Draft; Subject to the Approval of the Stockholders

MINUTES OF THE 2024 ANNUAL STOCKHOLDERS' MEETING OF XURPAS INC.

August 7, 2024 at 9:00 A.M.
Via Zoom Teleconference Facility

The 2024 Annual Stockholders' Meeting (the "**Meeting**") of **Xurpas Inc**. (the "**Corporation**" or "**Xurpas**") was held on August 7, 2024, at 9:00 A.M. via Zoom Teleconference Facility.

Stockholders Present:

Total No. of Shares of Stockholders Present/Represented by Proxy: **1,733,253,340**
Percentage of Shares Present/Represented by Proxy: **69.06%**

Directors and Officers Present:

Jonathan Gerard A. Gurango	Chairman of the Board and Chief Executive Officer
Alexander D. Corpuz	President, Chief Finance Officer, and Chief Information Officer
Fernando Jude F. Garcia	Treasurer and Chief Technology Officer
Jose Vicente T. Colayco	Chief Operating Officer
Wilfredo O. Racaza	Non-Executive Director
Imelda C. Tiongson	Lead Independent Director
Bartolome S. Silayan Jr.	Independent Director
Christopher P. Monterola	Independent Director
Jonathan Juan DC Moreno	Independent Director
Atty. Mark S. Gorriceta	Corporate Secretary and Chief Legal Officer

Others Present:

Representatives from the Corporation's External Auditor, Sycip Gorres Velayo & Co.

I. CALL TO ORDER

The Chairman of the Meeting, Mr. Jonathan Gerard A. Gurango ("**Mr. Gurango**"), presided over the meeting. Mr. Gurango called the Meeting to order. He welcomed the stockholders, members of the Board of Directors (the "**Board**"), and the officers of the Corporation to the 2024 Annual Stockholders' Meeting.

Mr, Gurango also discussed the House Rules and presented the agenda for the meeting.

II. CERTIFICATION OF NOTICE AND QUORUM

The Corporate Secretary, Atty. Mark S. Gorriceta ("**Atty. Gorriceta**"), certified that the Notice of the time, date, mode of conduct and Agenda of the Meeting was sent through delivery by courier to stockholders of record, a disclosure via the PSE Edge Portal, and was made available on the Corporation's website. He stated that the stockholders were notified of the meeting in accordance with the By-Laws and applicable rules of the Securities and Exchange Commission ("**SEC**"). He likewise certified that the Notice and Agenda were sent out at least twenty-one (21) days prior to the Annual Stockholders' Meeting, in accordance with the requirements of the Revised Corporation Code.

The Notice to the stockholders provides that the stockholders may attend the meeting electronically. The stockholders were also notified that if they wish to cast their votes, they may vote through Proxy or in absentia through the ASM Registration Portal.

Further, Atty. Gorriceta certified that stockholders owning **Sixty-Nine and 6/100 Percent (69.06%)** of the total outstanding shares as of June 28, 2024 ("**Record Date**") are present via remote communication or through proxy. Therefore, there was a quorum for the Meeting.

In this meeting, Xurpas engaged BDO Unibank Inc. – Trust and Investments Group to assist in the validation of proxy and counting of votes.

Upon certification by Atty. Gorriceta, Mr. Gurango announced that the Meeting was duly convened and ready to proceed with its business.

III. PROCEDURES FOR DISCUSSION AND VOTING

Mr. Gurango requested Atty. Gorriceta to explain the rules of conduct and voting procedure to facilitate the orderly flow of the Meeting.

Procedure for Discussion

Atty. Gorriceta explained that questions and comments may be sent prior to or during the meeting at corpsec@xurpas.com and shall be limited only to the items in the Agenda.

Atty. Gorriceta further explained that the questions or comments will be read aloud and addressed during the Question-and-Answer Period, which shall take place after all the matters for approval have been discussed. The Corporation will only read questions and comments which are relevant to the Agenda, and that the Management will reply by electronic mail to questions and comments not taken up during the Meeting.

Procedure for Voting

Atty. Gorriceta proceeded to explain that each stockholder was given an opportunity to cast their votes by submitting their ballots via the ASM Registration Portal circulated by the Corporation. Stockholders may also participate in the voting by submitting a Proxy.

As disclosed in the Corporation's Definitive Information Statement, the deadline for the submission of the ballots and/or proxies was July 29, 2024, 5:00 p.m. The Corporation has already tabulated all votes last July 31, 2024. Atty. Gorriceta stated that it is assumed that all participants of the Meeting have already submitted their votes or proxies when they registered online.

Atty. Gorriceta then explained that each outstanding share of stock entitles the registered stockholder to one vote. For the election of directors, stockholders may (a) vote such number of shares for as many persons as there are directors to be elected; or (b) may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares owned; or (c) distribute them on the same principle among as many candidates as he/she shall see fit. The candidates receiving the highest votes will be declared elected.

Atty. Gorriceta added that the affirmative vote of at least majority of those present in the Meeting will be needed to approve each resolution.

However, for the agenda item on the amendment of the Corporation's Articles of Incorporation, a vote of stockholders representing at least two-thirds (2/3) of the outstanding capital stock is needed.

Furthermore, for the agenda item specifically on the request for approval of the waiver to conduct a rights or public offering in relation to the additional listing of common shares from the conversion of advances to equity transaction, a majority vote of the outstanding shares held by the minority stockholders present or represented in the meeting is needed.

The above voting process was also explained in the By-Laws and the Information Statement circulated by mail and made available through the PSE Edge Portal and the Corporation's website.

IV. REVIEW AND APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING HELD ON FEBRUARY 21, 2024

Mr. Gurango proceeded to discuss the first item on the agenda which is the approval of the minutes of the Annual Stockholders' Meeting held last year, February 21, 2024

Atty. Gorriceta presented the number of stockholders present and represented, and the list of directors and officers who attended the previous stockholders' meeting. He also explained that the stockholders were given the opportunity to email their questions and comments. Questions and comments were read aloud and addressed during the Question-and-Answer Period, which took place after all matters for approval have been discussed.

Thereafter, Atty. Gorriceta explained that for the previous stockholders' meeting, each stockholder was given an opportunity to cast their votes by submitting their ballots via the online registration link circulated by the Corporation, and that stockholders may likewise participate in the voting by submitting a proxy. The deadline for the submission of the ballots and/or proxies on February 15, 2024, 5:00 P.M. Consequently, the Corporation tabulated all votes on February 16, 2024.

The matters approved during the February 21, 2024 Special Stockholder's Meeting are the following:

Description	# of Shares (For)	% of Total Outstanding Shares
Approval of the Minutes of the Annual Stockholders' Meeting held on August 9, 2023	1,189,239,866	100%
Approval and Ratification of Matters Relating to the Art of Click Transaction	1,189,239,866	100%
Ratification of the issuance and approval of the listing of the 16,641,244 Xurpas Common Shares issued to Wavemaker Labs Pte Ltd	1,189,239,866	100%
Approval of the Sale and Purchase Agreement with Wavemaker Labs Pte. Ltd, Nico Jose S. Nolledo, Raymond Gerard S. Racaza and Fernando Jude F. Garcia	1,189,239,866	100%
Ratification of the Issuance and Approval of the Listing of 67,285,706 Common Shares issued to Messrs. Nolledo, Racaza and Garcia pursuant to the Placing and Subscription Transaction in 2018	1,189,239,866	100%
Ratification of the Issuance and Approval of the Listing of 181,818,182 Xurpas Common Shares issued to Mr. Nico Jose S. Nolledo in 2022	1,189,239,866	100%

Atty. Gorriceta also noted that an electronic copy of the minutes of the previous stockholders' meeting is available on the Corporation's website.

Mr. Gurango then presented the resolution for approval.

For the voting results, Atty. Gorriceta reported that at least 100% of the total voting shares present or represented, voted in favor of the following resolution:

> **"RESOLVED,** that the stockholders of Xurpas Inc. approve the minutes of the Special Stockholders' Meeting held on February 21, 2024."

Voting Results:

	No. of Common Shares	% based on present and/or represented in this meeting
For	1,733,253,340	100.00%

Against	-	-
Abstain	-	-

V. MESSAGE OF THE CHAIRMAN

Mr. Gurango then proceeded to give his message. He reiterated the Corporation's focus on leading the Philippine software industry through the use of data science and artificial intelligence (A.I.) technology. He noted that the Corporation now offers a comprehensive suite of services, tailored to the needs of large enterprises. Mr. Gurango also highlighted the Corporation's machine learning model development and data engineering and infrastructure services, stating that these could be leveraged by clients.

Mr. Gurango also stated that the Corporation was currently developing A.I. enabled business solutions, to be packaged via a subscription model. He then reiterated the Corporation's commitment to leading the A.I. narrative in the country, and to provide state of the art A.I. technology to both the public and private sector.

Finally, Mr. Gurango shared his gratitude towards every shareholder, employee, partner, and stakeholder who has contributed to the Corporation's success, and expressed his confidence that Xurpas will continue to shine as a beacon of innovation and excellence.

VI. ANNUAL REPORT OF THE PRESIDENT AND APPROVAL OF THE 2023 AUDITED FINANCIAL STATEMENTS

Mr. Gurango then requested the President of the Corporation, Mr. Alexander D. Corpuz ("**Mr. Corpuz**"), to discuss the next item in the agenda which is the presentation of the Annual Report.

Firstly, Mr. Corpuz discussed the launch of Xurpas AI Lab (XAIL), a business unit dedicated to specializing in software products and services that leverage AI and data science. This new venture, which commenced operations in October 2023, signifies a major step forward in the Corporation's technological innovation. XAIL aims to harness the power of AI and data science to develop cutting-edge solutions that meet the evolving needs of its clients.

Additionally, the establishment of Xurpas Software Inc. (XSI) in April 2023 was another milestone highlighted by Mr. Corpuz. This new entity is focused on delivering user-friendly software solutions. The formation of Xurpas Software Inc. reflects the Corporation's strategic intent to expand its product offerings and provide comprehensive, business-friendly software solutions that cater to a wide range of industries

Further expanding its global footprint, the Corporation incorporated Xurpas Pty Ltd, also known as Xurpas Australia, in July 2023. This strategic move marks the Corporation's entry into the Australian market, opening new avenues for business opportunities and client engagement. By establishing a presence in Australia, the Corporation aims to leverage its expertise in digital transformation and software solutions to serve a broader market, thereby strengthening its international presence and competitiveness.

Moreover, Mr. Corpuz discussed the strategic sale of Altitude Games' assets and business. The agreement for this divestiture was signed on April 8, 2023, and the transaction was completed with full proceeds received last July 2023. The sale is aligned with the Corporation's strategy to streamline its operations and concentrate on its core business. The proceeds from this transaction are expected to provide additional resources to invest in the Corporation's primary business units, fostering further growth and development.

Mr. Corpuz then discussed the conversion of Php136 million in shareholder advances to equity.

Mr. Corpuz began by explaining that the Memorandum of Agreement (MOA) between the founders, Nico Jose Nolledo and Fernando Jude Garcia, and the Corporation was signed on June 30, 2023. The conversion price for the shares is supported by a Fairness Opinion issued by Isla, Lipana, & Co. On November 13, 2023, the Corporation proceeded with the issuance of 455,068,753 common shares to the founders. The said issuance was conditioned on the receipt of the approval from the Securities and Exchange Commission. Mr. Corpuz informed the shareholders that as of date, the application for listing of the said shares is still with the Philippine Stock Exchange.

Mr. Corpuz emphasized that this conversion of advances into equity is a strategic move aimed at enhancing the Corporation's financial structure. By converting debt into equity, Xurpas not only improved its balance sheet but also aligned the interests of the founders with those of the other shareholders, fostering a more robust and unified ownership structure.

He also stated that the Corporation was a proud recipient of the Golden Arrow award in September of 2023 from the Institute of Corporate Directors for the second consecutive year. The award recognizes outstanding publicly listed companies in terms of corporate governance, transparency, accountability and responsible business practices.

Mr. Corpuz proceeded to discuss the highlights and lowlights of the Corporation's 2023 Financial Performance.

Mr. Corpuz noted that the Corporation ended with a Php188 million revenue at the end of 2023, a decrease of 17% from Php227 million in 2022.

This 17% decrease in revenue could be traced to the decline of the enterprise business, which decreased by 21% due to the drop in the staff augmentation business, negating the Corporation's growth in the software development business.

Mr. Corpuz noted that the web3 and business solutions business line revenues increased year on year, at 100% and 237% respectively.

In addition to the decline of the enterprise business, Mr. Corpuz noted that the mobile consumer revenues business experienced a decline as well, attributed to its de-prioritization. Meanwhile, Other Service revenues experienced an increase in revenues of 8% due to the growth of the AllCare business.

Mr. Corpuz also discussed that the Corporation experienced a decrease in gross profit of 23%, ending at Php44 million gross profit as of 2023, down from Php57 million gross profit in 2022. He further discussed that the Corporation experienced a net loss of Php100 million in 2023, a 32% deterioration from the previous year level of Php76 million. He cited the increase in manpower expenses as well as the provision for impairment loss for the goodwill arising from Seer, Microbenefits and Storm and Altitude.

He then explained that the Corporation experienced a comprehensive loss of Php82 million in 2023, which is a 33% improvement over 2022, mainly due to the increase in cryptocurrency prices.

Mr. Corpuz then discussed the Corporation's financial performance for the first quarter of 2024. He stated that the Corporation ended with a Php35 million revenue in the first quarter of 2024, a 24% decrease from Php46 Million in Q1 of 2023. He cited the decrease in enterprise revenues, mobile consumer revenues, and other service revenues as contributing factors.

He noted that there was a decrease in gross profit by 32% ending at Php8 million as of Q1 of 2024, down from Php12 million in the same period for 2023. The Q1 2024 net loss of Php 26 million is a 90% deterioration from the Php 14million loss of the same period from the previous year.

The Corporation's total comprehensive loss stood at Php8 million in Q12024, coming from Php1 million total comprehensive income in Q1 2023.

Sustainability Report

Mr. Corpuz then presented the Corporation's sustainability report. He emphasized the Corporation's commitment to operating in a sustainable manner, aiming to contribute positively to economic, environmental, and social impacts. The sustainability report included in the annual report focused on operational matters with direct and significant effects on the Corporation's sustainability and stakeholders, including shareholders, employees, customers, and suppliers.

He emphasized that as an Information Technology company, the Corporation contributes to sustainability by providing digital transformation services with its technical capabilities. The Corporation's expansion of its digital footprint promotes sustainability not only within its operations but also for society at large. The Corporation strives to positively impact economic and social sustainability through the provision of digital products and services produced by its empowered workforce.

Mr. Corpuz stated that the Sustainability Report for the reporting period ended December 31, 2023 was attached to the Annual Report and could be accessed through the PSE Edge or the Corporation's website.

Risk Management and Internal Controls

Mr. Corpuz then outlined the Board's responsibility for the Corporation's Risk Management and Internal Control System and for reviewing its adequacy and integrity. He noted that the directors consider the materiality of relevant risks, the likelihood of incurring losses, and the cost of control when establishing and reviewing the risk management and internal control system. The system aims to manage and minimize the risk of failure to achieve the Corporation's objectives, although it does not provide assurance against material losses.

He also discussed that the Board conducts periodic reviews of the effectiveness of the risk management and internal control processes and views that the current system in place is adequate.

Matters Required to Be Presented under the Revised Corporation Code

Atty. Gorriceta then discussed the matters required to be presented as provided under the Revised Corporation Code.

i. Minutes of Previous Meeting

Firstly, he addressed the minutes of the previous meeting, confirming that they had been discussed earlier in compliance with the regulations.

ii. Material Information on the Current Stockholders and their Voting Rights

Atty. Gorriceta then provided material information on the current stockholders and their voting rights. As of June 30, 2024, the Corporation had a total of 2,509,683,812 outstanding common shares. The Corporation's public ownership stood at 31.78%, while non-public ownership was at 68.22%. Notably, major shareholders included Mr. Nico Jose S. Nolledo, Mr. Raymond Gerard S. Racaza, and Mr. Fernando Jude F. Garcia, holding 29.1%, 14.97%, and 22.5% of the total outstanding shares, respectively. Each stockholder is entitled to one vote per share registered in their name, reflecting the Corporation's commitment to equitable voting rights.

iii. Assessment of the Corporation's Performance

Atty. Gorriceta stated that the assessment of the corporation's performance had been discussed by the Chairman and the President in their earlier reports.

iv. Financial Report of the Preceding Year

Regarding the financial report of the preceding year, Atty. Gorriceta shared that this had been discussed by the President of the Corporation.

v. Dividend Policy

Atty. Gorriceta then elaborated on the Corporation's dividend policy. Since 2018, the Corporation had not declared any dividends due to various challenges. He explained that the Board would consider multiple factors before making any decisions on future dividend declarations. These factors include the corporation's cash position, gearing, return on equity, retained earnings, operational results, and overall financial condition. The Board retains the flexibility to modify the dividend payout ratio based on operational outcomes and future projects and plans. Despite the current situation, management is actively working to enhance the Corporation's financial performance to eventually increase shareholder value and declare dividends.

vi. Director Profile

In discussing the profiles of the directors, Atty. Gorriceta directed stakeholders to the Corporation's Definitive Information Statement and website for detailed information.

vii. Attendance Report

He further reported on the attendance of the directors at meetings held in 2023. All directors were present at these meetings, with detailed attendance records available in the Definitive Information Statement.

viii. Appraisals and Performance Reports

The self-assessment and performance reports of the Board and its committees were also addressed. The Board conducts an annual self-assessment, including evaluations of the Chairman and individual directors. Each committee similarly assesses its performance. The Corporate Governance Committee oversees these evaluations, ensuring continuous improvement and adherence to governance standards.

ix. Director Compensation Report

In terms of director compensation, Atty. Gorriceta pointed stakeholders to the Definitive Information Statement for a detailed discussion.

x. Self-Dealing and Related Party Transaction

Finally, Atty. Gorriceta discussed self-dealing and related party transactions. The Corporation has a policy requiring the Board and Key Officers to inform the Chief Compliance Officer and/or Corporate Secretary of any changes in ownership of securities within three trading days. This information is then submitted via SEC Form 23-B. The Corporation's Related Party Transactions Policy, amended in 2019, complies with SEC Memorandum Circular No. 10, series of 2019. In its daily operations, the corporation engages in related party transactions such as service and licensing agreements. These transactions are conducted at arm's length and in the best interest of the corporation, with terms and prices mutually agreed upon by the involved parties.

Atty. Gorriceta concluded by encouraging stakeholders to refer to the Annual Report for further details on these matters.

Mr. Gurango thanked Atty. Gorriceta for his presentation, then presented the resolution for approval.

For the voting results, Atty. Gorriceta reported that at least 1,733,253,340 common shares or 100% of the total voting shares present or represented, voted in favor of the following resolution:

> **"RESOLVED**, that the stockholders of Xurpas Inc. approve the minutes of the Special Stockholders' Meeting held on February 21, 2024."

Voting Results:

	No. of Common Shares	**% based on present and/or represented in this meeting**
For	1,733,253,340	100.00%

Against	-	-
Abstain	-	-

VII. AMENDMENT OF THE ARTICLES OF INCORPORATION

The next agenda item. was the Amendment of the Articles of Incorporation, specifically addressing changes to the Primary Purpose and the Principal Place of Business of the Corporation.

Amendment of the Primary Purpose

Mr. Gurango presented the proposed amendments. He began by displaying the current primary purpose of the Corporation for the attendees' reference. Following this, Mr. Gurango discussed the proposed amendment to the primary purpose, which included the addition of specific language to broaden the scope of the Corporation's activities.

Current Primary Purpose of Xurpas Inc.	Proposed Primary Purpose of Xurpas Inc.
A. To develop, produce, sell, buy or otherwise deal in products, goods or services in connection with the transmission, receiving, or exchange of voice, data, video or any form of kind of communication whatsoever, and to purchase or otherwise acquire, own, hold, develop and manage in pursuit of and related to its principal business, real and personal property of every kind and description and to possess and exercise in respect thereof, all rights, powers and privileges of ownership. B. That the corporation shall have all the express powers of a corporation as provided for under Section 36 of the Corporation Code of the Philippines.	A. To develop, produce, sell, buy or otherwise deal in products, goods or services in connection with the transmission, receiving, or exchange of voice, data, video or any form of **digital** communication whatsoever; **To design, develop, test, build, market, distribute, maintain, support, customize and sell software technology products and services, except internet provider services**; To purchase or otherwise acquire, own, hold, develop and manage in pursuit of and related to its principal business, personal property of every kind and description and to possess and exercise in respect thereof, all rights, powers and privileges of ownership. B. That the corporation shall have all the express powers of a corporation as provided for under Section 35 of the Revised Corporation Code of the Philippines.

The proposed new language included terms such as "digital" and elaborated on the activities as "To design, develop, test, build, market, distribute, maintain, support, customize and sell software technology products and services, except internet provider services." This amendment aims to expand the Corporation's operations to cover a wider range of technology products and services, aligning with its strategic growth plans in the technology sector.

Mr. Gurango then presented the resolution for approval.

For the voting results, Atty. Gorriceta reported that at least 1,733,253,340 common shares or 100% of the total voting shares present or represented, voted in favor of the following resolution:

> "**RESOLVED**, that the stockholders of Xurpas Inc. approve the amendment of the Corporation's Articles of Incorporation to:
>
> **SECOND**: A: That the primary purpose of this corporation is:
>
> To develop, produce, sell, buy or otherwise deal in products, goods or services in connection with the transmission, receiving, or exchange of voice, data, video or any form of **digital** communication whatsoever; **To design, develop, test, build, market, distribute, maintain, support, customize and sell software technology products and services, except internet provider services**; To purchase or otherwise acquire, own, hold, develop and manage in pursuit of and related to its principal business, personal property of every kind and description and to possess and exercise in respect thereof, all rights, powers and privileges of ownership.
>
> B: That the corporation shall have all the express powers of a corporation as provided for under Section 35 of the Revised Corporation Code of the Philippines.
>
> **RESOLVED FURTHER**, that the stockholders of Xurpas Inc. authorize the Board of Directors to undertake all necessary actions to secure the required approvals for the aforementioned amendment to the Articles of Incorporation."

Voting Results:

	No. of Common Shares	**% based on present and/or represented in this meeting**
For	1,733,253,340	100.00%
Against	-	-
Abstain	-	-

Amendment of the Principal Place of Business

Mr. Gurango then presented the proposed amendment to the Principal Place of Business. The amendment updated the Corporation's principal office to Unit 804 Antel 2000 Corporate Center, 121 Valero St., Salcedo Village, Makati City. This change reflects the Corporation's current location and ensures all official records are accurate.

Current Principal Place of Business	**Proposed Principal Place of Business**

7th Floor Cambridge Centre Building 108 Tordesillas St., Salcedo Village, Makati City, Metro Manila.	Unit 804, Antel 2000 Corporate Center, 121 Valero St., Salcedo Village, Makati City, Metro Manila 1227, Philippines.

Mr. Gurango then presented the resolution for approval.

For the voting results, Atty. Gorriceta reported that at least 1,733,253,340 common shares or 100% of the total voting shares present or represented, voted in favor of the following resolution:

> "**RESOLVED**, that the stockholders of Xurpas Inc. approve the amendment of the Corporation's Articles of Incorporation to:
>
> **THIRD**: That the place where the principal office of the corporation is to be established is at Unit 804, Antel 2000 Corporate Center, 121 Valero St., Salcedo Village, Makati City, Metro Manila 1227, Philippines.
>
> **RESOLVED FURTHER**, that the stockholders of Xurpas Inc. authorize the Board of Directors to undertake all necessary actions to secure the required approvals for the aforementioned amendment to the Articles of Incorporation."

Voting Results:

	No. of Common Shares	**% based on present and/or represented in this meeting**
For	1,733,253,340	100.00%
Against	-	-
Abstain	-	-

VIII. APPROVAL OF THE WAIVER TO CONDUCT A RIGHTS OR PUBLIC OFFERING IN RELATION TO THE ADDITIONAL LISTING OF ADDITIONAL COMMON SHARES FROM THE CONVERSION OF ADVANCES TO EQUITY TRANSACTION

The next item on the agenda was the request for approval of a waiver to conduct a rights or public offering concerning the additional listing of common shares resulting from the conversion of advances to equity transactions.

Mr. Gurango, Chairman explained that on June 30, 2023, the Board approved the conversion of advances amounting to Php136,520,626.35 into equity for Mr. Fernando Jude F. Garcia and Mr. Nico Jose S. Nolledo. Specifically, this conversion involved Php56,918,964.22 for Mr. Garcia and Php79,601,662.12 for Mr. Nolledo.

To comply with the requirements of the Philippine Stock Exchange, Mr. Gurango highlighted the need for stockholders' approval to waive the rights or public offering for these additional shares. The conversion price was set at Php0.30 per share, a valuation supported by a Fairness Opinion issued by PricewaterhouseCoopers (PWC).

Mr. Gurango detailed the process, noting that the final Deed of Assignment of Advances was signed on July 28, 2023, and the Securities and Exchange Commission granted the Certificate of Approval of Valuation on October 10, 2023. As a result, 455,068,753 common shares from the unissued portion will be issued to the assignors.

He emphasized that granting the waiver would facilitate the immediate and efficient listing of these shares, enabling the Corporation to proceed accordingly. This waiver is crucial for maintaining the Corporation's operational efficiency and adhering to regulatory requirements without unnecessary delays.

A resolution was then presented for approval.

For the voting results, Atty. Gorriceta reported that at least 1,733,253,340 common shares or 100% of the total voting shares present or represented, **<u>including the affirmative vote of 100% of the minority shareholders owning 3,701,000 common shares present or represented in the meeting</u>**, voted in favor of the following resolution:

> "**RESOLVED,** that the stockholders of Xurpas Inc. approve the waiver to conduct a rights or public offering in relation to the additional listing of **455,068,753** common shares issued to Mr. Nico Jose S. Nolledo and Mr. Fernando Jude F. Garcia.
>
> **RESOLVED FURTHER**, that the stockholders of Xurpas Inc. authorize the Board of Directors to undertake all necessary actions to secure the required approvals for the aforementioned waiver and additional listing of shares."

Voting Results:

	No. of Common Shares	**% based on present and/or represented in this meeting**
For	1,733,253,340	100.00%
Against	-	-
Abstain	-	-

IX. ELECTION OF DIRECTORS AND INDEPENDENT DIRECTORS

Mr. Gurango then proceeded to discuss the next item on the agenda which is the election of directors and independent directors of the Corporation.

Atty. Gorriceta proceeded to report that the Corporation's Nomination Committee pre-screened and accepted the nominations for the following directors:

1. Jonathan Gerard A. Gurango
2. Alexander D. Corpuz
3. Fernando Jude F. Garcia
4. Wilfredo O. Racaza
5. Imelda C. Tiongson, *Independent*
6. Bartolome S. Silayan, Jr., *Independent*
7. Christopher P. Monterola, *Independent*
8. Jonathan Juan DC Moreno, *Independent*

Atty. Gorriceta explained that all nominees possessed all the qualifications and none of the disqualifications under the Corporation's By-Laws and Manual on Corporate Governance and are eligible to be nominated and elected as directors of the Corporation.

The qualifications of the directors and independent directors are also provided in the Information Statement which was disclosed through the PSE Edge portal and posted on the Corporation's website. The qualifications of the nominees were also flashed on the screen during the Meeting.

Atty. Gorriceta then reported that in terms of compensation, the directors shall receive a standard per diem of PhP20,000.00 for every meeting attended, which may be adjusted, as decided by the Personal and Compensation Committee. Non-executive directors have no compensation aside from their per diem, while directors who hold executive positions receive compensation in addition to their per diem. The compensation of the directors is reflected in the Corporation's Definitive Information Statement.

Atty. Gorriceta also presented the attendance of the Board members for meetings held during the calendar year 2023.

A resolution was then presented for approval.

For the voting results, Atty. Gorriceta reported that at least 1,733,253,340 common shares or 100% of the total voting shares present or represented, voted in favor of the following resolution:

> "**RESOLVED**, that the stockholders of Xurpas Inc. (the "Corporation") elect the following as directors of the Corporation to serve as such beginning today until their successors are elected and qualified:
>
> 1. Jonathan Gerard A. Gurango
> 2. Alexander D. Corpuz
> 3. Fernando Jude F. Garcia
> 4. Wilfredo O. Racaza
> 5. Imelda C. Tiongson (Independent Director)
> 6. Bartolome S. Silayan, Jr. (Independent Director)
> 7. Christopher P. Monterola (Independent Director)
> 8. Jonathan Juan DC Moreno (Independent Director)"

Voting Results:

	No. of Common Shares	% based on present and/or represented in this meeting
For	1,733,253,340	100.00%
Against	-	-
Abstain	-	-

X. APPOINTMENT OF THE EXTERNAL AUDITOR

Mr. Gurango moved on to discuss the next item in the agenda which is the appointment of the Corporation's External Auditor. The Audit Committee has evaluated the performance of the Corporation's current External Auditor, Sycip Gorres Velayo & Co., which has been the Corporation's External Auditor since 2008.

Representatives of Sycip Gorres Velayo & Co. were also present in the Meeting should there be any questions from the stockholders.

Mr. Gurango then presented the audit and non-audit fees paid to Sycip Gorres Velayo & Co. for the year 2023.

A resolution was then presented for approval.

For the voting results, Atty. Gorriceta reported that at least 1,733,253,340 common shares or 100% of the total voting shares present or represented, voted in favor of the following resolution:

> "**RESOLVED**, that the stockholders of Xurpas Inc. approve the appointment of Sycip Gorres Velayo & Co. (SGV & Co.) as external auditor for the calendar year 2024."

Voting Results:

	No. of Common Shares	% based on present and/or represented in this meeting
For	1,733,253,340	100.00%
Against	-	-
Abstain	-	-

XI. RATIFICATION OF PREVIOUS ACTS OF THE DIRECTORS AND MANAGEMENT

The next item in the agenda was the ratification of all previous acts of the Directors and Management from August 15, 2023, to May 30, 2024. All items approved by the Board during the above period was flashed on the screen during the Meeting for everyone's reference. These matters were also disclosed in the Information Statement, which was posted via PSE Edge Portal and posted on the Corporation's website.

A resolution was then presented for approval.

For the voting results, Atty. Gorriceta reported that at least 1,733,253,340 common shares or 100% of the total voting shares present or represented, voted in favor of the following resolution:

> "**RESOLVED**, that the stockholders of Xurpas Inc. ratify the previous acts of the Directors and Management."

Voting Results:

	No. of Common Shares	**% based on present and/or represented in this meeting**
For	1,733,253,340	100.00%
Against	-	-
Abstain	-	-

XII. OTHER MATTERS AND ADJOURNMENT

Mr. Gurango then announced that the Board will proceed to answer the questions raised by the stockholders.

a) How are the Corporation's A.I. Initiatives?

Mr. Gurango responded, reiterating the Corporation's commitment to leading the Philippine software industry in building A.I. powered business solutions for both the public and private sector. In addition, he noted that the Corporation offers strategic consulting, machine learning model development, data engineering and infrastructure along with business intelligence and analytics to meet the demands of large enterprises. He also mentioned that Xurpas A.I. Labs currently developing A.I. powered products, to be packaged via a subscription model.

No other questions were raised by the attendees of the Meeting.

XIII. ADJOURNMENT

There being no further business to discuss, the 2024 Annual Stockholders' Meeting was adjourned.

Prepared by:

ATTY. MARK S. GORRICETA
Corporate Secretary

Attested by:

JONATHAN GERARD A. GURANGO
Chairman of the Meeting

ANNEX "B-1"

CERTIFICATION

I, **CHRISTOPHER P. MONTEROLA**, Filipino, of legal age, and resident of One Legazpi Park, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **Xurpas Inc.** (the "**Corporation**").

2. I am affiliated with the following companies or organizations:

Company / Organization	Position / Relationship	Period of Service
Asian Institute of Management	Professor and Aboitiz Chair in Data Science; Head, Aboitiz School of Innovation, Technology and Entrepreneurship (ASITE); Principal Scientist and head of Analytics, Computing and Complex Systems lab (ACCeSs lab)	August 2017 - present
National Academy of Science and Technology	Academician	2021 - present

3. In relation to my connection as an Academician of the National Academy of Science and Technology ("**NAST**") under the Department of Science and Technology ("**DOST**"), I note that academicians are nominated based on a Filipino resident's exemplary contribution to science and technology and have advanced its cause in the Philippines. As an Academician, **I am not an officer or employee of DOST NAST**, and accordingly, the Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules shall not apply to me.

4. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided for in Section 38 of the Securities and Regulation Code ("**SRC**"), its Implementing Rules and Regulations ("**IRR**") and other issuances of the Securities and Exchange Commission ("**SEC**").

5. I am not related to any of the directors/officers/substantial shareholders of the Corporation, its subsidiaries, and affiliates nor a relative in any other way than the relationship provided under Rule 38 of the SRC.

6. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

7. I am not an officer or director of any government agencies or government-owned and controlled corporations.

8. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the SRC and its IRR, Manual on Corporate Governance for Publicly Listed Companies and other SEC issuances.

9. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five (5) days from its occurrence.

Executed on JUN 18 2025.

CHRISTOPHER P. MONTEROLA
Affiant

Republic of the Philippines)
PASIG CITY) S.S.

SUBSCRIBED AND SWORN to before me this JUN 18 2025 at PASIG CITY affiant personally appeared before me and exhibited to me his DRIVERS LICENSE NO2 - 00 437,045 as competent evidence of identity.

Doc. No. 389;
Page No. 79;
Book No. X;
Series of 2025.

BUWIS SA RENTAS INTERNAS DOKUMENTARYO 30 PISO
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JUN 18 2025

EDRIAN M. APAYA
PTR No. 3040797/01-07-2025/Pasig City
IBP No. 486621/12-23-2024/Masbate
Roll No.64655
MCLE Compliance VII-0027307/27 March 2023
15th Floor Strata 2000, F. Ortigas Jr. Road, Pasig City
Email address: emapaya@gorricetalaw.com
Telephone No. 86960988
Appointment No. 112 (2025-2026) - Pasig City
Commissioned until 31 December 2026

ANNEX "B-2"

CERTIFICATION

I, **TEOW HUAT KWA,** Singaporean, of legal age, and resident of Singapore, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **Xurpas Inc.** (the "**Corporation**").

2. I am affiliated with the following companies or organizations:

Company / Organization	Position / Relationship	Period of Service
Asian Institute of Management	Academic Programs Director	January 2023 - Present
Institute of Corporate Directors	Fellow Member	June 2024 - Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided for in Section 38 of the Securities and Regulation Code ("**SRC**"), its Implementing Rules and Regulations ("**IRR**") and other issuances of the Securities and Exchange Commission ("**SEC**").

4. I am not related to any of the directors/officers/substantial shareholders of the Corporation, its subsidiaries, and affiliates nor a relative in any other way than the relationship provided under Rule 38 of the SRC.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not an officer or director of any government agencies or government-owned and controlled corporations.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the SRC and its IRR, Manual on Corporate Governance for Publicly Listed Companies and other SEC issuances.

8. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five (5) days from its occurrence.

Executed on JUN 1 8 2025.

TEOW HUAT KWA
Affiant

Republic of the Philippines)
PASIG CITY) S.S.

SUBSCRIBED AND SWORN to before me this JUN 18 2025 at PASIG CITY, affiant personally appeared before me and exhibited to me his ______________ as competent evidence of identity.

Doc. No. 386;
Page No. 79;
Book No. X;
Series of 2025.

BUWIS SA RENTAS INTERNAS
REPUBLIKA NG PILIPINAS
DSK2025
00555917
30 PISO DOKUMENTARYO
JUN 18 2025

EDRIAN M. APAYA
PTR No. 3040797/01-07-2025/Pasig City
IBP No. 486621/12-23-2024/Masbate
Roll No.64655
MCLE Compliance VII-0027307/27 March 2023
15th Floor Strata 2000, F. Ortigas Jr. Road, Pasig City
Email address: emapaya@gorricetalaw.com
Telephone No. 86960988
Appointment No. 112 (2025-2026) - Pasig City
Commissioned until 31 December 2026

ANNEX "B-3"

CERTIFICATION

I, **JONATHAN JACK R. MADRID**, Filipino, of legal age, and resident of No. 23 Antares, Bel-Air, Makati City, Metro Manila 1209, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **Xurpas Inc.** (the "**Corporation**").

2. I am affiliated with the following companies or organizations:

Company / Organization	Position / Relationship	Period of Service
Geese Project	Board Advisor	March 2025 to Present
Institute of Corporate Directors Philippines	Member	November 2024 to Present
Bilyonaryo News Channel	News Anchor	September 2024 to Present
KodeGo	Board Advisor	July 2023 to Present
Asian Institute of Management	Board Advisor	June 2023 to Present
IT and Business Process Association of the Philippines	President and CEO	October 2021 to Present
Cascadia Fine Wines	Co-Founder and Managing Director	October 2016 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided for in Section 38 of the Securities and Regulation Code ("**SRC**"), its Implementing Rules and Regulations ("**IRR**") and other issuances of the Securities and Exchange Commission ("**SEC**").

4. I am not related to any of the directors/officers/substantial shareholders of the Corporation, its subsidiaries, and affiliates nor a relative in any other way than the relationship provided under Rule 38 of the SRC.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not an officer or director of any government agencies or government-owned and controlled corporations.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the SRC and its IRR, Manual on Corporate Governance for Publicly Listed Companies and other SEC issuances.

8. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five (5) days from its occurrence.

Executed on JUN 17 2025.

JONATHAN JACK R. MADRID
Affiant

Republic of the Philippines)
Pasig City) S.S.

JUN 17 2025

SUBSCRIBED AND SWORN to before me this JUN 17 2025 at Pasig City, affiant personally appeared before me and exhibited to me his TIN ID No. 106-905-250 as competent evidence of identity.

Doc. No. 16;
Page No. 5;
Book No. VII;
Series of 2025.

ATTY. SHERWIN Q. AGBON
Notary Public - Pasig and Pateros
U101-B Emerald Mansion Ortigas, Pasig City
Roll of Attorney's No. 76426
Appt No.37 (2024-2025), until Dec 31, 2025
IBP No. 500308 issued Jan. 08, 2025, Pasig City
PTR No. 3086448 issued Jan. 08, 2025, Pasig City
MCLE No. VIII-0003696.Until Dec.15, 2028

ANNEX "C"

CERTIFICATION

I, **MARK S. GORRICETA**, of legal age, Filipino, and with office address at 15F Strata 2000, F. Ortigas Jr. Road, Ortigas Center, Pasig City, after having been duly sworn in accordance with law, hereby depose and say that:

1. I am the Corporate Secretary of **XURPAS INC.** (the Corporation"), a corporation duly organized and existing under the laws of the Republic of the Philippines with office address at Unit 804 Antel 2000, Corporate Center, 121 Valero St., Salcedo Village, Makati City 1227.

2. In connection with the Annual Stockholders' Meeting of the Corporation scheduled on August 13, 2025, 9:00 a.m. via remove communication, I hereby certify that one of the nominees for Independent Director of the Corporation, **Mr. Christoper P. Monterola**, is currently connected as an **Academician in the National Academy of Science and Technology (NAST) under the Department of Science and Technology (DOST)**. As an Academician, Mr. Monterola is not an officer or employee of DOST NAST, and accordingly, the Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules shall not apply to him.

3. I am executing this Certification in compliance with the requirements of the Securities and Exchange Commission.

IN WITNESS WHEREOF, I have hereunto affixed my signature this JUN 18 2025, at Pasig City, Metro Manila, Philippines.

ATTY. MARK S. GORRICETA
Corporate Secretary

Republic of the Philippines)
Pasig City) S.S.

SUBSCRIBED AND SWORN to before me on JUN 18 2025 at PASIG CITY, affiant exhibiting to me his Passport P9784383C issued at DFA Manila and valid until 08 June 2035.

Doc. No. 384;
Page No. 78;
Book No. X;
Series of 2025.

EDRIAN M. APAYA
PTR No. 3040797/01-07-2025/Pasig City
IBP No. 486621/12-23-2024/Masbate
Roll No.64655
MCLE Compliance VII-0027307/27 March 2023
15th Floor Strata 2000, F. Ortigas Jr. Road, Pasig City
Email address: emapaya@gorricetalaw.com
Telephone No. 86960988
Appointment No. 112 (2025-2026) - Pasig City
Commissioned until 31 December 2026

BUWIS RENTAS INTERNAS DOKUMENTARYO 30 PISO REPUBLIKA NG PILIPINAS
DST 2025
00555914
JUN 18 2025

XURPAS INC.
MANAGEMENT REPORT
For the 2024 Annual Stockholders' Meeting
Pursuant to SRC Rule 20(4)(1)

1. Financial Statements

- Please refer to Annex "E" for the 2024 Annual Report of Xurpas Inc. and its subsidiaries (the "Group"); and
- Please refer to Annex "F" for the Consolidated Unaudited Financial Statements of the Group for the period ended March 31, 2025.

2. There were no disagreements with accountants on accounting and financial disclosures.

Sycip Gorres Velayo & Co. ("SGV & Co.") has acted as the Group's independent auditor since 2008. The Corporation has not had any material disagreement on accounting and financial disclosure with SGV & Co.

Representatives of SGV & Co. will be present during the Annual Stockholders' Meeting in the event that there are questions that will be addressed to them.

3. Management's Discussion and Analysis or Plan of Operation

Business Segments

The Corporation's business units comprise of: (i) Enterprise solutions; (ii) Mobile consumer products and services; and (iii) Other services (benefits marketplace). After its initial public offering in December 2014, the Corporation made several investments in various technology companies, within and outside of the Philippines.

In 2018, the Corporation's business was severely affected when its Telco partner implemented new and stricter opt-in guidelines for customers who sign up for VAS subscription. The Corporation's revenue from its mobile consumer services significantly declined as a result of this. Moreover, the Corporation's wholly owned subsidiary, Art of Click Pte. Ltd., was severely affected by the challenges faced by the digital advertising industry.

In 2019, the Corporation evaluated its business segments to maximize its resources and opportunities. As part of its restructuring program, the Corporation initiated the following measurers:

- Sale of its 51% shareholdings in Yondu Inc. The sale will provide the Corporation additional liquidity, retire debt, and allow the Corporation to focus on high-value, emerging, innovative, and disruptive technologies and platforms impacting both enterprise and consumer commerce.

- Dissolve Xeleb Technologies Inc. and Xeleb Inc. (collectively referred to as "Xeleb"). All residual businesses of Xeleb will be carried over to the parent company. This strategy will eliminate expenses incurred in maintaining a separate entity.

The Corporation has also implemented corporate restructuring programs to minimize on costs and expenses.

- On March 30, 2020, Xurpas suspended the business operations of its wholly owned subsidiary in Singapore, Art of Click Pte. Ltd ("Art of Click").

  Art of Click, a start-up firm established in 2011 and purchased by Xurpas in 2016, specializes in mobile marketing solutions for advertisers, publishers, app developers and other operators. Art of Click encountered financial difficulties in 2017 because (1) it lost several key clients; and (2) there was a decline in the ad network industry due to the growing dominance of companies such as Facebook and Google. Throughout this period, Xurpas has been supporting its subsidiary and has implemented drastic cost-cutting measures.

Xurpas decided to suspend Art of Click's business operations because of the anticipated further losses to be incurred due to business challenges brought on by the Corona Virus (Covid-19) pandemic.

- On March 30, 2020, 80% of CTX Technologies Inc. ("CTX") was sold to Mr. Fernando Jude F. Garcia.

  CTX was incorporated in 2018 primarily for the proposed virtual currency exchange business of the Xurpas Group. With the decline of the virtual currency market in 2019 and the unclear regulations involving digital assets, Xurpas' Management has previously decided to place CTX's proposed business activities on hold. CTX has not provided any material business for Xurpas, and has no revenue contribution to the Group since its incorporation.

  Total Equity / Book Value of CTX is at approximately One Million Pesos as of December 31, 2019. Mr. Garcia Purchased 80% of CTX at ₱4.00 million.

- On September 20, 2020, Xurpas sold the remaining 20% of CTX to Mr. Garcia at ₱1.20 million.

The Board also approved the purchase of 100% of Wavemaker Group, Inc. on September 20, 2020. However, on December 20, 2021, the transaction with Wavemaker Group, Inc. was terminated.

On January 20, 2022, Nico Jose S. Nolledo, Founder and ex-Chairman, infused equity amounting to ₱100.00 million. The proceeds will be used for the expansion of Xurpas' enterprise business, specifically the IT staff augmentation business, employee benefits enhancement, equipment replacement, research and development, and general corporate purposes.

On June 30, 2023, Mr. Fernando Jude F. Garcia and Mr. Nico Jose S. Nolledo also converted their advances in Xurpas into equity. On October 10, 2023, Xurpas received the Certificate of Approval of Valuation from the SEC. Accordingly, the Company issued 455,068,753 common shares to Mr. Nolledo and Mr. Garcia. The said shares remain unlisted as of date.

Xurpas continues to strengthen its enterprise services business, focusing on the following: IT staff augmentation, growing its services under business solutions and seizing the opportunities brought by Web 3.0 through geographical, operational and product expansion.

New Product and Service

On April 28, 2023, Xurpas Software Inc was incorporated. The wholly-owned subsidiary will focus on commercial software solutions, such as EZ-ERP which is designed for small and medium businesses (SMBs) and local government units (LGUs). An enterprise grade ERP system is currently being developed for large enterprises and national government agencies (NGAs).

In June 2023, Xurpas introduced its artificial intelligence (AI) offerings to the market. These offerings encompass various services such as AI readiness consulting, data analytics services, custom machine learning models, generative AI integration, managed data warehouse, and custom AI/ML applications.

Sources and Availability of Raw Materials and Names of Principal Supplier

Xurpas does not rely on raw materials for the delivery of its services to its customers. Xurpas also does not have a principal supplier for its business.

Dependence on One or a Few Major Customers and Identification of Such

The Company has been working towards improving its business and financial growth for the past years. Fifty-two percent (51%) of the Company's revenues from enterprise services can be attributed to 7 of its major clients in 2024. As part of its growth strategy, the Company has been looking for new opportunities that would allow it to further diversify its business. At the same time, the Company still intends to continue to develop its current relationships with its long-term customers.

Transactions With and/or Dependence on Related Parties

Related party transactions are disclosed in the 2024 Annual Report and Audited Financial Statements.

Outlook for 2025

Looking ahead to 2025, Xurpas Group is poised for continued growth with its extensive range of products and services, including IT staff augmentation, custom development, business solutions, and artificial intelligence. As businesses and government agencies increasingly prioritize digital transformation to drive efficiency, the demand for specialized IT solutions is growing rapidly both locally and globally. With the Philippines being a prime destination for IT outsourcing due to its skilled workforce and competitive pricing, the Group has a unique opportunity to expand its reach beyond the domestic market.

Aligned with its strategic roadmap, the Group remains focused on: (i) expanding its geographical presence internationally; (ii) streamlining operations and strengthening marketing initiatives through digital platforms; and (iii) innovating through product development, particularly in emerging technologies such as machine learning and artificial intelligence

1. Custom Software Development: As technology becomes increasingly ingrained in a lot of businesses, the demand to adopt digital transformation has also been increasing for the custom software development business. It has been one of their top priorities as they focus to keep up with these technological changes in order to stay relevant and competitive in the market.

2. IT Staff Augmentation: As companies look to optimize their workforce and fill skill gaps, the demand for IT staff augmentation services remains high globally. This led to the Group's decision to expand its digital influence geographically to cover other markets in need of their services even beyond the country's borders. In 2024, the Company has already incorporated Xurpas Australia as its aims to introduce its product offerings and services to larger markets.

3. Digital Business Solutions: The Company aims to curate a regional marketplace of B2B software services and products. Xurpas will help its clients enable their digital transformations by providing tools and solutions to address their business needs in financial, production/manufacturing, people, marketing, sales, and customer management. These products will provide similar functionalities and benefits as global brands used by multinationals and large local companies, but will be offered at a significantly lower-cost. Xurpas shall implement this with a curated technology platform and an ecosystem of partners. Thus, the establishment of Xurpas Software, Inc. This will focus on providing business solutions of various technological products and services to different industries from different scales.

4. Artificial Intelligence: As businesses increasingly recognize the value of AI in driving efficiency and innovation, demand for comprehensive AI services is on the rise. Xurpas Enterprise launched Xurpas AI Lab (XAIL) which provides data science and consulting services, along with a range of AI solutions to help businesses leverage the power of data with AI to solve real-world business problems and unlock opportunities to gain lasting strategic advantage. By offering end-to-end AI solutions and expertise, XAIL is well-positioned to capitalize on this growing demand and solidify its position as a leader in the industry.

To further enhance its service offerings, Xurpas is actively developing AI-infused products aimed at addressing unmet needs in the basic ERP platform space. These new solutions will integrate machine learning and intelligent automation features into core business management systems, offering SMEs and large enterprises alike, smarter, more adaptive tools to streamline operations and support growth.

First Quarter of 2025 compared with First Quarter of 2024

Financial Summary

Key Financial Data In PhP Millions	For the three-month periods ended March 31					
	2025		2024		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Revenues						
Mobile consumer services	-	0%	0.65	2%	(0.65)	(100%)
Enterprise services	28.43	67%	24.10	68%	4.33	18%
Other services	13.97	33%	10.59	30%	3.38	32%
Total Revenues	**42.40**	**100%**	**35.33**	**100%**	**7.06**	**20%**
Cost of Services	27.19	64%	26.95	76%	0.25	1%
Gross Profit	**15.20**	**36%**	**8.39**	**24%**	**6.81**	**81%**
General and Administrative Expenses	26.52	63%	28.24	80%	(1.72)	(6%)
Equity in Net Losses (Earnings) of Associates	(1.46)	-3%	4.65	13%	(6.11)	(131%)
Other Income, Charges and Finance Costs - net	(0.73)	-2%	1.64	5%	(2.36)	(144%)
Loss Before Income Tax	**(9.13)**	**-22%**	**(26.14)**	**-74%**	**17.01**	**(65%)**
Provision for Income Tax	0.30	1%	0.22	1%	0.07	34%
Net Loss	**(9.43)**	**-22%**	**(26.36)**	**-75%**	**16.93**	**(64%)**
Other Comprehensive Income (Loss)	(0.36)	-1%	18.47	52%	(18.83)	(102%)
Total Comprehensive Loss	**(9.79)**	**-23%**	**(7.89)**	**-22%**	**(1.90)**	**24%**

	Mar. 31, 2025 Amount	Dec. 31, 2024 Amount	Amount Change	% Increase
Total Assets	440.89	426.43	14.46	3%
Total Liabilities	552.40	528.15	24.25	5%
Total Capital Deficiency	(111.51)	(101.72)	(9.79)	10%

The Group's total revenue in the first quarter of 2025 was ₱42.40 million, an increase from the same period of 2024 mainly caused by the increase in revenues under enterprise and other services. Majority of the revenues is from enterprise services which generated ₱28.43 million or 67% of the total revenues followed by other services which generated ₱13.97 million or 33% of the total services. No revenues were recognized under mobile consumer services for the first quarter of the year.

The blended cost of services also went up from ₱26.95 million in March 31, 2024 to ₱27.19 million in March 31, 2025 mainly due to higher benefits costs related to AllCare's HMO operations.

Gross profit margin on total revenues is at ₱15.20 million for the period ended March 31, 2025, compared to ₱8.39 million in 1Q2023, which is an 81% increase. Gross profit margin increased significantly to 36%, from 24%, the previous period.

General and administrative expenses (GAEX) decreased by ₱1.72 million, from ₱28.24 million for the first quarter of 2024 to ₱26.52 million for the same period in 2025. The decrease is primarily caused by the decrease in manpower costs, professional fees and dues and subscriptions.

The Company also shares in the net earnings of the associate companies it has invested in, which amounted to ₱1.46 million for the three-month period ended March 31, 2025 (a 131% rise from equity in net losses of associates in first quarter of 2024).

By the end of Q1 2025, the Company incurred a ₱9.13 million pre-tax loss, ₱9.43 million net loss and ₱9.79 million total comprehensive loss.

Although the Company saw a relatively significant increase in its total revenues, this was still not enough to fully cover its operating costs and expenses, resulting in net losses for the first quarters of both 2025 and 2024. To address this, the Company has undertaken cost rationalization and optimization measures and launched revenue growth and market expansion initiatives aimed at improving financial performance and moving toward profitability.

Consolidated total assets increased by 3% from ₱426.43 million for the period ended December 31, 2024, to ₱440.89 million as of March 31, 2025. Consolidated total liabilities also slightly increased by 5% from ₱528.15 million as of December 31, 2024, to ₱552.40 million on March 31, 2025.

Lastly, consolidated total capital deficiency went up by ₱9.79 million on March 31, 2025 from December 31, 2024, increasing the capital deficiency to ₱111.51 million.

Profitability

For the three-month period ended March 31, 2025, compared with the three-month period ended March 31, 2024.

Revenues

The consolidated revenues of the Group for the three-month period ended March 31, 2025, amounted to ₱42.40 million, an increase of 20% from ₱35.33 million the same period of the previous year.

The service income component of total revenues is comprised of the following segments:

Segment	Description	Subsidiaries
Enterprise services	Revenues derived from a combination of software development, information technology (IT) staff augmentation and consultancy services. By offering tailored software solutions that prioritize performance and scalability, along with on-demand access to skilled IT professionals, it enables businesses to innovate and scale efficiently without the constraints of long-term hiring. This comprehensive approach empowers companies to meet project demands and fill skill gaps with agility and cost-effectiveness.	• Xurpas Enterprise • Xurpas Parent Company • Xurpas Software • Seer • XAU
Mobile consumer services	Revenues ultimately derived from providing mobile consumer engagement solutions, leveraging SMS blasts to deliver targeted incentives or information directly to users' devices. This service drives customer engagement, enhances loyalty, and boost brand interaction and drive measurable business growth through data-driven campaigns.	• Xurpas Parent Company • Xurpas Software
Other services	Revenues derived from services related to a membership-based marketplace which offers a variety of worker benefits –insurance, health checks and wellness.	• AllCare

In PhP Millions	For the three-month periods ended March 31					
	2025		2024		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Revenues						
Enterprise services	28.43	67%	24.10	68%	4.33	18%
Mobile consumer services	-	0%	0.65	2%	(0.65)	(100%)
Other services	13.97	33%	10.59	30%	3.38	32%
Total Revenues	**42.40**	**100%**	**35.33**	**100%**	**7.06**	**20%**

For the first quarter of 2025, enterprise services generated the most revenue at ₱28.43 million or 67% of total revenues. The segment saw an 18% increase primarily due to higher revenues from software development, IT staff augmentation and business solutions. Revenues generated from other services (which accounts for 33% of company revenues) went up by 32%, from ₱10.59 million in March 2024 to ₱13.97 million in March 2025. This is due to the increase in revenues recognized by AllCare, a majority-owned subsidiary of Storm Technologies.

Lastly, as the Company shifted its focus on the expansion of its enterprise services, the mobile consumer segment will be an opportunistic business. No revenues were recognized under mobile consumer services for the first quarter of 2025 compared from the prior period revenues amounting to ₱0.65 million.

Shown below are the business units under enterprise services segment and their respective revenues:

In PhP Millions	For the three-month periods ended March 31					
	2025		2024		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Enterprise Services						
IT staff augmentation	8.89	31%	8.10	34%	0.79	10%
Custom software development	14.69	52%	13.44	56%	1.25	9%
Business solutions	3.55	13%	1.34	6%	2.22	166%
XAIL	0.96	3%	-	0%	0.96	n.a.
Web 3.0 services	-	0%	0.98	4%	(0.98)	(100%)
Others	0.33	1%	0.25	1%	0.08	31%
Total Enterprise Services	**28.43**	**100%**	**24.10**	**100%**	**4.33**	**18%**

For enterprise services, there was a 9% increase in revenues from custom software development and 10%, increase in IT staff augmentation. Revenues from business solutions increased by 166%. The Company also successfully started providing services under its AI business segment, XAIL, in the third quarter of 2024. For the first quarter of 2025, XAIL contributed ₱0.96 million in revenues.

Expenses

In PhP Millions	For the three-month periods ended March 31					
	2025		2024		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Expenses						
Cost of Services	27.19	51%	26.95	49%	0.25	1%
General and Administrative Expenses	26.52	49%	28.24	51%	(1.72)	(6%)
Total Expenses	**53.71**	**100%**	**55.19**	**100%**	**(1.47)**	**(3%)**

The Group's consolidated expenses during the three-month period ended March 31, 2025, amounted to ₱53.71 million, a 3% decrease from the same period of the previous year at ₱55.19 million. For the first three months of 2025, cost of services accounted for the bulk of expenses, totaling ₱27.19 million or 51% of the Group's consolidated expenses. For the same period in 2024, cost of services amounted to ₱26.95 million, which comprised 49% of overall expenses.

Cost of Services

In PhP Millions	For the three-month periods ended March 31					
	2025		2024		Amount Change	% Increase (Decrease)
	Amount	%	Amount	%		
Cost of Services						
Salaries, wages and employee benefits	13.86	51%	15.71	58%	(1.85)	(12%)
Outside services	9.77	36%	6.82	25%	2.95	43%
Outsourced services	1.87	7%	1.71	6%	0.16	9%
Web hosting	0.55	2%	0.95	4%	(0.40)	(42%)
Others	1.14	4%	1.77	7%	(0.63)	(36%)
Total Expenses	**27.19**	**100%**	**26.95**	**100%**	**0.25**	**1%**

The cost of services for the first quarter of 2025 amounted to ₱27.19 million, an increase from the same period of the previous year of ₱26.95 million. 51% of cost of services came from salaries and employee benefits at ₱13.86 million which is a 12% decrease from the prior year of the same period. The decrease is due to enhanced manpower efficiency and strategic resource utilization. Web hosting and other expenses also decreased by 42% and 36% respectively due to ongoing cost and resource management of the Company. Meanwhile, outside services, which pertains to the benefits costs related to AllCare's HMO operations, saw a 43% increase as a result of the growing number of enrolled members.

General and Administrative Expenses (GAEX)

In PhP Millions	For the three-month periods ended March 31					
	2025		2024		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
General and Administrative Expenses						
Salaries, wages and employee benefits	20.61	78%	21.49	76%	(0.88)	(4%)
Professional fees	1.78	7%	2.37	8%	(0.59)	(25%)
Dues and subscription	1.55	6%	1.74	6%	(0.19)	(11%)
Depreciation and amortization expense	0.69	3%	0.75	3%	(0.06)	(8%)
Others	1.89	7%	1.89	7%	(0.00)	(0%)
Total Expenses	**26.52**	**100%**	**28.24**	**100%**	**(1.72)**	**(6%)**

General and administrative expenses relating to the Group's operations, for the first three months of 2025 amounted to ₱26.52 million, lower by 6% compared to previous year's same period level of ₱28.24 million. Salaries and wages accounted for 78% in the first quarter of 2025 and decreased by 4% vis-à-vis same period in 2024 caused by the ongoing objective to maintain cost-effective workforce structures. Professional fees and dues and subscription decreased by 25% and 11% respectively. The decrease is aligned with the ongoing cost and resource management of the Company.

Equity in Net Earnings of Associates

The equity of the Group in the net earnings of its associate companies for the three-month period ended March 31, 2025, amounted to ₱1.46 million, 131% improvement from the ₱4.65 million net loss for the comparable period. The associate that generated income for the period is MicroBenefits.

Finance Costs– net

For the quarter ended March 31, 2025, the Group posted a 5% decrease in finance costs, net, from ₱0.92 million to ₱0.88 million. This is due to lower interest expense from advances from stockholders for the first quarter of 2025.

Other Income – net

For the first three months of 2025, the Group recognized other income – net amounting to ₱1.61 million which is a 325% improvement from the other charges – net recognized in the first quarter of 2024 amounting to ₱0.71 million. The significant change resulted from FOREX gain in 2025 arising from revaluation of advances from stockholders and the provision relating to the token pre-sale agreements of ODX.

Loss before Income Tax

The Group's net loss before taxes for the three-month period ended March 31, 2025, was ₱9.13 million. The net loss before taxes for the Group decreased by 65% or ₱17.01 million from the same period ended March 31, 2024, which posted a figure of ₱26.14 million.

Provision for Income Tax

The Group recognized ₱0.30 million provision for income tax for the three- month period ended March 31, 2025, 34% higher vis-à-vis ₱0.22 provision in March 31, 2024, resulting from higher MCIT incurred by enterprise services and other services.

Net Loss

The Group posted a consolidated net loss of ₱9.43 million for the three-month period ended March 31, 2025, an improvement of 64% from the previous year's same period of ₱26.36 million.

Other Comprehensive Income

In March 2025, the Group posted a ₱0.36 million other comprehensive loss. This figure was a 102% decline from March 2024 of ₱18.47 million other comprehensive income. This shift was primarily driven by a revaluation loss of ₱0.70 million resulting from changes in the fair value of BTC and ETH held by ODX, recognized as of February 7, 2025, when all remaining cryptocurrency holdings were sold. This loss was partially offset by a positive foreign currency translation adjustment of ₱0.34 million, attributed to a slight appreciation of the Philippine Peso against the US Dollar.

	Foreign exchange rates		**Cryptocurrency price**	
	USD to PhP	**SGD to PhP**	**BTC**	**ETH**
December 31, 2024	USD1.00 to ₱57.85	SGD1.00 to ₱42.69	USD93,347	USD3,330
March 31, 2025	USD1.00 to ₱57.38	SGD1.00 to ₱42.76	USD97,030	USD2,715

Total Comprehensive Income (Loss)

For the first three months of 2025, the Group incurred total comprehensive loss of ₱9.79 million which fell by 24% from ₱7.89 million total comprehensive loss in the first quarter of 2024.

Financial Position

As of March 31, 2025, compared to December 31, 2024.

Assets

Cash and cash equivalents

The Group's consolidated cash and cash equivalent amounted to ₱59.18 million as of March 31, 2025, an 83% increase of ₱26.86 million from consolidated cash of ₱32.31 million as of December 31, 2024. This is primarily due to the sale of its cryptocurrencies with proceeds amounting to ₱26.62 million.

Accounts and Other Receivables

The Group's consolidated accounts and other receivables amounted to ₱32.63 million and ₱29.61 million as of March 31, 2025, and December 31, 2024, respectively. The increase of ₱3.02 million was attributed to the overall increase in revenues causing the increase of trade receivables. Out of the consolidated accounts and other receivables, 84% or ₱27.30 million pertains to trade receivables – net.

Contract Assets

The Group's consolidated contract assets totaling ₱29.37 million as of December 31, 2024, increased by 27% or ₱7.89 million as of March 31, 2025, to ₱37.27 million. Additional contract assets for the period were mostly from enterprise services.

Other Current Assets

As of March 31, 2025, the Group's consolidated other current assets totaled ₱19.77 million, a decrease of ₱0.38 million or 2% from its previous level on December 31, 2024 of ₱20.15 million. The decrease is primarily contributed by the decrease in refundable deposits for the period.

Financial assets at FVOCI

This account pertains to quoted and unquoted equity investments in Club Punta Fuego and Zowdow Inc. As of March 31, 2025, carrying value and net unrealized loss on financial assets at FVOCI recognized in the consolidated statement of financial position remained unchanged from its previous level on December 31, 2024, which both amounted to ₱1.10 million.

Investment in and Advances to Associates

As of March 31, 2025, the Group's consolidated investment in and advances to associates increased from ₱210.14 million as of December 31, 2024, to ₱212.23 million. The breakdown of the carrying amounts of these investments are as follows: Micro Benefits Limited (₱167.22 million) and SDI (₱22.93 million). Further, advances to SDI as of March 31, 2025 amounted to ₱22.08 million.

Property and Equipment

The Group's consolidated property and equipment was ₱1.68 million on March 31, 2025, vis-à-vis ₱2.08 million as of December 31, 2024. There were no acquisitions during the three-month period ended March 31, 2025. Retirement and disposals for the quarter amounted to ₱0.23 million while depreciation expense amounted to ₱0.42 million and for the three-month periods ended March 31, 2025.

Right-of-use (ROU) Asset

Right-of-use asset as of March 31, 2025 and December 31, 2024 amounted to ₱2.17 million and ₱0.17 million, respectively. In the first quarter of the year, the Parent Company renewed the lease contract for its office space in Antel for another two years, thereby, recognizing additional ROU asset amounting to ₱2.26 million. Depreciation expense recognized amounted to ₱0.27 million for the first quarter of 2025.

Intangible Assets

As of March 31, 2025, intangible assets amounted to ₱46.30 million which decreased from December 31, 2024, balance of ₱73.80 million. The components are goodwill and developed software as of end of the quarter.

- Goodwill pertains to excess of the acquisition cost over the fair value of the identifiable assets and liabilities of companies acquired by the Group. As of March 31, 2025, goodwill was at ₱45.59 million.
- Developed software pertains to corporate application software and licenses and other VAS

software applications that are not integral to the hardware or equipment. As of March 31, 2025, net book value of developed software was ₱0.71 million. Amortization of developed software for the three-month period ended March 31, 2025, amounted to ₱0.15 million.

- Cryptocurrencies, which pertain to units of BTC and ETH held by the Group as of December 31, 2024, were all sold in February 7, 2025 for a total of ₱26.62 million. Revaluation loss up to the date of disposal amounted to ₱0.77 million.

Other Noncurrent Assets

Other noncurrent assets amounted to ₱28.56 million as of March 31, 2025, slightly higher than the ₱27.68 million figure posted as of December 31, 2024.

Liabilities

Accounts and Other Payables

The Group's consolidated accounts and other payables was at ₱410.77 million as of March 31, 2025. It increased by 3% or ₱13.76 million from the December 31, 2024 figure of ₱397.00 million mainly due to the increase in trade payables, taxes payables and accrued expenses. The payables consist of noncash payables such as, payables to related parties (deposits for subscription), other payables and nontrade payables (which are ODX related obligations); and trade payables, accrued expenses, deferred output VAT and taxes payables.

Advances from Stockholders

This account pertains to the loan agreement entered by the Parent Company with one of its founders amounting to ₱37.22 million. The decrease was brought about by foreign exchange revaluation of the loan which is denominated in US Dollar.

Loans Payable

The Group recorded ₱38.78 million in current loans on March 31, 2025 and as of December 31, 2024. This is mainly attributable to the loans of Storm and Seer which are interest-bearing and short-term. Payment during the period amounted to ₱0.04 million while additions comprised of interest accretions and surcharges amounted to ₱0.05 million.

Contract Liabilities

The Group's consolidated contract liabilities as of March 31, 2025, amounted to ₱34.15 million, an increase of 35% from the December 31, 2024, figure of ₱25.35 million. The increase in this account was the result of increase in overall revenues and the growing HMO business of AllCare.

Lease Liability

The Group recognized an additional lease liability for its office space in Antel amounting to ₱2.26 million in the first quarter of 2025. Accretion of interest and payments made amounted to ₱0.01 million and ₱0.29 million, respectively. As of March 31, 2025, current and noncurrent portions of lease liability amounted to ₱1.08 million and ₱1.10 million, respectively.

Pension Liability

The accrued pension of the Group was at ₱29.31 million as of March 31, 2025, which was unchanged from its levels on December 31, 2024.

Capital Deficiency

Total Capital Deficiency

The Group recorded total capital deficiency of ₱111.51 million as of March 31, 2025, a 10% increase from December 31, 2024 with a figure of ₱101.72 million. The increase is due to the total comprehensive loss recognized for the period.

Liquidity and Capital Resources

The Group's liquidity is primarily driven by cash flows from operating activities and cash reserves. The Group knows of no demands, commitments, events, or uncertainties that are reasonably likely to result in a material increase or decrease in liquidity. The Group is current on all its accounts. The Group has some bank debt through the Parent Company and Seer Technologies Inc. which are short term in nature. The Group is not in breach or default on any loan or other form of indebtedness.

<u>Cashflows</u>

	For the three-month periods ended March 31	
	2025	2023
In PhP Millions	**Amount**	**Amount**
Net cash provided by (used in) Operating Activities	0.20	0.59
Net cash provided by (used in) Investing Activities	26.56	(1.56)
Net cash used in Financing Activities	(0.33)	(0.42)
Effect of foreign currency exchange changes in cash	0.43	1.26
Net increase (decrease) in cash	26.86	(0.14)
Cash at beginning of period	32.31	79.89
Cash at end of period	**59.17**	**79.75**

Cash Flows from Operating Activities

For the first three months of 2025, operating loss before changes in working capital of ₱11.26 million was coupled with the corresponding increase in receivables, other assets and contract assets and decrease in contract liabilities and account and other payables resulted in ₱0.50 million net cash provided by operations. Together with interest received, interest expense and income taxes paid, this resulted in a net cash provided by operating activities of ₱0.20 million.

Cash Flows from Investing Activities

The Group's consolidated cash flows provided in investing activities for the first three months of 2025 was ₱26.56 million compared to ₱1.56 million used in the same period of 2024. This comprises proceeds from the sale of cryptocurrencies amounting to ₱26.62 million and acquisition of intangible assets and property and equipment amounting to ₱0.04 million and ₱0.02 million, respectively.

Cash Flows from Financing Activities

The cash flow used in financing activities for the first quarter of 2025 was ₱0.33 million mainly from payments of loans and lease liability.

Capital Expenditure

The Group's capital expenditures for the three-month period ended March 31, 2025, and the year ended December 31, 2024, amounted to ₱2.30 million and ₱0.10 million, respectively.

Key Financial Data In PhP Millions	**March 31, 2025 Additions**	**December 31, 2024 Additions**
Right-of-use Assets	2.26	-
Developed software	0.04	-
Office Equipment	-	0.03
IT Equipment	-	0.03
Leasehold improvements	-	0.04
	2.30	**0.10**

Key Performance Indicators

The key performance indicators disclosed below present the financial performance of the Group as a whole. These are different from those in the supplemental schedule of the consolidated financial statements which were prepared only for the analysis of financial performance attributable to the Parent Company.

The following are the key performance indicators of the Group and its majority-owned subsidiaries:

In Percentage	As of and for the three-month periods ended March 31		As of and for the year ended December 31, 2024
	2025	2024	
Liquidity Ratios			
Current Ratio	**29%**	36%	22%
Quick Ratio	**25%**	28%	18%
Asset-to-Equity Ratio	**1,023%**	329%	796%
Profitability Ratios			
Net Loss Margin	**(24%)**	(73%)	(72%)
Gross Margin	**36%**	24%	26%
Operating Margin	**(17%)**	(69%)	(69%)
Return on Total Assets	**(2%)**	(5%)	(28%)
Return on Equity	**(21%)**	(15%)	(117%)
Debt Ratios			
Debt-to-Equity Ratio	**12.81x**	3.21x	9.86x
Interest Coverage Ratio	**(9.37x)**	(27.05x)	(33.94x)

Liquidity Ratios

Current ratio as of March 31, 2025 and December 31, 2024 was 29% and 22%, respectively. Meanwhile, quick ratio was at 25% and 18% as of March 31, 2025 and December 31, 2024, respectively. Liquidity ratios generally improved mainly due to increase in receivables and contract assets of the Group.

Asset-to-Equity Ratio

There was an increase in the asset-to-equity ratio from 796% as of December 31, 2024 to 1,023% on March 31, 2025 due to increase in assets and decrease of equity attributable to equity holders of the Company for the period.

Profitability Ratios

Profitability ratios such as net loss margin, operating loss margin, return on total assets and return on equity decreased to (24%), (17%), (2%) and (21%) respectively from their prior year ratios. This is due to the lower net loss generated this first quarter of 2025 compared with the same period of last year. Gross margin, on the other hand, increased from 24% in 2024 to 36% in 2025.

Debt Ratio

Debt-to-equity on March 31, 2025, slightly increased to 12.81x from 9.86x as of December 31, 2024. The increase in the gearing ratio was attributed to the decrease in equity attributable to equity holders of the Parent Company. Interest coverage ratio as of March 31, 2025, was at -9.37x compared to -27.05x on March 31, 2024.

The manner by which the Company calculates the foregoing indicators is as follows:

Current Ratios	
1. Current ratio	Current assets / Current liabilities
2. Quick ratio	Current assets – Other current assets / Current liabilities
Asset-to-equity Ratio	Total assets / Total equity attributable to Parent Company
Profitability Ratios	
1. Net income ratio	Net income attributable to Parent Company / Service income + Sale of goods
2. Gross margin	(Service income + Sale of goods) – (Cost of services + Cost of goods sold) / Service income + Sale of goods
3. Operating margin	Earnings before interest, tax, depreciation and amortization / Service income + Sale of goods
4. Return on total assets	Net income attributable to Parent Company / Average total assets
5. Return on total equity	Net income attributable to Parent Company / Average total equity attributable to the Parent Company
Debt Ratios	
1. Debt-to-equity ratio	Total Liabilities / Total equity attributable to Parent Company
Interest coverage ratio	Earnings before interest and tax / Interest expense

Other Disclosures:

i. Liquidity. To cover its short-term funding requirements, the Group intends to use internally generated funds from operations or sale of assets, obtain additional advances from its stockholders, and negotiate for longer payment terms for its payables.

ii. Events that will trigger Direct or Contingent Financial Obligation. There are no events that will trigger direct or contingent financial obligations that are material to the Group, including and default or acceleration of an obligation.

iii. Material Off-balance sheet Transactions, Arrangements, Obligations. Likewise, there were no 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.

iv. Material Commitments for Capital Expenditure. There are no material commitments for capital expenditures.

v. Material Events/ Uncertainties. There are no new trends, events, or uncertainties that are expected to have a material favorable or unfavorable impact on the Group's revenues from continuing operations.

vi. Results of Operations. There were no significant elements of income or loss that did not arise from continuing operations.

vii. Seasonality. The Group is not subject to the seasonality.

Full year 2024 compared with 2023

Key Financial Data In PhP Millions	For the years ended December 31 2024 Amount	 Percentage	 2023 Amount	 Percentage	 Amount Change	 % Increase (Decrease)
Revenues						
Mobile consumer services	21.85	12%	8.61	5%	13.23	154%
Enterprise services	106.10	58%	131.97	70%	(25.87)	(20%)
Other services	55.76	30%	47.43	25%	8.32	18%
Total Revenues	**183.70**	**100%**	**188.02**	**100%**	**(4.31)**	**(2%)**
Cost of Services	136.81	74%	143.57	76%	(6.76)	(5%)
Gross Profit	**46.89**	**26%**	**44.45**	**24%**	**2.44**	**5%**
General and Administrative Expenses	164.75	90%	141.49	75%	23.26	16%
Equity in Net Losses (Earnings) of Associates	7.96	4%	1.81	1%	6.14	339%
Other Income, Charges and Finance Costs - net	7.53	4%	(0.65)	0%	8.18	(1,252%)
Loss Before Income Tax	**(133.35)**	**-73%**	**(98.21)**	**-52%**	**(35.15)**	**36%**
Provision for Income Tax	1.64	1%	1.82	1%	(0.18)	(10%)
Net Loss	**(134.99)**	**-73%**	**(100.03)**	**-53%**	**(34.96)**	**35%**
Other Comprehensive Income (Loss)	12.06	7%	18.06	10%	(6.00)	(33%)
Total Comprehensive Loss	**(122.93)**	**-67%**	**(81.97)**	**-44%**	**(40.96)**	**50%**

	Dec. 31, 2024 Amount	Dec. 31, 2023 Amount	Amount Change	% Increase
Total Assets	426.43	532.51	(106.09)	(20%)
Total Liabilities	528.15	511.31	16.84	3%
Total Equity	(101.72)	21.20	(122.93)	(580%)

The Group's total revenue in 2024 was ₱183.70 million, a 2% decrease from results in 2023. Majority of the revenue was driven by enterprise services which generated ₱106.10 million or 58% of the total revenue. This was followed by other services and mobile consumer services which generated ₱55.76 million (30% of total revenues) and ₱21.85 million (12% of total revenues), respectively in 2024. The net loss at the end of the year was at ₱134.99 million, a 35% deterioration in comparison to the ₱100.03 million net loss in 2023.

The blended cost of services went down from ₱143.57 million in 2023 to ₱136.81 million in 2024. This caused the gross margin on total revenues went up by 5% from a gross profit of ₱44.45 million in 2023 to a gross profit of ₱46.89 million in 2024. The gross profit margins were increased from 24% in 2023 to 26% in 2024.

General and administrative expenses (GAEX) increased by 16%, from ₱141.49 million in 2023 to ₱164.75 million in 2024. The increase was primarily caused by the recognition of impairment loss of MBL amounting to ₱27.81million. Excluding the provision for impairment loss, operating expenses under GAEX actually decreased by 2% due to cost cutting initiatives by the management.

The Company also shares in the recorded net losses of its associate companies it has invested in, which amounted to ₱7.96 million for the year ended December 31, 2024, a 339% increase from equity in net losses of associates in 2023.

Finance Costs-net recognized for the year 2024 is ₱2.55 million, 21% lower than the ₱3.24 million net finance costs recorded in 2023 which is primarily due to the 8% decrease of interest expense on loans payable and 32% increase in interest income. Conversely, the Company was able to record ₱4.98 million of "Other charges– net", a decrease of 228% vis-à-vis the ₱3.89 million other income – net incurred in the same period of 2023. This shift was primarily due to the recognition of a net foreign exchange loss in 2024, as opposed to a net foreign exchange gain in 2023.

By the end of 2024, the Company generated a ₱133.35 million pre-tax loss, ₱134.99 million net loss and ₱122.93 million total comprehensive loss after recognizing ₱12.06 million in other comprehensive income arising mainly from changes in foreign exchange rates and cryptocurrency prices as of December 31, 2024.

Consolidated total assets increased from ₱532.51 million as of December 31, 2023 to ₱426.43 million as of December 31, 2024 mainly due to the decrease of cash, receivables and carrying value of the investment in advances to associates as of year-end.

Consolidated total liabilities also increased by 3% from ₱511.31 million as of December 31, 2023 to ₱528.15 million as of December 31, 2024 due to increase in accounts and other payables, advances from stockholders and pension liabilities.

Lastly, consolidated capital went down to a negative ₱101.72 million as of December 31, 2024, from a positive equity of ₱21.20 million in 2023 mainly due to total comprehensive loss recognized for the year.

Percentage of Sales or Revenues and Net Income Contributed by Foreign Sales

Revenues from foreign operations for the year ended December 31, 2024 amounted to ₱6.45 million or 3.51% of the consolidated revenues which resulted to gross profit of ₱4.66 million.

<u>Segment Financial Performance</u>

For the year ended December 31, 2024 (in Php Millions)	**Mobile Consumer Services**	**Enterprise Services**	**Other Services**	**Intersegment Adjustments**	**Consolidated**
Total Service Revenues	**21.85**	**137.87**	**55.76**	**(31.76)**	**183.70**
Operating expenses	**27.25**	**271.82**	**57.66**	**(55.17)**	**301.57**
Equity in net losses of associates	-	-	-	7.96	7.96
Finance costs and other charges - net	0.34	4.48	1.74	0.96	7.53
Total Expenses (Other Income) - net	27.59	276.30	59.41	(46.25)	317.05
Operating Loss	**(5.74)**	**(138.44)**	**(3.65)**	**14.48**	**(133.35)**
Provision for income tax	**(0.04)**	**(1.28)**	**(0.32)**	-	**(1.64)**
Net Loss	**(5.79)**	**(139.72)**	**(3.97)**	**14.48**	**(134.99)**

Xurpas Group operates under mobile consumer services, enterprise services and other services segments. Prior to eliminations, for the year ended December 31, 2024, the enterprise services generated the majority of the total revenues amounting to ₱137.87 million. This is followed by other services which amounted to ₱55.76 million revenues of Storm's subsidiary, AllCare, and mobile consumer services with a contribution amounting to ₱21.85 million.

Prior to eliminations, enterprise services, other services and mobile consumer services incurred net losses amounting to ₱139.72 million, ₱3.97 million and ₱5.79 million, respectively.

<u>Profitability</u>

For the year ended December 31, 2024, compared with the year ended December 31, 2023.

Revenues

The consolidated revenues of the Group for the year ended December 31, 2024, amounted to ₱183.70 million, a decrease of 2% from ₱188.02 million of the previous year.

Segment	Description	Subsidiaries
Enterprise services	Revenues derived from a combination of software development, information technology (IT) staff augmentation and consultancy services. By offering tailored software solutions that prioritize performance and scalability, along with on-demand access to skilled IT professionals, it enables businesses to innovate and scale efficiently without the constraints of long-term hiring. This comprehensive approach empowers companies to meet project demands and fill skill gaps with agility and cost-effectiveness.	• Xurpas Enterprise • Xurpas Parent Company • Xurpas Software • Seer • XAU
Mobile consumer services	Revenues ultimately derived from providing mobile consumer engagement solutions, leveraging SMS blasts to deliver targeted incentives or information directly to users' devices. This service drives customer engagement, enhances loyalty, and boost brand interaction and drive measurable business growth through data-driven campaigns.	• Xurpas Parent Company • Xurpas Software
Other services	Revenues derived from services related to a membership-based marketplace which offers a variety of worker benefits –insurance, health checks and wellness.	• Allcare

In PhP Millions	For the years ended December 31					
	2024		2023		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Revenues						
Enterprise services	106.10	58%	131.97	70%	(25.87)	(20%)
Mobile consumer services	21.85	12%	8.61	5%	13.23	154%
Other services	55.76	30%	47.43	25%	8.32	18%
Total Revenues	**183.70**	**100%**	**188.02**	**100%**	**(4.31)**	**(2%)**

As of December 31, 2024, enterprise services generated the most revenue at ₱106.10 million or 58% of total revenues. This is 20% (or ₱25.87 million) lower compared to 2023 revenues of ₱131.97 million. On the other hand, revenues generated from other services, which accounts for 30% of company revenues, went up by 18% (or ₱8.32 million), from ₱47.43 million in 2023 to ₱55.76 million in 2024. This is due to the ongoing expansion of AllCare. Mobile consumer services which comprise 12% of the revenues or ₱21.85 million increased from the prior period by 154% (or ₱13.23 million), driven by an SMS digital rewards project for a major beverage company that took place in 2024.

The enterprise services segment is comprised of the following business units:

In PhP Millions	For the years ended December 31					
	2024		2023		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Enterprise Services						
IT staff augmentation	44.30	42%	51.42	39%	(7.12)	(14%)
Custom software development	47.81	45%	48.79	37%	(0.98)	(2%)
Business solutions	7.90	7%	6.36	5%	1.54	24%
XAIL	3.94	4%	-	0%	3.94	n.a.
Web 3.0 services	1.20	1%	21.56	16%	(20.36)	(94%)
Others	0.95	1%	3.83	3%	(2.88)	(75%)
Total Enterprise Services	**106.10**	**100%**	**131.97**	**100%**	**(25.87)**	**(20%)**

There was a 14% (or ₱7.12 million) decline in IT staff augmentation revenues, and a 2% decrease in custom software development. Conversely, business solutions increased by 24% (or ₱1.54 million). The Company also successfully started providing its AI services under XAIL in the second half of 2024 which contributed ₱3.94 million in revenues. Revenues from Web 3.0 services and others decreased by 94% and 75% respectively as the Company shifts its focus on AI.

Expenses

In PhP Millions	For the years ended December 31					
	2024		2023		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Expenses						
Cost of Services	136.81	45%	143.57	50%	(6.76)	(5%)
General and Administrative Expenses	164.75	55%	141.49	50%	23.26	16%
Total Expenses	**301.57**	**100%**	**285.06**	**100%**	**16.51**	**6%**

The Group's consolidated expenses during the year ended December 31, 2024 amounted to ₱301.57 million, a 6% increase from the same period of the previous year at ₱301.57 million caused by the increase in general and administrative expenses by 16% from ₱141.49 million to ₱164.75 million. The latter's increase is primarily due to the recognition of impairment losses on its associate.

Cost of Services

In PhP Millions	For the years ended December 31					
	2024		2023		Amount Change	% Increase (Decrease)
	Amount	%	Amount	%		
Cost of Services						
Salaries, wages and employee benefits	63.33	46%	76.56	53%	(13.23)	(17%)
Outside services	39.35	29%	45.50	32%	(6.15)	(14%)
Outsourced services	28.00	20%	11.57	8%	16.43	142%
Web hosting	3.05	2%	3.73	3%	(0.67)	(18%)
Others	3.07	2%	6.21	4%	(3.14)	(51%)
Total Expenses	**136.81**	**100%**	**143.57**	**100%**	**(6.76)**	**(5%)**

The cost of services continues to decrease in 2024, with a 5% overall downtrend to ₱136.81 million from the ₱143.57 million in 2023. 46% of cost of services came from salaries and employee benefits at ₱63.33 million and is a 17% decrease from the prior year of the same period. This is due to the Group's effort to optimize resource allocation and utilization. Outside services also decreased by 14% from ₱45.50 million in 2023 to ₱39.35 million in 2024, due to the decrease in cost of benefits and claims of AllCare during the period. Meanwhile, outsourced services rose by 142%, from ₱11.57 million last year to ₱28.00 million in 2024, driven by expenses related to SMS digital rewards for mobile consumer services during the quarter.

General and Administrative Expenses (GAEX)

In PhP Millions	For the years ended December 31					
	2024		2023		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
General and Administrative Expenses						
Salaries, wages and employee benefits	93.97	57%	94.80	67%	(0.83)	(1%)
Professional fees	9.89	6%	9.14	6%	0.75	8%
Dues and subscription	7.05	4%	5.31	4%	1.74	33%
Provision for impairment loss	33.28	20%	6.76	5%	26.52	392%
Depreciation and amortization expense	2.95	2%	3.11	2%	(0.16)	(5%)
Others	17.62	11%	22.37	16%	(4.75)	(21%)
Total Expenses	**164.75**	**100%**	**141.49**	**100%**	**23.26**	**16%**

General and administrative expenses (GAEx) relating to the Group's operations, for the year 2024, amounted to ₱164.75 million, higher by 16% compared to previous year's level of ₱141.49 million. Salaries and wages accounted for 57% in 2024 and decreased by 1% vis-à-vis same period in 2023 caused by the cost cutting initiatives and decrease of manpower. The overall increase was primarily caused by the increase in provision for impairment loss of one of its associates, a one-off and non-cash transaction, amounting to ₱27.81 million.

Equity in Net Losses of Associates

The equity of the Group in the net losses of its associate companies for the year ended December 31, 2024, amounted to ₱7.96 million, 339% increase compared to the ₱1.81 million share in net losses for the comparable period. 9Lives generated net income for the period but was offset by the losses incurred by MicroBenefits.

Finance Costs– net

The Company recognized ₱2.55 million of net finance costs in 2024, a 21% decline from the ₱3.24 million net finance costs in 2023. The net decrease is primarily caused by the increase in interest income from cash in banks by 32% in 2024 and decrease of interest expense on loans payable for the period by 8%.

Other Income – net

For the year ended December 31, 2024, the Group recognized other charges, net amounting to ₱4.98 million, a 228% decline from the ₱3.89 million net other income posted in the same period in 2023. This resulted mainly from a foreign exchange loss amounting to ₱4.74 million recognized in 2024 compared to the foreign exchange gain of ₱3.34 million in 2023.

Loss before Income Tax

The Group's loss before taxes for the year ended December 31, 2024, resulted to ₱133.35 million. The loss before income tax for the Group increased by 36% from the ₱98.21 million loss before income tax in 2023.

Provision for Income Tax

The Group recognized ₱1.64 million provision for income tax for the year ended December 31, 2024 vis-à-vis the ₱1.82 million provision from income tax in 2023. Provision for income tax mainly pertains to enterprise services segment incurring income tax expense amounting to ₱1.28million.

Net Loss

The Group posted a consolidated net loss of ₱134.99 million for the year ended December 31, 2024, an increase in net loss of 35% from the previous year's ₱100.03 million loss.

Other Comprehensive Income

In 2024, the Group posted a ₱12.06 million in other comprehensive income, a 33% decline from ₱18.06 million in 2023. Despite earning higher revaluation surplus resulting from increase in cryptocurrency prices, the Group recorded a significantly lower OCI because of translation loss following the weakening of the Philippine Peso vs USD and SGD.

	Foreign exchange rates		**Cryptocurrency price**	
	USD to ₱	**SGD to ₱**	**BTC**	**ETH**
December 31, 2023	USD1.00 to ₱55.37	SGD1.00 to ₱42.09	USD42,273	USD2,292
December 31, 2024	USD1.00 to ₱57.85	SGD1.00 to ₱42.69	USD93,347	USD3,330

Total Comprehensive Loss

For the year ended December 31, 2024, the Group's total comprehensive loss amounted to ₱122.93 million, which increased in relation to the total comprehensive loss of ₱81.97 million for the year ended December 31, 2023.

Financial Position

As of December 31, 2024, compared to December 31, 2023.

Assets

Cash and cash equivalents

The Group's consolidated cash amounted to ₱32.31 million as of December 31, 2024. This is a net decrease of 60% or ₱47.57 million from the consolidated cash of ₱79.89 million as of December 31, 2023.

Accounts and Other Receivables

The Group's consolidated accounts and other receivables amounted to ₱29.61 million and ₱65.66 million as of December 31, 2024 and 2023, respectively. The decrease was attributed to the ₱32.26 million drop in gross trade receivables as a result of the overall decrease in revenues. Out of the consolidated accounts and other receivables, 83% or ₱24.47 million pertains to trade receivables – net.

Contract Assets

The Group's consolidated contract assets increased by ₱16.64 million, from ₱12.74 million as of December 31, 2023 to ₱29.37 million as of December 31, 2024. Additional contract assets for the period were mostly from enterprise services.

Other Current Assets

As of December 31, 2024, the Group's consolidated other current assets totaled ₱20.15 million, a decrease of ₱3.14 million or 13% from its previous level on December 31, 2023 of ₱23.29 million. The decrease was primarily caused lower input VAT and creditable withholding taxes despite the increase of prepaid expenses brought by the increase in revenue of AllCare for 2024.

Financial assets at FVOCI

This account pertains to quoted and unquoted equity investments in Club Punta Fuego and Zowdow Inc. As of 2024, carrying value and net unrealized loss on financial assets at FVOCI recognized in the consolidated statement of financial position increased to ₱1.10 million from its previous level of ₱0.90 million on December 31, 2023.

Investment in and Advances to Associates

As of December 31, 2024, the Group's consolidated investment in and advances to associates decreased from ₱249.33 million as of December 31, 2023, to ₱210.14 million. Movements in this account were caused by (1) Equity in net loss of associates amounting to ₱7.96 million, (2) Loss from cumulative translation adjustment amounting to ₱3.43 million, (3) Impairment of investment in MicroBenefits amounting to ₱27.81 million.

The breakdown of the carrying amounts of these investments are as follows: Micro Benefits Limited (₱163.57 million) and SDI (₱24.48 million). Further, advances to SDI as of December 31, 2024 amounted to ₱22.08 million.

Property and Equipment

The Group's consolidated property and equipment was ₱2.08 million as of December 31, 2024, vis-à-vis ₱3.91 million as of December 31, 2023. The Group acquired property and equipment amounting to ₱0.10 million as of December 31, 2024. Depreciation expense amounted to ₱1.92 million and ₱2.08 million for the year ended December 31, 2024, and 2023, respectively.

Right-of-use (ROU) Asset

Right-of-use asset as of December 31, 2024 and 2023 amounted to ₱0.17 million and ₱1.20 million, respectively. Depreciation expense pertaining to ROU asset amounted to ₱1.03 million for the year ended December 31, 2024.

Intangible Assets

As of December 31, 2024, intangible assets amounted to ₱73.80 million which increased from the ₱81.88 million balance as of December 31, 2023. This is composed of goodwill, developed software, and cryptocurrencies.

- Goodwill pertains to excess of the acquisition cost over the fair value of the identifiable assets and liabilities of companies acquired by the Group. As of December 31, 2024, goodwill was at ₱45.59 million which solely pertains to Storm.
- Developed software pertains to corporate application software and licenses and other VAS software applications that are not integral to the hardware or equipment. As of December 31, 2024, net book value of developed software was ₱0.82 million. Amortization of developed software for the year ended December 31, 2024 amounted to ₱0.70.
- Cryptocurrencies pertain to units of Bitcoin and Ethereum held by the Group as of December 31, 2024, valued at ₱27.39 million. There were additions amounting to ₱1.44 million and disposal with the cost of ₱9.52 million. Revaluation increased in 2024 amounted to ₱19.35 million.

Other Noncurrent Assets

Other noncurrent assets amounted to ₱27.68 million as of December 31, 2024 vis-à-vis the ₱13.71 million balance as of December 31, 2023. The increase is primarily caused by the increase in noncurrent creditable withholding tax and deferred input VAT as of the year-end.

Liabilities

Accounts and Other Payables

The Group's consolidated accounts and other payables increased by 8%, from ₱368.47 million as of December 31, 2023 to ₱397.00 million as of December 31, 2024. The increase was primarily caused by the increase in trade payables, payable to related parties and taxes payable.

Advances from Stockholders

This account pertains to the loan agreements entered by the Parent Company amounting to ₱37.52 million and ₱35.91 million as of December 31, 2024 and 2023, respectively. The increase was brought about by foreign exchange revaluation of the loan which is denominated in US Dollar.

Loans Payable

The Group recorded ₱38.78 million and ₱38.60 million in current loans as of December 31, 2024 and 2023, respectively. This is mainly attributable to the loans of subsidiaries, Storm and Seer which are interest-bearing and short-term. The increase was due to accretion of interest, net of payment of principal.

Contract Liabilities

The Group's consolidated contract liabilities as of December 31, 2024, amounted to ₱25.35 million, a decrease of 40% from the December 31, 2023 figure of ₱42.17 million. The decrease in this account pertains mainly to the HMO business of AllCare.

Lease Liability

The Group recognized a lease liability for its office space in Antel amounting to ₱1.26 million. Accretion of interest and payments made amounted to ₱0.05 million and ₱1.12 million, respectively.

Only the current portion of the lease liability remains as of December 31, 2024 which amounts to ₱0.19 million

Pension Liability

The accrued pension of the Group amounted to ₱29.31 million and ₱24.62 million as of December 31, 2024 and 2023, respectively.

Equity (Capital Deficiency)

The Group recorded capital deficiency of ₱101.72 million as of December 31, 2024, a 580% decrease from the equity of ₱₱21.20 million as of December 31, 2023. This was mainly due to total comprehensive loss incurred in 2024.

Liquidity and Capital Resources

The Group's liquidity is primarily driven by cash flows from operating activities and cash reserves. The Group knows of no demands, commitments, events, or uncertainties that are reasonably likely to result in a material increase or decrease in liquidity. The Group is current on all its accounts. The Group has some bank debt through Storm Technologies and Seer Technologies Inc. which are short term in nature.

Cashflows

In PhP Millions	For the years ended December 31	
	2024	2023
	Amount	Amount
Net cash provided by (used in) Operating Activities	(70.33)	(26.47)
Net cash provided by (used in) Investing Activities	26.64	43.00
Net cash used in Financing Activities	(1.64)	(2.08)
Effect of foreign currency exchange changes in cash	(2.24)	2.13
Net increase (decrease) in cash	(47.57)	16.58
Cash at beginning of period	79.89	63.31
Cash at end of period	**32.32**	**79.89**

Cash Flows from Operating Activities

In 2024, operating loss before changes in working capital of ₱75.44 million was coupled with the corresponding increase in working capital resulted in ₱69.81 million net cash used from operations. In consideration of the interest paid and received and income taxes paid, this resulted to a net cash used in operating activities of ₱70.33 million.

Cash Flows from Investing Activities

The Group's consolidated cash flows provided by investing activities for 2024 was ₱26.64 million compared to ₱43.00 million in the same period of 2023. The primary sources of cash flows from investing activities were from the proceeds from the sale of properties and cryptocurrencies (₱28.18 million) partially decreased by the acquisition of intangible assets and property and equipment (₱1.54 million).

Cash Flows from Financing Activities

The cash flow used in financing activities as of 2024 was ₱1.64 million which decreased from net cash used in 2023 amounting to ₱2.08 million. For 2024, this is only composed of payments to loans payable amounting to ₱0.52 million and payment of the principal portion of lease liabilities amounting to ₱1.12 million.

Capital Expenditure

The Group's capital expenditures for the year ended December 31, 2024 and 2023 amounted to ₱0.10 million and ₱3.72 million, respectively.

Key Financial Data In PhP Millions	December 31, 2024 Additions	December 31, 2023 Additions
Right-of-use Assets	-	2.06
Developed software	-	1.12
Office Equipment	0.03	0.04
IT Equipment	0.03	0.50
Leasehold improvements	0.04	-
	0.10	**3.72**

Key Performance Indicators

The key performance indicators disclosed below present the financial performance of the Group as a whole. These are different from those in the supplemental schedule of the consolidated financial statements which were prepared only for the analysis of financial performance attributable to the Parent Company.

The following are the key performance indicators of the Group and its majority-owned subsidiaries:

In Percentage	As of and for the years ended December 31	
	2024	2023
Liquidity Ratios		
Current Ratio	**22%**	37%
Quick Ratio	**18%**	33%
Asset-to-Equity Ratio	**796%**	305%
Profitability Ratios		
Net Loss Margin	**(72%)**	(46%)
Gross Margin	**26%**	24%
Operating Margin	**(69%)**	(48%)
Return on Total Assets	**(28%)**	(15%)
Return on Equity	**(117%)**	(62%)
Debt Ratios		
Debt-to-Equity Ratio	**9.86x**	2.93x
Interest Coverage Ratio	**(33.94x)**	(22.37x)

Liquidity Ratios

Current ratio and quick ratio for the year ended December 31, 2024, were 22% and 18%, respectively. Current ratio and quick ratio decreased from the prior period from 37% and 33%, respectively. The decrease was mainly due to decline in cash, receivables and other current assets of the Group.

Asset-to-Equity Ratio

There is an increase in the asset-to-equity ratio from 305% as of December 31, 2023, to 796% as of December 31, 2024 due to the decrease in equity attributable to equity holders of the Parent Company.

Profitability Ratios

For the year ended December 31, 2024, the Group recorded higher net loss attributable to equity holders of Xurpas Inc. amounting to ₱133.05 million which resulted to higher net loss margin, operating margin, negative return on total assets and negative return on equity of (72%), (69%), (28%) and (117%), respectively. Gross margin slightly increased to 26% in 2024 from the 24% gross margin in 2023 due to the decrease in cost of services for the year.

Debt Ratios

Debt to equity ratio on December 31, 2024 increased to 9.86x from 2.93x as of December 31, 2023. The increase in the gearing ratio was attributed to the decrease in equity attributable to equity holders of the Parent Company as of December 31, 2024. Interest coverage ratio for the year 2024, was at negative 33.94x compared to negative 22.37x in 2023.

The manner by which the Company calculates the foregoing indicators is as follows:

Current Ratios		
1.	Current ratio	Current assets / Current liabilities
2.	Quick ratio	Current assets – Other current assets / Current liabilities
Asset-to-equity Ratio		Total assets / Total equity attributable to Parent Company
Profitability Ratios		
1.	Net income ratio	Net income attributable to Parent Company / Service income + Sale of goods
2.	Gross margin	(Service income + Sale of goods) – (Cost of services + Cost of goods sold) / Service income + Sale of goods
3.	Operating margin	Earnings before interest, tax, depreciation and amortization / Service income + Sale of goods
4.	Return on total assets	Net income attributable to Parent Company / Average total assets
5.	Return on total equity	Net income attributable to Parent Company / Average total equity attributable to the Parent Company

Other Disclosures:

i. Liquidity. To cover its short-term funding requirements, the Group intends to use internally generated funds, obtain additional advances from its stockholders, and negotiate for longer payment terms for its payables.

ii. Events that will trigger Direct or Contingent Financial Obligation. There are no events that will trigger direct or contingent financial obligations that are material to the Group, including and default or acceleration of an obligation.

iii. Material Off-balance sheet Transactions, Arrangements, Obligations. Likewise, there were no 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.

iv. Material Commitments for Capital Expenditure. There are no material commitments for capital expenditures.

v. Material Events/ Uncertainties. There are no new trends, events, or uncertainties that are expected to have a material favorable or unfavorable impact on the Group's revenues from continuing operations.

vi. Results of Operations. There were no significant elements of income or loss that did not arise from continuing operations.

vii. Seasonality. The Group is not subject to seasonality.

Full year 2023 compared with 2022

Key Financial Data In PhP Millions	For the years ended December 31 2023 Amount	 Percentage	 2022 Amount	 Percentage	 Amount Change	 % Increase (Decrease)
Revenues						
Mobile consumer services	8.61	5%	15.68	7%	(7.07)	(45%)
Enterprise services	131.97	70%	167.81	74%	(35.85)	(21%)
Other services	47.44	25%	43.83	19%	3.62	8%
Total Revenues	**188.02**	**100%**	**227.32**	**100%**	**(39.30)**	**(17%)**
Cost of Services	143.57	76%	169.79	75%	(26.22)	(15%)
Gross Profit	**44.45**	**24%**	**57.53**	**25%**	**(13.08)**	**(23%)**
General and Administrative Expenses	141.49	75%	150.90	66%	(9.41)	(6%)
Equity in Net Losses of Associates	1.81	1%	4.28	2%	(2.47)	59%
Finance Costs - net	3.24	2%	9.20	4%	(5.96)	65%
Other Income- net	(3.89)	(1%)	(35.20)	(15%)	(31.31)	89%
Loss Before Income Tax	**(98.21)**	**(52%)**	**(71.66)**	**(32%)**	**(26.55)**	**37%**
Provision for Income Tax	1.82	1%	4.24	2%	(2.42)	(57%)
Net Loss	**(100.03)**	**(53%)**	**(75.90)**	**(33%)**	**(24.12)**	**(32%)**
Other Comprehensive Income (Loss)	18.06	10%	(46.89)	(21%)	64.95	139%
Total Comprehensive Loss	**(81.97)**	**(44%)**	**(122.79)**	**(54%)**	**40.82**	**33%**

	Dec. 31, 2023 Amount	Dec. 31, 2022 Amount	Amount Change	% Increase (Decrease)
Total Assets	532.51	602.66	(70.15)	(12%)
Total Liabilities	511.31	633.36	(122.05)	(19%)
Total Capital	21.20	(30.70)	(51.90)	(169%)

The Group's total revenue in 2023 was ₱188.02 million, a 17% decrease from results in 2022. Majority of the revenue was driven by enterprise services which generated ₱131.97 million or 70% of the total revenue. This was followed by other services and mobile consumer services which generated ₱47.44 million (25% of total revenues) and ₱8.61 million (5% of total revenues), respectively in 2023. The net loss at the end of the year was at ₱100.03 million, a 32% deterioration in comparison to the ₱75.90 million net loss in 2022.

The blended cost of services went down from ₱169.79 million in 2022 to ₱143.57 million in 2023. There were reclassifications made between the cost of services (COS) and general and administrative (GAEX) salaries and wages due to a company reorganization initiated in 2022, setting up of business units and cost centers internally, which changed their classifications beginning 2023.

Gross margin on total revenues went down by 23% from a gross profit of ₱57.53 million in 2022 to a gross profit of ₱44.45 million in 2023 and is driven by the decrease in revenues for the period. But the gross profit margins were maintained at the 24-25% level.

General and administrative expenses (GAEX) decreased by 6%, from ₱150.90 million in 2022 to ₱141.49 million in 2023. The decrease was primarily brought about by the recovery of investments in Altitude Games amounting to ₱15.03 million, partially compensated by the reclassification from COS to GAEX salaries and wages, as previously mentioned; and additional management, technical, sales and marketing manpower and sales/marketing initiatives, which are imperative to continuously achieve growth in order to implement expansion as part of the Company's plan.

The Company also shares in the recorded net losses of its associate companies it has invested in, which amounted to ₱1.81 million for the year ended December 31, 2023, a 59% decrease from equity in net losses of associates in 2022.

Finance Costs-net recognized for the year 2023 is ₱3.24 million, 65% lower than the ₱9.20 million net finance costs recorded in 2022 which is primarily due to the waiver of interest expenses from advances from stockholders (in relation to the conversion of advances to equity). Conversely, the Company was able to record ₱3.89 million of "Other income – net", a decrease of 89% vis-à-vis the ₱35.20 million other income – net incurred in the same period of 2022 arising from lower gain from derecognition of long-outstanding payables.

By the end of 2023, the Company generated a ₱98.21 million pre-tax loss, ₱100.03 million net loss and ₱81.97 million total comprehensive loss after effecting the ₱18.06 other comprehensive income as a result of the changes in foreign exchange rates and crypto prices as of December 31, 2023.

Consolidated total assets decreased from ₱602.66 million as of December 31, 2022 to ₱532.51 million as of December 31, 2023 mainly due to the recovery of receivables from and investment in Altitude Games as well as impairments in the Goodwill of Seer and investment in MicroBenefits.

Consolidated total liabilities also went lower by 19% from ₱633.36 million as of December 31, 2022 to ₱511.31 million as of December 31, 2023 largely due to the debt-to-equity conversion of advances from stockholders that occurred in the 4th quarter of 2023.

Lastly, consolidated capital went up to ₱21.20 million as of December 31, 2023, from a capital deficiency of ₱30.70 million in 2022 mainly due to the debt-to-equity conversion and the total comprehensive income recognized by the Group in 2023.

The loss incurred in 2023 was mainly the result of the decline in revenues particularly in enterprise services as some of their major clients already finished their digital transformation projects. The Company successfully launched its Web 3.0 services in the second half of 2022, which involves cutting edge technologies like blockchain. As part of its product and geographical expansion, Xurpas also introduced additional unit and subsidiaries to the group such as Xurpas Software Inc. *("Business Solutions")*, Xurpas Pty Ltd *("Australian Market")* and Xurpas AI Lab Unit (*"Artificial Intelligence and Data Science"*).

The organization executed financial management strategies to capitalize on opportunities within the organization which include divesting its non-core assets and converting debt-to-equity of advances from some of its major stockholders. The Company is also implementing certain cost reduction efforts across various departments to improve overall financial health. By optimizing operations and cutting unnecessary expenses, it aims to stabilize its financial performance and set the stage for future growth.

Percentage of Sales or Revenues and Net Income Contributed by Foreign Sales

Revenues from foreign operations for the year ended December 31, 2023 amounted to ₱30.00 million or 16% of the consolidated revenues which resulted to gross profit of ₱21.60 million.

Segment Financial Performance

For the year ended December 31, 2023 (in Php Millions)	Mobile Consumer Services	Enterprise Services	Other Services	Intersegment Adjustments	Consolidated
Total Service Revenues	**8.61**	**165.52**	**47.43**	**(33.56)**	**188.02**
Operating expenses	**34.36**	**241.74**	**68.89**	**(59.93)**	**285.06**
Equity in net losses of associates	-	-	-	1.81	1.81
Finance costs and other charges (income) - net	(33.23)	30.81	1.29	0.48	(0.65)
Total Expenses (Other Income) - net	1.13	272.56	70.17	(57.64)	286.22
Operating Income (Loss)	**7.48**	**(107.03)**	**(22.74)**	**24.08**	**(98.21)**
Provision for income tax	**(0.40)**	**(1.42)**	**-**	**-**	**(1.82)**
Net Income (Loss)	**7.08**	**(108.45)**	**(22.74)**	**24.08**	**(100.03)**

Xurpas Group operates under mobile consumer services, enterprise services and other services segments. Prior to eliminations, for the year ended December 31, 2023, the enterprise services generated the majority of the total revenues amounting to ₱165.52 million. This is followed by other services which amounted to ₱47.43 million revenues of Storm's subsidiary, AllCare, and mobile consumer services with a contribution amounting to ₱8.61 million.

Prior to eliminations, enterprise services and other services incurred net losses amounting to ₱108.45 million and ₱22.74 million, respectively. Conversely, mobile consumer services earned net income of ₱7.08 million primarily due to the sale of Altitude's assets and business, earning ₱15.03 million net gain from the said transaction. This is recorded in the Xurpas parent company's books.

Profitability

For the year ended December 31, 2023, compared with the year ended December 31, 2022.

Revenues

The consolidated revenues of the Group for the year ended December 31, 2023, amounted to ₱188.02 million, a decrease of 17% from ₱227.32 million of the previous year.

Segment	Description	Subsidiaries
Enterprise services	Revenues derived from the provision of mobile platform solutions to corporate and government clients, information technology (IT) staff augmentation and consultancy services, various enterprise solutions-based services to Telcos and other companies for network, platform and applications development	• Xurpas Enterprise • Xurpas Parent Company • Xurpas Software • Seer
Mobile consumer services	Revenues ultimately derived from providing mobile consumer services via the Telcos, as well as mobile marketing.	• Xurpas Parent Company • Xurpas Software
Other services	Revenues derived from services related to a membership-based marketplace which offers a variety of worker benefits – from insurance, health checks and wellness.	• AllCare

In PhP Millions	For the years ended December 31					
	2023		2022		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Revenues						
Enterprise services	131.97	70%	167.81	74%	(35.85)	(21%)
Mobile consumer services	8.61	5%	15.68	7%	(7.07)	(45%)
Other services	47.44	25%	43.83	19%	3.62	8%
Total Revenues	**188.02**	**100%**	**227.32**	**100%**	**(39.30)**	**(17%)**

As of December 31, 2023, enterprise services generated the most revenue at ₱131.97 million or 70% of total revenues. This is 21% (or ₱35.85 million) lower compared to 2022 revenues of ₱167.81 million. On the other hand, revenues generated from other services, which accounts for 25% of company revenues, went up by 8% (or ₱3.62 million), from ₱43.83 million in 2022 to ₱47.44 million in 2023. This is due to the ongoing expansion of AllCare. Lastly, as the Company shifted its focus on the expansion of its enterprise services, it has been expected that the revenues under mobile consumer will decline. The latter comprises 5% of the revenues or ₱8.61 million which decreased from the prior period by 45% (or ₱7.07 million).

The enterprise services segment is comprised of the following business units:

In PhP Millions	For the years ended December 31					
	2023		2022		Amount	% Increase
	Amount	Percentage	Amount	Percentage	Change	(Decrease)
Enterprise Services						
IT staff augmentation	51.42	39%	110.80	66%	(59.38)	(54%)
Custom software development	48.79	37%	41.89	25%	6.90	16%
Web 3.0 services	21.56	16%	10.79	6%	10.77	100%
Business solutions	6.36	5%	1.89	1%	4.47	237%
Others	3.84	3%	2.44	2%	1.40	58%
Total Enterprise Services	**131.97**	**100%**	**167.81**	**100%**	**(35.85)**	**(21%)**

There was a 54% (or ₱59.38 million) decline in IT staff augmentation revenues, but was partly offset by the increase in custom software development and business solutions by 16% (or ₱6.90 million) and 237% (or ₱4.48 million) respectively. The Company also successfully started providing Web 3.0 services as part of its initiatives starting second half of 2022. For 2023, Web 3.0 services contributed ₱21.56 million in revenues.

Expenses

In PhP Millions	For the years ended December 31					
	2023		2022		Amount	% Increase
	Amount	Percentage	Amount	Percentage	Change	(Decrease)
Expenses						
Cost of Services	143.57	50%	169.79	53%	(26.22)	(15%)
General and Administrative Expenses	141.49	50%	150.90	47%	(9.41)	(6%)
Total Expenses	**285.06**	**100%**	**320.69**	**100%**	**(35.63)**	**(11%)**

The Group's consolidated expenses during the year ended December 31, 2023 amounted to ₱285.06 million, an 11% decrease from the same period of the previous year at ₱320.69 million.

Cost of Services

In PhP Millions	For the years ended December 31					
	2023		2022		Amount	% Increase
	Amount	%	Amount	%	Change	(Decrease)
Cost of Services						
Salaries, wages and employee benefits	76.56	53%	113.14	67%	(36.58)	(32%)
Outside services	45.50	32%	29.18	17%	16.32	56%
Outsourced services	11.57	8%	16.25	10%	(4.67)	(29%)
Web hosting	3.73	3%	2.85	2%	0.88	31%
Others	6.21	4%	8.37	4%	(2.16)	(26%)
Total Expenses	**143.57**	**100%**	**169.79**	**100%**	**(26.22)**	**(15%)**

The cost of services in 2023 amounted to ₱143.57 million, a decrease from the ₱169.79 million in 2022. Bulk of the cost of services came from salaries and wages, and outside services which amounted to ₱76.56 million and ₱45.50 million, respectively; and recorded a 32% decrease and 56% increase, respectively. This is pushed by reclassifications in salaries made due to the reorganization and higher outside services by AllCare due to the increase in benefits and claims resulting from the growth in revenue during the period.

General and Administrative Expenses (GAEX)

In PhP Millions	For the years ended December 31					
	2023		2022		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
General and Administrative Expenses						
Salaries, wages and employee benefits	94.80	67%	44.56	30%	50.24	113%
Provision for impairment loss	6.76	5%	49.02	32%	(42.26)	(86%)
Professional fees	9.14	6%	14.17	9%	(5.03)	(35%)
Marketing and promotions	6.32	4%	7.16	5%	(0.84)	(12%)
Others	24.48	18%	35.99	24%	(11.51)	(32%)
Total Expenses	**141.49**	**100%**	**150.90**	**100%**	**(9.41)**	**(6%)**

General and administrative expenses (GAEX) relating to the Group's operations, for the year 2023, amounted to ₱141.49 million, lower by 6% compared to previous year's level of ₱150.90 million. Salaries and wages accounted for 67% in 2023 and increased by 113% vis-à-vis same period in 2022 caused by the reclassification from COS to GAEX salaries and wages and additional management manpower. The overall increase was offset by the decrease in provision for impairment loss and recovery of investments in Altitude Games.

Examining further the salaries and wages under COS and GAEX, should the periods between 2022 and 2023 be aligned or made comparable, due to the reclassification brought by the reorganization under entities Xurpas, Xurpas Enterprise, Xurpas Software and Seer, it will result to a 9% increase in total salaries and wages. A decrease of 10% under COS and increase of 31% in GAEX salaries and wages due to additional management manpower and sales and marketing initiatives which are imperative to implement the Company's growth and expansion plans.

Salaries and Wages
Xurpas, Xurpas Enterprise, Xurpas Software & Seer

	2022 Reclassed	2023	Inc/(Dec)	%
COS	85.33	76.52	(8.81)	-10%
GAEX	72.37	94.78	22.41	31%
	157.70	171.30	13.60	9%

Equity in Net Losses of Associates

The equity of the Group in the net losses of its associate companies for the year ended December 31, 2023, amounted to ₱1.81 million, 59% lower compared to the ₱4.28 million share in net losses for the comparable period. 9Lives and Altitude SG generated net income for the period but was offset by the losses incurred by MicroBenefits.

Finance Costs– net

The Company recognized ₱3.24 million of net finance costs as of 2023, a 65% decline from the ₱9.20 million net finance costs in 2022. During the period, Messrs. Nolledo and Garcia agreed to the waiver of interest expense on the advances of the founders, starting January 1, 2023 resulting to the ₱3.27 million decrease in interest expense.

Other Income – net

For the year ended December 31, 2023, the Group recognized other income, net amounting to ₱3.89 million, an 89% decline from the ₱35.20 million net other income posted in the same period in 2022. This resulted mainly from lower gain from derecognition of long-outstanding payables in 2023.

Loss before Income Tax

The Group's loss before taxes for the year ended December 31, 2023, resulted to ₱98.21 million. The loss before income tax for the Group increased by 37% from the ₱71.66 million loss before income tax in 2022.

Provision for Income Tax

The Group recognized ₱1.82 million provision for income tax for the year ended December 31, 2023 vis-à-vis the ₱4.24 million provision from income tax in 2022. Provision for income tax mainly pertains to enterprise services segment incurring income tax expense amounting to ₱1.42 million.

Net Loss

The Group posted a consolidated net loss of ₱100.03 million for the year ended December 31, 2023, an increase in net loss of 32% from the previous year's ₱75.90 million loss.

Other Comprehensive Loss

In 2023, the Group posted a ₱18.06 million in other comprehensive income mainly from cumulative translation adjustment and revaluation of cryptocurrencies amounting to ₱2.29 million and ₱15.41 million respectively. This figure was a 139% improvement from the 2022 other comprehensive loss of ₱46.89 million. This increase was generally caused by the increase in the fair value of cryptocurrencies, both BTC and ETH, which can be seen in the below table.

	Foreign exchange rates		**Cryptocurrency price**	
	USD to ₱	**SGD to ₱**	**BTC**	**ETH**
December 31, 2022	USD1.00 to ₱55.76	SGD1.00 to ₱41.58	USD16,537	USD1,197
December 31, 2023	USD1.00 to ₱55.37	SGD1.00 to ₱42.09	USD42,273	USD2,292

Total Comprehensive Income (Loss)

For the year ended December 31, 2023, the Group's total comprehensive loss amounted to ₱81.97 million, which improved in relation to the total comprehensive loss of ₱122.79 million for the year ended December 31, 2022.

Financial Position

As of December 31, 2023, compared to December 31, 2022.

Assets

Cash and cash equivalents

The Group's consolidated cash amounted to ₱79.89 million as of December 31, 2023. This is a net increase of 26% or ₱16.58 million from the consolidated cash of ₱63.31 million as of December 31, 2022 which is primarily attributed to the proceeds from recovery of investments in Altitude Games amounting to ₱50.42 million.

Accounts and Other Receivables

The Group's consolidated accounts and other receivables amounted to ₱65.66 million and ₱96.71 million as of December 31, 2023 and 2022, respectively. Change in this account was caused by the decrease in trade receivables and receivable from related parties caused by the recovery and collection of note receivable from Altitude Games. Out of the consolidated accounts and other receivables, 87% or ₱57.24 million pertains to trade receivables – net.

Contract Assets

The Group's consolidated contract assets decreased by ₱36.56 million, from ₱49.30 million as of December 31, 2022 to ₱12.74 million as of December 31, 2023, due to decline in the account balance pertaining to Globe Telecom.

Other Current Assets

As of December 31, 2023, the Group's consolidated other current assets totaled ₱23.29 million, an increase of ₱8.22 million or 55% from its previous level on December 31, 2022 of ₱15.07 million. The increase was primarily caused by higher prepaid expenses of AllCare as a result of the continuing growth in AllCare's business. These prepayments are used to fund clients' health benefit plans and will eventually be charged to expense upon their utilization.

Creditable withholding taxes and input VAT also contributed in the increase of other current assets.

Financial assets at FVOCI

This account pertains to quoted and unquoted equity investments in Club Punta Fuego and Zowdow Inc. As of 2023, carrying value and net unrealized loss on financial assets at FVOCI recognized in the consolidated statement of financial position decrease to ₱0.90 million from its previous level of ₱1.20 million on December 31, 2022.

Investment in and Advances to Associates

As of December 31, 2023, the Group's consolidated investment in and advances to associates decreased from ₱294.97 million as of December 31, 2022, to ₱249.33 million. Movements in this account were caused by (1) Equity in net loss of associates amounting to ₱1.81 million, (2) Gain from cumulative translation adjustment amounting to ₱3.28 million, (3) Recovery of investments in Altitude Games amounting to ₱32.76 million which pertains to the sale of Altitude Game's assets and business, and (4) Impairment of investment in MicroBenefits amounting to ₱14.35 million.

The breakdown of the carrying amounts of these investments are as follows: Micro Benefits Limited (₱205.63 million) and SDI (₱21.61 million). Further, advances to SDI as of December 31, 2023 amounted to ₱22.08 million.

Property and Equipment

The Group's consolidated property and equipment was ₱3.91 million as of December 31, 2023, vis-à-vis ₱5.61 million as of December 31, 2022. The Group acquired property and equipment amounting to ₱0.54 million as of December 31, 2023. Depreciation expense amounted to ₱2.08 million and ₱3.24 million for the year ended December 31, 2023, and 2022, respectively.

Right-of-use (ROU) Asset

Right-of-use asset as of December 31, 2023 and 2022 amounted to ₱1.20 million and ₱0.17 million, respectively. In the first half of the year, the Parent Company renewed the lease contract for its office space in Antel for another two years, thereby, recognizing additional ROU asset amounting to ₱2.06 million. Depreciation expense pertaining to ROU asset amounted to ₱1.03 million for the year ended December 31, 2023.

Intangible Assets

As of December 31, 2023, intangible assets amounted to ₱81.88 million which increased from the ₱62.84 million balance as of December 31, 2022. This is composed of goodwill, developed software, and cryptocurrencies.

- Goodwill pertains to excess of the acquisition cost over the fair value of the identifiable assets and liabilities of companies acquired by the Group. In 2023, the Group recognized full impairment of its goodwill from Seer amounting to ₱2.63 million. As of December 31, 2023, goodwill was at ₱45.59 million which solely pertains to Storm.
- Developed software pertains to corporate application software and licenses and other VAS software applications that are not integral to the hardware or equipment. As of December 31, 2023, net book value of developed software was ₱1.52 million. Additions and amortization of developed software for the year ended December 31, 2023 amounted to ₱1.12 million and ₱0.67 million, respectively.
- Cryptocurrencies pertain to units of Bitcoin, Ethereum, USDC and USDT held by the Group as of December 31, 2023, valued at ₱34.77 million. There were additions amounting to ₱10.69 million and disposal with the cost of ₱4.78 million. Revaluation gain in 2023 amounted to ₱15.31 million.

Other Noncurrent Assets

Other noncurrent assets amounted to ₱13.71 million as of December 31, 2023 vis-à-vis the ₱13.52 million balance as of December 31, 2022. The increase is primarily caused by the increase in deferred input VAT as of the year-end.

Liabilities

Accounts and Other Payables

The Group's consolidated accounts and other payables decreased by 5%, from ₱386.68 million as of December 31, 2022 to ₱368.74 million as of December 31, 2023. The decline was the result of the equity conversion of interest payable relating to advances from stockholders.

Advances from Stockholders

This account pertains to the loan agreements entered by the Parent Company amounting to ₱35.91 million and ₱152.35 million as of December 31, 2023 and 2022, respectively. The substantial decrease was brought about by the debt-to-equity conversion of advances of Mr. Nolledo and Mr. Garcia that occurred in the 4th quarter of 2023.

Loans Payable

The Group recorded ₱38.60 million and ₱33.82 million in current loans as of December 31, 2023 and 2022, respectively. This is mainly attributable to the loans of subsidiaries, Storm and Seer which are interest-bearing and short-term. The increase was due to the reclassification from noncurrent liability of Storm loans payable that will fall due in the first half of 2024.

Contract Liabilities

The Group's consolidated contract liabilities as of December 31, 2023, amounted to ₱42.17 million, an increase of 22% from the December 31, 2022 figure of ₱34.45 million. The increase in this account was the result of the growing HMO business of AllCare.

Lease Liability

The Group recognized a lease liability for its office space in Antel amounting to ₱1.26 million. In January 2023, the Parent Company renewed the lease contract for its office space in Antel for another two years, thereby, recognizing additional lease liability amounting to ₱2.34 million. Accretion of interest and payments made amounted to ₱0.10 million and ₱1.35 million, respectively.

Current and noncurrent portions of the lease liability as of December 31, 2023 amounted to ₱1.07 million and ₱0.19 million, respectively.

Deferred tax liability

Deferred tax liability as of December 31, 2023 amounted to nil compared to the previous period's ₱3,323 which pertains to the deferred tax on Xurpas' lease liability.

Pension Liability

The accrued pension of the Group amounted to ₱24.62 million and ₱21.31 million as of December 31, 2023 and 2022, respectively. The increase was caused by the addition of key management personnels in 2023.

Equity

Total Equity

The Group recorded total equity of ₱21.20 million as of December 31, 2023, a 169% improvement from December 31, 2022 capital deficiency of ₱30.70 million. This was mainly due to the issuance of new shares amounting to ₱136.52 million due to the debt-to-equity conversion of advances from stockholders, sale of an asset resulting in a gain, posting of other comprehensive income. These softened the blow of a substantial revenue decrease and impairment of its investment goodwill.

Liquidity and Capital Resources

The Group's liquidity is primarily driven by cash flows from operating activities and cash reserves. The Group knows of no demands, commitments, events, or uncertainties that are reasonably likely to result in a material increase or decrease in liquidity. The Group is current on all its accounts. The Group has some bank debt through Storm Technologies and Seer Technologies Inc. which are short term in nature.

Cashflows

	For the years ended December 31	
	2023	2022
In PhP Millions	**Amount**	**Amount**
Net cash used in Operating Activities	(26.47)	(66.12)
Net cash provided by (used in) Investing Activities	43.00	(6.40)
Net cash provided by (used in) Financing Activities	(2.08)	98.55
Effect of foreign currency exchange changes in cash	2.13	1.34
Net increase in cash	16.58	27.36
Cash at beginning of period	63.31	35.95
Cash at end of period	**79.89**	**63.31**

Cash Flows from Operating Activities

In 2023, operating loss before changes in working capital of ₱81.92 million was coupled with the corresponding increase in working capital resulted in ₱25.43 million net cash used from operations. In consideration of the interest paid and received and income taxes paid, this resulted to a net cash used in operating activities of ₱26.47 million.

Cash Flows from Investing Activities

The Group's consolidated cash flows provided by investing activities for 2023 was ₱43.00 million compared to ₱6.40 million used in the same period of 2022. The primary sources of cash flows from investing activities were collections from Altitude Games for the recovery of convertible notes receivable and investment (₱50.42 million), and proceeds from sale of properties and cryptocurrencies (₱4.93 million) partially decreased by the acquisition of intangible assets and property and equipment (₱12.35 million).

Cash Flows from Financing Activities

The cash flow used in financing activities as of 2023 was ₱2.08 million which decreased from net cash provided of ₱98.55 million in the same period in 2022 The cash flow provided in financing activities in 2022 were mainly from the proceeds of the equity infusion. For 2023, this is only composed of payments to loans payable amounting to ₱0.73 million and payment of the principal portion of lease liabilities amounting to ₱1.35 million.

Capital Expenditure

The Group's capital expenditures for the year ended December 31, 2023 and 2022 amounted to ₱3.74 million and ₱5.34 million, respectively.

Key Financial Data In PhP Millions	**December 31, 2023 Additions**	**December 31, 2022 Additions**
Right-of-use Assets	2.06	-
Developed software	1.12	1.10
IT Equipment	0.50	4.07
Leasehold Improvements	-	-
Office Equipment	0.04	0.17
	3.72	**5.34**

Key Performance Indicators

The key performance indicators disclosed below present the financial performance of the Group as a whole. These are different from those in the supplemental schedule of the consolidated financial statements which were prepared only for the analysis of financial performance attributable to the Parent Company.

The following are the key performance indicators of the Group and its majority-owned subsidiaries:

In Percentage	For the years ended December 31		
	2023	2022	2021
Liquidity Ratios			
Current Ratio	**37%**	37%	26%
Quick Ratio	**33%**	34%	23%
Asset-to-Equity Ratio	**305%**	568%	575%
Profitability Ratios			
Net Loss Margin	**(46%)**	(23%)	(4%)
Gross Margin	**24%**	25%	18%
Operating Margin	**(48%)**	(23%)	(4%)
Return on Total Assets	**(15%)**	(9%)	(1%)
Return on Equity	**(62%)**	(49%)	(8%)
Debt Ratios			
Debt-to-Equity Ratio	**2.93x**	5.97x	5.82x
Interest Coverage Ratio	**(22.37x)**	(6.42x)	(2.18x)

Liquidity Ratios

Current Ratio and Quick Ratio for the year ended December 31, 2023, were 37% and 33%, respectively. Current Ratio remains the same from prior period while the quick ratio slightly decreased by 1%.

Asset-to-Equity Ratio

There is a decrease in the asset-to-equity ratio from 568% as of December 31, 2022, to 305% as of December 31, 2023 due to the decrease in total assets as of December 31, 2023.

Profitability Ratios

For the year ended December 31, 2023, the Group recorded net loss attributable to equity holders of Xurpas Inc. amounting to ₱86.41 million which resulted to net loss margin, operating margin, return on total assets and return on equity of (46%), (48%), (15%) and (62%). Gross margin slightly decreased to 24% in 2023 from the 25% gross margin in 2022.

Debt Ratios

Debt to equity ratio on December 31, 2023 decreased to 2.93x from 5.97x as of December 31, 2022. The decrease in the gearing ratio was attributed to the lower liabilities as of December 31, 2023. Interest coverage ratio for the year 2023, was at negative 22.37x compared to negative 6.42x in 2022.

The manner by which the Company calculates the foregoing indicators is as follows:

Current Ratios	
3. Current ratio	Current assets / Current liabilities
4. Quick ratio	Current assets – Other current assets / Current liabilities
Asset-to-equity Ratio	Total assets / Total equity attributable to Parent Company
Profitability Ratios	
6. Net income ratio	Net income attributable to Parent Company / Service income + Sale of goods
7. Gross margin	(Service income + Sale of goods) – (Cost of services + Cost of goods sold) / Service income + Sale of goods
8. Operating margin	Earnings before interest, tax, depreciation and amortization / Service income + Sale of goods
9. Return on total assets	Net income attributable to Parent Company / Average total assets
10. Return on total equity	Net income attributable to Parent Company / Average total equity attributable to the Parent Company

Other Disclosures:

viii. Liquidity. To cover its short-term funding requirements, the Group intends to use internally generated funds, obtain additional advances from its stockholders, and negotiate for longer payment terms for its payables.

ix. Events that will trigger Direct or Contingent Financial Obligation. There are no events that will trigger direct or contingent financial obligations that are material to the Group, including and default or acceleration of an obligation.

x. Material Off-balance sheet Transactions, Arrangements, Obligations. Likewise, there were no 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.

xi. Material Commitments for Capital Expenditure. There are no material commitments for capital expenditures.

xii. Material Events/ Uncertainties. There are no new trends, events, or uncertainties that are expected to have a material favorable or unfavorable impact on the Group's revenues from continuing operations.

xiii. Results of Operations. There were no significant elements of income or loss that did not arise from continuing operations.

xiv. Seasonality. The Group is not subject to seasonality.

Full year 2022 compared with 2021

Key Financial Data In PhP Millions	For the years ended December 31 2022 Amount	Percentage	2021 Amount	Percentage	Amount Change	% Increase (Decrease)
Revenues						
Mobile consumer services	15.68	7%	40.55	19%	(24.87)	(61%)
Enterprise services	167.81	74%	117.57	56%	50.24	43%
Other services	43.83	19%	51.91	25%	(8.08)	(16%)
Total Revenues	**227.32**	**100%**	**210.03**	**100%**	**17.29**	**8%**
Cost of Services	169.79	75%	158.88	76%	10.92	7%
Cost of Goods Sold	-	0%	13.93	7%	(13.93)	(100%)
Gross Profit	**57.53**	**25%**	**37.22**	**18%**	**20.30**	**55%**
General and Administrative Expenses	150.90	66%	85.25	41%	65.65	77%
Equity in Net Losses of Associates	4.28	2%	0.32	0%	3.96	1,238%
Finance Costs and Other Income - Net	(26.00)	(10%)	(19.22)	(9%)	6.77	35%
Loss Before Income Tax	**(71.66)**	**(32%)**	**(29.12)**	**(14%)**	**42.54**	**146%**
Provision for (Benefit from) Income Tax	4.24	2%	(2.96)	(1%)	7.20	243%
Net Loss	**(75.90)**	**(33%)**	**(26.16)**	**(12%)**	**49.74**	**190%**
Other Comprehensive Income (Loss)	(46.89)	(21%)	13.60	6%	(60.49)	(445%)
Total Comprehensive Loss	**(122.79)**	**(54%)**	**(12.56)**	**(6%)**	**110.23**	**878%**

	Dec. 31, 2022 Amount	Dec. 31, 2021 Amount	Amount Change	% Increase (Decrease)
Total Assets	602.66	605.94	(3.28)	(1%)
Total Liabilities	633.36	613.85	19.51	3%
Total Capital Deficiency	(30.70)	(7.91)	22.79	288%

The Group's total revenue in 2022 was ₱227.32 million, an 8% increase from results in 2021. Despite the improvement in revenues, due to external factors discussed, net loss was at ₱75.90 million in 2022 (a 190% deterioration in comparison to the ₱26.16 million net loss in 2021). Majority of the increase in revenue was driven by enterprise services which generated ₱167.81 million or 74% of the total revenue. This was followed by other services and mobile consumer services which generated ₱43.83 million (19% of total revenues) and ₱15.68 million (7% of total revenues), respectively in 2022.

The blended cost of services in 2022 went up from ₱158.88 million to ₱169.79 million as compared to 2021 which is consistent with the increase in revenues primarily under IT staff augmentation. The increase is also contributed by the substantial increase of outside services of AllCare in correlation to its increase in revenue for 2022.

Gross margin on total revenues went up significantly by 55% from a gross profit of ₱37.22 million during 2021 to a gross profit of ₱57.53 million in 2022 and is driven by the increase in revenues for the period. There was also an increase in the overall gross profit margin to 25% in 2022 from 18% in 2021.

General and administrative expenses (GAEX) increased by 77%, from ₱85.25 million in 2021 to ₱150.90 million in 2022. The increase is largely caused by non-recurring operating expenses incurred for the year such as provision for impairment losses, unrealized foreign exchange losses, and write-offs of receivables which are non-cash expenses amounting to ₱53.17 million. In addition, salaries and wages also contributed to the increase in 2022 GAEX due to additional management and manpower which is imperative to continuously achieve growth and to be able to implement expansion as part of the Company's plan.

Excluding the non-recurring expenses incurred, pre-tax operating loss is lower by 22% in 2022 compared with the previous year. Non-recurring expenses pertaining to unrealized forex and impairment losses and write-offs amount to ₱53.17 million in 2022 compared with the ₱5.48 million figure in 2021. These non-recurring, non-cash expenses are largely brought by uncontrollable external factors.

	2022	2021	Amount Change	% Increase (Decrease)
Loss before tax	(71.66)	(29.12)	(42.54)	146%
Exclude:				
Non-recurring expenses	53.17	5.48	47.69	871%
Loss before tax excluding non-recurring expenses	**(18.49)**	**(23.64)**	**5.15**	**-22%**

The Company also shares in the recorded net losses of its associate companies, which amounted to ₱4.28 million for the year ended December 31, 2022 (a 1,238% increase from 2021).

Consolidated total assets decreased from ₱605.94 million as of December 31, 2021 to ₱602.66 million as of December 31, 2022. Despite the impairment of Storm assets and investment goodwill in MBL, the Group saw minimal change in total assets due to the compensating increase in working capital assets particularly from mobile consumer and enterprise services segments.

Consolidated total liabilities also went slightly higher by 3% from ₱613.85 million as of December 31, 2021 to ₱633.36 million as of December 31, 2022 largely due to the foreign exchange revaluation of foreign-denominated payables like advances from stockholders and constructive obligations of ODX. Lastly, consolidated capital deficiency went up to ₱30.70 million as of December 31, 2022, from a capital deficiency of ₱7.91 million in 2021 mainly due to the total comprehensive loss recognized by the Group in 2022 amounting to ₱122.79 million, a result of the mark to market valuation of the assets due to the deterioration of the Philippine peso vis-à-vis US Dollar and Singapore dollar; and the drop in prices of Bitcoin and Ethereum.

The losses experienced in 2022 was mainly the result of slow growth in revenue and additional management and manpower expenses incurred that are imperative to continuously achieve growth expansion. In addition, external factors that are beyond the control of the Company which led to the recognition of significant FOREX and impairment losses. Although affecting the bottom line, these are considered non-cash transactions and do not impact the company's operational activities. In order to mitigate the effects of these factors, the Company adopted strategies aimed to strengthen and expand its enterprise business segment, focusing on IT staff augmentation, custom web development and digital business solutions, and seizing the opportunities brought by Web 3.0. Continuous monitoring and cost reduction initiatives were also put in place.

Percentage of Sales or Revenues and Net Income Contributed by Foreign Sales

Revenues from foreign operations for the year ended December 31, 2022 amounted to ₱20.65 million or 9% of the consolidated revenues which resulted to gross profit of ₱11.09 million.

Segment Financial Performance

For the year ended December 31, 2022	Mobile Consumer Services	Enterprise Services	Other Services	Intersegment Adjustments	Consolidated
Total Service Revenues	**17.42**	**219.75**	**43.83**	**(53.68)**	**227.32**
Operating expenses	26.91	306.12	84.81	(97.15)	320.69
Equity in net losses of associates	-	-	-	4.28	4.28
Other charges (income) - net	(42.31)	19.25	1.86	(4.80)	(26.00)
Total Expenses (Other Income) - net	**(15.40)**	**325.37**	**86.67**	**(97.67)**	**298.98**
Operating Income (Loss)	**32.82**	**(105.62)**	**(42.85)**	**43.99**	**(71.66)**
Benefit from (Provision for) Income Tax	(0.14)	(4.11)	0.01	-	(4.24)
Net Income (Loss)	**32.68**	**(109.73)**	**(42.84)**	**43.99**	**(75.90)**

Xurpas Group operates under mobile consumer services, enterprise services and other services, which refers to the business of Storm Technologies. Prior to eliminations, for the year ended December 31, 2022, the enterprise services generated the majority of the total revenues amounting to ₱219.75 million. This is followed by other services which amounted to ₱43.82 million revenues of Storm's subsidiary, AllCare, and mobile consumer services with a contribution amounting to ₱17.42 million.

Prior to eliminations, enterprise services and other services incurred net losses amounting to ₱109.73 million and ₱42.84 million, respectively. A significant contributor to the net loss of other services in 2022 is the suspension of the Flex Benefits operations of its subsidiary, Storm Technologies.

Conversely, mobile consumer services earned net income of ₱32.68 million primarily due to the gain from derecognition of long-outstanding payables of AOC amounting to ₱40.73 million. After effecting intersegment adjustments, enterprise services and other services improved its bottom line to ₱65.82 million and ₱42.37 million respectively, while mobile consumer services decreased to ₱32.29 million.

Profitability

For the year ended December 31, 2022, compared with the year ended December 31, 2021.

Revenues

The consolidated revenues of the Group for the year ended December 31, 2022, amounted to ₱227.32 million, an increase of 8% from ₱210.03 million of the previous year.

Segment	Description	Subsidiaries
Enterprise services	Revenues derived from the provision of mobile platform solutions to corporate and government clients, information technology (IT) staff augmentation and consultancy services, various enterprise solutions-based services to Telcos and other companies for network, platform and applications development	• Xurpas Enterprise • Xurpas Parent Company • Seer
Mobile consumer services	Revenues ultimately derived from providing mobile consumer services via the Telcos, as well as mobile marketing.	• Xurpas Parent Company
Other services	Revenues derived from services related to a membership-based marketplace which offers a variety of worker benefits – from insurance, health checks and wellness.	• AllCare

In PhP Millions	For the years ended December 31					
	2022		2021		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Revenues						
Enterprise services	167.81	74%	117.57	56%	50.24	43%
Mobile consumer services	15.68	7%	40.55	19%	(24.87)	(61%)
Other services	43.83	19%	51.91	25%	(8.08)	(16%)
Total Revenues	**227.32**	**100%**	**210.03**	**100%**	**17.29**	**8%**

In 2022, enterprise services generated the most revenues at ₱167.81 million or 74% of total revenues. The enterprise services segment is comprised of the following business units:

In PhP Millions	For the years ended December 31					
	2022		2021		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Enterprise Services						
IT staff augmentation	116.98	70%	90.67	77%	26.31	29%
Custom software development	46.49	28%	24.03	20%	22.46	93%
Business solutions	1.89	1%	0.58	1%	1.31	227%
Others	2.45	1%	2.29	2%	0.16	7%
Total Enterprise Services	**167.81**	**100%**	**117.57**	**100%**	**50.25**	**43%**

The growth in total revenues is primarily steered by the company's focus on growing its IT staff augmentation enterprise business which is 70% of the total enterprise revenue volume. This increased by 29%, from ₱90.67 million in 2021 to ₱116.98 million in 2022. This coming from a mere ₱16.14 million in 2020. Custom software development revenues comprising 28% of the total enterprise revenue, increased by 93%, from ₱24.03 million in 2021 to ₱46.49 million in 2022. Revenues from business solutions also increased by 227% from 2021 to 2022. Xurpas aims to improve further these revenue-generating segments by its ongoing expansion plans which will enable it to continue providing innovative solutions to its customers while expanding its global footprint.

In contrast, other services recorded a decrease in revenue amounting to ₱43.83 million (from ₱51.91 million in 2021) or a 16% decline as a result of the suspension of the Flex Benefits segment business of Storm. However, the ongoing expansion of AllCare, a majority-owned subsidiary of Storm Technologies, generated an increase in revenues of ₱17.47 million (66%), from ₱26.35 million for the year ended December 31, 2021 to ₱43.83 million in 2022. Revenues generated by mobile consumer services also decreased amounting to ₱15.68 million (61%) from the previous year.

Expenses

In PhP Millions	For the years ended December 31					
	2022		2021		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Expenses						
Cost of Services	169.79	53%	158.88	62%	10.92	7%
Cost of Goods Sold	-	0%	13.92	5%	(13.92)	(100%)
General and Administrative Expenses	150.90	47%	85.25	33%	65.65	77%
Total Expenses	**320.69**	**100%**	**258.05**	**100%**	**62.64**	**24%**

The Group's consolidated expenses during the year ended December 31, 2022 amounted to ₱320.69 million, a 24% increase from the same period of the previous year at ₱258.05 million. In 2022, only cost of services and GAEX accounted for the total expenses.

Cost of Services

In PhP Millions	For the years ended December 31					
	2022		2021		Amount Change	% Increase (Decrease)
	Amount	%	Amount	%		
Cost of Services						
Salaries, wages and employee benefits	113.14	67%	91.27	58%	21.87	24%
Outside services	29.18	17%	16.67	10%	12.51	75%
Outsourced services	16.25	10%	35.47	22%	(19.22)	(54%)
Depreciation and amortization	6.15	4%	7.41	5%	(1.26)	(17%)
Others	5.07	3%	8.06	5%	(2.99)	(37%)
Total Expenses	**169.79**	**100%**	**158.88**	**100%**	**10.92**	**7%**

The cost of services in 2022 amounted to ₱169.79 million, an increase from the ₱158.88 million in 2021. 67% of the cost of services came from salaries and wages, and outside services which amounted to ₱113.14 million and ₱29.18 million, respectively; and recorded a 24% and 75% increase. This is pushed by the increase in manpower relating to IT staff augmentation and higher outside services by AllCare due to the increase in benefits and claims resulting from the growth in revenue during the period.

Cost of Goods Sold (COGS)

The Group recorded COGS amounting to nil and ₱13.92 million for the years ended December 31, 2022 and 2021, respectively. The COGS is directly attributable to the Flex Benefits operations of Storm which was suspended in 2022.

General and Administrative Expenses (GAEX)

In PhP Millions	For the years ended December 31					
	2022		2021		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
General and Administrative Expenses						
Provision for impairment losses and loss on write off	50.17	33%	2.63	3%	47.54	1,807%
Salaries, wages and employee benefits	44.56	30%	31.46	37%	13.10	42%
Outsourced services	5.96	4%	1.03	1%	4.93	479%
Marketing and promotions	7.16	5%	4.57	5%	2.59	57%
Professional fees	14.17	9%	15.78	19%	(1.61)	(10%)
Others	28.88	19%	29.76	35%	(0.88)	(3%)
Total Expenses	**150.90**	**100%**	**85.25**	**100%**	**65.65**	**77%**

General and administrative expenses relating to the Group's operations, for the year 2022, amounted to ₱150.90 million, higher by 77% compared to previous year's level of ₱85.25 million. The significant change in this account was caused by the following:

- Provision for impairment loss accounted for 33% in 2022 and increased by 1,807% vis-à-vis in 2021. During the year, the Company wrote down and provided allowance for the impairment of Storm's assets amounting to ₱17.05 million, due to the suspension of its flex benefits operations. A provision was also recognized for the impairment of the Company's investment in MicroBenefits, an associate, amounting to ₱24.97 million. There is an unrealized foreign exchange loss on the advances of the Founders, amounting to ₱8.79 million.
- Salaries and wages accounted for 30% in 2022 and increased by 42% vis-à-vis in 2021 due to the related increase in manpower for the year. Additional executives and managers were brought in the Company and are deemed essential for the Company's growth and expansion.
- Higher marketing and promotions were incurred in 2022 due to the continuing expansion of AllCare for its HMO and pre-need employee benefits business.
- Professional fees and other expenses, on the other hand, decreased by 10% and 3% respectively due to continuous cost reduction efforts of the management compared with the last year.

Equity in Net Losses of Associates

The equity of the Group in the net losses of its associate companies for the year ended December 31, 2022, amounted to ₱4.28 million, 1,238% higher compared to the ₱0.32 million share in net losses for the comparable period. 9Lives generated net income for the period but was offset by the losses incurred by other associates, Altitude SG and MicroBenefits.

Finance Costs– net

For the year ended December 31, 2022 and 2021, the Group posted a slight 1% increase in finance costs of ₱9.20 million and ₱9.15 million, respectively.

Other Income – net

For the year ended December 31, 2022, the Group recognized other income, net amounting to ₱35.20 million. The increase in this account was attributable to higher gain from derecognition of long-outstanding payables amounting to ₱40.91 million, 111% higher than in 2021. These payables mainly pertain to AOC. The said gain was partially reduced by the increase in FOREX loss amounting to ₱7.45 million, also higher by 53% in 2022 than in 2021.

Loss before Income Tax

The Group's loss before taxes for the year ended December 31, 2022, resulted to ₱71.66 million. The loss before income tax for the Group increased by 146% from the ₱29.12 million loss before income tax in 2021.

Should the Company exclude the one-off transactions incurred in 2022 and in 2021, the Company's pre-tax operational loss improved by 22% from the previous year.

	2022	**2021**	**Amount Change**	**% Increase (Decrease)**
Loss before tax	(71.66)	(29.12)	(42.54)	146%
Exclude:				
Non-recurring expenses	53.17	5.48	47.69	871%
Loss before tax excluding non-recurring expenses	**(18.49)**	**(23.64)**	**5.15**	**-22%**

Provision for (Benefit from) Income Tax

The Group recognized ₱4.24 million provision for income tax for the year ended December 31, 2022 vis-à-vis the ₱2.96 million benefit from income tax in 2021. Provision for income tax mainly pertains to enterprise services segment incurring income tax expense amounting to ₱4.11 million.

Net Loss

The Group posted a consolidated net loss of ₱75.86 million for the year ended December 31, 2022, an increase in net loss of 190% from the previous year's ₱26.16 million loss.

Other Comprehensive Income (Loss)

In 2022, the Group posted a ₱46.93 million in other comprehensive loss mainly from cumulative translation adjustment and revaluation of cryptocurrencies amounting to ₱32.31 million and ₱20.78 million respectively. This figure was a 445% decline from the 2021 other comprehensive income of ₱13.60 million. This decline was generally caused by the deterioration of the Philippine peso against foreign currencies and the decrease in the fair value of cryptocurrencies which can be seen in the below table.

	Foreign exchange rates		**Cryptocurrency price**	
	USD to PhP	**SGD to PhP**	**BTC**	**ETH**
December 31, 2021	USD1.00 to ₱50.77	SGD1.00 to ₱37.55	USD46,220	USD3,683
December 31, 2022	USD1.00 to ₱55.76	SGD1.00 to ₱41.58	USD16,537	USD1,197

Total Comprehensive Income (Loss)

For the year ended December 31, 2022, the Group's total comprehensive loss amounted to ₱122.79 million, which deteriorated in relation to the total comprehensive loss of ₱12.56 million for the year ended December 31, 2021.

Financial Position

As of December 31, 2022, compared to December 31, 2021.

Assets

Cash

The Group's consolidated cash amounted to ₱63.31 million for the year ended December 31, 2022. This is a net increase of 76% or ₱27.36 million from the consolidated cash of ₱35.95 million as of December 31, 2021 which is mainly due to the capital infusion that occurred early in 2022.

Accounts and Other Receivables

The Group's consolidated accounts and other receivables amounted to ₱96.71 million and ₱66.54 million as of December 31, 2022 and 2021, respectively. The increase of ₱30.13 million was primarily attributed to the increase of trade receivables for the period, as a result of the increase in enterprise revenues. Out of the consolidated accounts and other receivables, 81% or ₱78.35 million pertains to trade receivables – net and ₱32.31 million or 41% of the trade receivables – net is collectible from Globe Telecom.

Contract Assets

The Group's consolidated contract assets increased by ₱19.54 million from ₱29.76 million as of December 31, 2021 to ₱49.30 million as of December 31, 2022 due to increase in staff augmentation projects and revenues. Out of the consolidated contract assets, 73% or ₱35.98 million pertains to Globe Telecom.

Other Current Assets

As of December 31, 2022, the Group's consolidated other current assets totaled ₱15.07 million, a decrease of ₱6.01 million or 29% from its previous level on December 31, 2021 of ₱21.09 million. Prepaid expenses, creditable withholding taxes and input VAT comprise majority of other current assets. Decrease during the period was primarily due to the recognition of impairment loss for the other current assets of Storm.

Financial assets at FVOCI

This account pertains to quoted and unquoted equity investments in Club Punta Fuego and Zowdow Inc. As of December 31, 2022, carrying value and net unrealized loss on financial assets at FVOCI recognized in the consolidated statement of financial position amounted to ₱1.20 million, a 100% increase compared to the 2021 balance of ₱0.60 million resulting from the price appreciation of Club Punta Fuego club shares.

Investment in and Advances to Associates

As of December 31, 2022, the Group's consolidated investment in associates decreased from ₱336.22 million as of December 31, 2021, to ₱294.97 million. The substantial decline in the carrying amount of this account was brought about by the following factors:

- Equity in net losses of associates recognized by the Group amounted to ₱4.28 million, 1,238% higher than in 2021;
- Share in other comprehensive loss of associates from cumulative translation adjustment amounted to ₱12.00 million, 199% higher than in 2021. The increase was caused by the deterioration of the Philippine peso against foreign currencies; and

- The Group recognized impairment loss on its investment in MBL amounting to ₱24.97 million.

The breakdown of the carrying amounts of these investments are as follows: Micro Benefits Limited (₱232.35 million), Altitude Games Pte Ltd. (₱20.43 million), and SDI (₱20.10 million). Further, advances to SDI as of December 31, 2022 amounted to ₱22.08 million.

Property and Equipment

The Group's consolidated property and equipment was ₱5.61 million as of December 31, 2022, vis-à-vis ₱4.66 million as of December 31, 2021. The Group acquired property and equipment amounting to ₱4.25 million as of December 31, 2022. Depreciation expense amounted to ₱3.24 million and ₱2.38 million for the year ended December 31, 2022, and 2021, respectively.

Right-of-use (ROU) Asset

Right-of-use asset as of December 31, 2022 and 2021 amounted to ₱0.17 million and ₱1.17 million, respectively. Depreciation expense pertaining to ROU asset amounted to ₱1.01 million for the year ended December 31, 2022.

Intangible Assets

As of December 31, 2022, intangible assets amounted to ₱63.11 million which decreased from the ₱88.51 million balance as of December 31, 2021. This is composed of goodwill, developed software, and cryptocurrencies.

- Goodwill pertains to excess of the acquisition cost over the fair value of the identifiable assets and liabilities of companies acquired by the Group. As of December 31, 2022, goodwill was at ₱48.22 million.
- Developed software pertains to corporate application software and licenses and other VAS software applications that are not integral to the hardware or equipment. As of December 31, 2022, net book value of developed software was ₱1.07 million. Additions and amortization of developed software for the year ended December 31, 2022 amounted to ₱1.10 million and ₱6.15 million, respectively. The Group also recognized impairment loss amounting to ₱1.02 million as a result of the suspension of Storm's Flex Benefits operations.
- Cryptocurrencies pertain to units of Bitcoin and Ethereum held by the Group as of December 31, 2022, valued at ₱13.55 million. Revaluation surplus recorded under "Other Comprehensive Losses" in 2022 amounted to ₱20.78 million.

Other Noncurrent Assets

Other noncurrent assets amounted to ₱13.52 million as of December 31, 2022 vis-à-vis the ₱21.43 million balance as of December 31, 2021. The decrease of 37% is caused by the provision of impairment loss on the noncurrent assets of Storm.

Liabilities

Accounts and Other Payables

The payables comprise of other payables, trade payables, payable to related parties, nontrade payables, accrued expenses, deferred output VAT and taxes payables.

The Group's consolidated accounts and other payables was at ₱386.68 million as of December 31, 2022. The increase of 1% or ₱4.98 million from the ₱381.70 million balance as of December 31, 2021 is primarily due to the FOREX revaluation of the constructive obligation of ODX. Higher output VAT driven by the growth in revenues also contributed to the increase in total accounts and other payables.

Advances from Stockholders

This account pertains to the loan agreements entered by the Parent Company in 2017 and 2019 amounting to ₱152.35 million and ₱143.56 million as of December 31, 2022 and 2021. The increase was brought about by FOREX revaluation of one of the loan agreements which is denominated in US Dollar.

Loans Payable

The Group recorded ₱33.82 million and ₱29.73 million in current loans as of December 31, 2022 and 2021, respectively. This is mainly attributable to the loans of subsidiaries, Storm and Seer which are interest-bearing and short-term. The increase was due to the reclassification from noncurrent liability of Storm loans payable that will fall due in 2023.

Contract Liabilities

The Group's consolidated contract liabilities as of December 31, 2022, amounted to ₱34.45 million, an increase of 34% from the December 31, 2021 figure of ₱25.76 million. The increase in this account was the result of the growing HMO business of AllCare.

Current Portion of Lease Liability

The Group recognized a lease liability for its office space in Antel. Current portion of the lease liability as of December 31, 2022 amounted to ₱0.17 million. As of the yearend, no noncurrent portion was recognized since the lease contract ends in April 2023.

Loan Payable – net of current portion

This account pertains to the noninterest bearing loan agreement entered by Storm amounting to₱17.32 million. The loan is payable in monthly installments over one (1) to five (5) years. As of December 31, 2022, outstanding balance of the loan amounted to ₱11.57 million of which ₱4.56 million was classified as noncurrent.

Deferred tax liability

Deferred tax liability as of December 31, 2022 amounted to ₱3,323 which pertains to the deferred tax on Xurpas' lease liability.

Pension Liability

The accrued pension of the Group amounted to ₱21.31 million and ₱22.83 million as of December 31, 2022 and 2021, respectively. The decrease was caused by the resignation of a key management personnel in 2022 partially offset by the increase in manpower for the Company's IT staff augmentation operations.

Capital Deficiency

Total Capital Deficiency

The Group recorded total capital deficiency of ₱30.70 million as of December 31, 2022, a 288% increase from December 31, 2021 with a figure of ₱7.91 million. This was mainly due to the total comprehensive loss incurred during the year which was materially affected by (1) impairment of investment in MBL; (2) impairment of Storm assets; and (3) the decreases in foreign exchange rates and cryptocurrency prices. This was partially negated by the capital infusion that occurred in the first quarter of 2022.

Outlook for 2023

Aligned with the country's steps to recover and grow economically in 2023, Xurpas continues to expand and build its business as it takes advantage of the widening of digital adoption or a shift to digitization not just in the country but the world post-pandemic.

Consistent with last year's plans, the Group is maintaining its focus and efforts on IT Staff Augmentation, growing its products and services under custom software development and business solutions and seizing opportunities brought by Web 3.0. In order to achieve these objectives, the Group aligned some strategies to better maximize its competitive advantage. These strategies involve i) geographical -–extending presence beyond the country's borders ii) operational– streamlining its operations and reinforcing marketing efforts with digital marketing and iii) product expansion– focusing on the latest technological advances, including machine learning and artificial intelligence.

1. IT Staff Augmentation: The demand continues to increase for IT staff augmentation year-on-year and is proven by the continuing increase in revenues for 2022 since it was launched. The Company believes that the increased requirements of both private companies and public entities for digital transformation, especially in a post COVID environment, creates multiple opportunities for its enterprise business. This also led to the Group's decision to expand its digital influence geographically to cover other markets in need of their services even beyond the country's borders. In 2023, the Company has announced its plans to establish its presence in Australia, with the aim of introducing its product offerings to larger markets.

2. Custom Software Development: As technology becomes increasingly ingrained in a lot of businesses, the demand to adopt digital transformation has also been increasing for the custom software development business. It has been one of their top priorities as they focus to keep up with these technological changes in order to stay relevant and competitive in the market. The Group has observed an increase in demand for its custom software development in 2022 where revenues substantially increased by 131% from last year. With this, Xurpas will continue to take this opportunity to maximize its expertise in providing these types of services in the market.

3. Digital Business Solutions: As the Company aims to curate a regional marketplace of B2B software services and products, it is targeting to cater the large untapped SME Market. Xurpas will help these companies enable their digital transformations by providing tools and solutions to address their business needs in financial, production/manufacturing, people, marketing, sales, and customer management. These products will provide similar functionalities and benefits as global brands used by multinationals and large local companies, but will be offered at a significantly lower-cost, to accommodate the budgets of local SMEs. These SMEs comprise a large percentage of the market. Xurpas shall implement this with a curated technology platform and an ecosystem of partners. Incorporation of Xurpas Software, Inc. is one of the actions being undertaken to fulfill this objective. This will focus on providing business solutions of various technological products and services to different industries from different scales.

4. Web 3.0: This is the third generation of web services and the next stage in the evolution of the internet. Web 3.0 will largely be built on three new layers of emerging technologies – edge computing infrastructure (superfast 5G data speeds), decentralized data infrastructure (data formats and software that are open, coupled with the advancements in blockchain technology) and Artificial Intelligence or AI driven services (expanding capabilities of AI and machine learning or ML). Xurpas shall leverage its existing global network going into Web 3.0 and shall tap the massive opportunity it offers for staff augmentation and custom development work.

As for the general and administrative expenses, Xurpas will continuously implement and monitor its cost reduction and containment program that would minimize or ensure efficient use of expenses such as rent, utilities, marketing and promotions, advertising, transportation and travel, advertising, seminars and trainings. The current WFH arrangement of Xurpas provides another opportunity for Xurpas to further cut costs relating to rent, utilities, and the like.

Liquidity and Capital Resources

The Group's liquidity is primarily driven by cash flows from operating activities and cash reserves. The Group knows of no demands, commitments, events, or uncertainties that are reasonably likely to result in a material increase or decrease in liquidity. The Group is current on all its accounts. The Group has some bank debt through Storm Technologies and Seer Technologies Inc. which are short term in nature.

Cashflows

	For the years ended December 31	
	2022	2021
In PhP Millions	**Amount**	**Amount**
Net cash used in Operating Activities	(66.12)	(39.21)
Net cash used in Investing Activities	(6.40)	10.71
Net cash provided by Financing Activities	98.55	(3.79)
Effect of foreign currency exchange changes in cash	1.34	0.49
Net increase (decrease) in cash	27.36	(31.79)
Cash at beginning of period	35.95	67.74
Cash at end of period	**63.31**	**35.95**

Cash Flows from Operating Activities

In 2022, operating income before changes in working capital of ₱13.87 million was coupled with the corresponding decrease in working capital resulted in ₱62.11 million net cash used from operations. In consideration of the interest paid and received and income taxes paid, this resulted to a net cash used in operating activities of ₱66.12 million.

Cash Flows from Investing Activities

The Group's net cash used in investing activities for the year 2022 was ₱6.40 million compared to ₱10.71 million provided in 2021. This comprises payments of acquisition of property and equipment and intangible assets during the period.

Cash Flows from Financing Activities

The net cash provided by financing activities in 2022 was ₱98.55 million which increased from net cash used of ₱3.79 million in 2021 The cash provided by financing activities were mainly from the proceeds of the equity infusion that have transpired in the first quarter of 2022 amounting to ₱100.00 million and is slightly decreased by payment of loans and lease liabilities amounting to ₱1.04 million and ₱0.41 million respectively.

Capital Expenditure

The Group's capital expenditures for the year ended December 31, 2022 and 2021 amounted to ₱4.26 million and ₱5.20 million, respectively.

Key Financial Data In PhP Millions	December 31, 2022 Additions	December 31, 2021 Additions
Right-of-use Assets	-	2.01
Developed software	1.10	0.39
IT Equipment	4.07	2.44
Leasehold Improvements	-	0.32
Office Equipment	0.17	0.03
	5.34	**5.20**

Key Performance Indicators

The key performance indicators disclosed below present the financial performance of the Group as a whole. These are different from those in the supplemental schedule of the consolidated financial statements which were prepared only for the analysis of financial performance attributable to the Parent Company.

The following are the key performance indicators of the Group and its majority-owned subsidiaries:

In Percentage	For the years ended December 31		
	2022	2021	2020
Liquidity Ratios			
Current Ratio	**37%**	26%	31%
Quick Ratio	**34%**	23%	27%
Asset-to-Equity Ratio	**568%**	575%	613%
Profitability Ratios			
Net Loss Margin	**(23%)**	(4%)	(34%)
Gross Margin	**25%**	18%	5%
Operating Margin	**(23%)**	(4%)	(19%)
Return on Total Assets	**(9%)**	(1%)	(9%)
Return on Equity	**(49%)**	(8%)	(53%)
Debt Ratios			
Debt-to-Equity Ratio	**5.97x**	5.82x	6.09x
Interest Coverage Ratio	**(6.61x)**	(2.18x)	(5.92x)

Liquidity Ratios

Current Ratio and Quick Ratio for the year ended December 31, 2022, were 37% and 34%, respectively, an increase from their respective 26% and 23% figures as of December 31, 2021. The increase in both ratios was primarily from the increase of current assets of the Group for that period.

Asset-to-Equity Ratio

There is a decrease in the asset-to-equity ratio from 575% as of December 31, 2021, to 568% as of December 31, 2022 due to a higher increase in equity attributable to parent relative to the increase in assets as of December 31, 2022.

Profitability Ratios

For the year ended December 31, 2022, the Group recorded net loss attributable to equity holders of Xurpas Inc. amounting to ₱54.74 million which resulted to net loss margin, operating margin, return on total assets and return on equity of (23%), (23%), (9%) and (49%). On the other hand, gross margin increased to 25% in 2022 from the 18% gross margin in 2021.

Debt Ratios

Debt to equity ratio on December 31, 2022, increased to 5.97x from 5.82x as of December 31, 2021. The increase in the gearing ratio was attributed to the higher liabilities as of December 31, 2022. Interest coverage ratio for the year 2022, was at negative 6.61x compared to 2.18x in 2021.

The manner by which the Company calculates the foregoing indicators is as follows:

Current Ratios	
1. Current ratio	Current assets
	Current liabilities
2. Quick ratio	Current assets – Other current assets
	Current liabilities
Asset-to-equity Ratio	Total assets
	Total equity attributable to Parent Company
Profitability Ratios	
1. Net income ratio	Net income attributable to Parent Company
	Service income + Sale of goods
2. Gross margin	(Service income + Sale of goods) – (Cost of services + Cost of goods sold)
	Service income + Sale of goods
3. Operating margin	Earnings before interest, tax, depreciation and amortization
	Service income + Sale of goods
4. Return on total assets	Net income attributable to Parent Company
	Average total assets
5. Return on total equity	Net income attributable to Parent Company
	Average total equity attributable to the Parent Company

Other Disclosures:

i. Liquidity. To cover its short-term funding requirements, the Group intends to use internally generated funds, obtain additional advances from its stockholders, and negotiate for longer payment terms for its payables.
ii. Events that will trigger Direct or Contingent Financial Obligation. There are no events that will trigger direct or contingent financial obligations that are material to the Group, including and default or acceleration of an obligation.
iii. Material Off-balance sheet Transactions, Arrangements, Obligations. Likewise, there were no 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.
iv. Material Commitments for Capital Expenditure. There are no material commitments for capital expenditures.
v. Material Events/ Uncertainties. There are no new trends, events, or uncertainties that are expected to have a material favorable or unfavorable impact on the Group's revenues from continuing operations.
vi. Results of Operations. There were no significant elements of income or loss that did not arise from continuing operations.
vii. Seasonality. The Group is not subject to seasonality.

Description of the Nature and Scope of Business

The Corporation was duly incorporated under Philippine laws on November 26, 2001, as a technology company which creates and develops digital products and services for mobile end-users, as well as proprietary platforms for mobile operators. The Corporation provides mobile marketing and advertising solutions integrated in consumer digital products and platforms for the consumption of mobile users. The Corporation is also engaged in platform development and customization, system integration, mobile platform consultancy services, management of off-the-shelf application and social media related services. This includes information technology (IT) staff augmentation and various enterprise solutions-based services to Telcos and other companies for network and applications development.

As of date, the Corporation has equity interests in the following entities:

	2024
Xeleb Technologies Inc.[1] (formerly Fluxion, Inc.)	100.00%
Storm Technologies, Inc. (formerly Storm Flex Systems, Inc.)	51.31%
Seer Technologies Inc.	70.00%
Xurpas Enterprise Inc.	100.00%
Art of Click Pte. Ltd.	100.00%
PT Sembilan Digital Investama	49.00%
MatchMe Pte. Ltd.	29.10%
Micro Benefits limited	23.53%
Xurpas Pte. Ltd. (formerly Altitude Games Pte. Ltd)	100.00%
Altitude Games Inc.	21.17%
Zowdow, Inc. (formerly Quick.ly Inc.)	3.56%
ODX Pte. Ltd.	100.00%
Xurpas Pty. Ltd.	100.00%
Xurpas Software Inc.	100.00%

PRODUCTS AND SERVICES

Enterprise Services

The Company, together with its subsidiaries, develops and customizes information technology platforms, provides system integration, mobile platform consultancy, manages off-the-shelf application and social media-related services.

Enterprise Services also includes information technology staff augmentation and various enterprise solutions-based services to Telcos and other companies for network and applications development.

In 2022, with the rise of blockchain technology and its potential to revolutionize various industries, the Company took a significant step towards expanding its services by dedicating a business unit within Xurpas Enterprise to provide information technology staff augmentation, managed services, outsourced project development and custom solutions for blockchain-based applications. The Company assembled a team trained in blockchain programming languages and tech stacks.

For the year ended December 31, 2024, the Company's total revenue and net loss from its enterprise business before intersegment adjustments were ₱137.87 million and ₱139.72 million, respectively, while total revenue and net loss before intersegment adjustments from its enterprise business were ₱165.52 million and ₱108.45 million, respectively, for the year ended December 31, 2023.

[1] Xeleb Technologies Inc. is in the process of dissolution. Its corporate term has already expired last October 30, 2024.

Artificial Intelligence

In October 2023, the Company, through its subsidiary, XEI, launched its Data Science and Artificial Intelligence business unit Xurpas AI Lab (XAIL). XAIL provides data science and consulting services, along with a range of AI solutions, to help businesses leverage the power of data with AI to solve real-world business problems and unlock opportunities to gain lasting strategic advantage.

Mobile Consumer Services

The Company creates and develops mobile consumer content and other value-added services (“VAS”) for mobile phone subscribers such as online casual games as well as mobile marketing and advertising solutions. As of December 31, 2024, the Company continues to be a party to content provider agreements with two (2) of the Philippines leading Telcos, namely, Smart Communications, Inc. and Globe Telecom Inc. The Company continues to offer previously launched mobile games in partnership with a major media company. The Company receives a share in the revenues derived by the Telco from the fees paid by its mobile phone subscribers to the Telco to access, subscribe to or use such mobile games, which revenues are shared with the media company. The Company also continues to offer mobile marketing and advertising solutions either directly or through third party suppliers.

For the year ended December 31, 2024, the Group’s total revenue and net loss from its mobile consumer products business before intersegment adjustments were ₱21.85 million and ₱5.79 million, respectively, while total revenue and net income before intersegment adjustments from its mobile consumer products business for the year ended December 31, 2023 amounted ₱8.61 million and ₱7.08 million, respectively. In 2023, net income earned by the mobile consumer segment was mainly attributable to the collection of notes receivable and recovery of investment in Altitude Games.

Other Services

Storm, through its subsidiary AllCare, offers various HMO plans with different coverage and benefits that cater to the needs and budget of its members. Its HMO plans include access to consultations with primary care physicians, specialist doctors, laboratory tests, and hospitalization coverage, among others. AllCare's subscription plans are designed to be affordable for small teams and freelancers who may not have access to group health insurance plans offered by larger companies.

For the year ended December 31, 2024, the Company’s total revenue and net loss from its other services before intersegment adjustments were ₱55.76 million and ₱3.97 million, respectively. While for the year ended December 31, 2023, the Company’s total revenue and net loss before intersegment adjustments from its other services were ₱47.43 million and ₱22.74 million respectively.

Blockchain Technology

In 2018, the Company announced the incorporation of its wholly owned subsidiary, ODX Pte. Ltd. ("ODX"), an entity registered in Singapore, that will allow consumers in emerging markets to access the internet for free, through sponsored data packages. ODX pre-sold tokens and the proceeds from the said sale, amounting to US$4,999,960 will be used to start building the ODX infrastructure and for business development. In 2019, ODX started the distribution of tokens to all its investors, pre-sale purchasers, and advisors (collectively the "Token Holders"). ODX's platform, which will be an open data marketplace using blockchain technology, is still under development. ODX has not started commercial operations as of December 31, 2024.

With the rise of blockchain technology and its potential to revolutionize various industries, the Company took a significant step towards expanding its services by dedicating a business unit within its subsidiary Xurpas Enterprise to provide information technology staff augmentation, managed services, outsourced project development and custom solutions for blockchain-based applications. The Company, through its subsidiary, assembled a team trained in blockchain programming languages and tech stacks. In 2024, the Company's activities related to blockchain technology were limited.

Competition

For its enterprise development business, the Company considers Stratpoint, Pointwest, Yondu, Asticom and Novare as its main competitors, providing outsourced web and mobile applications development services, cloud services for their clients, and staff augmentation. For business solutions, the Company competes with Oracle Netsuite, Zoho, Odoo and Acumatica for Enterprise Resource Planning, and Sprout Solutions and Salarium for Payroll Systems. For the Company's other services, the main competitors are HMOs like Maxicare, Medicard, Intellicare, AsianLife, PhilCare, Fortune Medicare, CareHealth Plus, ValuCare, and Insular Health Care. For its mobile consumer content development business, the Company competes with Yondu.

Reliance on Third Parties

As a mobile telecommunications value-added services provider, the Corporation relies on the transmission, switching and local distribution facilities of Telcos to which it provides mobile digital content and services. The Telcos own, operate and maintain these transmissions, switching and local distribution facilities and the Corporation itself does not have any right to participate or intervene in the operation or maintenance thereof. In 2018, the Corporation's business was severely affected when one the Telcos implemented new and stricter opt-in guidelines for customers who sign up for VAS subscription. The Corporation's revenue from its mobile consumer services significantly declined as a result of this. The Corporation has disclosed that it is strengthening and enhancing its enterprise services in light of the ongoing challenges in its mobile consumer segment.

Intellectual Property

Since the Company's pivot as an information technology company specializing in enterprise solutions, the Company's intellectual property portfolio has evolved to reflect its new focus. The Company owns and holds exclusive rights to the proprietary software, applications, and other technology assets that it has created or acquired, with the exception of those assets it creates on a work-for-hire basis for its clients. The Company also incorporates third-party software and open source software into some of its products under the terms of various licenses, carefully managing its use to ensure compliance with licensing terms and conditions. With respect to its mobile consumer content business, the Company maintains its rights to its entire product portfolio, excluding mobile consumer content in the form of licensed content such as music, videos and other content of a similar nature, which it licenses through third party licensors.

Platforms

Key intellectual property of the Corporation includes the Griffin SMS Gateway program, which is a proprietary platform developed by the Corporation through which the Corporation deploys mobile applications through any telecommunications network protocol. The Griffin SMS Gateway program is built on a modular architecture and is written in Java, an industry standard programming language that allows the program to be deployed using most common operating systems, with the following key features:

- The Griffin SMS Gateway allows the Corporation to connect to any of its client Telco's SMS center, which represents the heart of any Telco's wireless network handling all SMS operations, such as routing, forwarding and storing SMS messages, using popular protocols.

- The Griffin SMS Gateway contains a "Multi-Function Middleware" feature that allows the Corporation to interface with its client Telco's "Intelligent Network", which is the network that allows a Telco to offer value-added services to its mobile subscribers on top of its standard services (voice and call services) through UCIP or Diameter, MMSCs via MM7, or billing systems via proprietary SOAP-XML or other proprietary HTTP-based protocols.

- The Java API of the Griffin SMS Gateway allows the Corporation's application developers to write code that can easily be integrated or deployed across multiple carriers that may have different systems.

The Company, through Storm, owns a patented proprietary platform that includes a system, method, and data processing apparatus working together to provide a secure and efficient payment processing solution for electronic transactions. The Company maintains the platform's patent with the Intellectual Property Office of the Philippines ("IPOPHIL").

Trademarks

The Company has exclusive rights to its corporate name, which may be deemed as a protected established mark in relation to the same or similar services without need for prior registration. Nevertheless, the Company is in the process of renewing the registration over this trademark with IPOPHIL.

Despite the Company's shift towards information technology enterprise solutions, it still holds several registered trademarks that were registered under its subsidiary, Xeleb Technologies Inc., which is in the process of dissolution.

Key Licenses

The Company's mobile consumer business which refers to the development and delivery of mobile consumer content to its client Telcos, is considered as a form of value-added services regulated by the NTC under the Public Telecommunications Policy Act and related implementing regulations issued by the NTC.

While a value-added services provider (unlike other entities regulated under the Public Telecommunications Policy Act) is not required to obtain a franchise to operate, the NTC requires that any such provider obtain and maintain a Value-Added Services (VAS) License, which shall expressly indicate the value-added services that such provider is authorized to provide. Under existing regulations, the following services may be rendered by a holder of a VAS License:

- Content and Program Service
- Messaging services
- Electronic Gaming, except gambling

The Company holds a VAS License issued by the NTC valid until January 3, 2026, pursuant to which the Company is authorized to engage in all of the foregoing value-added services.

For its staff augmentation services, Xurpas Enterprise Inc. has obtained registration as a contractor and subcontractor with the Department of Labor and Employment ("DOLE") pursuant to its Department Order No. 174, series of 2017 (DO 174).

Xurpas is not offering any other product or service that will require other governmental approvals.

Governmental Regulations

Xurpas is not aware of any existing or probable governmental regulation which may materially affect the Company's business.

Research and Development

The Corporation owns internally developed software which include telecommunications equipment software licenses, corporate application software and licenses, corporate application software and licenses and other VAS software applications that are not integral to the hardware or equipment. For the years ended December 31, 2024, 2023 and 2022, the Corporation recorded additions on developed softwares with costs amounting to nil, ₱1.12 million and ₱1.10 million, respectively, which corresponds to 0% to 1% of consolidated revenues. See Note 11 of the Corporation's Consolidated Financial Statements as of December 31, 2024 for a the rollforward of developed software owned by the Corporation.

Costs and Effects of Compliance with Environmental Laws

The Corporation is compliant with environmental laws. The costs and effects of compliance with these laws are not material to the Corporation's operations.

Employees

The Corporation believes that its relationship with its employees is generally good and, since the start of its operations, the Corporation has not experienced a work stoppage as a result of any labor or labor-related disagreements. None of the Corporation's employees belong to a labor union.

The table below sets forth the breakdown of the Company's labor complement, grouped according to function, as of June 30, 2025:

Executives	4
Accounting, Finance, Human Resources, Legal and Administration	16
Sales	9
Recruitment	3
Talent Management	4
Marketing	4
Technical Staff	15
Total	55

As of June 30, 2025, none of our employees belonged to any union nor were they parties to any collective bargaining agreements. As of the date of this report, we have not experienced any strikes or other disruptions due to labor disputes. As of date, the Corporation does not see any material change from the above-identified labor complement for the next twelve (12) months.

Key Risks

The Corporation considers the following risks material to its operations:

- *Macroeconomic Conditions*

  Macro-economic fluctuations present a significant risk to our financial performance, as they can influence our clients' decisions regarding digital transformation and project engagements. Economic downturns, currency fluctuations, or changes in government policies may lead to reduced client spending or delays in project initiations, affecting our revenue streams and profitability. Additionally, uncertainties in the broader economic environment may deter clients from undertaking digital transformation initiatives, leading to a slowdown in demand for our services. To mitigate this risk, we must maintain a diversified client portfolio, closely monitor economic indicators, and adapt our business strategies to navigate through periods of economic instability effectively. Additionally, fostering strong client relationships and providing value-added solutions that align with their evolving needs can help mitigate the impact of macroeconomic factors on our financial performance.

- *Liquidity*

  The Company has to maintain cash balances and monitor cash inflows and outflows to ensure the availability of sufficient funds. The Company has also been implementing cost cutting measures which may include reduction of workforce and postponement of non-essential investments to help strengthen its cash position. It also continually evaluates assets or investments which can be sold.

- *High Customer Concentration*

  The Company has been working towards improving its business and financial growth for the past years. Fifty-two percent (52%) of the Company’s revenues can be attributed to 4 of its major clients in 2023. As part of its growth strategy, the Company has been looking for new opportunities that would allow it to further diversify its business. In fact, for 2023, there is a 44% increase in the number of clients compared in 2022. At the same time, the Company still intends to continue to develop its current relationships with its long-term customers.

- *Dependency Risks*

  The Company’s reliance on specific partners or clients introduces dependency risks. Diversifying partnerships, maintaining operational flexibility, and developing contingency plans are necessary to mitigate the vulnerabilities associated with over-dependence. The Company must remain vigilant and proactive in identifying, assessing, and mitigating these key risks to ensure the sustained success and resilience of its operations, particularly in light of our expanding involvement in government projects and new markets, as well as new and emerging technologies.

- *Stiff Competition and fast-paced evolution of the IT industry*

  The Company operates in a highly competitive environment given the numerous existing and new technology companies that have the capacity to provide the same services with competitive pricing. Likewise, the speed at which technology evolves to cater the demand of individuals and businesses for technological advancements poses risks such as costly upgrades of systems and obsolescence of some services. Nevertheless, the Company mitigates these through establishing good relationships with its customers by providing quality services. The Company is continually identifying new, upgradable, and cost-effective solutions for its offered services. Accordingly, the Company invests in its employees' training to ensure that the Company is able to adapt with new technology.

As the Company enters the competitive landscape of the artificial intelligence market, it encounters challenges in gaining market share and distinguishing itself amidst fierce competition. To safeguard against these risks, the Company vigilantly monitors market trends, adapt to evolving demands, and maintain an innovative edge to stay ahead of competitors, such as updating its current product offerings with AI capabilities and gaining traction in the AI market through its current pool of digital transformation, enterprise solutions and SAAS clients.

The development and deployment of AI solutions entail inherent technical risks, including glitches, inaccuracies in models, and security vulnerabilities. It is also known to potentially perpetuate biases or engage in unethical behavior, leading to unfair decisions and public backlash These risks pose potential harm to the Company's reputation and client trust. Rigorous testing, robust security protocols, and ongoing research efforts are crucial to mitigate these risks and ensure the reliability and security of our AI solutions. Prioritizing fairness, transparency, and ethical AI practices during model development is paramount to mitigate these risks and maintain integrity in our operations.

- *Business Model Risks*

  The Company's revenue model and pricing strategies are susceptible to risks such as incorrect pricing or unsustainable business models due to partner dependencies and expansion into highly innovative fields which lack tried and tested business models. Conducting thorough market assessments and devising competitive pricing strategies aligned with market dynamics are essential to mitigate these risks and ensure profitability.

- *Market Saturation*

  The Company considers market saturation as one of the key risks in its business. The Company addresses this by developing new product and service offerings, and by focusing on innovation and product development. Xurpas management also continuously tries to find new markets that it can enter to offer its products and services.

  On February 10, 2023, the Company announced that it will be expanding its business to Australia, a new market which is ten times larger than the Philippine market. Xurpas disclosed that it will offer a range of IT services in Australia ranging from staff augmentation and managed services, to bespoke software development among others.

- *Talent Acquisition and Retention*

  Managing and retaining the right people is one of the key risks that the Company has identified. The Company has provided solutions to manage this risk by offering attractive compensation benefits and packages, implementing employee development and training programs, and providing employee recognition and rewards. Moreover, the Company adopts a flexible work arrangement which likewise attracts employees, and provides for a clear career progression and growth opportunities.

The Company has also been diversifying its talent pool, implementing a robust onboarding process and continuously trying to build a strong company culture. The Company believes that the measures that it implements will mitigate the risk relating to talent retention.

- *Ability to maximize and adapt to new technologies*

  The Company has disclosed that its acquisition and investment in various technology entities is aimed at creating platforms that offer a marketplace of technology products that consumers can choose from. The Company has equipped itself with various technologies to create the necessary platforms it can offer to the consumers. The Company's success will depend on its ability to maximize the potentials of these acquired technologies. Moreover, since the technology industry continues to develop at a robust pace, the Company will need to consider as part of its growth strategy that these technologies will need to be consistently updated, enhanced or developed to minimize risk on these becoming obsolete or impractical.

- *Concentrated ownership offers a potential risk for conflict of interest*

  The Company is substantially owned and/or controlled by the three (3) founders, Messrs. Nico Jose S. Nolledo, Fernando Jude F. Garcia and Raymond Gerard S. Racaza, wherein they own approximately 68.13% of the issued and outstanding shares of the Company. The Company has been working towards diversification. In fact, the Company has implemented the following to ensure that related party transactions, if any, are made at arm's length:

  - Out of the eight (8) board seats, there are only three (3) executive directors. At least majority of the Company's board of directors consist of non-executive and independent directors.
  - The Company's Chief Executive Officer (CEO) is also an independent party, not affiliated with the said principal shareholders.
  - The Company has also appointed three (3) independent directors.
  - The Company has strengthened its Related Party Transactions Policy.
  - The Company also has an Audit and Related Party Transactions Committee that evaluates related party transactions, as may be applicable.

- *Data Privacy and Security Risks*

  Handling sensitive data introduces significant risks, including legal consequences, loss of client trust, and reputational damage in case of mishandling. While the company has implemented policies, processes, and basic cybersecurity tools to mitigate risks, the potential for cyberattacks remains a concern. The Company must strictly adhere to data protection regulations, implement robust encryption methods, and prioritize data privacy and security across all operations to mitigate these risks effectively.

Properties

The Corporation does not hold any real property of material value. The Group has entered into various lease agreements with third parties for the office space it occupies.

Operating Lease Commitments

Xurpas and its subsidiaries do not hold any real property of material value. Xurpas is leasing its office space at Unit 804 Antel 2000 Corporate Center, 121 Valero St., Salcedo Village, Barangay Bel-Air, Makati City with an area of 127.67 square meters. The lease contract has a term of two (2) years which commenced on March 1, 2021 and expired on February 28, 2023 and may be renewed upon the terms and conditions mutually agreed by both parties with an escalation rate of 4.00% per year. The applicable rate per month is ₱86,816. Subsequent to the execution of the Lease Contract, Milestone Petroleum Marketing Corporation, Inc. sold the Office Space to Red Round Abacus Inc. and executed a Deed of Assignment of Lease constituting Red Round Abacus Inc. as the Company's current Lessor.

On January 31, 2023, the parties renewed the lease contract for another 2 years commencing from March 1, 2023 and ending on February 28, 2025. The applicable rate per month for the first year is ₱90,288.22 and ₱93,899.75 for the second year. Subsequently, on March 1, 2025, the company renewed the lease contract with the same lessor for another two-year term, ending on February 28, 2027. The applicable monthly rate for the first year is ₱98,594.74 and ₱103,524.48 for the second year.

Xurpas' subsidiaries have their respective operating lease agreements for their office spaces (please refer to Note 18 of the accompanying Notes to consolidated financial statements for details). The lease contracts are for periods ranging from 1 to 2 years and may be renewed under the terms and conditions mutually agreed upon by the subsidiaries and the lessors.

Xurpas will acquire and/or lease additional property and equipment for its operations when deemed necessary. The cost of such acquisitions will depend on negotiations with vendors and lessors. Xurpas plans to finance such acquisitions from internally generated funds.

There were no property and equipment pledged as collateral as at date.

Legal Proceedings

There are no material pending legal proceedings (including any bankruptcy, receivership or similar proceedings) to which the Company or any of its subsidiaries is a party or to which any of their material assets are subject.

Material Reclassification, Merger, Consolidation or Purchase or Sale of a Significant Amount of Assets

There are no material reclassifications, mergers, consolidations, purchases, or sales of a significant amount of assets to which the Company or any of its subsidiaries is a party or to which any of their material assets are subject.

1. **Directors' and Officers' Background**

Board of Directors, Independent Directors and Executive Officers

The following are the **current** directors and officers of the Corporation:

Directors / Officers	Nationality	Position	Year Position was Assumed
Jonathan Gerard A. Gurango	Filipino	Chairman and Chief Executive Officer	2022
Alexander D. Corpuz	Filipino	Executive Director, President, Chief Information Officer and Chief Finance Officer	2019
Fernando Jude F. Garcia	Filipino	Executive Director, Treasurer and Chief Technology Officer	2001
Wilfredo O. Racaza	Filipino	Non-Executive Director	2001
Christopher P. Monterola	Filipino	Independent Director	2022
Jonathan Jack R. Madrid	Filipino	Independent Director	2025

Mark S. Gorriceta	Filipino	Corporate Secretary and Chief Legal Officer	2014
Jose Vicente T. Colayco	Filipino	Chief Operating Officer	2022
Ann Camille S. Ecleo	Filipino	Interim Chief Compliance Officer and Interim Chief Risk Officer	2024

Background Information

Jonathan Gerard A. Gurango, Filipino, 67, has been an independent director of the Corporation since 2014. Mr. Gurango was appointed as the Chairman of the Board and the Chief Executive Officer of the Corporation effective June 6, 2022. Mr. Gurango has a solid track record in forming and running successful software companies. He founded Match Data Systems (MDS) in Seattle, USA in 1987, MDS Philippines in 1991, and MDS Australia in 1996. In 1999, he sold MDS to Great Plains Software, which was acquired by Microsoft in 2001. Mr. Gurango served as the Asia Pacific Regional Director for Microsoft Business Solutions until his retirement in 2003. He has since co-founded or coached several software start-ups and became President of the Philippine Software Industry Association until 2014.
He is presently the Chairman of the Capiz ICT Council, and a director of SERVIO Technologies, Digital Business Training Center Inc., TendoPay, Tonik Digital Bank, and the Mijares-Gurango Craniofacial Foundation. Mr. Gurango studied Industrial Engineering at the University of the Philippines, Diliman, Quezon City. He also studied Electrical Engineering at the University of Washington, Seattle, Washington, USA.

Alexander D. Corpuz, Filipino, 58, was appointed as Director and President of the Corporation effective February 1, 2019. He has also been the Corporation's Chief Finance Officer since 2014 and Chief Information Officer since 2018. Mr. Corpuz has 34 years of experience in the field of finance, ten years of which was in investment and commercial banking. He was Vice President of Bank of America in 2001, before serving as CFO for Liberty Telecoms Holdings Inc., Information Gateway Inc., Mañosa Group of Companies and Hatchd Inc. Mr. Corpuz holds a Bachelor of Science in Business Administration degree from University of the Philippines, Diliman, Cum Laude. He obtained his Masters in Business Management from the Asian Institute of Management, Makati City. He is a member of the Financial Executives Institute of the Philippines (FINEX) and the Management Association of the Philippines. He is Director/Treasurer of the Educhild Foundation Inc. .

Fernando Jude F. Garcia, Filipino, 51, has been the Chief Technology Officer and Director of the Corporation since November 2001. He was also appointed as Treasurer effective February 1, 2019. He also served as Corporate Secretary of the Corporation until December 2014. He created the Corporation's Griffin Platform, the mobile consumer content gateway and platform for all of the Corporation's mobile consumer content products and services. He also created the Corporation's modular middleware system that can easily integrate with any modern billing gateway. He is the chief engineer responsible for the Corporation's software architecture and systems integration. Examples of such systems and protocols are the following: SMS (CIMD2/EMI-UCP/SMPP), MMS (EIAF/MM7), Voice Services (SIP), Billing/IN (Diameter/UCIP/ParlayX2.1), Security (IPSEC), Publish-subscribe Systems and Video Streaming (RTMP/HLS) and blockchain technology (BTC/ETH). He is also responsible for architecting the Corporation's fully Cloud-based system infrastructure. Before founding the Corporation, he was a software developer in iAyala. Mr. Garcia holds a Bachelor of Science degree in Applied Physics from the University of the Philippines in Diliman, Quezon City.

Jose Vicente T. Colayco, Filipino, 55, joined Xurpas in 2011 and is currently the Chief Operating Officer of the Company. Prior to this, he also served as the Chief Business Development Officer and Treasurer of the Company. Before joining Xurpas, Mr. Colayco was the co-founder and co-managing director of Digital Storm, Inc., a developer of online casual game platforms. He was a Managing Director of Information Gateway Inc., from 2004 to 2010, during which time he led the management of relationships with foreign and local licensors from the music, motion picture and game industries.

Before that, he was Managing Director for EMI Music Philippines and Marketing Director for Sony Music Philippines. He holds a Bachelor of Arts degree in Philosophy and Religious Studies from Brown University, Magna Cum Laude. He obtained his Masters in Business Administration from Harvard Business School in Boston, Massachusetts.

Wilfredo O. Racaza, Filipino, 76, has been a Director of the Corporation since November 2001. Mr. Racaza has 49 years of marketing and finance experience under his belt. He worked with Mobil Oil Philippines for 15 years developing New Business through Resale Outlets and servicing Direct Commercial Consumers Accounts. He previously worked as an insurance executive in Manulife Financial Philippines for 33 years. He is a Registered Financial Consultant (Graduated Cum Laude in May 2015). He has garnered numerous accolades and multiple awards such as Branch of the Year recognitions and consistent top agency sales awards. He has been a consistent awardee at GAMA Philippines (General Agents and Managers Association) from 2003 to Present. Mr. Racaza holds a Bachelor of Science in Commerce Degree Major in Accountancy from Xavier University-Ateneo de Cagayan in Cagayan de Oro City. He is a CPA (Certified Public Accountant).

Christopher P. Monterola, Filipino, 49, has been an independent director of the Corporation since November 2022. He is currently the Head, Professor, and Aboitiz Chair in Data Science of the Aboitiz School of Innovation, Technology, and Entrepreneurship. He is also the Executive Managing Director and Principal Scientist of the Analytics, Computing, and Complex Systems Laboratory at the Asian Institute of Management and an Academician at the National Academy of Science and Technology.

Jonathan Jack R. Madrid, Filipino, 64, serves as an Independent Director for Xurpas, having been appointed in February11, 2025. Mr. Madrid has over two decades of executive experience in digital innovation, strategy, and business transformation. Prior to joining Xurpas, he served as Country Manager for Yahoo! Philippines and led Dell's US Consumer Tech Support operations from 2006 to 2009. He was also a Board Director of the Internet and Mobile Marketing Association of the Philippines (IMMAP). Earlier in his career, he held senior positions at Ayala Corporation, Citibank Hong Kong/Manila, MTV Philippines, and Multiply.com. He is a Co-Founder and former President of the Digital Commerce Association of the Philippines (DCOM).

Mark S. Gorriceta, Filipino, 47, has been the Corporate Secretary and Chief Legal Officer of the Corporation since 2014. He was the Chief Compliance Officer of the Corporation from 2018 to October 12, 2022. Atty. Gorriceta has been in the practice of law for sixteen years. He acts as legal counsel to several other listed companies, its subsidiaries or affiliates. Atty. Gorriceta also serves as Chief Legal Counsel and/or Corporate Secretary to several leading online and tech companies in the Philippines. He is the Managing Partner and head of the Corporate Group of Gorriceta Africa Cauton & Saavedra. A member of the Philippine Bar since 2005, he holds a Bachelor of Arts, Political Science degree from the Ateneo de Manila University. He also attended certificate courses in Finance at the Asian Institute of Management in Makati City. Atty. Gorriceta is a faculty member of the Ateneo de Manila University's Center for Continuing Education. He teaches Mergers & Acquisitions for the Advanced Module Diploma Course in Corporate Finance.

Ann Camille S. Ecleo, Filipino, 29, is currently serving as the Interim Chief Compliance Officer and Interim Chief Risk Officer of Xurpas. She joined the Company in May 2023. Prior to her appointment at Xurpas, she worked as a Legal Assistant at Philippine Seven Corporation and completed her legal internship at the Public Attorney's Office. She holds a Juris Doctor degree from the University of the East, where she was a Dean's Lister and served as Managing Editor of the UE Law Journal. She also attended San Beda University. She passed the Bar Examination in 2022.

Significant Employees

The Corporation values the contribution of each employee no matter how big or small and considers all its employees significant. There is no "significant employee" as defined in the SRC.

Family Relationships

Mr. Wilfredo O. Racaza, a non-executive director of Xurpas, is the father of Mr. Raymond Gerard S. Racaza, a principal shareholder of the Company.

There are no other family relationships between the current members of the Board and the key officers/principal shareholders other than the above.

Involvement in Certain Legal Proceedings

There are no material legal proceedings, bankruptcy petition, conviction by final judgment, order, judgment or decree or any violation of a securities or commodities law for the past five years to which the Corporation or any of its subsidiaries or affiliates or its directors or executive officers is a party or of which any of its material properties is subject in any court or administrative government agency.

As of this report, the Corporation is not a party to any litigation or arbitration proceedings of material importance, which could be expected to have a material adverse effect on the Corporation or on the results of its operations. No litigation or claim of material importance is known to be pending or threated against the Corporation or any of its properties.

Certain Relationships and Related Transactions

In the conduct of its day-to-day business, the Corporation engages in related party transactions such as service and licensing agreements, always at arms-length and taking into consideration the best interest of the Corporation.

The Corporation has secured loans from its key shareholders. On February 20, 2019, the Board of Directors approved the execution of a loan agreement wherein the key shareholders of the Corporation agreed to extend an aggregate of 150.00 million loan to be used to fund enterprise projects and for general corporate purposes.

On March 30, 2020, the Corporation also disclosed that it will sell 80% of CTX Technologies Inc. to Mr. Fernando Jude F. Garcia, one of Xurpas' Founders, at 4.00 million. The sale price was mutually agreed upon by the parties, taking into account CTX's 2019 book value which is only at 1.01 million. On September 20, 2020, Xurpas sold the remaining 20% of CTX to Mr. Garcia.

On January 20, 2022, the Corporation entered into a Subscription Agreement with Mr. Nico Jose S. Nolledo wherein the Corporation will issue new Xurpas Shares at a purchase price of 100.00 million.

On June 30, 2023, Mr. Fernando Jude F. Garcia and Mr. Nico Jose S. Nolledo also converted their advances in Xurpas into equity. On October 10, 2023, Xurpas received the Certificate of Approval of Valuation from the SEC. Accordingly, the Company issued 455,068,753 common shares to Mr. Nolledo and Mr. Garcia. The said shares remain unlisted as of date.

See Note 19 of the Corporation's Consolidated Financial Statements as of December 31, 2024 for a detailed discussion of the related party transactions entered into by the Corporation.

Ownership Structure and Parent Corporation

The Corporation has three (3) Principal Shareholders.

Mr. Nico Jose S. Nolledo collectively owns 29.10% of the Corporation's issued and outstanding shares as of date. He recently resigned as Chairman and Non-Executive Director but will remain as adviser to the Board of Directors.

Mr. Fernando Jude F. Garcia owns 22.50% of the Corporation's issued and outstanding shares. He is the Corporation's Treasurer and Chief Technology Officer.

Mr. Raymond Gerard S. Racaza owns 14.97% of the Corporation's issued and outstanding shares. He does not hold any management role in the Corporation since 2019.

Xurpas Inc. has no parent company.

*Resignation of director*s

Mr. Bartolome S. Silayan Jr. has resigned as Independent Director effective February 10, 2025. Mr. Jonathan Juan DC Moreno has resigned as Independent Director effective May 1, 2025. Ms. Imelda C. Tiongson has resigned as Independent Director effective May 31, 2025.

The above-mentioned directors do not have any known disagreement with the Corporation's affairs, and they resigned for personal reasons.

2. **Market Price and Dividends on the Corporation's common shares**

A. Market Information

On December 2, 2014, Xurpas had its initial public offering of 344.00 million common shares at the Philippine Stock Exchange ("PSE") at an offer price of 3.97 per share or 1.36 billion total proceeds. Net of costs, expenses, and taxes, the estimated net proceeds amount to 1.24 billion.

The following table shows the high and low prices (in PHP) of Xurpas shares in the PSE for the year 2020, 2022, 2023, 2024 and 1st and 2nd quarters of 2025.

	High	**Low**
2025		
2nd Quarter	0.247	0.170
1st Quarter	0.199	0.164
2024		
4th Quarter	0.186	0.152
3rd Quarter	0.241	0.162
2nd Quarter	0.255	0.220
1st Quarter	0.305	0.192
2023		
4th Quarter	0.25	0.182
3rd Quarter	0.31	0.227
2nd Quarter	0.30	0.244
1st Quarter	0.36	0.25
2022		
4th Quarter	0.28	0.246
3rd Quarter	0.35	0.25
2nd Quarter	0.37	0.27
1st Quarter	0.57	0.30
2020		
3rd Quarter	0.55	0.50
2nd Quarter	1.37	0.40
1st Quarter	0.95	0.40

On September 21, 2020, the Exchange implemented a suspension on the trading of Xurpas shares and required the Company to submit a full and comprehensive disclosure in relation to its transaction with

Wavemaker. In light of the termination of agreements as disclosed on December 22, 2021, the suspension on the trading of Xurpas shares was lifted on January 17, 2022.

The price information of Xurpas' common shares as of the close of the latest practicable trading date, May 30, 2025, is at 0.19 per share.

B. Holders

There are 32 registered holders of common shares, as of June 30, 2025:

	Stockholder's Name	Number of Shares	Percentage to Total	Nationality
1.	PCD Nominee Corp. (Filipino)	542,440,920	21.61	Filipino
2.	PCD Nominee Corp. (Non-Filipino)	253,890,883	10.12	Others
3.	Nico Jose S. Nolledo	730,213,914	29.10	Filipino
4.	Raymond Gerard S. Racaza	375,765,960	14.97	Filipino
5.	Fernando Jude F. Garcia	564,803,840	22.50	Filipino
6.	Jonathan Gerard A. Gurango	1,192,499	0.05	Filipino
7.	Mercedita S. Nolledo	1,060	Nil	Filipino
8.	Wilfredo O. Racaza	1,060	Nil	Filipino
9.	Alexander D. Corpuz	1,000	Nil	Filipino
10.	Christopher P. Monterola	1,000,000	0.04	Filipino
11.	Jonathan Jack R. Madrid	10,000	Nil	Filipino
12.	Eden International Holdings Pte. Ltd.	39,169,763	1.56	Non-Filipino
13.	Rafael Jay P. Ramores	423,000	0.02	Filipino
14.	Roseller Artacho Mendoza	300,000	0.01	Filipino
15.	Emilie Grace S. Nolledo	251,889	0.01	Filipino
16.	Oscar Li Chaochuy Jr.	100,000	Nil	Filipino
17.	Philina Roselle G. Mendoza	100,000	Nil	Filipino
18.	Aquilina V. Redo	6,500	Nil	Filipino
19.	Rogina C. Guda	6,000	Nil	Filipino
20.	Dahlia C. Aspillera	2,900	Nil	Filipino
21.	Roberto B. Redo	1,000	Nil	Filipino
22.	Shareholders' Association of the Philippines	1,000	Nil	Filipino
23.	Dondi Ron R. Limgenco	111	Nil	Filipino
24.	Marietta V. Cabreza	100	Nil	Filipino
25.	Milagros P. Villanueva	100	Nil	Filipino
26.	Myra P. Villanueva	100	Nil	Filipino
27.	Myrna P. Villanueva	100	Nil	Filipino
28.	Philip &/or Elnora Turner	99	Nil	British-Indian
29.	Alvin D. Lao	10	Nil	Filipino
30.	Owen Nathaniel S. AUITF: Li Marcus Au	3	Nil	Filipino
31.	Joselito T. Bautista	1	Nil	Filipino
	Total	**2,509,683,812**	**100.00%**	

C. Dividends and Dividend Policy

Dividend History

Information on the Corporation's declaration of dividends follow:

Parent Company	Per Share	Total Amount	Record Date	Payable Date
Cash dividend declared on:				
May 8, 2017	0.05	92.85 million	May 23, 2017	June 15, 2017
May 10, 2016	0.048	86.27 million	May 31, 2016	June 23, 2016
April 29, 2015	0.40	68.80 million	May 14, 2015	June 2, 2015
September 20, 2014	0.56	36.00 million	June 30, 2014	September 30, 2014
June 5, 2014	0.47	30.25 million	December 31, 2013	June 30, 2014
November 18, 2013	5.13	16.67 million	September 30, 2013	November 29, 2013
July 22, 2013	1.03	3.33 million	June 30, 2013	July 31, 2013
May 6 2013	0.83	2.70 million	December 31, 2012	May 31, 2013
March 13, 2013	3.08	10.00 million	December 31, 2012	March 31, 2013
Stock dividend declared on:				
July 10, 2014	0.95 shares	61.25 million	September 20, 2014	September 20, 2014
May 5, 2014	18.85 shares	61.25 million	May 5, 2014	May 5, 2014

The Corporation has not declared any cash dividends for fiscal years ended December 31, 2021, December 31, 2022, December 31, 2023 and December 31, 2024.

In making a decision to declare dividends, the Board may consider various factors including the Company's cash, gearing, return on equity and retained earnings, the results of its operations or the Company's financial condition at the end of the year and such other factors as the Board may deem appropriate. The Company's Board may, at any time, modify such dividend payout ratio depending upon the results of operations and future projects and plans of the Company.

Dividend Policy

The Corporation has adopted a dividend policy pursuant to which stockholders may be entitled to receive, upon declaration by the Corporation's Board of Directors and subject to the availability of the unrestricted retained earnings, dividends equivalent to at least 30% of the prior year's net income after tax based on the Corporation's audited consolidated financial statements as of such year, except when: (i) justified by definite corporate expansion projects or programs approved by the Board; or (ii) when the Corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or (iii) when it can be clearly shown that retention of earnings is necessary under special circumstances obtaining in the Corporation, such as when there is a need for special reserves for probable contingencies.

The Corporation cannot provide assurance that it will pay any dividends in the future. In making a decision to declare dividends, the Board may consider various factors including the Corporation's cash, gearing, return on equity and retained earnings, the results of its operations or the Corporation's financial condition at the end of the year and such other factors as the Board may deem appropriate. The Corporation's Board may, at any time, modify such dividend payout ratio depending upon the results of operations and future projects and plans of the Corporation.

Recent sales of unregistered or exempt securities including recent issuance of securities constituting an exempt transaction

a) Overnight Top-up Placement – April 26, 2016

On April 26, 2016, the Board of Directors of Xurpas approved the holding of a Placing and Subscription Transaction ("the Overnight Top-up Placement") wherein Messrs. Nico Jose S. Nolledo, Raymond Gerard S. Racaza and Fernando Jude F. Garcia (the "Selling Shareholders") sold an aggregate of 155,400,000 common shares (the "Offer Shares") to investors (the "Placing tranche") at a price of 16.00 per share and the Selling Shareholders subscribed to an aggregate of 77,700,000 common shares (the "Subscription Shares") or 4.32% of the new issued and outstanding capital shares of the Corporation ("Subscription tranche") also at 16.00 per share. The Corporation raised approximately 1.20 billion from the said issuance of shares.

The first part of the Overnight Top-up Placement consists of the offer and sale of the Offer Shares by the Selling Shareholders to (i) Qualified institutional investors in the Philippines qualified as an exempt transaction in reliance on Section 10.1(c) and 10.1(l) of the Philippine Securities Regulation Code (the "SRC"); (ii) outside the United States in reliance on Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act"); and (iii) within the United States to "qualified institutional buyers" as defined in, and in reliance on, Rule 144A under the Securities Act. SB Capital Investment Corporation and Decker & Co., LLC are the Joint Global Coordinators and led the selling syndicate in placing the Offer Shares with investors.

The second part of the Overnight Top-up Placement consists of the subscription by each Selling Shareholder to 1.4% of the Corporation's total issued and outstanding capital shares, in the form of new shares issued out of the authorized capital stock of the Corporation at a subscription price equivalent to the Offer Price. Xurpas claimed exemption from registration under Section 10.1(e) and (k) of the Securities and Regulation Code.

The Placement Agents received an aggregate selling fee equal to 1.5% of the gross proceeds of the Offer.

b) Acquisition of Art of Click Pte. Ltd ("AOC") – October 6, 2016

On October 6, 2016, Xurpas signed a Share Purchase Agreement with Emmanuel Michel Jean Allix and Wavemaker Labs Pte. Ltd. (the "Sellers") for the acquisition of 100% shares in AOC for an aggregate consideration of ₱1.40 billion in cash and in Xurpas shares. AOC is a Singaporean start-up firm established in 2011 that specializes on mobile marketing solutions for advertisers, publishers, app developers and other operators. Its key markets include Japan, Korea, Hong Kong, Taiwan, Southeast Asia, North America and Europe.

The cash consideration consists of (1) an Upfront Payment to the Sellers amounting to US$2,797,106 (135,379,930) and (2) cancellation of employee stockholder options through Xurpas' subscription to one ordinary share in the capital of AOC for US$2,202,894 (106,620,070). This was used to pay the AOC's Employee Stock Ownership Plan ("ESOP") shareholders.

The Xurpas shares to be issued to the Sellers consist of (1) an Upfront Payment amounting to US$19,451,739 payable in Xurpas shares to the Sellers on the acquisition date, (2) Installment Payment payable to the Sellers in Xurpas shares one year after the closing date and every year thereafter until three years after the closing date, and (3) a Deferred Purchase Consideration which shall be subject to a net income after tax floor per year that AOC has to meet as a condition precedent to the entitlement of the Sellers to the Deferred Purchase Consideration and payable in three (3) tranches. The aggregate amount of Deferred Payment Consideration for a three-year deferred payment period shall in no case be greater than US$13,962,725. In the finalization of the purchase price, the parties have clarified that the Deferred Purchase Consideration shall be fixed at US$13,962,725 and shall not be subject to the performance metrics of AOC, and such is intentionally part of the original consideration. Accordingly, the Deferred Purchase Consideration was considered as part of the acquisition cost in the final purchase price.

The number of Xurpas shares to be issued at each tranche shall be determined using the average market value of Xurpas common shares fifteen (15) days before and fifteen (15) days after the closing date or each commitment date, as applicable, agreed to by the parties.

Included in the Share Purchase Agreement is a call option granting the Sellers an option exercisable within fifty-one (51) months following the Closing Date and only upon the occurrence of a Call Option event to purchase from Xurpas their respective proportionate share in the Sale Shares. This was subsequently waived.

On June 2017, amendments were made to the share purchase agreement with one of the sellers, Emmanuel Michel Jean Allix ("Allix"), which (a) resulted in the payment of US$7.24 million or 358.50 million, (b) changed the manner of payment of the Installment Payment payable and Deferred Purchase Consideration from being partly in cash and Xurpas shares to solely in cash, and (c) changed the term of the Installment Payment payable from being payable in three years after the closing date to being payable within the year.

On July 18, 2017, Xurpas reacquired 53,298,242 common shares Upfront Payment issued at acquisition date to Allix, a former shareholder of AOC, for a consideration of US$532,983 or 26.65 million.

On October 3, 2017, Xurpas entered into an agreement to amend the share purchase agreement with Wavemaker Labs Pte. Ltd. ("Wavemaker"), a former shareholder of AOC, which provides for (a) the adjusted purchase price, (b) the change in manner of payment for the Installment Payment and Deferred Consideration pertaining to Wavemaker from being payable in Xurpas shares to cash, and (c) changed the term of the Installment Payment payable from being payable in three years after the closing date to being payable within the year. To implement these amendments, there will be a placement and subscription transaction involving 67,285,706 Xurpas listed shares of existing shareholders by way of a block sale through the facilities of the PSE in 2018. Three shareholders of Xurpas sold their shares to Wavemaker, as an advance on behalf of Xurpas. The said shareholders, then subscribed to an aggregate of 67,285,706 Xurpas shares to replace the shares already advanced. Xurpas is claiming in from registration under Section 10.1(k) of the Securities and Regulation Code.

The 16,641,244 common shares initially issued to Wavemaker representing the Upfront Payment shall be placed by Wavemaker in an escrow agent who is authorized to sell these shares after these are listed. The allocation of the proceeds from the sale of these shares will be determined in the future subject to certain conditions.

On October 3, 2017, Allix and Wavemaker executed a waiver of the second and third tranches of the Deferred Purchase Consideration. The Sellers also waived their call option on the shares.

The Company relied on Section 10.1(k) of the Securities Regulation Code, as basis for claiming exemption for the issuance of the said shares in favor of Emmanuel Michel Jean Allix and Wavemaker Labs Pte. Ltd

c) Issuance of New Shares

On January 20, 2022, the Corporation and Nico Jose S. Nolledo ("Mr. Nolledo") executed a Subscription Agreement wherein Mr. Nolledo will receive new Xurpas Common Shares in exchange of One Hundred Million Pesos (100,000,000.00). The Subscription Price per Share was calculated based on a 30 Day Weighted Average Price – wherein the twenty-five (25) days shall be prior to Effective Date and the remaining five (5) days shall be after Effective Date, with a five percent (5%) Premium. The Subscription Price per share was subject to a floor price of Fifty-Five Centavos (0.55) per share. Accordingly, Subscription Price was set at 0.55; the floor price provided in the Subscription Agreement.

Mr. Nolledo received a total of 181,818,182 common shares (the "Subscription Shares"). The total subscription price is at 100,000,000.10. Mr. Nolledo paid the Subscription Price in full on February 15, 2022. Accordingly, the Subscription Shares were issued to Mr. Nolledo on March 21, 2022. The shares have not been listed with the Philippine Stock Exchange as of date.

The Subscription Shares are being offered and sold within the Philippines as an exempt transaction in reliance on Section 10.1(c) and 10.1(e) of the Philippine Securities Regulation Code (the "SRC").

d) Cancelled Transaction with Wavemaker

On September 20, 2020, the Board approved the issuance of 1,707,001,019 common shares ("**Subscription Shares**") at a price of Php0.10 per share ("**Subscription Price**") to the following:

Wavemaker Subscribers	No. of Shares	Par Value	Subscription Price (PHP)
Frederick Manlunas	866,540,356	Php 0.10	86,654,035.6
Benjamin Paul Bustamante Santos	240,524,858	Php 0.10	24,052,485.8
James Buckly Jordan	264,329,044	Php 0.10	26,432,904.4
Wavemaker Partners V LP	30,547,808	Php 0.10	3,054,780.8
Wavemaker US Fund Holdings, LLC	305,058,953	Php 0.10	30,505,895.3
Total	**1,707,001,019**		**170,700,101.9**

On September 20, 2020, the Corporation and the Subscribers executed the Subscription Agreement for the issuance of the Subscription Shares.

On December 20, 2021, the Corporation received a written notification from Frederick Manlunas of the Wavemaker Group terminating the Subscription Agreement, Stock Purchase Agreement, and such other agreements executed with the Company on September 20, 2020 due to failure to Close the transaction by December 31, 2020. Accordingly, no Xurpas shares were issued (or will be issued) in favor of the subscribers. Moreover, Xurpas did not receive any Wavemaker Shares in Wavemaker Group Inc. pursuant to the Stock Purchase Agreement.

The foregoing transaction has already been cancelled and will not take effect. The Company does not foresee any financial effect on the Company taking into account that the foregoing transaction has not been recorded in its books since the closing of the said transaction were conditioned on certain matters that were not met.

e) Conversion of Advances to Equity

On June 30, 2023, the Board of Directors of Xurpas approved the conversion of the following advances to equity for the two founders, namely, Mr. Fernando Jude F. Garcia and Mr. Nico Jose S. Nolledo:

Name of Assignor	Advances (in PHP)

Fernando Jude F. Garcia	PHP56,918,964.22
Nico Jose S. Nolledo	79,601,662.12
Total	**PHP136,520,626.35**

The parties shall mutually agree on the conversion price, and accordingly, the number of Xurpas shares to be issued to the founders, within thirty (30) days from the said approval, subject to the following conditions:

- **above market price**. For the avoidance of doubt, market price shall mean the weighted average of the closing prices for a period of thirty (30) trading days prior to effective date; and
- supported by a fairness Opinion issued by an independent firm in relation to the transaction.

No special rights will be attached to the foregoing common shares.

On July 28, 2023, the Board of Directors of Xurpas approved the conversion price of Php0.30 per share. The foregoing conversion price is supported by a Fairness Opinion issued by Isla Lipana & Co. ("PWC"). The Company and the Assignors signed the Deed of Assignment of Advances on July 28, 2023.

On October 10, 2023, the Company received the Certificate of Approval of Valuation from the SEC. On November 13, 2023, the Company recorded the issuance of 455,068,753 common shares ("Subscription Shares") from the unissued portion to the Assignors on its corporate books; however, the Subscription Shares have not been listed with the Philippine Stock Exchange as of date.

The Subscription Shares are being offered and sold within the Philippines as an exempt transaction in reliance on Section 10.1(c) and 10.1(e) of the Philippine Securities Regulation Code (the "SRC").

3. External Auditor Fees

The Company's external auditor is Sycip Gorres Velayo & Co. ("SGV & Co."). The Company paid the following aggregate fees billed for each of the last two calendar years for professional services rendered by the external auditor:

Year	Audit & Audit-Related Fees	Tax Fees	All Other Fees
2024	**₱4,484,500**	**₱–**	**₱–**
2023	4,096,000	–	–
2022	3,772,000	–	–

Services rendered include the audit of the financial statements and supplementary schedules for submission to SEC, tax consultancy and assistance in the preparation of annual income tax returns. Non-audit fees for Xurpas, which is already included in the aggregate amount above, totaled to ₱0.16 million in 2022.

The audit fees for 2025 are estimated to be at ₱4.51 million.

In relation to the audit and review of the Corporation's annual consolidated financial statement, the Audit Committee shall, among other activities, (i) evaluate significant issues reported by the external auditors in relation to the adequacy, efficiency and effectiveness of policies, controls, processes and activities of the Corporation; (ii) ensure that other non-audit work provided by the external auditors is not in conflict with their functions as external auditors; and (iii) ensure the compliance of the Corporation with acceptable auditing and accounting standards and regulation.

The Audit Committee recommends to the Board the appointment, reappointment and removal of the external auditor, and the fixing of the audit fees. The Board and stockholders evaluate and approve the Audit Committee's recommendation.

The Audit Committee discusses with the External Auditor the nature, scope and expenses of its audit, and provides objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders. The Audit Committee also evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the Corporation's overall consultancy expenses.

The representatives of SGV are expected to be present at the Annual Stockholders' Meeting and may also respond to appropriate questions with respect to matters involving its services.

4. **Compliance with leading practices on Corporate Governance**

Evaluation system to measure the level of compliance with the Manual on Corporate Governance

The Corporation undertakes assessment and performance evaluation exercises in relation to its policies for the purpose of monitoring compliance.

Measures to comply with the adopted leading practices on good corporate governance

The Corporation has appointed a Compliance Officer who shall monitor compliance with the requirements of its revised Manual on Corporate Governance. The Corporation has also established a Corporate Governance Committee that has the responsibility of ensuring the implementation of its governance principles and policy guidelines.

Independent Director

The Company currently has two (2) independent directors.

Plans to improve

The Board and Committees undertake to take further steps to enhance adherence to principles and practices of good corporate governance. The Corporation undertakes to periodically review its policies and guidelines, and ensure compliance with all SEC and PSE mandated corporate governance memorandums. There has been no deviation for the past year from the Company's Manual on Corporate Governance. In fact, as of date:

- The Corporation completed the 2022 assessment and performance evaluation for its directors, including the evaluation through a third party. The Corporation also conducted an evaluation for 2023 and 2024. The Corporation will conduct the 2025 assessment and performance evaluation, including the evaluation through a third party.
- The Corporation has been regularly conducting committee meetings to ensure that all Company policies are observed.
- The Corporation, including the Board of Directors, has conducted its 2025 Strategic Planning to pave way for its short term and long term planning and strategy.
- The Audit Committee conducts meetings with its external auditor, without the presence of Management.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, *AS AMENDED*

**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 **A200117708** 3. BIR Tax Identification No. **219-934-330-000**

4. Exact name of issuer as specified in its charter **XURPAS INC.**

5. **PHILIPPINES**
Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
Industry Classification Code:

7. **Unit 804 Antel 2000 Corporate Center, 121 Valero St. Salcedo Village, Makati City**
Address of principal office
1227
Postal Code

8. **(632) 889-6467**
Issuer's telephone number, including area code

9. **Not Applicable**
Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding
Common Shares	**2,509,683,812**

As of December 31, 2024, 31.78% of Xurpas Inc.'s common shares are owned by the public.

11. Are any or all of these securities listed in the Philippine Stock Exchange.

Yes [**X**] No [ ]

A total of 1,797,700,660 common shares are listed in the Philippine Stock Exchange as of December 31, 2024.

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 [**X**] No [ ]

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

Yes [**X**] No [ ]

13. Aggregate market value of the voting stock held by non-affiliates as of December 31, 2024 amounted to Php144,840,842.15. The price used for this computation is the closing price as December 27, 2024 which is at Php0.182.

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes [**X**] No [ ]

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders;

(b) Any information statement filed pursuant to SRC Rule 20;

(c) Any prospectus filed pursuant to SRC Rule 8.1.

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PART I - BUSINESS AND GENERAL INFORMATION

ITEM 1. Business

Xurpas Inc. (“**Xurpas**” or the “**Company**”) is a technology company engaged in platform development and customization, system integration, mobile platform consultancy services, management of off-the-shelf application and social media related services. This includes information technology (IT) staff augmentation and various enterprise solutions-based services to telephone companies (Telcos) and other companies for network and applications development. It is also involved in the creation and development of digital products and services, as well as the creation, development, and management of proprietary platforms for its clients.

The Company’s main business units comprise of: 1) Enterprise solutions; 2) Other services-HR technology services; and 3) Mobile consumer products and services. *See Products and Services for a detailed discussion.*

Listing with the Philippine Stock Exchange

On November 12, 2014, the Philippine Stock Exchange (“**PSE**”) approved the initial public offering of the Company and offer of 344,000,000 common shares at an offer price of ₱3.97 per share. On December 2, 2014, the common shares of Xurpas were listed in the PSE.

After its initial public offering, Xurpas acquired several companies to expand its portfolio of mobile technology products and services, enterprise services, and invest in companies that will aid in the distribution of the aforementioned products and services.

On April 26, 2016, Xurpas conducted an overnight placement with partial top up (“**Overnight Top Up Placement**”) wherein three substantial shareholders sold an aggregate of 155,400,000 common shares and accordingly, subscribed to 77,700,000 common shares (“**Subscription Shares**”) from the Company’s authorized capital stock. The Company raised an aggregate of ₱1.2 billion gross proceeds from issuance of the Subscription Shares, which was intended to support its growth strategy and fund its capital expenditure program. The Subscription Shares were listed with the PSE in 2016.

Acquisitions and Investments

Xurpas Pte. Ltd. *(formerly Altitude Games Pte. Ltd.)* The Company purchased 21.78% ownership in Altitude Games Pte. Ltd. in 2014, a Singaporean IT company engaged in computer game development and publishing. In 2020, Altitude accepted game development projects outsourced to it by certain offshore game publishers and launched games using blockchain. In April 2023, Altitude Games has approved the sale of its assets, including Intellectual Property and licenses, to a company registered in Australia. With the sale of Altitude Games' (SG Entity) business, Altitude settled the convertible debt it has previously issued to Xurpas. Accordingly, Xurpas received approximately USD900,982.04 in net proceeds, which includes the payment for the convertible debt, interest and the equity share in the proceeds from the sale of assets.

In October 2023, Xurpas executed transfer deeds wherein other shareholders of Altitude Games assigned the remaining 78.83% ownership to Xurpas. As a result, the Group wholly owns Altitude Games and the minimal balances was consolidated at December 31, 2023 consolidated financial statements. On June 14, 2024, Altitude Games changed its corporate name to Xurpas Pte. Ltd. Xurpas Pte. Ltd. has no operations as of December 31, 2024.

Storm Technologies Inc. In February 2015, the Company acquired a 51% controlling stake in Storm Flex Systems, Inc. (currently registered as Storm Technologies Inc., referred herein as “**Storm**”), to enable Xurpas to expand beyond telecommunication networks and into corporations through offering human resource (“**HR**”) technology solutions. As of date, Xurpas owns 51.31% controlling stake in Storm. In 2019, Storm set up its subsidiary, AllCare Technologies Philippines, Inc., with a 69% stake, to offer subscriptions in HMO and other pre-need employee benefits to small teams and freelancers.

Seer Technologies Inc. Xurpas acquired a 70% controlling stake in Seer Technologies Inc. (“**Seer**”), a company engaged in software consultancy, design, development and managed services focused on mobile, cloud and data technologies. Seer has been operationally absorbed by the Parent Company.

Xurpas Enterprise Inc. Xurpas also registered Xurpas Enterprise Inc. with the Philippine Securities and Exchange Commission in March 2016. Xurpas Enterprise was created to primarily engage in the business of software development including designing, upgrading, and marketing all kinds of information technology systems to corporate clients. It also engages in enterprise solutions, IT staff augmentation, outsourcing and managed services.

PT Sembilan Digital Investama On March 26, 2015, Xurpas acquired 49% shareholdings in PT Sembilan Digital Investama (“SDI”). The acquisition gave the Parent Company access to PT Ninelives Interactive (“Ninelives”), a mobile content and distribution company in Indonesia, which SDI owns. In 2020, clients included Hooq and Viu.

MatchMe Pte. Ltd. (“**MatchMe**”) On March 30, 2015, the Parent Company acquired 1,000,000 ordinary shares of MatchMe, an international game development company based in Singapore, for a total consideration amounting to ₱61.60 million. In 2018, MatchMe issued 1,547,729 ordinary shares worth US$0.079 per share or a total of $122,944. The Parent Company subscribed to 467,820 ordinary shares for a total of US$37,161 or 1,977,018 resulting in an increase in percentage ownership from 28.59% to 29.10%. MatchMe was not able to level-up its operations in 2019 and has eventually resulted in it becoming dormant.

Micro Benefits Limited. The Company also acquired 23.53% ownership in Micro Benefits Limited (“**Micro Benefits**”), a company registered in Hong Kong in March 2016. Micro Benefits is engaged in the business of providing HR benefits to Chinese workers through its operating company, Micro Benefits Financial Consulting (Suzhou) Co. Ltd, China. It developed a mobile application called CompanyIQ, which focuses on four key areas to improve employee engagement and business operations: Worker Voice, Digital Learning, Employee Portal, and Business Intelligence.

Art of Click Pte. Ltd. On October 6, 2016, Xurpas acquired 100% stake in Art of Click Pte. Ltd (“**AOC**”), a company registered under the laws of Singapore and engaged in the business of mobile media advertising that offers a marketing platform for advertisers. On March 30, 2020, the BOD of the Parent Company approved the suspension of business operations of AOC.

Xeleb Technologies Inc. and Xeleb Inc. develop digital products and services, with a particular focus on celebrity-branded and themed mobile Casual Games and Content for consumers. With the decline in the Company’s mobile consumer business, the Company has announced in 2019 that it intends to dissolve the said entities. On October 30, 2024, Xeleb Inc. and Xeleb Technologies were dissolved by shortening their corporate terms, as approved by the Securities and Exchange Commission.

Xurpas Software Inc. (“XSI”). On December 13, 2022, the BOD approved the incorporation of a wholly-owned subsidiary under the laws of the Republic of the Philippines under the name of XSI, with the primary purpose of designing, developing, testing, building, marketing, distributing, maintaining, supporting, customizing, selling and/or re-selling applications, games, software, cybersecurity software tools, digital solutions, whether internet, mobile, or other handheld applications, portals, hardware and other related products and services, except internet provider services, both for proprietary and custom development purposes. On April 18, 2023, XSI was registered in Security and Exchange Commission (SEC).

Xurpas Pty. Ltd. (XAU). On July 25, 2023, Xurpas Pty. Ltd. was incorporated in Australia. Xurpas Pty. Ltd. is a wholly-owned subsidiary of Xurpas that would allow the Group to offer its product and services in the said country. In late July 2024, XAU has started its commercial operation.

The Company has also sold the following entities:

- **CTX Technologies Inc.** ("**CTX Technologies**") The Company incorporated CTX Technologies Inc. in 2018. In 2020, the Company's board of directors approved the sale of CTX to one of its principal shareholders, Mr. Fernando Jude F. Garcia.

- **Yondu Inc.** In September 2015, the Company acquired a 51% controlling stake in Yondu Inc. ("**Yondu**"), originally a Globe Telecom wholly-owned subsidiary which is presently engaged in the development and creation of wireless products and services accessible through telephones or other forms of communication devices and media networks. Xurpas sold its 51% interest in Yondu in September 2019.

The list of companies in which Xurpas has a voting interest as of December 31, 2024 and 2023 are as follows:

	Percentage of Voting Interest	
	2024	**2023**
Xeleb Technologies Inc.[1] (formerly Fluxion, Inc.)	100.00%	100.00%
Storm Technologies, Inc. (formerly Storm Flex Systems, Inc.)	51.31%	51.31%
Seer Technologies Inc.	70.00%	70.00%
Xurpas Enterprise Inc.	100.00%	100.00%
Art of Click Pte. Ltd.	100.00%	100.00%
PT Sembilan Digital Investama	49.00%	49.00%
MatchMe Pte. Ltd.	29.10%	29.10%
Micro Benefits limited	23.53%	23.53%
Xurpas Pte. Ltd. (formerly Altitude Games Pte. Ltd)	100.00%	100.00%
Altitude Games Inc.	21.17%	21.17%
Zowdow, Inc. (formerly Quick.ly Inc.)	3.56%	3.56%
ODX Pte. Ltd.	100.00%	100.00%
Xurpas Pty. Ltd.	100.00%	100.00%
Xurpas Software Inc.	100.00%	100.00%

PRODUCTS AND SERVICES

Enterprise Services

The Company, together with its subsidiaries, develops and customizes information technology platforms, provides system integration, mobile platform consultancy, manages off-the-shelf application and social media-related services.

Enterprise Services also includes information technology staff augmentation and various enterprise solutions-based services to Telcos and other companies for network and applications development.

In 2022, with the rise of blockchain technology and its potential to revolutionize various industries, the Company took a significant step towards expanding its services by dedicating a business unit within

[1] Xeleb Technologies Inc. is in the process of dissolution. Its corporate term has already expired last October 30, 2024.

Xurpas Enterprise to provide information technology staff augmentation, managed services, outsourced project development and custom solutions for blockchain-based applications. The Company assembled a team trained in blockchain programming languages and tech stacks.

For the year ended December 31, 2025, the Company's total revenue and net loss from its enterprise business before intersegment adjustments were ₱137.87 million and ₱139.72 million, respectively, while total revenue and net loss before intersegment adjustments from its enterprise business were ₱165.52 million and ₱108.45 million, respectively, for the year ended December 31, 2023.

Artificial Intelligence

In October 2023, the Company, through its subsidiary, XEI, launched its Data Science and Artificial Intelligence business unit Xurpas AI Lab (XAIL). XAIL provides data science and consulting services, along with a range of AI solutions, to help businesses leverage the power of data with AI to solve real-world business problems and unlock opportunities to gain lasting strategic advantage.

Mobile Consumer Services

The Company creates and develops mobile consumer content and other value-added services ("VAS") for mobile phone subscribers such as online casual games as well as mobile marketing and advertising solutions. As of December 31, 2024, the Company continues to be a party to content provider agreements with two (2) of the Philippines leading Telcos, namely, Smart Communications, Inc. and Globe Telecom Inc. The Company continues to offer previously launched mobile games in partnership with a major media company. The Company receives a share in the revenues derived by the Telco from the fees paid by its mobile phone subscribers to the Telco to access, subscribe to or use such mobile games, which revenues are shared with the media company. The Company also continues to offer mobile marketing and advertising solutions either directly or through third party suppliers.

For the year ended December 31, 2024, the Group's total revenue and net loss from its mobile consumer products business before intersegment adjustments were ₱21.85 million and ₱5.79 million, respectively, while total revenue and net income before intersegment adjustments from its mobile consumer products business for the year ended December 31, 2023 amounted ₱8.61 million and ₱7.08 million, respectively. In 2023, net income earned by the mobile consumer segment was mainly attributable to the collection of notes receivable and recovery of investment in Altitude Games.

Other Services

Storm, through its subsidiary AllCare, offers various HMO plans with different coverage and benefits that cater to the needs and budget of its members. Its HMO plans include access to consultations with primary care physicians, specialist doctors, laboratory tests, and hospitalization coverage, among others. AllCare's subscription plans are designed to be affordable for small teams and freelancers who may not have access to group health insurance plans offered by larger companies.

For the year ended December 31, 2024, the Company's total revenue and net loss from its other services before intersegment adjustments were ₱55.76 million and ₱3.97 million, respectively. While for the year ended December 31, 2023, the Company's total revenue and net loss before intersegment adjustments from its other services were ₱47.43 million and ₱22.74 million respectively.

Blockchain Technology

In 2018, the Company announced the incorporation of its wholly owned subsidiary, ODX Pte. Ltd. (“ODX”), an entity registered in Singapore, that will allow consumers in emerging markets to access the internet for free, through sponsored data packages. ODX pre-sold tokens and the proceeds from the said sale, amounting to US$4,999,960 will be used to start building the ODX infrastructure and for business development. In 2019, ODX started the distribution of tokens to all its investors, pre-sale purchasers, and advisors (collectively the “Token Holders”). ODX's platform, which will be an open data marketplace using blockchain technology, is still under development. ODX has not started commercial operations as of December 31, 2024.

With the rise of blockchain technology and its potential to revolutionize various industries, the Company took a significant step towards expanding its services by dedicating a business unit within its subsidiary Xurpas Enterprise to provide information technology staff augmentation, managed services, outsourced project development and custom solutions for blockchain-based applications. The Company, through its subsidiary, assembled a team trained in blockchain programming languages and tech stacks. In 2024, the Company's activities related to blockchain technology were limited.

COMPETITION

For its enterprise development business, the Company considers Stratpoint, Pointwest, Yondu, Asticom and Novare as its main competitors, providing outsourced web and mobile applications development services, cloud services for their clients, and staff augmentation. For business solutions, the Company competes with Oracle Netsuite, Zoho, Odoo and Acumatica for Enterprise Resource Planning, and Sprout Solutions and Salarium for Payroll Systems. For the Company’s other services, the main competitors are HMOs like Maxicare, Medicard, Intellicare, AsianLife, PhilCare, Fortune Medicare, CareHealth Plus, ValuCare, and Insular Health Care. For its mobile consumer content development business, the Company competes with Yondu.

KEY RISKS

Macroeconomic Conditions

Macro-economic fluctuations present a significant risk to the Company’s financial performance, as they can influence the Company’s clients' decisions regarding digital transformation and project engagements. Economic downturns, currency fluctuations, or changes in government policies may lead to reduced client spending or delays in project initiations, affecting Company revenue streams and profitability. Additionally, uncertainties in the broader economic environment may deter clients from undertaking digital transformation initiatives, leading to a slowdown in demand for Company services. To mitigate this risk, the Company must maintain a diversified client portfolio, closely monitor economic indicators, and adapt business strategies to navigate through periods of economic instability effectively. Additionally, fostering strong client relationships and providing value-added solutions that align with evolving needs can help mitigate the impact of macroeconomic factors on the Company’s financial performance.

Liquidity

The Company has to maintain cash balances and monitor cash inflows and outflows to ensure the availability of sufficient funds. The Company has also been implementing cost cutting measures which may include reduction of workforce and postponement of non-essential investments to help strengthen its cash position. It also continually evaluates assets or investments which can be sold.

High Customer Concentration

The Company has been working towards improving its business and financial growth for the past years. Fifty-one percent (51%) of the Company's revenues can be attributed to 7 of its major clients in 2024. As part of its growth strategy, the Company has been looking for new opportunities that would allow it to further diversify its business. At the same time, the Company still intends to continue to develop its current relationships with its long-term customers.

Dependency Risks

The Company's reliance on specific partners or clients introduces dependency risks. Diversifying partnerships, maintaining operational flexibility, and developing contingency plans are necessary to mitigate the vulnerabilities associated with over-dependence. The Company must remain vigilant and proactive in identifying, assessing, and mitigating these key risks to ensure the sustained success and resilience of its operations, particularly in light of our expanding involvement in government projects and new markets, as well as new and emerging technologies.

Stiff Competition and fast-paced evolution of the IT industry

The Company operates in a highly competitive environment given the numerous existing and new technology companies that have the capacity to provide the same services with competitive pricing. Likewise, the speed at which technology evolves to cater the demand of individuals and businesses for technological advancements poses risks such as costly upgrades of systems and obsolescence of some services. Nevertheless, the Company mitigates these through establishing good relationships with its customers by providing quality services. The Company is continually identifying new, upgradable, and cost-effective solutions for its offered services. Accordingly, the Company invests in its employees' training to ensure that the Company is able to adapt with new technology.

As the Company enters the competitive landscape of the artificial intelligence market, it encounters challenges in gaining market share and distinguishing itself amidst fierce competition. To safeguard against these risks, the Company vigilantly monitors market trends, adapt to evolving demands, and maintain an innovative edge to stay ahead of competitors, such as updating its current product offerings with AI capabilities and gaining traction in the AI market through its current pool of digital transformation, enterprise solutions and SAAS clients.

The development and deployment of AI solutions entail inherent technical risks, including glitches, inaccuracies in models, and security vulnerabilities. It is also known to potentially perpetuate biases or engage in unethical behavior, leading to unfair decisions and public backlash These risks pose potential harm to the Company's reputation and client trust. Rigorous testing, robust security protocols, and ongoing research efforts are crucial to mitigate these risks and ensure the reliability and security of our AI solutions. Prioritizing fairness, transparency, and ethical AI practices during model development is paramount to mitigate these risks and maintain integrity in our operations.

Business Model Risks

The Company's revenue model and pricing strategies are susceptible to risks such as incorrect pricing or unsustainable business models due to partner dependencies and expansion into highly innovative fields which lack tried and tested business models. Conducting thorough market assessments and devising competitive pricing strategies aligned with market dynamics are essential to mitigate these risks and ensure profitability.

Market Saturation

The Company considers market saturation as one of the key risks in its business. The Company addresses this by developing new product and service offerings, and by focusing on innovation and product development. Xurpas management also continuously tries to find new markets that it can enter to offer its products and services.

On February 10, 2023, the Company announced that it will be expanding its business to Australia, a new market which is ten times larger than the Philippine market. Xurpas disclosed that it will offer a range of IT services in Australia ranging from staff augmentation and managed services, to bespoke software development among others.

The Company commenced its commercial operations in July 2024. Since then, it has launched targeted marketing initiatives aimed at lead generation and conversion. These efforts have shown early traction, reflecting positive alignment between marketing and sales objectives.

Talent Acquisition and Retention

Managing and retaining the right people is one of the key risks that the Company has identified. The Company has provided solutions to manage this risk by offering attractive compensation benefits and packages, implementing employee development and training programs, and providing employee recognition and rewards. Moreover, the Company adopts a flexible work arrangement which likewise attracts employees, and provides for a clear career progression and growth opportunities.

The Company has also been diversifying its talent pool, implementing a robust onboarding process and continuously trying to build a strong company culture. The Company believes that the measures that it implements will mitigate the risk relating to talent retention.

Ability to maximize and adapt to new technologies

The Company has disclosed that its acquisition and investment in various technology entities is aimed at creating platforms that offer a marketplace of technology products that consumers can choose from. The Company has equipped itself with various technologies to create the necessary platforms it can offer to the consumers. The Company's success will depend on its ability to maximize the potentials of these acquired technologies. Moreover, since the technology industry continues to develop at a robust pace, the Company will need to consider as part of its growth strategy that these technologies will need to be consistently updated, enhanced or developed to minimize risk on these becoming obsolete or impractical.

Concentrated ownership offers a potential risk for conflict of interest

The Company is substantially owned and/or controlled by the three (3) founders, Messrs. Nico Jose S. Nolledo, Fernando Jude F. Garcia and Raymond Gerard S. Racaza, wherein they own approximately 68.13% of the issued and outstanding shares of the Company. The Company has been working towards diversification. In fact, the Company has implemented the following to ensure that related party transactions, if any, are made at arm's length:

- Out of the eight (8) board seats, only two (2) board seats are occupied by the controlling shareholders (or their affiliates). Moreover, most of these directors are appointed as non-executive directors, which accordingly lessens the risk for conflict of interest.
- The Company's President is also not affiliated with any of the said principal shareholders.
- The Company has also appointed four (4) independent directors.
- The Company has strengthened its Related Party Transactions Policy.
  The Company also has an Audit Committee with functions relating to Related Party Transactions that evaluates related party transactions, as may be applicable.

Data Privacy and Security Risks

Handling sensitive data introduces significant risks, including legal consequences, loss of client trust, and reputational damage in case of mishandling. While the company has implemented policies, processes, and basic cybersecurity tools to mitigate risks, the potential for cyberattacks remains a concern. The Company consistently complies with the Data Privacy Act of 2012 and the Rules and Regulations of the National Privacy Commission (NPC). It actively participates in relevant trainings and continuously works to enhance its data privacy and security practices.

TRANSACTIONS WITH RELATED PARTIES

The Company has likewise secured loans from its key shareholders. See Note 19 of the Company's consolidated financial statements for transactions as of December 31, 2024.

On February 20, 2019, the board of directors approved the execution of a loan agreement wherein the key shareholders of the Company agreed to extend an aggregate of ₱150 million loan to be used to fund enterprise projects and for general corporate purposes.

In 2020, the Board of the Company also approved the sale of CTX Technologies Inc. to a director of Xurpas, Mr. Fernando Jude F. Garcia.

In 2022, the Company's founder, Mr. Nico Jose S. Nolledo subscribed to new Xurpas Shares at a subscription price of Fifty-Five Centavos (₱0.55) per share, or an aggregate subscription price of ₱100 million.

On June 30, 2023, the Board of Directors of Xurpas approved the conversion of the advances to equity made by Mr. Fernando Jude F. Garcia and Mr. Nico Jose S. Nolledo (the "Assignors"). The aggregate amount of the advances to be converted into equity is Php136,520,626.34. The Company and the Assignors signed the MOA on June 30, 2023.

The MOA provides that the Conversion Price per Share shall be above market price, calculated based on the weighted average of the closing prices for a period of thirty (30) trading days prior to the execution of the Memorandum of Agreement ("Effective Date"), and shall be supported by a Fairness Opinion issued by an independent firm in relation to the transaction. Within thirty (30) calendar days from the Effective Date, the Assignors shall execute a Deed of Assignment of Advances.

On July 28, 2023, the Board of Directors of Xurpas approved the conversion price of Php0.30 per share. The foregoing conversion price is supported by a Fairness Opinion issued by Isla Lipana & Co. ("PWC"). The Company and the Assignors signed the Deed of Assignment of Advances on July 28, 2023.

On October 10, 2023, the Company received the Certificate of Approval of Valuation from the SEC. On November 13, 2023, the Company recorded the issuance of 455,068,753 common shares from the unissued portion to the Assignors on its corporate books; however, the Subscription Shares have not been listed with the Philippine Stock Exchange as of date.

INTELLECTUAL PROPERTY

Since the Company’s pivot as an information technology company specializing in enterprise solutions, the Company’s intellectual property portfolio has evolved to reflect its new focus. The Company owns and holds exclusive rights to the proprietary software, applications, and other technology assets that it has created or acquired; with the exception of those assets it creates on a work-for-hire basis for its clients. The Company also incorporates third-party software and open-source software into some of its products under the terms of various licenses, carefully managing its use to ensure compliance with licensing terms and conditions. With respect to its mobile consumer content business, the Company maintains its rights to its entire product portfolio, excluding mobile consumer content in the form of licensed content such as music, videos and other content of a similar nature, which it licenses through third party licensors.

Platforms

Key intellectual property of the Company includes the Griffin SMS Gateway program, which is a proprietary platform developed by the Company through which the Company deploys mobile applications through any telecommunications network protocol. The Griffin SMS Gateway program is built on a modular architecture and is written in Java, an industry standard programming language that allows the program to be deployed using most common operating systems, with the following key features:

- The Griffin SMS Gateway allows the Company to connect to any of its client Telco’s SMS center, which represents the heart of any Telco’s wireless network handling all SMS operations, such as routing, forwarding and storing SMS messages, using popular protocols.

- The Griffin SMS Gateway contains a “Multi-Function Middleware” feature that allows the Company to interface with its client Telco’s “Intelligent Network”, which is the network that allows a Telco to offer value-added services to its mobile subscribers on top of its standard services (voice and call services) through UCIP or Diameter, MMSCs via MM7, or billing systems via proprietary SOAP-XML or other proprietary HTTP-based protocols.

- The Java API of the Griffin SMS Gateway allows the Company’s application developers to write code that can easily be integrated or deployed across multiple carriers that may have different systems.

The Company, through Storm, owns a patented proprietary platform that includes a system, method, and data processing apparatus working together to provide a secure and efficient payment processing solution for electronic transactions. The Company maintains the platform’s patent with the Intellectual Property Office of the Philippines (“IPOPHIL”).

Trademarks

The Company has exclusive rights to its corporate name, which may be deemed as a protected established mark in relation to the same or similar services without need for prior registration. Nevertheless, the Company is in the process of renewing the registration over this trademark with IPOPHIL.

Despite the Company's shift towards information technology enterprise solutions, it still holds several registered trademarks that were registered under its subsidiary

REGULATION AND KEY LICENSES

The Company's mobile consumer business which refers to the development and delivery of mobile consumer content to its client Telcos, is considered as a form of value-added services regulated by the NTC under the Public Telecommunications Policy Act and related implementing regulations issued by the NTC.

While a value-added services provider (unlike other entities regulated under the Public Telecommunications Policy Act) is not required to obtain a franchise to operate, the NTC requires that any such provider obtain and maintain a Value-Added Services (VAS) License, which shall expressly indicate the value-added services that such provider is authorized to provide. Under existing regulations, the following services may be rendered by a holder of a VAS License:

- Content and Program Service
- Messaging services
- Electronic Gaming, except gambling

The Company holds a VAS License issued by the NTC valid until January 3, 2026, pursuant to which the Company is authorized to engage in all of the foregoing value-added services.

EMPLOYEES

The Company believes that its relationship with its employees is generally good and, since the start of its operations, the Company has not experienced a work stoppage as a result of any labor or labor-related disagreements. None of the Company's employees belong to a union.

The table below sets forth the breakdown of the Company's labor complement, grouped according to function, as of December 31, 2024:

Executives	4
Accounting, Finance, Human Resources, Legal and Administration	17
Sales	10
Recruitment	3
Talent Management	6
Marketing	5
Technical Staff	12
Total	**57**

The Company has adopted a rewards and recognition policy that is competitive with industry standards in the Philippines. Salaries and benefits are reviewed periodically and adjusted to retain current employees and attract new talents. Tied to these is a performance management system that calls for the alignment of individual key results, competencies, and development plans with the Company's overall business targets and strategy. Performance is reviewed periodically and employees are rewarded based on the attainment of pre-defined objectives. The Company also maintains programs for its employees' professional, technical and personal development.

COMPLIANCE WITH ENVIRONMENTAL LAWS

The Company ensures that it complies with existing environmental laws and regulations, as may be applicable.

PLANS AND PROSPECTS

Looking ahead to 2025, Xurpas Group is poised for continued growth with its extensive range of products and services, including IT staff augmentation, custom development, business solutions, and artificial intelligence. As businesses and government agencies increasingly prioritize digital transformation to drive efficiency, the demand for specialized IT solutions is growing rapidly both locally and globally. With the Philippines being a prime destination for IT outsourcing due to its skilled workforce and competitive pricing, the Group has a unique opportunity to expand its reach beyond the domestic market.

Aligned with its strategic roadmap, the Group remains focused on: (i) expanding its geographical presence internationally; (ii) streamlining operations and strengthening marketing initiatives through digital platforms; and (iii) innovating through product development, particularly in emerging technologies such as machine learning and artificial intelligence

1. <u>Custom Software Development:</u> As technology becomes increasingly ingrained in a lot of businesses, the demand to adopt digital transformation has also been increasing for the custom software development business. It has been one of their top priorities as they focus to keep up with these technological changes in order to stay relevant and competitive in the market.

2. <u>IT Staff Augmentation:</u> As companies look to optimize their workforce and fill skill gaps, the demand for IT staff augmentation services remains high globally. This led to the Group's decision to expand its digital influence geographically to cover other markets in need of their services even beyond the country's borders. In 2024, the Company has already incorporated Xurpas Australia as its aims to introduce its product offerings and services to larger markets.

3. <u>Digital Business Solutions</u>: As the Company aims to curate a regional marketplace of B2B software services and products, it is targeting to cater the large untapped SME Market. Xurpas will help these companies enable their digital transformations by providing tools and solutions to address their business needs in financial, production/manufacturing, people, marketing, sales, and customer management. These products will provide similar functionalities and benefits as global brands used by multinationals and large local companies, but will be offered at a significantly lower-cost, to accommodate the budgets of local SMEs. These SMEs comprise a large percentage of the market. Xurpas shall implement this with a curated technology platform and an ecosystem of partners. Thus, the establishment of Xurpas Software, Inc. This will focus on providing business solutions of various technological products and services to different industries from different scales.

4. <u>Artificial Intelligence</u>: As businesses increasingly recognize the value of AI in driving efficiency and innovation, demand for comprehensive AI services is on the rise. Xurpas Enterprise launch Xurpas AI Lab (XAIL) which provides data science and consulting services, along with a range of AI solutions to help businesses leverage the power of data with AI to solve real-world business problems and unlock opportunities to gain lasting strategic advantage. By offering end-to-end AI solutions and expertise, XAIL is well-positioned to capitalize on this growing demand and solidify its position as a leader in the industry.

Product Development and Innovation:

To further enhance its service offerings, Xurpas is actively developing AI-infused products aimed at addressing unmet needs in the basic ERP platform space. These new solutions will integrate machine learning and intelligent automation features into core business management systems, offering SMEs and large enterprises alike smarter, more adaptive tools to streamline operations and support growth.

ITEM 2. Properties

LEASED PROPERTIES

Xurpas and its subsidiaries do not hold any real property of material value. Xurpas is leasing its office space at Unit 804 Antel 2000 Corporate Center, 121 Valero St., Salcedo Village, Barangay Bel-Air, Makati City with an area of 127.67 square meters. The lease contract has a term of two (2) years which commenced on March 1, 2021 and expired on February 28, 2023 and may be renewed upon the terms and conditions mutually agreed by both parties with an escalation rate of 4.00% per year. The applicable rate per month is ₱86,816. Subsequent to the execution of the Lease Contract, Milestone Petroleum Marketing Corporation, Inc. sold the Office Space to Red Round Abacus Inc. and executed a Deed of Assignment of Lease constituting Red Round Abacus Inc. as the Company's current Lessor.

On January 31, 2023, the parties renewed the lease contract for another 2 years commencing from March 1, 2023 and ending on February 28, 2025. The applicable rate per month for the first year is ₱90,288.22 and ₱93,899.75 for the second year. Subsequently, on March 1, 2025, the company renewed the lease contract with the same lessor for another two-year term, ending on February 28, 2027. The applicable monthly rate for the first year is ₱98,594.74 and ₱103,524.48 for the second year.

Xurpas' subsidiaries have their respective operating lease agreements for their office spaces (please refer to Note 18 of the accompanying Notes to consolidated financial statements for details). The lease contracts are for periods ranging from 1 to 2 years and may be renewed under the terms and conditions mutually agreed upon by the subsidiaries and the lessors.

OTHER PROPERTIES

As of December 31, 2024, the Group has office equipment, IT equipment, furniture and fixtures and leasehold improvements with a net book value of ₱2.08 million that are situated in the leased offices held by the Group.

Xurpas also owns intangible assets amounting to ₱73.80 million as of December 31, 2024. These includes goodwill, developed software and cryptocurrencies.

There was no property and equipment pledged as collateral as at December 31, 2024.

ITEM 3. Legal Proceedings

There are no material pending legal proceedings (including any bankruptcy, receivership or similar proceedings) to which the Company or any of its subsidiaries is a party or to which any of their material assets are subject.

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

Xurpas Inc. held its Annual Stockholders' Meeting on August 7, 2024 wherein the following matters were acted upon:

Agenda 1: Review and approval of Minutes of the Previous Meeting held on February 21, 2024
Approved by: 100% of those present in the meeting
Resolution: "RESOLVED, that the stockholders of Xurpas Inc. approve the minutes of the Special Stockholders' Meeting held on February 21, 2024."

Agenda 2: Approval of Audited Financial Statements for the Year 2023
Approved by: 100% of those present in the meeting
Resolution: "RESOLVED, that the stockholders of Xurpas Inc. approve the 2023 Audited Financial Statements of the Company and its subsidiaries

Agenda 3: Amendment of Articles of Incorporation
Approved by: 100% of those present in the meeting
Resolution: "RESOLVED, that the stockholders of Xurpas Inc. approve the amendment of the Corporation's Articles of Incorporation to: **SECOND**: A: That the primary purpose of this corporation is: To develop, produce, sell, buy or otherwise deal in products, goods or services in connection with the transmission, receiving, or exchange of voice, data, video or any form of **digital** communication whatsoever; **To design, develop, test, build, market, distribute, maintain, support, customize and sell software technology products and services, except internet provider services**; To purchase or otherwise acquire, own, hold, develop and manage in pursuit of and related to its principal business, personal property of every kind and description and to possess and exercise in respect thereof, all rights, powers and privileges of ownership. B: That the corporation shall have all the express powers of a corporation as provided for under Section 35 of the Revised Corporation Code of the Philippines. **RESOLVED FURTHER**, that the stockholders of Xurpas Inc. authorize the Board of Directors to undertake all necessary actions to secure the required approvals for the aforementioned amendment to the Articles of Incorporation."

Agenda 4: Approval of the Waiver to Conduct a Rights or Public Offering in Relation to the Additional Listing of Additional Common Shares from the Conversion of Advances to Equity Transaction
Approved by: 100% of those present in the meeting
Resolution: RESOLVED, that the stockholders of Xurpas Inc. approve the waiver to conduct a rights or public offering in relation to the additional listing of 455,068,753 common shares issued to Mr. Nico Jose S. Nolledo and Mr. Fernando Jude F. Garcia. RESOLVED FURTHER, that the stockholders of Xurpas Inc. authorize the Board of Directors to undertake all necessary actions to secure the required approvals for the aforementioned waiver and additional listing of shares."

Agenda 5: Election of Directors and Independent Directors
Approved by: 100% of those present in the meeting
Resolution: "RESOLVED, that the stockholders of Xurpas Inc. (the "Corporation") elect the following as directors of the Corporation to serve as such beginning today until their successors are elected and qualified: Jonathan Gerard A. Gurango Alexander D. Corpuz Fernando Jude F. Garcia Wilfredo O. Racaza Imelda C. Tiongson (Independent Director) Bartolome S. Silayan, Jr. (Independent Director) Christopher P. Monterola (Independent Director) Jonathan Juan DC Moreno (Independent Director)"

Agenda 6: Appointment of External Auditor
Approved by: 100% of those present in the meeting
Resolution: "RESOLVED, that the stockholders of Xurpas Inc. approves the appointment of SyCip Gorres Velayo & Co. as the Corporation's External Auditor for the calendar year 2024."

Agenda 7: Ratification of Previous Acts of the Directors and Management
Approved by: 100% of those present in the meeting
Resolution: "RESOLVED, that the stockholders of Xurpas Inc. ratify the previous acts of the Directors and Management."

PART II - OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. Market for Registrant's Common Equity and Related Stockholder Matters

Market Information

Principal market where the registrant's common equity is traded.

Xurpas' common shares were listed with the Philippine Stock Exchange, Inc. on December 2, 2014. The high and low stock prices for 2017, 2018, 2019, the first three (3) quarters of 2020, 2022, 2023, 2024, and the first quarter of 2025 are indicated below:

	High	Low
2025		
1st Quarter	0.199	0.164
2024		
4th Quarter	0.186	0.152
3rd Quarter	0.241	0.162

2nd Quarter	0.255	0.220
1st Quarter	0.305	0.192
2023		
4th Quarter	0.25	0.182
3rd Quarter	0.31	0.227
2nd Quarter	0.30	0.244
1st Quarter	0.36	0.25
2022		
4th Quarter	0.28	0.246
3rd Quarter	0.35	0.25
2nd Quarter	0.37	0.27
1st Quarter	0.57	0.30
2020		
3rd Quarter	0.55	0.50
2nd Quarter	1.37	0.40
1st Quarter	0.95	0.40
2019		
4th Quarter	1.16	0.75
3rd Quarter	1.22	0.87
2nd Quarter	1.37	0.91
1st Quarter	2.33	1.09
2018		
4th Quarter	2.39	1.04
3rd Quarter	3.72	2.02
2nd Quarter	3.92	2.80
1st Quarter	5.93	3.10
2017		
4th Quarter	5.94	3.10
3rd Quarter	9.07	5.20
2nd Quarter	10.84	7.40
1st Quarter	10.50	7.09

The market capitalization of the Company's common shares as of end-2024, based on the closing price of ₱0.1820/share, was approximately Php456,762.454.[2]

The price information of Xurpas' common shares as of the close of the latest practicable trading date, April 7, 2025, is at ₱0.171/share.

[2] Xurpas has 2,509,683,812 outstanding common shares as of December 31, 2023.

Holders

There are 33 registered holders of common shares, as of March 31, 2025:

	Stockholder's Name	Number of shares	Percentage to total	Nationality
1.	PCD Nominee Corp. (Filipino)	542,207,295	21.60	Filipino
2.	PCD Nominee Corp. (Non-Filipino)	254,013,508	10.12	Others
3.	Nico Jose S. Nolledo	730,213,914	29.10	Filipino
4.	Raymond Gerard S. Racaza	375,765,960	14.97	Filipino
5.	Fernando Jude F. Garcia	564,803,840	22.5	Filipino
6.	Jonathan Gerard A. Gurango	1,192,499	0.05	Filipino
7.	Mercedita S. Nolledo	1,060	Nil	Filipino
8.	Wilfredo O. Racaza	1,060	Nil	Filipino
9.	Alexander D. Corpuz	1,000	Nil	Filipino
10.	Imelda C. Tiongson	1,000	Nil	Filipino
11.	Eden International Holdings Pte. Ltd.	39,169,763	1.56	Non-Filipino
12.	Christopher P. Monterola	1,000,000	0.04	Filipino
13.	Jack Jonathan R. Madrid	10,000	Nil	Filipino
14.	Rafael Jay P. Ramores	423,000	0.02	Filipino
15.	Nelson Gatmaitan	400,000	0.02	Filipino
16.	Roseller Artacho Mendoza	300,000	0.01	Filipino
17.	Emilie Grace S. Nolledo	251,889	0.01	Filipino
18.	Warlito D. Manlapaz	200,000	0.01	Filipino
19.	Philina Roselle G. Mendoza	100,000	Nil	Filipino
20.	Aquilina V. Redo	6,500	0	Filipino
21.	Rogina C. Guda	6,000	0	Filipino
22.	Dahlia C. Aspillera	2,900	0	Filipino
23.	Roberto B. Redo	1,000	0	Filipino
24.	Shareholders' Association of the Philippines	1,000	0	Filipino
25.	Dondi Ron R. Limgenco	111	0	Filipino
26.	Marietta V. Cabreza	100	0	Filipino
27.	Milagros P. Villanueva	100	0	Filipino
28.	Myra P. Villanueva	100	0	Filipino
29.	Myrna P. Villanueva	100	0	Filipino
30.	Philip &/or Elnora Turner	99	0	British-Indian
31.	Alvin D. Lao	10	0	Filipino
32.	Owen Nathaniel S. AUITF: Li Marcus Au	3	0	Filipino
33.	Joselito T. Bautista	1	0	Filipino
	Total	**2,509,683,812**	**100%**	

Dividends and Dividend Policy

Information on the Company's declaration of dividends follow:

Parent Company	Per Share	Total Amount	Record Date	Payable Date
Cash dividend declared on:				
May 8, 2017	₱0.05	₱92.85 million	May 23, 2017	June 15, 2017
May 10, 2016	0.048	86.27 million	May 31, 2016	June 23, 2016
April 29, 2015	0.40	68.80 million	May 14, 2015	June 2, 2015
September 20, 2014	0.56	36.00 million	June 30, 2014	September 30, 2014
June 5, 2014	0.47	30.25 million	December 31, 2013	June 30, 2014
November 18, 2013	5.13	16.67 million	September 30, 2013	November 29, 2013
July 22, 2013	1.03	3.33 million	June 30, 2013	July 31, 2013
May 6 2013	0.83	2.70 million	December 31, 2012	May 31, 2013
March 13, 2013	3.08	10.00 million	December 31, 2012	March 31, 2013
Stock dividend declared on:				
July 10, 2014	0.95 shares	61.25 million	September 20, 2014	September 20, 2014
May 5, 2014	18.85 shares	61.25 million	May 5, 2014	May 5, 2014

The Company has adopted a dividend policy pursuant to which stockholders may be entitled to receive, upon declaration by the Company's Board of Directors and subject to the availability of the unrestricted retained earnings, dividends equivalent to at least 30% of the prior year's net income after tax based on the Company's audited consolidated financial statements as of such year, except when: (i) justified by definite corporate expansion projects or programs approved by the Board; or (ii) when the Company is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or (iii) when it can be clearly shown that retention of earnings is necessary under special circumstances obtaining in the Company, such as when there is a need for special reserves for probable contingencies.

No dividends were paid in the year ended 31 December 2023. The Company cannot provide assurance that it will pay any dividends in the future. In making a decision to declare dividends, the Board may consider various factors including the Company's cash, gearing, return on equity and retained earnings, the results of its operations or the Company's financial condition at the end of the year and such other factors as the Board may deem appropriate. The Company's Board may, at any time, modify such dividend payout ratio depending upon the results of operations and future projects and plans of the Company.

Recent sales of unregistered or exempt securities including recent issuance of securities constituting an exempt transaction

1. Overnight Top-up Placement – April 26, 2016

On April 26, 2016, the Board of Directors of Xurpas approved the holding of a Placing and Subscription Transaction ("the Overnight Top-up Placement") wherein Messrs. Nico Jose S. Nolledo, Raymond Gerard S. Racaza and Fernando Jude F. Garcia (the "Selling Shareholders") sold an aggregate of 155,400,000 common shares (the "Offer Shares") to investors (the "Placing tranche") and the Selling Shareholders subscribed to an aggregate of 77,700,000 common shares (the "Subscription Shares") or 4.32% of the new issued and outstanding capital shares of the Company ("Subscription tranche").

The first part of the Overnight Top-up Placement consists of the offer and sale of the Offer Shares by the Selling Shareholders to (i) Qualified institutional investors in the Philippines qualified as an exempt transaction in reliance on Section 10.1(c) and 10.1(l) of the Philippine Securities Regulation Code (the "SRC"); (ii) outside the United States in reliance on Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act"); and (iii) within the United States to "qualified institutional buyers" as defined in, and in reliance on, Rule 144A under the Securities Act. SB Capital Investment Corporation and Decker & Co., LLC are the Joint Global Coordinators and led the selling syndicate in placing the Offer Shares with investors.

The second part of the Overnight Top-up Placement consists of the subscription by each Selling Shareholder to 1.4% of the Company's total issued and outstanding capital shares, in the form of new shares issued out of the authorized capital stock of the Company at a subscription price equivalent to the Offer Price. Xurpas claimed exemption from registration under Section 10.1(e) and (k) of the Securities and Regulation Code.

2. Acquisition of Art of Click Pte. Ltd ("AOC") – October 6, 2016

On October 6, 2016, Xurpas signed a Share Purchase Agreement with Emmanuel Michel Jean Allix and Wavemaker Labs Pte. Ltd. (the "Sellers") for the acquisition of 100% shares in AOC for an aggregate consideration of PhP1.40 billion in cash and in Xurpas shares. AOC is a Singaporean start-up firm established in 2011 that specializes in mobile marketing solutions for advertisers, publishers, app developers and other operators. Its key markets include Japan, Korea, Hong Kong, Taiwan, Southeast Asia, North America and Europe.

The cash consideration consists of (1) an Upfront Payment to the Sellers amounting to US$2,797,106 (135,379,930) and (2) cancellation of employee stockholder options through Xurpas' subscription to one ordinary share in the capital of AOC for US$2,202,894 (106,620,070). This was used to pay the AOC's Employee Stock Ownership Plan ("ESOP") shareholders.

The Xurpas shares to be issued to the Sellers consist of (1) an Upfront Payment amounting to US$19,451,739 payable in Xurpas shares to the Sellers on the acquisition date, (2) Installment Payment payable to the Sellers in Xurpas shares one year after the closing date and every year thereafter until three years after the closing date, and (3) a Deferred Purchase Consideration which shall be subject to a net income after tax floor per year that AOC has to meet as a condition precedent to the entitlement of the Sellers to the Deferred Purchase Consideration and payable in three (3) tranches. The aggregate amount of Deferred Payment Consideration for a three-year deferred payment period shall in no case be greater than US$13,962,725. In the finalization of the purchase price, the parties have clarified that the Deferred Purchase Consideration shall be fixed at US$13,962,725 and shall not be subject to the performance metrics of AOC, and such is intentionally part of the original consideration. Accordingly, the Deferred Purchase Consideration was considered as part of the acquisition cost in the final purchase price.

The number of Xurpas shares to be issued at each tranche shall be determined using the average market value of Xurpas common shares fifteen (15) days before and fifteen (15) days after the closing date or each commitment date, as applicable, agreed to by the parties.

Included in the Share Purchase Agreement is a call option granting the Sellers an option exercisable within fifty-one (51) months following the Closing Date and only upon the occurrence of a Call Option event to purchase from Xurpas their respective proportionate share in the Sale Shares. This was subsequently waived.

On June 2017, amendments were made to the share purchase agreement with one of the sellers, Emmanuel Michel Jean Allix ("Allix"), which (a) resulted in the payment of US$7.24 million or ₱358.50 million, (b) changed the manner of payment of the Installment Payment payable and Deferred Purchase Consideration from being partly in cash and Xurpas shares to solely in cash, and (c) changed the term of the Installment Payment payable from being payable in three years after the closing date to being payable within the year.

On July 18, 2017, Xurpas reacquired 53,298,242 common shares Upfront Payment issued at acquisition date to Allix, a former shareholder of AOC, for a consideration of US$532,983 or ₱26.65 million.

On October 3, 2017, Xurpas entered into an agreement to amend the share purchase agreement with Wavemaker Labs Pte. Ltd. ("Wavemaker"), a former shareholder of AOC, which provides for (a) the adjusted purchase price, (b) the change in manner of payment for the Installment Payment and Deferred Consideration pertaining to Wavemaker from being payable in Xurpas shares to cash, and (c) changed the term of the Installment Payment payable from being payable in three years after the closing date to being payable within the year. To implement these amendments, there will be a placement and subscription transaction involving 67,285,706 Xurpas listed shares of existing shareholders by way of a block sale through the facilities of the PSE in 2018. Three shareholders of Xurpas sold their shares to Wavemaker, as an advance on behalf of Xurpas. The said shareholders, then subscribed to an aggregate of 67,285,706 Xurpas shares to replace the shares already advanced. Xurpas is claiming exemption from registration under Section 10.1(k) of the Securities and Regulation Code.

The 16,641,244 common shares initially issued to Wavemaker representing the Upfront Payment shall be placed by Wavemaker in an escrow agent who is authorized to sell these shares after these are listed. The allocation of the proceeds from the sale of these shares will be determined in the future subject to certain conditions.

On October 3, 2017, Allix and Wavemaker executed a waiver of the second and third tranches of the Deferred Purchase Consideration. The Sellers also waived their call option on the shares.

3. Issuance of New Common Shares to Wavemaker Group

On May 7, 2020, the Corporation's stockholders approved the issuance and listing of up to 1,706,072,261 new common shares from its unissued authorized capital stock in favor of Frederick Manlunas, Benjamin Paul Bustamante Santos and James Buckly Jordan, with the following resolutions:

> "**RESOLVED**, that the stockholders of Xurpas Inc. approve the issuance of up to One Billion Seven Hundred Six Million Seventy Two Thousand Two Hundred Sixty One (1,706,072,261) new common shares ("**Subscription Shares**") from the unissued authorized capital stock and listing of the Subscription Shares with the Philippine Stock Exchange."

On September 20, 2020, the Board amended the previous resolutions / approvals, and approved the issuance of 1,707,001,019 common shares ("**Subscription Shares**") at a price of ₱0.10 per share ("**Subscription Price**") to the following:

Subscribers	No. of Shares	Par Value	Subscription Price (PHP)
Frederick Manlunas	866,540,356	₱0.10	₱86,654,035.6
Benjamin Paul Bustamante Santos	240,524,858	₱0.10	24,052,485.8
James Buckly Jordan	264,329,044	₱0.10	26,432,904.4
Wavemaker Partners V LP	30,547,808	₱0.10	3,054,780.8
Wavemaker US Fund Management Holdings, LLC	305,058,953	₱0.10	30,505,895.3
Total	**1,707,001,019**		**₱170,700,101.9**

In the approval made by the Board on September 20, 2020, the distribution of the shares to be issued has been identified. Moreover, there was a minor increase in the number of shares to be issued to the Subscribers.

On September 20, 2020, the Corporation and the Subscribers executed the Subscription Agreement.

Xurpas has not issued any Xurpas Share to Wavemaker in relation to the foregoing transaction, and accordingly, all commitments made therein are deemed terminated.

4. Issuance of New Xurpas Shares to Nico Jose S. Nolledo

On January 20, 2022, Xurpas and Nico Jose S. Nolledo executed a Subscription Agreement wherein the subscriber subscribed to Xurpas Shares at a subscription price of ₱0.55 per share at a total subscription price of ₱100 million. In relation to this, Nico Jose S. Nolledo received 181,818,182 new common shares. The subscription price was fully paid by the subscriber, in cash.

The Company has disclosed that the fresh capital will be used for expansion of Xurpas' enterprise business, specifically the IT staff augmentation business, employee benefits enhancement, equipment replacement, research and development and general corporate purposes.

The subscription shares have not been listed with the Philippine Stock Exchange.

5. Conversion of Advances to Equity

On June 30, 2023, the Board of Directors of Xurpas approved the conversion of the advances to equity made by Mr. Fernando Jude F. Garcia and Mr. Nico Jose S. Nolledo (the "Assignors"). The aggregate amount of the advances to be converted into equity is Php136,520,626.34. The Company and the Assignors signed the MOA on June 30, 2023.

The MOA provides that the Conversion Price per Share shall be above market price, calculated based on the weighted average of the closing prices for a period of thirty (30) trading days prior to the execution of the Memorandum of Agreement ("Effective Date"), and shall be supported by a Fairness Opinion issued by an independent firm in relation to the transaction. Within thirty (30) calendar days from the Effective Date, the Assignors shall execute a Deed of Assignment of Advances.

On July 28, 2023, the Board of Directors of Xurpas approved the conversion price of Php0.30 per share. The foregoing conversion price is supported by a Fairness Opinion issued by Isla Lipana & Co. ("PWC"). The Company and the Assignors signed the Deed of Assignment of Advances on July 28, 2023.

On October 10, 2023, the Company received the Certificate of Approval of Valuation from the SEC. On November 13, 2023, the Company recorded the issuance of 455,068,753 common shares from the unissued portion to the Assignors on its corporate books; however, the Subscription Shares have not been listed with the Philippine Stock Exchange as of date.

ITEM 6. Management's Discussion and Analysis or Plan of Operation

Navigating a rapidly shifting technological landscape, the IT industry in 2024 demanded resilience, agility, and constant innovation. Businesses, faced with changing market needs and technological disruption, seeks partnership with IT companies capable of delivering flexible and forward-looking solutions. Throughout the year, Xurpas focused on adapting to these trends, aligning its services to support the digital growth and transformation of its clients.

As part of its broader strategy to stay at the forefront of technological advancement, Xurpas continues to expand under Xurpas AI Labs (XAIL), its AI business segment under Xurpas Enterprise, which started generating revenues beginning third quarter of 2024. XAIL provides data analytics consulting services, along with a range of AI products to help businesses leverage the power of data with AI to solve real-world business problems and unlock opportunities to gain lasting strategic advantage. By offering AI solutions and expertise, XAIL is well-positioned to capitalize on this growing demand, differentiate itself from its competitors, and solidify its position as a leader in the industry.

XAIL had several key preparations to position itself strongly in the market. Partnerships were formed with highly regarded AI consultants to infuse the team with its external expertise and industry best practices. It also focused on building internal capabilities which led to identify key staff members for specialized training and further education. XAIL is currently developing AI-powered products and shall be packaged with subscription models ready to offer to different industries in the market. Likewise, it is widening its range of data analytics consulting services

For the year ended, Xurpas experienced mixed results across its business segments, with some units achieving revenue growth and others encountering external challenges. Total revenues slightly declined by 2% to ₱183.70 million from ₱188.02 million in 2023, mainly due to a decrease in enterprise services revenues. This decline occurred despite strong growth in mobile consumer services and other services, which increased by 154% and 18%, respectively. Under enterprise services, there was an increase in revenues for business solutions while adding the revenues generated from XAIL, its AI business segment. Likewise, AllCare, under other services, also generated an increase in revenues. On the other hand, there was a drop of revenues under IT staff augmentation for the period, as its major client's groups that Xurpas was working with, already finished their digital transformation projects.

The Group's consolidated expenses during the year amounted to ₱301.57 million, a 6% increase from the same period of the previous year at ₱285.06 million. This is primarily due to the increase in provision for impairment loss recognized compared to last year. Excluding the provision for impairment loss, consolidated operating expenses actually decreased by 4% due to cost cutting initiatives by the management. Decrease in labor cost and marketing and promotions were evident in 2024.

Xurpas also shared a portion of the losses incurred by its associates amounting to ₱7.96 million loss in 2024 compared with the ₱1.81 million loss of the same period of last year. Other income, charges and finance costs – net deteriorated by 1,252% mainly from the foreign exchange loss amounting to ₱4.74 million recognized in 2024 compared to the foreign exchange gain recognized in 2023. By the end of 2024, the Company generated a ₱133.35 million pre-tax loss and ₱134.99 million net loss. Other comprehensive income decreased from ₱18.06 million in 2023 to ₱12.06 million in 2024 due to the loss incurred from cumulative translation adjustment.

Despite facing challenges in 2024, including increased impairment provisions, foreign exchange losses, and higher share in associates' losses, Xurpas implemented cost-cutting initiatives that improved core expense management in 2024. Management remains focused on operational efficiencies and strategic initiatives to strengthen financial performance moving forward.

Financial Summary

Key Financial Data In PhP Millions	For the years ended December 31 2024 Amount	 Percentage	 2023 Amount	 Percentage	 Amount Change	 % Increase (Decrease)
Revenues						
Mobile consumer services	21.85	12%	8.61	5%	13.23	154%
Enterprise services	106.10	58%	131.97	70%	(25.87)	(20%)
Other services	55.76	30%	47.43	25%	8.32	18%
Total Revenues	**183.70**	**100%**	**188.02**	**100%**	**(4.31)**	**(2%)**
Cost of Services	136.81	74%	143.57	76%	(6.76)	(5%)
Gross Profit	**46.89**	**26%**	**44.45**	**24%**	**2.44**	**5%**
General and Administrative Expenses	164.75	90%	141.49	75%	23.26	16%
Equity in Net Losses (Earnings) of Associates	7.96	4%	1.81	1%	6.14	339%
Other Income, Charges and Finance Costs - net	7.53	4%	(0.65)	0%	8.18	(1,252%)
Loss Before Income Tax	**(133.35)**	**-73%**	**(98.21)**	**-52%**	**(35.15)**	**36%**
Provision for Income Tax	1.64	1%	1.82	1%	(0.18)	(10%)
Net Loss	**(134.99)**	**-73%**	**(100.03)**	**-53%**	**(34.96)**	**35%**
Other Comprehensive Income (Loss)	12.06	7%	18.06	10%	(6.00)	(33%)
Total Comprehensive Loss	**(122.93)**	**-67%**	**(81.97)**	**-44%**	**(40.96)**	**50%**

	Dec. 31, 2024 Amount	Dec. 31, 2023 Amount	Amount Change	% Increase
Total Assets	426.43	532.51	(106.09)	(20%)
Total Liabilities	528.15	511.31	16.84	3%
Total Equity	(101.72)	21.20	(122.93)	(580%)

The Group's total revenue in 2024 was ₱183.70 million, a 2% decrease from results in 2023. Majority of the revenue was driven by enterprise services which generated ₱106.10 million or 58% of the total revenue. This was followed by other services and mobile consumer services which generated ₱55.76 million (30% of total revenues) and ₱21.85 million (12% of total revenues), respectively in 2024. The net loss at the end of the year was at ₱134.99 million, a 35% deterioration in comparison to the ₱100.03 million net loss in 2023.

The blended cost of services went down from ₱143.57 million in 2023 to ₱136.81 million in 2024. This caused the gross margin on total revenues went up by 5% from a gross profit of ₱44.45 million in 2023 to a gross profit of ₱46.89 million in 2024. The gross profit margins were increased from 24% in 2023 to 26% in 2024.

General and administrative expenses (GAEX) increased by 16%, from ₱141.49 million in 2023 to ₱164.75 million in 2024. The increase was primarily caused by the recognition of impairment loss of MBL amounting to ₱27.81million. Excluding the provision for impairment loss, operating expenses under GAEX actually decreased by 2% due to cost cutting initiatives by the management.

The Company also shares in the recorded net losses of its associate companies it has invested in, which amounted to ₱7.96 million for the year ended December 31, 2024, a 339% increase from equity in net losses of associates in 2023.

Finance Costs-net recognized for the year 2024 is ₱2.55 million, 21% lower than the ₱3.24 million net finance costs recorded in 2023 which is primarily due to the 8% decrease of interest expense on loans payable and 32% increase in interest income. Conversely, the Company was able to record ₱4.98 million of "Other charges– net", a decrease of 228% vis-à-vis the ₱3.89 million other income – net incurred in the same period of 2023. This shift was primarily due to the recognition of a net foreign exchange loss in 2024, as opposed to a net foreign exchange gain in 2023.

By the end of 2024, the Company generated a ₱133.35 million pre-tax loss, ₱134.99 million net loss and ₱122.93 million total comprehensive loss after recognizing ₱12.06 million in other comprehensive income arising mainly from changes in foreign exchange rates and cryptocurrency prices as of December 31, 2024.

Consolidated total assets increased from ₱532.51 million as of December 31, 2023 to ₱426.43 million as of December 31, 2024 mainly due to the decrease of cash, receivables and carrying value of the investment in advances to associates as of year-end.

Consolidated total liabilities also increased by 3% from ₱511.31 million as of December 31, 2023 to ₱528.15 million as of December 31, 2024 due to increase in accounts and other payables, advances from stockholders and pension liabilities.

Lastly, consolidated capital went down to a negative ₱101.72 million as of December 31, 2024, from a positive equity of ₱21.20 million in 2023 mainly due to total comprehensive loss recognized for the year.

Segment Financial Performance

For the year ended December 31, 2024 (in Php Millions)	Mobile Consumer Services	Enterprise Services	Other Services	Intersegment Adjustments	Consolidated
Total Service Revenues	**21.85**	**137.87**	**55.76**	**(31.76)**	**183.70**
Operating expenses	**27.25**	**271.82**	**57.66**	**(55.17)**	**301.57**
Equity in net losses of associates	-	-	-	7.96	7.96
Finance costs and other charges - net	0.34	4.48	1.74	0.96	7.53
Total Expenses (Other Income) - net	27.59	276.30	59.41	(46.25)	317.05
Operating Loss	**(5.74)**	**(138.44)**	**(3.65)**	**14.48**	**(133.35)**
Provision for income tax	**(0.04)**	**(1.28)**	**(0.32)**	**-**	**(1.64)**
Net Loss	**(5.79)**	**(139.72)**	**(3.97)**	**14.48**	**(134.99)**

Xurpas Group operates under mobile consumer services, enterprise services and other services segments. Prior to eliminations, for the year ended December 31, 2024, the enterprise services generated the majority of the total revenues amounting to ₱137.87 million. This is followed by other services which amounted to ₱55.76 million revenues of Storm's subsidiary, AllCare, and mobile consumer services with a contribution amounting to ₱21.85 million.

Prior to eliminations, enterprise services, other services and mobile consumer services incurred net losses amounting to ₱139.72 million, ₱3.97 million and ₱5.79 million, respectively.

Profitability

For the year ended December 31, 2024, compared with the year ended December 31, 2023.

Revenues

The consolidated revenues of the Group for the year ended December 31, 2024, amounted to ₱183.70 million, a decrease of 2% from ₱188.02 million of the previous year.

Segment	Description	Subsidiaries
Enterprise services	Revenues derived from a combination of software development, information technology (IT) staff augmentation and consultancy services. By offering tailored software solutions that prioritize performance and scalability, along with on-demand access to skilled IT professionals, it enables businesses to innovate and scale efficiently without the constraints of long-term hiring. This comprehensive approach empowers companies to meet project demands and fill skill gaps with agility and cost-effectiveness.	• Xurpas Enterprise • Xurpas Parent Company • Xurpas Software • Seer • XAU
Mobile consumer services	Revenues ultimately derived from providing mobile consumer engagement solutions, leveraging SMS blasts to deliver targeted incentives or information directly to users' devices. This service drives customer engagement, enhances loyalty, and boost brand interaction and drive measurable business growth through data-driven campaigns.	• Xurpas Parent Company • Xurpas Software
Other services	Revenues derived from services related to a membership-based marketplace which offers a variety of worker benefits –insurance, health checks and wellness.	• Allcare

In PhP Millions	**For the years ended December 31**					
	2024		**2023**		**Amount Change**	**% Increase (Decrease)**
	Amount	**Percentage**	**Amount**	**Percentage**		
Revenues						
Enterprise services	106.10	58%	131.97	70%	(25.87)	(20%)
Mobile consumer services	21.85	12%	8.61	5%	13.23	154%
Other services	55.76	30%	47.43	25%	8.32	18%
Total Revenues	**183.70**	**100%**	**188.02**	**100%**	**(4.31)**	**(2%)**

As of December 31, 2024, enterprise services generated the most revenue at ₱106.10 million or 58% of total revenues. This is 20% (or ₱25.87 million) lower compared to 2023 revenues of ₱131.97 million. On the other hand, revenues generated from other services, which accounts for 30% of company revenues, went up by 18% (or ₱8.32 million), from ₱47.43 million in 2023 to ₱55.76 million in 2024. This is due to the ongoing expansion of AllCare. Mobile consumer services which comprise 12% of the revenues or ₱21.85 million increased from the prior period by 154% (or ₱13.23 million), driven by an SMS digital rewards project for a major beverage company that took place in 2024.

The enterprise services segment is comprised of the following business units:

In PhP Millions	For the years ended December 31					
	2024		2023		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Enterprise Services						
IT staff augmentation	44.30	42%	51.42	39%	(7.12)	(14%)
Custom software development	47.81	45%	48.79	37%	(0.98)	(2%)
Business solutions	7.90	7%	6.36	5%	1.54	24%
XAIL	3.94	4%	-	0%	3.94	n.a.
Web 3.0 services	1.20	1%	21.56	16%	(20.36)	(94%)
Others	0.95	1%	3.83	3%	(2.88)	(75%)
Total Enterprise Services	**106.10**	**100%**	**131.97**	**100%**	**(25.87)**	**(20%)**

There was a 14% (or ₱7.12 million) decline in IT staff augmentation revenues, and a 2% decrease in custom software development. Conversely, business solutions increased by 24% (or ₱1.54 million). The Company also successfully started providing its AI services under XAIL in the second half of 2024 which contributed ₱3.94 million in revenues. Revenues from Web 3.0 services and others decreased by 94% and 75% respectively as the Company shifts its focus on AI.

Expenses

In PhP Millions	For the years ended December 31					
	2024		2023		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Expenses						
Cost of Services	136.81	45%	143.57	50%	(6.76)	(5%)
General and Administrative Expenses	164.75	55%	141.49	50%	23.26	16%
Total Expenses	**301.57**	**100%**	**285.06**	**100%**	**16.51**	**6%**

The Group's consolidated expenses during the year ended December 31, 2024 amounted to ₱301.57 million, a 6% increase from the same period of the previous year at ₱301.57 million caused by the increase in general and administrative expenses by 16% from ₱141.49 million to ₱164.75 million. The latter's increase is primarily due to the recognition of impairment losses on its associate.

Cost of Services

In PhP Millions	For the years ended December 31					
	2024		2023		Amount Change	% Increase (Decrease)
	Amount	%	Amount	%		
Cost of Services						
Salaries, wages and employee benefits	63.33	46%	76.56	53%	(13.23)	(17%)
Outside services	39.35	29%	45.50	32%	(6.15)	(14%)
Outsourced services	28.00	20%	11.57	8%	16.43	142%
Web hosting	3.05	2%	3.73	3%	(0.67)	(18%)
Others	3.07	2%	6.21	4%	(3.14)	(51%)
Total Expenses	**136.81**	**100%**	**143.57**	**100%**	**(6.76)**	**(5%)**

The cost of services continues to decrease in 2024, with a 5% overall downtrend to ₱136.81 million from the ₱143.57 million in 2023. 46% of cost of services came from salaries and employee benefits at ₱63.33 million and is a 17% decrease from the prior year of the same period. This is due to the Group's effort to optimize resource allocation and utilization. Outside services also decreased by 14% from ₱45.50 million in 2023 to ₱39.35 million in 2024, due to the decrease in cost of benefits and claims of AllCare during the period. Meanwhile, outsourced services rose by 142%, from ₱11.57 million last year to ₱28.00 million in 2024, driven by expenses related to SMS digital rewards for mobile consumer services during the quarter.

General and Administrative Expenses (GAEX)

In PhP Millions	For the years ended December 31					
	2024		2023		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
General and Administrative Expenses						
Salaries, wages and employee benefits	93.97	57%	94.80	67%	(0.83)	(1%)
Professional fees	9.89	6%	9.14	6%	0.75	8%
Dues and subscription	7.05	4%	5.31	4%	1.74	33%
Provision for impairment loss	33.28	20%	6.76	5%	26.52	392%
Depreciation and amortization expense	2.95	2%	3.11	2%	(0.16)	(5%)
Others	17.62	11%	22.37	16%	(4.75)	(21%)
Total Expenses	**164.75**	**100%**	**141.49**	**100%**	**23.26**	**16%**

General and administrative expenses (GAEx) relating to the Group's operations, for the year 2024, amounted to ₱164.75 million, higher by 16% compared to previous year's level of ₱141.49 million. Salaries and wages accounted for 57% in 2024 and decreased by 1% vis-à-vis same period in 2023 caused by the cost cutting initiatives and decrease of manpower. The overall increase was primarily caused by the increase in provision for impairment loss of one of its associates, a one-off and non-cash transaction, amounting to ₱27.81 million.

Equity in Net Losses of Associates

The equity of the Group in the net losses of its associate companies for the year ended December 31, 2024, amounted to ₱7.96 million, 339% increase compared to the ₱1.81 million share in net losses for the comparable period. 9Lives generated net income for the period but was offset by the losses incurred by MicroBenefits.

Finance Costs– net

The Company recognized ₱2.55 million of net finance costs in 2024, a 21% decline from the ₱3.24 million net finance costs in 2023. The net decrease is primarily caused by the increase in interest income from cash in banks by 32% in 2024 and decrease of interest expense on loans payable for the period by 8%.

Other Income – net

For the year ended December 31, 2024, the Group recognized other charges, net amounting to ₱4.98 million, a 228% decline from the ₱3.89 million net other income posted in the same period in 2023. This resulted mainly from a foreign exchange loss amounting to ₱4.74 million recognized in 2024 compared to the foreign exchange gain of ₱3.34 million in 2023.

Loss before Income Tax

The Group's loss before taxes for the year ended December 31, 2024, resulted to ₱133.35 million. The loss before income tax for the Group increased by 36% from the ₱98.21 million loss before income tax in 2023.

Provision for Income Tax

The Group recognized ₱1.64 million provision for income tax for the year ended December 31, 2024 vis-à-vis the ₱1.82 million provision from income tax in 2023. Provision for income tax mainly pertains to enterprise services segment incurring income tax expense amounting to ₱1.28million.

Net Loss

The Group posted a consolidated net loss of ₱134.99 million for the year ended December 31, 2024, an increase in net loss of 35% from the previous year's ₱100.03 million loss.

Other Comprehensive Income

In 2024, the Group posted a ₱12.06 million in other comprehensive income, a 33% decline from ₱18.06 million in 2023. Despite earning higher revaluation surplus resulting from increase in cryptocurrency prices, the Group recorded a significantly lower OCI because of translation loss following the weakening of the Philippine Peso vs USD and SGD.

	Foreign exchange rates		**Cryptocurrency price**	
	USD to ₱	**SGD to ₱**	**BTC**	**ETH**
December 31, 2023	USD1.00 to ₱55.37	SGD1.00 to ₱42.09	USD42,273	USD2,292
December 31, 2024	USD1.00 to ₱57.85	SGD1.00 to ₱42.69	USD93,347	USD3,330

Total Comprehensive Loss

For the year ended December 31, 2024, the Group's total comprehensive loss amounted to ₱122.93 million, which increased in relation to the total comprehensive loss of ₱81.97 million for the year ended December 31, 2023.

Financial Position

As of December 31, 2024, compared to December 31, 2023.

Assets

Cash and cash equivalents

The Group's consolidated cash amounted to ₱32.31 million as of December 31, 2024. This is a net decrease of 60% or ₱47.57 million from the consolidated cash of ₱79.89 million as of December 31, 2023.

Accounts and Other Receivables

The Group's consolidated accounts and other receivables amounted to ₱29.61 million and ₱65.66 million as of December 31, 2024 and 2023, respectively. The decrease was attributed to the ₱32.26 million drop in gross trade receivables as a result of the overall decrease in revenues. Out of the consolidated accounts and other receivables, 83% or ₱24.47 million pertains to trade receivables – net.

Contract Assets

The Group's consolidated contract assets increased by ₱16.64 million, from ₱12.74 million as of December 31, 2023 to ₱29.37 million as of December 31, 2024. Additional contract assets for the period were mostly from enterprise services.

Other Current Assets

As of December 31, 2024, the Group's consolidated other current assets totaled ₱20.15 million, a decrease of ₱3.14 million or 13% from its previous level on December 31, 2023 of ₱23.29 million. The decrease was primarily caused lower input VAT and creditable withholding taxes despite the increase of prepaid expenses brought by the increase in revenue of AllCare for 2024.

Financial assets at FVOCI

This account pertains to quoted and unquoted equity investments in Club Punta Fuego and Zowdow Inc. As of 2024, carrying value and net unrealized loss on financial assets at FVOCI recognized in the consolidated statement of financial position increased to ₱1.10 million from its previous level of ₱0.90 million on December 31, 2023.

Investment in and Advances to Associates

As of December 31, 2024, the Group's consolidated investment in and advances to associates decreased from ₱249.33 million as of December 31, 2023, to ₱210.14 million. Movements in this account were caused by (1) Equity in net loss of associates amounting to ₱7.96 million, (2) Loss from cumulative translation adjustment amounting to ₱3.43 million, (3) Impairment of investment in MicroBenefits amounting to ₱27.81 million.

The breakdown of the carrying amounts of these investments are as follows: Micro Benefits Limited (₱163.57 million) and SDI (₱24.48 million). Further, advances to SDI as of December 31, 2024 amounted to ₱22.08 million.

Property and Equipment

The Group's consolidated property and equipment was ₱2.08 million as of December 31, 2024, vis-à-vis ₱3.91 million as of December 31, 2023. The Group acquired property and equipment amounting to ₱0.10 million as of December 31, 2024. Depreciation expense amounted to ₱1.92 million and ₱2.08 million for the year ended December 31, 2024, and 2023, respectively.

Right-of-use (ROU) Asset

Right-of-use asset as of December 31, 2024 and 2023 amounted to ₱0.17 million and ₱1.20 million, respectively. Depreciation expense pertaining to ROU asset amounted to ₱1.03 million for the year ended December 31, 2024.

Intangible Assets

As of December 31, 2024, intangible assets amounted to ₱73.80 million which increased from the ₱81.88 million balance as of December 31, 2023. This is composed of goodwill, developed software, and cryptocurrencies.

- Goodwill pertains to excess of the acquisition cost over the fair value of the identifiable assets and liabilities of companies acquired by the Group. As of December 31, 2024, goodwill was at ₱45.59 million which solely pertains to Storm.
- Developed software pertains to corporate application software and licenses and other VAS software applications that are not integral to the hardware or equipment. As of December 31, 2024, net book value of developed software was ₱0.82 million. Amortization of developed software for the year ended December 31, 2024 amounted to ₱0.70.
- Cryptocurrencies pertain to units of Bitcoin and Ethereum held by the Group as of December 31, 2024, valued at ₱27.39 million. There were additions amounting to ₱1.44 million and disposal with the cost of ₱9.52 million. Revaluation increased in 2024 amounted to ₱19.35 million.

Other Noncurrent Assets

Other noncurrent assets amounted to ₱27.68 million as of December 31, 2024 vis-à-vis the ₱13.71 million balance as of December 31, 2023. The increase is primarily caused by the increase in noncurrent creditable withholding tax and deferred input VAT as of the year-end.

Liabilities

Accounts and Other Payables

The Group's consolidated accounts and other payables increased by 8%, from ₱368.47 million as of December 31, 2023 to ₱397.00 million as of December 31, 2024. The increase was primarily caused by the increase in trade payables, payable to related parties and taxes payable.

Advances from Stockholders

This account pertains to the loan agreements entered by the Parent Company amounting to ₱37.52 million and ₱35.91 million as of December 31, 2024 and 2023, respectively. The increase was brought about by foreign exchange revaluation of the loan which is denominated in US Dollar.

Loans Payable

The Group recorded ₱38.78 million and ₱38.60 million in current loans as of December 31, 2024 and 2023, respectively. This is mainly attributable to the loans of subsidiaries, Storm and Seer which are interest-bearing and short-term. The increase was due to accretion of interest, net of payment of principal.

Contract Liabilities

The Group's consolidated contract liabilities as of December 31, 2024, amounted to ₱25.35 million, a decrease of 40% from the December 31, 2023 figure of ₱42.17 million. The decrease in this account pertains mainly to the HMO business of AllCare.

Lease Liability

The Group recognized a lease liability for its office space in Antel amounting to ₱1.26 million. Accretion of interest and payments made amounted to ₱0.05 million and ₱1.12 million, respectively.

Only the current portion of the lease liability remains as of December 31, 2024 which amounts to ₱0.19 million

Pension Liability

The accrued pension of the Group amounted to ₱29.31 million and ₱24.62 million as of December 31, 2024 and 2023, respectively.

Equity (Capital Deficiency)

The Group recorded capital deficiency of ₱101.72 million as of December 31, 2024, a 580% decrease from the equity of ₱₱21.20 million as of December 31, 2023. This was mainly due to total comprehensive loss incurred in 2024.

Outlook for 2025

Looking ahead to 2025, Xurpas Group is poised for continued growth with its extensive range of products and services, including IT staff augmentation, custom development, business solutions, and artificial intelligence. As businesses and government agencies increasingly prioritize digital transformation to drive efficiency, the demand for specialized IT solutions is growing rapidly both locally and globally. With the Philippines being a prime destination for IT outsourcing due to its skilled workforce and competitive pricing, the Group has a unique opportunity to expand its reach beyond the domestic market.

Aligned with its strategic roadmap, the Group remains focused on: (i) expanding its geographical presence internationally; (ii) streamlining operations and strengthening marketing initiatives through digital platforms; and (iii) innovating through product development, particularly in emerging technologies such as machine learning and artificial intelligence

1. <u>Custom Software Development:</u> As technology becomes increasingly ingrained in a lot of businesses, the demand to adopt digital transformation has also been increasing for the custom software development business. It has been one of their top priorities as they focus to keep up with these technological changes in order to stay relevant and competitive in the market.

2. <u>IT Staff Augmentation:</u> As companies look to optimize their workforce and fill skill gaps, the demand for IT staff augmentation services remains high globally. This led to the Group's decision to expand its digital influence geographically to cover other markets in need of their services even beyond the country's borders. In 2024, the Company has already incorporated Xurpas Australia as its aims to introduce its product offerings and services to larger markets.

3. <u>Digital Business Solutions</u>: As the Company aims to curate a regional marketplace of B2B software services and products, it is targeting to cater the large untapped SME Market. Xurpas will help these companies enable their digital transformations by providing tools and solutions to address their business needs in financial, production/manufacturing, people, marketing, sales, and customer management. These products will provide similar functionalities and benefits as global brands used by multinationals and large local companies, but will be offered at a significantly lower-cost, to accommodate the budgets of local SMEs. These SMEs comprise a large percentage of the market. Xurpas shall implement this with a curated technology platform and an ecosystem of partners. Thus, the establishment of Xurpas Software, Inc. This will focus on providing business solutions of various technological products and services to different industries from different scales.

4. <u>Artificial Intelligence</u>: As businesses increasingly recognize the value of AI in driving efficiency and innovation, demand for comprehensive AI services is on the rise. Xurpas Enterprise launch Xurpas AI Lab (XAIL) which provides data science and consulting services, along with a range of AI solutions to help businesses leverage the power of data with AI to solve real-world business problems and unlock opportunities to gain lasting strategic advantage. By offering end-to-end AI solutions and expertise, XAIL is well-positioned to capitalize on this growing demand and solidify its position as a leader in the industry.

Product Development and Innovation:

To further enhance its service offerings, Xurpas is actively developing AI-infused products aimed at addressing unmet needs in the basic ERP platform space. These new solutions will integrate machine learning and intelligent automation features into core business management systems, offering SMEs and large enterprises alike smarter, more adaptive tools to streamline operations and support growth.

As for the general and administrative expenses, Xurpas will continuously implement and monitor its cost reduction and containment program that would minimize or ensure efficient use of expenses such as rent, utilities, marketing and promotions, advertising, transportation and travel, advertising, and seminars and trainings. The current WFH arrangement of Xurpas provides another opportunity for Xurpas to further cut costs relating to rent, utilities, and the like.

Liquidity and Capital Resources

The Group's liquidity is primarily driven by cash flows from operating activities and cash reserves. The Group knows of no demands, commitments, events, or uncertainties that are reasonably likely to result in a material increase or decrease in liquidity. The Group is current on all its accounts. The Group has some bank debt through Storm Technologies and Seer Technologies Inc. which are short term in nature.

Cashflows

In PhP Millions	For the years ended December 31	
	2024	2023
	Amount	Amount
Net cash provided by (used in) Operating Activities	(70.33)	(26.47)
Net cash provided by (used in) Investing Activities	26.64	43.00
Net cash used in Financing Activities	(1.64)	(2.08)
Effect of foreign currency exchange changes in cash	(2.24)	2.13
Net increase (decrease) in cash	(47.57)	16.58
Cash at beginning of period	79.89	63.31
Cash at end of period	**32.32**	**79.89**

Cash Flows from Operating Activities

In 2024, operating loss before changes in working capital of ₱75.44 million was coupled with the corresponding increase in working capital resulted in ₱69.81 million net cash used from operations. In consideration of the interest paid and received and income taxes paid, this resulted to a net cash used in operating activities of ₱70.33 million.

Cash Flows from Investing Activities

The Group's consolidated cash flows provided by investing activities for 2024 was ₱26.64 million compared to ₱43.00 million in the same period of 2023. The primary sources of cash flows from investing activities were from the proceeds from the sale of properties and cryptocurrencies (₱28.18 million) partially decreased by the acquisition of intangible assets and property and equipment (₱1.54 million).

Cash Flows from Financing Activities

The cash flow used in financing activities as of 2024 was ₱1.64 million which decreased from net cash used in 2023 amounting to ₱2.08 million. For 2024, this is only composed of payments to loans payable amounting to ₱0.52 million and payment of the principal portion of lease liabilities amounting to ₱1.12 million.

Capital Expenditure

The Group's capital expenditures for the year ended December 31, 2024 and 2023 amounted to ₱0.10 million and ₱3.72 million, respectively.

Key Financial Data In PhP Millions	**December 31, 2024 Additions**	**December 31, 2023 Additions**
Right-of-use Assets	-	2.06
Developed software	-	1.12
Office Equipment	0.03	0.04
IT Equipment	0.03	0.50
Leasehold improvements	0.04	-
	0.10	**3.72**

Key Performance Indicators

The key performance indicators disclosed below present the financial performance of the Group as a whole. These are different from those in the supplemental schedule of the consolidated financial statements which were prepared only for the analysis of financial performance attributable to the Parent Company.

The following are the key performance indicators of the Group and its majority-owned subsidiaries:

In Percentage	As of and for the years ended December 31	
	2024	2023
Liquidity Ratios		
Current Ratio	**22%**	37%
Quick Ratio	**18%**	33%
Asset-to-Equity Ratio	**796%**	305%
Profitability Ratios		
Net Loss Margin	**(72%)**	(46%)
Gross Margin	**26%**	24%
Operating Margin	**(69%)**	(48%)
Return on Total Assets	**(28%)**	(15%)
Return on Equity	**(117%)**	(62%)
Debt Ratios		
Debt-to-Equity Ratio	**9.86x**	2.93x
Interest Coverage Ratio	**(33.94x)**	(22.37x)

Liquidity Ratios

Current ratio and quick ratio for the year ended December 31, 2024, were 22% and 18%, respectively. Current ratio and quick ratio decreased from the prior period from 37% and 33%, respectively. The decrease was mainly due to decline in cash, receivables and other current assets of the Group.

Asset-to-Equity Ratio

There is an increase in the asset-to-equity ratio from 305% as of December 31, 2023, to 796% as of December 31, 2024 due to the decrease in equity attributable to equity holders of the Parent Company.

Profitability Ratios

For the year ended December 31, 2024, the Group recorded higher net loss attributable to equity holders of Xurpas Inc. amounting to ₱133.05 million which resulted to higher net loss margin, operating margin, negative return on total assets and negative return on equity of (72%), (69%), (28%) and (117%), respectively. Gross margin slightly increased to 26% in 2024 from the 24% gross margin in 2023 due to the decrease in cost of services for the year.

Debt Ratios

Debt to equity ratio on December 31, 2024 increased to 9.86x from 2.93x as of December 31, 2023. The increase in the gearing ratio was attributed to the decrease in equity attributable to equity holders of the Parent Company as of December 31, 2024. Interest coverage ratio for the year 2024, was at negative 33.94x compared to negative 22.37x in 2023.

The manner by which the Company calculates the foregoing indicators is as follows:

Current Ratios		
1. Current ratio	Current assets	Current liabilities
2. Quick ratio	Current assets – Other current assets	Current liabilities
Asset-to-equity Ratio	Total assets	Total equity attributable to Parent Company
Profitability Ratios		
1. Net income ratio	Net income attributable to Parent Company	Service income + Sale of goods
2. Gross margin	(Service income + Sale of goods) – (Cost of services + Cost of goods sold)	Service income + Sale of goods
3. Operating margin	Earnings before interest, tax, depreciation and amortization	Service income + Sale of goods
4. Return on total assets	Net income attributable to Parent Company	Average total assets
5. Return on total equity	Net income attributable to Parent Company	Average total equity attributable to the Parent Company

Other Disclosures:

i. Liquidity. To cover its short-term funding requirements, the Group intends to use internally generated funds, obtain additional advances from its stockholders, and negotiate for longer payment terms for its payables.

ii. Events that will trigger Direct or Contingent Financial Obligation. There are no events that will trigger direct or contingent financial obligations that are material to the Group, including and default or acceleration of an obligation.

iii. Material Off-balance sheet Transactions, Arrangements, Obligations. Likewise, there were no 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.

iv. Material Commitments for Capital Expenditure. There are no material commitments for capital expenditures.

v. Material Events/ Uncertainties. There are no new trends, events, or uncertainties that are expected to have a material favorable or unfavorable impact on the Group's revenues from continuing operations.

vi. Results of Operations. There were no significant elements of income or loss that did not arise from continuing operations.

vii. Seasonality. The Group is not subject to seasonality.

Full year 2023 compared with 2022

The year 2023 unfolded against a landscape of rapid technological evolution and shifting market dynamics within the IT sector both in the country and worldwide. The pervasive influence of digital transformation continued to reshape industries across the globe, driving demand for innovative solutions that streamline operations, enhance customer experiences, and optimize business performance.

Throughout the year, Xurpas still continues to be a beacon of innovation, pushing forward its vision of shaping the future of businesses, with its underlying commitment to transformative technology. The Company, venturing into Web 3.0 services in the second half of 2022, which involves cutting edge technologies like blockchain, established the business unit, X3. Building on this momentum, Xurpas introduced significant additions to the group in 2023:

1) Xurpas Software Inc. which contributes to the enhancement of the company's presence in the digital business transformation software solutions sector by focusing on creating user-friendly software products and services using advanced ERP technologies;
2) Xurpas Pty Ltd which aims to seek new market opportunities in Australia, where it plans to offer enterprise products and services; and
3) Xurpas AI Lab (XAIL), specializing in software products and services that utilize artificial intelligence (AI) and data science.

XAIL was formally launched on October 19, 2023 with its event, Set XAIL Towards Your AI-enabled Philippine Business. A business unit under Xurpas Enterprise, XAIL extends its expertise to SMEs and large corporations looking to leverage AI-powered solutions to meet real-world challenges. The lab’s focus on practical, results-driven AI applications places it at the forefront of a movement poised to revolutionize customer experiences and streamline operations across a multitude of industries, with the objective of innovation and competitiveness.

With the aforementioned as a backdrop, certain business segments of Xurpas were able to take advantage of the opportunity and were able to increase their revenues; and some faced challenges, not entirely within their control. For 2023, total revenues decreased by 17% to ₱188.02 million, from ₱227.32 million the same period of 2022 primarily due to the decline in the enterprise and mobile consumer services businesses. There was an increase in revenues for custom development and business solutions, adding to the revenues generated from the successful entry to the Web 3.0 business. Meanwhile, AllCare, under other services, also generated an increase in revenues. On the other hand, there was a substantial drop of revenues under IT staff augmentation for the period, as its major client’s groups that Xurpas was working with, already finished their digital transformation projects.

The Group’s consolidated expenses during the year amounted to ₱300.09 million, a 6% decrease from the same period of the previous year at ₱320.69 million. This is primarily due to the lower provision for impairment loss recognized compared to last year, lower professional fees, outsourced services and depreciation and amortization. This was partially offset, however, by the increase in salaries and wages due to additional manpower and management and increase in dues and subscription, as part of its strategy for growth and expansion.

Xurpas also shared a portion of the losses incurred by its associates amounting to ₱1.81 million loss as of 2023 compared with the ₱4.28 million income of the same period of last year. Other income, charges and finance costs - net decreased by 40% mainly from gain from derecognition of long-outstanding payables incurred in 2022. By the end of 2023, the Company generated a ₱98.21 million pre-tax loss and ₱100.03 million net loss. The Company was able to yield substantial gains from the improvement of the foreign exchange rates and increase in crypto prices as of the end of 2023. This caused the company to earn ₱18.06 million other comprehensive income for 2023 as opposed to the ₱46.89 million other comprehensive loss in the same period of last year, a 139% improvement.

As the organization continues to focus on enhancing its operational efficiency, fostering innovation and strengthening its market position, it also took advantage in proactively executing financial management strategies to capitalize on opportunities within the organization. Some of these include divesting its non-core assets such as Altitude, an associate of Xurpas, and converting debt-to-equity of advances from stockholders of Mr. Nico Jose Nolledo and Mr. Fernando Jude Garcia which aimed to improve and strengthen the Group's financial position. The latter also reflects the founders' confidence in the Corporation's ability to further expand its business. These strategic actions not only signify prudent financial stewardship but also pave the way for sustained growth and agility amidst market uncertainties.

Financial Summary

Key Financial Data In PhP Millions	For the years ended December 31					
	2023		2022		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Revenues						
Mobile consumer services	8.61	5%	15.68	7%	(7.07)	(45%)
Enterprise services	131.97	70%	167.81	74%	(35.85)	(21%)
Other services	47.44	25%	43.83	19%	3.62	8%
Total Revenues	**188.02**	**100%**	**227.32**	**100%**	**(39.30)**	**(17%)**
Cost of Services	143.57	76%	169.79	75%	(26.22)	(15%)
Gross Profit	**44.45**	**24%**	**57.53**	**25%**	**(13.08)**	**(23%)**
General and Administrative Expenses	156.53	83%	150.90	66%	5.62	4%
Equity in Net Losses of Associates	1.81	1%	4.28	2%	(2.47)	59%
Finance Costs - net	3.24	2%	9.20	4%	(5.96)	65%
Other Income- net	(18.92)	(9%)	(35.20)	(15%)	(16.27)	46%
Loss Before Income Tax	**(98.21)**	**(52%)**	**(71.66)**	**(32%)**	**(26.55)**	**37%**
Provision for Income Tax	1.82	1%	4.24	2%	(2.42)	(57%)
Net Loss	**(100.03)**	**(53%)**	**(75.90)**	**(33%)**	**(24.12)**	**(32%)**
Other Comprehensive Income (Loss)	18.06	10%	(46.89)	(21%)	64.95	139%
Total Comprehensive Loss	**(81.97)**	**(44%)**	**(122.79)**	**(54%)**	**40.82**	**33%**

	Dec. 31, 2023 Amount	Dec. 31, 2022 Amount	Amount Change	% Increase (Decrease)
Total Assets	532.51	602.66	(70.15)	(12%)
Total Liabilities	511.31	633.36	(122.05)	(19%)
Total Capital	21.20	(30.70)	(51.90)	169%

The Group's total revenue in 2023 was ₱188.02 million, a 17% decrease from results in 2022. Majority of the revenue was driven by enterprise services which generated ₱131.97 million or 70% of the total revenue. This was followed by other services and mobile consumer services which generated ₱47.44 million (25% of total revenues) and ₱8.61 million (5% of total revenues), respectively in 2023. The net loss at the end of the year was at ₱100.03 million, a 32% deterioration in comparison to the ₱75.90 million net loss in 2022.

The blended cost of services went down from ₱169.79 million in 2022 to ₱143.57 million in 2023. There were reclassifications made between the cost of services (COS) and general and administrative (GAEX) salaries and wages due to a company reorganization initiated in 2022, setting up of business units and cost centers internally, which changed their classifications beginning 2023.

Gross margin on total revenues went down by 23% from a gross profit of ₱57.53 million in 2022 to a gross profit of ₱44.45 million in 2023 and is driven by the decrease in revenues for the period. But the gross profit margins were maintained at the 24-25% level.

General and administrative expenses (GAEX) increased by a mere 4%, from ₱150.90 million in 2022 to ₱156.53 million in 2023. The increase was primarily brought about by the reclassification from COS to GAEX salaries and wages, as previously mentioned; and additional management, technical, sales and marketing manpower and sales/marketing initiatives, which are imperative to continuously achieve growth in order to implement expansion as part of the Company's plan.

The Company also shares in the recorded net losses of its associate companies it has invested in, which amounted to ₱1.81 million for the year ended December 31, 2023, a 59% decrease from equity in net losses of associates in 2022.

Finance Costs-net recognized for the year 2023 is ₱3.24 million, 65% lower than the ₱9.20 million net finance costs recorded in 2022 which is primarily due to the waiver of interest expenses from advances from stockholders (in relation to the conversion of advances to equity). Conversely, the Company was able to record ₱18.92 million of "Other income – net", a decrease of 46% vis-à-vis the ₱35.20 million other income – net incurred in the same period of 2022 arising from lower gain from derecognition of long-outstanding payables.

By the end of 2023, the Company generated a ₱98.21 million pre-tax loss, ₱100.03 million net loss and ₱81.97 million total comprehensive loss after effecting the ₱18.06 other comprehensive income as a result of the changes in foreign exchange rates and crypto prices as of December 31, 2023.

Consolidated total assets decreased from ₱602.66 million as of December 31, 2022 to ₱532.51 million as of December 31, 2023 mainly due to the recovery of receivables from and investment in Altitude Games as well as impairments in the Goodwill of Seer and investment in MicroBenefits.

Consolidated total liabilities also went lower by 19% from ₱633.36 million as of December 31, 2022 to ₱511.31 million as of December 31, 2023 largely due to the debt-to-equity conversion of advances from stockholders that occurred in the 4th quarter of 2023.

Lastly, consolidated capital went up to ₱21.20 million as of December 31, 2023, from a capital deficiency of ₱30.70 million in 2022 mainly due to the debt-to-equity conversion and the total comprehensive income recognized by the Group in 2023.

Segment Financial Performance

For the year ended December 31, 2023 (in Php Millions)	**Mobile Consumer Services**	**Enterprise Services**	**Other Services**	**Intersegment Adjustments**	**Consolidated**
Total Service Revenues	**8.61**	**165.52**	**47.43**	**(33.56)**	**188.02**
Operating expenses	**49.40**	**241.74**	**68.89**	**(59.93)**	**300.09**
Equity in net losses of associates	-	-	-	1.81	1.81
Finance costs and other charges (income) - net	(48.27)	30.81	1.29	0.48	(15.69)
Total Expenses (Other Income) - net	1.13	272.56	70.17	(57.64)	286.23
Operating Income (Loss)	**7.48**	**(107.03)**	**(22.74)**	**24.08**	**(98.22)**
Provision for income tax	**(0.40)**	**(1.42)**	**-**	**-**	**(1.82)**
Net Income (Loss)	**7.08**	**(108.45)**	**(22.74)**	**24.08**	**(100.04)**

Xurpas Group operates under mobile consumer services, enterprise services and other services segments. Prior to eliminations, for the year ended December 31, 2023, the enterprise services generated the majority of the total revenues amounting to ₱165.52 million. This is followed by other services which amounted to ₱47.43 million revenues of Storm's subsidiary, AllCare, and mobile consumer services with a contribution amounting to ₱8.61 million.

Prior to eliminations, enterprise services and other services incurred net losses amounting to ₱108.45 million and ₱22.74 million, respectively. Conversely, mobile consumer services earned net income of ₱7.08 million primarily due to the sale of Altitude's assets and business, earning ₱15.03 million net gain from the said transaction. This is recorded in the Xurpas parent company's books.

Profitability

For the year ended December 31, 2023, compared with the year ended December 31, 2022.

Revenues

The consolidated revenues of the Group for the year ended December 31, 2023, amounted to ₱188.02 million, a decrease of 17% from ₱227.32 million of the previous year.

Segment	Description	Subsidiaries
Enterprise services	Revenues derived from the provision of mobile platform solutions to corporate and government clients, information technology (IT) staff augmentation and consultancy services, various enterprise solutions-based services to Telcos and other companies for network, platform and applications development	• Xurpas Enterprise • Xurpas Parent Company • Xurpas Software • Seer
Mobile consumer services	Revenues ultimately derived from providing mobile consumer services via the Telcos, as well as mobile marketing.	• Xurpas Parent Company • Xurpas Software
Other services	Revenues derived from services related to a membership-based marketplace which offers a variety of worker benefits – from insurance, health checks and wellness.	• AllCare

In PhP Millions	For the years ended December 31					
	2023		2022		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Revenues						
Enterprise services	131.97	70%	167.81	74%	(35.85)	(21%)
Mobile consumer services	8.61	5%	15.68	7%	(7.07)	(45%)
Other services	47.44	25%	43.83	19%	3.62	8%
Total Revenues	**188.02**	**100%**	**227.32**	**100%**	**(39.30)**	**(17%)**

As of December 31, 2023, enterprise services generated the most revenue at ₱131.97 million or 70% of total revenues. This is 21% (or ₱35.85 million) lower compared to 2022 revenues of ₱167.81 million. On the other hand, revenues generated from other services, which accounts for 25% of company revenues, went up by 8% (or ₱3.62 million), from ₱43.83 million in 2022 to ₱47.44 million in 2023. This is due to the ongoing expansion of AllCare. Lastly, as the Company shifted its focus on the expansion of its enterprise services, it has been expected that the revenues under mobile consumer will decline. The latter comprises 5% of the revenues or ₱8.61 million which decreased from the prior period by 45% (or ₱7.07 million).

The enterprise services segment is comprised of the following business units:

In PhP Millions	For the years ended December 31					
	2023		2022		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Enterprise Services						
IT staff augmentation	51.42	39%	110.80	66%	(59.38)	(54%)
Custom software development	48.79	37%	41.89	25%	6.90	16%
Web 3.0 services	21.56	16%	10.79	6%	10.77	100%
Business solutions	6.36	5%	1.89	1%	4.47	237%
Others	3.84	3%	2.44	2%	1.40	58%
Total Enterprise Services	**131.97**	**100%**	**167.81**	**100%**	**(35.85)**	**(21%)**

There was a 54% (or ₱59.38 million) decline in IT staff augmentation revenues, but was partly offset by the increase in custom software development and business solutions by 16% (or ₱6.90 million) and 237% (or ₱4.48 million) respectively. The Company also successfully started providing Web 3.0 services as part of its initiatives starting second half of 2022. For 2023, Web 3.0 services contributed ₱21.56 million in revenues.

Expenses

In PhP Millions	For the years ended December 31					
	2023		2022		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Expenses						
Cost of Services	143.57	48%	169.79	53%	(26.22)	(15%)
General and Administrative Expenses	156.53	52%	150.90	47%	5.62	4%
Total Expenses	**300.09**	**100%**	**320.69**	**100%**	**(20.60)**	**(6%)**

The Group's consolidated expenses during the year ended December 31, 2023 amounted to ₱300.09 million, a 6% decrease from the same period of the previous year at ₱320.69 million. For the year 2023, GAEX accounted for the bulk of expenses, totaling ₱156.53 million or 52% of the Group's consolidated expenses.

Cost of Services

In PhP Millions	For the years ended December 31					
	2023		2022		Amount Change	% Increase (Decrease)
	Amount	%	Amount	%		
Cost of Services						
Salaries, wages and employee benefits	76.56	53%	113.14	67%	(36.58)	(32%)
Outside services	45.50	32%	29.18	17%	16.32	56%
Outsourced services	11.57	8%	16.25	10%	(4.67)	(29%)
Web hosting	3.73	3%	2.85	2%	0.88	31%
Others	6.21	4%	8.37	4%	(2.16)	(26%)
Total Expenses	**143.57**	**100%**	**169.79**	**100%**	**(26.22)**	**(15%)**

The cost of services in 2023 amounted to ₱143.57 million, a decrease from the ₱169.79 million in 2022. Bulk of the cost of services came from salaries and wages, and outside services which amounted to ₱76.56 million and ₱45.50 million, respectively; and recorded a 32% decrease and 56% increase, respectively. This is pushed by reclassifications in salaries made due to the reorganization and higher outside services by AllCare due to the increase in benefits and claims resulting from the growth in revenue during the period.

General and Administrative Expenses (GAEX)

In PhP Millions	For the years ended December 31					
	2023		2022		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
General and Administrative Expenses						
Salaries, wages and employee benefits	94.80	61%	44.56	30%	50.24	113%
Provision for impairment loss	21.79	14%	49.02	32%	(27.22)	(56%)
Professional fees	9.14	6%	14.17	9%	(5.03)	(35%)
Marketing and promotions	6.32	4%	7.16	5%	(0.84)	(12%)
Others	24.48	15%	35.99	24%	(11.51)	(32%)
Total Expenses	**156.53**	**100%**	**150.90**	**100%**	**5.62**	**4%**

General and administrative expenses (GAEX) relating to the Group's operations, for the year 2023, amounted to ₱156.53 million, higher by 4% compared to previous year's level of ₱150.90 million. Salaries and wages accounted for 61% in 2023 and increased by 113% vis-à-vis same period in 2022 caused by the reclassification from COS to GAEX salaries and wages and additional management manpower. The overall increase was offset by the decrease in provision for impairment loss, professional fees, marketing and promotions and other expenses.

Examining further the salaries and wages under COS and GAEX, should the periods between 2022 and 2023 be aligned or made comparable, due to the reclassification brought by the reorganization under entities Xurpas, Xurpas Enterprise, Xurpas Software and Seer, it will result to a 9% increase in total salaries and wages. A decrease of 10% under COS and increase of 31% in GAEX salaries and wages due to additional management manpower and sales and marketing initiatives which are imperative to implement the Company's growth and expansion plans.

Salaries and Wages
Xurpas, Xurpas Enterprise, Xurpas Software & Seer

	2022 Reclassed	2023	Inc/(Dec)	%
COS	85.33	76.52	(8.81)	-10%
GAEX	72.37	94.78	22.41	31%
	157.70	171.30	13.60	9%

Equity in Net Losses of Associates

The equity of the Group in the net losses of its associate companies for the year ended December 31, 2023, amounted to ₱1.81 million, 59% lower compared to the ₱4.28 million share in net losses for the comparable period. 9Lives and Altitude SG generated net income for the period but was offset by the losses incurred by MicroBenefits.

Finance Costs– net

The Company recognized ₱3.24 million of net finance costs as of 2023, a 65% decline from the ₱9.20 million net finance costs in 2022. During the period, Messrs. Nolledo and Garcia agreed to the waiver of interest expense on the advances of the founders, starting January 1, 2023 resulting to the ₱3.27 million decrease in interest expense.

Other Income – net

For the year ended December 31, 2023, the Group recognized other income, net amounting to ₱18.92 million, a 46% decline from the ₱35.20 million net other income posted in the same period in 2022. This resulted mainly from lower gain from derecognition of long-outstanding payables in 2023. It is also worth mentioning that in 2023, the Group recognized total gain of ₱15.03 million from the recovery and collection of convertible notes receivable from and investment in Altitude Games.

Loss before Income Tax

The Group's loss before taxes for the year ended December 31, 2023, resulted to ₱98.21 million. The loss before income tax for the Group increased by 37% from the ₱71.66 million loss before income tax in 2022.

Provision for Income Tax

The Group recognized ₱1.82 million provision for income tax for the year ended December 31, 2023 vis-à-vis the ₱4.24 million provision from income tax in 2022. Provision for income tax mainly pertains to enterprise services segment incurring income tax expense amounting to ₱1.42 million.

Net Loss

The Group posted a consolidated net loss of ₱100.03 million for the year ended December 31, 2023, an increase in net loss of 32% from the previous year's ₱75.90 million loss.

Other Comprehensive Loss

In 2023, the Group posted a ₱18.06 million in other comprehensive income mainly from cumulative translation adjustment and revaluation of cryptocurrencies amounting to ₱2.29 million and ₱15.41 million respectively. This figure was a 139% improvement from the 2022 other comprehensive loss of ₱46.89 million. This increase was generally caused by the increase in the fair value of cryptocurrencies, both BTC and ETH, which can be seen in the below table.

	Foreign exchange rates		**Cryptocurrency price**	
	USD to ₱	**SGD to ₱**	**BTC**	**ETH**
December 31, 2022	USD1.00 to ₱55.76	SGD1.00 to ₱41.58	USD16,537	USD1,197
December 31, 2023	USD1.00 to ₱55.37	SGD1.00 to ₱42.09	USD42,273	USD2,292

Total Comprehensive Income (Loss)

For the year ended December 31, 2023, the Group's total comprehensive loss amounted to ₱81.97 million, which improved in relation to the total comprehensive loss of ₱122.79 million for the year ended December 31, 2022.

Financial Position

As of December 31, 2023, compared to December 31, 2022.

Assets

Cash and cash equivalents

The Group's consolidated cash amounted to ₱79.89 million as of December 31, 2023. This is a net increase of 26% or ₱16.58 million from the consolidated cash of ₱63.31 million as of December 31, 2022 which is primarily attributed to the proceeds from recovery of investments in Altitude Games amounting to ₱50.42 million.

Accounts and Other Receivables

The Group's consolidated accounts and other receivables amounted to ₱65.66 million and ₱96.71 million as of December 31, 2023 and 2022, respectively. Change in this account was caused by the decrease in trade receivables and receivable from related parties caused by the recovery and collection of note receivable from Altitude Games. Out of the consolidated accounts and other receivables, 87% or ₱57.24 million pertains to trade receivables – net.

Contract Assets

The Group's consolidated contract assets decreased by ₱36.56 million, from ₱49.30 million as of December 31, 2022 to ₱12.74 million as of December 31, 2023, due to decline in the account balance pertaining to Globe Telecom.

Other Current Assets

As of December 31, 2023, the Group's consolidated other current assets totaled ₱23.29 million, an increase of ₱8.22 million or 55% from its previous level on December 31, 2022 of ₱15.07 million. The increase was primarily caused by higher prepaid expenses of AllCare as a result of the continuing growth in AllCare's business. These prepayments are used to fund clients' health benefit plans and will eventually be charged to expense upon their utilization.

Creditable withholding taxes and input VAT also contributed in the increase of other current assets.

Financial assets at FVOCI

This account pertains to quoted and unquoted equity investments in Club Punta Fuego and Zowdow Inc. As of 2023, carrying value and net unrealized loss on financial assets at FVOCI recognized in the consolidated statement of financial position decrease to ₱0.90 million from its previous level of ₱1.20 million on December 31, 2022.

Investment in and Advances to Associates

As of December 31, 2023, the Group's consolidated investment in and advances to associates decreased from ₱294.97 million as of December 31, 2022, to ₱249.33 million. Movements in this account were caused by (1) Equity in net loss of associates amounting to ₱1.81 million, (2) Gain from cumulative translation adjustment amounting to ₱3.28 million, (3) Recovery of investments in Altitude Games amounting to ₱32.76 million which pertains to the sale of Altitude Game's assets and business, and (4) Impairment of investment in MicroBenefits amounting to ₱14.35 million.

The breakdown of the carrying amounts of these investments are as follows: Micro Benefits Limited (₱205.63 million) and SDI (₱21.61 million). Further, advances to SDI as of December 31, 2023 amounted to ₱22.08 million.

Property and Equipment

The Group's consolidated property and equipment was ₱3.91 million as of December 31, 2023, vis-à-vis ₱5.61 million as of December 31, 2022. The Group acquired property and equipment amounting to ₱0.54 million as of December 31, 2023. Depreciation expense amounted to ₱2.08 million and ₱3.24 million for the year ended December 31, 2023, and 2022, respectively.

Right-of-use (ROU) Asset

Right-of-use asset as of December 31, 2023 and 2022 amounted to ₱1.20 million and ₱0.17 million, respectively. In the first half of the year, the Parent Company renewed the lease contract for its office space in Antel for another two years, thereby, recognizing additional ROU asset amounting to ₱2.06 million. Depreciation expense pertaining to ROU asset amounted to ₱1.03 million for the year ended December 31, 2023.

Intangible Assets

As of December 31, 2023, intangible assets amounted to ₱81.88 million which increased from the ₱63.11 million balance as of December 31, 2022. This is composed of goodwill, developed software, and cryptocurrencies.

- Goodwill pertains to excess of the acquisition cost over the fair value of the identifiable assets and liabilities of companies acquired by the Group. In 2023, the Group recognized full impairment of its goodwill from Seer amounting to ₱2.63 million. As of December 31, 2023, goodwill was at ₱45.59 million which solely pertains to Storm.
- Developed software pertains to corporate application software and licenses and other VAS software applications that are not integral to the hardware or equipment. As of December 31, 2023, net book value of developed software was ₱1.52 million. Additions and amortization of developed software for the year ended December 31, 2023 amounted to ₱1.12 million and ₱0.67 million, respectively.
- Cryptocurrencies pertain to units of Bitcoin, Ethereum, USDC and USDT held by the Group as of December 31, 2023, valued at ₱34.77 million. There were additions amounting to ₱10.69 million and disposal with the cost of ₱4.78 million. Revaluation gain in 2023 amounted to ₱15.31 million.

Other Noncurrent Assets

Other noncurrent assets amounted to ₱13.71 million as of December 31, 2023 vis-à-vis the ₱13.52 million balance as of December 31, 2022. The increase is primarily caused by the increase in deferred input VAT as of the year-end.

Liabilities

Accounts and Other Payables

The Group's consolidated accounts and other payables decreased by 5%, from ₱386.68 million as of December 31, 2022 to ₱368.74 million as of December 31, 2023. The decline was the result of the equity conversion of interest payable relating to advances from stockholders.

Advances from Stockholders

This account pertains to the loan agreements entered by the Parent Company amounting to ₱35.91 million and ₱152.35 million as of December 31, 2023 and 2022, respectively. The substantial decrease was brought about by the debt-to-equity conversion of advances of Mr. Nolledo and Mr. Garcia that occurred in the 4th quarter of 2023.

Loans Payable

The Group recorded ₱38.60 million and ₱33.82 million in current loans as of December 31, 2023 and 2022, respectively. This is mainly attributable to the loans of subsidiaries, Storm and Seer which are interest-bearing and short-term. The increase was due to the reclassification from noncurrent liability of Storm loans payable that will fall due in the first half of 2024.

Contract Liabilities

The Group's consolidated contract liabilities as of December 31, 2023, amounted to ₱42.17 million, an increase of 22% from the December 31, 2022 figure of ₱34.45 million. The increase in this account was the result of the growing HMO business of AllCare.

Lease Liability

The Group recognized a lease liability for its office space in Antel amounting to ₱1.26 million. In January 2023, the Parent Company renewed the lease contract for its office space in Antel for another two years, thereby, recognizing additional lease liability amounting to ₱2.34 million. Accretion of interest and payments made amounted to ₱0.10 million and ₱1.35 million, respectively.

Current and noncurrent portions of the lease liability as of December 31, 2023 amounted to ₱1.07 million and ₱0.19 million, respectively.

Deferred tax liability

Deferred tax liability as of December 31, 2023 amounted to nil compared to the previous period's ₱3,323 which pertains to the deferred tax on Xurpas' lease liability.

Pension Liability

The accrued pension of the Group amounted to ₱24.62 million and ₱21.31 million as of December 31, 2023 and 2022, respectively. The increase was caused by the addition of key management personnels in 2023.

Equity

Total Equity

The Group recorded total equity of ₱21.20 million as of December 31, 2023, a 169% improvement from December 31, 2022 capital deficiency of ₱30.70 million. This was mainly due to the issuance of new shares amounting to ₱136.52 million due to the debt-to-equity conversion of advances from stockholders, sale of an asset resulting in a gain, posting of other comprehensive income. These softened the blow of a substantial revenue decrease and impairment of its investment goodwill.

Outlook for 2024

In the dynamic landscape of the IT sector, the outlook for 2024 presents a lot of opportunities for the Xurpas Group as it offers a comprehensive suite of services, including IT staff augmentation, custom development, business solutions and artificial intelligence integration. As businesses across industries and local government units and government agencies increasingly embrace digital transformation to drive efficiency and innovation, the demand for specialized IT solutions and expertise continues to soar not only in the country but internationally. With the Philippines being a prime destination for IT outsourcing due to its skilled workforce and competitive pricing, the Group has a unique opportunity to expand its reach beyond the domestic market.

Continuing the strategic roadmap outlined for the Group, it continues to expand and maintain its focus on their strategies. These involve i) geographical -—extending presence beyond the country's borders ii) operational– streamlining its operations and reinforcing marketing efforts with digital marketing and iii) product expansion– focusing on the latest technological advances, including machine learning and artificial intelligence.

1. Custom Software Development: As technology becomes increasingly ingrained in a lot of businesses, the demand to adopt digital transformation has also been increasing for the custom software development business. It has been one of their top priorities as they focus to keep up with these technological changes in order to stay relevant and competitive in the market. The Group has observed an increase in demand for its custom software development in 2023 where revenues substantially increased by 16% from last year. With this, Xurpas will continue to take this opportunity to maximize its expertise in providing these types of services in the market

2. IT Staff Augmentation: As companies look to optimize their workforce and fill skill gaps, the demand for IT staff augmentation services remains high globally. This led to the Group's decision to expand its digital influence geographically to cover other markets in need of their services even beyond the country's borders. In 2023, the Company has already incorporated Xurpas Australia as its aims to introduce its product offerings and services to larger markets.

3. Digital Business Solutions: As the Company aims to curate a regional marketplace of B2B software services and products, it is targeting to cater the large untapped SME Market. Xurpas will help these companies enable their digital transformations by providing tools and solutions to address their business needs in financial, production/manufacturing, people, marketing, sales, and customer management. These products will provide similar functionalities and benefits as global brands used by multinationals and large local companies, but will be offered at a significantly lower-cost, to accommodate the budgets of local SMEs. These SMEs comprise a large percentage of the market. Xurpas shall implement this with a curated technology platform and an ecosystem of partners. Thus, the establishment of Xurpas Software, Inc. This will focus on providing business solutions of various technological products and services to different industries from different scales.

4. Artificial Intelligence: As businesses increasingly recognize the value of AI in driving efficiency and innovation, demand for comprehensive AI services is on the rise. Xurpas Enterprise launch Xurpas AI Lab (XAIL) this 2023 which provides data science and consulting services, along with a range of AI solutions to help businesses leverage the power of data with AI to solve real-world business problems and unlock opportunities to gain lasting strategic advantage. By offering end-to-end AI solutions and expertise, XAIL is well-positioned to capitalize on this growing demand and solidify its position as a leader in the industry.

As for the general and administrative expenses, Xurpas will continuously implement and monitor its cost reduction and containment program that would minimize or ensure efficient use of expenses such as rent, utilities, marketing and promotions, advertising, transportation and travel, advertising, and seminars and trainings. The current WFH arrangement of Xurpas provides another opportunity for Xurpas to further cut costs relating to rent, utilities, and the like.

Liquidity and Capital Resources

The Group's liquidity is primarily driven by cash flows from operating activities and cash reserves. The Group knows of no demands, commitments, events, or uncertainties that are reasonably likely to result in a material increase or decrease in liquidity. The Group is current on all its accounts. The Group has some bank debt through Storm Technologies and Seer Technologies Inc. which are short term in nature.

Cashflows

	For the years ended December 31	
	2023	2022
In PhP Millions	Amount	Amount
Net cash used in Operating Activities	(26.47)	(66.12)
Net cash provided by (used in) Investing Activities	43.00	(6.40)
Net cash provided by (used in) Financing Activities	(2.08)	98.55
Effect of foreign currency exchange changes in cash	2.13	1.34
Net increase in cash	16.58	27.36
Cash at beginning of period	63.31	35.95
Cash at end of period	**79.89**	**63.31**

Cash Flows from Operating Activities

In 2023, operating loss before changes in working capital of ₱81.92 million was coupled with the corresponding increase in working capital resulted in ₱25.43 million net cash used from operations. In consideration of the interest paid and received and income taxes paid, this resulted to a net cash used in operating activities of ₱26.47 million.

Cash Flows from Investing Activities

The Group's consolidated cash flows provided by investing activities for 2023 was ₱43.00 million compared to ₱6.40 million used in the same period of 2022. The primary sources of cash flows from investing activities were collections from Altitude Games for the recovery of convertible notes receivable and investment (₱50.42 million), and proceeds from sale of properties and cryptocurrencies (₱4.93 million) partially decreased by the acquisition of intangible assets and property and equipment (₱12.35 million).

Cash Flows from Financing Activities

The cash flow used in financing activities as of 2023 was ₱2.08 million which decreased from net cash provided of ₱98.55 million in the same period in 2022 The cash flow provided in financing activities in 2022 were mainly from the proceeds of the equity infusion. For 2023, this is only composed of payments to loans payable amounting to ₱0.73 million and payment of the principal portion of lease liabilities amounting to ₱1.35 million.

Capital Expenditure

The Group's capital expenditures for the year ended December 31, 2023 and 2022 amounted to ₱3.74 million and ₱5.34 million, respectively.

Key Financial Data In PhP Millions	**December 31, 2023 Additions**	**December 31, 2022 Additions**
Right-of-use Assets	2.06	-
Developed software	1.12	1.10
IT Equipment	0.50	4.07
Leasehold Improvements	-	-
Office Equipment	0.04	0.17
	3.72	**5.34**

Key Performance Indicators

The key performance indicators disclosed below present the financial performance of the Group as a whole. These are different from those in the supplemental schedule of the consolidated financial statements which were prepared only for the analysis of financial performance attributable to the Parent Company.

The following are the key performance indicators of the Group and its majority-owned subsidiaries:

In Percentage	For the years ended December 31		
	2023	2022	2021
Liquidity Ratios			
Current Ratio	**37%**	37%	26%
Quick Ratio	**33%**	34%	23%
Asset-to-Equity Ratio	**305%**	568%	575%
Profitability Ratios			
Net Loss Margin	**(46%)**	(23%)	(4%)
Gross Margin	**24%**	25%	18%
Operating Margin	**(48%)**	(23%)	(4%)
Return on Total Assets	**(15%)**	(9%)	(1%)
Return on Equity	**(62%)**	(49%)	(8%)
Debt Ratios			
Debt-to-Equity Ratio	**2.93x**	5.97x	5.82x
Interest Coverage Ratio	**(22.37x)**	(6.42x)	(2.18x)

Liquidity Ratios

Current Ratio and Quick Ratio for the year ended December 31, 2023, were 37% and 33%, respectively. Current Ratio remains the same from prior period while the quick ratio slightly decreased by 1%.

Asset-to-Equity Ratio

There is a decrease in the asset-to-equity ratio from 568% as of December 31, 2022, to 305% as of December 31, 2023 due to the decrease in total assets as of December 31, 2023.

Profitability Ratios

For the year ended December 31, 2023, the Group recorded net loss attributable to equity holders of Xurpas Inc. amounting to ₱86.41 million which resulted to net loss margin, operating margin, return on total assets and return on equity of (46%), (48%), (15%) and (62%). Gross margin slightly decreased to 24% in 2023 from the 25% gross margin in 2022.

Debt Ratios

Debt to equity ratio on December 31, 2023 decreased to 2.93x from 5.97x as of December 31, 2022. The decrease in the gearing ratio was attributed to the lower liabilities as of December 31, 2023. Interest coverage ratio for the year 2023, was at negative 22.37x compared to negative 6.42x in 2022.

The manner by which the Company calculates the foregoing indicators is as follows:

Current Ratios	
1. Current ratio	Current assets / Current liabilities
2. Quick ratio	Current assets – Other current assets / Current liabilities
Asset-to-equity Ratio	Total assets / Total equity attributable to Parent Company
Profitability Ratios	
6. Net income ratio	Net income attributable to Parent Company / Service income + Sale of goods
7. Gross margin	(Service income + Sale of goods) – (Cost of services + Cost of goods sold) / Service income + Sale of goods
8. Operating margin	Earnings before interest, tax, depreciation and amortization / Service income + Sale of goods
9. Return on total assets	Net income attributable to Parent Company / Average total assets
10. Return on total equity	Net income attributable to Parent Company / Average total equity attributable to the Parent Company

Other Disclosures:

viii. Liquidity. To cover its short-term funding requirements, the Group intends to use internally generated funds, obtain additional advances from its stockholders, and negotiate for longer payment terms for its payables.

ix. Events that will trigger Direct or Contingent Financial Obligation. There are no events that will trigger direct or contingent financial obligations that are material to the Group, including and default or acceleration of an obligation.

x. Material Off-balance sheet Transactions, Arrangements, Obligations. Likewise, there were no 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.

xi. Material Commitments for Capital Expenditure. There are no material commitments for capital expenditures.

xii. Material Events/ Uncertainties. There are no new trends, events, or uncertainties that are expected to have a material favorable or unfavorable impact on the Group's revenues from continuing operations.

xiii. Results of Operations. There were no significant elements of income or loss that did not arise from continuing operations.

xiv. Seasonality. The Group is not subject to seasonality.

Full year 2022 compared with 2021

2022 is the year where the nation gradually shifted its focus from COVID-response to economic recovery. Businesses, schools and tourism were finally reopened at their almost full capacities in an attempt to regain their pre-pandemic standing. This has been evident by the increase of the country's Gross Domestic Product (GDP) to 7.6% in 2022 compared with the 5.6% growth in 2021, per Philippine Statistics Authority.

However, there were other external factors that inhibited the full progress towards economic recovery of the country especially during the last quarter of the year. High inflation, rising interest rates and weakening of the Philippine Peso versus various foreign currencies were evident by the end of 2022 which affected economic performance. It is also this year when cryptocurrencies entered a difficult period of declining prices – the crypto winter. The drop in the value was steep by almost 70% for Bitcoin and Ethereum by the end of the year. The abovementioned variables made an impact in the Group's financial situation having assets and liabilities that require mark to market valuation. As the Group has 1) investment in subsidiaries and associates which have foreign functional currencies 2) liabilities denominated in US Dollar and 3) cryptocurrencies, the Company has to ensure that these assets and liabilities are measured at their fair value based on current market conditions at year-end. All these resulted to the recognition of unrealized forex losses, revaluation losses, and impairment of goodwill for an affiliate. However, it is noteworthy to mention that excluding these uncontrollable and one-off expenses by the Group, an improvement can still be seen in the Company's operational performance in 2022, compared with the previous year.

Notwithstanding this, the Group continues to strive and put vigorous efforts to further strengthen and build its businesses. The Group continues to see a lot of opportunities and continues to provide services to the market to jumpstart their digital transformation given its high and growing demand even at post-pandemic. Plans to continue strengthening its enterprise service business by focusing on IT staff augmentation, further growing its services under custom software development and business solutions and seizing opportunities brought by Web 3.0 are consistently aligned with the strategies being undertaken by the Group which involves geographical, operational and product expansion.

Financial Summary

Key Financial Data In PhP Millions	For the years ended December 31					
	2022		2021		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Revenues						
Mobile consumer services	15.68	7%	40.55	19%	(24.87)	(61%)
Enterprise services	167.81	74%	117.57	56%	50.24	43%
Other services	43.83	19%	51.91	25%	(8.08)	(16%)
Total Revenues	**227.32**	**100%**	**210.03**	**100%**	**17.29**	**8%**
Cost of Services	169.79	75%	158.88	76%	10.92	7%
Cost of Goods Sold	-	0%	13.93	7%	(13.93)	(100%)
Gross Profit	**57.53**	**25%**	**37.22**	**18%**	**20.30**	**55%**
General and Administrative Expenses	150.90	66%	85.25	41%	65.65	77%
Equity in Net Losses of Associates	4.28	2%	0.32	0%	3.96	1,238%
Finance Costs and Other Income - Net	(26.00)	(10%)	(19.22)	(9%)	6.77	35%
Loss Before Income Tax	**(71.66)**	**(32%)**	**(29.12)**	**(14%)**	**42.54**	**146%**
Provision for (Benefit from) Income Tax	4.24	2%	(2.96)	(1%)	7.20	243%
Net Loss	**(75.90)**	**(33%)**	**(26.16)**	**(12%)**	**49.74**	**190%**
Other Comprehensive Income (Loss)	(46.89)	(21%)	13.60	6%	(60.49)	(445%)
Total Comprehensive Loss	**(122.79)**	**(54%)**	**(12.56)**	**(6%)**	**110.23**	**878%**

	Dec. 31, 2022 Amount	Dec. 31, 2021 Amount	Amount Change	% Increase (Decrease)
Total Assets	602.66	605.94	(3.28)	(1%)
Total Liabilities	633.36	613.85	19.51	3%
Total Capital Deficiency	(30.70)	(7.91)	22.79	288%

The Group's total revenue in 2022 was ₱227.32 million, an 8% increase from results in 2021. Despite the improvement in revenues, due to external factors discussed, net loss was at ₱75.90 million in 2022 (a 190% deterioration in comparison to the ₱26.16 million net loss in 2021). Majority of the increase in revenue was driven by enterprise services which generated ₱167.81 million or 74% of the total revenue. This was followed by other services and mobile consumer services which generated ₱43.83 million (19% of total revenues) and ₱15.68 million (7% of total revenues), respectively in 2022.

The blended cost of services in 2022 went up from ₱158.88 million to ₱169.79 million as compared to 2021 which is consistent with the increase in revenues primarily under IT staff augmentation. The increase is also contributed by the substantial increase of outside services of AllCare in correlation to its increase in revenue for 2022.

Gross margin on total revenues went up significantly by 55% from a gross profit of ₱37.22 million during 2021 to a gross profit of ₱57.53 million in 2022 and is driven by the increase in revenues for the period. There was also an increase in the overall gross profit margin to 25% in 2022 from 18% in 2021.

General and administrative expenses (GAEX) increased by 77%, from ₱85.25 million in 2021 to ₱150.90 million in 2022. The increase is largely caused by non-recurring operating expenses incurred for the year such as provision for impairment losses, unrealized foreign exchange losses, and write-offs of receivables which are non-cash expenses amounting to ₱53.17 million. In addition, salaries and wages also contributed to the increase in 2022 GAEX due to additional management and manpower which is imperative to continuously achieve growth and to be able to implement expansion as part of the Company's plan.

Excluding the non-recurring expenses incurred, pre-tax operating loss is lower by 22% in 2022 compared with the previous year. Non-recurring expenses pertaining to unrealized forex and impairment losses and write-offs amount to ₱53.17 million in 2022 compared with the ₱5.48 million figure in 2021. These non-recurring, non-cash expenses are largely brought by uncontrollable external factors.

	2022	2021	Amount Change	% Increase (Decrease)
Loss before tax	(71.66)	(29.12)	(42.54)	146%
Exclude:				
Non-recurring expenses	53.17	5.48	47.69	871%
Loss before tax excluding non-recurring expenses	**(18.49)**	**(23.64)**	**5.15**	**-22%**

The Company also shares in the recorded net losses of its associate companies, which amounted to ₱4.28 million for the year ended December 31, 2022 (a 1,238% increase from 2021).

Consolidated total assets decreased from ₱605.94 million as of December 31, 2021 to ₱602.66 million as of December 31, 2022. Despite the impairment of Storm assets and investment goodwill in MBL, the Group saw minimal change in total assets due to the compensating increase in working capital assets particularly from mobile consumer and enterprise services segments.

Consolidated total liabilities also went slightly higher by 3% from ₱613.85 million as of December 31, 2021 to ₱633.36 million as of December 31, 2022 largely due to the foreign exchange revaluation of foreign-denominated payables like advances from stockholders and constructive obligations of ODX. Lastly, consolidated capital deficiency went up to ₱30.70 million as of December 31, 2022, from a capital deficiency of ₱7.91 million in 2021 mainly due to the total comprehensive loss recognized by the Group in 2022 amounting to ₱122.79 million, a result of the mark to market valuation of the assets due to the deterioration of the Philippine peso vis-à-vis US Dollar and Singapore dollar; and the drop in prices of Bitcoin and Ethereum.

Segment Financial Performance

For the year ended December 31, 2022	Mobile Consumer Services	Enterprise Services	Other Services	Intersegment Adjustments	Consolidated
Total Service Revenues	**17.42**	**219.75**	**43.83**	**(53.68)**	**227.32**
Operating expenses	26.91	306.12	84.81	(97.15)	320.69
Equity in net losses of associates	-	-	-	4.28	4.28
Other charges (income) - net	(42.31)	19.25	1.86	(4.80)	(26.00)
Total Expenses (Other Income) - net	**(15.40)**	**325.37**	**86.67**	**(97.67)**	**298.98**
Operating Income (Loss)	**32.82**	**(105.62)**	**(42.85)**	**43.99**	**(71.66)**
Benefit from (Provision for) Income Tax	(0.14)	(4.11)	0.01	-	(4.24)
Net Income (Loss)	**32.68**	**(109.73)**	**(42.84)**	**43.99**	**(75.90)**

Xurpas Group operates under mobile consumer services, enterprise services and other services, which refers to the business of Storm Technologies. Prior to eliminations, for the year ended December 31, 2022, the enterprise services generated the majority of the total revenues amounting to ₱219.75 million. This is followed by other services which amounted to ₱43.82 million revenues of Storm's subsidiary, AllCare, and mobile consumer services with a contribution amounting to ₱17.42 million.

Prior to eliminations, enterprise services and other services incurred net losses amounting to ₱109.73 million and ₱42.84 million, respectively. A significant contributor to the net loss of other services in 2022 is the suspension of the Flex Benefits operations of its subsidiary, Storm Technologies.

Conversely, mobile consumer services earned net income of ₱32.68 million primarily due to the gain from derecognition of long-outstanding payables of AOC amounting to ₱40.73 million. After effecting intersegment adjustments, enterprise services and other services improved its bottom line to ₱65.82 million and ₱42.37 million respectively, while mobile consumer services decreased to ₱32.29 million.

Profitability

For the year ended December 31, 2022, compared with the year ended December 31, 2021.

Revenues

The consolidated revenues of the Group for the year ended December 31, 2022, amounted to ₱227.32 million, an increase of 8% from ₱210.03 million of the previous year.

Segment	Description	Subsidiaries
Enterprise services	Revenues derived from the provision of mobile platform solutions to corporate and government clients, information technology (IT) staff augmentation and consultancy services, various enterprise solutions-based services to Telcos and other companies for network, platform and applications development	• Xurpas Enterprise • Xurpas Parent Company • Seer
Mobile consumer services	Revenues ultimately derived from providing mobile consumer services via the Telcos, as well as mobile marketing.	• Xurpas Parent Company
Other services	Revenues derived from services related to a membership-based marketplace which offers a variety of worker benefits – from insurance, health checks and wellness.	• AllCare

In PhP Millions	For the years ended December 31					
	2022		2021		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Revenues						
Enterprise services	167.81	74%	117.57	56%	50.24	43%
Mobile consumer services	15.68	7%	40.55	19%	(24.87)	(61%)
Other services	43.83	19%	51.91	25%	(8.08)	(16%)
Total Revenues	**227.32**	**100%**	**210.03**	**100%**	**17.29**	**8%**

In 2022, enterprise services generated the most revenues at ₱167.81 million or 74% of total revenues. The enterprise services segment is comprised of the following business units:

In PhP Millions	For the years ended December 31					
	2022		2021		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Enterprise Services						
IT staff augmentation	116.98	70%	90.67	77%	26.31	29%
Custom software development	46.49	28%	24.03	20%	22.46	93%
Business solutions	1.89	1%	0.58	1%	1.31	227%
Others	2.45	1%	2.29	2%	0.16	7%
Total Enterprise Services	**167.81**	**100%**	**117.57**	**100%**	**50.25**	**43%**

The growth in total revenues is primarily steered by the company's focus on growing its IT staff augmentation enterprise business which is 70% of the total enterprise revenue volume. This increased by 29%, from ₱90.67 million in 2021 to ₱116.98 million in 2022. This coming from a mere ₱16.14 million in 2020. Custom software development revenues comprising 28% of the total enterprise revenue, increased by 93%, from ₱24.03 million in 2021 to ₱46.49 million in 2022. Revenues from business solutions also increased by 227% from 2021 to 2022. Xurpas aims to improve further these revenue-generating segments by its ongoing expansion plans which will enable it to continue providing innovative solutions to its customers while expanding its global footprint.

In contrast, other services recorded a decrease in revenue amounting to ₱43.83 million (from ₱51.91 million in 2021) or a 16% decline as a result of the suspension of the Flex Benefits segment business of Storm. However, the ongoing expansion of AllCare, a majority-owned subsidiary of Storm Technologies, generated an increase in revenues of ₱17.47 million (66%), from ₱26.35 million for the year ended December 31, 2021 to ₱43.83 million in 2022. Revenues generated by mobile consumer services also decreased amounting to ₱15.68 million (61%) from the previous year.

Expenses

In PhP Millions	For the years ended December 31					
	2022		2021		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Expenses						
Cost of Services	169.79	53%	158.88	62%	10.92	7%
Cost of Goods Sold	-	0%	13.92	5%	(13.92)	(100%)
General and Administrative Expenses	150.90	47%	85.25	33%	65.65	77%
Total Expenses	**320.69**	**100%**	**258.05**	**100%**	**62.64**	**24%**

The Group's consolidated expenses during the year ended December 31, 2022 amounted to ₱320.69 million, a 24% increase from the same period of the previous year at ₱258.05 million. In 2022, only cost of services and GAEX accounted for the total expenses.

<u>*Cost of Services*</u>

In PhP Millions	For the years ended December 31					
	2022		2021		Amount Change	% Increase (Decrease)
	Amount	%	Amount	%		
Cost of Services						
Salaries, wages and employee benefits	113.14	67%	91.27	58%	21.87	24%
Outside services	29.18	17%	16.67	10%	12.51	75%
Outsourced services	16.25	10%	35.47	22%	(19.22)	(54%)
Depreciation and amortization	6.15	4%	7.41	5%	(1.26)	(17%)
Others	5.07	3%	8.06	5%	(2.99)	(37%)
Total Expenses	**169.79**	**100%**	**158.88**	**100%**	**10.92**	**7%**

The cost of services in 2022 amounted to ₱169.79 million, an increase from the ₱158.88 million in 2021. 67% of the cost of services came from salaries and wages, and outside services which amounted to ₱113.14 million and ₱29.18 million, respectively; and recorded a 24% and 75% increase. This is pushed by the increase in manpower relating to IT staff augmentation and higher outside services by AllCare due to the increase in benefits and claims resulting from the growth in revenue during the period.

<u>*Cost of Goods Sold (COGS)*</u>

The Group recorded COGS amounting to nil and ₱13.92 million for the years ended December 31, 2022 and 2021, respectively. The COGS is directly attributable to the Flex Benefits operations of Storm which was suspended in 2022.

General and Administrative Expenses (GAEX)

In PhP Millions	For the years ended December 31					
	2022		2021		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
General and Administrative Expenses						
Provision for impairment losses and loss on write off	50.17	33%	2.63	3%	47.54	1,807%
Salaries, wages and employee benefits	44.56	30%	31.46	37%	13.10	42%
Outsourced services	5.96	4%	1.03	1%	4.93	479%
Marketing and promotions	7.16	5%	4.57	5%	2.59	57%
Professional fees	14.17	9%	15.78	19%	(1.61)	(10%)
Others	28.88	19%	29.76	35%	(0.88)	(3%)
Total Expenses	**150.90**	**100%**	**85.25**	**100%**	**65.65**	**77%**

General and administrative expenses relating to the Group's operations, for the year 2022, amounted to ₱150.90 million, higher by 77% compared to previous year's level of ₱85.25 million. The significant change in this account was caused by the following:

- Provision for impairment loss accounted for 33% in 2022 and increased by 1,807% vis-à-vis in 2021. During the year, the Company wrote down and provided allowance for the impairment of Storm's assets amounting to ₱17.05 million, due to the suspension of its flex benefits operations. A provision was also recognized for the impairment of the Company's investment in MicroBenefits, an associate, amounting to ₱24.97 million. There is an unrealized foreign exchange loss on the advances of the Founders, amounting to ₱8.79 million.
- Salaries and wages accounted for 30% in 2022 and increased by 42% vis-à-vis in 2021 due to the related increase in manpower for the year. Additional executives and managers were brought in the Company and are deemed essential for the Company's growth and expansion.
- Higher marketing and promotions were incurred in 2022 due to the continuing expansion of AllCare for its HMO and pre-need employee benefits business.
- Professional fees and other expenses, on the other hand, decreased by 10% and 3% respectively due to continuous cost reduction efforts of the management compared with the last year.

Equity in Net Losses of Associates

The equity of the Group in the net losses of its associate companies for the year ended December 31, 2022, amounted to ₱4.28 million, 1,238% higher compared to the ₱0.32 million share in net losses for the comparable period. 9Lives generated net income for the period but was offset by the losses incurred by other associates, Altitude SG and MicroBenefits.

Finance Costs– net

For the year ended December 31, 2022 and 2021, the Group posted a slight 1% increase in finance costs of ₱9.20 million and ₱9.15 million, respectively.

Other Income – net

For the year ended December 31, 2022, the Group recognized other income, net amounting to ₱35.20 million. The increase in this account was attributable to higher gain from derecognition of long-outstanding payables amounting to ₱40.91 million, 111% higher than in 2021. These payables mainly pertain to AOC. The said gain was partially reduced by the increase in FOREX loss amounting to ₱7.45 million, also higher by 53% in 2022 than in 2021.

Loss before Income Tax

The Group's loss before taxes for the year ended December 31, 2022, resulted to ₱71.66 million. The loss before income tax for the Group increased by 146% from the ₱29.12 million loss before income tax in 2021.

Should the Company exclude the one-off transactions incurred in 2022 and in 2021, the Company's pre-tax operational loss improved by 22% from the previous year.

	2022	2021	Amount Change	% Increase (Decrease)
Loss before tax	(71.66)	(29.12)	(42.54)	146%
Exclude:				
Non-recurring expenses	53.17	5.48	47.69	871%
Loss before tax excluding non-recurring expenses	**(18.49)**	**(23.64)**	**5.15**	**-22%**

Provision for (Benefit from) Income Tax

The Group recognized ₱4.24 million provision for income tax for the year ended December 31, 2022 vis-à-vis the ₱2.96 million benefit from income tax in 2021. Provision for income tax mainly pertains to enterprise services segment incurring income tax expense amounting to ₱4.11 million.

Net Loss

The Group posted a consolidated net loss of ₱75.86 million for the year ended December 31, 2022, an increase in net loss of 190% from the previous year's ₱26.16 million loss.

Other Comprehensive Income (Loss)

In 2022, the Group posted a ₱46.93 million in other comprehensive loss mainly from cumulative translation adjustment and revaluation of cryptocurrencies amounting to ₱32.31 million and ₱20.78 million respectively. This figure was a 445% decline from the 2021 other comprehensive income of ₱13.60 million. This decline was generally caused by the deterioration of the Philippine peso against foreign currencies and the decrease in the fair value of cryptocurrencies which can be seen in the below table.

	Foreign exchange rates		**Cryptocurrency price**	
	USD to PhP	**SGD to PhP**	**BTC**	**ETH**
December 31, 2021	USD1.00 to ₱50.77	SGD1.00 to ₱37.55	USD46,220	USD3,683
December 31, 2022	USD1.00 to ₱55.76	SGD1.00 to ₱41.58	USD16,537	USD1,197

Total Comprehensive Income (Loss)

For the year ended December 31, 2022, the Group's total comprehensive loss amounted to ₱122.79 million, which deteriorated in relation to the total comprehensive loss of ₱12.56 million for the year ended December 31, 2021.

Financial Position

As of December 31, 2022, compared to December 31, 2021.

Assets

Cash

The Group's consolidated cash amounted to ₱63.31 million for the year ended December 31, 2022. This is a net increase of 76% or ₱27.36 million from the consolidated cash of ₱35.95 million as of December 31, 2021 which is mainly due to the capital infusion that occurred early in 2022.

Accounts and Other Receivables

The Group's consolidated accounts and other receivables amounted to ₱96.71 million and ₱66.54 million as of December 31, 2022 and 2021, respectively. The increase of ₱30.13 million was primarily attributed to the increase of trade receivables for the period, as a result of the increase in enterprise revenues. Out of the consolidated accounts and other receivables, 81% or ₱78.35 million pertains to trade receivables – net and ₱32.31 million or 41% of the trade receivables – net is collectible from Globe Telecom.

Contract Assets

The Group's consolidated contract assets increased by ₱19.54 million from ₱29.76 million as of December 31, 2021 to ₱49.30 million as of December 31, 2022 due to increase in staff augmentation projects and revenues. Out of the consolidated contract assets, 73% or ₱35.98 million pertains to Globe Telecom.

Other Current Assets

As of December 31, 2022, the Group's consolidated other current assets totaled ₱15.07 million, a decrease of ₱6.01 million or 29% from its previous level on December 31, 2021 of ₱21.09 million. Prepaid expenses, creditable withholding taxes and input VAT comprise majority of other current assets. Decrease during the period was primarily due to the recognition of impairment loss for the other current assets of Storm.

Financial assets at FVOCI

This account pertains to quoted and unquoted equity investments in Club Punta Fuego and Zowdow Inc. As of December 31, 2022, carrying value and net unrealized loss on financial assets at FVOCI recognized in the consolidated statement of financial position amounted to ₱1.20 million, a 100% increase compared to the 2021 balance of ₱0.60 million resulting from the price appreciation of Club Punta Fuego club shares.

Investment in and Advances to Associates

As of December 31, 2022, the Group's consolidated investment in associates decreased from ₱336.22 million as of December 31, 2021, to ₱294.97 million. The substantial decline in the carrying amount of this account was brought about by the following factors:

- Equity in net losses of associates recognized by the Group amounted to ₱4.28 million, 1,238% higher than in 2021;

- Share in other comprehensive loss of associates from cumulative translation adjustment amounted to ₱12.00 million, 199% higher than in 2021. The increase was caused by the deterioration of the Philippine peso against foreign currencies; and
- The Group recognized impairment loss on its investment in MBL amounting to ₱24.97 million.

The breakdown of the carrying amounts of these investments are as follows: Micro Benefits Limited (₱232.35 million), Altitude Games Pte Ltd. (₱20.43 million), and SDI (₱20.10 million). Further, advances to SDI as of December 31, 2022 amounted to ₱22.08 million.

Property and Equipment

The Group's consolidated property and equipment was ₱5.61 million as of December 31, 2022, vis-à-vis ₱4.66 million as of December 31, 2021. The Group acquired property and equipment amounting to ₱4.25 million as of December 31, 2022. Depreciation expense amounted to ₱3.24 million and ₱2.38 million for the year ended December 31, 2022, and 2021, respectively.

Right-of-use (ROU) Asset

Right-of-use asset as of December 31, 2022 and 2021 amounted to ₱0.17 million and ₱1.17 million, respectively. Depreciation expense pertaining to ROU asset amounted to ₱1.01 million for the year ended December 31, 2022.

Intangible Assets

As of December 31, 2022, intangible assets amounted to ₱63.11 million which decreased from the ₱88.51 million balance as of December 31, 2021. This is composed of goodwill, developed software, and cryptocurrencies.

- Goodwill pertains to excess of the acquisition cost over the fair value of the identifiable assets and liabilities of companies acquired by the Group. As of December 31, 2022, goodwill was at ₱48.22 million.
- Developed software pertains to corporate application software and licenses and other VAS software applications that are not integral to the hardware or equipment. As of December 31, 2022, net book value of developed software was ₱1.07 million. Additions and amortization of developed software for the year ended December 31, 2022 amounted to ₱1.10 million and ₱6.15 million, respectively. The Group also recognized impairment loss amounting to ₱1.02 million as a result of the suspension of Storm's Flex Benefits operations.
- Cryptocurrencies pertain to units of Bitcoin and Ethereum held by the Group as of December 31, 2022, valued at ₱13.55 million. Revaluation surplus recorded under "Other Comprehensive Losses" in 2022 amounted to ₱20.78 million.

Other Noncurrent Assets

Other noncurrent assets amounted to ₱13.52 million as of December 31, 2022 vis-à-vis the ₱21.43 million balance as of December 31, 2021. The decrease of 37% is caused by the provision of impairment loss on the noncurrent assets of Storm.

Liabilities

Accounts and Other Payables

The payables comprise of other payables, trade payables, payable to related parties, nontrade payables, accrued expenses, deferred output VAT and taxes payables.

The Group’s consolidated accounts and other payables was at ₱386.68 million as of December 31, 2022. The increase of 1% or ₱4.98 million from the ₱381.70 million balance as of December 31, 2021 is primarily due to the FOREX revaluation of the constructive obligation of ODX. Higher output VAT driven by the growth in revenues also contributed to the increase in total accounts and other payables.

Advances from Stockholders

This account pertains to the loan agreements entered by the Parent Company in 2017 and 2019 amounting to ₱152.35 million and ₱143.56 million as of December 31, 2022 and 2021. The increase was brought about by FOREX revaluation of one of the loan agreements which is denominated in US Dollar.

Loans Payable

The Group recorded ₱33.82 million and ₱29.73 million in current loans as of December 31, 2022 and 2021, respectively. This is mainly attributable to the loans of subsidiaries, Storm and Seer which are interest-bearing and short-term. The increase was due to the reclassification from noncurrent liability of Storm loans payable that will fall due in 2023.

Contract Liabilities

The Group’s consolidated contract liabilities as of December 31, 2022, amounted to ₱34.45 million, an increase of 34% from the December 31, 2021 figure of ₱25.76 million. The increase in this account was the result of the growing HMO business of AllCare.

Current Portion of Lease Liability

The Group recognized a lease liability for its office space in Antel. Current portion of the lease liability as of December 31, 2022 amounted to ₱0.17 million. As of the yearend, no noncurrent portion was recognized since the lease contract ends in April 2023.

Loan Payable – net of current portion

This account pertains to the noninterest bearing loan agreement entered by Storm amounting to₱17.32 million. The loan is payable in monthly installments over one (1) to five (5) years. As of December 31, 2022, outstanding balance of the loan amounted to ₱11.57 million of which ₱4.56 million was classified as noncurrent.

Deferred tax liability

Deferred tax liability as of December 31, 2022 amounted to ₱3,323 which pertains to the deferred tax on Xurpas’ lease liability.

Pension Liability

The accrued pension of the Group amounted to ₱21.31 million and ₱22.83 million as of December 31, 2022 and 2021, respectively. The decrease was caused by the resignation of a key management personnel in 2022 partially offset by the increase in manpower for the Company's IT staff augmentation operations.

Capital Deficiency

Total Capital Deficiency

The Group recorded total capital deficiency of ₱30.70 million as of December 31, 2022, a 288% increase from December 31, 2021 with a figure of ₱7.91 million. This was mainly due to the total comprehensive loss incurred during the year which was materially affected by (1) impairment of investment in MBL; (2) impairment of Storm assets; and (3) the decreases in foreign exchange rates and cryptocurrency prices. This was partially negated by the capital infusion that occurred in the first quarter of 2022.

Outlook for 2023

Aligned with the country's steps to recover and grow economically in 2023, Xurpas continues to expand and build its business as it takes advantage of the widening of digital adoption or a shift to digitization not just in the country but the world post-pandemic.

Consistent with last year's plans, the Group is maintaining its focus and efforts on IT Staff Augmentation, growing its products and services under custom software development and business solutions and seizing opportunities brought by Web 3.0. In order to achieve these objectives, the Group aligned some strategies to better maximize its competitive advantage. These strategies involve i) geographical -–extending presence beyond the country's borders ii) operational– streamlining its operations and reinforcing marketing efforts with digital marketing and iii) product expansion– focusing on the latest technological advances, including machine learning and artificial intelligence.

1. IT Staff Augmentation: The demand continues to increase for IT staff augmentation year-on-year and is proven by the continuing increase in revenues for 2022 since it was launched. The Company believes that the increased requirements of both private companies and public entities for digital transformation, especially in a post COVID environment, creates multiple opportunities for its enterprise business. This also led to the Group's decision to expand its digital influence geographically to cover other markets in need of their services even beyond the country's borders. In 2023, the Company has announced its plans to establish its presence in Australia, with the aim of introducing its product offerings to larger markets.

2. Custom Software Development: As technology becomes increasingly ingrained in a lot of businesses, the demand to adopt digital transformation has also been increasing for the custom software development business. It has been one of their top priorities as they focus to keep up with these technological changes in order to stay relevant and competitive in the market. The Group has observed an increase in demand for its custom software development in 2022 where revenues substantially increased by 131% from last year. With this, Xurpas will continue to take this opportunity to maximize its expertise in providing these types of services in the market.

3. Digital Business Solutions: As the Company aims to curate a regional marketplace of B2B software services and products, it is targeting to cater the large untapped SME Market. Xurpas will help these companies enable their digital transformations by providing tools and solutions to address their business needs in financial, production/manufacturing, people, marketing, sales, and customer management. These products will provide similar functionalities and benefits as global brands used by multinationals and large local companies, but will be offered at a significantly lower-cost, to accommodate the budgets of local SMEs. These SMEs comprise a large percentage of the market. Xurpas shall implement this with a curated technology platform and an ecosystem of partners. Incorporation of Xurpas Software, Inc. is one of the actions being undertaken to fulfill this objective. This will focus on providing business solutions of various technological products and services to different industries from different scales.

4. Web 3.0: This is the third generation of web services and the next stage in the evolution of the internet. Web 3.0 will largely be built on three new layers of emerging technologies – edge computing infrastructure (superfast 5G data speeds), decentralized data infrastructure (data formats and software that are open, coupled with the advancements in blockchain technology) and Artificial Intelligence or AI driven services (expanding capabilities of AI and machine learning or ML). Xurpas shall leverage its existing global network going into Web 3.0 and shall tap the massive opportunity it offers for staff augmentation and custom development work.

As for the general and administrative expenses, Xurpas will continuously implement and monitor its cost reduction and containment program that would minimize or ensure efficient use of expenses such as rent, utilities, marketing and promotions, advertising, transportation and travel, advertising, and seminars and trainings. The current WFH arrangement of Xurpas provides another opportunity for Xurpas to further cut costs relating to rent, utilities, and the like.

Liquidity and Capital Resources

The Group's liquidity is primarily driven by cash flows from operating activities and cash reserves. The Group knows of no demands, commitments, events, or uncertainties that are reasonably likely to result in a material increase or decrease in liquidity. The Group is current on all its accounts. The Group has some bank debt through Storm Technologies and Seer Technologies Inc. which are short term in nature.

Cashflows

	For the years ended December 31	
	2022	2021
In PhP Millions	**Amount**	**Amount**
Net cash used in Operating Activities	(66.12)	(39.21)
Net cash used in Investing Activities	(6.40)	10.71
Net cash provided by Financing Activities	98.55	(3.79)
Effect of foreign currency exchange changes in cash	1.34	0.49
Net increase (decrease) in cash	27.36	(31.79)
Cash at beginning of period	35.95	67.74
Cash at end of period	**63.31**	**35.95**

Cash Flows from Operating Activities

In 2022, operating income before changes in working capital of ₱13.87 million was coupled with the corresponding decrease in working capital resulted in ₱62.11 million net cash used from operations. In consideration of the interest paid and received and income taxes paid, this resulted to a net cash used in operating activities of ₱66.12 million.

Cash Flows from Investing Activities

The Group's net cash used in investing activities for the year 2022 was ₱6.40 million compared to ₱10.71 million provided in 2021. This comprises payments of acquisition of property and equipment and intangible assets during the period.

Cash Flows from Financing Activities

The net cash provided by financing activities in 2022 was ₱98.55 million which increased from net cash used of ₱3.79 million in 2021 The cash provided by financing activities were mainly from the proceeds of the equity infusion that have transpired in the first quarter of 2022 amounting to ₱100.00 million and is slightly decreased by payment of loans and lease liabilities amounting to ₱1.04 million and ₱0.41 million respectively.

Capital Expenditure

The Group's capital expenditures for the year ended December 31, 2022 and 2021 amounted to ₱4.26 million and ₱5.20 million, respectively.

Key Financial Data In PhP Millions	**December 31, 2022 Additions**	**December 31, 2021 Additions**
Right-of-use Assets	-	2.01
Developed software	1.10	0.39
IT Equipment	4.07	2.44
Leasehold Improvements	-	0.32
Office Equipment	0.17	0.03
	5.34	**5.20**

Key Performance Indicators

The key performance indicators disclosed below present the financial performance of the Group as a whole. These are different from those in the supplemental schedule of the consolidated financial statements which were prepared only for the analysis of financial performance attributable to the Parent Company.

The following are the key performance indicators of the Group and its majority-owned subsidiaries:

In Percentage	For the years ended December 31		
	2022	2021	2020
Liquidity Ratios			
Current Ratio	**37%**	26%	31%
Quick Ratio	**34%**	23%	27%
Asset-to-Equity Ratio	**568%**	575%	613%
Profitability Ratios			
Net Loss Margin	**(23%)**	(4%)	(34%)
Gross Margin	**25%**	18%	5%
Operating Margin	**(23%)**	(4%)	(19%)
Return on Total Assets	**(9%)**	(1%)	(9%)
Return on Equity	**(49%)**	(8%)	(53%)
Debt Ratios			
Debt-to-Equity Ratio	**5.97x**	5.82x	6.09x
Interest Coverage Ratio	**(6.61x)**	(2.18x)	(5.92x)

Liquidity Ratios

Current Ratio and Quick Ratio for the year ended December 31, 2022, were 37% and 34%, respectively, an increase from their respective 26% and 23% figures as of December 31, 2021. The increase in both ratios was primarily from the increase of current assets of the Group for that period.

Asset-to-Equity Ratio

There is a decrease in the asset-to-equity ratio from 575% as of December 31, 2021, to 568% as of December 31, 2022 due to a higher increase in equity attributable to parent relative to the increase in assets as of December 31, 2022.

Profitability Ratios

For the year ended December 31, 2022, the Group recorded net loss attributable to equity holders of Xurpas Inc. amounting to ₱54.74 million which resulted to net loss margin, operating margin, return on total assets and return on equity of (23%), (23%), (9%) and (49%). On the other hand, gross margin increased to 25% in 2022 from the 18% gross margin in 2021.

Debt Ratios

Debt to equity ratio on December 31, 2022, increased to 5.97x from 5.82x as of December 31, 2021. The increase in the gearing ratio was attributed to the higher liabilities as of December 31, 2022. Interest coverage ratio for the year 2022, was at negative 6.61x compared to 2.18x in 2021.

The manner by which the Company calculates the foregoing indicators is as follows:

Current Ratios		
1. Current ratio	Current assets	Current liabilities
2. Quick ratio	Current assets – Other current assets	Current liabilities
Asset-to-equity Ratio	Total assets	Total equity attributable to Parent Company
Profitability Ratios		
1. Net income ratio	Net income attributable to Parent Company	Service income + Sale of goods
2. Gross margin	(Service income + Sale of goods) – (Cost of services + Cost of goods sold)	Service income + Sale of goods
3. Operating margin	Earnings before interest, tax, depreciation and amortization	Service income + Sale of goods
4. Return on total assets	Net income attributable to Parent Company	Average total assets
5. Return on total equity	Net income attributable to Parent Company	Average total equity attributable to the Parent Company

Other Disclosures:

i. Liquidity. To cover its short-term funding requirements, the Group intends to use internally generated funds, obtain additional advances from its stockholders, and negotiate for longer payment terms for its payables.
ii. Events that will trigger Direct or Contingent Financial Obligation. There are no events that will trigger direct or contingent financial obligations that are material to the Group, including and default or acceleration of an obligation.
iii. Material Off-balance sheet Transactions, Arrangements, Obligations. Likewise, there were no 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.
iv. Material Commitments for Capital Expenditure. There are no material commitments for capital expenditures.
v. Material Events/ Uncertainties. There are no new trends, events, or uncertainties that are expected to have a material favorable or unfavorable impact on the Group's revenues from continuing operations.
vi. Results of Operations. There were no significant elements of income or loss that did not arise from continuing operations.
vii. Seasonality. The Group is not subject to seasonality.

ITEM 7. Financial Statements

Please refer to the consolidated financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules.

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

There were no changes in and disagreements with accountants on accounting and financial disclosure.

Independent Public Accountants, External Audit Fees and Services

The consolidated financial statements of the Group as of December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022 were audited by SGV & Co., independent auditors, in accordance with Philippine Standards on Auditing (PSA).

SGV & Co. has acted as the Group's independent auditors since 2008. The Company has not had any material disagreement on accounting and financial disclosure with SGV & Co. for the periods stated above or during interim periods. SGV & Co. has neither shareholding in the Group nor any right, whether legally enforceable or not, to nominate persons or to subscribe to the securities of the Group. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

In relation to the audit and review of the Group's annual consolidated financial statement, the Audit Committee shall, among other activities, (i) evaluate significant issues reported by the external auditors in relation to the adequacy, efficiency and effectiveness of policies, controls, processes and activities of the Group; (ii) ensure that other non-audit work provided by the external auditors is not in conflict with their functions as external auditors; and (iii) ensure the compliance of the Group with acceptable auditing and accounting standards and regulation.

The aggregate fees billed for each of the last two calendar years for professional services rendered by the external auditor were **₱4.48 million** and **₱4.10 million** for 2024 and 2023, respectively.[3] The audit fees for 2025 are estimated to be at **₱4.51 million**. Services rendered include the audit of the financial statements and supplementary schedules for submission to SEC, tax consultancy and assistance in the preparation of annual income tax returns.

The Audit Committee recommends to the Board of Directors the appointment of the external auditor and the fixing of the audit fees. The Board of Directors and stockholders approve the Audit Committee's recommendation.

[3] **The Parent Company incurred audit fees amounting to ₱3.54 million and ₱3.23 million in 2024 and 2023, respectively. The Parent Company's audit fee for 2025 is estimated to be at ₱3.89 million.**

ITEM 9. Directors and Executive Officers of the Issuer

BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

The overall management and supervision of the Company is undertaken by the Board. The Board is composed of eight (8) members, four of whom are independent directors. The term of a director is one year from date of election and until their successors are elected and qualified.

The Company's Nominations Committee consults external search agencies or external databases, such as the Institute of Corporate Directors, to source qualified candidates for Board membership. The Company meticulously prepares a matrix to assess the qualifications of all candidates.

As of December 31, 2024, the composition of the Company's Board is as follows:

Name	Age	Citizenship	Position	Date/Year Position was Assumed
Jonathan Gerard A. Gurango	67	Filipino	Chairman and Chief Executive Officer	June 6, 2022
Alexander D. Corpuz	58	Filipino	Director, President, Chief Information Officer and Chief Finance Officer	February 1, 2019
Fernando Jude F. Garcia	51	Filipino	Director, Treasurer and Chief Technology Officer	November 26, 2001
Wilfredo O. Racaza	76	Filipino	Director	November 26, 2001
Imelda C. Tiongson	59	Filipino	Independent Director	May 7, 2020
Christopher P. Monterola	48	Filipino	Independent Director	November 14, 2022
Jonathan Juan DC Moreno	53	Filipino	Independent Director	August 9, 2023
Jonathan Jack R. Madrid	64	Filipino	Independent Director	February 11, 2025

Each of the Company's directors was elected to the Board during the Company's annual stockholders' meeting held on August 7, 2024. Each director shall remain in office until the next annual meeting of the stockholders of the Company or his or her removal or resignation as may be allowed under law.

The table below sets forth the Company's executive officers in addition to its executive directors listed above as of December 31, 2024:

Name	Age	Citizenship	Position
Mark S. Gorriceta	46	Filipino	Corporate Secretary and Chief Legal Officer
Ann Camille S. Ecleo	29	Filipino	Interim Chief Compliance Officer and Interim Chief Risk Officer
Jose Vicente T. Colayco	54	Filipino	Chief Operating Officer

The following discussion presents a brief description of the business experience of each of the Company's directors and executive officers.

Jonathan Gerard A. Gurango, Filipino, 67, has been an independent director of the Corporation since 2014. Mr. Gurango was appointed as the Chairman of the Board and the Chief Executive Officer of the Corporation effective June 6, 2022. Mr. Gurango has a solid track record in forming and running successful software companies. He founded Match Data Systems (MDS) in Seattle, USA in 1987, MDS Philippines in 1991, and MDS Australia in 1996. In 1999, he sold MDS to Great Plains Software, which was acquired by Microsoft in 2001. Mr. Gurango served as the Asia Pacific Regional Director for Microsoft Business Solutions until his retirement in 2003. He has since co-founded or coached several software start-ups and became President of the Philippine Software Industry Association until 2014.

He is presently the Chairman of the Capiz ICT Council, and a director of SERVIO Technologies, Digital Business Training Center Inc., TendoPay, Tonik Digital Bank, and the Mijares-Gurango Craniofacial Foundation. Mr. Gurango studied Industrial Engineering at the University of the Philippines, Diliman, Quezon City. He also studied Electrical Engineering at the University of Washington, Seattle, Washington, USA.

Alexander D. Corpuz, Filipino, 58, was appointed as Director and President of the Corporation effective February 1, 2019. He has also been the Corporation's Chief Finance Officer since 2014 and Chief Information Officer since 2018. Mr. Corpuz has 33 years of experience in the field of finance, ten years of which was in investment and commercial banking. He was Vice President of Bank of America in 2001, before serving as CFO for Liberty Telecoms, Information Gateway, Mañosa Group of Companies and Hatchd Inc. Mr. Corpuz holds a Bachelor of Science in Business Administration degree from University of the Philippines, Diliman, Cum Laude. He obtained his Masters in Business Management from the Asian Institute of Management, Makati City. He is a member of the Financial Executives Institute of the Philippines (FINEX) and the Management Association of the Philippines. He is Director/Treasurer of the Educhild Foundation Inc. .

Fernando Jude F. Garcia, Filipino, 51, has been the Chief Technology Officer and Director of the Corporation since November 2001. He was also appointed as Treasurer effective February 1, 2019. He also served as Corporate Secretary of the Corporation until December 2014. He created the Corporation's Griffin Platform, the mobile consumer content gateway and platform for all of the Corporation's mobile consumer content products and services. He also created the Corporation's modular middleware system that can easily integrate with any modern billing gateway. He is the chief engineer responsible for the Corporation's software architecture and systems integration. Examples of such systems and protocols are the following: SMS (CIMD2/EMI-UCP/SMPP), MMS (EIAF/MM7), Voice Services (SIP), Billing/IN (Diameter/UCIP/ParlayX2.1), Security (IPSEC), Publish-subscribe Systems and Video Streaming (RTMP/HLS) and blockchain technology (BTC/ETH). He is also responsible for architecting the Corporation's fully Cloud-based system infrastructure. Before founding the Corporation, he was a software developer in iAyala. Mr. Garcia holds a Bachelor of Science degree in Applied Physics from the University of the Philippines in Diliman, Quezon City.

Wilfredo O. Racaza, Filipino, 76, has been a Director of the Corporation since November 2001. Mr. Racaza has 49 years of marketing and finance experience under his belt. He worked with Mobil Oil Philippines for 15 years developing New Business through Resale Outlets and servicing Direct Commercial Consumers Accounts. He previously worked as an insurance executive in Manulife Financial Philippines for 33 years. He is a Registered Financial Consultant (Graduated Cum Laude in May 2015). He has garnered numerous accolades and multiple awards such as Branch of the Year recognitions and consistent top agency sales awards. He has been a consistent awardee at GAMA Philippines (General Agents and Managers Association) from 2003 to Present. Mr. Racaza holds a Bachelor of Science in Commerce Degree Major in Accountancy from Xavier University-Ateneo de Cagayan in Cagayan de Oro City. He is a CPA (Certified Public Accountant).

Imelda C. Tiongson, Filipino, 59, has been an Independent Director of the Corporation since May 7, 2020. She is a Governance and Fintech Advocate and currently serves as the President of Opal Portfolio Investments (SPV-AMC) Inc. She also holds positions as an Independent Director on several Boards, namely Raslag Corporation (a publicly listed solar power company), Prulife UK Ph., and Alipay Philippines. In addition to her corporate roles, she is actively involved in several advocacy organizations, including serving as a Trustee of the Institute of Corporate Directors (ICD), Chairwoman of the Governance Committee of the Management Association of the Philippines, Trustee of Fintech Alliance.ph, and Trustee of Womenbiz Ph. She is also a lecturer for various organizations, including the Institute of Corporate Directors and the Ateneo Graduate School of Business - Center for Continuing Education.

From December 2021 to September 2023, she became a committee member of the Bangko Sentral ng Pilipinas Open Finance Oversight Committee Transition Group, representing the Fintech Industry where she also held position as Chair of the Governance Committee. Open Finance Framework was submitted to the BSP during the launch in 2023.

Prior to leading OPAL SPV, she held senior executive positions at National Australia Bank and the Philippine National Bank, accumulating a total of 22 years of experience. Ms. Tiongson also contributed to the drafting of several digital/fintech-related laws as a member of the Technical Working Groups, including the Revised Corporation Code enacted in 2019 and the Financial Rehabilitation and Insolvency Act of 2010, Business Recovery as One and several Digitalization laws.

Ms. Tiongson obtained her Bachelor of Business in Accountancy from the Royal Melbourne Institute of Technology. She has also completed various master classes, including one on Remedial at the Asian Institute of Management (AIM), a Master Class in Blockchain/Cryptocurrency facilitated by Terrapinn, a Master Class in Risk/Audit conducted by the World Bank ICD, and a Master Class in Risk/Audit facilitated by the Alibaba Netpreneur Program.

Bartolome Silayan Jr., Filipino, 57, has been an independent director of the Corporation since May 7, 2020. He is currently the President of Phoenix One Knowledge Solutions Inc. ("Phoenix One"), a technology corporate training and solutions company which he started in 2005. He is also the President of Cafisglobal Inc, a boutique software services company serving clients in Australia. Prior to Phoenix One, he also founded Mind Stream Inc. in 2001, the franchise holder of NIIT, the largest technology education company from India. Before he became an entrepreneur, he was the Philippine Country Head of The Pillsbury company in 1997. He worked in Hongkong and China in 1994 as Marketing Manager for the Quaker Oats company handling the Gatorade brand. He finished BS Business Management from Ateneo de Manila University and obtained his MBA from Northwestern University's Kellogg school of management.[4]

Jonathan Jack R. Madrid, Filipino, 64, serves as an Independent Director for Xurpas, having been appointed in February11, 2025. Mr. Madrid has over two decades of executive experience in digital innovation, strategy, and business transformation. Prior to joining Xurpas, he served as Country Manager for Yahoo! Philippines and led Dell's US Consumer Tech Support operations from 2006 to 2009. He was also a Board Director of the Internet and Mobile Marketing Association of the Philippines (IMMAP). Earlier in his career, he held senior positions at Ayala Corporation, Citibank Hong Kong/Manila, MTV Philippines, and Multiply.com. He is a Co-Founder and former President of the Digital Commerce Association of the Philippines (DCOM).[5]

Christopher P. Monterola, Filipino, 48, has been an independent director of the Corporation since November 2022. He is currently the Head, Professor, and Aboitiz Chair in Data Science of the Aboitiz School of Innovation, Technology, and Entrepreneurship. He is also the Executive Managing Director and Principal Scientist of the Analytics, Computing, and Complex Systems Laboratory at the Asian Institute of Management and an Academician at the National Academy of Science and Technology.

Jonathan Juan DC Moreno, Filipino, 53, is an independent director of Xurpas. He is currently the President and Chief Executive Officer of AF Payments Inc. From 2014 to 2021, he was the Chief Strategy Officer of Metro Retail Stores Group Inc. (MRSGI). He was also affiliated with Palladium Group, Asia-Pacific from 2011 to 2015, and was the President and CEO of the Institute of Corporate Directors from 2010 to 2011. He was likewise the Vice President – Head, Corporate Governance Office and Chief Risk Officer of the Philippine Stock Exchange from 2007 to 2010. A former Navy officer and a graduate of the Philippine Military Academy, JJ has an MBA from the Asian Institute of

[4] Mr. Silayan has resigned as Independent Director of Xurpas effective February 10, 2025.
[5] Mr. Madrid was appointed as Independent Director of Xurpas effective February 11, 2025.

Management and Melbourne Business School (as an exchange student). He has likewise taken special courses in Yale School of Management, U.S.A and Nottingham University Business School, U.K.(under the Chevening Program). He is a graduate of the Advance Management Program at the IESE Business School, University of Navarra in Barcelona, Spain, was part of the First SGV-MAP NexGen CEO Transformative Leadership Program, a 9-month program for high-performing new and future CEOs below 50.[6]

Mark S. Gorriceta, Filipino, 46, has been the Corporate Secretary and Chief Legal Officer of the Corporation since 2014. He was the Chief Compliance Officer of the Corporation from 2018 to October 12, 2022. Atty. Gorriceta has been in the practice of law for sixteen years. He acts as legal counsel to several other listed companies, its subsidiaries or affiliates. Atty. Gorriceta also serves as Chief Legal Counsel and/or Corporate Secretary to several leading online and tech companies in the Philippines. He is the Managing Partner and head of the Corporate Group of Gorriceta Africa Cauton & Saavedra. A member of the Philippine Bar since 2005, he holds a Bachelor of Arts, Political Science degree from the Ateneo de Manila University. He also attended certificate courses in Finance at the Asian Institute of Management in Makati City. Atty. Gorriceta is a faculty member of the Ateneo de Manila University's Center for Continuing Education. He teaches Mergers & Acquisitions for the Advanced Module Diploma Course in Corporate Finance.

Jose Vicente T. Colayco, Filipino, 54, joined Xurpas in 2011 and is currently the Chief Operating Officer of the Company. Prior to this, he also served as the Chief Business Development Officer and Treasurer of the Company. Before joining Xurpas, Mr. Colayco was the co-founder and co-managing director of Digital Storm, Inc., a developer of online casual game platforms. He was a Managing Director of Information Gateway Inc., from 2004 to 2010, during which time he led the management of relationships with foreign and local licensors from the music, motion picture and game industries. Before that, he was Managing Director for EMI Music Philippines and Marketing Director for Sony Music Philippines. He holds a Bachelor of Arts degree in Philosophy and Religious Studies from Brown University, Magna Cum Laude. He obtained his Masters in Business Administration from Harvard Business School in Boston, Massachusetts.

Ann Camille S. Ecleo, Filipino, 29, is currently serving as the Interim Chief Compliance Officer and Interim Chief Risk Officer of Xurpas. She joined the Company in May 2023. Prior to her appointment at Xurpas, she worked as a Legal Assistant at Philippine Seven Corporation and completed her legal internship at the Public Attorney's Office. She holds a Juris Doctor degree from the University of the East, where she was a Dean's Lister and served as Managing Editor of the UE Law Journal. She also attended San Beda University. She passed the Bar Examination in 2022.

Significant Employees

While the Company values the contribution of each executive and non-executive employee, there is no non-executive employee that the resignation or loss of whom would have a significant adverse effect on the business of the Company. Other than standard employment contracts, there are no arrangements with non-executive employees that will assure the continued stay of these employees with the Company.

Family Relationships

Mr. Wilfredo O. Racaza, a non-executive director of Xurpas, is the father of Mr. Raymond Gerard S. Racaza, a principal shareholder of the Company.

There are no other family relationships between the current members of the Board and the key officers/principal shareholders other than the above.

[6] Mr. Moreno has resigned as Independent Director of Xurpas effective 1 May 2025.

Involvement in Certain Legal Proceedings

There are no material legal proceedings, bankruptcy petition, conviction by final judgment, order, judgment or decree or any violation of a securities or commodities law for the past five years to which any of its directors or executive officers is a party.

ITEM 10. Executive Compensation

Since its incorporation in 2001, the Company's directors (other than reasonable per diem for nonexecutive directors as discussed below) have not received any salary or compensation for their services as directors.

The following table summarizes the aggregate compensation received by the Chief Executive Officer, and top five (5) most highly compensated officers of the Company for the past five (5) years:

Name	Position	Estimated Salary	Bonus	Other	Total
Jonathan Gerard A. Gurango	Chief Executive Officer				
Alexander D. Corpuz	President, Chief Finance Officer & Chief Information Officer				
Fernando Jude F. Garcia	Treasurer & Chief Technology Officer				
Jose Vicente T. Colayco	Chief Operating Officer				

Total	2025 (Projected)	₱18,540,895.00	N/A	N/A	₱18,540,895.00
	2024	₱18,765,310.00	N/A	N/A	₱18,765,310.00
	2023	₱21,324,742.00	N/A	N/A	₱21,324,742.00
	2022	₱15,185,001.00	N/A	N/A	₱15,185,001.00
	2021	₱8,790,358.00	N/A	N/A	₱8,790,358.00
	2020	₱8,790,358.00	N/A	N/A	₱8,790,358.00
	2019	₱6,690,358.00	N/A	N/A	₱6,690,358.00

The total annual compensation consists of basic pay and other taxable income.

The Company's executive officers have no other remuneration aside from the compensation described above.

Compensation of Directors

Standard Arrangements

The directors receive a standard per diem of Php20,000.00 for every meeting attended, while the Chairman is entitled to a per diem of Php25,000 for every meeting, which may be adjusted, as decided by the Personnel and Compensation Committee. Non-executive directors have no compensation aside from their per diem, while directors who hold executive positions receive compensation discussed in Item 6, in addition to their per diem.

Other Arrangements

The Company has no other existing arrangements such as bonus, profit sharing, stock options, warrants, rights, or other compensation plans or arrangements with its directors.

Employment Contracts with Executive Officers

The Company does not have any compensatory plan or arrangements such as bonus, profit sharing, stock options, warrants, rights or other compensation plans or arrangements that results from the resignation, retirement of employment, or any other termination of an executive officer's employment with the Company, or from a change in control of the Company.

Warrants and Options Held by the Executive Officers and Directors

As of date, the Company does not have any stock options, warrants or similar plans for any of its directors or officers.

ITEM 11. Security Ownership of Certain Beneficial Owners and Management

Security ownership of certain record and beneficial owners

As of March 31, 2025, the Company is not aware of any person who is directly or indirectly the record or beneficial owner of more than 5% of the Company's capital stock except as set forth below:

Title of Class	Name and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares and Nature of Ownership (Direct or Indirect)	Percent of Class
Common	**Nico Jose S. Nolledo** Principal Shareholder	Nico Jose S. Nolledo	Filipino	730,213,914 (Direct and Indirect)	29.10%
Common	**Raymond Gerard S. Racaza** Principal Shareholder	Raymond Gerard S. Racaza	Filipino	375,765,960 (Direct)	14.97%
Common	**Fernando Jude F. Garcia** Director, Chief Technology Officer, Treasurer, Principal Shareholder	Fernando Jude F. Garcia	Filipino	564,803,840 (Direct)	22.50%
Common	**PCD Nominee Corp.**	PCD participants acting for themselves and for their customers[7]	Filipino	542,207,295 (Direct)	21.60%
Common	**PCD Nominee Corp.**	PCD participants acting for	Non-Filipino	254,013,508 (Direct)	10.12%

[7] Each beneficial owner of shares through a PCD participant is the beneficial owner to the extent of the number of shares in his account with the PCD participant. The Company has no record relating to the power to decide how the shares held by PCD are to be voted.

		themselves and for their customers[8]			

As of March 31, 2025, 11.68% of the outstanding shares of the Company are held by non-Filipino.

Security ownership of directors and management as of March 31, 2025

As of March 31, 2025, the Company's directors and executive officers own the following number of shares:

Title of Class	Name of Owner and Position	Citizenship	No. of Shares and Nature of Ownership (Direct or Indirect)	Percent of Class
Common	**Jonathan Gerard A. Gurango** Chairman and Chief Executive Officer	Filipino	1,192,499 (Direct)	0.05%
Common	**Alexander D. Corpuz** Director, President and Chief Information Officer	Filipino	1,000 (Direct)	0.00%
Common	**Fernando Jude F. Garcia** Director, Chief Technology Officer and Treasurer	Filipino	564,803,840 (Direct)	22.50%
Common	**Wilfredo O. Racaza** Director	Filipino	1,060 (Direct)	Nil
Common	**Imelda C. Tiongson** Independent Director	Filipino	1,000 (Direct)	Nil
Common	**Jonathan Jack R. Madrid** Independent Director	Filipino	10,000 (Direct)	Nil
Common	**Christopher P. Monterola** Independent Director	Filipino	1,000,000	0.05%
Common	**Jonathan Juan DC Moreno** Independent Director	Filipino	10,000	Nil
Total (Directors and Officers as a Group)			**567,019,399**	**22.6%**

Voting Trust Holders of 5% or More

The Company is not aware of any person holding 5% or more of the Company's shares under a voting trust or similar agreement.

Changes in Control

There was no change of control in the Company during the year. There are no existing provisions in the Company's Articles of Incorporation or By-Laws that will delay, defer, or in any manner prevent a change in control of the Company.

[8] Id.

ITEM 12. Certain Relationships and Related Transactions

The Company has regularly disclosed its related party transactions such as acquisition of shares in corporations in which the Company has interlocking directors or common stockholders, with the Securities and Exchange Commission and the Philippine Stock Exchange. In the conduct of its day-to-day business, the Company engages in related party transactions such as service and licensing agreements, always at arms-length and taking into consideration the best interest of the Company.

PART IV – CORPORATE GOVERNANCE

ITEM 13. Corporate Governance.[9]

Xurpas has implemented diverse initiatives to strengthen its corporate governance. Among these initiatives is the adoption of a robust risk management program, which underscores the Company's proactive stance in mitigating potential threats and safeguarding its operations. Through systematic risk identification, assessment, and mitigation strategies, the Company fortifies its resilience against uncertainties. This complements Xurpas' formulation of business contingency plans, ensuring preparedness and resilience in the face of unforeseen challenges. Additionally, the Board of Directors conduct an annual self-assessment evaluation to assess and refine governance practices. This introspective process enables the Company to identify strengths and areas for improvement, fostering a culture of continuous growth and learning.

The Board assumes responsibility for delineating the company's mission, vision, strategic objectives, and key policies, alongside crafting mechanisms for monitoring and evaluating management's performance. Additionally, the Board oversees the implementation and adequacy of internal control mechanisms. Furthermore, the establishment of a comprehensive Succession Planning framework reflects the Company's proactive stance in ensuring continuity and leadership stability.

The Company mandates the observance of its governance policies and procedures and adherence to its Revised Manual on Corporate Governance across all its subsidiaries. As a testament to the Company's commitment to corporate governance, the Company has consistently been a recipient of a Golden Arrow Award from the Institute of Corporate Directors since 2020.

[9] Pursuant to SEC Memorandum Circular No. 20 (Series of 2016), the Annual Corporate Governance Report (ACGR) for 2016 is no longer required to be attached herein. Further, pursuant to SEC Memorandum Circular No. 15 (Series of 2017), companies listed in the Philippine Stock Exchange by 31 December of a given year shall submit a fully accomplished I-ACGR on May 30 of the following year.

ITEM 14.

SUSTAINABILITY REPORT

Contextual Information

Company Details	
Name of Organization	Xurpas Inc.
Location of Headquarters	Unit 804 Antel 2000 Corporate Center 121 Valero St., Salcedo Village, Makati City
Location of Operations	Salcedo Village, Makati City
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	Xurpas Inc. and Subsidiaries
Business Model, including Primary Activities, Brands, Products, and Services	Develop, produce, sell, buy or otherwise deal in products, goods or services in connection with the transmission, receiving, or exchange of voice, data, video or any form or kind of communication
Reporting Period	December 31, 2024
Highest Ranking Person responsible for this report	Alexander D. Corpuz

BRIEF ON THE COMPANY

Xurpas Inc. is a Filipino owned corporation originally founded in 2001 to create and develop digital products and services for mobile end-users. Over the years, the Company has expanded its services to platform development and customization, system integration, mobile platform consultancy services, management of off-the-shelf application and social media related services. This includes Information Technology (IT) staff augmentation and various enterprise solutions-based services to Telcos and other companies for network and application development.

In December 2014, Xurpas was listed in the Philippine Stock Exchange (PSE:X).

The company's operation is supported by a diverse group of talented employees wherein a mechanism for employee participation was developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance process.

MISSION: To make world class Filipino technology products, and to put our country on the world technology map.

VISION: To become the biggest, most trusted IT solutions company in the Philippines.

MATERIALITY ASSESSMENT AND REPORTING PRACTICES

Given the need to operate in a sustainable manner, the Company aims to contribute positively in terms of its economic, environmental and social impacts. The material topics included in this report are limited to the operational matters which have direct and significant effects in relation to the Company's sustainability and the interest of its identified stakeholders (shareholders, employees, customers and suppliers).

As an Information Technology company, we identify that our main contribution to sustainability is providing digital transformation with our technical capabilities. With its expanding digital footprint, it promotes sustainability not just in its operations but also for society at large. The company is driven to contribute towards the economic and social aspects of sustainability by providing digital products and services produced by its empowered workforce.

This Sustainability Report has been prepared in reference to the globally accepted framework report namely, the Global Reporting Initiative (GRI) standards. The GRI standard covers the economic, environment and social impacts. Aside from that, this report identifies how the Company's operations contribute to the UN Sustainable Development Goals.

Economic disclosures pertain to the way in which the company utilizes its resources to contribute to the economy. It looks into the direct economic value of the company, climate related risks and opportunities, procurement practices and anti-corruption practices. Environmental disclosures, on the other hand, pertains to the management of natural resources (energy, water, and materials conservation) and how the negative impacts of operations to the environment are minimized. Lastly, the social disclosures talk about the Company's relationship with its stakeholders such as employees and customers. It talks about topics such as diversity of manpower complement, the benefits and trainings offered to the employees and the overall workplace environment. Aside from that, it also discusses topics such as customer management and data privacy/security.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	177,238,200	Php
Direct economic value distributed:		
a. Operating costs	73,484,653	Php
b. Employee wages and benefits	157,294,168	Php
c. Payments to suppliers, other operating costs	62,914,646	Php
d. Dividends given to stockholders and interest payments to loan providers	3,816,085	Php
e. Taxes given to government	2,656,333	Php
f. Investments to community (e.g. donations, CSR)	–	Php
Direct economic value retained:	(122,927,685)	Php

What is the impact and where does it occur? What is the organization's involvement in the impact	Which stakeholders are affected?	Management Approach
The Economic Performance of the Company impacts the business as a whole. Being profitable and having healthy liquidity stance result to strong business operations and provides opportunities for expansion and growth.	All stakeholders	As can be measured through its annual reports and financial statements, the Company assures all stakeholders to provide quality services for customers through continuous research and development that bring forth positive economic performance.
What are the Risk/s Identified?		
Internal Risks: Loss of customers, management risk, and financial risk **External Risks:** Regulatory risks, Stiff competition in the IT industry, and product obsolescence brought about by ever changing and upgrade of various technology solutions		To address these risks, Xurpas banks on the quality services that it provides its customers backed up by its management expertise and technological know-how.
What are the Opportunity/ies Identified?		
The pandemic that the world faces presently brings about realization on the importance of digital transformation across all businesses regardless of size. Limiting people's movement to their respective homes brought about a big demand for goods and services to become available online. Hence, the increase for the demand of digital transformation.		The continuous relationship building to its clientele base (new and existing) and other technology company opens up opportunities to grow the business not only in the local market but the international market as well. Also, these relationships provide information of relevant trends that may improve the offered services that may result to increased economic performance.

Climate-related risks and opportunities

Governance	Strategy	Risk Management	Metrics and Targets
The Company, as of date, does not have governance around climate-related risks and opportunities. Nevertheless, it strives to do implement sustainability in the organization whenever applicable.	Not Applicable	Not Applicable	Not Applicable
Recommended Disclosures			
The Board, as of date, does not oversee climate-related risks and opportunities.	Not Applicable	Not Applicable	Not Applicable
The Management, as of date, does not have any process for managing climate-related risks.	Not Applicable	Not Applicable	Not Applicable
	Not Applicable	Not Applicable	Not Applicable

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	98.06	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company recognizes the importance of interdependence of businesses such as the suppliers and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	Suppliers	The Company prefers to avail of goods and services locally due to its availability and lower cost. It also provides economic development to the suppliers.
What are the Risk/s Identified?		
Concentration risk that may result to shortage of supplies.		Having a diverse supplier base mitigates risk of shortage in supplies.
What are the Opportunity/ies Identified?		

Having good relationship with suppliers mutually benefits the Company and the supplier. This relationship may lead to an opportunity where Xurpas becomes a preferred customer and may have certain privileges offered by the supplier.		The Company continues to support local suppliers and be a credible customer by making timely payments for the goods and services provided.

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anticorruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	-	%
Percentage of directors and management that have received anti-corruption training	-	%
Percentage of employees that have received anti-corruption training	–	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company through its BOD and employees are duty-bound to apply high ethical standards, taking into account the interest of all stakeholders. This results to positive and trustworthy image for the Company.	All Stakeholders	The Company has established anti-corruption policy available to all stakeholders The Company expects everyone involved in the business to act in good faith at all times. For violations of this policy committed by employees, the Human Resources Department shall monitor, evaluate and impose the necessary penalties in the company's website.
What are the Risk/s Identified?		
The organization's employees are exposed to the risk of seeking financial and material advantages from its dealings with clients, suppliers, and the government.	Employees	
What are the Opportunity/ies Identified?		
Being regarded as an honest and professional business partner would strengthen relationships to customers and suppliers. This will help the company sustain its operations in the long run and support future plans for growth.	All Stakeholders	

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	-	#
Number of incidents in which employees were dismissed or disciplined for corruption	-	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	-	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Incidents of Corruption inside and outside the Company has a negative impact for the overall business operation and is not tolerated as a way of practice.	Employees	The Company has established anti-corruption policy available to all stakeholders The Company expects everyone involved in the business to act in good faith at all times. For violations of this policy committed by employees, the Human Resources Department shall monitor, evaluate and impose the necessary penalties in the company's website. *https://xurpasgroup.com/policies/*
What are the Risk/s Identified?		
Employees are exposed to the risk of seeking financial and material advantages from its dealings with clients, suppliers, and the government.		
What are the Opportunity/ies Identified?		
Having no incidents of corruption and promoting an honest business environment for all stakeholders can be beneficial to the Company. It will give a positive image and be regarded as a trustworthy business partner to its customers and suppliers. This will help the company sustain its operations in the long run and support future plan for growth.	All Stakeholders	

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	-	GJ
Energy consumption (gasoline)	-	GJ
Energy consumption (LPG)	-	GJ
Energy consumption (diesel)	-	GJ
Energy consumption (electricity)	13,372.00	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	–	GJ
Energy reduction (LPG)	–	GJ
Energy reduction (diesel)	–	GJ
Energy reduction (electricity)	–	kWh

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Reduction of energy consumption is being encouraged throughout the Company as it reduce utility expenses at the same time help the environment. Reducing energy consumption is seen to be a solution to minimize the emission of greenhouse gases in the atmosphere causing climate change.	Employees	As part of the Company's initiative to minimize expenses, employees are expected to act responsible and professionally in terms of incurring expenses. Employees are encouraged conserve energy whenever possible (e.g. making sure that lights and aircon in the conference rooms are turned off when not in use).
What are the Risk/s Identified?		
Instability of prices for fuel and other energy resources.	Suppliers and Employees	Given that the identified risk is an external factor in which the Company does not have control over. Hence, employees are encouraged conserve energy whenever possible.
What are the Opportunity/ies Identified?		
Given the work from home set up, the Company is able to reduce energy consumption in the office. The savings on electricity can be utilized for business expansion or projects involving employee welfare.	Stockholders and Employees	Employees are encouraged to save electricity whenever possible either in the office or at their own homes.

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	-	Cubic meters
Water consumption	61.00	Cubic meters
Water recycled and reused	-	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Like energy conservation, the Company encourages its employees to be mindful of their water consumption as it results to lower utility costs. Managing water resource properly maintains healthy aquatic environment, minimize water pollution and protects drinking water resources, etc.	Employees and Community	As part of the Company's initiative to minimize the expenses, employees are expected to act responsible and professionally in terms of incurring expenses. Employees are encouraged to be mindful in using water (e.g. All water faucets in the office should be turned off when not in use).
What are the Risk/s Identified?		
Shortage of water supply brought about by natural occurrence namely, drought.	Suppliers and Employees	Given that the identified risk is an external factor in which the Company does not have control over, the management encourages mindfulness to its employees in water usage.
What are the Opportunity/ies Identified?		
Given the work from home set up, the Company is able to reduce energy consumption in the office. The savings on water consumption can be utilized for business expansion or projects involving employee welfare.	Stockholders and Employees	Employees are encouraged to conserve water whenever possible either in the office or at their own homes.

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume	–	
Renewable	–	kg/liters
Non-renewable	–	kg/liters
Percentage of recycled input materials used to manufacture the organization’s primary products and services	–	%

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company is engaged in software development and other IT solutions thus the main operations don’t usually consume materials that may affect the services’ pricing and availability.	Customers and Suppliers	The Company ensures that its systems (hardware and software) are upgraded and in good condition. It also encourages recycling habits for other departments who utilizes consumable materials such as paper, office supplies, etc.
What are the Risk/s Identified?		
No identifiable risk in relation to sourcing materials that may have a big impact to the operations of the Company and the environment.	Not Applicable	Not Applicable
What are the Opportunity/ies Identified?		
No identifiable opportunity in relation to sourcing materials that may have a big impact to the operations of the Company and the environment.		

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	–	
Habitats protected or restored	–	ha
IUCN17 Red List species and national conservation list species with habitats in areas affected by operations	–	

<table>
<tr><th>What is the impact and where does it occur? What is the organization's involvement in the impact?</th><th>Which stakeholders are affected?</th><th>Management Approach</th></tr>
<tr><td>The property that is being leased by the Company is not within, or adjacent to any protected areas and areas of high biodiversity value outside protected areas.</td><td rowspan="5">Not Applicable</td><td rowspan="5">Not Applicable</td></tr>
<tr><th>What are the Risk/s Identified?</th></tr>
<tr><td>No risk identified since the Company's office is not located near protected areas of areas of high biodiversity.</td></tr>
<tr><th>What are the Opportunity/ies Identified?</th></tr>
<tr><td>No identifiable opportunity in relation to impact/involvement to the ecosystem and areas of high biodiversity.</td></tr>
</table>

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	–	Tonnes CO2e
Energy indirect (Scope 2) GHG Emissions	–	Tonnes CO2e
Emissions of ozone-depleting substances (ODS)	–	Tonnes

<table>
<tr><th>What is the impact and where does it occur? What is the organization’s involvement in the impact</th><th>Which stakeholders are affected?</th><th>Management Approach</th></tr>
<tr><td>Given the nature of the Company’s business, that is, software development and other IT services, it does not have a direct contribution to the emission of greenhouse gases in the environment. Nevertheless, it strives to work towards sustainable development.</td><td rowspan="5">Not Applicable</td><td rowspan="5">Not Applicable</td></tr>
<tr><th>What are the Risk/s Identified?</th></tr>
<tr><td>No identifiable risks since the Company is engaged in software development and does have a direct contribution to the emission of greenhouse gases in the environment.</td></tr>
<tr><th>What are the Opportunity/ies Identified?</th></tr>
<tr><td>No identifiable opportunities in relation to the topic since the Company is engaged in software development and does not have a direct contribution to the emission of greenhouse gases in the environment.</td></tr>
</table>

Air pollutants

Disclosure	Quantity	Units
NOx (Nitrogen Oxides)	–	kg
SOx (Sulfur Oxides)	–	kg
Persistent organic pollutants (POPs)	–	kg
Volatile organic compounds (VOCs)	–	kg
Hazardous air pollutants (HAPs)	–	kg
Particulate matter (PM)	–	kg

<table>
<tr><th>What is the impact and where does it occur? What is the organization's involvement in the impact?</th><th>Which stakeholders are affected?</th><th>Management Approach</th></tr>
<tr><td>Given the nature of the Company's business, that is, software development and other IT services, it does not contribute any air pollutant into the environment. Nevertheless, it strives to work towards sustainable development.</td><td rowspan="5">Not Applicable</td><td rowspan="5">Not Applicable</td></tr>
<tr><th>What are the Risk/s Identified?</th></tr>
<tr><td>No identifiable risks since the Company is engaged in software development and does not contribute air pollutants.</td></tr>
<tr><th>What are the Opportunity/ies Identified?</th></tr>
<tr><td>No identifiable opportunities since the Company is engaged in software development and does not contribute air pollutants.</td></tr>
</table>

<u>Solid and Hazardous Wastes</u>

<u>Solid Waste</u>

Disclosure	Quantity	Units
Total solid waste generated	-	kg
Reusable	-	kg
Recyclable	-	kg
Composted	-	kg
Incinerated	-	kg
Residuals/Landfilled	-	kg

<table>
<tr><th>What is the impact and where does it occur? What is the organization’s involvement in the impact?</th><th>Which stakeholders are affected?</th><th>Management Approach</th></tr>
<tr><td>Given the nature of the Company’s business, that is, software development and other IT services, it does not contribute any solid waste into the environment. Nevertheless, it strives to work towards sustainable development.</td><td rowspan="5">Not Applicable</td><td rowspan="5">Not Applicable</td></tr>
<tr><th>What are the Risk/s Identified?</th></tr>
<tr><td>No identifiable risks since the Company is engaged in software development and does not contribute solid waste into the environment.</td></tr>
<tr><th>What are the Opportunity/ies Identified?</th></tr>
<tr><td>No identifiable opportunities since the Company is engaged in software development and does not contribute solid waste into the environment.</td></tr>
</table>

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	–	kg
Total weight of hazardous waste transported	–	kg

<table>
<tr><th>What is the impact and where does it occur? What is the organization’s involvement in the impact?</th><th>Which stakeholders are affected?</th><th>Management Approach</th></tr>
<tr><td>Given the nature of the Company’s business, that is, software development and other IT services, it does not contribute any hazardous waste into the environment. Nevertheless, it strives to work towards sustainable development.</td><td rowspan="5">Not Applicable</td><td rowspan="5">Not Applicable</td></tr>
<tr><th>What are the Risk/s Identified?</th></tr>
<tr><td>No identifiable risk in relation to production of hazardous waste since the Company is engaged in software development.</td></tr>
<tr><th>What are the Opportunity/ies Identified?</th></tr>
<tr><td>No identifiable opportunity in relation to minimizing/production of hazardous waste that requires any prescribed disposal method since the Company is engaged in software development.</td></tr>
</table>

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	-	Cubic meters
Percent of wastewater recycled	-	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Given the nature of the Company's business, that is, software development and other IT services, it does not contribute any effluents into the environment. Nevertheless, it strives to work towards sustainable development.	Not Applicable	Not Applicable
What are the Risk/s Identified?		
No identifiable risk in relation to production of hazardous discharge or liquid waste on any bodies of water since the Company is engaged in software development.		
What are the Opportunity/ies Identified?		
No identifiable opportunity in relation to minimizing/production of hazardous discharge or liquid waste that requires any prescribed disposal method since the Company is engaged in software development.		

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	-	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	-	#
No. of cases resolved through dispute resolution mechanism	-	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
As an Information Technology company, we identify that our main contribution to sustainability is providing digital transformation with our technical capabilities. Though the effects of digital transformation to the environment and society is indirect, the Company, nevertheless complies with the environmental laws and regulations.	Customers, Employees, and Stockholders	Through its own way, the Company tries to contribute to sustainable development by providing digital transformation to customers. This results to increased efficiency resulting to less consumption of natural resources. Moreover, policies on conserving energy and water in the workplace is encouraged not only to lessen utility cost but also minimize help conserve natural resources.
What are the Risk/s Identified?		
The Company complies with environmental laws and regulations hence, it does not identify any risk in relation to the topic.		Not Applicable
What are the Opportunity/ies Identified?		
The IT industry in which the Company operates in seen to be a driver for sustainability. By optimizing business processes though digitization, businesses can operate more efficiently at the same time minimize the consumption of natural resources.	Customers	The Company ensures to deliver quality and efficient solutions to its clients.

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees		
a. Number of female employees	56	#
b. Number of male employees	78	#
Attrition rate	36	%
Ratio of lowest paid employee against minimum wage	-	ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	41	45
PhilHealth	Y	32	17
Pag-ibig	Y	21	17
Parental leaves	Y	9	15
Vacation leaves	Y	100	100
Sick leaves	Y	54	58
Medical benefits (aside from PhilHealth))	Y	71	71
Housing assistance (aside from Pag-ibig)	N	-	-
Retirement fund (aside from SSS)	N	-	-
Further education support	N	-	-
Company stock options	Y	-	-
Telecommuting	Y	36	26
Flexible-working Hours	Y	71	77
(Others)		-	-

<table>
<tr><th>What is the impact and where does it occur? What is the organization’s involvement in the impact?</th><th>Management Approach</th></tr>
<tr><td>Human resource plays a vital role for the Company’s success. A mechanism for employee participation was developed to create a symbiotic environment, realize the company’s goals and participate in its corporate governance processes.</td><td rowspan="5">The Company is committed to continually reviewing its incentive programs that reward its employees for their contribution to achieving the Company’s goals. Moreover, through HR, employee engagements have been done online to check up on the employees and even had a monthly wellness webinar and e-meetup to uplift their spirits.</td></tr>
<tr><th>What are the Risk/s Identified?</th></tr>
<tr><td>Increasing attrition rate and employee dissatisfaction.</td></tr>
<tr><th>What are the Opportunity/ies Identified?</th></tr>
<tr><td>Having a competitive compensation package provides the opportunity to retain talented employees & increase employee satisfaction. It can also attract potential talents that may contribute to the Company’s success.</td></tr>
</table>

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	2,000	hours
b. Male employees	9,600	hours
Average training hours provided to employees		
a. Female employees	35.71	hours/employee
b. Male employees	123.08	hours/employee

<table>
<tr><th>What is the impact and where does it occur? What is the organization’s involvement in the impact?</th><th>Management Approach</th></tr>
<tr><td>Developing the talents and skill sets of employees impact the Company’s efficiency and productivity. Having a well-developed workforce ensures timely and quality outputs positively impacts the company’s relationship with customers and its financial state.</td><td rowspan="5">The Company has programs for upgrading employee skill sets which allow them to acquire new skills that may help them easily adopt to the challenges of the industry where technology evolution is considered fast-paced. Moreover, the compensation package is reviewed periodically and the employee is appropriately recognized for their contributions to the growth of the Company.</td></tr>
<tr><th>What are the Risk/s Identified?</th></tr>
<tr><td>Without talent development, the Company may face the risk of project delays due to inefficient manpower complement. This may lead to losses in terms of number of customer base and generation of revenues. Another risk that the Company may face is losing a talented employee to another company who may offer better compensation package.</td></tr>
<tr><th>What are the Opportunity/ies Identified?</th></tr>
<tr><td>Having a talented and diverse workforce opens the opportunity for the Company to strengthen its efficiency in performing its services to customers. This efficiency can result to increased revenue generation since it can accomplish more projects in less time.</td></tr>
</table>

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	-	%
Number of consultations conducted with employees concerning employee-related policies	8	#

<table>
<tr><th>What is the impact and where does it occur? What is the organization’s involvement in the impact?</th><th>Management Approach</th></tr>
<tr><td>In terms of Labor-Management Relations, the Company does not deal with any labor unions. The Company does not identify any impact of this topic to the business operations, etc.</td><td rowspan="5">Even though employees are not represented by any labor union, the Company still aims to provide a work environment that is safe and healthy. It also works providing an inclusive feeling where employees feel that their contribution to achieve set goals is important and is recognized.</td></tr>
<tr><th>What are the Risk/s Identified?</th></tr>
<tr><td>No risk identified regarding this topic.</td></tr>
<tr><th>What are the Opportunity/ies Identified?</th></tr>
<tr><td>With the absence of any labor group paves the way to efficient business dealings to all stakeholders.</td></tr>
</table>

<u>Diversity and Equal Opportunity</u>

Disclosure	Quantity	Units
% of female workers in the workforce	56	%
% of male workers in the workforce	78	%
Number of employees from indigenous communities and/or vulnerable sector*	2	#

*Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

<table>
<tr><th>What is the impact and where does it occur? What is the organization’s involvement in the impact?</th><th>Management Approach</th></tr>
<tr><td>Xurpas Inc. is committed to fair employment practices without prejudice to gender, age, religion, etc. The Company respects all of its employees and strives to protect them from all forms of harassment or any other inhumane treatments. Fostering a work environment that is inclusive and open to all affects the efficiency of the Company in delivering quality services.</td><td rowspan="5">Through the Company’s policies on safe and healthy work environment, it ensures that the fair employment practices are implemented.</td></tr>
<tr><th>What are the Risk/s Identified?</th></tr>
<tr><td>Given the strict implementation of its policies on inclusivity and equality among its employees, the Company cannot identify any risk in relation to the topic.</td></tr>
<tr><th>What are the Opportunity/ies Identified?</th></tr>
<tr><td>Promotion of the diverse and equal employment opportunity in terms of employee management allows better synergy in the workplace. When problems arise and people work on it together, it may result to finding fast and creative solutions.</td></tr>
</table>

Workplace Conditions, Labor Standards, and Human Rights
Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	336,608	Man-hours
No. of work-related injuries	-	#
No. of work-related fatalities	-	#
No. of work-related ill-health	-	#
No. of safety drills	1	#

<table>
<tr><th>What is the impact and where does it occur? What is the organization’s involvement in the impact?</th><th>Management Approach</th></tr>
<tr><td>The Company ensures that the physical, emotional and mental well-being of its employees are well taken care of. The health, safety and welfare of its employees and members of community are of vital importance through which human and operational efficiencies are achieved. It also ensures the Company’s competitiveness to strive amidst stiff competition in the industry.</td><td rowspan="5">The Company complies with the regulations of the Department of Labor and Employment (DOLE) including the occupational health and safety standards. The Company also promotes a work-life balance for its employees with its flexible working hours and it has established programs to engage employees and check on their overall well-being.

The Company ensures its employees’ health and safety by implementing work from home set up and providing financial aids to help those affected with any sickness/diseases.</td></tr>
<tr><th>What are the Risk/s Identified?</th></tr>
<tr><td>Given the strict implementation of its policies on inclusivity and equality among its employees, the Company cannot identify any risk in relation to the topic.</td></tr>
<tr><th>What are the Opportunity/ies Identified?</th></tr>
<tr><td>Having a safe and healthy workplace promotes a conducive and productive environment.</td></tr>
</table>

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	-	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace? **Yes, the Company has a policy on employee health, safety and welfare. Said policy is found on the Company's website.**

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	N	
Child labor	N	
Human Rights	N	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company respects all of its employees and strives to protect them from all forms of harassment or any other inhumane treatments. Fostering a work environment that is inclusive and open to all affects the efficiency of the Company in delivering quality services.	Through the Company's policies on promoting a work environment that is safe and healthy for everyone, it ensures that the fair employment practices are implemented. It does not tolerate any form of harassment or bullying that may result to mental and emotional degradation.
What are the Risk/s Identified?	**Management Approach**
Strictly implementing and ensuring that the work place upholds the value of respect and professionalism, the Company has not identified any risk.	Not Applicable
What are the Opportunity/ies Identified?	**Management Approach**
Having a company caring for its employee's well-being may bring about the abolition of illegal labor practices. Having every employee feel safe and their individual traits are respected results to increased efficiency and productivity.	Through the Company's policy on promoting a work environment that is safe and healthy for everyone, it ensures that the fair employment practices are implemented. It does not tolerate any form of harassment or bullying that may result to mental and emotional degradation.

<u>Supply Chain Management</u>

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

<u>None</u>

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the company policy
Environmental performance	N	
Forced labor	N	
Child labor	N	
Human rights	N	
Bribery and corruption	Y	Anti-Corruption Policy, Whistleblowing Policy, RPT Policy and Insider Trading Policy

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
In terms of supply chain management, the Company deals mostly with IT companies whose operations does not have a direct impact in the environment and social issues.	The Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates. Moreover, it ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development
What are the Risk/s Identified?	
No identifiable risk in relation to supply chain.	Not Applicable
What are the Opportunity/ies Identified?	
No identifiable opportunities since the Company deals mostly with other IT companies whose operations does not have a direct impact in the environment and social issues.	

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable) *	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
Not Applicable					

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available. **Not Applicable.**

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	–	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Providing quality services and having strong and good relationships to the customers is of utmost importance. Not only does it result to positive results financially but will also result positively to all stakeholders involved with the Company.	The Company commits to provide quality services and innovative solutions to help the customers achieve digital transformation encouraging increased efficiency and productivity.
What are the Risk/s Identified?	
Customer dissatisfaction & loss of clients.	
What are the Opportunity/ies Identified?	
The opportunities that the Company may encounter includes good and trustworthy reputation and increased market share through servicing new clients and/or grow existing business accounts.	

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	–	#
No. of complaints addressed	–	#

*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company has not encountered health and safety issues from customers given the services provided consist of software development and other IT solutions.	It has implemented the necessary health and safety measures during the pandemic through WFH arrangements and protocols for those employees who were required to report personally in the office.
What are the Risk/s Identified?	
No identifiable risks in relation to this topic.	
What are the Opportunity/ies Identified?	
No identifiable opportunities in relation to this topic.	

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	–	#
No. of complaints addressed	–	#

*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

<table>
<tr><th>What is the impact and where does it occur? What is the organization's involvement in the impact?</th><th>Management Approach</th></tr>
<tr><td>The Company ensures that it delivers what it promises through its marketing channels. The marketing and sales team constantly updates product offerings and provides feedback for any customer-related concerns.</td><td rowspan="5">The Company is committed to practicing ethical and responsible marketing. It discourages misleading and dishonest marketing and advertising activities that may result to customer dissatisfaction or reputational risks.</td></tr>
<tr><th>What are the Risk/s Identified?</th></tr>
<tr><td>Misleading unethical marketing practices poses a risk of loss of customer and revenue. It also risks the Company's image.</td></tr>
<tr><th>What are the Opportunity/ies Identified?</th></tr>
<tr><td>Having an honest marketing practice can be beneficial to the Company. It will give a positive image and be regarded as a trustworthy business partner to its customers and suppliers. This will help the company sustain its operations in the long run and support future plan for growth.</td></tr>
</table>

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy	–	#
No. of complaints addressed	–	#
No. of customers, users and account holders whose information is used for secondary purposes	–	#

*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company adopts strict implementation not to disclose any pertinent information about its customers for secondary purposes. Disclosing such information may have a negative impact to the Company, namely, loss of client and revenue. It may also have a negative effect on the Company's image and trustworthiness.	The Company complies with Data Privacy Act and only discloses customers' data as required by the law and/or as stated in the contract.
What are the Risk/s Identified?	
Risks identified in relation to this topic is violation of Data Privacy Act that may lead to serious legal consequences.	
What are the Opportunity/ies Identified?	
Constant review of its customer privacy policies will improve internal control regarding customer privacy at the same time, mitigate the risk of unlawful disclosures.	

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	–	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company adopts strict implementation not to disclose any pertinent information about its customers for secondary purposes. Disclosing such information may have a negative impact to the Company, namely, loss of client and revenue. It may also have a negative effect on the Company's image and trustworthiness.	The Company complies with Data Privacy Act and only discloses customers' data as required by the law and/or as stated in the contract.
What are the Risk/s Identified?	
Risks identified in relation to this topic is violation of Data Privacy Act that may lead to serious consequences.	

What are the Opportunity/ies Identified?	
Constant review of its customer privacy policies will improve internal control regarding customer privacy at the same time, mitigate the risk of unlawful disclosures.	

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Software Development and Other IT-Related Services	**Gender Equality and Reduced Inequalities** (The Company is committed to fair employment practices without prejudice to gender, age, religion, etc. It also ensures that the physical, mental and emotional well-being of the employees are taken care of through its policy and employee engagement programs.	No identifiable negative impact of contribution.	The Company sees no negative impact of hiring talents regardless of their backgrounds and differences. In fact, it welcomes a diverse workforce who can produce a synergy that can contribute to the Company's growth and sustainability.
	Decent work and Economic Growth (The Company provides a safe and healthy work environment for its employees. It abides by the DOLE's safety standards. Moreover, the Company provides full and productive employment for all especially the young professionals. It also follows strict health and safety protocols in the office to make sure employees don't get infected by COVID-19. Work from Home arrangements were implemented to help stop the spread of disease and make sure that employees are safe in the comfort their own homes while working.)	No identifiable negative impact of contribution.	
	Industry, Innovation and Infrastructure (Through the services and expertise it provides, the Company is	Breach of Data and Customer Privacy.	The Company complies with Data Privacy Act and only discloses customers' data as

	promoting digital transformation for all kinds of companies across all sectors. Upgrading systems result to increased productivity and efficiency. It also promotes inclusivity and sustainable industrialization.		required by the law and/or as stated in the contract. Aside from that, it also enforces strict internal data precautions.
	Peace, Justice and Strong Institutions (The Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occurs including acquisitions and financial standing. It values transparency and accountability since it recognizes the importance of regular communication to the stakeholders.	No identifiable negative impact of contribution.	
	Ensure healthy lives and promote well-being for all at all ages (Part of the company's employee benefits is to provide HMOs which provides financial aid in case that employees will be inflicted by some illness.)	No identifiable negative impact of contribution.	

PART V - EXHIBITS AND SCHEDULES

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

(a) Exhibits – See accompanying Index to Exhibits

The other exhibits as indicated in the Exhibit Table of Revised Securities Act Forms are either not applicable to the Company or require an answer.

(b) Reports on SEC Form 17-C

Xurpas Inc. (the "**Company**") filed the following reports on SEC Form 17-C were filed in 2024 and first quarter of 2025:

DATE FILED	ITEMS REPORTED
January 25, 2024	The Company submitted its Certificate of Attendance in Board Meetings for the Year 2023
February 02, 2024	The Company submitted its Statement of Changes in Beneficial Ownership of Securities for the month of January 2024
February 21, 2024	The Company submitted the Certificate of Attendance in Corporate Governance Seminar of Atty. Mark S. Gorriceta
February 21, 2024	The Company submitted the Results of the February 21, 2024, Special Stockholders' Meeting
February 21, 2024	The Company submitted the Statement of Changes in Beneficial Ownership of Securities of Mr. Jonathan Gerard A. Gurango for the month of February 2024.
March 15, 2024	The Company submitted the Certificate of Attendance in Corporate Governance Seminar of Mr. Christopher P. Monterola.
March 15, 2024	The Company submitted the Statement of Changes in Beneficial Ownership of Securities of Mr. Jonathan Gerard A. Gurango for the month of March 2024.
April 01, 2024	The Company submitted the Statement of Changes in Beneficial Ownership of Securities of Mr. Jonathan Gerard A. Gurango for the month of March 2024.
April 12, 2024	The Company submitted its Request for Extension to File SEC Form 17-A
April 15, 2024	The Company submitted its Public Ownership Report as of March 31, 2024
April 15 2024	The Company submitted its List of Top 100 stockholders of Xurpas Inc. as of March 31, 2024.
April 25, 2024	The Company submitted the Statement of Changes in Beneficial Ownership of Securities of Mr. Jonathan Gerard A. Gurango for the month of April 2024.

April 30, 2024	The Company submitted its Annual Report for the period ended December 31, 2023.
May 09, 2024	Notice of Annual Stockholders' Meeting
May 16, 2024	The Company submitted its Quarterly Report for the period ended March 31, 2024
May 16, 2024	**Amendment**: Quarterly Report for the period ended March 31, 2024
May 20, 2024	The Company submitted its Statement of Changes in Beneficial Ownership of Securities of Mr. Jonathan Gerard A. Gurango for the month of May 2024.
May 27, 2024	The Company submitted its Statement of Changes in Beneficial Ownership of Securities of Mr. Jonathan Gerard A. Gurango for the month of May 2024.
May 31, 2024	The Company submitted its Integrated Annual Corporate Governance Report for 2023.
June 10, 2024	The Company submitted its Statement of Changes in Beneficial Ownership of Securities of Mr. Jonathan Gerard A. Gurango as of June 2024.
June 27, 2024	**Amendment:** 2024 Annual Stockholders' Meeting
June 27, 2024	The Company submitted its Amendment of Articles of Incorporation as approved by the Board on June 27, 2024
June 27, 2024	The Company submitted its Preliminary Information Statement with its Annexes.
July 9, 2024	The Company submitted the Resignation of Atty. Angela J. Along as Chief Compliance Officer and Chief Risk Office
July 11, 2024	**Amendment:** 2024 Annual Stockholders' Meeting.
July 15, 2024	The Company submitted its Information Statement for the Annual Stockholders' Meeting on August 7, 2024
July 15, 2024	The Company submitted its List of Top 100 Stockholders as of June 30, 2024
July 16, 2024	The Company submitted its Public Ownership Report as of June 30, 2024
July 16, 2024	**Amendment:** Public Ownership Report
August 06, 2024	The Company submitted its Statement of Changes in Beneficial Ownership of Securities of Mr. Jonathan Gerard A. Gurango as of July 2024.
August 07,2024	The Company submitted its Results of 2024 Annual Stockholders' Meeting
August 07,2024	**Amendment**: Amendment of Articles of Incorporation
August 08, 2024	The Company submitted its Results of Organizational Meeting on August 7, 2024

August 14, 2024	The Company submitted its Quarterly Report for the period ended June 30, 2024
August 30, 2024	The Company submitted its 2024 General Information Sheet
October 03, 2024	The Company submitted its Certificate of Attendance in Corporate Governance Seminar for: 1. Jonathan Gerard A. Gurango; 2. Alexander D. Corpuz; 3. Fernando Jude F. Garcia; 4. Wilfredo O. Racaza; 5. Christopher P. Monterola; 6. Imelda C. Tiongson; and 7. Jonathan Juan DC Moreno.
October 14, 2024	The Company submitted its Public Ownership Report as of September 30, 2024
October 14, 2024	The Company submitted its List of Top 100 stockholders of Xurpas Inc. as of September 30, 2024.
October 16, 2024	**Amendment:** 2024 General Information Sheet
October 17, 2024	Press Release: Xurpas Inc. receives Third Consecutive Golden Arrow Award for exemplary Corporate Governance
November 14, 2024	The Company submitted a Change in Directors and/or Officers reflecting the appointment of Atty. Ann Camille S. Ecleo as the Interim Chief Compliance Officer and Interim Chief Risk Officer of the Company, effective immediately.
November 14, 2024	The Company submitted its Quarterly Report as of the period ended September 30, 2024
November 20, 2024	The Company submitted its Initial Statement of Beneficial Ownership of Securities of Atty. Ann Camile S. Ecleo
January 15, 2025	The Company submitted its Public Ownership Report as of December 31, 2024
January 16, 2025	The Company submitted its List of Top 100 Stockholders as of December 31, 2024
January 24, 2025	The Company submitted the Resignation of Mr. Bartolome S.Silayan, Jr. as Independent Director
February 12, 2025	The Company submitted the Appointment of Mr. Jonathan Jack R. Madrid as the New Independent Director
February 12, 2025	The Company submitted a Statement of Changes in Beneficial Ownership of Securities of Mr. Bartolome S. Silayan, Jr. in connection with his resignation effective February 10, 2025

February 13, 2025	The Company submitted an Initial Statement of Beneficial Ownership of Securities of Mr. Jonathan Jack R. Madrid, in connection with his appointment as Independent Director effective February 11, 2025
February 24, 2025	**Amendment:** 2024 General Information Sheet

INDEX TO EXHIBITS

Form 17-A

No.		**Page No.**
(3)	Plan of Acquisition, Reorganization, Arrangement, Liquidation or Succession	*
(5)	Instruments Defining the Rights of Security Holders, Including Indentures	*
(8)	Voting Trust Agreement	*
(9)	Material Contracts	*
(10)	Annual Report to Security Holders, Form 11-Q or Quarterly Report to Security Holders	*
(13)	Letter re Change in Certifying Accountant	*
(15)	Letter re: Change in Accounting Principles	*
(16)	Report Furnished to Security Holders	*
(18)	Subsidiaries of the Registrant	**
(19)	Published Report Regarding Matters Submitted to Vote of Security Holders	15
(20)	Consent of Experts and Independent Counsel	*
(21)	Power of Attorney	*
(29)	Additional Exhibits	*

*These Exhibits are either not applicable to the Company or require no answer.
**Please refer to *Note 2* of the accompanying Notes to the Consolidated Financial Statements for details.

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 issued by the undersigned thereunto duly authorized, in the City of PASIG CITY on APR 30 2025

By:

JONATHAN GERARD A. GURANGO Chief Executive Officer	**JOSE VICENTE T. COLAYCO** Chief Operating Officer
ALEXANDER D. CORPUZ President / Chief Finance Officer	**FERNANDO JUDE F. GARCIA** Treasurer / Chief Technology Officer
ESTRELITA B. LABAN Finance Controller	**MARK S. GORRICETA** Corporate Secretary

Republic of the Philippines)
PASIG CITY) S.S.

SUBSCRIBED AND SWORN to before me this APR 30 2025 affiants exhibiting to me their Competent Evidence of Identity, as follows:

Names	Government Issued ID No.	Date of Issuance	Place of Issuance
Jonathan Gerard A. Gurango	P5527309A	January 06, 2018	DFA NCR Northeast
Jose Vicente T. Colayco	N03-87-043639	July 01, 2019	Makati City
Alexander D. Corpuz	P5670777A	January 18, 2018	DFA NCR East
Fernando Jude F. Garcia	P3524556B	October 15, 2019	DFA NCR East
Estrelita B. Laban	P8413630B	December 08, 2021	DFA Manila
Mark S. Gorriceta	P4531123B	January 24, 2020	DFA NCR East

Doc No. 123;
Page No. 26;
Book No. X;
Series of 2025.

BUWIS SA RENTAS INTERNAS
DSK2025
00423622
30 PISO DOKUMENTARYO
REPUBLIKA NG PILIPINAS
30 2025

EDRIAN M. APAYA
PTR No. 3040797/01-07/2025/Pasig City
IBP No. 486621/12-23-2024/Masbate
Roll No.64655
MCLE Compliance VII-0027307/27 March 2023
15th Floor Strata 2000, F. Ortigas Jr. Road, Pasig City
Email address: emapaya@gorricetalaw.com
Telephone No. 86960988
Appointment No. 112 (2025-2026) - Pasig City
Commissioned until 31 December 2026

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

SEC Registration Number

A	2	0	0	1	1	7	7	0	8	

C O M P A N Y   N A M E

XURPAS INC. AND SUBSIDIARIES

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

Unit 804 Antel 2000 Corporate Center, 121 Valero St., Salcedo Village, Makati City, 1227

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

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
info@xurpas.com	**8889-6426**	**N/A**

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
33	**2nd Wednesday of August**	**December 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
Alexander D. Corpuz	**mar@xurpas.com**	**8889-6426**	**N/A**

CONTACT PERSON's ADDRESS

**Unit 804 Antel 2000 Corporate Center, 121 Valero St., Salcedo Village,
Makati City, 1227**

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

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

"STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS"

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

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

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

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

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

JONATHAN GERARD A. GURANGO
Chairman of the Board/ Chief Executive Officer

ALEXANDER D. CORPUZ
President/ Chief Finance Officer/ Chief Information Officer

FERNANDO JUDE F. GARCIA
Treasurer/ Chief Technology Officer

Signed this APR 30 2025

Republic of the Philippines)
PASIG CITY) S.S.

SUBSCRIBED AND SWORN TO before me, a Notary Public for and in PASIG CITY this APR 3 0 2025, affiants personally appeared and exhibiting to me their validly issued government ID with following details:

Name	Government Issued Identification Card No.	Place Issued / Expiry Date
Jonathan Gerard A. Gurango	P5527309A	DFA NCR Northeast/ January 5, 2028
Alexander D. Corpuz	P5670777A	DFA NCR East/ January 17, 2028
Fernando Jude F. Garcia	P3524556B	DFA NCR East/ October 14, 2029

Doc. No. 125;
Page No. 76;
Book No. X;
Series of 2025.

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REPUBLIKA NG PILIPINAS
APR 3 0 2025

EDRIAN M. APAYA
PTR No. 3040797/01/07-2025/Pasig City
IBP No. 486621/12-23-2024/Masbate
Roll No.64655
MCLE Compliance VII-0027307/27 March 2023
15th Floor Strata 2000, F. Ortigas Jr. Road, Pasig City
Email address: emapaya@gorricetalaw.com
Telephone No. 86960988
Appointment No. 112 (2025-2026) - Pasig City
Commissioned until 31 December 2026

SGV
Building a better working world

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

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

INDEPENDENT AUDITOR'S REPORT

The Stockholders and Board of Directors
Xurpas Inc.
Unit 804 Antel 2000 Corporate Centre
121 Valero St., Salcedo Village
Makati City

Opinion

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

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements, which indicates that the Group incurred net loss of ₱134.99 million, ₱100.03 million and ₱75.90 million, net operating cash outflows of ₱70.33 million, ₱26.47 million, and ₱66.12 million in 2024, 2023 and 2022, respectively, and has capital deficiency of ₱101.72 million as of December 31, 2024. In addition, the Group has deficit of ₱3,483.61 million and ₱3,369.21 million as of December 31, 2024 and 2023, respectively, and the Group's current liabilities exceeded its current assets by ₱387.39 million and ₱304.92 million as of December 31, 2024 and 2023, respectively. As stated in Note 1, these conditions, along with other matters as discussed in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

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

Impairment testing of goodwill and investment in Micro Benefits Limited

The Group has goodwill arising from business combinations and has investments in associates. Under PFRS Accounting Standards, the Group is required to annually test the amount of goodwill for impairment while an investment in associate is tested for impairment when indicators exist that the investment may be impaired. As of December 31, 2024, the Group's goodwill and investment in Micro Benefits Limited, an associate, amounted to ₱45.59 million and ₱163.57 million, respectively, which are considered significant to the consolidated financial statements. In addition, management's assessment process requires significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty, due to the current economic conditions, specifically discount rates, annual revenue growth rates and long-term growth rates.

The Group's disclosures about goodwill are included in Notes 3 and 11 while the disclosures about investment in Micro Benefits Limited are included in Note 9 to the consolidated financial statements.

Audit Response

We obtained an understanding of the management's process for evaluating the impairment of goodwill and investment in Micro Benefits Limited. We involved our internal specialist in evaluating the methodologies and the assumptions used. We compared the key assumptions used, such as annual revenue growth rates and long-term growth rates against the historical performance of the subsidiary and associate and other relevant external data. We tested the parameters used in the determination of the discount rates against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically those that have the most significant effect on the determination of the recoverable amount of goodwill and investment in Micro Benefits Limited.

Other Information

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

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Jane Carol U. Chiu.

SYCIP GORRES VELAYO & CO.

Jane Carol U. Chiu
Partner
CPA Certificate No. 127285
Tax Identification No. 213-262-420
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-161-2025, January 8, 2025, valid until January 7, 2028
PTR No. 10465283, January 2, 2025, Makati City

April 30, 2025

XURPAS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalent (Notes 4 and 25)	**₱32,314,999**	₱79,886,457
Accounts and other receivables (Notes 5, 19 and 25)	**29,610,200**	65,663,080
Contract assets (Note 6)	**29,372,782**	12,735,530
Other current assets (Note 8)	**20,150,793**	23,293,747
Total Current Assets	**111,448,774**	181,578,814
Noncurrent Assets		
Financial assets at fair value through other comprehensive income (FVOCI) (Notes 7 and 27)	**1,100,000**	900,000
Investments in and advances to associates (Note 9)	**210,135,391**	249,325,324
Property and equipment (Note 10)	**2,083,245**	3,911,461
Intangible assets (Note 11)	**73,801,703**	81,880,556
Right-of-use assets (Note 18)	**172,066**	1,204,468
Other noncurrent assets (Note 8)	**27,684,515**	13,711,831
Total Noncurrent Assets	**314,976,920**	350,933,640
	₱426,425,694	₱532,512,454
LIABILITIES AND EQUITY (CAPITAL DEFICIENCY)		
Current Liabilities		
Accounts and other payables (Notes 12, 19 and 28)	**₱397,003,928**	₱368,741,859
Advances from stockholders (Notes 19 and 27)	**37,517,457**	35,912,207
Loans payable (Notes 13 and 27)	**38,775,697**	38,603,185
Contract liabilities (Note 6)	**25,353,922**	42,171,714
Current portion of lease liabilities (Note 18)	**187,245**	1,071,896
Total Current Liabilities	**498,838,249**	486,500,861
Noncurrent Liabilities		
Lease liabilities - net of current portion (Note 18)	**–**	186,138
Pension liabilities (Note 22)	**29,312,292**	24,621,769
Total Noncurrent Liabilities	**29,312,292**	24,807,907
Total Liabilities	**528,150,541**	511,308,768
Equity (Capital Deficiency)		
Equity attributable to equity holders of Xurpas Inc.		
Capital stock (Note 23)	**257,181,278**	257,181,278
Additional paid-in capital (Note 23)	**3,748,086,156**	3,748,086,156
Deficit (Note 23)	**(3,483,605,247)**	(3,369,206,615)
Accumulated net unrealized loss on financial assets at FVOCI (Note 7)	**(43,594,956)**	(43,794,956)
Cumulative translation adjustment	**14,427,227**	20,748,154
Remeasurement gain on defined benefit plan (Note 22)	**326,023**	1,464,520
Equity reserve (Notes 23 and 24)	**(363,424,608)**	(363,424,608)
Treasury stock (Note 23)	**(99,700,819)**	(99,700,819)
Revaluation surplus (Note 11)	**23,855,035**	23,187,872
	53,550,089	174,540,982
Noncontrolling interests (Notes 23)	**(155,274,936)**	(153,337,296)
Total Equity (Capital deficiency)	**(101,724,847)**	21,203,686
	₱426,425,694	₱532,512,454

See accompanying Notes to Consolidated Financial Statements.

XURPAS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Years Ended December 31		
	2024	2023	2022
SERVICE INCOME (Note 14)	**₱183,702,077**	₱188,015,392	₱227,320,033
COST OF SERVICES (Note 15)	**136,813,446**	143,568,497	169,791,967
GENERAL AND ADMINISTRATIVE EXPENSES (Note 16)	**164,754,608**	141,492,625	150,901,665
EQUITY IN NET LOSSES OF ASSOCIATES - Net (Note 9)	**7,957,093**	1,814,459	4,283,703
FINANCE COSTS - Net (Note 17)	**2,545,955**	3,237,465	9,199,717
OTHER CHARGES (INCOME) - Net (Note 17)	**4,983,119**	(3,891,280)	(35,196,402)
LOSS BEFORE INCOME TAX	**(133,352,144)**	(98,206,374)	(71,660,617)
PROVISION FOR INCOME TAX (Note 21)	**1,637,917**	1,819,835	4,241,248
NET LOSS	**(134,990,061)**	(100,026,209)	(75,901,865)
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will be reclassified to profit or loss in subsequent periods:			
Cumulative translation adjustment	**(2,894,087)**	(994,934)	(20,313,108)
Share in OCI of an associate from cumulative translation adjustment (Note 9)	**(3,426,840)**	3,281,133	(11,996,178)
Items that will not be reclassified to profit or loss in subsequent periods:			
Revaluation surplus (loss) (Note 11)	**19,320,952**	15,407,943	(20,743,731)
Unrealized gain (loss) on financial assets at FVOCI, net of tax (Note 7)	**200,000**	(300,000)	600,000
Remeasurement gain (loss) on defined benefit plan (Note 22)	**(1,138,497)**	663,036	5,562,396
	12,061,528	18,057,178	(46,890,621)
TOTAL COMPREHENSIVE LOSS	**(₱122,928,533)**	(₱81,969,031)	(₱122,792,486)
Net loss attributable to:			
Equity holders of Xurpas Inc.	**(₱133,052,421)**	(₱86,405,207)	(₱52,315,615)
Noncontrolling interests	**(1,937,640)**	(13,621,002)	(23,586,250)
	(₱134,990,061)	(₱100,026,209)	(₱75,901,865)
Total comprehensive income (loss) attributable to:			
Equity holders of Xurpas Inc.	**(₱120,990,893)**	(₱68,352,850)	(₱99,251,821)
Noncontrolling interests	**(1,937,640)**	(13,616,181)	(23,540,665)
	(₱122,928,533)	(₱81,969,031)	(₱122,792,486)
Loss per share (Note 20)			
Basic	**(₱0.05)**	(₱0.04)	(₱0.03)
Diluted	**(₱0.05)**	(₱0.04)	(₱0.03)

See accompanying Notes to Consolidated Financial Statements.

XURPAS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CAPITAL DEFICIENCY)

Year Ended December 31, 2024

	Equity attributable to equity holders of Xurpas Inc.												
	Capital Stock (Note 23)	**Additional Paid-in Capital (Note 23)**	**Retained Earnings - Appropriated (Note 23)**	**Retained Earnings - Unappropriated (Deficit) (Note 23)**	**Accumulated Net Unrealized Loss on Financial Assets at FVOCI (Note 7)**	**Cumulative Translation Adjustment**	**Remeasurement Gain on Defined Benefit Plan (Note 22)**	**Equity Reserve (Notes 23 and 25)**	**Treasury shares (Note 23)**	**Revaluation Surplus (Note 11)**	**Total**	**Non-Controlling Interest**	**Total Equity (Capital Deficiency**
Balances at beginning of year	**₱257,181,278**	**₱3,748,086,156**	**₱115,464,275**	**(₱3,484,670,890)**	**(₱43,794,956)**	**₱20,748,154**	**₱1,464,520**	**(₱363,424,608)**	**(₱99,700,819)**	**₱23,187,872**	**₱174,540,982**	**(₱153,337,296)**	**₱21,203,686**
Transfer from revaluation surplus (Note 11)	**–**	**–**	**–**	**18,653,789**	**–**	**–**	**–**	**–**	**–**	**(18,653,789)**	**–**	**–**	**–**
Net loss	**–**	**–**	**–**	**(133,052,421)**	**–**	**–**	**–**	**–**	**–**	**–**	**(133,052,421)**	**(1,937,640)**	**(134,990,061)**
Other comprehensive income (loss) - net of tax effect	**–**	**–**	**–**	**–**	**200,000**	**(6,320,927)**	**(1,138,497)**	**–**	**–**	**19,320,952**	**12,061,528**	**–**	**12,061,528**
Total comprehensive income (loss)	**–**	**–**	**–**	**(133,052,421)**	**200,000**	**(6,320,927)**	**(1,138,497)**	**–**	**–**	**19,320,952**	**(120,990,893)**	**(1,937,640)**	**(122,928,533)**
Balances at end of year	**₱257,181,278**	**₱3,748,086,156**	**₱115,464,275**	**(₱3,599,069,522)**	**(₱43,594,956)**	**₱14,427,227**	**₱326,023**	**(₱363,424,608)**	**(₱99,700,819)**	**₱23,855,035**	**₱53,550,089**	**(₱155,274,936)**	**(₱101,724,847)**

Year Ended December 31, 2023

	Equity attributable to equity holders of Xurpas Inc.												
	Capital Stock (Note 23)	Additional Paid-in Capital (Note 23)	Retained Earnings - Appropriated (Note 23)	Retained Earnings - Unappropriated (Deficit) (Note 23)	Accumulated Net Unrealized Loss on Financial Assets at FVOCI (Note 7)	Cumulative Translation Adjustment	Remeasurement Gain on Defined Benefit Plan (Note 22)	Equity Reserve (Notes 23 and 25)	Treasury shares (Note 23)	Revaluation Surplus (Note 11)	Total	Non-Controlling Interest	Total Equity (Capital Deficiency)
Balances at beginning of year	₱211,674,403	₱3,659,721,747	₱115,464,275	(₱3,408,602,198)	(₱43,494,956)	₱18,466,776	₱8,251,009	(₱363,424,608)	(₱99,700,819)	₱7,816,043	₱106,171,672	(₱136,870,239)	(₱30,698,567)
Conversion of liabilities to equity	45,506,875	91,013,751	–	–	–	–	–	–	–	–	136,520,626	–	136,520,626
Direct issuance cost		(2,649,342)	–	–	–	–	–	–	–	–	(2,649,342)	–	(2,649,342)
Disposal of cryptocurrencies	–	–	–	36,116	–	–	–	–	–	(36,114)	–	–	–
Other adjustments (Note 22)	–	–	–	10,300,399	–	–	(7,449,525)	–	–	–	2,850,876	(2,850,876)	–
Net loss	–	–	–	(86,405,207)	–	–	–	–	–	–	(86,405,207)	(13,621,002)	(100,026,209)
Other comprehensive income (loss) - net of tax effect	–	–	–	–	(300,000)	2,281,378	663,036	–	–	15,407,943	18,052,357	4,821	18,057,178
Total comprehensive income (loss)	–	–	–	(86,405,207)	(300,000)	2,281,378	663,036	–	–	15,407,943	(68,352,850)	(13,616,181)	(81,969,031)
Balances at end of year	₱257,181,278	₱3,748,086,156	₱115,464,275	(₱3,484,670,890)	(₱43,794,956)	₱20,748,154	₱1,464,520	(₱363,424,608)	(₱99,700,819)	₱23,187,872	₱174,540,982	(₱153,337,296)	₱21,203,686

	Year Ended December 31, 2022												
	Equity attributable to equity holders of Xurpas Inc.												
	Capital Stock (Note 23)	Additional Paid-in Capital (Note 23)	Retained Earnings - Appropriated (Note 23)	Retained Earnings - Unappropriated (Deficit) (Note 23)	Accumulated Net Unrealized Loss on Financial Assets at FVOCI (Note 7)	Cumulative Translation Adjustment	Remeasurement Gain on Defined Benefit Plan (Note 22)	Equity Reserve (Notes 23 and 25)	Treasury shares (Note 23)	Revaluation Surplus (Note 11)	Total	Non-Controlling Interest	Total Equity (Capital Deficiency
Balances at beginning of year	₱193,492,585	₱3,577,903,565	₱115,464,275	(₱3,356,506,924)	(₱44,094,956)	₱50,821,647	₱2,908,954	(₱363,424,608)	(₱99,700,819)	₱28,559,774	₱105,423,493	(₱113,329,574)	(₱7,906,081)
Issuance of common shares	18,181,818	81,818,182	–	–	–	–	–	–	–	–	100,000,000	–	100,000,000
Derecognition of defined benefit plan (Note 22)	–	–	–	220,341	–	–	(220,341)	–	–	–	–	–	–
Net loss	–	–	–	(52,315,615)	–	–	–	–	–	–	(52,315,615)	(23,586,250)	(75,901,865)
Other comprehensive income (loss) - net of tax effect	–	–	–	–	600,000	(32,354,871)	5,562,396	–	–	(20,743,731)	(46,936,206)	45,585	(46,890,621)
Total comprehensive income (loss)	–	–	–	(52,315,615)	600,000	(32,354,871)	5,562,396	–	–	(20,743,731)	(99,251,821)	(23,540,665)	(122,792,486)
Balances at end of year	₱211,674,403	₱3,659,721,747	₱115,464,275	(₱3,408,602,198)	(₱43,494,956)	₱18,466,776	₱8,251,009	(₱363,424,608)	(₱99,700,819)	₱7,816,043	₱106,171,672	(₱136,870,239)	(₱30,698,567)

See accompanying Notes to Consolidated Financial Statements.

XURPAS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax	**(₱133,352,144)**	(₱98,206,374)	(₱71,660,617)
Adjustments for:			
Provision for impairment loss (Notes 5, 8, 9, 11 and 16)	**33,275,363**	21,792,537	49,015,997
Equity in net losses of associates (Note 9)	**7,957,093**	1,814,459	4,283,703
Pension expense (Note 22)	**5,784,826**	3,971,580	4,382,303
Unrealized foreign currency exchange loss (gain)	**4,728,876**	(3,335,198)	7,453,775
Depreciation and amortization (Notes 10, 11, 15, 16 and 18)	**3,648,224**	3,773,584	10,395,095
Interest expense (Notes 13, 17, 18 and 19)	**3,816,085**	4,202,950	9,656,719
Loss (gain) on retirement and disposal of property and equipment and derecognition of right-of-use asset and lease liabilities (Notes 10, 17 and 18)	**3,137**	8,618	(54,931)
Gain from recovery of investment from an associate	–	(15,033,552)	–
Unrealized loss (gain) on revaluation of cryptocurrencies (Notes 11 and 17)	**(28,337)**	59,249	37,292
Interest income (Notes 4 and 17)	**(1,270,130)**	(965,485)	(457,002)
Operating income (loss) before changes in working capital	**(75,437,007)**	(81,917,632)	13,052,334
Changes in working capital:			
Decrease (increase) in:			
Accounts and other receivables and contract assets	**13,946,265**	60,133,798	(61,032,760)
Other assets	**(10,829,730)**	(8,410,164)	2,261,675
Increase (decrease) in:			
Accounts and other payables	**19,332,238**	(2,957,025)	(25,085,243)
Contract liabilities	**(16,817,792)**	7,717,405	8,690,393
Net cash generated used in operations	**(69,806,026)**	(25,433,618)	(62,113,601)
Interest received	**1,270,130**	965,485	457,002
Interest paid	**(157,531)**	(181,213)	(225,434)
Income taxes paid, including creditable withholding taxes	**(1,637,917)**	(1,823,158)	(4,242,191)
Net cash used in operating activities	**(70,331,344)**	(26,472,504)	(66,124,224)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from:			
Sale of cryptocurrencies (Note 11)	**28,168,851**	4,771,280	–
Disposal of property and equipment (Note 10)	**11,800**	155,508	112,057
Recovery of investment account, advances, and previously impaired unquoted debt investments (Notes 7, 9 and 19)	–	50,423,306	–
Additions to:			
Intangible assets (Notes 11 and 29)	**(1,440,371)**	(11,809,529)	(2,269,429)
Property and equipment (Notes 10)	**(102,881)**	(543,759)	(4,246,403)
Net cash provided by (used in) investing activities	**26,637,399**	42,996,806	(6,403,775)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of loans payable (Note 13)	**(520,000)**	(732,917)	(408,654)
Payment of principal portion of lease liabilities (Note 18)	**(1,119,574)**	(1,347,378)	(1,041,787)
Issuance of common shares	–	–	100,000,000
Net cash (used in) provided by financing activities	**(1,639,574)**	(2,080,295)	98,549,559
EFFECT OF FOREIGN CURRENCY EXCHANGE RATE CHANGES ON CASH	**(2,237,939)**	2,133,040	1,336,652
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	**(47,571,458)**	16,577,047	27,358,212
CASH AND CASH EQUIVALENT AT BEGINNING OF YEAR	**79,886,457**	63,309,410	35,951,198
CASH AND CASH EQUIVALENT AT END OF YEAR (Note 4)	**₱32,314,999**	₱79,886,457	₱63,309,410

See accompanying Notes to Consolidated Financial Statements.

XURPAS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Xurpas Inc. (the Parent Company or Xurpas) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on November 26, 2001. The principal activities of the Parent Company and its subsidiaries (collectively referred to as the Group) are to develop, produce, sell, buy or otherwise deal in products, goods or services in connection with the transmission, receiving, or exchange of voice, data, video or any form or kind of communication whatsoever.

The Parent Company's registered office address and principal place of business is at Unit 804 Antel 2000 Corporate Center, 121 Valero St., Salcedo Village, Makati City.

On December 2, 2014, the Parent Company's shares of stock were listed in the Philippine Stock Exchange (PSE).

The Group incurred net loss of ₱134.99 million, ₱100.03 million and ₱75.90 million, net operating cash outflows of ₱70.33 million, ₱26.47 million and ₱66.12 million for the years ended December 31, 2024, 2023 and 2022, respectively, and has capital deficiency of ₱101.72 million as of December 31, 2024. In addition, the Group has deficit of ₱3,483.61 million and ₱3,369.21 million as of December 31, 2024 and 2023, respectively, and the Group's current liabilities exceeded its current assets by ₱387.39 million and ₱304.94 million as of December 31, 2024 and 2023, respectively. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may not be able to realize its assets and discharge its liabilities in the normal course of business. Management assessed that the Group will be able to maintain its positive cash position through future actions such as continuous venture into new revenue potential and sale of assets. Further with the continued financial support from stockholders, the Group has secured their commitments not to demand payment of the Group's liabilities to them within 12 months from the reporting date.

Management does not have plans to liquidate and continues to believe that the Group is in a unique position being one of the few technology companies that can assist companies in their digital transformation initiatives and develop marketing promotions for consumer and enterprise businesses.

Suspended operations of Storm Technologies, Inc. (Storm)
In 2022, Storm suspended the operation of its human resource online platform and recognized provision for impairment loss on the related assets that are not currently recoverable amounting to ₱14.05 million (see Note 16). Storm continues to have ownership in AllCare Technologies Philippines, Inc. which operates another human resource online platform.

Sale of Assets and Business of Altitude Games Pte. Ltd.
On April 8, 2023, Altitude Games Pte. Ltd (AGPL) (Singapore entity) sold its assets, including intellectual property and licenses, to a company registered in Australia. Accordingly, the Parent Company received approximately US$900,982.04 or ₱50.42 million in cash, which includes the recovery of previously impaired unquoted debt investments, advances, and investment account (see Notes 7, 9, 17 and 19). The Company fully impaired the remaining balance of investment in associate amounting to ₱15.09 million.

In October 2023, the Parent Company executed transfer deeds wherein other shareholders of AGPL transferred the remaining 78.83% ownership to the Parent Company. As a result, AGPL becomes a wholly owned subsidiary. AGPL has no operations and its minimal net liability amounting to ₱1.10 million was consolidated by the Group starting October 2023.

Incorporation of Xurpas Software, Inc. (XSI)
On December 13, 2022, the BOD approved the incorporation of a wholly-owned subsidiary under the laws of the Republic of the Philippines under the name of XSI, with the primary purpose of designing, developing, testing, building, marketing, distributing, maintaining, supporting, customizing, selling and/or re-selling applications, games, software, cybersecurity software tools, digital solutions, whether internet, mobile, or other handheld applications, portals, hardware and other related products and services, except internet provider services, both for proprietary and custom development purposes. On April 18, 2023, XSI was registered with Securities and Exchange Commission (SEC).

Incorporation of Xurpas Pty. Ltd. (XAU)
On July 25, 2023, the Parent Company incorporated Xurpas Pty. Ltd., a wholly-owned subsidiary based in Australia, which aims to offer the Group's product and services in the said country. XAU has started its commercial operation in October 2024.

The consolidated financial statements were approved and authorized for issue by the BOD on April 29, 2025.

2. Basis of Preparation and Summary of Material Accounting Policy Information

Basis of Preparation
The consolidated financial statements of the Group have been prepared using the historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) measured at fair value and cryptocurrencies under intangible assets measured under the revaluation model. The consolidated financial statements are presented in Philippine Peso (₱), the Parent Company's functional currency. All amounts were rounded off to the nearest peso, except when otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period.

Statement of Compliance
The consolidated financial statements of the Group as at December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024 have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis of Consolidation
The consolidated financial statements include the accounts of Xurpas and its subsidiaries.

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

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

As of December 31, 2024, 2023 and 2022, the consolidated financial statements comprise the financial statements of the Parent Company and the following subsidiaries:

	Percentage Ownership			
	2024	2023	2022	**Principal Activities**
Xeleb Technologies Inc. (Xeleb Technologies)	**100.00**	100.00	100.00	Enterprise services and mobile consumer services
Xeleb Inc. (Xeleb)	**100.00**	100.00	100.00	Mobile consumer services
Seer Technologies, Inc. (Seer)	**70.00**	70.00	70.00	Enterprise services
Codesignate Inc. (Codesignate)[1]	**52.50**	52.50	52.50	Enterprise services
Storm Technologies, Inc. (Storm)	**51.31**	51.31	51.31	Human resource management
Pt. Storm Benefits Indonesia (Storm Indonesia)[2]	**51.31**	51.31	51.31	Human resource management
AllCare Technologies Philippines, Inc. (AllCare)[3]	**35.35**	35.35	35.35	Human resource management
Xurpas Enterprise Inc. (Xurpas Enterprise)	**100.00**	100.00	100.00	Enterprise services
Art of Click Pte. Ltd. (AOC)	**100.00**	100.00	100.00	Mobile consumer services
ODX Pte. Ltd. (ODX)	**100.00**	100.00	100.00	Enterprise services
Xurpas Software Inc. (XSI)	**100.00**	100.00	−	Enterprise services and mobile consumer services
Xurpas Pty. Ltd. (XAU)	**100.00**	100.00	−	Enterprise services
Xurpas Pte. Ltd. [formerly Altitude Games Pte. Ltd. (AGPL)]	**100.00**	100.00	21.17	Mobile consumer services

[1]*Codesignate is a 75.00%-owned subsidiary of Seer. The Group's effective ownership over Codesignate is 52.50%. The Group has determined that it has control over the entity and consolidates the entity on this basis.*

[2] *Storm Indonesia is 100%-owned by Storm Technologies, Inc.*

[3] *Storm has 68.90%-ownership over AllCare. The Group's effective ownership over AllCare is 35.35%. The Group has determined that it has control over the entity (see "Judgements" on Note 3).*

All subsidiaries are domiciled in the Philippines except for Storm Indonesia, which is domiciled in Indonesia, AOC and ODX, which are domiciled in Singapore, and XAU domiciled in Australia.

<u>Xeleb Technologies</u>
Xeleb Technologies was organized to primarily engage in the business of mobile content development. On September 11, 2019, the BOD of the Parent Company approved the dissolution of Xeleb Technologies.

As at December 31, 2024, Xeleb Technologies has yet to apply for the approval of government regulatory agencies for its dissolution.

<u>Xeleb</u>
On July 14, 2015, the Parent Company incorporated Xeleb, a mobile games company domiciled in the Philippines. On September 11, 2019, the BOD of the Parent Company approved the dissolution of Xeleb.

As at December 31, 2024, Xeleb has yet to apply for the approval of government regulatory agencies for its dissolution.

Seer
On June 25, 2015, the Parent Company acquired 70,000 common shares representing 70.00% stake holdings in Seer, a software consultancy and design company, at a price of ₱18.00 million. Seer was engaged in the business of software development, software marketing and sales, software package implementation, system integration and support, systems architecture, system analysis and design, database design, database administration, applications hosting, and related project management, consultancy and education services.

Storm
Storm's primary purpose is to create, develop and maintain an online platform that allows companies to exchange their current human resources benefits given to employees and transform them into a wide range of products and services, provide client management services, data management and information processing services, software network management services, software development services, consultancy, project and program management, marketing solutions, information technology services and business process outsourcing services to various companies.

In 2022, Storm suspended the operation of its online platform.

Xurpas Enterprise
On March 23, 2016, the Parent Company incorporated Xurpas Enterprise to primarily engage in the business of software development including designing, upgrading and marketing all kinds of information technology systems or parts thereof and other related services.

AOC
On October 6, 2016, Xurpas signed a Share Purchase Agreement for the acquisition of 100% stake in AOC for an aggregate consideration of ₱1.94 billion in cash and in Parent Company's shares. AOC is engaged in the business of mobile media agency that offers a marketing platform for advertisers.

On March 30, 2020, the BOD of the Parent Company approved the suspension of business operations of AOC.

ODX
In 2018, the Parent Company incorporated a wholly-owned subsidiary in Singapore, ODX, with the following principal activities: 1) other information technology and computer service activities (e.g., disaster recovery services) and 2) development of software for interactive digital media (except games).

ODX's platform, which will be an open data marketplace using blockchain technology, is under development. ODX has not started commercial operations as of December 31, 2024.

XSI
On April 18, 2023, the Parent Company incorporated XSI with the primary purpose of designing, developing, testing, building, marketing, distributing, maintaining, supporting, customizing, selling and/or re-selling applications, games, software, cybersecurity software tools, digital solutions, whether internet, mobile, or other handheld applications, portals, hardware and other related products and services, except internet provider services, both for proprietary and custom development purposes.

XSI's registered office address and principal place of business is Office 3 Genesis Building Pueblo De Panay Township Lawa-an, Roxas City, Capiz.

XAU
On July 25, 2023, the Parent Company incorporated Xurpas Pty. Ltd., a wholly-owned subsidiary based in Australia, which aims to offer the Group's products and services in the said country. XAU has started its commercial operation in October 2024.

Xurpas Pte. Ltd. [formerly Altitude Games Pte. Ltd. (AGPL)]
AGPL is a computer game development and publishing company based in Singapore, which was acquired by the Parent Company in 2014 as a 21.17% owned associate. In October 2023, the Parent Company executed transfer deeds through which the remaining 78.83% ownership of AGPL was transferred from its other shareholders, making AGPL a wholly owned subsidiary.

On June 14, 2024, AGPL changed its corporate name to Xurpas Pte. Ltd.

Changes in Accounting Policies and Disclosures
The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those of the previous financial year except for amended PFRS Accounting Standards and improvements to PFRS Accounting Standards which were adopted beginning January 1, 2024. Adoption of these amendments did not have any significant impact on the consolidated financial position or performance unless otherwise indicated.

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

Standards and Interpretation Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

Effective beginning on or after January 1, 2026
- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards—Volume 11
  - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
  - Amendments to PFRS 7, *Gain or Loss on Derecognition*
  - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities* and *Transaction Price*
  - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
  - Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027
- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*

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

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy (see Note 27).

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

Financial Instruments - initial recognition and subsequent measurement
Date of recognition
The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

a. Financial assets
Initial recognition of financial instrument
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI and fair value through profit or loss (FVPL).

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

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

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

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

Financial assets at amortized cost
The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Group's financial assets at amortized cost includes "Cash and cash equivalents", "Accounts and other receivables" (except for "Advances to employees" which are subject to liquidation) and "Refundable deposits" under other current assets, and "Security deposit" under "other noncurrent assets".

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

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

The Group elected to classify irrevocably its quoted and unquoted equity investments under this category.

Financial assets at FVPL
Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in profit or loss.

This category includes listed equity investments which the Group had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognized as other income in profit or loss when the right of payment has been established.

The Group has designated its unquoted debt investments under this category.

<u>Derecognition</u>
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the consolidated statement of financial position) when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

<u>Impairment of Financial Assets and Contract Assets</u>
The Group recognizes an allowance for ECLs for all debt instruments not held at FVPL and contract assets. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

For other financial assets such as receivable from related parties, other receivables, refundable deposits under other current assets, and financial assets at FVOCI (debt instruments), ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

The key inputs in the model include the Group's definition of default and historical data of three years for the origination, maturity date and default date. The Group considers trade receivables and contract assets in default when contractual payment are 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default to 90 days and beyond. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Determining the stage for impairment
At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

The Group considers that there has been a significant increase in credit risk when contractual payments are more than 60 days past due.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-month ECL.

Write-off
A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. If a write-off is later recovered, the recovery is recognized in profit or loss to the extent of the carrying amount that would have been determined had no impairment loss been recognized.

b. Financial liabilities

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

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

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVPL
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial liabilities are only designated as at FVPL when one of the following criteria are met. Such designation is determined on an instrument-by- instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the liabilities or recognizing gains or losses on them on a different basis; or
- The liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The liabilities contain one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited

Financial liabilities at FVPL are recorded in the consolidated statement of financial position at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVPL due to changes in the Group’s own credit risk. Such changes in fair value are recorded in equity reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVPL is accrued in interest income or interest expense, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument.

Financial liabilities arising from amounts received under the Share and Token Allocation Agreement classified as “Nontrade payables” under “Accounts and other payables” were designated at FVPL as it contains embedded derivatives.

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in profit or loss.

This category generally applies to loans payable.

Other Financial Liabilities
Issued financial instruments or their components, which are not designated at FVPL, are classified as accounts payable and accrued expenses where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Any effect of restatement of foreign currency-denominated liabilities is recognized in profit or loss.

This accounting policy applies to the Group's "Accounts and other payables" (except "Deferred output VAT", "Taxes payable" and provision relating to PSA and statutory payables included as "Others"), Advances from stockholders and other obligations that meet the above definition (other than liabilities covered by other accounting standards, such as income tax payable).

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

Investments in and Advances to Associates
The Group's investments in associates are accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

An investment is accounted for using the equity method from the day it becomes an associate. On acquisition of investment, the excess of the cost of investment over the investor's share in the net fair value of the associate's identifiable assets, liabilities and contingent liabilities is accounted for as goodwill and included in the carrying amount of the investment and not amortized. Any excess of the investor's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment, and is instead included as income in the determination of the share in the earnings of the associate.

The Group discontinues applying the equity method when their investment in an associate is reduced to zero. Accordingly, additional losses are not recognized unless the Group has guaranteed certain obligations of the associate. When the associate subsequently reports net income, the Group will resume applying the equity method but only after its share of that net income equals the share of net losses not recognized during the period the equity method was suspended.

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

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization and any impairment in value.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the property and equipment which are as follows:

	Years
Transportation equipment	3
Office equipment	3 to 4
Information technology (IT) equipment	3 to 4
Furniture and fixtures	3 to 5
Leasehold improvements	Useful life (3 to 5) or lease term, whichever is shorter

The estimated residual values, useful life and depreciation and amortization method are reviewed at least annually to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

If there is an indication that there has been a significant change in depreciation and amortization rate or the useful lives, the depreciation of that property and equipment is revised prospectively to reflect the new expectations.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Cryptocurrencies which are not held in the ordinary course of business are recognized as intangible assets as these are identifiable non-monetary asset without physical substance.

Following initial recognition, intangible assets (other than cryptocurrencies) are carried at cost less any accumulated amortization and any accumulated impairment losses. Cryptocurrencies are subsequently carried at revalued amount, being its fair value at the date of the revaluation less any accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The estimated useful lives of intangible assets follow:

	Years
Cryptocurrencies	Indefinite
Developed software	5 to 8

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

If the cryptocurrencies' carrying amount is increased as a result of a revaluation, the increase shall be recognized in other comprehensive income and accumulated in equity under "Revaluation surplus". However, the increase shall be recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss.

If the cryptocurrencies' carrying amount is decreased as a result of a revaluation, the decrease shall be recognized in profit or loss. However, the decrease shall be recognized in other comprehensive income to the extent of any credit balance in the revaluation surplus in respect of that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in equity under "Revaluation surplus". Changes in revaluation surplus are transferred to retained earnings in subsequent periods when the asset is derecognized.

Research and Development Costs
Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability and intention to use or sell the asset;

- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in cost of services.

Business Combinations and Goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any noncontrolling interests in the acquiree. For each business combination, the Group elects whether to measure the noncontrolling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for noncontrolling interests) and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

When goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of combination can be determined only provisionally, the acquirer shall account for the combination using those provisional values. The acquirer shall recognize any adjustments to those provisional values as a result of completing the initial accounting within twelve months of the acquisition date as follows: (i) the carrying amount of the identifiable asset, liability or contingent liability that is recognized or adjusted as a result of completing the initial accounting shall be calculated as if its fair value at the acquisition date had been recognized from that date; (ii) goodwill or any gain recognized shall be adjusted by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted; and (iii) comparative information presented for the periods before the initial accounting for the combination is complete shall be presented as if the initial accounting has been completed from the acquisition date.

Noncontrolling Interests
In a business combination, as of the acquisition date, the Group recognizes, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree. There is a choice of two measurement methods for those components of noncontrolling interests that are both present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of a liquidation. They can be measured at:

a. acquisition-date fair value (consistent with the measurement principle for other components of the business combination); or
b. at their proportionate share of the value of net identifiable assets acquired.

Impairment of Nonfinancial Assets
The Group assesses at each financial reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

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

Investments in associates
The Group also determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the recoverable amount and the carrying value of the associate and recognizes the difference as provision for impairment losses under general and administrative expenses.

In assessing impairment indicators, the Group considers, as a minimum, the following indicators: (a) dividends exceeding the total comprehensive income of the associate in the period the dividend is declared; or (b) the carrying amount of the investment in the consolidated financial statements exceeding the carrying amount of the associate's net assets, including goodwill.

Impairment of goodwill
For assessing impairment of goodwill, a test of impairment is performed annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit ("CGU") (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGUs is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

<u>Equity</u>
Capital stock and additional paid-in capital
Capital stock is measured at par value for all shares issued. When the shares are sold at a premium, the difference between the proceeds and the par value is credited to "Additional paid-in capital".

Direct costs incurred related to equity issuance are chargeable to "Additional paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings. The costs of an equity transaction that is abandoned are recognized as an expense.

Treasury shares
Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Retained earnings (Deficit)
Retained earnings (deficit) represent the cumulative balance of net income or loss, dividend distributions, prior period adjustments, effects of the changes in accounting policy and other capital adjustments.

Unappropriated retained earnings
Unappropriated retained earnings represent the portion of retained earnings that is free and can be declared as dividends to stockholders.

Appropriated retained earnings
Appropriated retained earnings represent the portion of retained earnings which has been restricted and therefore is not available for dividend declaration.

Equity reserve
Equity reserve represents:

(a) a portion of equity against which the recognized liability for a written put option was charged;
(b) a portion of equity against which payments to a former shareholder of a subsidiary was charged;
(c) gains or losses resulting from increase or decrease in ownership without loss of control; and
(d) difference between the consideration transferred and the net assets acquired in common control business combination.

Revenue Recognition
Revenue from contracts with customers is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue is recognized when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation.

Service income
Service income consists of revenue from Value Added Services (VAS) and Business Process Outsourcing (BPO). BPO is further subdivided into IT Staffing, Custom Development and Managed Services, Products, and Other Services. These services are disaggregated according to the following business segments

Business segment	**Description**
Enterprise Service	IT staffing is a business segment where the Group deploys resources to clients to fulfill their IT requirements. Revenue is recognized over time, that is when services are rendered to the customers during the period.
Mobile Consumer Services	VAS are mobile and content application services provided to mobile subscribers. Revenue is recognized at a point in time, that is when services are delivered to the customers during the period.
Other Services	Custom Development and Managed Services are services offered to customers that are produced in the Group's premises. Revenue is recognized over time and at a point in time. In measuring the progress of its performance obligation over time for Custom Development, the Group uses the output method which measures progress based on the completion of proportion of work done and requires technical determination by the IT specialists. Products are readily available solutions that will cater to customers' requirements. Revenue is recognized overtime, that is when goods are delivered to the customers during the period. Other Services are recognized over time, that is, when services are rendered to the customers or over the period to which the customers are entitled to avail of the services.

Sale of goods
Revenue from the sale of goods in the ordinary course of activities is measured at the fair value of the consideration received or receivable, net of discounts and applicable taxes. Revenue is recognized at a point in time, which is normally upon delivery.

For the years ended December 31, 2024, 2023 and 2022, the Group has no variable consideration but the timing of revenue recognition resulted in contract assets and liabilities.

Contract Balances

Receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional (e.g., warranty fees).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer (e.g., upfront fees, implementation fees, subscription fees, etc.). If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

Interest and Other Income

Interest income is recognized as it accrues.

Cost and Expenses

"Cost of services", "Cost of goods sold", and "General and administrative expenses" are expenditures recognized in the consolidated statement of comprehensive income when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. The following specific recognition criteria must also be met before costs and expenses are recognized:

Cost of services

Cost that includes all expenses associated with the specific sale of services. Cost of services include salaries, wages and employee benefits, utilities and communication, supplies and other expenses related to services. Such costs are recognized when the related sales have been recognized.

Cost of goods sold

Cost of goods sold consists of inventory costs related to goods which the Group has sold. Inventory costs include all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

General and administrative expenses

General and administrative expenses constitute expenses of administering the business and are recognized in profit or loss as incurred.

Leases

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

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

i) Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of cost to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Years
Office space	1.5 to 2.5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in 'Impairment of nonfinancial assets' section.

ii) Lease liabilities

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

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases

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

Income Tax

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the end of the reporting period.

Deferred tax

Deferred tax is provided using the balance sheet method on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investment in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and NOLCO can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investment in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will not reverse in the foreseeable future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax liabilities are not provided on nontaxable temporary differences associated with investment in domestic associates.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the financial reporting date. Movements in deferred tax assets and liabilities arising from changes in tax rates are charged or credited to income for the period.

Deferred tax relating to items outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

Pensions and other long-term employee benefits
The net pension liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any).

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method. Defined benefit costs comprise the following:

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

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

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

Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit through other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Remeasurement of the net defined benefit liability or asset recognized in other comprehensive income shall not be reclassified to profit or loss in a subsequent period. The Group transfers those amounts recognized in other comprehensive income to retained earnings (deficit) upon separation of all employees in a subsidiary.

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

Foreign Currency Transactions
The Group's consolidated financial statements are presented in Philippine Peso, which is also the Parent Company's and the subsidiaries' functional currency, except for AOC and ODX, which is Singapore dollar (SGD), XAU, which is in Australian dollar (AUD) and Storm Indonesia, which is Indonesian Rupiah (Rp). The Philippine peso is the currency of the primary economic environment in which the Parent Company operates. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions denominated in foreign currencies are initially recorded in Philippine Peso at the exchange rate at the date of transaction. Foreign currency-denominated monetary assets and liabilities are retranslated at the closing rate at reporting date. Exchange gains or losses arising from foreign currency transactions are recognized in profit or loss.

As at reporting date, the assets and liabilities of subsidiaries whose functional currency is not the Philippines Peso are translated into the presentation currency of the Parent Company (the Philippine Peso) at the closing rate as at the reporting date, and the profit or loss accounts are translated at monthly weighted average exchange rate. The exchange differences arising on the translation are recorded under other comprehensive income and accumulated in a separate component of equity under "Cumulative translation adjustment" account. Upon disposal of a foreign subsidiary, the deferred cumulative amount recognized in other comprehensive income relating to that particular foreign operation is recognized in profit or loss.

Investment in foreign associates are translated to Philippine Peso using the closing exchange rate prevailing at reporting date. The Group's share in the results of operations of the foreign investee is translated using the exchange rate at the dates of the transactions or, where practicable, the rate that approximates the exchange rates at the dates of the transactions, such as the average rate for the period. Any resulting exchange difference is recognized as a separate component of equity.

Earnings (Loss) per Share (EPS)
Basic EPS is computed by dividing net income or loss for the year attributable to common stockholders of the parent by the weighted average number of common shares issued and outstanding during the year adjusted for any subsequent stock dividends declared. Diluted EPS is computed by dividing net income or loss for the year attributable to common stockholders of the parent by the weighted average number of common shares issued and outstanding during the year after giving effect to assumed conversion of potential common shares, if any.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the services provided, with each segment representing a strategic business unit that offers different services and serves different markets. Financial information on business segments is presented in Note 26 to the consolidated financial statements.

Provisions
Provisions are recognized when the entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Accounting for crypto-related transactions
Proceeds Arising from the Pre-Sale Agreements ("PSA")
Proceeds from the PSA are recognized upon receipt and measured at the fair value of the related cryptocurrency. The entire proceeds are presented under the liability section of the consolidated statement of the financial position at initial recognition. The portion of the proceeds which pertains to the estimated costs to develop the ODX platform is treated as a constructive obligation (refer to the accounting policy for Provisions) and offset by the actual costs incurred for the platform. The remaining balance of the proceeds is accounted for by analogy to government grants under PAS 20, A*ccounting for Government Grants and Disclosure of Government Assistance*. This portion will be amortized over the life of the platform when it becomes available for use.

Platform Development Costs
Actual costs incurred in the development of the ODX platform are offset against provisions and treated as a fulfillment of the constructive obligation arising from the PSA.

ODX Tokens
ODX Tokens generated but not issued are not recognized in the consolidated financial statements. Issuance of ODX Tokens to third parties does not have impact to the consolidated financial statements. Risks and rewards to these ODX Tokens are transferred to the third parties upon issuance.

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

This policy also applies to agreements which the Group entered into with certain advisors for which the services received are to be paid through internally generated tokens in the future and for which the obligation cannot be measured with sufficient reliability.

Events after the Reporting Period
Post year-end events up to date when the consolidated financial statements are authorized for issue that provide additional information about the Group's financial position at the reporting period (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

3. **Significant Accounting Judgments and Estimates and Assumptions**

The preparation of the accompanying consolidated financial statements in compliance with PFRS Accounting Standards requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. The judgments and estimates used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the consolidated financial statements as they become reasonably determinable.

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

Judgments

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

a. Assumption of going concern

The use of the going concern assumption involves management making judgments, at a particular point in time, about the future outcome of events or condition that are inherently uncertain. The Group has no plans to liquidate. Management assessed that it will be able to maintain its positive cash position through future actions such as continuous venture into new revenue potential and disposal of assets. Further with the continued financial support from stockholders, the Group has secured their commitments not to demand payment of the Group's liabilities to them within 12 months from the reporting date. Accordingly, the consolidated financial statements are prepared on a going concern basis.

b. Determination of control over investment in subsidiaries

The Group determined that it has control over its subsidiaries by considering, among others, its power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns. The following were also considered:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual agreements
- The Group's voting rights and potential voting rights

c. Existence of significant influence over associates

The Group determined that it exercises significant influence over its associates (see Note 9) by considering, among others, its ownership interest (holding 20% or more of the voting power of the investee) and board representation.

d. Determination of constructive obligation arising from cryptocurrency transactions

The Group determined that a constructive obligation exists based on the terms of the agreements and the general expectations of the counterparties.

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

a. *Evaluating impairment of goodwill and investments in associates*

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. The cash flows are derived from the budget for the next five years which include factors considering the current economic environment but exclude restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the growth rates used for extrapolation purposes. These estimates are most relevant to goodwill recognized by the Group. The carrying values of goodwill amounted to ₱45.59 million as of December 31, 2024 and 2023 (see Note 11).

Investments in associates are tested for impairment when circumstances indicate that the carrying value may be impaired. The carrying values of investments in associates amounted to ₱188.05 million and ₱227.24 million as of December 31, 2024 and 2023, respectively. In 2024 and 2023, the impairment loss recognized in investment in Micro Benefits Limited (MBL) amounted to ₱27.81 and ₱14.35 million, respectively (see Note 9).

b. *Revenue recognition*

The Group's revenue recognition require management to make use of estimates that may affect the reported amount of revenue. The Group's revenue from sale of services for development projects recognized based on the percentage of completion are measured principally on the basis of the estimated completion of the development services. In measuring the progress of its performance obligation over time, the Group uses the output method which measures progress based on the completion of proportion of work done and requires technical determination by the Group's specialists.

Judgment is exercised in determining whether the Group can recognize revenue outright or over the development period. The Group recognizes revenue over the development period if all of the following criteria are met; otherwise, revenue is recognized outright:

- the contract requires, or the customer reasonably expects, that the Group will undertake activities that significantly affect the software/platform under development;
- the delivery of the developed software/platform directly expose the customer to any positive or negative effects of the Group's activities; and
- those activities do not result in the transfer of a good or a service to the customer as those activities occur.

Revenues from other revenue streams are recognized at a point in time when control over goods or services is transferred.

The Group recognized service income subject to percentage of completion amounting to ₱47.81 million, ₱48.79 million, and ₱37.63 million in 2024, 2023 and 2022, respectively. This is included as part of service income from enterprise services (see Note 14).

c. *Provisions and contingencies*

The Group is currently involved in assessments for national taxes. The estimate of the probable costs for the resolution of these assessments has been developed in consultation with external counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe that these assessments will have a material effect on the Group's consolidated financial position and results of operations (see Note 28).

d. *Provision for expected credit losses of accounts and other receivables*

The Group uses a provision matrix to calculate ECLs for accounts and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss pattern.

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The amount of ECLs is sensitive to changes in circumstances and of forecasted economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

As of December 31, 2024 and 2023, allowance for impairment losses on accounts and other receivables amounted to ₱31.75 million and ₱31.95 million, respectively (see Notes 5 and 25).

e. *Realizability of deferred tax assets*

The Group reviews the carrying amounts of deferred income taxes at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the subsidiaries of the Group will generate sufficient taxable income to allow all or part of its deferred income tax assets to be utilized. The Group looks at its projected performance in the sufficiency of future taxable income.

The Group did not recognize deferred tax assets on deductible temporary differences and NOLCO amounting to ₱928.07 million and ₱769.78 million as at December 31, 2024 and 2023, respectively (see Note 21).

4. **Cash and Cash Equivalent**

This account consists of:

	2024	2023
Cash on hand	**₱31,751**	₱872,877
Cash in banks	**32,283,248**	34,169,177
Cash equivalent	–	44,844,403
	₱32,314,999	₱79,886,457

Cash in banks earn interest at the prevailing bank deposit rates.

Cash equivalents are short-term, highly liquid investments that are made for varying periods up to three (3) months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term rates.

Foreign currency-denominated cash in banks amounted to ₱1.83 million and ₱49.30 million as of December 31, 2024 and 2023, respectively (see Note 25).

Interest income earned from cash in banks and cash equivalent amounted to ₱1.27 million, ₱0.97 million and ₱0.46 million in 2024, 2023 and 2022, respectively (see Note 17).

5. Accounts and Other Receivables

This account consists of:

	2024	2023
Trade receivables	**₱41,704,412**	₱73,965,356
Receivable from related parties (Note 19)	**6,386,235**	9,521,637
Advances to employees	**362,163**	1,390,227
Others	**12,908,707**	12,732,806
	61,361,517	97,610,026
Less allowance for impairment losses	**31,751,317**	31,946,946
	₱29,610,200	₱65,663,080

Trade receivables arise from the mobile content development, mobile solution and key platform development services rendered by the Group to its customers. These are noninterest-bearing and are generally settled on a 30- to 60-day term.

Advances to employees mainly pertain to advances which are subject to liquidation.

Others include advances to a third party, which are due and demandable.

The table below shows the movements in the provision for impairment losses of receivables:

	2024	2023
Balance at beginning of year	**₱31,946,946**	₱32,940,882
Provisions - net of recovery (Note 16)	**5,170,914**	(732,503)
Write-off	**(5,521,473)**	(392,715)
Translation adjustments	**154,930**	131,282
Balance at end of year	**₱31,751,317**	₱31,946,946

As of December 31, 2024 and 2023, the allowance for impairment losses pertains to:

	2024	2023
Trade receivables	**₱17,237,888**	₱16,725,882
Receivable from related parties (Note 19)	**1,794,061**	3,896,277
Others	**12,719,368**	11,324,787
	₱31,751,317	₱31,946,946

6. Contract Balances

This account consists of:

	2024	2023
Contract assets	**₱29,372,782**	₱12,735,530
Contract liabilities	**25,353,922**	42,171,714

Contract assets are initially recognized for revenues earned from custom development as receipt of consideration is conditional on successful completion of proportion of work. Upon completion of performance obligation conditioned with the acceptance of the customer, the amount recognized as contract assets are reclassified to trade receivables.

Contract liabilities consist of collections from customers under custom development services, trading of goods and other services which have not qualified for revenue recognition. Amount of revenue recognized from amounts included in contract liabilities at the beginning of the year amounted to ₱28.69 million, ₱1.13 million and ₱12.98 million in 2024, 2023 and 2022, respectively.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) amounted to ₱25.35 million, ₱42.16 million and ₱34.45 million in 2024, 2023 and 2022, respectively.

The performance obligations relate to the continuous custom development, trading of goods and other services which are expected to be recognized within one year.

7. Financial Assets at Fair Value through Other Comprehensive Income

This account consists of:

	2024	2023
Financial assets at FVOCI		
Quoted equity investment		
Club Punta Fuego	**₱1,100,000**	₱900,000
	₱1,100,000	₱900,000

The rollforward analysis of financial assets at FVOCI follow:

	2024	2023
Balance at beginning of year	**₱900,000**	₱1,200,000
Unrealized gain (loss) on financial assets at FVOCI, net of tax	**200,000**	(300,000)
	₱1,100,000	₱900,000

The rollforward analysis of "Accumulated net unrealized loss on financial assets at FVOCI" follow:

	2024	2023
Balance at beginning of year	**(₱43,794,956)**	(₱43,494,956)
Unrealized gain (loss) on financial assets at FVOCI	**200,000**	(300,000)
Balance at end of year	**(₱43,594,956)**	(₱43,794,956)

Unrealized fair value gain (loss) on financial assets at FVOCI is recognized under "Other comprehensive income (loss)" in the consolidated statements of comprehensive income.

Quoted equity investment
Quoted equity instrument consists of investment in golf club shares.

Unquoted equity investment
In April 2015, the Group acquired 666,666 shares of Series A Preferred Stock of Zowdow Inc. ("Zowdow") at a purchase price of $1.50 per share for a total investment of US$999,999 or ₱44.24 million. As at December 31, 2024 and 2023, the Group holds a 3.56% ownership of Zowdow on a fully-diluted basis. As at December 31, 2024 and 2023, the Group has unrealized loss on this investment amounting to ₱44.24 million.

Unquoted debt investments
The Group has convertible promissory notes and bonds receivable as of December 31, 2024 and 2023:

	2024	2023
Unquoted debt investments		
MatchMe Pte. Ltd.	**₱52,495,000**	₱52,495,000
Einsights Pte. Ltd.	**23,475,000**	23,475,000
Pico Candy Pte. Ltd.	**3,602,123**	3,602,123
	79,572,123	79,572,123
Less remeasurement loss	**(79,572,123)**	(79,572,123)
Balance at end of year	**₱–**	₱–

On April 8, 2023, AGPL sold its assets and business to a company registered in Australia. The Parent Company received approximately US$900,982.04 or ₱50.42 million in cash, which includes the recovery of previously impaired unquoted debt investments, advances, and investment account (see Note 1). The Company fully impaired the remaining balance of investment in associate amounting to ₱15.09 million.

The quoted shares are categorized under the Level 2 of the fair value hierarchy. The unquoted equity investments are categorized under Level 3 (see Note 25).

8. Other Assets

Other current assets
This account consists of:

	2024	2023
Prepaid expenses	**₱12,880,034**	₱5,815,661
Input VAT - net	**9,511,249**	10,103,442
Refundable deposits	**632,569**	623,648
Deferred input VAT	**493,869**	1,412,914
Rental deposit	**10,418**	–
Creditable withholding taxes	**–**	8,715,428
	23,528,139	26,671,093
Less allowance for impairment losses	**3,377,346**	3,377,346
	₱20,150,793	₱23,293,747

Prepaid expenses mainly pertain to advances to suppliers, advance rent and prepaid professional fees.

Input VAT represents VAT on acquired goods and services which can be offset to output VAT.

Refundable deposits pertain to security deposit made for performance bond and rent which will be received within one year.

Deferred input VAT represents input VAT related to unpaid balances for the services availed by the Group. These will be recognized as input VAT and applied against output VAT upon payment. Any remaining balance is recoverable in future periods.

Creditable withholding taxes pertain to prepaid taxes recognized at the amount withheld at source upon payment and overpayment of income tax in previous years. This can be carried forward and claimed as tax credit against income tax due.

Other noncurrent assets
This account consists of:

	2024	2023
Creditable withholding tax	**₱32,971,899**	₱20,962,527
Deferred input VAT	**3,675,927**	1,519,311
Others	**422,769**	605,655
Security deposits	**–**	10,418
	37,070,595	23,097,911
Less allowance for impairment losses	**9,386,080**	9,386,080
	₱27,684,515	₱13,711,831

9. **Investments in and Advances to Associates**

This account consists of:

	2024	2023
Investments in Associates		
Cost		
Balance at beginning and end of year	**₱577,561,081**	₱577,561,081
Equity in net loss		
Balance at beginning of year	**(180,544,044)**	(178,729,585)
Share in net losses during the year	**(7,957,093)**	(1,814,459)
Balance at end of year	**(188,501,137)**	(180,544,044)
Cumulative translation adjustment		
Balance at beginning of year	**9,450,400**	6,169,267
Movement during the year	**(3,426,840)**	3,281,133
Balance at end of year	**6,023,560**	9,450,400

(Forward)

	2024	2023
Accumulated impairment		
Balance at beginning of year	**(₱179,226,699)**	(₱132,115,484)
Movement during the year	**(27,806,000)**	(47,111,215)
Balance at end of year	**(207,032,699)**	(179,226,699)
	188,050,805	227,240,738
Advances to Associate	**22,084,586**	22,084,586
	₱210,135,391	₱249,325,324

The equity in cumulative translation adjustments represents exchange differences arising from the translation of financial statements of the foreign operations, whose functional currency is other than Philippine Peso.

The Group's equity in the net assets of associates and the related percentages of ownership are shown below:

	Percentages of Ownership		Carrying Amounts	
	2024	2023	**2024**	2023
Investments in Associates				
Micro Benefits Limited	**23.53**	23.53	**₱163,566,575**	₱205,633,591
PT Sembilan Digital Investama	**49.00**	49.00	**24,484,230**	21,607,147
MatchMe Pte. Ltd.	**29.10**	29.10	**–**	–
Altitude Games Inc.	**21.17**	21.17	**–**	–
			188,050,805	227,240,738
Advances to associate				
PT Sembilan Digital Investama			**22,084,586**	22,084,586
			₱210,135,391	₱249,325,324

Micro Benefits Limited
On March 9, 2016, the Group acquired 718,333 new Series C Preferred Shares equivalent to a 23.53% stake in Micro Benefits Limited ("Micro Benefits") for US$10.00 million. Micro Benefits, a company registered in Hong Kong, is engaged in the business of providing employee benefits to Chinese workers through its operating company, Micro Benefits Financial Consulting (Suzhou) Co. Ltd., located in China.

In 2024, indicators of impairment were identified by management. As a result, an impairment test was carried out for investment in Micro Benefits where it showed that an impairment provision must be recognized. In determining the provision, the recoverable amount was determined based on value-in-use ("VIU") calculations. The VIU was derived from cash flow projections over a period of five years based on the 2024 financial budgets and calculated terminal value.

Using the projections for five years and applying a terminal value thereafter, the Group calculated a recoverable amount of ₱163.57 million and ₱205.63 million as of December 31, 2024 and 2023 respectively. Consequently, the Group recognized a provision for impairment loss on its investment in Micro Benefits amounting to ₱27.81 million and ₱14.35 million in 2024 and 2023, respectively.

Micro Benefits' registered office address is at 11th Floor, Club Lusitano, 16 Ice House Street, Central, Hong Kong.

Xurpas Pte. Ltd. [formerly Altitude Games Pte. Ltd. (AGPL)]
On April 8, 2023, Altitude Games (AGPL) approved the sale of its assets and business to a company registered in Australia. The Parent Company received approximately US$900,982.04 or ₱50.42 million in cash, which includes the recovery of previously impaired unquoted debt investments, advances, and investment account (see Notes 7, 9, 17 and 19). The Company fully impaired the remaining balance of investment in associate amounting to ₱15.09 million net of partially impaired advances of ₱17.67 million.

In October 2023, the Parent Company executed transfer deeds wherein other shareholders of AGPL assigned the remaining 78.83% ownership to the Parent Company.

On June 14, 2024, AGPL changed its corporate name to Xurpas Pte. Ltd.

As at December 31, 2024 and 2023, the Group owns 100.00% ownership interest in Xurpas Pte. Ltd.

Altitude Games' registered office address is at 16 Raffles Quay, #33-03, Hong Leong Building, Singapore.

PT Sembilan Digital Investama
On March 26, 2015, the Group acquired 1,470 shares representing 49% shareholdings in PT Sembilan Digital Investama ("SDI") amounting to ₱10.83 million. The acquisition gave the Group access to PT Ninelives Interactive, a mobile content and distribution company in Indonesia, which SDI owns.

As of December 31, 2024 and 2023, the Group has advances to SDI amounting to ₱22.08 million to fund its mobile content and distribution services.

SDI's registered office address is at J1. Pos Pengumben Raya No. 01 RT 010 RW 03, Kel Srengseng, Jakarta Barat.

MatchMe Pte. Ltd.
In 2015 and 2018, the Group acquired an aggregate of 1,547,729 ordinary shares or 29.10% interest in MatchMe, an international game development company based in Singapore, for a total consideration amounting to ₱63.58 million.

MatchMe incurred recurring losses for the past four years and attained capital deficiency position as of December 31, 2019. In 2019, MatchMe became dormant. On these bases, the Group recognized full impairment loss on its investment in MatchMe amounting to ₱38.66 million in 2019.

MatchMe's registered office address is at 100 Cecil Street #10-01/002 the Globe, Singapore.

Altitude Games, Inc.
On July 22, 2015, the Group subscribed to 211,656 shares of stock or 21.17% shareholdings in Altitude Games Inc. ("Altitude Philippines"), an affiliate of Altitude Games. Altitude Philippines engages in the business of development, design, sale and distribution of games and applications.

The Group has cumulative unrecognized share in net loss in Altitude Philippines amounting to ₱0.34 million as of December 31, 2024 and 2023, respectively, and unrecognized share in net loss for the year ended December 31, 2022 amounting to ₱0.04 million. There was no unrecognized share in net loss in 2024 and 2023.

Altitude Philippine's registered office address is at Unit A51 5th Floor Zeta II Bldg., Salcedo St. Legazpi Village, Makati City.

As of December 31, 2024 and 2023, there are no capital commitments relating to the Group's interests in its associates.

The Group considers an associate with material interest if the net assets of the associate exceed 5% of the Group's consolidated total assets as of reporting period and considers the relevance of the nature of activities of the entity compared to other operations of the Group. There are no significant restrictions on the Group's ability to use assets and settle liabilities.

Following is the significant financial information of the associate with material interest:

Micro Benefits

	2024	2023
Current assets	**₱9,082,840**	₱13,208,541
Noncurrent assets	**110,076**	212,724
Current liabilities	**(102,896,956)**	(76,407,073)
Noncurrent liabilities	**(569,162,029)**	(539,272,458)
Total equity	**(662,866,069)**	(602,258,266)
Proportion of Group's ownership	**23.53%**	23.53%
Group's share in identifiable net assets	**(155,972,386)**	(141,711,370)
Implied goodwill – net of recognized impairment	**319,538,961**	347,344,961
Carrying amount of the investment	**₱163,566,575**	₱205,633,591

No dividends were received in 2024, 2023 and 2022.

	2024	2023
Total revenue	**₱58,720,274**	₱72,797,259
Total expenses	**104,848,948**	140,106,936
Net loss/ Total comprehensive loss	**(46,128,674)**	(67,309,677)
Group's share in net loss/ total comprehensive loss for the year	**(₱10,854,077)**	(₱15,837,967)

Aggregate financial information on associates with immaterial interest is as follows:

	2024	2023
Carrying amount	**₱24,484,230**	₱21,607,147
Group's share of net income for the year	**2,896,984**	14,023,508
Group's share in total comprehensive income	**2,896,984**	14,023,508

In 2024 and 2023, the Group performed impairment testing using a discounted cash flow analysis to determine value-in-use. Key assumptions used to determine the value-in-use are discount rates including cost of debt and cost of capital and growth rates.

- *Discount rate*

  The discount rate used is the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. The Group used discount rates based on the industry's weighted average cost of capital (WACC). The rates used to discount the future cash flows are based on risk-free interest rates in the relevant markets where the associates domiciled taking into consideration the debt premium, market risk premium, gearing, corporate tax rate and asset beta of the associate. In 2024, 2023 and 2022, management assumed discount rates of 13.49%, 10.85% and 11.05%, respectively.

- *Growth rate*

  Annual growth rates in revenues are based on the Group's expectation of market developments and the changes in the environment in which it operates. The Group uses revenue growth rates based on past historical performance as well as expectations on the results of its strategies. On the other hand, the perpetual growth rate used to compute for the terminal value is based on the forecasted long-term growth of real gross domestic product (GDP) of the economy in which the business operates. In 2024, 2023 and 2022, management assumed average growth rates in revenues of 15.67% to 29.43%, 14.40% to 24.20% and 7.90% to 25.96%, respectively, and terminal growth rate of 3.29%, 3.38% and 2.80%, respectively.

Impairment loss amounting to ₱27.86 million, ₱14.35 million and ₱24.97 million was recognized in 2024, 2023 and 2022 for the Group's investments in associates, respectively.

10. Property and Equipment

Rollforward of this account is as follows:

December 31, 2024

	Transportation Equipment	**Office Equipment**	**IT Equipment**	**Furniture and Fixtures**	**Leasehold Improvements**	**Total**
Cost						
At beginning of year	**₱120,536**	**₱5,025,122**	**₱16,565,320**	**₱3,729,846**	**₱1,384,471**	**₱26,825,295**
Additions	**–**	**31,999**	**29,632**	**–**	**41,250**	**102,881**
Retirements and disposals	**–**	**–**	**(32,589)**	**–**	**–**	**(32,589)**
At end of year	**120,536**	**5,057,121**	**16,562,363**	**3,729,846**	**1,425,721**	**26,895,587**
Accumulated Depreciation and Amortization						
At beginning of year	**120,536**	**4,881,667**	**12,797,314**	**3,729,846**	**1,384,471**	**22,913,834**
Depreciation and amortization (Notes 16)	**–**	**61,542**	**1,837,430**	**–**	**17,188**	**1,916,160**
Retirements and disposals	**–**	**–**	**(17,652)**	**–**	**–**	**(17,652)**
At end of year	**120,536**	**4,943,209**	**14,617,092**	**3,729,846**	**1,401,659**	**24,812,342**
Net Book Value	**₱–**	**₱113,912**	**₱1,945,271**	**₱–**	**₱24,062**	**₱2,083,245**

December 31, 2023

	Transportation Equipment	Office Equipment	IT Equipment	Furniture and Fixtures	Leasehold Improvements	Total
Cost						
At beginning of year	₱120,536	₱4,981,330	₱16,357,297	₱3,729,846	₱1,384,471	₱26,573,480
Additions	–	43,792	499,967	–	–	543,759
Retirements and disposals	–	–	(291,944)	–	–	(291,944)
At end of year	120,536	5,025,122	16,565,320	3,729,846	1,384,471	26,825,295
Accumulated Depreciation and Amortization						
At beginning of year	120,536	4,768,350	11,007,033	3,721,104	1,346,714	20,963,737
Depreciation and amortization (Notes 16)	–	113,317	1,918,099	8,742	37,757	2,077,915
Retirements and disposals	–	–	(127,818)	–	–	(127,818)
At end of year	120,536	4,881,667	12,797,314	3,729,846	1,384,471	22,913,834
Net Book Value	₱–	₱143,455	₱3,768,006	₱–	₱–	₱3,911,461

The Group retired and disposed property and equipment with cost amounting to ₱32,589 resulting in a loss of ₱3,137 in 2024, ₱0.29 million resulting in a loss of ₱8,618 in 2023, and ₱8.37 million resulting in a loss of ₱0.05 million in 2022 recognized under "Other income (charges)" account (see Note 17).

There is no capitalized interest as at December 31, 2024 and 2023.

There are no property and equipment pledged as collateral as at December 31, 2024 and 2023.

11. Intangible Assets

This account consists of:

December 31, 2024

	Goodwill	Developed Software	Cryptocurrencies	Total
Cost				
At beginning of year	**₱2,004,469,603**	**₱105,497,817**	**₱9,126,966**	**₱2,119,094,386**
Additions	–	–	**1,440,371**	**1,440,371**
Disposals	–	–	**(9,515,062)**	**(9,515,062)**
At end of year	**2,004,469,603**	**105,497,817**	**1,052,275**	**2,111,019,695**
Accumulated amortization				
At beginning of year	–	**93,732,507**	–	**93,732,507**
Amortization (Note 15)	–	**699,662**	–	**699,662**
At end of year	–	**94,432,169**	–	**94,432,169**
Accumulated Impairment				
At beginning and end of year	**1,958,881,201**	**10,242,927**	–	**1,969,124,128**
Accumulated revaluation surplus				
At beginning of year	–	–	**25,642,805**	**25,642,805**
Revaluation gain	–	–	**19,349,289**	**19,349,289**
Disposals	–	–	**(18,653,789)**	**(18,653,789)**
At end of year	–	–	**26,338,305**	**26,338,305**
Net Book Value	**₱45,588,402**	**₱822,721**	**₱27,390,580**	**₱73,801,703**

December 31, 2023

	Goodwill	Developed Software	Cryptocurrencies	Total
Cost				
At beginning of year	₱2,004,469,603	₱104,377,217	₱3,215,685	₱2,112,062,505
Additions	–	1,120,600	10,688,929	11,809,529
Disposals	–	–	(4,777,648)	(4,777,648)
At end of year	2,004,469,603	105,497,817	9,126,966	2,119,094,386
Accumulated amortization				
At beginning of year	–	93,065,021	–	93,065,021
Amortization (Note 15)	–	667,486	–	667,486
At end of year	–	93,732,507	–	93,732,507
Accumulated Impairment				
At beginning and end of year	1,956,247,619	10,242,927	–	1,966,490,546
Impairment	2,633,582	–	–	2,633,582
At end of year	1,958,881,201	10,242,927	–	1,969,124,128
Accumulated revaluation surplus				
At beginning of year	–	–	10,330,225	10,330,225
Revaluation gain	–	–	15,312,580	15,312,580
At end of year	–	–	25,642,805	25,642,805
Net Book Value	₱45,588,402	₱1,522,383	₱34,769,771	₱81,880,556

Goodwill
Goodwill pertains to excess of the acquisition cost over the fair value of the identifiable assets and liabilities of companies acquired by the Group.

Developed Software
Developed software pertain to telecommunications equipment software licenses, corporate application software and licenses and other VAS software applications that are not integral to the hardware or equipment.

Cryptocurrencies
Cryptocurrencies pertain to units of Bitcoin, Ether, USDC and USDT held by the Group as at December 31, 2024 and 2023.

The fair value of cryptocurrencies was determined using quoted market prices in active markets categorized under Level 1 of fair value hierarchy. As at December 31, 2024 and 2023, the fair value of Bitcoin is USD93,347 per unit and USD42,265.19 per unit, respectively, the fair value of Ether is USD3,330 and USD2,291.95, respectively while the fair value of USDC and USDT is USD1.00 per unit.

In 2024 and 2023, the Group sold cryptocurrencies amounting to ₱9.52 million and ₱4.83 million, respectively. There was no sale of cryptocurrencies in 2022. In 2025, the Group sold the remaining cryptocurrencies for ₱26.54 million.

Revaluation of cryptocurrencies resulted in a gain of ₱19.32 million and ₱15.41 million in 2024 and 2023, respectively and a loss of ₱20.74 million in 2022, recognized under "Revaluation surplus" in "Other comprehensive income (loss)" and a gain (loss) of ₱28,337, (₱59,249) and (₱37,292) recognized in 2024, 2023, and 2022 respectively under "Other income (charges) in profit or loss (see Note 17).

The amortization expense of intangible assets recognized in "Depreciation and amortization" under "Cost of services" in the consolidated statements of comprehensive income amounted to ₱0.70 million, ₱0.67 million and ₱6.15 million in 2024, 2023 and 2022, respectively (see Note 15).

<u>*Impairment testing of goodwill*</u>
Goodwill acquired through business combinations were reviewed to look for any indication that an asset may be impaired. The Group used a discounted cash flow analysis to determine value-in-use. Value-in-use reflects an estimate of the future cash flows the Group expects to derive from the cash-generating unit, expectations about possible variations in the amount or timing of those future cash flows, the time value of money and the price for bearing the uncertainty inherent in the asset. The calculation of the value-in-use is based on reasonable and supportable assumptions, the most recent budgets and forecasts approved by management covering a five-year period. Management determined the financial budgets based on past performance and its expectations for market development.

Key Assumptions Used in Value-in-Use Calculations
Key assumptions used to determine the value-in-use are discount rates including cost of debt and cost of capital, average revenue growth rates, and long-term growth rates.

- *Discount rate*
  The discount rate used is the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. The Group used discount rates based on the industry's weighted average cost of capital (WACC). The rates used to discount the future cash flows are based on risk-free interest rates in the relevant markets where the subsidiaries are domiciled taking into consideration the debt premium, market risk premium, gearing, corporate tax rate and asset betas of these subsidiaries. In 2024, 2023 and 2022, management assumed discount rates of 14.96%, 7.32% to 13.40% and 11.05% to 16.50%, respectively.

- *Average annual revenue growth rate and long-term growth rate*
  Average growth rates in revenues are based on the Group's expectation of market developments and the changes in the environment in which it operates. The Group uses revenue growth rates based on past historical performance as well as expectations on the results of its strategies. On the other hand, the perpetual growth rate used to compute for the terminal value is based on the forecasted long-term growth of real gross domestic product (GDP) of the economy in which the business operates. In 2024, 2023 and 2022, management assumed average growth rates in revenues of 8.00% to 25.02%, 0.00% to 49.64% and 0.00% to 33.33%, respectively, and terminal growth rates of 3.00%, 3.00% and 2.80% to 4.68, respectively.

Management recognizes that unfavorable conditions can materially affect the assumptions used in the determination of value-in-use. An increase of 23.7% in discount rate, or a reduction of growth rates by 2% would give a value-in-use equal to the carrying amount of the cash generating units.

The recoverable amounts have been based on value-in-use calculations using cash flow projections from forecasts provided by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using a growth rate of 3.00%.

Impairment loss of ₱2.63 million was recognized in 2023, and nil in 2024 and 2022.

As of December 31, 2024 and 2023, the outstanding balance of goodwill amounting to ₱45.59 million pertains to Storm Technologies, Inc.

As of December 31, 2024 and 2023 the accumulated impairment on goodwill pertains to the following CGUs:

	2024	2023
Art of Click Pte. Ltd.	**₱1,787,723,086**	₱1,787,723,086
Storm Technologies, Inc.	**88,573,284**	88,573,284
Xeleb Technologies Inc.	**69,085,646**	69,085,646
Seer Technologies, Inc.	**13,499,185**	13,499,185
	₱1,958,881,201	₱1,958,881,201

12. Accounts and Other Payables

This account consists of:

	2024	2023
Payable to third parties	**₱89,236,701**	₱89,290,630
Nontrade payable	**64,481,742**	63,572,332
Trade payables	**40,525,428**	21,127,612
Taxes payable	**17,198,684**	10,118,015
Payable to related parties (Note 19)	**12,086,213**	8,759,436
Deferred output VAT	–	8,553,937
Accrued expenses		
Taxes and licenses	**6,262,495**	6,260,031
Interest expense	**4,703,461**	3,143,467
Professional fees	**1,871,623**	1,494,060

(Forward)

	2024	2023
Commissions	**₱259,951**	₱815,667
Outsourced services	**31,975**	254,577
Others	**578,843**	160,755
Others	**159,766,812**	155,191,340
	₱397,003,928	₱368,741,859

Payable to third parties are advances made by minority shareholders and affiliates of Seer and Storm for working capital purposes and deposits for future stock subscription. The advances are noninterest-bearing and are settled within one year. As of April 29, 2025, no shares have been issued in relation to the deposit for future stock subscription.

Nontrade payables include proceeds received by ODX under the Share and Token Allocation Agreement which grants the investor rights to certain shares of ODX and internally generated tokens in the future depending on the happening of certain events prior to termination of the agreement.

Trade payables represent the unpaid subcontracted services and other cost of services to third parties. These are noninterest-bearing and are normally settled within one year.

Taxes payable include output VAT after application of available input VAT and expanded withholding tax on payment to suppliers and employees' compensation which are settled within one year.

Accrued expenses are noninterest-bearing and are normally settled within one year.

Others consist of statutory payables to SSS, Philhealth and HDMF. This account also includes provision relating to the Token Pre-Sale Agreements ("PSA") entered into by the Group, through ODX, with various investors for the sale of ODX tokens and other provisions for probable losses (see Note 28). These are noninterest-bearing and are normally settled within one year.

The table below shows the movements in the provision relating to the PSA:

	2024	2023
Balance at beginning of year	**₱151,571,723**	₱153,988,952
Translation adjustments	**6,213,900**	(2,417,229)
Balance at end of year	**₱157,785,623**	₱151,571,723

13. Loans Payable

The rollforward analysis of this account follow:

	2024	2023
Balance at beginning of year	**₱38,603,185**	₱38,384,416
Additions/adjustments	**534,981**	197,400
Accretion of interest	**157,531**	754,286
Payment of loans	**(520,000)**	(732,917)
	₱38,775,697	₱38,603,185

As of December 31, 2024, this pertains to unsecured and interest bearing, short-term loans with a local bank which are due and demandable. The Group has not been cited in default as of December 31, 2024 and 2023.

Interest expense recognized in the consolidated statements of comprehensive income amounted to ₱1.72 million, ₱2.31 million and ₱1.79 million in 2024, 2023 and 2022, respectively (see Note 17).

There were no transaction costs and interest expense capitalized in 2024 and 2023.

14. Service Income and Sale of Goods

Service income, amounting to ₱183.70 million, ₱188.03 million and ₱227.32 million in 2024, 2023 and 2022, respectively, pertain to revenues earned from mobile consumer products and services, enterprise services and knowledge process outsourcing and other services rendered by the Group to its customers.

Revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time, in different product types of its service income. The Group's disaggregation of revenue from contracts with customers are presented below:

	2024	2023	2021
Service income			
Mobile consumer services	**₱21,846,187**	₱8,612,409	₱15,679,509
Enterprise services	**106,100,411**	131,968,152	167,813,744
Other services	**55,755,479**	47,434,831	43,826,780
	₱183,702,077	₱188,015,392	₱227,230,033

15. Cost of Services

Cost of services consists of the following:

	2024	2023	2022
Salaries, wages and employee benefits	**₱63,328,793**	₱76,563,457	₱113,144,533
Outside services	**39,351,464**	45,498,688	29,182,508
Outsourced services	**28,001,035**	11,572,620	16,245,812
Web hosting	**3,053,716**	3,725,792	2,850,303
Commissions	**1,189,662**	1,457,452	364,473
Consultancy fees	**780,378**	3,623,949	844,074
Depreciation and amortization (Note 11)	**699,662**	667,486	6,148,337
Utilities	**225,850**	367,766	101,372
Miscellaneous	**182,886**	91,287	910,555
	₱136,813,446	₱143,568,497	₱169,791,967

Miscellaneous cost of services includes membership fees and other costs.

16. General and Administrative Expenses

General and administrative expense consists of:

	2024	2023	2022
Salaries, wages and employee benefits	**₱93,965,375**	₱94,796,488	₱44,558,739
Provision for impairment losses - net (Notes 5, 7, 8, 9 and 11)	**32,976,914**	6,758,985	49,015,997
Professional fees	**9,890,859**	9,144,128	14,174,057
Dues and subscriptions	**7,050,728**	5,314,461	2,427,628
Depreciation and amortization (Notes 10 and 18)	**2,948,562**	3,106,098	4,246,758
Outsourced services	**2,014,134**	1,325,217	5,964,038
Directors' fees (Note 19)	**1,932,500**	2,300,000	1,880,000
Taxes and licenses	**1,927,867**	2,554,407	2,944,346
Entertainment, amusement and recreation	**1,542,663**	1,359,918	854,412
Transportation and travels	**1,393,619**	1,589,123	1,797,887
Marketing and promotions	**883,144**	6,320,490	7,160,453
Advertising	**876,113**	1,699,917	572,117
Utilities	**627,388**	636,600	1,076,026
Seminars and trainings	**323,189**	443,933	531,443
Rent (Note 18)	**216,600**	464,101	299,725
Supplies	**114,720**	164,794	209,413
Repairs and maintenance	**12,699**	54,200	73,450
Insurance	**7,259**	5,014	72,657
Loss on write-off	**–**	–	1,158,291
Miscellaneous	**6,050,275**	3,454,751	11,884,228
	₱164,754,608	₱141,492,625	₱150,901,665

Miscellaneous expense includes penalties, notarial and other costs.

17. Finance Costs and Other Income (Charges)

Finance costs - net consist of:

	2024	2023	2022
Interest expense on loans payable (Notes 13 and 19)	**₱3,767,300**	₱4,106,528	₱9,633,615
Accretion of interest on lease liabilities (Note 18)	**48,785**	96,422	23,104
Interest income (Note 4)	**(1,270,130)**	(965,484)	(457,002)
	₱2,545,955	₱3,237,466	₱9,199,717

Other income (charges) consist of:

	2024	2023	2022
Foreign exchange gain (loss) - net	**(₱4,736,530)**	₱3,335,198	(₱7,453,775)
Bank charges	**(498,011)**	(538,110)	(520,593)
Unrealized gain (loss) on revaluation of cryptocurrencies (Note 11)	**28,337**	(59,249)	(37,292)
Gain (loss) on retirement and disposal of property and equipment and derecognition of right-of-use asset and lease liabilities (Notes 10 and 18)	**(3,137)**	(8,618)	54,931
Gain from derecognition of long-outstanding payables (Note 12)	–	833,319	40,906,152
Gain from derecognition of pension liability	–	327,000	–
Other income	**226,222**	1,740	2,246,979
	(₱4,983,119)	₱3,891,280	₱35,196,402

Other income pertains to gain on debt restructuring, gain on curtailment, commission and other miscellaneous income.

18. Lease Commitments

Group as Lessee
The Group entered into various lease agreements with third parties for the office spaces it occupies. Leases have terms ranging from one to three years and renewable subject to new terms and conditions to be mutually agreed upon by both parties.

In March 2021, the Parent Company entered into a non-cancellable lease contract with Milestone Petroleum Marketing Corporation for the lease of an office unit in Antel Corporate Center for a period of two (2) years which commenced on March 1, 2021 and expires on February 28, 2023. The applicable rate per month is ₱0.09 million. The lease contract may be renewed upon the terms and conditions mutually agreed by both parties with an escalation rate of 4.00% per year.

On January 31, 2023, the parties renewed the lease contract for another 2 years commencing from March 1, 2023 and ending on February 28, 2025. The applicable rate per month for the first year is ₱90,288 and ₱93,899 for the second year. On February 4, 2025, the lease was renewed for another two years commencing from March 1, 2025 to February 28, 2027.

Rollforward of right-of-use assets is as follows:

	2024	2023
Cost		
Balance at beginning of year	**₱2,064,803**	₱2,014,185
Addition	–	2,064,803
Termination of lease contract and derecognition of right-of-use asset	–	(2,014,185)
Balance at end of year	**2,064,803**	2,064,803
Accumulated Depreciation		
Balance at beginning of year	**860,335**	1,846,337
Depreciation	**1,032,402**	1,028,183
Termination of lease contract and derecognition of right-of-use asset	–	(2,014,185)
Balance at end of year	**1,892,737**	860,335
Net book value	**₱172,066**	₱1,204,468

The rollforward analysis of lease liabilities as of December 31, 2024 and 2023 follows:

	2024	2023
Balance at beginning of year	**₱1,258,034**	₱173,322
Addition	–	2,335,668
Accretion of interest (Note 17)	**48,785**	96,422
Payments	**(1,119,574)**	(1,347,378)
Balance at end of year	**₱187,245**	₱1,258,034
Current lease liabilities	**₱187,245**	₱1,071,896
Noncurrent lease liabilities	**₱–**	₱186,138

The following are the amounts recognized in the consolidated statements of comprehensive income:

	2024	2023	2022
Depreciation expense of right-of-use assets (Note 16)	**₱1,032,402**	₱1,028,183	₱1,007,093
Accretion of interest expense on lease liabilities (Note 17)	**48,785**	96,422	23,104
Rent expense on short-term leases charged under:			
General and administrative expenses (Note 16)	**216,600**	464,101	245,725
	₱1,297,787	₱1,588,706	₱1,275,922

19. Related Party Transactions

The Group, in the normal course of business, has transactions with related parties. Parties are considered to be related if, among others, one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions, the parties are subject to common control or the party is an associate or a joint venture.

Terms and conditions of transactions with related parties
There have been no guarantees provided or received for any related party receivables and payables. Except as otherwise indicated, these accounts are noninterest-bearing, generally unsecured and shall be settled in cash. The transactions are made at terms and prices agreed upon by the parties. Impairment assessment is undertaken through examination of the financial position of the related party and market in which this related party operates.

Material related party transactions (“RPT”)
This refers to any related party transaction, either individually, or in aggregate over a 12-month period with the same related party, amounting to 10% or higher of the Group’s total assets. All material related party transactions are subject to the review by the RPT Committee.

In the event wherein there are changes in the RPT classification from non-material to material, the material RPT shall be subject to the provisions of the related party transactions policy.

Details of transactions with related parties and their outstanding payables to a related party as at December 31, 2024 and 2023 follow:

					Outstanding Balance			
			Amount/Volume		**2024**		2023	
	Terms	**Conditions**	**2024**	2023	**Receivable**	**Payable**	Receivable	Payable
Associates								
Interest (a)	Noninterest-bearing	Unsecured	**₱–**	₱979,930	**₱–**	**₱–**	₱–	₱–
Advances (a,b)	Noninterest-bearing	Unsecured, with impairment	**720,667**	571,634	**3,949,973**	**–**	7,278,822	–
Stockholders								
Interest (a, b)	Noninterest-bearing	Unsecured	**1,857,528**	1,792,243	**–**	**10,392,119**	–	8,534,592
Payable to directors and officers (a-b)	Interest-bearing	Unsecured	**–**	–	**–**	**37,517,457**	–	35,912,207
Payable to directors and officers (c)	Noninterest-bearing	Unsecured	**1,932,500**	2,300,000	**–**	**1,469,250**	–	–
Advances (d)	One year; noninterest-bearing	Unsecured	**–**	–	**–**	**117,678**	–	117,678
Affiliates								
Receivable (a)	Noninterest-bearing	Unsecured, no impairment	**29,456,042**	11,432,993	**2,436,262**	**–**	2,242,815	–
Advances (b)	Noninterest-bearing	Unsecured	**–**	–	**–**	**107,166**	–	107,166
					₱6,386,235	**₱49,603,670**	₱9,521,637	₱44,671,643

Associates:

a. In 2017, the Parent Company entered into a US$100,000 noninterest-bearing short-term loan agreement with AGPL for working capital purposes..

   On April 8, 2023, AGPL sold its assets and business to a company registered in Australia. The Company received US$900,000 or ₱50.42 million in cash. Part of the proceeds from the sale was used to settle the loan.

   Prior on the date of sale, receivable from AGPL amounted to ₱5.26 million and recognized allowance for impairment loss amounted to ₱2.63 million.

b. The Parent Company made payments on behalf of SDI for its outsourced services. Outstanding balance amounted to ₱3.95 million and ₱7.28 million as of December 31, 2024 and 2023, respectively. The Parent Company recognized allowance for impairment loss amounting to ₱1.67 million and ₱3.40 million as of December 31, 2024 and 2023, respectively (see Note 5).

Stockholders:

a. In 2017, the Parent Company entered into a loan agreement with its directors amounting to US$1,945,758 or ₱97.15 million subject to 5% interest rate per annum. The loan is due and demandable.

   On June 30, 2023, the BOD of the Parent Company approved the conversion of the outstanding advances of two (2) of these directors to equity. The BOD also approved to waive all loan interests starting January 1, 2023 related to these advances. The aggregate amount of the principal balance and interest payable for equity conversion are ₱49.30 million and ₱7.96 million, respectively, which are the outstanding balances as of December 31, 2022.

   In 2024, 2023 and 2022, the Group recognized interest expense amounting to ₱1.86 million, ₱1.79 million and ₱5.14 million, respectively, under "Finance Cost and Other income (charges)" in its consolidated statements of comprehensive income (see Note 17). As at December 31, 2024 and 2023, outstanding loans and interest payable amounted to ₱37.52 million and ₱10.39 million, respectively, and ₱35.91 million and ₱8.53 million, respectively.

b. On April 29, 2019, the Parent Company entered into a loan agreement with its directors amounting to ₱150.00 million subject to 5.50% interest rate per annum for 3 years from date of agreement and may be renewed upon mutual agreement.

   On June 30, 2023, the BOD of the Parent Company approved the conversion of the outstanding advances to equity. The BOD also approved to waive all loan interests starting January 1, 2023. The aggregate amount of the principal balance and interest payable for equity conversion are ₱66.89 million and ₱12.37 million, respectively, which are the outstanding balances as of December 31, 2022. The conversion was executed on November 13, 2023.

   On October 6, 2023, SEC approved the valuation of advances applied as payment for additional issuance of 455,068,753 shares par value of ₱0.10 each from unissued portion of authorized capital stock and additional paid-in capital of ₱91.01 million. The conversion was executed on November 13, 2023.

c. Payable to directors and officers also pertain to directors' fees amounting to ₱1.93 million, and ₱2.30 million in 2024 and 2023, respectively (see Note 16). Outstanding payable amounted to ₱1.47 million and nil as at December 31, 2024 and 2023, respectively.

d. Advances from stockholders pertain to cash advances for operational and corporate-related expenses paid by a stockholder in behalf of the Group. These are noninterest-bearing and are due and demandable. Outstanding payable as at December 31, 2024 and 2023 amounted to ₱0.12 million.

Affiliates:

a. The Group entered into an agreement with CTX wherein the Group agreed to perform financial, legal, human resources, sales and marketing support, administrative support and technical services for a fee. In relation to this, outstanding trade receivable and total service income recognized as at and for the years ended December 31, 2024 and 2023 amounted to ₱0.95 million and ₱0.25 million, respectively, and ₱1.20 million and ₱1.07 million, respectively.

b. The Group entered into service agreement with CTX to provide staff augmentation services and assistance to certain software development projects of CTX. The Group's outstanding receivable and revenue from these services as at and for the years ended December 31, 2024 and 2023 amounted to ₱2.19 million and ₱28.51 million, respectively, and ₱1.04 million and ₱10.36 million, respectively.

c. Advances from affiliate pertain to payments made by CTX to the Parent Company for operational purposes subject to future liquidation. Outstanding payable as at December 31, 2024 and 2023 amounted to ₱0.11 million.

Key management compensation
Compensation of key management personnel amounted to ₱26.16 million, ₱28.65 million and ₱25.19 million in 2024, 2023 and 2022, respectively.

Compensation of key management personnel by benefit type follows:

	2024	2023	2022
Short-term employee benefits	**₱25,092,295**	₱27,301,378	₱23,559,431
Post-employment benefits	**2,331,078**	1,351,439	1,625,909
	₱27,423,373	₱28,652,817	₱25,185,340

20. Loss Per Share

The Group's loss per share for the years ended December 31, 2024, 2023 and 2022 were computed as follow:

	2024	2023	2022
Net loss attributable to the equity holders of the Parent Company	**(₱133,052,421)**	(₱86,405,207)	(₱52,315,615)
Weighted average number of outstanding shares	**2,509,683,812**	2,114,459,717	2,013,768,235
Basic loss per share	**(₱0.05)**	(₱0.04)	(₱0.03)
Diluted loss per share	**(₱0.05)**	(₱0.04)	(₱0.03)

Loss per share is calculated using the consolidated net loss attributable to the equity holders of the Parent Company divided by weighted average number of shares. In 2024, 2023 and 2022, there were no potentially dilutive common shares.

21. Income Taxes

Provision for (benefit from) income tax for the years ended December 31, 2024, 2023 and 2022 consists of the following:

	2024	2023	2022
Deferred	**₱–**	(₱4,266)	(₱6,265)
Current	**1,449,454**	1,632,071	4,157,372
Final	**188,463**	192,030	90,141
	₱1,637,917	₱1,819,835	₱4,241,248

Deferred tax assets are recognized only to the extent that taxable income will be available against which the deferred tax assets can be used. Below are the Group's deductible temporary differences for which no deferred tax assets are recognized since management believes that there are no sufficient taxable profits against which the deferred tax assets can be utilized:

	2024	2023
NOLCO	**₱624,100,536**	₱563,647,670
Accrued expenses	**127,779,425**	110,499,193
Allowance for impairment losses	**142,614,469**	69,091,195
Pension liability	**30,527,464**	24,742,638
MCIT	**2,993,863**	1,711,993
Unrealized foreign exchange loss	**57,839**	86,177
	₱928,073,596	₱769,778,866

Below are the remaining amounts of deductible temporary differences related to items recorded under other comprehensive income for which no deferred tax assets are recognized:

	2024	2023
Net unrealized loss on financial assets as FVOCI	**₱43,594,956**	₱43,794,956
Remeasurement loss on defined benefit plan	**(326,023)**	(1,464,520)
	₱43,268,933	₱42,330,436

The carryforward NOLCO and MCIT of the Parent Company and local subsidiaries that can be claimed as deduction from future taxable income or used as deduction against income tax liabilities follow:

NOLCO:

Year Incurred	Beginning	Additions	Applied	Expired	End	Year of Expiration
2020	₱22,747,459	₱–	(₱2,301,299)	₱–	₱20,446,160	2025
2021	53,036,263	–	–	–	53,036,263	2026
2022	36,270,244	–	–	–	36,270,244	2025
2023	40,118,885	–	–	–	40,118,885	2026
2024	–	64,255,019	–	–	64,255,019	2027
	₱152,172,851	₱64,255,019	(₱2,301,299)	₱–	₱214,126,571	

Subject to qualifying conditions, NOLCO of foreign subsidiaries which can be carried forward indefinitely amounted to ₱409.97 million and ₱411.46 million in 2024 and 2023, respectively.

MCIT:

Year Incurred	Beginning	Additions	Applied	Expired	End	Year of Expiration
2021	₱357,693	₱–	₱–	₱357,693	₱–	2024
2023	1,354,300	–	–	–	1,354,300	2026
2024	–	1,639,563	–	–	1,639,563	2027
	₱1,711,993	₱1,639,563	₱–	₱357,693	₱2,993,863	

The reconciliation between the statutory and effective income tax rates for the years ended December 31, 2024, 2023 and 2022 follows:

	2024	2023	2022
Statutory income tax rate	**(₱36,903,079)**	(₱20,289,281)	(₱17,905,831)
Adjustments resulting from:			
Changes in unrecognized deferred tax assets	**33,515,756**	24,587,018	18,772,104
Nondeductible loss from investments in associates	**1,989,273**	453,615	1,070,926
Nondeductible expenses	**1,677,049**	857,719	3,109,238
Effect of lower income tax rate of subsidiaries	**1,125,768**	1,327,333	(1,095,016)
Expired MCIT	**357,693**	3,226,235	786,324
Interest income subjected to final tax	**(124,296)**	(48,519)	(22,409)
Nontaxable income	**(247)**	(8,290,019)	–
Deductible rental expense	–	(4,266)	–
Provision for (benefit from) income tax	**₱1,637,917**	₱1,819,835	₱4,241,248

22. Retirement and Other Long-term Employee Benefits

The Group does not have an established retirement plan and only conforms to the minimum regulatory benefit under the Retirement Pay Law (Republic Act No. 7641) which is of the defined benefit type and provides a retirement benefit equal to 22.5 days' pay for every year of credited service. The regulatory benefit is paid in a lump sum upon retirement.

The principal actuarial assumptions used to determine the cost of pension benefits with respect to the discount rate and salary increase rate were based on historical and projected rates. Annual cost is determined using the projected unit credit actuarial valuation method.

The components of net pension expense in the consolidated statements of comprehensive income are as follows:

	2024	2023	2022
Current service cost	**₱3,596,531**	₱2,758,311	₱3,235,048
Net interest cost on benefit obligation	**1,574,855**	1,540,269	1,147,255
Settlement loss	**613,440**	–	–
	₱5,784,826	₱4,298,580	₱4,382,303

The Group recognized pension expense amounting to ₱5.78 million, ₱4.30 million and ₱4.38 million included in "Salaries, wages and employee benefits" under "General and administrative expenses" in the consolidated statements of comprehensive income in 2024, 2023 and 2022, respectively.

As of December 31, 2024 and 2023, pension liabilities amounted to ₱29.31 million and ₱24.62 million, respectively.

The following table presents the changes in the present value of defined benefit obligation:

	2024	2023
Balance at beginning of year	**₱24,621,769**	₱21,313,225
Current service cost	**3,596,531**	2,758,311
Interest cost on benefit obligation	**1,574,855**	1,540,269
Net actuarial (losses) gains	**1,138,497**	(663,036)
Settlement loss	**613,440**	–
Benefits paid directly from book reserves	**(2,232,800)**	–
Derecognition of defined benefit obligation	–	(327,000)
	₱29,312,292	₱24,621,769

The Group does not currently employ any asset-liability matching.

Remeasurement gain (loss) on defined benefit plan under consolidated statements of comprehensive income follow:

	2024	2023	2022
Actuarial gain (loss) on defined benefit obligation	**(₱1,138,497)**	₱663,036	₱5,562,396

Actuarial gain on defined benefit pension plan recorded under "Remeasurement gain (loss) on defined benefit plan" in the consolidated statements of changes in equity (capital deficiency) follow:

	2024	2023	2022
Balance at beginning of year	**(₱1,502,410)**	(₱11,139,773)	(₱5,157,031)
Actuarial loss (gain) on defined benefit obligation	**1,138,497**	(663,036)	(5,562,396)
Derecognition of defined benefit plan	–	10,300,399	(420,346)
	(₱363,913)	(₱1,502,410)	(₱11,139,773)
Attributable to:			
Equity holders of Xurpas Inc.	**(₱363,913)**	(₱1,901,707)	(₱8,689,301)
Noncontrolling interests	–	399,298	(2,450,471)
	(₱363,913)	(₱1,502,409)	(₱11,139,772)

The assumptions used to determine pension benefits of the Group are as follows:

	2024	2023	2022
Discount rate	**6.08%**	6.15% - 6.18%	7.33% - 7.39%
Salary projection rate	**5.00%**	5.00%	5.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption of the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant:

		(Decrease) increase on DBO	
		2024	2023
Discount rate	(+) 1.0%	**(₱3,187,012)**	(₱3,040,315)
	(−) 1.0%	**3,886,879**	3,726,095
Salary increase rate	(+) 1.0%	**3,890,128**	3,732,369
	(−) 1.0%	**(3,244,686)**	(3,097,285)

The weighted average duration of defined benefit obligation at the end of the reporting period is 9.70 to 19.50 years and 11.60 to 20.50 years in 2024 and 2023, respectively.

Shown below is the maturity analysis of the undiscounted benefit payments as of December 31, 2024 and 2023:

	2024	2023
Within 1 year	**₱2,424,452**	₱2,719,603
More than 1 year to 5 years	**13,672,151**	5,603,308
More than 5 years to 10 years	**6,435,696**	9,893,827
	₱22,532,299	₱18,216,738

23. Capital Deficiency

The details of the Parent Company's capital stock follow:

	2024	2023
Authorized shares	**5,000,000,000**	5,000,000,000
Par value per share	**₱0.10**	₱0.10
Issued shares	**2,571,812,787**	2,571,812,787
Treasury shares	**62,128,975**	62,128,975
Outstanding shares	**2,509,683,812**	2,509,683,812
Value of shares issued	**₱257,181,278**	₱257,181,278
Value of treasury shares	**(₱99,700,819)**	(₱99,700,819)

The details of the Parent Company's common shares follow:

	2024	2023
Outstanding shares		
At beginning of year	**2,509,683,812**	2,054,615,059
Subscribed and issued	**−**	455,068,753
At end of year	**2,509,683,812**	2,509,683,812

In accordance with Revised Securities Regulation Code Rule 68, Annex 68-K, below is the summary of the Parent Company's track record of registration of securities as of December 31:

				2024	2023
	Number of shares registered	Issue/offer price	Date of approval	Number of holders of securities as of December 31	Number of holders of securities as of December 31
Common shares	344,000,000	₱3.97 issue price	November 13, 2014	30	29

The balance of additional paid-in capital (APIC) as of December 31, 2024 and 2023 represents the excess of the subscription price over paid-up capital.

On March 2, 2018, the Parent Company issued 67,285,706 common shares by way of block sale to implement the amendments in a share purchase agreement related to acquisition of AOC. The shares were issued at ₱3.80 per share.

In 2020 and 2019, APIC reduced as a result of reissuance of treasury shares by the amount of ₱7.19 million and ₱6.98 million, respectively.

On January 20, 2022, the Parent Company's BOD approved the issuance of common shares to Mr. Nico Jose S. Nolledo, a founder, in exchange of ₱100.00 million capital infusion. Total number of shares issued is at 181,818,182 for ₱0.55 per share. The transaction was executed on March 21, 2022.

On June 30, 2023, the Parent Company's BOD approved the conversion of the advances to equity made by Mr. Fernando Jude F. Garcia and Mr. Nico Jose S. Nolledo ("Assignors") with an aggregate amount of ₱136,520,626. The conversion price was set at ₱0.30 per share. On November 13, 2023, a total of 455,068,753 common shares were issued to the Assignors.

On October 6, 2023, SEC approved the valuation of advances applied as payment for additional issuance of 455,068,753 shares par value of ₱0.10 each from unissued portion of authorized capital stock and additional paid-in capital of ₱91.01 million. The conversion was executed on November 13, 2023.

In 2023, the APIC resulting from the equity conversion of the advances was reduced by the direct issuance costs incurred by the Parent Company amounting to ₱2.65 million.

On April 29, 2025, the BOD of the PSE approved the application of the Parent Company to list an additional 774,112,127 common shares, subject of the Parent Company's stockholders' private placement, placing and subscription and conversion of debt-to-equity, subject to the conditions set forth in the post-approval requirements and conditions of the PSE and any other condition or requirement that the SEC may impose in relation to the listing of the shares. This is considered as a non-adjusting subsequent event by the Group.

Retained Earnings

Appropriations

Appropriated retained earnings which relates to buyback program of common shares in 2016 amounted to ₱115.46 million as of December 31, 2024 and 2023.

Dividends declaration

The Parent Company has no dividend declarations made in 2024, 2023 and 2022.

Deficit includes accumulated equity in the net losses of subsidiaries and associates amounting to ₱808.73 million and ₱758.48 million as of December 31, 2024 and 2023, respectively.

Equity Reserve
In 2016, the Parent Company purchased additional shares from noncontrolling interests of Xeleb, Xeleb Technologies and Storm. The transactions were accounted as an equity transaction since there was no change in control. Equity reserve recognized as a result of these transactions amounted to ₱43.72 million.

In 2017, a reserve amounting to ₱358.50 million was recognized for the payment resulting from amendments in the purchase price and the acquisition of the Parent Company's own shares related to the acquisition of AOC.

In 2019, the Parent Company purchased the remaining 33% stake from noncontrolling interests of Xeleb Technologies. The transaction was accounted as an equity transaction since there was no change in control resulting to a reduction in equity reserve amounting to ₱36.09 million.

In 2019, a reduction in equity reserve amounting to ₱2.71 million was recognized due to the increase in noncontrolling interests of Storm Technologies from 43.40% to 48.69%.

Treasury Stock
As of January 1, 2018, the Parent Company has 63,985,642 treasury shares with cost amounting to ₱115.06 million which pertains to acquisition of shares made in 2017.

On April 8, 2019, the Parent Company reissued 415,000 treasury shares with a cost of ₱3.81 million for a price of ₱1.23 per share.

On July 14, 2019, the Parent Company reissued 475,000 treasury shares with a cost of ₱4.23 million for a price of ₱1.16 per share.

On July 23, 2020, the Parent Company reissued 966,667 treasury shares with a cost of ₱7.72 million for a price of ₱0.57 per share.

As of December 31, 2024 and 2023, the Parent Company has 62,128,975 treasury shares amounting to ₱99.70 million.

Employee Stock Option Plan
The Parent Company's BOD, on January 20, 2016, and the stockholders, on May 11, 2016, approved the Employee Stock Option Plan (the Plan) of the Parent Company. Full time and regular employees of the Parent Company and those deemed qualified by the Compensation and Remuneration Committee from the names recommended by the Executive Committee are eligible to participate in the Plan. As at December 31, 2024, the Plan has been on hold for approval of the SEC and PSE.

Capital Management
The primary objective of the Group's capital management is to improve its credit rating and capital ratios in order to support its business operations and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions and status of its operations. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

The Group's sources of capital follow:

	2024	2023
Capital stock	**₱257,181,278**	₱257,181,278
Additional paid-in capital	**3,748,086,156**	3,748,086,156
Deficit	**(3,483,605,247)**	(3,369,206,615)
	₱521,662,187	₱636,060,819

The Group is subject to certain capital requirement as a listed entity (i.e., delisting after 3 consecutive years of negative total equity). The Group regards its equity as its primary source of capital.

As of December 31, 2024, the Group is in capital deficiency position. Refer to Note 1 on the Group's plan to address their capital deficiency. No changes were made in the capital management policies in 2024, 2023 and 2022.

24. Subsidiary with Material Noncontrolling Interests

Noncontrolling interests pertain to the percentage interests in subsidiaries that the Parent Company does not own. The summarized financial information is provided below for the subsidiary with material noncontrolling interest. This information is based on the amounts before intercompany eliminations.

The Parent Company considers a subsidiary with material noncontrolling interests if its net assets exceed 5.00% of its total consolidated net assets of the Group as of reporting period and considers the relevance of the nature of activities of the entity compared to other operations of the Group. There are no significant restrictions on the Parent Company's ability to use assets and settle liabilities of the Group.

As of December 31, 2024 and 2023, financial information of identified subsidiaries with material noncontrolling interests is as follows:

<u>Storm</u>

	2024	2023
Proportion of equity interests held by noncontrolling interests	**48.69%**	48.69%
Accumulated balances of noncontrolling interests	**(139,288,170)**	(137,223,815)
Loss allocated to noncontrolling interests	**(2,064,356)**	(13,853,536)
Other comprehensive income (loss) allocated to noncontrolling interests	**–**	4,821
Total comprehensive loss allocated to noncontrolling interests	**(2,064,356)**	(13,848,715)

	2024	2023
Statements of financial position		
Current assets	**₱33,164,154**	₱23,422,157
Noncurrent assets	**1,907,534**	2,701,179
Current liabilities	**321,319,662**	308,402,888
Noncurrent liabilities	**–**	–
Total capital deficiency	**(286,247,974)**	(282,279,552)
Attributable to:		
Equity holders of Xurpas Inc.	**(146,959,804)**	(145,055,737)
Noncontrolling interests	**(139,288,170)**	(137,223,815)

	2024	2023
Statements of comprehensive income		
Revenue and other income	**₱55,793,068**	₱48,290,755
Cost and expenses	**59,444,520**	71,029,316
Loss before income tax	**(3,651,452)**	(22,738,561)
Provision for income tax	**316,970**	–
Loss from operations	**(3,968,422)**	(22,738,561)
Other comprehensive income	**–**	9,902
Total comprehensive loss	**(3,968,422)**	(22,728,659)
Attributable to:		
Equity holders of Xurpas Inc.	**(1,904,066)**	(8,879,944)
Noncontrolling interests	**(2,064,356)**	(13,848,715)

	2024	2023
Statements of cash flows		
Net cash used in operating activities	**₱5,144,272**	(₱146,079)
Net cash used in investing activities	**(18,071)**	(1,201,937)
Net cash (used in) provided by financing activities	**–**	–
Effect of exchange rate changes	**–**	–

Seer

	2024	2023
Proportion of equity interests held by noncontrolling interests	**30.00%**	30.00%
Accumulated balances of noncontrolling interests	**(₱15,986,756)**	(₱16,113,472)
Loss allocated to noncontrolling interests	**126,716**	232,533
Other comprehensive income allocated to noncontrolling interests	**–**	–
Total comprehensive income (loss) allocated to noncontrolling interests	**126,716**	232,533

	2024	2023
Statements of financial position		
Current assets	**₱2,604,255**	₱2,631,505
Noncurrent assets	**12,045,951**	12,063,592
Current liabilities	**57,064,398**	57,616,225
Noncurrent liabilities	**–**	–
Total equity (capital deficiency)	**(42,414,193)**	(42,921,128)
Attributable to:		
Equity holders of Xurpas Inc.	**(26,427,437)**	(26,807,656)
Noncontrolling interests	**(15,986,756)**	(16,113,472)

	2024	2023
Statements of comprehensive income		
Revenue and other income	**₱605,616**	₱1,968,576
Cost and expenses	**181,030**	1,193,463
Income before income tax	**424,586**	775,113
Provision for income tax	**–**	19,764
Income from operations	**424,586**	755,349
Other comprehensive income	**–**	–
Total comprehensive income (loss)	**424,586**	755,349
Attributable to:		
Equity holders of Xurpas Inc.	**297,870**	528,744
Noncontrolling interests	**126,716**	226,605

	2024	2023
Statements of cash flows		
Net cash (used in) provided by operating activities	**₱192,953**	(₱63,901)
Net cash used in financing activities	**(347,969)**	(218,769)

25. **Financial Instruments**

Fair Value Information

The methods and assumptions used by the Group in estimating fair value of the financial instruments are as follows:

- Cash, accounts and other receivables (except for advances to employees which are subject to liquidation), refundable deposits under other current assets, security deposit under other noncurrent assets, accounts and other payables (excluding “Taxes payable”, “Deferred output VAT”, and provision relating to PSA and statutory payables included as “Others”), and loans payable - Carrying amounts approximate fair values due to the relatively short-term maturities of these instruments. The difference between carrying amount and fair value is immaterial.

- Financial assets at FVOCI (quoted equity investments) - Fair value is based on quoted prices published in the market.

- Financial assets at FVOCI (unquoted equity investments) - Fair values are based on the latest selling price available.

- Cryptocurrencies - Fair values are determined using quoted market prices in active markets.

- Nontrade payable - Fair values are determined using prices in such transaction which still approximate the fair values at year-end.

- Advances from stockholders - Fair value is estimated using the discounted cash flow methodology using the applicable risk-free rates for similar types of loans adjusted for credit spread.

The fair values and carrying values of financial assets at FVOCI and advances from stockholders are as follows:

	2024		2023	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Asset measured at fair value				
Financial asset				
Financial assets at fair value through other comprehensive income	**₱1,100,000**	**₱1,100,000**	₱900,000	₱900,000
Cryptocurrencies	**27,390,580**	**27,390,580**	34,769,771	34,769,771
Liability for which fair value is disclosed				
Financial liability				
Advances from stockholders	**37,517,457**	**37,517,457**	35,912,207	35,912,207

Fair Value Hierarchy

The Group uses the following three-level hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

Quoted financial assets at FVOCI amounting to ₱1.10 million and ₱0.90 million as of December 31, 2024 and 2023, respectively, were classified under Level 2 (see Note 7).

As at December 31, 2024 and 2023, there have been no reclassifications from Level 1 to Level 2 or 3 categories.

Financial Risk Management and Objectives and Policies

The Group's financial instruments comprise cash, financial assets at FVPL, accounts and other receivables, financial assets at FVOCI, refundable deposits under other current assets, security deposit under other noncurrent assets, accounts and other payables (excluding taxes payable, deferred output VAT, and statutory payables), and loans payable, which arise directly from operations. The main purpose of these financial instruments is to finance the Group's operations and to earn additional income on excess funds.

Exposure to credit risk, liquidity risk and foreign currency risk arise in the normal course of the Group's business activities. The main objectives of the Group's financial risk management are as follows:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

There were no changes in the Group's risk management objectives and policies in 2024 and 2023.

The Group's risk management policies are summarized below:

Credit Risk
Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Group by failing to discharge an obligation.

The Group's credit risk is primarily attributable to cash in banks, and accounts and other receivables. Credit risk management involves monitoring its exposure to credit risk on a continuous basis.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rate is based on days past due of all customers as they have similar loss patterns. The expected credit loss rate ranges from 0.25% to 100.00% that resulted in the ECL of ₱31.75 million and ₱31.95 million as of December 31, 2024 and 2023, respectively.

The Group's credit risk exposure on its accounts and other receivables using provision matrix is as follows (amounts in millions):

December 31, 2024

	Trade receivables						Receivable from	Other
	Current	**< 30 days**	**30-60 days**	**61-90 days**	**> 90 days**	**Total**	**related parties**	**receivables**
ECL rate	**0.25-1.19%**	**0.99-5.02%**	**1.73-7.56%**	**3.06-9.93%**	**6.36-41.94%**		**0-50%**	**1.19-100%**
Estimated total gross carrying amount at default	**7.61**	**0.96**	**0.60**	**0.13**	**32.40**	**41.70**	**6.39**	**12.91**
ECL	**₱0.09**	**₱0.04**	**₱0.03**	**₱0.00**	**₱17.08**	**₱17.24**	**₱1.79**	**₱12.72**

December 31, 2023

	Trade receivables						Receivable from	Other
	Current	< 30 days	30-60 days	61-90 days	> 90 days	Total	related parties	receivables
ECL rate	0.41-2.15%	1.70-8.17%	2.70-13.80%	4.42-23.93%	6.89-50.05%		0-50%	0.41-100%
Estimated total gross carrying amount at default	28.72	4.63	2.71	1.46	36.46	73.98	9.52	12.72
ECL	₱0.11	₱0.08	₱0.01	₱0.04	₱16.49	₱16.73	₱3.90	₱11.32

The credit quality of the financial assets was determined as follows:

Cash in banks - based on the nature of the counterparty and the Group's rating procedure. These are held by counterparty banks with minimal risk of bankruptcy and are therefore classified as high grade.

Trade receivables - high grade pertains to receivables with no default in payment; medium grade pertains to receivables with up to three defaults in payment; and low grade pertains to receivables with more than three defaults in payment.

Receivable from related parties - The credit risk depends primarily on the level of loss absorbing capacity of the counterparty. The Group evaluates if the counterparties are adequately capitalized or the counterparties' latest financial statements show positive results.

Liquidity Risk

Liquidity risk is the risk that the Group will be unable to meet its obligations as they fall due. The Group seeks to manage its liquidity risk to be able to meet its operating cash flow requirement, finance capital expenditures and service maturing debts. To cover its short-term funding requirements, the Group intends to use internally generated funds. The Group will also defer payment of certain liabilities until such time that the Group is in a financial position to do so and obtain credit lines and short-term loans as necessary.

The table summarizes the maturity profile of the Group's financial assets and liabilities and contract assets as at December 31, 2024 and 2023 based on contractual undiscounted payments:

December 31, 2024

	<1 year	>1 to <5 years	>5 years	Total
Financial Assets				
Cash and cash equivalents	**₱32,314,999**	**₱–**	**₱–**	**₱32,314,999**
Accounts and other receivables				
Trade receivables – net	**24,466,524**	–	–	**24,466,524**
Receivable from related parties - net	**4,592,174**	–	–	**4,592,174**
Others	**189,339**	–	–	**189,339**
Financial asset at FVOCI	**1,100,000**	–	–	**1,100,000**
Other assets				
Refundable deposits	**632,569**	–	–	**632,569**
Total undiscounted financial assets	**63,295,605**	–	–	**63,295,605**
Contract assets	**29,372,782**	–	–	**29,372,782**
Total undiscounted financial assets and contract assets	**92,668,387**	–	–	**92,668,387**
Financial Liabilities				
Trade and other payables				
Payable to third parties	**89,236,701**	–	–	**89,236,701**
Trade payables	**40,525,428**	–	–	**40,525,428**
Accrued expenses	**13,924,856**	–	–	**13,924,856**
Payable to related parties	**12,086,213**	–	–	**12,086,213**
Other payables	**1,764,681**	–	–	**1,764,681**
Advances from stockholders	**37,517,457**	–	–	**37,517,457**
Lease liabilities	**187,245**	–	–	**187,245**
Loans payable	**38,775,697**	–	–	**38,775,697**
Total undiscounted financial liabilities	**234,018,278**	–	–	**234,018,278**
Liquidity gap	**(₱141,349,891)**	**₱–**	**₱–**	**(₱141,349,891)**

December 31, 2023

	<1 year	>1 to <5 years	>5 years	Total
Financial Assets				
Cash and cash equivalents	₱79,886,457	₱–	₱–	₱79,886,457
Accounts and other receivables				
Trade receivables – net	57,239,474	–	–	57,239,474
Receivable from related parties - net	5,625,360	–	–	5,625,360
Others	1,408,019	–	–	1,408,019
Financial asset at FVOCI	900,000	–	–	900,000
Other assets				
Refundable deposits	623,648	–	–	623,648
Security deposit	10,418	–	–	10,418
Total undiscounted financial assets	145,693,376	–	–	145,693,376
Contract assets	12,735,530	–	–	12,735,530
Total undiscounted financial assets and contract assets	158,428,906	–	–	158,428,906
Financial Liabilities				
Trade and other payables				
Payable to third parties	89,290,630	–	–	89,290,630
Trade payables	21,127,612	–	–	21,127,612
Accrued expenses	12,128,557	–	–	12,128,557
Payable to related parties	8,759,436	–	–	8,759,436
Other payables	3,619,617	–	–	3,619,617
Advances from stockholders	35,912,207	–	–	35,912,207
Lease liabilities	1,071,896	186,138	–	1,258,034
Loans payable	38,603,185	–	–	38,603,185
Total undiscounted financial liabilities	210,513,140	186,138	–	210,699,278
Liquidity gap	(₱52,084,234)	(₱186,138)	₱–	(₱52,270,372)

To address the liquidity gap, management will continue to venture into new revenue potential and sale of assets. Further with the continued financial support from stockholders, the Group has secured their commitments not to demand payment of the Group's liabilities to them within 12 months from the reporting date.

Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group’s exposure to the risk of changes in market interest rates relates primarily to the Group’s loans payable with variable interest rates.

The following tables demonstrate the sensitivity of the Group’s loss before tax and equity to a reasonably possible change in interest rates in 2024 and 2023, with all other variables held constant:

		Effect on loss before income tax Increase (decrease)	
		2024	2023
Floating rate borrowings	(+) 1.0%	**(₱158,351)**	(₱99,921)
	(−) 1.0%	**158,351**	99,921

Foreign Currency Risk
Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The following table shows the foreign currency-denominated monetary assets and their respective Philippine peso equivalent as of December 31, 2024 and 2023.

	2024		2023	
	Original currency	**Peso equivalent**	Original currency	Peso equivalent
Cash in bank and cash equivalent				
US Dollar (USD)	**$22,534**	**₱1,303,494**	$890,673	₱49,316,590
Trade receivables				
US Dollar (USD)	**189,909**	**10,985,284**	195,600	10,830,354
Foreign currency denominated assets		**12,288,778**		60,146,944
Trade Payables				
US Dollar (USD)	**2,200**	**127,245**	2,266	125,450
Net foreign currency denominated financial instruments		**₱12,161,533**		₱60,021,494

In translating the foreign currency-denominated monetary assets into Peso amounts, the exchange rates used were as follows:

	2024	2023
USD to ₱	**₱57.85**	₱55.37

The following table demonstrates the sensitivity to a reasonably possible change in the Philippine peso-foreign currency exchange rate, with all variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity.

	2024		2023	
	+₱1	**-₱1**	+₱1	-₱1
USD	**₱210,243**	**(₱210,243)**	₱1,084,007	(₱1,084,007)

There is no other impact on the Group's equity other than those already affecting the net income.

26. Segment Reporting

The industry segments where the Group operates follow:

- Mobile consumer services - includes airtime management, content development and management and marketing and advertising solutions
- Enterprise services - includes platform development and customization, system integration, mobile platform consultancy services, management of off-the-shelf application and social media related services. This also includes IT staff augmentation, other various enterprise solutions-based services to telecommunication companies and other companies for network and applications development
- Other services - includes consultancy and other services in the field of human resource management, trading in general, sourcing for and supplying of goods to import and export goods

The following tables regarding business segment revenue and profit information for the years ended December 31, 2024, 2023 and 2022:

2024

	Mobile consumer services	**Enterprise services**	**Other services**	**Intersegment adjustments**	**Consolidated**
INCOME					
Service income	**₱21,846,187**	**₱137,865,398**	**₱55,755,479**	**(₱31,764,987)**	**₱183,702,077**
COST AND EXPENSES	**(27,247,515)**	**(271,824,272)**	**(57,663,082)**	**55,166,815**	**(301,568,054)**
Equity in net losses of associates	**–**	**–**	**–**	**(7,957,093)**	**(7,957,093)**
Finance cost and other income	**(343,596)**	**(4,478,901)**	**(1,743,850)**	**(962,727)**	**(7,529,074)**
Income (loss) before income tax	**(5,744,924)**	**(138,437,775)**	**(3,651,453)**	**14,482,008**	**(133,352,144)**
Provision for (benefit from) income tax	**(42,116)**	**(1,278,831)**	**(316,970)**	**–**	**(1,637,917)**
Net income (loss)	**(5,787,040)**	**(139,716,606)**	**(3,968,423)**	**14,482,008**	**(134,990,061)**
Net loss attributable to:					
Equity holders of Xurpas Inc.					**(₱133,052,421)**
Noncontrolling interests					**(₱1,937,640)**
					(₱134,990,061)

2023

	Mobile consumer services	Enterprise services	Other services	Intersegment adjustments	Consolidated
INCOME					
Service income	₱8,612,409	₱165,524,433	₱47,434,831	(₱33,556,281)	₱188,015,392
COST AND EXPENSES	(49,395,728)	(241,743,665)	(68,887,969)	59,932,688	(300,094,674)
Equity in net losses of associates	–	–	–	(1,814,459)	(1,814,459)
Finance cost and other income	48,265,384	(30,812,897)	(1,285,423)	(479,697)	15,687,367
Income (loss) before income tax	7,482,065	(107,032,129)	(22,738,561)	24,082,251	(98,206,374)
Provision for (benefit from) income tax	(403,782)	(1,416,053)	–	–	(1,819,835)
Net income (loss)	7,078,283	(108,448,182)	(22,738,561)	24,082,251	(100,026,209)
Net loss attributable to:					
Equity holders of Xurpas Inc.					(₱86,405,207)
Noncontrolling interests					(₱13,621,002)
					(₱100,026,209)

2022

	Mobile consumer services	Enterprise services	Other services	Intersegment adjustments	Consolidated
INCOME					
Service income	₱17,420,580	₱219,754,500	₱43,826,780	(₱53,681,827)	₱227,320,033
COST AND EXPENSES	(26,913,151)	(306,122,278)	(84,811,163)	97,152,960	(320,693,632)
Equity in net losses of associates	–	–	–	(4,283,703)	(4,283,703)
Finance cost and other income	42,310,326	(19,214,038)	(1,862,833)	4,800,522	25,996,685
Income (loss) before income tax	32,817,755	(105,619,108)	(42,847,216)	43,987,952	(71,660,617)
Provision for (benefit from) income tax	(138,447)	(4,109,064)	6,265	–	(4,241,248)
Net income (loss)	32,679,308	(109,728,223)	(42,840,951)	43,987,952	(75,901,865)
Net loss attributable to:					
Equity holders of Xurpas Inc.					(₱52,315,615)
Noncontrolling interests					(₱23,586,250)
					(₱75,901,865)

The following tables present business segment assets and liabilities as at December 31, 2024, 2023 and 2022:

2024

	Mobile consumer services	**Enterprise services**	**Other services**	**Intersegment adjustments**	**Consolidated**
Other information					
Segment assets	**₱87,632,542**	**₱798,602,370**	**₱35,071,689**	**(₱494,880,907)**	**₱426,425,694**
Deferred tax assets	**–**	**–**	**–**	**–**	**–**
Total assets	**₱87,632,542**	**₱798,602,370**	**₱35,071,689**	**(₱494,880,907)**	**₱426,425,694**
Segment liabilities	**₱176,603,633**	**₱710,951,906**	**₱321,319,662**	**(₱680,724,660)**	**₱528,150,541**
Deferred tax liabilities	**–**	**–**	**–**	**–**	**–**
Total liabilities	**₱176,603,633**	**₱710,951,906**	**₱321,319,662**	**(₱680,724,660)**	**₱528,150,541**

2023

	Mobile consumer services	Enterprise services	Other services	Intersegment adjustments	Consolidated
Other information					
Segment assets	₱95,449,726	₱873,299,232	₱26,123,335	(₱462,359,839)	₱532,512,454
Deferred tax assets	–	–	–	–	–
Total assets	₱95,449,726	₱873,299,232	₱26,123,335	(₱462,359,839)	₱532,512,454
Segment liabilities	₱171,633,757	₱667,978,904	₱308,402,888	(₱636,706,781)	₱511,308,768
Deferred tax liabilities	–	–	–	–	–
Total liabilities	₱171,633,757	₱667,978,904	₱308,402,888	(₱636,706,781)	₱511,308,768

2022

	Mobile consumer services	Enterprise services	Other services	Intersegment adjustments	Consolidated
Other information					
Segment assets	₱208,304,240	₱832,498,834	₱42,707,005	(₱480,850,733)	₱602,659,346
Deferred tax assets	–	–	–	–	–
Total assets	₱208,304,240	₱832,498,834	₱42,707,005	(₱480,850,733)	₱602,659,346
Segment liabilities	₱269,300,881	₱692,651,256	₱302,257,898	(₱630,855,445)	₱633,354,590
Deferred tax liabilities	–	3,323	–	–	3,323
Total liabilities	₱269,300,881	₱692,654,579	₱302,257,898	(₱630,855,445)	₱633,357,913

27. Notes to Consolidated Statements of Cash Flows

Disclosed below is the rollforward of liabilities under financing activities:

	January 1, 2024	**Cash flows**	**Non-cash changes**	**Foreign exchange movement**	**December 31, 2024**
Loans payable	**₱38,603,185**	**(₱520,000)**	**₱692,512**	**₱–**	**₱38,775,697**
Lease liabilities	**1,258,034**	**(1,119,574)**	**48,785**	**–**	**187,245**
Advances from stockholders	**35,912,207**	**–**	**–**	**1,605,250**	**37,517,457**
Total liabilities from financing activities	**₱75,773,426**	**(₱1,639,574)**	**₱404,816**	**₱1,605,250**	**₱76,480,399**

	January 1, 2023	Cash flows	Non-cash changes	Foreign exchange movement	December 31, 2023
Loans payable	₱38,384,416	(₱732,917)	₱951,686	₱–	₱38,603,185
Lease liabilities	173,322	(1,347,378)	2,432,090	–	1,258,034
Advances from stockholders	152,353,662	–	(116,191,749)	(249,706)	35,912,207
Total liabilities from financing activities	₱190,911,400	(₱2,080,295)	(₱112,807,973)	(₱249,706)	₱75,773,426

	January 1, 2022	Cash flows	Non-cash changes	Foreign exchange movement	December 31, 2022
Loans payable	₱38,793,070	(₱408,654)	₱–	₱–	₱38,384,416
Lease liabilities	1,192,005	(1,041,787)	23,104	–	173,322
Advances from stockholders	143,563,235	–	8,790,427	–	152,353,662
Total liabilities from financing activities	₱183,548,310	(₱1,450,441)	₱8,813,531	₱–	₱190,911,400

The noncash investing and financing activities of the Group are as follows:

- Unrealized gain on financial assets at FVOCI amounted to ₱200,000 in 2024 and unrealized loss on financial assets at FVOCI amounted to ₱300,000 in 2023.
- Cumulative translation adjustments recognized under "Investments in associates" amounted to ₱3.43 million, ₱3.28 million and ₱12.00 million in 2024, 2023 and 2022, respectively.
- In 2023, the Parent Company converted its advances from stockholders amounted to ₱116.19 million and the related interest payable amounted to ₱20.33 million to equity. The Parent Company issued 455,068,753 common shares with par value of ₱45.51 million and additional paid-in capital of ₱91.01 million.

28. **Provisions and Contingencies**

The Group is currently involved in assessments for national taxes and the outcome of these assessments is not presently determinable.

In the opinion of management and its legal counsel, the eventual liability under these assessments, if any, will not have a material effect on the Group's financial position and results of operations. The information usually required under PAS 37 is not disclosed on the ground that it may prejudice the outcome of the assessments.

Also, the Group, through ODX, entered into Token Pre-Sale Agreements ("PSA") with various investors for the sale of ODX tokens. The carrying value of the provision from PSA amounted to ₱157.79 million and ₱155.88 million as of December 31, 2024 and 2023 (see Note 12).

The Group, through ODX, also entered into advisory agreements with various advisors for which the services to be received are to be paid through internally generated tokens and for which the obligation cannot be measured with sufficient reliability.

SGV
Building a better working world

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and Board of Directors
Xurpas Inc.
Unit 804 Antel 2000 Corporate Centre
121 Valero St., Salcedo Village
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Xurpas Inc. and its subsidiaries (the Group) as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated April 30, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for the purpose of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Jane Carol U. Chiu

Jane Carol U. Chiu
Partner
CPA Certificate No. 127285
Tax Identification No. 213-262-420
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-161-2025, January 8, 2025, valid until January 7, 2028
PTR No. 10465283, January 2, 2025, Makati City

April 30, 2025

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INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and Board of Directors
Xurpas Inc.
Unit 804 Antel 2000 Corporate Centre
121 Valero St., Salcedo Village
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Xurpas Inc. and its subsidiaries (the Group) as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated April 30, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Jane Carol U. Chiu

Jane Carol U. Chiu
Partner
CPA Certificate No. 127285
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PTR No. 10465283, January 2, 2025, Makati City

April 30, 2025

XURPAS INC. AND SUBSIDIARIES
INDEX TO THE SUPPLEMENTARY SCHEDULES

SCHEDULE A

XURPAS INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF FINANCIAL ASSETS

Name of issuing entity and association of each issue	Amount shown in the balance sheet	Income received or accrued
Loans and receivables		
Cash and cash equivalent		
Cash on hand	₱31,751	₱–
Cash in banks		
Bank of the Philippine Islands		
Current Account	14,054,028	17,426
US Dollar Account	96,781	231
Security Bank		
Current Account	3,844,301	10,272
US Dollar Account	219,541	1,234,378
Unionbank		
Current Account	10,707,637	6,343
Savings Account	328,905	196
US Dollar Account	56,841	–
China Bank		
Current Account	933,144	427
US Dollar Account	162,898	389
Metrobank		
Savings Account	262,868	157
Savings Account	323,808	81
CIMB Bank		
US Dollar Account	312,072	–
SG Dollar Account	(32,019)	–
OCBC Bank		
US Dollar Account	224,601	–
SG Dollar Account	(54,011)	–
DBS Bank		
US Dollar Account	158,023	–
SG Dollar Account	27,384	–
ANZ Bank		
AU Dollar Account	583,709	230
Paypal	72,737	–
Accounts and other receivables		
Trade	41,704,412	–
Receivable from related parties	6,386,235	–
Others	12,908,707	–
	93,314,353	1,270,130
Financial assets at fair value through other comprehensive income		
Quoted equity investment	1,100,000	–
	1,100,000	–
	₱94,414,353	₱1,270,130

XURPAS INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)

No identified directors, officers, employees, and principal stockholders from whom an aggregate indebtedness of more than one million or one percent of total consolidated assets, is owed.

XURPAS INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

	Amount owed by Xurpas Parent to Xurpas Subsidiaries			
	Receivable balance per Xurpas Parent	Payable balance per Xurpas Subsidiaries	Current	Noncurrent
Xurpas Enterprise Inc.	₱175,911,917	₱175,911,917	₱175,911,917	₱–
Storm Technologies Inc.	128,633,184	128,633,184	128,633,184	–
Seer Technologies Inc.	48,408,493	48,408,493	48,408,493	–
Art of Click Pte. Ltd.	48,045,071	48,045,071	48,045,071	–
ODX Pte. Ltd	10,912,717	10,912,717	10,912,717	–
Xurpas Software Inc.	6,153,174	6,153,174	6,153,174	–
Xurpas Pty. Ltd.	2,777,789	2,777,789	2,777,789	–
Xeleb Technologies Inc. and subsidiary	2,323,940	2,323,940	2,323,940	–
Xurpas Pte. Ltd.	1,147,025	1,147,025	1,147,025	–
Subtotal	₱424,313,310	₱424,313,310	₱424,313,310	₱–

	Amount owed by Xurpas Subsidiaries to Xurpas Parent			
	Receivable balance per Xurpas Subsidiaries	Payable balance per Xurpas Parent	Current	Noncurrent
Xeleb Technologies Inc. and subsidiary	₱78,161,182	₱78,161,182	₱78,161,182	₱–
ODX Pte. Ltd.	73,978,444	73,978,444	73,978,444	–
Xurpas Enterprise Inc.	44,045,911	44,045,911	44,045,911	–
Art of Click Pte. Ltd.	17,994,493	17,994,493	17,994,493	–
Xurpas Software Inc.	356,563	356,563	356,563	–
Subtotal	₱214,536,593	₱214,536,593	₱214,536,593	₱–

	Amount owed to Xurpas Subsidiary to Xurpas Subsidiary		
Receivable to	Payable from	Current	Noncurrent
Seer Technologies Inc.	Xurpas Enterprise Inc.	₱3,262,691	₱–
Xurpas Enterprise Inc.	Seer Technologies Inc.	1,512,852	–
Xurpas Enterprise Inc.	Xurpas Software Inc.	1,102,717	–
Xurpas Enterprise Inc.	Storm Technologies Inc.	858,055	–
Xurpas Enterprise Inc.	Xurpas Pty. Ltd.	380,000	
Storm Technologies Inc.	Xurpas Enterprise Inc.	124,047	–
Seer Technologies Inc.	Xurpas Software Inc.	1,940	
Subtotal		7,242,302	₱–
Total eliminated receivables		₱646,092,205	₱–

SCHEDULE D

XURPAS INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT

		Long-term Debt	
Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "current portion of long-term" in related balance sheet	Amount shown under caption "long-term debt" in related balance sheet
Loans Payable	₱16,000,000	₱12,512,000	₱–

SCHEDULE E

XURPAS INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)

Indebtedness to Related Parties (Long-term Loans from Related Companies)

Name of related party	Balance at beginning of period	Balance at end of period

The Group does not have long-term loans from related companies in its consolidated statements of financial position.

XURPAS INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF GUARANTEES OF SECURITIES OF OTHER ISSUERS

Guarantees of Securities of Other Issuers

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is file	Nature of guarantee
Not Applicable				
The Group does not have any guarantees of securities of other issuing entities by the issuer for which the consolidated financial statements is filed.				

SCHEDULE G

XURPAS INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF CAPITAL STOCK

Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common shares	5,000,000,000	2,509,683,812*	–	–	567,011,399	1,942,672,413

**Net of treasury shares.*

SCHEDULE H

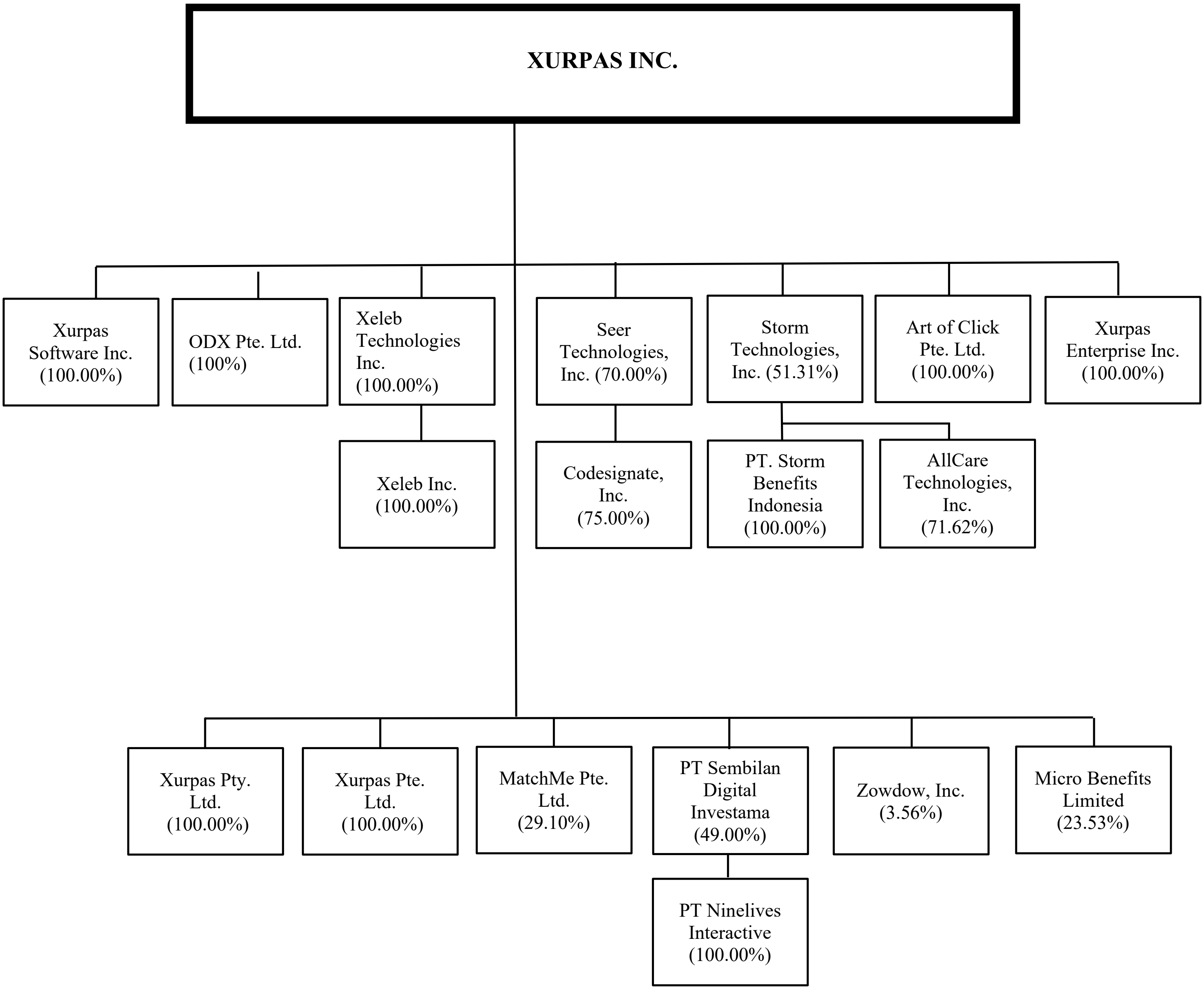
XURPAS INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

Unappropriated retained earnings beginning of reporting period		(₱3,239,201,717)
Add: <u>Category A:</u> Items that are directly credited to unappropriated retained earnings		
Reversal of retained earnings appropriation/s	–	
Effect of restatements or prior-period adjustments	–	
Others	–	–
Less: <u>Category B:</u> Items that are directly debited to unappropriated retained earnings		
Dividend declaration during the reporting period	–	
Retained earnings appropriated during the reporting period	–	
Effect of restatements or prior-period adjustments	–	
Others	–	–
Unappropriated retained earnings, as adjusted		(3,239,201,717)
Add/Less: Net income (loss) for the current year		(105,248,443)
Less: <u>Category C.1:</u> Unrealized income recognized in profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture net of dividends declared	–	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	–	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Unrealized fair value gain on investment property	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	–	
Subtotal		–
Add: <u>Category C.2:</u> Unrealized income recognized in profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalent	–	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Realized fair value gain on investment property	–	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	–	
Subtotal		–

Add: <u>Category C.3:</u> Unrealized income recognized in profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	–	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Reversal of previously recorded fair value gain on investment property	–	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	–	
Subtotal		–
Adjusted net income/loss		(105,248,443)
Add: <u>Category D:</u> Non actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	–	
Subtotal		–
Add: <u>Category E:</u> Adjustments related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	–	
Total amount of reporting relief granted during the year	–	
Others (describe nature)	–	
Subtotal		–
Add/Less: <u>Category F:</u> Other items that should be excluded from the determination of the amount of available for dividend distribution		
Net movement of treasury shares (except reacquisition of redeemable shares)	–	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	–	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable		
Adjustment due to deviation from PFRS/GAAP – gain (loss)	–	
Others (describe nature)	–	
Sub-total		–
Total retained earnings, end of the reporting period available for dividend		(₱3,344,450,160)

SCHEDULE I

XURPAS INC. AND SUBSIDIARIES
MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANIES IN THE GROUP, ITS ULTIMATE PARENT COMPANY AND CO-SUBSIDIARIES



Note: Xeleb Technologies Inc. and Xeleb Inc. are in the process of liquidation

XURPAS INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE ON FINANCIAL SOUNDNESS INDICATORS

Ratio	Formula	2024	2023
Current Ratio	Total Current Assets divided by Total Current Liabilities Total Current Assets ₱111,448,774 Divide by: Total Current Liabilities 498,838,249 Current Ratio 0.22	**0.22**	0.37
Acid Test Ratio/Quick Ratio	Quick Assets (*Total Current Assets less Inventories and Other Current Assets*) divided by Total Current Liabilities Total Current Assets ₱111,448,774 Less: Other Current Assets 20,150,793 Quick Assets 91,297,981 Divide by: Total Current Liabilities 498,838,249 Acid Test Ratio 0.18	**0.18**	0.33
Solvency Ratio	Total Assets divided by Total Liabilities Total Assets ₱426,425,694 Divide by: Total Liabilities 528,150,541 Solvency Ratio 0.81	**0.81**	1.04
Debt-to-Equity Ratio	Total Liabilities divided by Total Equity Attributable to Parent Total Liabilities ₱528,150,541 Divide by: Equity Attributable to equity holders of Xurpas Inc. 53,550,089 Debt-to-Equity Ratio 9.86	**9.86**	2.93
Asset-to-Equity Ratio	Total Assets divided by Equity Attributable to Parent Total Assets ₱426,425,694 Divide by: Equity Attributable to equity holders of Xurpas Inc. 53,550,089 Asset-to-Equity Ratio 7.96	**7.96**	3.05
Interest Rate Coverage Ratio	Earnings before Interest and Taxes (EBIT)/Interest Charges Income (Loss) before Income Tax (₱133,352,144) Add: Interest Expense 3,816,085 EBIT (129,536,059) Divided by: Interest Expense 3,816,085 Interest Expense Coverage Ratio (33.94)	**(33.94)**	(22.37)

Return on Equity	Net Income attributable to equity holders of Xurpas Inc. divided by Average Total Equity (*Total Equity PY + Total Equity CY divided by 2)* Net Income (Loss) attributable to equity holders of Xurpas Inc. — (₱133,052,421) Total Equity attributable to equity holders of Xurpas Inc. (CY) — 53,550,089 Total Equity attributable to equity holders of Xurpas Inc. (PY) — 174,540,982 Average Total Equity — 114,045,536 Return on Equity — (1.17)	**(1.17)**	(0.62)
Return on Assets	Net Income attributable to equity holders of Xurpas Inc. divided by Average Total Assets (*Total Assets PY + Total Assets CY divided by 2)* Net Income (Loss) attributable to equity holders of Xurpas Inc. — (₱133,052,421) Total Assets (CY) — 426,425,694 Total Assets (PY) — 532,512,454 Average Total Assets — 479,469,074 Return on Assets — (0.28)	**(0.28)**	(0.15)
Net Income Margin	Net Income attributable to equity holders of Xurpas Inc. divided by Revenue Net loss attributable to equity holders of Xurpas Inc. — (₱133,052,421) Divided by: Revenue — 183,702,077 Net Income Margin Ratio — (0.72)	**(0.72)**	(0.46)
Gross margin ratio	Gross margin divided by Revenue Revenue — ₱183,702,077 Less: Direct costs — 136,813,446 Gross margin — 46,888,631 Divided by: Revenue — 183,702,077 Gross Margin Ratio — 0.26	**0.26**	0.24
Operating margin ratio	Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) divided by Revenue Loss before Income Tax — (₱133,352,144) Add: Interest Expense — 3,816,085 Depreciation and Amortization — 3,648,224 EBITDA — (125,887,835) Divided by: Revenue — 183,702,077 Operating Margin Ratio — (0.69)	**(0.69)**	(0.48)

XURPAS INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION
DECEMBER 31, 2024 and 2023

	2024	2023
Total audit fees of the Group	**₱4,484,500**	₱4,096,000
Non-audit service fees:		
Other assurance services	–	–
Tax services	–	–
All other services	–	–
Total non-audit service	–	–
Total audit and non-audit services	**₱4,484,500**	₱4,096,000

ANNEX "F"

COVER SHEET

SEC Registration Number

A	2	0	0	1	1	7	7	0	8	

Company Name

XURPAS INC. AND SUBSIDIARIES

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

UNIT 804 ANTEL 2000 CORPORATE CENTER, 121 VALERO ST. SALCEDO VILLAGE, BRGY. BEL-AIR, MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q	SEC	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
info@xurpas.com	(02) 8889-6467	N/A

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
29	2nd Monday of May	March 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
Alexander D. Corpuz	mar@xurpas.com	(02) 8889-6467	N/A

Contact Person's Address

Unit 804 Antel 2000 Corporate Centre, 121 Valero St., Salcedo Village, Brgy. Bel-Air, Makati City

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

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

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 quarterly period ended **March 31, 2025**

2. Commission identification number **A200117708**

3. BIR Tax Identification No **219-934-330**

4. **Xurpas Inc.**
   Exact name of issuer as specified in its charter

   Philippines
5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: [ ] (For SEC Use Only)

7. **Unit 804 Antel 2000 Corporate Center, 121 Valero St.**
   Salcedo Village, Makati City — **1227**
   Address of issuer's principal office — Postal Code

   (632) 8889-6467
8. Issuer's telephone number, including area code

   Not Applicable
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 RSA

Title of Each Class	Number of Shares of Common Stock Outstanding
Common Shares	**2,509,683,812**

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

    Yes [✓] No [ ]

    If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
    Philippine Stock Exchange Common Shares 2,509,683,812

12. 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 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 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--FINANCIAL INFORMATION

Item 1. Financial Statements.

Unaudited Interim Condensed Consolidated Statements of Financial Position
As at March 31, 2025 (with Comparative Audited Consolidated Statements of Financial Position as at December 31, 2024)

Unaudited Interim Condensed Consolidated Statements of Income and Comprehensive Income
For the Three-month Periods Ended March 31, 2025 and 2024

Unaudited Interim Condensed Consolidated Statements of Changes in Equity
For the Three-month Periods Ended March 31, 2025 and 2024

Unaudited Interim Condensed Consolidated Statements of Cash Flows
For the Three-month Periods Ended March 31, 2025 and 2024

Notes to Unaudited Interim Condensed Consolidated Financial Statements

Attachments:

Schedule I: Map Showing the Relationships Between and Among the Companies in the Group, Its Subsidiaries and Associates
Schedule II: Reconciliation of Retained Earnings Available for Dividend Declaration
Schedule III: Financial Ratios

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

The MD&A is a discussion and analysis of the Company's financial position as at March 31, 2025 and December 31, 2024 and performance for the three-month periods ended March 31, 2025 and 2024. The primary objective of this MD&A is to help the readers understand the dynamics of the Company's business and the key factors underlying the Company's financial results.

The MD&A as of and for the three-month periods ended March 31, 2025 and 2024 should be read in conjunction with the unaudited interim condensed consolidated financial statements and the accompanying notes.

ITEM 1: FINANCIAL STATEMENTS

XURPAS INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5 and 24)	**₱59,178,851**	₱32,314,999
Accounts and other receivables (Notes 6 and 24)	**32,630,774**	29,610,200
Contract assets (Note 7)	**37,265,767**	29,372,782
Other current assets (Note 9)	**19,767,051**	20,150,793
Total Current Assets	**148,842,443**	111,448,774
Noncurrent Assets		
Financial assets at fair value through other comprehensive income (Notes 8 and 24)	**1,100,000**	1,100,000
Investments in and advances to associates (Note 10)	**212,234,656**	210,135,391
Property and equipment (Note 11)	**1,683,526**	2,083,245
Intangible assets (Note 12)	**46,302,607**	73,801,703
Right-of-use asset (Note 19)	**2,167,346**	172,066
Other noncurrent assets (Note 9)	**28,558,072**	27,684,515
Total Noncurrent Assets	**292,046,207**	314,976,920
	₱440,888,650	₱426,425,694
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 13 and 24)	**₱410,766,653**	₱397,003,928
Advances from stockholders (Note 20)	**37,217,162**	37,517,457
Loans payable (Notes 14 and 24)	**38,778,519**	38,775,697
Contract liabilities (Note 7)	**34,147,900**	25,353,922
Current portion of lease liabilities (Note 19)	**1,078,014**	187,245
Total Current Liabilities	**521,988,248**	498,838,249
Noncurrent Liabilities		
Lease liabilities – net of current portion (Note 19)	**1,098,166**	–
Pension liabilities	**29,312,292**	29,312,292
Total Noncurrent Liabilities	**30,410,458**	29,312,292
Total Liabilities	**552,398,706**	528,150,541
Equity		
Equity attributable to equity holders of Xurpas Inc.		
Capital stock (Note 22)	**257,181,278**	257,181,278
Additional paid-in capital (Note 22)	**3,748,086,156**	3,748,086,156
Deficit (Note 22)	**(3,470,529,144)**	(3,483,605,247)
Net unrealized loss on financial assets at FVOCI (Note 8)	**(43,594,956)**	(43,594,956)
Cumulative translation adjustment	**14,766,175**	14,427,227
Remeasurement gain on defined benefit plan	**326,023**	326,023
Equity reserve (Notes 22)	**(363,424,608)**	(363,424,608)
Revaluation Surplus	**(101)**	23,855,035
Treasury stock (Note 22)	**(99,700,819)**	(99,700,819)
	43,110,004	53,550,089
Noncontrolling interests	**(154,620,060)**	(155,274,936)
Total Equity (Capital Deficiency)	**(111,510,056)**	(101,724,847)
	₱440,888,650	₱426,425,694

See accompanying Notes to Interim Condensed Consolidated Financial Statements

XURPAS INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	March 31	
	2025 (Unaudited)	2024 (Unaudited)
SERVICE INCOME (Note 15)	**₱42,395,050**	₱35,334,707
COST OF SERVICES (Note 16)	**27,193,198**	26,945,366
GENERAL AND ADMINISTRATIVE EXPENSES (Note 17)	**26,520,842**	28,239,654
EQUITY IN NET LOSSES (EARNINGS) OF ASSOCIATES (Note 10)	**(1,463,256)**	4,649,358
FINANCE COSTS – Net (Note 18)	**880,352**	924,924
OTHER CHARGES (INCOME) - NET (Note 18)	**(1,606,246)**	713,714
LOSS BEFORE INCOME TAX	**(9,129,840)**	(26,138,309)
PROVISION FOR INCOME TAX (Note 21)	**297,003**	222,151
NET LOSS	**(9,426,843)**	(26,360,460)
OTHER COMPREHENSIVE INCOME (LOSS)		
Item that may be reclassified to profit or loss in subsequent periods:		
Cumulative translation adjustment	**338,948**	540,200
Item that may not be reclassified to profit or loss in subsequent periods:		
Unrealized fair value gain (loss) on cryptocurrencies	**(697,311)**	17,933,469
	(358,363)	18,473,669
TOTAL COMPREHENSIVE INCOME (LOSS)	**(₱9,785,206)**	(₱7,886,791)
Net income (loss) attributable to:		
Equity holders of Xurpas Inc.	**(₱10,081,719)**	(₱25,906,067)
Noncontrolling interests	**654,876**	(454,393)
	(₱9,426,843)	(₱26,360,460)
Total comprehensive income (loss) attributable to:		
Equity holders of Xurpas Inc.	**(₱10,440,082)**	(₱7,432,398)
Noncontrolling interests	**654,876**	(454,393)
	(₱9,785,206)	(₱7,886,791)
Loss per share (Note 23)		
Basic	**(₱0.00)**	(₱0.01)
Diluted	**(₱0.00)**	(₱0.01)

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

XURPAS INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	March 31	
	2025 (Unaudited)	2024 (Unaudited)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF XURPAS INC.		
CAPITAL STOCK - ₱0.10 par value (Note 22)		
Authorized – 5,000,000,000 shares		
Issued and outstanding		
Balance at beginning and end of period	**₱257,181,278**	₱257,181,278
ADDITIONAL PAID-IN CAPITAL (Note 22)		
Balance at beginning and end of period	**3,748,086,156**	3,748,086,156
RETAINED EARNINGS (DEFICIT) (Note 22)		
Appropriated		
Balance at beginning and end of period	**115,464,275**	115,464,275
Unappropriated		
Balance at beginning of period	**(3,599,069,522)**	(3,484,670,890)
Transfer from revaluation surplus	**23,157,822**	–
Net loss	**(10,081,719)**	(25,906,067)
Balance at end of period	**(3,585,993,419)**	(3,510,576,957)
	(3,470,529,144)	(3,395,112,682)
NET UNREALIZED LOSS ON FINANCIAL ASSETS AT FVOCI (Note 8)		
Balance at beginning and end of period	**(43,594,956)**	(43,794,956)
CUMULATIVE TRANSLATION ADJUSTMENT		
Balance at beginning of period	**14,427,227**	20,748,154
Movement during the period	**338,948**	540,200
Balance at end of period	**14,766,175**	21,288,354
REMEASUREMENT GAIN ON DEFINED BENEFIT PLAN		
Balance at beginning and end of period	**326,023**	1,464,520
EQUITY RESERVE (Notes 22)		
Balance at beginning and end of period	**(363,424,608)**	(363,424,608)
REVALUATION SURPLUS		
Balance at beginning of period	**23,855,035**	23,187,872
Transfer from revaluation surplus	**(23,157,822)**	–
Movement during the period	**(697,314)**	17,933,469
Balance at end of period	**(101)**	41,121,341
TREASURY STOCK (Note 22)		
Balance at beginning and end of period	**(99,700,819)**	(99,700,819)
	43,110,004	167,108,584
NONCONTROLLING INTERESTS		
Balance at beginning of period	**(155,274,936)**	(153,337,296)
Net income (loss)	**654,876**	(454,393)
Balance at end of period	**(154,620,060)**	(153,791,689)
	(₱111,510,056)	₱13,316,895

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

XURPAS INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	March 31	
	2025 (Unaudited)	2024 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(₱9,129,840)**	(₱26,138,309)
Adjustments for:		
Interest expense (Note 18)	**880,396**	931,800
Depreciation and amortization (Notes 16 and 17)	**834,534**	937,860
Unrealized foreign exchange (gain) (Note 18)	**(2,379,619)**	590,862
Equity in net losses (earnings) of associates (Note 10)	**(1,463,256)**	4,649,358
Interest income (Note 5)	**(44)**	(6,876)
Operating loss before changes in working capital	**(11,257,829)**	(19,035,305)
Changes in working capital		
Decrease (increase) in:		
Accounts and other receivables and contract assets – net	**(10,913,559)**	14,585,440
Other assets	**(489,815)**	(18,608,472)
Increase (decrease) in:		
Accounts and other payables	**14,365,253**	13,319,622
Contract liabilities	**8,793,978**	10,618,726
Net cash used in operations	**498,028**	880,011
Interest received	**44**	6,876
Interest paid	**–**	(75,000)
Income taxes paid	**(297,003)**	(222,151)
Net cash provided by (used in) operating activities	**201,069**	589,736
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of cryptocurrencies	**26,618,428**	–
Additions to intangible assets (Note 12)	**(36,900)**	(1,477,271)
Additions to property and equipment (Note 11)	**(22,999)**	(84,811)
Net cash used in investing activities	**26,558,529**	(1,562,082)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of principal portion of lease liabilities	**(286,392)**	(274,476)
Payment of loans payable (Note 14)	**(43,178)**	(150,000)
Net cash provided by (used in) financing activities	**(329,570)**	(424,476)
EFFECT OF FOREIGN CURRENCY EXCHANGE RATE CHANGES ON CASH	**433,824**	1,261,496
NET INCREASE(DECREASE) IN CASH	**26,863,852**	(135,326)
CASH AT BEGINNING OF PERIOD	**32,314,999**	79,886,457
CASH AT END OF PERIOD (Note 5)	**₱59,178,851**	₱79,751,131

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

XURPAS INC. AND SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Xurpas Inc. (the Parent Company or Xurpas) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on November 26, 2001. The principal activities of the Parent Company and its subsidiaries (collectively referred to as the Group) are to develop, produce, sell, buy or otherwise deal in products, goods or services in connection with the transmission, receiving, or exchange of voice, data, video or any form or kind of communication whatsoever.

The Parent Company's registered office address and principal place of business is at Unit 804 Antel 2000 Corporate Center, 121 Valero St. Salcedo Village, Makati City.

On December 2, 2014, the Parent Company's shares of stock were listed in the Philippine Stock Exchange (PSE).

The accompanying interim condensed consolidated financial statements were approved and authorized for issue by the Board of Directors (BOD) on May 15, 2025.

2. Summary of Significant Accounting Policies

Basis of Preparation

The interim condensed consolidated financial statements of the Group as at March 31, 2025 and for the three-month periods ended March 31, 2025 and 2024, have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*.

Accordingly, the interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual audited consolidated financial statements as at and for the year ended December 31, 2024.

The interim condensed consolidated financial statements are presented in Philippine Peso (₱), the Group's presentation currency. All amounts were rounded-off to the nearest Peso, except when otherwise indicated. The interim condensed consolidated financial statements have been prepared under the historical cost basis, except for except for financial assets at fair value through other comprehensive income (FVOCI), available-for-sale (AFS) financial assets which have been measured at fair value and financial liabilities at fair value through profit or loss (FVPL).

Statement of Compliance

The accompanying interim condensed consolidated financial statements of the Group as at March 31, 2025 and December 31, 2024 and for the three-month periods ended March 31, 2025 and 2024 have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Basis of Consolidation

The accompanying consolidated financial statements include the accounts of Xurpas Inc. and its subsidiaries as at March 31, 2025 and December 31, 2024.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect that return through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other voter holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls and investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group obtains control until the date the Group ceases to control the subsidiary.

Noncontrolling interests ("NCI") represent the portion of profit or loss and net assets in a subsidiary not wholly owned and are presented separately in the consolidated statement of comprehensive income and consolidated statement of changes in equity and within equity in the consolidated statement of financial position, separately from the Parent Company's equity.

Total comprehensive income within a subsidiary is attributed to the noncontrolling interest even if that results in a deficit balance.

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

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any noncontrolling interest and the cumulative translation differences recorded in equity.
- Recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

As at March 31, 2025 and December 31, 2024, the consolidated financial statements comprise the financial statements of the Parent Company and the following subsidiaries:

	Percentage Ownership		
	March 31, 2025	December 31, 2024	**Principal Activities**
Xeleb Technologies Inc. (formerly Fluxion, Inc.) (Xeleb Tech)	**100.00%**	100.00%	Enterprise services and mobile consumer services
Xeleb Inc. (Xeleb)	**100.00**	100.00	Mobile consumer services
Seer Technologies, Inc. (Seer)	**70.00**	70.00	Enterprise services
Codesignate Inc. (Codesignate)*	**52.50**	52.50	Enterprise services
Storm Technologies, Inc. (Storm)	**51.31**	51.31	Human resource management
Pt. Storm Benefits Indonesia (Storm Indonesia)**	**51.31**	51.31	Human resource management
Allcare Technologies, Inc.***	**35.35**	35.35	Human resource management

(Forward)

	Percentage Ownership		
	March 31, 2025	December 31, 2024	**Principal Activities**
Xurpas Enterprise Inc. (Xurpas Enterprise)	**100.00**	100.00	Enterprise services
Art of Click Pte. Ltd. (AOC)	**100.00**	100.00	Mobile consumer services
ODX Pte. Ltd. (ODX)	**100.00**	100.00	Enterprise services
Xurpas Software Inc. (XSI)	**100.00**	100.00	Enterprise services and mobile consumer services
Xurpas Pty. Ltd. (XAU)	**100.00**	100.00	Enterprise services
Xurpas Pte. Ltd. [formerly Altitude Games Pte. Ltd. (AGPL)]	**100.00**	100.00	Mobile consumer services

**Codesignate is a 75%-owned subsidiary of Seer. The Group's effective ownership over Codesignate is 52.50%. The Group has determined that it has control over the entity and consolidates the entity on this basis.*
***Storm Indonesia is 100%-owned subsidiary of Storm Technologies Inc.*
****Storm has 68.90% ownership over Allcare. The Group's effective ownership over Allcare is 35.35%. The Group has determined that it has control over the entity (see "Judgements" in Note 3)*

All subsidiaries are domiciled in the Philippines except for Storm Indonesia, which is domiciled in Indonesia, and AOC and ODX, which are domiciled in Singapore, and XAU domiciled in Australia.

Xeleb Technologies, Inc.
Xeleb Technologies was organized to primarily engage in the business of mobile content development. On September 11, 2019, the BOD of the Parent Company approved the dissolution of Xeleb Technologies.

As at March 31, 2025, Xeleb Technologies has yet to apply for the approval of government regulatory agencies for its dissolution.

Xeleb Inc.
On July 14, 2015, the Parent Company incorporated Xeleb, a mobile games company domiciled in the Philippines. On September 11, 2019, the BOD of the Parent Company approved the dissolution of Xeleb.

As at March 31, 2025, Xeleb has yet to apply for the approval of government regulatory agencies for its dissolution.

Seer
On June 25, 2015, the Parent Company acquired 70,000 common shares representing 70.00% stake holdings in Seer, a software consultancy and design company, at a price of 18.00 million. Seer was engaged in the business of software development, software marketing and sales, software package implementation, system integration and support, systems architecture, system analysis and design, database design, database administration, applications hosting, and related project management, consultancy and education services.

Storm
Storm's primary purpose is to create, develop and maintain an online platform that allows companies to exchange their current human resources benefits given to employees and transform them into a wide range of products and services, provide client management services, data management and information processing services, software network management services, software development services, consultancy, project and program management, marketing solutions, information technology services and business process outsourcing services to various companies.

In 2022, Storm suspended the operation of its online Flex Benefits platform.

Xurpas Enterprise Inc.
On March 23, 2016, the Parent Company incorporated Xurpas Enterprise. Xurpas Enterprise shall primarily engage in the business of software development including designing, upgrading and marketing all kinds of information technology systems or parts thereof and other related services.

AOC
On October 6, 2016, the Parent Company signed a Share Purchase Agreement for the acquisition of 100% stake in Art of Click for an aggregate consideration of ₱1.94 billion in cash and in Parent Company's shares. AOC is engaged in the business of mobile media agency that offers a marketing platform for advertisers.

On March 30, 2020, the BOD of the Parent Company approved the suspension of business operations of AOC.

ODX

In 2018, the Parent Company incorporated a wholly-owned subsidiary in Singapore, ODX, with the following principal activities: 1) other information technology and computer service activities (e.g., disaster recovery services) and 2) development of software for interactive digital media (except games).

ODX's platform, which will be an open data marketplace using blockchain technology, is under development. ODX has not started commercial operations as of March 31, 2025.

XSI

On April 18, 2023, the Parent Company incorporated XSI with the primary purpose of designing, developing, testing, building, marketing, distributing, maintaining, supporting, customizing, selling and/or re-selling applications, games, software, cybersecurity software tools, digital solutions, whether internet, mobile, or other handheld applications, portals, hardware and other related products and services, except internet provider services, both for proprietary and custom development purposes.

XSI's registered office address and principal place of business is Office 3 Genesis Building Pueblo De Panay Township Lawa-an, Roxas City, Capiz.

XAU

On July 25, 2023, the Parent Company incorporated Xurpas Pty. Ltd., a wholly-owned subsidiary based in Australia, which aims to offer the Group's products and services in the said country. As of report date, XAU has not started its commercial operation. XAU has started its commercial operation in October 2024.

Xurpas Pte. Ltd. [formerly Altitude Games Pte. Ltd. (AGPL)]

AGPL is a computer game development and publishing company based in Singapore, which was acquired by the Parent Company in 2024 as a 21.17% owned associate. In October 2023, the Parent Company executed transfer deeds through which the remaining 78.83% ownership of AGPL was transferred from its shareholders, making AGPL a wholly owned subsidiary.

On June 14, 2024 AGPL changed its corporate name to Xurpas Pte. Ltd.

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those of the previous financial year except for the new PFRS, amended PFRS and improvements to PFRS which were adopted beginning January 1, 2025. Adoption of these new standards and amendments did not have any significant impact on the consolidated financial position or performance unless otherwise indicated.

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of Exchangeability*

Current and Noncurrent Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current / noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

<u>Cash</u>
Cash includes cash on hand and in banks. Cash in bank earns interest based on the prevailing bank deposit rates.

<u>Fair value measurement</u>
Fair value is the estimated price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy (see Note 24).

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

<u>Financial Instruments - initial recognition and subsequent measurement</u>

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

a. Financial assets
Initial recognition of financial instrument
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI and FVPL.

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

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

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

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

Financial assets at amortized cost
The Group measures financial assets at amortized cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Group's financial assets at amortized cost includes "Cash" and "Accounts and other receivables" (except for "Advances to employees" which are subject to liquidation), "Refundable deposits" under other current assets, and "Cash bond" under other noncurrent assets.

Financial assets at FVOCI (debt instruments)
The Group measures debt instruments at FVOCI if both of the following conditions are met:
- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated statement of comprehensive income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Group has not designated any financial assets under this category.

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

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

The Group elected to classify irrevocably its quoted and unquoted equity investments under this category.

Financial assets at FVPL
Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of comprehensive income.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognized as other income in profit or loss when the right of payment has been established.

The Group has designated its unquoted debt investments under this category.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the statement of financial position) when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

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

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

For other financial assets such as receivable from related parties, other receivables, refundable deposits under other current assets, cash bond under other noncurrent assets and financial assets at FVOCI (debt instruments), ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

The key inputs in the model include the Group's definition of default and historical data of three years for the origination, maturity date and default date. The Group considers trade receivables and contract assets in default when contractual payment are 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default to 90 days and beyond. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Determining the stage for impairment
At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

The Group considers that there has been a significant increase in credit risk when contractual payments are more than 60 days past due.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-month ECL.

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

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

The Group's financial liabilities include "Accounts and other payables" (except "Deferred output VAT", "Taxes payable" and provision relating to PSA and statutory payables included as "Others"), "Loans payable" and other obligations that meet the above definition (other than liabilities covered by other accounting standards, such as income tax payable).

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVPL
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial liabilities are only designated as at FVPL when one of the following criteria are met. Such designation is determined on an instrument-by- instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the liabilities or recognizing gains or losses on them on a different basis; or
- The liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The liabilities contain one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited

Financial liabilities at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVPL due to changes in the Group's own credit risk. Such changes in fair value are recorded in equity reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVPL is accrued in interest income or interest expense, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument.

Financial liabilities arising from amounts received under the Share and Token Allocation Agreement classified as "Nontrade payables" under "Accounts and other payables" were designated at FVTPL as it contains embedded derivatives.

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

This category generally applies to short-term debts.

Other Financial Liabilities
Issued financial instruments or their components, which are not designated at FVPL, are classified as accounts payable and accrued expenses where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount, after deducting from the instrument the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Any effect of restatement of foreign currency-denominated liabilities is recognized in profit or loss.

This accounting policy applies to the Group's "Accounts and other payables" (except "Deferred output VAT", "Taxes payable" and provision relating to PSA and statutory payables included as "Others") and other obligations that meet the above definition (other than liabilities covered by other accounting standards, such as income tax payable).

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

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

<u>Investments in Associates</u>
The Group's investments in its associates are accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

An investment is accounted for using the equity method from the day it becomes an associate. On acquisition of investment, the excess of the cost of investment over the investor's share in the net fair value of the associate's identifiable assets, liabilities and contingent liabilities is accounted for as goodwill and included in the carrying amount of the investment and not amortized. Any excess of the investor's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment, and is instead included as income in the determination of the share in the earnings of the associate.

Under the equity method, the investment in an associate is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share in the net assets of the associate, less any impairment in values. The consolidated statement of comprehensive income reflects the share of the results of the operations of the associate company. The Group's share of post-acquisition movements in the associate's equity reserves is recognized directly in equity. Profits and losses resulting from transactions between the Group and the associate company are eliminated to the extent of the interest in the associate company and for unrealized losses to the extent that there is no evidence of impairment of the asset transferred. Dividends received are treated as a reduction of the carrying value of the investment.

The Group discontinues applying the equity method when their investment in associate company is reduced to zero. Accordingly, additional losses are not recognized unless the Group has guaranteed certain obligations of the associate company. When the associate company subsequently report net income, the Group will resume applying the equity method but only after its share of that net income equals the share of net losses not recognized during the period the equity method was suspended.

The reporting dates of the associates and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances. When necessary, adjustments are made to bring the reporting dates and accounting policies in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization and any impairment in value. The initial cost of property and equipment comprises its purchase price and other directly attributable costs of bringing the asset to its working condition and location for its intended use. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred if the recognition criteria are met. It excludes the cost of day-to-day servicing.

Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the items can be measured reliably. All other repairs and maintenance are charged against current operations as incurred.

Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the property and equipment which are as follows:

	Years
Transportation equipment	3
Office equipment	3 to 4
Information Technology (IT) equipment	3 to 4
Furniture and fixtures	3 to 5
Leasehold improvements	Useful life (3 to 5) or lease term, whichever is shorter

The estimated residual values, useful life and depreciation and amortization method are reviewed at least annually to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

If there is an indication that there has been a significant change in depreciation and amortization rate or the useful lives, the depreciation of that property and equipment is revised prospectively to reflect the new expectations.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

Fully depreciated property and equipment are retained in the accounts until they are no longer in use and no further depreciation is charged against current operations.

Intangible Assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Cryptocurrencies which are not held in the ordinary course of business are recognized as intangible assets as these are identifiable non-monetary asset without physical substance.

Following initial recognition, intangible assets (other than cryptocurrencies) are carried at cost less any accumulated amortization and accumulated impairment losses. Cryptocurrencies are subsequently carried at revalued amount, being its fair value at the date of the revaluation less any accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The estimated useful lives of intangible assets follow:

	Years
Cryptocurrencies	Indefinite
Developed software	5 – 8

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

If the cryptocurrencie's carrying amount is increased as a result of a revaluation, the increase shall be recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss.

If the cryptocurrencies' carrying amount is decreased as a result of a revaluation, the decrease shall be recognized in profit or loss. However, the decrease shall be recognized in other comprehensive income to the extent of any credit balance in the revaluation surplus in respect of that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.

Research and Development Costs
Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability and intention to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and

- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in cost of goods sold.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any noncontrolling interests in the acquiree. For each business combination, the Group elects whether to measure the noncontrolling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms' economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PAS 39, *Financial Instruments: Recognition and Measurement*, is measured at fair value with changes in fair value recognized either in either profit or loss or as a change to OCI. If the contingent consideration is not within the scope of PAS 39, it is measured in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for noncontrolling interests) and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

When goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measure based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of combination can be determined only provisionally, the acquirer shall account for the combination using those provisional values. The acquirer shall recognize any adjustments to those provisional values as a result of completing the initial accounting within twelve months of the acquisition date as follows: (i) the carrying amount of the identifiable asset, liability or contingent liability that is recognized or adjusted as a result of completing the initial accounting shall be calculated as if its fair value at the acquisition date had been recognized from that date; (ii) goodwill or any gain recognized shall be adjusted by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted; and (iii) comparative information presented for the periods before the initial accounting for the combination is complete shall be presented as if the initial accounting has been completed from the acquisition date.

Noncontrolling interests

In a business combination, as of the acquisition date, the Group recognizes, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree. There is a choice of two measurement methods for those components of noncontrolling interests that are both present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of a liquidation. They can be measured at:

a. acquisition-date fair value (consistent with the measurement principle for other components of the business combination); or
b. at their proportionate share of the value of net identifiable assets acquired.

Combinations of Entities under Common Control

Business combinations of entities under common control are accounted for using the pooling of interests method. The pooling of interest method is generally considered to involve the following:

- The assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination. The only adjustments that are made are those adjustments to harmonize accounting policies.
- No new goodwill is recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid or transferred and the equity acquired is reflected within equity under the "Equity reserve" account.

The financial information in the consolidated financial statements are not restated for periods prior to the combination of the entities under common control.

Impairment of Nonfinancial Assets

The Group assesses at each financial reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in the profit or loss in those expense categories consistent with the function of the impaired asset.

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

Investments in associates

The Group also determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the recoverable amount and the carrying value of the associate company and recognizes the difference in profit or loss.

In assessing impairment indicators, the Group considers, as a minimum, the following indicators: (a) dividends exceeding the total comprehensive income of the associate in the period the dividend is declared; or (b) the carrying amount of the investment in the separate financial statements exceeding the carrying amount of the associate's net assets, including goodwill.

Intangible assets with indefinite useful life
Intangible assets with indefinite useful lives are tested for impairment annually, either individually or at the cash-generating unit level and when circumstances indicate that the carrying value may be impaired.

Impairment of goodwill
For assessing impairment of goodwill, a test of impairment is performed annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGUs is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Equity
Capital stock and additional paid-in capital
Capital stock is measured at par value for all shares issued. When the shares are sold at premium, the difference between the proceeds and the par value is credited to "Additional paid-in capital". When the shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Group, the shares are measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Direct costs incurred related to equity issuance are chargeable to "Additional paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings. The costs of an equity transaction that is abandoned are recognized as an expense.

Treasury shares
Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Retained earnings (deficit)
Retained earnings represent the cumulative balance of net income or loss, dividend distributions, prior period adjustments, effects of the changes in accounting policy and other capital adjustments.

Unappropriated retained earnings
Unappropriated retained earnings represent the portion of retained earnings that is free and can be declared as dividends to stockholders.

Appropriated retained earnings
Appropriated retained earnings represent the portion of retained earnings which has been restricted and therefore is not available for dividend declaration.

Equity reserve
Equity reserve represents:
(a) a portion of equity against which the recognized liability for a written put option was charged;
(b) gains or losses resulting from increase or decrease in ownership without loss of control; and
(c) difference between the consideration transferred and the net assets acquired in common control business combination.

Revenue Recognition
Revenue from contracts with customers is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on

behalf of third parties. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue is recognized when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation.

Service income
Service income consists of revenue from Value Added Services (VAS) and Business Process Outsourcing (BPO). BPO is further subdivided into IT Staffing, Custom Development and Managed Services, Products and Other Services.

VAS are mobile and content application services provided to mobile subscribers. Revenue is recognized at a point in time, that is when services are delivered to the customers during the period.

IT staffing is a business segment where the Group deploys resources to clients to fulfill their IT requirements. Revenue is recognized at a point in time, that is when services are rendered to the customers during the period.

Custom Development and Managed Services are services offered to customers that are produced in the Company's premises. Revenue is recognized over time and at a point in time. In measuring the progress of its performance obligation over time for Custom Development, the Group uses the output method which measures progress based on the completion of proportion of work done and requires technical determination by the IT specialists.

Products are readily available solutions that will cater to customers' requirements. Revenue is recognized at a point in time, that is when goods are delivered to the customers during the period.

Other Services are recognized over time, that is, when services are rendered to the customers or over the period to which the customers are entitled to avail of the services.

Sale of goods
Revenue from the sale of goods in the ordinary course of activities is measured at the fair value of the consideration received or receivable, net of discounts and applicable taxes. Revenue is recognized at a point in time, which is normally upon delivery.

For the three-month periods ended March 31, 2025 and 2024, the Group has no variable consideration but the timing of revenue recognition resulted in contract assets and liabilities.

<u>Contract Balances</u>
Receivables
A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional (e.g., warranty fees).

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer (e.g., upfront fees, implementation fees, subscription fees, etc.). If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

Interest income
Interest income is recognized as it accrues using the effective interest method.

Other income
Other income is recognized as they accrue.

Cost and Expenses

"Cost of services", "Cost of goods sold", and "General and administrative expenses" are expenditures recognized in the consolidated statement of comprehensive income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measure reliably. The following specific recognition criteria must also be met before costs and expenses are recognized:

Cost of services

Cost that includes all expenses associated with the specific sale of services. Cost of services include salaries, wages and employee benefits, utilities and communication, supplies and other expenses related to services. Such costs are recognized when the related sales have been recognized.

Cost of goods sold

Cost of goods sold consists of inventory costs related to goods which the Group has sold. Inventory costs include all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

General and administrative expenses

General and administrative expenses constitute expenses of administering the business and are recognized in profit or loss as incurred.

Leases

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

Group as lessee

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

i) Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of cost to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Years
Office space	2 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in Impairment of nonfinancial assets section.

ii) Lease liabilities

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

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases

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

Income tax

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the end of the reporting period.

Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investment in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and NOLCO can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investment in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will not reverse in the foreseeable future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax liabilities are not provided on nontaxable temporary differences associated with investments in domestic associates and interests in joint ventures.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the financial reporting date. Movements in deferred tax assets and liabilities arising from changes in tax rates are charged or credited to income for the period.

Deferred tax relating to items outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

Value-Added Tax (VAT)
Revenue, expenses and assets are recognized net of the amount of sales tax except:

- Where the tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and,
- Receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the tax authority is included as part of other current assets or payables in the consolidated statement of financial position.

Pensions and other long-term employee benefits
The net pension liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any).

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method. Defined benefit costs comprise the following:

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

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

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

Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.
Remeasurements comprising actuarial gains and losses are recognized immediately in the consolidated statements of financial position with a corresponding debit or credit through other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

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

The Group also provided other long-term employee benefit obligations to an employee of a subsidiary as remuneration for the services provided by the employee to the subsidiary, which are to be settled in cash. A liability and expense for the long-term employee benefit is recognized when the services have been rendered and is amortized during the period of entitlement.

Foreign Currency Transactions
The Group's consolidated financial statements are presented in Philippine Peso, which is also the Parent Company and the subsidiaries' functional currency, except for AOC and ODX, which is US dollar, and Storm Indonesia, which is Indonesian Rupiah. The Philippine peso is the currency of the primary economic environment in which the Parent Company operates. Each entity in the Group determines its own functional currency and items included

in the financial statements of each entity are measured using that functional currency.

Transactions denominated in foreign currencies are initially recorded in Philippine Peso at the exchange rate at the date of transaction. Foreign currency-denominated monetary assets and liabilities are retranslated at the closing rate at reporting date. Exchange gains or losses arising from foreign currency transactions are recognized in profit or loss.

As at reporting date, the assets and liabilities of subsidiaries whose functional currency is not the Philippines Peso are translated into the presentation currency of the Parent Company (the Philippine Peso) at the closing rate as at the reporting date, and the consolidated statement of income accounts are translated at monthly weighted average exchange rate. The exchange differences arising on the translation are taken directly to a separate component of equity under "Cumulative translation adjustment" account. Upon disposal of a foreign subsidiary, the deferred cumulative amount recognized in other comprehensive income relating to that particular foreign operation is recognized in profit or loss.

Investments in foreign associates are translated to Philippine Peso using the closing exchange rate prevailing at reporting date. The Group's share in the results of operations of the foreign investee is translated using the exchange rate at the dates of the transactions or, where practicable, the rate that approximates the exchange rates at the dates of the transactions, such as the average rate for the period. Any resulting exchange difference is recognized as a separate component of equity.

Earnings Per Share (EPS)
Basic EPS is computed by dividing net income for the year attributable to common stockholders of the parent by the weighted average number of common shares issued and outstanding during the year adjusted for any subsequent stock dividends declared. Diluted EPS is computed by dividing net income for the year attributable to common stockholders of the parent by the weighted average number of common shares issued and outstanding during the year after giving effect to assumed conversion of potential common shares, if any.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the services provided, with each segment representing a strategic business unit that offers different services and serves different markets. Financial information on business segments is presented in Note 25 of the consolidated financial statements.

Provisions
Provisions are recognized when the entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

This policy also applies to proceeds received from the Token Pre-Sale Agreement for which management has assessed that it has a present constructive obligation to the token investors.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

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

This policy also applies to agreements which the Group entered into with certain advisors for which the services received are to be paid through internally generated tokens in the future and for which the obligation cannot be measured with sufficient reliability.

Events after the Reporting Period
Post year-end events up to date when the consolidated financial statements are authorized for issue that provide additional information about the Group's position at the reporting period (adjusting events) are reflected in the

consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

3. Significant Accounting Judgments and Estimates and Assumptions

The preparation of the accompanying consolidated financial statements in compliance with PFRS requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. The judgments and estimates used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the consolidated financial statement. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the consolidated financial statements as they become reasonably determinable.

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

Judgments

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

a. *Assumption of going concern*

The management has made an assessment of the Group's ability to continue as a going concern and is satisfied that it can continue in business for the foreseeable future. The Group incurred net loss of ₱9.75 million for the three-month period ended March 31, 2025. As of March 31, 2025 the Group's current liabilities exceeded its current assets by ₱373.47 million. Management has considered this in their assessment and has concluded that the ability to continue as a going concern is mainly dependent on future actions such as continuous venture into new revenue potentials, cost cutting measures, and equity funding to support liquidity.

Management does not have plans to liquidate and continues to believe that the Group is in a unique position being one of the few technology companies that can assist companies in their digital transformation initiatives and develop marketing promotions for consumer and enterprise businesses.

b. *Determination of control over investment in subsidiaries*

The Group determined that it has control over its subsidiaries by considering, among others, its power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns. The following were also considered:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual agreements
- The Group's voting rights and potential voting rights

c. *Existence of significant influence over associates*

The Group determined that it exercises significant influence over its associates (see Note 10) by considering, among others, its ownership interest (holding 20% or more of the voting power of the investee) and board representation.

d. *Capitalization of development costs*

The Group determined that intangible assets arising from development qualify for recognition by determining that all of the following are present:

i. The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
ii. Intention to complete and its ability and intention to use or sell the asset;
iii. How the asset will generate future economic benefits;
iv. The availability of resources to complete the asset; and
v. The ability to measure reliably the expenditure during development.

e. *Determination of constructive obligation arising from cryptocurrency transactions*

The Group determined that a constructive obligation exists based on the terms of the agreements and the general expectations of the counterparties.

Management's Use of Estimates

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

a. *Evaluating impairment of goodwill, and investments in associates*

   Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. The cash flows are derived from the budget for the next five years which include factors considering the current economic environment but exclude restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the growth rates, EBITDA margin used for extrapolation purposes. These estimates are most relevant to goodwill recognized by the Group. The carrying values of goodwill amounted to ₱45.59 million as of March 31, 2025 and December 31, 2024, respectively (see Note 12).

   Investments in associates are tested for impairment when circumstances indicate that the carrying value may be impaired. The carrying values of investments in associates amounted to ₱190.15 million and ₱188.05 million as of March 31, 2025 and December 31, 2024, respectively.

b. *Revenue recognition*

   The Group's revenue recognition require management to make use of estimates that may affect the reported amount of revenue. The Group's revenue from sale of services for development projects recognized based on the percentage of completion are measured principally on the basis of the estimated completion of the development services. In measuring the progress of its performance obligation over time, the Group uses the output method which measures progress based on the completion of proportion of work done and requires technical determination by the Group's specialists.

c. *Provisions and contingencies*

   The Group is currently involved in assessments for national taxes. The estimate of the probable costs for the resolution of these assessments has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe that these assessments will have a material effect on the Group's consolidated financial position and results of operation.

d. *Provision for expected credit losses of trade receivables and contract assets*

   The Group uses a provision matrix to calculate ECLs for receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss pattern.

   The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

   The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

   As of March 31, 2025 and December 31, 2024, allowance for impairment losses on accounts and other receivables amounted to ₱31.77 million and ₱31.75 million, respectively (see Note 6).

e. *Realizability of deferred tax assets*

   The Group reviews the carrying amounts of deferred income taxes at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the subsidiaries of the Group will generate sufficient taxable income to allow all or part of its deferred income tax assets to be utilized. The Group looks at its projected performance in the sufficiency of future taxable income.

4. Seasonality of Interim Operations

The Group is not subject to the seasonality of revenue realization.

5. Cash and cash equivalents

This account consists of:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Cash on hand	**₱56,666**	₱31,751
Cash in banks	**59,122,185**	32,283,248
	₱59,178,851	₱32,314,999

Cash in banks earn interest at the prevailing bank deposit rates.

Interest income earned from cash in banks amounted to ₱44 and ₱6,876 for the three-month periods ended March 31, 2024 and 2025, respectively.

6. Accounts and Other Receivables

This account consists of:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Trade receivables	**₱44,560,291**	₱41,704,412
Receivable from related parties (Note 20)	**6,114,963**	6,386,235
Advances to employees	**341,021**	362,163
Others	**13,383,802**	12,908,707
	64,400,077	61,361,517
Less: Allowance for impairment loss	**31,769,303**	31,751,317
	₱32,630,774	₱29,610,200

Trade receivables arise from the mobile content development, mobile solution and key platform development services rendered by the Group to its customers. These are noninterest-bearing and are generally settled on a 30- to 60-day term.

Advances to employees mainly pertain to advances which are subject to liquidation.

Others are noninterest-bearing and are generally collectible within one year.

The table below shows the movements in the provision for impairment losses of trade receivables:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
At beginning of year	**₱31,751,317**	₱31,946,946
Provisions	**–**	5,170,914
Write-off	–	(5,521,473)
Translation adjustments	**17,986**	154,930
	₱31,769,303	₱31,751,317

As of March 31, 2025 and December 31, 2024, the allowance for impairment losses pertains to:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Trade receivables	**₱17,255,874**	₱17,237,888
Receivable from related parties (Note 20)	**1,794,061**	1,794,061
Others	**12,719,368**	12,719,368
	₱31,769,303	₱31,751,317

7. Contract Balances

This account consists of:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Contract assets	**₱37,265,767**	₱29,372,782
Contract liabilities	**34,147,900**	25,353,922

Contract assets are initially recognized for revenues earned from custom development as receipt of consideration is conditional on successful completion of proportion of work. Upon completion of performance obligation and acceptance by the customer, the amount recognized as contract assets are reclassified to trade receivables.

Contract liabilities consist of collections from customers under custom development services which have not qualified for revenue recognition.

8. Financial Assets at Fair Value through Other Comprehensive Income

This account consists of:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Financial assets at FVOCI		
Quoted shares		
Club Punta Fuego	**₱1,100,000**	₱1,100,000
	₱1,100,000	₱1,100,000

The rollforward analysis of financial assets at FVOCI follow:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Balance at beginning of period	**₱1,100,000**	₱900,000
Unrealized gain (loss) on financial assets at FVOCI, net of tax	**–**	200,000
	₱1,100,000	₱1,100,000

The roll forward analysis of net unrealized loss on financial assets at FVOCI follows:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Balance at beginning of period	**(₱43,594,956)**	(₱43,794,956)
Unrealized gain on financial assets at FVOCI	**–**	200,000
Balance at end of period	**(₱43,594,956)**	(₱43,594,956)

Unrealized loss on financial assets at FVOCI is recognized under "Other comprehensive income" in the consolidated statements of comprehensive income.

The quoted shares are categorized under the Level 2 of the fair value hierarchy. The unquoted equity investments are categorized under Level 3 (see Note 24).

Quoted equity investments
Quoted equity instruments consist of investment in golf club shares.

Unquoted equity investments
In April 2015, the Group acquired 666,666 million shares of Series A Preferred Stock of Zowdow Inc. ("Zowdow"), formerly Quick.ly, Inc. ("Quick.ly"), at a purchase price of $1.50 per share for a total investment of US$999,999 or ₱44.24 million. As at March 31, 2025 and December 31, 2024, the Group holds a 3.56% ownership of Zowdow on a fully-diluted basis.

Fair value of unquoted equity investments was determined using prices from recent sales at arm's length transaction. No unrealized gain or loss was recognized during the year for these investments (Note 24).

Unquoted debt investments
The Group has convertible promissory notes and bonds receivable as of March 31, 2025 and December 31, 2024:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Unquoted debt investments		
MatchMe Pte. Ltd.	**₱52,495,000**	₱52,495,000
Einsights Pte. Ltd.	**23,475,000**	23,475,000
Pico Candy Pte. Ltd.	**3,602,123**	3,602,123
	79,572,123	79,572,123
Less: remeasurement loss	**(79,572,123)**	(79,572,123)
Balance at end of year	**₱–**	₱–

9. **Other Assets**

Other current assets

This account consists of:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Prepaid expenses	**₱12,743,118**	₱12,880,034
Input VAT – net	**10,005,155**	9,511,249
Deferred input VAT	**385,706**	493,869
Rental deposit	**10,418**	10,418
Refundable deposits	**–**	632,569
	23,144,397	23,528,139
Less: allowance for impairment losses	**3,377,346**	3,377,346
	₱19,767,051	₱ 20,150,793

Prepaid expenses mainly pertain to advances to suppliers, advance rent and prepaid professional fees.

Input VAT represents VAT imposed on the Company by its suppliers for the acquisition of goods and services.

Deferred input VAT represents input VAT related to unpaid balances for the services availed by the Group. These will be recognized as input VAT and applied against output VAT upon payment. Any remaining balance is recoverable in future periods.

Refundable deposits pertain to security deposit made for performance bond and rent which will be received within one year.

Other noncurrent assets

This account consists of:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Creditable withholding tax	**₱33,313,187**	₱32,971,899
Deferred input VAT	**3,574,591**	3,675,927
Security deposit	**633,605**	–
Others	**422,769**	422,769
	37,944,152	37,070,595
Less: allowance for impairment losses	**9,386,080**	9,386,080
	₱28,558,072	₱27,684,515

10. **Investments in and Advances to Associates**

This account consists of:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Cost		
Balance at beginning and end of period	**₱577,561,081**	₱577,561,081

(Forward)

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Equity in net loss		
Balance at beginning of period	**(188,501,137)**	(180,544,044)
Share in net earnings (losses) during the period	**1,463,256**	(7,957,093)
Balance at end of period	**(187,037,881)**	(188,501,137)
Cumulative translation adjustment		
Balance at beginning of period	**6,023,560**	9,450,400
Movement during the period	**636,009**	(3,426,840)
Balance at end of period	**6,659,569**	6,023,560
Accumulated impairment		
Balance at beginning of period	**(207,032,699)**	(179,226,699)
Movement during the period	**–**	(27,806,000)
	(207,032,699)	(207,032,699)
	190,150,070	188,050,805
Advances to Associate	**22,084,586**	22,084,586
	₱212,234,656	₱210,135,391

The equity in cumulative translation adjustments represents exchange differences arising from the translation of financial statements of the foreign operations, whose functional currency is other than Philippine Peso.

The Group's equity in the net assets of associates and the related percentages of ownership are shown below:

	Percentages of Ownership		Carrying Amounts	
	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)	**March 31, 2025 (Unaudited)**	December 31, 2024 (Audited)
Micro Benefits Limited	**23.53**	23.53	**₱167,222,866**	₱163,566,575
PT Sembilan Digital Investama	**49.00**	49.00	**22,927,204**	24,484,230
MatchMe Ltd.	**29.10**	29.10	**–**	–
Altitude Games Inc.	**21.17**	21.17	**–**	–
			₱190,150,070	₱188,050,805
Advances to associate				
PT Sembilan Digital Investama			**22,084,586**	22,084,586
			₱212,234,656	₱210,135,391

Micro Benefits Limited
On March 9, 2016, the Parent Company acquired 718,333 new Series C Preferred Shares equivalent to a 23.53% stake in Micro Benefits Limited ("Micro Benefits") for US$10.00 million. Micro Benefits, a company registered in Hong Kong, is engaged in the business of providing employee benefits to Chinese workers through its operating company, Micro Benefits Financial Consulting (Suzhou) Co. Ltd., located in China.

PT Sembilan Digital Investama
On March 26, 2015, the Parent Company acquired 147 shares representing 49% shareholdings in PT Sembilan Digital Investama (SDI) amounting to ₱10.83 million. The acquisition gave the Parent Company access to PT Ninelives Interactive ("Ninelives"), a mobile content and distribution company in Indonesia, which SDI owns.

As of March 31, 2025 and December 31, 2024, the Group has advances to SDI amounting to ₱22.08 million to fund its mobile content and distribution services.

SDI's registered office address is at J1. Pos Pengumben Raya No. 01 RT 010 RW 03, Kel Srengseng, Jakarta Barat.

MatchMe Pte. Ltd.
In 2015 and 2018, the Group acquired an aggregate of 1,547,729 ordinary shares or 29.10% interest in MatchMe, an international game development company based in Singapore, for a total consideration amounting to ₱63.58 million.

In 2019, MatchMe became dormant which prompted full impairment of the Group's investment in MatchMe amounting to ₱38.66 million.

MatchMe's registered office address is at 100 Cecil Street #10-01/002 the Globe, Singapore.

Altitude Games Inc.
On July 22, 2015, the Parent Company subscribed to 211,656 shares of stock or 21.17% shareholdings in Altitude Games Inc. ("Altitude Philippines"), an affiliate of Altitude Games. Altitude Philippines engages in the business of development, design, sale and distribution of games and applications.

Altitude Philippine's registered office address is at Unit A51 5th Floor Zeta II Bldg., Salcedo St. Legazpi Village, Makati City.

As at March 31, 2025 and December 31, 2024, there are no capital commitments relating to the Group's interests in its associates.

The Group considers an associate with material interest if its net assets exceed 5% of its total consolidated net assets of the Group as of reporting period and considers the relevance of the nature of activities of the entity compared to other operations of the Group. There are no significant restrictions on the Parent Company's ability to use assets and settle liabilities of the Group.

11. Property and Equipment

The Group acquired property and equipment amounting to nil and ₱0.08 million during the three-month periods ended March 31, 2025 and 2024, respectively. Depreciation expense amounted to ₱0.42 million and ₱0.49 million for the three-month periods ended March 31, 2025 and 2024, respectively.

12. Intangible Assets

This account consists of:

March 31, 2025

	Goodwill	Developed Software	Cryptocurrencies	Total
Cost				
At beginning of year	₱2,004,469,603	₱105,497,817	₱1,052,275	₱2,111,019,695
Additions	–	36,900	–	36,900
Disposals	–	–	(1,052,275)	(1,052,275)
At end of year	2,004,469,603	105,534,717	–	2,110,004,320
Accumulated amortization				
At beginning of year	–	94,432,169	–	94,432,169
Amortization (Note 15)	–	145,517	–	145,517
At end of year	–	94,577,686	–	94,577,686
Accumulated Impairment				
At beginning and end of year	1,958,881,201	10,242,927	–	1,969,124,128
Accumulated revaluation surplus				
At beginning of year	–	–	26,338,305	26,338,305
Revaluation loss	–	–	(772,051)	(772,051)
Disposal	–	–	(25,566,153)	(25,566,153)
At end of year	–	–	101	101
Net Book Value	₱45,588,402	₱714,104	₱101	₱46,302,607

December 31, 2024

	Goodwill	Developed Software	Cryptocurrencies	Total
Cost				
At beginning of year	₱2,004,469,603	₱105,497,817	₱9,126,966	₱2,119,094,386
Additions	–	–	1,440,371	1,440,371
Disposals	–	–	(9,515,062)	(9,515,062)
At end of year	2,004,469,603	105,497,817	1,052,275	2,111,019,695
Accumulated amortization				
At beginning of year	–	93,732,507	–	93,732,507
Amortization (Note 15)	–	699,662	–	699,662
At end of year	–	94,432,169	–	94,432,169
Accumulated Impairment				
At beginning and end of year	1,958,881,201	10,242,927	–	1,969,124,128
Accumulated revaluation surplus				
At beginning of year	–	–	25,642,805	25,642,805
Revaluation gain	–	–	19,349,289	19,349,289
Disposals	–	–	(18,653,789)	(18,653,789)
At end of year	–	–	26,338,305	26,338,305
Net Book Value	₱45,588,402	₱822,721	₱27,390,580	₱73,801,703

Goodwill
Goodwill pertains to excess of the acquisition cost over the fair value of the identifiable assets and liabilities of companies acquired by the Group.

Developed software
Developed software pertain to telecommunications equipment software licenses, corporate application software and licenses and other VAS software applications that are not integral to the hardware or equipment.

Leasehold rights
Leasehold rights pertain to cost savings arising from lower than market rate rental in the lease contracts acquired through business combination.

Cryptocurrencies
Cryptocurrencies pertain to units of Bitcoin, Ether, USDT and USDC held by the Group as at March 31, 2025.

The fair value of cryptocurrencies was determined using quoted market prices in active markets categorized under Level 1 of fair value hierarchy. As at December 31, 2024, the fair values of Bitcoin and Ether are valued at USD93,347 per unit and USD3,330 per unit, respectively, while the fair value of USDT and USDC is USD1.00 per unit.

The amortization expense of intangible assets recognized in "Depreciation and amortization" under "Cost of services" in the consolidated statements of comprehensive income amounted to ₱0.15 million and ₱0.19 million for the three-month periods ended March 31, 2025 and 2024, respectively (see Note 16).

13. Accounts and Other Payables

This account consists of:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Payable to third parties	**₱89,229,426**	₱89,236,701
Nontrade payable	**64,587,319**	64,481,742
Trade payables	**51,714,825**	40,525,428
Taxes payable	**21,409,811**	17,198,684
Accrued expenses	**15,771,287**	13,708,348
Payable to related parties (Note 20)	**11,076,786**	12,086,213
Others	**156,977,199**	159,766,812
	₱410,766,653	₱397,003,928

Payable to third parties are advances made by minority shareholders and affiliates of Seer and Storm for working capital purposes and deposits for future stock subscription. These are noninterest-bearing and are settled within one year.

Nontrade payables include proceeds received by ODX under the Share and Token Allocation Agreement which grants the investor rights to certain shares of ODX and internally generated tokens in the future depending on the happening of certain events prior to termination of the agreement.

Trade payables represents the unpaid subcontracted services and other cost of services to third parties. These are noninterest-bearing and are normally settled within one year.

Taxes payable include output VAT after application of available input VAT and expanded withholding tax on payment of suppliers and employees' compensation which are settled within one year.

Accrued expenses mainly consist of accruals for interest expense, commission, outsourced services, taxes and licenses, professional fees and others. These are noninterest-bearing and are normally settled within one year.

Others consist of statutory payables to SSS, Philhealth and HDMF. This account also includes provision relating to the Token Pre-Sale Agreements ("PSA") entered into by the Group, through ODX, with various investors for the sale of ODX tokens. These are noninterest-bearing and are normally settled within one year.

The table below shows the movements in the provision relating to the PSA:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Balance at beginning of year	**₱157,785,623**	₱151,571,723
Translation adjustments	**(1,262,940)**	6,213,900
	₱156,522,683	₱157,785,623

14. Loans Payable

This account pertains to short-term, unsecured and interest bearing 30- to 1,050- day term loans entered into by the Group with different local banks and non-banks.

The rollforward analysis of this account follow:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Balance at beginning of period	**₱38,775,697**	₱38,603,185
Additions	**46,000**	534,981
Accretion of interest	**–**	157,531
Payment of loans	**(43,178)**	(520,000)
Balance at end of year	**₱38,778,519**	₱38,775,697

Interest expense recognized in the consolidated statements of comprehensive income during the three-month periods ended March 31, 2025 and 2024 amounted to ₱0.41 million and ₱0.47 million, respectively (see Note 18).

15. Service Income

Service income, amounting to ₱42.07 million and ₱35.33 million for the three-month periods ended March 31, 2025 and 2024, respectively, pertain to revenues earned from mobile consumer products and services, enterprise services and other services rendered by the Group to its customers. Revenues from these segments are recognized at a point in time, except for revenues from custom development included under enterprise services which are recognized over time.

Revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time, in different product types of its service income. The Group's disaggregation of revenue from contracts with customers for the three-month periods ended March 31, 2025 and 2024 are presented below:

	March 31	
	2025 (Unaudited)	2024 (Unaudited)
Mobile consumer services	**₱–**	₱649,081
Enterprise services	**28,428,323**	24,099,634
Other services	**13,966,727**	10,585,992
	₱42,395,050	₱35,334,707

16. **Cost of Services**

Cost of services for the three-month periods ended March 31, 2025 and 2024 consists of:

	March 31	
	2025 (Unaudited)	2024 (Unaudited)
Salaries, wages and employee benefits	**₱13,859,108**	₱15,706,262
Outside services	**9,774,869**	6,817,048
Outsourced services	**1,868,723**	1,708,167
Web hosting	**547,156**	945,117
Consultancy fees	**479,283**	1,262,848
Commission	**386,366**	267,895
Depreciation and amortization	**145,517**	186,129
Utilities	**84,176**	51,900
Others	**48,000**	–
	₱27,193,198	₱26,945,366

17. **General and Administrative Expenses**

General and administrative expenses for the three-month periods ended March 31, 2025 and 2024 consists of:

	March 31	
	2025 (Unaudited)	2024 (Unaudited)
Salaries, wages and employee benefits	**₱20,612,833**	₱21,491,210
Professional fees	**1,780,427**	2,369,442
Dues and subscription	**1,547,725**	1,736,059
Depreciation and amortization	**689,017**	751,731
Taxes and licenses	**446,796**	581,643
Outsourced services	**175,000**	211,419
Utilities	**142,748**	156,159
Entertainment, amusement and recreation	**122,985**	222,599
Transportation and travel	**96,423**	313,538
Repairs and maintenance	**89,220**	–
Marketing and promotions	**17,996**	84,748
Supplies	**13,961**	31,091
Insurance	**5,349**	6,029
Seminars and trainings	**4,503**	49,296
Rent (Note 19)	**170**	54,000
Advertising	**–**	4,790
Miscellaneous	**775,689**	175,900
	₱26,520,842	₱28,239,654

18. Finance Costs and Other Income (Charges)

Finance costs consists of:

	March 31	
	2025 (Unaudited)	2024 (Unaudited)
Interest expense on loans payable (Notes 20 and 26)	**₱866,648**	₱912,469
Accretion of interest on lease liabilities (Note 19)	**13,748**	19,331
Interest income	**(44)**	(6,876)
	₱880,352	₱924,924

Other income (charges) consist of:

	March 31	
	2025 (Unaudited)	2024 (Unaudited)
Foreign exchange gain (loss)	**₱1,723,472**	(₱590,862)
Bank charges	**(117,226)**	(122,852)
	₱1,606,246	(₱713,714)

19. Operating Lease Commitments

The Group entered into various lease agreements with third parties for the office spaces it occupies. Leases have terms ranging from one to three years and renewable subject to new terms and conditions to be mutually agreed upon by both parties.

Set out below are the movements and carrying amounts of right-of-use asset recognized as of March 31, 2025 and December 31, 2024:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Cost		
Balance at beginning of period	**₱2,064,803**	₱2,064,803
Addition	**2,261,579**	–
Termination of lease contract and derecognition of right-of-use asset	**(2,064,803)**	–
Balance at end of period	**2,261,579**	2,064,803
Accumulated Depreciation		
Balance at beginning of period	**1,892,737**	860,335
Depreciation	**266,299**	1,032,402
Termination of lease contract and derecognition of right-of-use asset	**(2,064,803)**	–
	94,233	1,892,737
	₱2,167,346	₱172,066

The rollforward analysis of lease liability as of March 31, 2025 and December 31, 2024 follows:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Balance at beginning of period	**₱187,245**	₱1,258,034
Addition	**2,261,579**	−
Accretion of interest	**13,748**	48,785
Payments	**(286,392)**	(1,119,574)
Balance at end of period	**₱2,176,180**	₱187,245
Current lease liabilities	**₱1,078,014**	₱187,245
Noncurrent lease liabilities	**₱1,098,166**	₱−

Total rent expense charged under "Cost of services" and "General and administrative expenses" in the consolidated statements of comprehensive income amounted to ₱170 and ₱54,000 for the three-month periods ended March 31, 2025 and 2024, respectively (see Notes 16 and 17).

20. Related Party Transactions

The Group, in the normal course of business, has transactions with related parties. Parties are considered to be related if, among others, one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions, the parties are subject to common control or the party is an associate or a joint venture.

Terms and conditions of transactions with related parties

There have been no guarantees provided or received for any related party receivables and payables. These accounts are noninterest-bearing and are generally unsecured. Except as otherwise indicated, the outstanding accounts with related parties shall be settled in cash. The transactions are made at terms and prices agreed upon by the parties. Impairment assessment is undertaken through examination of the financial position of the related party and market in which this related party operates.

Details of transactions with related parties and their outstanding payables to a related party as at March 31, 2025 and December 31, 2024 follow:

			Amount/ Volume		Outstanding Balance			
					March 31, 2025		December 31, 2024	
	Terms	Conditions	March 31, 2025	March 31, 2024	Receivable	Payable	Receivable	Payable
Associate								
Advances	Noninterest-bearing	Unsecured, no impairment	**₱123,430**	₱150,073	**4,073,403**	**₱−**	₱3,949,973	₱−
Stockholders								
Interest (a)	Noninterest-bearing	Unsecured	**459,822**	447,469	**−**	**10,851,942**	−	10,392,119
Payable to directors and officers (a)	Interest-bearing	Unsecured	**−**	−	**−**	**37,217,162**	−	37,517,457
Payable to directors and officers (c)	Noninterest-bearing	Unsecured	**−**	−	**−**	**−**	−	1,469,250
Advances (d)	One year; noninterest-bearing	Unsecured, no impairment	**−**	−	**−**	**117,678**	−	117,678
Affiliate								
Trade Receivables (a-b)	Noninterest-bearing	Unsecured	**4,190,290**	2,822,775	**2,041,560**	**−**	2,436,262	−
Advances (c)	Noninterest-bearing	Unsecured	**−**	−	**−**	107,166	−	107,166
					₱6,114,963	**₱48,293,948**	₱6,386,235	₱49,603,670

Associates:

a. The Parent Company made payments on behalf of SDI for its outsourced services. As at March 31, 2025 and December 31, 2024, outstanding balance amounted to ₱4.07 million and ₱3.95 million. The Parent Company recognized allowance for impairment loss amounting to ₱1.67 million as of March 31, 2025 and December 31, 2024.

Stockholders:

a. In 2017, the Parent Company entered into a loan agreement with its directors amounting to US$1,945,758 or ₱97.15 million subject to 5% interest rate per annum. The loan is due and demandable.

   On June 30, 2023, the BOD of the Parent Company approved the conversion of the outstanding advances of two (2) of these directors to equity. The BOD also approved to waive all loan interests starting January 1, 2023 related to these advances. The aggregate amount of the principal balance and interest payable for equity conversion are ₱49.30 million and ₱7.96 million, respectively, which are the outstanding balances as of December 31, 2022.

   For the three-month periods ended March 31, 2025 and 2024, the Group recognized interest expense amounting to ₱0.46 million and ₱0.45 million, respectively, under "Finance Cost and Other income (charges)" in its consolidated statements of comprehensive income (see Note 18). As at March 31, 2025 and December 31, 2024, outstanding loans and interest payable amounted to ₱37.22 million and ₱10.85 million, respectively, and ₱37.52 million and ₱10.39 million, respectively.

b. Payable to directors and officers also pertain to directors' fees amounting to ₱1.93 million in 2024. Outstanding payable amounted to nil and ₱1.47 million as at March 31, 2025 and December 31, 2024, respectively.

c. Advances from stockholders pertain to cash advances for operational and corporate-related expenses paid by a stockholder in behalf of the Group. These are noninterest-bearing and are due and demandable. Outstanding payable as at March 31, 2025 and December 31, 2024 amounted to ₱0.12 million.

Affiliate:

a. The Parent Company entered into an agreement with CTX wherein the Parent Company agreed to perform financial, legal, human resources, sales and marketing support, administrative support and technical services for a fee. As at March 31, 2025 and December 31, 2024, outstanding receivable amounted to nil and ₱0.95 million, respectively.

b. The Group entered into service agreement with CTX to provide staff augmentation services. The Group's revenue from these services for the three-month period ended March 31, 2025 and 2024 amounted to ₱3.86 million and ₱2.57 million, respectively. Outstanding receivable as of March 31, 2025 and December 31, 2024 amounted to ₱0.12 million and ₱2.19 million, respectively.

c. Advances from affiliate pertain to payments made by CTX to the Parent Company for operational purposes subject to future liquidation. Outstanding payable as at March 31, 2025 and December 31, 2024 amounted to ₱0.11 million.

Compensation of key management personnel pertaining to short-term employee benefits amounted to ₱4.64 million and ₱6.30 million for the three-month periods ended March 31, 2025 and 2024, respectively.

21. **Income Taxes**

Provision for (benefit from) income tax for the three-month periods ended March 31, 2025 and 2024 consists of:

	March 31	
	2025 (Unaudited)	2024 (Unaudited)
Current	**₱296,994**	₱221,859
Deferred	**–**	–
Final	**9**	292
	₱297,003	₱222,151

22. **Equity**

The details of the number of shares as at March 31, 2025 and December 31, 2024 follow:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Authorized shares	**5,000,000,000**	5,000,000,000
Par value per share	**₱0.10**	₱0.10
Issued shares	**2,571,812,787**	2,571,812,787
Treasury shares	**62,128,975**	62,128,975
Outstanding shares	**2,509,683,812**	2,509,683,812
Value of shares issued	**₱257,181,278**	₱257,181,278
Value of treasury shares	**(₱99,700,819)**	(₱99,700,819)

Capital Stock and Additional Paid-in Capital (APIC)
The balance of additional paid-in capital (APIC) as of March 31, 2025 and December 31, 2024 represents the excess of the subscription price over paid-up capital.

On March 2, 2018, the Parent Company issued 67,285,706 common shares by way of block sale to implement the amendments in a share purchase agreement related to acquisition of AOC. The shares were issued at ₱3.80 per share.

In 2020 and 2019, APIC reduced as a result of reissuance of treasury shares by the amount of ₱7.19 million and ₱6.98 million, respectively.

On January 20, 2022, the Parent Company's BOD approved the issuance of common shares to Mr. Nico Jose S. Nolledo, a founder and currently the Chairman of the board, in exchange of ₱100.00 million capital infusion. Total number of shares issued is at 181,818,182 for ₱0.55 per share. The transaction was executed on March 21, 2022.

On June 30, 2023, the Parent Company's BOD approved the conversion of the advances to equity made by Mr. Fernando Jude F. Garcia and Mr. Nico Jose S. Nolledo ("Assignors") with an aggregate amount of ₱ 136,520,626. The conversion price was set at ₱0.30 per share. On November 13, 2023, a total of 455,068,753 common shares were issued to the Assignors.

Retained Earnings
Appropriations
Appropriated retained earnings which relates to buyback program of common shares in 2016 amounted to ₱115.46 million as of March 31, 2025 and December 31, 2024.

Dividends declaration
The Parent Company has no dividend declarations made in the three-month periods ended March 31, 2025 and 2024.

Equity Reserve
In 2016, the Parent Company purchased additional shares from noncontrolling interests of Xeleb, Xeleb Technologies and Storm. The transactions were accounted as an equity transaction since there was no change in control. Equity reserve recognized as a result of these transactions amounted to ₱43.72 million.

In 2017, a reserve amounting to ₱358.50 million was recognized for the payment resulting from amendments in the purchase price and the acquisition of the Parent Company's own shares related to the acquisition of AOC.

In 2019, the Parent Company purchased the remaining 33% stake from noncontrolling interests of Xeleb Technologies. The transaction was accounted as an equity transaction since there was nochange in control resulting to a reduction in equity reserve amounting to ₱36.09 million.

In 2019, a reduction in equity reserve amounting to ₱2.71 million was recognized due to the increase in noncontrolling interests of Storm Technologies from 43.40% to 48.69%.

Treasury Stock
As of March 31, 2025 and December 31, 2024, the Parent Company has 62,128,975 treasury shares amounting to ₱99.70 million.

Employee Stock Option Plan
The Parent Company's BOD, on January 20, 2016, and the stockholders, on May 11, 2016, approved the Employee Stock Option Plan (the Plan) of the Parent Company. Full time and regular employees of the Parent Company and those deemed qualified by the Compensation and Remuneration Committee from the names recommended by the Executive Committee are eligible to participate in the Plan. As at March 31, 2025, the Plan has been on hold for approval of the SEC and PSE.

Capital Management
The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

The Group's sources of capital follow:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Capital stock	**₱257,181,278**	₱257,181,278
Additional paid-in capital	**3,748,086,156**	3,748,086,156
Deficit	**(3,470,529,144)**	(3,483,605,247)
	₱534,738,290	₱521,662,187

The Group is not subject to externally-imposed capital requirements. The Group regards its equity as its primary source of capital. No changes were made in the capital management policies as at March 31, 2025 and December 31, 2024.

23. Loss Per Share

The Group's loss per share for the three-month periods ended March 31, 2025 and 2024 were computed as follows:

	March 31	
	2025	2024
	(Unaudited)	(Unaudited)
Net loss attributable to the equity holders of the Parent Company	**(₱10,081,719)**	(₱25,906,067)
Weighted average number of outstanding shares	**2,509,683,812**	2,509,683,812
Basic loss per share	**(₱0.00)**	(₱0.01)
Diluted loss per share	**(₱0.00)**	(₱0.01)

Loss per share is calculated using the consolidated net loss attributable to the equity holders of the Parent Company divided by weighted average number of shares. As of March 31, 2025, there's no potentially dilutive common shares.

24. Financial Instruments

Fair Value Information

The methods and assumptions used by the Group in estimating fair value of the financial instruments are as follows:

- Cash, accounts and other receivables (except for advances to employees which are subject to liquidation), refundable deposits under other current assets, cash bond under other noncurrent assets, accounts and other payables (excluding "Taxes payable", "Deferred output VAT", and provision relating to PSA and statutory payables included as "Others"), loans payable, liability on written put option, payable to former shareholders of a subsidiary, dividends payable and finance lease liability under other current liabilities - Carrying amounts approximate fair values due to the relatively short-term maturities of these instruments, except for cash bond under other noncurrent assets. The difference between carrying amount and fair value is immaterial.

- Financial assets at FVOCI - Fair value is based on quoted prices published in the market.

- Financial assets at FVOCI (unquoted equity investments) - Fair values are based on the latest selling price available
- Financial assets at FVPL (unquoted debt investments) - Fair values are based on the comparable prices adjusted for specific market factors such as nature, industry, location and market recovery rates.

- Nontrade payable - Fair values are determined using prices in such transaction which still approximate the fair values at yearend.

The fair value of financial assets at FVOCI amounting to ₱1.10 million approximate their carrying value.

Fair Value Hierarchy

The Group uses the following three-level hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

Cash, accounts and other receivables, refundable deposits under other current assets, cash bond under other noncurrent assets, accounts and other payables (excluding "Taxes payable", "Deferred output VAT", and statutory payables included as "Others"), loans payable, liability on written put option, payable to former shareholders of a subsidiary, dividends payable and finance lease liability under other current liabilities were classified under Level 3. The fair value of these financial instruments is determined by discounting future cash flows using the applicable rates of similar types of instruments plus certain spread.

Quoted financial assets at FVOCI amounting to ₱1.10 million as at March 31, 2025 and December 31, 2024 were classified under Level 2 (see Note 8).

Unquoted financial assets at FVOCI amounting to nil as at March 31, 2025 and December 31, 2024 were classified under Level 3 (see Note 8).

As at March 31, 2025 and December 31, 2024, there have been no reclassifications from Level 1 to Level 2 or 3 categories.

Financial Risk Management and Objectives and Policies

The Group's financial instruments comprise cash, financial assets at FVPL, accounts and other receivables, financial assets at FVOCI, refundable deposits under other current assets, cash bond under other noncurrent assets, accounts and other payables (excluding taxes payable, deferred output VAT, customer's deposit and statutory payables), loans payable, liability on written put option, contingent liability and finance lease liability under other current liabilities, which arise directly from operations. The main purpose of these financial instruments is to finance the Group's operations and to earn additional income on excess funds.

Exposure to credit risk, liquidity risk and foreign currency risk arise in the normal course of the Group's business activities. The main objectives of the Group's financial risk management are as follows:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

There were no changes in the Group's risk management objectives and policies during the three-month periods ended March 31, 2025 and 2024.

The Group's risk management policies are summarized below:

Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Group by failing to discharge an obligation.

The Group's credit risk is primarily attributable to cash (excluding "cash on hand") and receivables. To manage credit risk, the Group monitors its exposure to credit risk on a continuous basis.

The Group's maximum exposure to credit risk is equal to the carrying values of its financial assets as at March 31, 2025 and December 31, 2024.

The credit quality of the financial assets was determined as follows:

Cash in banks, financial assets at FVPL, financial assets at FVOCI and other assets - based on the nature of the counterparty and the Group's rating procedure. These are held by counterparty banks with minimal risk of bankruptcy and are therefore classified as high grade.

Accounts and other receivables - high grade pertains to receivables with no default in payment; medium grade pertains to receivables with up to three defaults in payment; and low grade pertains to receivables with more than three defaults in payment.

Unquoted AFS financial assets are unrated.

Liquidity Risk

Liquidity risk is the risk that the Group will be unable to meet its obligations as they fall due. The Group seeks to manage its liquidity risk to be able to meet its operating cash flow requirement, finance capital expenditures and service maturing debts. To cover its short-term and long-term funding requirements, the Group intends to use internally generated funds and available short-term and long-term credit facilities. Credit lines are obtained from BOD-designated banks at amounts based on financial forecast approved by the BOD.

The maturity profile of the Group's financial assets and financial liabilities at March 31, 2025 and December 31, 2024 are based on contractual undiscounted payments.

As at March 31, 2025 and December 31, 2024, except for its loans payable, the Group's financial assets and financial liabilities have a maturity of less than one year.

Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's loans payable with variable interest rates.

Foreign Currency Risk
Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The following table shows the foreign currency-denominated monetary assets and their respective Philippine peso equivalent as of March 31, 2025 and December 31, 2024.

	March 31, 2025		December 31, 2024	
	Original currency	**Peso equivalent**	Original currency	Peso equivalent
Cash in bank				
US Dollar (USD)	**\$289,991**	**₱16,640,288**	\$22,534	₱1,303,494
Trade receivables				
US Dollar (USD)	**189,909**	**10,897,358**	189,909	10,985,284
Foreign currency denominated assets		**27,537,646**		12,288,778
Trade Payables				
US Dollar (USD)	**2,200**	**126,240**	2,200	127,245
Net foreign currency denominated financial instruments		**₱27,411,406**		₱12,161,533

In translating the foreign currency-denominated monetary assets into Peso amounts, the exchange rates used were as follows:

	March 31, 2025	December 31, 2024
USD to ₱	**₱57.38**	₱57.85

25. Segment Reporting

The industry segments where the Group operates follow:

- Mobile consumer services - includes airtime management, content development and management and marketing and advertising solutions
- Enterprise services - includes platform development and customization, system integration, mobile platform consultancy services, management of off-the-shelf application and social media related services. This also includes IT staff augmentation and various enterprise solutions-based services to telecommunication companies and other companies for network and applications development
- Other services – includes consultancy services in the field of human resource management, trading in general, sourcing for and supplying of goods to import and export goods

The following tables regarding business segment revenue and profit information for the three-month periods ended March 31, 2025 and 2024:

March 31, 2025 (Unaudited)

	Mobile consumer services	**Enterprise Service**	**Other services**	**Intersegment Adjustments**	**Consolidated**
INCOME					
Service income	**₱–**	**₱30,057,489**	**₱13,966,727**	**(₱1,629,166)**	**₱42,395,050**
COST AND EXPENSES	**(380,386)**	**(42,361,899)**	**(12,586,232)**	**1,614,477**	**(53,714,040)**
Equity in net losses of associates	**–**	**–**	**–**	**1,463,256**	**1,463,256**
Other expenses	**–**	**1,115,944**	**(390,050)**	**–**	**725,894**
	(380,386)	**(11,188,466)**	**990,445**	**1,448,567**	**(9,129,840)**
Provision for (benefit from) income tax	**–**	**(213,166)**	**(83,837)**	**–**	**(297,003)**
Net income (loss)	**(₱380,386)**	**(₱11,401,632)**	**₱906,608**	**₱1,448,567**	**(₱9,426,843)**
Net loss attributable to:					
Equity holders of Xurpas Inc.					**(₱10,081,719)**
Noncontrolling interests					**654,876**
					(₱9,426,843)

March 31, 2024 (Unaudited)

	Mobile consumer services	Enterprise Service	Other services	Intersegment Adjustments	Consolidated
INCOME					
Service income	₱649,081	₱32,686,479	₱10,585,992	(₱8,586,845)	₱35,334,707
COST AND EXPENSES	(1,138,087)	(51,545,731)	(11,088,047)	8,586,845	(55,185,020)
Equity in net losses of associates	–	–	–	(4,649,358)	(4,649,358)
Other expenses	–	(1,242,495)	(396,143)	–	(1,638,638)
	(489,006)	(20,101,747)	(898,198)	(4,649,358)	(26,138,309)
Provision for (benefit from) income tax	(1,577)	(220,574)	–	–	(222,151)
Net income (loss)	(₱490,583)	(₱20,322,321)	(₱898,198)	(₱4,649,358)	(₱26,360,460)
Net loss attributable to:					
Equity holders of Xurpas Inc.					(₱25,906,067)
Noncontrolling interests					(454,393)
					(₱26,360,460)

26. Notes to Consolidated Statement of Cash Flows

Disclosed below is the rollforward of liabilities under financing activities:

	January 1, 2025	**Cash flows**	**Non-cash changes**	**Foreign exchange movement**	**March 31, 2025**
Loans payable	**₱38,775,697**	**(₱43,178)**	**₱46,000**	**₱–**	**₱38,778,519**
Lease liabilities	**187,245**	**(286,392)**	**2,275,327**	**–**	**2,176,180**
Advances from stockholders	**37,517,457**	**–**	**–**	**(300,295)**	**37,217,162**
Total liabilities from financing activities	**₱76,480,399**	**(₱329,570)**	**₱2,321,327**	**(₱300,295)**	**₱78,171,861**

	January 1, 2024	Cash flows	Non-cash changes	Foreign exchange movement	December 31, 2024
Loans payable	₱38,603,185	(₱520,000)	₱692,512	₱–	₱38,775,697
Lease liabilities	1,258,034	(1,119,574)	48,785	–	187,245
Advances from stockholders	35,912,207	–	–	1,605,250	37,517,457
Total liabilities from financing activities	₱75,773,426	(₱1,639,574)	₱741,297	₱1,605,250	₱76,480,399

27. **Approval of Financial Statements**

The unaudited interim condensed consolidated financial statements of the Group as at March 31, 2025 and December 31, 2024 and for the three-month periods ended March 31, 2025 and 2024 were approved and authorized for issue by the BOD on May 15, 2025.

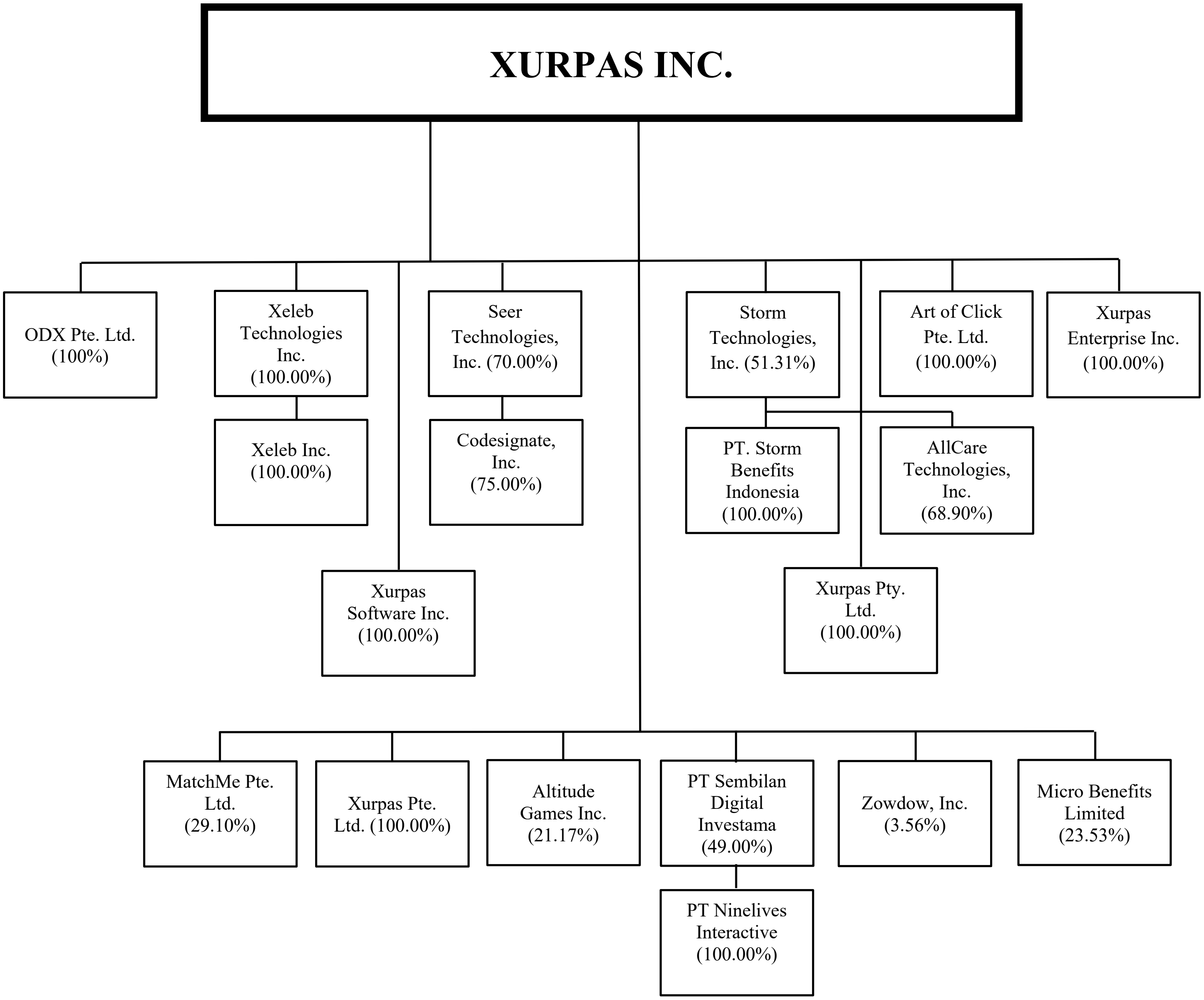
AGING OF RECEIVABLES

The aging analysis of accounts receivable as of March 31, 2025 presented per class follows:

		Days past due				
	Current	1 to 30 days	31 to 60 days	61 to 90 days	>90 days	Total
Trade receivable	**₱11,238,710**	**₱2,981,102**	**₱–**	**₱–**	**₱30,340,479**	**₱44,560,291**
Receivable from related parties	**6,114,963**	**–**	**–**	**–**	**–**	**6,114,963**
Advances to employees	**341,021**	**–**	**–**	**–**	**–**	**341,021**
Others	**13,383,802**	**–**	**–**	**–**	**–**	**13,383,802**
	₱31,078,496	**₱2,981,102**	**₱–**	**₱–**	**₱30,340,479**	**₱64,400,077**

XURPAS INC. AND SUBSIDIARIES

MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANIES IN THE GROUP, ITS ULTIMATE PARENT COMPANY AND CO-SUBSIDIARIES



Note: Xeleb Technologies Inc., Xeleb Inc. and Codesignate Inc. are in the process of liquidation

XURPAS INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

Unappropriated Retained Earnings of the Parent Company, beginning	(₱3,344,450,155)
Less adjustments:	
Impairment loss	2,738,925,082
Unrealized foreign exchange gain -net (except those attributable to Cash	(3,010,145)
Unappropriated Retained Earnings, as adjusted, beginning	(608,535,218)
Net loss based on the face of financial statement	(19,171,993)
Less: Non-actual/unrealized income net of tax	
Amount of provision for deferred tax during the year	–
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)	–
Fair value adjustment (M2M gains)	–
Impairment loss	–
Net Income Actual/Realized	(19,171,993)
Less: Other adjustments	
Dividend declarations during the period	–
Reversal of appropriation for share buy-back transactions	–
Reversal of appropriation for dividend declaration	–
Appropriations during the year	–
	–
Unappropriated retained earnings, end available for dividend distribution	₱–

XURPAS INC. AND SUBSIDIARIES

FINANCIAL RATIOS

Financial Ratios	March 31, 2025	December 31, 2024
A. Current ratios		
Current ratios	29%	22%
Quick ratios	25%	18%
B. Debt-to-equity ratios	1,281%	986%
C. Asset-to-equity ratios	1,023%	796%
D. Interest rate coverage ratios	(937%)	(3,394%)
E. Profitability ratios		
Net income (loss) margin	(24%)	(72%)
Gross margin	36%	26%
Operating margin	(17%)	(69%)
Return on assets	(2%)	(28%)
Return on equity	(21%)	(117%)

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

In the first quarter of 2025, Xurpas posted a 20% growth to ₱42.40 million, from ₱35.33 million the same period of 2024. This is primarily driven by the increase in enterprise and other services. Enterprise services revenues increased by 18%, from ₱24.10 million in 1Q2024 to ₱28.43 million in 1Q2025, fueled by the growth in IT staff augmentation, custom development and business solutions. Notably, the Company's AI-driven business unit, XAIL, which launched in 3Q2024, began contributing revenues amounting to ₱0.96 million. Meanwhile, AllCare, under other services, achieved a 32% increase in revenues from ₱10.59 million in 1Q2024 to ₱13.97 million in 1Q2025.

Despite the top-line growth, the Company recorded a pre-tax loss of ₱9.13 million and a net loss of ₱9.43 million for the quarter. This marks a significant improvement compared to a net loss of ₱26.36 million in 1Q2024. The improvement is attributed to both revenue growth and a decline in operating expenses, underscoring management's continued focus on efficiency and cost optimization.

The Company recorded a decrease in overall operating expenses in the first quarter of 2025, reflecting continued efforts to improve operational efficiency and maintain sustainable growth. The Group's consolidated expenses during the three-month period ended March 31, 2025 amounted to ₱53.71 million, a 3% decrease from the same period of the previous year at ₱55.19 million. This is primarily due to the decrease of labor costs which is aligned to the management's objective of streamlining operations and optimizing workforce expenditures. Reductions in other operating expenses, such as professional fees and subscription costs, also contributed to the improvement.

Xurpas also shared a portion of the earnings earned by its associates amounting to ₱1.46 million this quarter compared with the ₱4.65 million loss of the same period of last year. By the end of 1Q2025, the Company generated a ₱9.13 million pre-tax loss and ₱9.43 million net loss. The Company, however, incurred other comprehensive loss primarily due to the revaluation loss brought by changes in crypto prices. This caused the company to incur ₱0.36 million other comprehensive loss for the quarter as opposed to the ₱18.47 million other comprehensive income earned in the same period of last year, a 102% decline. This resulted into a ₱9.79 million total comprehensive loss.

The company continues to invest in the development of AI-infused products that address critical gaps in the enterprise resource planning (ERP) market. These innovative solutions will integrate machine learning and intelligent automation features into core business management systems, offering SMEs and large enterprises alike smarter, more adaptive tools to streamline operations and support growth.

The Company remains focused on streamlining operations and expanding both its core and emerging business lines; with a continued emphasis on delivering innovative digital solutions and broadening its global reach.

Financial Summary

Key Financial Data In PhP Millions	For the three-month periods ended March 31					
	2025		2024		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Revenues						
Mobile consumer services	-	0%	0.65	2%	(0.65)	(100%)
Enterprise services	28.43	67%	24.10	68%	4.33	18%
Other services	13.97	33%	10.59	30%	3.38	32%
Total Revenues	**42.40**	**100%**	**35.33**	**100%**	**7.06**	**20%**
Cost of Services	27.19	64%	26.95	76%	0.25	1%
Gross Profit	**15.20**	**36%**	**8.39**	**24%**	**6.81**	**81%**
General and Administrative Expenses	26.52	63%	28.24	80%	(1.72)	(6%)
Equity in Net Losses (Earnings) of Associates	(1.46)	-3%	4.65	13%	(6.11)	(131%)
Other Income, Charges and Finance Costs - net	(0.73)	-2%	1.64	5%	(2.36)	(144%)
Loss Before Income Tax	**(9.13)**	**-22%**	**(26.14)**	**-74%**	**17.01**	**(65%)**
Provision for Income Tax	0.30	1%	0.22	1%	0.07	34%
Net Loss	**(9.43)**	**-22%**	**(26.36)**	**-75%**	**16.93**	**(64%)**
Other Comprehensive Income (Loss)	(0.36)	-1%	18.47	52%	(18.83)	(102%)
Total Comprehensive Loss	**(9.79)**	**-23%**	**(7.89)**	**-22%**	**(1.90)**	**24%**

	Mar. 31, 2025 Amount	Dec. 31, 2024 Amount	Amount Change	% Increase
Total Assets	440.89	426.43	14.46	3%
Total Liabilities	552.40	528.15	24.25	5%
Total Capital Deficiency	(111.51)	(101.72)	(9.79)	10%

The Group’s total revenue in the first quarter of 2025 was ₱42.40 million, an increase from the same period of 2024 mainly caused by the increase in revenues under enterprise and other services. Majority of the revenues is from enterprise services which generated ₱28.43 million or 67% of the total revenues followed by other services which generated ₱13.97 million or 33% of the total services. No revenues were recognized under mobile consumer services for the first quarter of the year.

The blended cost of services also went up from ₱26.95 million in March 31, 2024 to ₱27.19 million in March 31, 2025 mainly due to higher benefits costs related to AllCare’s HMO operations.

Gross profit margin on total revenues is at ₱15.20 million for the period ended March 31, 2025, compared to ₱8.39 million in 1Q2023, which is an 81% increase. Gross profit margin increased significantly to 36%, from 24%, the previous period.

General and administrative expenses (GAEX) decreased by ₱1.72 million, from ₱28.24 million for the first quarter of 2024 to ₱26.52 million for the same period in 2025. The decrease is primarily caused by the decrease in manpower costs, professional fees and dues and subscriptions.

The Company also shares in the net earnings of the associate companies it has invested in, which amounted to ₱1.46 million for the three-month period ended March 31, 2025 (a 131% rise from equity in net losses of associates in first quarter of 2024).

By the end of Q1 2025, the Company incurred a ₱9.13 million pre-tax loss, ₱9.43 million net loss and ₱9.79 million total comprehensive loss.

Consolidated total assets increased by 3% from ₱426.43 million for the period ended December 31, 2024, to ₱440.89 million as of March 31, 2025. Consolidated total liabilities also slightly increased by 5% from ₱528.15 million as of December 31, 2024, to ₱552.40 million on March 31, 2025.

Lastly, consolidated total capital deficiency went up by ₱9.79 million on March 31, 2025 from December 31, 2024, increasing the capital deficiency to ₱111.51 million.

Profitability

For the three-month period ended March 31, 2025, compared with the three-month period ended March 31, 2024.

Revenues

The consolidated revenues of the Group for the three-month period ended March 31, 2025, amounted to ₱42.40 million, an increase of 20% from ₱35.33 million the same period of the previous year.

The service income component of total revenues is comprised of the following segments:

Segment	Description	Subsidiaries
Enterprise services	Revenues derived from a combination of software development, information technology (IT) staff augmentation and consultancy services. By offering tailored software solutions that prioritize performance and scalability, along with on-demand access to skilled IT professionals, it enables businesses to innovate and scale efficiently without the constraints of long-term hiring. This comprehensive approach empowers companies to meet project demands and fill skill gaps with agility and cost-effectiveness.	• Xurpas Enterprise • Xurpas Parent Company • Xurpas Software • Seer • XAU
Mobile consumer services	Revenues ultimately derived from providing mobile consumer engagement solutions, leveraging SMS blasts to deliver targeted incentives or information directly to users' devices. This service drives customer engagement, enhances loyalty, and boost brand interaction and drive measurable business growth through data-driven campaigns.	• Xurpas Parent Company • Xurpas Software
Other services	Revenues derived from services related to a membership-based marketplace which offers a variety of worker benefits –insurance, health checks and wellness.	• AllCare

In PhP Millions	For the three-month periods ended March 31					
	2025		2024		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Revenues						
Enterprise services	28.43	67%	24.10	68%	4.33	18%
Mobile consumer services	-	0%	0.65	2%	(0.65)	(100%)
Other services	13.97	33%	10.59	30%	3.38	32%
Total Revenues	**42.40**	**100%**	**35.33**	**100%**	**7.06**	**20%**

For the first quarter of 2025, enterprise services generated the most revenue at ₱28.43 million or 67% of total revenues. The segment saw an 18% increase primarily due to higher revenues from software development, IT staff augmentation and business solutions. Revenues generated from other services (which accounts for 33% of company revenues) went up by 32%, from ₱10.59 million in March 2024 to ₱13.97 million in March 2025. This is due to the increase in revenues recognized by AllCare, a majority-owned subsidiary of Storm Technologies. Lastly, as the Company shifted its focus on the expansion of its enterprise services, the mobile consumer segment will be an opportunistic business. No revenues were recognized under mobile consumer services for the first quarter of 2025 compared from the prior period revenues amounting to ₱0.65 million.

Shown below are the business units under enterprise services segment and their respective revenues:

In PhP Millions	For the three-month periods ended March 31					
	2025		2024		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Enterprise Services						
IT staff augmentation	8.89	31%	8.10	34%	0.79	10%
Custom software development	14.69	52%	13.44	56%	1.25	9%
Business solutions	3.55	13%	1.34	6%	2.22	166%
XAIL	0.96	3%	-	0%	0.96	n.a.
Web 3.0 services	-	0%	0.98	4%	(0.98)	(100%)
Others	0.33	1%	0.25	1%	0.08	31%
Total Enterprise Services	**28.43**	**100%**	**24.10**	**100%**	**4.33**	**18%**

For enterprise services, there was a 9% increase in revenues from custom software development and 10%, increase in IT staff augmentation. Revenues from business solutions increased by 166%. The Company also successfully started providing services under its AI business segment, XAIL, in the third quarter of 2024. For the first quarter of 2025, XAIL contributed ₱0.96 million in revenues.

Expenses

In PhP Millions	For the three-month periods ended March 31					
	2025		2024		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Expenses						
Cost of Services	27.19	51%	26.95	49%	0.25	1%
General and Administrative Expenses	26.52	49%	28.24	51%	(1.72)	(6%)
Total Expenses	**53.71**	**100%**	**55.19**	**100%**	**(1.47)**	**(3%)**

The Group's consolidated expenses during the three-month period ended March 31, 2025, amounted to ₱53.71 million, a 3% decrease from the same period of the previous year at ₱55.19 million. For the first three months of 2025, cost of services accounted for the bulk of expenses, totaling ₱27.19 million or 51% of the Group's consolidated expenses. For the same period in 2024, cost of services amounted to ₱26.95 million, which comprised 49% of overall expenses.

Cost of Services

In PhP Millions	For the three-month periods ended March 31					
	2025		2024		Amount Change	% Increase (Decrease)
	Amount	%	Amount	%		
Cost of Services						
Salaries, wages and employee benefits	13.86	51%	15.71	58%	(1.85)	(12%)
Outside services	9.77	36%	6.82	25%	2.95	43%
Outsourced services	1.87	7%	1.71	6%	0.16	9%
Web hosting	0.55	2%	0.95	4%	(0.40)	(42%)
Others	1.14	4%	1.77	7%	(0.63)	(36%)
Total Expenses	**27.19**	**100%**	**26.95**	**100%**	**0.25**	**1%**

The cost of services for the first quarter of 2025 amounted to ₱27.19 million, an increase from the same period of the previous year of ₱26.95 million. 51% of cost of services came from salaries and employee benefits at ₱13.86 million which is a 12% decrease from the prior year of the same period. The decrease is due to enhanced manpower efficiency and strategic resource utilization. Web hosting and other expenses also decreased by 42% and 36% respectively due to ongoing cost and resource management of the Company. Meanwhile, outside services, which pertains to the benefits costs related to AllCare's HMO operations, saw a 43% increase as a result of the growing number of enrolled members.

General and Administrative Expenses (GAEX)

In PhP Millions	For the three-month periods ended March 31					
	2025		2024		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
General and Administrative Expenses						
Salaries, wages and employee benefits	20.61	78%	21.49	76%	(0.88)	(4%)
Professional fees	1.78	7%	2.37	8%	(0.59)	(25%)
Dues and subscription	1.55	6%	1.74	6%	(0.19)	(11%)
Depreciation and amortization expense	0.69	3%	0.75	3%	(0.06)	(8%)
Others	1.89	7%	1.89	7%	(0.00)	(0%)
Total Expenses	**26.52**	**100%**	**28.24**	**100%**	**(1.72)**	**(6%)**

General and administrative expenses relating to the Group's operations, for the first three months of 2025 amounted to ₱26.52 million, lower by 6% compared to previous year's same period level of ₱28.24 million. Salaries and wages accounted for 78% in the first quarter of 2025 and decreased by 4% vis-à-vis same period in 2024 caused by the ongoing objective to maintain cost-effective workforce structures. Professional fees and dues and subscription decreased by 25% and 11% respectively. The decrease is aligned with the ongoing cost and resource management of the Company.

Equity in Net Earnings of Associates

The equity of the Group in the net earnings of its associate companies for the three-month period ended March 31, 2025, amounted to ₱1.46 million, 131% improvement from the ₱4.65 million net loss for the comparable period. The associate that generated income for the period is MicroBenefits.

Finance Costs– net

For the quarter ended March 31, 2025, the Group posted a 5% decrease in finance costs, net, from ₱0.92 million to ₱0.88 million. This is due to lower interest expense from advances from stockholders for the first quarter of 2025.

Other Income – net

For the first three months of 2025, the Group recognized other income – net amounting to ₱1.61 million which is a 325% improvement from the other charges – net recognized in the first quarter of 2024 amounting to ₱0.71 million. The significant change resulted from FOREX gain in 2025 arising from revaluation of advances from stockholders and the provision relating to the token pre-sale agreements of ODX.

Loss before Income Tax

The Group's net loss before taxes for the three-month period ended March 31, 2025, was ₱9.13 million. The net loss before taxes for the Group decreased by 65% or ₱17.01 million from the same period ended March 31, 2024, which posted a figure of ₱26.14 million.

Provision for Income Tax

The Group recognized ₱0.30 million provision for income tax for the three- month period ended March 31, 2025, 34% higher vis-à-vis ₱0.22 provision in March 31, 2024, resulting from higher MCIT incurred by enterprise services and other services.

Net Loss

The Group posted a consolidated net loss of ₱9.43 million for the three-month period ended March 31, 2025, an improvement of 64% from the previous year's same period of ₱26.36 million.

Other Comprehensive Income

In March 2025, the Group posted a ₱0.36 million other comprehensive loss. This figure was a 102% decline from March 2024 of ₱18.47 million other comprehensive income. This shift was primarily driven by a revaluation loss of ₱0.70 million resulting from changes in the fair value of BTC and ETH held by ODX, recognized as of February 7, 2025, when all remaining cryptocurrency holdings were sold. This loss was partially offset by a positive foreign currency translation adjustment of ₱0.34 million, attributed to a slight appreciation of the Philippine Peso against the US Dollar.

	Foreign exchange rates		**Cryptocurrency price**	
	USD to PhP	**SGD to PhP**	**BTC**	**ETH**
December 31, 2024	USD1.00 to ₱57.85	SGD1.00 to ₱42.69	USD93,347	USD3,330
March 31, 2025	USD1.00 to ₱57.38	SGD1.00 to ₱42.76	USD97,030	USD2,715

Total Comprehensive Income (Loss)

For the first three months of 2025, the Group incurred total comprehensive loss of ₱9.79 million which fell by 24% from ₱7.89 million total comprehensive loss in the first quarter of 2024.

Financial Position

As of March 31, 2025, compared to December 31, 2024.

Assets

Cash and cash equivalents

The Group's consolidated cash and cash equivalent amounted to ₱59.18 million as of March 31, 2025, an 83% increase of ₱26.86 million from consolidated cash of ₱32.31 million as of December 31, 2024. This is primarily due to the sale of its cryptocurrencies with proceeds amounting to ₱26.62 million.

Accounts and Other Receivables

The Group's consolidated accounts and other receivables amounted to ₱32.63 million and ₱29.61 million as of March 31, 2025, and December 31, 2024, respectively. The increase of ₱3.02 million was attributed to the overall increase in revenues causing the increase of trade receivables. Out of the consolidated accounts and other receivables, 84% or ₱27.30 million pertains to trade receivables – net.

Contract Assets

The Group's consolidated contract assets totaling ₱29.37 million as of December 31, 2024, increased by 27% or ₱7.89 million as of March 31, 2025, to ₱37.27 million. Additional contract assets for the period were mostly from enterprise services.

Other Current Assets

As of March 31, 2025, the Group's consolidated other current assets totaled ₱19.77 million, a decrease of ₱0.38 million or 2% from its previous level on December 31, 2024 of ₱20.15 million. The decrease is primarily contributed by the decrease in refundable deposits for the period.

Financial assets at FVOCI

This account pertains to quoted and unquoted equity investments in Club Punta Fuego and Zowdow Inc. As of March 31, 2025, carrying value and net unrealized loss on financial assets at FVOCI recognized in the consolidated statement of financial position remained unchanged from its previous level on December 31, 2024, which both amounted to ₱1.10 million.

Investment in and Advances to Associates

As of March 31, 2025, the Group's consolidated investment in and advances to associates increased from ₱210.14 million as of December 31, 2024, to ₱212.23 million. The breakdown of the carrying amounts of these investments are as follows: Micro Benefits Limited (₱167.22 million) and SDI (₱22.93 million). Further, advances to SDI as of March 31, 2025 amounted to ₱22.08 million.

Property and Equipment

The Group's consolidated property and equipment was ₱1.68 million on March 31, 2025, vis-à-vis ₱2.08 million as of December 31, 2024. There were no acquisitions during the three-month period ended March 31, 2025. Retirement and disposals for the quarter amounted to ₱0.23 million while depreciation expense amounted to ₱0.42 million and for the three-month periods ended March 31, 2025.

Right-of-use (ROU) Asset

Right-of-use asset as of March 31, 2025 and December 31, 2024 amounted to ₱2.17 million and ₱0.17 million, respectively. In the first quarter of the year, the Parent Company renewed the lease contract for its office space in Antel for another two years, thereby, recognizing additional ROU asset amounting to ₱2.26 million. Depreciation expense recognized amounted to ₱0.27 million for the first quarter of 2025.

Intangible Assets

As of March 31, 2025, intangible assets amounted to ₱46.30 million which decreased from December 31, 2024, balance of ₱73.80 million. The components are goodwill and developed software as of end of the quarter.

- Goodwill pertains to excess of the acquisition cost over the fair value of the identifiable assets and liabilities of companies acquired by the Group. As of March 31, 2025, goodwill was at ₱45.59 million.
- Developed software pertains to corporate application software and licenses and other VAS software applications that are not integral to the hardware or equipment. As of March 31, 2025, net book value of developed software was ₱0.71 million. Amortization of developed software for the three-month period ended March 31, 2025, amounted to ₱0.15 million.
- Cryptocurrencies, which pertain to units of BTC and ETH held by the Group as of December 31, 2024, were all sold in February 7, 2025 for a total of ₱26.62 million. Revaluation loss up to the date of disposal amounted to ₱0.77 million.

Other Noncurrent Assets

Other noncurrent assets amounted to ₱28.56 million as of March 31, 2025, slightly higher than the ₱27.68 million figure posted as of December 31, 2024.

Liabilities

Accounts and Other Payables

The Group's consolidated accounts and other payables was at ₱410.77 million as of March 31, 2025. It increased by 3% or ₱13.76 million from the December 31, 2024 figure of ₱397.00 million mainly due to the increase in trade payables, taxes payables and accrued expenses. The payables consist of noncash payables such as, payables to related parties (deposits for subscription), other payables and nontrade payables (which are ODX related obligations); and trade payables, accrued expenses, deferred output VAT and taxes payables.

Advances from Stockholders

This account pertains to the loan agreement entered by the Parent Company with one of its founders amounting to ₱37.22 million. The decrease was brought about by foreign exchange revaluation of the loan which is denominated in US Dollar.

Loans Payable

The Group recorded ₱38.78 million in current loans on March 31, 2025 and as of December 31, 2024. This is mainly attributable to the loans of Storm and Seer which are interest-bearing and short-term. Payment during the period amounted to ₱0.04 million while additions comprised of interest accretions and surcharges amounted to ₱0.05 million.

Contract Liabilities

The Group's consolidated contract liabilities as of March 31, 2025, amounted to ₱34.15 million, an increase of 35% from the December 31, 2024, figure of ₱25.35 million. The increase in this account was the result of increase in overall revenues and the growing HMO business of AllCare.

Lease Liability

The Group recognized an additional lease liability for its office space in Antel amounting to ₱2.26 million in the first quarter of 2025. Accretion of interest and payments made amounted to ₱0.01 million and ₱0.29 million, respectively. As of March 31, 2025, current and noncurrent portions of lease liability amounted to ₱1.08 million and ₱1.10 million, respectively.

Pension Liability

The accrued pension of the Group was at ₱29.31 million as of March 31, 2025, which was unchanged from its levels on December 31, 2024.

Capital Deficiency

Total Capital Deficiency

The Group recorded total capital deficiency of ₱111.51 million as of March 31, 2025, a 10% increase from December 31, 2024 with a figure of ₱101.72 million. The increase is due to the total comprehensive loss recognized for the period.

Liquidity and Capital Resources

The Group's liquidity is primarily driven by cash flows from operating activities and cash reserves. The Group knows of no demands, commitments, events, or uncertainties that are reasonably likely to result in a material increase or decrease in liquidity. The Group is current on all its accounts. The Group has some bank debt through the Parent Company and Seer Technologies Inc. which are short term in nature. The Group is not in breach or default on any loan or other form of indebtedness.

<u>Cashflows</u>

	For the three-month periods ended March 31	
	2025	2023
In PhP Millions	**Amount**	**Amount**
Net cash provided by (used in) Operating Activities	0.20	0.59
Net cash provided by (used in) Investing Activities	26.56	(1.56)
Net cash used in Financing Activities	(0.33)	(0.42)
Effect of foreign currency exchange changes in cash	0.43	1.26
Net increase (decrease) in cash	26.86	(0.14)
Cash at beginning of period	32.31	79.89
Cash at end of period	**59.17**	**79.75**

Cash Flows from Operating Activities

For the first three months of 2025, operating loss before changes in working capital of ₱11.26 million was coupled with the corresponding inqcrease in receivables, other assets and contract assets and decrease in contract liabilities and account and other payables resulted in ₱0.50 million net cash provided by operations. Together with interest received, interest expense and income taxes paid, this resulted in a net cash provided by operating activities of ₱0.20 million.

Cash Flows from Investing Activities

The Group's consolidated cash flows provided in investing activities for the first three months of 2025 was ₱26.56 million compared to ₱1.56 million used in the same period of 2024. This comprises proceeds from the sale of cryptocurrencies amounting to ₱26.62 million and acquisition of intangible assets and property and equipment amounting to ₱0.04 million and ₱0.02 million, respectively.

Cash Flows from Financing Activities

The cash flow used in financing activities for the first quarter of 2025 was ₱0.33 million mainly from payments of loans and lease liability.

Capital Expenditure

The Group's capital expenditures for the three-month period ended March 31, 2025, and the year ended December 31, 2024, amounted to ₱2.30 million and ₱0.10 million, respectively.

Key Financial Data In PhP Millions	March 31, 2025 Additions	December 31, 2024 Additions
Right-of-use Assets	2.26	-
Developed software	0.04	-
Office Equipment	-	0.03
IT Equipment	-	0.03
Leasehold improvements	-	0.04
	2.30	**0.10**

Key Performance Indicators

The key performance indicators disclosed below present the financial performance of the Group as a whole. These are different from those in the supplemental schedule of the consolidated financial statements which were prepared only for the analysis of financial performance attributable to the Parent Company.

The following are the key performance indicators of the Group and its majority-owned subsidiaries:

In Percentage	As of and for the three-month periods ended March 31		As of and for the year ended December 31, 2024
	2025	2024	
Liquidity Ratios			
Current Ratio	**29%**	36%	22%
Quick Ratio	**25%**	28%	18%
Asset-to-Equity Ratio	**1,023%**	329%	796%
Profitability Ratios			
Net Loss Margin	**(24%)**	(73%)	(72%)
Gross Margin	**36%**	24%	26%
Operating Margin	**(17%)**	(69%)	(69%)
Return on Total Assets	**(2%)**	(5%)	(28%)
Return on Equity	**(21%)**	(15%)	(117%)
Debt Ratios			
Debt-to-Equity Ratio	**12.81x**	3.21x	9.86x
Interest Coverage Ratio	**(9.37x)**	(27.05x)	(33.94x)

Liquidity Ratios

Current ratio as of March 31, 2025 and December 31, 2024 was 29% and 22%, respectively. Meanwhile, quick ratio was at 25% and 18% as of March 31, 2025 and December 31, 2024, respectively. Liquidity ratios generally improved mainly due to increase in receivables and contract assets of the Group.

Asset-to-Equity Ratio

There was an increase in the asset-to-equity ratio from 796% as of December 31, 2024 to 1,023% on March 31, 2025 due to increase in assets and decrease of equity attributable to equity holders of the Company for the period.

Profitability Ratios

Profitability ratios such as net loss margin, operating loss margin, return on total assets and return on equity decreased to (24%), (17%), (2%) and (21%) respectively from their prior year ratios. This is due to the lower net loss generated this first quarter of 2025 compared with the same period of last year. Gross margin, on the other hand, increased from 24% in 2024 to 36% in 2025.

Debt Ratio

Debt-to-equity on March 31, 2025, slightly increased to 12.81x from 9.86x as of December 31, 2024. The increase in the gearing ratio was attributed to the decrease in equity attributable to equity holders of the Parent Company. Interest coverage ratio as of March 31, 2025, was at -9.37x compared to -27.05x on March 31, 2024.

The manner by which the Company calculates the foregoing indicators is as follows:

Current Ratios

1. Current ratio: $\frac{\text{Current assets}}{\text{Current liabilities}}$
2. Quick ratio: $\frac{\text{Current assets – Other current assets}}{\text{Current liabilities}}$

Asset-to-equity Ratio: $\frac{\text{Total assets}}{\text{Total equity attributable to Parent Company}}$

Profitability Ratios

1. Net income ratio: $\frac{\text{Net income attributable to Parent Company}}{\text{Service income + Sale of goods}}$
2. Gross margin: $\frac{\text{(Service income + Sale of goods) – (Cost of services + Cost of goods sold)}}{\text{Service income + Sale of goods}}$
3. Operating margin: $\frac{\text{Earnings before interest, tax, depreciation and amortization}}{\text{Service income + Sale of goods}}$
4. Return on total assets: $\frac{\text{Net income attributable to Parent Company}}{\text{Average total assets}}$
5. Return on total equity: $\frac{\text{Net income attributable to Parent Company}}{\text{Average total equity attributable to the Parent Company}}$

Debt Ratios

1. Debt-to-equity ratio: $\frac{\text{Total Liabilities}}{\text{Total equity attributable to Parent Company}}$

   Interest coverage ratio: $\frac{\text{Earnings before interest and tax}}{\text{Interest expense}}$

Other Disclosures:

i. Liquidity. To cover its short-term funding requirements, the Group intends to use internally generated funds from operations or sale of assets, obtain additional advances from its stockholders, and negotiate for longer payment terms for its payables.

ii. Events that will trigger Direct or Contingent Financial Obligation. There are no events that will trigger direct or contingent financial obligations that are material to the Group, including and default or acceleration of an obligation.

iii. Material Off-balance sheet Transactions, Arrangements, Obligations. Likewise, there were no 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.

iv. Material Commitments for Capital Expenditure. There are no material commitments for capital expenditures.

v. Material Events/ Uncertainties. There are no new trends, events, or uncertainties that are expected to have a material favorable or unfavorable impact on the Group's revenues from continuing operations.

vi. Results of Operations. There were no significant elements of income or loss that did not arise from continuing operations.

vii. Seasonality. The Group is not subject to the seasonality.

PART II--OTHER INFORMATION

There is no other information for this period not previously reported in SEC Form 17-C that needs to be reported in this section.

SIGNATURES

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, on 15 MAY 2025.

Issuer: **XURPAS INC.**

By:

JONATHAN GERARD A. GURANGO
Chairman of the Board and
Chief Executive Officer

ALEXANDER D. CORPUZ
President and Chief Finance Officer