COVER SHEET
for
FINANCIAL STATEMENTS

SEC Registration Number

A	1	9	9	9	-	1	3	8	2	7

Company Name

IONICS EMS, INC. AND SUBSIDIARY

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

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

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

COMPANY INFORMATION

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

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
7,207	06/15	2023/03/31

CONTACT PERSON INFORMATION

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

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

Contact Person's Address

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

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

IONICS EMS, INC. and SUBSIDIARY
QUARTERLY REPORT
For the 1st Quarter Ended March 31, 2023

(SEC Form 17-Q)

SEC Number **A1999-13827**
File Number ______________

IONICS EMS, INC. AND SUBSIDIARY

(Company's Full Name)

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

(Company's Address)

(049) 508-1111

(Telephone Number)

March 31, 2023

(Fiscal Year Ending)
(month & day)

Quarterly Unaudited Interim Condensed
Consolidated Financial Statements
(SEC Form 17-Q)

Form Type

____

Amendment Designation (If applicable)

____

Period Ended Date

____

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1.	For the Quarter ended	: March 31, 2023
2.	Commission 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 & Science Park of the Philippines I, Bo. Diezmo, Cabuyao City, Laguna
8.	Postal Code	: 4025
9.	Issuer's telephone number, including area code	: (049) 508-1111 (049) 508-1111 loc 309 Fax Number

10. Former name, former address and former fiscal year, if changed since last report.

11. 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
Common	PhP0.25 par value, issued 1,560,000,000 shares
Preferred	PhP0.25 par value, issued 927,824,176 shares

12. Are any or all of the securities listed on a Stock Exchange?

Yes [] No [x]

13. Indicate by check mark whether the registrant:

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

Yes [x] No []

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

Yes [x] No []

PART I - FINANCIAL INFORMATION

ITEM 1. Unaudited Interim Condensed Consolidated Financial Statements

The unaudited interim condensed consolidated financial statements including notes thereto are filed as part of this report (pages 12-42).

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

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

	March 31, 2023	December 31, 2022
Revenue Growth	**76.58%**	26.51%
Gross Profit Margins	**11.45%**	8.45%
Net Income Margins	**3.35%**	2.96%
Return on Equity	**3.51%**	10.22%
Current Ratio	**1.06:1**	1.07:1
Acid Test Ratio	**0.36:1**	0.37:1
Leverage Ratio	**0.75:1**	0.73:1
Debt-to-Equity Ratio	**3.28:1**	3.11:1
Asset-to-Equity Ratio	**4.28:1**	4.11:1
Interest Rate Coverage Ratio	**3.45:1**	4.29:1

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

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

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

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

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

6. **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.

7. **Leverage Ratio**
   Leverage ratio determines the Group's cost mix and its effects on the operating income. This is computed by dividing net debt by the sum of total equity and net debt.

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

9. **Asset-to-Equity Ratio**
   Asset-to-equity ratio is the ratio of the Group's leverage and long-term solvency. This ratio is used to measure an entity's leverage. 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 payments. This is computed by dividing the sum of income before income taxes and finance costs by the finance costs.

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

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

The causes for any material change from period to period, which shall include vertical and horizontal analyses of any material item, were disclosed in page numbers 8 - 9 of this report.

CONSOLIDATED FINANCIAL POSITION

As of March 31, 2023, the assets of the Group amounted to US$93.322 million which is US$6.834 million higher than the US$86.487 million as of December 31, 2022. The increase in the Group's total assets was due to the increase in receivables, contract assets, prepayments and other current assets, deferred tax assets – net and property, plant and equipment.

Current ratio decreased from 1.06:1 as of December 31, 2022 to 1.05:1 as of March 31, 2023. The Group's leverage ratio is 0.73:1 as of December 31, 2022 to 0.75:1 as of March 31, 2023.

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

	Percentage increase (decrease)	
	March 31, 2023 vs December 31, 2022 %	December 31, 2022 vs December 31, 2021 %
ASSETS		
Cash	**(56)**	90
Receivables	**19**	8
Contract assets	**19**	66
Inventories	**N/A**	72
Advances to suppliers	**N/A**	(35)
Prepayments and other current assets	**7**	101
Financial asset at fair value through other comprehensive income (FVOCI)	**N/A**	42
Property and equipment	**27**	N/A
Right-of-use assets	**(7)**	(5)
Refundable deposits	**N/A**	14
Deferred tax assets - net	**25**	(69)
LIABILITIES		
Accounts payable and accrued expenses	**9**	68
Related parties	**N/A**	5
Contract liabilities	**(8)**	42
Lease liabilities	**(11)**	N/A
Bank loans and long-term debt	**35**	51
Net pension liability	**6**	(7)
Income tax payable	**97**	127

Reasons of Increase (Decrease)

As of March 31, 2023 (03.31.23 vs 12.31.22)

Cash decreased due to net cash flows used in operations and downpayment for machine acquired in Q1. Receivables increased due to higher sales for the quarter. Contract assets increased due to higher level of work in process and finished goods. The increase in prepayments and other current assets was due to prepayment made during the quarter. Property and equipment increased due to acquisitions of machinery during the quarter. Right-of-use assets (ROU) decreased due to amortization for the quarter. Deferred tax assets - net increased mainly due to unamortized PAS service cost recognition. The increase in accounts payable and accrued expenses is attributable to the purchase of raw materials. Contract liabilities decreased due to return of customers advance payment for material ordering. Lease liabilities decreased due to payment of amortization for the quarter. Bank loans and long-term debt increased due to acquisition of machine under long term debt. Net pension liability increased due to accrual of pension expense during the quarter. Income tax increased due to provision of income tax during the quarter.

As of December 31, 2022 (12.31.22 vs. 12.31.21)

Cash increased due to net positive cash flows financing activities. Receivables increased due to higher sales. Contract assets increased due to higher level of work in process and finished goods accounted under PFRS 15. Inventories increased due to inventory buildup resulting from longer material lead time of critical components due to global material shortage impacting the industry and the materials intended for new turnkey customers. Advances to suppliers decreased due to the decrease in advanced payment made to suppliers for material ordering. The increase in prepayments and other current assets is due to the renewal of IT related licenses 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. Right-of-use assets (ROU) decreased due to amortization for the period. Refundable deposits increased due to security deposits for new warehouse in Plant 2. 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 increase in accounts payable and accrued expenses is related to the increase in raw materials. Related parties increased due to additional advances made from Parent Company. Contract liabilities increased due to payment received from customer for advance ordering of materials. Bank loans and long-term debt increased due to additional bank loans for working capital requirements during the year. Income tax increased due to provision of income tax during the period. Net pension liability decreased due to number of eligible members who reached the normal retirement age.

Consolidated Results of Operations

The summarized sales and net income (loss) of the Group for the three months period ended March 31, 2023 and 2022 are presented as follows:

	March 31, 2023 (3 months) (‘000)		March 31, 2022 (3 months) (‘000)	
COMPANY	**SALES**	**NET INCOME (LOSS)**	SALES	NET INCOME (LOSS)
EMS Parent	**US$22,758,235**	**US$779,796**	US$12,917,890	US$164,211
EMS-USA	**83,281**	**(14,600)**	17,445	(12,448)
Consolidated	**US$22,841,516**	**US$765,196**	US$12,935,335	US$151,763

The Group’s revenue increased by US$9.907 million or 77% from US$12.935 million for the three months ended March 31, 2022 to US$22.842 million in the same period of 2023 due to higher customer demands. With the foregoing, gross profit increased by 184% or US$1.694 million from US$0.921 million for the three months ended March 31, 2022 to US$2.615 million in the same period of 2023.

Operating expenses increased by US$0.441 million from US$0.647 million for the three months period ended March 31, 2022 to US$1.088 million in the same period of 2023 primarily due to increase in commission expenses resulting from higher sales subject to commission. Interest expense increased to US$0.238 million for the three months period ended March 31, 2023 from US$0.138 million in the same period of 2022 due to higher bank loans and interest rates. From net foreign exchange gain of US$0.083 million for the three months ended March 31, 2022, the Company reported net foreign exchange loss of US$0.217 million in the same period of 2023.

With the foregoing, the Group reported a net income of US$0.765 million and US$0.152 million for the three months period ended March 31, 2023 and 2022, respectively.

ITEM 3. Additional Requirements

Financial Soundness Indicators

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

a. Liquidity Ratio

	March 31, 2023	December 31, 2022
Current ratio		
Current ratio	**1.06:1**	1.07:1
Acid test ratio	**0.36:1**	0.37:1
Debt-to-equity ratio	**3.28:1**	3.11:1
Asset-to-equity ratio	**4.28:1**	4.11:1

b. Profitability Ratio

	March 31, 2023	March 31, 2022
Interest rate coverage ratio	**3.45:1**	2.55:1
Gross profit margins	**11.45%**	7.12%
Operating income margins	**6.68%**	2.13%
Net income margins	**3.35%**	1.18%
Revenue growth (decline)	**76.58%**	(8.15%)

PART II - OTHER INFORMATION

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

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

SIGNATURE

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

ISSUER : **IONICS EMS, INC.**

RONAN R. ANDRADE Chief Finance Officer	5-15-23 Date
LAWRENCE C. QUA President & Chief Executive Officer	5-15-23 Date

IONICS EMS, INC. AND SUBSIDIARY

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

	Unaudited March 31, 2023	Audited December 31, 2022
ASSETS		
Current Assets		
Cash (Notes 3, 4, 5 and 6)	**US$2,166**	US$4,898
Receivables (Notes 3, 4 and 7)	**18,313**	15,433
Contract assets (Notes 3 and 8)	**5,602**	4,705
Inventories (Note 9)	**38,007**	36,549
Advances to suppliers	**2,146**	2,202
Prepayments and other current assets	**661**	618
Total Current Assets	**66,895**	64,405
Noncurrent Assets		
Financial asset at FVOCI (Note 3)	**28**	26
Property and equipment (Note 10)	**21,978**	17,354
Right-of-use assets (Note 18)	**3,846**	4,137
Refundable deposits (Notes 3, 4 and 17)	**570**	561
Deferred tax assets - net	**5**	4
Total Noncurrent Assets	**26,427**	22,082
	US$93,322	US$86,487

LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Notes 3, 4, 5, 11 and 17)	**US$26,607**	US$24,413
Advances from related parties (Notes 3, 4, 5 and 17)	**15,164**	15,314
Contract liabilities (Note 8)	**1,446**	1,578
Current portion of bank loans and long-term debt (Notes 3, 4, 5 and 12)	**19,325**	18,034
Current portion of lease liabilities (Notes 3, 4, 5, 17 and 18)	**416**	644
Income tax payable	**318**	161
Total Current Liabilities	**63,276**	60,144
Noncurrent Liabilities		
Bank loans and long-term debt - net of current portion (Notes 3, 4, 5 and 12)	**2,958**	30
Lease liabilities - net of current portion (Notes 3, 4, 5, 17 and 18)	**2,590**	2,740
Net pension liability	**2,707**	2,548
Total Noncurrent Liabilities	**8,255**	5,318
Total Liabilities	**71,531**	US$65,462
Equity (Note 5)		
Capital stock		
Common stock	**7,695**	7,695
Preferred stock	**4,845**	4,845
Additional paid-in capital	**2,114**	2,114
Other reserves	**(486)**	(486)
Unrealized gain on financial asset at FVOCI	**13**	12
Retained earnings	**7,610**	6,845
Total Equity	**21,791**	21,025
	US$93,322	US$86,487

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

IONICS EMS, INC. AND SUBSIDIARY

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands, except Income (Loss) per Share)

	2023	2022
	January to March (3 months)	January to March (3 months)
REVENUE FROM CONTRACTS WITH CUSTOMERS (Note 19)	**US$22,842**	US$12,935
COST OF SALES (Note 13)	**20,227**	12,014
GROSS PROFIT	**2,615**	921
OPERATING EXPENSES (Note 14)	**1,088**	647
INCOME BEFORE OTHER INCOME (EXPENSES)	**1,527**	274
OTHER INCOME (EXPENSES)		
Finance costs (Note 15)	**(376)**	(138)
Others - net (Note 16)	**(229)**	78
	(605)	(60)
INCOME BEFORE INCOME TAX	**922**	214
PROVISION FOR INCOME TAX	**157**	62
NET INCOME	**765**	152
OTHER COMPREHENSIVE INCOME		
Items that may not be reclassified to profit or loss:		
Unrealized gain on financial asset at FVOCI	**1**	1
TOTAL COMPREHENSIVE INCOME	**US$766**	US$153
BASIC/DILUTED INCOME PER SHARE (Note 20)	**US$0.0005**	US$0.0001

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

IONICS EMS, INC. AND SUBSIDIARY

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands)

	For the Period Ended March 31, 2023						
	Common Stock	**Preferred Stock**	**Additional Paid-in Capital**	**Other Reserves**	**Unrealized Gain on Financial Asset at FVOCI**	**Retained Earnings**	**Total**
Balances at January 1, 2023	**US$7,695**	**US$4,845**	**US$2,114**	**(US$486)**	**US$12**	**US$6,845**	**US$21,025**
Net income	–	–	–	–	–	**765**	**765**
Unrealized gain on financial asset at FVOCI	–	–	–	–	**1**	–	**1**
Total comprehensive income	–	–	–	–	**1**	**765**	**766**
Balances at March 31, 2023	**US$7,695**	**US$4,845**	**US$2,114**	**(US$486)**	**US$13**	**US$7,610**	**US$21,791**

	For the Period Ended March 31, 2022						
	Common Stock	Preferred Stock	Additional Paid-in Capital	Other Reserves	Unrealized Loss on Financial Asset at FVOCI	Retained Earnings	Total
Balances at January 1, 2022	US$7,695	US$4,845	US$2,114	(US$836)	US$5	US$4,696	US$18,519
Net income	–	–	–	–	–	152	152
Unrealized gain on financial asset at FVOCI	–	–	–	–	1	–	1
Total comprehensive income	–	–	–	–	1	153	153
Balances at March 31, 2022	US$7,695	US$4,845	US$2,114	(US$836)	US$6	US$4,848	US$18,672

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

IONICS EMS, INC. AND SUBSIDIARY

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

	For the Period Ended March 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**US$922**	US$214
Adjustments for:		
Depreciation and amortization (Notes 10, 13, 14 and 18)	**1,205**	1,116
Finance costs (Note 15)	**376**	138
Interest income (Notes 6 and 16)	**(1)**	–
Movement in net pension liability	**159**	242
Operating income before working capital changes	**2,661**	1,710
Changes in working capital:		
Decrease (increase) in:		
Receivables	**(2,880)**	2,605
Contract assets	**(897)**	(605)
Inventories	**(1,457)**	(5,182)
Advances to suppliers	**56**	(85)
Prepayments and other current assets	**(43)**	(156)
Increase (decrease) in:		
Accounts payable and accrued expenses	**2,107**	2,037
Contract liabilities	**(133)**	466
Net cash generated from (used in) operations	**(586)**	790
Interest received (Notes 6, 7 and 16)	**1**	–
Net cash provided by (used in) operating activities	**(585)**	790
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property and equipment (Notes 10 and 12)	**(1,313)**	(179)
Increase in refundable deposits	**(9)**	(6)
Net cash used in investing activities	**(1,322)**	(184)
CASH FLOWS FROM FINANCING ACTIVITIES		
Availments (Note 3)		
Commercial loans	**14,000**	8,000
Payments (Note 3):		
Commercial loans	**(14,000)**	(8,000)
Long-term debt	**–**	(200)
Principal portion of lease liabilities	**(378)**	(429)
Bank loans	**(9)**	(13)
Advances from related parties	**(150)**	(100)
Interest on bank loans, long-term debt and lease liabilities (Notes 12, 15 and 18)	**(288)**	(143)
Net cash provided by (used in) financing activities	**(825)**	(885)
NET DECREASE IN CASH	**(2,732)**	(280)
CASH AT BEGINNING OF PERIOD	**4,898**	2,574
CASH AT END OF PERIOD (Note 6)	**US$2,166**	US$2,294

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

1. Corporate Information

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 domestic corporation incorporated in the Philippines and listed in the Philippine Stock Exchange.

The Parent Company is engaged in the manufacture of printed circuit board (PCB) assembly, box build assembly (finished product assembly), disk drive magnetic head assembly, systems and subsystems assembly as well as design and testing services.

In 2010, Ionics - EMS (USA), Inc., a wholly-owned subsidiary, was incorporated in the United States of America, primarily to engage in designing and introducing new products.

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

The unaudited interim condensed consolidated financial statements of the Group were authorized for issue by the Board of Directors (BOD) on May 09, 2023.

2. Summary of Significant Accounting Policies

Basis of Preparation

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

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

The Parent Company's functional currency and 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.

New Standards, Interpretations and Amendments

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

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

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

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

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

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

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

3. Financial Risk Management Objectives and Policies

Risk management structure
All policy directions, business strategies and management initiatives emanate from the BOD which strives to provide the most effective leadership for the Group. For this purpose, the BOD convenes in quarterly meetings and in addition, is available to meet in the interim should the need arises.

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

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

The Group has various financial assets such as cash, receivables (excluding advances to managers and employees), contract assets, financial asset at FVOCI and refundable deposits. The Group's principal financial liabilities consist of accounts payable and accrued expenses, advances from related parties, bank loans and long-term debt and lease liabilities. The main purpose of these financial liabilities is to raise funds for the Group's operations.

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

<u>Credit Risk</u>
Credit risk is the risk of loss resulting from the failure of a borrower or counterparty to perform its obligations during the life of the transaction. This includes the risk of non-payment by banks and customers, failed settlement of transactions and default on contracts.

Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. The Group's credit risk management involves entering into arrangements only with counterparties with acceptable credit standing and that are duly approved by the BOD.

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 will calibrate 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.

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

Cash 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.

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

Concentration of credit risk
The Group has concentration of credit risk due to sales to significant customers. Largest customer accounted for approximately 12.37% and 15.04% of total revenue from contracts with customers for the three months period ended March 31, 2023 and 2022, respectively. The Group's top five (5) customers accounted for approximately 51.17% and 57.31% of its total revenue from contracts with customers for the three months period ended March 31, 2023 and 2022, respectively. The Group's financial instruments are broadly diversified along industry, product and geographic lines, and transactions are entered into with a range of counterparties, thereby, mitigating any significant concentration of credit risk.

As of March 31, 2023, the financial and contract assets of the Group are more concentrated to the telecom, computer peripherals and consumer electronics and which accounted for 88.12%, while in December 31, 2022, more concentrated to the computer peripherals, telecom and consumer electronics which accounted for 76.93% of the total credit risk exposure, respectively.

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

	March 31, 2023	December 31, 2022
Telecommunications (telecom)	**US$9,303**	US$7,057
Computer peripherals	**7,472**	7,196
Consumer electronics	**6,680**	5,409
Banks and financial intermediaries*	**2,161**	4,892
Others**	**1,001**	1,003
Total	**US$26,617**	US$25,557

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

The tables below summarize the credit quality of the Group's financial and contract assets (gross of allowance for impairment losses) as at March 31, 2023 and December 31, 2022, respectively:

	March 31, 2023				
	Minimal Risk	**Average Risk**	**High Risk**	**Credit Impaired**	**Total**
Cash*	**US$2,161**	**US$–**	**US$–**	**US$–**	**US$2,161**
Receivables					
Trade receivables	**15,405**	–	–	**88**	**15,493**
Other receivables from customers	**2,620**	–	–	**19**	**2,639**
Advances to managers and employees**	**95**	–	–	–	**95**
SSS claims receivables	**56**	–	–	–	**56**
Others	**103**	–	–	–	**103**
Contract assets	**5,602**	–	–	–	**5,602**
Refundable deposits	**570**	–	–	–	**570**
	US$26,617	**US$–**	**US$–**	**US$107**	**US$26,719**

**Excludes cash on hand amounting to US$0.01 million.*
***Excludes nonfinancial assets amounting to US$0.03 million.*

	December 31, 2022				
	Minimal Risk	Average Risk	High Risk	Credit Impaired	Total
Cash*	US$4,892	US$−	US$−	US$−	US$4,892
Receivables					
Trade receivables	13,190	−	−	86	13,276
Other receivables from customers	1,949	−	−	19	1,968
Advances to managers and employees**	96	−	−	−	96
SSS claims receivables	59	−	−	−	59
Others	105	−	−	−	105
Contract assets	4,705	−	−	−	4,705
Refundable deposits	561	−	−	−	561
	US$25,557	US$−	US$−	US$105	US$25,662

**Excludes cash on hand amounting to US$0.01 million.*
***Excludes nonfinancial assets amounting to US$0.03 million.*

The Group classifies credit quality risk as follows:

Minimal risk - accounts with a high degree of certainty in collection, where counterparties have consistently displayed prompt settlement practices, and have little to no instances of defaults or discrepancies in payment; also includes transactions with related parties.

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 in banks 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 below summarize the staging considerations (other than trade receivables, other receivables from customers and contract assets subject to provision matrix) of the Group's financial assets as at March 31, 2023 and December 31, 2022, respectively:

	March 31, 2023			
	Stage 1 (12-month ECL)	**Stage 2 (Lifetime ECL)**	**Stage 3 (Credit impaired)**	**Total**
Cash in banks	**US$2,161**	**US$−**	**US$−**	**US$2,161**
Receivables				
Advances to managers and employees*	**96**	**−**	**−**	**96**
SSS claims receivables	**56**	**−**	**−**	**56**
Others	**103**	**−**	**−**	**103**
Refundable deposits	**570**	**−**	**−**	**570**
Total	**US$2,989**	**US$−**	**US$−**	**US$2,989**

**Excludes nonfinancial assets amounting to US$0.03 million*

	December 31, 2022			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Credit impaired)	Total
Cash in banks	US$4,892	US$−	US$−	US$4,892
Receivables				
Advances to managers and employees*	96	−	−	96
SSS claims receivables	59	−	−	59
Others	105	−	−	105
Refundable deposits	561	−	−	561
Total	US$5,713	US$−	US$−	US$5,713

**Excludes nonfinancial assets amounting to US$0.03 million*

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

March 31, 2023:

		Trade receivables							
			Days past due						
	Contract Assets	**Current**	**<30 days**	**30-60 days**	**61-90 days**	**91-120 days**	**121-150 days**	**>150 days**	**Total**
Expected credit loss rate	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	
Estimated total gross carrying amount at default	**US$5,602**	**US$11,368**	**US2,308**	**US$1,546**	**US$137**	**US$−**	**US$−**	**US$47**	**US$15,406**
	−	**−**	**−**	**−**	**−**	**−**	**−**	**−**	**−**
		Other receivables from customers							
Expected credit loss rate		**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	
Estimated total gross carrying amount at default		**2,123**	**288**	**209**	**−**	**−**	**−**	**−**	**2,620**
		−	**−**	**−**	**−**	**−**	**−**	**−**	**−**
Total expected credit loss	**US$−**	**US$−**	**US$−**	**US$−**	**US$−**	**US$−**	**US$−**	**US$−**	**US$−**

December 31, 2022:

		Trade receivables							
			Days past due						
	Contract Assets	Current	<30 days	30-60 days	61-90 days	91-120 days	121-150 days	>150 days	Total
Expected credit loss rate	0%	0%	0%	0%	0%	0%	0%	0%	
Estimated total gross carrying amount at default	US$4,705	US$10,869	US$1,529	US$333	US$408	US$−	US$5	US$46	US$13,190
	−	−	−	−	−	−	−	−	−
		Other receivables from customers							
Expected credit loss rate		0%	0%	0%	0%	0%	0%	0%	
Estimated total gross carrying amount at default		1,694	206	20	9	−	20	−	1,949
		−	−	−	−	−	−	−	−
Total expected credit loss	US$−	US$−	US$−	US$−	US$−	US$−	US$−	US$−	US$−

Liquidity Risk

Liquidity risk is the risk of not being able to meet funding obligations such as the repayment of liabilities or payment of asset purchases. Short-term and long-term funding is obtained to finance cash requirements for operations and capital expenditures. Amount of credit lines are obtained from designated banks duly approved by the BOD. Surplus funds are placed with reputable banks to which the Group has outstanding loans, loan facilities and/or banking transactions. 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 liquidity requirements in the short and longer term.

The tables below show the maturity profile of the Group's financial assets and liabilities, based on its internal methodology that the Group uses to manage liquidity based on contractual undiscounted cash flows:

	March 31, 2023						
	On demand	**Less than 1 month**	**1 to 2 months**	**2 to 6 months**	**6 to 12 months**	**1 to 5 years**	**Total**
Financial assets							
Cash	**US$2,166**	**US$−**	**US$−**	**US$−**	**US$−**	**US$−**	**US$2,166**
Receivables							
Trade receivables	**4,038**	**11,368**	−	−	−	−	**15,406**
Other receivables from customers	**497**	**2,123**	−	−	−	−	**2,620**
Advances to managers and employees	−	**99**	−	−	−	−	**99**
SSS claims receivables	−	**56**	−	−	−	−	**56**
Others	**103**	−	−	−	−	−	**103**
Refundable deposits	−	−	−	−	−	**570**	**570**
	6,804	**13,646**	−	−	−	**570**	**21,020**
Financial liabilities							
Accounts payable and accrued expenses[1]	**10,150**	**16,027**	−	−	−	−	**26,177**
Advances from related parties	**15,164**	−	−	−	−	−	**15,164**
Bank loans and long-term debt[2]	−	**113**	**14,466**	**4,423**	**482**	**3,329**	**22,814**
Lease liabilities[3]	−	**33**	**67**	**104**	**212**	**2,590**	**3,006**
	25,314	**16,173**	**14,533**	**4,527**	**694**	**5,919**	**67,161**
Liquidity gap	**(US$18,510)**	**(US$2,527)**	**(US$14,533)**	**(US$4,527)**	**(US$694)**	**(US$5,347)**	**(US$46,141)**

[1]*Excludes nonfinancial liabilities amounting to US$0.43 million*

[2]*Includes future interests amounting to US$0.55 million*

[3]*Includes future interests amounting to US$0.30 million*

	December 31, 2022						
	On demand	Less than 1 month	1 to 2 Months	2 to 6 months	6 to 12 months	1 to 5 Years	Total
Financial assets							
Cash	US$4,898	US$−	US$−	US$−	US$−	US$−	US$4,898
Receivables							
Trade receivables	2,321	10,869	−	−	−	−	13,190
Other receivables from customers	255	1,694	−	−	−	−	1,949
Advances to managers and employees[1]	−	96	−	−	−	−	96
SSS claims receivables	−	59	−	−	−	−	59
Others	103	2	−	−	−	−	105
Refundable deposits	−	−	−	−	−	561	561
	7,577	12,720	−	−	−	561	20,858

(Forward)

	December 31, 2022						
	On demand	Less than 1 month	1 to 2 Months	2 to 6 months	6 to 12 months	1 to 5 Years	Total
Financial liabilities							
Accounts payable and accrued expenses[2]	US$10,902	US$13,108	US$−	US$−	US$−	US$−	US$24,010
Advances from related parties	15,314	−	−	−		−	15,314
Bank loans and long-term debt[3]	−	10,043	4,024	4,134	388	30	18,619
Lease liabilities[4]	−	48	218	153	296	2,840	3,555
	26,216	23,199	4,242	4,287	684	2,870	61,498
Liquidity gap	(US$18,639)	(US$10,479)	(US$4,242)	(US$4,287)	(US$684)	(US$2,309)	(US$40,640)

[1]*Excludes nonfinancial liabilities amounting to US$0.40 million*
[2]*Includes future interests amounting to US$0.56 million*
[3]*Includes future interests amounting to US$0.17 million*

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

Changes in liabilities arising from financing activities as of March 31, 2023 and December 31, 2022:

	March 31, 2023						
	Advances from related parties (Note 17)	**Long-term Debt** (Note 12)	**Lease Liabilities** (Note 18)	**Bank Loans** (Note 12)	**Commercial Loans** (Note 12)	**Accrued Interest** (Note 11)	**Total**
Balances at January 1	**US$15,314**	**US$−**	**US$3,384**	**US$64**	**US$18,000**	**US$26**	**US$36,788**
Non-cash flows activities:							
Availments	**−**	**4,226**	**−**	**−**	**−**	**−**	**4,226**
Accretion of interest	**−**	**−**	**59**	**−**	**−**	**317**	**376**
Cash flows activities:							
Availments	**−**	**−**	**−**	**−**	**14,000**	**−**	**14,000**
Payments of principal	**(150)**	**−**	**(378)**	**(8)**	**(14,000)**	**−**	**(14,536)**
Payments of interest	**−**	**−**	**(59)**	**−**	**−**	**(230)**	**(289)**
Balances at March 31	**US$15,164**	**US$4,226**	**US$3,006**	**US$56**	**US$18,000**	**US$113**	**US$40,565**

	December 31, 2022						
	Advances from related parties (Note 21)	Long-term Debt (Note 14)	Lease Liabilities (Note 22)	Bank Loans (Note 14)	Commercial Loans (Note 14)	Accrued Interest (Note 13)	Total
Balances at beginning of year	US$14,564	US$814	US$3,310	US$116	US$11,000	US$26	US$29,830
Non-cash flows activities:							
Availments	−	−	1,696	−	−	−	1,696
Accretion of interest (Note 18)	−	−	171	−	−	604	774
Cash flows activities:							
Availments	1,000	−	−	−	37,000	−	38,000
Payments of principal	(250)	(814)	(1,622)	(52)	(30,000)	−	(32,738)
Payment of interest	−	−	(171)	−	−	(604)	(774)
Balances at end of year	US$15,314	US$−	US$3,384	US$64	US$18,000	US$26	US$36,788

Market Risk

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

The Group does not perform sensitivity analysis on its cash and bank loans since the Group expects that the effect of change in interest rates will have insignificant effect on the Group's operations.

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 the Philippine Peso (₱). It is the Group's policy not to trade in 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.

	March 31, 2023		December 31, 2022	
	In US Dollar	**In Philippine Peso**	In US Dollar	In Philippine Peso
Cash	**US$534**	**₱29,005**	US$274	₱15,282
Receivables	**346**	**18,788**	407	22,667
Refundable deposits	**-**	**-**	348	19,379
	880	**47,793**	1,029	57,328
Less: Accounts payable and accrued expenses	**2,612**	**141,976**	2,739	152,717
Net pension liability	**2,614**	**142,086**	2,548	142,086
	5,226	**284,062**	5,287	294,803
Net exposure arising from recognized monetary assets and liabilities	**(US$4,346)**	**(₱236,269)**	(US$4,258)	(₱237,475)

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

	Source	**2023**	2022
Philippine Peso	Bankers Association of the Philippines (BAP) closing rate	**US$0.018396**	US$0.017936

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

	2023		2022	
Changes in foreign currency exchange rates				
Philippine Peso	**2.57%**	**(2.57%)**	8.53%	(8.53%)
Effect on income before tax				
Philippine Peso	**US$23.69**	**(US$23.69)**	US$218	(US$218)

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

Other than the impact on the Group's consolidated income (loss) before income tax, there is no other 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 stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual reporting date. Results of the analysis as presented in the table represent the effects on the Group's consolidated income before tax measured in US dollars at the exchange rate ruling at the reporting date.

4. Fair Value Measurement

The Group's financial instruments consist of cash, receivables (excluding advances to managers and employees), financial asset at FVOCI, refundable deposits, accounts payable and accrued expenses, bank loans and long-term debt, lease liabilities and advances from related parties.

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

March 31, 2023

		Fair value measurement using		
	Carrying value	**Total**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Asset measured at fair value				
Financial asset at FVOCI	**US$27**	**US$27**	**US$27**	**US$−**
Asset for which fair value is disclosed:				
Refundable deposits	**570**	**570**	**−**	**570**
Liabilities for which fair values are disclosed:				
Lease liabilities (Note 18)	**3,006**	**2,920**	**−**	**2,920**
Long-term debt (Note 12)	**4.226**	**207**	**−**	**207**
Bank loans (Note 12)	**56**	**56**	**−**	**56**

December 31, 2022

		Fair value measurement using		
	Carrying value	Total	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Asset measured at fair value				
Financial asset at FVOCI	US$26	US$26	US$26	US$−
Asset for which fair value is disclosed:				
Refundable deposits	561	561	−	561
Liabilities for which fair values are disclosed:				
Lease liabilities (Note 18)	3,384	3,502	−	3,502
Bank loans (Note 12)	64	64	−	64

The fair values of the financial instruments such as cash, receivables (excluding advances to managers and employees), accounts payable and accrued expenses, advances from related parties and commercial loans (included under "bank loans and long-term debt") approximate their respective carrying values due to their short-term nature.

The fair value of financial asset at FVOCI is determined by using the market price of the proprietary club share and is included in Level 2 of the hierarchy.

The estimated fair values of long-term debt and lease liabilities represent the present value of the amount of estimated future cash flows expected to be paid derived using the applicable rates ranging from 0.08% to 6.29% in 2023 and 3.47% to 6.44% in 2022. This is included within Level 3 of the hierarchy.

The fair value of refundable deposits approximates its carrying value since it has no definite payment term.

The fair value of bank loans approximates its carrying value because these bank loans are subject to annual interest re-pricing based on market rate.

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

5. 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 capital and net debt. Net debt includes bank loans and long-term debt, lease liabilities, advances from related parties and accounts payable and accrued expenses less cash. 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 March 31, 2023 and December 31, 2022 follows:

	March 31, 2023	December 31, 2022
Current liabilities		
Accounts payable and accrued expenses*	**US$16,308**	US$24,010
Advances from related parties	**15,164**	15,314
Current portion of bank loans and long-term debt	**19,325**	18,034
Current portion of lease liabilities	**3,000**	644
	53,797	58,002
Noncurrent liabilities		
Bank loans and long-term debt - net of current portion	**2,958**	30
Lease liabilities - net of current portion	**6**	2,740
	2,964	2,770
Total debt	**56,761**	60,772
Less cash	**2,166**	4,898
Net debt	**54,595**	55,874
Equity	**21,791**	21,025
Total equity and net debt	**US$76,386**	US$76,899
Leverage ratio	**71.47%r**	72.66%

**Excludes nonfinancial liabilities amounting to US$0.43 million and US$0.40 million as of March 31, 2023 and December 31, 2022, respectively.*

The Group has no externally-imposed capital requirements as of March 31, 2023 and December 31, 2022.

6. Cash

This account consists of:

	March 31, 2023	December 31, 2022
Cash in banks	**US$2,161**	US$4,892
Cash on hand	**5**	6
	US$2,166	US$4,898

Cash includes cash on hand and in banks. Interest income earned from cash amounted to US$0.001 million and US$0.005 million for the three months period ended March 31, 2023 and 2022, respectively (see Note 16).

7. **Receivables**

This account consists of:

	March 31, 2023	December 31, 2022
Trade receivables	**US$15,494**	US$13,276
Other receivables from customers	**2,639**	1,968
Advances to managers	**99**	96
Advances to employees	**29**	34
SSS claims receivables	**56**	59
Others (Note 17)	**103**	105
	18,420	15,538
Less allowance for impairment losses	**107**	105
	US$18,313	US$15,433

Trade receivables, other receivables from customers and others are noninterest-bearing and normally collected within 30-90 days credit term.

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

	Lifetime-ECL credit-impaired			
	March 31, 2023			
	Trade receivables	**Other receivables from customers**	**Others**	**Total**
Balances at beginning of year	**US$86**	**US$19**	**US$–**	**US$105**
Provision for impairment losses (Note 14)	**1**	**1**	**–**	**2**
Balances at end of year	**US$87**	**US$20**	**US$–**	**US$107**

	December 31, 2022			
	Trade receivables	Other receivables from customers	Others	Total
Balances at beginning of year	US$17	US$1	US$–	US$18
Provision for impairment losses (Note 14)	69	18	–	87
Balances at end of year	US$86	US$19	US$–	US$105

8. **Contract Balances**

This account consists of:

	March 31, 2023	December 31, 2022
Contract assets	**US$5,602**	US$4,705
Contract liabilities	**1,446**	1,578

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.

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

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

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

9. **Inventories**

This account consists of:

	March 31, 2023	December 31, 2022
At net realizable value (NRV):		
Raw materials	**US$36,905**	US$35,544
Spare parts and supplies	**1,102**	1,005
	US$38,007	US$36,549

The Group recognizes a write-down whenever the NRV of inventories is lower than its cost. The related cost of inventories at NRV amounted to US$38.01 million and US$36.55 million as of March 31, 2023 and December 31, 2022, respectively.

The raw materials and supplies used in the operations amounted to US$13.58 million and US$6.60 million for the three (3) months period ended March 31, 2023 and 2022, respectively (see Note 13).

10. **Property and Equipment**

The rollforward analysis of this account follows:

	As at March 31, 2023							
	Machinery and Equipment	**Tools and Other Equipment**	**Leasehold Improvements**	**Airconditioning Equipment**	**Furniture, Fixtures and Equipment**	**Trans-portation Equipment**	**Building Improvements**	**Total**
Cost								
Balances at beginning of year	**US$42,699**	**US$9,973**	**US$2,730**	**US$2,077**	**US$115**	**US$68**	**US$1,641**	**US$59,303**
Additions	**5,119**	**382**	**–**	**35**	**–**	**2**	**–**	**5,538**
Balances at end of year	**47,818**	**10,355**	**2,730**	**2,112**	**115**	**70**	**1,641**	**64,841**
Accumulated depreciation and amortization								
Balances at beginning of year	**28,232**	**7,854**	**2,473**	**1,571**	**113**	**65**	**1,641**	**41,949**
Depreciation and amortization (Notes 16 and 17)	**677**	**179**	**16**	**42**	**–**	**–**	**–**	**914**
Balances at end of year	**28,909**	**8,033**	**2,489**	**1,613**	**113**	**65**	**1,641**	**42,863**
Net book values	**US$18,909**	**US$2,322**	**US$241**	**US$499**	**US$2**	**US$5**	**US$–**	**US$21,978**

	As at December 31, 2022							
	Machinery and Equipment	Tools and Other Equipment	Leasehold Improvements	Airconditioning Equipment	Furniture, Fixtures and Equipment	Trans-portation Equipment	Building Improvements	Total
Cost								
Balances at beginning of year	US$40,319	US$9,155	US$2,624	US$1,877	US$115	US$68	US$1,641	US$55,799
Additions	1,318	1,080	106	200	–	–	–	2,704
Transfer (Note 21)	1,062	–	–	–	–	–	–	1,062
Disposals	–	(262)	–	–	–	–	–	(262)
Balances at end of year	42,699	9,973	2,730	2,077	115	68	1,641	59,303
Accumulated depreciation and amortization								
Balances at beginning of year	25,497	7,373	2,394	1,430	112	64	1,641	38,511
Depreciation and amortization (Notes 16 and 17)	2,528	743	79	141	1	1	–	3,493
Transfer (Note 21)	207	–	–	–	–	–	–	207
Disposals	–	(262)	–	–	–	–	–	(262)
Balances at end of year	28,232	7,854	2,473	1,571	113	65	1,641	41,949
Net book values	US$14,467	US$2,119	US$257	US$506	US$2	US$3	US$–	US$17,354

The Group’s cost of fully depreciated property and equipment still in use amounted to US$23.41 million and US$23.31 million as of March 31, 2023 and December 31, 2022, respectively.

Depreciation charges of the Group’s property and equipment are broken down as follow:

	March 31, 2023 (3 months)	March 31, 2022 (3 months)
Cost of sales (Note 13)	**US$899**	US$841
Operating expenses (Note 14)	**15**	14
	US$914	US$855

11. **Accounts Payable and Accrued Expenses**

This account consists of:

	March 31, 2023	December 31, 2022
Trade payables		
Third parties	**US$21,721**	US$19,450
Related parties (Note 17)	**156**	803
Accrued expenses	**3,022**	2,536
Other liabilities	**1,708**	1,624
	US$26,607	US$24,413

Trade payables are amounts primarily due to suppliers which are non-interest bearing and are normally settled on 15 to 180-day term.

Other liabilities mainly include withholding taxes which are normally settled within a year.

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

	March 31, 2023	December 31, 2022
Accrued salaries, wages and other benefits	**US$699**	US$379
Accrued utilities	**386**	638
Accrued sales commission	**927**	714
Accrued handling	**392**	358
Accrued professional fees	**260**	241
Accrued contracted labor	**95**	89
Accrued taxes	**31**	31
Accrued interest	**113**	26
Accrued rent	**5**	2
Other accrued expenses	**114**	58
	US$3,022	US$2,536

Other accrued expenses mainly include printing, shuttle and other miscellaneous expenses.

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

This account consists of:

	March 31, 2023	December 31, 2022
Commercial loans		
Current	**US$18,000**	US$18,000
Finance Lease Liabilities		
Current	**1,293**	−
Noncurrent	**2,933**	−
Lease Contract Liabilities		
Current	**417**	1,245
Noncurrent	**2,590**	2,140
Car loans		
Current	**32**	34
Noncurrent	**24**	30
	US$25,289	US$18,064
Current	**US$19,742**	US$18,034
Noncurrent	**5,548**	30
	US$25,289	US$18,064

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

Long-term debt:

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

  The future undiscounted minimum payments pertaining to these agreements are as follow:

	March 31, 2023	December 31, 2022
Within one year	**US$1,293**	US$−
After one year but not more than five years	**2,933**	−
	US$4,226	US$−

Bank loans:

- In 2021, 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$0.10 million (nil in 2022 and 2023). These loans are subject to monthly interest rates ranging from 0.63% to 0.83% in 2021. As of March 31,2023 and December 31, 2022, the outstanding balance of these bank loans amounted to US$0.06 million.

Commercial loans:

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

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

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

In 2023, the Parent Company made a drawdown for a six (6)-month short term loan with interest rate of 6.50% amounting to US$2.00 million on February 23, 2023. The remaining outstanding balance of US$6.00 million will matured on May 24, 2023 and August 22, 2023, respectively.

There are no debt covenants related to these loans.

Interests and other financing costs arising from the above bank loans and long-term debt are included under “Finance costs” in the unaudited interim condensed consolidated statement of comprehensive income (see Note 15).

13. **Cost of Sales**

This account consists of:

	March 31, 2023 (3 months)	March 31, 2022 (3 months)
Materials and supplies used (Note 9)	**US$13,580**	US$6,599
Direct labor, salaries and benefits	**3,854**	3,145
Occupancy cost and utilities (Note 17)	**1,191**	890
Depreciation and amortization (Notes 10 and 18)	**1,186**	1,100
Others	**416**	281
	US$20,227	US$12,014

14. **Operating Expenses**

This account consists of:

	March 31, 2023 (3 months)	March 31, 2022 (3 months)
General and administrative expenses	**US$404**	US$380
Selling expenses	**684**	267
	US$1,088	US$647

General and administrative expenses consist of the following:

	March 31, 2023 (3 months)	March 31, 2022 (3 months)
Salaries, wages and benefits	**US$258**	US$240
Occupancy cost and utilities (Note 17)	**76**	56
Professional fees	**29**	49
Depreciation and amortization (Notes 10 and 18)	**16**	13
Impairment of receivables (Note 7)	**2**	–
Other expenses - net	**23**	22
	US$404	US$380

Selling expenses consist of the following:

	March 31, 2023 (3 months)	March 31, 2022 (3 months)
Sales commission and agent’s fee	**US$542**	US$149
Salaries and benefits	**104**	86
Occupancy cost and utilities (Note 17)	**17**	13
Professional fees	**13**	13
Depreciation and amortization (Notes 10 and 18)	**3**	3
Other expenses	**5**	3
	US$684	US$267

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

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

15. **Finance Costs**

This account consists of:

	March 31, 2023 (3 months)	March 31, 2022 (3 months)
Interests on:		
Bank loans and commercial loans (Note 12)	**US$258**	US$87
Lease liabilities (Note 18)	**59**	43
Long-term debt (Note 12)	**59**	8
	US$376	US$138

16. **Others - Net**

This account consists of:

	March 31, 2023 (3 months)	March 31, 2022 (3 months)
Foreign currency exchange gain - net	**(US$217)**	US$83
Miscellaneous income	**(8)**	3
Interest income (Note 6)	**1**	1
Recoveries from impairment loss (Note 7)	**8**	8
Bank charges	**(13)**	(17)
	(US$229)	US$78

17. **Related Party Transactions**

In the normal course of business, the Group has transactions with related parties which include advances, purchases, rent and fees charged for information technology services. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control of Ultimate Parent (referred to as entity under common control). Related parties may be individuals or corporate entities. The Group's approval process and limits when entering into material related party transactions are being managed in accordance with the Ultimate Parent Company's policy.

Disclosed below are the transactions and the related balances among related parties:

	March 31, 2023			
Category	**Amount/ Volume**	**Due from (Due to)**	**Terms**	**Conditions**
Ultimate Parent				
a. Lease liabilities (Note 18)	**US$187**	**(US$1,216)**	30-day; Non-interest bearing	Unsecured
Right-of-use assets (Note 18)	**126**	**963**	30-day; Non-interest bearing	Unsecured; No impairment
b. Advances from related parties	**–**	**(11,564)**	On demand; Non-interest bearing	Unsecured
c. Other receivables (Note 7)	**8**	**8**	Non-interest bearing	Unsecured; No impairment
d. Trade payable (Purchases) (Note 11)	**–**	**(201)**	30 day; end of month; Non-interest bearing	Unsecured
Entities Under Common Control				
a. Rent expense	**166**	**–**	30-day; Non-interest bearing	Unsecured
Refundable deposits	**–**	**156**	Non-interest bearing; Application to unpaid rental and last 3 months rentals	Unsecured; No impairment
b. Advances from related parties	**150**	**(3,600)**	Non-interest bearing	Unsecured
c. Other receivables (Note 7)	**2**	**2**	Non-interest bearing	Unsecured; No impairment
d. Trade payable (Purchases) (Note 11)	**234**	**(3,224)**	30 day; end of month; Non-interest bearing	Unsecured

	December 31, 2022			
Category	Amount/ Volume	Due from (Due to)	Terms	Conditions
Ultimate Parent				
a. Lease liabilities	US$480	(US$1,403)	30-day; Non-interest bearing	Unsecured
Right-of-use assets	502	1,088	30-day; Non-interest bearing	Unsecured; No impairment
b. Advances from related parties	(1,000)	(11,564)	On demand; Non-interest bearing	Unsecured
c. Trade payable (Purchases)	–	(295)	30 day; end of month; Non-interest bearing	Unsecured
Entities Under Common Control				
a. Rent expense	644	–	30-day; Non-interest bearing	Unsecured
b. Refundable deposits	24	156	Non-interest bearing; Application to unpaid rental and last 3 months rentals	Unsecured; No impairment
c. Advances from related parties	250	(3,750)	Non-interest bearing	Unsecured
d. Other receivables	1	2	Non-interest bearing	Unsecured; No impairment
e. Trade payable (Purchases)	996	(508)	30 day; end of month; Non-interest bearing	Unsecured

Significant transactions with related parties based on terms agreed upon follow:

a. Lease liabilities and right-of-use assets, rent expense and refundable deposits

Ultimate Parent Company

The Group entered into lease agreements with the Ultimate Parent Company for the lease of factory buildings (Plants 5 and 6). The lease agreement began on January 1, 2023 and

July 1, 2022 for Plant 5 and 6 and shall continue up until December 31 and June 30, 2023, respectively. As of July 2023, the renewal of lease agreement for Plant 5 has been executed for one (1) year until June 30, 2024.

As of March 31, 2023 and December 31, 2022, the Group paid US$0.19 million and US$0.48 million of the related outstanding lease liabilities, respectively, and recognized depreciation expense amounting to US$0.13 million in relation to the right-of-use assets recognized (see Note 18).

Entities Under Common Control

Iomni Precision, Inc. (Iomni)

The Group entered into a sub-lease agreement with Iomni, entity under common control of the Ultimate Parent Company, for the lease of office space with a total floor area of 1,500 sq. m. The lease agreement began on September 1, 2013, subject to one (1) year extension. It was continued and renewed for another year from January 16, 2023 until January 15, 2024. The lease agreement was scoped under PFRS 16 but the Group has availed the practical expedient of applying the recognition exemption and continue to account this as an operating lease.

The lease agreement provides for the payment of advance rental and security deposit equivalent to three (3) months rental each. The advance rental shall be applied against the rentals due for the last three (3) months of the lease. The Group recognized rent expense pertaining to this lease under cost of sales and operating expenses.

The future minimum lease payments pertaining to this lease agreement amounts to US$0.12 million as at March 31, 2023.

Ionics Properties, Inc. (IPI)

On September 27, 2019, the Group entered into a lease agreement with IPI, entity under common control of the Ultimate Parent Company, for the lease of a factory building (Plant 2). The lease agreement for one (1) year commenced on May 1, 2022 until April 30, 2023, subject to the extension or renewal upon mutual agreement of the parties. Subsequently, the lease agreement was renewed for another one (1) year. The lease agreement was scoped under PFRS 16, but the Group has availed the practical expedient of applying the recognition exemption and continue to account this as an operating lease.

The lease agreement provides for the payment of advance rental and security deposit equivalent to two (2) months rental each amounting to US$0.08 million. The advance rental shall be applied against the rentals due for the last two (2) months of the lease. The Group recognized rent expense pertaining to this lease under cost of sales.

b. Advances from related parties

The Ultimate Parent Company and Ionics Circuits, Ltd. (ICL), an entity under common control of the Ultimate Parent Company, are financially committed to support operations of the Group through cash advances. In 2022, the Parent Company received additional advances amounting to US$1.00 million. In 2023 and 2022, the Parent Company partially paid the advances amounting to US$0.15 million and US$0.25 million, respectively. The outstanding advances from related parties as of March 31, 2023 and December 31, 2022 amounted to US$15.16 million and US$15.31 million, respectively.

c. Other receivables
The Group initially paid payroll and other miscellaneous expenditures of its Ultimate Parent and other related parties. These expenses will be billed subsequently to related parties incurring the actual expenses.

d. Trade payable (Purchases)
On June 28, 2005, the Group entered into a purchase agreement with Iomni, wherein the latter agrees to sell products to the Group on the terms and conditions set out in the agreement.

The prices quoted to or paid by the Group shall not exceed current prices charged by Iomni to its other customers for the same or similar products; otherwise the excess prices shall be refunded to the Group. In case of end-of-life (EOL) of the product, the Group shall inform Iomni two (2) months before the actual EOL date in order for Iomni to immediately adjust ordering of raw materials. The outstanding trade payables as of March 31, 2023 and December 31, 2022 amounted to US$0.43 million and US$0.51 million, respectively (see Note 11).

18. **Leases**

<u>Group as Lessee</u>

- The Group entered and leases its plant facilities from related parties including with the Ultimate Parent Company as discussed in Note 17. At the end of the terms of the respective leases, all additions or improvements made and constructed by the Group, which when removed would deface the immovable portion to which they may be attached, shall become the property of the lessors and be surrendered with the premises as a part thereof.
  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, 2012.

  In 2022, EMS entered into another three (3) years lease agreement for office factory warehouse from another third party starting September 01, 2022 to August 31, 2025.

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

	March 31, 2023		
	Building	**Machinery, Tools and Equipment**	**Total**
Balances at beginning of year	**US$5,846**	**US$1,719**	**US$7,565**
Accumulated Depreciation			
Balances at beginning of year	**2,960**	**468**	**3,428**
Depreciation (Notes 13, 14 and 17)	**248**	**43**	**291**
Balances at end of period	**3,208**	**511**	**3,719**
Net Book Values	**US$2,638**	**US$1,208**	**US$3,846**

	December 31, 2022		
	Building	Machinery, Tools and Equipment	Total
Cost			
Balances at beginning of year	US$4,150	US$2,781	US$6,931
Additions	1,696	–	1,696
Transfer (Note 10)	–	(1,062)	(1,062)
Balances at end of year	5,846	1,719	7,565
Accumulated Depreciation			

Balances at beginning of year	2,123	433	2,556
Depreciation (Notes 13, 14 and 17)	837	242	1,079
Transfer (Note 10)	–	(207)	(207)
Balances at end of year	2,960	468	3,428
Net Book Values	US$2,886	US$1,251	US$4,137

The rollforward analysis of lease liabilities as at:

	March 31, 2023	December 31, 2022
Balance at beginning of year	**US$3,384**	US$3,310
Additions	**–**	1,696
Accretion of interests (Note 15)	**59**	171
Payment of principal	**(378)**	(1,622)
Payment of interests	**(59)**	(171)
Balance at end of year	**US$3,006**	US$3,384
Current	**US$416**	US$644
Noncurrent	**2,590**	2,740
	US$3,006	US$3,384

The future undiscounted minimum lease payments pertaining to these leases are as follow:

	March 31, 2023	December 31, 2022
Within one year	**US$426**	US$715
After one year but not more than five years	**2,610**	2,840
	US$3,036	US$3,555

19. **Segment Information**

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

The computer peripherals segment provides design, build, ship, and logistics services to computer equipment companies. This includes service offerings to customers in the desktop personal computer (PC), peripheral, server, notebook PC, and storage device 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 automotive segment includes service offerings on Product Part Approval Processes (PPAPs), Process Failure Mode & Effects Analysis (PFMEA) and Design Failure Mode & Effects Analysis (DFMEA). The Group is ISO/TS 16949 certified.

The consumer electronics segment also provides design, build, ship and logistics services for its customers in the digital media devices, digital television capture and audio products industries. The consumer electronics segment builds the capability to serve these customers with every element that is required to deliver real products to the marketplace.

The 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 revenues from major customer under the consumer electronics amounted to US$2.83 million and under computer peripherals industry amounted to US$1.95 million for the three months period ended March 31, 2023 and March 31, 2022, respectively. Total revenues from these customers are exceeding approximately at 13% and 15% of the Group's total revenue from contracts with customers for the three months period ended March 31, 2023 and 2022, respectively.

The Group's segment information as of and for the three months period ended March 31, 2023 and 2022, which presents revenue and certain assets and liabilities attributed to each business segment are summarized in the following tables:

	March 31, 2023 (3 months)			
	Computer Peripherals	**Telecom**	**Consumer Electronics**	**Total**
Revenue from contracts with customers	**US$6,603**	**US$7,860**	**US$8,379**	**US$22,842**
Income from operations	**533**	**545**	**449**	**1,527**
Foreign exchange loss-net	**(85)**	**(79)**	**(53)**	**(217)**
Provision for income tax	**(50)**	**(57)**	**(50)**	**(157)**
Interests – net	**(109)**	**(143)**	**(123)**	**(375)**
Miscellaneous expenses	**(5)**	**(5)**	**(3)**	**(13)**
Net income	**US$284**	**US$261**	**US$220**	**US$765**
Total assets*	**US$25,183**	**US$31,976**	**US$28,175**	**US$85,334**
Total liabilities**	**US$2,136**	**US$3,630**	**US$1,458**	**US$7,224**
Capital expenditures	**US$5,243**	**US$156**	**US$140**	**US$5,539**
Depreciation and amortization	**US$757**	**US$334**	**US$114**	**US$1,205**
Allowance for impairment losses on receivables	**US$18**	**US$−**	**US$89**	**US$107**

**Excluding unallocated assets amounting to US$7,987.*
***Excluding unallocated liabilities amounting to US$64,306.*

	December 31, 2022			
	Computer Peripherals	Telecom	Consumer Electronics and others	Total
Revenue from contracts with customers	US$24,852	US$19,005	US$28,829	US$72,686
Income from operations	1,394	478	840	2,712
Foreign exchange gain – net	346	153	210	709
Interest expense – net	(259)	(186)	(327)	(772)
Provision for income tax	(189)	(88)	(124)	(401)
Miscellaneous expenses	(30)	(24)	(45)	(99)
Net income	US$1,262	US$333	US$554	US$2,149
Total assets*	US$19,888	US$28,437	US$26,508	US$74,833
Total liabilities**	US$1,658	US$3,813	US$1,717	US$7,188
Capital expenditures	US$1,536	US$812	US$356	US$2,704
Depreciation and amortization	US$3,282	US$862	US$428	US$4,572
Allowance for impairment losses on receivables	US$18	US$−	US$87	US$105

Sales represent revenues from external customers. During the three months period of 2023 and for the year 2022, there are no inter-segment sales.

The Group's geographical segments refer only to the initial destination of the products. Most of the Group's products are intermediate products which are shipped to the customers' plants for incorporation or further assembly into the final finished products.

The following tables represent the Group's total revenue and assets as per Group's geographical segment:

Segment Revenue

	March 31, 2023	March 31, 2022
Asia	**US$21,048**	US$9,787
Europe	**236**	2,023
North America	**1,558**	1,125
	US$22,842	US$12,935

Segment Assets

	March 31, 2023	March 31, 2022
Asia	**US$93,055**	US$68,924
North America	**266**	104
	US$93,321	US$69,028

The segment revenue and segment assets of the subsidiary are located in North America.

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$22.84 million and US$12.94 million for the three months period ended March 31, 2023 and 2022, respectively.

The Group disaggregates its revenue from contracts with customers in the same manner as it reports its segment information as presented above.

20. **Earnings Per Share**

Earnings per share amounts were computed as follows (amounts in thousands, except earnings/loss per share):

	March 31, 2023 (3 months)	March 31, 2022 (3 months)
Net income	**US$765**	US$152
Dividend attributable to preference shares	**(36)**	(36)
Total income attributable to common shares	**729**	116
Weighted average number of outstanding common shares	**1,560,000**	1,560,000
Basic/diluted income per share	**US$0.0005**	US$0.0001

There were no convertible preferred stocks that have dilutive effect on the basic earnings per share of the Group for the three months period ended March 31, 2023 and 2022.

There have been no other transactions involving ordinary shares between the reporting date and the date of issuance of these unaudited interim condensed consolidated financial statements.

IONICS EMS, INC.

CERTIFICATION

I, Lawrence C. Qua – Chairman and Chief Executive Officer of Ionics EMS, Inc. and Subsidiary with SEC Registration No. A1999-13827 with principal office address at Circuit Street, Light Industry & Science Park of the Philippines – 1, Bo. Diezmo, Cabuyao City, Laguna, on oath state:

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

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

LAWRENCE C. QUA
Affiant

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

Doc. No. 224
Page No. 46
Book No. XXXVI
Series of: 2023

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