IONICS, INC.
MANAGEMENT REPORT

ITEM 1. BUSINESS

<u>Ionics, Inc. and Subsidiaries (collectively referred to as the "Group")</u>

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, 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.

On March 14, 2025, the Board of Directors (BOD) and stockholders of the Company approved the plan of cessation of manufacturing operations effective May 15, 2025. Accordingly, the Company has changed its basis of accounting in its December 31, 2024 financial statements and subsequent periods, from the going concern basis to liquidation basis.

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.

ITEM 2. DIRECTORS AND OFFICERS

Please refer to Item 5 of the Information Statement.

ITEM 3. MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT PLAN FOR THE YEAR 2026

Ionics EMS, Inc. (IEMS)

Ionics EMS, Inc. enters 2026 focused on reinforcing its market position through operational agility and strategic expansion. As global markets continue to evolve, it remains committed to leveraging the Philippines' strategic advantages to deepen our partnerships with international technology leaders and capture emerging opportunities in high-growth industries.

In 2026, IEMS will continue to diversify its portfolio by targeting high-complexity, high-value sectors. Its strategy involves strengthening its presence in industries that require sophisticated manufacturing solutions and technical expertise. By enhancing its global commercial engagements and fostering collaborative design-for-manufacturing partnerships, it aims to drive sustainable revenue growth and expand our footprint in key international markets.

The cornerstone of its 2026 strategy is the continued transformation of our production capabilities through advanced technological integration. It is prioritizing:

- Operational Agility: Accelerating the deployment of automated systems and digital workflows to improve consistency, quality, and overall efficiency.
- Comprehensive Automation: Integrating physical robotics for high-precision assembly alongside software automation (RPA) to streamline administrative and operational processes, reducing manual friction across the organization.
- Artificial Intelligence (AI): Leveraging AI-driven analytics to transition toward a "Smart Factory" model, utilizing predictive maintenance and intelligent quality control to optimize real-time decision-making.
- Resource Optimization: Implementing data-driven processes to enhance yield and maintain competitiveness in a dynamic global landscape.
- Workforce Development: Investing in the continuous upskilling of our technical teams to ensure they are equipped to manage an increasingly sophisticated and tech-driven manufacturing environment.

IEMS remains dedicated to Environmental, Social, and Governance (ESG) principles as a core component of our long-term resilience. Its 2026 focus includes:

- Climate Resilience: Executing resource efficiency programs and expanding our use of renewable energy to support sustainable growth.
- Industry Advocacy: Maintaining an active role in national industry organizations to help shape the future of the electronics manufacturing sector and promote the Philippines as a premier destination for high-tech investment.

Through a disciplined focus on technological advancement, operational efficiency, and sustainable practices, Ionics EMS, Inc. is positioned to deliver long-term value to its stakeholders. By remaining adaptable and forward-thinking, it is charting a path for continued excellence throughout 2026 and beyond.

Ionics Properties, Inc. (IPI)

By July 2026, IPI expects the completion of the factory building being constructed in one of its three lots in Malvar, Batangas. Several foreign companies had shown interest for a long-term lease on the said factory building. Since there are companies showing interest in leasing the property, IPI is studying the feasibility of constructing one or two buildings depending on the requirements of the prospective lessee.

IPI's application for increase of authorized capital stock is still with the regulatory commission for approval.

Below are the consolidated key financial ratios for the years ended December 31, 2025 and 2024, and for the quarter ended 31 March 2026:

	March 31, 2026	**December 31, 2025**	December 31, 2024
Revenue Growth	**16.92%**	**12.40%**	11.46%
Gross Profit Margins	**9.33%**	**9.99%**	10.46%
Net Income Margins	**3.97%**	**3.70%**	4.07%
Return on Equity	**1.75%**	**6.37%**	6.46%
Current Ratio	**1.84:1**	**1.95:1**	1.88:1
Leverage Ratio	**0.36:1**	**0.31:1**	0.31:1
Debt-to-Equity Ratio	**0.81:1**	**0.74:1**	0.75:1
Asset-to-Equity Ratio	**1.81:1**	**1.74:1**	1.75:1
Interest Coverage Ratio	**7.73:1**	**5.83:1**	4.13:1

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 2025, Management is not aware of:

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

The causes for any material change from period to period which shall include vertical and horizontal analysis of any material item were disclosed in pages 6 to 13 of this Report.

<u>FINANCIAL PERFORMANCE</u>

QUARTER 1 2026

The summarized revenues and net income (losses) of the Group for the three months ended March 31, 2026 and 2025 are presented as follows (amounts in US Dollars):

COMPANY	March 31, 2026 (3 months) REVENUE Sales	Rent income	Total	Operating Expenses	NET INCOME (LOSS)*	March 31, 2025 (3 months) REVENUE Sales	Rental Income and Other Income	Total	Operating Expenses	NET INCOME (LOSS)*
Parent	–	**185,028**	**185,028**	**203,725**	**1,614**	–	176,210	176,210	154,161	1,481,900
EMS and a Subsidiary	**30,493,885**	–	**30,493,885**	**1,313,318**	**791,165**	25,965,588	–	25,965,588	1,086,169	478,590
IPI	–	**793,628**	**793,628**	**65,313**	**434,753**	–	811,726	811,726	44,310	448,091
ICL	–	–	–	**5,612**	**(5,872)**	–	–	–	2,031	(2,335)
Iomni	–	–	–	–	**26,627**	677,218	30,669	707,887	43,498	(11,301)
Synertronix	–	–	–	-	–	–	–	–	-	-
IPSI	–	–	–	**581**	**(1,686)**	–	–	–	492	(187)
TOTAL	**30,493,885**	**978,656**	**31,472,541**	**1,588,549**	**1,246,601**	26,642,806	1,018,605	27,661,411	1,330,661	2,394,758
Eliminations	–	**(358,849)**	**(358,849)**	**(69,366)**	**16,020**	(304,007)	(373,528)	(677,535)	(11,301)	(1,531,581)
Total	**30,493,885**	**619,807**	**31,113,692**	**1,519,183**	**1,262,621**	26,338,799	645,077	26,983,876	1,319,360	863,177
Continuing Operations	**30,493,885**	**619,807**	**31,113,692**	**1,519,183**	**1,235,994**	25,965,588	645,077	26,610,666	1,275,863	874,478
Discontinued Operations	–	–	–	–	**26,627**	373,211	–	373,210	43,497	(11,301)

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

Ionics, Inc. and its subsidiaries' (collectively, the "Group") sales increased by US$4.53 million from US$25.97 million for the three months ended March 31, 2025 to US$30.49 million for the three months ended March 31, 2026 due to higher demand from turnkey customers. The gross profit increased by US$0.19 million or 7% from US$2.72 million for the three months ended March 31, 2025 to US$2.91 million for the same period in 2026.

Operating expenses increased by US$0.24 million from US$1.28 million for the three months ended March 31, 2025 to US$1.52 million for the three months ended March 31, 2026 primarily due to increase in commission as a result of higher sales subject to commission. Interest expenses decreased by US$0.11 million from US$0.32 million for three months ended March 31, 2025 to US$0.21 million for the three months ended March 31, 2026 due to lower bank loan balance.

With the foregoing, the Group's consolidated net income attributable to equity holders of the Parent Company increased to US$1.23 million or 39% from US$0.89 million in the three months ended March 31, 2026 and 2025, respectively.

INDIVIDUAL RESULTS OF OPERATIONS

Ionics, Inc.

The Parent Company reported a net income of US$0.002 million three months ended March 31, 2026.

The individual performances of the subsidiaries for the three months ended March 31, 2026 and 2025 are as follows:

Ionics EMS, Inc. and its Subsidiary (IEMS)

IEMS revenue increased by 17% or US$4.53 million from US$25.97 million for the three months ended March 31, 2025 to US$30.49 million in the same period of 2026 due to higher demand from turnkey customers. With the increase in sales, gross profit increased by 7% or US$0.14 million from US$2.05 million for the three months ended March 31, 2025 to US$2.19 million in the same period of 2026.

Operating expenses increased by US$0.23 million from US$1.09 million for the three-month period ended March 31, 2025 to US$1.31 million in the same period of 2026 primarily due to increase in commission as a result of higher sales subject to commission. Interest expense decreased to US$0.13 million for the three-month period ended March 31, 2026 from US$0.28 million for the same period in 2025 due to lower bank loan and lease liabilities balances and lower interest rate. IEMS reported net foreign exchange gain of US$0.208 million in the same period of 2026 from net foreign exchange loss US$0.08 million for the three months ended March 31, 2025 due to depreciation of Philippine peso against US dollar.

With the foregoing, IEMS reported an increase in net income of US$0.31 million or 65% from US$0.48 million for the three months ended March 31, 2025 to US$0.79 million for the three months as of March 31, 2026.

Ionics Properties, Inc. (IPI)

IPI contributed rent income of US$0.79 million and US$0.81 million for the three months ended March 31, 2026 and 2025, respectively. Net income decreased from US$0.45 million for the three months as of March 31, 2025 to US$0.44 million for the three months as of March 31, 2026.

Ionics Circuits, Limited (ICL)

ICL reported a net loss amounting to US$0.006 million and US$0.002 million for the three months ended March 31, 2026 and 2025, respectively. This is due to the higher share in net losses of investees.

Iomni Precision, Inc. (Iomni)

Iomni ceased its manufacturing activity effective May 15, 2025. As a result, Iomni reported a net income of US$0.03 million from a net loss of US$0.01 million due to a 50% recovery on the receivable paid by a customer for the three months ended March 31, 2026 and 2025, respectively.

Ionics Products Solutions, Inc. (IPSI)

IPSI reported a net loss of US$1,686 and a net loss of US$186 for the three months ended March 31, 2026 and 2025, respectively.

Synertronix, Inc. (SI)
SI has no commercial operations.

CONSOLIDATED FINANCIAL POSITION

As of March 31, 2026, the consolidated assets of the Group amounted to US$127.77 million which is US$6.69 million higher than the US$121.08 million as of December 31, 2025. The increase in the Group's total assets was mainly due to the increase in receivables, contract asset, inventories, and advances to suppliers.

Current ratio is 1.84:1 for the three months ended March 31, 2026 and 1.95:1 for the year ended December 31, 2025 while debt-to-equity ratio is 0.74:1 on December 31, 2025 and 0.81:1 in three months ended March 31, 2026.

FULL YEAR 2025

CONSOLIDATED RESULTS OF OPERATIONS

Consolidated sales increased by 13% from US$103.67 million in 2024 to US$117.25 million in 2025, due to higher demand from turnkey customers net of decrease in sales from the consignment business. With the increase in sales, the gross profit increased by 8% or US$0.82 million from US$11.14 million in 2024 to US$11.96 million in 2025.

Operating expenses increased from US$4.87 million in 2024 to US$5.82 million in 2025 primarily due to increase in commission expense resulting from the increase in sales subject to commission. Interest expense decreased to US$1.06 million in 2025 from US$1.61 million in 2024 due to lower loan balance. Net foreign exchange gain decreased in 2025 as Philippine peso depreciated against US dollar.

With the foregoing, the Group reported an increase in consolidated net income attributable to equity holders of the Parent Company of 28% or US$0.83 million from US$3.01 million in 2024 to US$3.84 million in 2025.

The summarized revenues and net income (losses) of the Group for the year ended December 31, 2025 are as follows:

(In US Dollars)

COMPANY	REVENUE	NET INCOME (LOSS)
Parent Company	712,916	1,453,735
IEMS	117,251,345	2,894,438
IPI	3,114,001	1,607,357
ICL	–	(21,081)
IPSI	–	(2,141)
IOMNI	810,363	(491,939)
Total	**121,888,625**	**5,440,369**
Reclass/Eliminating entries	(1,838,835)	(1,504,860)
Total	**120,049,790**	**3,935,509**
Continuing Operations	**119,679,625**	**4,427,448**
Discontinued Operations	**370,165**	**(491,939)**

On March 14, 2025, the Board of Directors of Parent Company confirmed the decision of the Management and Board of Directors of Iomni to cease the latter's manufacturing operations. As a result, Iomni was deconsolidated and presented as discontinued operations.

CONSOLIDATED FINANCIAL POSITION

As of December 31, 2025, the consolidated assets of the Group amounted to US$121.08 million which is US$3.58 million higher than the December 31, 2024 figure of US$117.50 million. The increase in the Group's total assets was due to the increase in receivables, contract asset, and investment property.

Current ratio increased to 1.95:1 in 2025 from 1.88:1 in 2024 due to increase in receivables and contract asset, while debt-to-equity ratio decreased from 0.75:1 in 2024 to 0.74:1 in 2025.

INDIVIDUAL RESULT OF OPERATIONS

Ionics, Inc. (the "Parent Company")

The Parent Company reported a net income of US$1.45 million and net loss of US$0.44 million in December 31, 2025 and 2024, respectively.

The individual performance of the subsidiaries for the year ended December 31, 2025 is as follows:

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

IEMS revenue increased by 13% from US$103.68 million in 2024 to US$117.25 million in 2025 due to higher demand from turnkey customers net of decrease in sales of consignment business. Sales from consignment business decreased due to soft market demand. With the increase in sales, the gross profit increased by 15% or US$1.21 million from US$7.94 million in 2024 to US$9.15 million in 2025.

Operating expenses increased by US$0.70 million from US$4.21 million in 2024 to US$4.91 million in 2025 primarily due to increase in commission expense resulting from increase in sales subject to commission. Interest expense decreased to US$0.52 million in 2025 from US$0.81 million in 2024 due to lower loan balance. Net foreign exchange gain decreased from US$0.21 million in 2025 as peso depreciated against US dollar.

With the foregoing, the Group reported an increase in net income of 34% or US$0.73 from US$2.17 million in 2024 to US$2.90 million in 2025.

Ionics Properties, Inc. ("IPI")

The net income of IPI, the subsidiary engaged in real estate holdings, decreased to US$1.61 million in 2025 from US$2.11 million in 2024, due to impairment of aging rental and non-accrual of rental income effective second quarter of 2025 from one of the lessees and rental rate reduction in connection with a long-term lease contract with another lessee.

Iomni Precision, Inc. ("Iomni")

Iomni's sales in 2025 decreased to US$0.68 million from US$1.77 million in 2024. As a result of lower sales, Iomni reported a gross loss of US$0.10 million in 2025 compared with a gross income of US$0.25 million in 2024.

Operating expenses amounted to US$0.12 million and US$0.15 million in 2025 and 2024, respectively.

On March 14, 2025, the Board of Directors of Parent Company confirmed the decision of the Management and Board of Directors of Iomni, to cease its manufacturing operations.

With the foregoing, the Company's performance resulted to a net loss of US$0.49 million and net income of US$1.26 million in 2025 and 2024, respectively.

Ionics Circuits, Limited ("ICL")

ICL, the offshore investment subsidiary, reported a net loss amounting to US$0.034 million and US$0.01 million in 2025 and 2024, respectively. 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 2025 and 2024.

FULL YEAR 2024

CONSOLIDATED RESULTS OF OPERATIONS*

Consolidated sales increased by 12% from US$92.58 million in 2023 to US$103.68 million in 2024, due to the ramped up of sales from turnkey customers net of decrease in sales of consignment business. Despite increase in sales, gross profit decreased by 9% from US$12.27 million in 2023 to US$11.14 million in 2024 resulting from decrease in contribution margin from consignment business due to soft market demand. Also, the Group has not yet fully optimized its sales resulting to 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 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. Others expenses increase due to net foreign exchange loss in 2024 due to the impact of depreciation on Peso against US dollar.

On March 14, 2025, the Board of Directors of Parent Company confirmed the decision of the Management and Board of Directors of Iomni, to cease the latter's manufacturing operations. As a result, Iomni provided impairment of its machinery and equipment amounting 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)
IPSI	–	(1,812)
IOMNI	1,890,700	(1,257,465)
Total	**109,699,087**	**2,564,275**
Reclass/Eliminating entries	(2,207,021)	1,773,760
Total	**107,492,066**	**4,338,035**
Continuing Operations	**106,479,011**	**3,080,575**
Discontinued Operations	**1,013,055**	**(1,257,460)**

*See related discussion under Note 30 of the Audited Consolidated Financial Statements.

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, inventories, prepayments and other current assets, financial 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 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 revenue increased by 12% from US$92.58 million in 2023 to US$103.68 million in 2024, due to the ramped 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 increase in sales, the gross profit decreased by 12% or US$1.06 million from US$9.00 million in 2023 to US$7.94 million in 2024 resulting from decrease in contribution margin from consignment business. Also, IEMS has not yet fully optimize its sales resulting to under utilization 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 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 net foreign exchange gain of US$0.21 million in 2024 from net foreign exchange loss of US$0.14 million in 2023 due to the impact of depreciation on Peso against US dollar.

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

Ionics Properties, Inc. ("IPI")

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

Iomni Precision, Inc. ("Iomni")

Iomni's sales in 2024 decrease 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 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 Parent Company confirmed the decision of the Management and Board of Directors of Iomni, to cease its manufacturing operations, as a result Iomni provided impairment of its machinery and equipment amounting US$0.84 million.

With the foregoing, the Company's performance resulted in 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 23% from US$75.26 million in 2022 to US$92.57 million in 2023, due to increasing customer demand. With the increase in sales, gross profit increased by 26% from US$9.77 million in 2022 to US$12.27 million in 2023.

Operating expenses increased from US$4.37 million in 2022 to US$5.11 million in 2023 due to 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 expenditures and increase in interest rates. Others expenses decrease due to net foreign exchange loss in 2023 due to the impact of depreciation on 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	646,452	33,091
IEMS	92,576,975	2,481,740
IPI	3,525,566	2,147,823
ICL	30	(12,385)
Synertronix	–	(9)
IPSI	277	(100)
IOMNI	3,428,736	41,389
Total	**100,178,036**	**4,691,549**
Reclass/Eliminating entries	(2,096,577)	(29,272)
Total	**98,081,459**	**4,662,277**
Continuing Operations	**95,533,612**	**4,620,888**
Discontinued Operations	**2,547,847**	**41,389**

*See related discussion under Note 30 of the Audited Consolidated Financial Statements.

CONSOLIDATED FINANCIAL POSITION

As of December 31, 2023, the consolidated assets of the Group amounted to US$121.97 million which is US$1.31 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 property.

Current ratio decreased to 1.65:1 in 2023 from 1.69:1 in 2022 due to 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 is as follows:

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

IEMS revenue increased by 27% from US$72.69 million in 2022 to US$92.58 million in 2023, due to increasing customer demands. 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 net foreign exchange gain of US$0.71 million in 2022, the Company reported net foreign exchange loss of US$0.14 million in 2023 due to the impact of depreciation on Peso against US dollar.

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

Ionics Properties, Inc. ("IPI")

The net income of IPI, the subsidiary engaged in real estate holdings, decreased to US$2.15 million in 2023 from US$2.28 million in 2022, due to non-renewal of the contract of an existing 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 Company's performance resulted to 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.

CAUSES FOR MATERIAL CHANGES FROM PERIOD TO PERIOD

QUARTER 1 2026

Cash decreased due to payment of bank loan amortization for the quarter, partial payment of intercompany advances, increase in working capital, and payment for the progress billing for the ongoing construction of Standard Factory Building in LISP IV, Malvar, Batangas. Receivables increased due to the extension of payment terms to an existing customer and receivables for buyback materials. Inventories increased due to inventory build-up due to the increase in demand of an existing customer and materials for a new customer. Contract assets increased due to higher level of work-in-process and finished goods. Inventory increased due to arrival of materials not yet built. The increase in advances to suppliers was due to advance payment made to suppliers for material ordering. The increase in prepayments and other current assets was due to prepayments made during the quarter. The increase in accounts payable and accrued expenses is attributable to the increase in purchases of raw materials. Contract liabilities decreased due to the application of the said liabilities against receivables. Lease liabilities decreased due to payment of amortization for the quarter. Income taxes increased due to provision of income tax during the quarter.

2025

Cash decreased due to payment of working capital loans. Receivables increased due to higher sales. Contract assets increased due to higher level of work-in-process and finished goods. Inventory decreased due to consumption and customer buyback of the aging inventories. The decrease in advances to suppliers was attributable to the delivery of materials covered by advanced payments and controlled material ordering for the year. The increase in prepayments and other current assets was due to the renewal of fire insurance and employees' healthcare. Assets held for sale decrease due to the sale of machinery and equipment of Iomni. Financial Assets at FVOCI decreased due to the fair value loss recognized as of December 31, 2025. Property and equipment decreased due to depreciation during the year. Investment properties increased due to construction-in-progress. The increase in accounts payable and accrued expenses is attributable to the purchase of raw materials used and to be used in production. Contract liabilities increased due to additional advance payment for aging materials and advance payment by customer for material ordering. Bank loans and long-term debt decreased due to payments of working capital loans and payment of monthly amortization of long-term debt for the year. Income taxes decreased due to payment of income tax during the year. Net pension liability increased due to accrual of pension expense for the period

2024

Cash increased due cash flows generated from operations. Contract assets increased due to higher level of work-in-process and finished goods. Inventories decreased due increase in consumption due to 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 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 to this account. 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 reclassification to asset available for sale and impairment made 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 return of customers' advance payment and application of the same against receivables. Bank loans and long-term debt decreased due to payments made during the year. Lease liabilities decreased due to rental payment for the year. Income taxes increased due to 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 higher level of work-in-process and finished goods. The decrease in advances to suppliers was attributable to the delivery of materials covered by advanced payments and controlled material ordering for the year. The increase in prepayments and other current assets is due to payment for VAT input tax to BOC and prepayment for health insurance plan of employees. Financial Assets at FVOCI increased due to 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 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 payment received from customer for advance ordering of materials. Bank loans and long-term debt decreased due to payments made during the period. Lease liabilities decreased due to payment of leased amortization for the period. Income taxes decreased due to payment of income tax during the period. Net pension liability increased due to accrual of pension expense during the period.

ITEM 4. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

	(Amounts in US Dollar)		(Amounts in PhP)	
	HIGH	LOW	HIGH	LOW
1 June 2026 (latest practicable date)	0.02	0.02	1.10	1.05
2026				
First Quarter	0.02	0.02	1.05	1.02
2025				
First Quarter	0.01	0.01	0.86	0.80
Second Quarter	0.02	0.02	0.90	0.88
Third Quarter	0.02	0.02	0.94	0.91
Fourth Quarter	0.02	0.02	1.02	1.00
2024				
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

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

The number of shareholders of record as of April 30, 2026 is 830 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, 2026:

Class of Securities	Name	No. of Shares	%
Common	AQUA HOLDINGS, INC.	335,153,100.00	40.04
Common	PCD NOMINEE CORP. (FILIPINO)	331,366,892.00	39.58
Common	SIGUION REYNA, LEONARDO	75,006,000.00	8.96
Common	PCD NOMINEE CORP. (NON-FILIPINO)	28,926,834.00	3.46
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	TELENGTAN 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

Class of Securities	Name	No. of Shares	%
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 May 2026, 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 29 May 2026 with payment date of no later than 25 June 2026. The gross amount of dividend to be paid is P83,713,099.40.

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 year 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 2026 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 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.

ITEM 5. CHANGES AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

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

ITEM 6. CORPORATE GOVERNANCE[1]

(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

[1] As of 30 April 2026.

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 2026 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 2025. With the exception of Mr. Guillermo D. Luchangco, Mr. Alfredo R. de Borja, Mr. Medel T. Nera and Ms. Lilia B. de Lima, the members of the Board of Directors and key officers of the Company attended an online Corporate Governance Seminar conducted by SGV & Co. on 12 December 2025. Mr. Nera attended the online Corporate Governance Seminar of the Yuchengco Group of Companies on 27 September 2025 with the topic "Strategy in Motion: The Evolving Role of Governance." Ms. De Lima attended an online Corporate Governance Seminar conducted by SGV & Co. on 7 October 2025, while Mr. Luchangco and Mr. de Borja participated in the online Corporate Governance Seminar conducted by SGV & Co. on 18 November 2025.

ITEM 7. 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.