

AUDITED FINANCIAL STATEMENTS

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0917-869-5688

2024/12/31

0917-869-5688

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

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SEC Number A1999-13827
File Number

IONICS EMS, INC. AND SUBSIDIARY

(Company's Full Name)

**Circuit Street, Light Industry & Science
Park, Bo. Diezmo, Cabuyao, Laguna**

(Company's Address)

(049) 508-1111

(Telephone Number)

December 31, 2024

(Fiscal Year Ending)
(month & day)

**Annual Audited Financial Statements
(SRC Form 17-A)**

Form Type

Amendment Designation (If applicable)

Period Ended Date

(Secondary License Type and File Number)

IONICS EMS, INC. AND SUBSIDIARY

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

**ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES**

1. For the fiscal year ended : December 31, 2024
2. SEC Identification Number : A199913827
3. BIR Tax Identification No. : 203-683-907-000
4. Exact name of issuer as specified in its charter : **IONICS EMS, INC.**
5. Province, country or other jurisdiction of incorporation
or organization : Philippines
6. Industry Classification Code (SEC Use Only)
7. Address of issuer's principal office : Circuit Street, Light Industry and
Science Park, Bo. Diezmo,
Cabuyao, Laguna
Postal Code : 4025
8. Issuer's telephone number, including area code : (049) 508-1111
(049) 508-1111 loc 309 Fax No.
9. Former name, former address and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the SRC

| Title of each Class | Number of Shares of Common Stock and non-voting preferred stock outstanding and amount of debt outstanding |
|---------------------|--|
| Common | Php0.25 par value, issued 1,560,000,000 |
| Preferred | Php0.25 par value, issued 927,824,176 |
11. Are any or all of the securities listed on a Stock Exchange?

Yes ☐ No ☒

12. Check whether the issuer:

- (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports).

Yes ☒ No ☐

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

Yes ☒ No ☐

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Ionics EMS, Inc. (EMS or The Spin-off Subsidiary of the Ultimate Parent Company)

Ionics EMS, Inc. (the Parent Company) was incorporated on September 21, 1999 in the Philippines to engage in the electronic manufacturing services (EMS) business. It is a subsidiary of Ionics, Inc. (the Ultimate Parent Company), a company incorporated in the Philippines and a public company listed in the Philippine Stock Exchange.

On February 25, 2000, the Company offered its shares of stock to the public and became publicly listed in the Singapore Exchange Securities Trading Limited (Singapore Exchange). Low daily turnover and low daily market capitalization prompted the Parent Company to reconsider its continued listing in the Singapore Exchange. Consequently, on March 2, 2010, the Parent Company and its Ultimate Parent Company jointly announced the proposed voluntary delisting of the Parent Company from the Singapore Exchange. The Ultimate Parent Company offered to purchase common shares issued to the minority stockholders in compliance with the delisting proposal. Subsequently, the Ultimate Parent Company acquired an additional 104,801,455 shares or 6.72% ownership on the Parent Company. The Parent Company had more than two hundred (200) shareholders each holding at least one hundred (100) shares thereafter. Due to the number of remaining shareholders, the Parent Company is considered as a public company as defined under the Securities Regulation Code of the Philippines.

The Ultimate Parent Company is financially committed to support the Parent Company's operations.

Ionics-EMS(USA), Inc. (EMS-USA)

EMS-USA (the wholly owned subsidiary), incorporated in the United States of America, primarily engaged in designing and new product introduction, was organized and duly approved by the Board of Directors (BOD) on August 12, 2010. The Parent Company invested US\$0.01 million for the initial subscription to the equity shares of EMS-USA.

The Company anticipates that concentration of business in major customers will continue in the foreseeable future.

Line of Business

The Group is a total one-stop shop Electronics Manufacturing Services (EMS) provider. It has been the EMS solutions provider to some of the world's biggest Original Equipment Manufacturers (OEM) for over 36 years.

There are basically two general categories of electronics manufacturers or assemblers in the region, the Original Equipment Manufacturer (OEM) and the Contract Electronics Manufacturer (CEM). OEMs are companies who are leaders in PC, Computer Peripherals, Telecommunications, Consumer Electronics and Automotive Equipment.

On the other hand, CEMs are firms involved in the production of electronic items similar to those produced by OEMs. These firms are basically independent, third party manufacturers or assemblers which do not have any corporate affiliations with their respective customers. CEMs therefore undertake subcontracting work only, and generally provide labor and manufacturing overhead as their basic inputs in the assembly of electronic products.

The Group is essentially a CEM. Most of the Group's "end" products, therefore, are components and sub-assembly which are eventually used as inputs for the finished products of its customers. The Group can accommodate most types of electronic manufacturing and assembly projects. Customers provide the specifications and blueprint or prototype of a component or product that they want to be manufactured or assembled and the Group delivers the finished item.

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

In 2002, one of the Group's subsidiaries had successfully offered design services to its customer and also added an Original Design Manufacturer (ODM) component to its business line.

Products

The following is a brief description of the primary products produced by the Group:

- Telecommunication Products
 - Wireless broadband products
 - Wired telecom products
 - Fiber Optics - Synchronous Optical Networks
 - Infrastructure and Backplanes
 - WiFi based RFID Tags
 - Satellite Receivers and LNB's
 - Satellite Modems (VSAT)
 - Service Gateways and Switch
 - Optical Network Pole Cabinets
 - Two-way handheld Radio Transceivers
 - Mobile Radio (LMR)
 - WiFi Modules
 - GPS tracking and monitoring device
 - GPS module
 - Blue tooth module
- Automotive Products
 - GPS Navigation System
 - RF Tuners
 - Vehicle Security Systems
 - Electronic Dashboards
 - Engine Sensors
 - Engine Starters
 - Car Antenna Control System
 - Automotive Multi-Media Device
 - Automotive Headline cooling systems

- Computer Products / Peripherals
 - Micro Drives
 - Motherboards
 - PCBA for HDD and Optical Drives
 - Flip Chip on Flex for HDD
 - Adaptive PFC Power Supplies
 - Headless Computers
 - Radio Repeaters
 - Main Boards for Projectors
 - Power Supplies for Projectors
 - Sub-Assemblies for Printers
 - Bluetooth module

- Consumer Products
 - USB Drives
 - DVD Players and Recorders
 - Recorder / One Touch Media Upload Converter
 - Home Speaker Systems
 - IPOD Docking Units
 - GPS for SLR Cameras and Golf
 - Electronic Ballasts
 - Electronics Fishing Devices
 - Digipass Security Tool
 - Display Signages
 - Electronically Controlled Chemical Dispensers
 - High Fidelity Sound Systems
 - TV Tuners for Tablets
 - Gaming Assemblies
 - Overhead Projector
 - Home Automation Controllers
 - Cellphone Security
 - Electronic Keylocks
 - RFID Systems for petroleum distribution
 - Tap payment devices for gas stations
 - Label writers
 - Cellphone sub-assemblies
 - Smart Plugs
 - Smart Home IoT controls
 - PCBA for Inkjet Printer
 - Mother board for Refrigerator Inverter
 - Iphone Enclosure w/ safety Encryption
 - PCBA for Refrigerator and Freezer

- Industrial Products
 - Agricultural Tags
 - IoT based Building and Street Lighting Controls

- **Medical Products**

- Telehealth devices
- Hair growth enhancing Helmet
- RFID tags for infants
- IoT based medicine bottle cap monitor
- IoT based Transformer Monitoring device
- Thermometer
- Gynoscope device for Women's health
- Medical diagnostic device

Information on export sales and the relative contribution of each segment (based on product line) to total sales is fully disclosed in Note 25 to Audited Consolidated Financial Statements.

Significant Customers

The top five (5) customers collectively accounted for 60.36% and 50.73 % of the Group's sales in 2024 and 2023, respectively. The Group anticipates that concentration of business in major customers will continue in the foreseeable future, although the Group's management started new relationships with other customers.

Distribution Method

The bulk of the Group's products are intermediate products which are shipped to the customers' manufacturing plants in Asia, USA and Europe for incorporation or further assembly into the final finish products.

Competition, Status of New Products and Business Risk

The Group competes with other electronic manufacturers both domestic and foreign. The market for PCBA and the other product lines of the Group are subject to normal price, service, and quality competition. Among the Group's top competition are from the following:

- Hon Hai Precision (Fox conn)
- Flextronics
- Jabil
- Sanmina-SCI
- EMS
- Calcomp
- Venture
- IMI
- Tsukiden
- Kaifa
- P-Imes
- Automated Technology Phil Inc.

While the traditional PC peripheral business has driven to build Ionics EMS' strength in the telecommunications, automotive, electronics and consumer product lines, EMS has shifted its resources and established more flexible and adaptable manufacturing platforms so it can readily shift production into various products and

components on the same production floor. In 2024, there was a growing trend for continue pursuit of advancements in the Fourth Industrial Revolution (IR4.0), leveraging our existing strengths in the Industrial Internet of Things (IIoT), medical devices, telecommunications, and automotive products. These core areas of expertise not only underscore our commitment to innovation but also position us to capitalize on emerging opportunities and maintain our competitive edge in a rapidly evolving market.

The ODM line of EMS, specifically the range of the Plug Computers/Mobile Cloud Servers, was exhibited with various partners at the Consumer Electronics Show 2011 Las Vegas, USA. Among these were Verizon Wireless, Seagate, IBM, and Hitachi.

Sources and Availability of Raw Materials

The customers under a consignment arrangement supply the bulk of raw material components needed in the manufacturing of their products. However, in response to global competition, the Group started building up its raw materials inventory for turnkey transactions. Among the principal suppliers of the Group are the following:

- Arrow Electronics Asia(S) Pte. Ltd
- Arrow/Rapac Ltd.
- Ceragon Networks Ltd.
- Radwin Ltd.
- Shennan Circuits Co., Ltd.
- Afimilk Agricultural Cooperative
- Elina Electronic Engineering Ltd.
- Future Electronics Inc.
- SJS Precision Corporation
- Semicom Lexis Ltd.

The Group has entered into non-cancellable purchase commitments with its suppliers. Purchases of raw materials and supplies are based on ordinary purchase transactions covered by a purchase order.

Sales

The Group's revenue is from export sales. Amounts of revenue, profitability, and identifiable assets attributable to the Group's operations for 2024, 2023, and 2022 are as follows:

| | (In '000 US Dollars) | | |
|------------------------|----------------------|-------------|-------------|
| | 2024 | 2023 | 2022 |
| Export Sales | 103,683 | 92,577 | 72,686 |
| Income from operations | 3,733 | 4,591 | 2,712 |
| Total assets | 86,474 | 90,434 | 86,487 |

See related discussion in Note 24 of the Audited Consolidated Financial Statements.

Transaction with and/or dependence on related parties

The Group has no significant transactions that are dependent on related parties except for the transactions discussed in Item 12 of this report and in Note 20 of the Audited Consolidated Financial Statements.

Patents, trademarks, licenses, franchises, concessions, royalty agreements, or labor contracts, including duration.

On June 01, 2023, Intellectual Property Office of the Philippines grant Ionics EMS, Inc. the right to restrain, prohibit any unauthorized person or entity from making, using, offering for sale, selling or importing a product and importing any product obtained directly or indirectly from such process of Automatic Voltage Regulations for Distribution Transformer.

Need for any governmental approval of principal products or services.

None

Effect of existing or probable governmental regulations on the business.

None

Estimate of amount spent for research and development activities of the last completed fiscal year.

None

Cost and effects of compliance with Environmental Laws:

Ionics EMS' plants are located in industrial parks with a centralized water treatment system.

Employees

As of December 31, 2024, the Group has a total of two thousand five hundred two (2,502) employees consisting of sixty nine (69) managers, eight hundred sixty four (864) administrative personnel and one thousand five hundred sixty nine (1,569) factory workers.

Aside from basic salaries, employees receive vacation and sick leave credit, transportation allowance, free medical and dental benefits, group insurance benefits and funeral assistance.

There is no existing collective bargaining agreement or labor union in the Group.

Debt Issues

Not Applicable to the Group.

Investment Company Securities

Not Applicable to the Group.

Item 2. Properties

As of December 31, 2024, the Group's manufacturing, design and prototyping operations and supply chain center and warehousing conducted in the following plants:

The EMS-HO Plant is located at the Light Industry Science Park of the Philippines (LISPP II) in Calamba, Laguna and has an area of 1,500 square meters with rental rate of \$6.815 per square meters. The property is leased from IOMNI Precision, Inc. for a period of one (1) year from January 16, 2025 to January 15, 2026.

The EMS-5 and EMS-6 Plants are located at the LISPP in Cabuyao, Laguna and have an aggregate area of 11,557 square meters. The land and the building thereon are owned by the Parent Company. The plants are leased to EMS for a period of one (1) year from July 01, 2024 to June 30, 2025(EMS-5) and from January 01, 2025 to December 31, 2025(EMS-6). The new lease agreement is subject to yearly renewal at the rate of \$6.33 and \$6.65 per square meter for EMS-5 and EMS-6, respectively.

The EMS-2 Plant is located at the Carmelray Industrial Park II (CIP II) in Calamba, Laguna and has an area of 7,470 square meters with rental rate of \$6.34 per square meters from May 01, 2024 to April 30, 2025. The property is leased from Ionics Properties, Inc. for a period of one (1) year, subject to the extension or renewal upon mutual agreement of the parties.

The EMS -4 Plant is located at Mountain Drive, Light Industry and Science Park II, Brgy. Lamesa, Calamba City, Laguna and lease a portion of the 2nd floor with an area of 798 square meters with rental rate of \$6.30 per square meters from November 01, 2024 to April 30, 2025 afterwhich, additional area for a total of 1,300 square meters with rental rate of \$6.00 per square meters for another six months from May 01, 2025 to October 31, 2025. The property is leased from Ionics Properties, Inc. for a period of (1) year, subject to extension or renewal upon mutual agreement of the parties.

The EMS SCM Hub and warehouse facility is located inside the Light Industry and Science Park I, Cabuyao City, Laguna with an area of 1,332.84 square meters with rental rate of ₱230.00 per square meters from May 01, 2021 to April 30, 2026. The property is leased from third party subject to automatic escalation of 5% per annum for each subsequent year starting on the second year until the expiration of the contract. The lease agreement terminated on June 30, 2024.

The EMS warehouse extension facility is located inside the Light Industry and Science Park I, Cabuyao City, Laguna with an area of 5,331.36 square meters with rental rate of ₱215.00 per square meters from September 15, 2022 to September 14, 2027. The property is leased from third party subject to automatic escalation of 5% per annum for each subsequent year starting on the second year until the expiration of the contract.

The EMS Plant 2 factory warehouse facility is located at Carmelray Industrial Park II, Calamba City, Laguna with an area of 4,299 square meters with rental rate of ₱258.43 per square meters from September 01, 2024 to August 31, 2025. The property is leased from third party subject to automatic escalation of 6% per annum for each subsequent year starting on the second year until the expiration of the contract.

EMS-USA, Inc. is located in 3215 La Mesa Drive, San Carlos, CA 94070.

Currently, the Company has no plan of acquiring properties in the next twelve (12) months.

Item 3. Legal Proceedings

As of December 31, 2024, there are no material pending legal proceedings to which the Parent Company or its subsidiary is a party or of which any of their property is a subject.

Item 4. Submission of Matters to a Vote of Security Holders.

There were no matters submitted to a vote of security holders for the fourth quarter of 2024

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Registrant’s Common Equity and Related Stockholder Matters.

Not applicable to the Group.

PART III - FINANCIAL INFORMATION

Item 6. Management’s Discussion and Analysis or Plan of Operation

MANAGEMENT PLAN FOR THE YEAR 2025

Ionics EMS (IEMS)

Ionics EMS, Inc. enters 2025 with a strategy of cautious growth amid ongoing global economic uncertainties. Slower global demand, continued supply chain realignments, and heightened geopolitical risks are reshaping the electronics manufacturing landscape. Despite these challenges, we remain confident in our ability to adapt and thrive, especially as the Philippines’ low tariff access to the United States opens new avenues for export growth and customer acquisition.

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

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

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

looking growth.

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

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

- a) any significant expenditures for products research and development;
- b) any expected significant change in number of employees;
- c) any known trends, events or uncertainties that have or are reasonably likely to have a material impact on the registrant's short term or long-term liquidity;
- d) any event that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;
- e) any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period;
- f) any known trends, events or uncertainties that have or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations; and
- g) any seasonal aspects that had a material effect on the financial condition or results of operations.

Sources of liquidity are expected from the Group's internal cash flows from the results of operations and if needed from the support of the Ultimate Parent Company and external borrowings.

Below are the Consolidated Key Financial Ratios for the years ended December 31, 2024 and December 31, 2023:

| | December 31, 2024 | December 31, 2023 |
|------------------------------|------------------------------|----------------------|
| Revenue Growth | 12.00% | 27.37% |
| Gross Profit Margins | 7.66% | 9.72% |
| Net Income Margins | 2.09% | 2.68% |
| Return on Equity | 8.59% | 10.69% |
| Current Ratio | 1.19:1 | 1.09:1 |
| Leverage Ratio | 0.65:1 | 0.72:1 |
| Acid Test Ratio | 0.46:1 | 0.38:1 |
| Debt-to-Equity Ratio | 2.43:1 | 2.90:1 |
| Asset-to-Equity Ratio | 3.43:1 | 3.90:1 |
| Interest Rate Coverage Ratio | 3.05:1 | 2.99:1 |

1. Revenue Growth

Revenue growth is computed from current revenue less revenue of the prior year divided by revenue of the prior year. The result is expressed in percentage.

2. Gross Profit Margins

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

3. Net Income Margins

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

4. Return on Equity

Return on equity ratio is the ratio of the Group's net income to equity. This measures management's ability to generate returns on their investments. This is computed by dividing net income by total equity.

5. Current Ratio

Current ratio is the ratio of the Group's current assets to its current obligations. This is computed by dividing current assets by current liabilities.

6. Leverage Ratio

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

7. Acid Test Ratio

Acid test ratio is the ratio of the Group's liquid assets to its current obligations. This is computed by dividing sum of cash, marketable securities and receivable by current liabilities.

8. Debt to Equity Ratio

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

9. Asset to Equity Ratio

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

10. Interest Rate Coverage Ratio

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

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

- a) any known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity;
- b) any events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation;
- c) all material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period;
- d) any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures; except for Solar Panel installation for IEMS Plant 2, Plant 5 and 6. Capital expenditures will be partly funded by Bank Borrowings.

- e) any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/ revenues/ income from continuing operations;
- f) any significant elements of income or loss that did not arise from the issuer's continuing operations; and
- g) any seasonal aspects that had a material effect on the financial condition or results of operations.

The causes for any material change from period to period which shall include vertical and horizontal analysis of any material item were disclosed in page 17 and 18 of this report.

FINANCIAL PERFORMANCE

2024

CONSOLIDATED RESULTS OF OPERATIONS

The Group's revenue increased by 12% from US\$92.577 million in 2023 to US\$103.683 million in 2024, due to the ramped up of sales from turnkey customers net of decrease in sales of consignment business. Sales from consignment business decreased due to soft market demand. Despite increase in sales, the gross profit decreased by 12% or US\$1.060 million from US\$9.001 million in 2023 to US\$7.941 million in 2024 resulting from decrease in contribution margin from consignment business. Also, IEMS has not yet optimize its sales resulting to underutilization of the additional capacity installed in 2023.

Operating expenses decreased by US\$0.202 million from US\$4.410 million in 2023 to US\$4.208 million in 2024 primarily due to decrease in commission expense. Interest expense decreased to US\$1.327 million in 2024 from US\$1.492 million in 2023 due to lower loan balance. The Company reported net foreign exchange gain of US\$0.207 million in 2024 from net foreign exchange loss of US\$0.143 million due to the impact of depreciation on Peso against US dollar.

With the foregoing, the Group reported a decrease in net income of US\$2.165 million in 2024, from US\$2.482 million in 2023.

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

| (In US Dollars) | | |
|---------------------|--------------------|------------------|
| COMPANY | REVENUE | NET INCOME(LOSS) |
| EMS | 103,683,543 | 2,248,926 |
| EMS-USA | — | (83,642) |
| Eliminating | — | — |
| Consolidated | 103,683,543 | 2,165,284 |

CONSOLIDATED FINANCIAL POSITION

As of December 31, 2024, the assets of the Group amounted to US\$86.474 million which is US\$3.960 million lower than the US\$90.434 million as of December 31, 2023. The decrease in the Group's total assets was mainly due to the decrease in inventories, prepayments and other current assets, property, plant and equipment, right of use assets and refundable deposits.

Current ratio increased to 1.19 for the year ended December 31, 2024, from 1.09 for the period ended December 31, 2023. The Group's liability-to-equity (leverage) ratio decreased to 0.65 for the year ended December 31, 2024, from 0.72 for the period ended December 31, 2023.

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

| | December31, 2024 | December31, 2023 |
|---|-----------------------------|-----------------------------|
| | % | % |
| ASSETS | | |
| Cash | 49 | (13) |
| Receivables | N/A | 17 |
| Contract assets | 13 | 46 |
| Inventories | (7) | N/A |
| Advances to suppliers | 106 | (52) |
| Prepayment and other current assets | (50) | 17 |
| Financial asset at fair value through other comprehensive income (FVOCI) | N/A | 35 |
| Property and equipment | (18) | 23 |
| Right-of-use assets | (57) | (54) |
| Refundable deposits | (6) | N/A |
| Deferred tax assets – net | (100) | (25) |
| LIABILITIES | | |
| Accounts payable and accrued expenses | (12) | (22) |
| Related parties | N/A | 31 |
| Contract liabilities | (19) | 302 |
| Lease liabilities | (58) | (35) |
| Bank loans and long-term debt | (9) | (9) |
| Income tax payable | 56 | (34) |
| Net retirement liability | 5 | 27 |

Reasons of Increase (Decrease)

As of December 31, 2024 (12.31.24 vs 12.31.23)

Cash increased due to cash flows generated from operations. Contract assets increased due to higher level of work in process and finished goods. Inventory decreased due to increase in consumption due to higher turnkey sales. The increase in advances to suppliers was due to advance payment made to suppliers. The decreased in prepayments and other current assets was due to the amortization of prepayments during the year. Property and equipment decreased due to depreciation during the period. Right-of-use assets (ROU) decreased due to amortization for the period. Refundable deposit decreased due to lease refund resulting from contract termination. The decrease in accounts payable and accrued expenses is attributable to the payment made to suppliers and controlled material ordering. Contract liabilities decreased due to return of customers advanced payment and application against receivable. Lease liabilities decreased due to rental payment for the year. Bank loans and long-term debt decreased due to payments made during the year. Income taxes increased due to provision of income tax during the year. Net pension liability increased due to accrual of pension expense for the year.

As of December 31, 2023 (12.31.23 vs 12.31.22)

Cash decreased due to net cash used in payment of bank loans. Receivables increased due to higher sales. Contract assets increased due to higher level of work in process and finished goods. The decrease in advances to suppliers was attributable to the delivery of materials covered by advanced payments and controlled material ordering for the year. The increase in prepayments and other current assets is due to payment for VAT input tax to BOC and prepayment for health insurance plan of employees. Financial asset at FVOCI increased due to the recognized gain on fair value changes in the club share. Property and equipment increased due to acquisitions made during the year. Right-of-use assets (ROU) decreased due to amortization for the period. Deferred tax assets - net decreased mainly due to the amortization of deferred taxes related to right-of-use assets and lease liabilities in accordance with PFRS 16. The decrease in accounts payable and accrued expenses is attributable to the payment made to suppliers and controlled material ordering. Due to related parties increased due to advances made for the payments of working capital loans. Contract liabilities increased due to advances from customers for aging inventories related to push out orders. Lease liabilities decreased due to payment of leased amortization for the period. Bank loans and long-term debt decreased due to payments made during the period. Income taxes decreased due to payment of income tax during the period. Net pension liability increased due to accrual of pension expense during the period.

Item 7. Financial Statements

The Group's audited consolidated financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules (page 31) are filed as part of this Form 17-A

1. General Notes to Financial Statements:

See Consolidated Financial Statements

Assets subject to lien and restriction on sales of assets:

Not Applicable to the Group

Restriction which limit the availability of Retained Earnings for dividend declaration:

See Consolidated Financial Statements

Commitments and Contingent Liabilities:

None

Material Related Party Transactions which affect the Financial Statements:

The Company has no significant related party transactions with its subsidiaries, affiliates and stockholders that affect the Financial Statements except for the matters discussed in Note 20 to the Consolidated Financial Statements.

Bonus, Profit Sharing and Other Similar Plans.

The Group has an employee car plan.

Interest Cost.

Ionics EMS paid interest on bank loans.

2. Subsidiaries

As of December 31, 2024, no receivables from EMS – USA, a wholly owned subsidiary of the Parent Company.

3. Cash

Out of the total cash of US\$6,314,600 as of December 31, 2024, US\$885,386 is peso denominated. This represents savings deposit and current accounts in local banks.

4. Accounts Receivable - Others

| | |
|--|---------------|
| Receivable from customers other than sales | US\$2,972,461 |
| Advances to officers and employees | 164,155 |
| Claims against SSS and other government agencies | 18,120 |
| Others | 102,905 |
| Total | US\$3,257,641 |

5. Inventories

Inventory decreased due to sales generated over the materials received.

6. Property and Equipment

As of December 31, 2024, the Group has no equipment that is still under installation.

7. General and Administrative Expenses

Please see schedule in Note 17 to the Audited Consolidated Financial Statements.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

1. External Audit Fees and Services

(a) Audit and Audit - Related Fees

The auditing firm of Sycip Gorres Velayo & Co. (SGV) has been the external auditor of the Company since 1992. The auditing partner in charge of the accounts of the Company for the financial year ended 31 December 2024 is Ms. Maria Antoniette L. Aldea who took office after her appointment at the June 17, 2022, annual stockholders' meeting. Audit fee for Ionics EMS, Inc. in 2024 is ninety-three thousand one hundred eighty-one dollars (\$93,181). The fees are generally based on the complexity of the issues involved, the work to be performed, the special skills required to complete the work, the experience level of the team members and most importantly the ability to provide the auditors' report expressing an opinion on the financial statements of the Group.

(b) There are no assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of the Group's financial statements.

(c) All Other Fees

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

(d) The Audit Committee approved policies and procedures for the above services.

The Audit Committee heard the reports of the External Auditor and validated the financial reports prepared by Management.

2. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

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

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Registrant

| Position | Name | Age | Citizenship |
|--|-------------------------------|-----|-------------|
| Director – Chairman of the Board | Alfredo R. de Borja | 80 | Filipino |
| Director – President & Chief Executive Officer | Raymond Ma. C. Qua | 74 | Filipino |
| Director – Treasurer | Cecilia Q. Chua | 72 | Filipino |
| Director | Guillermo D. Luchangco | 85 | Filipino |
| Director | Meliton C. Qua | 83 | Filipino |
| Director - Independent | Medel T. Nera | 69 | Filipino |
| Director - Independent | Lilia B. De Lima | 84 | Filipino |
| Director | Monica Siguion-Reyna-Villonco | 71 | Filipino |
| Director - VP-Business Development/VP World Wide Sales | Earl Lawrence S. Qua | 46 | Filipino |
| EVP - Operations & Chief Operating Officer | Jay A. Chavez | 52 | Filipino |
| SVP - Corporate Affairs/Human Resources | Judy C. Qua | 74 | Filipino |
| Corporate Secretary | Manuel R. Roxas | 75 | Filipino |
| Assistant Corporate Secretary | Krishna F. Villanueva | 32 | Filipino |
| VP - Finance/Chief Finance Officer | Ronan R. Andrade | 54 | Filipino |
| VP - Inside Sales | Ariel La Madrid | 66 | Filipino |
| VP - Internal Audit/Assistant Compliance Officer | Cesar G. Caubalejo | 58 | Filipino |

| Position | Name | Age | Citizenship |
|------------------------------|-----------------------|-----|-------------|
| VP – Quality & Engineering | Emma Gerodias | 55 | Filipino |
| VP – Operations | Valerio Carandang Jr. | 55 | Filipino |
| VP – Supply Chain Management | Jonathan Bibal | 53 | Filipino |

All of the above-named were appointed to the position/s set forth to the Board of Directors of the Corporation for the ensuing year. The members of the Audit Committee are:

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

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

Alfredo De Borja, 80, Filipino, Chairman of the Board of Ionics EMS, Inc. and Ionics Inc. He has been an independent director of Ionics, Inc. since 2004 and an independent director of Ionics EMS, Inc. since 2007. He is the incumbent President and Director of Makiling Ventures, Inc., a real estate development company, and President and Director of E. Murio, Inc., a furniture manufacturer and exporter. He is also a director of Investment Capital Corp. of the Phil. (ICCP), ICCP Venture Partners, Inc. (where he is Chairman of the Investment Com), ICCP Management Corp, Pueblo de Oro Development Corp., Regatta Properties, Inc., Science Park of the Philippines (SPPI), Cebu Light Industrial Park, Inc., Ionics, Inc., Ionics EMS, Inc., and Araneta Properties, Inc., both listed companies with the Philippine Stock Exchange; and Philippine Coastal Storage & Pipeline Corp. He has also served as board Director of a number of companies including First Metro Investment Corp., SPI, Alsons Power, Alsons Cement, Iligan Cement, Manila Memorial Park, Philcom, Shopwise, and Republic Glass. He was the President of Gervel, Inc. from 1973 to 1986; Director and Chairman of the Executive Committee of First Metro Investment Co. from 1978 to 1983; Director and Vice President of Iligan Cement Corp. from 1973 to 1977; Professional Lecturer of the University of the Philippines-Graduate School of Business Administration from 1971 to 1974; Executive Assistant to the Vice President of Philippine Long Distance Telephone Co. from 1970 to 1973; and Executive Assistant to the Vice President of Investment Manager, Inc. from 1966 to 1968. He holds a Master of Business Administration degree from Harvard University and a Bachelor of Science in Economics from the Ateneo de Manila University.

Raymond Ma. C. Qua, 74, Filipino, President & Chief Executive Officer of Ionics EMS, Inc. and Ionics Inc. He has been a member of the Board of Directors of Ionics, Inc. since 1985. Previously he was the Treasurer and Senior Vice President and Compliance Officer. He is also a director of Ionics EMS, Inc. Previously he was the Senior Vice President and General Manager of Synertronix, Inc. and the Vice President for Administration of Ionics, Inc. Mr. Qua is presently affiliated with various organizations and 14 associations serving as head, ranking officer or member. Mr. Qua received his Bachelor of Science degree in Commerce from De La Salle University, Philippines.

Cecila Q. Chua, 72, Filipino, Treasurer and Director of Ionics EMS, Inc. and was a director of Ionics Inc. from 1997 to 2000 and from 2007 up to the present. She earned her Bachelor of Science in Food Technology from the University of Sto. Tomas in 1978. She is the Treasurer of B-Pack Corporation, Vice President of CQ B-Pack Corporation and has been the Purchasing Manager of Ionics Ems, Inc. since 1985. Previous corporate affiliations include Complex Electronics Corporation, Interphase Development Corporation, Ladtek Corporation and Pimeco.

Guillermo D. Luchangco, 85, Filipino, has been a member of the Board of Directors of Ionics, Inc. since 1991. He is the Chairman and Chief Executive Officer of the ICCP Group, whose members include, among others, Investment & Capital Corporation of the Philippines, whose principal activities are in investment banking; ICCP Venture Partners Inc., which is in venture capital; Science Park of the Philippines, Inc., a developer of industrial parks; and Pueblo de Oro Development Corporation, a developer of residential and township projects; and Manila Exposition Complex, Inc., the owner of the World Trade Center Metro Manila. Before founding ICCP in 1988, he served as Vice Chairman and President of Republic Glass Corporation, a publicly listed company. Between 1969 and 1980, Mr. Luchangco worked with the SGV Group, the Philippines' leading auditing and consulting firm. He rose to the position of Managing Director and Regional Coordinator for management services. Mr. Luchangco serves on a number of Boards, including the following publicly listed companies in the Philippine Stock Exchange: Phinma Corporation, Globe Telecom, Inc., Ionics, Inc, and Roxas & Co., Inc. He holds a Master of Business Administration degree from the Harvard Business School and a Bachelor of Science degree in Chemical Engineering (magna cum laude) from De La Salle University, Philippines.

Meliton C. Qua, 83, Filipino, held key positions in several companies which included the Philippine Bank of Communications as Senior Vice President; Citibank N.A., as Vice President; Bancnet as Director and Aqua Holdings, Inc. as Director. Mr. Qua has been a director of Ionics, Inc. since 1985. He received his Bachelor of Science degree in Business Administration from De La Salle University, Philippines.

Medel T. Nera, 69, Filipino, is a Certified Public Accountant. He has been an Independent Director of Ionics, Inc. and Ionics EMS, Inc. since November 11, 2020. He is presently a Director of Investments, Inc., iPeople Inc., Seafront Resources Corp. and EEI Corporation. He is also an Independent Director of the National Reinsurance Corporation of the Philippines, Inc., Holcim Philippines, Inc and the Generika pharmaceutical group. His past experience include: President and CEO of House of Investments, Inc., President of Honda Cars Kalookan, Inc., Director and President of RCBC Realty Corp., Director and Chairman of the Risk Oversight Committee of Rizal Commercial Banking Corp., Director and Treasurer of CRIBS Foundation, Inc., and Senior Partner at Sycip Gorres Velayo & Co. where he had 35 years of experience in professional services. He served as Assurance Leader for the Financial Services Assurance practice of Ernst & Young in the Far East covering China, Taiwan, Hongkong, Korea, Singapore, Philippines and Vietnam. He obtained his Master in Business Administration degree from Stern School of Business, New York University, New York, USA and Bachelor of Science in Commerce degree from Far Eastern University. He also attended the International Management Program of the Manchester Business School, United Kingdom, and the Pacific Rim Banker's Program of the University of Washington, Seattle, Washington, USA.

Lilia De Lima, 84, Filipino, is an independent director of Ionics EMS, Inc. and Ionics, Inc. She is currently an independent director of PHINMA Corporation and a director of AC Industrial Technology Holdings, Inc., FWD Life Philippines and Dusit Thani Philippines. She is also a trustee of TOWNS Foundation, Inc. In 2017, she served as an independent advisory board member of the Rizal Commercial Banking Corporation and was also a member of the board of directors of Science

Park of the Philippines and RFM Science Park of the Philippines. From 1981 to 2016, Ms. de Lima has worked in government, holding high positions in various government instrumentalities such as the Department of Trade and Industry, National Amnesty Commission, Cagayan Economic Zone Authority, Zamboanga Economic Zone Authority, PHIVIDEC Industrial Authority, and the Philippine Economic Zone Authority. Because of her stint as Director General of the Philippine Economic Zone Authority and having served the same for 21 years, she was awarded the Ramon Magsaysay Laureat in 2017. She was also a recipient of other various awards such as the Presidential Medal of Merit, awarded to her by former Presidents Benigno Aquino III and Gloria Macapagal Arroyo, The Order of the Rising Sun, Gold and Silver Star, which is the highest award given to a non-head of state by the Government of Japan for bringing hundreds of Japanese investors to the Philippines, People of the Year Award given by Peoples Asia Magazine, and Excellence in Public Service Award, which was awarded to Ms. de Lima five times by BIZNEWS ASIA. She attained her Bachelor of Laws from the Manuel L. Quezon University in 1965, and her Doctor of Laws LLD (Honoris Causa) from the same university in 2014. She passed the Philippine Bar Exams in 1966.

Monica Siguion-Reyna Villonco, 71, Filipino, is the Chairman of Lowe Philippines, where she has served as a director since 2002. She also served as the editor-in-chief of Town & Country Philippines from 2007-2010. Ms. Villonco is the incumbent President of Whitespace, Inc. and Datascope Communications (Phils.), Inc. Ms. Villonco is a member of the Board of Governors of the Philippine National Red Cross, and the Board of Trustees of Teach For The Philippines. She is also a member of the board of directors of Provident Plans International Corp. and Sa Aklat Sisikat Foundation; She was a member of the Film Rating Board from 1998 to 2002; and a board member of CCP Tanghalang Pilipino from 1988-1990.

Earl Lawrence S. Qua, 46, Filipino, Director of Ionics EMS, Inc. and Ionics Inc. He has been Vice President of Business Development and Vice President of the Original Design Manufacturing (ODM) Group at Ionics-EMS Inc. since 2010. He conceptualized and spearheaded the Ionics Smart Factory Project in 2016. He also founded Ionics Product Solutions Inc., (IPSI) in 2015. He is Treasurer of Ionics Properties Inc., (IPI). Mr. Qua serves as the President of the Electronics Industry Association of the Philippine Inc., (EIAPI) since 2017. He is CEO and Co-Founder of Quantum Insights and Analytics Inc., an Artificial Intelligence and Machine Learning Company. He also serves as Director of VOXP Tech Inc., a Software Development Company that has developed and owns multiple patented software based solutions and cloud based services. Prior to Ionics, he was Program Manager at Marvell Technology Group Inc., (NYSE: MRVL), a Semiconductor company in Santa Clara, CA for 10 years. Mr. Qua holds a Masters Degree of Business Administration from Babson College in Wellesley, MA and a Bachelor of Arts Degree in Economics from Occidental College in Los Angeles, CA. He has also taken Electrical Engineering courses at Stanford University in Palo, Alto, CA and has completed the Owners and Presidents Management Program (OPM) at the Harvard Business School in Cambridge, MA.

Jay A. Chavez, 52, Filipino, is the Executive Vice President for Operations and Chief Operating Officer. He holds an Electrical Engineering degree from Mapua Institute of Technology. He joined Ionics in 1995 as a Quality Control and Quality Assurance (QC/QA) engineer. Since then, he went up the organizational ladder and became QC/QA Manager, Manufacturing Senior Manager/Deputy Plant Manager, AVP for Manufacturing/Deputy for Operations, AVP for Materials Management, AVP for Supply Chain Management and VP for Operations.

Judy C. Qua, 74, Filipino, is Ionics Inc. Vice President for Corporate Affairs and Ionics EMS Inc. Vice President for Human Resources, Administration and Training. Concurrently she is the President and Chief Operating Officer of Iomni Precision Inc. She also serves as the Executive Assistant to the Chairman and CEO on special assignments. Previously she headed Business Development of Ionics EMS Inc. and was the Executive Director for Finance of IONOTE Ltd., the joint venture facility of Ionics EMS, Inc. and NOTE AB of Sweden in China. Prior to joining Ionics, her career covered a spectrum of teaching training development, advertising and marketing practice, and data management. Ms. Qua is a transformational psychologist, a professional lecturer, a certified faculty for the American Management Association and the Swedish-based CELEMI management simulation learning systems, and an author of four (4) books on changing perspectives and positive thinking. She is the lecturer-facilitator of The Second Wind Mind Works neurodynamics course. She holds a Master of Arts degree in Social and Industrial Psychology from Ateneo de Manila University and a Master of Business Administration degree from Kellogg-HKUST Business School of Northwestern University.

Manuel R. Roxas, 75, Filipino, has been the Company's Corporate Secretary for the past 26 years. His professional experience covers general corporate law practice as counsel to various companies engaged in banking, investments, pharmaceuticals, shipping, and manufacturing. Atty. Roxas received his Bachelor of Science degree in Economics from the University of Pennsylvania in 1970 and Bachelor of Laws degree from the University of the Philippines in 1975. His other professional affiliations include: Roxas de los Reyes Laurel & Rosario as Partner, Tax Management Association of the Philippines as past President, President Manuel A. Roxas Foundation, Inc., Mother Rosa Memorial Foundation, Inc. as Secretary, the Integrated Bar of the Philippines, Philippine Bar Association, the Wharton Club of the Philippines as member.

Krishna F. Villanueva, 32, Filipino, is the Company's Assistant Corporate Secretary. She is an associate lawyer at Roxas Delos Reyes Laurel & Rosario & Gonzales Law. She received her Bachelor of Science degree Business Administration (Cum Laude) from the University of the Philippines Diliman and her Juris Doctor degree from the University of the Philippines College of Law.

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

Ariel La Madrid, 66, Filipino, is the Company's Vice President for Inside Sales. Prior to joining Ionics, he was engaged by the International Procurement Office of IBM from 1986 to 1996 as its Supplier Engineer. He joined Ionics in 1996 as Assistant Vice President for Quality and currently holds one of the key positions in the Company. He graduated with an Electronics Communication Engineering degree from St. Louis University, Baguio.

Cesar G. Caubalejo, 58, Filipino, is the Vice President for Internal Audit, Chief Audit Executive and Assistant Compliance Officer. He graduated from the University of the Philippines at Tacloban City, Leyte in 1988 with a degree in Bachelor of Science in Business Administration Major in Accounting. He is a Certified Public Accountant and an Internal Audit Specialist and Certified Fraud Examiner. He worked and started his career with SyCip, Gorres, Velayo and Co. (SGV) in 1988 until his resignation from the firm as a Senior Director under the Business Risk Services in

December 2008. During his stint with SGV, he was assigned to work in other countries such as US, France, Vietnam, Malaysia and Kingdom of Saudi Arabia. In his short stint, in 2004 with KPMG Audit and Accounting Practice, he became its Country Manager in Lao PDR when he joined the firm. He also worked for a year (1997) as a group controller in one of the diversified companies in the Philippines. He is a member of the Institute of Internal Auditors Philippines. He joined Ionics EMS, Inc. on January 5, 2009.

Emma Y. Gerodias, 55, Filipino, is the Vice President for Quality & Engineering and former Vice President for Manufacturing of Ionics EMS, Inc. She holds an Electronics and Communications Engineering degree from Mapua Institute of Technology. She joined Ionics in 1992 as a Production Supervisor. Since then, she went up the organizational ladder and became Production Manager, Operations Manager, Business Unit Head, AVP for Innovations, until finally VP for Manufacturing.

Valerio Carandang Jr., 55, Filipino, is the Vice President for Operations and former Vice President of Field Sales and Customer Service. He is a licensed Electrical Engineer, a graduate from the Technological Institute of the Philippines. He started his career in Ionics in 1992 as Quality Control Engineer until 1994. He worked with PECCO (now Nidec Copal Philippines Corp.) until his resignation from the company as Quality Control Supervisor. In 1995, he rejoined Ionics as its Quality Control and Quality Assurance Head. He later became Engineering Manager, Manufacturing Manager, Assistant VP for Quality and Engineering, Assistant Vice President for Design and Development Group.

Jonathan T. Bibal, 53, Filipino, is the Vice President for Supply Chain Management and former Vice President for Operations. He holds an Electronics and Communications Degree from the University of Santo Tomas. He joined Ionics in 1994 as a Quality Control and Quality Assurance (QC/QA) engineer. Since then, he went up the organizational ladder and became Asst. QC/QA Manager, Supply Chain Manager, Business Unit Head covering Project Management, Supply Chain and Manufacturing Operations, Senior Customer Sales and Service Manager.

The Directors of the Company are elected at the annual stockholders' meeting to hold office until the next succeeding annual meeting and until their respective successors have been elected.

None of the directors were involved, during the past five years and up to the date hereof, in any bankruptcy petition filed by or against any business of which a director was a general partner or executive officer either at the time of the bankruptcy or within two years to that time; nor was any director convicted by final judgment in a criminal proceeding, domestic or foreign, or was subject to a criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses; or was subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking services; or was found by a domestic or foreign court of competent jurisdiction (in a civil action), the commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, to have violated a securities or commodities law.

None of the directors has informed the Company that he/she intends to oppose any action to be taken by the Company at the meeting.

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

Item 10. Executive Compensation

The following table summarizes the compensation of the five highest paid executive officers of the Group and the aggregate compensation of all officers and directors as a group for the last two completed calendar years, and the estimated aggregate compensation of the said officers and directors for the present calendar year.

SUMMARY COMPENSATION TABLE
Annual Compensation

| | Year | Salary | Others * |
|---|--------------------|-----------|----------|
| Executive Officer and Four (4) most highly compensated executive officers | 2025 (estimate) | \$486,758 | \$37,500 |
| | 2024 | 442,507 | 37,500 |
| | 2023 | 561,623 | 75,000 |
| All officers and directors as a group unnamed | 2025 (estimate) | 798,588 | 337,500 |
| | 2024 | 725,989 | 337,500 |
| | 2023 | 913,723 | 337,500 |

***Others – includes per diem of directors**

The following are the five (5) most highly compensated executive officers of the Company (i.e. on a consolidated basis):

1. Mr. Raymond Ma. C. Qua is the President and Chief Executive Officer
2. Mr. Jay A. Chavez is the Executive Vice President for Operations & Chief Operating Officer
3. Ms. Judy C. Qua is the Senior Vice President for Corporate Affairs & Human Resources
4. Mr. Ronan R. Andrade is the Vice President for Finance/Chief Risk Officer
5. Mr. Earl Lawrence S. Qua is the Vice President for Business Development and World Wide Sales

Directors who are not officers of the Company are entitled to a per diem of Nine Thousand Three Hundred Seventy-Five Dollars (US\$9,375.00) per meeting attended.

The Chief Executive Officer of the Company receives monthly compensation. All other executive officers receive monthly compensation.

As of December 31, 2024, no executive officer of the Registrant is under employment contract.

Item 11. Security Ownership of Certain Beneficial Owners and Management

As of December 31, 2024

(a) Security Ownership of Certain Record and Beneficial Owner

| Title of class | Name and address of Record Owner and Relationship with Issuer | Citizenship | Number of Shares Held | Percent Held |
|------------------|--|-------------|---------------------------|--------------|
| Common Preferred | Ionics, Inc. <i>Circuit, Street, LISPP-1, Barangay Diezmo, Cabuyao Laguna</i> <i>Shareholder</i> | Filipino | 1,508,801,439 (R) Common | 96.72% |
| | | | 927,824,176 (R) Preferred | 100% |

Security Ownership of Management

| Title of class | Name of Beneficial Owner | Amount and nature of beneficial ownership | Citizenship | Percent of class |
|----------------|---|---|-------------|------------------|
| Common | Alfredo R. de Borja Director – Chairman of the Board | 1 Direct | Filipino | Nil |
| Common | Raymond Ma C. Qua Director – President & Chief Executive Officer | 2 Direct | Filipino | Nil |
| Common | Meliton C. Qua Director | 2 Direct | Filipino | Nil |
| Common | Guillermo D. Luchangco Director | 70,002 Direct | Filipino | Nil |
| Common | Earl Lawrence S. Qua Director – VP – Business Development | 1 Direct | Filipino | Nil |
| Common | Cecilia Q. Chua Director | 1 Direct | Filipino | Nil |
| Common | Monica Siguion Reyna Villonco Director | 2 Direct | Filipino | Nil |
| Common | Medel T. Nera Director | 1 Direct | Filipino | Nil |
| Common | Lilia de Lima Director | 1 Direct | Filipino | Nil |
| | Jay Chavez EVP–Operations & Chief Operating Officer | 0 | Filipino | 0 |
| | Judy C. Qua SVP – Corporate Affairs/Human Resources | 0 | Filipino | 0 |
| | Ariel B. La Madrid VP - Inside Sales | 0 | Filipino | 0 |
| | | | | |

| Title of class | Name of Beneficial Owner | Amount and nature of beneficial ownership | Citizenship | Percent of class |
|-----------------------|--|--|--------------------|-------------------------|
| | Ronan R. Andrade VP–Finance/Chief Finance Officer | 0 | Filipino | 0 |
| | Manuel R. Roxas Corporate Secretary | 0 | Filipino | 0 |
| | Krishna F. Villanueva Assistant Corporate Secretary | 0 | Filipino | 0 |
| | Cesar G. Caubalejo VP – Internal Audit/Assistant Compliance Officer | 0 | Filipino | 0 |
| | Emma Gerodias VP – Quality & Engineering | 0 | Filipino | 0 |
| | Valerio Carandang Jr VP-Operations | 0 | Filipino | 0 |
| | Jonathan T. Bibal VP-Supply Chain Management | 0 | Filipino | 0 |
| | Rosalina Vicente Senior Manager for Accounting & Budget | 0 | Filipino | 0 |
| | Total | 70,013 (all held directly) | | Nil |

(b) Voting Trust Holders of 5% or More

There are no voting trust holders of 5% or more

(c) Changes in control

The Group has not entered into any arrangement which may result in a change in control of the Group.

Item 12. Certain Relationships and Related Transactions

The Group has no significant related party transactions with its stockholders, directors, officers and affiliated companies except as follows:

(a) lease arrangements:

- The Company leases two factories, Plants V and VI, from its Ultimate Parent Company, Ionics, Inc. The lease agreement began on January 1, 2024 and July 1, 2023 for Plant 5 and 6 and shall continue up until December 31 and June 30, 2024, respectively. As of July 2024, the renewal of lease agreement for Plant 5 has been executed for one (1) year until June 30, 2025.

- The Company also entered into a lease agreement with IOMNI Precision, Inc., for the lease of an office space with an area of 1,500 square meters from January 16, 2023 to January 15, 2024. It was continued and renewed for another year from January 16, 2024 until January 15, 2025.
- The Company also leased another factory, Plant 2, from Ionics Properties Inc. with an area of 6,634 square meters from May 01, 2023 to April 30, 2024. Starting May 01, 2024 to April 30, 2025 the area increased to 7,470 square meters with rental rate of \$6.34 per square meters, subject to the extension or renewal upon mutual agreement of the parties.
- The Company leased another factory, Plant 4, from Ionics Properties Inc. and lease a portion of the 2nd floor with an area of 1,300 square meters with rental rate of \$6.30 per square meters from November 01, 2024 to October 31, 2025, subject to the extension or renewal upon mutual agreement of the parties.

(b) legal services

The Company retains for legal services the law firm *Roxas de los Reyes Laurel Rosario & Leagogo Law Offices* where the Corporate Secretary, Manuel R. Roxas, and Assistant Corporate Secretary, Krisha F. Villanueva, is a partner and associate lawyer, respectively. Management believes that the legal fees paid are reasonable for the services rendered.

(c) financial advisors

Investment and Capital Corporation of the Philippines (“ICCP”) is retained by the Company as its Financial Advisor. Guillermo D. Luchanco, who has been a director of the Company since 1991, is Chairman and Chief Executive Officer of ICCP. Management believes that the retainer fees paid to ICCP are reasonable.

(d) acquisition of assets

There has been no acquisition of assets for the past three years.

(e) acquisition of shares

There has been no acquisition of shares for the past three years.

PART IV – CORPORATE GOVERNANCE REPORT

Item 13. Corporate Governance

(a) Evaluation System

The Compliance Officer is currently in charge of evaluating the level of compliance of the Board of Directors and top-level management of the Corporation. The implementation of the Corporate Governance Scorecard allows the Company to properly evaluate compliance to the Manual.

(b) Compliance Report

Measures are slowly being undertaken by the Company to fully comply with the adopted leading practices on good corporate governance and one of them is attending seminars by our Corporate Directors.

(c) Deviations

The Company is taking steps towards full compliance of its Corporate Governance Manual

(d) Plan to improve

The Company continues to improve its Corporate Governance when appropriate and warranted, in its best judgment.

PART V - EXHIBITS AND SCHEDULES


Item 14. Exhibits and Reports on SEC Form 17-C

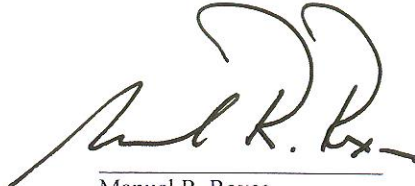
1. March 12, 2024 – At the regular meeting of the Corporation held on March 08, 2024, the Board of Directors approved the Annual Shareholders Meeting of the Corporation will be held on June 11, 2024 at 10:00am via remote communication, All stockholders of record as of the close of business hours on May 15, 2024 shall be entitled to notice of, and to vote at, said meeting.
2. June 19, 2024 – At the Annual Stockholders' meeting of the Corporation held on June 11, 2024, the Board of Directors approved that Mr. Alfredo R. de Borja, Mr. Medel T. Nera and Ms. Lilia B. de Lima were nominated and elected as independent directors in compliance with the Securities Regulation Code. SGV & Co. was re-appointed external auditor of the Corporation for the ensuing year.
3. December 13, 2024 – On December 9, 2024, the Board of Directors of Ionics EMS, Inc. and its parent company, Ionics Inc. approved the proposed Solar Panel Project to install solar panels on the roofs of Plant 2 and 5/6 at a cost estimated at US\$1.13 million to be financed partially through a bank loan. It is expected that the project will result in savings on EMS's power requirements and contribute to the environment and its sustainability goals.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the city of MAKATI CITY on APR 10 2025

By:


Ronan R. Andrade
Chief Finance Officer


Manuel R. Roxas
Corporate Secretary


Raymond Maria C. Qua
President & Chief Executive Officer

APR 10 2025

SUBSCRIBED AND SWORN to before me this _____ day of _____ 2025 affiant(s) exhibiting to me their Passport Numbers, as follows:

| <u>NAMES</u> | <u>PASSPORT/ SENIOR NO.</u> | <u>DATE OF ISSUE</u> | <u>PLACE OF ISSUE</u> |
|----------------------|-----------------------------|----------------------|-----------------------|
| Ronan R. Andrade | P6019614A | February 13, 2018 | DFA Lucena |
| Manuel R. Roxas | P7678659B | September 23, 2021 | DFA Manila |
| Raymond Maria C. Qua | P5737906A | January 24, 2018 | DFA NCR South |

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Book No. IX

Series of 2025


ATTY. KRISHA F. VILLANUEVA
Notary Public until 31 December 2026
19th/F BDO Plaza, 8737 Paseo de Roxas, Makati City
PTR No. 10467738, Makati City, 03 January 2025
IBP No. 498888, Oriental Mindoro, 06 January 2025
Roll No. 75697, Appointment No. M-160
MCLE Compliance No VIII-0015294. 30 Oct 2024

| | |
|----------------------------|-------------------|
| DOCUMENTARY STAMP TAX PAID | |
| 29146613 | APR 10 2025 |
| (SERIAL NUMBER) | (DATE OF PAYMENT) |

IONICS EMS, INC AND SUBSIDIARY
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SCHEDULES
SEC FORM 17-A

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for the years ended December 31, 2024, 2023 and 2022
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