IONICS INC.

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, 2025 and 2024, 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

Signed this 13th day of March, 2026

SUBSCRIBED AND SWORN to before me this _____ day of APR 13 2026 affiants exhibiting to me their Passport as follows:

NAMES	PASSPORT NO.	DATE OF ISSUE	PLACE OF ISSUE
Alfredo R. De Borja	P7893866B	October 16, 2021	DFA Manila
Raymond Maria C. Qua	P5737906A	January 24, 2018	DFA NCR South
Ronan R. Andrade	P6019614A	February 13,2018	DFA Lucena

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Series of: 2026

ATTY. FERNANDO M. ALONZO
NOTARY PUBLIC
Not Com. 29-2025-C until December 31, 2026
For Calamba City, Laguna
Lifetime IBP No. 018040 – Laguna Chapter
PTR No. CC 8905447 - 01/05/2026 at Calamba City
Atty's Roll No. 36298
MCLE Comp. No. VIII-0030663 – 04/14/2028

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	0	7	4	3	2

COMPANY NAME

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

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

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

Form Type	Department requiring the report	Secondary License Type, If Applicable
ACFS	CRMD	N/A

COMPANY INFORMATION

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

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
830	6/11	2025/12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
RONAN R. ANDRADE	ronan.andrade@ionics-ems.com	(049) 508-1111	0917-869-5688

CONTACT PERSON's ADDRESS

Block 2 & 3, Carmelray II, Industrial Park, Brgy. Milagrosa, Calamba City, Laguna

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

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

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

Tel: (632) 8891 0307
Fax: (632) 8819 0872
sgv.ph

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, 2025 and 2024, 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, 2025, 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, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2025 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (the Code of Ethics), as applicable to the audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to the audits of financial statements of public interest entities in the Philippines. We have also 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.

Valuation of Raw Materials Inventories

The carrying value of the Group's raw materials inventories as of December 31, 2025 amounted to US$30.01 million and accounts for 25% of its total consolidated assets as of the same date. The Group's inventories are carried at lower of cost and net realizable value (NRV). This is significant to our audit because the Group is operating in an industry characterized by rapid technological change, short-term customer commitments, and constant changes in demand. These factors increase the risk of inventory obsolescence, thereby decreasing the value of the Group's raw material inventories.

Disclosures related to this matter are provided in Notes 3 and 10 to the consolidated financial statements.

Audit Response

We obtained an understanding of the Group's inventory management process and tested the relevant management controls over procurement, issuance to production and inventory aging process.

We conducted inventory count observation and, on a sampling basis, inspected damaged and obsolete inventories. We obtained and evaluated the management's calculation of the inventories' NRV. We tested the NRV of selected inventories by obtaining the latest selling price invoiced to the customers and the cost to sell of the most recent sale transactions and other supporting documents and compared this against the cost of inventories. We reviewed the aging of raw materials inventories. On a sampling basis, we tested long-outstanding inventory items and those related to end-of-life products against management's plan to recover these inventories (e.g., application against outstanding customer advances, invoke buy-back provisions in the contract and usage in the related forecasted demand).

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, 2025, 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, 2025, 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
SEC Partner Accreditation No. 116330-SEC (Group A)
Valid to cover audit of 2022 to 2026 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001998-192-2025, October 20, 2025, valid until October 19, 2028
PTR No. 10765003, January 2, 2026, Makati City

March 13, 2026

IONICS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

	December 31	
	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalent (Notes 4, 5, 6 and 7)	**US$8,575**	US$9,651
Receivables (Notes 3, 4, 5 and 8)	**23,898**	18,556
Contract assets (Notes 3, 4 and 9)	**11,059**	7,829
Inventories (Notes 3 and 10)	**31,047**	33,477
Advances to suppliers (Note 3)	**2,417**	2,939
Prepayments and other current assets (Note 3)	**740**	610
Noncurrent asset held for sale (Note 13)	**–**	465
Refundable deposits - current (Notes 4 and 5)	**127**	–
Total Current Assets	**77,863**	73,527
Noncurrent Assets		
Financial assets at fair value through other comprehensive income (FVOCI) (Notes 4, 5 and 11)	**2,612**	2,752
Investments in associates (Notes 3 and 12)	**667**	660
Property, plant and equipment (Notes 3 and 13)	**18,407**	21,004
Investment properties (Notes 3 and 14)	**20,068**	17,980
Right-of-use assets (Notes 3 and 24)	**998**	1,006
Deferred tax assets - net (Notes 3 and 26)	**1**	19
Refundable deposits - noncurrent (Notes 4 and 5)	**465**	553
Total Noncurrent Assets	**43,218**	43,974
	US$121,081	US$117,501
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other liabilities (Notes 4, 5, 6 and 15)	**US$23,944**	US$17,362
Contract liabilities (Note 9)	**5,652**	5,118
Current portion of bank loans and long-term debt (Notes 4, 5, 6, and 16)	**9,481**	15,598
Current portion of lease liabilities (Notes 3, 4, 5, 6 and 24)	**478**	637
Dividend payable	**269**	121
Income tax payable	**125**	203
Total Current Liabilities	**39,949**	39,039
Noncurrent Liabilities		
Bank loans and long-term debt - net of current portion (Notes 4, 5, 6, and 16)	**5,773**	5,782
Lease liabilities - net of current portion (Notes 3, 4, 5, 6, and 24)	**600**	470
Net retirement liabilities (Notes 3 and 28)	**3,911**	3,501
Deferred tax liabilities - net (Note 26)	**236**	223
Other noncurrent liabilities (Notes 4, 5, 6 and 15)	**1,091**	1,301
Total Noncurrent Liabilities	**11,611**	11,277
Total Liabilities	**US$51,560**	US$50,316

(Forward)

	December 31	
	2025	2024
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 (Notes 17)	**9,072**	9,072
Retained earnings (Note 17)	**45,961**	43,483
Other comprehensive income (loss):		
Unrealized losses on financial assets at FVOCI (Note 11)	**(1,428)**	(1,331)
Exchange differences (Notes 12 and 14)	**931**	913
Other reserves (Notes 12 and 28)	**(1,055)**	(897)
Adjustment to noncontrolling interests (Note 17)	**(943)**	(943)
Treasury shares (Note 17)	**(1,365)**	(1,365)
	68,806	66,565
Noncontrolling interests	**715**	620
Total Equity	**69,521**	67,185
	US$121,081	US$117,501

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		
	2025	2024[1]	2023[1]
REVENUE FROM CONTINUING OPERATIONS			
Revenue from contracts with customers (Note 29)	**US$117,251**	US$103,684	US$92,577
Rental income (Notes 14 and 24)	**2,429**	2,795	2,957
	119,680	106,479	95,534
COST OF SALES AND RENTAL SERVICES			
Cost of sales (Note 19)	**106,865**	94,574	82,547
Cost of rental services (Notes 14, 20 and 24)	**855**	768	716
	107,720	95,342	83,263
GROSS PROFIT	**11,960**	11,137	12,271
OPERATING EXPENSES (Note 21)	**5,823**	4,869	5,110
OTHER INCOME (EXPENSES)			
Share in net earnings (loss) of associates (Notes 12 and 29)	**12**	16	(8)
Finance costs (Notes 16, 22 and 24)	**(1,059)**	(1,612)	(1,743)
Others - net (Notes 7, 8 and 18)	**28**	367	(147)
	(1,019)	(1,229)	(1,898)
INCOME BEFORE INCOME TAX	**5,118**	5,039	5,263
PROVISION FOR INCOME TAX (Note 26)	**690**	701	641
NET INCOME FROM CONTINUING OPERATIONS	**4,428**	4,338	4,622
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS (Note 30)	**(492)**	(1,257)	41
NET INCOME	**3,936**	3,081	4,663
OTHER COMPREHENSIVE INCOME (LOSS)			
Item that may be reclassified to profit or loss:			
Exchange differences (Notes 12 and 14)	**18**	(105)	119
Items that may not be reclassified to profit or loss:			
Fair value gain (loss) on financial assets at FVOCI (Note 11)	**(97)**	(207)	922
Share in other comprehensive income (loss) of associates (Note 12)	**(2)**	6	(8)
Remeasurement losses on retirement plan (Notes 3 and 28)	**(56)**	(166)	(337)
	(155)	(367)	577
Total Other Comprehensive Income (Loss)	**(137)**	(472)	696
TOTAL COMPREHENSIVE INCOME	**US$3,799**	US$2,609	US$5,359
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company (Note 27)	**US$3,841**	US$3,010	US$4,582
Noncontrolling interests	**95**	71	81
	US$3,936	US$3,081	US$4,663
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company	**US$3,704**	US$2,538	US$5,288
Noncontrolling interests	**95**	71	71
	US$3,799	US$2,609	US$5,359
BASIC/DILUTED EARNINGS PER SHARE (Note 27)			
For net income for the year attributable to ordinary equity holders of the Parent Company	**US$0.0047**	US$0.0037	US$0.0056

[1] To be comparable with 2025, certain amounts for the years ended December 31, 2024 and 2023 have been reclassified to reflect the discontinued operations of Iomni Precision, Inc. See Note 2 – Summary of Material Accounting Policies – Discontinued Operations for further discussion.

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)	Total	Non-controlling Interests	Total
					For the Year Ended December 31, 2025						
Balances at beginning 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	US$620	US$67,185
Net income	–	–	3,841	–	–	–	–	–	3,841	95	3,936
Other comprehensive income (loss)	–	–	–	(97)	–	18	(58)	–	(137)	–	(137)
Total comprehensive income (loss)	–	–	3,841	(97)	–	18	(58)	–	3,704	95	3,799
Dividends declared (Note 17)	–	–	(1,463)	–	–	–	–	–	(1,463)	–	(1,463)
Reclassification (Note 28)	–	–	100	–	–	–	(100)	–	–	–	–
Balances at end of year	US$17,633	US$9,072	US$45,961	(US$1,428)	(US$943)	US$931	(US$1,055)	(US$1,365)	US$68,806	US$715	US$69,521
					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	US$549	US$64,576
Net income	–	–	3,010	–	–	–	–	–	3,010	71	3,081
Other comprehensive loss	–	–	–	(207)	–	(99)	(166)	–	(472)	–	(472)
Total comprehensive income (loss)	–	–	3,010	(207)	–	(99)	(166)	–	2,538	71	2,609
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	US$620	US$67,185
					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	US$476	US$60,757
Net income	–	–	4,582	–	–	–	–	–	4,582	81	4,663
Other comprehensive income (loss)	–	–	–	922	–	119	(337)	–	704	(8)	696
Total comprehensive income (loss)	–	–	4,582	922	–	119	(337)	–	5,286	73	5,359
Dividend declared	–	–	(1,540)	–	–	–	–	–	(1,540)	–	(1,540)
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	US$549	US$64,576

See accompanying Notes to Consolidated Financial Statements.

IONICS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Years Ended December 31		
	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax from continuing operations	**US$5,118**	US$5,039	US$5,263
Income before income tax from discontinued operations (Note 30)	**(489)**	(1,253)	59
Adjustments for:			
Depreciation and amortization (Notes 13, 14, and 24)	**5,980**	6,335	5,919
Finance costs (Notes 16, 22, 24 and 30)	**1,059**	1,646	1,801
Impairment of property and equipment (Notes 13 and 18)	**–**	841	–
Dividend income (Note 18)	**–**	(5)	–
Interest income (Notes 7 and 18)	**(11)**	(9)	(9)
Share in net earnings (losses) of associates (Note 12)	**(12)**	(16)	8
Movement of retirement liabilities (Note 28)	**410**	68	395
Loss on disposal of property, plant and equipment and asset held for sale (Notes 13 and 30)	**97**	–	5
Operating income before working capital changes	**12,152**	12,646	13,441
Changes in working capital:			
Decrease (increase) in:			
Receivables	**(5,342)**	330	(2,396)
Contract assets	**(3,230)**	(872)	(2,189)
Inventories	**2,430**	2,505	982
Advances to suppliers	**(2,235)**	(1,785)	1,121
Prepayments and other current assets	**(138)**	361	(194)
Refundable deposits	**(39)**	36	(7)
Increase (decrease) in:			
Accounts payable and other liabilities	**6,605**	(2,497)	(5,038)
Contract liabilities	**534**	(1,231)	4,770
Other noncurrent liabilities	**(210)**	2	(25)
Net cash generated from operations	**10,527**	9,495	10,465
Interest received	**11**	9	9
Income taxes paid	**(724)**	(641)	(721)
Net cash provided by operating activities	**9,814**	8,863	9,753
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Investment properties (Notes 4 and 14)	**(1,029)**	(311)	(5,715)
Property, plant and equipment (Notes 4, 13 and 16)	**(977)**	(743)	(3,132)
Financial assets at FVOCI (Note 11)	**–**	–	(149)
Dividend received	**–**	5	–
Proceeds from sale of property, plant and equipment and noncurrent asset held for sale (Note 13)	**368**	–	5
Net cash used in investing activities	**(1,638)**	(1,049)	(8,991)

(Forward)

	Years Ended December 31		
	2025	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES			
Availments of (Note 4):			
Commercial loans	**US$24,500**	US$37,000	US$43,000
Bank loans	**−**	39	117
Payments of (Note 4):			
Commercial loans	**(28,000)**	(37,000)	(48,000)
Long-term debt	**(1,496)**	(1,377)	(1,429)
Cash dividends to stockholders	**(1,315)**	−	(1,413)
Bank loans	**(1,130)**	(1,029)	(630)
Interests on bank loans, long-term debt and lease liabilities (Notes 16, 22 and 24)	**(1,082)**	(1,620)	(1,774)
Principal portion of lease liabilities	**(729)**	(940)	(805)
Net cash used in financing activities	**(9,252)**	(4,927)	(10,934)
NET INCREASE (DECREASE) IN CASH	**(1,076)**	2,887	(10,172)
CASH AND CASH EQUIVALENT AT BEGINNING OF YEAR	**9,651**	6,764	16,936
CASH AND CASH EQUIVALENT AT END OF YEAR (Note 7)	**US$8,575**	US$9,651	US$6,764

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 financial statements were authorized for issue by the Board of Directors (BOD) on March 13, 2026.

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.

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, 2025 and 2024:

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.

Noncontrolling Interests
Noncontrolling 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 noncontrolling 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 noncontrolling interests, even if this results in the noncontrolling 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, 2025, and 2024, the Group has noncontrolling interests pertaining to EMS and USA. The percentage of equity held by noncontrolling interests is 3.28% in 2025 and 2024.

New Standards, Interpretations and Amendments
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of amendments effective in 2025. 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 amendments did not have an impact on the consolidated financial statements of the Group.

- Amendments to PAS 21*, Lack of exchangeability*

  The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

Standards Issued but not yet Effective
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 financial statements, unless otherwise indicated.

Effective beginning on or after January 1, 2026
- Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*
- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*
- 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*
- Amendments to PAS 21*, Translation to a Hyperinflationary Presentation Currency*

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. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15. 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 rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

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

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

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

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

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

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 EIR 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 Group's accounts payable and other liabilities, bank loans and long-term debt, lease liabilities and dividend payable 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).

<u>Impairment of Financial Assets and Contract Assets</u>
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 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:

<u>Quantitative Criteria</u>
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.).

<u>Qualitative Criteria</u>
The customer meets unlikeliness 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 credit loss calculation.

For the Group's cash and cash equivalent 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 and cash equivalent, 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 financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; and
- 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 associates 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.

Construction-in-progress is stated at cost. This includes cost of construction and other direct costs. Construction-in-progress is not depreciated until such time as the relevant assets are completed and put into operational use.

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, building improvements and leasehold 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 consist of building that are held for long-term rental yields, and land that are held for long-term rental yields, capital appreciation and undetermined future use. 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

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on the Group's investments in associates. The Group determines at each reporting date whether there is any objective evidence that investment in associate is impaired. If this is the case, the Group calculates the amount of impairment being the difference between the recoverable amount of the investment in associate and the acquisition cost and recognizes the amount in profit or loss.

Foreign Currency-Denominated Transactions and Translation
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 at 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 the accumulated earnings of the Group and any adjustments arising from application of new accounting standards, policies or correction of errors applied retrospectively, less any dividend declared. The 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 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 retrospective adjustment to any stock dividend declared or stock split made during the year.

Diluted EPS 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 is 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 value-added tax (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 under 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 asset*s
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 allowed 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. Costs 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. These 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 are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct 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 estimated useful lives of the underlying assets, if depreciable (refer to the accounting policy of property, plant and equipment), and the lease term as follows.

	Lease term in 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 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 tax

Current 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 tax

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

Deferred 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 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 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.

Discontinued operations
Discontinued operations are accounted for in accordance with PFRS 5. A discontinued operation represents a component of the Group that has been disposed of or classified as held for sale and constitutes a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of such operations.

The results of discontinued operations, including any gain or loss on disposal or remeasurement to fair value less costs to sell, are presented as a single post-tax amount separately from continuing operations in the statement of comprehensive income. Comparative figures are re-presented accordingly. Further discussions are disclosed in Note 30.

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 consolidated financial statements in compliance with PFRS Accounting Standards 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 manufactures 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. The Purchase Order creates 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 and their respective carrying amounts as of December 31 are as follows:

	2025	2024
Advances to suppliers	**US$2,417**	US$2,939
Prepayments and other current assets	**740**	610
Investments in associates (Note 12)	**667**	660

(Forward)

	2025	2024
Property, plant and equipment (Note 13)	**US$18,407**	US$21,004
Investment properties (Note 14)	**20,068**	17,980
Right-of-use assets (Note 24)	**998**	1,006

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, 2025 and 2024.

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 (nil in 2025). The carrying values of inventories of the Group amounted to US$31.05 million and US$33.48 million as of December 31, 2025 and 2024, 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, 2025 and 2024, the Group's unquoted equity investments amounted to US$2.59 million and US$2.73 million, respectively (see Note 11).

Estimating useful lives of depreciable property, plant and equipment and right-of-use assets
The Group computes the 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. 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 amounted to US$3.91 million and US$3.50 million as at December 31, 2025 and 2024, 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 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, 2025 and 2024 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, 2025 and 2024, the Group recognized gross deferred tax assets amounting to US$0.11 million and US$0.10 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 risk, which include equity price risk and foreign currency risk exposures.

The Group has various financial assets such as cash and cash equivalent, 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.

The Group's policies on managing the risks arising from the Group's financial instruments follow:

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, 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 calibrates the matrix to adjust the historical credit loss experience with forward-looking information.

Generally, trade receivables, 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 and cash equivalent and refundable deposits approximate the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

Cash and cash equivalent 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 24.43%, 25.09% and 11.04% of its total revenue from contracts with customers in 2025, 2024 and 2023, respectively. The Group's top five customers accounted for approximately 57.44%, 60.36% and 50.73% of its total revenue from contracts with customers in 2025, 2024 and 2023, respectively. The financial and contract assets of the Group are more concentrated to the banks and financial intermediaries, consumer electronics and telecom, which accounted for 85.62% and 82.13% of the total credit risk exposure in 2025 and 2024, respectively.

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

	2025	2024
Consumer electronics	**US$15,514**	US$10,185
Telecommunications (Telecom)	**13,575**	10,129
Banks and financial intermediaries*	**8,567**	9,643
Computer peripherals	**4,595**	4,944
Real estate	**602**	542
Others	**1,127**	1,031
Total	**US$43,980**	US$36,474

**Excludes cash on hand amounting to US$0.008 million for December 31, 2025 and December 31, 2024.*

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

	2025				
	Minimal Risk	**Average Risk**	**High Risk**	**Credit-Impaired**	**Total**
Cash and cash equivalent*	**US$8,567**	**US$–**	**US$-**	**US$–**	**US$8,567**
Receivables					
Trade receivables	**19,986**	**–**	**–**	**76**	**20,062**
Other receivables from customers	**2,764**	**–**	**–**	**1**	**2,765**
Rent receivables	**270**	**–**	**–**	**126**	**396**
Advances to managers	**67**	**–**	**–**	**–**	**67**
SSS claims receivables	**16**	**–**	**–**	**–**	**16**
Others	**659**	**–**	**–**	**–**	**659**
Contract assets	**11,059**	**–**	**–**	**–**	**11,059**
Other noncurrent assets					
Refundable deposits	**592**	**–**	**–**	**–**	**592**
	US$43,980	**US$–**	**US$–**	**US$203**	**US$44,183**

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

	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	19	–	–	2	21
Others	113	–	–	–	113
Contract assets	7,829	–	–	–	7,829
Other noncurrent assets					
Refundable deposits	553	–	–	–	553
	US$36,474	US$–	US$–	US$20	US$36,494

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 instances of defaults or discrepancies in payment.

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

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

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

Refundable deposits mainly represent meter deposits with a third party which is collectible upon the termination of the contract in the unforeseeable future.

The following tables 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:

	2025			
	Stage 1 (12-month ECL)	**Stage 2 (Lifetime ECL)**	**Stage 3 (Credit-impaired)**	**Total**
Cash and cash equivalent*	**US$8,567**	**US$–**	**US$–**	**US$8,567**
Receivables				
Rent receivables	**270**	**–**	**126**	**396**
Advances to managers	**67**	**–**	**–**	**67**
SSS claims receivable	**16**	**–**	**–**	**16**
Others	**659**	**–**	**–**	**659**
Other noncurrent assets				
Refundable deposits	**592**	**–**	**–**	**592**
Total	**US$10,171**	**US$–**	**US$126**	**US$10,297**

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

	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 receivables	19	–	2	21
Others	113	–	–	113
Other noncurrent assets				
Refundable deposits	553	–	–	553
Total	US$10,931	US$–	US$2	US$10,933

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, 2025:

		Trade receivables							
			Days past due						
	Contract Assets	**Current**	**<30 days**	**30-60 days**	**61-90 days**	**91-120 days**	**121-150 days**	**>150 days**	**Total**
Expected credit loss rate	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	
Estimated total gross carrying amount at default	**US$11,059**	**US$14,572**	**US$4,872**	**US$337**	**US$65**	**US$–**	**US$–**	**US$216**	**US$20,062**
	–	–	–	–	–	–	–	–	–
		Other receivables from customers							
Expected credit loss rate		**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	
Estimated total gross carrying amount at default		**1,929**	**380**	**144**	**104**	**104**	**104**	**–**	**2,765**
		–	–	–	–	–	–	–	–
Total expected credit loss	**US$–**	**US$–**	**US$–**	**US$–**	**US$–**	**US$–**	**US$–**	**US$–**	**US$–**

December 31, 2024:

		Trade receivables							
					Days past due				
	Contract Assets	Current	<30 days	30-60 days	61-90 days	91-120 days	121-150 days	>150 days	Total
Expected credit loss rate	0%	0%	0%	0%	0%	0%	0%	0%	
Estimated total gross carrying amount at default	US$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$–	US$–

In 2025, the Group recognized impairment loss on trade receivables and rent receivables amounting to US$0.06 million and US$0.13 million, respectively, which were specifically identified as impaired (nil in 2024 and 2023) (see Note 8).

As of December 31, 2025 and 2024, the Group's expected credit loss from the impairment exercise using a provision matrix is zero.

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 fundings 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 Group's financial assets and financial liabilities, based on its internal methodology that the Group uses to manage liquidity based on contractual undiscounted cash flows:

			2025			
	On demand	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**More than 5 years**	**Total**
Financial assets						
Cash and cash equivalent	**US$8,490**	**US$85**	**US$–**	**US$–**	**US$–**	**US$8,575**
Receivables[1]	**7,123**	**16,639**	**–**	**–**	**–**	**23,762**
Refundable deposits	**–**	**127**	**–**	**465**	**–**	**592**
	15,613	**16,851**	**–**	**465**	**–**	**32,929**

(Forward)

	2025					
	On demand	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**More than 5 years**	**Total**
Financial liabilities						
Accounts payable and other liabilities[2]	**US$23,491**	**US$–**	**US$–**	**US$–**	**US$–**	**US$23,491**
Bank loans and long-term debt[3]	**–**	**553**	**9,578**	**5,330**	**–**	**15,461**
Lease liabilities[4]	**–**	**150**	**387**	**640**	**–**	**1,177**
Security deposits[5]	**–**	**–**	**–**	**361**	**–**	**361**
	23,491	**703**	**9,965**	**6,331**	**–**	**40,490**
Liquidity gap	**(US$7,878)**	**US$16,148**	**(US$9,965)**	**(US$5,866)**	**US$–**	**(US$7,561)**

[1]*Excludes nonfinancial assets amounting to US$0.136 million*
[3]*Excludes nonfinancial liabilities amounting to US$0.453 million*
[3]*Including future interest payable amounting to US$0.207 million*
[4]*Including future interest payable amounting to US$0.99 million*
[5]*Included under other noncurrent liabilities*

	2024					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
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	–	–	–	553	–	553
	15,107	13,370	5	553	–	29,035
Financial liabilities						
Accounts payable and other liabilities[2]	5,471	11,558	–	–	–	17,029
Bank loans and long-term debt[3]	–	7,073	8,173	5,782	–	21,028
Lease liabilities[4]	–	193	505	502	–	1,200
Security deposits[5]	–	–	–	635	–	635
	5,471	18,824	8,678	6,919	–	39,892
Liquidity gap	US$9,636	(US5,454)	(US$8,673)	(US$6,366)	US$–	(US$10,857)

[1]*Excludes nonfinancial assets amounting to US$0.275 million*
[2]*Excludes nonfinancial liabilities amounting to US$0.333 million*
[3]*Including future interest payable amounting to US$0.352 million*
[4]*Including future interest payable amounting to US$0.093 million*
[5]*Included under other noncurrent liabilities*

The Group applied for several credit facilities, comprising an importers' loan line of up to US$12.00 million, a term loan facility of up to US$1.50 million, a domestic bills purchase line of up to ₱10.00 million, and a clean loan facility of US$6.00 million. These borrowings are collateralized by an unregistered real estate mortgage over certain properties located in Laguna.

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

Market Risk

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

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The Group is exposed to currency risk primarily through purchases that are denominated in a currency other than the functional currency of the Group. The currency giving rise to this risk is primarily the Philippine Peso (₱). It is the Group's policy not to trade or enter into 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 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 at the reporting date.

	2025		2024	
	In US Dollar	**In Philippine Peso**	In US Dollar	In Philippine Peso
Cash	**US$1,078**	**₱63,363**	US$1,326	₱76,715
Receivables	**534**	**31,395**	1,143	66,088
Financial assets at FVOCI	**1,900**	**111,711**	2,027	117,256
Refundable deposits	**539**	**31,689**	337	19,489
	4,051	**238,158**	4,833	279,548
Accounts payable and other liabilities	**4,205**	**247,224**	3,618	209,334
Pension liability	**3,911**	**229,939**	3,501	184,191
	8,116	**477,163**	7,119	393,525
Net exposure arising from recognized assets and liabilities	**(US$4,065)**	**(₱239,005)**	(US$2,286)	(₱113,977)

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

Currency	**Source**	**2025**	2024
Philippine Peso	Bankers Association of the Philippines closing rate	**US$0.017010**	US$0.017288

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

	2025		2024	
Changes in foreign currency exchange rates				
Philippine Peso	**1.61%**	**(1.61%)**	4.28%	(4.28%)
Effect on income before tax				
Philippine Peso	**(US$65.45)**	**US$65.45**	(US$97.84)	US$97.84

The Group based the percentage of increase and decrease in foreign exchange rate on the percentage change of the foreign exchange rates as of the reporting date and year-end forecasted closing rate.

Other than the potential impact on the Group's consolidated income 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 the Group's 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, 2025						
	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$1,890**	**US$6,490**	**US$13,000**	**US$1,107**	**US$53**	**US$121**	**US$22,661**
Non-cash flows activities:							
Additions	–	–	–	**700**	–	–	**700**
Accretion of interest (Note 22)	–	–	–	**132**	**927**	–	**1,059**
Dividends declared	–	–	–	–	–	**1,463**	**1,463**
Cash flows activities:							
Availments	–	–	**24,500**	–	–	–	**24,500**
Payments of principal	**(1,496)**	**(1,130)**	**(28,000)**	**(729)**	–	–	**(31,355)**
Payment of interest	–	–	–	**(132)**	**(950)**	–	**(1,082)**
Dividend paid	–	–	–	–	–	**(1,315)**	**(1,315)**
Balances at end of year:	**US$394**	**US$5,360**	**US$9,500**	**US$1,078**	**US$30**	**US$269**	**US$16,631**

	December 31, 2024						
	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:							
Accretion of interest (Note 22)	–	–	–	123	1,471	–	1,594
Exchange difference	–	–	–	–	–	(6)	(6)
Cash flows activities:							
Availments	–	39	37,000	–	–	–	37,039
Payments of principal	(1,377)	(1,029)	(37,000)	(940)	–	–	(40,346)
Payment of interest	–	–	–	(123)	(1,497)	–	(1,620)
Balances at end of year:	US$1,890	US$6,490	US$13,000	US$1,107	US$53	US$121	US$22,661

The Group's noncash transactions affecting investing activities are as follows:

- In 2025, the Group applied advances to suppliers amounting to US$1.88 million and US$0.88 million against additions to investment properties and property, plant and equipment, respectively.

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, dividend payable, 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:

<u>December 31, 2025</u>

			Fair value measurement using		
	Carrying value	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Asset measured at fair value:					
Financial assets at FVOCI (Note 11)	**US$2,612**	**US$2,612**	**US$19**	**US$487**	**US$2,106**
Asset for which fair value are disclosed:					
Financial assets					
Other noncurrent assets					
Refundable deposits	**592**	**592**	**–**	**–**	**592**
Nonfinancial assets					
Investment properties	**20,068**	**33,086**	**–**	**–**	**33,086**
Liabilities for which fair values are disclosed:					
Long-term debt (Note 16)	**394**	**401**	**–**	**–**	**401**
Bank loans (Note 16)	**5,360**	**5,232**	**–**	**–**	**5,232**
Other liabilities					
Security deposits	**361**	**457**	**–**	**–**	**457**

<u>December 31, 2024</u>

			Fair value measurement using		
	Carrying value	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Asset measured at fair value					
Financial assets at FVOCI (Note 11)	US$2,752	US$2,752	US$19	US$553	US$2,180
Asset for which fair value are disclosed					
Financial assets					
Other noncurrent assets					
Refundable deposits	553	553	–	–	553
Nonfinancial assets					
Investment properties	17,980	36,050	–	–	36,050
Liabilities for which fair values are disclosed:					
Bank loans (Note 16)	2,005	2,062	–	–	2,062
Other liabilities					
Security deposits	635	708	–	–	708

The fair values of cash and cash equivalent, receivables (excluding advances to employees) and accounts payable and other liabilities approximate their respective carrying values due to the short-term maturities of these instruments.

The estimated fair values of refundable deposits, bank loans and long-term debt 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 fair value of refundable deposits approximates its carrying value because they are noninterest-bearing, refundable at nominal value, and not subject to significant credit or timing risk.

The estimated fair values of long-term debt 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 4.62% to 5.75% in 2025 and 5.88% to 6.05% in 2024.

The fair value of refundable deposits approximates its carrying value because they are noninterest-bearing, refundable at nominal value, and not subject to significant credit or timing risk.

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:

	2025	2024
Balance at beginning of year	**US$2,180**	US$2,602
Unrealized loss	**(74)**	(422)
Balance at end of year	**US$2,106**	US$2,180

Sensitivity Analysis
The quantitative sensitivity analysis for the financial assets at FVOCI as at December 31, 2025 and 2024 are shown:

	2025		2024	
Input	**Changes**	**Increase (decrease) in fair value**	Changes	Increase (decrease) in fair value
Market multiple	**+1x**	**US$153**	+1x	US$152
	-1x	**(153)**	-1x	(152)

In 2025 and 2024, 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, 2025 and 2024 follows:

	2025	2024
Current liabilities		
Accounts payable and other liabilities*	**US$23,491**	US$16,982
Current portion of bank loans and long-term debt	**9,481**	15,598
Current portion of lease liabilities	**478**	637
Dividend payable	**269**	121
	33,719	33,338
Noncurrent liabilities		
Security deposits**	**361**	635
Bank loans and long-term debt - net of current portion	**5,773**	5,782
Lease liabilities - net of current portion	**600**	470
	6,734	6,887
Total debt	**US$40,453**	US$40,225
Less cash and cash equivalents	**8,575**	9,651
Net debt	**31,878**	30,574
Equity	**69,521**	67,185
Total equity and net debt	**US$101,399**	US$97,759
Leverage ratio	**31.44%**	31.27%

**Excluding nonfinancial liabilities amounting to US$0.453 million and US$0.380 million as of December 31, 2025 and 2024, respectively*
***Included under other noncurrent liabilities*

Based on the calculation above, the Group's leverage ratio did not exceed 75%.

The Group is subject to externally-imposed capital requirements as of December 31, 2025 and 2024 as disclosed in Note 16. There have been no changes in the Group's capital management policies as of December 31, 2025 and 2024.

7. Cash and Cash Equivalent

This account consists of:

	2025	2024
Cash on hand	**US$8**	US$8
Cash in banks	**8,482**	9,643
Cash equivalent	**85**	–
	US$8,575	US$9,651

Cash in banks earn interest at the respective bank deposit rates ranging from 0.05% to 2.50% in 2025, 2024 and 2023. Cash equivalent earns interest rate of 4.35% per annum in 2025.

Interest income earned on cash and cash equivalent amounted to US$0.01 million in 2025, 2024, and 2023, respectively (see Note 18).

8. Receivables

This account consists of:

	2025	2024
Trade receivables	**US$20,062**	US$14,759
Other receivables from customers	**2,765**	2,973
Rent receivables	**396**	542
Advances to employees	**136**	107
Advances to managers	**67**	61
SSS claims receivables	**16**	21
Others	**659**	113
	24,101	18,576
Less allowance for impairment losses	**203**	20
	US$23,898	US$18,556

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 2025, with no changes recorded for collective impairment. There is no movement in 2024.

	2025				
	Trade receivables	Other receivables from customers	Rent receivables	SSS claims receivables (Discontinued Operations)	Total
Balances at beginning of year	US$17	US$1	US$–	US$2	US$20
Impairment loss on receivables:					
Continuing	–	–	126	–	126
Discontinued	59	–	–	–	59
Recovery	–	–	–	(2)	(2)
Balances at end of year	US$76	US$1	US$126	US$–	US$203

The Group recovered receivables from customers amounting to US$0.07 million in 2023 (nil in 2025 and 2024). 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:

	2025	2024
Contract assets	**US$11,059**	US$7,829
Contract liabilities	**5,652**	5,118

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 2025 and 2024, 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. Substantially, all of the contract liabilities at year-end will be recognized as revenue in the following year.

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**

	2025	2024
At Cost:		
Raw materials	**US$30,005**	US$32,354
Spare parts and supplies	**1,042**	1,123
	US$31,047	US$33,477

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. In 2025, the Group written off its allowance for inventory obsolescence arising from obsolete and damaged raw materials inventories amounting to US$0.02 million.

The raw materials and supplies used in the operations amounted to US$79.60 million, US$68.79 million and US$57.38 million in 2025, 2024 and 2023, respectively (see Note 19).

11. **Financial Assets at FVOCI**

As of December 31, this account consists of:

	2025	2024
Quoted		
Balance at beginning and end of year	**US$19**	US$19
Unquoted		
Balance at beginning of year	**2,733**	2,987
Changes in fair value during the year	**(140)**	(254)
Balance at end of year	**2,593**	2,733
	US$2,612	US$2,752

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:

	2025	2024
Balance at beginning of year	**(US$1,331)**	(US$1,124)
Fair value gain (loss)	**(97)**	(207)
Balance at end of year	**(US$1,428)**	(US$1,331)

The Group did not receive dividends from Beacon Property Ventures, Inc. and Tech Venture II, Ltd. in 2025, 2024 and 2023.

12. **Investments in Associates**

This account consists of:

	2025	2024
Acquisition cost		
Balance at beginning and end of year	**US$518**	US$518
Accumulated equity in net earnings		
Balance at beginning of year	**268**	246
Share in net earnings	**12**	16
Share in other comprehensive income	**(2)**	6
Balance at end of year	**278**	268
Equity in cumulative translation adjustment		
Balance at the beginning of year	**(126)**	(115)
Exchange differences	**(3)**	(11)
Balance at end of year	**(129)**	(126)
Net book value	**US$667**	US$660

	Country of Incorporation and Business	Effective Percentage Ownership (%)	
		2025	2024
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 2025, 2024 and 2023 amounted to US$0.01 million, US$0.02 million and (US$0.01 million), respectively. The Group did not recognize share in equity losses from ISVP-HK amounting to US$0.01 million, US$0.14 million and US$0.16 million in 2025, 2024 and 2023, 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.

As of December 31, 2025 and 2024, 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:

	2025		
	IVPI	**TVPL**	**ISVP-HK**
Current assets	**US$2,080**	**US$1,971**	**US$61**
Noncurrent assets	**132**	**147**	**431**
Total assets	**US$2,212**	**US$2,118**	**US$492**
Current liabilities	**US$1,150**	**US$950**	**US$1,207**
Noncurrent liabilities	**–**	**7**	**–**
Total liabilities	**US$1,150**	**US$957**	**US$1,207**
Income	**US$81**	**US$5**	**US$227**
Expenses	**57**	**7**	**170**
Net income (loss)	**24**	**(2)**	**57**
Other comprehensive loss	**–**	**–**	**(10)**
Total comprehensive income (loss)	**US$24**	**(US$2)**	**US$47**

	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	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	US$97	(US$3)	US$248
Expenses	85	6	186
Net income (loss)	12	(9)	62
Other comprehensive income (loss)	−	1	−
Total comprehensive income (loss)	US$12	(US$8)	US$62

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:

	2025			
	IVPI	**TVPL**	**ISVP-HK**	**Total**
Net asset (liability) of associate attributable to common shareholders	**US$1,062**	**US$1,161**	**(US$715)**	**US$1,508**
Proportionate ownership in the associate	**30%**	**30%**	**19%**	
Share in net identifiable asset	**US$319**	**US$348**	**US$−**	**US$667**
Carrying values	**US$319**	**US$348**	**US$−**	**US$667**

	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

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

The rollforward analyses of this account follows:

	2025								
	Land	**Machineries and Equipment**	**Building, Building Improvements and Leasehold Improvements**	**Tools and Other Equipment**	**Air-conditioning Systems**	**Furniture, Fixtures and Equipment**	**Transpor-tation Equipment**	**Construction in progress**	**Total**
Cost									
Balances at beginning of year	**US$2,546**	**US$50,025**	**US$8,489**	**US$11,201**	**US$2,392**	**US$126**	**US$429**	**US$−**	**US$75,208**
Additions	−	**221**	**99**	**504**	**41**	**2**	**124**	**878**	**1,869**
Retirement	−	**(136)**	**(1)**	**(70)**	−	−	**−**	−	**(207)**
Transfer	−	**−**	**−**	**(10)**	−	−	**10**	−	**−**
Balances at end of year	**2,546**	**50,110**	**8,587**	**11,625**	**2,433**	**128**	**563**	**878**	**76,870**

(Forward)

	2025								
	Land	**Machineries and Equipment**	**Building, Building Improvements and Leasehold Improvements**	**Tools and Other Equipment**	**Air-conditioning Systems**	**Furniture, Fixtures and Equipment**	**Transportation Equipment**	**Construction in progress**	**Total**
Accumulated depreciation and amortization									
Balances at beginning of year	**US$–**	**US$35,001**	**US$7,434**	**US$9,317**	**US$2,038**	**US$123**	**US$291**	**US$–**	**US$54,204**
Depreciation and amortization (Notes 19 and 21)	**–**	**3,204**	**281**	**761**	**155**	**2**	**49**	**–**	**4,452**
Retirement	**–**	**(132)**	**(1)**	**(67)**	**–**	**–**	**–**	**–**	**(200)**
Transfer	**–**	**7**	**–**	**(2)**	**–**	**–**	**2**	**–**	**7**
Balances at end of year	**–**	**38,080**	**7,714**	**10,009**	**2,193**	**125**	**342**	**–**	**58,463**
Net book values	**US$2,546**	**US$12,030**	**US$873**	**US$1,616**	**US$240**	**US$3**	**US$221**	**US$878**	**US$18,407**

	2024							
	Land	Machineries and Equipment	Building, 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

In 2025 and 2024, the Group retired certain fully depreciated machineries and equipment that are no longer used in the production totaling to US$0.21 million and US$0.18 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 Group made payments in relation to these financing agreements amounting to US$1.50 million in 2025 and US$1.38 million in 2024, and US$1.3 million in 2023. As of December 31, 2025 and 2024, the carrying values of the outstanding long-term debt relating to this agreement amounted to US$0.39 million and US$1.89 million, respectively.

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

	2025	2024	2023
Continuing operations:			
Cost of sales (Note 19)	**US$4,356**	US$4,563	US$4,120
General and administrative expenses (Note 21)	**78**	74	78
Selling expenses (Note 21)	**18**	16	11
	4,452	4,653	4,209
Discontinued operations:			
Cost of sales (Note 30)	–	182	261
General and administrative expenses (Note 30)	–	3	5
	–	185	266
	US$4,452	US$4,838	US$4,475

Noncurrent Asset Held for Sale
In 2024, Iomni 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 Iomni approved the plan of cessation of manufacturing operations effective May 15, 2025. Accordingly, its 2024 financial statements and subsequent periods have been prepared under liquidation basis of accounting. As a result, the carrying amounts of Iomni's remaining assets were presented at estimated realizable values and all liabilities were presented at estimated settlement amounts as of December 31, 2025.

In 2025, the Group's noncurrent asset held for sale was sold to third-party buyers for a total consideration of US$0.37 million, resulting to the recognition of loss on sale of property, plant and equipment amounting to US$0.97 million (see Note 30).

14. Investment Properties

The roll forward analysis of this account follows:

	2025				
	Land	**Building**	**Building Improvements**	**Construction in Progress**	**Total**
Cost					
Balances at beginning of year	**US$7,336**	**US$14,978**	**US$4,788**	**US$–**	**US$27,102**
Additions	–	–	**1,029**	**1,879**	**2,908**
Balances at end of year	**7,336**	**14,978**	**5,817**	**1,879**	**30,010**
Accumulated Depreciation and Amortization					
Balances at beginning of year	–	**4,805**	**4,311**	–	**9,116**
Depreciation and amortization (Note 20)	–	**518**	**302**	–	**820**
Balances at end of year	–	**5,323**	**4,613**	–	**9,936**
Exchange Reserves	**(6)**	–	–	–	**(6)**
Net Book Values	**US$7,330**	**US$9,655**	**US$1,204**	**US$1,879**	**US$20,068**

	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

The Group obtained appraisal reports from independent third-party professionally qualified appraisers. Based on the appraisal reports, the fair values of land and depreciable investment properties amounted to US$19.33 million and US$13.76 million, as of December 31, 2025, 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 highest and best use of the investment properties of the group is primarily for industrial utility, and a land for residential utility.

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 2025 and 2024.

Rental income earned from the investment properties amounted to US$2.43 million, US$2.80 million, and US$2.96 million in 2025, 2024 and 2023, respectively. Cost of rental services from investment properties amounted to US$0.86 million in 2025, US$0.77 million in 2024 and US$0.72 million in 2023 (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:

	2025	2024
Trade payables	**US$18,244**	US$12,194
Accrued expenses	**3,639**	3,828
Non-trade payables	**1,590**	974
Unearned rent income (Note 24)	**730**	666
Security deposit (Note 24)	**361**	635
Others	**471**	366
	25,035	18,663
Less noncurrent portion of unearned rent and security deposits (Note 24)	**1,091**	1,301
	US$23,944	US$17,362

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 noninterest-bearing and are normally settled within one (1) year. Details of accrued expenses follow:

	2025	2024
Accrued sales commission	**US$937**	US$1,360
Accrued salaries, wages and other benefits	**625**	462
Accrued professional fees	**516**	491
Accrued handling charges	**507**	451
Accrued contract labor	**402**	114
Accrued utilities	**358**	394
Accrued interest expense	**30**	53
Accrued taxes	**13**	13
Accrued medical and dental expense	**−**	141
Accrued direct materials	**−**	26
Accrued rent	**−**	17
Others	**251**	306
	US$3,639	US$3,828

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

16. Bank Loans and Long-term Debt

This account consists of:

	2025	2024
Bank loans		
Commercial loans		
Current	**US$8,000**	US$13,000
Noncurrent	**1,500**	−
Other bank loans		
Current	**1,087**	1,102
Noncurrent	**4,273**	5,388
Long-term debt		
Current	**394**	1,496
Noncurrent	**−**	394
	US$15,254	US$21,380
Current	**US$9,481**	US$15,598
Noncurrent	**5,773**	5,782
	US$15,254	US$21,380

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:

Commercial loans:

Ionics EMS, Inc.

- On December 5, 2025, the EMS made a drawdown for a five (5)-year long term loan with interest rate of 5.77% (rates may vary quarterly) amounting to US$1.50 million which will mature on December 5, 2030.

- In 2025, EMS made a drawdown for a four (4)-month short term loan with interest rates ranging from 5.71% to 6.32% amounting to US$3.00 million on February 14, 2025, US$2.00 million each on March 7, 2025, June 23, 2025, July 18, 2025, December 4, 2025 and December 16, 2025. Out of US$13.00 million drawdowns, the Parent Company already paid US$9.00 million. The remaining outstanding balance of US$4.00 million will mature on April 1, 2026 and April 15, 2026.

- In 2025, EMS made a drawdown for a six (6)-month short term loan with interest rates ranging from 6.28% to 6.59% amounting to US$2.00 million each on April 28, 2025, May 15, 2025, June 24, 2025, October 29, 2025 and November 21, 2025. Out of US$10.00 million drawdowns, EMS already paid US$6.00 million. The remaining outstanding balance of US$4.00 million will mature on April 27, 2026 and May 20, 2026.

- 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 settled US$7.00 million and US$18.00 million in 2025 and 2024, respectively.

- 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 settled US$6.00 million and US$6.00 million in 2025 and 2024, respectively.

- 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 already paid in full.

- 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 already paid in full.

There are no debt covenants related to these loans.

<u>Ionics EMS, Inc.</u>

- 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 2025 and 2024, respectively. EMS already paid US$0.002 million and US$0.004 million in 2025 and 2024, respectively. As of December 31, 2025 and 2024, the outstanding balance of these bank loans amounted to US$0.02 million and US$0.03 million, respectively.

- In 2023, the Parent Company 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 2025 and 2024. The Parent Company already paid US$0.06 million in 2025 and US$0.03 million in 2024. As of December 31, 2025 and 2024, the outstanding balance of these bank loans amounted to US0.03 million and US$0.09 million, respectively.

There are no debt covenants nor collateral related to these loans.

Other bank 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 SOFR 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 with carrying value of US$1.47 million as of December 31, 2025 and 2024.

  In 2025 and 2024, IPI already paid US$2.67 million and US$1.58 million, respectively. As of December 31, 2025 and 2024, the outstanding balance of this loan amounted to US$5.31 million and US$6.42 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, 2025 and 2024, all covenants set forth in the agreement have been fully met by IPI.

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$1.50 million and US$1.38 million, respectively. As of December 31, 2025 and December 31, 2024, the carrying values of the outstanding long-term debt relating to this agreement amounted to US$0.39 million and US$1.89 million, respect.

  There are no debt covenants related to these loans.

In 2025, 2024 and 2023, 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$0.90 million, US$1.50 million and US$1.59 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, 2025, and 2024. The Parent Company has additional paid-in capital amounting to ₱800 million (US$9.07 million) as of December 31, 2025 and 2024.

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, 2025, and 2024, 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, 2025 and 2024.

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)

(Forward)

	Number of Shares Registered	Issue/ Offer Price	Date of Approval	Number of Holders as of Year-end
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
Movement	–			(7)
December 31, 2025	837,130,992			**830**

Retained Earnings

The Parent Company's retained earnings available for dividend declaration amounted to US$8.82 million, US$8.83 million and US$9.27 million as of December 31, 2025, 2024 and 2023, respectively.

The unappropriated retained earnings include accumulated equity in undistributed net earnings of the consolidated subsidiaries and associates amounting to US$37.14 million and US$34.08 million as of December 31, 2025 and 2024, 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. In 2025, the Company has paid out dividends to its stockholders amounting to $1.32 million.

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.

As of December 31, 2025, the Parent Company has not yet settled the unpaid portion of the 2023 and 2025 cash dividends totaling US$0.27 million.

Noncontrolling 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:

	2025	2024 (Restated)	2023 (Restated)
Scrap sales	**US$85**	US$178	US$–
Interest income (Note 7)	**11**	9	9
Foreign currency exchange gains (loss) - net	**3**	227	(175)
Bank charges	**(79)**	(81)	(50)
Dividend income	**–**	5	–
Gain on sale of property and equipment	–	–	3
Recoveries from impairment loss (Note 8)	–	–	66
Miscellaneous	**8**	29	–
	US$28	US$367	(US$147)

19. Cost of Sales

This account consists of:

	2025	2024 (Restated)	2023 (Restated)
Raw materials and supplies used (Note 10)	**US$79,597**	US$68,788	US$57,379
Salaries, wages and benefits (Notes 23 and 28)	**16,443**	14,700	14,862
Depreciation and amortization (Notes 13 and 24)	**4,778**	5,017	4,652
Occupancy cost and utilities	**4,264**	3,872	3,567
Handling and freight charges	**1,408**	1,312	941
Others	**375**	885	1,146
	US$106,865	US$94,574	US$82,547

Retirement expense included in the salaries, wages and benefits account amounted to US$0.46 million in 2025, US$0.41 million in 2024, and US$0.37 million in 2023.

20. Cost of Rental Services

This account consists of:

	2025	2024 (Restated)	2023 (Restated)
Depreciation (Note 14)	**US$820**	US$738	US$716
Taxes and licenses	**10**	8	–
Others	**25**	22	–
	US$855	US$768	US$716

Others include occupancy cost, utilities, and insurance.

21. Operating Expenses

This account consists of:

	2025	2024 (Restated)	2023 (Restated)
General and administrative expenses	**US$2,716**	US$2,313	US$2,371
Selling expenses	**3,107**	2,556	2,739
	US$5,823	US$4,869	US$5,110

General and administrative expenses consist of the following:

	2025	2024 (Restated)	2023 (Restated)
Salaries and benefits	**US$1,369**	US$1,249	US$1,199
Occupancy cost and utilities	**359**	317	281
Professional fees	**297**	242	321
Management bonus	**183**	138	216
Impairment losses (Note 8)	**154**	–	–
Depreciation and amortization (Notes 13 and 24)	**78**	86	88
Insurance	**63**	79	75
Repairs and maintenance	**41**	12	20
Taxes and licenses	**25**	16	13
Membership fees/dues	**24**	24	9
Security guard services	**21**	18	39
Representation and entertainment	**14**	12	10
Miscellaneous	**88**	120	100
	US$2,716	US$2,313	US$2,371

Impairment losses include impairment loss on rent receivable amounting US$0.126 million and impairment loss on input VAT amounting US$0.028 million in 2025.

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

Selling expenses consist of the following:

	2025	2024 (Restated)	2023 (Restated)
Sales commission and agent's professional fee	**US$2,553**	US$2,049	US$2,219
Salaries and benefits	**396**	370	408
IT SH/WH Maintenance	**21**	22	23
Depreciation and amortization (Notes 13 and 24)	**21**	19	12
Other expenses	**116**	96	77
	US$3,107	US$2,556	US$2,739

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 both 2025 and 2024 and US$0.02 million in 2023 (see Note 28).

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

22. Finance Costs

This account consists of:

	2025	2024 (Restated)	2023 (Restated)
Interests on:			
Bank loans and long-term debt (Note 16)	**US$866**	US$1,497	US$1,587
Lease liabilities (Note 24)	**132**	88	130
Others	**61**	27	26
	US$1,059	US$1,612	US$1,743

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 2025, 2024 and 2023.

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:

	2025	2024	2023
Executive officers’ compensation	**US$503**	US$511	US$506
Directors’ remuneration	**352**	361	360
Short-term employee benefits	**96**	101	99
Post-employment benefits	**65**	62	59
	US$1,016	US$1,035	US$1,024

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, 2025, and 2024, 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:

	2025	2024
Within one year	**US$514**	US$123
After one year but not more than two years	**205**	274
After two years but not more than three years	**1**	205
	US$720	US$602

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:

	2025	2024
Within one year	**US$23**	US$282
After one year but not more than 2 years	**−**	23
	US$23	US$305

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

	2025	2024
Cost		
Balances at beginning of year	**US$4,028**	US$4,207
Additions	**700**	–
Termination of contract	**–**	(128)
Remeasurements	**–**	(51)
Balances at end of year	**4,728**	4,028
Accumulated Depreciation		
Balances at beginning of year	**3,022**	2,290
Depreciation (Notes 16 and 17)	**708**	732
Balances at end of year	**3,730**	3,022
Net Book Values	**US$998**	US$1,006

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

	2025	2024
Balance at beginning of year	**US$1,107**	US$2,047
Additions	**700**	–
Accretion of interest expense		
Continuing (Note 22)	**132**	88
Discontinued	**–**	35
Payment of interest	**(132)**	(123)
Payment of principal (Note 4)	**(729)**	(940)
Balance at end of year	**US$1,078**	US$1,107

The Group had a total cash outflow for leases of US$0.86 million, US$1.06 million, and US$0.90 million in 2025, 2024 and 2023, respectively.

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

	2025	2024
Current	**US$478**	US$637
Noncurrent	**600**	470
	US$1,078	US$1,107

The following are the amounts recognized in consolidated statements of comprehensive income in 2025, 2024, and 2023

	2025	2024	2023
Depreciation of right-of-use assets (Notes 20 and 21)	**US$708**	US$732	US$837
Accretion of interest expense (Note 22)	**132**	123	188
Foreign exchange loss (gain)	**1**	(133)	26
	US$841	US$722	US$1,051

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 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 was 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$0.22 million and US$0.23 million in 2025 and 2024, respectively.

- In 2025, EMS entered into another three (3) years lease agreement for office factory warehouse from another third party starting September 01, 2025 to August 31, 2028. The carrying amount of right-of-use assets and lease liabilities amounted to US$0.21 million and US0.23 million in 2025, 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:

	2025	2024
Within one year	**US$2,567**	US$1,278
More than 1 year to 2 years	**2,355**	996
More than 2 years to 3 years	**2,425**	1,026
More than 3 years to 4 years	**2,498**	1,057
More than 4 years to 5 years	**2,572**	1,088
More than 5 years	**7,534**	1,981
	US$19,951	US$7,426

<u>Iomni Precision, Inc</u>

- 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 2025 and 2024, 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.

<u>Ionics Properties, Inc. (IPI)</u>

- 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 nil in 2025 and US$0.29 million in 2024, and 2023.

- 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, 2035. Total rental income recognized pertaining to this lease amounted to US$1.25 million in 2025, US$1.49 million in 2024, and US$1.57 million in 2023.

  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$0.97 million in 2025, 2024, and 2023.

- 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 US$0.08 million in 2023 (nil in 2025 and 2024).

The carrying values of security deposits included under "other noncurrent liabilities" amounted to US$0.36 million as of December 31, 2025 and US$0.63 million as of December 31, 2024, (see Note 15). Amortization of discount on security deposit recognized under "Other expense" amounted to US$0.02 million in 2025, 2024 and 2023 (see Note 21).

Unearned income included under "other noncurrent liabilities" amounted to US$0.73 million and US$0.67 million as of December 31, 2025 and 2024, respectively (see Note 15). The amortization of unearned income recognized under "Rent income" amounted to US$0.02 million in 2025 and US$0.01 million in both 2024 and 2023.

IPI recognized related cost of rental services arising from the leased properties amounting to US$0.86 million in 2025, US$0.77 million in 2024 and US$0.80 million in 2023 (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. Printed Circuit Board Assembly inspection and test	June 02, 2025	Amendment	Gross income tax incentive starting June 02, 2025
2. Include design and manufacture of Gynescope System	October 16, 2023	Amendment	Gross income tax incentive starting October 16, 2023
3. SMT Box Build & Test	October 16, 2023	Amendment	Gross income tax incentive starting October 16, 2023
4. PCBA, Box build & test of IOT products used for monitoring industrial equipment	June 29, 2023	Amendment	Gross income tax incentive starting June 29, 2023
5. Manufacture of Tytocare Medical Exam Kit	June 21, 2023	Amendment	Gross income tax incentive starting June 21, 2023
6. Manufacture of Carrier Ethernet Demarcation Device	May 31, 2022	Amendment	Gross income tax incentive starting May 31, 2022
7. Human Tracking Device	April 25, 2022	Amendment	Gross income tax incentive starting April 25, 2022
8. Manufacture of Attenti Tracking Device	March 10, 2020	Amendment	Gross income tax incentive starting March 10, 2020
9. 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 14, 2020
10. ReGrow Helmet Low Level Light Therapy Device	February 22, 2019	Amendment	Gross income tax incentive starting Feb. 22, 2019
11. Assembly of Smart Pill Cap	October 08, 2019	Amendment	Gross Income Tax starting October 08, 2019
12. Assembly of Server Adapter	November 07, 2019	Amendment	Gross Income Tax starting November 07, 2019
13. Manufacture of PCBA for Panasonic cooling fan for automotive headlamp	August 22, 2018	Amendment	Gross income tax incentive starting August 22, 2018
14. Manufacture of PCBA for fan motor for servers (Inlet Portion)	July 24, 2017	Amendment	Gross income tax incentive starting July 24, 2017
15. Server repair and Upgrade	January 30, 2017	Amendment	Gross income tax incentive starting January 30, 2017
16. Manufacture of T-Marc 340 AC	December 29, 2016	Amendment	Gross income tax incentive starting December 29, 2016
17. Manufacture of Afimilk Tags	July 28, 2016	Expansion	Gross Income tax incentive starting July 28, 2016

(Forward)

Product Line	Date of Registration	Type of Registration	Income Tax Holiday (ITH)/ Gross Income Tax Incentive
18. WI butler*	July 06, 2015	New project	Gross income tax incentive starting July 06, 2015
19. Electronic Door Lock System*	July 15, 2015	New Project	Gross income tax incentive starting July 15, 2015
20. LCD Projector w/ Power Supply*	July 06, 2015	New Project	Gross income tax incentive starting July 06, 2015
21. RMA or importation of defective finished goods manufactured	June 03, 2014	Amendment	Gross Income tax incentive starting June 03, 2014
22. Manufacture of tracking device	October 07, 2014	Expansion Project	Gross Income tax incentive starting October 07, 2014
23. Portable/mobile two-way radio communication equipment	July 23, 2013	Amendment	Gross Income tax incentive starting July 23, 2013
24. XR3 Universal VSAT Transceiver*	September 27, 2012	New project	Gross Income tax incentive starting September 27, 2012
25. Dual Port Gigabit Ethernet Bypass Adapter*	July 18, 2011	Expansion Project	Gross Income tax incentive starting July 18, 2011
26. Pole Cabinets*	July 18, 2011	New project	Gross Income tax incentive starting July 18, 2011
27. Video Conference System*	April 05, 2011	Expansion	Gross Income tax incentive starting April 05, 2011
28. Optical Network Terminal*	March 16, 2010	New project	Gross Income tax incentive starting March 16, 2010
29. T2 Wi-Fi Tag*	April 29, 2009	New project	Gross Income tax incentive starting April 29, 2009
30. Electronic Communicator and Controller Module (ECCM)*	June 24, 2009	New project	Gross Income tax incentive starting June 24, 2009
31. PV-Max Master*	April 23, 2008	New project	Gross Income tax incentive starting April 23, 2008
32. Re-manufacture of Mobile Phones*	May 22, 2009	New project	Gross Income tax incentive starting May 22, 2009
33. Design and Development*	January 06, 2005	Original Project	Gross Income tax incentive starting January 06, 2005
34. RF Tuners and Amplifiers*	July 05, 2005	New project	Gross Income tax incentive starting July 05, 2005
35. Production of radio remote control for industrial application	November 30, 2005	New project	Gross Income tax incentive starting November 30, 2005
36. ROHS Flex Cable Assembly*	November 30, 2005	New project	Gross Income tax incentive starting November 30, 2005
37. Optics Telecommunication*	March 01, 2006	New project	Gross Income tax incentive starting March 01, 2006
38. Power Controller of Beard Trimmer with Saft NiCD and Sanyo NiMH Re-chargeable Battery*	September 06, 2005	New project	Gross Income tax incentive starting September 06, 2005
39. Electronic Car Dashboard Assembly*	August 19, 2003	New project	Gross Income tax incentive starting August 19, 2003
40. Power Over LAN Assembly*	March 31, 2004	New project	Gross Income tax incentive starting March 31, 2004
41. Hi-Focus Asymmetrical Digital Subscriber Line (ADSL)Broadband Access System*	November 15, 2000	New Project	Gross Income tax incentive starting November 15, 2000

**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:

	2025	2024 (Restated)	2023 (Restated)
Current	**US$646**	US$699	US$636
Deferred	**44**	2	5
	US$690	US$701	US$641

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:

	2025	2024
Deferred tax assets on:		
Advance rental	**US$37**	US$37
Deferred tax liabilities on:		
Straight line recognition of rent income	**(25)**	(16)
Unrealized foreign exchange gain	**(2)**	−
Deferred tax liabilities recognized directly in OCI:		
Unrealized gain on financial assets at FVOCI	**(9)**	(2)
	US$1	US$19

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

	2025	2024
Deferred tax assets on:		
Lease liabilities	**US$69**	US$50
Past service costs	**1**	14
	70	64
Deferred tax liabilities on:		
Right-of-use assets	**(55)**	(43)
Contract assets	**(77)**	(48)
	(132)	(91)
Deferred tax liabilities recognized directly in OCI:		
Unrealized gain on financial assets at FVOCI	**(174)**	(196)
	(US$236)	(US$223)

The above deferred tax liability on unrealized gain on financial assets at FVOCI recognized directly in OCI amounted to US$0.10 million and US$0.06 million as of December 31, 2025, and 2024, respectively (see Note 11).

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

	2025	2024
Deferred tax assets - net	**US$1**	US$19
Deferred tax liabilities - net	**(236)**	(223)

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:

	2025	2024
Net retirement liabilities	**US$3,896**	US$3,519
NOLCO	**173**	380
Allowance for impairment losses on receivables	**59**	2
MCIT	**32**	5
Accrued warranties, advance rentals and others	**224**	89
Unrealized foreign exchange loss	**21**	−

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$187)	US$−	December 31, 2025
2021	173	−	173	December 31, 2026
2022	92	(92)	−	December 31, 2025
	US$452	(US$279)	US$173	

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
2023	8	−	8	December 31, 2026
2024	11	−	11	December 31, 2027
2025	13	−	13	December 31, 2028
	US$42	(US$10)	US$32	

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

	2025	2024	2023
Statutory income tax rate	**25.00%**	25.00%	25.00%
Tax effect of:			
Nondeductible expenses	**7.25%**	7.6%	6.93%
Movement in unrecognized deferred tax assets	**(1.41%)**	2.74%	(0.85%)
Income from operations subject to lower preferential rate without NOLCO	**(12.42%)**	(21.39%)	(19.46%)
Others	**(4.94%)**	(0.04%)	0.56%
Effective income tax rate	**13.48%**	13.91%	12.18%

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):

	2025	2024	2023
Net income (loss) attributable to ordinary equity holders of the Parent Company	**US$3,841**	US$3,010	US$4,582
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	**US$823,072**	US$823,072	US$823,072
Basic/diluted earnings per share	**US$0.0047**	US$0.0037	US$0.0056

There were no potential dilutive shares in 2025, 2024 and 2023.

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:

	2025	2024	2023
Continuing operations:			
Current service cost	**US$280**	US$266	US$225
Net interest cost	**211**	169	162
	491	435	387
Discontinued operations:			
Current service cost	–	68	7
Net interest cost	–	–	6
	–	68	13
	US$491	US$503	US$400

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

	2025	2024	2023
Defined benefit obligation	**(US$73)**	(US$177)	(US$339)
Plan assets	**18**	11	2
	(US$55)	(US$166)	(US$337)

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:

	2025	2024
Present value of defined benefit obligation	**US$4,163**	US$3,736
Fair value of plan assets	**(252)**	(235)
	US$3,911	US$3,501

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

	2025	2024
Balance at beginning of year	**US$3,736**	US$3,642
Current service cost	**280**	334
Interest cost	**225**	184
Benefits paid	**(81)**	(262)
Remeasurement (gains) losses arising from:		
Experience adjustments	**146**	178
Changes in financial assumptions	**(72)**	(1)
Effect of changes in foreign exchange rates	**(71)**	(159)
Reclassification of retirement liability	**−**	(180)
Balance at end of year	**US$4,163**	US$3,736

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

	2025	2024
Balance at beginning of year	**US$235**	US$209
Interest income	**14**	15
Return on assets excluding amount included in net interest cost	**18**	11
Contributions	**70**	271
Benefits paid	**(81)**	(262)
Effect of changes in foreign exchange rates	**(4)**	(9)
Balance at end of year	**US$252**	US$235

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

	2025	2024
Balance at beginning of year	**US$3,501**	US$3,433
Retirement cost	**491**	503
Remeasurement losses	**56**	166
Contributions	**(70)**	(271)
Effect of changes in foreign exchange rates	**(67)**	(150)
Reclassification of retirement liability	**−**	(180)
Balance at end of year	**US$3,911**	US$3,501

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:

	2025	2024
Assets		
Cash in banks	**US$–**	US$272
Investment in equity securities	**5**	5
Investment in government securities		
Fixed rate treasury notes	**279**	283
Investment in Time Deposit - AC	**283**	–
Asset Revaluation	**3**	–
Interest receivable	**5**	4
	575	564
Liabilities		
Accrued trust fee	**(1)**	(1)
Other payables	**(322)**	(328)
	(323)	(329)
Net plan asset	**US$252**	US$235

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 Time Deposit - AC – the fixed-income securities is carried at original cost net of amortizations of premium or discount using effective interest rate.

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, 2025 and 2024, 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:

	2025	2024	2023
Retirement age	**60 - 65**	60 - 65	60 - 65
Average remaining working life	**11 - 18**	11 - 18	11 - 18
Discount rate			
Beginning of year	**6%**	6%	7%
End of year	**6%**	6%	6%

(Forward)

	2025	2024	2023
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.

	2025		2024	
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$298)**	+1.0%	(US$272)
	-1.0%	**343**	-1.0%	312
Future salary increase rate	**+1.0%**	**US$366**	+1.0%	US$333
	-1.0%	**(324)**	-1.0%	(293)

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:

	2025					
	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$472**	**US$9**	**US$499**	**US$859**	**US$1,258**	**US$2,773**
Other than normal retirement	**260**	**1,272**	**2,159**	**2,284**	**2,119**	**3,460**
	US$732	**US$1,281**	**US$2,658**	**US$3,143**	**US$3,377**	**US$6,233**

	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

The Group expects to contribute to the retirement plan amounting to US$0.97 million in 2026.

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 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 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 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 customers under the consumer electronics amounted to US$30.69 million in 2025 and under telecommunications amounted to US$34.82 million and US$10.22 million in 2024 and 2023, respectively. Total revenues from these customers exceeded approximately 10% of the Group's total revenue from contracts with customers.

The Group's segment information as of and for the years ended December 31, 2025, 2024 and 2023, which present income and losses, revenues and certain assets and liabilities attributed to each business segment, are summarized in the following tables:

	2025							
	Consumer Electronics	**Computer Peripherals**	**Telecom-munications**	**Automotive**	**Real Estate**	**Others**	**Adjustments and Eliminations**	**Total**
Revenue from contracts with customers	**US$53,650**	**US$20,128**	**US$43,320**	**US$–**	**US$–**	**US$153**	**US$–**	**US$117,251**
Rental income	**–**	**–**	**–**	**–**	**3,114**	**713**	**(1,398)**	**2,429**
Income from continuing operations	**3,715**	**1,936**	**(1,322)**	**–**	**1,943**	**(248)**	**113**	**6,137**
Foreign exchange gain (loss) – net	**(24)**	**40**	**(4)**	**–**	**(4)**	**(5)**	**–**	**3**
Non-controlling interests	**–**	**–**		**–**	**–**	**–**	**(95)**	**(95)**
Income tax	**(241)**	**(236)**	**(91)**	**–**	**(105)**	**(17)**	**–**	**(690)**

(Forward)

	2025							
	Consumer Electronics	**Computer Peripherals**	**Telecom-munications**	**Automotive**	**Real Estate**	**Others**	**Adjustments and Eliminations**	**Total**
Equity in net earnings (loss)	**US$–**	**US$–**	**US$–**	**US$–**	**US$–**	**US$–**	**US$12**	**US$12**
Interests – net	**(341)**	**(109)**	**(354)**	**–**	**(252)**	**(3)**	**–**	**(1,059)**
Miscellaneous – net	**(30)**	**(13)**	**(28)**	**–**	**–**	**79**	**–**	**8**
Dividend income	**–**	**–**	**–**	**–**	**25**	**1,500**	**(1,525)**	**–**
Others	**–**	**–**	**–**	**–**	**–**	**125**	**(600)**	**(475)**
Net income (loss) attributable to the Parent Company	**US$3,079**	**US$1,618**	**(US$1,799)**	**US$–**	**US$1,607**	**US$1,431**	**(US$2,095)**	**US$3,841**
Identifiable assets	**US$36,193**	**US$13,994**	**US$29,663**	**US$–**	**US$28,521**	**US$41,487**	**(US$39,114)**	**US$110,744**
Unallocated assets	**–**	**–**	**–**	**–**	**–**	**10,337**	**–**	**10,337**
Total assets	**US$36,193**	**US$13,994**	**US$29,663**	**US$–**	**US$28,521**	**US$51,824**	**(US$39,114)**	**US$121,081**
Identifiable liabilities	**US$6,699**	**US$546**	**US$5,575**	**US$–**	**US$6,693**	**US$31,216**	**(US$29,731)**	**US$20,998**
Unallocated liabilities	**–**	**–**	**–**	**–**	**–**	**50,309**	**(19,747)**	**30,562**
Total liabilities	**US$6,699**	**US$546**	**US$5,575**	**US$–**	**US$6,693**	**US$81,525**	**(US$49,478)**	**US$51,560**
Capital expenditures	**US$215**	**US$434**	**US$191**	**US$–**	**US$1,029**	**US$1,029**	**US$–**	**US$2,898**
Depreciation and amortization	**US$771**	**US$2,756**	**US$1,253**	**US$–**	**US$820**	**US$380**	**US$–**	**US$5,980**

	2024 (Restated)							
	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$39,630	US$–	US$–	US$103	US$–	US$103,684
Rental income	–	-	–	–	3,446	678	(1,329)	2,795
Income from operations	1,675	2,624	(571)	–	2,538	(471)	473	6,268
Foreign exchange gain (loss) – net	47	103	57	–	14	38	(32)	227
Non-controlling interests	–	–	–	–	–	–	(71)	(71)
Income tax	(191)	(283)	(74)	–	(138)	(15)	–	(701)
Equity in net earnings (loss)	–	–	–	–	–	(9)	25	16
Interests – net	(553)	(283)	(488)	–	(306)	(4)	22	(1,612)
Miscellaneous – net	(23)	(12)	(26)	-	–	161	(71)	29
Others	–	–	–	–	–	(1,096)	(50)	(1,146)
Net income (loss) attributable to the Parent Company	US$955	US$2,149	(US$1,102)	US$–	US$2,108	(US$1,396)	US$296	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 (Restated)							
	Computer Peripherals	Telecom	Automotive	Consumer Electronics	Real Estate	Others	Adjustments and Eliminations	Total
Revenue from contracts with customers	US$23,739	US$20,184	US$–	US$48,499	US$–	US$155	US$–	US$92,577
Rental income	–	–	–	–	3,526	646	(1,215)	2,957
Income from operations	2,101	3	–	2,413	2,646	62	(64)	7,161
Foreign exchange gain (loss) – net	(43)	(44)	–	(56)	(40)	29	(51)	(205)
Non-controlling interests	–	–	–	–	–	–	(81)	(81)
Income tax	(193)	(113)	–	(183)	(138)	(14)	–	(641)
Equity in net earnings (loss)	–	–	–	–	–	(5)	(3)	(8)

(Forward)

	2023 (Restated)							
	Computer Peripherals	Telecom	Automotive	Consumer Electronics	Real Estate	Others	Adjustments and Eliminations	Total
Interests – net	(US$363)	(US$339)	US$–	(US$789)	(US$316)	US$–	US$64	(US$1,743)
Miscellaneous – net	(16)	(8)	–	45	–	(5)	(16)	–
Others	–	–	–	–	–	99	–	99
Net income (loss) attributable to the Parent Company	US$1,486	(US$501)	–	US$1,430	US$2,152	US$166	(US$151)	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

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

	2025	2024	2023
Asia	**US$111,260**	US$97,745	US$80,799
North America	**3,711**	4,017	5,227
Europe	**2,280**	1,922	6,551
	US$117,251	US$103,684	US$92,577

Segment Assets

	2025	2024	2023
Asia	**US$117,423**	US$113,870	US$118,136
North America	**3,658**	3,631	3,632
Europe	**–**	–	206
	US$121,081	US$117,501	US$121,974

Revenue from Contracts with Customers

Revenues from contracts with customers are further disaggregated by type, product type and timing of revenue recognition, as management believes it best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

The Group's revenue from manufacturing goods recognized over time amounted to US$117.25 million, US$103.68 million and US$92.58 million in 2025, 2024 and 2023, respectively.

30. Discontinued Operations

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.

On March 14, 2025, the Board of Directors and stockholders of Iomni approved the plan of cessation of operations effective May 15, 2025. Consequently, Iomni has changed its basis of accounting in its December 31, 2024 financial statements and for subsequent periods, from the going concern basis to the liquidation basis. Accordingly, the carrying values of the remaining assets are presented at estimated realizable values and all liabilities are presented at estimated settlement amounts.

Following the discontinuance of Iomni's operations, the consolidated statements of comprehensive income and the related disclosures included in the financial statements were re-presented for prior periods to ensure that they relate to all operations that had been discontinued by the reporting date of the most recent period presented.

The results of discontinued for the year until disposal have been included as Net Income (loss) from discontinued operations in the statement of income of the Group, after eliminating entries.

	2025	2024	2023
REVENUE			
Revenue from contracts with customers	**US$370**	US$1,013	US$2,539
Rental income	**–**	–	8
	370	1,013	2,547
COST OF SALES AND RENTAL SERVICES			
Cost of sales	**393**	1,304	2,281
Cost of rental services	**76**	78	90
	469	1,382	2,371
GROSS INCOME (LOSS)	**(99)**	(369)	176
OPERATING EXPENSES	**121**	21	45
OTHER EXPENSES	**269**	(863)	72
INCOME BEFORE INCOME TAX	**(489)**	(1,253)	59
PROVISION FOR INCOME TAX	**3**	4	18
TOTAL COMPREHENSIVE INCOME (LOSS)	**(US$492)**	(US$1,257)	US$41

Other expenses include finance costs amounting to nil, US$0.03 million and US$0.06 million in 2025, 2024 and 2023, respectively.

The net cash flows incurred by Iomni are, as follows:

	2025	2024	2023
Operating activities	**US$111**	US$388	US$551
Investing activities	**421**	(7)	(354)
Financing activities	**(632)**	(303)	(308)

31. **Other Matters**

Iomni Precision, Inc.

On March 13, 2026, the BOD of Iomni authorized Iomni to convert up to US$0.75 million of Iomni's advances to additional paid-in capital (APIC) and to apply the said APIC to the deficit of Iomni as of December 31, 2025.

The relevant application to the SEC for the approval of the conversion will be lodged by Iomni in due course.

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 March 13, 2026, 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$8.82 million, US$8.83 million, and US$9.63 million in 2025, 2024 and 2023, respectively.

IPI is waiting for the approval from the SEC as of audit report date.

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Building a better working world

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INDEPENDENT AUDITOR'S REPORT
ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

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 December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated March 13, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2025 and for each of the three years in the period ended December 31, 2025 and no material exceptions were noted.

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
SEC Partner Accreditation No. 116330-SEC (Group A)
Valid to cover audit of 2022 to 2026 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001998-192-2025, October 20, 2025, valid until October 19, 2028
PTR No. 10765003, January 2, 2026, Makati City

March 13, 2026

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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, 2025 and 2024, and have issued our report thereon dated March 13, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

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
SEC Partner Accreditation No. 116330-SEC (Group A)
    Valid to cover audit of 2022 to 2026 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
    Valid to cover audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001998-192-2025, October 20, 2025, valid until October 19, 2028
PTR No. 10765003, January 2, 2026, Makati City

March 13, 2026

IONICS, INC. AND SUBSIDIARIES

SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED ON REVISED SECURITIES AND REGULATION CODE (SRC) RULE 68-J

DECEMBER 31, 2025

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, 2025:

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			
Quoted:			
Rovi Corporation	N/A	4,037	US$19
Unquoted:			
Sta. Elena Golf Course	N/A	1	340
Manila Southwoods Golf and Country Club	N/A	1	85
The Palms Country Club	N/A	1	51
Pacific Synergies IV	6.08%	–	162
Beacon Property Ventures, Inc.	10.00%	36,000,000	1,411
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	11
ICCP SBI Pacific Synergies, L.P.	8.16%	–	531
			US$2,612

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 2025.

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, 2025:

Debtor	Volume of Transactions		Receivables	
Iomni Precision, Inc	Sale of goods	US$307	US$−	Non-interest bearing No impairment
Iomni Precision, Inc	Rental fee	133	−	Non-interest bearing No impairment
Ionics Properties, Inc	Rental fee	686	−	Non-interest bearing No impairment
Ionics EMS, Inc.	Intercompany advances	(1,500)	3,500	Non-interest bearing No impairment
Ionics, Inc.	Rental fee	713	−	Non-interest bearing No impairment
		US$339	US$3,500	

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$88	US$307	(US$395)	US$−	US$−	US$−
Advances to related parties						
Ionics EMS, Inc.	20,000	−	(1,500)	18,500	−	18,500
	US$20,088	US$307	(US$1,895)	US$18,500	US$−	US$18,500

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$9,087	US$5,773	US$14,860
Long-term debt		394	−	394
Lease liabilities	Not applicable	478	600	1,078
		US$9,959	US$6,373	US16,332

Schedule E. Indebtedness to Related Parties (Long-Term Loans from Related Companies)

As of December 31, 2025, the Group has no long-term loans from related companies.

Schedule F. Guarantees of Securities of Other Issuers
As of December 31, 2025, the Group has no guaranteed securities by other issuers.

Schedule G. Capital Stock

				Number of shares held by*		
Title of issue	Number of shares authorized*	Number of shares issued and outstanding*	Number of shares reserved for options, warrants, conversion and other rights	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

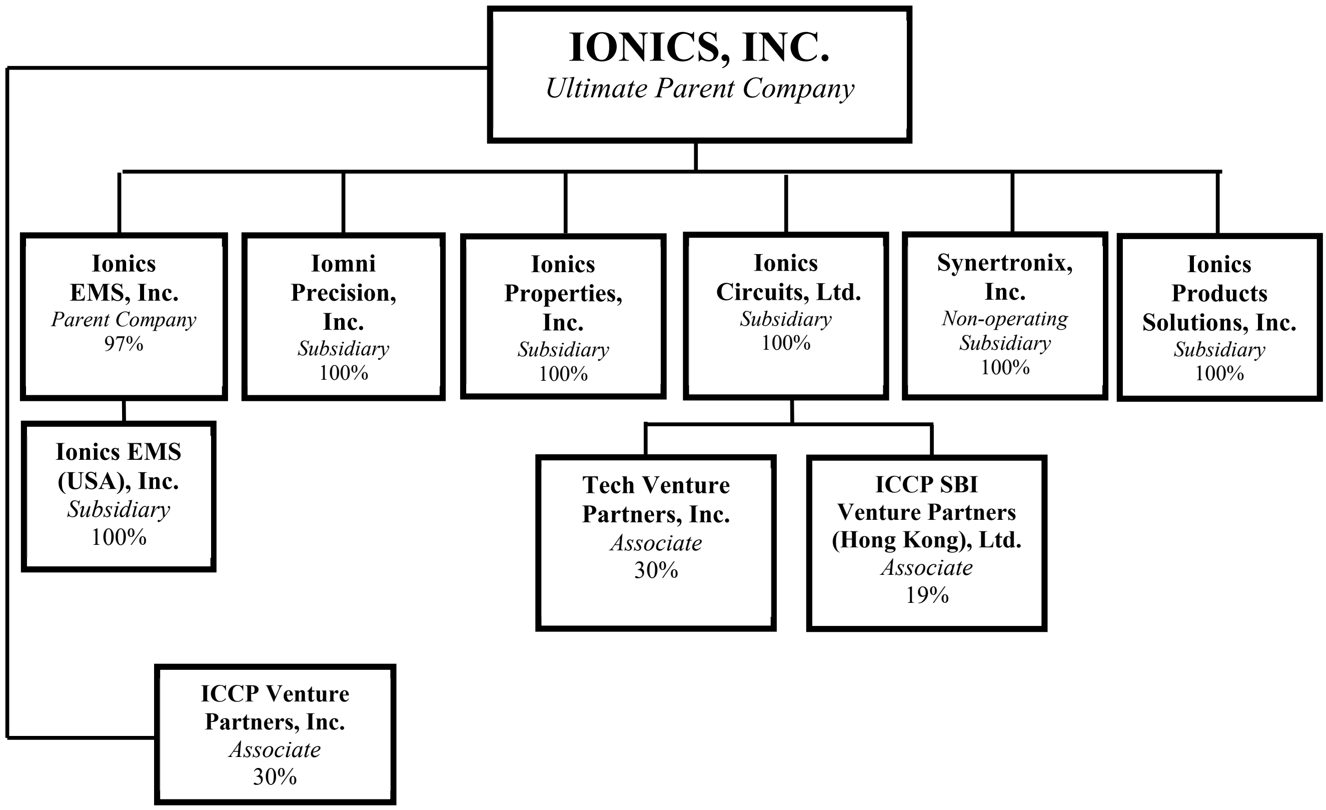
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE - RELATED INFORMATION

DECEMBER 31, 2025

	2025	2024
Total Audit Fees	**₱8,106,258**	₱8,196,500
Non-audit services fees:		
Other assurance services	–	–
Tax services	–	–
All other services	**2,550,000**	150,000
Total Non-audit Fees	**2,550,000**	150,000
Total Audit and Non-audit Fees	**₱10,656,258**	₱8,346,500

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, 2025:



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, 2025 and 2024:

Financial ratios		2025	2024 (Restated)
Liquidity ratios:			
Current ratio	Current assets / Current liabilities	**1.95:1**	1.88:1
Acid test ratio	Cash and cash equivalent and receivables / Current liabilities	**0.81:1**	0.72:1
Leverage ratio	Net debt / Net debt and equity	**0.31:1**	0.31:1
Debt-to-equity ratio	Total debt / Total equity	**0.74:1**	0.75:1
Asset-to-equity ratio	Total assets / Total equity	**1.74:1**	1.75:1
Profitability ratios:			
Interest rate coverage ratio	Income before income tax and finance costs / Finance Costs	**5.83:1**	4.13:1
Revenue Growth	*CY revenue - **PY revenue / **PY revenue	**12.40%**	11.46%
Gross Profit Margins	Gross profit / ***Revenue	**9.99%**	10.46%
Profit Margins	Gross profit - operating expenses / ***Revenue	**5.13%**	5.89%
Net Income Margins	Net income from continuing operations / ***Revenue	**3.70%**	4.07%
Return on Equity	Net income from continuing operations / Total stockholder's equity	**6.37%**	6.46%

**CY - current year*
***PY - prior year*
****Revenue includes sales and rental income*

IONICS, INC. AND SUBSIDIARIES

INDEX TO THE SUPPLEMENTARY SCHEDULES

December 31, 2025

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

IONICS, INC.

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

December 31, 2025

ANNEX A

IONICS, INC.

No. 14 Mountain Drive, LISP II, Brgy. La Mesa, Calamba City, Laguna

Unappropriated Retained Earnings, beginning of reporting period	**US$8,832**
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	
Less: Category B: Items that are directly credited to Unappropriated Retained Earnings	
Dividend declaration during the reporting period	**1,463**
Retained Earnings appropriated during the reporting period	
Effect of restatements or prior-period adjustments	
Others	
Unappropriated retained earnings, as adjusted	**7,369**
Add/Less: Net Income (loss) for the current year	**1,454**
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)	
Sub-total	
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 equivalent	
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)	
Sub-total	

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	**1,454**
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$8,823**