



2024 ANNUAL REPORT

NOTICE OF REGULAR MEETING | INFORMATION STATEMENT



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NOTICE OF ANNUAL SHAREHOLDERS' MEETING

To All Shareholders:

Notice is hereby given that the Annual Shareholders' Meeting of Ionics, Inc. will be conducted through remote communication on Wednesday, 11 June 2025 at 2:00 p.m.

The Agenda for the said meeting shall be as follows:

1. **Call to Order**
2. **Proof of Notice of Meeting**
3. **Certification of Quorum**
4. **Reading and Approval of the Minutes of the Previous Meeting**
5. **Management Report for the Fiscal Year 2024**
6. **Ratification of All Acts, Proceedings and Resolutions of the Board of Directors and Officers of the Corporation from the date of the last Annual Shareholders' Meeting to the present**
7. **Election of Directors**
8. **Appointment of External Auditor**
9. **Adjournment**

The details and rationale of each item in the Agenda are explained briefly under Annex A of the Information Statement which will be posted at www.ionicsgroup.com/agm2025 and at the Corporation's PSE EDGE profile. Only shareholders of record at the close of business hours on 16 May 2025 will be entitled to notice of, and to vote at, the meeting or any adjournment thereof.

As with the previous years, the Company will conduct its Annual Shareholders' Meeting via remote communication. Shareholders who wish to attend the meeting via remote communication should register using the Company's registration portal at www.ionicsgroup.com/agm2025 on or before 4 June 2025. The requirements and procedure for registration, participation and voting through remote communication are set out in the Company's Information Statement and shall be made available at the Company website. Shareholders who successfully registered will receive a voting form which must be accomplished and submitted to loncorp.agm@ionics-ems.com no later than 5 June 2025.

Stockholders who cannot attend the meeting may designate their authorized representative by submitting a signed proxy form via email to loncorp.agm@ionics-ems.com no later than the close of business hours on 5 June 2025. A sample proxy form may be downloaded on www.ionicsgroup.com/agm2025. All proxies received will be validated on 6 June 2025.

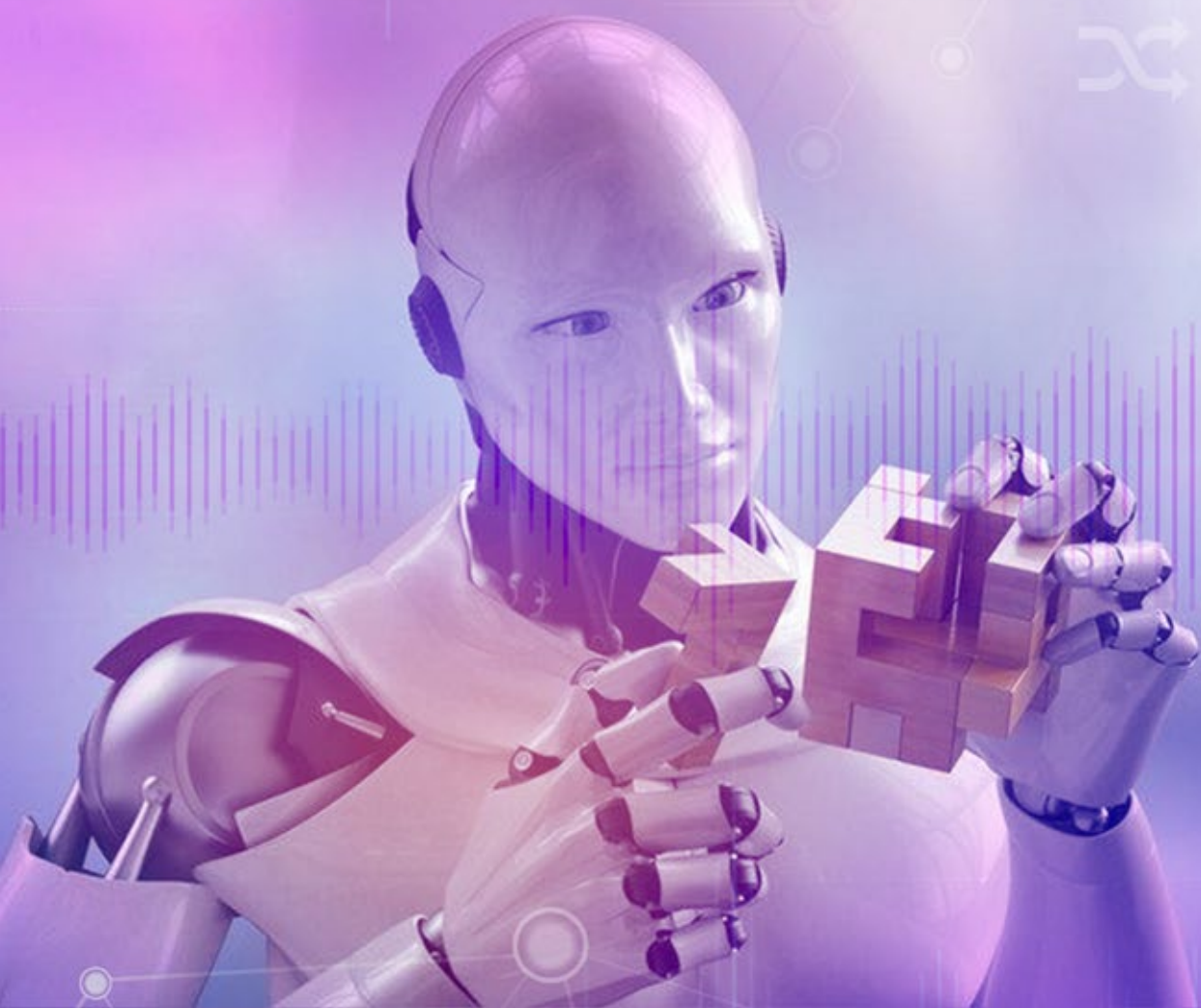
Shareholders of record may send their queries and comments about the items in the agenda to loncorp.agm@ionics-ems.com on or before 5 June 2025. Copies of this Notice of Meeting, Definitive Information Statement, Management Report, Annual Report (SEC Form 17A), and Quarterly Report (SEC Form 17Q) for the First Quarter of 2025 will be made available at the Company's website at www.ionicsgroup.com/agm2025 and at the Company's PSE EDGE profile.

Lastly, in compliance with the requirements of the Securities and Exchange Commission, there will be an audio and video recording of the meeting.

Makati City, 16 May 2025.


MANUEL R. ROXAS
Corporate Secretary

INFORMATION STATEMENT



Securities and Exchange Commission SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20 OF THE SECURITIES REGULATION CODE

1. ☐ Preliminary Information Statement
 ☒ Definitive Information Statement
2. Name of Registrant as specified in its charter : **IONICS, INC.**
3. Province, country or other jurisdiction of incorporation or organization : **Philippines**
4. SEC Identification Number : **107432**
5. BIR Tax Identification Number : **000-124-671**
6. Business Address : **Circuit St., Light Industry and Science Park
of the Philippines (LISPP) I,
Bo. Diezmo, Cabuyao, Laguna 4025**
7. Registrant's telephone number : **(049) 508-1111**
8. Date of Meeting : **11 June 2025**
 Time of Meeting : **2:00 p.m.**
 Place of Meeting : **The meeting will be conducted through
remote communication via Zoom. The link
to the virtual meeting room will be provided
to shareholders who have successfully
registered.**
9. Approximate date on which the Information Statement
is to be made available to stockholders : **21 May 2025**
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number
of shares and amount of debt is applicable only to corporate Registrant)

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common	837,130,992 (exclusive of 20,844,000 Treasury Shares)

11. Are any or all Registrant's securities listed in a Stock Exchange?

Yes ☒ No ☐

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

Philippine Stock Exchange / Common Stock

GENERAL INFORMATION

DATE, TIME AND PLACE OF MEETING OF SHAREHOLDERS

- (a) Date of Meeting : 11 June 2025
- Time of Meeting : 2:00 p.m.
- Place of Meeting : The meeting will be conducted through remote communication via Zoom. The link to the virtual meeting room will be provided to shareholders who have successfully registered.
- (b) (b) This Information Statement, copies of the Company's Management Report, Annual Report (SEC Form 17A) and Quarterly Report (SEC Form 17Q) for the First Quarter of 2025 shall be made available at the Company's website and PSE EDGE on or before 21 May 2025.

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

DISSENTER'S RIGHT OF APPRAISAL

Title X, Section 80 of the Revised Corporation Code of the Philippines ("RCCP") allows a shareholder to exercise his right of appraisal in certain instances: (1) in case an amendment to the articles of incorporation will change or restrict the rights of such shareholder or otherwise extend or shorten the term of the company; (2) in case of the sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the company's properties; (3) in cases of merger or consolidation; or (4) in case the company decides to invest its funds in another corporation or business.

As required by Title X, Section 81 of the RCCP, a dissenting stockholder, who must have voted against a proposed corporate act, may exercise the right of appraisal, when available, by making a written demand on the corporation for the payment of the fair value of the shares held within thirty (30) days from the date on which the vote was taken.

The matters to be discussed in the meeting as specified in the attached Notice of Annual Meeting of the Shareholders are not such as will give any dissenting shareholder any appraisal or similar right as provided in Title X and Title IV of the RCCP.

INTEREST OF CERTAIN PERSONS IN OR OPPOSITION TO MATTERS TO BE ACTED UPON

- (a) Each of the persons who has been a director or officer of the Company from the beginning of the fiscal year 2024, as well as each of the nominees for the election as director for the year 2025-2026, together with any associate of any of the foregoing, has not expressed any interest in any matter to be acted upon.
- (b) The Company has not received any information from any director that he/she intends to oppose any matter to be acted upon in the meeting.

CONTROL AND COMPENSATION INFORMATION

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

Total Number of Shares Issued and Outstanding as of 30 April 2025
837,130,992 exclusive of 20,844,000 treasury shares

Foreign Equity Ownership as of 30 April 2025:

The Company's foreign equity ownership is presented, as follows:

	No. of Shares	Percentage Ownership
Shares held by Philippine nationals	809,102,596 Common	96.65 %
Shares held by Foreign nationals	28,028,396 Common	3.35 %
Total	837,130,992 Common	

Record Date: All shareholders of record as of 16 May 2025 will be entitled to notice of, and to vote at, the Annual Shareholders' Meeting.

Number of Votes Per Share: Each share is entitled to one (1) vote.

With respect to the election of directors, however, a shareholder may vote such number of shares in his own name in the stock transfer book of the Corporation for as many persons as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected, or he may distribute them among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected.

Security Ownership of Certain Record and Beneficial Shareholders of More than 5% of the Company's Voting Securities as of 30 April 2025

Title of Class	Names and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage Held
Common	Aqua Holdings, Inc. c/o Carmelray Industrial Park II, Barangay Tulo, Calamba, Laguna Shareholder	Lawrence C. Qua (deceased), Meliton C. Qua, Raymond C. Qua, Virginia C. Qua, Judy Q. Dy, Cecilia Q. Chua and Asuncion Q. Cedilla (shareholders of Aqua Holdings, Inc.)	Filipino	335,153,100 (R)	40.04%
Common	Leonardo T. Siguion Reyna* 7 Tanguile Road, North Forbes Park Makati City Shareholder	N/A	Filipino	75,006,000 (R)	8.96%

*deceased

The right to vote the Company's shares in the name of Aqua Holdings, Inc. is lodged with its proxy, Mr. Raymond C. Qua.

Mr. Rolando Mario Villonco, administrator of the Estate of Mr. Leonardo T. Siguion Reyna, is expected to submit a proxy to vote the Company's shares registered under the name of Leonardo T. Siguion Reyna.

Security Ownership of Directors, Officers and Management as of 30 April 2025

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Raymond C. Qua President and Chief Executive Officer	8,562,350 Direct	Filipino	1.02%
Common	Alfredo R. de Borja Chairman of the Board / Independent Director	14,000 Direct	Filipino	Nil
Common	Meliton C. Qua Director	6,497,362 Indirect	Filipino	0.78%
Common	Earl Lawrence S. Qua Director	610,000 Direct	Filipino	0.07
Common	Guillermo D. Luchangco Director	19,620,000 Indirect	Filipino	2.34%
Common	Virginia Judy Q. Dy Director	1,033,603 Direct	Filipino	0.12%
		4,887,140 Indirect		0.58%
Common	Cecilia Q. Chua Director and Treasurer	5,584,412 Direct	Filipino	0.67%
		3,000 Indirect		Nil
Common	Marie Lourdes Arsenia Q. Dy Director	150,000 Indirect	Filipino	0.02%
Common	Monica Siguion Reyna Villonco Director	24,000 Direct	Filipino	Nil
		127,000 Indirect		0.02%
Common	Jay A. Chavez Director	1,000 Indirect	Filipino	Nil
Common	Medel T. Nera Independent Director	1,000 Indirect	Filipino	Nil
Common	Lilia B. De Lima Independent Director	50,000 Indirect	Filipino	0.01%
Common	Judy C. Qua SVP – Corporate Affairs and Human Resources, Admin & Training	-0-	Filipino	-0-
Common	Manuel R. Roxas Corporate Secretary	14,500 Direct	Filipino	Nil
Common	Krishna F. Villanueva Assistant Corporate Secretary	-0-	Filipino	-0-
Common	Ronan R. Andrade VP – Finance / Chief Risk Officer	-0-	Filipino	-0-
Common	Cesar G. Caubalejo VP – Internal Audit and Compliance Officer	-0-	Filipino	-0-
	TOTAL	41,258,624		4.93%

Voting Trust Holders of 5% or more

There are no voting trust holders of 5% or more of the common shares.

Change in control

There is no arrangement which may result to a change in control of the Company.

DIRECTORS AND EXECUTIVE OFFICERS**Directors**

	Name / Position	Age	Citizenship
1.	Alfredo R. de Borja - Chairman and Independent Director	80	Filipino
2.	Raymond C. Qua - Member	74	Filipino
3.	Medel T. Nera - Member (Independent Director)	69	Filipino
4.	Guillermo D. Luchangco - Member	85	Filipino
5.	Meliton C. Qua - Member	82	Filipino
6.	Earl Lawrence S. Qua - Member	46	Filipino
7.	Cecilia Q. Chua - Member	72	Filipino
8.	Marie Lourdes Arsenia Q. Dy - Member	57	Filipino
9.	Monica Siguion Reyna Villonco - Member	71	Filipino
10.	Lilia B. De Lima - Member (Independent Director)	84	Filipino
11.	Jay A. Chavez - Member	52	Filipino

Directors serve for a term of one (1) year and until the election and qualification of his or her successor.

The following are the Chairman and members of the Corporate Governance Committee for the year 2024 - 2025:

Lilia B. De Lima	- Chairman
Alfredo de Borja	- Member
Medel T. Nera	- Member

The following individuals were nominated to the Board of Directors of the Company for the year 2025-2026:

1. Alfredo R. de Borja
2. Raymond C. Qua
3. Meliton C. Qua
4. Cecilia Q. Chua
5. Earl Lawrence S. Qua
6. Marie Lourdes Arsenia Q. Dy
7. Guillermo D. Luchangco
8. Monica S. Villonco
9. Jay A. Chavez
10. Lilia B. de Lima
11. Medel T. Nera

Nominees for Independent Directors

Nominated as independent directors are Mr. Alfredo R. de Borja, Mr. Medel T. Nera and Ms. Lilia B. De Lima who possess all of the qualifications of an independent director provided for in the Revised Corporation Code, the Company's By-laws and the Amended Manual of Corporate Governance of the Company. Mr. de Borja, Mr. Nera and Ms. de Lima were nominated by Aqua Holdings, Inc. None of the independent directors are subject to any trust arrangement or other contract or agreement with Aqua Holdings, Inc.

The Independent Directors were advised of SEC Memorandum Circular No. 4, Series of 2017 on the term limits for Independent Directors. Based on the Memorandum Circular, Mr. Alfredo R. de Borja has served the maximum cumulative term of nine (9) years reckoned from the year 2012. The Board resolved to approve the re-nomination of Mr. de Borja for the position of independent director for the term 2025-2026. The Board considered Mr. de Borja's in-depth knowledge of the Company's business as well as that of its subsidiaries due to his length of service as an independent director of the Company. Furthermore, the technical nature of the Company's business and the industry in which it belongs require specialized knowledge which Mr. de Borja has contributed to the Company for many years and retaining him as independent director will be instrumental in attaining the Company's goals for the ensuing year. The Board therefore decided that it is to the best interest of the Company if Mr. de Borja will be re-nominated and re-elected.

Executive Officers

Name	Rank / Title	Age	Citizenship
1. Alfredo R. de Borja	Chairman of the Board	80	Filipino
2. Raymond C. Qua	President and Chief Executive Officer	74	Filipino
3. Cecilia Q. Chua	Treasurer	72	Filipino
4. Judy C. Qua	SVP - Corporate Affairs and Human Resources, Admin & Training	75	Filipino
5. Manuel R. Roxas	Corporate Secretary	75	Filipino
6. Krishna F. Villanueva	Assistant Corporate Secretary	32	Filipino
7. Ronan R. Andrade	VP - Finance / Chief Risk Officer	54	Filipino
8. Cesar G. Caubalejo	VP - Internal Audit / Compliance Officer	58	Filipino

Profile of Incumbent Directors and Officers

DIRECTORS

ALFREDO R. DE BORJA, 80, Filipino, has been an independent director of Ionics, Inc. since 2004. He has also been an independent director of its subsidiaries, Ionics EMS, Inc. and Iomni Precision, Inc. since 2007 and 2013, respectively. He has been the Chairman of the Board of Directors of Ionics Inc. and Ionics EMS, Inc. since October 2023. Mr. de Borja is also a director of Central Azucarera de Bais, Inc., Makiling Farms, Inc., E. Murio, Inc., Investment Capital Corp. of the Phil. ("ICCP"), ICCP Venture Partners, ICCP Holdings, Inc., Pueblo de Oro Development Corp., Tagaytay Highlands Homeowners Condominium Community Association, Regatta Properties, Inc., Science Park of the Philippines, Inc. (SPPI), Cebu Light Industrial Park, Inc., RFM-Science Park of the Philippines, Inc., Agusan Power Corporation and Bukidnon Hydro Energy Corporation. He is an independent director of Lake Mainit Hydro Holdings Co. and Ionics Properties, Inc. He previously served as director of several companies, including First Metro Investment Corp., Alsons, Inc., Alsons Power, Alsons Cement, Iligan Cement, Lima Land, Manila Memorial Park, Philcom, Shopwise, and Republic Glass Corporation. He was the President of Gervel, Inc. from 1973 to 1986; Director and Chairman of the Executive Committee of First Metro Investment Co. from 1978 to 1983; Director and Vice President of Iligan Cement Corp. from 1973 to 1977; Professorial Lecturer of the University of the Philippines Graduate School of Business from 1971 to 1974; Executive Assistant to the Vice President of PLDT from 1970 to 1973; and Executive Assistant to the Vice President of Investment Managers, Inc. from 1966 to 1968. He holds a Master of Business Administration degree from Harvard University and a Bachelor of Science in Economics from the Ateneo de Manila University.

GUILLERMO D. LUCHANGCO, 85, Filipino, has been a member of the Board of Directors of Ionics, Inc. since 1991. He is the Chairman and Chief Executive Officer of the ICCP Group, whose member-companies include among others: Science Park of the Philippines, Inc., a developer of industrial parks; Pueblo de Oro Development Corporation, a developer of residential and township projects; and Manila Exposition

Complex, Inc., the owner of the World Trade Center Metro Manila. Mr. Luchangco is the Chairman of Investment & Capital Corporation of the Philippines and ICCP Ventures. Before founding ICCP in 1988, he served as Vice Chairman and President of Republic Glass Corporation, a publicly-listed company. Between 1969 and 1980, Mr. Luchangco worked with the SGV Group where he rose to the position of Managing Director and Regional Coordinator for Management Services. Mr. Luchangco previously served in the Boards of Directors of the following publicly-listed companies in the Philippine Stock Exchange: Phinma Corporation, Trans-Asia Oil & Energy Development Corp., and Roxas & Co., Inc. He holds a Master of Business Administration degree from the Harvard Business School and a Bachelor of Science degree in Chemical Engineering (magna cum laude) from De La Salle University, Philippines.

MELITON C. QUA, 82, Filipino, held key positions in several companies which included the Philippine Bank of Communications as Senior Vice President, Citibank N.A., as Vice President, Bancnet as Director, and Aqua Holdings, Inc. as Director. Mr. Qua has been a director of Ionics, Inc. since 1985. He is also a director of Ionics EMS, Inc., Ionics Properties, Inc. and Iomni Precision, Inc. He received his Bachelor of Science degree in Business Administration from De La Salle University, Philippines.

RAYMOND MA. C. QUA, 74, Filipino, has been a member of the Board of Directors of Ionics, Inc. since 1985. He previously served as Senior Vice President, Treasurer and Compliance Officer of Ionics, Inc. In October 2023, he was elected President and Chief Executive Officer of Ionics, Inc. Mr. R. Qua is also a director of Ionics Inc.'s subsidiaries, namely Ionics EMS, Inc. (where he is also President and Chief Executive Officer), Iomni Precision, Inc., Ionics Properties, Inc., Ionics Products Solutions, Inc. and Synertronix, Inc. He is the President and Chief Operations Officer of Ionics Properties, Inc. Previously, he was the Senior Vice President and General Manager of Synertronix, Inc. and the Vice President for Administration of Ionics, Inc. Mr. Qua is presently affiliated with various organizations and associations serving as head, ranking officer or member. Mr. Qua received his Bachelor of Science degree in Commerce from De La Salle University, Philippines.

CECILIA Q. CHUA, 72, Filipino, is a director of Ionics Inc. from 1997 to 2000 and from 2007 up to present. She has been the Treasurer of Ionics, Inc. and Ionics EMS, Inc. since October 2023. She earned her degree in Bachelor of Science in Food Technology from the University of Sto. Tomas in 1978. She is the Treasurer of B-Pack Corporation and Vice-President of CQ B-Pack Corporation. She has been the NPR Purchasing Manager of Ionics EMS Inc., a subsidiary of Ionics, Inc., since 1985. Her previous corporate affiliations include Interphase Development Systems, Ladtek Inc., Complex Electronics Corporation and Philippine Meat Corporation.

MONICA SIGUION-REYNA VILLONCO, 71, Filipino, is the President of Whitespace, Inc. She is also a member of the Board of Governors of the Philippine Red Cross and a member of the Board of Directors of Ionics EMS, Inc. Ms. Villonco earned her Bachelor of Fine Arts degree from the College of the Holy Spirit.

MEDEL T. NERA, 69, Filipino, is a Certified Public Accountant. He has been an Independent Director of Ionics, Inc. and Ionics EMS, Inc. since November 2020. He is also the Chairman of the respective Audit Committees of the said corporations. In November 2023, Mr. Nera was appointed Chairman of the Board of Directors of Iomni Precision, Inc. Mr. Nera is presently a Director of House of Investments, Inc., iPeople Inc., and Seafront Resources Corporation. He is also an Independent Director of the National Reinsurance Corporation of the Philippines, Inc., Metro Retail Stores Group, Inc., and Ionics Properties, Inc., and a former Independent Director of Holcim Philippines, Inc., Erikagen, Inc., Actimed, Inc., Pharm Gen Ventures Corp., and Novelis Solutions, Inc. His past experiences include: President and CEO of House of Investments, Inc.; President of Honda Cars Kalookan, Inc., Director and President of RCBC Realty Corp.; Director and Chairman of the Risk Oversight Committee of Rizal Commercial Banking Corp.; Director and Treasurer of CRIBS Foundation, Inc., and Senior Partner at Sycip Gorres Velayo & Co. where he had 35 years of experience in professional services. Mr. Nera served as Assurance Leader for the Financial Services Assurance practice of Ernst and Young in the Far East covering China, Taiwan, Hongkong, Korea, Singapore, Philippines and Vietnam. Mr. Nera obtained his Master in Business Administration degree from Stern School of Business, New York University, New York, USA and Bachelor of Science in Commerce degree from Far Eastern University. He also attended the International Management Program of the Manchester Business School, United Kingdom, and the Pacific Rim Bankers' Program of the University of Washington, Seattle, Washington, USA.

LILIA DE LIMA, 84, Filipino, is an Independent Director of Ionics, Inc. and Ionics EMS, Inc. and is the incumbent Chairman of the Corporate Governance Committees of the two corporations. She is currently an independent director of PHINMA Corporation, FWD Insurance Philippines, Dusit Thani Philippines, RFM Science Park of the Philippines, Inc., Science Park of the Philippines, Inc., Regatta Properties, Inc., Pueblo de Oro Development Corporation, and Cadence Property Development Corporation. She is also the Senior Adviser to the Board of Rizal Commercial Banking Corporation, and a Trustee at the Fatima Center for Human Development. She presently serves as the Executive-in-Residence of Asian Institute of Management. From 1981 to 2016, Ms. de Lima worked in the government, holding high positions in various government instrumentalities such as the Department of Trade and Industry, National Amnesty Commission, Cagayan Economic Zone Authority, Zamboanga Economic Zone Authority, PHIVIDEC Industrial Authority, and the Philippine Economic Zone Authority. Because of her stint as Director General of the Philippine Economic Zone Authority and having served the same for 21 years, she was awarded the Ramon Magsaysay Laureate in 2017. She was also a recipient of various awards such as the Presidential Medal of Merit awarded to her by former Presidents Benigno Aquino III and Gloria Macapagal Arroyo; The Order of the Rising Sun, Gold and Silver Star, which is the highest award given to a non-head of state by the Government of Japan for bringing hundreds of Japanese investors to the Philippines; People of the Year Award given by Peoples Asia Magazine; and Excellence in Public Service Award, which was awarded to Ms. de Lima five times by BIZNEWS ASIA. She attained her Bachelor of Laws from Manuel L. Quezon University in 1965, and her Doctor of Laws LLD (Honoris Causa) from the same university in 2014. She passed the Philippine Bar Exams in 1966.

EARL LAWRENCE S. QUA, 46, Filipino, has been a director of Ionics EMS, Inc. and Ionics, Inc. since October 2023. He concurrently serves as the Vice-President for Business Development of Ionics EMS, Inc. He also held the position of Vice-President of the Original Design Manufacturing Group of Ionics EMS, Inc. from 2010 until 2018. He is the Co-Founder and Chief Operating Officer of VOXP Technologies Inc. Since 2020, he has been a member of the Board of Directors of CommuniGate Technologies, Inc. Furthermore, he has been the President of the Electronic Industries Association of the Philippines, Inc., an industry organization supporting electronics design companies, since 2015. He is a member of the Board of Directors of Domingo AI Research Center Laboratory since 2016 and the Advisor of the Manufacturing Enterprise Solutions Association (MESA) International since 2018. He previously served as Project Director at the Electronics Product Development Center and worked at Marvell Technologies Inc. in Santa Clara, CA where he was Engineering Program Manager and Customer Service Manager. He graduated from Occidental College, CA, USA with a BA in Economics and earned his MBA at Babson College, MA, USA. He completed the Owners and Presidents Management Program at the Harvard Business School in 2015.

MARIE LOURDES ARSENIA Q. DY, 57, Filipino, has been a director of Ionics, Inc. since June 2024. She is also the current Channel Business Manager of Palo Alto Networks (Philippines) where she works with focused channel partners on business plans and supports these plans with market activities, such as customer workshops and end customer marketing events. She was awarded the Personal Innovation Award for Sales Excellence (Vendor/Distributor) in recognition of her contribution to the said company. She previously worked at Cisco Systems, Inc. as Partner Services Development Manager, Channel Services Development Manager and Services Manager - Philippines before being appointed as Partner Services Development Manager - ASEAN Commercial and eventually as Client Services Manager - ASEAN Commercial & Singapore. Ms. Dy graduated with a Bachelor of Science in Electronics and Communications Engineering degree from the De La Salle University. She obtained her Master in Business Administration degree from University of Western Australia in December 2004.

JAY A. CHAVEZ, 52, Filipino, has been a director of Ionics, Inc. since November 2023. Mr. Chavez is the Executive Vice-President and Chief Operating Officer of Ionics EMS, Inc. He joined EMS in 1995 as a Quality Control and Quality Assurance (QC/QA) engineer. Since then, he went up the organizational ladder and became QC/QA Manager, Manufacturing Senior Manager/Deputy Plant Manager, Assistant Vice President for Manufacturing/Deputy for Operations, Assistant Vice President for Materials Management and finally, Assistant Vice President for Supply Chain Management. In May 2015, he represented the Philippines as speaker at the World Trade Organization ("WTO") Information Technology Agreement ("ITA") Workshop on Non-Tariff Barriers Affecting Trade in Information Technology Products which was held at the WTO Headquarters in Geneva, Switzerland. In June 2017, he represented the Philippines as speaker at the WTO Symposium on the 20th Anniversary of the ITA held in Geneva, Switzerland. Mr. Chavez finished his secondary education at the Philippine Science High School and holds an Electrical Engineering degree from Mapua Institute of Technology.

JUDY C. QUA, 75, Filipino, is the Senior Vice-President for Corporate Affairs and Human Resources, Admin & Training of Ionics, Inc. and Ionics EMS, Inc. She previously served as the Executive Assistant to the Chairman and CEO on special assignments. She is concurrently the President and CEO of Iomni Precision, Inc. She was the Managing Director for Finance of IONOTE Ltd., the joint venture facility of Ionics EMS, Inc. and NOTE AB of Sweden in China. Prior to joining Ionics, Inc., she was in college teaching, advertising and marketing practice, data management, and was a consulting resource for Ionics in people management and corporate communications. Ms. Qua is a transformational psychologist, a professional lecturer, a certified faculty for the American Management Association and the Swedish-based CELEMI management simulation learning systems, and an author of five (5) books of inspirational essay on changing perspectives and positive thinking, and on the biography of the late technopreneur, Larry Qua. She was the Philippine Director and sole licensed lecturer / facilitator of the world-renowned Silva Mind Control Method coursework. She is the lecturer-facilitator of The Second Wind Mind Works neurotraining course. She holds a Master of Arts degree in Social and Industrial Psychology from the Ateneo de Manila University and an Executive Master of Business Administration degree from Kellogg-HKUST Business School of Northwestern University.

RONAN ANDRADE, 54, Filipino, is the Vice-President for Finance and Chief Risk Officer of the Company. He graduated from San Beda College in 1991 and passed the Certified Public Accountant Board Examination in the same year. He worked with Sycip Gorres & Velayo Auditing Firm-Audit Division from 1992 to 1998, starting as an audit staff member until he became audit supervisor. He joined Ionics, Inc. in 1999 as Senior Manager for Finance and became Assistant Vice President and Acting Finance Head of the Company, prior to his transfer to Internal Audit as Vice President. In 2007, Mr. Andrade was appointed as Vice President of Finance of the Company.

MANUEL R. ROXAS, 75, Filipino, has been the Company's Corporate Secretary for more than twenty years. His professional experience covers general corporate law practice as counsel to various companies engaged in banking, investments, pharmaceuticals, shipping and manufacturing. Atty. Roxas received his Bachelor of Science degree in Economics from the University of Pennsylvania in 1970 and Bachelor of Laws degree from the University of the Philippines in 1975. His other professional affiliations include: Roxas de los Reyes Laurel Rosario & Gonzales as Partner, Tax Management Association of the Philippines as past President, President Manuel A. Roxas Foundation, Inc. as Trustee, Mother Rosa Memorial Foundation, Inc. as Corporate Secretary and the Integrated Bar of the Philippines as member.

KRISHA F. VILLANUEVA, 32, Filipino, is the Company's Assistant Corporate Secretary. Atty. Villanueva is an associate lawyer at Roxas de los Reyes Laurel Rosario & Gonzales Law Offices. Her professional experience covers general corporate law practice and litigation. She received her Bachelor of Science degree in Business Administration from the University of the Philippines Diliman and her Juris Doctor degree from the University of the Philippines College of Law. While in law school, Atty. Villanueva served as legal intern at the UP Office of Legal Aid and the Office of the Government Corporate Counsel. She is a member of the Integrated Bar of the Philippines and the UP Women Lawyers Circle.

CESAR G. CAUBALEJO, 58, Filipino, is the Vice-President for Internal Audit and Compliance Officer of Ionics, Inc. He graduated from the University of the Philippines in Tacloban City, Leyte in 1988 with a degree in Bachelor of Science in Business Administration Major in Accounting. He is a Certified Public Accountant, an Internal Audit Specialist and Certified Fraud Examiner. He worked and started his career with SyCip, Gorres, Velayo & Co. (SGV) in 1988 until his resignation from the firm as a Senior Director under the Business Risk Services in December 2008. During his stint with SGV, he was assigned to work in other countries such as US, France, Vietnam, Malaysia and Kingdom of Saudi Arabia. In his short stint in 2004 with KPMG Audit and Accounting Practice, he became its Country Manager in Lao PDR. He also worked for a year (1997) as a group controller in one of the diversified companies in the Philippines. He is a member of the Institute of Internal Auditors of the Philippines. He joined Ionics EMS, Inc. on January 5, 2009.

Additional Information on the members of the Board of Directors

- *Term of Office.* The directors of the Company are elected at the Annual Shareholders' Meeting and shall hold office until the next succeeding annual meeting and until their respective successors have been elected.
- No director has transacted with the Company in his/her personal capacity.
- None of the directors has informed the Company that he/she intends to oppose any action to be taken by the Company at the meeting.

- With the exception of Mr. Guillermo D. Luchangco, the members of the Board of Directors and key officers of the Company attended an online Corporate Governance Seminar conducted by SGV & Co. on 27 November 2024. Mr. Luchangco participated in the online Corporate Governance Seminar conducted by SGV & Co. on 3 December 2024.

Significant Employees

While all of the employees are valued, none are expected to contribute more significantly than the others to the business of the Company.

Certain Relationships and Directors' Self-Dealing and Related Transactions

As of April 30, 2025, the Company has no significant related party transactions with its shareholders, directors, officers and affiliated companies except as follows:

1. Lease Arrangements

The Company leases two factory buildings to its subsidiary, Ionics EMS, Inc., as production plant site V and VI for the latter's manufacturing business. The rental rate was based on the prevailing and current market rates within the area and assumed no risks on the transactions.

Ionics EMS, Inc. also entered into a lease agreement with Iomni Precision, Inc., a wholly-owned subsidiary of Ionics, Inc. for the latter's corporate office with an area of 1,500 square meters from January 16, 2024 to January 15, 2025, subject to renewal annually. The rental rates were based on the current market rates and the rate of another tenant within the building.

Ionics EMS, Inc. also leases another factory, Plant 2, from Ionics Properties, Inc. with an area of 7,470 square meters from 01 May 2024 to 30 April 2025.

Ionics EMS, Inc. leases another factory, Plant 4, from Ionics Properties, Inc. with an area of 1,300 square meters from November 1, 2024 to October 31, 2025.

2. Legal Services

The Company has a retainer agreement with Roxas de los Reyes Laurel Rosario & Gonzales Law Offices where the Corporate Secretary, Manuel R. Roxas is a partner and the Assistant Corporate Secretary, Krisha F. Villanueva, is an associate. The Company believes that legal fees are reasonable for the services rendered.

3. Financial Advisors

Investment and Capital Corporation of the Philippines ("ICCP") is retained by the Company as its Financial Advisor. Guillermo D. Luchangco, who has been a director of the Company since 1991, is the Chairman of ICCP. The Company believes that the retainer fees are reasonable for the services rendered.

A discussion on this matter is disclosed under Note 23 on page 48 of the Company's Audited Financial Statements.

Family Relations

Messrs. Meliton C. Qua, Raymond C. Qua, and Ms. Cecilia Q. Chua, all of whom are directors of the Company, are all related within the second degree of consanguinity. Mr. Earl Lawrence S. Qua and Ms. Marie Lourdes Arsenia Q. Dy are related to the aforementioned directors within the third degree of consanguinity. Ms. Dy and Mr. E. S. Qua are related to each other within the fourth degree of consanguinity.

Involvement in Legal Proceedings (as of 15 May 2025)

For the period covering the past five (5) years, none of the directors or executive officers of the Company has been:

1. Involved in any bankruptcy petition filed by or against any business of which a director was a general partner or executive officer either at the time of the bankruptcy or within two years to that time.
2. Convicted by final judgment in a criminal proceeding, domestic or foreign, or was subject to a criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses.
3. Subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking services.
4. Found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

Summary Compensation Table

The following table summarizes the compensation of the Chief Executive Officer and four (4) most highly compensated executive officers of the Company and the aggregate compensation of all officers and directors as a group for the last two completed fiscal years, and the estimated aggregate compensation of the said officers and directors for the present fiscal year.

SUMMARY COMPENSATION TABLE
Annual Compensation

	Year	Salary	Others*
Chief Executive Officer and four (4) most highly compensated executive officers	2025 (estimate)	\$562,270	\$112,100
	2024	\$511,155	\$101,909
	2023	\$506,294	\$77,421
All officers and directors as a group unnamed	2025 (estimate)	\$874,100	\$263,975
	2024	\$794,636	\$239,977
	2023	\$981,297	\$238,085

*Others - includes per diem of directors

The following are the CEO and the four (4) most highly compensated executive officers of Ionics, Inc. and its subsidiaries (i.e. on a consolidated basis):

1. Mr. Raymond Maria C. Qua is President and Chief Executive Officer
2. Mr. Jay A. Chavez is the Executive Vice President and Chief Operating Officer of Ionics EMS, Inc.
3. Ms. Judy C. Qua is the Senior Vice President for Corporate Affairs and Human Resources, Admin & Training.
4. Mr. Ronan R. Andrade is the Vice President for Finance.
5. Mr. Cesar G. Caubalejo is the Vice President of Internal Audit and Assistant Compliance Officer

In compliance with Sections 29 and 49 of the Revised Corporation Code, the following are the total individual per diem received by each incumbent director for the years 2024 and 2023:

Name of Director	Year	Total Per Diem Received (In USD)
Raymond C. Qua	2024	1,815
	2023	1,614
Meliton C. Qua	2024	2,852
	2023	2,692
Cecilia Q. Chua	2024	1,815
	2023	1,614
Virginia Judy Q. Dy	2024	N/A
	2023	1,614
Guillermo D. Luchangco	2024	1,815
	2023	2,156
Monica S. Villonco	2024	1,556
	2023	1,614
Alfredo R. de Borja	2024	3,112
	2023	3,499
Medel T. Nera	2024	3,112
	2023	3,499
Lilia B. de Lima	2024	2,075
	2023	1,879
Earl Lawrence S. Qua	2024	1,556
	2023	264
Jay A. Chavez*	2024	1,815
	2023	N/A
Marie Lourdes Arsenia Q. Dy**	2024	1,037
	2023	N/A

*Elected in November 2023

**Elected in June 2024

Standard Arrangements

Directors who are not officers of the Company are entitled to a per diem of Fifteen Thousand Pesos (P15,000.00) per regular meeting attended.

Executive officers receive monthly compensation without any entitlement to a percentage of the profits.

Employment contract or compensatory plan or arrangement

As of 15 May 2025, no executive officer of the Company is under employment contract.

INDEPENDENT PUBLIC ACCOUNTANTS

The auditing firm of Sycip Gorres Velayo & Co. ("SGV") has been the external auditor of the Company since 1992, and is being recommended for reappointment. Representatives of SGV are expected to be present at the meeting and will have the opportunity to respond to appropriate questions and to make a statement if they so desire. The auditing partner in charge of the accounts of the Company for the financial year ended 31 December 2024, Ms. Maria Antoniette L. Aldea, was appointed in 2022.

Under the Revised Rule 68 of the Securities Regulation Code, the external auditor shall comply with the provisions on the long association of personnel including partner rotation with an audit client as prescribed in the Code of Ethics for Professional Accountants in the Philippines adopted by the Board of Accountants and the Professional Regulation Commission and such other standards as may be adopted by the Securities and Exchange Commission.

There were no changes in, and no disagreements with, the registrant's accountants on any accounting and financial disclosure during the two most recent fiscal years or any subsequent interim period.

INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS

EXTERNAL AUDIT FEES AND SERVICES

Aggregate fees billed for each of the last two (2) fiscal years for professional services rendered by the external auditor.

Audit and Audit-Related Fees

1. The Auditing firm of Sycip Gorres Velayo & Co. (SGV) has been the external auditor of the Company since 1992. The Auditing partner-in-charge of the accounts of the Company for the financial year ended December 31, 2023 is Ms. Maria Antoniette L. Aldea who took office after her appointment at the June 17, 2022 stockholders' meeting of the Company. Audit fees including out-of-pocket expenses in 2024 is One Hundred Fifty Eight Thousand Three Hundred and Forty Nine Dollars (US\$158,349), and One Hundred Sixty Nine Thousand Eight Hundred Nineteen US dollars (US\$169,819) in 2023. The fees are generally based on the complexity of the issues involved, the work to be performed, the special skills required to complete the work, the experience level of the team members and most importantly, the ability to provide the auditors' report expressing an opinion on the financial statements of the Company.
2. There are no assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of Ionics, Inc.'s financial statements.

Tax Fees - None

All Other Fees

The Company paid US\$2,904 for the Corporate Governance Seminar conducted by SGV & Co. on November 27, 2024.

Any additional services that Ionics, Inc. may request will be the subject of a separate written arrangement.

The Audit Committee's approval policies and procedures for the above services

The reports of the External Auditor and financial reports prepared by Management are presented to the Audit Committee for review. Financial statements duly recommended by the Audit Committee for approval are still subject to the confirmation of the Board of Directors prior to submission to the respective government regulatory agencies.

The Chairman and members of the Audit Committee for the year 2024-2025 are the following:

Medel T. Nera	Chairman
Meliton C. Qua	Member
Alfredo R. de Borja	Member

COMPENSATION PLANS

Stock Options, Warrants or Rights Plan.

No warrants or options on the Corporation's shares of stock have been issued or given to the Directors or Executive Officers as a form of compensation for services rendered.

ISSUANCE AND EXCHANGE OF SECURITIES

AUTHORIZATION OR ISSUANCE OF SECURITIES OTHERWISE THAN FOR EXCHANGE

No action that involves the authorization or issuance of any securities will be presented for stockholders' approval at this year's Annual Stockholders' Meeting

MODIFICATION OR EXCHANGE OF SECURITIES

No action which involves the modification of any class of the Corporation's securities or the issuance of one class of the Corporation's securities in exchange for outstanding securities of another class will be presented for stockholders' approval at this year's Annual Stockholders' Meeting.

FINANCIAL AND OTHER INFORMATION

The Corporation has incorporated by reference the following as contained in the Management Report:

1. Audited Financial Statements as of 31 December 2024;
2. Financial Statements as of 31 March 2025;
3. Management Discussion and Analysis or Plan of Operation; and,
4. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Representatives from SyCip Gorres Velayo & Co., the external auditor of the Corporation are expected to be present at the meeting. They will have the opportunity to make a statement if they desire to do so and will be available to respond to questions.

MERGER, CONSOLIDATIONS, ACQUISITION AND SIMILAR MATTERS

No action with respect to (i) the merger or consolidation of the Corporation with any other person, (ii) acquisition by the Corporation or any of its stockholders of securities of another person, (iii) acquisition by the Corporation of any other going business or of the assets thereof, (iv) the sale or transfer of all or any substantial part of the assets of the Corporation, nor (v) liquidation or dissolution of the Corporation will be presented for stockholders' approval at this year's Annual Stockholders' Meeting.

ACQUISITION OR DISPOSITION OF PROPERTY

No action with respect to the acquisition or disposition of the property of the Corporation will be presented for stockholders' approval at this year's Annual Stockholders' Meeting.

RESTATEMENT OF ACCOUNT

No action will be presented for stockholders' approval at this year's Annual Stockholders' Meeting which involves the restatement of any of the Corporation's assets, capital or surplus account.

OTHER MATTERS

In compliance with Memorandum Circular No. 3 series of 2020 of the Securities and Exchange Commission and Section 49 of the Revised Corporation Code, and in accordance with the SEC Notice dated 12 March 2025 re: Alternative Mode for Distributing and Providing Copies of the Notice of Meeting, Information Statement, and Other Documents in connection with Annual Stockholders' Meetings for 2025, the Notice of Meeting will be published in the business section of two (2) newspapers of general circulation, in print and online format, on May 20 and 21, 2025. The last day of publication, May 21, 2025, is not later than twenty-one (21) days prior to the date of the Annual Stockholders' Meeting.

ACTION WITH RESPECT TO REPORTS

Approval of the Minutes of the Previous Shareholders'

The minutes of the last Annual Shareholders' Meeting held on 14 June 2024 will be submitted for approval of the shareholders. While a copy of the said minutes was posted on the corporate governance page of the Corporation's website before 21 June 2024 in compliance with the Code of Corporate Governance, a copy thereof will also be made available at www.ionicsgroup.com/agm2025 on or before 21 May 2025 to any shareholder desiring to review the same.

The following were the significant matters discussed at the 2024 Annual Shareholders' Meeting:

- (i) Approval of the Minutes of the Previous Stockholders' Meeting
- (ii) Management Report for Fiscal Year 2023;
- (iii) Ratification of Acts, Proceedings and Resolutions of the Board of Directors and Officers of the Corporation for the Fiscal Year 2023;
- (iv) Election of Eleven (11) Directors; and
- (v) Appointment of External Auditor.

During the previous annual meeting, the stockholders were given the opportunity to send their queries and clarifications on the items in the Agenda from the start of the registration period until 11 June 2024. However, the Company did not receive any questions related to the matters to be discussed in the meeting during the period allotted. In this regard, no information can be disclosed pertaining to questions asked and answers given.

Further, the tabulation of votes was conducted by the Office of the Corporate Secretary. The tabulation was done manually by referring to the voting instructions of the stockholders and proxies and adding them

together. The validation of proxies was conducted in the presence of the Assistant Corporate Secretary. The significant matters enumerated above were approved by the stockholders following the voting procedures explained in Item 17 of the Information Statement. The same voting procedures will be followed in this year's Annual Stockholders' Meeting.

The list of directors, officers and stockholders who attended the previous stockholders' meeting is attached to this Information Statement as Annex "B". A summary of the matters discussed, resolutions reached and voting results is recorded in the Minutes of the 2024 Annual Stockholders' Meeting which will be posted at www.ionicsgroup.com/agm2025.

Management Report and Financial Statements

Management shall report on the significant business transactions undertaken and the financial targets and achievements for the fiscal year 2024. The Management Report and the audited financial statements for the period ending 31 December 2024 of the Company are reflected in the Annual Report to Shareholders.

ACTIONS PROPOSED

Ratification of Acts, Resolutions and Investments of the Board of Directors, Executive Committee and Officers of the Company from the date of the last Annual Shareholders' Meeting as reflected in the minutes

Copies of the minutes of the meetings of the Board of Directors held from the date of the last Annual Shareholders' Meeting on 14 June 2024 until the present meeting will be made available for inspection to any shareholder desiring to review the same. Please direct all such requests to the Corporate Secretary, Atty. Manuel R. Roxas, at the 19/F BDO Plaza, 8737 Paseo de Roxas, Makati City, Metro Manila.

Election of Directors

A Board of eleven (11) directors will be elected at the meeting. The term of office of each director is one (1) year and will continue until the next Annual Meeting of Shareholders or until his or her successor has been elected and qualified.

Appointment of External Auditor

The incumbent external auditor of the Company is SGV & Co. Representatives of SGV & Co. are expected to be present at the Annual Shareholders' Meeting and will have the opportunity to make a statement if they desire to do so and to respond to appropriate questions. SGV & Co. is being recommended for reappointment as external auditor for the next fiscal year.

VOTING PROCEDURES

An affirmative vote by the shareholders representing at least a majority of shareholders present or represented at the meeting shall be sufficient for the approval of the following: (i) Approval of the minutes of the previous Annual Shareholders' Meeting; (ii) Management Report and Financial Statements; (iii) Ratification of all Acts, Resolutions and Investments of the Board of Directors and Officers of the Company from the date of the last Annual Shareholders' Meeting; and (iv) Appointment of External Auditor.

The eleven (11) nominees to the Board of Directors who garner the highest number of votes shall be deemed elected. A shareholder may vote such number of shares for as many persons as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected, or he may distribute them on the same principle among as many candidates as he shall see fit; provided the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected.

The manner of voting and counting of votes will be as follows:

- i. Every shareholder entitled to vote shall have the right to vote the number of shares registered in his name on record as of the close of business hours on 16 May 2025. Any shareholder who cannot attend the meeting may designate his/her authorized representative by submitting a signed proxy form via email to loncorp.agm@ionics-ems.com no later than the close of business hours on 5 June 2025. Only proxies submitted on or before 5 June 2025 shall be honoured for purposes of voting.

Shareholders who have successfully registered and will attend the meeting via remote communication will receive a voting form or ballot which must be submitted to loncorp.agm@ionics-ems.com no

later than the close of business hours on 5 June 2025, otherwise they will be considered as having abstained from voting on the matters submitted for approval.

The requirements and procedure for voting through remote communication are provided below.

- ii. The manner of tabulation and counting of the votes shall be under the supervision of the Corporate Secretary.

REQUIREMENTS AND PROCEDURE FOR PARTICIPATION AND VOTING THROUGH REMOTE COMMUNICATION

REGISTRATION FOR THE 2025 ANNUAL SHAREHOLDERS' MEETING

Shareholders of record as of 16 May 2025 who wish to attend the meeting and vote in absentia should register through the Company's registration portal at www.ionicsgroup.com/agm2025 on or before 4 June 2025 ("Registration Period").

Shareholders of record are required to provide the following for validation and verification:

Individual Shareholders

- Scanned copy of the front and back portions of the shareholder's valid government-issued photo ID;
- Valid and active corporate or personal e-mail address; and
- Valid and active contact number (landline or mobile number).

Corporate Shareholders

- Scanned copy of a Secretary's Certificate attesting to the authority of the representative to attend the meeting and vote for and on behalf of the Corporation;
- Scanned copy of the front and back portions of the valid government-issued photo ID* of the corporate shareholder's representative.
- Valid and active corporate or personal e-mail address of the corporate shareholder's representative; and
- Valid and active contact number (landline or mobile number) of the corporate shareholder's representative.

For Shareholders with Joint Accounts

In addition to the above requirements for individual shareholders, a scanned copy of an authorization letter signed by all joint shareholders on who among them is authorized to cast the vote for the account.

For Shareholders represented by Proxy

- Scanned copy of the front and back portions of the shareholder's valid government-issued photo ID.*
- Scanned copy of the Proxy Form or an authorization letter signed by the shareholder, authorizing the Proxy to attend the meeting and cast the vote for the account.
- Valid and active corporate or personal e-mail address of the Proxy; and
- Valid and active contact number (landline or mobile number) of the Proxy.

For Shareholders under Local Broker Accounts

- In addition to the above requirements for individual and corporate shareholders, shareholders under local broker accounts shall submit a scanned copy of the local broker's certification signed by the authorized signatory/ies on the beneficial shareholder's name, account number and number of shares.
- In case of a corporate shareholder, submit also a scanned copy of the Secretary's Certificate attesting to the authority of the representative to vote for and on behalf of the corporate beneficial shareholder.
- In case of shareholders with foreign broker accounts, the foreign broker should identify the local broker under which the shares are lodged with. A foreign broker's certification shall be submitted together with the aforementioned local broker's certification.

Upon completion of the validation and verification procedure, each registered shareholder will receive an email confirmation which includes the link which the shareholder may use to access the virtual meeting room for the 2025 Annual Shareholders' Meeting of Ionics, Inc. together with the voting form.

*Valid government-issued photo IDs include the following: Driver's License, Passport, Unified Multi- Purpose ID, Professional Regulation Commission ID, SSS ID, Pag-Ibig ID, and Senior Citizen ID

The voting form shall contain the agenda items reflected on the Notice of the Annual Shareholders' Meeting. Shareholders may vote as follows:

- a. For items other than the election of directors, registered shareholders have the option to vote "For", "Against", or "Abstain";
- b. For election of Directors, the system of cumulative voting shall be followed. Each registered shareholder has a number of votes equal to the number of shares he/she owns, times the number of directors to be elected. Under this voting system, a registered shareholder may vote such number of shares for as many persons as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected, or he may distribute them on the same principle among as many candidates as he shall see fit; provided the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected.
- c. Once the registered shareholder has completed voting, he/she can submit his/her votes by sending the voting form to loncorp.agm@ionics-ems.com. Upon submission, the registered shareholder may no longer change his/her votes.

For shareholders who will be represented by a proxy, a sample proxy form can be downloaded from www.ionicsgroup.com/agm2025. The said proxy form and the other requirements for participation via proxy must be submitted to loncorp.agm@ionics-ems.com on or before 5 June 2025.

The Office of the Corporate Secretary shall tabulate all valid votes cast in absentia and votes cast through proxies. The voting results will be reported by the Corporate Secretary at the meeting. All votes should be submitted no later than 5 June 2025.

OTHER INFORMATION

Only those shareholders who have completed the registration and verification procedure within the Registration period shall be considered in determining the existence of a quorum. All documents (i.e. government-issued ID, authorization letter, Proxy Form, Secretary's Certificate) to be submitted must be in digital format with a file size no larger than 3 megabytes each.

The conduct of the 2025 Annual Shareholders' Meeting will be streamed live. In order to be admitted by the host to the virtual meeting room, please join using your full name, turn on your camera and mute your microphone.

Registered shareholders may send their queries or comments related to the items in the agenda to loncorp.agm@ionics-ems.com on or before 5 June 2025.

The proceedings will be recorded in video and audio format.

The Company undertakes to provide without charge to each shareholder, upon written request by the shareholder, a copy of the Company's Annual Report (SEC Form 17-A), which may also be viewed at the Company's official website (www.ionicsgroup.com) and PSE Edge. Please direct all such requests to the Corporate Secretary, Atty. Manuel R. Roxas, at the 19/F BDO Plaza, 8737 Paseo de Roxas, Makati City, Metro Manila.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on 16 May 2025.

IONICS, INC.

By:



MANUEL R. ROXAS
Corporate Secretary

ANNEX A

AGENDA DETAILS AND RATIONALE

1. Call to Order

The Chairman will formally open the 2025 Annual Shareholders' Meeting of Ionics, Inc. (the "Company").

2. Proof of Notice of Meeting

The Corporate Secretary will certify that the Notice was published in the business section of two (2) newspapers of general circulation, in print and online format, for two (2) consecutive days in compliance with the requirements of the SEC.

3. Certification of Quorum

The Corporate Secretary will certify as to the existence of a quorum for a valid transaction of business at the Annual Shareholders' Meeting. The shareholders of record, present in person or by proxy, representing a majority of the outstanding capital stock shall constitute a quorum for the transaction of business.

4. Approval of the Minutes of the Previous Meeting

The minutes of the 2024 Annual Shareholders' Meeting are posted on the Company's website. A resolution approving the minutes will be presented to the shareholders for approval.

5. Management Report for the Fiscal Year 2024

The highlights of the Company for the year 2024 will be presented to the shareholders.

6. Ratification of All Acts, Proceedings and Resolutions of the Board of Directors and Officers of the Corporation from the date of the last Annual Shareholders' Meeting to the present

The acts, proceedings and resolutions of the Board of Directors and Officers of the Company will be presented to the stockholders for approval and ratification.

7. Election of Directors

The Chairman of the Corporate Governance Committee will present to the shareholders the nominees for election to the Board of Directors for the term 2025-2026.

8. Appointment of External Auditors

The appointment of SGV & Co. as the Company's external auditor for the year 2025 will be presented to the shareholders for confirmation and ratification.

9. Adjournment

Upon consideration of all matters included in the Agenda, the Chairman shall declare the meeting adjourned.

ANNEX B

List of Directors, Stockholders and Other Individuals who Attended the 2024 Annual Stockholders' Meeting Held on 14 June 2024

Board of Directors

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

Stockholders*

Aqua Holdings (by proxy)
 Estate of Leonardo Siguion Reyna (by proxy)
 Ionics Properties Inc. (by proxy)
 Deutsche Bank (by proxy)
 Marie Lourdes Arsenia Q. Dy
 Julius Sanvictores
 Manuel R. Roxas

Officers

Judy S. Qua
 Ronan R. Andrade
 Cesar G. Caubalejo
 Manuel R. Roxas
 Krisha F. Villanueva

Management

Ronan R. Andrade
 Rosalina Vicente
 Rhose Ann Ballares
 Glenn Amazona
 Ethel Lao

External Auditor

Ma. Antoniette L. Aldea
 Hanselle de la Cruz

*All members of the Board of Directors are stockholders.



MESSAGE FROM THE CHAIRMAN

"The increase in customers and development of business relationships and efficiencies in our manufacturing operations will provide a stronger platform in the years ahead."

2024 was another challenging year for the Ionics Group. Although consolidated revenues increased by 9.6% to \$107.5 million, our consolidated net income decreased by a third due to a higher proportion of sales in products with a lower margin for our electronics contract manufacturing subsidiary (Ionics EMS, Inc.) and the costs associated with the cessation of the manufacturing operations of our plastic injection subsidiary, Iomni Precision Inc., which was engaged in manufacturing high precision molded plastic parts for the electronics industry.

In the Chairman's message last year, it was mentioned that we were undertaking a review of the business outlook for Iomni due to a continuing decrease in sales and recurring losses over a number of years. After a review of the prospects for this industry, management and the board of directors decided that it was in our best interest to cease its manufacturing operations effective May 15, 2025. Moving forward, this decision will improve the Group's consolidated net income by about \$500,000 per year.

As mentioned, our consolidated revenues increased by almost 10% in 2024. It is noteworthy that the company's revenues doubled over the past 4 years from \$53.7 million in 2020 to \$107.5 million in 2024. The increase in customers and development of business relationships and further improvement of efficiencies of Ionics EMS, Inc. will provide a stronger platform in the years ahead.

Ionics EMS, Inc. will also contribute to the ecology by installing solar panels in 3 factory sites. The estimated payback period for this greenhouse project is 4 years. Another major benefit of this undertaking is partial insulation from power disruptions.

Our real estate operations under Ionics Properties Inc. continue to contribute significantly to our bottom line and accounted for about a half of our profits.

In this area, we are further diversifying our income and manufacturing base with the construction this year of a **PEZA-REGISTERED** P300 million factory facility and warehouse in Malvar, Batangas on a company-owned property in a state-of-the-art industrial estate. The building will have an area of almost 10,000 sqm on an 11,000 sqm lot. It will provide us with space for expansion and rental income from lessees.

DIVIDENDS. In April 2025, Ionics paid out a 10% dividend to shareholders.

OUTLOOK. We have experienced in recent months strong interest from foreign electronics companies that are diversifying their manufacturing operations out of China, Vietnam, and Taiwan as an offshoot of the tariff barriers imposed by the USA. The company is in discussions with several prospective customers and we are hopeful that this diversification phenomenon will boost our customer base from companies that are outsourcing their production in countries with a lower tariff classification.

In closing, we are again expressing our appreciation to our employees and management team, customers, shareholders, and directors for their continuing support.


ALFREDO R. DE BORJA
 Chairman

MANAGEMENT REPORT

BUSINESS

Ionics, Inc. and Subsidiaries *(collectively referred to as the "Group")*

Ionics, Inc. *(the "Parent Company" or the "Company")*

Ionics, Inc. was incorporated in the Philippines on September 10, 1982 and started commercial operations in July 1987 to engage in electronic manufacturing services business.

In September 1999, the it transferred its primary manufacturing business to a majority-owned subsidiary, Ionics EMS, Inc. (IEMS). Net assets with a book value of ₱530 million as of April 30, 1999 were transferred to IEMS under a tax-free exchange for shares of stock of IEMS. Accordingly, the Parent Company ceased to be a manufacturing company and amended its primary purpose from that of a manufacturing entity to that of a holding company.

In relation to the voluntary delisting of IEMS from the official list of Singapore Exchange Securities Trading Limited (Singapore Exchange), the Parent Company acquired an additional 104,801,455 shares or 6.72% ownership over IEMS.

Ionics EMS, Inc. ("IEMS" or "Ionics EMS")

IEMS was incorporated on September 21, 1999 to take over the electronic manufacturing services business of the Parent Company. Certain assets and liabilities of the Parent Company were transferred to IEMS in a restructuring exercise that took effect on May 1, 1999. Its operations include printed circuit board assembly, box build assembly (finished product assembly), disk drive and magnetic head assembly, compact disk read-write assembly, systems and subsystems assembly, as well as design and testing services.

On February 25, 2000, IEMS offered its shares of stock to the public and became a public company listed in the Singapore Exchange. In accordance with the Singapore Exchange Listing Rule 1311, IEMS gave notice to the Singapore Exchange on March 4, 2008 that it has recorded: (a) pre-tax losses for the three most recently completed consecutive financial years; and (b) an average daily market capitalization of less than SGD\$40.00 million over the last 120 days on which trading was not suspended for a full market day. Pursuant to the said listing rule,

IEMS was notified of its inclusion on the watchlist effective March 5, 2008. On March 2, 2010, IEMS and the Parent Company jointly announced the proposed voluntary delisting of IEMS from the official list of Singapore Exchange pursuant to Rules 1307 and 1309 of the Listing Manual of the SGX-ST. Subsequently, SGX-ST confirmed that the last day of trading was June 8, 2010 and the closing date was June 15, 2010. On June 23, 2010, the Company was officially delisted from the SGX-ST.

EMS-USA (the wholly owned subsidiary of IEMS), incorporated in the United States of America and primarily engaged in designing and new product introduction, was organized and duly approved by the Board of Directors (BOD) on August 12, 2010.

Ionics Properties, Inc. ("IPI")

IPI was incorporated on July 8, 1997 primarily to own land, buildings, houses, apartments and other structures of whatever kind. IPI started commercial operations in January 1998.

Ionics Circuits, Limited ("ICL")

Formerly Rising Moon Limited, ICL was incorporated in the Cayman Islands on July 5, 2000 with limited liability. On February 14, 2001 Rising Moon changed its corporate name to ICL. On March 22, 2005, the company registered its address as Scotia Centre, 4th Floor, George Town, Grand Cayman, Cayman Islands.

Iomni Precision, Inc. ("Iomni")

Iomni was incorporated in the Philippines on June 20, 2000 primarily to manufacture and sell high-precision plastic products, parts, and injection molds and related products of every kind and description, and other disposition of plastic parts and related products, for its own account as principal or in a representative capacity.

The company's registered office address is No. 14 Mountain Drive, Light Industry and Science Park of the Philippines II, Brgy. La Mesa, Calamba City, Laguna.

As of December 31, 2007, Iomni was 70% owned by the Parent Company. On January 20, 2008, the Parent Company acquired the remaining 30% of Iomni, thus it became a wholly-owned subsidiary.

Synertronix, Inc. ("SI")

SI was registered with the Securities and Exchange Commission (the "SEC") on May 10, 1990 to manufacture, purchase or otherwise acquire, buy and sell for retail and wholesale, assemble, produce, or otherwise dispose of, and generally deal in components, parts and devices of all kinds and types used in connection with electronic and electrical machinery, appliances and equipment, including but not limited to capacitors, semi-conductors, condensers and transformers for export abroad and for constructive exports to local companies. SI started commercial operations in June 1998.

On August 15, 2003, the Parent Company decided to discontinue the operations of SI.

On July 2, 2014, the Parent Company decided to sell the land and building of SI.

Ionics Products Solutions, Inc. (IPSI)

IPSI is a domestic corporation incorporated under the laws of the Philippines and registered with the SEC on March 11, 2015. IPSI is established primarily to manufacture, purchase or otherwise acquire, buy and sell, both for retail and wholesale, assemble and produce components, parts, apparatus and devices of all kinds and types used in connection with electronic and electronical machinery, appliances and equipment for export abroad and for sale in the territory of the Philippines.

On October 6, 2016, the SEC approved IPSI's proposed increase in authorized capital stock and, accordingly, the ₱11.75 million deposit for future stock subscription received by IPSI from the Parent Company in 2015 was applied against its outstanding subscription. As a result, IPSI became 100% owned by the Parent Company as of December 31, 2016.

IPSI's registered office address is at Circuit Street, Light Industry and Science Park of the Philippines I, Bo. Diezmo, Cabuyao City, Laguna, Philippines.

Line of Business

The Company, through IEMS, is a total one-stop shop electronics manufacturing services ("EMS") provider. Together with the Company, IEMS has been the EMS solutions provider to some of the world's biggest original equipment manufacturers ("OEMs") for over 40 years.

There are two general categories of electronics manufacturers or assemblers in the region: the OEMs and the contract electronics manufacturers ("CEMs"). OEMs are companies who are leaders in the manufacturing of personal computers, computer peripherals, and telecommunications, consumer electronics and automotive equipment. On the other hand, CEMs are firms involved in the production of electronic items similar to those produced by OEMs. These firms are independent third-party manufacturers or assemblers which do not have any corporate affiliations with their respective customers. CEMs therefore undertake subcontracting work only and generally provide labor and manufacturing overhead as their basic inputs in the assembly of electronic products.

IEMS is classified as a CEM. Most of its end products, therefore, are components and sub-assembly, which are eventually used as input for the finished products of its customers. IEMS accommodates most types of electronic manufacturing and assembly projects. Customers provide the specifications and blueprint or prototype of a component or product that they want to be manufactured or assembled and IEMS delivers the finished item.

IEMS provides "on consignment" and "turnkey" manufacturing arrangements to its clients. Under an "on consignment" arrangement, IEMS furnishes labor and manufacturing overhead input, while the product design and raw or input materials are provided by the customer. Under the "turnkey" arrangement, IEMS provides all production inputs for its clients. The product design, however, is still provided and owned by the client.

In 2002, one of the subsidiaries of the IEMS successfully offered design services to its customer and added an original design manufacturer ("ODM") component to its business line.

DIRECTORS AND OFFICERS

Please refer to Item 5 of the Information Statement.

MANAGEMENT DISCUSSION AND ANALYSIS**MANAGEMENT PLAN FOR THE YEAR 2025*****Ionics EMS, Inc. ("IEMS" or "Ionics EMS")***

Ionics EMS enters 2025 with a strategy of cautious growth amid ongoing global economic uncertainties. Slower global demand, continued supply chain

realignments, and heightened geopolitical risks are reshaping the electronics manufacturing landscape. Despite these challenges, we remain confident in our ability to adapt and thrive, especially as the Philippines' low tariff access to the United States opens new avenues for export growth and customer acquisition.

In response to this dynamic environment, we are pursuing focused growth in sectors where demand remains strong—particularly in medical devices, telecommunications, Industrial Internet of Things, and automotive electronics. These markets align with Ionics EMS's core strengths and offer high potential for value-added partnerships. To support this, Ionics EMS is strengthening its global commercial presence through expanded sales representation and strategic partnerships in key international markets.

Operationally, Ionics EMS will continue its transition toward smarter and more efficient manufacturing by accelerating back-end automation across our production lines. This initiative is central to improving yield, consistency, and revenue per headcount, ensuring that it maintains competitiveness while scaling effectively. Alongside automation, it is investing in continuous upskilling of its technical workforce—developing capabilities in robotics, advanced diagnostics, and data-driven process control—ensuring that its people remain at the forefront of industry innovation.

In parallel, Ionics EMS reaffirms its commitment to ESG principles, with a special focus on environmental sustainability and climate resilience. This year, we are conducting a climate resiliency study to assess long-term risks and embed sustainability in our operational planning. Projects such as the installation of rooftop solar systems and resource efficiency programs underscore Ionics EMS's commitment to responsible and forward-looking growth.

Through a deliberate mix of prudence and ambition, Ionics EMS is positioning itself for sustainable success. By focusing on automation, workforce development, market expansion, and environmental responsibility, Ionics EMS is charting a path of resilient and impactful growth in 2025 and beyond.

Ionics Properties, Inc. ("IPI")

For 2025, IPI will start the construction of a "standard factory building" on one of its three (3) lots located at LISP IV, Malvar, Batangas. The building will consist of four (4) adjacent facilities, and it is expected to be finished and available for

lease to third parties in 2026. The remaining two (2) lots consisting of 10,460 sqm and 17,210 sqm are open for long-term lease and/or build-to-suit facilities.

Iomni Precision, Inc. ("Iomni")

The Board of Directors confirmed the decision of the Management of Iomni to cease its manufacturing operation effective May 15, 2025.

Below are the consolidated key financial ratios for the years ended December 31, 2024 and 2023, and for the quarter ended 31 March 2025:

	March 31, 2025	December 31, 2024	December 31, 2023
Revenue Growth	11.94%	9.60%	25.17%
Gross Profit Margins	10.12%	10.02%	12.69%
Net Income Margins	3.26%	2.87%	4.75%
Return on Equity	1.32%	4.59%	7.22%
Current Ratio	1.80:1	1.88:1	1.65:1
Leverage Ratio	0.38:1	0.31:1	0.41:1
Debt-to-Equity Ratio	0.80:1	0.75:1	0.89:1
Asset-to-Equity Ratio	1.80:1	1.75:1	1.89:1
Interest Coverage Ratio	4.22:1	3.30:1	3.96:1

1. Revenue Growth

The revenue growth is the Group's increase in revenue for a given period. Revenue growth is computed by deducting the prior year's revenue from the current year's revenue and dividing it by the revenue of the prior year. The result is expressed in percentage.

2. Gross Profit Margin

The gross profit margin reflects Management's policies related to pricing and production efficiency. This is computed by dividing gross profit by net sales. The result is expressed in percentage.

3. Net Income Margin

Net income margin is the ratio of the Group's net income after tax for a given period. This is computed by dividing net income by net sales. The result is expressed in percentage.

4. Return on Equity

The return on equity is the ratio of the Group's net income to stockholders' equity. This is computed by dividing net income by total stockholders' equity. The result is expressed in percentage. This measures Management's ability to generate returns on its investments.

5. Current Ratio

The current ratio is the ratio of the Group's current resources and its current obligations. This is computed by dividing current assets by current liabilities. The result is expressed in ratio.

6. Leverage Ratio

Leverage ratio shows the balance that the Group's Management has struck between forces of risk versus cost. This is computed by dividing net debt by the sum of total equity and net debt.

7. Debt-to-Equity Ratio

The debt-to-equity ratio indicates the relative proportion of equity and debt used to finance the Group's assets. This is computed by dividing total liabilities by equity.

8. Asset-to-Equity Ratio

Asset-to-equity ratio shows the relationship of the total assets of the Group to the portion owned by shareholders. This is computed by dividing total assets by equity.

9. Interest Coverage Ratio

Interest coverage ratio is the ratio of the Group's ability to meet its interest payments. This is computed by dividing the sum of income before income taxes and finance costs by the finance costs.

For the year 2024, Management is not aware of:

- any known trends, demands, commitments, events or uncertainties that will have a material impact on liquidity;

- any events that will trigger direct or contingent financial obligation that is material to Ionics, Inc. and its subsidiaries, including any default or acceleration of an obligation;
- all material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period;
- any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures, except for the construction of IPI's new building at LISP IV, Malvar Batangas, and the installation of solar panels for IEMS. These capital expenditures will be partly funded by bank borrowings.
- 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;
- any significant elements of income or loss that did not arise from the issuer's continuing operations; and
- 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 analysis of any material item were disclosed in pages 6 to 13 of this Report.

FINANCIAL PERFORMANCE

QUARTER 1 2025

Consolidated Results of Operations

The summarized revenues and net income (losses) of the Group for the three months ended March 31, 2025 and 2024 are presented as follows (amounts in US Dollars):

COMPANY	March 31, 2025 (3 months)					March 31, 2024 (3 months)				
	REVENUE			Operating Expenses	NET INCOME (LOSS)*	REVENUE			Operating Expenses	NET INCOME (LOSS)*
	Sales	Rent income	Total			Sales	Rental Income and Other Income	Total		
Parent	-	176,210	176,210	154,161	1,481,900	-	167,788	167,788	206,031	(184,664)
EMS and a Subsidiary	25,965,588	-	25,965,588	1,086,169	478,590	23,054,281	-	23,054,281	966,550	260,711
IPI	-	811,726	811,726	44,310	448,091	-	875,698	875,698	42,436	541,285
ICL	-	-	-	2,031	(2,335)	-	-	-	1,958	(4,804)
Iomni	677,218	30,669	707,887	43,498	(11,301)	532,323	30,669	562,992	37,516	(249,895)
Synertronix	-	-	-	-	-	-	-	-	-	-
IPSI	-	-	-	492	(187)	-	-	-	521	(930)
TOTAL	26,642,806	1,018,605	27,661,411	1,330,661	2,394,759	23,586,604	1,074,155	24,660,759	1,255,012	361,703
Eliminations	(304,007)	(373,528)	(677,535)	(41,970)	(1,531,581)	(200,428)	(354,901)	(555,329)	(111,654)	203,379
Consolidated	26,338,799	645,077	26,983,876	1,288,691	863,177	23,386,176	719,254	24,105,430	1,143,358	565,082

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

The Group's sales increased by US\$2.95 million from US\$23.39 million for the three months ended March 31, 2024 to US\$26.34 million for the three months ended March 31, 2025 due to the ramped up of sales from turnkey customers. The gross profit increased by US\$0.52 million or 24% from US\$2.21 million for the three months ended March 31, 2024 to US\$2.73 million in March 31, 2025.

Operating expenses increased by US\$0.15 million from US\$1.14 million for the three months ended March 31, 2024 to US\$1.29 million for the three months ended March 31, 2025 primarily due increase in commission as a result of higher sales subject to commission. Interest expenses decreased by US\$0.09 million from US\$0.42 million for the three months ended March 31, 2024 to US\$0.33 million for the three months ended March 31, 2025 due to lower loan balance and lower interest rates. The Group reported net foreign exchange loss of US\$0.01 million for the three months ended March 31, 2025 from net foreign exchange gain of US\$0.002 million for the three months ended March 31, 2024 due to depreciation of Philippine Peso versus US\$.

With the foregoing, the Group reported an increase in the consolidated net income attributable to equity holders of the Parent Company from US\$0.57 million for the three months ended March 31, 2024 to US\$0.86 million for the three months ended March 31, 2025.

Individual Results of Operations

Ionics, Inc.

The Parent Company reported a net income of US\$1.48 million due to the recognition of dividend income from IPI. The Parent Company also recognized impairment provision of US\$0.01 million representing the net loss of Iomni for the three months ended March 31, 2025 versus net loss of US\$0.19 million of the same quarter of 2024.

The individual performances of the subsidiaries for the nine months ended March 31, 2025 and 2024 are as follows:

Ionics EMS, Inc. and a Subsidiary

IEMS revenue increased by US\$2.91 million from US\$23.05 million for the three months ended March 31, 2024 to US\$25.97 million in the same quarter of 2025 due to the ramped up of sales from Turnkey customers. With the increase in sales, gross profit increased by 25% or US\$0.41 million from US\$1.64 million for the three months ended March 31, 2024 to US\$2.05 million in the same period of 2025.

Operating expenses increased by US\$0.12 million from US\$0.97 million for the three months period ended March 31, 2024 to US\$1.09 million in the same period of 2025 primarily due to increase in commission. Interest expense decreased to US\$0.07 million for the three months period ended March 31, 2025 from US\$0.36 million in the same period of 2024 due to lower loan balance. IEMS reported net foreign exchange loss of US\$0.08 million in the same period of 2025 from net foreign exchange gain of US\$0.07 million for the three months ended March 31, 2024 due to depreciation of Philippine Peso versus US\$.

With the foregoing, IEMS reported an increase in net income of US\$0.22 million from US\$0.26 million for the three months ended March 31, 2024 to US\$0.48 million for the three months as of March 31, 2025.

Ionics Properties, Inc. (IPI)

IPI contributed rent income of US\$0.81 million and US\$0.88 million for the three months ended March 31, 2025 and 2024, respectively. Net income decreased from US\$0.54 million for the three months ended March 31, 2024 to US\$0.45 million for the three months ended March 31, 2025.

Ionics Circuits, Limited (ICL)

ICL reported a net loss amounting to US\$0.002 million and US\$0.005 million for the three months ended March 31, 2025 and 2024, respectively. This is due to the lower share in net losses of investees.

Iomni Precision, Inc. (Iomni)

Iomni's revenue increased to US\$0.71 million for the three months ended March 31, 2025 from US\$0.56 million for the three months ended March 31, 2024. As a result of the increase in sales, Iomni reported a gross profit of US\$0.41 for the three months ended March 31, 2025 and US\$0.07 million for the three months ended March 31, 2024.

Operating expenses amounted to US\$0.04 million for the three months ended March 31, 2025 and 2024, respectively.

With the foregoing, the Company's performance resulted to a net loss of US\$0.01 million for the three months ended March 31, 2025 and net income of US\$0.25 million for the three months ended March 31, 2024.

Synertronix, Inc. (SI)

SI reported nil and net loss of US\$9 for the three months ended March 31, 2025 and March 31, 2024, respectively.

Ionics Products Solutions, Inc. (IPSI)

IPSI reported nil in and net loss of US\$930 for the three months ended March 31, 2025 and March 31, 2024, respectively.

CONSOLIDATED FINANCIAL POSITION

As of March 31, 2025, the consolidated assets of the Group amounted to US\$119.77 million which is US\$2.26 million higher than the US\$117.50 million as of December 31, 2024. The increase in the Group's total assets was due to the increase in receivables, prepayments and other current assets and investment property.

Current ratio is 1.85:1 for the three months ended March 31, 2025 and 1.88:1 for the year ended December 31, 2024 while debt-to-equity ratio is 0.75:1 in December 31, 2024 and 0.80:1 in three months ended March 31, 2025.

FULL YEAR 2024

Consolidated Results of Operations

Consolidated sales increased by 10% from US\$95.12 million in 2023 to US\$104.70 million in 2024, due to the ramp up of sales from turnkey customers net of decrease in sales of consignment business. Despite the increase in sales, gross profit decreased by 13% from US\$12.45 million in 2023 to US\$10.77 million in 2024 resulting from the decrease in contribution margin from consignment business due to soft market demand. Also, the Group has not yet fully optimized its sales due to the underutilization of the additional capacity installed in 2023.

Operating expenses decreased from US\$5.16 million in 2023 to US\$4.89 million in 2024 primarily due to the decrease in commission expense. Interest expense decreased to US\$1.65 million in 2024 from US\$1.80 million in 2023 due to lower loan balance. Other expenses increased due to the net foreign exchange loss in 2024 which resulted from the impact of depreciation on Peso against US dollar.

On March 14, 2025, the Board of Directors of Ionics, Inc. confirmed the decision of the Management and Board of Directors of Iomni to cease its manufacturing operations. As a result, Iomni provided for the impairment of its machinery and equipment amounting to US\$0.84 million.

With the foregoing, the Group reported a consolidated net income attributable to equity holders of the Parent Company amounting to US\$3.01 million and US\$4.58 million for year ended December 31, 2024 and 2023, respectively.

The summarized revenues and net income (losses) of the Group for the year ended December 31, 2024 are as follows:

(In US Dollars)

COMPANY	REVENUE	NET INCOME (LOSS)
Parent Company	678,726	(435,686)
IEMS	103,683,543	2,165,283
IPI	3,446,118	2,108,074
ICL	-	(14,119)
Iomni	1,890,700	(1,257,460)
Synertronix	-	-
IPSI	-	(1,812)
TOTAL	109,699,088	2,564,280
Reclass/Eliminating entries	(2,207,020)	516,363
Consolidated	107,492,068	3,080,643

CONSOLIDATED FINANCIAL POSITION

As of December 31, 2024, the consolidated assets of the Group amounted to US\$117.50 million which is US\$4.47 million lower than the December 31, 2023 figure of US\$121.97 million. The decrease in the Group's total assets was due to the decrease in receivables, inventory, prepayments and other current assets, financial assets at FVOCI, property, plant and equipment, investment property and right-of-use asset.

Current ratio increased to 1.88:1 in 2024 from 1.65:1 in 2023 due to increase in cash and cash equivalents and advances to suppliers, while debt-to-equity ratio decreased from 0.89:1 in 2023 to 0.75:1 in 2024.

Individual Results of Operations

Ionics, Inc. (the "Parent Company")

The Parent Company reported a net loss of US\$0.44 million after considering the impairment provision of US\$0.49 million representing the net loss of Iomni, and US\$0.03 million in December 31, 2024 and 2023, respectively.

The individual performance of the subsidiaries for the year ended December 31, 2024 is as follows:

Ionics EMS, Inc. and Subsidiary ("IEMS")

IEMS's revenue increased by 12% from US\$92.58 million in 2023 to US\$103.68 million in 2024, due to the ramp up of sales from turnkey customers net

of decrease in sales of consignment business. Sales from consignment business decreased due to soft market demand. Despite the increase in sales, the gross profit decreased by 12% or US\$1.06 million, from US\$9 million in 2023 to US\$7.94 million in 2024 resulting from the decrease in contribution margin from consignment business. It should be noted that IEMS has not yet fully optimized its sales because of the underutilization of the additional capacity installed in 2023.

Operating expenses decreased by US\$0.20 million from US\$4.41 million in 2023 to US\$4.21 million in 2024 primarily due to the decrease in commission expense. Interest expense decreased to US\$1.33 million in 2024 from US\$1.49 million in 2023 due to lower loan balance. IEMS reported a net foreign exchange gain of US\$0.21 million in 2024 from a net foreign exchange loss of US\$0.14 million due to the impact of depreciation on Peso against US dollar.

With the foregoing, IEMS reported a decrease in net income of US\$2.17 million in 2024 from US\$2.48 million in 2023.

Ionics Properties, Inc. ("IPI")

The net income of IPI, the subsidiary engaged in real estate holdings, decreased to US\$2.11 million in 2024 from US\$2.15 million in 2023, due to the reduction of the rental rate of one existing lessee.

Iomni Precision, Inc. ("Iomni")

Iomni's sales in 2024 decreased to US\$1.77 million from US\$3.30 million in 2023 due to soft customer demand. As a result of lower sales, Iomni reported a gross loss of US\$0.25 million in 2024 compared with a gross income of US\$0.30 million in 2023.

Operating expenses amounted to US\$0.15 million and US\$0.16 million in 2024 and 2023, respectively. On March 14, 2025, the Board of Directors of Ionics, Inc. confirmed the decision of the Management and Board of Directors of Iomni to cease its manufacturing operations. As a result, Iomni provided for the impairment of its machinery and equipment amounting US\$0.84 million.

With the foregoing, the Company's performance resulted to a net loss of US\$1.26 million and net income of US\$0.42 million in 2024 and 2023, respectively.

Ionics Circuits, Limited ("ICL")

ICL, the offshore investment subsidiary, reported a net loss amounting to US\$0.01 million in 2024 and 2023. This is due to the increase in the share in net loss of investees.

Synertronix, Inc. ("SI")

SI reported a net loss of nil in 2024 and US\$0.001 million in 2023, respectively.

FULL YEAR 2023

Consolidated Results of Operations

Consolidated sales increased by 25% from US\$75.26 million in 2022 to US\$95.12 million in 2023 due to increasing customer demand. With the increase in sales, gross profit increased by 28% from US\$9.77 million in 2022 to US\$12.45 million in 2023.

Operating expenses increased from US\$4.37 million in 2022 to US\$5.16 million in 2023 due to the increase in commission expenses resulting from higher sales subject to commission. Interest expense increased to US\$1.80 million in 2023 from US\$1.07 million in 2022 due to higher bank loans to finance the working capital and capital expenditure requirements and the increase in interest rates. Other expenses decreased due to net foreign exchange loss in 2023 due to the impact of depreciation of Philippine peso against US dollar.

With the foregoing, the Group reported a consolidated net income attributable to equity holders of the Parent Company amounting to US\$4.58 million and US\$4.45 million for year ended December 31, 2023 and 2022, respectively.

The summarized revenues and net income (losses) of the Group for the year ended December 31, 2023 are as follows:

(In US Dollars)

COMPANY	REVENUE	NET INCOME (LOSS)
Parent Company	689,384	33,091
IEMS	92,576,975	2,481,740
IPI	3,525,566	2,147,823
ICL	30	(12,385)
Iomni	3,428,841	41,479
Synertronix	-	(9)
IPSI	277	(100)
TOTAL	100,177,730	4,691,190
Reclass/Eliminating entries	(2,096,271)	(28,169)
Consolidated	98,081,458	4,663,021

CONSOLIDATED FINANCIAL POSITION

As of December 31, 2023, the consolidated assets of the Group amounted to US\$121.97 million which is US\$1.13 million higher than the December 31, 2022 figure of US\$120.66 million. The increase in the Group's total assets was mainly due to the increase in receivables, contract assets, property, plant and equipment, and investment properties.

Current ratio decreased to 1.65:1 in 2023 from 1.69:1 in 2022 due to the increase in contract liabilities, while debt-to-equity ratio increased from 0.99:1 in 2022 to 0.89:1 in 2023.

Individual Results of Operations

Ionics, Inc. (the "Parent Company")

The Parent Company reported a net income of US\$0.03 million and a net loss US\$0.04 million in December 31, 2023 and 2022, respectively.

The individual performance of the subsidiaries for the year ended December 31, 2023 are as follows:

Ionics EMS, Inc. and Subsidiary ("IEMS")

IEMS's revenue increased by 27% from US\$72.69 million in 2022 to US\$92.58 million in 2023 due to increasing customer demand. With the increase in sales, gross profit increased by 47% or US\$2.856 million from US\$6.14 million in 2022 to US\$9.0 million in 2023.

Operating expenses increased by US\$0.98 million from US\$3.43 million in 2022 to US\$4.41 million in 2023 primarily due to increase in commission expenses resulting from higher sales subject to commission. Interest expense increased to US\$1.49 million in 2023 from US\$0.77 million in 2022 due to higher bank loans to finance the working capital and capital expenditures and increase in interest rates. From a net foreign exchange gain of US\$0.71 million in 2022, the Company reported a net foreign exchange loss of US\$0.14 million in 2023 due to the impact of depreciation of Philippine peso against US dollar.

With the foregoing, IEMS reported a net income of US\$2.48 million in 2023 from US\$2.15 million in 2022.

Ionics Properties, Inc. ("IPI")

IPI, the subsidiary engaged in real estate holdings, had a decreased net income of US\$2.15 million in 2023 from US\$2.28 million in 2022 due to the non-renewal of the lease contract of one lessee.

Iomni Precision, Inc. ("Iomni")

Iomni's sales in 2023 decreased to US\$3.30 million from US\$3.57 million in 2022. Iomni reported a gross income of US\$0.30 million in 2023 and 2022.

Operating expenses amounted to US\$0.16 million and US\$0.18 million in 2023 and 2022, respectively.

With the foregoing, the Iomni's performance resulted in a net income of US\$0.42 million and US\$0.12 million in 2023 and 2022, respectively.

Ionics Circuits, Limited ("ICL")

ICL, the offshore investment subsidiary, reported a net loss amounting to US\$0.01 million and US\$0.02 million in 2023 and 2022, respectively. This is due to the increase in the share in net loss of investees.

Synertronix, Inc. ("SI")

SI reported a net loss of US\$0.001 million in 2023 and 2022, respectively.

FULL YEAR 2022

Consolidated Results of Operations

Consolidated sales increased by 25% from US\$60.28 million in 2021 to US\$75.26 million in 2022 due to increasing customer demand. With the increase in sales, gross profit increased by 31% from US\$7.28 million in 2021 to US\$9.77 million in 2022.

Operating expenses increased from US\$3.85 million in 2021 to US\$4.37 million in 2022 due to the increase in commission expenses resulting from higher sales subject to commission.

With the foregoing, the Group reported a consolidated net income attributable to equity holders of the Parent Company amounting to US\$4.45 million and US\$2.63 million for the year ended December 31, 2022 and 2021, respectively.

The summarized revenues and net income (losses) of the Group for the year ended December 31, 2022 are as follows:

(In US Dollars)		
COMPANY	REVENUE	NET INCOME (LOSS)
Parent Company	616,395	(38,011)
IEMS	72,685,611	2,149,092
IPI	3,556,293	2,276,647
ICL	30	(16,573)
Iomni	3,753,810	122,654
Synertronix	-	(9)
IPSI	-	(4,763)
TOTAL	80,612,108	4,489,037
Reclass/Eliminating entries	(2,256,347)	30,500
Consolidated	78,355,761	4,519,537

CONSOLIDATED FINANCIAL POSITION

As of December 31, 2022, the consolidated assets of the Group amounted to US\$120.66 million which was US\$19.68 million higher than the December 31, 2021 figure of US\$100.93 million. The increase in the Group's total assets was mainly due to the increase in receivables, inventory, prepayments and other current assets and contract assets.

Current ratio decreased to 1.69:1 in 2022 from 1.84:1 in 2021 due to the increase in bank loans payable and accounts payable and accrued expenses, while debt-to-equity ratio increased from 0.79:1 in 2021 to 0.99:1 in 2022.

Individual Results of Operations

Ionics, Inc. (the "Parent Company")

The Parent Company reported a net loss of US\$0.04 million and US\$0.45 million in December 31, 2022 and 2021, respectively. Impairment loss amounting to US\$0.04 million and US\$0.52 million on the investment and advances in Iomni Precision, Inc. was recognized in 2022 and 2021, respectively.

The individual performance of the subsidiaries for the year ended December 31, 2022 is as follows:

Ionics EMS, Inc. and Subsidiary ("IEMS")

Revenue increased by 27% from US\$57.46 million in 2021 to US\$72.69 million in 2022 due to increasing demands of existing customers and new customers. As a result of the increase in sales, gross profit increased by 32% or US\$1.50 million from US\$4.65 million in 2021 to US\$6.14 million in 2022.

Operating expenses increased by US\$0.41 million from US\$3.02 million in 2021 to US\$3.43 million in 2022 primarily due to the increase in commission expenses resulting from higher sales subject to commission. Interest expense increased to US\$0.77 million in 2022 from US\$0.60 million in 2021 due to the increase in bank loans for working capital requirements. Net foreign exchange gain increased from US\$0.082 million in 2021 to US\$0.71 million in 2022 due to the impact of the depreciation of Philippine Peso against US dollar.

With the foregoing, IEMS reported net income of US\$2.15 million in 2022 from US\$0.83 million in 2021.

Ionics Properties, Inc. ("IPI")

IPI, the subsidiary engaged in real estate holdings, remained profitable with increased net income of US\$2.28 million in 2022 from US\$1.88 million in 2021 due to an additional lease contract with an existing lessee.

Iomni Precision, Inc. ("Iomni")

Iomni's sales in 2022 increased to US\$3.57 million from US\$3.54 million in 2021. Iomni reported a gross income of US\$0.30 million and US\$0.05 million in 2022 and 2021, respectively.

Operating expenses amounted to US\$0.18 million and US\$0.17 million in 2022 and 2021, respectively.

With the foregoing, the Company's performance resulted in a net income of US\$0.12 million and a net loss of US\$0.15 million in 2022 and 2021, respectively.

Ionics Circuits, Limited ("ICL")

ICL, the offshore investment subsidiary, reported a net loss amounting to S\$0.02 million in 2022 and 2021. This is due to the increase in the share in net loss of investees.

CAUSES FOR MATERIAL CHANGES FROM PERIOD TO PERIOD

QUARTER 1 2025

Cash decreased due to partial payment of working capital loans. Receivables increased due to higher sales for the quarter and invoices for aging material bought back by customers. Inventories decreased due to customer buy back of aging materials and the increase in consumption resulting from higher turnkey sales. The decrease in advances to suppliers was attributable to the delivery of materials covered by advanced payments and controlled material ordering for the quarter. The increase in prepayments and other current assets was due to prepayments made during the period. Property and equipment decreased due to depreciation during the quarter. Right-of-use assets (ROU) decreased due to amortization for the quarter. The increase in accounts payable and accrued expenses is related to the increase in raw materials. Contract liabilities increased due to additional advance payment for aging materials. Bank loans and long-term debt decreased due to payments made during the quarter. Lease liabilities decreased due to the payment of lease amortization for the quarter. Income tax increased due to provision of income tax during the quarter.

2024

Cash increased due to cash flows generated from operations. Contract assets increased due to higher level of work-in-process and finished goods. Inventories decreased due to the increase in consumption resulting from higher turnkey sales. The increase in advances to suppliers was due to advance payment made to suppliers. The decrease in prepayments and other current assets was due to the amortization of prepayments during the year. Assets held for sale increased due to the reclassification of the recoverable value of machinery and equipment of Iomni as assets held for sale. Financial Assets at FVOCI decreased due to fair value loss recognized as of December 31, 2024. Property and equipment decreased due to depreciation during the year, and the reclassification to asset available for sale of Iomni's machinery and equipment and the impairment thereof recorded by Iomni. Right-of-use assets (ROU) decreased due to amortization for the year. The decrease in accounts payable and accrued expenses is attributable to the payment made to suppliers and controlled material ordering. Contract liabilities decreased due to the return of customers' advance payment and the application thereof against receivables.

Bank loans and long-term debt decreased due to payments made during the year. Lease liabilities decreased due to rental payments made during the year. Income taxes increased due to the provision of income tax during the year.

2023

Cash decreased due to net cash used in payment of bank loans, payment of dividends to stockholders and acquisition of land. Receivables increased due to higher sales. Contract assets increased due to the higher level of work-in-process and finished goods. The decrease in advances to suppliers was attributable to the delivery of materials covered by advance payments and controlled material ordering for the year. The increase in prepayments and other current assets is due to the payment of VAT input tax to the Bureau of Customs and the prepayment of the health insurance plan of employees. Financial assets at FVOCI increased due to the fair value income recognized as of December 31, 2023. Property and equipment, and investment properties increased due to acquisitions made during the year. Right-of-use assets (ROU) decreased due to the amortization for the period. The decrease in accounts payable and accrued expenses is attributable to the payment made to suppliers and controlled material ordering. Contract liabilities increased due to the payment received from customers for the advance ordering of materials. Bank loans and long-term debt decreased due to payments made during the period. Lease liabilities decreased due to the payment of amortization for the period. Income taxes decreased due to payment of income tax during the period. Net pension liability increased due to the accrual of pension expense during the period.

2022

Cash increased due to net positive cash flows from 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 build-up resulting from longer material lead time for 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 advance payments made to suppliers for material ordering. The increase in prepayments and other current assets is due to the annual renewal of insurance for machine and equipment, and healthcare, and prepayments

of factory rental. Financial assets at FVOCI and investment in associates decreased due to the 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 payments 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 the new building of IPI and the working capital loan during the year. Net pension liability decreased due to the number of eligible employees who reached the normal retirement age. Deferred tax liabilities - net decreased due to the decrease on fair value of financial assets at FVOCI.

MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

	(Amounts in US Dollar)		(Amounts in PhP)	
	HIGH	LOW	HIGH	LOW
13 May 2025 (latest practicable date)	0.02	0.02	0.87	0.85
<u>2025</u>				
First Quarter	0.01	0.01	0.86	0.80
<u>2024</u>				
First Quarter	0.02	0.02	1.32	1.29
Second Quarter	0.01	0.01	0.85	0.81
Third Quarter	0.01	0.01	0.85	0.82
Fourth Quarter	0.01	0.01	0.86	0.84
<u>2023</u>				
First Quarter	0.01	0.01	0.62	0.58
Second Quarter	0.02	0.02	1.33	1.24
Third Quarter	0.02	0.02	1.20	1.14
Fourth Quarter	0.02	0.02	1.02	0.99

Ionics Inc.'s common stock is listed in the Philippine Stock Exchange.

The number of shareholders of record as of April 30, 2025 is 837 holding a total of 837,130,992 outstanding common shares.

The following were the top 20 stockholders based on the number of shares held and percentage to total shares outstanding as of April 30, 2025:

Class of Securities	Name	No. of Shares	%
Common	Aqua Holdings, Inc.	335,153,100.00	40.04
Common	PCD Nominee Corp. (Filipino)	332,897,430.00	39.77
Common	Siguion Reyna, Leonardo	75,006,000.00	8.96
Common	PCD Nominee Corp. (Non-Filipino)	27,327,696.00	3.26
Common	Qua, Lawrence C.	20,102,760.00	2.40
Common	Ionics Properties, Inc.	14,059,000.00	1.68
Common	Qua, Raymond C.	8,562,350.00	1.02
Common	Qua, Meliton C.	6,497,362.00	0.78
Common	Chua, Cecilia Q.	5,584,412.00	0.67
Common	Cedilla, Ma. Asuncion Q.	4,640,616.00	0.55
Common	Dy, Virginia Judy Q.	1,033,603.00	0.12
Common	Geli, Benjamin S.	470,000.00	0.06
Common	Yang, Teh Min	466,000.00	0.06
Common	Telengtán Brothers & Sons Inc.	400,000.00	0.05
Common	Uy, Abeto A.	250,000.00	0.03
Common	Villonco, Romeo and/or Thelma V. Mabanta	100,000.00	0.01
Common	Efipania F. Qua	100,000.00	0.01
Common	Liong Hee, Que.	100,000.00	0.01
Common	Qua, Vanessa Pamela F.	100,000.00	0.01
Common	Qua, Gwendolyn G.	100,000.00	0.01

Voting Rights

Each share is entitled to one (1) vote.

With respect to the election of directors, however, a shareholder may vote such number of shares in his own name in the stock transfer book of the Corporation for as many persons as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected, or he may distribute them among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected.

Dividends per Share

At the regular meeting held on 14 March 2025, the Board of Directors approved the declaration and distribution of a cash dividend of P0.10 per share to all stockholders of record as of 28 March 2025 with payment date of no later than 25 April 2025. The gross amount of dividend paid was P83,713,099.40.

At the special meeting held on 13 March 2023, the Board of Directors approved the declaration and distribution of a cash dividend of P0.10 per share to all stockholders of record as of 28 March 2023 with payment date of no later than 25 April 2023. The gross amount of dividend paid was P83,713,099.40.

The Corporation did not declare any dividend in the years 2022 and 2024.

Description of any restriction that limits the payment of dividends on common shares

Dividends shall be declared at such time and in such percentage as the Board of Directors may determine, but no dividends shall be declared or paid except from the surplus profits arising from its business nor shall any dividends be declared that will impair the capital of the Parent Company.

Recent Sales of Unregistered or Exempt Sales

There were no recent sales of unregistered or exempt securities, including any recent issuance of securities constituting an exempt transaction.

Description of Securities

Ionics, Inc. has an authorized capital stock of 1,000,000,000 shares with a par value of PhP1.00 per share. The issued and outstanding shares as of 30 April 2025 are 837,130,992.

No transfer of stock or interests which will reduce the ownership of Filipino citizens to less than the required percentage of the capital stock as provided by existing laws shall be allowed or permitted to be recorded in the books of the Parent Company.

Debt Securities

There are no issuances of debt securities.

Stock Options

There are no issuances of stock options.

Securities Subject to Redemption or Call

There are no issuances of securities subject to redemption or call.

Warrants

There are no issuances of warrants.

Market Information for Securities Other Than Common Equity

There are no material information relating to securities other than the Parent Company's common equity.

Other Securities

There are no issuances of other securities.

CHANGES AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

se refer to Item 7 of the Information Statement. There have been no unresolved disagreements with the independent accountant.

CORPORATE GOVERNANCE¹***a. Evaluation, Appraisal and Performance Report System***

The Compliance Officer is currently in charge of evaluating the level of compliance of the Board of Directors and top-level management of the Corporation. Leading practices on good corporate governance serve as criteria to properly appraise the performance of the members of the Board of Directors and evaluate the Company's compliance with the Code of Corporate Governance for Publicly Listed Companies.

b. Compliance Report

Measures are being undertaken by Ionics, Inc. to fully comply with the adopted leading practices on good corporate governance, such as participation of Ionics, Inc.'s directors and officers in corporate governance seminars. Measures are also undertaken such as periodic review and evaluation of internal guidelines and practices. Further, Ionics, Inc. sees to it that its Integrated Annual Corporate Governance Report, or any amendments or changes thereto, is timely submitted to the Securities Exchange Commission and the Philippine Stock Exchange.

c. Deviations

Ionics, Inc. is taking steps towards full compliance with its Corporate Governance Manual. As of 30 April 2025, there were no material deviations from the Company's Amended Manual of Corporate Governance which would necessitate the imposition of sanctions.

d. Plan to improve

Ionics, Inc. continues to improve its Corporate Governance when appropriate and warranted in its best judgment and in accordance with the Code of Corporate Governance for Publicly Listed Companies. On 02 July 2020, the Board of Directors approved the amendments to the Manual of Corporate Governance of the Company. The Amended Manual was submitted to the SEC on 09 July 2020.

As part of continuing education in corporate governance, the directors and key management officials attended corporate governance seminars conducted by various training providers in 2024. With the exception of Mr. Guillermo D. Luchangco, the members of the Board of Directors and key officers of the Company attended an online Corporate Governance Seminar conducted by SGV & Co. on 27 November 2024. Mr. Luchangco participated in the online Corporate Governance Seminar conducted by SGV & Co. on 3 December 2024.

UNDERTAKING TO PROVIDE ANNUAL REPORT

Ionics, Inc. undertakes to provide without charge to each stockholder, upon written request by the shareholder, a copy of the Company's Annual Report (SEC Form 17-A), which may also be viewed at the Company's official website (www.ionicsgroup.com) and PSE Edge. Please direct all such requests to the Corporate Secretary, Atty. Manuel R. Roxas, 19th Floor BDO Plaza, 8737 Paseo de Roxas, Makati City.

¹As of 30 April 2025.

THE BOARD OF DIRECTORS





1 ALFREDO R. DE BORJA
Chairman

2 LILIA DE LIMA
Member (Independent)

3 RAYMOND MARIA C. QUA
Member

4 GUILLERMO D. LUCHANGCO
Member

5 MS. MARIE LOURDES DY
Member

6 MONICA SIGUION-REYNA VILLONCO
Member

7 MEDEL T. NERA
Member (Independent)

8 MELITON C. QUA
Member

9 CECILIA Q. CHUA
Member

10 JAY CHAVEZ
Member

11 EARL LAWRENCE QUA
Member

12 Atty. MANUEL R. ROXAS
Corporate Secretary

CONSOLIDATED FINANCIAL STATEMENT



STATEMENT OF MANAGEMENT'S RESPONSIBILITY

FOR CONSOLIDATED FINANCIAL STATEMENTS

The Management of Ionics, Inc. and Subsidiaries (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

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

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



ALFREDO R. DE BORJA
Chairman of the Board



RAYMOND MARIA C. QUA
President/Chief Executive Officer



RONAN R. ANDRADE
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders

Ionics, Inc.

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

Opinion

We have audited the consolidated financial statements of Ionics, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2024, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2024 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Revenue Recognition

The Group's revenue recognition process, policies and procedures are significant to our audit because these involve application of significant judgment on the application of the input method as the measure of progress (percentage of completion or POC) in determining revenue over time. Under this method, progress is measured based on the Group's efforts or inputs towards satisfying a performance obligation (i.e., time elapsed to manufacture the finished goods) relative to the total expected inputs to satisfy the performance obligation. In the estimation of total elapsed time to manufacture the finished goods, the Group requires technical determination by the Group's specialist (industrial engineers) to estimate the standard time a product is being processed.

Disclosures related to this matter are provided in Notes 3 and 9 to the consolidated financial statements.

Audit Response

We obtained understanding of the Group's revenue recognition process, policies and procedures. We assessed the competence and objectivity of the industrial engineers by reference to their qualifications, experience and reporting responsibilities. For selected samples, we traced the percentage of completion to the supporting documents such as daily progress reports and standard time per unit reports. We also performed test computation of the percentage of completion calculation prepared by the management.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20 IS (Definitive Information Statement), SEC Form 17 A and Annual Report for the year ended December 31, 2024, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20 IS (Definitive Information Statement), SEC Form 17 A and Annual Report for the year ended December 31, 2024, are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Maria Antoniette L. Aldea.

SYCIP GORRES VELAYO & CO.

Maria Antoniette L. Aldea

Maria Antoniette L. Aldea

Partner

CPA Certificate No. 116330

Tax Identification No. 242-586-416

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-147-2022, November 7, 2022, valid until November 6, 2025

PTR No. 10465255, January 2, 2025, Makati City

April 10, 2025

IONICS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

	December 31	
	2024	2023
ASSETS		
Current Assets		
Cash (Notes 4, 5, 6 and 7)	US\$9,651	US\$6,764
Receivables (Notes 3, 4, 5 and 8)	18,556	18,886
Contract assets (Notes 3, 4 and 9)	7,829	6,957
Inventories (Notes 3 and 10)	33,477	35,982
Advances to suppliers (Note 3)	2,939	1,154
Prepayments and other current assets (Note 3)	610	971
Noncurrent asset held for sale (Note 13)	465	-
Total Current Assets	73,527	70,714
Noncurrent Assets		
Financial assets at fair value through other comprehensive income (FVOCI) (Notes 4, 5 and 11)	2,752	3,006
Investments in associates (Notes 3 and 12)	660	649
Property, plant and equipment (Notes 3 and 13)	21,004	26,405
Investment properties (Notes 3 and 14)	17,980	18,676
Right-of-use assets (Notes 3 and 24)	1,006	1,917
Deferred tax assets - net (Notes 3 and 26)	19	18
Other noncurrent assets (Notes 4 and 5)	553	589
Total Noncurrent Assets	43,974	51,260
	US\$117,501	US\$121,974
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other liabilities (Notes 4, 5, 6 and 15)	US\$17,362	US\$20,021
Contract liabilities (Note 9)	5,118	6,349
Current portion of bank loans and long-term debt (Notes 4, 5, 6, and 16)	15,598	15,355
Current portion of lease liabilities (Notes 3, 4, 5, 6 and 24)	637	753
Dividend payable	121	127
Income tax payable	203	141
Total Current Liabilities	39,039	42,746
Noncurrent Liabilities		
Bank loans and long-term debt - net of current portion (Notes 4, 5, 6, and 16)	5,782	8,392
Lease liabilities - net of current portion (Notes 3, 4, 5, 6, and 24)	470	1,294
Net pension liabilities (Notes 3 and 28)	3,501	3,433
Deferred tax liabilities - net (Note 26)	223	234
Other noncurrent liabilities (Notes 4, 5, 6 and 15)	1,301	1,299
Total Noncurrent Liabilities	11,277	14,652
Total Liabilities	US\$50,316	US\$57,398

(Forward)

	December 31	
	2024	2023
Equity		
Equity Attributable to the Equity Holders of the Parent Company (Note 6):		
Capital stock (Note 17)	US\$17,633	US\$17,633
Additional paid-in capital (Note 17)	9,072	9,072
Retained earnings (Note 17)	43,483	40,473
Other comprehensive income (loss):		
Unrealized losses on financial assets at FVOCI (Note 11)	(1,331)	(1,124)
Exchange differences (Notes 12 and 14)	913	1,012
Other reserves (Notes 12 and 28)	(897)	(731)
Adjustment to non-controlling interests (Note 17)	(943)	(943)
Treasury shares (Note 17)	(1,365)	(1,365)
	66,565	64,027
Non-controlling interests	620	549
Total Equity	67,185	64,576
	US\$117,501	US\$121,974

See accompanying Notes to Consolidated Financial Statements.

IONICS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands, Except Earnings per Share)

	Years Ended December 31		
	2024	2023	2022
REVENUE (Note 29)			
Revenue from contracts with customers	US\$104,697	US\$95,116	US\$75,262
Rental income (Notes 14 and 24)	2,795	2,965	3,094
	107,492	98,081	78,356
COST OF SALES AND RENTAL SERVICES			
Cost of sales (Note 19)	95,878	84,828	67,849
Cost of rental services (Notes 14, 20 and 24)	846	806	737
	96,724	85,634	68,586
GROSS PROFIT	10,768	12,447	9,770
OPERATING EXPENSES (Note 21)	4,890	5,155	4,371
OTHER INCOME (EXPENSES)			
Share in net earnings (loss) of associates (Notes 12 and 29)	16	(8)	37
Finance costs (Notes 16, 22 and 24)	(1,646)	(1,801)	(1,069)
Others - net (Notes 7, 8 and 18)	(462)	(161)	727
	(2,092)	(1,970)	(305)
INCOME BEFORE INCOME TAX	3,786	5,322	5,094
PROVISION FOR INCOME TAX (Note 26)	705	659	574
NET INCOME	3,081	4,663	4,520
OTHER COMPREHENSIVE INCOME (LOSS)			
Item that may be reclassified to profit or loss:			
Exchange differences (Notes 12 and 14)	(105)	119	(16)
Items that may not be reclassified to profit or loss:			
Fair value gain (loss) on financial assets at FVOCI (Note 11)	(207)	922	(500)
Share in other comprehensive income (loss) of associates (Note 12)	6	(8)	(15)
Remeasurement gains (losses) on retirement plan (Notes 3 and 28)	(166)	(337)	395
	(367)	577	(120)
Total Comprehensive Income (Loss)	(472)	696	(136)
TOTAL COMPREHENSIVE INCOME	US\$2,609	US\$5,359	US\$4,384
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company (Note 27)	US\$3,010	US\$4,582	US\$4,449
Non-controlling interests	71	81	71
	US\$3,081	US\$4,663	US\$4,520
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company	US\$2,538	US\$5,288	US\$4,302
Non-controlling interests	71	71	82
	US\$2,609	US\$5,359	US\$4,384
BASIC/DILUTED EARNINGS PER SHARE (Note 27)			
For net income for the year attributable to ordinary equity holders of the Parent Company	US\$0.0036	US\$0.0056	US\$0.0054

See accompanying Notes to Consolidated Financial Statements.

IONICS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands)

Attributable to the equity holders of the Parent Company									
	Capital Stock (Note 17)	Additional Paid-in Capital (Note 17)	Retained Earnings (Note 17)	Unrealized Gains (Losses) on Financial Assets at FVOCI (Note 11)	Adjustment to Non-Controlling Interests (Note 17)	Exchange Differences (Notes 12 and 14)	Other Reserves (Note 28)	Treasury Shares (Note 17)	Non-Controlling Interests
									Total
For the Year Ended December 31, 2024									
Balances at beginning of year	US\$17,633	US\$9,072	US\$40,473	(US\$1,124)	(US\$943)	US\$1,012	(US\$731)	(US\$1,365)	US\$64,027
Net income	-	-	3,010	-	-	-	-	-	3,010
Other comprehensive loss	-	-	-	(207)	-	(99)	(166)	-	(472)
Total comprehensive income (loss)	-	-	3,010	(207)	-	(99)	(166)	-	2,538
Balances at end of year	US\$17,633	US\$9,072	US\$43,483	(US\$1,331)	(US\$943)	US\$913	(US\$897)	(US\$1,365)	US\$66,565
For the Year Ended December 31, 2023									
Balances at beginning of year	US\$17,633	US\$9,072	US\$37,431	(US\$2,046)	(US\$943)	US\$893	(US\$394)	(US\$1,365)	US\$60,281
Net income	-	-	4,582	-	-	-	-	-	4,582
Dividend declared	-	-	(1,540)	-	-	-	-	-	(1,540)
Other comprehensive income (loss)	-	-	-	922	-	119	(337)	-	704
Total comprehensive income (loss)	-	-	3,042	922	-	119	(337)	-	3,819
Balances at end of year	US\$17,633	US\$9,072	US\$40,473	(US\$1,124)	(US\$943)	US\$1,012	(US\$731)	(US\$1,365)	US\$64,027
For the Year Ended December 31, 2022									
Balances at beginning of year	US\$17,633	US\$9,072	US\$32,982	(US\$1,546)	(US\$943)	US\$909	(US\$763)	(US\$1,365)	US\$55,979
Net income	-	-	4,449	-	-	-	-	-	4,449
Other comprehensive income (loss)	-	-	-	(500)	-	(16)	369	-	(147)
Total comprehensive income (loss)	-	-	4,449	(500)	-	(16)	369	-	4,302
Balances at end of year	US\$17,633	US\$9,072	US\$37,431	(US\$2,046)	(US\$943)	US\$893	(US\$394)	(US\$1,365)	US\$60,281

See accompanying Notes to Consolidated Financial Statements.

IONICS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Years Ended December 31		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	US\$3,786	US\$5,322	US\$5,094
Adjustments for:			
Depreciation and amortization (Notes 13, 14, 19, 20, 21 and 24)	6,308	5,919	5,272
Finance costs (Notes 16, 22 and 24)	1,646	1,801	1,069
Impairment of property and equipment (Notes 13 and 18)	841	-	-
Dividend income (Note 18)	(5)	-	-
Share in other comprehensive income (loss) of associate (Note 12)	-	8	-
Interest income (Notes 7 and 18)	(9)	(9)	(10)
Share in net earnings of associates (Note 12)	(16)	8	(37)
Movement of retirement liability (Note 28)	30	387	152
Loss on disposal of property and equipment	-	5	-
Operating income before working capital changes	12,581	13,441	11,540
Changes in working capital:			
Decrease (increase) in:			
Receivables	330	(2,396)	(1,750)
Contract assets	(872)	(2,189)	(1,743)
Inventories	2,505	982	(15,207)
Advances to suppliers	(1,785)	1,121	1,231
Prepayments and other current assets	361	(194)	(361)
Other noncurrent assets	36	(7)	(133)
Increase (decrease) in:			
Accounts payable and other liabilities	(2,432)	(5,038)	7,994
Contract liabilities	(1,231)	4,770	468
Other noncurrent liabilities	2	(25)	39
Net cash generated from operations	9,495	10,465	2,078
Income taxes paid	(641)	(721)	(477)
Interest received	9	9	10
Net cash provided by operating activities	8,863	9,753	1,611
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property, plant and equipment (Notes 13 and 16)	(743)	(3,132)	(3,127)
Investment properties (Note 14)	(311)	(5,715)	(270)
Financial assets at FVOCI (Note 11)	-	(149)	(250)
Remeasurement of right of use asset (Note 24)	-	-	-
Dividend Received	5	-	-
Proceeds from sale of property, plant and equipment	-	5	-
Proceeds from liquidation of investments in associates (Note 12)	-	-	26
Net cash used in investing activities	(1,049)	(8,991)	(3,621)

(Forward)

	Years Ended December 31		
	2024	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES			
Availments of (Note 4):			
Commercial loans	US\$37,000	US\$43,000	US\$37,000
Bank loans	39	117	800
Payments of (Note 4):			
Commercial loans	(37,000)	(48,000)	(30,000)
Principal portion of lease liabilities	(940)	(805)	(1,465)
Long-term debt	(1,377)	(1,429)	(814)
Bank loans	(1,029)	(630)	(71)
Interests on bank loans, long-term debt and lease liabilities (Notes 16, 22 and 24)	(1,620)	(1,774)	(1,081)
Cash dividends to stockholders	-	(1,413)	-
Net cash provided by (used in) financing activities	(4,927)	(10,934)	4,369
NET INCREASE (DECREASE) IN CASH	2,887	(10,172)	2,359
CASH AT BEGINNING OF YEAR	6,764	16,936	14,577
CASH AT END OF YEAR (Note 7)	US\$9,651	US\$6,764	US\$16,936

See accompanying Notes to Consolidated Financial Statements.

IONICS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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). The Parent Company's primary purpose was amended from a manufacturing company to a holding company.

The principal activities of the Parent Company and its subsidiaries (collectively, the Group) are described in Notes 2 and 29.

The Parent Company is listed in the Philippine Stock Exchange.

The Parent Company's principal place of business is at Circuit Street, Light Industry and Science Park of the Philippines-I, Bo. Diezmo, Cabuyao City, Laguna, Philippines.

The consolidated financial statements were approved and authorized for issue by the Audit Committee, as delegated by the Board of Directors (BOD), on April 10, 2025.

2. Material Accounting Policy Information

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) which have been measured at fair value.

The Parent Company's functional currency and majority of the Group's presentation currency is the United States (US) Dollar (\$). All amounts are rounded to the nearest thousand US\$ (US\$000), except for earnings per share and par value information or unless otherwise indicated.

The following table shows the functional currency of the Parent Company and its subsidiaries:

Entity	Functional Currency
Ionics, Inc. (the Parent Company)	US Dollar
Ionics EMS, Inc. (EMS)	US Dollar
Ionics Circuits, Limited (ICL)	US Dollar
Ionics Properties, Inc. (IPI)	US Dollar
Iomni Precision, Inc. (Iomni)	US Dollar
Ionics EMS (USA), Inc. (USA)	US Dollar
Synertronix, Inc. (SI)	Philippine Peso
Ionics Products Solutions, Inc. (IPSI)	Philippine Peso

For consolidation purposes, the financial statements of SI and IPSI were translated to US Dollars using the prevailing closing rate as of the reporting date for the consolidated statement of financial position accounts and the weighted average rate for the reporting period for profit or loss accounts.

The foreign currency exchange differences arising from translation are taken to the line item "Exchange differences" in other comprehensive income.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRSs include Philippine Financial Reporting Standards, Philippine Accounting Standards (PAS) and Interpretations issued by the Philippine Interpretations Committee (PIC).

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and the following wholly and majority owned subsidiaries as at December 31, 2024 and 2023:

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

The financial statements of the subsidiaries are prepared in the same reporting year as the Parent Company, using consistent accounting policies.

Non-Controlling Interests

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the Parent Company's equity (see accounting policy on Business Combinations).

Any equity instruments issued by a subsidiary that are not owned by the Parent Company are non-controlling interests.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

As of December 31, 2024, and 2023, the Group has non-controlling interests pertaining to EMS and USA. The percentage of equity held by non-controlling interests in 2024 and 2023 is 3.28%.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

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

The amendments clarify:

- That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

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

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

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

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

Future Changes in Accounting Policies

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

Effective beginning on or after January 1, 2025

- Amendments to PAS 21, *Lack of exchangeability*

Effective beginning on or after January 1, 2026

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

Effective beginning on or after January 1, 2027

- PFRS 17, *Insurance Contracts*
- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*

Deferred effectivity

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

Material Accounting Policies

Current versus Noncurrent Classification

The Group presents assets and liabilities in consolidated statement of financial position based on current and noncurrent classification. Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Fair Value Measurement

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

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

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

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

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial Instruments

Date of recognition

The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date. Settlement date is the date that the Group commits to purchase or sell an asset.

Financial assets

a. Initial recognition

Financial assets are classified, at initial recognition, as either subsequently measured at amortized cost, at FVOCI, or at fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under PFRS 15. Refer to the accounting policies on Revenue from contracts with customers.

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

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

The Group's financial assets comprise of financial assets at amortized cost and FVOCI.

b. Subsequent measurement - Financial assets at amortized cost

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Group's business model, the objective of which is to hold assets in order to collect contractual cash flows; and,
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Group classified cash in banks, receivables (excluding advances to employees), and refundable deposits (reported under "other noncurrent assets" account) as financial assets at amortized cost.

- c. Subsequent measurement - Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

The Group elected to classify irrevocably its quoted, proprietary golf/club shares and non-listed equity investments under this category.

This accounting policy applies to the Cash, Receivables and FVOCI.

Financial liabilities

- a. Initial recognition

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

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

The Group's financial liabilities comprise of financial liabilities at amortized cost.

- b. Subsequent measurement - Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Gains and losses are recognized under the "Other income (expense)" account in the consolidated statement of comprehensive income when the liabilities are derecognized or impaired, and through the "Finance costs" account when the gains and losses are amortized. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR method.

This accounting policy applies to the Accounts payable and other liabilities and Bank loans and long-term debt that meet the above definition (other than liabilities covered by other accounting standards, such as net retirement liabilities, income tax payable, and other statutory liabilities).

Impairment of Financial Assets and Contract Assets

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

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

The Group uses a provision matrix which is based on historical observed default rate or losses and adjusted by forward-looking estimate. Primary drivers like macroeconomic indicators of qualitative factors such as forward-looking data on inflation and changes in gross domestic product (GDP) rates were added to the expected losses calculation to reach a forecast supported by both quantitative and qualitative data points.

The key inputs in the model include the Group's definition of default, historical data of three (3) years for the origination, and default date. The Group considers trade receivables in default when contractual payments are 150 days past due.

However, in certain cases, the Group may also consider a receivable to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements made by the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases, the previously recognized impairment loss is increased or reduced by adjusting the allowance account and crediting 'Recovery of impairment losses' or debiting 'Provision for impairment losses' in the consolidated statement of comprehensive income.

The probability of default is applied to the estimate of the loss arising in default which is based on the difference between the contractual cash flows due and those that the Group would expect to receive. For purposes of calculating loss given default, accounts are segmented based on geographical location of customers.

Definition of default and credit-impaired financial assets

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative Criteria

The customer receives a follow up communication from management and does not continue the payments and management performs account analysis to determine action steps to recover from defaulted customer (i.e., charging of interest, implementing buyback provision, etc.).

Qualitative Criteria

The customer meets unlikelihood to pay criteria, which indicates the customer is in significant financial difficulty.

These are instances where:

- a. The customer is experiencing financial difficulty or is insolvent
- b. The customer is in breach of financial covenant(s)
- c. An active market for that financial assets has disappeared because of financial difficulties
- d. Concessions have been granted by the Group, for economic or contractual reasons relating to the customer's financial difficulty
- e. It is becoming probable that the customer will enter bankruptcy or other financial reorganization

The criteria above have been applied to the financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently throughout the Group's expected loss calculation.

For the Group's cash in banks and refundable deposits measured at amortized cost, the general approach for measuring expected credit losses was applied.

For refundable deposits, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for expected credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over remaining life of the exposure, irrespective of the timing of default (a lifetime ECL).

For cash in banks, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. To estimate the ECL, the Group uses the ratings published by a reputable rating agency.

Derecognition of Financial Instruments

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

When the Group has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset.

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

Financial liabilities

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

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Costs of purchased raw materials, spare parts and supplies are stated at invoice value determined using the first-in, first-out (FIFO) method. NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and marketing costs.

In determining the NRV, the Group considers factors such as the aging and future demand of the inventory, contractual arrangements with customers and the Group's ability to redistribute inventory to other products or return inventory to suppliers. In the event that NRV is lower than cost, the decline shall be recognized as part of cost of sales in the consolidated statement of comprehensive income.

Investments in Associates

The Group's investment in associates is accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence.

The Group's share in the results of operations of the associate is reflected in profit or loss. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in other comprehensive income.

The Group recognizes its share of the losses of the associate until its share of losses equals its interest in the associate. Once the Group's investment is reduced to zero, additional losses are provided for, and a liability is recognized to the extent the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The reporting dates of the associate and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Property, Plant and Equipment

Property, plant and equipment, except for land and construction in progress, are carried at cost less accumulated depreciation and amortization and any impairment in value. The initial cost of property, plant and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Subsequent replacement costs of parts of the property, plant and equipment are capitalized when the recognition criteria are met. Significant refurbishments and improvements are capitalized when it can be clearly demonstrated that the expenditures have resulted in an increase in future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond the originally assessed standard of performance. Costs of repairs and maintenance are charged as expense when incurred.

Land is measured at cost less accumulated impairment losses recognized.

Depreciation and amortization are computed using the straight-line method over the following estimated useful life (EUL) of each type of asset:

	Years
Machineries and equipment	5-15
Building and building improvements	5-30
Tools and other equipment	5
Airconditioning systems	5-15
Furniture, fixtures and equipment	5
Transportation equipment	5

The cost of the leasehold improvements is amortized over the lease term or EUL of the improvements of seven (7) years, whichever is shorter.

The EUL and the depreciation and amortization methods are reviewed at each financial year-end to ensure that the period and the methods of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash generating units are written down to their recoverable amounts (see Accounting Policy on Impairment of Nonfinancial Assets).

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized and the cost and the related accumulated depreciation and amortization and any impairment in value, are removed from the accounts.

Investment Properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property.

Subsequent to initial recognition, investment properties, except for land, are carried at cost less accumulated depreciation and amortization and any impairment in value. Land is carried at cost less impairment in value, if any.

Expenditures incurred after the investment properties have been put into operation, such as repairs and maintenance costs, are normally charged to operations in the period in which the costs are incurred.

Depreciation is calculated on a straight-line basis using the remaining useful lives from the time of acquisition of the investment properties as follows:

	Years
Building	30
Building improvements	5 - 7

The EUL and the depreciation and amortization methods are reviewed at each financial year-end to ensure that the period and the methods of depreciation and amortization are consistent with the expected pattern of economic benefits from items of investment properties.

Construction-in-progress are stated at cost and shall be depreciated using the straight-line method when the development is completed or the assets are ready for their intended use.

Investment properties are derecognized when either they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment properties when, and only when, there is a change in use evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties to inventories when, and only when, there is a change in use evidenced by commencement of owner-occupation or commencement of development with a view of sale.

For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Impairment of Nonfinancial Assets

Property, plant and equipment, investment properties, right-of-use assets and other nonfinancial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An impairment loss is charged to operations in the year in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to the revaluation increment of the said asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase. After such reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Investments in associates

Transactions in foreign currencies are recorded using the exchange rate at the date of transactions. Foreign exchange gains or losses arising from foreign currency transactions and revaluation adjustments of foreign currency assets and liabilities are credited to or charged against current operations. Monetary assets and liabilities denominated in foreign currencies are translated using the foreign exchange rate prevailing at reporting date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates on the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

Exchange Differences

As of the reporting date, the assets and liabilities of the Group are translated into the presentation currency of the Group at the rate of exchange ruling at the reporting date and their statement of comprehensive income accounts are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are recognized in the consolidated statement of comprehensive income and reported as a separate component of equity as "Exchange differences."

Equity

Capital stock is measured at par value for all shares issued and outstanding. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued. When the shares are sold at premium, the difference between the proceeds and the par value is credited to "Additional paid-in capital" account.

Direct costs incurred related to equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are chargeable to "Additional paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings.

Retained earnings represent accumulated earnings of the Group and any adjustments arising from application of new accounting standards, policies or correction of errors applied retrospectively, less dividends declared. The individual accumulated earnings of the subsidiaries and accumulated equity earnings from associates included in the consolidated retained earnings are available for dividend declaration when these are likewise declared as dividends by the subsidiaries and associates as approved by their respective BOD.

Retained earnings are further restricted for the payment of dividends to the extent of the cost of common shares held in treasury and the undistributed earnings of the subsidiaries and associates.

Treasury Shares and Shares Held by Subsidiary

Own equity instruments which are reacquired (treasury shares) by the Parent Company or the subsidiaries are recognized at cost and deducted from equity. No gain or loss is recognized in the profit or loss on the purchase, sale, issuance or cancellation of the company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital.

Earnings Per Share (EPS)

Basic earnings per share is computed by dividing net income for the year attributable to ordinary equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year, after giving retrospectively adjustment to any stock dividend declared or stock split made during the year.

Diluted earnings per share is calculated by dividing the net income attributable to common shareholders by the weighted average number of common shares outstanding during the year adjusted for the effects of any dilutive potential common shares.

Revenue and Cost Recognition

a) Revenue from contracts with customers

The Group is in the business of providing electronic manufacturing and other related services to various customers. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements because it controls the goods or services before transferring them to the customer. Revenue is measured at the fair value of the consideration received or receivable, excluding any output VAT, discounts and returns, if applicable.

Manufacturing of goods

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

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

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

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

The Group determined that the input method is the appropriate method in measuring progress for revenue recognized as over time because there is a direct relationship between the Group's effort (i.e., time elapsed to manufacture the finished goods) and the transfer of service or goods to the customer. For both turnkey and consignment contracts, payment of the transaction price is due 30 to 120 days upon billing.

Cost of sales is recognized consistent with the revenue recognition method applied. This includes all expenses associated with the manufacturing of goods and indirect costs related to the contract performance such as materials and supplies used, direct labor and overhead costs related to production.

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

Transportation and shipping costs associated with the transfer of the product to the point of sale is recognized as a selling cost under "Cost of Sales" in the statement of comprehensive income.

Subcontracting services

For goods that transfer of control has been passed to the buyer at the time when the performance obligation has been satisfied, revenues are recognized at a point in time. The performance obligation is generally satisfied upon delivery of the goods to the customer. Payment of the transaction price is due 30 to 60 days upon delivery. Sales are measured at the fair value of the consideration received, excluding discounts and returns.

Variable consideration

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

Significant financing component

The Group's contracts with its customers are short-term in nature. Using the practical expedient in PFRS 15, the Group does not adjust the promised amount of consideration of the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one (1) year or less.

b) Contract balances

Contract assets

Contract asset represents the entity's right to payment for services already transferred to a customer if that right to payment is conditional on something other than the passage of time. Contract assets are reclassified as a receivable when the entity's right to payment is unconditional.

Contract liabilities

A contract liability is the amount of consideration paid by the customers or if the entity has a right to consideration that is unconditional, before the good or service is transferred to the customer. This represents the obligation to transfer goods or services to a customer for which consideration has been received.

c) Cost to obtain a contract

The Group pays sales commission to its marketing agents for each contract that they obtain. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sales commissions (included under operating expenses) because the amortization period of the asset that the Group otherwise would have used is one (1) year or less.

Other Income Recognition

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms of ongoing leases.

Interest income

Interest income is recognized as interest accrues taking into account the effective yield on the asset. Interest income is included in the "Others - net" account in the consolidated statement of comprehensive income.

Costs and Expenses

Costs and expenses encompass losses as well as those expenses that arise in the course of the ordinary activities of the Group. Cost and expenses are generally measured at the amount paid or payable.

The following specific recognition criteria must also be met before costs and expenses are recognized:

Cost of rental services

Cost of rental services includes all direct expenses associated with operating leases. This includes depreciation, real property taxes, repairs and maintenance and salaries and wages related to the maintenance of investment properties. Such costs are recognized when incurred.

Operating expenses

Operating expenses constitute costs which are directly related to selling, advertising and delivery of goods to customers and costs of administering the business. These are recognized when incurred.

Leases

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

Group as a lessor

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Lease income from operating leases is recognized as income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rent is recognized as revenue in the period it is earned.

Group as a lessee

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

a) Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets measured at cost, less any accumulated depreciation and impairment losses, and adjust for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets, if depreciable, as follows.

	Years
Machineries, tools and equipment	5-10
Building	5

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

The right-of-use assets are subject to impairment. Refer to the accounting policies on impairment of nonfinancial assets.

b) Lease liabilities

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

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

c) Short-term leases

The Group applies the short-term lease recognition exemption to its leases that have lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on these short-term leases are recognized as expense on a straight-line basis over the lease term.

Employee Benefits

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service costs
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the consolidated statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the consolidated statement of comprehensive income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods. All remeasurements recognized in OCI account "Remeasurement gains (losses) on retirement plan" are not reclassified to another equity account in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Termination benefit

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee leave entitlement

Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly within 12 months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Income Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to taxation authorities. Tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred income tax

Deferred income tax is determined, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred income tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT), and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences and carryforward of unused tax credits from MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income.

Deferred income tax liabilities are not provided on nontaxable temporary differences associated with investments in domestic subsidiaries and associates. With respect to investments in foreign subsidiaries and associates, deferred income tax liabilities are recognized, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are applicable to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized in OCI or directly in equity is recognized in the consolidated statement of comprehensive income and consolidated statement of changes in equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Provisions

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

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized but are disclosed in the consolidated financial statements when an inflow of economic benefits is probable.

Segment Reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services (business segment) and is subject to risks and rewards that are different from other segments. The BOD is the chief operating decision maker. Segment assets and liabilities reported are those assets and liabilities included in measures that are used by the BOD.

Events After the Reporting Period

Post-year end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post-year end events that are not adjusting events are disclosed in the notes when material to the consolidated financial statements.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the accompanying consolidated financial statements in compliance with PFRSs requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities, at the reporting date. The judgments, estimates and assumptions used in the consolidated financial statements are based on management's evaluation of relevant facts and circumstances as of the date of the Group's consolidated financial statements. Actual results could differ from such estimates.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Revenue from contracts with customers

- Identifying contracts with customers

Generally, a valid and approved Manufacturing Service Agreement (MSA), tooling and sourcing agreements, customer forecast, and/or customer purchase order will be in place before the Group provides services or manufacture goods for the customers. The Group is not obligated to transfer any goods or provide services until the customer submits a Purchase Order under the MSA, respectively. The Purchase Order creates the enforceable rights and obligations and is therefore evaluated together with the MSA for revenue recognition in accordance with PFRS 15.

- Determining the timing of revenue recognition

The Group assessed that revenue from manufacturing of goods shall be recognized over time or point in time. For turnkey contracts wherein the products created have no alternative use to the Group and the Group has right to payment for performance completed to date, including the related profit margin, in case of termination for reasons other than the Group's failure to perform as promised, revenue is recognized over time. For consignment contracts, revenue is recognized over time as services are rendered since the customer simultaneously receives and consumes the benefits as the Group performs.

For subcontracting services, goods are transferred at a point in time since performance obligation is generally satisfied upon delivery of the goods to the customer.

- Determining the measure of progress for revenue recognized over time

The Group measures progress towards complete satisfaction of the performance obligation using an input method (i.e., time elapsed to manufacture the finished goods). Management believes that this method provides a faithful depiction of the transfer of goods or services to the customer because the Group provides integration service to produce a combined output and each item in the combined output may not transfer an equal amount of value to the customer.

Determination of functional currency

The Group has revenue and costs and expenses denominated in various currencies, mainly in US Dollar and Philippine Peso. The entities within the Group determines the functional currency based on economic substance of underlying circumstances relevant to each entity within the Group. The determination of functional currency was based on the primary economic environment in which each of the entities generates and expends cash. The Parent Company, EMS, USA, Iomni, IPI and ICL's functional currency is US dollar, while the functional currency of IPSI and SI is Philippine Peso.

Impairment of nonfinancial assets

The Group reviews its nonfinancial assets for impairment considering the following indicators of impairment:

- Significant or prolonged decline in the fair value of the asset;
- Increase in market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating the asset's value-in-use and decrease the asset's recoverable amount materially;
- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business;
- Significant negative industry or economic trends; or,
- Significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment where the Group operates.

When indicators exist, an impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Assets that are subject to impairment testing when impairment indicators are present are as follows:

	2024	2023
Advances to suppliers	US\$2,939	US\$1,154
Prepayments and other current assets	610	971
Investments in associates (Note 12)	660	649
Property, plant and equipment (Note 13)	21,004	26,405
Investment properties (Note 14)	17,980	18,676
Right-of-use assets (Note 24)	1,006	1,917

In 2024, the Group recognized impairment of property, plant and equipment of Iomni (see Note 13). Aside from the impairment associated with Iomni, management believes that no impairment indicator exists for the other nonfinancial assets of the Group as of December 31, 2024 and 2023.

Significant influence over ICCP SBI Venture Partners (Hong Kong) Limited (ISVP-HK)

The Group assessed that it has significant influence over ISVP-HK despite having ownership interest of below 20%. Management assessed that it has the power to participate in the financial and operating policy decisions of ISVP-HK through its representation in ISVP-HK's BOD. Accordingly, ISVP-HK is accounted for as an associate (see Note 12).

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of inventories

The Group reviews its inventory levels to assess impairment at least on a quarterly basis. The semiconductor industry is characterized by rapid technological change, short-term customer commitments and rapid changes in demand. Impairment losses are provided on excess and obsolete inventory based on regular reviews of inventories on hand, and the latest forecasts of product demand and product requirements from customers. If actual market conditions or customer's product demands are less favorable than those forecasted, additional impairment loss is recognized. An increase in allowance for inventory obsolescence would increase recorded cost of sales and decrease current assets.

The Group's allowance for inventory obsolescence amounted to US\$0.02 million as of December 31, 2024 and December 31, 2023. The carrying values of inventories of the Group amounted to US\$33.48 million and US\$35.98 million as of December 31, 2024 and 2023, respectively (see Note 10).

Valuation of unquoted equity investments designated as financial assets at FVOCI

Valuation of unquoted investments is normally based on one of the following:

- recent arm's length market transactions;
- current fair value of other instruments that is substantially the same;
- the expected cash flows discounted at current rates applicable for investments with similar terms and risk characteristics; or,
- other valuation models.

The determination of cash flows and discount factors for unquoted equity investments requires significant estimation.

In valuing the Group's financial assets at FVOCI at fair value in compliance with PFRS 9, management applied judgment in selecting the valuation technique and used assumptions in estimating future cash flows from its equity instruments considering the information available to the Group.

As of December 31, 2024 and 2023, the Group's unquoted equity investments amounted to US\$2.73 million and US\$2.99 million, respectively (see Note 11).

Estimating useful lives of depreciable property, plant and equipment and right-of-use assets

The Group computes depreciation of property, plant and equipment and right-of-use assets with finite useful life on a straight-line basis over the assets' EUL. The EUL and depreciation method are reviewed annually to ensure that these are consistent with the expected pattern of economic benefits from the assets. This requires the Group to make an estimate of the expected asset utilization from business plans and strategies, future technical developments and market behavior to determine the expected pattern of economic benefits from the assets. Changes in the EUL or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the depreciation period or method, as appropriate, and are treated as changes in accounting estimates. The depreciation expense on property, plant and equipment with finite useful lives are recognized in the consolidated statement of comprehensive income, in the expense category, consistent with the function of the property, plant and equipment.

Refer to Notes 13, 14, and 24 for further details on Property, plant and equipment, Investment properties, and Right-of-use assets, respectively.

Estimation of net retirement liabilities

The cost of defined benefit pension plans as well as the present value of the pension obligation are determined using actuarial valuations.

The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in discount rate and future salary increase rate assumptions. All assumptions are reviewed at each reporting date. While the Group believes that the assumptions are reasonable and appropriate, significant differences between actual experiences and assumptions may materially affect the cost of employee benefits and related obligations.

The net retirement liabilities as at December 31, 2024 and 2023 amounted to US\$3.50 million and US\$3.43 million, respectively (see Note 28).

Recognition of deferred tax assets

The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces the deferred tax assets to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax assets to be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies.

The Group did not recognize certain deferred tax assets on temporary differences and carry forward benefits of NOLCO and MCIT of the Parent Company and on certain subsidiaries as of December 31, 2024 and 2023 since management believes that it may not be reasonably probable that sufficient taxable profit tax will be available against which the deductible temporary differences can be utilized.

As of December 31, 2024 and 2023, the Group recognized gross deferred tax assets amounting to US\$0.02 million (see Note 26).

4. Financial Risk Management Objectives and Policies

Risk Management Structure

All policy directions, business strategies and management initiatives emanate from the BOD which strives to provide the most effective leadership for the Group. For this purpose, 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 equity price risk and foreign currency risk exposures.

The Group has various financial assets such as cash in banks, receivables (excluding advances to employees), financial assets at FVOCI, and refundable deposits. 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.

Credit Risk

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.

Trade receivables, other receivables from customers and contract assets

The Group's trade receivables and 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, and other receivables from customers and contract assets 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.

Rent receivables

Credit risk arising from rental income from leasing properties is primarily managed through a tenant selection process. Prospective tenants are evaluated on the basis of payment track record and other credit information. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Group security deposits and advance rentals which helps reduce the Group's credit risk exposure in case of defaults by the tenants. For existing contracts, the Group has put in place a monitoring and follow-up system. Receivables are aged and analyzed on a continuous basis to minimize credit risk associated with these receivables.

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.

The Group does not hold any collateral from its customers thus, the carrying amounts of cash in banks and refundable deposits approximate the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

Cash in banks are placed in various banks. Material amounts are held by banks which belong to top five (5) banks in the country. The rest are held by local banks that have good reputation and low probability of insolvency. These are considered to be low credit risk investments.

Concentration of credit risk

The Group has concentration of credit risk due to sales to significant customers. One customer accounted for approximately 24.85%, 10.63% and 13.56% of its total revenue from contracts with customers in 2024, 2023 and 2022, respectively. The Group's top five customers accounted for approximately 57.52%, 45.25% and 47.78% of its total revenue from contracts with customers in 2024, 2023 and 2022, respectively. The financial and contract assets of the Group are more concentrated to the banks and financial intermediaries, consumer electronics, computer peripherals and telecom, which accounted for 67.77% and 51.33% of the total credit risk exposure in 2024 and 2023, respectively.

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

	2024	2023
Consumer electronics	US\$10,185	US\$14,324
Telecommunications (Telecom)	10,129	4,341
Banks and financial intermediaries*	9,643	6,756
Computer peripherals	4,944	5,825
Real estate	542	206
Automotive	-	217
Medical	-	110
Others	1,030	1,324
Total	US\$36,473	US\$33,103

*Excludes cash on hand amounting to US\$0.008 million for December 31, 2024 and December 31, 2023

The following tables below summarize the credit quality of the Group's financial and contract assets (gross of allowance for impairment losses) as at December 31:

	2024				
	Minimal Risk	Average Risk	High Risk	Credit-Impaired	Total
Cash in banks*	US\$9,643	US\$-	US\$-	US\$-	US\$9,643
Receivables					
Trade receivables	14,741	-	-	18	14,759
Other receivables from customers	2,973	-	-	-	2,973
Rent receivables	542	-	-	-	542
Advances to managers*	61	-	-	-	61
SSS claims receivables	18	-	-	3	21
Others	113	-	-	-	113
Contract assets	7,829	-	-	-	7,829
Other noncurrent assets					
Refundable deposits	553	-	-	-	553
	US\$36,473	US\$-	US\$-	US\$20	US\$36,494

*Excludes cash on hand amounting to US\$0.008 million.

	2023				
	Minimal Risk	Average Risk	High Risk	Credit-Impaired	Total
Cash in banks*	US\$6,756	US\$-	US\$-	US\$-	US\$6,756
Receivables					
Trade receivables	15,017	-	-	17	15,034
Other receivables from customers	3,063	-	-	1	3,064
Rent receivables	206	-	-	-	206
Advances to managers*	55	-	-	-	55
SSS claims receivables	46	-	-	2	48
Others	414	-	-	-	414
Contract assets	6,957	-	-	-	6,957
Other noncurrent assets					
Refundable deposits	589	-	-	-	589
	US\$33,103	US\$-	US\$-	US\$20	US\$33,123

**Excludes cash on hand amounting to US\$0.008 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 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 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 December 31:

	2024			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Credit-impaired)	Total
Cash in banks*	US\$9,643	US\$-	US\$-	US\$9,643
Receivables				
Rent receivables	542	-	-	542
Advances to managers	61	-	-	61
SSS claims receivable	18	-	3	21
Others	113	-	-	113
Other noncurrent assets				
Refundable deposits	553	-	-	553
Total	US\$10,930	US\$-	US\$3	US\$10,933

*Excludes cash on hand amounting to US\$0.008 million

	2023			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Credit-impaired)	Total
Cash in banks*	US\$6,756	US\$-	US\$-	US\$6,756
Receivables				
Rent receivables	206	-	-	206
Advances to managers	55	-	-	55
SSS claims receivables	46	-	2	48
Others	414	-	-	414
Other noncurrent assets				
Refundable deposits	589	-	-	589
Total	US\$8,066	US\$-	US\$2	US\$8,068

*Excludes cash on hand amounting to US\$0.008 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:

December 31, 2024:

	Trade receivables								
	Contract Assets	Current	Days past due						Total
			<30 days	30-60 days	61-90 days	91-120 days	121-150 days	>150 days	
Expected credit loss rate	0%	0%	0%	0%	0%	0%	0%	0%	
Estimated total gross carrying amount at default	US\$7,829	US\$10,680	US\$2,774	US\$832	US\$351	US\$–	US\$–	US\$122	US\$14,759
	–	–	–	–	–	–	–	–	–
	Other receivables from customers								
Expected credit loss rate		0%	0%	0%	0%	0%	0%	0%	
Estimated total gross carrying amount at default		2,720	241	10	1	–	–	1	2,973
		–	–	–	–	–	–	–	–
Total expected credit loss	US\$–	US\$–	US\$–	US\$–	US\$–	US\$–	US\$–	US\$–	US\$–

December 31, 2023:

	Trade receivables								Total
	Contract Assets	Current	Days past due						
			<30 days	30-60 days	61-90 days	91-120 days	121-150 days	>150 days	
Expected credit loss rate	0%	0%	0%	0%	0%	0%	0%	0%	
Estimated total gross carrying amount at default	US\$6,957	US\$11,701	US\$2,526	US\$403	US\$386	US\$1	US\$-	US\$17	US\$15,034
	-	-	-	-	-	-	-	-	-
	Other receivables from customers								Total
	Contract Assets	Current	Days past due						
			<30 days	30-60 days	61-90 days	91-120 days	121-150 days	>150 days	
Expected credit loss rate		0%	0%	0%	0%	0%	0%	0%	
Estimated total gross carrying amount at default		3,328	117	134	24	-	-	1	3,604
		-	-	-	-	-	-	-	-
Total expected credit loss	US\$-	US\$-	US\$-	US\$-	US\$-	US\$-	US\$-	US\$-	US\$-

In 2024 and 2023, the Group has no additional specifically impaired receivables.

In 2022, the Group recognized additional provision for impairment loss amounting to US\$69 thousand and US\$18 thousand which pertains to specifically impaired trade receivables and other receivables from customers, respectively (see Note 8).

Expected credit loss from the impairment exercise using a provision matrix is zero as of December 31, 2024 and 2023.

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 and long-term funding are 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 long-term liquidity requirements of the Group.

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

	2024					Total
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	
Financial assets						
Cash in banks	US\$9,651	US\$-	US\$-	US\$-	US\$-	US\$9,651
Receivables ¹	5,456	13,370	5	-	-	18,831
Refundable deposits ²	-	-	-	553	-	553
	15,107	13,370	5	553	-	29,035
Financial liabilities						
Accounts payable and other liabilities ³	5,471	11,558	-	-	-	17,029
Bank loans and long-term debt ⁴	-	7,073	8,173	5,782	-	21,732
Lease liabilities ⁵	-	193	505	502	-	1,200
Security deposits ⁶	-	-	-	635	-	635
	5,471	19,458	7,834	8,020	-	40,783
Liquidity gap	US\$9,106	(US\$5,926)	(US\$7,800)	(US\$7,603)	US\$-	(US\$12,223)

¹Excludes nonfinancial assets amounting to US\$0.064 million

²Included under noncurrent assets

³Excludes nonfinancial liabilities amounting to US\$0.333 million

⁴Including future interest payable amounting to US\$0.352 million

⁵Including future interest payable amounting to US\$0.093 million

⁶Included under accounts payable and other liabilities and other noncurrent liabilities

	2023					Total
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	
Financial assets						
Cash in banks	US\$6,764	US\$-	US\$-	US\$-	US\$-	US\$6,764
Receivables ¹	14,920	3,590	291	-	-	18,801
Refundable deposits ²	-	-	-	589	-	589
	21,684	3,590	291	589	-	26,154
Financial liabilities						
Accounts payable and other liabilities ³	US\$7,244	US\$12,392	US\$227	US\$-	US\$-	US\$19,863
Bank loans and long-term debt ⁴	-	14,868	7,725	3,160	-	25,753
Lease liabilities ⁵	US\$-	US\$147	US\$725	US\$1,408	US\$-	US\$2,280
Security deposits ⁶	-	-	-	612	-	612
	7,244	27,407	8,677	5,180	-	48,508
Liquidity gap	US\$14,440	(US\$23,817)	(US\$8,386)	(US\$4,591)	US\$-	(US\$22,354)

¹Excludes nonfinancial assets amounting to US\$0.085 million

²Included under noncurrent assets

³Excludes nonfinancial liabilities amounting to US\$0.338 million

⁴Including future interest payable amounting to US\$2.006 million

⁵Including future interest payable amounting to US\$0.233 million

⁶Included under accounts payable and other liabilities and other noncurrent liabilities

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 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 monetary 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 monetary assets or liabilities denominated in a currency other than the functional currency of the Group.

	2024		2023	
	In US Dollar	In Philippine Peso	In US Dollar	In Philippine Peso
Cash	US\$1,326	₱76,715	US\$2,720	₱150,620
Receivables	1,143	66,088	862	47,725
Financial assets at FVOCI	648	37,471	1,109	61,399
Refundable deposits	337	19,489	350	19,379
	3,454	199,763	5,041	279,123
Accounts payable and other liabilities	4,566	264,131	7,340	406,412
Net exposure arising from recognized assets and liabilities	(US\$1,112)	(₱64,368)	(US\$2,299)	(₱127,289)

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

Currency	Source	2024	2023
Philippine Peso	Bankers Association of the Philippines (BAP) closing rate	US\$0.017288	US\$0.018060

Sensitivity analysis

The following table indicates the approximate change in the Group's consolidated income (loss) 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:

	2024		2023	
	(70%)	70%	(70%)	70%
Changes in foreign currency exchange rates				
Philippine Peso	(70%)	70%	(70%)	70%
Effect on income before tax				
Philippine Peso	(US\$37.49)	US\$37.49	(US\$37.49)	US\$37.49

The Group based the percentage of increase and decrease in foreign exchange rate on percentage change of the foreign exchange rates as of the reporting date and year-end forecasted closing rate for 2024 and 2023 from third-party forecast.

Other than the potential impact on the Group's consolidated 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, interest rates in particular, 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 the effects on the Group's consolidated income (loss) before income 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 for the Years Ended:

December 31, 2023							
	Long-term Debt (Note 16)	Bank Loan (Note 16)	Commercial Loan (Note 16)	Lease Liabilities (Note 24)	Accrued Interest (Note 15)	Dividends Payable	Total
Balances at beginning of year	US\$3,267	US\$7,480	US\$13,000	US\$2,047	US\$79	US\$127	US\$26,000
Non-cash flows activities:							
Availments	-	-	-	-	-	-	-
Accretion of interest (Note 22)	-	-	-	123	1,471	-	1,594
Dividends declared	-	-	-	-	-	-	-
Cash flows activities:							
Availments	-	39	37,000	-	-	-	37,039
Payments of principal	(1,377)	(1,029)	(37,000)	(940)	-	-	(40,346)
Payments of interest	-	-	-	(123)	(1,497)	-	(1,620)
Dividend paid	-	-	-	-	-	(6)	(6)
Balances at end of year:	US\$1,890	US\$6,490	US\$13,000	US\$2,047	US\$53	US\$121	US\$22,661

December 31, 2023							
	Long-term Debt (Note 16)	Bank Loan (Note 16)	Commercial Loan (Note 16)	Lease Liabilities (Note 24)	Accrued Interest (Note 15)	Dividends Payable	Total
Balances at beginning of year	US\$-	US\$7,993	US\$18,000	US\$2,852	US\$26	US\$-	US\$28,871
Non-cash flows activities:							
Availments	4,696	-	-	-	-	-	4,696
Accretion of interest (Note 22)	-	-	-	188	1,639	-	1,827
Dividends declared	-	-	-	-	-	1,540	1,540
Cash flows activities:							
Availments	-	117	43,000	-	-	-	43,117
Payments of principal	(1,429)	(630)	(48,000)	(805)	-	-	(50,864)
Payment of interest	-	-	-	(188)	(1,586)	-	(1,774)
Dividend paid	-	-	-	-	-	(1,413)	(1,413)
Balances at end of year	US\$3,267	US\$7,480	US\$13,000	US\$2,047	US\$79	US\$127	US\$26,000

5. Fair Value Measurement

The Group's financial instruments consist of cash in banks, receivables (excluding advances to employees), refundable deposits (included under other noncurrent assets), financial assets at FVOCI, 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 following table sets forth the fair value hierarchy of the Group's assets and liabilities:

December 31, 2024

	Carrying value	Total	Fair value measurement using		
			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\$2,752	US\$2,752	US\$19	US\$553	US\$2,180
Asset for which fair value are disclosed:					
Other noncurrent assets					
Refundable deposits	553	553	-	-	553
Liabilities for which fair values are disclosed:					
Lease liabilities (Note 24)	1,107	1,112	-	-	1,112
Bank loans (Note 16)	2,005	2,062	-	-	2,062
Other liabilities					
Security deposits	612	708	-	-	708

December 31, 2023

	Carrying value	Total	Fair value measurement using		
			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\$3,006	US\$3,006	US\$19	US\$385	US\$2,602
Asset for which fair value are disclosed					
Other noncurrent assets					
Refundable deposits	589	589	-	-	589
Liabilities for which fair values are disclosed:					
Lease liabilities (Note 24)	2,047	3,183	-	-	3,183
Bank loans (Note 16)	10,747	10,628	-	-	10,628
Other liabilities					
Security deposits	612	708	-	-	708

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

The estimated fair values of refundable deposits, long-term debt, bank loans, lease liabilities and security deposits represent 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 long-term debt and 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 5.88% to 6.05% in 2024 and 5.12% to 5.92% in 2023.

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. Under PFRS 9, unquoted investments are measured using market approach on its comparable underlying investments with significant unobservable inputs within Level 3 category (see Note 3).

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.

Reconciliation of fair value measurement of non-listed equity investments categorized within the Level 3 of fair value hierarchy follow:

	2024	2023
Balance at beginning of year	US\$2,602	US\$1,530
Unrealized gain (loss)	(422)	1,072
Balance at end of year	US\$2,180	US\$2,602

In 2024 and 2023, 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.

6. 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 long-term debt, lease liabilities, dividend payable, security deposits and accounts payable and other liabilities, less cash in banks. 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 at December 31, 2024 and 2023 follows:

	2024	2023
Current liabilities		
Accounts payable and other liabilities*	US\$16,982	US\$19,683
Current portion of bank loans and long-term debt	15,598	15,355
Current portion of lease liabilities	637	753
Dividend payable	121	127
	33,338	35,918
Noncurrent liabilities		
Security deposits - net of current portion**	635	612
Bank loans and long-term debt	5,782	8,392
- net of current portion	470	1,294
Lease liabilities - net of current portion	6,887	10,298
Total debt	US\$40,225	US\$46,216
Less cash and cash equivalents	9,651	6,764
Net debt	30,574	39,452
Equity	67,185	64,576
Total equity and net debt	US\$97,759	US\$104,028
Leverage ratio	31.27%	37.92%

*Excluding nonfinancial liabilities amounting to US\$0.380 million and US\$0.338 million as of December 31, 2024 and 2023, respectively

**Included under other noncurrent liabilities

The Group has no externally-imposed capital requirements as of December 31, 2024 and 2023.

7. Cash in banks

This account consists of:

	2024	2023
Cash on hand	US\$8	US\$8
Cash in banks	9,643	6,756
	US\$9,651	US\$6,764

Cash in banks earn interest at the respective bank deposit rates ranging from 0.05% to 2.50% in 2024, 2023 and 2022. Interest income earned on cash in bank amounted to US\$0.01 million in 2024, 2023, and 2022, respectively (see Note 18).

8. Receivables

This account consists of:

	2024	2023
Trade receivables	US\$14,759	US\$15,034
Other receivables from customers	2,973	3,064
Rent receivables	542	206
Advances to employees	107	85
Advances to managers	61	55
SSS claims receivables	21	48
Others	113	414
	18,576	18,906
Less allowance for impairment losses	20	20
	US\$18,556	US\$18,886

Trade and other receivables related to customers are noninterest-bearing and normally due within 30-120 days from the date of billing.

Other receivables from customers pertains to revenue arising from other related services to manufacturing of goods based on contract with customers. This includes receivables from nonrecurring expenses incurred, such as tools and jigs, that are reimbursable from the customers.

The following outlines the movement of the allowance for impairment losses based on individual impairment in 2023, with no changes recorded for collective impairment. There is no movement in 2024.

	2023			
	Trade receivables	Other receivables from customers	Others	Total
Balances at beginning of year	US\$86	US\$19	US\$2	US\$107
Recoveries (Note 18)	(44)	(18)	-	(62)
Receivables written off	(25)	-	-	(25)
Balances at end of year	US\$17	US\$1	US\$2	US\$20

The Group recovered receivables from customers amounting to US\$0.062 million in 2023 (nil in 2024 and 2022). These are net of transaction costs, recorded under "Others - net" in the consolidated statement of comprehensive income, in which total carrying amount of the outstanding receivables have been fully provided with allowance (see Note 18).

9. Contract Balances

This account consists of:

	2024	2023
Contract assets	US\$7,829	US\$6,957
Contract liabilities	5,118	6,349

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.

In 2024 and 2023, the Group assessed that there are no expected credit losses on contract assets.

Contract liabilities include advance payments received from customers for advance ordering of materials and customer advances for aging inventories as part of the buy-back arrangement.

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.

10. Inventories

	2024	2023
At Cost:		
Raw materials	US\$32,354	US\$34,770
Spare parts and supplies	1,123	1,212
	US\$33,477	US\$35,982

The Group measures its inventories at lower of cost and net realizable value (NRV). The Group's allowance for inventory obsolescence amounted to US\$0.02 million as of December 31, 2024 and 2023.

The raw materials and supplies used in the operations amounted to US\$68.89 million, US\$58.15 million and US\$42.95 million in 2024, 2023 and 2022, respectively (see Note 19).

11. Financial Assets at FVOCI

As of December 31, this account consists of:

	2024	2023
Quoted		
Balance at beginning and end of year	US\$19	US\$19
Unquoted		
Balance at beginning of year	2,987	1,742
Fair value gain (loss) during the year	(254)	1,096
Additional investments	-	149
Balance at end of year	2,733	2,987
	US\$2,752	US\$3,006

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:

	2024	2023
Balance at beginning of year	(US\$1,124)	(US\$2,046)
Fair value gain (loss)	(207)	922
Balance at end of year	(US\$1,331)	(US\$1,124)

The Group did not receive dividends from Beacon Property Ventures, Inc. and Tech Venture II, Ltd. in 2024, 2023 and 2022.

12. Investments in Associates

This account consists of:

	2024	2023
Acquisition cost		
Balance at beginning of year	US\$518	US\$518
Accumulated equity in net earnings		
Balance at beginning of year	246	262
Share in net earnings (loss)	16	(8)
Share in other comprehensive loss	6	(8)
Balance at end of year	268	246
Equity in cumulative translation adjustment		
Balance at the beginning of year	(115)	(104)
Exchange differences	(11)	(11)
Balance at end of year	(126)	(115)
Net book value	US\$660	US\$649

	Country of Incorporation and Business	Effective Percentage Ownership (%)	
		2024	2023
ICCP Ventures Partners, Inc. (IVPI)	Philippines	30%	30%
Tech Ventures Partners, Ltd. (TVPL)	Cayman Islands	30%	30%
ICCP SBI Venture Partners (Hong Kong) Limited (ISVP-HK)	Hong Kong	19%	19%

Share in net earnings (loss) in 2024, 2023 and 2022 amounted to US\$0.02 million, (US\$0.01 million) and US\$0.04 million, respectively. The Group did not recognize share in equity losses from ISVP-HK amounting to US\$0.14 million, US\$0.16 million and US\$0.12 million in 2024, 2023 and 2022, respectively, as the investment has been reduced to nil amount due to prior losses and there is no commitment to cover the losses beyond the cost of the investment. In 2022, the Group liquidated its investment in IVI with net proceeds of \$0.026 million.

As of December 31, 2024 and 2023, there are no significant restrictions on the ability to access or use the assets and settle the liabilities of the Group.

Below are the summarized financial information relating to the Group's investment in associates:

	2024		
	IVPI	TVPL	ISVP-HK
Current assets	US\$2,266	US\$1,972	US\$63
Noncurrent assets	1	158	441
Total assets	US\$2,267	US\$2,130	US\$504
Current liabilities	US\$1,042	US\$956	US\$1,267
Noncurrent liabilities	188	12	-
Total liabilities	US\$1,230	US\$968	US\$1,267
Income (loss)	US\$82	(US\$14)	US\$234
Expenses	61	26	169
Net income (loss)	21	(12)	65
Other comprehensive loss	-	(2)	-
Total comprehensive income (loss)	US\$21	(US\$14)	US\$65

	2023		
	IVPI	TVPL	ISVP-HK
Current assets	US\$2,167	US\$495	US\$48
Noncurrent assets	173	1,001	451
Total assets	US\$2,340	US\$1,496	US\$499
Current liabilities	US\$1,150	US\$260	US\$1,316
Noncurrent liabilities	197	66	-
Total liabilities	US\$1,347	US\$326	US\$1,316
Income (loss)	US\$97	(US\$3)	US\$248
Expenses	85	6	186
Net income (loss)	12	(9)	62
Other comprehensive loss	-	1	-
Total comprehensive income (loss)	US\$12	(US\$8)	US\$62

	2022		
	IVPI	TVPL	ISVP-HK
Current assets	US\$2,228	US\$494	US\$270
Noncurrent assets	174	1,040	386
Total assets	US\$2,402	US\$1,534	US\$656
Current liabilities	US\$1,216	US\$285	US\$1,525
Noncurrent liabilities	201	65	-
Total liabilities	US\$1,417	US\$350	US\$1,525
Income	US\$208	(US\$12)	US\$268
Expenses	162	10	309
Net income (loss)	46	(22)	(41)
Other comprehensive income (loss)	-	(11)	-
Total comprehensive income (loss)	US\$46	(US\$33)	(US\$41)

The reconciliation of the net assets of the associates to the carrying amounts of the investments in associates recognized in the consolidated financial statements follows:

	2024			
	IVPI	TVPL	ISVP-HK	Total
Net asset (liability) of associate attributable to common shareholders	US\$1,036	US\$1,162	(US\$763)	US\$1,435
Proportionate ownership in the associate	30%	30%	19%	
Share in net identifiable asset	US\$311	US\$349	US\$-	US\$660
Carrying values	US\$311	US\$349	US\$-	US\$660

	2023			
	IVPI	TVPL	ISVP-HK	Total
Net asset (liability) of associate attributable to common shareholders	US\$994	US\$1,169	(US\$817)	US\$1,346
Proportionate ownership in the associate	30%	30%	19%	
Share in net identifiable asset	US\$298	US\$351	US\$-	US\$649
Carrying values	US\$298	US\$351	US\$-	US\$649

13. Property, Plant and Equipment and Noncurrent Asset Held for Sale

The rollforward analyses of this account follows:

2024								
	Land	Machineries and Equipment	Building, Improvements and Leasehold Improvements	Tools and Other Equipment	Air-conditioning Systems	Furniture, Fixtures and Equipment	Transportation Equipment	Total
Cost								
Balances at beginning of year	US\$2,546	US\$53,913	US\$10,549	US\$10,862	US\$2,298	US\$272	US\$463	US\$80,903
Additions	-	134	114	413	55	4	23	743
Retirement	-	(8)	(62)	(77)	(33)	-	-	(180)
Transfer	-	34	(109)	3	72	-	-	-
Impairment (Note 18)	-	(3,583)	(2,003)	-	-	(150)	(57)	(5,793)
Transfer to asset held for sale	-	(465)	-	-	-	-	-	(465)
Balances at end of year	2,546	50,025	8,489	11,201	2,392	126	429	75,208
Accumulated depreciation and amortization								
Balances at beginning of year	-	34,205	9,374	8,505	1,840	272	302	54,498
Depreciation and amortization (Notes 19 and 21)	-	3,528	182	888	193	1	46	4,838
Retirement	-	(8)	(62)	(77)	(33)	-	-	(180)
Transfer	-	21	(60)	1	38	-	-	-
Impairment (Note 18)	-	(2,745)	(2,000)	-	-	(150)	(57)	(4,952)
Balances at end of year	-	35,001	7,434	9,317	2,038	123	291	54,204
Net book values	US\$2,546	US\$15,024	US\$1,055	US\$1,884	US\$354	US\$3	US\$138	US\$21,004

2023								
	Land	Machineries and Equipment	Building, Improvements and Leasehold Improvements	Tools and Other Equipment	Air-conditioning Systems	Furniture, Fixtures and Equipment	Transportation Equipment	Total
Cost								
Balances at beginning of year	US\$2,546	US\$46,411	US\$9,938	US\$9,972	US\$2,178	US\$269	US\$304	US\$71,618
Additions	-	5,915	594	1,057	111	3	148	7,828
Retirement	-	(122)	(46)	(150)	-	-	-	(318)
Reclassification	-	-	63	(17)	9	-	11	66
Transfer	-	1,709	-	-	-	-	-	1,709
Balances at end of year	2,546	53,913	10,549	10,862	2,298	272	463	80,903
Accumulated depreciation and amortization								
Balances at beginning of year	-	30,639	9,048	7,859	1,661	271	271	49,749
Depreciation and amortization (Notes 19 and 21)	-	3,159	309	802	179	1	25	4,475
Retirement	-	(122)	(46)	(150)	-	-	-	(318)
Reclassification	-	-	63	(6)	-	-	6	63
Transfer	-	529	-	-	-	-	-	529
Balances at end of year	-	34,205	9,374	8,505	1,840	272	302	54,498
Net book values	US\$2,546	US\$19,708	US\$1,175	US\$2,357	US\$458	US\$-	US\$161	US\$26,405

In 2024 and 2023, the Group retired certain fully depreciated machineries and equipment that are no longer used in the production totaling to US\$0.18 and US\$0.32 million, respectively. There are no contractual commitments arising from awarded contracts for the acquisition, development and construction of property and equipment. There are no restrictions on its property and equipment and if these have been pledged as security for its obligations.

In February 2023, the Group acquired property and equipment amounting to US\$4.70 million by entering into three (3)-year financing agreements with a supplier (see Note 16). The financing agreements are secured by a chattel mortgage over machineries and equipment of EMS located at its premises. EMS made payments in relation to these financing agreements amounting to US\$1.43 million. As of December 31, 2023, the carrying values of the outstanding long-term debt relating to this agreement amounted to US\$3.27 million.

Depreciation charges of the Group's property, plant and equipment are broken down as follow:

	2024	2023	2022
Cost of sales (Note 19)	US\$4,745	US\$4,381	US\$3,695
General and administrative expenses (Note 21)	77	83	71
Selling expenses (Note 21)	16	11	7
	US\$4,838	US\$4,475	US\$3,773

Noncurrent Asset Held for Sale

In 2024, lomni has started exploring the possible winding down of its operation and have presented to the BOD, its winding down plan and timeline. On March 14, 2025, due to continuing losses and loss of major customers, the BOD and stockholders of lomni approved the plan of cessation of manufacturing operations effective May 15, 2025. Accordingly, its 2024 financial statements have been prepared under liquidation basis of accounting. As a result, the carrying amounts of lomni's remaining assets were presented at estimated realizable values and all liabilities were presented at estimated settlement amounts as of December 31, 2024.

In light of the planned cessation of operations, lomni is committed to selling its property, plant and equipment (primarily consisting of machinery and equipment) and has taken steps to identify potential buyers. As such, as of December 31, 2024, lomni's property, plant and equipment was measured at net realizable value of US\$0.47 million based on the most recent offers from willing third-party buyers, resulting to the recognition of impairment loss on property, plant and equipment in 2024 amounting to US\$0.84 million (see Note 18). Accordingly, the subject property, plant and equipment was classified as noncurrent asset held for sale presented under current assets in the consolidated statements of financial position. The assets are available for immediate sale and lomni is committed to sell the assets within the year.

14. Investment Properties

The roll forward analysis of this account follows:

	2024			
	Land	Building	Building Improvements	Total
Cost				
Balances at beginning of year	US\$7,274	US\$15,247	US\$4,539	US\$27,060
Additions	62	-	249	311
Adjustment	-	(269)	-	(269)
Balances at end of year	7,336	14,978	4,788	27,102
Accumulated Depreciation and Amortization				
Balances at beginning of year	-	4,305	4,073	8,378
Depreciation and amortization (Note 20)	-	527	238	765
Adjustment	-	(27)	-	(27)
Balances at end of year	-	4,805	4,311	9,116
Exchange Reserves	(6)	-	-	(6)
Net Book Values	US\$7,330	US\$10,173	US\$477	US\$17,980

	2023			
	Land	Building	Building Improvements	Total
Cost				
Balances at beginning of year	US\$1,769	US\$15,247	US\$4,329	US\$21,345
Additions	5,505	-	210	5,715
Balances at end of year	7,274	15,247	4,539	27,060
Accumulated Depreciation and Amortization				
Balances at beginning of year	-	3,793	3,978	7,771
Depreciation and amortization (Note 20)	-	512	95	607
Balances at end of year	-	4,305	4,073	8,378
Exchange Reserves	(6)	-	-	(6)
Net Book Values	US\$7,268	US\$10,942	US\$466	US\$18,676

The Group obtained appraisal reports from independent third-party professionally qualified appraisers as of December 31, 2024 and 2023. Based on the appraisal reports, the fair values of land and depreciable investment properties amounted to US\$11.20 million and US\$24.85 million, respectively.

The fair values of the land and depreciable investment properties were arrived at using the Sales Comparison approach and Income approach, respectively, which are included under the Level 3 of the fair value hierarchy. In the Sales Comparison approach, fair value is based on sales and listings of comparable properties registered within the vicinity. Factors such as price per square meter, location, size and shape of lot and bargaining allowance identified as significant unobservable inputs were taken into consideration to estimate the fair value of the property.

The fair values of the buildings were arrived using the Income Approach. Income Approach provides an indication of value by converting future cash flow to a single current value. Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost saving generated by the asset. The significant unobservable inputs to valuation of investment properties ranges from US\$0.32 million to US\$1.55 million annual rental rates and US\$167 per sqm. in 2024 and 2023.

Rental income earned from the investment properties amounted to US\$2.80 million, US\$2.97 million, and US\$3.09 million in 2024, 2023 and 2022, respectively. Cost of rental services from investment properties amounted to US\$0.84 million in 2024, US\$ 0.81 in 2023 and US\$0.74 million in 2022, (see Note 20).

The Group has no restriction on the realizability of its investment properties and no obligation to either purchase, construct or develop for repairs, maintenance, and enhancements.

15. Accounts Payable and Other Liabilities

This account consists of:

	2024	2023
Trade payables	US\$12,194	US\$14,862
Accrued expenses	3,828	3,704
Non-trade payables	974	754
Unearned rent income (Note 24)	667	688
Security deposit (Note 24)	635	612
Others	365	700
	18,663	21,320
Less noncurrent portion of unearned rent and security deposits (Note 24)	1,301	1,299
	US\$17,362	US\$20,021

Trade payables are amounts primarily due to suppliers which are noninterest-bearing and are normally settled on 15 to 90-day terms.

Others mainly include other contracted labor and employee benefits payable.

The foregoing accrued expenses and other financial liabilities are non-interest bearing and are normally settled within one (1) year. Details of accrued expenses follow:

	2024	2023
Accrued sales commission	US\$1,360	US\$1,124
Accrued salaries, wages and other benefits	462	618
Accrued handling charges	451	515
Accrued utilities	394	450
Accrued professional fees	491	438
Accrued medical and dental expense	141	127
Accrued contract labor	114	125
Accrued interest expense	54	79
Accrued taxes	13	44
Accrued direct materials	26	29
Accrued rent	17	23
Others	305	132
	US\$3,828	US\$3,704

Other accrued expenses mainly include the group's accrued management bonus.

16. Bank Loans and Long-term Debt

This account consists of:

	2024	2023
Long-term debt		
Current	US\$1,496	US\$1,377
Noncurrent	394	1,890
Bank loans		
Current	1,102	978
Noncurrent	5,388	6,502
Commercial loans		
Current	13,000	13,000
	US\$21,380	US\$23,747
Current	US\$15,598	US\$15,355
Noncurrent	5,782	8,392
	US\$21,380	US\$23,747

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

Bank loans:

Ionics EMS, Inc.

- In 2024, EMS entered into credit loan agreements with local banks for the bank loan fleet financing of certain employees with payment terms ranging from three (3) to five (5) years amounting to US\$0.030 million. These loans are subject to monthly interest rates ranging from 0.67% to 0.79% in 2024. EMS already paid US\$0.004 million in 2024. As of December 31, 2024, the outstanding balance of these bank loans amounted to US\$0.026 million.

- In 2023, EMS entered into credit loan agreements with local banks for the bank loan fleet financing of certain employees with payment terms ranging from three (3) to five (5) years amounting to US\$0.22 million. These loans are subject to monthly interest rates ranging from 0.67% to 0.79% in 2024 and 2023. EMS already paid US\$0.03 in 2024 and US\$0.10 million in 2023. As of December 31, 2024, and December 31, 2023, the outstanding balance of these bank loans amounted to US\$0.09 million and US\$0.10 million, respectively.

There are no debt covenants related to these loans.

Ionics Properties, Inc.

- 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 14). 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. IPI made its 5th drawdown on May 20, 2022 amounting to US\$0.08 million. The term loan is secured by a real estate mortgage over the land which said build-to-suit production facility is being constructed.

As of December 31, 2024 and 2023, IPI already paid US\$1.58 million and US\$0.60 million. The outstanding balance of this loan amounted to US\$6.42 million and US\$7.45 million, respectively, subject to amortization.

Debt Covenant

The agreement provides affirmative and negative covenants which IPI must fulfill. This includes compliance of:

- Debt-to-equity ratio, computed total liabilities divided by total equity, of not more than 2.0:1;
- Minimum debt-service ratio, computed Earnings Before Interest Taxes, Depreciation and Amortization (EBITDA) divided by prior period debt-service, of 1.5:1; and,
- Minimum current ratio, computed as current assets divided by current liabilities, of 2.5:1.

As of December 31, 2024 and 2023, all covenants set forth in the agreement have been fully met by IPI.

Commercial loans:

Ionics EMS, Inc.

- In 2024, EMS made a drawdown for a six (6)-month short term loan with interest rates ranging from 6.59% to 7.50% amounting to US\$2.00 million each on April 11, 2024, May 14, 2024, June 18, 2024, October 11, 2024, November 12, 2024 and December 16, 2024. Out of the US\$12.00 million drawdowns, EMS already paid US\$6.00 million. The remaining outstanding balance of US\$6.00 million will mature on April 21, 2025, May 09, 2025 and June 16, 2025.
- In 2024, EMS made a drawdown for a four (4)-month short term loan with interest rates ranging from 6.50% to 7.87% amounting to US\$2.00 million on January 31, 2024, US\$5.00 million on February 28, 2024, US\$4.00 million each on April 02, 2024, July 18, 2024 and November 19, 2024, US\$3.00 million each on June 25, 2024 and October 31, 2024. Out of the US\$25.00 million drawdowns, EMS already paid US\$18.00 million. The remaining outstanding balance of US\$3.00 million and US\$4.00 million will mature on February 28, 2025 and March 19, 2025.
- In 2023, EMS made a drawdown for a six (6)-month short term loan with interest rates ranging from 6.50% to 7.179% amounting to US\$2.00 million each on February 23, 2023 and October 10, 2023, US\$4.00 million each on April 28, 2023 and October 24, 2023. Out of the US\$12.00 million drawdowns, EMS paid US\$6.00 million in 2023 and US\$6.00 million in 2024.
- In 2023, EMS made a drawdown for a four (4)-month short term loan with interest rates ranging from 5.00% to 7.00% amounting to US\$5.00 million each on January 10, 2023, February 01, 2023, May 12, 2023, August 15, 2023 and November 07, 2023, US\$2.00 million each on March 03, 2023, June 13, 2023 and September 18, 2023. Out of the US\$31.00 million drawdowns, EMS paid US\$24.00 million in 2023 and US\$7.00 million in 2024.

- In 2022, EMS 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, EMS paid US\$10.00 million in 2022 and US\$6.00 million in 2023.
- In 2022, EMS 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, EMS paid US\$9.00 million in 2022 and US\$12.00 million in 2023.

EMS made a drawdown for a four (4)-month short term loan amounting to US\$4.00 million on May 15, 2021 and US\$2.00 million on July 7, 2021, the EMS paid US\$6.00 million in 2021.

There are no debt covenants related to these loans.

Long-term debt (see Notes 13 and 24):

- In February 2023, EMS 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 EMS located at its premises (see Note 12). The Group made payments in relation to these financing agreements amounting to US\$2.81 million. As of December 31, 2024 and December 31, 2023, the carrying values of the outstanding long-term debt relating to this agreement amounted to US\$1.89 million and US\$3.27 million.

There are no debt covenants related to these loans.

In 2024, 2023 and 2022, interests and other financing costs arising from the above bank loans and long-term debt as included under "Finance costs" in the consolidated statements of comprehensive income amounted to US\$1.50 million, US\$1.59 million and US\$0.89 million, respectively (see Note 22).

17. Equity

Capital Stock

The Parent Company's capital stock consists of 1,000,000,000 authorized common stock at ₱1.00 par value per share, with 837,130,992 issued shares amounting to ₱837.13 million (US\$17.63 million) as of December 31, 2024, and 2023. The Parent Company has additional paid-in capital amounting to ₱800.00 million (US\$9.07 million) as of December 31, 2024 and 2023.

On February 7, 1995, the SEC approved the registration of 429,687,496 common shares with issue price of ₱17.00.

As of December 31, 2024, and 2023, the Parent Company has 20,844,000 treasury shares amounting to ₱36.94 million (US\$1.37 million).

In 2012, IPI, a wholly-owned subsidiary of the Ionics, Inc., acquired 14,059,000 shares of the Ionics, Inc. with a cost of US\$0.37 million. This is presented as treasury shares in the consolidated statements of financial position as at December 31, 2024 and 2023.

The Parent Company's track record of capital stock is as follows:

	Number of Shares Registered	Issue/ Offer Price	Date of Approval	Number of Holders as of Year-end
At January 1, 1995	137,500,000			
Add (deduct)				
Public offering additional issuance	34,375,000	₱17	June 21, 1995	
Stock dividends	171,875,000		June 28, 1996	
Stock dividends	85,937,496		May 23, 1997	
Treasury shares	(1,400,000)		December 31, 2000	
Stock dividends	428,287,496		December 31, 2012	
December 31, 2013	856,574,992			1,051
Add: Movement	-			(159)
December 31, 2014	856,574,992			892
Add: Movement	-			(10)
December 31, 2015	856,574,992			882
Add: Movement	(10,254,000)		May 20, 2015	(8)
December 31, 2016	846,320,992			874
Movement	(9,190,000)		May 20, 2016	(8)
December 31, 2017	837,130,992			866
Movement	-			(4)
December 31, 2018	837,130,992			862
Movement	-			(10)
December 31, 2019	837,130,992			852
Movement	-			(2)
December 31, 2020	837,130,992			850
Movement	-			(5)
December 31, 2021	837,130,992			845
Movement	-			(1)
December 31, 2022	837,130,992			844
Movement	-			(3)
December 31, 2023	837,130,992			841
Movement	-			(4)
December 31, 2024	837,130,992			837

Retained Earnings

The Parent Company's retained earnings available for dividend declaration amounted to US\$8.34 million, US\$9.63 million and US\$10.77 million as of December 31, 2024, 2023 and 2022, respectively.

The unappropriated retained earnings include accumulated equity in undistributed net earnings of the consolidated subsidiaries and associates amounting to US\$34.08 million and US\$29.62 million as of December 31, 2024 and 2023, respectively. These are not available for dividend declaration until declared by the BOD of the respective subsidiaries.

The retained earnings is also restricted from dividend distribution to the extent of the cost of treasury shares.

On March 17, 2025, the BOD during its Special Board meeting approved the declaration of ₱0.10 per share cash dividend amounting to US\$1.45 million to all stockholders of record as of March 28, 2025, with payment not later than April 25, 2025.

On March 13, 2023, the BOD during its Special Board meeting approved the declaration of ₱0.10 per share cash dividend amounting to US\$1.54 million to all stockholders of record as of March 28, 2023, with payment not later than April 25, 2023. Out of the US\$1.54 million dividend declaration, US\$1.41 million was paid in 2023.

Non-controlling Interests

On February 25, 2000, EMS offered its shares of stock to the public and became publicly listed in the Singapore Exchange. On September 25, 2009, Philippine SEC approved EMS' equity restructuring, which ultimately offset its remaining deficit and improved its debt to equity ratio. Low daily turnover and low daily market capitalization prompted EMS to reconsider its continued listing in the Singapore Exchange.

On September 25, 2009, Philippine SEC approved EMS' equity restructuring. The equity restructuring resulted to issuance of common and preferred shares to the Parent Company, which consequently increased the ownership of EMS by 15%. The non-controlling interests were adjusted to reflect the increase in ownership in the amount of US\$0.13 million.

On March 2, 2010, the Parent Company and EMS jointly announced the proposed voluntary delisting of EMS from the Singapore Exchange. In compliance with the delisting proposal, the Parent Company offered to purchase the common shares issued to the non-controlling shareholders of EMS. In 2010, the Parent Company acquired an additional 104,801,455 shares or 6.72% ownership of EMS for a total consideration of US\$1.17 million.

The difference between the amount by which the non-controlling interests were adjusted and the consideration paid to the non-controlling shareholders amounted to US\$0.58 million. The transaction costs of US\$0.23 million incurred in relation to the equity transaction was recognized directly in equity.

18. Others - Net

This account consists of:

	2024	2023	2022
Foreign currency exchange gains (loss) - net	US\$240	(US\$186)	US\$812
Scrap sales	182	-	-
Interest income (Note 7)	9	9	10
Dividend income	5	-	-
Bank charges	(85)	(54)	(123)
Impairment loss of property and equipment (Note 13)	(841)	-	-
Miscellaneous	28	3	28
Gain on sale of property and equipment	-	5	-
Recoveries from impairment loss (Note 8)	-	US\$62	US\$-
	(US\$462)	(US\$161)	US\$727

19. Cost of Sales

This account consists of:

	2024	2023	2022
Raw materials and supplies used (Note 10)	US\$68,885	US\$58,154	US\$42,952
Salaries, wages and benefits (Notes 23 and 28)	15,276	15,627	14,617
Depreciation and amortization (Notes 2, 13 and 24)	5,348	4,982	4,352
Occupancy cost and utilities (Note 24)	4,110	3,902	4,031
Handling and freight charges	1,326	963	788
Others (Note 3)	933	1,200	1,109
	US\$95,878	US\$84,828	US\$67,849

Retirement expense included in the salaries, wages and benefits account amounted to US\$0.47 million in 2024 and US\$0.39 million, in 2023 and 2022.

20. Cost of Rental Services

This account consists of:

	2024	2023	2022
Depreciation (Notes 14 and 24)	US\$816	US\$805	US\$721
Taxes and licenses	8	1	14
Others	22	-	2
	US\$846	US\$806	US\$737

Others include occupancy cost, utilities, and insurance.

21. Operating Expenses

This account consists of:

	2024	2023	2022
General and administrative expenses	US\$2,334	US\$2,416	US\$2,571
Selling expenses	2,556	2,739	1,800
	US\$4,890	US\$5,155	US\$4,371

General and administrative expenses consist of the following:

	2024	2023	2022
Salaries and benefits	US\$1,294	US\$1,221	US\$1,222
Professional fees	248	288	385
Occupancy cost and utilities	221	191	263
Management bonus	138	216	213
Depreciation and amortization (Notes 13 and 24)	123	121	187
Insurance	105	75	80
Security guard services	20	42	31
Taxes and licenses	17	14	30
Repairs and maintenance	17	27	8
Membership fees/dues	19	21	17
Representation and entertainment	7	2	11
Miscellaneous	125	198	124
	US\$2,334	US\$2,416	US\$2,571

Other expenses mainly include repairs and maintenance, contracted services, and representation expenses.

Selling expenses consist of the following:

	2024	2023	2022
Sales commission and agent's professional fee	US\$2,049	US\$2,219	US\$1,365
Salaries and benefits	370	408	333
IT SH/WH Maintenance	23	23	23
Depreciation and amortization (Notes 13 and 24)	21	11	11
Other expenses	93	78	68
	US\$2,556	US\$2,739	US\$1,800

Selling expenses include sales commissions paid to foreign agents, which is based on 10% of conversion cost and 1-3% of material costs.

Retirement expense included in the salaries, wages and benefits account amounted to US\$0.03 million, in 2024 and US\$0.02 million, 2023 and 2024 (see Note 28).

Other expenses account includes supplies, taxes and licenses, membership dues, insurance expense among others.

22. Finance Costs

This account consists of:

	2024	2023	2022
Interests on:			
Bank loans and long-term debt (Note 16)	US\$1,497	US\$1,587	US\$887
Lease liabilities (Note 24)	123	188	156
Others	26	26	26
	US\$1,646	US\$1,801	US\$1,069

Others pertain to interest from term loan and amortization of discounts from security deposits.

23. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. Related parties may be individuals or corporate entities.

There are no transactions with related parties outside of the Group in 2024, 2023 and 2022.

The key management personnel of the Group include executives and directors. The summary of compensation of the key management personnel included in "salaries, wages, and benefits" account under cost of sales and operating expenses in the consolidated statements of comprehensive income follows:

	2024	2023	2022
Executive officers' compensation	US\$511	US\$506	US\$624
Directors' remuneration	361	360	354
Short-term employee benefits	101	99	94
Post-employment benefits	62	59	56
	US\$1,035	US\$1,024	US\$1,128

The Group has approval process and established limits when entering into material related party transactions. The Board of Directors shall approve all material related party transactions before their commencement. Material related party transactions shall be identified taking into account the related party registry. Transactions amounting to 10% or more of the total consolidated assets of the Group that were entered into with an unrelated party that subsequently becomes a related party may be excluded from the limits and approval process requirement.

As of December 31, 2024, and 2023, the Group has not made any allowance for expected credit loss relating to amounts owed by related parties. The Group applies a general approach in calculating the ECL. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the affiliates and the economic environment.

24. Leases

Group as Lessee

The Group entered into lease agreements with third parties for land, warehouse space and various machineries, tools and equipment. The lease of land and warehouse space have an original lease term of five (5) years. The lease of machineries, tools and equipment generally have a lease term of three (3) years.

Future undiscounted minimum lease payments under noncancelable leases as at December 31 follow:

	2024	2023
Within one year	US\$123	US\$568
After one year but not more than two years	274	518
After two years but not more than three years	205	308
After three years but not more than four years	-	214
	US\$602	US\$1,608

The Group has a lease contract renewable for another five (5)-year period at the option of the Group. Based on the assessment of the Group's management upon adoption of PFRS 16, the renewal is not reasonably certain. Future undiscounted minimum lease payments under cancelable leases subject to six months notification as at December 31 follow:

	2024	2023
Within one year	US\$282	US\$316
After one year but not more than 2 years	23	328
After 2 years but not more than 3 years	-	30
	US\$305	US\$674

Set out below are the carrying amounts of right-of-use assets as at December 31:

	2024		
	Building	Machineries, Tools and Equipment	Total
Cost			
Balances at beginning of year	US\$4,207	US\$-	US\$4,207
Termination of contract	(128)	-	(128)
Remeasurements	(51)	-	(51)
Balances at end of year	4,028	-	4,028
Accumulated Depreciation			
Balances at beginning of year	2,290	-	2,290
Depreciation (Notes 19, 20 and 21)	732	-	732
Balances at end of year	3,022	-	3,022
Net Book Values	US\$1,006	-	US\$1,006

	2023		
	Building	Machineries, Tools and Equipment	Total
Cost			
Balances at beginning of year	US\$4,207	US\$1,719	US\$5,926
Reclassifications (Note 13)	-	(1,719)	(1,719)
Balances at end of year	4,207	-	4,207
Accumulated Depreciation			
Balances at beginning of year	1,510	469	1,979
Depreciation (Notes 19, 20 and 21)	780	57	837
Reclassifications (Note 13)	-	(526)	(526)
Balances at end of year	2,290	-	2,290
Net Book Values	US\$1,917	-	US\$1,917

The rollforward analysis of lease liabilities as at December 31, follows:

	2024	2023
Balance at beginning of year	US\$2,047	US\$2,852
Accretion of interest expense (Note 22)	123	188
Payment of interest (Note 22)	(123)	(188)
Payment of principal (Note 4)	(940)	(805)
Balance at end of year	US\$1,107	US\$2,047

The Group had a total cash outflow for leases of US\$1.63 million, US\$0.90 million, and US\$1.62 million in 2024, 2023 and 2022, respectively.

The current and noncurrent portion of lease liabilities presented in the consolidated statements of financial position as of December 31 follows:

	2024	2023
Current	US\$637	US\$753
Noncurrent	470	1,294
	US\$1,107	US\$2,047

The following are the amounts recognized in consolidated statements of comprehensive income in 2024, 2023, and 2022

	2024	2023	2022
Depreciation of right-of-use assets (Notes 20 and 21)	US\$732	US\$837	US\$868
Accretion of interest expense (Note 22)	123	188	156
Foreign exchange loss (gain)	(133)	26	(120)
	US\$722	US\$1,051	US\$904

Iomni Precision, Inc. - as a Lessee

- Iomni leases a parcel of land and a factory building from a third-party lessor. The lease is for a period of 10 years starting January 15, 2001. On September 6, 2011, the parties entered into an agreement to renew the lease contract for a period of five (5) years commencing on January 16, 2011. The lease covers the same property with a 5% annual escalation clause beginning January 16, 2013.

On February 23, 2016, the parties entered into an agreement to renew the lease contract for a period of five (5) years and 15 days commencing on January 16, 2016. The lease covers the same property, with a monthly rental subject to a 5% annual escalation beginning February 1, 2018.

The contract of lease was renewed for a period of five (5) years commencing on February 1, 2021 and expiring on January 31, 2026 unless sooner terminated by either party for cases provided for in the agreement (see Note 3). Management exercises significant judgement in determining whether renewal and termination options embedded in the contract are reasonably certain to be exercised.

Ionics EMS, Inc.

In 2023 and 2022, the Group reclassified to machineries and equipment the right-of-use assets totaling US\$1.72 million and US\$1.60 million, respectively, as a result of full payment of lease liabilities (see Note 13). In 2021, EMS entered into another five (5) year lease agreement for 1,332.84 sq.m. office factory warehouse from the same third party starting May 1, 2021 to April 30, 2026. The lease agreement provides 5% annual escalation cost beginning May 1, 2021. The lease agreement terminated on June 30, 2024. In 2022, EMS entered into another five (5) year lease agreement for 5,331.36 sq.m. office factory warehouse starting September 15, 2022 and will expire on September 14, 2027, and may be extended or renewed upon mutual agreement of the parties. The carrying amount of right-of-use assets and lease liabilities amounted to US\$0.20 million and US\$0.22 million in 2024 and 2023, respectively.

In 2022, EMS entered into another three (3) years lease agreement for office factory warehouse from another third party starting September 01, 2022 to August 31, 2025. The carrying amount of right-of-use assets and lease liabilities amounted to US\$0.22 million and US\$0.23 million in 2024 and 2023, respectively.

Group as Lessor

The Group's lease agreements with its tenants are generally granted for a term of one (1) to five (5) years. Upon inception of the lease agreement, tenants are required to pay certain amounts of deposits. Tenants pay fixed monthly rent which is calculated with reference to fixed sum per square meter of area leased.

The future minimum lease receivables under the noncancelable operating leases as at December 31 follows:

	2024	2023
Within one year	US\$1,278	US\$2,427
More than 1 year to 2 years	996	967
More than 2 years to 3 years	1,026	996
More than 3 years to 4 years	1,057	1,026
More than 4 years to 5 years	1,088	1,057
More than 5 years	1,981	3,069
	US\$7,426	US\$9,542

Iomni Precision, Inc

- In 2016, the Iomni Precision, Inc. entered into a sub-lease agreement of an office space to a third party for a period of three (3) years starting on February 16, 2016 until February 15, 2019, subject to 5% annual escalation. The lease may be renewed for an additional term of two (2) years at the option of the lessee. The lease was renewed until January 16, 2025. The lease covers the same property and monthly rental agreement with the previous contract.

The Company recognized rental income amounting to US\$0.12 million and US\$0.13 million in 2024 and 2023, respectively.

In addition, the lessees are required to pay security deposit equivalent to two (2) to three (3) months rental which shall be refundable after the expiration of the lease term.

Ionics Properties, Inc. (IPI)

- IPI leased out its two (2)-storey building with a total floor area of 4,640 sq. m. to a third party which commenced in starting January 1, 2021 until December 31, 2024. The lease agreement provides for a three (3)-month security deposit and three (3)-month advance rental. Total rental income recognized pertaining to this lease amounted to US\$0.29 million in 2024, 2023, and 2022.
- In October 2004, IPI entered into a 10-year non-cancellable lease with a third-party, for the rent of its three (3)-storey factory with a total floor area of 14,550 sq.m. The lease agreement provides for the payment of three (3) months advance rental and three (3) months security deposit which is based on the current month's rental rate.

In 2014, the contract was renewed for another 10 years to commence on October 1, 2014 up to September 30, 2024. The lease was renewed until March 31, 2025. Total rental income recognized pertaining to this lease amounted to US\$1.49 million in 2024 and US\$1.57 million in 2023 and 2022.

In 2021, IPI completed the construction of its building with total floor area of 11,175.73 sq.m. and leased it out to a third-party starting October 1, 2021 until September 30, 2031. The lease agreement provides for a three (3)-month security deposit and three (3)-month advance rental. Total rental income recognized pertaining to this lease amounted to US\$1.02 million in 2024, 2023, and 2022.

- IPI entered into additional six (6)-month lease contract with a third party for the rent of its building with an area of 2,196 sq.m starting December 27, 2021 to June 26, 2022 and extended from June 27, 2022 to December 27, 2022. In December 27, 2022, the parties renewed their contract for another 6 months ending June 26, 2023. There is no renewal of lease contract thereafter. The lessee shall use the lease property solely for its warehouse extension and storage of non-moving electronics parts and other materials used for semiconductors. The lease agreement provides for a one (1)-month security deposit and one (1)-month advance rental. Total rental income recognized pertaining to this lease amounted to nil in 2024, US\$0.08 million in 2023, and US\$0.16 million in 2022.

The carrying values of security deposits included under "other noncurrent liabilities" amounted to US\$0.63 million as of December 31, 2024, and US\$0.61 million as of December 31, 2023 and 2022 (see Note 15). Amortization of discount on security deposit recognized under "Other expense" amounted to US\$0.02 million in 2024, 2023 and 2022 (see Note 21).

Unearned income included under “other noncurrent liabilities” amounted to US\$0.67 million, US\$0.69 million and US\$0.72 million as of December 31, 2024, 2023 and 2022, respectively (see Note 15). The amortization of unearned income recognized under “Rent income” amounted to US\$0.02 million in 2024, 2023 and 2022.

IPI recognized related cost of rental services arising from the leased properties amounting to US\$0.77 million in 2024, US\$0.80 million in 2023 and US\$0.69 million in 2022 (see Note 20).

25. Registrations with the Philippine Economic Zone Authority (PEZA)

EMS, Iomni and IPI are all PEZA-registered. Their registrations entitle them to certain incentives and privileges including a lower corporate income tax rate subject to certain provisions and limitations of Republic Act (RA) 7916 and each subsidiary’s registration agreement with PEZA.

Ionics EMS, Inc.

Product Line	Date of Registration	Type of Registration	Income Tax Holiday (ITH)/ Gross Income Tax Incentive
1. PCBA, Box build & test of IOT products used for monitoring industrial equipment	June 29, 2023	Amendment	Gross income tax incentive starting June 29, 2023
2. Manufacture of Tytocare Medical Exam Kit	June 21, 2023	Amendment	Gross income tax incentive starting June 21, 2023
3. Manufacture of Carrier Ethernet Demarcation Device	May 31, 2022	Amendment	Gross income tax incentive starting May 31, 2022
4. Human Tracking Device	April 25, 2022	Amendment	Gross income tax incentive starting April 25, 2022
5. Manufacture of Attenti Tracking Device	March 10, 2020	Amendment	Gross income tax incentive starting March 10, 2020
6. Set-up an additional production facility with an area of 6,634-sq.ms. lot	January 14, 2020	Additional	Gross income tax incentive starting January 2020
7. ReGrow Helmet Low Level Light Therapy Device	February 22, 2019	Amendment	Gross income tax incentive starting Feb. 22, 2019
8. Assembly of Smart Pill Cap	October 08, 2019	Amendment	Gross Income Tax starting October 2019
9. Assembly of Car Charger	November 07, 2019	Amendment	Gross Income Tax starting November 2019
10. Assembly of Server Adapter	November 07, 2019	Amendment	Gross Income Tax starting November 2019
11. Buddee Smart Plug fabrication	March 21, 2018	Amendment	Gross income tax incentive starting March 21, 2018
12. Manufacture of PCBA for Panasonic cooling fan for automotive headlamp	August 22, 2018	Amendment	Gross income tax incentive starting August 22, 2018
13. Manufacture of PCBA for fan motor for servers (Inlet Portion)	July 24, 2017	Amendment	Gross income tax incentive starting July 24, 2017
14. Manufacture of LCD and touch panel for mobile phone*	April 24, 2017	Amendment	Gross income tax incentive starting May 2019
15. Server repair and Upgrade	January 30, 2017	Amendment	Gross income tax incentive starting January 2017
16. Manufacture of T-Mark 340 AC	December 29, 2016	Amendment	Gross income tax incentive starting September 2016
17. Manufacture of Afimilk Tags	July 28, 2016	Expansion	Gross Income tax incentive starting July 2016
18. Manufacture of Nano Nozzle Reader	July 28, 2016	Expansion	Gross Income tax incentive starting July 2016
19. Manufacture of PCBA for Printer	April 28, 2016	Amendment	Gross income tax incentive starting February 2016
20. Manufacture of Quantum Security	April 25, 2016	Amendment	Gross income tax incentive starting April 2016
21. WI butler*	July 06, 2015	New project	Gross income tax incentive starting April 2015
22. Electronic Door Lock System*	July 15, 2015	Additional	Gross income tax incentive starting April 2015
23. LCD Projector w/ Power Supply*	July 06, 2015	New project	Gross income tax incentive starting May 2019
24. RMA or importation of defective finished goods manufactured	June 03, 2014	Amendment	Gross Income tax incentive starting June 2014
25. Manufacture of tracking device	October 07, 2014	Expansion Project	Gross Income tax incentive starting Oct 2014
26. Portable/mobile two-way radio communication equipment	July 23, 2013	Amendment	Gross Income tax incentive starting July 2013

Product Line	Date of Registration	Type of Registration	Income Tax Holiday (ITH)/ Gross Income Tax Incentive
27. XR3 Universal VSAT Transceiver*	September 27, 2012	New project	Gross Income tax incentive starting June 2016
28. Dual Port Gigabit Ethernet Bypass Adapter*	July 18, 2011	Expansion	Gross Income tax incentive starting June 2014
29. Pole Cabinets*	July 18, 2011	New project	Gross Income tax incentive starting June 2015
30. Video Conference System*	April 05, 2011	Expansion	Gross Income tax incentive starting May 2014
31. Optical Network Terminal*	March 16, 2010	New project	Gross Income tax incentive starting March 2014
32. T2 Wi-Fi Tag*	April 29, 2009	New project	Gross Income tax incentive starting October 2012
33. Electronic Communicator and Controller Module (ECCM)*	June 24, 2009	New project	Gross Income tax incentive starting March 2013
34. PV-Max Master*	April 23, 2008	New project	Gross Income tax incentive starting May 2012
35. Re-manufacture of Mobile Phones*	May 22, 2009	New project	Gross Income tax incentive starting December 2012
36. Design and Development*	January 06, 2005	Original Project	Gross Income tax incentive starting July 2007
37. RF Tuners and Amplifiers*	July 05, 2005	New project	Gross Income tax incentive starting June 2010
38. Production of radio remote control for industrial application	November 30, 2005	New project	Gross Income tax incentive starting October 2009
39. ROHS Flex Cable Assembly*	November 30, 2005	New project	Gross Income tax incentive starting October 2009
40. Optics Telecommunication*	March 01, 2006	New project	Gross Income tax incentive starting December 2009
41. Power Controller of Beard Trimmer with Saft NiCD and Sanyo NiMH Re-chargeable Battery*	September 06, 2005	New project	Gross Income tax incentive starting December 2009
42. Electronic Car Dashboard Assembly*	August 19, 2003	New project	Gross Income tax incentive starting June 2007
43. Power Over LAN Assembly*	March 31, 2004	New project	Gross Income tax incentive starting October 2009
44. Hi-Focus Asymmetrical Digital Subscriber Line (ADSL) Broadband Access System*	November 15, 2000	New Project	Gross Income tax incentive starting June 2005

*ITH incentives for these product lines have already expired as of December 31, 2023.

Gross income from product lines with expired registration are subjected to the 5% gross income tax from the date ITH incentive has expired. The above registrations also entitle the Group to other incentives which include, among others, the duty-free importation of raw materials and capital equipment.

Iomni Precision, Inc.

Product Line/Registered Activities	Date of Registration	Income Tax Holiday (ITH)/ Gross Income Tax (GIT) Incentive
1. Manufacture of re-writable compact disk (CD) drive mechanical loader assembly*	October 17, 2000	Four-year ITH starting October 2000
2. Plastic injection molding of high precision plastic parts and assembly*	November 27, 2001	Four-year ITH starting September 2001
3. Fabrication of molds, dies, and printing of plastic parts*	June 3, 2003	Four-year ITH starting March 2003
4. Manufacture of plastic parts and assembly of super solar cell*	May 21, 2009	Four-year ITH starting September 2007
5. Lease out activity	July 12, 2013	GIT Incentive

*ITH incentives for these product lines have already expired as of December 31, 2024. Gross income from these product lines are now being subjected to the 5% gross income tax from the date ITH incentive has expired.

The above registrations also entitle the Company to other incentives which include, among others, the duty-free importation of raw materials and capital equipment.

Ionics Properties, Inc.

IPI is registered with PEZA as an Ecozone Facilities Enterprise pursuant to the provisions of R.A. No. 7916. The registration entitles IPI to certain incentives and privileges including exemption from payment of any and all local government imposts, fees, licenses or taxes and a gross income tax of 5% subject to certain provisions and limitations of R.A. 7916 and IPI's registration agreement with PEZA.

Registered Activity	Registration Agreement/ Supplemental Agreement Date	Type of Income Tax Incentives
1. Engage in the construction of factory buildings for lease to Peza-registered economic zone enterprises.	SA dated January 11, 1999	Gross Income Tax (5% on GIE)
2. To lease out its newly acquired factory building.	SA dated June 02, 2005	Gross Income Tax (5% on GIE)
3. Construction of a ready-built factory.	SA dated June 02, 1995	Gross Income Tax (5% on GIE)
4. Additional warehouse facility with a gross floor area of 8,509.765 square meters, more or less, to be constructed on a 15,528 square meter lot (identified as Lot 3), located along Ring Road Street, LISP II_SEZ<for lease/sale to PEZA-registered enterprises.	SA dated April 04, 2018	Gross Income Tax (5% on GIE)
5. Additional project, specifically, to construct, operate, and maintain proposed three (3) unit warehouse buildings, having a gross floor area of 23,596 square meters, more or less, which shall stand on 38,867 square meter lot located LISP IV Malvar, Batangas.	SA dated October 6, 2023	ITH for 6 years and Enhanced deduction for 10 years after ITH

26. Income Taxes

Provision for income tax consists of:

	2024	2023	2022
Current	US\$703	US\$651	US\$577
Deferred	2	8	(3)
	US\$705	US\$659	US\$574

Provision for income tax pertains to (i.) gross income tax (GIT) of IPI, (ii.) ITH, GIT and RCIT of EMS and Iomni, and (iii.) MCIT of the Parent Company.

The components of the Group's net deferred tax assets as of December 31 follow:

	2024	2023
Deferred tax assets on:		
Lease liabilities	US\$21	US\$148
Advance rental	37	37
Unamortized past service cost	-	5
Unrealized foreign exchange loss	-	-
Deferred tax liabilities on:		
Right-of-use assets	(17)	(128)
Contract assets	(1)	(17)
Straight line recognition of rent income	(16)	(14)
Unrealized foreign exchange gain	(5)	(13)
	US\$19	US\$18

The components of the Group's deferred tax liabilities as of December 31 follow:

	2024	2023
Deferred tax liabilities on:		
Unrealized gain on financial assets at FVOCI		
recognized in OCI	(US\$223)	(US\$234)

The above deferred tax liability on unrealized gain on financial assets at FVOCI recognized directly in OCI amounted to US\$0.06 million as of December 31, 2024 and 2023, respectively (see Note 11).

The net deferred tax assets and liabilities presented in the consolidated statements of financial position as of December 31 follow:

	2024	2023
Deferred tax assets - net	US\$19	US\$18
Deferred tax liabilities - net	(223)	(234)

The Group did not recognize certain deferred tax assets of certain subsidiaries since management believes that it may not be reasonably probable that taxable profit will be available against which the deductible temporary differences, NOLCO and MCIT can be utilized. The components of the temporary differences and carryforward benefits of NOLCO and MCIT for which deferred tax assets were not recognized by the Group follow:

	2024	2023
Net retirement liabilities	US\$3,519	US\$3,433
NOLCO	380	460
Allowance for impairment losses on receivables	2	20
Allowance for inventory obsolescence	20	20
MCIT	5	18
Accrued warranties, advance rentals and others	89	8

On September 30, 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulations No. 25-2020 implementing Section 4 of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss. The NOLCO that can be carried forward as a deduction against taxable income follows:

Year Incurred	Amount	Used/Expired	Balance	Expiry Date
2020	US\$187	(US\$72)	US\$115	December 31, 2025
2021	173	-	173	December 31, 2026
2022	92	-	92	December 31, 2025
	US\$452	(US\$72)	US\$380	

The Group has the following excess MCIT over RCIT which can be offset against future taxable income:

Year Incurred	Amount	Used/Expired	Balance	Expiry Date
2021	US\$5	US\$5	US\$-	December 31, 2024
2022	5	-	5	December 31, 2025
	US\$10	US\$5	US\$5	

Reconciliation of the statutory income tax rate to the effective income tax rate follows:

	2024	2023	2022
Statutory income tax rate	25.00%	25.00%	25.00%
Tax effect of:			
Nondeductible expenses	11.65%	6.93%	6.26%
Movement in unrecognized deferred tax assets	3.86%	(0.85%)	(0.49%)
Income from operations subject to lower preferential rate without NOLCO	(21.86%)	(19.46%)	(20.25%)
Others	(0.03%)	(0.76%)	(0.75%)
Effective income tax rate	18.62%	12.38%	11.27%

Under R.A. No. 7916 on Special Zones and PEZA, a PEZA-registered enterprise is exempt from national and local taxes. In lieu of the said national and local taxes, 5% of the gross income earned by all businesses and enterprises within the ecozone shall be remitted to the local and national government (see Note 30).

The Group did not recognize deferred tax liability for all temporary differences associated with investments in subsidiaries as the Group assessed that it is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

27. Earnings Per Share

Earnings per share amounts attributed to ordinary equity holders of the Parent Company were computed as follows (amounts in thousands, except earnings per share):

	2024	2023	2022
Net income attributable to ordinary equity holders of the Parent Company	US\$3,010	US\$4,582	US\$4,449
Weighted average number of issued common shares	857,975	857,975	857,975
Less treasury shares (Note 17)	34,903	34,903	34,903
Weighted average number of outstanding common shares	823,072	823,072	823,072
Basic/diluted earnings per share	US\$0.0037	US\$0.0056	US\$0.0054

There were no potential dilutive shares in 2024, 2023 and 2022.

28. Net Retirement Liabilities

The Group has a funded, noncontributory defined benefit pension plan covering all qualified employees. Benefits are based on the employee's years of service and final plan salary. The trust fund, to cover the pension obligation, is administered by a trustee bank under the supervision of the Board of Trustees (BOT) of the plan. The BOT is responsible for investment strategy of the plan.

Under the existing regulatory framework, R.A. No. 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however, that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The Group's retirement plan meets the minimum retirement benefit specified under R.A. 7641.

The law does not require minimum funding of the plan.

The Group has no transaction either directly or indirectly through its subsidiaries or with its employees' retirement benefit fund.

The components of retirement costs included in "Salaries, wages and benefits" account under cost of sales and operating expenses in the consolidated statements of comprehensive income (see Notes 19 and 21). Details are as follow:

	2024	2023	2022
Current service cost	US\$334	US\$232	US\$283
Net interest cost	169	168	123
	US\$503	US\$400	US\$406

The amount of remeasurement gains (losses) on retirement plan recognized under other comprehensive income are as follow:

	2024	2023	2022
Defined benefit obligation	(US\$177)	(US\$339)	US\$419
Plan assets	11	2	(24)
	(US\$166)	(US\$337)	US\$395

The amount included in the consolidated statements of financial position arising from the Group's obligation in respect of its defined benefit plan is as follows:

	2024	2023
Present value of defined benefit obligation	US\$3,736	US\$3,642
Fair value of plan assets	(235)	(209)
	US\$3,501	US\$3,433

Changes in the present value of the defined benefit obligation are as follow:

	2024	2023
Balance at beginning of year	US\$3,642	US\$3,284
Current service cost	334	232
Interest cost	184	198
Benefits paid	(262)	(437)
Remeasurement (gains) losses arising from:		
Experience adjustments	178	41
Changes in financial assumptions	(1)	298
Effect of changes in foreign exchange rates	(159)	26
Reclassification of retirement liability	(180)	-
Balance at end of year	US\$3,736	US\$3,642

Changes in the fair value of plan assets are as follow:

	2024	2023
Balance at beginning of year	US\$209	US\$575
Interest income	15	30
Return on assets excluding amount included in net interest cost	11	2
Contributions	271	36
Benefits paid	(262)	(437)
Effect of changes in foreign exchange rates	(9)	3
Balance at end of year	US\$235	US\$209

The movements in the net retirement liabilities recognized in the consolidated statements of financial position follow:

	2024	2023
Balance at beginning of year	US\$3,433	US\$2,709
Retirement cost	503	400
Remeasurement losses	166	337
Contributions	(271)	(36)
Effect of changes in foreign exchange rates	(150)	23
Reclassification of retirement liability	(180)	-
Balance at end of year	US\$3,501	US\$3,433

The Group's plan assets are comprised of cash in banks, investment in equity instruments, debt instrument-government and other bonds and other assets. The Retirement Trust Fund assets are valued by the fund manager at fair value using the mark-to-market valuation.

The fair value of plan assets by each class is as follows:

	2024	2023
<i>Assets</i>		
Cash in banks	US\$272	US\$178
Investment in equity securities	5	7
Investment in government securities		
Fixed rate treasury notes	283	363
Interest receivable	4	4
	564	552
<i>Liabilities</i>		
Accrued trust fee	(1)	(1)
Other payables	(328)	(342)
	(329)	(343)
Net plan asset	US\$235	US\$209

The composition of the fair value of the trust fund follows::

Cash in banks - includes savings and time deposits with Bangko Sentral ng Pilipinas (BSP);

Investment in government securities - includes investment in Philippine Retail Treasury Bonds (RTBs) and Fixed Rate Treasury Notes (FXTNs);

Investment in equity securities - includes investment in common shares traded in the Philippine Stock Exchange (PSE);

Interest receivable - pertains to accrued interest on fixed income securities and special deposit account in BSP.

As at December 31, 2024 and 2023, the Fund has no investments in the securities (debt or equity) of any related party.

The plan assets do not include any of the Group's own equity instruments nor any property occupied by, or other assets used by the Group.

The principal assumptions used in determining pension obligation for the defined benefit plan are as follows:

	2024	2023	2022
Retirement age	60 - 65	60 - 65	60 - 65
Average remaining working life	11 - 18	11 - 18	11 - 18
Discount rate			
Beginning of year	6%	7%	5%
End of year	6%	6%	7%
Salary increase rate			
Beginning of year	3.5% - 5%	3.5% - 5%	3.5% - 5%
End of year	3.5% - 5%	3.5% - 5%	3.5% - 5%

The following sensitivity analysis that follows has been determined based on reasonably possible changes of the assumption occurring as of the end of the reporting period, assuming that all other assumptions were held constant.

It should be noted that the changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which change other than those assumed may be deemed to be more reasonable.

2024			2023	
Assumptions	Changes	Increase (decrease) in present value of defined benefit obligation	Changes	Increase (decrease) in present value of defined benefit obligation
Discount rate	+1.0%	(US\$272)	+1.0%	(US\$265)
	-1.0%	312	-1.0%	306
Future salary increase rate	+1.0%	US\$333	+1.0%	US\$327
	-1.0%	(293)	-1.0%	(287)

The BOT of the Plan ensures that its plan assets are readily available to service the pension obligation due. This is done by ensuring that its assets are easily disposable and can easily be converted to cash. However, in the event a benefit claim arises and the Retirement Fund is insufficient to pay the claim, the shortfall will then be due and payable by the Group to the Retirement Fund.

The table below shows the maturity profile of the undiscounted retirement payments as of December 31:

2024						
	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	More than 20 years
Normal retirement	US\$466	US\$-	US\$341	US\$803	US\$1,103	US\$2,659
Other than normal retirement	250	1,071	1,899	2,063	1,991	3,365
	US\$716	US\$1,071	US\$2,240	US\$2,866	US\$3,094	US\$6,024

2023						
	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	More than 20 years
Normal retirement	US\$558	US\$36	US\$317	US\$906	US\$871	US\$3,094
Other than normal retirement	205	960	1,726	2,023	1,954	3,428
	US\$763	US\$996	US\$2,043	US\$2,929	US\$2,825	US\$6,522

The Group expects to contribute to the retirement plan amounting to US\$0.87 million in 2025.

29. 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 segment reporting 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 computer peripherals segment provides world-class design, build, ship, and logistics services to top computer equipment companies. The Group has been providing a broad range of service offerings to customers in the desktop personal computer (PC), peripheral, server, notebook PC, and storage devices industries.

The telecom segment specializes in the manufacture and delivery of carrier and enterprise-class communications equipment, as well as wireless, optical networking, wire line transmission, and enterprise networking equipment.

The Group works with the world's leading telecommunications equipment companies, along with its TL9000 certification, to face the demand and manufacturing challenges of a fluctuating and time-critical market segment.

The automotive segment understands and delivers to satisfy customers' unique manufacturing requirements. The automotive industry demands advanced technologies, high-end materials, and advanced manufacturing processes and quality systems. The Group has experience in Product Part Approval Processes (PPAPs), Process Failure Mode & Effects Analysis (PFMEA) and Design Failure Mode & Effects Analysis (DFMEA), and is ISO/TS 16949 certified.

The consumer electronics segment also provides design, build, ship and logistics services for its customers in the digital media devices, digital television capture and audio products industries. The consumer electronics segment builds the capability to serve these customers with every element that is required to deliver real products to the marketplace.

The real estate segment generates income from rentals of the Group's buildings, including warehouse and factory area, and building improvements to third party lessees within the PEZA economic zone.

The revenues from major customer under the computer peripherals industry amounted to US\$22.96 million in 2024, US\$23.74 million in 2023, and US\$24.85 million in 2022. Total revenues from these customers exceed 10% of the total revenue from contracts with customers of the Group.

The Group's segment information as of and for the years ended December 31, 2024, 2023 and 2022, which present income and losses, revenues and certain assets and liabilities attributed to each business segment, are summarized in the following tables:

	2024							
	Consumer Electronics	Computer Peripherals	Telecom-munications	Automotive	Real Estate	Others	Adjustments and Eliminations	Total
Revenue from contracts with customers	US\$40,995	US\$22,956	US\$40,391	US\$344	US\$-	US\$766	(US\$755)	US\$104,697
Rental income	-	-	123	-	3,446	678	(1,452)	2,795
Income from operations	1,675	2,624	(604)	(325)	2,538	(503)	473	5,878
Foreign exchange gain (loss) - net	39	95	58	2	14	32	-	240
Non-controlling interests	-	-	-	-	-	-	(71)	(71)
Income tax	(191)	(283)	(79)	-	(138)	(14)	-	(705)
Equity in net earnings (loss)	-	-	-	-	-	(9)	25	16
Interests - net	(553)	(283)	(504)	(6)	(306)	(16)	22	(1,646)
Miscellaneous - net	(23)	(12)	(26)	-	-	(641)	-	(702)
Net income (loss) attributable to the Parent Company	US\$947	US\$2,141	(US\$1,155)	US\$(329)	US\$2,108	(US\$1,151)	US\$449	US\$3,010
Identifiable assets	US\$33,443	US\$16,700	US\$27,312	-	US\$29,493	US\$43,781	(US\$41,661)	US\$109,068
Asset held for sale	-	-	-	-	-	-	(465)	(465)
Unallocated assets	-	-	-	-	-	8,898	-	8,898
Total assets	US\$33,443	US\$16,700	US\$27,312	-	US\$29,493	US\$52,679	(US\$42,126)	US\$117,501
Identifiable liabilities	US\$2,567	US\$612	US\$5,654	-	US\$8,122	US\$30,990	(US\$31,797)	US\$16,148
Unallocated liabilities	-	-	-	-	-	54,255	(20,087)	34,168
Total liabilities	US\$2,567	US\$612	US\$5,654	-	US\$8,122	US\$85,245	(US\$51,884)	US\$50,316
Capital expenditures	US\$124	US\$242	US\$195	-	US\$361	US\$76	US\$-	US\$998
Depreciation and amortization	US\$830	US\$3,323	US\$1,324	-	US\$761	US\$576	(US\$506)	US\$6,308

2023

	Computer Peripherals	Telecom	Automotive	Consumer Electronics	Real Estate	Others	Adjustments and Eliminations	Total
Revenue from contracts with customers	US\$23,739	US\$20,945	US\$354	US\$48,499	US\$-	US\$2,337	(US\$758)	US\$95,116
Rental income	-	123	-	-	3,525	655	(1,338)	2,965
Income from operations	2,101	102	(167)	2,413	2,669	263	(89)	7,292
Foreign exchange gain (loss) - net	(43)	(47)	(1)	(91)	(40)	36	-	(186)
Non-controlling interests	-	-	-	-	-	-	(81)	(81)
Income tax	(194)	(124)	-	(183)	(142)	(16)	-	(659)
Equity in net earnings (loss)	-	-	-	-	-	(5)	(3)	(8)
Interests - net	(363)	(353)	(6)	(781)	(316)	(38)	65	(1,792)
Miscellaneous - net	(16)	(8)	-	45	-	(5)	-	16
Net income (loss) attributable to the Parent Company	US\$1,485	(US\$430)	(US\$174)	US\$1,403	US\$2,171	US\$235	(US\$108)	US\$4,582
Identifiable assets	US\$19,760	US\$20,800	US\$272	US\$42,090	US\$28,770	US\$42,692	(US\$42,696)	US\$111,688
Unallocated assets	-	-	-	-	-	10,286	-	10,286
Total assets	US\$19,760	US\$20,800	US\$272	US\$42,090	US\$28,770	US\$52,978	(US\$42,696)	US\$121,974
Identifiable liabilities	US\$350	US\$7,546	US\$10	US\$4,033	US\$9,465	US\$31,127	(US\$32,394)	US\$20,137
Unallocated liabilities	-	-	-	-	-	57,348	(20,087)	37,261
Total liabilities	US\$350	US\$7,546	US\$10	US\$4,033	US\$9,465	US\$88,475	(US\$52,481)	US\$57,398
Capital expenditures	US\$5,803	US\$412	US\$-	US\$688	US\$5,974	US\$666	US\$-	US\$13,543
Depreciation and amortization	US\$2,577	US\$1,246	US\$-	US\$795	US\$733	US\$568	US\$-	US\$5,919

2022

	Computer Peripherals	Telecom	Automotive	Consumer Electronics	Real Estate	Others	Adjustments and Eliminations	Total
Revenue from contracts with customers	US\$24,851	US\$19,975	US\$448	US\$28,829	US\$-	US\$2,158	(US\$999)	US\$75,262
Rental income	-	123	-	-	3,556	675	(1,260)	3,094
Income from operations	1,394	605	(86)	840	2,725	40	(119)	5,399
Foreign exchange gain (loss) - net	346	185	18	210	4	49	-	812
Non-controlling interests	-	-	-	-	-	-	(71)	(71)
Income tax	(189)	(96)	-	(124)	(145)	(20)	-	(574)
Equity in net earnings (loss)	-	-	-	-	-	(12)	49	37
Interests - net	(259)	(208)	(11)	(327)	(308)	(48)	102	(1,059)
Miscellaneous - net	(29)	(24)	(0)	(45)	-	3	-	(95)
Net income (loss) attributable to the Parent Company	US\$1,263	US\$462	(US\$79)	US\$554	US\$2,276	US\$12	(US\$39)	US\$4,449
Identifiable assets	US\$18,735	US\$28,862	US\$473	US\$26,508	US\$27,169	US\$43,678	(US\$39,142)	US\$106,283
Unallocated assets	-	-	-	-	-	14,377	-	14,377
Total assets	US\$18,735	US\$28,862	US\$473	US\$26,508	US\$27,169	US\$58,056	(US\$39,142)	US\$120,661
Identifiable liabilities	US\$1,047	US\$3,860	US\$13	US\$1,717	US\$10,117	US\$30,938	(US\$34,648)	US\$13,044
Unallocated liabilities	-	-	-	-	-	61,376	(14,516)	46,860
Total liabilities	US\$1,047	US\$3,860	US\$13	US\$1,717	US\$10,117	US\$92,314	(US\$49,164)	US\$59,904
Capital expenditures	US\$1,536	US\$812	US\$-	US\$356	US\$4	US\$2,115	US\$-	US\$4,823
Depreciation and amortization	US\$2,470	US\$862	US\$-	US\$428	US\$504	US\$1,008	US\$-	US\$5,272

The Group's geographical markets refer only to the initial destination of the products. The Group's products are intermediate products which are shipped to the customers' plants for incorporation or further assembly into the final finished products. All assets of the Group, except for equity investments and assets attributed to the subsidiaries, ICL and Ionics-EMS (USA), respectively, are located in the Philippines.

The BOD analyzes cash flows as a consolidated level.

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 Revenues

	2024	2023	2022
Asia	US\$101,169	US\$85,731	US\$66,162
North America	4,017	5,227	8,287
Europe	2,306	7,123	3,907
	US\$107,492	US\$98,081	US\$78,356

Segment Assets

	2024	2023	2022
Asia	US\$113,870	US\$118,136	US\$116,579
North America	3,631	3,632	3,815
Europe	-	206	267
	US\$117,501	US\$121,974	US\$120,661

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 following table presents revenue by type:

	2024	2023	2022
Manufacturing of goods	US\$104,697	US\$95,116	US\$75,262
Subcontracting services	-	-	-
Revenue from contracts with customers	US\$104,697	US\$95,116	US\$75,262

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

	2024		
	Revenue recognized over time	Revenue recognized at point in time	Total
Telecom	US\$39,636	US\$-	US\$39,636
Consumer electronics	40,995	-	40,995
Computer peripherals	22,956	-	22,956
Automotive	344	-	344
Others	766	-	765
Revenue from contracts with customers	US\$104,697	US\$-	US\$104,697

	2023		
	Revenue recognized over time	Revenue recognized at point in time	Total
Telecom	US\$20,945	US\$-	US\$20,945
Consumer electronics	48,499	-	48,499
Computer peripherals	23,739	-	23,739
Automotive	354	-	354
Others	1,579	-	1,579
Revenue from contracts with customers	US\$95,116	US\$-	US\$95,116

	2022		Total
	Revenue recognized over time	Revenue recognized at point in time	
Telecom	US\$19,975	US\$-	US\$19,975
Consumer electronics	28,829	-	28,829
Computer peripherals	24,851	-	24,851
Automotive	448	-	448
Others	1,159	-	1,159
Revenue from contracts with customers	US\$75,262	US\$-	US\$75,262

30. Other Matters

Ionics Properties, Inc.

On May 12, 2016, the BOD and shareholders approved the proposed increase in IPI's authorized capital stock from 100,000,000 shares to 750,000,000 common shares with a par value of ₱1.00 per share and to declare stock dividends amounting to ₱180.00 million in support of the said increase. The abovementioned BOD resolution was subsequently readopted by the BOD on March 11, 2020. As of April 10, 2025, IPI is in the process of securing the necessary regulatory approvals to effect the increase in authorized capital stock and issuance of stock dividends.

Retained earnings of Ionics, Inc (parent company) available for declaration as dividends amounted to US\$8.83 million, US\$9.63 million, and US\$10.77 million in 2024, 2023 and 2022, respectively.

Iomni Precision, Inc.

Iomni's authorized capital stock consists of 200,000,000 shares at ₱1.00 (US\$0.021) per share as of December 31, 2024 and 2023.

On March 14, 2018, the Board approved Iomni's equity restructuring to offset its deficit amounting to US\$6.07 million as of December 31, 2016 against its additional paid-in capital subject to approval of stockholders and Philippine SEC.

The proposed restructuring is intended to effect the following:

- Decrease of authorized capital stock from ₱200,000,000 to ₱60,000,000 by reducing its par value per share from ₱1.00 to ₱0.30; and,
- The conversion of advances in the peso equivalent ranging from US\$250,000 to US\$300,000 to additional paid-in capital.

The resulting reduction surplus together with the existing additional paid-in capital will then be utilized to wipe out the existing deficit of Iomni. The abovementioned BOD resolution was subsequently readopted by the BOD on March 11, 2020.

Iomni and IPI are waiting for the approval from the SEC as of audit report date.

SUPPLEMENTARY INFORMATION AND DISCLOSURES



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

**The Board of Directors and Stockholders
Ionics, Inc. and Subsidiaries**

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Ionics, Inc. and its subsidiaries (the Group) as at and for the years ended December 31, 2024 and 2023, and have issued our report thereon dated April 10, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Maria Antoniette L. Aldea

MARIA ANTOINETTE L. ALDEA

Partner

CPA Certificate No. 116330

Tax Identification No. 242-586-416

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-147-2022, November 7, 2022, valid until November 6, 2025

PTR No. 10465255, January 2, 2025, Makati City

April 10, 2025

IONICS, INC. AND SUBSIDIARIES

SUPPLEMENTARY INFORMATION AND DISCLOSURES

REQUIRED ON REVISED SECURITIES AND REGULATION CODE (SRC) RULE 68-J

December 31, 2024

Below are the additional information and schedules required by the Revised SRC Rule 68 that are relevant to the Group. This information is presented for purposes of filing with the SEC and is not required part of the basic financial statements. All amounts are rounded to the nearest thousand (US\$000), except when otherwise indicated.

Schedule A. Financial Assets

Below is the schedule of financial assets at FVOCI of the Group as of December 31, 2024:

Name of issuing entity and association of each issue	% Ownership	Number of Shares of Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet
Financial Assets at FVOCI			
<i>Quoted:</i>			
Rovi Corporation	N/A	4,037	US\$19
<i>Unquoted:</i>			
Sta. Elena Golf Course	N/A	1	414
Manila Southwoods Golf and Country Club	N/A	1	95
The Palms Country Club	N/A	1	34
Pacific Synergies IV	6.08%	-	162
Beacon Property Ventures, Inc.	10.00%	36,000,000	1,472
Tech Ventures III	9.99%	-	-
Export and Industry Bank	N/A	16,000	-
Philippine Long Distance Telephone Company - Communications and Energy Ventures, Inc.	N/A	8,000	2
Tech Ventures II	10.74%	-	-
Eagleridge Golf	N/A	1	9
ICCP SBI Pacific Synergies, L.P.	8.16%	-	545
			2,733
			US\$2,752

The Group's quoted investments are valued at the latest market price available while unquoted investments are measured using significant unobservable inputs in accordance with PFRS 13.

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (other than related parties)

The Group has no amount receivable from directors, officers, employees, and principal stockholders (other than related parties) other than those arising from purchase subject to usual terms, for ordinary travel and expense advances and for other such items arising in the ordinary course of business, from whom an aggregate indebtedness of more than ₱100,000 or one percent of total assets, whichever is lesser is owed in 2024.

Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements

Below is the schedule of receivable with related parties, which are eliminated in the consolidated financial statements as of December 31, 2024:

Debtor	Volume of Transactions		Receivables	
Iomni Precision, Inc	Sale of goods	US\$755	US\$80	Non-interest bearing No impairment
Iomni Precision, Inc	Rental fee	123	-	Non-interest bearing No impairment
Ionics Properties, Inc.	Renta fee	651	-	Non-interest bearing No impairment
Ionics EMS, Inc.	Intercompany advances	-	5,000	Non-interest bearing No impairment
Ionics, Inc.	Rental fee	679	-	Non-interest bearing No impairment
		US\$2,208	US\$5,080	

The rollforward of receivables with related parties is as follows:

Debtor	Beginning Balance	Additions	Collection/ Impairment	Current	Noncurrent	Ending Balance
Trade receivables						
Iomni Precision, Inc.	US\$140	US\$758	(US\$810)	US\$88	US\$-	US\$88
Advances to related parties						
Ionics EMS, Inc.	15,314	-	4,686	20,000	-	20,000
	US\$15,454	US\$758	(US\$3,876)	US\$20,088	US\$-	US\$20,088

Intercompany transactions pertain to advances made by Ionics, Inc. to its subsidiaries in support for their working capital requirements.

Schedule D. Long-term Debt

Below is the schedule of long-term debt of the Group:

Type of Obligation	Amount authorized by indenture	Current	Noncurrent	Total
Bank loans	Not applicable	US\$978	US\$6,502	US\$7,480
Long-term debt		1,377	1,890	3,267
Lease liabilities	Not applicable	753	1,294	2,047
		US\$3,108	US\$9,686	US\$12,794

Schedule E. Indebtedness to Related Parties (Long-Term Loans from Related Companies)

As of December 31, 2024, the Group has no long-term loans from related companies.

Schedule F. Guarantees of Securities of Other Issuers

As of December 31, 2024, the Group has no guaranteed securities by other issuers.

Schedule G. Capital Stock

Title of issue	Number of shares authorized*	Number of shares issued and outstanding*	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by*		
				Affiliates	Directors, Officers and Employees	Others
Common Stock	1,000,000	837,131	-	349,212	75,823	412,096

*In thousands

IONICS, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE - RELATED INFORMATION

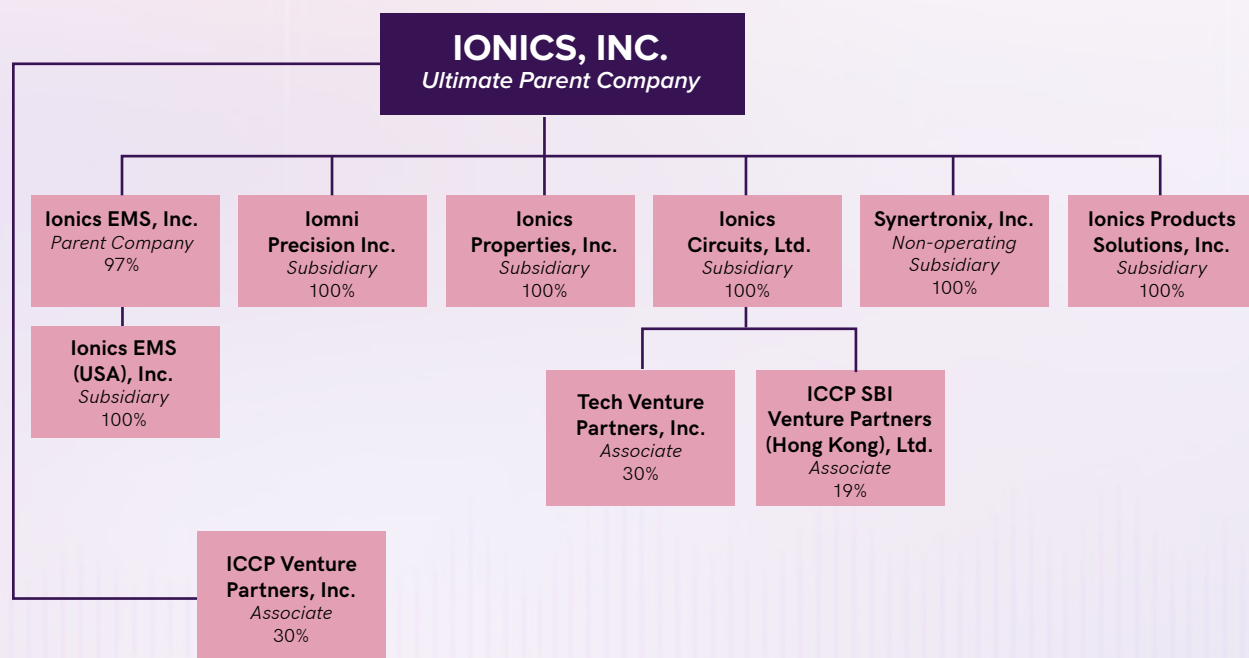
December 31, 2024

	2024	2023
Total Audit Fees	₱8,196,500	₱7,808,100
Non-audit services fees:		
Other assurance services	-	-
Tax services	-	-
All other services	150,000	200,000
Total Non-audit Fees	150,000	200,000
Total Audit and Non-audit Fees	₱8,346,500	₱8,008,100

IONICS, INC. AND SUBSIDIARIES

GROUP STRUCTURE

Below is a map showing the relationship between and among the Group, ultimate parent company and subsidiaries as of December 31, 2024:



IONICS, INC. AND SUBSIDIARIES

SCHEDULE OF COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

Below are the financial ratios that are relevant to the Group for the years ended December 31, 2024 and 2023:

Financial ratios		2024	2023
Liquidity ratios:			
Current ratio	Current assets		
	Current liabilities	1.88:1	1.65:1
Acid test ratio	Cash in banks and receivables		
	Current liabilities	0.72:1	0.60:1
Leverage ratio	Net debt		
	Net debt and equity	0.31:1	0.41:1
Debt-to-equity ratio	Total debt		
	Total equity	0.75:1	0.89:1
Asset-to-equity ratio	Total assets		
	Total equity	1.75:1	1.89:1
Profitability ratios:			
Interest rate coverage ratio	Income before income tax and finance costs		
	Finance Costs	3.30:1	3.96:1
Revenue Growth (Decline)	*CY revenue - **PY revenue		
	**PY revenue	9.6%	25.17%
Gross Profit Margins	Gross profit		
	***Revenue	10.02%	12.69%
Profit Margins	Gross profit - operating expenses		
	***Revenue	5.47%	7.43%
Net Income Margins	Net income		
	***Revenue	2.87%	4.75%
Return on Equity	Net income		
	Total stockholder's equity	4.59%	7.22%

*CY - current year

**PY - prior year

***Revenue includes sales and rental income

IONICS, INC. AND SUBSIDIARIES

INDEX TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

December 31, 2024

Annex A: Reconciliation of Retained Earnings Available for Dividend Declaration

Annex B: Map Showing the Relationships Between and Among the Group and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries, Associates, Wherever Located or Registered

Annex C: Supplementary schedules required by Annex 68-J

- Schedule A: Financial Assets
- Schedule B: Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholder (Other Than Related Parties)
- Schedule C: Amounts Receivables/Payables from/to Related Parties Which are Eliminated During the Consolidation of Financial Statements
- Schedule D: Long-term Debt
- Schedule E: Indebtedness to Related Parties
- Schedule F: Guarantees of Securities of Other Issuers
- Schedule G: Capital Stock

Annex D: Schedule of Financial Soundness Indicators (Annex 68-E)

IONICS, INC. AND SUBSIDIARIES

RECONCILIATION OF RETAINED EARNINGS

AVAILABLE FOR DIVIDEND DECLARATION

December 31, 2024

ANNEX A

IONICS, INC.

No. 14 Mountain Drive, LISP II, Brgy. La Mesa, Calamba City, Laguna

Unappropriated Retained Earnings, beginning of reporting period	US\$9,268
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings	
Reversal of Retained Earnings Appropriation/s	-
Effect of restatements or prior-period adjustments	-
Others	-
	<hr/>
Less: Category B: Items that are directly credited to Unappropriated Retained Earnings	
Dividend declaration during the reporting period	-
Retained Earnings appropriated during the reporting period	-
Effect of restatements or prior-period adjustments	-
Others	-
	<hr/>
Unappropriated retained earnings, as adjusted	9,268
Add/Less: Net Income (loss) for the current year	(436)
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)	
Equity in net income of associate/joint venture, net of dividends Declared	-
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
Unrealized fair value gain of Investment Property	-
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-
	<hr/>
Sub-total	<hr/>
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)	
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	-
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
Realized fair value gain of Investment Property	-
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-
	<hr/>
Sub-total	<hr/>

Add: Category C-3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)

Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-
Reversal of previously recorded fair value adjustment (mark-to-market gains) Of financial instruments at fair value through profit or loss (FVTPL)	-
Reversal of previously recorded fair value gain of Investment property	-
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-
Sub-total	-
Adjusted Net Income/Loss	(436)

Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)

Depreciation on revaluation increment (after tax)	-
Sub-total	-

Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP (see Footnote 3)

Amortization of the effect of reporting relief	-
Total amount of reporting relief granted during the year	-
Others (describe nature)	-
Sub-total	-

Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution

Net movement of treasury shares (except for reacquisition of redeemable shares)	-
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	-
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	-
Adjustment due to deviation from PFRS/GAAP — gain (loss)	-
Others (describe nature)	-
Sub-total	-
Total Retained Earnings, end of the reporting period available for dividend	US\$8,832

IONICS, INC.

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IONICS PROPERTIES, INC.

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Tel: (6349) 508 1111

IONICS EMS, INC.

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PLANT 5 and PLANT 6

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