

September 9, 2026

PHILIPPINE STOCK EXCHANGE, INC.

Philippine Stock Exchange Tower
5th Avenue corner 28th Street, Bonifacio Global City, Taguig City 1634
Philippines

Attention: **Ms. Marigel M. Baniqued-Garcia**
Head, Issuer Regulation Division

Re: **Xurpas Inc. – Status Update on the Plan to Address
Negative Stockholders' Equity**

Ladies and Gentlemen,

Xurpas Inc. (the “**Company**”) respectfully refers to the letter of The Philippine Stock Exchange, Inc. (the “**Exchange**”) dated July 29, 2026, concerning the Company’s negative stockholders’ equity as reported in its 2025 Annual Report (SEC Form 17-A) and its Quarterly Report for the period ended March 31, 2026 (SEC Form 17-Q). In compliance with the Exchange’s directive, the Company respectfully submits this update on the status of the plan it disclosed on July 9, 2025 (the “**Plan**”), setting out (i) the status of each initiative under the Plan; (ii) the material deviations from the timelines originally disclosed and the reasons therefor; (iii) the additional measures adopted to restore stockholders’ equity to a positive position; and (iv) such other information as may be material to the investing public.

The initiatives described in Section I below, together with the additional measures set out in Section III, are directed at restoring stockholders’ equity to a positive position.

The Company confirms that the initiatives identified in the Plan remain relevant and continue to form part of Management’s strategy to address the negative stockholders’ equity position. While certain initiatives were not completed within the originally anticipated timelines, several have been completed or substantially completed, others have been materially advanced, and none has been abandoned. Throughout 2025 and the first half of 2026, the Company focused on simplifying its corporate structure, strengthening its balance sheet, and improving operating performance through its enterprise technology and other services businesses. These efforts have improved operational efficiency and are directed at the Company’s objective of restoring positive stockholders’ equity.

I. Status of the Initiatives Disclosed on July 9, 2025

A. Initiatives That Remain Ongoing

Initiative	Status	Key Update
Sale of Treasury Shares	For further evaluation	On July 22, 2025, the Board of Directors approved the sale of the Company's treasury shares during the period from July 2025 to September 2025. During that period, the Company sold 3,920,000 treasury shares for aggregate gross proceeds of PHP734,270. The Board's approval to sell treasury shares was granted for a fixed period and lapsed by its terms on September 30, 2025. The initiative remains available to the Company and the Board will consider re-authorizing the sale of treasury shares as market conditions and the Company's funding requirements warrant.
Cost Rationalization Measures	Ongoing	The Company continues to streamline operating expenses, overhead costs, and resource utilization. Consolidated operating expenses decreased by 3% in 2025 compared with 2024, and by 15% in the first half of 2026 compared with the same period in 2025. Excluding one-off expenses, General and Administrative Expenses ("GAEX") declined by 6% in 2025 and by 32% in the first half of 2026 primarily driven by lower manpower costs. The Company continues to optimize its resources and operating structure to further enhance cost efficiency
Fundraising Through Share Issuance	Ongoing	The Board and Management continue to evaluate equity-raising alternatives, including discussions with prospective investors. As part of this ongoing evaluation, the Board determined to prioritize opportunities that are aligned with the Company's strategic objectives and current requirements and, accordingly, elected not to pursue the discussions with PPARR Management & Holding Corp. ("PPARR Management") at this time. To address the Company's working capital requirements, one of the Company's founders, Mr. Fernando Jude F. Garcia ("Mr. Garcia"), infused additional capital of PHP20,000,000.00 by way of a

		subscription to 200,000,000 common shares at PHP 0.10 per share. The Board approved the transaction on May 13, 2026, and the Company received the subscription proceeds on June 1, 2026. The subscription price was determined on the basis of a valuation exercise that produced a range of values under several methodologies, including the income approach and the market approach. The final subscription price was negotiated on an arm's-length basis and was set at the same price arrived at in the earlier discussions with PPARR Management. As the subscription constitutes a related party transaction, it was reviewed and approved in accordance with the Company's Material Related Party Transactions Policy, and Mr. Garcia took no part in the deliberations and voting thereon. The transaction was disclosed to the Exchange on May 13, 2026. The Company will disclose any material development relating to its equity fundraising activities in accordance with the Exchange's continuing disclosure requirements.
Revenue Growth & Market Expansion	Ongoing	The Company continues to position itself for long-term growth by strengthening its capabilities to address the demands of digital transformation brought about by the following: legacy replacement, SME systems adoption, public sector digitization, and AI readiness. This will be addressed by its services: custom software development, IT staff augmentation, digital business solutions, and artificial intelligence.

B. Initiatives Substantially Completed or Completed

Initiative	Status	Key Update
Equity Restructuring	Completed	The Securities and Exchange Commission approved the Company's equity restructuring on November 27, 2025, resulting in the application of the PHP 3.2 billion Additional Paid-in Capital against the Company's accumulated deficit and a correspondingly strengthened capital structure for future fundraising.

Liquidation of Investment in PT SDI	Completed	The sale was completed in March 2026 following the execution of the Share Purchase Agreement. The total proceeds from the sale of the investment in PT SDI amounted to PHP 16.84 million.
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II. Material Deviations from the Original Plan

Certain initiatives took longer than originally anticipated, principally because of: (i) prolonged negotiations with prospective strategic investors; (ii) capital market conditions that constrained the timing and pricing of the Company's fundraising activities; and (iii) additional regulatory and documentary requirements, including those of a foreign jurisdiction in the case of the divestment of the Company's investment in PT SDI. In each case, the Board elected to prioritize value-maximizing outcomes over the acceptance of commercially unfavorable terms. While this extended the timelines originally disclosed, Management believes the approach taken is consistent with the long-term interests of the Company and its shareholders.

The Company continues to implement remedial measures to advance the initiatives under the Plan, including continued engagement with prospective investors and evaluation of alternative equity-raising opportunities, continued assessment of market conditions and transaction structures, and close coordination with the relevant regulatory authorities and counterparties to address outstanding regulatory and documentary requirements. Management continues to regularly report to the Board on the status of these initiatives and remains focused on progressing the Plan in a manner that is responsive to prevailing market and regulatory conditions.

No initiative under the Plan has been abandoned. Management reports to the Board on the status of each initiative on a regular basis, and the Company continues to implement remedial measures across all initiatives.

III. Additional Measures Adopted to Restore Positive Equity

To further strengthen its financial position and accelerate the restoration of positive stockholders' equity, the Company has adopted additional measures, including:

- Strengthening key teams and technical capabilities to support business growth;
- Sustained focus on revenue expansion and cost discipline across operating businesses;
- Improving cash conversion by also tapping accounts with shorter billing and collection cycles; and
- Continuing to explore opportunities to raise additional capital.

These measures complement the initiatives under the Plan and are intended to support the Company's return to a positive stockholders' equity position and its long-term financial stability.

IV. Other Relevant Information for the Investing Public

The Company confirms that, as of the date of this letter, there has been no material change in its business operations and it continues to comply with the Exchange's continuing listing and disclosure requirements. The Company's negative stockholders' equity position arises principally from losses and impairments recognized in prior years. Cumulative impairment losses amounting



to PHP 2,319.50 million has been recognized, primarily relating to goodwill and investments in associates.

The Company remains committed to restoring positive stockholders' equity through sustained profitability, disciplined financial management, and continued execution of its strategic initiatives.

The Company will provide timely updates on material developments in accordance with the Exchange's requirements and welcomes any guidance the Exchange may wish to offer as the Company continues to implement its plan.

We trust that the foregoing responds fully to the Exchange's request. Should the Exchange require any further information or clarification, the Company will be pleased to provide the same promptly. The Company remains committed to transparency, regulatory compliance, and the long-term interests of its shareholders and stakeholders.

Very truly yours,


ALEXANDER D. CORPUZ
President