

			Fair value measurement using		
	Carrying value	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Asset measured at fair value:					
Financial assets at FVOCI (Note 9)	**US$2,055**	**US$2,057**	**US$19**	**US$184**	**US$1,854**
Asset for which fair values are disclosed:					
Other noncurrent assets					
Refundable deposits	**436**	**436**	**–**	**–**	**436**
Liabilities for which fair values are disclosed:					
Bank loans (Note 16)	**8,037**	**7,322**	**–**	**–**	**7,322**
Lease liabilities (Note 20)	**1,804**	**2,175**	**–**	**–**	**2,175**
Long-term debt (Note 16)	**411**	**417**	**–**	**–**	**417**
Other liabilities					
Security deposits	**502**	**676**	**–**	**–**	**676**

December 31, 2022

			Fair value measurement using		
	Carrying value	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Asset measured at fair value:					
Financial assets at FVOCI (Note 11)	US$1,761	US$1,761	US$19	US$212	US$1,530
Asset for which fair value are disclosed:					
Other noncurrent assets					
Refundable deposits	582	582	–	–	582
Liabilities for which fair values are disclosed:					
Long-term debt (Note 16)	–	–	–	–	–

			Fair value measurement using		
	Carrying value	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Lease liabilities (Note 24)	2,852	3,183	–	–	3,183
Bank loans (Note 16)	7,993	7,361	–	–	7,361
Other liabilities					
Security deposits	606	748	–	–	748

The fair values of cash and cash equivalents, receivables, accounts payable and other liabilities and commercial loans (included under "Bank loans and lease liabilities") approximate their respective carrying values due to the short-term maturities of these instruments.

The estimated fair values of refundable deposits, lease liabilities, long-term debt, bank loans, and security deposits represents the present value of the amount of estimated future cash flows expected to be collected or paid derived using the incremental borrowing rate of the Group for a similar loan.

The estimated fair values of lease liabilities represent the present value of the amount of estimated future cash flows expected to be collected or paid derived using the applicable rates ranging from 0.03% to 4.34% in 2023 and 0.07% to 3.00% in 2022. Fair value of lease liabilities are included within Level 3 of the hierarchy.

For quoted equity investments, the fair value of financial assets is determined using the market prices of the listed shares and the price of the most recent transaction for non-listed shares. Unquoted investments are measured using market approach on its comparable underlying investments with significant unobservable inputs within Level 3 category.

Financial assets at FVOCI measured at fair value based on the quoted market bid prices are included within the Level 1 of the fair value hierarchy.

The fair values of proprietary golf/club shares measured at FVOCI is determined by using the market price of the proprietary golf /club shares and is included in Level 2 of the hierarchy.

The fair values of the non-listed equity investments categorized within Level 3 of the fair value hierarchy have been estimated using the comparable company valuation multiples technique. The market approach is applied using significant unobservable inputs such as quoted prices of the comparable companies under the real estate industries and lack of marketability discount ranging from 10% to 30%. Factors such as revenue growth and earnings before interest, taxes, depreciation and amortization depreciation are considered on the selection of comparable companies. Increase in quoted prices and decrease in lack of marketability discount increase the value of the investments and vice versa.

As of March 31, 2023 and December 31, 2022, there were no transfer between Level 1 and Level 2 of the fair value hierarchy, and no transfer into and out of the Level 3 category.

24. **Dividends Declaration**

On March 13, 2023, the Board during its Special Board meeting approved the declaration of P.10 per share cash dividend amounting to US$1.54 million to all stockholders of record as of 28 March 2023 with payment not later than 25 April 2023.

PART II - OTHER INFORMATION

As of the period ended March 31, 2023, the Group:

a) has not experienced any suspension of its operations;
b) has no contract of merger, consolidation or joint venture, contract of management, licensing, marketing, distributorship or similar agreement was signed;
c) has no offering of right, granting of stock options and corresponding plans; and
d) has not done any transfer of assets during the quarter.

SIGNATURE

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

ISSUER : **IONICS, INC.**

RONAN R. ANDRADE
Chief Finance Officer

May 15, 2023
Date

LAWRENCE C. QUA
Chairman, President and CEO

May 15, 2023
Date

IONICS INC.

CERTIFICATION

I, Lawrence C. Qua – Chairman, President, and Chief Executive Officer of Ionics, Inc. and Subsidiaries with SEC Registration No. 107432 with principal office address at Circuit Street, Light Industry & Science Park of the Philippines – 1, Bo. Diezmo, Cabuyao City, Laguna, on oath state:

1) That on behalf of Ionics, Inc. and Subsidiaries, I have caused this SEC Form 17-Q, Quarterly Report as of and for the period ended March 31, 2023 to be prepared;
2) That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;
3) That Ionics, Inc. and Subsidiaries will comply with the requirements set forth in SEC Notice dated June 24, 2020 for a complete and official submission of reports and/or documents through electronic mail; and
4) That I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

IN WITNESS WHEREOF, I have hereunto set my hand this MAY 12 2023.

LAWRENCE C. QUA
Affiant

SUBSCRIBED AND SWORN to before me this _____ day of MAY 12 2023 affiant exhibiting me his Passport Number P0742041C, issued on 30 June 2022 at DFA Manila and other evidence of identification.

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Series of: 2023

ATTY. ANGELITA BANTATUA-ALONZO
Notary Public
Not. Com. 26-2022-C until December 31, 2023
For Calamba City, Bay, Calauan, and Los Baños, Laguna
PTR No. CC 8089567-01/03/2023-Calamba City
IBP No. 236262 - 09/22/22 for 2023 - Laguna Chapter
Atty.'s Roll No. 56012 MCLE VI-0005176-exp. 04/14/2023