MINUTES OF THE 2025 ANNUAL STOCKHOLDERS' MEETING OF XURPAS INC.

August 13, 2025 at 9:00 A.M.

Via Zoom Teleconference Facility

The 2025 Annual Stockholders' Meeting (the "**Meeting**") of **Xurpas Inc**. (the "**Corporation**" or "**Xurpas**") was held on August 13, 2025, at 9:00 A.M. via Zoom Teleconference Facility.

Stockholders Present:

Total No. of Shares of Stockholders Present/Represented by Proxy **1,643,900,330**
Percentage of Shares Present/Represented by Proxy: **65.50%**

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
Jonathan Jack R. Madrid	Independent Director
Atty. Mark S. Gorriceta	Corporate Secretary and Chief Legal Officer
Atty. Ann Ecleo	Interim Chief Compliance Officer and Chief Risk Officer

Others Present:

- Mr. Philip Teow Huat Kwa
- Representatives from the Company's Stock and Transfer Agent (BDO)
- Representatives from the Company's External Auditor (SGV)

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 2025 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. He also mentioned that the Definitive Information Statement was amended and was published in accordance with the rules of the SEC.

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-Five and 50/100 Percent (65.50%)** of the total outstanding shares as of June 30, 2025 ("**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 August 6, 2025, 5:00 P.M. The Corporation tabulated all votes last August 8, 2025. Atty. Gorriceta said that all participants of the Meeting should have 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.

The above voting process was also explained in the By-Laws and the Definitive 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 AUGUST 7, 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, August 7, 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 July 29, 2024, 5:00 P.M. Consequently, the Corporation tabulated all votes on July 31, 2024.

The matters approved during Annual Stockholder's Meeting held on August 7, 2024 are as follows:

Description	# of Shares Voted (For)	% of Shares of Shareholders Present
Approval of the Minutes of the Previous Meeting Held on February 21, 2024	1,733,253,340	100.00%
Amendment of the Corporation's Articles of Incorporation – Primary Purpose	1,733,253,340	100.00%
Amendment of the Corporation's Articles of Incorporation – Principal Place of Business	1,733,253,340	100.00%
Approval of the Waiver to Conduct a Rights or Public Offering in Relation to	1,733,253,340	100.00%

the Additional Listing of Additional Common Shares from the Conversion of Advances to Equity Transaction		
Election of Directors and Independent Directors	1,733,253,340	100.00%
Appointment of the External Auditor	1,733,253,340	100.00%
Ratification of Previous Acts of the Directors and Management	1,733,253,340	100.00%

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.

> **"RESOLVED,** that the stockholders of Xurpas Inc. approve the minutes of the Special Stockholders' Meeting held on August 7, 2024."

For the voting results, Atty. Gorriceta reported that the stockholders voted in favor of the foregoing resolution.

As tabulated, the votes for the adoption of the resolution for the approval of the minutes of the previous meeting are as follows:

	No. of Common Shares Voted	% of Shares of Shareholders Present
For	**1,643,900,330**	**100.00%**
Against	-	-
Abstain	-	-

V. MESSAGE OF THE CHAIRMAN

Mr. Gurango then proceeded to give his message. He began by expressing his appreciation to all stockholders, members of the Board of Directors, officers, employees, and partners for their continued support and commitment to the Corporation.

The Chairman discussed recent developments in artificial intelligence ("**AI**") and their potential impact on the global economy, society, and the Corporation's strategic direction. He noted that prominent industry leaders project the achievement of artificial general intelligence within five to ten years, with some forecasting its arrival as early as 2027. He underscored that such advancements could result in transformative changes at a pace and scale exceeding historical technological revolutions, creating both significant opportunities and challenges for businesses and society.

He cited tangible examples of AI's current capabilities, including passing professional-level examinations, accelerating product development cycles, enabling advanced medical research, and enhancing customer service through anticipatory and integrated system responses. He emphasized that for the Corporation, AI presents an opportunity to optimize operations, enhance product offerings, create new revenue streams, and expand competitive advantage.

The Chairman also addressed the potential risks associated with AI adoption, such as workforce displacement, over-reliance on automated systems, and ethical considerations in system design and governance. He stressed the need for responsible AI development, robust governance frameworks, workforce upskilling, and the embedding of ethical principles in all AI initiatives.

Concluding his message, the Chairman reaffirmed the Corporation's commitment to proactively shape its AI strategy to ensure it serves as a multiplier of human potential, supports sustainable growth, and delivers value to shareholders, employees, customers, and the broader community. He encouraged all stakeholders to take an active role in steering the Corporation towards a future where AI-driven innovation strengthens both the business and society.

VI. ANNUAL REPORT OF THE PRESIDENT AND APPROVAL OF THE 2024 AUDITED FINANCIAL STATEMENTS

The Chairman then invited the President, Mr. Alexander D. Corpuz ("**Mr. Corpuz**"), to present the Corporation's Annual Report and the 2024 Audited Financial Statements.

The President began by highlighting key corporate milestones for 2024. He noted that the Corporation was awarded its third consecutive Golden Arrow Award by the Institute of Corporate Directors on September 19, 2024, in recognition of its excellence in corporate governance, transparency, accountability, and responsible business practices. The Corporation's Board of Directors also attended the ICD's Global Governance Summit on the same date to ensure continued alignment with emerging governance best practices.

In his financial review, the President reported that the Corporation closed 2024 with total revenues of ₱183.70 million, reflecting a 2% decline from ₱188.02 million in 2023. This decrease was largely driven by a 20% contraction in the enterprise business segment, due to reductions in both staff augmentation and software development services. Notwithstanding this decline, other business lines posted strong results with mobile consumer services increased by 154% to ₱21.85 million, mainly due to a one-off SMS Plus transaction, while other services rose by 18% to ₱55.76 million, supported by the expansion of the healthcare business.

Gross profit increased by 5% to ₱46.89 million, up from ₱44.45 million in 2023, aided by higher margins in the healthcare business. However, the Corporation posted a net loss of ₱134.99 million, a 35% deterioration from the ₱100.03 million net loss in 2023, due primarily to increased general and administrative expenses, including an impairment provision for an affiliate, as well as higher net losses from associates and foreign exchange losses. The total comprehensive loss stood at ₱122.93 million, a 50% decline from the ₱81.97 million loss in 2023, attributable to reduced other comprehensive income from associates.

He further outlined the Corporation's strategic priorities for 2025:

- Accelerating revenue growth by expanding enterprise services, developing AI-enhanced digital solutions, and pursuing international expansion.

- Streamlining the portfolio through the disposal of non-strategic assets.

- Implementing continuous cost-efficiency measures including workforce optimization, administrative streamlining, and focus on high-margin services.

- Restructuring capital through equity adjustments, sale of treasury shares, and a potential equity private placement.

Mr. Corpuz then reported on the Corporation's financial performance for the first quarter of 2025. He stated that the Corporation posted ₱42.40 million in revenues, reflecting a 20% increase compared to ₱35.33 million in the same period in 2024. This growth was primarily driven by an 80% rebound in the enterprise business segment, with Business Solutions surging by 166%, while staff augmentation and software development increased by 10% and 9%, respectively.

Gross profit for the first quarter of 2025 rose to ₱15.20 million, an 81% increase from ₱8.39 million in the prior year, resulting in a gross profit margin of 36%, compared to 24% in the first quarter of 2024. The Corporation's net loss narrowed to ₱9.43 million, from ₱26.24 million in the same period in 2024. General and administrative expenses declined by 6% to ₱26.52 million, and the Corporation recorded ₱1.46 million in equity income from associates, reversing the loss posted in the first quarter of 2024.

As of the end of the first quarter of 2025, the Corporation posted a total comprehensive loss of ₱9.79 million, compared to ₱7.89 million in the same period last year.

Mr. Corpuz also presented the Sustainability Report for 2024, showing the Corporation's commitment to creating positive economic, environmental, and social impact through digital transformation initiatives, sustainable operations, and stakeholder engagement.

Mr. Corpuz also reported on the Corporation's Risk Management and Internal Control System. He emphasized that the Board of Directors is responsible for establishing and reviewing the Corporation's risk management framework and internal control processes. The Board considers the materiality of relevant risks, the likelihood of losses, and the costs of controls, with the purpose of managing and minimizing risks that could affect the Corporation's objectives.

Mr. Corpuz noted that the Board conducts periodic reviews of the adequacy and effectiveness of the risk management and internal control system, and confirmed that the Corporation maintains an adequate framework to safeguard its operations and assets, in line with best governance practices

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, 2025, the number of outstanding shares is 2,509,683,812 common shares.

The Corporation's public ownership is at 31.78%. Non-public ownership is at 68.22%. Mr. Nico Jose S. Nolledo, Mr. Raymond Gerard S. Racaza, and Mr. Fernando Jude F. Garcia own 29.1%, 14.97%, and 22.5%, respectively, of the total outstanding shares. Each stockholder is entitled to one vote for each share registered in his name.

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 2024. 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 the stockholders voted in favor of the following resolution:

> **"RESOLVED**, that the stockholders of Xurpas Inc. approve the 2024 Audited Financial Statements of the Company and its subsidiaries.**"**

As tabulated, the votes for the adoption of the resolution for the approval of the 2024 Audited Financial Statements are as follows:

	No. of Common Shares Voted	% of Shares of Shareholders Present
For	1,643,900,330	100.00%
Against	-	-
Abstain	-	-

VII. AMENDMENT OF THE BY-LAWS

Mr. Gurango proceeded to the next item on the agenda, the amendment of the Corporation's By-Laws specifically relating to the minimum quorum requirement for Board meetings.

Current Provision (Article III, Section 7)	Proposed Amendment
A majority of the number of directors as fixed in the Articles of Incorporation shall constitute a quorum for the transaction of corporate business and every decision of at least a majority of the directors present at a meeting at which there is a quorum shall be valid as a corporate act, except for the election	**Two-thirds (2/3)** of the number of directors as fixed in the Articles of Incorporation shall constitute a quorum for the transaction of corporate business and every decision of at least a majority of the directors present at a meeting at which there is a quorum shall be valid as a corporate act,

of officers which shall require the vote of majority of all the members of the Board.	except for the election of officers which shall require the vote of majority of all the members of the Board.

Atty. Gorriceta, explained that under the current By-Laws, the minimum quorum requirement for Board meetings is a majority of the members of the Board. The proposed amendment seeks to align the By-Laws with the recommendation under the Code of Corporate Governance for publicly listed companies by increasing the minimum quorum requirement to at least two-thirds (2/3) of the members of the Board.

Atty. Gorriceta noted that this amendment is intended to strengthen corporate governance by ensuring that major Board decisions are made with broader participation among directors. The current and proposed provisions were presented to the stockholders during the meeting for reference.

The Chairman then presented the proposed resolution for approval:

> **"RESOLVED**, that the stockholders of Xurpas Inc. approve the amendment of the Corporation's By-Laws to:
>
> Two-thirds (2/3) of the number of directors as fixed in the Articles of Incorporation shall constitute a quorum for the transaction of corporate business and every decision of at least a majority of the directors present at a meeting at which there is a quorum shall be valid as a corporate act, except for the election of officers which shall require the vote of majority of all the members of the Board;
>
> **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 By-Laws."

As tabulated, the votes for the adoption of the resolution for the adjustment of quorum for board meetings to 2/3 are as follows:

	No. of Common Shares Voted	% of Shares of Shareholders Present
For	1,643,900,330	100.00%
Against	-	-
Abstain	-	-

VIII. 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. Jose Vicente T. Colayco
6. Jonathan Jack R. Madrid, *Independent*
7. Philip Teow Huat Kwa, *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 2024.

A resolution was then presented for approval.

For the voting results, Atty. Gorriceta reported that at least 1,643,900,330 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. Jose Vicente T. Colayco
> 6. Jonathan Jack R. Madrid (Independent Director)
> 7. Philip Teow Huat Kwa (Independent Director)"

As tabulated, the votes for the election of directors are as follows:

	No. of Common Shares Voted	% of Shares of Shareholders

	(For)	Present
Jonathan Gerard A. Gurango	1,643,900,330	100.00%
Alexander D. Corpuz	1,643,900,330	100.00%
Fernando Jude F. Garcia	1,643,900,330	100.00%
Wilfredo O. Racaza	1,643,900,330	100.00%
Jose Vicente T. Colayco	1,643,900,330	100.00%
Jonathan Jack R. Madrid (Independent Director)	1,643,900,330	100.00%
Philip Teow Huat Kwa (Independent Director)"	1,643,900,330	100.00%

IX. 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 2024.

A resolution was then presented for approval.

For the voting results, Atty. Gorriceta reported that at least 1,643,900,330 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 2025."

As tabulated, the votes for the adoption of the resolution for the approval of external auditor are as follows:

	No. of Common Shares Voted	% of Shares of Shareholders Present
For	1,643,900,330	100.00%
Against	-	-
Abstain	-	-

X. 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 18, 2024, to May 30, 2025. 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 1,643,900,330 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."

As tabulated, the votes for the adoption of the resolution for the approval of previous acts of the Directors and Management are as follows:

	No. of Common Shares Voted	% of Shares of Shareholders Present
For	1,643,900,330	100.00%
Against	-	-
Abstain	-	-

XI. OTHER MATTERS AND ADJOURNMENT

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

a) **Can you please give the shareholders an update on Xurpas Pty. Ltd. Australia operations which started on July 2024. Are there any projects that have commenced?**

Mr. Corpuz, responded that most of 2024 was dedicated to set-up activities, including establishing the legal entity, developing the web presence, initiating marketing efforts, and qualifying leads. Toward the end of 2024, the subsidiary secured and commenced a staff augmentation project, which generated approximately ₱0.5 million in revenues. He added that as of the current year, revenues from the Australian operations, still largely from staff augmentation, had already exceeded the total generated in 2024.

b) **Are there plans on replacing the 3 independent directors that resigned with 3 independent directors**

Atty. Gorriceta responded that two independent directors had been elected during the meeting. The Corporation is in the process of identifying and appointing a third independent director and will make the necessary disclosure once the appointment has been finalized. He assured the stockholders that the Corporation is taking steps to ensure continued compliance with corporate governance requirements.

c) Please give an update on XAIL and how the company plans to increase XAIL revenue.

Mr. Corpuz responded that in 2024, XAIL, the Corporation's AI business case incubation team, contributed 4% to the Corporation's total enterprise revenue, primarily from projects in data engineering and data warehouse implementation. As of the current year, XAIL accounts for approximately 3% of total enterprise revenue. He explained that XAIL is focused on developing application-based and real-world client solutions, including image recognition and agentic integrations with ERPNext, with the objective of turning these into scalable, revenue-generating offerings. Management aims to grow XAIL's revenue share by expanding its portfolio of AI-driven products and actively pursuing commercialization opportunities for these solutions.

Mr. Gurango then announced that in the interest of time, the Corporation shall address any remaining questions through email

XII. ADJOURNMENT

There being no further business to discuss, the 2025 Annual Stockholders' Meeting was adjourned.

Prepared by:



ATTY. MARK S. GORRICETA
Corporate Secretary

Atteste 

JONATHAN GERARD A. GURANGO
Chairman of the Meeting

CERTIFICATION

I, **DANTE M. BRIONES**, Filipino, of legal age, 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
Sasonbi, Inc.	Chairman of the BOD and CEO	May 2011 to Present
Treasure Island Industrial Corporation	Independent Director	May 2026 to Present
Oronax Development Corporation	Director and Corporate Secretary	2010 to Present
Torre Lorenzo Development Corporation	Independent Director	Sept 2020 – May 2023
MDI, Inc.	Member of the Board of Directors	Jan 2017 – Dec 2020
ABM Global Solutions Inc (Formerly Bayantrade)	President & CEO, Member of the Board of Directors	Oct 2001 – June 2011
Institute of Corporate Directors (ICD)	Teaching Fellow	Present
Management Association of the Philippines	Lifetime Member	Present
University of the Philippines (UP) Engineering Research and Devt. Foundation, Inc.	Member	Present
UP Alumni Engineers	Member	Present
UP Industrial Engineering Alumni Association	Founding Member	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 _____

IN WITNESS WHEREOF, I have hereunto set my hand this SEP 02 2026 at PASIG CITY.

[redacted]

DANTE M. BRIONES
Affiant

[redacted]

REPUBLIC OF THE PHILIPPINES)
PASIG CITY) S.S.

SUBSCRIBED AND SWORN to before me this SEP 02 2026 day of _____, 2026, affiant exhibiting to me his Government-issued Identification, namely, Passport with No. [redacted] issued on Jan. 16, 2021 at DFA NCR East to expire on Jan. 15, 2031 as competent proof of identity.

[redacted]

Doc. No. 99
Page No. 21
Book No. XVI
Series of 2026.

EDRIAN M. APAYA
PTR No. [redacted] Pasig City
IBP No. [redacted] Masbate
Roll No. [redacted]
MCLE Compliance [redacted] valid until 04-14-2028
15th Flo[redacted] Ortigas Jr. Road, Pasig City
Telephone No. 86960988
Appointment No. [redacted] - Pasig City
Commissioned until 31 December 2026

CERTIFICATION

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

1. I am an 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
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

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 _____

IN WITNESS WHEREOF, I have hereunto set my hand this SEP 03 2026 at PASIG CITY.

[redacted]

JONATHAN JACK R. MADRID
Affiant

REPUBLIC OF THE PHILIPPINES)
PASIG CITY) S.S.

SUBSCRIBED AND SWORN to before me this ___ day of SEP 03 2026, 2026, affiant exhibiting to me his Government-issued Identification, namely, Passport with No. [redacted] issued on Sept. 01, 2018 at PCO Vancouver expire on August 31, 2028, as competent proof of identity.

[redacted]

EDRIAN M. APAYA
PTR No. [redacted]6/Pasig City
IBP No. [redacted]/Masbate
Roll No. [redacted]
MCLE Compliance [redacted] valid until 04-14-2028
15th Floor Strata 2000, F. Ortigas Jr. Road, Pasig City
[redacted]
Telephone No. 86960988
Appointment [redacted] Pasig City
Commissio[redacted]

Doc. No. 107;
Page No. 23;
Book No. XVI;
Series of 2026.

CERTIFICATION

I, **DEANNA FAYE B. DALISAY**, Filipino, of legal age, and resident of [redacted] Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an Independent Director of **Xurpas Inc.** (the "**Corporation**").

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

Company / Organization	Position / Relationship	Period of Service
Talentfront	Country Head	2026 to Present
The Lab / LABPH Venture Studios Inc.	Head of Product and Software Development	2025 to Present
DigiPlus Interactive Corp./ArenaPlus	Head of Brand Strategy and Special Projects	2024 to 2025
KonsultaMD	VP of Operations	2023 to 2024
Kumu	SVP of Operations and SVP of Kumu Play	2020 to 2023

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 _____

IN WITNESS WHEREOF, I have hereunto set my hand this SEP 03 2026 at PASIG CITY.

[redacted]

DEANNA FAYE B. DALISAY
Affiant

REPUBLIC OF THE PHILIPPINES)
PASIG CITY) S.S.

SUBSCRIBED AND SWORN to before me this SEP 03 2026 day of _____, 2026, affiant exhibiting to me her Government-issued Identification, namely, Passport with No. [redacted] issued on July 22, 2021 at DFA Manila, to expire on July 21, 2031, as competent proof of identity.

[redacted]

Doc. No. 108;
Page No. 23;
Book No. XII;
Series of 2026.

EDRIAN M. APAYA
PTR No. [redacted] asig City
IBP No: [redacted] asbate
Roll No
MCLE Compliance VIII-[redacted]
15th Floor Strata 2000, F. Ortigas Jr. Road, Pasig City
[redacted]
Appointment [redacted] Pasig City
Commissioned until 31 December 2026

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 **November 10, 2026, 10:00 a.m.** via remote communication, I hereby certify that none of the Corporation's directors or officers is connected with any government agencies or instrumentalities; and

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

[redacted]

ATTY. MARK S. GORRICETA
Corporate Secretary

IN WITNESS WHEREOF, I have hereunto affixed my signature this SEP 17 2026, at Pasig City, Metro Manila, Philippines.

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

SUBSCRIBED AND SWORN to before me on SEP 17 2026 at PASIG CITY, affiant exhibiting to [redacted], issued at DFA Manila, valid until June 8, 2035.

[redacted]

EDRIAN M. ARAYA
PTR No. [redacted]/Pasig City
IBP No. [redacted] 26-2025/Masbate
Roll No. [redacted]
MCLE Compliance [redacted]
15th Floor Strata 2000, F. Ortigas Jr. Road, Pasig City
e[redacted]
Appointment [redacted]
Commissioned until 31 December 2026

Doc. No. 181;
Page No. 38;
Book No. XVI;
Series of 2026.

XURPAS INC.
MANAGEMENT REPORT
For the 2026 Annual Stockholders' Meeting
Pursuant to SRC Rule 20(4)(1)

1. Financial Statements

- Please refer to Annex "E" for the 2025 Annual Report of Xurpas Inc. and its subsidiaries (the "**Grou**p"); and
- Please refer to Annex "F" for the Consolidated Unaudited Financial Statements of the Group for the period ended June 30, 2026.

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 are comprised 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 measures:

- 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 Coronavirus (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 was approximately One Million Pesos as of December 31, 2019. Mr. Garcia purchased 80% of CTX at ₱4 million.

- On September 20, 2020, Xurpas sold the remaining 20% of CTX to Mr. Garcia at ₱1.2 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 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 Company also applied with the SEC for a quasi-reorganization through an equity restructuring to eliminate the Parent Company's deficit of PHP 3.2 billion as of December 31, 2024. On November 27, 2025, the SEC issued its Certificate of Approval of the Equity Restructuring, pursuant to which the Parent Company's PHP 3.2 billion deficit was wiped out in full by applying it against the Company's existing additional paid-in capital (APIC).

On January 28, 2026, the Board approved the sale of its 49% equity interest in PT Sembilan Digital Investama (PT SDI) for IDR5,000 million or ₱16.84 million. The proceeds will be used for the Company's general and working capital requirements.

On May 13, 2026, the Board approved the issuance of 200,000,000 common shares to Mr. Fernando Jude F. Garcia at a total subscription price of ₱20,000,000. The subscription price was paid in May 2026; accordingly, the shares were issued on August 28, 2026. The said shares remain unlisted as of date.

Xurpas continues to strengthen its enterprise services business, focusing on the following: IT staff augmentation and software development, growing its services under business solutions and seizing the opportunities brought by data science and artificial intelligence, through geographical, operational and product expansion.

New Product and Service

On April 28, 2023, Xurpas Software Inc. was incorporated. The wholly-owned subsidiary started offering software products, such as EZ-ERP which is designed as an enterprise resource planning system for small and medium businesses (SMBs). Since then, it has added human resources information system (HRIS), financial management information system (FMIS), customer relationship management (CRM), and workflow and document management systems. It also maintains a partnership with Monday.com, which is a work management platform.

In June 2023, Xurpas introduced its artificial intelligence (AI) offerings to the market. Now it focuses on applied AI for extraction, forecasting, anomaly detection, agentic applications, and custom data warehouse.

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-one percent (51%) of the Company's revenues from enterprise services can be attributed to 16 of its major clients in 2025. 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 2025 Annual Report and Audited Financial Statements.

Outlook for 2026

In 2026, Xurpas Group continues to position itself for long-term growth by strengthening its capabilities to address the demands of digital transformation by a single platform offering, that spans software, delivery talent and implementation capability. Four demand pools guide the strategic direction of the Group: legacy replacement, SME systems adoption, public sector digitization, and AI readiness.

- Enterprise modernization: large enterprises and mid-market firms need to replace manual processes and fragmented legacy tools.

- SME growth enablement: SMEs seek practical, modular systems they can implement without heavy licensing cost.
- Government digitization: public-sector agencies need better data, workflow automation, and service delivery systems.
- AI launchpad: organizations need clean operational data and modern systems before AI can scale reliably.

The Group intends to address these demand pools through multiple complementary services:

- Custom Software Development: Demand for customized digital platforms and enterprise applications is expected to remain strong as organizations continue investing in modernization, automation, and customer engagement technologies. Xurpas intends to capitalize on these trends by enhancing its software engineering capabilities and offering flexible, industry specific solutions tailored to evolving client requirements. The increasing adoption of cloud based systems, data integration, and AI-assisted applications is also expected to support demand for the Group's custom development services.

- IT Staff Augmentation: Global demand for skilled technology professionals continues to outpace supply in many markets, supporting the outlook for IT staff augmentation services. Xurpas expects this segment to benefit from sustained requirements for software developers, cloud specialists, cybersecurity professionals, data analysts, and AI-related talent.

- Digital Business Solutions: Xurpas continues to target the underserved SME market by offering affordable and scalable business solutions that support digital transformation initiatives. Through Xurpas Software, Inc., the Group aims to provide enterprise resource planning (ERP), finance, operations, customer management, and productivity solutions designed to meet the operational needs of local and regional businesses. The Company believes that SMEs will continue increasing investments in technology platforms that improve efficiency, compliance, analytics, and decision-making capabilities.

- Artificial Intelligence: Artificial intelligence continues to emerge as a major growth driver across industries, with increasing adoption of AI-powered analytics, automation, and decisionsupport systems. Through Xurpas AI Lab (XAIL), the Group will maintain its offerings in AI consulting, machine learning, data science, and intelligent automation solutions. XAIL is expected to support businesses seeking practical AI applications that improve operational efficiency, customer experience, and business insights. The growing enterprise focus on generative AI and data-driven transformation is expected to create additional opportunities for the Group.

Plan of Operation for the Next Twelve (12) Months

For the next twelve (12) months, Xurpas intends to continue its initiatives to strengthen its financial position, improve operating performance, and grow its enterprise technology and other services businesses.

- **Cash requirements.** Xurpas will continue to manage its cash requirements through cost rationalization, improved cash conversion and collection, and revenue growth. Xurpas will also continue to evaluate opportunities to raise additional capital, as needed.
- **Product research and development.** Xurpas will continue to develop and enhance its digital business solutions, including custom software development, managed services, and AI-enabled solutions.
- **Plant and equipment.** The Company does not presently anticipate any material purchase or sale of plant or significant equipment.

- **Employees.** The Company expects to strengthen its talent acquisition efforts to support the development of its products and services and drive revenue growth.

First Half of 2026 compared with First Half of 2025

Financial Summary

Key Financial Data In PhP Millions	For the six-month periods ended June 30					
	2026		2025		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Revenues						
Mobile consumer services	0.09	0%	-	0%	0.09	n.a.
Enterprise services	49.62	51%	63.88	61%	(14.26)	(22%)
Other services	47.93	49%	40.71	39%	7.22	18%
Total Revenues	**97.64**	**100%**	**104.59**	**100%**	**(6.95)**	**(7%)**
Cost of Services	65.14	67%	65.29	62%	(0.15)	(0%)
Gross Profit	**32.50**	**33%**	**39.30**	**38%**	**(6.80)**	**(17%)**
General and Administrative Expenses	39.73	41%	58.33	56%	(18.60)	(32%)
Equity in Net Losses of Associates	-	0%	1.02	1%	(1.02)	(100%)
Finance Costs - net	1.88	2%	1.38	1%	0.50	37%
Other Charges (Income) - net	2.99	4%	(9.35)	(9%)	12.35	(132%)
Loss Before Income Tax	**(12.11)**	**(12%)**	**(12.08)**	**(12%)**	**0.03**	**0.24%**
Provision for Income Tax	0.73	1%	0.99	1%	(0.26)	(26%)
Net Loss	**(12.83)**	**(13%)**	**(13.07)**	**(12%)**	**(0.24)**	**(2%)**
Other Comprehensive Loss	(8.98)	(9%)	(5.46)	(5%)	(3.52)	65%
Total Comprehensive Loss	**(21.82)**	**(22%)**	**(18.52)**	**(18%)**	**3.30**	**18%**

	Jun. 30, 2026 Amount	Dec. 31, 2025 Amount	Amount Change	% Increase (Decrease)
Total Assets	263.36	216.73	46.63	22%
Total Liabilities	627.84	579.38	48.45	8%
Total Capital Deficiency	(364.47)	(362.66)	1.82	1%

The Group's total revenue in the first half of 2026 is ₱97.64 million, a decrease from the same period of 2025 mainly caused by the decline in revenues under enterprise services. Majority of the revenues is from enterprise services which generated ₱49.62 million or 51% of the total revenues followed by other services which generated ₱47.93 million or 49% of the total services. Revenues from mobile consumer services, amounted to ₱0.09 million for the first half of the year.

The blended cost of services remained almost flat, from ₱65.29 million as of June 30, 2025 to ₱65.14 million as of June 30, 2026, driven by decreases in outsourced services, depreciation and amortization, web hosting, and commissions, offset by higher consultancy fees and outside services.

Gross profit is ₱32.50 million for the period ended June 30, 2026, compared to ₱39.30 million in the first half of 2025, which is a 17% decrease. Gross profit margin decreased slightly to 33% from 38%, the previous period.

General and administrative expenses (GAEX) significantly decreased by ₱18.60 million, from ₱58.33 million for the first half of 2025 to ₱39.73 million for the same period in 2026. The decline is primarily attributed to lower salaries and wages, taxes and licenses, professional fees, and dues and subscription.

The Company did not recognize any share in the net earnings of its associate companies for the six-month period ended June 30, 2026, following the sale of its stake in one affiliate and the full impairment of another. The Company recorded a share in net losses of ₱1.02 million in the same period of the previous year.

Finance costs – net increased by 37%, from ₱1.38 million as of June 30, 2025 to ₱1.88 million as of June 30, 2026, primarily due to higher interest expense in the first half of 2026. Meanwhile, Other charges – net amounted to ₱2.99 million as of June 30, 2026, compared to other income – net of ₱9.35

million recognized in the first half of 2025, reflecting a 132% decrease. The significant change was mainly attributable to foreign exchange losses during the period, arising from unfavorable movements in exchange rates.

By the end of Q2 2026, the Company incurred a ₱12.11 million pre-tax loss, ₱12.83 million net loss and ₱21.82 million total comprehensive loss.

While revenues declined during the period, and despite significant revenue recorded in the same period of the prior year, these were still not sufficient to fully cover operating costs and expenses, resulting in net losses for the first quarters of both 2026 and 2025. To address this, the Company continues to strengthen its operational fundamentals through disciplined cost management and initiatives to improve revenue performance.

Consolidated total assets increased by 22% from ₱216.73 million as of December 31, 2025, to ₱263.36 million as of June 30, 2026. Consolidated total liabilities also slightly increased by 8% from ₱579.38 million as of December 31, 2025, to ₱627.84 million on June 30, 2026.

Lastly, consolidated total capital deficiency increased by ₱1.82 million, from ₱362.66 million as of December 31, 2025, to ₱364.47 million as of June 30, 2026.

Profitability

For the six-month period ended June 30, 2026, compared with the six-month period ended June 30, 2025.

Revenues

The consolidated revenues of the Group for the six-month period ended June 30, 2026, amounted to ₱97.64 million, a minimal decrease of 7% from ₱104.59 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, business solutions, and AI consultancy services.	● Xurpas Enterprise ● Xurpas Parent Company ● Xurpas Software ● Seer ● XAU
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
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.	● Xurpas Parent Company ● Xurpas Software

In PhP Millions	For the six-month periods ended June 30					
	2026		2025		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Revenues						
Enterprise services	49.62	51%	63.88	61%	(14.26)	(22%)
Mobile consumer services	0.09	0%	-	0%	0.09	n.a.
Other services	47.93	49%	40.71	39%	7.22	18%
Total Revenues	**97.64**	**100%**	**104.59**	**100%**	**(6.95)**	**(7%)**

For the first half of 2026, enterprise services generated the most revenue at ₱49.62 million or 51% of total revenues. The segment saw a 22% decrease primarily due to lower revenues from software development and business solutions. Revenues generated from other services (which accounts for 49% of company revenues) went up by 18%, from ₱40.71 million in June 2025 to ₱47.93 million in June 2026. This is due to the increase in revenues recognized by AllCare, a subsidiary that offers services related to a membership-based marketplace offering a variety of worker benefits –insurance, health checks and wellness programs. Meanwhile, Mobile Consumer Services generated only ₱0.09 million in revenues during the first half of 2026, compared to no revenues in the same period last year, maintaining the segment as an opportunistic business.

Focusing on the enterprise services segment, shown below are its business units and their respective revenue contributions:

In PhP Millions	For the six-month periods ended June 30					
	2026		2025		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Enterprise Services						
IT staff augmentation	21.30	43%	18.25	29%	3.05	17%
Custom software development	20.21	41%	29.14	46%	(8.93)	(31%)
Business solutions	5.85	12%	8.71	14%	(2.86)	(33%)
XAIL	2.25	5%	2.09	3%	0.16	8%
Web 3.0 services	-	0%	-	0%	-	n.a.
Others	0.02	0%	5.70	9%	(5.68)	(100%)
Total Enterprise Services	**49.62**	**100%**	**63.88**	**100%**	**(14.26)**	**(22%)**

For the six months ended June 30, 2026, Enterprise Services generated revenues of ₱49.62 million, representing 51% of the Company's total revenues. Compared to revenues of ₱63.88 million in the same period in 2025, the segment recorded a 22% decline.

IT Staff Augmentation was the largest contributor within the segment, generating revenues of ₱21.30 million, or 43% of Enterprise Services revenues, representing an increase of 17% from ₱18.25 million in the prior-year period. Custom Software Development generated revenues of ₱20.21 million, accounting for 41% of Enterprise Services revenues. Revenues from this service line declined by 31% from ₱29.14 million in the first half of 2025. Business Solutions contributed revenues of ₱5.85 million, representing 12% of Enterprise Services revenues, a decline of 33% from ₱8.71 million in the comparable period in 2025. Meanwhile, XAIL generated revenues of ₱2.25 million, an increase of 8% from ₱2.09 million in the prior-year period.

Overall, the growth in IT Staff Augmentation and XAIL partially softened the decline in Enterprise Services revenues. However, these increases were not sufficient to fully offset the lower revenues from Custom Software Development and Business Solutions, resulting in the segment's overall 22% yearon-year decline.

Expenses

In PhP Millions	For the six-month periods ended June 30					
	2026		2025		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Expenses						
Cost of Services	65.14	62%	65.29	53%	(0.15)	(0%)
General and Administrative Expenses	39.73	38%	58.33	47%	(18.60)	(32%)
Total Expenses	**104.87**	**100%**	**123.63**	**100%**	**(18.76)**	**(15%)**

The Group's consolidated expenses during the six-month period ended June 30, 2026, amounted to ₱104.87 million, a 15% decrease from the same period of the previous year at ₱123.63 million. For the first six months of 2026, cost of services accounted for the bulk of expenses, totaling ₱65.14 million or 62% of the Group's consolidated expenses. For the same period in 2025, cost of services amounted to ₱65.29 million, which comprised 53% of overall expenses.

Cost of Services

In PhP Millions	For the six-month periods ended June 30					
	2026		2025		Amount Change	% Increase (Decrease)
	Amount	%	Amount	%		
Cost of Services						
Outside services	32.35	50%	28.67	44%	3.68	13%
Salaries, wages and employee benefits	27.97	43%	28.30	43%	(0.33)	(1%)
Consultancy fees	2.01	3%	1.39	2%	0.62	45%
Commission	0.90	1%	1.09	2%	(0.19)	(18%)
Others	1.90	3%	5.85	9%	(3.95)	(67%)
Total Expenses	**65.14**	**100%**	**65.29**	**100%**	**(0.15)**	**(0%)**

The cost of services for the first half of 2026 amounted to ₱65.14 million, a slight decrease from the same period of the previous year of ₱65.29 million.

Outside Services remained the largest component of Cost of Services, amounting to ₱32.35 million, or 50% of total cost of services, representing a 13% increase from ₱28.67 million in the prior-year period. The increase was primarily due to higher third-party service costs incurred in delivering AllCare's healthcare-related services and other revenue-generating projects.

Salaries, Wages and Employee Benefits amounted to ₱27.97 million and ₱28.30 million in the first half of 2026 and 2025, respectively, accounting for 43% of total cost of services. The 1% decrease was marginal, with personnel-related costs maintaining the same share of total cost of services.

Consultancy fees increased by 45%, to ₱2.01 million from ₱1.39 million in the prior-year period, primarily to support the Group's additional manpower requirements. Commission expense declined by 18% to ₱0.90 million from ₱1.09 million which is consistent with the lower level of revenues generated during the first half of 2026.

Other costs also decreased by 67%, to ₱1.90 million in the first half of 2026 from ₱5.85 million in the same period of 2025. The decline was mainly attributable to lower outsourced services and web hosting expenses, reflecting the Company's continued cost and resource management initiatives.

General and Administrative Expenses (GAEX)

In PhP Millions	For the six-month periods ended June 30					
	2026		2025		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
General and Administrative Expenses						
Salaries, wages and employee benefits	27.78	70%	41.81	72%	(14.03)	(34%)
Dues and subscription	2.10	5%	3.70	6%	(1.61)	(43%)
Professional fees	1.90	5%	4.54	8%	(2.64)	(58%)
Outsourced services	1.24	3%	0.73	1%	0.51	71%
Depreciation and amortization	1.09	3%	1.37	2%	(0.28)	(21%)
Others	5.63	14%	6.18	11%	(0.55)	(9%)
Total Expenses	**39.73**	**100%**	**58.33**	**100%**	**(18.60)**	**(32%)**

The substantial reduction in personnel-related costs, together with lower professional fees and dues and subscriptions, resulted in a 32% year-on-year decline in General and Administrative Expenses, from ₱58.33 million in 1H2025 to ₱39.73 million in 1H2026.

Salaries, Wages and Employee Benefits remained the largest component of General and Administrative Expenses, amounting to ₱27.78 million, or 70% of total GAEX, compared to ₱41.81 million, or 72%, in the prior-year period. The 34% reduction was primarily due to lower personnel-related costs resulting from organizational streamlining and ongoing cost rationalization measures.

Dues and Subscriptions decreased by 43% to ₱2.10 million from ₱3.70 million in the prior-year period, while Professional Fees declined by 58% to ₱1.90 million from ₱4.54 million, reflecting lower expenditures for these services during the semester.

Outsourced Services increased by ₱0.51 million, representing 3% of total GAEX, from ₱0.73 million, or 1%, in the same period in 2025. The 71% increase was mainly attributable to greater utilization of third-party service providers to support corporate and administrative functions.

Depreciation and amortization decreased by 21%, to ₱1.09 million from ₱1.37 million in the prior year. The decline was mainly due to fewer depreciable assets.

Meanwhile, Other General and Administrative Expenses also decreased by 9% to ₱5.63 million from ₱6.18 million in the comparable period in 2025 mainly due to lower taxes and licenses and miscellaneous expenses during the period.

Equity in Net Earnings of Associates

For the six months ended June 30, 2026, the Company did not recognize any equity in net losses of associates, compared to ₱1.02 million in the same period in 2025 due to the sale of its stake in an affiliate and the full impairment of the other.

Finance Costs– net

For the semester ended June 30, 2026, the Group posted a 37% increase in finance costs, net, from ₱1.38 million to ₱1.88 million. This is due to higher interest expense on loans payable for the first half of 2026.

Other Charges (Income) – net

For the first six months of 2026, the Group recognized other charges – net amounting to ₱2.99 million which is a 132% decrease from the other income – net recognized in the first half of 2025 amounting to

₱9.35 million. The significant change was primarily attributable to foreign exchange losses recognized during the period, arising from unfavorable movements in foreign exchange rates.

Loss before Income Tax

The Group's net loss before taxes for the six-month period ended June 30, 2026, was ₱12.11 million. The net loss before taxes for the Group slightly increased by 0.24% or ₱0.03 million from the same period ended June 30, 2025, which posted a figure of ₱12.08 million.

Provision for Income Tax

The Group recognized ₱0.73 million provision for income tax for the six-month period ended June 30, 2026, 26% lower vis-à-vis ₱0.99 million provision in June 30, 2025, resulting from lower MCIT incurred by enterprise services and other services.

Net Loss

For the six months ended June 30, 2026, the Company reported a net loss of ₱12.83 million, representing a marginal 2% improvement from the ₱13.07 million net loss incurred in the same period in 2025. The improvement was primarily attributable to lower operating expenses and other cost efficiencies during the period, which helped offset the decline in revenues.

Other Comprehensive Income

In June 2026, the Group reported other comprehensive loss of ₱8.98 million, an increase of 65% from the ₱5.46 million other comprehensive loss recorded in June 2025. The ₱/US$ forex rate deteriorated further to ₱61.23/US$1.00 in June 30, 2026 from ₱58.81/US$1.00 in December 31, 2025. ₱/S$ forex rate further weakened to ₱47.37/S$1.00 from ₱45.82/S$1.00.

	Foreign exchange rates	
	USD to ₱	**SGD to ₱**
December 31, 2025	USD1.00 to ₱58.81	SGD1.00 to ₱45.82
June 30, 2026	USD1.00 to ₱61.23	SGD1.00 to ₱47.37

Total Comprehensive Income (Loss)

For the first six months of 2026, total comprehensive loss widened to ₱21.82 million, up 18% from ₱18.52 million, in the first half of 2025.

Financial Position

As of June 30, 2026, compared to December 31, 2025.

Assets

Cash

As of June 30, 2026, the Group's consolidated cash stood at ₱73.20 million, representing an increase of ₱41.05 million, or 128%, from ₱32.15 million as of December 31, 2025. The increase was primarily attributable to ₱16.84 million in proceeds from the sale of the Group's investment in SDI and ₱20.00 million from deposit for future stock subscription, partly offset by the ₱7.50 million payment of stockholder advances. The Group also generated ₱12.60 million in net cash from operating activities during the first half, further strengthening its cash position.

Accounts and Other Receivables

The Group's consolidated accounts and other receivables amounted to ₱29.52 million and ₱20.03 million as of June 30, 2026, and December 31, 2025, respectively. The increase of ₱9.50 million was attributed to the increase of trade receivables. Out of the consolidated accounts and other receivables, 92% or ₱27.03 million pertains to trade receivables – net.

Contract Assets

As of June 30, 2026, the Group's consolidated contract assets decreased by 9% or ₱3.19 million, from ₱37.45 million as of December 31, 2025, to ₱34.26 million. Additional contract assets for the period were mostly from enterprise services. If the Company 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.

Other Current Assets

As of June 30, 2026, the Group's consolidated other current assets totaled ₱40.59 million, an increase of ₱15.49 million or 62% from its previous level on December 31, 2025 of ₱25.10 million. The increase in this account was caused by higher prepaid expenses of AllCare allotted to fund its clients' health benefit plans and will eventually be charged to expense upon their utilization.

Noncurrent Assets Held for Sale

In 2025, the Group reclassified its investment in and advances to its associate, SDI, as noncurrent assets held for sale following management's commitment to a plan to sell its interest in SDI, in accordance with PFRS 5. The sale was completed during the first quarter of 2026 following the execution of the Share Purchase Agreement. Consequently, noncurrent assets held for sale decreased from ₱16.84 million as of December 31, 2025 to nil as of June 30, 2026 upon the completion of the transaction in March 2026.

Financial assets at FVOCI

This account pertains to quoted and unquoted equity investments in Club Punta Fuego and Zowdow Inc. As of June 30, 2026, 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, 2025, which both amounted to ₱1.10 million.

Property and Equipment

The Group's consolidated property and equipment was ₱0.57 million on June 30, 2026, vis-à-vis ₱0.86 million as of December 31, 2025. Acquisitions during the six-month period ended June 30, 2026 amounted to ₱0.23 million. Retirement and disposals for the half year amounted to ₱5,950 while depreciation expense amounted to ₱0.52 million for the six-month periods ended June 30, 2026.

Right-of-use (ROU) Asset

Right-of-use asset as of June 30, 2026 and December 31, 2025 amounted to ₱0.75 million and ₱1.32 million, respectively. Depreciation expense recognized amounted to ₱0.57 million for the first half of 2026.

Intangible Assets

As of June 30, 2026, intangible assets amounted to ₱45.82 million which decreased from December 31, 2025, balance of ₱45.95 million. The components are goodwill and developed software as of end of 1H2026.

- 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 June 30, 2026, 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 June 30, 2026, net book value of developed software was ₱0.23 million. Amortization of developed software for the six-month period ended June 30, 2026, amounted to ₱0.13 million.

Other Noncurrent Assets

Other noncurrent assets amounted to ₱37.54 million as of June 30, 2026, slightly higher than the ₱35.92 million figure posted as of December 31, 2025.

Liabilities

Accounts and Other Payables

As of June 30, 2026, the Group's consolidated accounts and other payables amounted to ₱486.19 million, up by 7% or ₱29.86 million from ₱456.33 million as of December 31, 2025. The increase was mainly due to higher accrued expenses from the growth in AllCare's third-party service costs and higher constructive obligations and financial liabilities of ODX arising from translation adjustments. These increases were partially offset by lower trade payables and amounts payable to related parties.

Advances from Stockholders

This account pertains to the loan agreement entered by the Parent Company with one of its founders amounting to ₱39.48 million. The decrease was brought about by foreign exchange revaluation of the loan which is denominated in US Dollar.

Loans Payable

The Group recorded ₱26.23 million and ₱26.18 million in current loans on June 30, 2026 and as of December 31, 2025, respectively. This is mainly attributable to the loans of Storm and Seer which are interest-bearing and short-term. Payment during the period amounted to ₱0.05 million while additions comprised of interest accretions and surcharges amounted to ₱0.09 million.

Contract Liabilities

The Group's consolidated contract liabilities as of June 30, 2026, amounted to ₱55.77 million, an increase of 84% from the December 31, 2025, figure of ₱30.37 million. Contract liabilities are collections from customers under business solutions and other services which have not qualified for revenue recognition.

Lease Liability

The changes in this account were primarily due to the recognition of interest accretion amounting to ₱38,365 and lease payments of ₱0.61 million during the period. As of June 30, 2026, the current and noncurrent portions of the lease liability amounted to ₱0.81 million and nil, respectively.

Pension Liability

The accrued pension of the Group was at ₱19.34 million as of June 30, 2026, which was unchanged from its levels on December 31, 2025.

Capital Deficiency

Total Capital Deficiency

The Group recorded a total capital deficiency of ₱364.47 million as of June 30, 2026, representing a marginal 0.50% increase from ₱362.66 million as of December 31, 2025. The increase was primarily attributable to the higher total comprehensive loss recognized during the period, which was offset by the ₱20.00 million deposit for future stock subscription.

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.

Cashflows

In PhP Millions	For the six-month periods ended June 30	
	2026	2025
	Amount	Amount
Net cash provided by (used in) Operating Activities	12.60	(30.49)
Net cash provided by Investing Activities	16.62	26.42
Net cash provided by (used in) Financing Activities	11.84	(0.63)
Effect of foreign currency exchange changes in cash	-	0.07
Net increase (decrease) in cash	41.05	(4.62)
Cash at beginning of period	32.15	32.31
Cash at end of period	**73.20**	**27.69**

Cash Flows from Operating Activities

For the first half of 2026, the Group recorded a ₱12.11 million operating loss before changes in working capital. Changes in working capital, primarily the increase in receivables, other assets and contract assets, together with the decrease in contract liabilities and accounts and other payables, resulted in ₱13.31 million in net cash generated from operations. After considering interest received, interest expense, and income taxes paid, net cash provided by operating activities amounted to ₱12.60 million.

Cash Flows from Investing Activities

The Group's consolidated cash flows provided by investing activities for the first half of 2026 was ₱16.62 million compared to ₱26.42 million used in the same period of 2025. This comprises proceeds from noncurrent assets held for sale amounting to ₱16.84 million and acquisition of property and equipment amounting to ₱0.23 million.

Cash Flows from Financing Activities

The cash flow provided by financing activities for the first half of 2026 was ₱11.84 million mainly from the deposit for future stock subscription amounting to ₱20.00 million, partly reduced by the settlement of advances from stockholders amounting to ₱7.50 million, and payments of loans and lease liability amounting to ₱0.66 million.

Capital Expenditure

The Group's capital expenditures for the six-month period ended June 30, 2026, and the year ended December 31, 2025, amounted to ₱0.23 million and ₱0.34 million, respectively.

Key Financial Data In PhP Millions	June 30, 2026 Additions	December 31, 2025 Additions
Office Equipment	0.06	0.01
IT Equipment	0.18	0.33
	0.23	**0.34**

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		As of and for the six-month periods ended June 30		As of and for the year ended December 31, 2025
		2026	2025	
Liquidity Ratios				
	Current Ratio	**29%**	29%	24%
	Quick Ratio	**23%**	20%	16%
Asset-to-Equity Ratio		**(124%)**	1,355%	(104%)
Profitability Ratios				
	Net Loss Margin	**(15%)**	(15%)	(117%)
	Gross Margin	**33%**	38%	35%
	Operating Margin	**(9%)**	(9%)	(112%)
	Return on Total Assets	**(6%)**	(4%)	(76%)
	Return on Equity	**7%**	(35%)	314%
Debt Ratios				
	Debt-to-Equity Ratio	**-2.94x**	17.21x	(2.77x)
	Interest Coverage Ratio	**(5.38x)**	(7.75x)	(63.79x)

Liquidity Ratios

Current ratio as of June 30, 2026 and December 31, 2025 was 29% and 24%, respectively. Meanwhile, quick ratio was at 23% and 16% as of June 30, 2026 and December 31, 2025, respectively. Liquidity ratios generally improved mainly due to increase in cash and receivables of the Group.

Asset-to-Equity Ratio

Asset-to-equity ratio dropped from 104% as of December 31, 2025 to 124% on June 30, 2026 due to increase in assets and increase in capital deficiency attributable to equity holders of the Company for the period.

Profitability Ratios

Net loss margin and operating loss margin generally remained stable at (15%) and (9%), respectively. Gross margin dropped to 33% in 2026 from 38% in the same period in 2025 primarily due to the decline in total revenues. Return on asset also slightly declined due to growth in current assets relative to the Company's net loss. Return on equity shifted from (35%) in 2025 to 7% in 2026, although the positive ratio does not indicate improved profitability, as both net income and shareholders' equity were negative in 2026.

Debt Ratio

Debt-to-equity on June 30, 2026, further deteriorated to (2.94x) from (2.77x) as of December 31, 2025 mainly due to the increase in current liabilities. Meanwhile, the interest coverage ratio as of June 30, 2026 slightly improved to (5.38x) in the first half of 2026 from (7.75x) in the same period of 2025, mainly due to the improvement in the Company's earnings before interest and taxes.

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 $\frac{\text{Current assets – Other current assets}}{}$

		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 any 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 2025 compared with 2024

Key Financial Data In PhP Millions	For the years ended December 31					
	2025		2024		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Revenues						
Mobile consumer services	0.09	0%	21.85	12%	(21.76)	(100%)
Enterprise services	123.39	59%	106.10	58%	17.29	16%
Other services	85.76	41%	55.76	30%	30.00	54%
Total Revenues	**209.23**	**100%**	**183.70**	**100%**	**25.53**	**14%**
Cost of Services	135.94	65%	136.81	74%	(0.88)	(1%)
Gross Profit	**73.29**	**35%**	**46.89**	**26%**	**26.40**	**56%**
General and Administrative Expenses	333.05	159%	164.75	90%	168.29	102%
Equity in Net Losses of Associates	5.22	3%	7.96	4%	(2.74)	(34%)
Finance Costs - net	3.69	2%	2.55	1%	1.14	45%
Other Charges (Income) - net	(27.96)	(12%)	4.98	3%	32.94	(661%)
Loss Before Income Tax	**(240.71)**	**(115%)**	**(133.35)**	**(73%)**	**107.36**	**81%**
Provision for Income Tax	1.84	1%	1.64	1%	0.20	12%
Net Loss	**(242.54)**	**(116%)**	**(134.99)**	**(73%)**	**107.55**	**80%**
Other Comprehensive Income (Loss)	(19.12)	(9%)	12.06	7%	(31.18)	259%
Total Comprehensive Income (Loss)	**(261.66)**	**(125%)**	**(122.93)**	**(67%)**	**138.74**	**(113%)**

	Dec. 31, 2025 Amount	Dec. 31, 2024 Amount	Amount Change	% Increase (Decrease)
Total Assets	216.73	426.43	(209.70)	(49%)
Total Liabilities	579.38	528.15	51.23	10%
Total Capital Deficiency	(362.66)	(101.72)	260.93	257%

The Group's total revenue in 2025 was ₱209.23 million, a 14% increase from results in 2024. Majority of the revenue was driven by enterprise services which generated ₱123.39 million or 59% of the total revenue. This was followed by other services which generated ₱85.76 million (41% of total revenues) in 2025.

The blended cost of services was almost the same at ₱136.81 million in 2024 versus ₱135.94 million in 2025. This caused the gross margin on total revenues to go up by 56% from a gross profit of ₱46.89 million in 2024 to a gross profit of ₱73.29 million in 2025. The gross profit margins were increased from 26% in 2024 to 35% in 2025.

General and administrative expenses (GAEX) increased by 102%, from ₱164.75 million in 2024 to ₱333.05 million in 2025. The increase was primarily caused by the recognition of impairment loss of MBL and SDI amounting to ₱153.59 million and ₱22.50 million, respectively. Excluding the provision for impairment losses and balance sheet cleanup, operating expenses under GAEX actually decreased by 5% 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 ₱5.22 million for the year ended December 31, 2025, a 34% decrease from equity in net losses of associates in 2024.

Finance Costs-net recognized for the year 2025 is ₱3.69 million, 45% higher than the ₱2.55 million net finance costs recorded in 2024, which is primarily due to the decrease in interest income. Conversely, the Company was able to record income of ₱27.96 million of "Other charges– net", an improvement of 661% vis-à-vis the ₱4.98 million other charges – net incurred in the same period of 2024. This shift was

primarily due to the miscellaneous income recorded from the recovery of impaired advances to an associate, balance sheet cleanup and a net foreign exchange gain in 2025.

By the end of 2025, the Company generated a ₱240.71 million pre-tax loss, ₱242.54 million net loss and ₱261.66 million total comprehensive loss after recognizing ₱19.12 million in other comprehensive loss arising mainly from impairment loss and changes in foreign exchange rates as of December 31, 2025.

Consolidated total assets decreased from ₱426.43 million as of December 31, 2024 to ₱216.73 million as of December 31, 2025 mainly due to the full impairment of investments in associates and the decrease in year-end receivables.

Consolidated total liabilities increased by 10% from ₱528.15 million as of December 31, 2024 to ₱579.38 million as of December 31, 2025 due to increase in accounts and other payables, advances from stockholders and lease liabilities.

Lastly, consolidated capital went down to a negative ₱362.66 million as of December 31, 2025, from a negative equity of ₱101.72 million in 2024 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, 2025 amounted to ₱2.52 million or 1.20% of the consolidated revenues which resulted in gross profit of ₱0.06 million.

Segment Financial Performance

For the year ended December 31, 2025 (in Php Millions)	Mobile Consumer Services	Enterprise Services	Other Services	Intersegment Adjustments	Consolidated
Service income	0.09	160.32	85.76	(36.94)	209.23
Revenue from sale of goods	-	-	-	-	-
Total Service Revenues	**0.09**	**160.32**	**85.76**	**(36.94)**	**209.23**
Operating expenses	**46.38**	**491.32**	**85.71**	**(154.42)**	**468.99**
Equity in net losses of associates	-	-	-	5.22	5.22
Finance costs and other charges - net	(2.81)	(10.95)	(11.23)	0.72	(24.27)
Total Expenses (Other Income) - net	43.57	480.36	74.48	(148.47)	449.94
Operating Loss	**(43.48)**	**(320.04)**	**11.28**	**111.54**	**(240.71)**
Provision for income tax	**-**	**(1.36)**	**(0.47)**	**-**	**(1.84)**
Net Loss	**(43.48)**	**(321.40)**	**10.81**	**111.54**	**(242.54)**

Xurpas Group operates under mobile consumer services, enterprise services and other services segments. Prior to eliminations, for the year ended December 31, 2025, the enterprise services generated the majority of the total revenues amounting to ₱160.32 million. This is followed by other services which amounted to ₱85.76 million revenues of Storm's subsidiary, AllCare.

Prior to eliminations, enterprise service and mobile consumer services incurred net losses amounting to ₱321.40 million and ₱43.48 million, respectively. Other services ended with a net income of ₱10.81 million.

Profitability

For the year ended December 31, 2025, compared with the year ended December 31, 2024.

Revenues

The consolidated revenues of the Group for the year ended December 31, 2025, amounted to ₱209.23 million, an increase of 14% from ₱183.70 million of the previous year.

Segment	Description	Subsidiaries
Enterprise services	Revenues derived from a combination of software development, information technology (IT) staff augmentation, business solutions, and AI consultancy services.	• 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.	• 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					
	2025		2024		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Revenues						
Enterprise services	123.39	59%	106.10	58%	17.29	16%
Mobile consumer services	0.09	0%	21.85	12%	(21.76)	(100%)
Other services	85.76	41%	55.76	30%	30.00	54%
Total Revenues	**209.23**	**100%**	**183.70**	**100%**	**25.53**	**14%**

As of December 31, 2025, enterprise services generated the most revenue at ₱123.39 million or 59% of total revenues. This is 16% (or ₱17.29 million) higher compared to 2024 revenues of ₱106.10 million. On the other hand, revenues generated from other services, which accounts for 41% of company revenues, went up by 54% (or ₱30.00 million), from ₱55.76 million in 2024 to ₱85.76 million in 2025. This is due to the ongoing expansion of AllCare. Mobile consumer services decreased by 100%, from ₱21.85 million in 2024 to ₱0.09 million in 2025. The decline reflects the Company's strategic shift toward expanding enterprise services, with the mobile consumer segment remaining an opportunistic business.

The different segments of the enterprise services and their respective contribution to revenues are shown below:

In PhP Millions	For the years ended December 31					
	2025		2024		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Enterprise Services						
IT staff augmentation	38.89	32%	44.30	42%	(5.42)	(12%)
Custom software development	47.39	38%	47.81	45%	(0.42)	(1%)
Business solutions	20.27	16%	7.90	7%	12.38	157%
XAIL	3.70	3%	3.94	4%	(0.24)	(6%)
Web 3.0 services	-	0%	1.20	1%	(1.20)	(100%)
Others	13.14	11%	0.95	1%	12.19	1,286%
Total Enterprise Services	**123.39**	**100%**	**106.10**	**100%**	**17.29**	**16%**

There was a 12% (or ₱5.42 million) decline in IT staff augmentation revenues, and a 1% decrease (or ₱0.42 million) in custom software development. Conversely, business solutions increased by 157% (or ₱12.38 million). The AI services revenues under XAIL slightly decreased by 6% from ₱3.94 million in 2024 to ₱3.70 million in 2025. Management fees amounted to ₱13.14 million in 2025, a significant increase from the previous year. Revenue from Web 3.0 Services was nil during the period, compared to ₱1.20 million in 2024.

Expenses

In PhP Millions	For the years ended December 31					
	2025		2024		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Expenses						
Cost of Services	135.94	29%	136.81	45%	(0.88)	(1%)
General and Administrative Expenses	333.05	71%	164.75	55%	168.29	102%
Total Expenses	**468.99**	**100%**	**301.57**	**100%**	**167.42**	**56%**

The Group's consolidated expenses during the year ended December 31, 2025 amounted to ₱468.99 million, a 56% increase from the same period of the previous year at ₱301.57 million caused by the increase in general and administrative expenses by 102% from ₱164.75 million to ₱333.05 million. The increase was primarily caused by the recognition of impairment loss of MBL and SDI amounting to ₱153.59 million and ₱22.50 million, respectively. Without such one-off expenses, total expenses would have decreased by 3%.

Cost of Services

In PhP Millions	For the years ended December 31					
	2025		2024		Amount Change	% Increase (Decrease)
	Amount	%	Amount	%		
Cost of Services						
Outside services	60.88	45%	39.35	29%	21.53	55%
Salaries, wages and employee benefits	58.48	43%	63.33	46%	(4.85)	(8%)
Consultancy fees	4.32	3%	0.78	1%	3.54	454%
Outsourced services	3.67	3%	28.00	20%	(24.33)	(87%)
Commission	2.62	2%	1.19	1%	1.43	120%
Web hosting	2.46	2%	3.05	2%	(0.59)	(19%)
Others	3.50	3%	1.11	1%	2.40	216%
Total Expenses	**135.94**	**100%**	**136.81**	**100%**	**(0.88)**	**(1%)**

The cost of services minimally decreased in 2025, to ₱135.94 million from ₱136.81 million in 2024. In 2025, the decline was primarily driven by an 87% reduction in outsourced services, from ₱28.00 million in 2024 to ₱3.67 million in 2025, mostly related to SMS digital rewards for mobile consumer services which generated no revenues in 2025. Salaries and employee benefits, which accounted for 43% of total cost of services, also decreased by 8%, to ₱58.48 million from the prior-year period, reflecting the Group's efforts to optimize resource allocation and utilization.

These decreases were partially offset by increases in outside services, which rose by 55% from ₱39.35 million in 2024 to ₱60.88 million in 2025, consistent with the growth in other services revenues, and consultancy fees, which increased by 454% from ₱0.78 million to ₱4.32 million due to higher engagement of external service providers. Commission and other expenses likewise grew by 120% and 216%, respectively, while web hosting declined by 19% in 2025.

General and Administrative Expenses (GAEX)

In PhP Millions	For the years ended December 31					
	2025		2024		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
General and Administrative Expenses						
Provision for impairment loss	208.24	63%	33.28	20%	174.96	526%
Salaries, wages and employee benefits	87.75	26%	93.97	57%	(6.21)	(7%)
Professional fees	9.79	3%	9.89	6%	(0.10)	(1%)
Dues and subscription	6.83	2%	7.05	4%	(0.22)	(3%)
Depreciation and amortization expense	2.61	1%	2.95	2%	(0.34)	(12%)
Others	17.83	5%	17.62	11%	0.21	1%
Total Expenses	**333.05**	**100%**	**164.75**	**100%**	**168.29**	**102%**

General and administrative expenses (GAEX) relating to the Group's operations, for the year 2025, amounted to ₱333.05 million, higher by 102% compared to previous year's level of ₱164.75 million. The increase was primarily driven by the provision for impairment loss, which surged to ₱208.24 million from ₱33.28 million in 2024, representing 526% increase in the total GAEX. This one-off, non-cash transaction was the main contributor to the overall rise in expenses.

Meanwhile, several accounts recorded decreases. Salaries, wages, and employee benefits, which comprised 26% of GAEX, declined by 7% to ₱87.75 million in 2025 from ₱93.97 million in the prior year, reflecting cost-cutting initiatives and reduced manpower. Depreciation and amortization decreased by 12% from ₱2.95 million in 2024 to ₱2.61 million in 2025, while Dues and subscriptions fell by 3% from ₱7.05 million in 2024 to ₱6.83 million in 2025.

Excluding the provision for impairment loss, operating expenses under GAEX actually decreased by 5%, from ₱131.48 million in 2024 to ₱124.81 million in 2025, consistent with management's cost-cutting initiatives.

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, 2025, amounted to ₱5.22 million, 34% decrease compared to the ₱7.96 million share in net losses for the comparable period. Both 9Lives and MicroBenefits incurred losses for the period.

Finance Costs– net

The Company recognized ₱3.69 million of net finance costs in 2025, a 45% increase from the ₱2.55 million net finance costs in 2024. The net increase in finance costs was primarily driven by the 98% decrease in interest income from cash in banks in 2025.

Other Income – net

For the year ended December 31, 2025, the Group recognized other income, net amounting to ₱27.96 million, a 661% improvement from the ₱4.98 million net other charges posted in the same period in 2024. This shift was primarily due to the miscellaneous income recorded from the recovery of impaired advances to an associate, balance sheet cleanup and a net foreign exchange gain in 2025.

Loss before Income Tax

The Group's loss before taxes for the year ended December 31, 2025, resulted in ₱240.71 million. The loss before income tax for the Group increased by 81% from the ₱133.35 million loss before income tax in 2024.

Provision for Income Tax

The Group recognized ₱1.84 million provision for income tax for the year ended December 31, 2025 vis-à-vis the ₱1.64 million provision from income tax in 2024. Provision for income tax mainly pertains to enterprise services segment incurring income tax expense amounting to ₱1.34 million.

Net Loss

The Group posted a consolidated net loss of ₱242.54 million for the year ended December 31, 2025, an increase in net loss of 80% from the previous year's ₱134.99 million loss.

Other Comprehensive Income

In 2024, the Group posted a ₱12.06 million in other comprehensive income. This worsened by 259% to ₱19.12 million comprehensive losses in 2025. 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	
	USD to ₱	**SGD to ₱**
December 31, 2024	USD1.00 to ₱57.85	SGD1.00 to ₱42.69
December 31, 2025	USD1.00 to ₱58.81	SGD1.00 to ₱45.82

Total Comprehensive Loss

For the year ended December 31, 2025, the Group's total comprehensive loss amounted to ₱261.66 million, which increased in relation to the total comprehensive loss of ₱122.93 million for the year ended December 31, 2024.

Financial Position

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

Assets

Cash

The Group's consolidated cash amounted to ₱32.15 million as of December 31, 2025. This is a minimal decrease of 0.50% or ₱0.16 million from the consolidated cash of ₱32.31 million as of December 31, 2024.

Accounts and Other Receivables

The Group's consolidated accounts and other receivables amounted to ₱20.03 million and ₱29.61 million as of December 31, 2025 and 2024, respectively. The decrease was attributed to the ₱6.01 million drop in gross trade receivables primarily due to the impairment of long-outstanding accounts. Out of the consolidated accounts and other receivables, 90% or ₱17.96 million pertains to trade receivables – net.

Contract Assets

The Group's consolidated contract assets increased by ₱8.08 million, from ₱29.37 million as of December 31, 2024 to ₱37.45 million as of December 31, 2025. Additional contract assets for the period were mostly from enterprise services.

Other Current Assets

As of December 31, 2025, the Group's consolidated other current assets totaled ₱25.10 million, an increase of ₱4.95 million or 25% from its previous level on December 31, 2024 of ₱20.15 million. The increase was primarily caused by the increase in deferred input VAT, input VAT, and creditable withholding taxes.

Financial assets at FVOCI

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

Investment in and Advances to Associates, and Noncurrent Assets Held for Sale

As of December 31, 2025, the Group's consolidated investment in and advances to associates decreased from ₱210.14 million as of December 31, 2024, to nil. Movements in this account were caused by (1) Equity in net loss of associates amounting to ₱5.22 million, (2) Loss from cumulative translation adjustment amounting to ₱11.99 million, (3) Full impairment of investment in MicroBenefits amounting to ₱153.59 million, and impairment loss of advances to SDI amounting to ₱22.50 million, (4) Reclassification of investment in and advances to SDI to *Noncurrent Assets Held for Sale* amounting to ₱16.84 million, following management's commitment to a plan to sell its interest in SDI, in accordance with PFRS 5.

Property and Equipment

The Group's consolidated property and equipment was ₱2.08 million as of December 31, 2024, vis-àvis ₱0.86 million as of December 31, 2025. The Group acquired property and equipment amounting to ₱0.34 million as of December 31, 2025 and disposed property and equipment amounting to ₱0.87 million. Depreciation expense amounted to ₱1.49 million and ₱1.92 million for the year ended December 31, 2025, and 2024, respectively.

Right-of-use (ROU) Asset

Right-of-use asset as of December 31, 2025 and 2024 amounted to ₱1.32 million and ₱0.17 million, respectively. In 2025, 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 pertaining to ROU asset amounted to ₱1.11 million for the year ended December 31, 2025.

Intangible Assets

As of December 31, 2025, intangible assets amounted to ₱45.95 million which decreased from the ₱73.80 million balance as of December 31, 2024. This is composed of goodwill and developed software.

- 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, 2025, goodwill was at ₱45.58 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, 2025, net book value of developed software was ₱0.36 million. Amortization of developed software for the year ended December 31, 2025 amounted to ₱0.46.
- 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 ₱0.70 million.

Other Noncurrent Assets

Other noncurrent assets amounted to ₱35.92 million as of December 31, 2025 vis-à-vis the ₱27.68 million balance as of December 31, 2024. The increase is primarily caused by the increase of 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 15%, from ₱397.00 million as of December 31, 2024 to ₱456.33 million as of December 31, 2025. The increase was primarily caused by the increase in trade payables, payable to related parties, taxes payable, and accrued expenses.

Advances from Stockholders

This account pertains to the loan agreements entered by the Parent Company amounting to ₱45.76 million and ₱37.52 million as of December 31, 2025 and 2024, respectively. The increase was brought about by 1) additional loans and 2) foreign exchange revaluation of the loan which is denominated in US Dollar.

Loans Payable

The Group recorded ₱26.18 million and ₱38.78 million in current loans as of December 31, 2025 and 2024, respectively. This is mainly attributable to the loans of subsidiaries, Storm and Seer which are interest-bearing and short-term. The decrease was due to principal payments, partly offset by accretion of interest.

Contract Liabilities

The Group's consolidated contract liabilities as of December 31, 2025, amounted to ₱30.37 million, an increase of 20% from the December 31, 2024 figure of ₱25.35 million. The increase in this account pertains mainly to the HMO business of AllCare.

Lease Liability

The Group recognized additional lease liability for its office space in Antel amounting to ₱2.26 million in 2025. Accretion of interest and payments made amounted to ₱0.11 million and ₱1.17 million, respectively.

The current and noncurrent portions of the lease liability as of December 31, 2025 amounted to ₱1.18 million and ₱0.21 million, respectively.

Pension Liability

The accrued pension of the Group amounted to ₱19.34 million and ₱29.31 million as of December 31, 2025 and 2024, respectively. The decline primarily resulted from the settlement of pension liabilities related to employee retirements.

Capital Deficiency

The Group recorded capital deficiency of ₱362.66 million as of December 31, 2025, a 257% worsening compared to the negative equity of ₱101.72 million as of December 31, 2024. This was mainly due to total comprehensive loss incurred in 2025.

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	
	2025	2024
	Amount	Amount
Net cash provided by (used in) Operating Activities	(32.02)	(70.33)
Net cash provided by (used in) Investing Activities	26.45	26.64
Net cash provided by (used in) Financing Activities	6.98	(1.64)
Effect of foreign currency exchange changes in cash	(1.57)	(2.24)
Net increase (decrease) in cash	(0.16)	(47.57)
Cash at beginning of period	32.31	79.89
Cash at end of period	**32.15**	**32.32**

Cash Flows from Operating Activities

In 2025, operating loss before changes in working capital of ₱45.66 million was coupled with the corresponding decrease in working capital resulted in ₱30.23 million net cash used in operations. In consideration of the interest paid and received and income taxes paid, this resulted in a net cash used in operating activities of ₱32.02 million.

Cash Flows from Investing Activities

The Group's consolidated cash flows provided by investing activities for 2025 was ₱26.45 million compared to ₱26.64 million in the same period of 2024. The primary sources of cash flows from investing activities were from the proceeds from the sale of properties and cryptocurrencies (₱26.62 million).

Cash Flows from Financing Activities

The cash flow provided by financing activities as of 2025 was ₱6.98 million which increased from net cash used in 2024 amounting to ₱1.64 million. For 2025, this is only composed of payments to loans payable amounting to ₱0.08 million, payment of the principal portion of lease liabilities amounting to ₱1.17 million, and advances from shareholders amounting to ₱7.50 million.

Capital Expenditure

The Group's capital expenditures for the year ended December 31, 2025 and 2024 amounted to ₱2.60 million and ₱0.10 million, respectively.

Key Financial Data **In PhP Millions**	**December 31, 2025 Additions**	**December 31, 2024 Additions**
Right-of-use Assets	2.26	-
Developed software	-	-
Office Equipment	0.01	0.03
IT Equipment	0.33	0.03
Leasehold improvements	-	0.04
	2.60	**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 years ended December 31	
	2025	2024
Liquidity Ratios		
Current Ratio	**24%**	25%
Quick Ratio	**19%**	18%
Asset-to-Equity Ratio	**(104%)**	796%
Profitability Ratios		
Net Loss Margin	**(117%)**	(72%)
Gross Margin	**35%**	26%
Operating Margin	**(112%)**	(69%)
Return on Total Assets	**(76%)**	(28%)
Return on Equity	**314%**	(117%)
Debt Ratios		
Debt-to-Equity Ratio	**-2.77x**	9.86x
Interest Coverage Ratio	**(64.3x)**	(33.94x)

Liquidity Ratios

Current ratio and quick ratio for the year ended December 31, 2025, were 24% and 19%, respectively. Current ratio in 2024 was 25% while quick ratio was at 18%.

Asset-to-Equity Ratio

There is a decrease in the asset-to-equity ratio from 796% as of December 31, 2024, to (104%) as of December 31, 2025. This decline was primarily due to the significant reduction in equity attributable to equity holders of the Parent Company, resulting in a deficit position in 2025.

Profitability Ratios

For the year ended December 31, 2025, the Group recorded higher net loss attributable to equity holders of Xurpas Inc. amounting to ₱244.36 million which resulted in higher net loss margin, operating loss margin, negative return on total assets and positive return on equity of (117%), (112%), (76%) and 314%, respectively. The positive return on equity ratio does not indicate improved profitability, as both net income and shareholders' equity were negative in 2025. Gross margin increased to 35% in 2025 from the 26% gross margin in 2024 due to the decrease in cost of services for the year.

Debt Ratios

Debt to equity ratio on December 31, 2025 decreased to 2.77x from 9.86x as of December 31, 2024. The decrease in the gearing ratio was attributed to the negative equity as of December 31, 2025. Interest coverage ratio for the year 2025, was at negative 64.30x compared to negative 33.94x in 2024 reflecting the higher loss before income tax during the year.

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 any 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 2024 compared with 2023

Key Financial Data In PhP Millions	For the years ended December 31					
	2024		2023		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
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 to go 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 in gross profit of ₱4.66 million.

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 boosts brand interaction and drives 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 ₱285.06 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 in ₱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 by 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-àvis ₱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

	For the years ended December 31	
	2024	2023
In PhP Millions	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 in 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 in 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	
3. Net income ratio	Net income attributable to Parent Company / Service income + Sale of goods
4. Gross margin	(Service income + Sale of goods) – (Cost of services + Cost of goods sold) / Service income + Sale of goods
5. Operating margin	Earnings before interest, tax, depreciation and amortization / Service income + Sale of goods
6. Return on total assets	Net income attributable to Parent Company / Average total assets

7.	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 any 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		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	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 in 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 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	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 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	% Increase
	Amount	Percentage	Amount	Percentage	Change	(Decrease)
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 in ₱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 Income

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-àvis ₱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 personnel 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

In PhP Millions	For the years ended December 31	
	2023	2022
	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 in 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 in 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	
3. Net income ratio	Net income attributable to Parent Company / Service income + Sale of goods
4. Gross margin	(Service income + Sale of goods) – (Cost of services + Cost of goods sold) / Service income + Sale of goods
5. Operating margin	Earnings before interest, tax, depreciation and amortization / Service income + Sale of goods
6. Return on total assets	Net income attributable to Parent Company / Average total assets
7. 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 any 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:

	Equity Interest
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%
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 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 realworld business problems and unlock opportunities to gain lasting strategic advantage.

For the year ended December 31, 2025, the Company's total revenue and net loss from its enterprise business before intersegment adjustments were ₱160.32 million and ₱321.59 million, respectively, while total revenue and net loss before intersegment adjustments from its enterprise business were ₱137.87 million and ₱139.72 million, respectively, for the year ended December 31, 2024.

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

Mobile Consumer Services

The Company creates and develops mobile marketing and advertising solutions, either directly or through third party suppliers.

For the year ended December 31, 2025, the Company's total revenue and net loss from its mobile consumer products business before intersegment adjustments were ₱85,000 and ₱43.48 million. The significant net loss was primarily attributable to the balance sheet cleanup undertaken during the year. Total revenue and net income before intersegment adjustments from its mobile consumer products business for the year ended December 31, 2024 amounted ₱21.85 million and ₱5.79 million, respectively.

Other Services

AllCare, offers benefits packages which includes: comprehensive healthcare coverage (HMO, life insurance, APE); preventive & wellness programs (wellness rewards, mental health); everyday health benefits (dental, optical, medicine discounts); and digital healthcare access (telemedicine, member app). AllCare's packages are designed to cater to small teams and freelancers, not addressed by the bigger HMO companies.

For the year ended December 31, 2025, the Company's total revenue and net income from its other services before intersegment adjustments were ₱85.76 million and ₱10.99 million, respectively. While for the year ended December 31, 2024, the Company's total revenue and net loss before intersegment adjustments from its other services were ₱55.76 million and ₱3.97 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, 2025. Likewise, the Company has not engaged in any further activity relating to blockchain technology, for other clients.

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.

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.

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.

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.

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; and electronic gaming, except gambling. The Company held a VAS License issued by the NTC valid until January 3, 2026, pursuant to which the Company was authorized to engage in all of the foregoing value-added services.

Xurpas Enterprise Inc. (XEI), wholly owned by Xurpas Inc., is registered with the Department of Labor and Employment (DOLE) Department Order No. 174 — enabling XEI to legally operate as a legitimate

contractor or subcontractor in the Philippines. In practical terms, a DOLE 174 registration allows a company to: provide workers or services to client companies ("principals"); enter into contracting or subcontracting arrangements; deploy its own employees to perform specific jobs or services for clients; operate as an independent service contractor rather than merely a labor supplier; and bid for projects that require proof of DOLE compliance. This certificate of registration supports XEI's activities in IT or technical support outsourcing and project-based staffing. The certificate of registration was renewed in March 22, 2026 and is valid until March 21, 2028; subject for renewal every two (2) years.

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, 2025, 2024, and 2023, the Corporation recorded additions to developed software amounting to nil in 2025 and 2024, and ₱1.12 million in 2023. which corresponds to 0% to 1% of consolidated revenues. See Note 11 of the Corporation's Consolidated Financial Statements as of December 31, 2025 for the roll forward of developed software owned by the Corporation.

Costs and Effects of Compliance with Environmental Laws

The Company ensures that it complies with existing environmental laws and regulations, as may be applicable.

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, 2025:

Executives	4
Accounting, Finance, Human Resources, Legal and Administration	8
Sales	5
Recruitment	3
Talent Management	4
Marketing	3
Technical Staff	11
Total	**38**

As of December 31, 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.

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.

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 valueadded 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-one percent (51%) of the Company's revenues can be attributed to 16 of its major clients in 2025. 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, adapts to evolving demands, and maintains 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.

- *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 invested in and 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 President 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 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.

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.

As of December 31, 2025, the Group has office equipment, IT equipment, furniture and fixtures and leasehold improvements with a net book value of ₱0.86 million that are situated in the leased offices held by the Group.

Xurpas also owns intangible assets amounting to ₱45.95 million as of December 31, 2025. These includes goodwill and developed software.

There was no property and equipment pledged as collateral as at December 31, 2025.

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 of the Corporation:

Directors	Nationality	Position	Age	Year Position was Assumed
Fernando Jude F. Garcia	Filipino	Executive Director (Chairman, Treasurer and Chief Technology Officer)	52	2001
Alexander D. Corpuz	Filipino	Executive Director (Chief Finance Officer and Chief Information Officer)	59	2019
Jose Vicente T. Colayco	Filipino	Executive Director (Chief Operating Officer)	56	2025
Wilfredo O. Racaza	Filipino	Non-Executive Director	77	2001
Jonathan Gerard A. Gurango	Filipino	Non-Executive Director	68	2026[4]
Jonathan Jack R. Madrid	Filipino	Independent Director	65	2025
Dante M. Briones	Filipino	Independent Director	61	2026
Deanna Faye B. Dalisay	Filipino	Independent Director	46	2026

The table below sets forth the Company's executive officers in addition to its executive directors listed above:

Name	Nationality	Position	Age	Year Position was Assumed
Mark S. Gorriceta	Filipino	Corporate Secretary, Chief Legal Officer and Chief Compliance Officer	48	2014

Background Information

Fernando Jude F. Garcia, Filipino, 52, is the current Chairman of Xurpas. He has also served as Chief Technology Officer and Director of the Corporation since November 2001 and was appointed Treasurer effective February 1, 2019. He previously served as Corporate Secretary of the Corporation until December 2014.

Mr. Garcia is a co-founder of Xurpas and has played a key role in the design and development of the Corporation's technology platforms and systems. He created the Corporation's Griffin Platform, a mobile consumer content gateway and platform supporting its mobile consumer products and services,

as well as a modular middleware system designed to integrate with various telecommunications and billing platforms.

As Chief Technology Officer, he has been responsible for the Corporation's software architecture, systems integration, and cloud-based infrastructure. His areas of technical expertise and experience include enterprise software development, ERPNext and enterprise resource planning systems, data engineering, data science and advanced analytics, cloud computing, systems integration, video streaming, and blockchain technologies. Before founding Xurpas, Mr. Garcia worked as a software developer at iAyala.

Mr. Garcia holds a Bachelor of Science degree in Applied Physics from the University of the Philippines Diliman and a Master in Data Science degree from the Asian Institute of Management, which he completed in 2025.

Alexander D. Corpuz, Filipino, 59, 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 36 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 Director/Treasurer of the Educhild Foundation Inc.

Jose Vicente T. Colayco, Filipino, 56, 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 comanaging 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, 77, 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).

Jonathan Gerard A. Gurango, Filipino, 68, was an independent director of the Corporation in 2014. He was likewise the Chairman of the Board and the Chief Executive Officer of the Corporation in 2022. He is currently a non-executive director of Xurpas.

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. He 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 technology start-ups and was President of the Philippine Software Industry Association until 2014.

Mr. Gurango currently serves as a Trustee of the Analytics & AI Association of the Philippines and the Reformed Christ Heritage Baptist Church Inc. He is the Chairman of the Capiz ICT Council, SERVIO Technologies, Digital Business Training Center Inc., OfficeGuru.ph, and the Mijares-Gurango Craniofacial Foundation. He also serves as an independent director of the Templetech Corporation and Tonik Digital Bank Inc.

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.

Jonathan Jack R. Madrid, Filipino, 65, serves as an Independent Director for Xurpas, having been appointed on February 11, 2025. Mr. Madrid is a seasoned business leader with over 30 years of executive experience in strategy, digital innovation, and business transformation across various industries in Southeast Asia and Canada.
In addition to serving as Independent Director for Xurpas, he also currently serves as the President and CEO of the IT and Business Process Association of the Philippines (IBPAP), the flagship trade association representing the country's IT-BPM industry. Prior to his role at IBPAP, Mr. Madrid held senior leadership positions at Citicorp, Ayala Corporation, Dell, Yahoo! and MTV Asia.

Dante M. Briones, Filipino, 61, is an Independent Director of Xurpas Inc. He is currently the Chairman and Chief Executive Officer of Sasonbi, Inc., a leading solar photovoltaic systems integrator. He is concurrently an Independent Director of Treasure Island Industrial Corporation and a Board Member of Oronax Development Corporation. He served as an Independent Director of Torre Lorenzo Development Corporation from September 2020 to May 2023 and as a Board Member of MDI Corporation from 2017 to 2020. He was the President and Chief Executive Officer and a member of the Board of Directors of ABM Global Solutions (formerly BayanTrade) from 2001 to 2011. He is a Teaching Fellow of the Institute of Corporate Directors. He was a member of the faculty of the UP Diliman College of Engineering and of various other universities. He is a Professional Industrial Engineer and a Lifetime Member of the Management Association of the Philippines and of the UP Alumni Association. He was a founding Board member of the UPIE Alumni Association, Vice President and member of the Board of Trustees of the UP Engineering Research and Development Foundation, and Vice President of the UP Alumni Engineers. Mr. Briones holds a Master of Science degree in Mathematics from Northern Illinois University in De Kalb, Illinois and a Bachelor of Science degree in Industrial Engineering, Cum Laude, from the University of the Philippines in Diliman, Quezon City.

Deanne B. Dalisay, Filipino, 46, is an Independent Director for Xurpas Inc. She is currently Country Head of Talentfront, a global gig work and upskilling platform, and a Product Builder at The Lab, where since 2025 she has led product and operations initiatives for BGov and other digital public infrastructure programs. She handled Brand Strategy and Special Projects for DigiPlus Interactive's ArenaPlus from 2024 to 2025, and served as Vice President for Operations of KonsultaMD, the AC Health and 917 Ventures-backed telehealth platform, from 2023 to 2024. From 2020 to 2023, she was Senior Vice President for Operations and for Kumu Play at Kumu, where she led the platform's scaling from approximately 60 to 300 employees. She was previously Head of Product of Everlounge / Aggregated Fun Ltd., an international iGaming operator. She also served

the Corporation as Head of Games and concurrently as General Manager of PinoyExchange.com from 2014 to 2018.

Mark S. Gorriceta, Filipino, 48, as served as the Corporate Secretary and Chief Legal Officer of the Corporation since 2014. He was appointed Interim Chief Compliance Officer in 2025, having previously served as the Corporation's Chief Compliance Officer from 2018 to October 12, 2022.

Atty. Gorriceta has been engaged in the practice of law for 22 years and serves as legal counsel to several publicly listed companies, as well as their subsidiaries and affiliates. He likewise serves as Chief Legal Counsel and/or Corporate Secretary of several companies in the Philippines.

He is the Chairman and Managing Partner of Gorriceta Africa Cauton & Saavedra, one of the Philippines' leading law firms. A member of the Philippine Bar, Mark holds a Juris Doctor degree with honors and a Bachelor of Arts degree in Political Science from the Ateneo de Manila University. He has completed executive and certificate programs in corporate finance at the Asian Institute of Management and has attended certificate courses in corporate finance at Harvard University.

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.

On May 13, 2026, the Board approved the issuance of 200,000,000 common shares to Mr. Fernando Jude F. Garcia at a subscription price of ₱0.10 (based on par value). The shares were recorded in the Company's Stock and Transfer Book on August 28, 2026. The transaction shall form part of the agenda for the 2026 Annual Stockholders' Meeting, wherein the Board shall secure stockholders approval on this matter.

See Note 19 of the Corporation's Consolidated Financial Statements as of December 31, 2025 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 28.35% of the Corporation's issued and outstanding shares as of date. He was previously the Chairman and Non-Executive Director .

Mr. Fernando Jude F. Garcia owns 28.18% of the Corporation's issued and outstanding shares. He is the Corporation's Chairman, Treasurer and Chief Technology Officer.

Mr. Raymond Gerard S. Racaza owns 13.85% 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., Mr. Jonathan Juan DC Moreno, Ms. Imelda C. Tiongson and Mr. Christopher P. Monterola resigned as Independent Directors in 2025. Mr. Philip Kwa likewise resigned as Independent Director in 2026.

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 ₱) of Xurpas shares in the PSE:

	High	**Low**
2026		
3rd Quarter (to date)	0.26	0.17
2nd Quarter	0.25	0.22
1st Quarter	0.25	0.228
2025		
4th Quarter	0.275	0.167
3rd Quarter	0.241	0.170
2nd Quarter	0.240	0.171
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, August 28, 2026, is at 0.198 per share.

B. Holders

There are 29 registered holders of common shares, as of August 28, 2026:

	Stockholder's Name	Number of Shares	Percentage to Total	Nationality
1.	PCD Nominee Corp. (Filipino)	567,686,081	20.92	Filipino
2.	PCD Nominee Corp. (Non-Filipino)	233,535,722	8.61	Others
3.	Nico Jose S. Nolledo	730,213,914	26.91	Filipino
4.	Raymond Gerard S. Racaza	375,765,960	13.85	Filipino
5.	Fernando Jude F. Garcia	564,803,840 200,000,000	20.81 7.37	Filipino
6.	Jonathan Gerard A. Gurango	1,192,499	0.04	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.	Jose Vicente T. Colayco	10,000	Nil	Filipino
11.	Jonathan Jack R. Madrid	10,000	Nil	Filipino
12.	Dante M. Briones	10,000	Nil	Filipino
13.	Deanna Faye B. Dalisay	10,000	Nil	Filipino
14.	Eden International Holdings Pte. Ltd.	39,169,763	1.44	Non-Filipino
15.	Rafael Jay P. Ramores	423,000	0.02	Filipino
16.	Roseller Artacho Mendoza	300,000	0.01	Filipino
17.	Emilie Grace S. Nolledo	251,889	0.01	Filipino
18.	Oscar Li Chaochuy Jr.	100,000	Nil	Filipino
19.	Philina Roselle G. Mendoza	100,000	Nil	Filipino
20.	Aquilina V. Redo	6,500	Nil	Filipino
21.	Rogina C. Guda	6,000	Nil	Filipino
22.	Dahlia C. Aspillera	2,900	Nil	Filipino
23.	Roberto B. Redo	1,000	Nil	Filipino
24.	Shareholders' Association of the Philippines	1,000	Nil	Filipino
25.	Dondi Ron R. Limgenco	111	Nil	Filipino
26.	Marietta V. Cabreza	100	Nil	Filipino
27.	Milagros P. Villanueva	100	Nil	Filipino
28.	Myra P. Villanueva	100	Nil	Filipino
29.	Myrna P. Villanueva	100	Nil	Filipino
30.	Philip &/or Elnora Turner	99	Nil	British-Indian
31.	Alvin D. Lao	10	Nil	Filipino
32.	Owen Nathaniel S. AUITF: Li Marcus Au	3	Nil	Filipino
33.	Joselito T. Bautista	1	Nil	Filipino
	Total	**2,713,603,812**	**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, 2022, December 31, 2023, December 31, 2024 and December 31, 2025.

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 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.

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 ₱0.10 per share ("**Subscription Price**") to the following:

Wavemaker Subscribers	No. of Shares	Par Value	Subscription Price (₱)
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 Holdings, LLC	305,058,953	₱ 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 ₱)**
Fernando Jude F. Garcia	₱56,918,964.22
Nico Jose S. Nolledo	79,601,662.12
Total	**₱136,520,626.35**

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 ₱0.30 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**").

f) Subscription by Mr. Fernando Jude F. Garcia

On May 13, 2026, the Corporation's board of directors approved the issuance and listing of 200,000,000 common shares from its authorized capital stock in favor of Mr. Fernando Jude F. Garcia at a subscription price of ₱0.10 per share (par value).

The corresponding shares were recorded in the Company's Stock and Transfer Book, and accordingly issued to Mr. Garcia on August 28, 2026. The Subscription Shares was taken from the Corporation's unissued authorized capital stock.

Description of the Subscription Shares

The Corporation issued new common shares to Mr. Garcia from the unissued authorized capital stock. There are no special rights attached to the shares issued to the Subscriber. Similar to all other holders of common shares, each holder of common share shall be entitled to such dividends as may be declared by the Board and on the basis of the outstanding stock held by them. The Board is authorized to declare

dividends that shall be declared and paid out of the Corporation's unrestricted retained earnings. A cash dividend declaration does not require any further approval from the stockholders. A stock dividend approval shall require the further approval of the stockholders representing at least 2/3 of the Corporation's outstanding capital stock.

Each common share entitles the holders to one vote. At each meeting of the stockholders, each stockholder entitled to vote on a particular question or matter involved shall be entitled to vote for each share of stock standing in his name in the books of the Corporation as of record date. Voting shall be in accordance with the voting procedure described below.

Under the Corporation's articles of incorporation, holders of common stock have waived their preemptive right.

Transaction

The total subscription price is at ₱20,000,000.00 and has been fully received by the Corporation as of date. The transaction is also subject to the approval of the shareholders and the Philippine Stock Exchange.

The proceeds will be used for the Company's general corporate purposes and working capital requirements.

The Subscription Shares are being offered and sold within the Philippines as an exempt transaction in reliance on Section 10.1(e) and 10.1(k) 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
2025	**₱4,909,250**	**₱–**	**₱–**
2024	4,484,500	–	–

The services rendered cover the audit of the financial statements and supplementary schedules for submission to the SEC. No non-audit fees were incurred in 2025 or 2024.

The audit fees for 2026 are estimated to be at ₱5.40 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

Given the resignation of the Corporation's Compliance Officer in 2025, the Corporation has appointed its Corporate Secretary and Chief Legal Officer to be its interim Compliance Officer. The Compliance Officer 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 three (3) independent directors as of the date hereof.

Strengthen Corporate Governance Compliance

The Board and its Committees remain committed to strengthening the Corporation's adherence to the principles and practices of good corporate governance. The Corporation periodically reviews its policies and guidelines to ensure continuing compliance with its Manual on Corporate Governance and with the circulars and memoranda issued by the Securities and Exchange Commission and the Philippine Stock Exchange. There has been no material deviation from the Manual on Corporate Governance during the past year.

The following measures have been undertaken as of the date of this Information Statement:

- **Board and director performance evaluation.** The Corporation has conducted an annual assessment and performance evaluation of the Board, its Committees and the individual directors for each year from 2022 to 2025. The 2025 evaluation was facilitated by an independent third party. Given the changes in the composition of the Board during 2025 and 2026, the results of the recent evaluation may not fully reflect the performance of the Board as presently constituted.
- **Committee meetings.** The Committees meet regularly to monitor compliance with the Corporation's policies. The record of attendance at Committee meetings is set out in Item 5 of this Information Statement.
- **Strategic planning.** The Board and Management conducted the Corporation's strategic planning session for 2026, covering the Corporation's short-term and long-term direction.

- **Executive sessions with the external auditor.** The Audit Committee meets with the 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, 2025**

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** 6. [ ] (SEC Use Only)
Province, Country or other jurisdiction of incorporation or organization
Industry Classification Code:

7. **Unit 804 Antel 2000 Corporate Center, 121 Valero St. Salcedo Village, Makati City** **1227**
Address of principal office 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	**2,513,603,812**

As of December 31, 2024, 31.92% 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 **2,513,603,812** common shares are listed in the Philippine Stock Exchange as of December 31, 2025.

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, 2025 amounted to Php199,001,592.45. The price used for this computation is the closing price as December 29, 2025 which is at Php0.2480.

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.

TABLE OF CONTENTS

PART I	**BUSINESS AND GENERAL INFORMATION**
Item 1	Business
Item 2	Properties
Item 3	Legal Proceedings
Item 4	Submission of Matters to a Vote of Security Holders
PART II	**OPERATIONAL AND FINANCIAL INFORMATION**
Item 5	Market for Registrant's Common Equity and Related Stockholder Matters
Item 6	Management's Discussion and Analysis or Plan of Operations
Item 7	Financial Statements and Supplementary Schedules
Item 8	Changes in and Disagreements with Accountants on Accounting and Financial Disclosures
PART III	**CONTROL AND COMPENSATION INFORMATION**
Item 9	Directors and Executive Officers of the Registrant
Item 10	Executive Compensation
Item 11	Security Ownership of Certain Beneficial Owners and Management
Item 12	Certain Relationships and Related Transactions
PART IV	**CORPORATE GOVERNANCE**
Item 13	Corporate Governance
PART V	**EXHIBITS AND SCHEDULES**
Item 14	Exhibits
	Reports on SEC Form 17-C (Current Report)

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

INDEX TO EXHIBITS

SIGNATURES

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, 2025

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. Until 2025, clients included Hooq and Viu. Xurpas sold its 49% interest in SDI in January 2026.

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, landing a few clients in 2024 and 2025.

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, 2025 and 2024 are as follows:

	Percentage of Voting Interest	
	2025	**2024**
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.

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

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, 2025, the Company's total revenue and net loss from its enterprise business before intersegment adjustments were ₱160.32 million and ₱321.59 million, respectively, while total revenue and net loss before intersegment adjustments from its enterprise business were ₱137.87 million and ₱139.72 million, respectively, for the year ended December 31, 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 marketing and advertising solutions, either directly or through third party suppliers.

For the year ended December 31, 2025, the Company's total revenue and net loss from its mobile consumer products business before intersegment adjustments were ₱85,000 and ₱43.48 million. The significant net loss was primarily attributable to the balance sheet cleanup undertaken during the year. Total revenue and net income before intersegment adjustments from its mobile consumer products business for the year ended December 31, 2024 amounted ₱21.85 million and ₱5.79 million, respectively.

Other Services

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, 2025, the Company's total revenue and net income from its other services before intersegment adjustments were ₱85.76 million and ₱10.99 million, respectively. While for the year ended December 31, 2024, the Company's total revenue and net loss before intersegment adjustments from its other services were ₱55.76 million and ₱3.97 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, 2025.

In 2024, the Company's activities related to blockchain technology were limited. To date, the Company has not engaged in any further activity relating to blockchain technology.

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.

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 16 of its major clients in 2025. 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.

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 invested in and 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 68.03% 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 seven (7) board seats, only one (1) board seat is occupied by the controlling shareholders (or their affiliates). Currently, only one (1) founder holds an executive director position. Accordingly, this 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 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, 2025.

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. All Xurpas shares issued as of December 31, 2025 have been duly listed with the Philippine Stock Exchange.

In May 25, 2026, the Company's founder, Mr. Fernando Jude F. Garcia, subscribed to new Xurpas Shares at a subscription price of Ten Centavos (₱0.10) per share, or an aggregate subscription price of ₱20 million.

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.

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.

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.

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; and electronic gaming, except gambling. The Company held a VAS License issued by the NTC valid until January 3, 2026, pursuant to which the Company was authorized to engage in all of the foregoing value-added services.

Xurpas Enterprise Inc. (XEI), wholly owned by Xurpas Inc., is registered with the Department of Labor and Employment (DOLE) Department Order No. 174 — enabling XEI to legally operate as a legitimate contractor or subcontractor in the Philippines. In practical terms, a DOLE 174 registration allows a company to: provide workers or services to client companies ("principals"); enter into contracting or subcontracting arrangements; deploy its own employees to perform specific jobs or services for clients; operate as an independent service contractor rather than merely a labor supplier; and bid for projects that require proof of DOLE compliance. This certificate of registration supports XEI's activities in IT or technical support outsourcing and project-based staffing. The certificate of registration was renewed in March 22, 2026 and is valid until March 21, 2028; subject for renewal every two (2) years.

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, 2025:

Executives	4
Accounting, Finance, Human Resources, Legal and Administration	8
Sales	5
Recruitment	3
Talent Management	4
Marketing	3
Technical Staff	11
Total	**38**

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 2026, Xurpas Group continues to position itself for long-term growth by strengthening its capabilities in custom software development, IT staff augmentation, digital business solutions, and artificial intelligence. The continued acceleration of digital transformation initiatives among enterprises, SMEs, and government institutions across the Philippines and the broader Asia-Pacific region is expected to sustain demand for technology-enabled business solutions. The Company remains focused on leveraging the Philippines' strong position as a competitive IT and outsourcing hub, supported by a highly skilled workforce and growing demand for digital modernization services.

Aligned with its strategic direction, the Group remains focused on: (i) maintaining its geographical presence internationally; (ii) streamlining operations and strengthening marketing initiatives through digital platforms; (iii) developing scalable enterprise software solutions for SMEs and large corporations; and (iv) enhancing innovation initiatives through artificial intelligence, data science, and automation technologies.

1. Custom Software Development: Demand for customized digital platforms and enterprise applications is expected to remain strong as organizations continue investing in modernization, automation, and customer engagement technologies. Xurpas intends to capitalize on these trends by enhancing its software engineering capabilities and offering flexible, industry-specific solutions tailored to evolving client requirements. The increasing adoption of cloud-based systems, data integration, and AI-assisted applications is also expected to support demand for the Group's custom development services.

2. IT Staff Augmentation: Global demand for skilled technology professionals continues to outpace supply in many markets, supporting the outlook for IT staff augmentation services. Xurpas expects this segment to benefit from sustained requirements for software developers, cloud specialists, cybersecurity professionals, data analysts, and AI-related talent. Through its

international expansion initiatives, the Group aims to broaden its client base and strengthen recurring revenue opportunities from offshore engagements.

3. Digital Business Solutions: Xurpas continues to target the underserved SME market by offering affordable and scalable business solutions that support digital transformation initiatives. Through Xurpas Software, Inc., the Group aims to provide enterprise resource planning (ERP), finance, operations, customer management, and productivity solutions designed to meet the operational needs of local and regional businesses. The Company believes that SMEs will continue increasing investments in technology platforms that improve efficiency, compliance, analytics, and decision-making capabilities.

4. Artificial Intelligence: Artificial intelligence continues to emerge as a major growth driver across industries, with increasing adoption of AI-powered analytics, automation, and decision-support systems. Through Xurpas AI Lab (XAIL), the Group plans to expand its offerings in AI consulting, machine learning, data science, and intelligent automation solutions. XAIL is expected to support businesses seeking practical AI applications that improve operational efficiency, customer experience, and business insights. The growing enterprise focus on generative AI and data-driven transformation is expected to create additional opportunities for the Group.

Product Development and Innovation:

Xurpas continues to invest in the development of AI-enabled and cloud-based products designed to address operational gaps in the SME and enterprise software market. The Company aims to integrate automation, predictive analytics, and intelligent workflow capabilities into its evolving suite of business applications. Management believes these initiatives will enhance competitiveness and create new recurring revenue opportunities over the medium term.

Operational Efficiency and Cost Management
The Group will continue implementing cost optimization and operational efficiency initiatives to improve financial sustainability. Xurpas remains focused on prudent management of overhead expenses, including facilities, utilities, travel, and administrative costs. Flexible and hybrid work arrangements continue to provide opportunities for operational savings while supporting employee productivity and workforce retention. Overall, management remains cautiously optimistic regarding the Company's growth prospects as digital transformation, outsourcing demand, and artificial intelligence adoption continue to reshape the technology sector both locally and internationally.

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, 2025, the Group has office equipment, IT equipment, furniture and fixtures and leasehold improvements with a net book value of ₱0.86 million that are situated in the leased offices held by the Group.

Xurpas also owns intangible assets amounting to ₱45.95 million as of December 31, 2025. These includes goodwill and developed software.

There was no property and equipment pledged as collateral as at December 31, 2025.

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 13, 2025 wherein the following matters were acted upon:

Agenda 1: Review and approval of Minutes of the Previous Meeting held on August 7, 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 August 7, 2024."

Agenda 2: Approval of Audited Financial Statements for the Year 2024
Approved by: 100% of those present in the meeting
Resolution: "**RESOLVED,** that the stockholders of Xurpas Inc. approve the 2024 Audited Financial Statements of the Company and its subsidiaries

Agenda 3: Amendment of By-Laws
Approved by: 100% of those present in the meeting
Resolution: "**RESOLVED,** that the stockholders of Xurpas Inc. approve the amendment of the Corporation's By-Laws to: Two-thirds (2/3) of the number of directors as fixed in the Articles of Incorporation shall constitute a quorum for the transaction of corporate business and every decision

of at least a majority of the directors present at a meeting at which there is a quorum shall be valid as a corporate act, except for the election of officers which shall require the majority of all the members of the Board;

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 By-Laws."

Agenda 4: 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: 1. Jonathan Gerard A. Gurango 2. Alexander D. Corpuz 3. Fernando Jude F. Garcia 4. Wilfredo O. Racaza 5. Jose Vicente T. Colayco 6. Jonathan Jack R. Madrid (Independent Director) 7. Philip Teow Huat Kwa (Independent Director)

Agenda 5: Appointment of External Auditor
Approved by: 100% of those present in the meeting
Resolution: "**RESOLVED,** that the stockholders of Xurpas Inc. approve the appointment of SyCip Gorres Velayo & Co. as the Corporation's External Auditor for the calendar year 2025."

Agenda 6: 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 to 2025, and the first quarter of 2026 are indicated below:

	High	**Low**
2026		
1st Quarter	0.25	0.228
2025		
4th Quarter	0.275	0.167
3rd Quarter	0.241	0.170
2nd Quarter	0.240	0.171
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-2025, based on the closing price of ₱0.2480/share, was approximately Php623 million[2]

The price information of Xurpas' common shares as of the close of the latest practicable trading date, June 1 2026, is at ₱0.230/share.

Holders

There are 33 registered holders of common shares, as of March 31, 2026:

	Stockholder's Name	Number of shares	Percentage to total	Nationality
1.	PCD Nominee Corp. (Filipino)	567,147,539	22.56	Filipino
2.	PCD Nominee Corp. (Non-Filipino)	234,084,264	9.31	Others
3.	Nico Jose S. Nolledo	730,213,914	29.05	Filipino
4.	Raymond Gerard S. Racaza	375,765,960	14.95	Filipino
5.	Fernando Jude F. Garcia	564,803,840	22.47	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.	Eden International Holdings Pte. Ltd.	39,169,763	1.56	Non-Filipino
11.	Teow Huat (Philip) Kwa	10,000	Nil	Non-Filipino
12.	Jack Jonathan R. Madrid	10,000	Nil	Filipino
13.	Jose Vicente T. Colayco	10,000	Nil	Filipino
14.	Rafael Jay P. Ramores	423,000	0.02	Filipino
15.	Roseller Artacho Mendoza	300,000	0.01	Filipino
16.	Emilie Grace S. Nolledo	251,889	0.01	Filipino
17.	Philina Roselle G. Mendoza	100,000	Nil	Filipino
18.	Oscar Li Choachuy Jr.	100,000	Nil	Filipino
19.	Aquilina V. Redo	6,500	0	Filipino
20.	Rogina C. Guda	6,000	0	Filipino
21.	Dahlia C. Aspillera	2,900	0	Filipino
22.	Roberto B. Redo	1,000	0	Filipino
23.	Shareholders' Association of the Philippines	1,000	0	Filipino
24.	Dondi Ron R. Limgenco	111	0	Filipino
25.	Marietta V. Cabreza	100	0	Filipino
26.	Milagros P. Villanueva	100	0	Filipino
27.	Myra P. Villanueva	100	0	Filipino
28.	Myrna P. Villanueva	100	0	Filipino
29.	Philip &/or Elnora Turner	99	0	British-Indian
30.	Alvin D. Lao	10	0	Filipino
31.	Owen Nathaniel S. AUITF: Li Marcus Au	3	0	Filipino
32.	Joselito T. Bautista	1	0	Filipino
	Total	**2,513,803,812**	**100%**	

[2] Xurpas has 2,513,603,812 outstanding common shares as of December 31, 2025.

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 2025. 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.

As of December 31, 2025, the subscription shares have 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.

As of December 31, 2025, the subscription shares have been listed with the Philippine Stock Exchange.

6. Subscription by Mr. Fernando Jude F. Garcia

On May 13, 2026, the Board of Xurpas approved the proposed issuance of Two Hundred Million Subscription Shares to Mr. Fernando Jude F. Garcia at par value for a total subscription price of TWENTY MILLION PHILIPPINE PESOS (Php20,000,000.00). The Board likewise approved the listing of the said Xurpas Shares. Xurpas will seek stockholder ratification of the transaction at its next Annual Stockholders' Meeting. The Subscription Agreement was executed on May 29, 2026.

ITEM 6. Management's Discussion and Analysis or Plan of Operation

Full year 2025 compared with 2024

The technology services industry in 2025 continued to evolve rapidly, driven by advances in artificial intelligence, accelerating digital transformation, and the growing need for organizations to become more agile, data-driven, and customer-centric. Businesses faced increasing pressure to modernize legacy systems, improve operational efficiency, strengthen cybersecurity, and leverage data as a strategic asset. Small and medium enterprises sought cost-effective, modular solutions, while public-sector agencies prioritized data management, workflow automation, and improved service delivery.

These developments increased demand for specialized talent, scalable development capabilities, and trusted technology partners. Artificial intelligence moved beyond experimentation toward enterprise adoption, with organizations seeking practical applications that improve decision-making, automate processes, and enhance customer experiences.

Against this backdrop, Xurpas remained focused on delivering value through its staff augmentation, custom software development, business solutions, and AI and data engineering services. By combining technical expertise with a strong understanding of business needs, the Company helps organizations accelerate digital transformation, optimize operations, and unlock new growth opportunities. As businesses and government agencies continue to invest in modernization and innovation, the Company is well-positioned to support clients in navigating technological change and realizing the benefits of emerging technologies.

For the year ended 2025, total revenues increased by 14% to ₱209.23 million from ₱183.70 million in 2024, driven by a 16% increase in enterprise services revenues and a 57% increase in other services revenues. This growth was achieved despite the absence of revenues from mobile consumer services, which has remained to be an opportunistic business segment. Within enterprise services, revenues from business solutions and management fees increased, while the other segments remained relatively stable.

The Group’s consolidated expenses amounted to ₱468.99 million in 2025, representing a 56% increase from ₱301.57 million in the previous year. The increase was primarily attributable to substantially higher impairment provisions recognized during the year. Excluding these impairment charges, consolidated operating expenses declined by 3%, reflecting the continued effectiveness of management’s cost optimization initiatives. Lower labor costs were particularly evident during 2025.

The Group likewise recognized a share in the losses of its associates in 2025. In addition, foreign exchange movements and other non-operating items further affected the Company’s results.

The Company recorded a pre-tax loss of ₱240.71 million and a net loss of ₱242.54 million for 2025, with other comprehensive loss amounting to ₱19.12 million. The reported bottom line was significantly affected by non-recurring and non-core items, particularly impairment charges, foreign exchange losses, and losses from associates. Excluding the impact of these items, the underlying operating performance of the Group was considerably more resilient, supported by double digit revenue growth, lower recurring operating costs, and continued expense discipline.

Financial Summary

Key Financial Data In PhP Millions	For the years ended December 31					
	2025		2024		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Revenues						
Mobile consumer services	0.09	0%	21.85	12%	(21.76)	(100%)
Enterprise services	123.39	59%	106.10	58%	17.29	16%
Other services	85.76	41%	55.76	30%	30.00	54%
Total Revenues	**209.23**	**100%**	**183.70**	**100%**	**25.53**	**14%**
Cost of Services	135.94	65%	136.81	74%	(0.88)	(1%)
Gross Profit	**73.29**	**35%**	**46.89**	**26%**	**26.40**	**56%**
General and Administrative Expenses	333.05	159%	164.75	90%	168.29	102%
Equity in Net Losses of Associates	5.22	3%	7.96	4%	(2.74)	(34%)
Finance Costs - net	3.69	2%	2.55	1%	1.14	45%
Other Charges (Income) - net	(27.96)	(12%)	4.98	3%	32.94	(661%)
Loss Before Income Tax	**(240.71)**	**(115%)**	**(133.35)**	**(73%)**	**107.36**	**81%**
Provision for Income Tax	1.84	1%	1.64	1%	0.20	12%
Net Loss	**(242.54)**	**(116%)**	**(134.99)**	**(73%)**	**107.55**	**80%**
Other Comprehensive Income (Loss)	(19.12)	(9%)	12.06	7%	(31.18)	259%
Total Comprehensive Income (Loss)	**(261.66)**	**(125%)**	**(122.93)**	**(67%)**	**138.74**	**(113%)**

	Dec. 31, 2025 Amount	Dec. 31, 2024 Amount	Amount Change	% Increase (Decrease)
Total Assets	216.73	426.43	(209.70)	(49%)
Total Liabilities	579.38	528.15	51.23	10%
Total Capital Deficiency	(362.66)	(101.72)	260.93	257%

The Group's total revenue in 2025 was ₱209.23 million, a 14% increase from results in 2024. Majority of the revenue was driven by enterprise services which generated ₱123.39 million or 59% of the total revenue. This was followed by other services which generated ₱85.76 million (41% of total revenues) in 2025.

The blended cost of services was almost the same at ₱136.81 million in 2024 versus ₱135.94 million in 2025. This caused the gross margin on total revenues to go up by 56% from a gross profit of ₱46.89 million in 2024 to a gross profit of ₱73.29 million in 2025. The gross profit margins were increased from 26% in 2024 to 35% in 2025.

General and administrative expenses (GAEX) increased by 102%, from ₱164.75 million in 2024 to ₱333.05 million in 2025. The increase was primarily caused by the recognition of impairment loss of MBL and SDI amounting to ₱153.59 million and ₱22.50 million, respectively. Excluding the provision for impairment losses and balance sheet cleanup, operating expenses under GAEX actually decreased by 5% 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 ₱5.22 million for the year ended December 31, 2025, a 34% decrease from equity in net losses of associates in 2024.

Finance Costs-net recognized for the year 2025 is ₱3.69 million, 45% higher than the ₱2.55 million net finance costs recorded in 2024, which is primarily due to the decrease in interest income. Conversely, the Company was able to record income of ₱27.96 million of "Other charges– net", an improvement of 661% vis-à-vis the ₱4.98 million other charges – net incurred in the same period of 2024. This shift

was primarily due to the miscellaneous income recorded from the recovery of impaired advances to an associate, balance sheet cleanup and a net foreign exchange gain in 2025.

By the end of 2025, the Company generated a ₱240.71 million pre-tax loss, ₱242.54 million net loss and ₱261.66 million total comprehensive loss after recognizing ₱19.12 million in other comprehensive loss arising mainly from impairment loss and changes in foreign exchange rates as of December 31, 2025.

Consolidated total assets decreased from ₱426.43 million as of December 31, 2024 to ₱216.73 million as of December 31, 2025 mainly due to the full impairment of investments in associates and the decrease in year-end receivables.

Consolidated total liabilities increased by 10% from ₱528.15 million as of December 31, 2024 to ₱579.38 million as of December 31, 2025 due to increase in accounts and other payables, advances from stockholders and lease liabilities.

Lastly, consolidated capital went down to a negative ₱362.66 million as of December 31, 2025, from a negative equity of ₱101.72 million in 2024 mainly due to total comprehensive loss recognized for the year.

Segment Financial Performance

For the year ended December 31, 2025 (in Php Millions)	Mobile Consumer Services	Enterprise Services	Other Services	Intersegment Adjustments	Consolidated
Service income	0.09	160.32	85.76	(36.94)	209.23
Revenue from sale of goods	-	-	-	-	-
Total Service Revenues	**0.09**	**160.32**	**85.76**	**(36.94)**	**209.23**
Operating expenses	**46.38**	**491.32**	**85.71**	**(154.42)**	**468.99**
Equity in net losses of associates	-	-	-	5.22	5.22
Finance costs and other charges - net	(2.81)	(10.95)	(11.23)	0.72	(24.27)
Total Expenses (Other Income) - net	43.57	480.36	74.48	(148.47)	449.94
Operating Loss	**(43.48)**	**(320.04)**	**11.28**	**111.54**	**(240.71)**
Provision for income tax	-	**(1.36)**	**(0.47)**	-	**(1.84)**
Net Loss	**(43.48)**	**(321.40)**	**10.81**	**111.54**	**(242.54)**

Xurpas Group operates under mobile consumer services, enterprise services and other services segments. Prior to eliminations, for the year ended December 31, 2025, the enterprise services generated the majority of the total revenues amounting to ₱160.32 million. This is followed by other services which amounted to ₱85.76 million revenues of Storm's subsidiary, AllCare.

Prior to eliminations, enterprise service and mobile consumer services incurred net losses amounting to ₱321.40 million and ₱43.48 million, respectively. Other services ended with a net income of ₱10.81 million.

Profitability

For the year ended December 31, 2025, compared with the year ended December 31, 2024.

Revenues

The consolidated revenues of the Group for the year ended December 31, 2025, amounted to ₱209.23 million, an increase of 14% from ₱183.70 million of the previous year.

Segment	Description	Subsidiaries
Enterprise services	Revenues derived from a combination of software development, information technology (IT) staff augmentation, business solutions, and AI consultancy services.	• 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.	• 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					
	2025		2024		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Revenues						
Enterprise services	123.39	59%	106.10	58%	17.29	16%
Mobile consumer services	0.09	0%	21.85	12%	(21.76)	(100%)
Other services	85.76	41%	55.76	30%	30.00	54%
Total Revenues	**209.23**	**100%**	**183.70**	**100%**	**25.53**	**14%**

As of December 31, 2025, enterprise services generated the most revenue at ₱123.39 million or 59% of total revenues. This is 16% (or ₱17.29 million) higher compared to 2024 revenues of ₱106.10 million. On the other hand, revenues generated from other services, which accounts for 41% of company revenues, went up by 54% (or ₱30.00 million), from ₱55.76 million in 2024 to ₱85.76 million in 2025. This is due to the ongoing expansion of AllCare.

The different segments of the enterprise services and their respective contribution to revenues are shown below:

In PhP Millions	For the years ended December 31					
	2025		2024		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Enterprise Services						
IT staff augmentation	38.89	32%	44.30	42%	(5.42)	(12%)
Custom software development	47.39	38%	47.81	45%	(0.42)	(1%)
Business solutions	20.27	16%	7.90	7%	12.38	157%
XAIL	3.70	3%	3.94	4%	(0.24)	(6%)
Web 3.0 services	-	0%	1.20	1%	(1.20)	(100%)
Others	13.14	11%	0.95	1%	12.19	1,286%
Total Enterprise Services	**123.39**	**100%**	**106.10**	**100%**	**17.29**	**16%**

There was a 12% (or ₱5.42 million) decline in IT staff augmentation revenues, and a 1% decrease (or ₱0.42 million) in custom software development. Conversely, business solutions increased by 157% (or ₱12.38 million). The AI services revenues under XAIL slightly decreased by 6% from ₱3.94 million in 2024 to ₱3.70 million in 2025. Management fees amounted to ₱13.14 million in 2025, a big jump from the previous year.

Expenses

In PhP Millions	For the years ended December 31					
	2025		2024		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Expenses						
Cost of Services	135.94	29%	136.81	45%	(0.88)	(1%)
General and Administrative Expenses	333.05	71%	164.75	55%	168.29	102%
Total Expenses	**468.99**	**100%**	**301.57**	**100%**	**167.42**	**56%**

The Group's consolidated expenses during the year ended December 31, 2025 amounted to ₱468.99 million, a 56% increase from the same period of the previous year at ₱301.57 million caused by the increase in general and administrative expenses by 102% from ₱164.75 million to ₱333.05 million. The increase was primarily caused by the recognition of impairment loss of MBL and SDI amounting to ₱153.59 million and ₱22.50 million, respectively. Without such one-off expenses, total expenses would have decreased by 3%.

Cost of Services

In PhP Millions	For the years ended December 31					
	2025		2024		Amount Change	% Increase (Decrease)
	Amount	%	Amount	%		
Cost of Services						
Outside services	60.88	45%	39.35	29%	21.53	55%
Salaries, wages and employee benefits	58.48	43%	63.33	46%	(4.85)	(8%)
Consultancy fees	4.32	3%	0.78	1%	3.54	454%
Outsourced services	3.67	3%	28.00	20%	(24.33)	(87%)
Commission	2.62	2%	1.19	1%	1.43	120%
Web hosting	2.46	2%	3.05	2%	(0.59)	(19%)
Others	3.50	3%	1.11	1%	2.40	216%
Total Expenses	**135.94**	**100%**	**136.81**	**100%**	**(0.88)**	**(1%)**

The cost of services minimally decreased in 2025, to ₱135.94 million from ₱136.81 million in 2024. In 2025, 43% of cost of services came from salaries and employee benefits at ₱58.48 million and is an 8% 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 increased by 55% from ₱39.35 million in 2024 to ₱60.88 million in 2025, consistent with the increase in other services revenues. Meanwhile, outsourced services

decreased by 87%, from ₱28.00 million in 2024 to ₱3.67 million in 2025. This mostly refers to expenses related to SMS digital rewards for mobile consumer services which had zero revenues for 2025.

General and Administrative Expenses (GAEX)

In PhP Millions	For the years ended December 31					
	2025		2024		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
General and Administrative Expenses						
Provision for impairment loss	208.24	63%	33.28	20%	174.96	526%
Salaries, wages and employee benefits	87.75	26%	93.97	57%	(6.21)	(7%)
Professional fees	9.79	3%	9.89	6%	(0.10)	(1%)
Dues and subscription	6.83	2%	7.05	4%	(0.22)	(3%)
Depreciation and amortization expense	2.61	1%	2.95	2%	(0.34)	(12%)
Others	17.83	5%	17.62	11%	0.21	1%
Total Expenses	**333.05**	**100%**	**164.75**	**100%**	**168.29**	**102%**

General and administrative expenses (GAEx) relating to the Group's operations, for the year 2025, amounted to ₱333.05 million, higher by 102% compared to previous year's level of ₱164.75 million. In 2025, salaries and wages decreased by 7% or ₱6.21 million vis-à-vis same period in 2024 caused by the cost cutting initiatives and decrease of manpower. The increase was primarily caused by the jump in provision for impairment loss, a one-off and non-cash transaction, amounting to ₱200.77 million. Excluding the provision for impairment loss-net, operating expenses under GAEX actually decreased by 5% (from ₱131.48 million in 2024 to ₱124.81 in 2025) million due to cost cutting initiatives by the management.

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, 2025, amounted to ₱5.22 million, 34% decrease compared to the ₱7.96 million share in net losses for the comparable period. Both 9Lives and MicroBenefits incurred losses for the period.

Finance Costs– net

The Company recognized ₱3.69 million of net finance costs in 2025, a 45% increase from the ₱2.55 million net finance costs in 2024. The net increase in finance costs was primarily driven by the 98% decrease in interest income from cash in banks in 2025.

Other Income – net

For the year ended December 31, 2025, the Group recognized other income, net amounting to ₱27.96 million, a 661% improvement from the ₱4.98 million net other charges posted in the same period in 2024. This shift was primarily due to the miscellaneous income recorded from the recovery of impaired advances to an associate, balance sheet cleanup and a net foreign exchange gain in 2025.

Loss before Income Tax

The Group's loss before taxes for the year ended December 31, 2025, resulted to ₱240.71 million. The loss before income tax for the Group increased by 81% from the ₱133.35 million loss before income tax in 2024.

Provision for Income Tax

The Group recognized ₱1.84 million provision for income tax for the year ended December 31, 2025 vis-à-vis the ₱1.64 million provision from income tax in 2024. Provision for income tax mainly pertains to enterprise services segment incurring income tax expense amounting to ₱1.34 million.

Net Loss

The Group posted a consolidated net loss of ₱242.54 million for the year ended December 31, 2025, an increase in net loss of 80% from the previous year's ₱134.99 million loss.

Other Comprehensive Income

In 2024, the Group posted a ₱12.06 million in other comprehensive income. This worsened by 259% to ₱19.12 million comprehensive losses in 2025. 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	
	USD to ₱	**SGD to ₱**
December 31, 2024	USD1.00 to ₱57.85	SGD1.00 to ₱42.69
December 31, 2025	USD1.00 to ₱58.81	SGD1.00 to ₱45.82

Total Comprehensive Loss

For the year ended December 31, 2025, the Group's total comprehensive loss amounted to ₱261.66 million, which increased in relation to the total comprehensive loss of ₱122.93 million for the year ended December 31, 2024.

Financial Position

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

Assets

Cash and cash equivalents

The Group's consolidated cash amounted to ₱32.15 million as of December 31, 2025. This is a minimal decrease of 0.50% or ₱0.16 million from the consolidated cash of ₱32.31 million as of December 31, 2024.

Accounts and Other Receivables

The Group's consolidated accounts and other receivables amounted to ₱20.03 million and ₱29.61 million as of December 31, 2025 and 2024, respectively. The decrease was attributed to the ₱6.01 million drop in gross trade receivables primarily due to the impairment of long-outstanding accounts. Out of the consolidated accounts and other receivables, 90% or ₱17.96 million pertains to trade receivables – net.

Contract Assets

The Group's consolidated contract assets increased by ₱8.08 million, from ₱29.37 million as of December 31, 2024 to ₱37.45 million as of December 31, 2025. Additional contract assets for the period were mostly from enterprise services.

Other Current Assets

As of December 31, 2025, the Group's consolidated other current assets totaled ₱25.10 million, an increase of ₱4.95 million or 25% from its previous level on December 31, 2024 of ₱20.15 million. The increase was primarily caused by the increase in deferred input VAT, input VAT, and creditable withholding taxes.

Financial assets at FVOCI

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

Investment in and Advances to Associates, and Noncurrent Assets Held for Sale

As of December 31, 2025, the Group's consolidated investment in and advances to associates decreased from ₱210.14 million as of December 31, 2024, to nil. Movements in this account were caused by (1) Equity in net loss of associates amounting to ₱5.22 million, (2) Loss from cumulative translation adjustment amounting to ₱11.99 million, (3) Full impairment of investment in MicroBenefits amounting to ₱153.99 million, and impairment loss of advances to SDI amounting to ₱22.50 million, (4) Reclassification of investment in and advances to SDI to *Noncurrent Assets Held for Sale* amounting to ₱16.84 million, following management's commitment to a plan to sell its interest in SDI, in accordance with PFRS 5.

Property and Equipment

The Group's consolidated property and equipment was ₱2.08 million as of December 31, 2024, vis-à-vis ₱0.86 million as of December 31, 2025. The Group acquired property and equipment amounting to ₱0.34 million as of December 31, 2025 and disposed property and equipment amounting to ₱0.87 million. Depreciation expense amounted to ₱1.49 million and ₱1.92 million for the year ended December 31, 2025, and 2024, respectively.

Right-of-use (ROU) Asset

Right-of-use asset as of December 31, 2025 and 2024 amounted to ₱1.32 million and ₱0.17 million, respectively. In 2025, 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 pertaining to ROU asset amounted to ₱1.11 million for the year ended December 31, 2025.

Intangible Assets

As of December 31, 2025, intangible assets amounted to ₱45.95 million which decreased from the ₱73.80 million balance as of December 31, 2024. This is composed of goodwill and developed software.

- 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, 2025, goodwill was at ₱45.58 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, 2025, net book value of developed software was ₱0.36 million. Amortization of developed software for the year ended December 31, 2025 amounted to ₱0.46.
- 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 ₱0.70 million.

Other Noncurrent Assets

Other noncurrent assets amounted to ₱35.92 million as of December 31, 2025 vis-à-vis the ₱27.68 million balance as of December 31, 2024. The increase is primarily caused by the increase of 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 15%, from ₱397.00 million as of December 31, 2024 to ₱456.33 million as of December 31, 2025. The increase was primarily caused by the increase in trade payables, payable to related parties, taxes payable, and accrued expenses.

Advances from Stockholders

This account pertains to the loan agreements entered by the Parent Company amounting to ₱45.76 million and ₱37.52 million as of December 31, 2025 and 2024, respectively. The increase was brought about by 1) additional loans and 2) foreign exchange revaluation of the loan which is denominated in US Dollar.

Loans Payable

The Group recorded ₱26.18 million and ₱38.78 million in current loans as of December 31, 2025 and 2024, respectively. This is mainly attributable to the loans of subsidiaries, Storm and Seer which are interest-bearing and short-term. The decrease was due to principal payments, partly offset by accretion of interest.

Contract Liabilities

The Group's consolidated contract liabilities as of December 31, 2025, amounted to ₱30.37 million, an increase of 20% from the December 31, 2024 figure of ₱25.35 million. The increase in this account pertains mainly to the HMO business of AllCare.

Lease Liability

The Group recognized additional lease liability for its office space in Antel amounting to ₱2.26 million in 2025. Accretion of interest and payments made amounted to ₱0.11 million and ₱1.17 million, respectively.

The current and noncurrent portions of the lease liability as of December 31, 2025 amounted to ₱1.18 million and ₱0.21 million, respectively.

Pension Liability

The accrued pension of the Group amounted to ₱19.34 million and ₱29.31 million as of December 31, 2025 and 2024, respectively. The decline primarily resulted from the settlement of pension liabilities related to employee retirements.

Capital Deficiency

The Group recorded capital deficiency of ₱362.66 million as of December 31, 2025, a 257% worsening compared to the negative equity of ₱101.72 million as of December 31, 2024. This was mainly due to total comprehensive loss incurred in 2025.

Outlook for 2026

Looking ahead to 2026, Xurpas Group continues to position itself for long-term growth by strengthening its capabilities in custom software development, IT staff augmentation, digital business solutions, and artificial intelligence. The continued acceleration of digital transformation initiatives among enterprises, SMEs, and government institutions across the Philippines and the broader Asia-Pacific region is expected to sustain demand for technology-enabled business solutions. The Company remains focused on leveraging the Philippines' strong position as a competitive IT and outsourcing hub, supported by a highly skilled workforce and growing demand for digital modernization services.

Aligned with its strategic direction, the Group remains focused on: (i) maintaining its geographical presence internationally; (ii) streamlining operations and strengthening marketing initiatives through digital platforms; (iii) developing scalable enterprise software solutions for SMEs and large corporations; and (iv) enhancing innovation initiatives through artificial intelligence, data science, and automation technologies.

1. Custom Software Development: Demand for customized digital platforms and enterprise applications is expected to remain strong as organizations continue investing in modernization, automation, and customer engagement technologies. Xurpas intends to capitalize on these trends by enhancing its software engineering capabilities and offering flexible, industry-specific solutions tailored to evolving client requirements. The increasing adoption of cloud-based systems, data integration, and AI-assisted applications is also expected to support demand for the Group's custom development services.

2. IT Staff Augmentation: Global demand for skilled technology professionals continues to outpace supply in many markets, supporting the outlook for IT staff augmentation services. Xurpas expects this segment to benefit from sustained requirements for software developers, cloud specialists, cybersecurity professionals, data analysts, and AI-related talent. Through its international expansion initiatives, the Group aims to broaden its client base and strengthen recurring revenue opportunities from offshore engagements.

3. Digital Business Solutions: Xurpas continues to target the underserved SME market by offering affordable and scalable business solutions that support digital transformation initiatives. Through Xurpas Software, Inc., the Group aims to provide enterprise resource planning (ERP), finance, operations, customer management, and productivity solutions designed to meet the operational needs of local and regional businesses. The Company believes that SMEs will continue increasing investments in technology platforms that improve efficiency, compliance, analytics, and decision-making capabilities.

4. Artificial Intelligence: Artificial intelligence continues to emerge as a major growth driver across industries, with increasing adoption of AI-powered analytics, automation, and decision-support systems. Through Xurpas AI Lab (XAIL), the Group plans to expand its offerings in AI consulting, machine learning, data science, and intelligent automation solutions. XAIL is expected to support businesses seeking practical AI applications that improve operational efficiency, customer experience, and business insights. The growing enterprise focus on generative AI and data-driven transformation is expected to create additional opportunities for the Group.

Product Development and Innovation:

Xurpas continues to invest in the development of AI-enabled and cloud-based products designed to address operational gaps in the SME and enterprise software market. The Company aims to integrate automation, predictive analytics, and intelligent workflow capabilities into its evolving suite of business

applications. Management believes these initiatives will enhance competitiveness and create new recurring revenue opportunities over the medium term.

Operational Efficiency and Cost Management

The Group will continue implementing cost optimization and operational efficiency initiatives to improve financial sustainability. Xurpas remains focused on prudent management of overhead expenses, including facilities, utilities, travel, and administrative costs. Flexible and hybrid work arrangements continue to provide opportunities for operational savings while supporting employee productivity and workforce retention. Overall, management remains cautiously optimistic regarding the Company's growth prospects as digital transformation, outsourcing demand, and artificial intelligence adoption continue to reshape the technology sector both locally and internationally.

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	
	2025	2024
	Amount	Amount
Net cash provided by (used in) Operating Activities	(32.02)	(70.33)
Net cash provided by (used in) Investing Activities	26.45	26.64
Net cash provided by (used in) Financing Activities	6.98	(1.64)
Effect of foreign currency exchange changes in cash	(1.57)	(2.24)
Net increase (decrease) in cash	(0.16)	(47.57)
Cash at beginning of period	32.31	79.89
Cash at end of period	**32.15**	**32.32**

Cash Flows from Operating Activities

In 2025, operating loss before changes in working capital of ₱45.66 million was coupled with the corresponding decrease in working capital resulted in ₱30.23 million net cash used in operations. In consideration of the interest paid and received and income taxes paid, this resulted to a net cash used in operating activities of ₱32.02 million.

Cash Flows from Investing Activities

The Group's consolidated cash flows provided by investing activities for 2025 was ₱26.45 million compared to ₱26.64 million in the same period of 2024. The primary sources of cash flows from investing activities were from the proceeds from the sale of properties and cryptocurrencies (₱26.62 million).

Cash Flows from Financing Activities

The cash flow provided by financing activities as of 2025 was ₱6.98 million which increased from net cash used in 2024 amounting to ₱1.64 million. For 2025, this is only composed of payments to loans

payable amounting to ₱0.08 million, payment of the principal portion of lease liabilities amounting to ₱1.17 million, and advances from shareholders amounting to ₱7.50 million.

Capital Expenditure

The Group's capital expenditures for the year ended December 31, 2025 and 2024 amounted to ₱2.60 million and ₱0.10 million, respectively.

Key Financial Data **In PhP Millions**	**December 31, 2025 Additions**	**December 31, 2024 Additions**
Right-of-use Assets	2.26	-
Developed software	-	-
Office Equipment	0.01	0.03
IT Equipment	0.33	0.03
Leasehold improvements	-	0.04
	2.60	**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 years ended December 31	
	2025	2024
Liquidity Ratios		
Current Ratio	**24%**	25%
Quick Ratio	**19%**	18%
Asset-to-Equity Ratio	**(104%)**	796%
Profitability Ratios		
Net Loss Margin	**(117%)**	(72%)
Gross Margin	**35%**	26%
Operating Margin	**(112%)**	(69%)
Return on Total Assets	**(76%)**	(28%)
Return on Equity	**314%**	(117%)
Debt Ratios		
Debt-to-Equity Ratio	**-2.77x**	9.86x
Interest Coverage Ratio	**(64.3x)**	(33.94x)

Liquidity Ratios

Current ratio and quick ratio for the year ended December 31, 2025, were 24% and 19%, respectively. Current ratio in 2024 was 25% while quick ratio was at 18%.

Asset-to-Equity Ratio

There is a decrease in the asset-to-equity ratio from 796% as of December 31, 2024, to (104%) as of December 31, 2025. This decline was primarily due to the significant reduction in equity attributable to equity holders of the Parent Company, resulting in a deficit position in 2025.

Profitability Ratios

For the year ended December 31, 2025, the Group recorded higher net loss attributable to equity holders of Xurpas Inc. amounting to ₱244.36 million which resulted to higher net loss margin, operating margin, negative return on total assets and positive return on equity of (117%), (112%), (76%) and 314%, respectively. Gross margin increased to 35% in 2025 from the 26% gross margin in 2024 due to the decrease in cost of services for the year.

Debt Ratios

Debt to equity ratio on December 31, 2025 decreased to 2.77x from 9.86x as of December 31, 2024. The decrease in the gearing ratio was attributed to the negative equity as of December 31, 2025. Interest coverage ratio for the year 2025, was at negative 64.30x compared to negative 33.94x in 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

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 2024 compared with 2023

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		2023		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
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

7. 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.

8. 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.

9. 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.

10. 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) 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

	For the years ended December 31	
	2024	2023
In PhP Millions	**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	
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 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.

5. 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.

6. 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 work-from-home (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	
11. Net income ratio	Net income attributable to Parent Company / Service income + Sale of goods
12. Gross margin	(Service income + Sale of goods) – (Cost of services + Cost of goods sold) / Service income + Sale of goods
13. Operating margin	Earnings before interest, tax, depreciation and amortization / Service income + Sale of goods
14. Return on total assets	Net income attributable to Parent Company / Average total assets
15. Return on total equity	Net income attributable to Parent Company / Average total equity attributable to the Parent Company

Other Disclosures:

xv. 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.

xvi. 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.

xvii. 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.

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

xix. 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.

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

xxi. 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, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023 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 ₱4.91 million and ₱4.48 million for 2025 and 2024, respectively. The audit fees for 2026 are estimated to be at ₱5.40 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[3].

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, 2025, the composition of the Company's Board is as follows:

Name	Age	Citizenship	Position	Date/Year Position was Assumed
Jonathan Gerard A. Gurango	68	Filipino	Director and Chairman	June 6, 2022
Alexander D. Corpuz	59	Filipino	Director, President, Chief Information Officer and Chief Finance Officer	February 1, 2019
Fernando Jude F. Garcia	52	Filipino	Director, Treasurer and Chief Technology Officer	November 26, 2001
Wilfredo O. Racaza	77	Filipino	Director	November 26, 2001
Jose Vicente T. Colayco	56	Filipino	Director and Chief Operating Officer	August 13, 2025
Jonathan Jack R. Madrid	65	Filipino	Independent Director	February 11, 2025
Teow Hat (Philip Kwa)	61	Singaporean	Independent Director	August 13, 2025

Each of the Company's directors was elected to the Board during the Company's annual stockholders' meeting held on August 13, 2025. 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, 2025:

Name	Age	Citizenship	Position
Mark S. Gorriceta	48	Filipino	Corporate Secretary, Chief Compliance Officer and Chief Legal 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, 68, 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, 59, 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, 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, 52, 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. He obtained his Masters in Data Management from the Asian Institute of Management, Makati City.

Wilfredo O. Racaza, Filipino, 77, 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).

Jose Vicente T. Colayco, 56, Filipino, 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.

Jonathan Jack R. Madrid, Filipino, 65, 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).[4]

Philip Teow Huat Kwa, Singaporean, 61, was appointed as Clinical Professor and Academic Program Director of the Master in Cybersecurity program at the Asian Institute of Management (AIM) in Makati City. He has extensive experience in the fields of cybersecurity, information technology, and innovation, having held senior leadership positions in both the private and public sectors. He served as Chief Executive Officer of Cyber Test Systems Pte Ltd; Chief Financial Officer, Chief Information Officer, and Data Protection Officer of FSM Technologies Pte Ltd; and Deputy Head at Quan Singapore. He was also formerly Sales Director of ST Electronics (Info-Security) and Airwatch (VMware EUC), Vice President for ASEAN Sales and Consulting at Integralis (NTT Security), and Sales and Marketing Director at Hitachi Asia. Professor Kwa holds a Master of Business Administration from the University of Hull, a Bachelor of Arts in Finance and Accounting from the University of Western Australia, a Master of Science in Security by Design (Operational Technology) from the Singapore University of Technology and Design, and a Postgraduate Diploma in Knowledge Engineering from the National University of Singapore Institute of System Science. He is a Certified Information Systems Security Professional (CISSP), Certified Information Security Manager (CISM), Chartered Accountant (Singapore), Project Management Professional (PMP), Fellow of the Singapore Computer Society (FSCS), and Fellow of the Institute of Corporate Directors (FICD). He also holds certifications from the Singapore Institute of Directors (SID) and other regional cybersecurity and governance institutions. In addition to his academic role at AIM, Professor Kwa has served as an adjunct lecturer at Singapore Polytechnic and as Independent Non-Executive Director and Audit Chair at INZIGN Pte Ltd. He has published peer-reviewed research articles on cybersecurity risk assessment and supply chain optimization, and has delivered industry talks on cybersecurity governance and awareness in various professional and academic forums.

Mark S. Gorriceta, Filipino, 48, 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. He was re-appointed as Chief Compliance Officer in 2025. 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.

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.

[4] Mr. Madrid was appointed as Independent Director of Xurpas effective February 11, 2025.

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 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	2026 (Projected)	₱9,137,191.00	N/A	N/A	₱9,137,191.00
	2025	₱17,211,430.00	N/A	N/A	₱17,211,430.00
	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, 2026, 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)	29.05%
Common	**Raymond Gerard S. Racaza** Principal Shareholder	Raymond Gerard S. Racaza	Filipino	375,765,960 (Direct)	14.95%
Common	**Fernando Jude F. Garcia** Director, Chief Technology Officer, Treasurer, Principal Shareholder	Fernando Jude F. Garcia	Filipino	564,803,840 (Direct)	22.47%
Common	**PCD Nominee Corp.**	PCD participants acting for themselves and for their customers[5]	Filipino	567,147,539 (Direct)	22.56%
Common	**PCD Nominee Corp.**	PCD participants acting for themselves and for their customers[6]	Non-Filipino	234,084,264 (Direct)	9.31%

[5] 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.
[6] Id.

As of March 31, 2026, 9.31% of the outstanding shares of the Company are held by non-Filipino.

Security ownership of directors and management as of March 31, 2026

As of March 31, 2026, 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	**Jose Vicente T. Colayco** Director and Chief Operating Officer	Filipino	10,000 (Direct)	Nil
Common	**Jonathan Jack R. Madrid** Independent Director	Filipino	10,000 (Direct)	Nil
Common	**Teow Huat (Philip) Kwa** Independent Director	Singaporean	10,000	Nil
Total (Directors and Officers as a Group)			**566,028,399**	**22.52%**

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.

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.[7]

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.

[7] 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, 2025
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)	227,665,757	Php
Direct economic value distributed:		
a. Operating costs	77,457,343	Php
b. Employee wages and benefits	146,233,071	Php
c. Payments to suppliers, other operating costs	259,793,961	Php
d. Dividends given to stockholders and interest payments to loan providers	3,715,205	Php
e. Taxes given to government	2,130,501	Php
f. Investments to community (e.g. donations, CSR)	–	Php
Direct economic value retained:	(261,664,324)	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 continued acceleration of digital transformation initiatives among enterprises, SMEs, and government institutions across the Philippines is expected to sustain demand for technology-enabled business solutions.		The Company remains focused on leveraging the Philippines' strong position as a competitive IT and outsourcing hub, supported by a highly skilled workforce and growing demand for digital modernization services. The Company continues to position itself for long-term growth by strengthening its capabilities in custom software development, IT staff augmentation, digital business solutions, and artificial intelligence.

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)	13,125.00	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). A 4-day on-site work week has been set up for those who regularly go to the office.
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	58.00	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	–	

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 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.	Not Applicable	Not Applicable
What are the Risk/s Identified?		
No risk identified since the Company's office is not located near protected areas of areas of high biodiversity.		
What are the Opportunity/ies Identified?		
No identifiable opportunity in relation to impact/involvement to the ecosystem and areas of high biodiversity.		

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

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 have a direct contribution to the emission of greenhouse gases in the environment. Nevertheless, it strives to work towards sustainable development.	Not Applicable	Not Applicable
What are the Risk/s Identified?		
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.		
What are the Opportunity/ies Identified?		
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.		

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

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 air pollutant into the environment. Nevertheless, it strives to work towards sustainable development.	Not Applicable	Not Applicable
What are the Risk/s Identified?		
No identifiable risks since the Company is engaged in software development and does not contribute air pollutants.		
What are the Opportunity/ies Identified?		
No identifiable opportunities since the Company is engaged in software development and does not contribute air pollutants.		

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	-	kg
Reusable	-	kg
Recyclable	-	kg
Composted	-	kg
Incinerated	-	kg
Residuals/Landfilled	-	kg

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 solid waste into the environment. Nevertheless, it strives to work towards sustainable development.	Not Applicable	Not Applicable
What are the Risk/s Identified?		
No identifiable risks since the Company is engaged in software development and does not contribute solid waste into the environment.		
What are the Opportunity/ies Identified?		
No identifiable opportunities since the Company is engaged in software development and does not contribute solid waste into the environment.		

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	–	kg
Total weight of hazardous waste transported	–	kg

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 hazardous waste 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 waste since the Company is engaged in software development.		
What are the Opportunity/ies Identified?		
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.		

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	43	#
b. Number of male employees	72	#
Attrition rate	20	%
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	22	13
PhilHealth	Y	10	10
Pag-ibig	Y	9	13
Parental leaves	Y	1	2
Vacation leaves	Y	37	63
Sick leaves	Y	37	63
Medical benefits (aside from PhilHealth))	Y	22	35
Housing assistance (aside from Pag-ibig)	N	-	-
Retirement fund (aside from SSS)	N	-	-
Further education support	N	-	-
Company stock options	Y	-	
Telecommuting	Y	35	60
Flexible-working Hours	Y	1	6
(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="4">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	2,240	hours
b. Male employees	8,800	hours
Average training hours provided to employees		
a. Female employees	52.09	hours/employee
b. Male employees	122.22	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
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.	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.
What are the Risk/s Identified?	
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.	
What are the Opportunity/ies Identified?	
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.	

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	-	%
Number of consultations conducted with employees concerning employee-related policies	15	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
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.	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.
What are the Risk/s Identified?	
No risk identified regarding this topic.	
What are the Opportunity/ies Identified?	
With the absence of any labor group paves the way to efficient business dealings to all stakeholders.	

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	37	%
% of male workers in the workforce	63	%
Number of employees from indigenous communities and/or vulnerable sector*	0	#

*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).

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
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.	Through the Company's policies on safe and healthy work environment, it ensures that the fair employment practices are implemented.
What are the Risk/s Identified?	
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.	
What are the Opportunity/ies Identified?	
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.	

Workplace Conditions, Labor Standards, and Human Rights
Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours		Man-hours
No. of work-related injuries	-	#
No. of work-related fatalities	-	#
No. of work-related ill-health	160	#
No. of safety drills	16	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
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.	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.
What are the Risk/s Identified?	
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.	
What are the Opportunity/ies Identified?	
Having a safe and healthy workplace promotes a conducive and productive environment.	

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.

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy: **Yes. The Company has a Procurement and Supplier Policy that includes its supplier accreditation procedures. The policy is available on the Company's website under Company Policies (Full URL: https://xurpasgroup.com/wp-content/uploads/2024/05/Procurement-and-Supplier-Policy.05272024.pdf).**

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.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
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.	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.
What are the Risk/s Identified?	
Misleading unethical marketing practices poses a risk of loss of customer and revenue. It also risks the Company's image.	
What are the Opportunity/ies Identified?	
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.	

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 DISCLOSED	MATTERS DISCLOSED
August 13, 2025	The Board of Directors elected the officers of the Company for the year 2025.
August 14, 2025	The Board of Directors approved the release and submission of the Financial Statements of the Company as of June 30, 2025. The Quarterly Report (SEC Form 17-Q) was disclosed on the same day.
August 29, 2025	The Corporation disclosed that pursuant to authority granted on July 22, 2025, that the Company's Management executed and implemented the continuous sale of treasury shares to raise capital and improve financial position.
September 1, 2025	The Corporation disclosed that pursuant to authority granted on July 22, 2025, that the Company's Management executed and implemented the continuous sale of treasury shares to raise capital and improve financial position.
September 2, 2025	The Company submitted its amended General Information Sheet following the Annual Stockholder's Meeting held on August 13, 2025
September 3, 2025	The Corporation disclosed that pursuant to authority granted on July 22, 2025, that the Company's Management executed and implemented the continuous sale of treasury shares to raise capital and improve financial position.
September 8, 2025	The Corporation disclosed that pursuant to authority granted on July 22, 2025, that the Company's Management executed and implemented the continuous sale of treasury shares to raise capital and improve financial position.
September 10, 2025	The Corporation disclosed that pursuant to authority granted on July 22, 2025, that the Company's Management executed and implemented the continuous sale of treasury shares to raise capital and improve financial position.

September 15, 2025	The Corporation disclosed that pursuant to authority granted on July 22, 2025, that the Company's Management executed and implemented the continuous sale of treasury shares to raise capital and improve financial position.
September 17, 2025	The Corporation disclosed that pursuant to authority granted on July 22, 2025, that the Company's Management executed and implemented the continuous sale of treasury shares to raise capital and improve financial position.
September 19, 2025	The Corporation disclosed that pursuant to authority granted on July 22, 2025, that the Company's Management executed and implemented the continuous sale of treasury shares to raise capital and improve financial position.
September 22, 2025	The Corporation disclosed that pursuant to authority granted on July 22, 2025, that the Company's Management executed and implemented the continuous sale of treasury shares to raise capital and improve financial position.
September 25, 2025	The Corporation disclosed that pursuant to authority granted on July 22, 2025, that the Company's Management executed and implemented the continuous sale of treasury shares to raise capital and improve financial position.
September 29, 2025	The Corporation disclosed that pursuant to authority granted on July 22, 2025, that the Company's Management executed and implemented the continuous sale of treasury shares to raise capital and improve financial position.
September 2, 2025	The Company submitted its amended General Information Sheet following the Annual Stockholder’s Meeting held on August 13, 2025
October 14, 2025	The Company submitted its Public Ownership Report as of September 30, 2025
October 14, 2025	The Company submitted its List of Top 100 stockholders as of September 30, 2025
October 27, 2025	The Company disclosed that Atty. Ann Camille S. Ecleo has tendered her resignation as Interim Chief Compliance Officer and Chief Risk Officer effective November 16, 2025
November 7, 2025	The Company submitted the Certificate of Attendance in Corporate Governance Seminar for Mr. Jose Vicente T. Colayco and Atty. Ann Camille S. Ecleo.
November 13, 2025	The Company submitted the Certificate of Attendance in Corporate Governance Seminar for the following directors and officers: 1. Mr. Alexander D. Corpuz; 2. Mr. Fernando Jude F. Garcia; and 3. Atty. Mark S. Gorriceta

November 14, 2025	The Company disclosed its equity restructuring plan wherein it will use the Additional Paid-in Capital to wipe out its deficit.
November 18, 2025	The Company disclosed the changes in Beneficial Ownership of Securities reflecting the resignation of Atty. Ann Camille S. Ecleo.
November 26, 2025	The Company submitted its updated General Information Sheet
November 27, 2025	**Amendment**: The Company disclosed approval of the amendments to adopt the recommendation provided under the Code of Corporate Governance for Publicly-Listed Companies for the Company to require as minimum quorum of at least 2/3 for board decisions.
December 9, 2025	The Company submitted the Certificate of Attendance in Corporate Governance Seminar for the following directors and officers: 1. Mr. Jonathan Gerard A. Gurango; and 2. Mr. Wilfredo O. Racaza
December 19, 2025	The Company submitted the Certificate of Attendance in Corporate Governance Seminar for Mr. Jonathan Gerard A. Gurango
December 23, 2025	The Company submitted the Certificate of Attendance in Corporate Governance Seminar for the following directors and officers: 1. Mr. Jonathan Jack R. Madrid; and 2. Mr. Philip Teow Huat Kwa.
January 15, 2026	The Company submitted its Public Ownership Report as of December 31, 2025
January 15, 2026	The Company disclosed the issuance and listing of 100,000,000 Xurpas Shares ("Subscription Shares") to PPARR MANAGEMENT & HOLDING CORP.
January 15, 2026	The Company submitted the Secretary's Certificate on the attendance of the Board of Directors of Xurpas Inc. in board meetings for the year 2025.
January 16, 2026	The Company submitted List of Top 100 stockholders as of December 31, 2025
January 28, 2026	The Company disclosed the approval of the sale of its 49% equity interest in PT Sembilan Digital Investama (PT SDI), which it acquired in 2015.

April 15, 2026	The Company submitted a request for an extension of time to file the Company's Annual Report (SEC Form 17-A).
April 15, 2026	The Company submitted List of Top 100 stockholders as of March 31, 2026
April 15, 2026	The Company submitted its Public Ownership Report as of March 31, 2026
May 14, 2026	The Company disclosed the resignation of Mr. Teow Huat (Philip) Kwa as Independent Director with resignation effective on May 18, 2026. Further, Mr. Jonathan Gerard A. Gurango has resigned as Chairman but will remain as Non-executive Director. Mr. Fernando Jude F. Garcia was appointed as Chairman of the Board effective immediately.
May 14, 2026	**Amendment**: The Company disclosed that On May 13, 2026, the Board cancelled the previously approved issuance and listing of One Hundred Million Xurpas Shares ("Subscription Shares") in favor of PPARR MANAGEMENT & HOLDING CORP. at a total subscription price of TEN MILLION PHILLLIPINE PESOS. Xurpas did not receive the payment for the subscription price and the Subscription Shares were not issued. As of date, Xurpas' Stock Transfer Agent has not recorded any issuance of shares in favor of PPARR MANAGEMENT & HOLDING CORP.
May 14, 2026	The Company requested an extension of time to file its Form 17-A and 17-Q
May 14, 2026	The Company submitted its reply to a query received from the in relation to the Xurpas Board Approval of the issuance of Two Hundred Million (200,000,000) Subscription Shares to Mr. Fernando Jude F. Garcia ("Mr. Garcia") at par value for a total subscription price of Twenty Million Pesos (Php20,000,000.00)
May 19, 2026	The Company disclosed that on the Special Meeting of the Board of Directors of the Corporation held on May 18, 2026, the Board of Directors set the date of the annual meeting of stockholders on August 12, 2026 at 10:00 in the morning.
May 21, 2026	The Company submitted the updated General Information Sheet reflecting the resignation of Mr. Teow Huat (Philip) Kwa
May 26, 2026	The Company submitted the Statement of Changes in Beneficial Ownership of Securities reflecting the resignation of Mr. Teow Huat (Philip) Kwa

May 26, 2026	The Company disclosed the appointment of Mr. Dante M. Briones ("Mr. Briones") as an Independent Director of the Company. Mr. Briones shall replace Mr. Teow Huat (Philip) Kwa, who resigned as Independent Director of the Company effective May 18, 2026, and shall serve for the remainder of the latter's unexpired term.
May 29, 2026	The Company submitted its Integrated Annual Corporate Governance Report for the period ended December 3, 2025.
June 10, 2026	The Company submitted its updated General Information Sheet reflecting the appointment of Mr. Dante M. Briones.
June 11, 2026	The Company submitted SEC Form 23-A of Mr. Dante M. Briones in relation to his appointment as Independent Director.
June 15, 2026	**Amendment:** The Company submitted its Integrated Annual Corporate Governance Report for the period ended December 3, 2025 with proof of SEC acceptance receipt.
July 01, 2026	The Company disclosed that during the Special Meeting of the Board held on July 1, 2026, the Board approved the postponement of the 2026 Annual Stockholders' Meeting from its originally scheduled date of August 12, 2026 at 10:00 a.m. to October 27, 2026 at 10:00 a.m., to be conducted via remote communication, in light of the Company's need for additional time to finalize the financial reports required to be attached to the Information Statement. The Board also approved the new record date, changing the same from June 30, 2026 to September 15, 2026.
July 15, 2026	The Company disclosed its Public Ownership Report as of the period June 30, 2026
July 15, 2026	The Company disclosed that during the Special Meeting of the Board of Directors on July 14, 2026, the Board approved changes to the Committee Memberships arising from the appointment of a new independent director, Mr. Dante M. Briones and in compliance with committee membership requirements under applicable laws.
July 15, 2026	The Company submit the List of Top 100 for the period ended June 30, 2026.

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 JUL 17 2026

By:

[redacted]
ALEXANDER D. CORPUZ
President / Chief Finance Officer

[redacted]
JOSE VICENTE T. COLAYCO
Chief Operating Officer

[redacted]
FERNANDO JUDE F. GARCIA
Treasurer / Chief Technology Officer

[redacted]
MARK S. GORRICETA
Corporate Secretary

[redacted]
JOY CLARISSE N. BAUTISTA
Finance Controller

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

SUBSCRIBED AND SWORN to before me this JUL 17 2026 affiants exhibiting to me their Competent Evidence of Identity, as follows:

Names	Government Issued ID No.	Date of Issuance	Place of Issuance
Alexander D. Corpuz	[redacted]	[redacted]	[redacted]
Jose Vicente T. Colayco			
Fernando Jude F. Garcia			
Mark S. Gorriceta			
Joy Clarisse N. Bautista			

Doc No. 350;
Page No. 71;
Book No. XV;
Series of 2026.

[redacted]
EDRIAN M. APAYA
PTR No. [redacted] Pasig City
IBP No. [redacted] Masbate
Roll No. [redacted]
MCLE Compliance [redacted] valid until 04-14-2028
15th Floor Strata 2000, F. Ortigas Jr. Road, Pasig City
[redacted]
Telephone No. 86960988
Appointment No. [redacted] 2025-2026) - Pasig City
Commissioned until 31 December 2026

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	2	0	0	1	1	7	7	0	8	

COMPANY NAME

X	U	R	P	A	S		I	N	C	.		A	N	D		S	U	B	S	I	D	I	A	R	I	E	S		

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

U	n	i	t		8	0	4		A	n	t	e	l		2	0	0	0		C	o	r	p	o	r	a	t	e	
C	e	n	t	e	r	,		1	2	1		V	a	l	e	r	o		S	t	.	,		S	a	l	c	e	d
o		V	i	l	l	a	g	e	,		M	a	k	a	t	i		C	i	t	y	,		1	2	2	7		

Form Type	Department requiring the report	Secondary License Type, If Applicable
A C F S	S E C	N / A

COMPANY INFORMATION

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)
31	**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.*

xurpas

"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, 2025 and 2024, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of 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.

[redacted]

FERNANDO JUDE D. GARCIA
Chairman of the Board/ Treasurer/ Chief Technology Officer

[redacted]

ALEXANDER D. CORPUZ
President/ Chief Finance Officer/ Chief Information Officer

Signed this JUL 17 2026

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

SUBSCRIBED AND SWORN TO before me, a Notary Public for and in PASIG CITY this JUL 17 2026, 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
Fernando Jude F. Garcia	[redacted]	[redacted]
Alexander D. Corpuz	[redacted]	[redacted]

[redacted]

Doc. No. 152;
Page No. 72;
Book No. XV;
Series of 2026.

EDRIAN M. APAYA
PTR No. [redacted] 2026/Pasig City
IBP No. 373071712-28-2025/Masbate
Roll No. [redacted]
MCLE Compliance [redacted] valid until 04-14-2028
15th Floor Strata 2000, F. Ortigas Jr. Road, Pasig City
[redacted]
Telephone No. 86960988
Appointment No. [redacted] 2025-2026)- Pasig City
Commissioned until 31 December 2026

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, 2025 and 2024, 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, 2025, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2025 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our 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 (the Code of Ethics), as applicable to the audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to the audits of the financial statements of public interest entities in the Philippines. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 ₱242.54 million, ₱134.99 million and ₱100.03 million, net operating cash outflows of ₱32.02 million, ₱70.33 million and ₱26.47 million in 2025, 2024 and 2023, respectively, and has capital deficiency of ₱362.66 million and ₱101.72 million as of December 31, 2025 and 2024, respectively. In addition, the Group's current liabilities exceeded its current assets by million ₱428.24 million and ₱387.39 million as of December 31, 2025 and 2024, 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 Group'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, 2025, the Group's goodwill and impairment of investment in Micro Benefits Limited, an associate, amounted to ₱45.59 million and ₱153.59 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 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 the 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.

Other Information

Management is responsible for the other information. The other information comprises the SEC Form 17-A for the year ended December 31, 2025 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, 2025, 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
SEC Partner Accreditation No. 127285-SEC (Group A)
Valid to cover audit of 2025 to 2029 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001998-161-2025, December 18, 2024, valid until December 17, 2027
PTR No. 10765027, January 2, 2026, Makati City

July 17, 2026

XURPAS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2025	2024
ASSETS		
Current Assets		
Cash (Notes 4 and 25)	**₱32,152,106**	₱32,314,999
Accounts and other receivables (Notes 5, 19 and 25)	**20,025,185**	29,610,200
Contract assets (Note 6)	**37,452,791**	29,372,782
Other current assets (Note 8)	**25,102,551**	20,150,793
	114,732,633	111,448,774
Noncurrent assets held for sale (Note 9)	**16,841,740**	–
Total Current Assets	**131,574,373**	111,448,774
Noncurrent Assets		
Financial assets at fair value through other comprehensive income (FVOCI) (Notes 7 and 27)	**1,100,000**	1,100,000
Investments in and advances to associates (Note 9)	**–**	210,135,391
Property and equipment (Note 10)	**862,920**	2,083,245
Intangible assets (Note 11)	**45,949,531**	73,801,703
Right-of-use assets (Note 18)	**1,319,253**	172,066
Other noncurrent assets (Note 8)	**35,921,919**	27,684,515
Total Noncurrent Assets	**85,153,623**	314,976,920
	₱216,727,996	₱426,425,694
LIABILITIES AND EQUITY (CAPITAL DEFICIENCY)		
Current Liabilities		
Accounts and other payables (Notes 12, 19 and 28)	**₱456,329,232**	₱397,003,928
Advances from stockholders (Notes 19 and 27)	**45,757,778**	37,517,457
Loans payable (Notes 13 and 27)	**26,183,594**	38,775,697
Contract liabilities (Note 6)	**30,365,964**	25,353,922
Current portion of lease liabilities (Note 18)	**1,177,533**	187,245
Total Current Liabilities	**559,814,101**	498,838,249
Noncurrent Liabilities		
Lease liabilities - net of current portion (Note 18)	**206,219**	–
Deferred tax liability	**27,036**	
Pension liabilities (Note 22)	**19,337,514**	29,312,292
Total Noncurrent Liabilities	**19,570,769**	29,312,292
Total Liabilities	**579,384,870**	528,150,541
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)	**3,716,002,747**	3,748,086,156
Deficit (Note 23)	**(3,704,885,992)**	(3,483,605,247)
Accumulated net unrealized loss on financial assets at FVOCI (Note 7)	**(43,594,956)**	(43,594,956)
Cumulative translation adjustment	**(13,504,523)**	14,427,227
Remeasurement gain on defined benefit plan (Note 22)	**9,909,863**	326,023
Equity reserve (Notes 23 and 24)	**(363,424,608)**	(363,424,608)
Treasury stock (Note 23)	**(66,885,113)**	(99,700,819)
Revaluation surplus (Note 11)	**–**	23,855,035
	(209,201,304)	53,550,089
Noncontrolling interests (Notes 23)	**(153,455,570)**	(155,274,936)
Total Equity (Capital deficiency)	**(362,656,874)**	(101,724,847)
	₱216,727,996	₱426,425,694

See accompanying Notes to Consolidated Financial Statements.

XURPAS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Years Ended December 31		
	2025	2024	2023
SERVICE INCOME (Note 14)	**₱209,229,908**	₱183,702,077	₱188,015,392
COST OF SERVICES (Note 15)	**135,938,370**	136,813,446	143,568,497
GENERAL AND ADMINISTRATIVE EXPENSES (Note 16)	**333,049,422**	164,754,608	141,492,625
EQUITY IN NET LOSSES OF ASSOCIATES - Net (Note 9)	**5,221,424**	7,957,093	1,814,459
FINANCE COSTS - Net (Note 17)	**3,686,299**	2,545,955	3,237,465
OTHER CHARGES (INCOME) - Net (Note 17)	**(27,957,535)**	4,983,119	(3,891,280)
LOSS BEFORE INCOME TAX	**(240,708,072)**	(133,352,144)	(98,206,374)
PROVISION FOR INCOME TAX (Note 21)	**1,836,291**	1,637,917	1,819,835
NET LOSS	**(242,544,363)**	(134,990,061)	(100,026,209)
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will be reclassified to profit or loss in subsequent periods:			
Cumulative translation adjustment	**(15,941,082)**	(2,894,087)	(994,934)
Share in OCI of an associate from cumulative translation adjustment (Note 9)	**(11,990,668)**	(3,426,840)	3,281,133
Items that will not be reclassified to profit or loss in subsequent periods:			
Revaluation surplus (loss) (Note 11)	**(772,051)**	19,320,952	15,407,943
Unrealized gain (loss) on financial assets at FVOCI, net of tax (Note 7)	**–**	200,000	(300,000)
Remeasurement gain (loss) on defined benefit plan (Note 22)	**9,583,840**	(1,138,497)	663,036
	(19,119,961)	12,061,528	18,057,178
TOTAL COMPREHENSIVE LOSS	**(₱261,664,324)**	(₱122,928,533)	(₱81,969,031)
Net loss attributable to:			
Equity holders of Xurpas Inc.	**(₱244,363,729)**	(₱133,052,421)	(₱86,405,207)
Noncontrolling interests	**1,819,366**	(1,937,640)	(13,621,002)
	(₱242,544,363)	(₱134,990,061)	(₱100,026,209)
Total comprehensive income (loss) attributable to:			
Equity holders of Xurpas Inc.	**(₱263,483,690)**	(₱120,990,893)	(₱68,352,850)
Noncontrolling interests	**1,819,366**	(1,937,640)	(13,616,181)
	(₱261,664,324)	(₱122,928,533)	(₱81,969,031)
Loss per share (Note 20)			
Basic	**(₱0.10)**	(₱0.05)	(₱0.04)
Diluted	**(₱0.10)**	(₱0.05)	(₱0.04)

See accompanying Notes to Consolidated Financial Statements.

XURPAS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CAPITAL DEFICIENCY)

Year Ended December 31, 2025

	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**	**(₱3,599,069,522)**	**(₱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)**
Issuance of treasury shares (Note 23)	–	**(32,083,409)**	–	–	–	–	–	–	**32,815,706**	–	**732,297**	–	**732,297**
Transfer from revaluation surplus (Note 11)	–	–	–	**23,082,984**	–	–	–	–	–	**(23,082,984)**	–	–	–
Net loss				**(244,363,729)**							**(244,363,729)**	**1,819,366**	**(242,544,363)**
Other comprehensive income (loss) - net of tax effect	–	–	–	–	–	**(27,931,750)**	**9,583,840**	–	–	**(772,051)**	**(19,119,961)**	–	**(19,119,961)**
Total comprehensive income (loss)	–	–	–	**(244,363,729)**	–	**(27,931,750)**	**9,583,840**	–	–	–	**(263,483,690)**	**1,819,366**	**(261,664,324)**
Balances at end of year	**₱257,181,278**	**₱3,716,002,747**	**₱115,464,275**	**(₱3,820,350,267)**	**(₱43,594,956)**	**(₱13,504,523)**	**₱9,909,863**	**(₱363,424,608)**	**(₱66,885,113)**	**₱–**	**(₱209,201,304)**	**(₱153,455,570)**	**(₱362,656,874)**

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

See accompanying Notes to Consolidated Financial Statements.

XURPAS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax	**(₱240,708,072)**	(₱133,352,144)	(₱98,206,374)
Adjustments for:			
Provision for impairment loss (Notes 5, 8, 9, 11 and 16)	**208,236,246**	32,976,914	21,792,537
Equity in net losses of associates (Note 9)	**5,221,424**	7,957,093	1,814,459
Interest expense (Notes 13, 17, 18 and 19)	**3,715,205**	3,816,085	4,202,950
Depreciation and amortization (Notes 10, 11, 15, 16 and 18)	**3,070,618**	3,648,224	3,773,584
Interest income (Notes 4 and 17)	**(28,906)**	(1,270,130)	(965,485)
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)	**(105,445)**	3,137	8,618
Pension expense, net of benefit paid (Note 22)	**(390,938)**	5,784,826	3,971,580
Gain from recovery of impaired receivable (Note 5 and 17)	**–**	–	(15,033,552)
Unrealized foreign currency exchange loss (gain) (Note 5 and 16)	**(7,362,938)**	4,728,876	(3,335,198)
Gain from reversal of long outstanding payables Note 12, 13 and 17)	**(17,332,366)**	–	–
Unrealized loss (gain) on revaluation of cryptocurrencies (Notes 11 and 17)	**–**	(28,337)	59,249
Operating loss before changes in working capital	**(45,685,172)**	(75,735,456)	(81,917,632)
Changes in working capital:			
Decrease (increase) in:			
Accounts and other receivables and contract assets	**(14,957,146)**	14,244,714	60,133,798
Other assets	**(28,061,343)**	(10,829,730)	(8,410,164)
Increase (decrease) in:			
Accounts and other payables	**53,461,327**	19,332,238	(2,957,025)
Contract liabilities	**5,012,042**	(16,817,792)	7,717,405
Net cash generated used in operations	**(30,230,292)**	(69,806,026)	(25,433,618)
Interest received	**28,906**	1,270,130	965,485
Interest paid	**(11,458)**	(157,531)	(181,213)
Income taxes paid, including creditable withholding taxes	**(1,809,255)**	(1,637,917)	(1,823,158)
Net cash used in operating activities	**(32,022,099)**	(70,331,344)	(26,472,504)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from:			
Sale of cryptocurrencies (Note 11)	**26,618,529**	28,168,851	4,771,280
Disposal of property and equipment (Note 10)	**170,251**	11,800	155,508
Recovery of investment account, advances, and previously impaired unquoted debt investments (Notes 7, 9 and 19)	**–**	–	50,423,306
Additions to:			
Property and equipment (Notes 10)	**(339,115)**	(102,881)	(543,759)
Net cash provided by investing activities	**26,449,665**	26,637,399	42,996,806
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances from stockholders (Note 19)	**7,500,000**	**–**	**–**
Re-issuance of treasury shares (Note 23)	**732,297**	–	–
Payment of loans payable (Note 13)	**(80,103)**	(520,000)	(732,917)
Payment of lease liabilities (Note 18)	**(1,173,749)**	(1,119,574)	(1,347,378)
Net cash (used in) provided by financing activities	**6,978,445**	(1,639,574)	(2,080,295)
EFFECT OF FOREIGN CURRENCY EXCHANGE RATE CHANGES ON CASH	**(1,568,904)**	(2,237,939)	2,133,040
NET INCREASE (DECREASE) IN CASH	**(162,893)**	(47,571,458)	16,577,047
CASH AT BEGINNING OF YEAR	**32,314,999**	79,886,457	63,309,410
CASH AT END OF YEAR (Note 4)	**₱32,152,106**	₱32,314,999	₱79,886,457

See accompanying 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 ₱242.54 million, ₱134.99 million and ₱100.03 million, net operating cash outflows of ₱32.02 million, ₱70.33 million and ₱26.47 million in 2025, 2024 and 2023, respectively, and has capital deficiency of ₱362.66 million and ₱101.72 million as of December 31, 2025 and 2024, respectively. In addition, the Group has deficit of ₱3,704.89 million and ₱3,483.61 million as of December 31, 2025 and 2024, respectively, and the Group's current liabilities exceeded its current assets by ₱428.24 million and ₱387.39 million as of December 31, 2025 and 2024, 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 the Group has secured the commitment of a third party not to demand payment of the Group's liability 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.

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.

The consolidated financial statements were approved and authorized for issue by the BOD on July 17, 2026.



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, 2025 and 2024, and for each of the three years in the period ended December 31, 2025 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, 2025, 2024 and 2023, the consolidated financial statements comprise the financial statements of the Parent Company and the following subsidiaries:

	Percentage Ownership			
	2025	2024	2023	**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	100.00	Enterprise services and mobile consumer services
Xurpas Pty. Ltd. (XAU)	**100.00**	100.00	100.00	Enterprise services
Xurpas Pte. Ltd. [formerly Altitude Games Pte. Ltd. (AGPL)]	**100.00**	100.00	100.00	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, Xurpas Pte. Ltd., AOC and ODX, which are domiciled in Singapore, and XAU domiciled in Australia.

Xeleb Technologies
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, 2025, Xeleb Technologies has yet to apply for the approval of government regulatory agencies for its dissolution.

Xeleb
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, 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.

Storm continues to have ownership in AllCare Technologies Philippines, Inc., which operates another human resource 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, 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. 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. AGPL's registered office address is at 16 Raffles Quay, #33-03, Hong Leong Building, Singapore.

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, 2025. Adoption of these amendments did not have any significant impact on the consolidated financial position or performance unless otherwise indicated.

- Amendments to PAS 21*, Lack of exchangeability*

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, 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 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.
  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:
    - A specific adaptation for contracts with direct participation features (the variable fee approach)
    - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  On December 15, 2021, the FSRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. Thereafter, on February 14, 2025, the FSRSC approved the amendment to PFRS 17 that further defers the date of initial application by an additional two (2) years, to annual periods beginning on or after January 1, 2027. This will provide more time for the insurance industry to fully prepare and assess the impact of adopting the said standard.

  The new standard is not applicable to the Group since it has no activities that are connected with insurance or issue insurance contracts.

- PFRS 18, *Presentation and Disclosure in Financial Statements*
  The standard replaces PAS 1 Presentation of Financial Statements and responds to investors' demand for better information about companies' financial performance. The new requirements include:
  - Required totals, subtotals and new categories in the statement of profit or loss
  - Disclosure of management-defined performance measures
  - Guidance on aggregation and disaggregation

  The Group is currently assessing the impact of adopting PFRS 18 in its financial reporting, including its data collection process.

- 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 25).

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", "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.

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 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.

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 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.

Noncurrent assets held for sale

Noncurrent assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of the classification.

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.

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 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), Business Process Outsourcing (BPO) and Other Services. BPO is further subdivided into IT Staffing, Custom Development and Managed Services, and Products. 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. 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 at a point in time, that is when goods are delivered 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	Revenues derived from services related to a membership-based marketplace which offers a variety of worker benefits – from insurance, health checks and wellness. Revenue is recognized over time, that is when services are delivered

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, 2025, 2024 and 2023, 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 the Group has secured the commitment of a third party not to demand payment of the Group's liability 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.

e. Assessment of Principal versus Agent consideration under PFRS 15

The Group provides bundled membership platform services for a fixed membership fee under Other services. The Group assessed that these constitute an integrated service for which the Group has control over prior to sale of the service to its customers. As such, the Group acts as principal in the arrangement.

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, 2025 and 2024 (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 nil and ₱188.05 million as of December 31, 2025 and 2024, respectively. In 2025 and 2024, the impairment loss recognized in investment in Micro Benefits Limited (MBL) amounted to ₱153.59 and ₱27.81 million, respectively (see Note 9).

b. Revenue recognition

The Group's revenue recognition requires 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 ₱47.39 million, ₱47.81 million, and ₱48.79 million in 2025, 2024 and 2023, 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, 2025 and 2024, allowance for impairment losses on accounts and other receivables amounted to ₱20.66 million and ₱31.75 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 ₱1,377.62 million and ₱928.07 million as at December 31, 2025 and 2024, respectively (see Note 21).

4. Cash

This account consists of:

	2025	2024
Cash on hand	**₱47,740**	₱31,751
Cash in banks	**32,104,366**	32,283,248
	₱32,152,106	₱32,314,999

Cash in banks earn interest at the prevailing bank deposit rates.

Foreign currency-denominated cash in banks amounted to ₱1.78 million and ₱1.83 million as of December 31, 2025 and 2024, respectively (see Note 25).

Interest income earned from cash in banks amounted to ₱0.03 million, ₱1.27 million and ₱0.97 million in 2025, 2024 and 2023, respectively (see Note 17).

5. Accounts and Other Receivables

This account consists of:

	2025	2024
Trade receivables	**₱35,698,357**	₱41,704,412
Receivable from related parties (Note 19)	**2,707,711**	6,386,235
Advances to employees	**360,012**	362,163
Others	**1,916,357**	12,908,707
	40,682,437	61,361,517
Less allowance for impairment losses	**20,657,252**	31,751,317
	₱20,025,185	₱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 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:

	2025	2024
Balance at beginning of year	**₱31,751,317**	₱31,946,946
Provisions - net of recovery (Note 16)	**15,130,731**	5,170,914
Write-off	**(27,041,976)**	(5,521,473)
Translation adjustments	**817,180**	154,930
Balance at end of year	**₱20,657,252**	₱31,751,317

As of December 31, 2025 and 2024, the allowance for impairment losses pertains to:

	2025	2024
Trade receivables	**₱17,567,888**	₱17,237,888
Receivable from related parties (Note 19)	**1,830,166**	1,794,061
Others	**1,259,198**	12,719,368
	₱20,657,252	₱31,751,317

6. Contract Balances

This account consists of:

	2025	2024
Contract assets	**₱37,452,791**	₱29,372,782
Contract liabilities	**30,365,964**	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 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 ₱11.90 million, ₱28.69 million and ₱1.13 million in 2025, 2024 and 2023, respectively.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) amounted to ₱30.37 million, ₱25.35 million and ₱42.16 million in 2025, 2024 and 2023, respectively.

The performance obligations relate to the continuous custom development 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:

	2025	2024
Financial assets at FVOCI		
Quoted equity investment		
Club Punta Fuego	**₱1,100,000**	₱1,100,000
	₱1,100,000	₱1,100,000

The rollforward analysis of financial assets at FVOCI follows:

	2025	2024
Balance at beginning of year	**₱1,100,000**	₱900,000
Unrealized gain on financial assets at FVOCI, net of tax	–	200,000
	₱1,100,000	₱1,100,000

The rollforward analysis of "Accumulated net unrealized loss on financial assets at FVOCI" follows:

	2025	2024
Balance at beginning of year	**(₱43,594,956)**	(₱43,794,956)
Unrealized gain on financial assets at FVOCI	–	200,000
Balance at end of year	**(₱43,594,956)**	(₱43,594,956)

Unrealized fair value gain on financial assets at FVOCI is recognized under "Other comprehensive income (loss)" in the consolidated statements of comprehensive loss.

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, 2025 and 2024, the Group holds a 3.56% ownership of Zowdow on a fully-diluted basis. As at December 31, 2025 and 2024, 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, 2025 and 2024:

	2025	2024
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 Group 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 Group 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:

	2025	2024
Input VAT	**₱16,105,311**	₱10,005,118
Prepaid expenses	**9,755,564**	12,880,034
Creditable withholding taxes	**2,223,020**	–
Refundable deposits	**396,002**	632,569
Rental deposit	**–**	10,418
	28,479,897	23,528,139
Less allowance for impairment losses	**3,377,346**	3,377,346
	₱25,102,551	₱20,150,793

Input VAT comprises of input VAT and deferred input VAT. Input VAT represents VAT on acquired goods and services which can be offset to output VAT. 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.

Prepaid expenses mainly pertain to advances to suppliers, advance rent and prepaid professional fees.

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.

Refundable deposits pertain to security deposit made for performance bond and rent which will be received within one year.

Other current assets written off amounted to ₱1.02 million and nil in 2025 and 2024, respectively (see Note 17).

Other noncurrent assets
This account consists of:

	2025	2024
Creditable withholding tax	**₱33,957,925**	₱32,971,899
Deferred input VAT	**22,970,328**	3,675,927
Rental deposit (Note 18)	**295,784**	–
Others	**422,769**	422,769
	57,646,806	37,070,595
Less allowance for impairment losses	**21,724,887**	9,386,080
	₱35,921,919	₱27,684,515

Impairment loss on creditable withholding tax amounting to ₱13.85 million and nil were recognized in 2025 and 2024, respectively.

9. Investments in and Advances to Associates

This account consists of:

	2025	2024
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	**(188,501,137)**	(180,544,044)
Share in net losses during the year	**(5,221,424)**	(7,957,093)
Balance at end of year	**(193,722,561)**	(188,501,137)
Cumulative translation adjustment		
Balance at beginning of year	**6,023,560**	9,450,400
Movement during the year	**(11,990,668)**	(3,426,840)
Balance at end of year	**(5,967,108)**	6,023,560
Accumulated impairment		
Balance at beginning of year	**(₱207,032,699)**	(₱179,226,699)
Movement during the year	**(153,586,345)**	(27,806,000)
Balance at end of year	**(360,619,044)**	(207,032,699)
	17,252,368	188,050,805
Advances to Associate	**22,084,586**	22,084,586
Reclassification to noncurrent assets held for sale	**(39,336,954)**	–
	₱–	₱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	
	2025	2024	**2025**	2024
Investments in Associates				
Micro Benefits Limited	**23.53**	23.53	**₱–**	₱163,566,575
PT Sembilan Digital Investama	**–**	49.00	**–**	24,484,230
MatchMe Pte. Ltd.	**29.10**	29.10	**–**	–
Altitude Games Inc.	**21.17**	21.17	**–**	–
			–	188,050,805
Advances to associate				
PT Sembilan Digital Investama			**–**	22,084,586
			₱–	₱210,135,391

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 2025 and 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 2025 and 2026 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 nil and ₱163.57 million as of December 31, 2025 and 2024 respectively. Consequently, the Group recognized a provision for impairment loss on its investment in Micro Benefits amounting to ₱153.59 million and ₱27.81 million in 2025 and 2024, respectively.

Micro Benefits' registered office address is at 11th Floor, Club Lusitano, 16 Ice House Street, Central, Hong Kong.

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, 2025 and 2024, the Group has advances to SDI amounting to ₱22.08 million to fund its mobile content and distribution services.

In December 2025, the Board approved the sale of investment in and advances to SDI. As of December 31, 2025, the investment in and advances to PT Sembilan Digital Investama (or the disposal group) is reclassified as non-current assets held for sale amounting to ₱16.84 million, net of ₱22.50 million impairment loss. The Group sold the disposal group in March 2026 for Rp5,000 million (approximately ₱16.84 million).

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, 2025 and 2024, 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 2025 and 2024.

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, 2025 and 2024, 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

	2025	2024
Current assets	**₱18,285,331**	₱9,082,840
Noncurrent assets	**154,287**	110,076
Current liabilities	**(257,022,398)**	(102,896,956)
Noncurrent liabilities	**(466,698,136)**	(569,162,029)
Total equity	**(705,280,916)**	(662,866,069)
Proportion of Group's ownership	**23.53%**	23.53%
Group's share in identifiable net assets	**(165,952,616)**	(155,972,386)
Implied goodwill – net of recognized impairment	**165,952,616**	319,538,961
Carrying amount of the investment	**₱–**	₱163,566,575

No dividends were received in 2025, 2024 and 2023.

	2025	2024
Total revenue	**₱58,951,516**	₱58,720,274
Total expenses	**85,571,448**	104,848,948
Net loss/ Total comprehensive loss	**(26,619,932)**	(46,128,674)
Group's share in net loss/ total comprehensive loss for the year	**(₱6,263,670)**	(₱10,854,077)

Aggregate financial information on associates with immaterial interest is as follows:

	2025	2024
Carrying amount	**₱–**	₱24,484,230
Group's share of net income for the year	**1,042,246**	2,896,984
Group's share in total comprehensive income	**1,042,246**	2,896,984

In 2025, 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 of Micro Benefits 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 2025, 2024 and 2023, management assumed discount rates of 12.10%, 13.49%, and 10.85%, 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 2025, 2024 and 2023, management assumed average growth rates in revenues of -12.67% to 12.97%, 15.67% to 29.43%, and 14.40% to 24.20%, respectively, and terminal growth rate of 3.87%, 3.29% and 3.38%, respectively.

Impairment loss amounting to ₱153.59 million, ₱27.81 million and ₱14.35 million was recognized in 2025, 2024 and 2023 for the Group's investments in associates, respectively.

10. Property and Equipment

Rollforward of this account is as follows:

December 31, 2025

	Transportation Equipment	Office Equipment	IT Equipment	Furniture and Fixtures	Leasehold Improvements	Total
Cost						
At beginning of year	**₱120,536**	**₱5,057,121**	**₱16,562,363**	**₱3,729,846**	**₱1,425,721**	**₱26,895,587**
Additions	**–**	**13,522**	**325,593**	**–**	**–**	**339,115**
Retirements and disposals	**–**	**–**	**(871,421)**	**–**	**–**	**(871,421)**
At end of year	**120,536**	**5,070,643**	**16,016,535**	**3,729,846**	**1,425,721**	**26,363,281**
Accumulated Depreciation and Amortization						
At beginning of year	**120,536**	**4,943,209**	**14,617,092**	**3,729,846**	**1,401,659**	**24,812,342**
Depreciation and amortization (Notes 16)	**–**	**64,521**	**1,409,488**	**–**	**20,625**	**1,494,634**
Retirements and disposals	**–**	**–**	**(806,615)**	**–**	**–**	**(806,615)**
At end of year	**120,536**	**5,007,730**	**15,219,965**	**3,729,846**	**1,422,284**	**25,500,361**
Net Book Value	**₱–**	**₱62,913**	**₱796,561**	**₱–**	**₱3,437**	**₱862,920**

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

The Group retired and disposed property and equipment with cost amounting to ₱0.87 million resulting in a loss of ₱105,445 in 2025, ₱0.33 million resulting in a loss of ₱3,137 in 2024, and ₱0.29 million resulting in a loss of ₱8,618 in 2023 recognized under "Other income (charges)" account (see Note 17).

There is no capitalized interest as at December 31, 2025 and 2024.

There are no property and equipment pledged as collateral as at December 31, 2025 and 2024.

11. Intangible Assets

This account consists of:

December 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	–	–	–	–
Disposals	–	–	**(1,052,275)**	**(1,052,275)**
At end of year	**2,004,469,603**	**105,497,817**	–	**2,109,967,420**
Accumulated amortization				
At beginning of year	–	**94,432,169**	–	**94,432,169**
Amortization (Note 15)	–	**461,592**	–	**461,592**
At end of year	–	**94,893,761**	–	**94,893,761**
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 gain	–	–	**(772,051)**	**(772,051)**
Disposals	–	–	**(25,566,254)**	**(25,566,254)**
At end of year	–	–	–	–
Net Book Value	**₱45,588,402**	**₱361,129**	**₱–**	**₱45,949,531**

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.

Cryptocurrencies
Cryptocurrencies pertain to units of Bitcoin, Ether, USDC and USDT held by the Group as at December 31, 2025 and 2024.

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. In 2025, the Group sold the remaining cryptocurrencies with carrying amount of ₱26.62 million for ₱26.62 million.

Revaluation of cryptocurrencies resulted in a loss of ₱0.77 million in 2025 and gain of ₱19.32 million and ₱15.41 million in 2024 and 2023, respectively, recognized under "Revaluation surplus" in "Other comprehensive income (loss)" and a gain (loss) of nil, ₱28,337, and (₱59,249) recognized in 2025, 2024, and 2023, 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 ₱0.46 million, ₱0.70 million, and ₱0.67 million in 2025, 2024 and 2023, respectively (see Note 15).

Impairment testing of goodwill
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 2025, 2024 and 2023, management assumed discount rates of 14.65%, 14.96%, and 7.32% to 13.40%, respectively.

- *Annual revenue growth rate and long-term 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 2025, 2024 and 2023, management assumed average growth rates in revenues of 8.00% to 41.69%, 8.00% to 25.02%, and 0.00% to 49.64%, respectively, and terminal growth rates of 3.00%.

Management recognizes that unfavorable conditions can materially affect the assumptions used in the determination of value-in-use. An increase to 36.65% in discount rate, or a reduction of growth rates by 34% 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 was nil in 2025 and 2024.

As of December 31, 2025 and 2024, the outstanding balance of goodwill amounting to ₱45.59 million pertains to Storm Technologies, Inc.

As of December 31, 2025 and 2024 the accumulated impairment on goodwill pertains to the following CGUs:

	2025	2024
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:

	2025	2024
Payable to third parties	**₱88,325,999**	₱89,236,701
Nontrade payable	**69,205,964**	64,481,742
Trade payables	**13,006,506**	40,525,428
Taxes payable	**45,104,221**	17,198,684
Payable to related parties (Note 19)	**16,069,027**	12,086,213
Accrued expenses		
Professional fees	**46,174,901**	1,871,623
Interest expense	**6,263,467**	4,703,461
Taxes and licenses	**6,201,881**	6,262,495
Commissions	**1,235,323**	259,951
Outsourced services	**90,969**	31,975
Others	**3,627,500**	578,843
Others	**161,023,474**	159,766,812
	₱456,329,232	₱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. The advances are noninterest-bearing and are settled within one year from the agreement date. As of July 17, 2026, 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:

	2025	2024
Balance at beginning of year	**₱157,785,623**	₱151,571,723
Translation adjustments	**2,618,622**	6,213,900
Balance at end of year	**₱160,404,245**	₱157,785,623

13. Loans Payable

The rollforward analysis of this account follows:

	2025	2024
Balance at beginning of year	**₱38,775,697**	₱38,603,185
Adjustments	**–**	534,981
Accretion of interest	**–**	157,531
Reversal of long-outstanding loans payable	**(12,512,000)**	–
Payment of loans	**(80,103)**	(520,000)
	₱26,183,594	₱38,775,697

As of December 31, 2025, 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, 2025 and 2024. Adjustments pertain to annual fee incurred by the Group and recognized in consolidated statements of comprehensive loss (see Note 16).

Interest expense recognized in the consolidated statements of comprehensive income amounted to ₱1.69 million, ₱1.72 million and ₱2.31 million in 2025, 2024 and 2023, respectively (see Note 17).

In 2025, the Group reversed long outstanding loans payable amounting to ₱12.51 million. The gain from reversal of loans payable was recognized as 'Other income' under 'Other charges (income)' in the consolidated statements of comprehensive loss (see Note 17).

There were no transaction costs and interest expense capitalized in 2025 and 2024.

14. **Service Income**

Service income, amounting to ₱209.23 million, ₱183.70 million and ₱188.02 million in 2025, 2024 and 2023, respectively, pertain to revenues earned from mobile consumer products and services, enterprise services 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:

	2025	2024	2023
Service income			
Mobile consumer services	**₱85,000**	₱21,846,187	₱8,612,409
Enterprise services	**123,386,599**	106,100,411	131,968,152
Other services	**85,758,309**	55,755,479	47,434,831
	₱209,229,908	₱183,702,077	₱188,015,392

15. **Cost of Services**

Cost of services consists of the following:

	2025	2024	2023
Outside services	**₱60,878,968**	₱39,351,464	45,498,688
Salaries, wages and employee benefits	**58,481,027**	63,328,793	₱76,563,457
Consultancy fees	**4,319,638**	780,378	3,623,949
Outsourced services	**3,672,994**	28,001,035	11,572,620
Commissions	**2,622,643**	1,189,662	1,457,452
Web hosting	**2,458,782**	3,053,716	3,725,792
Depreciation and amortization (Note 11)	**461,592**	699,662	667,486
Utilities	**281,150**	225,850	367,766
Miscellaneous	**2,761,576**	182,886	91,287
	₱135,938,370	₱136,813,446	₱143,568,497

Miscellaneous cost of services includes cost of equipment acquired on behalf of customers as part of services rendered, membership fees and other costs.

16. General and Administrative Expenses

General and administrative expense consists of:

	2025	2024	2023
Provision for impairment losses - net (Notes 5, 8, 9 and 11)	**₱208,236,246**	₱32,976,914	₱6,758,985
Salaries, wages and employee benefits	**87,752,043**	93,965,375	94,796,488
Professional fees	**9,788,653**	9,890,859	9,144,128
Dues and subscriptions	**6,832,993**	7,050,728	5,314,461
Taxes and licenses	**6,569,975**	1,927,867	2,554,407
Depreciation and amortization (Notes 10 and 18)	**2,609,026**	2,948,562	3,106,098
Outsourced services	**1,723,885**	2,014,134	1,325,217
Directors' fees (Note 19)	**1,519,736**	1,932,500	2,300,000
Marketing and promotions	**1,338,400**	883,144	6,320,490
Entertainment, amusement and recreation	**1,065,529**	1,542,663	1,359,918
Transportation and travels	**858,745**	1,393,619	1,589,123
Utilities	**555,891**	627,388	636,600
Rent	**219,000**	216,600	464,101
Seminars and trainings	**125,601**	323,189	443,933
Repairs and maintenance	**91,420**	12,699	54,200
Supplies	**82,181**	114,720	164,794
Insurance	**12,379**	7,259	5,014
Advertising	**8,550**	876,113	1,699,917
Miscellaneous	**3,659,169**	6,050,275	3,454,751
	₱333,049,422	₱164,754,608	₱141,492,625

Miscellaneous expense includes provision for probable loss, penalties, notarial and other costs.

17. Finance Costs and Other Income (Charges)

Finance costs - net consists of:

	2025	2024	2023
Interest expense on loans payable and on advances to stockholders (Notes 13 and 19)	**₱3,606,528**	₱3,767,300	₱4,106,528
Accretion of interest on lease liabilities (Note 18)	**108,677**	48,785	96,422
Interest income (Note 4)	**(28,906)**	(1,270,130)	(965,484)
	₱3,686,299	₱2,545,955	₱3,237,466

Other income (charges) consists of:

	2025	2024	2023
Foreign exchange gain (loss) - net	**₱7,460,018**	(₱4,736,530)	₱3,335,198
Bank charges	**(630,850)**	(498,011)	(538,110)
Unrealized gain (loss) on revaluation of cryptocurrencies (Note 11)	**–**	28,337	(59,249)
Gain (loss) on retirement and disposal of property and equipment (Notes 10)	**105,445**	(3,137)	(8,618)
Gain from derecognition of long-outstanding payables (Note 12)	**–**	–	833,319
Gain from derecognition of pension liability	**–**	–	327,000
Recovery of impaired advances to an associate	**3,690,556**	–	–
Other income	**17,332,366**	226,222	1,740
	₱27,957,535	(₱4,983,119)	₱3,891,280

Other income pertains to gain from reversal of long outstanding payables.

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.

The rollforward of right-of-use assets is as follows:

	2025	2024
Cost		
Balance at beginning of year	**₱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 year	**2,261,579**	2,064,803

	2025	2024
Accumulated Depreciation		
Balance at beginning of year	**₱1,892,737**	₱860,335
Depreciation	**1,114,392**	1,032,402
Termination of lease contract and derecognition of right-of-use asset	**(2,064,803)**	–
Balance at end of year	**942,326**	1,892,737
Net book value	**₱1,319,253**	₱172,066

The rollforward analysis of lease liabilities as of December 31, 2025 and 2024 follows:

	2025	2024
Balance at beginning of year	**₱187,245**	₱1,258,034
Addition	**2,261,579**	–
Accretion of interest (Note 17)	**108,677**	48,785
Payments	**(1,173,749)**	(1,119,574)
Balance at end of year	**₱1,383,752**	₱187,245
Current lease liabilities	**₱1,177,533**	₱187,245
Noncurrent lease liabilities	**₱206,219**	₱–

The following are the amounts recognized in the consolidated statements of comprehensive income:

	2025	2024	2023
Depreciation expense of right-of-use assets (Note 16)	**₱1,114,392**	₱1,032,402	₱1,028,183
Accretion of interest expense on lease liabilities (Note 17)	**108,677**	48,785	96,422
Rent expense on short-term leases charged under:			
General and administrative expenses (Note 16)	**219,000**	216,600	464,101
	₱1,442,069	₱1,297,787	₱1,588,706

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, 2025 and 2024 follow:

			Amount/Volume		Outstanding Balance			
					2025		2024	
	Terms	Conditions	2025	2024	Receivable	Payable	Receivable	Payable
Associates								
Advances (a)	Noninterest-bearing	Unsecured, with impairment	**₱128,703**	₱720,667	**₱–**	**₱–**	₱3,949,973	**₱–**
Revenues	Noninterest-bearing	Unsecured, with impairment	**9,518,787**	–	–	–	–	–
Stockholders								
Interest (a, b)	Noninterest-bearing	Unsecured	**1,914,445**	1,857,528	–	**12,295,106**	–	10,392,119
Payable to directors and officers (a-b)	Interest-bearing	Unsecured	**2,000,000**	–	–	**40,140,100**	–	37,517,457
Payable to directors and officers (c)	Noninterest-bearing	Unsecured	**1,497,500**	1,932,500	–	**1,469,250**	–	1,469,250
(Forward)								
Advances (d)	One year; noninterest-bearing	Unsecured	**5,500,000**	–	**₱–**	**₱5,617,678**	₱–	₱117,678
Affiliates								
Receivable (a)	Noninterest-bearing	Unsecured, no impairment	**28,812,866**	29,456,042	**2,707,711**	–	2,436,262	–
Advances (c)	Noninterest-bearing	Unsecured	**3,666,755**	–	–	**3,773,921**	–	107,166
					₱2,707,711	**₱63,296,055**	₱6,386,235	₱49,603,670

Associates:

a. The Parent Company made payments on behalf of SDI for its outsourced services. Outstanding balance amounted to nil and ₱3.95 million as of December 31, 2025 and 2024, respectively. The Parent Company recognized allowance for impairment loss amounting to ₱0.13 million and ₱1.67 million as of December 31, 2025 and 2024, 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 2025, 2024 and 2023, the Group recognized interest expense amounting to ₱1.90 million, ₱1.86 million and ₱1.79 million, respectively, under "Finance Cost and Other income (charges)" in its consolidated statements of comprehensive income (see Note 17). As at December 31, 2025

and 2024, outstanding loans and interest payable amounted to ₱45.64 million and ₱12.30 million, respectively, and ₱37.52 million and ₱10.39 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 ₱1.50 million, and ₱1.93 million in 2025 and 2024, respectively (see Note 16). Outstanding payable amounted to ₱1.13 million and ₱1.47 as at December 31, 2025 and 2024, respectively.

d. In 2025, a director and officer made cash advances for operational and corporate-related expenses of the Group. This is interest-bearing and are due and demandable. As of December 31, 2025, the outstanding payable and interest expense recognized amounted to ₱2.00 million and ₱0.01 million, respectively.

e. Advances from stockholders pertain to cash advances for operational and corporate-related expenses paid by a stockholder on behalf of the Group. These are noninterest-bearing and are due and demandable. Outstanding payable as at December 31, 2025 and 2024 amounted to ₱7.62 million and ₱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, 2025 and 2024 amounted to ₱0.24 million and ₱1.19 million, respectively, and ₱0.25 million and ₱0.95 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, 2025 and 2024 amounted to ₱2.68 million and ₱27.76 million, respectively, and ₱2.19 million and ₱28.75 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, 2025 and 2024 amounted to ₱3.71 million and ₱0.11 million, respectively.

Key management compensation
Compensation of key management personnel amounted to ₱26.16 million, ₱27.42 million, ₱28.65 million and in 2025, 2024 and 2023, respectively.

Compensation of key management personnel by benefit type follows:

	2025	2024	2023
Short-term employee benefits	**₱24,251,602**	₱25,092,295	₱27,301,378
Post-employment benefits	**1,912,769**	2,331,078	1,351,439
	₱26,164,371	₱27,423,373	₱28,652,817

20. Loss Per Share

The Group's loss per share for the years ended December 31, 2025, 2024 and 2023 were computed as follow:

	2025	2024	2023
Net loss attributable to the equity holders of the Parent Company	**(₱244,363,729)**	(₱133,052,421)	(₱86,405,207)
Weighted average number of outstanding shares	**2,510,065,199**	2,509,683,812	2,114,459,717
Basic loss per share	**(₱0.10)**	(₱0.05)	(₱0.04)
Diluted loss per share	**(₱0.10)**	(₱0.05)	(₱0.04)

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 2025, 2024 and 2023, there were no potentially dilutive common shares.

21. Income Taxes

Provision for (benefit from) income tax for the years ended December 31, 2025, 2024 and 2023 consists of the following:

	2025	2024	2023
Current	**₱1,808,795**	₱1,449,454	₱1,632,071
Deferred	**27,036**	–	(4,266)
Final	**460**	188,463	192,030
	₱1,836,291	₱1,637,917	₱1,819,835

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:

	2025	2024
Allowance for impairment losses	**₱657,549,085**	₱142,614,469
NOLCO	**618,631,319**	624,100,536
Accrued expenses	**69,749,125**	127,779,425
Pension liability	**19,025,055**	30,527,464
MCIT	**4,091,547**	2,993,863
Unrealized foreign exchange loss	**8,685,287**	57,839
Lease liability	**(107,832)**	–
	₱1,377,623,586	₱928,073,596

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:

	2025	2024
Net unrealized loss on financial assets as FVOCI	**₱43,594,956**	₱43,594,956
Remeasurement loss on defined benefit plan	**(9,909,863)**	(326,023)
	₱33,685,093	₱43,268,933

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*	₱20,446,160	₱–	₱–	₱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
2025	–	21,210,655	–	–	21,210,655	2028
	₱214,126,571	₱21,210,655	₱–	₱56,716,404	₱178,620,822	

**Can be availed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act.*

Subject to qualifying conditions, NOLCO of foreign subsidiaries which can be carried forward indefinitely amounted to ₱440.01 million and ₱409.97 million in 2025 and 2024, respectively.

MCIT:

Year Incurred	Beginning	Additions	Applied	Expired	End	Year of Expiration
2023	₱1,354,300	₱–	₱–	₱–	₱1,354,300	2026
2024	1,639,563	–	–	–	1,639,563	2027
2025	–	1,097,684	–	–	1,097,684	2028
	₱2,993,863	₱1,097,684	₱–	₱357,693	₱4,091,547	

The reconciliation between the statutory and effective income tax rates for the years ended

December 31, 2025, 2024 and 2023 follows:

	2025	2024	2023
Statutory income tax rate	**(₱66,040,758)**	(₱36,903,079)	(₱20,289,281)
Adjustments resulting from:			
Changes in unrecognized deferred tax assets	**24,024,513**	33,515,756	24,587,018
Nondeductible loss from investments in associates	**38,396,586**	1,989,273	453,615
Nondeductible expenses	**5,095,637**	1,677,049	857,719
Effect of lower income tax rate of subsidiaries	**396,693**	1,125,768	1,327,333
Expired MCIT	**–**	357,693	3,226,235
Interest income subjected to final tax	**(36,133)**	(124,296)	(48,519)
Nontaxable income	**(247)**	(247)	(8,290,019)
Deductible rental expense	**–**	–	(4,266)
Provision for (benefit from) income tax	**₱1,836,291**	₱1,637,917	₱1,819,835

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:

	2025	2024	2023
Current service cost	**₱4,015,792**	₱3,596,531	₱2,758,311
Net interest cost on benefit obligation	**1,782,187**	1,574,855	1,540,269
Settlement loss	**–**	613,440	–
	₱5,797,979	₱5,784,826	₱4,298,580

The Group recognized pension expense amounting to ₱5.80 million, ₱5.78 million and ₱4.30 million included in "Salaries, wages and employee benefits" under "General and administrative expenses" in the consolidated statements of comprehensive income in 2025, 2024 and 2023, respectively.

As of December 31, 2025 and 2024, pension liabilities amounted to ₱19.34 million and ₱29.31 million, respectively.

The following table presents the changes in the present value of defined benefit obligation:

	2025	2024
Balance at beginning of year	**₱29,312,292**	₱24,621,769
Current service cost	**4,015,792**	3,596,531
Interest cost on benefit obligation	**1,782,187**	1,574,855
Net actuarial loss (gain)	**(9,583,840)**	1,138,497
Settlement loss	**–**	613,440
Benefits paid	**(6,188,917)**	(2,232,800)
	₱19,337,514	₱29,312,292

The Group does not currently employ any asset-liability matching.

Remeasurement gain (loss) on defined benefit plan under consolidated statements of comprehensive income follow:

	2025	2024	2023
Actuarial gain (loss) on defined benefit obligation	**₱9,583,840**	(₱1,138,497)	₱663,036

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:

	2025	2024	2023
Balance at beginning of year	**(₱363,913)**	(₱1,502,410)	(₱11,139,773)
Actuarial loss (gain) on defined benefit obligation, net of adjustment	**(9,545,950)**	1,138,497	(663,036)
Derecognition of defined benefit plan	**–**	–	10,300,399
	(₱9,909,863)	(₱363,913)	(₱1,502,410)
Attributable to:			
Equity holders of Xurpas Inc.	**(₱9,909,863)**	(₱363,913)	(₱1,901,707)
Noncontrolling interests	**–**	–	399,298
	(₱9,909,863)	(₱363,913)	(₱1,502,409)

The assumptions used to determine pension benefits of the Group are as follows:

	2025	2024	2023
Discount rate	**6.54%-6.56%**	6.08%	6.15% - 6.18%
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	
		2025	2024
Discount rate	(+) 1.0%	**(₱2,400,104)**	(₱3,187,012)
	(−) 1.0%	**2,952,184**	3,886,879
Salary increase rate	(+) 1.0%	**2,969,132**	3,890,128
	(−) 1.0%	**(2,453,015)**	(3,244,686)

The weighted average duration of defined benefit obligation at the end of the reporting period is 11.90 to 18.80 years and 9.70 to 19.50 years in 2025 and 2024, respectively.

Shown below is the maturity analysis of the undiscounted benefit payments as of December 31, 2025 and 2024:

	2025	2024
Within 1 year	**₱2,623,200**	₱2,424,452
More than 1 year to 5 years	**2,758,779**	13,672,151
More than 5 years to 10 years	**717,265**	6,435,696
	₱6,099,244	₱22,532,299

23. Capital Deficiency

The details of the Parent Company's capital stock follow:

	2025	2024
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	**58,208,975**	62,128,975
Outstanding shares	**2,513,603,812**	2,509,683,812
Value of shares issued	**₱257,181,278**	₱257,181,278
Value of treasury shares	**(₱66,885,113)**	(₱99,700,819)

The details of the Parent Company's common shares follow:

	2025	2024
Outstanding shares		
At beginning of year	**2,509,683,812**	2,509,683,812
Reissuance of treasury shares	**3,920,000**	–
At end of year	**2,513,603,812**	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:

	Number of shares registered	Issue/offer price	Date of approval	2025 2025 Number of holders of securities as of December 31	2024 2024 Number of holders of securities as of December 31
Common shares	344,000,000	₱3.97 issue price	November 13, 2014	31	33

The balance of additional paid-in capital (APIC) as of December 31, 2025 and 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, 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.

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, 2025 and 2024. On July 13, 2026, the Group reversed its appropriated retained earnings amounting to ₱115.46 million. This is considered a non-adjusting subsequent event.

Dividends declaration
The Parent Company has no dividend declarations made in 2025, 2024 and 2023.

Deficit includes accumulated equity in the net losses of subsidiaries and associates amounting to ₱626.85 million and ₱595.95 million as of December 31, 2025 and 2024, 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.

In 2025, the Parent Company reissued 3,920,000 treasury shares with a cost of ₱32.82 million. The reissuance generated a total proceeds of ₱0.73 million.

As of December 31, 2025 and 2024, the Parent Company has 58,208,975 and 62,128,975 treasury shares amounting to ₱66.89 million and ₱99.70 million, respectively.

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, 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 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:

	2025	2024
Capital stock	**₱257,181,278**	₱257,181,278
Additional paid-in capital	**3,716,002,747**	3,748,086,156
Deficit	**(3,704,005,164)**	(3,483,605,247)
	₱269,178,861	₱521,662,187

The Group is subject to certain capital requirement as a listed entity under PSE Rule. The Group regards its equity as its primary source of capital.

As of December 31, 2025, 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 2025, 2024 and 2023.

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, 2025 and 2024, financial information of identified subsidiaries with material noncontrolling interests is as follows:

Storm

	2025	2024
Proportion of equity interests held by noncontrolling interests	**48.69%**	48.69%
Accumulated balances of noncontrolling interests	**(133,094,958)**	(139,288,170)
Loss allocated to noncontrolling interests	**(6,193,212)**	(2,064,356)
Other comprehensive income (loss) allocated to noncontrolling interests	**–**	–
Total comprehensive loss allocated to noncontrolling interests	**(6,193,212)**	(2,064,356)

	2025	2024
Statements of financial position		
Current assets	**₱36,413,534**	₱33,164,154
Noncurrent assets	**9,735,782**	1,907,534
Current liabilities	**320,985,650**	321,319,662
Noncurrent liabilities	**312,459**	–
Total capital deficiency	**(275,148,793)**	(286,247,974)
Attributable to:		
Equity holders of Xurpas Inc.	**(142,053,835)**	(146,959,804)
Noncontrolling interests	**(133,094,958)**	(139,288,170)

	2025	2024
Statements of comprehensive income		
Revenue and other income	**₱98,543,493**	₱55,793,068
Cost and expenses	**86,972,938**	59,444,520
Income (loss) before income tax	**11,570,555**	(3,651,452)
Provision for income tax	**471,381**	316,970
Income (loss) from operations	**11,099,174**	(3,968,422)
Other comprehensive income	**–**	–
Total comprehensive income (loss)	**11,099,174**	(3,968,422)
Attributable to:		
Equity holders of Xurpas Inc.	**4,905,962**	(1,904,066)
Noncontrolling interests	**6,193,212**	(2,064,356)

	2025	2024
Statements of cash flows		
Net cash provided by operating activities	**₱10,438,285**	₱5,144,272
Net cash used in investing activities	**(339,115)**	(18,071)
Net cash (used in) provided by financing activities	**–**	–
Effect of exchange rate changes	**–**	–

Seer

	2025	2024
Proportion of equity interests held by noncontrolling interests	**30.00%**	30.00%
Accumulated balances of noncontrolling interests	**(₱15,986,212)**	(₱15,986,756)
Loss allocated to noncontrolling interests	**4,373,847**	126,716
Other comprehensive income allocated to noncontrolling interests	**–**	–
Total comprehensive income (loss) allocated to noncontrolling interests	**4,373,847**	126,716

	2025	2024
Statements of financial position		
Current assets	**₱474,508**	₱2,604,255
Noncurrent assets	**–**	12,045,951
Current liabilities	**57,552,739**	57,064,398
Noncurrent liabilities	**–**	–
Total equity (capital deficiency)	**(57,078,231)**	(42,414,193)
Attributable to:		
Equity holders of Xurpas Inc.	**(36,717,628)**	(26,427,437)
Noncontrolling interests	**(20,360,603)**	(15,986,756)

	2025	2024
Statements of comprehensive income		
Revenue and other income	**₱38,158**	₱605,616
Cost and expenses	**14,617,646**	181,030
Income before income tax	**(14,579,488)**	424,586
Provision for income tax	**–**	–
Income from operations	**(14,579,488)**	424,586
Other comprehensive income	**–**	–
Total comprehensive income (loss)	**(14,579,488)**	424,586
Attributable to:		
Equity holders of Xurpas Inc.	**(10,205,642)**	297,870
Noncontrolling interests	**(4,373,846)**	126,716

	2025	2024
Statements of cash flows		
Net cash (used in) provided by operating activities	**₱74,474**	₱192,953
Net cash used in financing activities	**(80,103)**	(347,969)

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:

	2025		2024	
	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**	₱1,100,000	₱1,100,000
Cryptocurrencies	–	–	27,390,580	27,390,580
Liability for which fair value is disclosed				
Financial liability				
Advances from stockholders	**45,757,778**	**45,757,778**	37,517,457	37,517,457

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 as of December 31, 2025 and 2024 were classified under Level 2 (see Note 7).

As at December 31, 2025 and 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, 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 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 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 ₱20.66 million and ₱31.75 million as of December 31, 2025 and 2024, respectively.

The Group's credit risk exposure on its accounts and other receivables using provision matrix is as follows (amounts in millions):

December 31, 2025

	Trade receivables						Receivable from	Other
	Current	**< 30 days**	**30-60 days**	**61-90 days**	**> 90 days**	**Total**	**related parties**	**receivables**
ECL rate	**0.25-1.74%**	**0.99-7.27%**	**1.73-7.56%**	**3.06-9.93%**	**6.36-41.94%**		**0-50%**	**1.19-100%**
Estimated total gross carrying amount at default	–	**4.65**	**4.78**	**2.16**	**24.11**	**35.70**	**2.92**	**1.93**
ECL	**₱–**	**₱0.29**	**₱0.60**	**₱0.52**	**₱16.16**	**₱17.57**	**₱1.83**	**₱1.26**

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

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, 2025 and 2024 based on contractual undiscounted payments:

December 31, 2025

	<1 year	**>1 to <5 years**	**>5 years**	**Total**
Financial Assets				
Cash	**₱32,152,046**	**₱–**	**₱–**	**₱32,152,046**
Accounts and other receivables				
Trade receivables - net	**18,130,469**	**–**	**–**	**18,130,469**
Receivable from related parties - net	**877,545**	**–**	**–**	**877,545**
Others	**675,159**	**–**	**–**	**675,159**
Financial asset at FVOCI	**1,100,000**	**–**	**–**	**1,100,000**
Other assets				
Rental deposit	**–**	**295,784**	**–**	**295,784**
Total undiscounted financial assets	**52,935,219**	**295,784**	**–**	**53,231,003**
Contract assets	**37,452,791**	**–**	**–**	**37,452,791**
Total undiscounted financial assets and contract assets	**90,388,010**	**295,784**	**–**	**90,683,794**
Financial Liabilities				
Trade and other payables				
Payable to third parties	**88,325,999**	**–**	**–**	**87,634,970**
Trade payables	**13,006,506**	**–**	**–**	**47,331,750**
Accrued expenses	**63,594,041**	**–**	**–**	**28,527,544**
Payable to related parties	**16,069,027**	**–**	**–**	**17,476,078**
Other payables	**11,841,118**	**–**	**–**	**619,220**
Advances from stockholders	**45,757,778**	**–**	**–**	**45,640,100**
Lease liabilities	**1,231,425**	**206,847**	**–**	**1,438,272**
Loans payable	**26,183,594**	**–**	**–**	**26,183,594**
Total undiscounted financial liabilities	**266,009,488**	**206,847**	**–**	**254,851,528**
Liquidity gap	**(₱164,341,036)**	**₱88,937**	**₱–**	**(₱164,252,099)**

December 31, 2024

	<1 year	>1 to <5 years	>5 years	Total
Financial Assets				
Cash	₱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)

To address the liquidity gap, management will continue to venture into new revenue potential and sale of assets. Further the Group has secured the commitment of a third party not to demand payment of the Group's liability 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 2025 and 2024, with all other variables held constant:

		Effect on loss before income tax Increase (decrease)	
		2025	2024
Floating rate borrowings	(+) 1.0%	**(₱158,351)**	(₱158,351)
	(−) 1.0%	**158,351**	158,351

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, 2025 and 2024.

	2025		2024	
	Original currency	**Peso equivalent**	Original currency	Peso equivalent
Cash in bank				
US Dollar (USD)	**$10,771**	**₱633,402**	$22,534	₱1,303,494
Trade receivables				
US Dollar (USD)	–	–	189,909	10,985,284
Foreign currency denominated assets		**663,402**		12,288,778
Trade Payables				
US Dollar (USD)	–	–	2,200	127,245
Net foreign currency denominated financial instruments		**₱663,402**		₱12,161,533

In translating the foreign currency-denominated monetary assets into Peso amounts, the exchange rates used were as follows:

	2025	2024
USD to ₱	**₱58.81**	₱57.85

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.

	2025		2024	
	+₱1	**-₱1**	+₱1	-₱1
USD	**₱10,771**	**(₱10,771)**	₱210,243	(₱210,243)

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 HMO plans offered to customers with different coverage and benefits, including consultation with primary care physicians, special doctors, laboratory tests, and hospitalization coverage, among others.

The following tables regarding business segment revenue and profit information for the years ended December 31, 2025, 2024 and 2023:

2025

	Mobile consumer services	**Enterprise services**	**Other services**	**Intersegment adjustments**	**Consolidated**
INCOME					
Service income	**₱85,000**	**₱160,322,324**	**₱85,758,309**	**(₱36,935,725)**	**₱209,229,908**
COST AND EXPENSES	**(46,378,503)**	**(491,315,548)**	**(85,709,871)**	**154,416,130**	**(468,987,792)**
Equity in net losses of associates	**–**	**–**	**–**	**(5,221,424)**	**(5,221,424)**
Finance cost and other income	**2,810,503**	**10,770,170**	**11,412,009**	**(721,446)**	**24,271,236**
Income (loss) before income tax	**(43,483,000)**	**(320,223,054)**	**11,460,447**	**111,537,535**	**(240,708,072)**
Provision for (benefit from) income tax	**–**	**(1,364,910)**	**(471,381)**	**–**	**(1,836,291)**
Net income (loss)	**(43,483,000)**	**(321,587,964)**	**10,989,066**	**111,537,535**	**(242,544,363)**
Net loss attributable to:					
Equity holders of Xurpas Inc.					**(₱244,363,729)**
Noncontrolling interests					**₱1,819,366**
					(₱240,349,169)

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)

The following tables present business segment assets and liabilities as at December 31, 2025, 2024 and 2023:

2025

	Mobile consumer services	**Enterprise services**	**Other services**	**Intersegment adjustments**	**Consolidated**
Other information					
Segment assets	**₱143,516,993**	**₱485,166,698**	**₱46,697,449**	**(₱458,653,144)**	**₱216,727,996**
Deferred tax assets	**–**	**–**	**–**	**–**	**–**
Total assets	**₱143,516,993**	**₱485,166,698**	**₱46,697,449**	**(₱458,653,144)**	**₱216,727,996**
Segment liabilities	**₱185,424,645**	**₱814,609,852**	**₱319,742,810**	**(₱740,392,437)**	**₱579,384,870**
Deferred tax liabilities	**–**	**–**	**–**	**–**	**–**
Total liabilities	**₱185,424,645**	**₱814,609,852**	**₱319,742,810**	**(₱740,392,437)**	**₱579,384,870**

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

27. Notes to Consolidated Statements of Cash Flows

Disclosed below is the rollforward of liabilities under financing activities:

	January 1, 2025	**Cash flows**	**Non-cash changes**	**Foreign exchange movement**	**December 31, 2025**
Loans payable (Note 13)	**₱38,775,697**	**(₱80,103)**	**(₱12,512,000)**	**₱–**	**₱26,183,594**
Lease liabilities (Note 18)	**187,245**	**(1,173,749)**	**2,370,256**	**–**	**1,383,752**
Advances from stockholders (Note 19)	**37,517,457**	**7,500,000**	**117,678**	**504,965**	**45,640,100**
Total liabilities from financing activities	**₱76,480,399**	**₱6,246,149**	**(₱10,024,067)**	**₱504,965**	**₱73,207,446**

	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

The noncash investing and financing activities of the Group are as follows:

- Unrealized gain on financial assets at FVOCI amounted to nil in 2025 and unrealized loss on financial assets at FVOCI amounted to ₱200,000 in 2024.
- Cumulative translation adjustments recognized under "Investments in associates" amounted to ₱11.99 million, ₱3.43 million and ₱3.28 million in 2025, 2024 and 2023, respectively.
- On December 31, 2025, the investment in and advances to an associate were reclassified to Non-current assets held for sale amounting to ₱16.84 million, net of impairment loss.
- In 2025, the Group reissued 3,920,000 treasury shares with a cost of ₱32.82 million for a total consideration of ₱0.73 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 ₱160.40 million and ₱157.79 million as of December 31, 2025 and 2024 (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.

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 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, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated July 17, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 and SEC Memorandum Circular No. 16-2023, 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
Partner
CPA Certificate No. 127285
Tax Identification No. 213-262-420
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
SEC Partner Accreditation No. 127285-SEC (Group A)
Valid to cover audit of 2025 to 2029 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001998-161-2025, December 18, 2024, valid until December 17, 2027
PTR No. 10765027, January 2, 2026, Makati City

July 17, 2026

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 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, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated July 17, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule 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, 2025 and 2024 and for each of the three years in the period ended December 31, 2025 and no material exceptions were noted.

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
SEC Partner Accreditation No. 127285-SEC (Group A)
Valid to cover audit of 2025 to 2029 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001998-161-2025, December 18, 2024, valid until December 17, 2027
PTR No. 10765027, January 2, 2026, Makati City

July 17, 2026

XURPAS INC. AND SUBSIDIARIES
INDEX TO THE SUPPLEMENTARY SCHEDULES

Annex A: Reconciliation of Retained Earnings Available for Dividend Declaration

Annex B: Map Showing the Relationships Between and Among the Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries, Associates, Wherever Located or Registered

Annex C: Supplementary Schedules Required by Annex 68-J

Schedule	Contents
A	Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related parties)
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
D	Long-Term Debt
E	Indebtedness to Related Parties
F	Guarantees of Securities of Other Issuers
G	Capital Stock

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		
Cash on hand	₱47,739	₱–
Cash in banks		
Bank of the Philippine Islands		
Current Account	8,503,034	10,807
US Dollar Account	97,469	21
Security Bank		
Current Account	1,388,443	1,461
US Dollar Account	403,123	–
Unionbank		
Current Account	18,752,708	10,520
Savings Account	328,935	37
US Dollar Account	56,841	–
China Bank		
Current Account	257,382	264
US Dollar Account	35,025	1,171
Metrobank		
Savings Account	262,781	166
Banco De Oro		
Current Account	503,900	56
Savings Account	324,407	123
CIMB Bank		
US Dollar Account	–	–
SG Dollar Account	–	–
OCBC Bank		
US Dollar Account	29,676	–
SG Dollar Account	(10,573)	–
DBS Bank		
US Dollar Account	11,268	–
SG Dollar Account	16,202	–
ANZ Bank		
AU Dollar Account	1,143,746	4,280
Paypal	–	–
Accounts and other receivables		
Trade	35,698,358	–
Receivable from related parties	2,915,640	–
Others	1,931,303	–
	72,697,407	28,906
Financial assets at fair value through other comprehensive income		
Quoted equity investment	1,100,000	–
	1,100,000	–
	₱73,797,407	₱28,906

SCHEDULE B

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.

SCHEDULE C

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.	₱206,753,712	₱206,753,712	₱206,753,712	₱–
Storm Technologies Inc.	128,633,184	128,633,184	128,633,184	–
Seer Technologies Inc.	48,748,515	48,748,515	48,748,515	–
Art of Click Pte. Ltd.	48,867,313	48,867,313	48,867,313	–
ODX Pte. Ltd	10,947,680	10,947,680	10,947,680	–
Xurpas Software Inc.	10,049,709	10,049,709	10,049,709	–
Xurpas Pty. Ltd.	4,020,513	4,020,513	4,020,513	–
Xeleb Technologies Inc. and subsidiary	2,487,331	2,487,331	2,487,331	–
Xurpas Pte. Ltd.	1,913,906	1,913,906	1,913,906	–
Subtotal	₱462,421,863	₱462,421,863	₱462,421,863	₱–

	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.	100,671,612	100,671,612	100,671,612	–
Xurpas Enterprise Inc.	60,336,411	60,336,411	60,336,411	–
Art of Click Pte. Ltd.	17,994,493	17,994,493	17,994,493	–
Xurpas Software Inc.	5,929,260	5,929,260	5,929,260	–
Subtotal	₱263,092,958	₱263,092,958	₱263,092,958	₱–

	Amount owed to Xurpas Subsidiary to Xurpas Subsidiary		
Receivable to	Payable from	Current	Noncurrent
Seer Technologies Inc.	Xurpas Enterprise Inc.	₱3,029,660	₱–
Xurpas Enterprise Inc.	Seer Technologies Inc.	1,565,785	–
Xurpas Enterprise Inc.	Xurpas Software Inc.	3,998,558	–
Xurpas Enterprise Inc.	Storm Technologies Inc.	858,055	–
Xurpas Enterprise Inc.	Xurpas Pty. Ltd.	2,051,929	
Storm Technologies Inc.	Xurpas Enterprise Inc.	124,047	–
Seer Technologies Inc.	Xurpas Software Inc.	–	
Subtotal		₱11,628,034	₱–
Total eliminated receivables		₱737,142,855	₱–

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.		

SCHEDULE F

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	2,513,603,812*	–	–	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

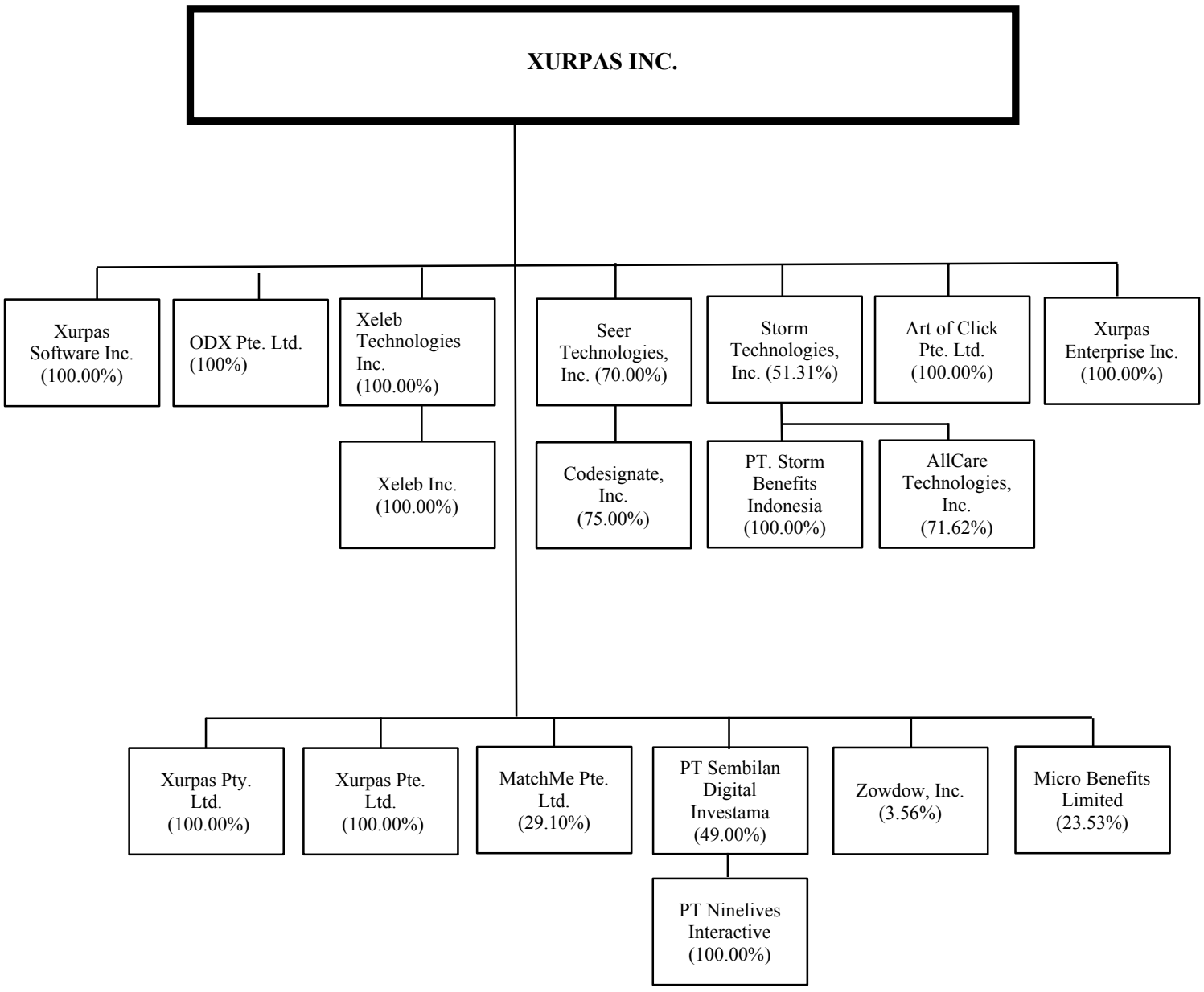
Unappropriated retained earnings beginning of reporting period		(₱3,622,382,020)
Add: Category A: Items that are directly credited to unappropriated retained earnings		
Reversal of retained earnings appropriation/s	–	
Effect of restatements or prior-period adjustments	–	
Others	–	–
Less: Category B: Items that are directly 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		(3,622,382,020)
Add/Less: Net income (loss) for the current year		(262,516,457)
Less: Category C.1: 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: Category C.2: 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: Category C.3: 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		(262,516,457)
Add: Category D: Non actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	–	
Subtotal		–
Add: Category E: 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: Category F: 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		(₱3,884,898,477)

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: As of December 31, 2025, the investment in PT Sembilan Digital Investama is classified as non-current assets held for sale. Xeleb Technologies Inc. and Xeleb Inc. are in the process of liquidation.

XURPAS INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE ON FINANCIAL SOUNDNESS INDICATORS

Ratio	Formula	2025	2024
Current Ratio	Total Current Assets divided by Total Current Liabilities Total Current Assets 131,574,373 Divide by: Total Current Liabilities 559,814,101 Current Ratio 0.24	**0.24**	0.22
Acid Test Ratio/Quick Ratio	Quick Assets (*Total Current Assets less Inventories and Other Current Assets*) divided by Total Current Liabilities Total Current Assets ₱131,574,373 Less: Other Current Assets and Non-current assets held for sale 41,944,291 Quick Assets 89,630,082 Divide by: Total Current Liabilities 559,814,101 Acid Test Ratio 0.16	**0.16**	0.18
Solvency Ratio	Total Assets divided by Total Liabilities Total Assets ₱216,727,996 Divide by: Total Liabilities 579,384,870 Solvency Ratio 0.37	**0.37**	0.81
Debt-to-Equity Ratio	Total Liabilities divided by Total Equity Attributable to Parent Total Liabilities ₱579,384,870 Divide by: Equity Attributable to equity holders of Xurpas Inc. (209,201,304) Debt-to-Equity Ratio (2.77)	**(2.77)**	9.86
Asset-to-Equity Ratio	Total Assets divided by Equity Attributable to Parent Total Assets ₱216,727,996 Divide by: Equity Attributable to equity holders of Xurpas Inc. (209,201,304) Asset-to-Equity Ratio (1.04)	**(1.04)**	7.96
Interest Rate Coverage Ratio	Earnings before Interest and Taxes (EBIT)/Interest Charges Income (Loss) before Income Tax (₱240,708,072) Add: Interest Expense 3,715,205 EBIT (236,992,867) Divided by: Interest Expense 3,715,205 Interest Expense Coverage Ratio (63.79)	**(63.79)**	(33.94)

Ratio	Formula	2025	2024
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. (₱244,363,729) Total Equity attributable to equity holders of Xurpas Inc. (CY) (209,201,304) Total Equity attributable to equity holders of Xurpas Inc. (PY) 53,550,089 Average Total Equity (77,825,612) Return on Equity 3.14	**3.14**	(1.17)
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. (₱244,363,729) Total Assets (CY) 216,727,996 Total Assets (PY) 426,425,701 Average Total Assets 321,576,849 Return on Assets (0.76)	**(0.76)**	(0.28)
Net Income Margin	Net Income attributable to equity holders of Xurpas Inc. divided by Revenue Net loss attributable to equity holders of Xurpas Inc. (₱244,363,729) Divided by: Revenue 209,229,908 Net Income Margin Ratio (1.17)	**(1.17)**	(0.72)
Gross margin ratio	Gross margin divided by Revenue Revenue ₱209,229,908 Less: Direct costs 135,938,370 Gross margin 73,291,538 Divided by: Revenue 209,229,908 Gross Margin Ratio 0.35	**0.35**	0.26
Operating margin ratio	Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) divided by Revenue Loss before Income Tax (₱240,708,072) Add: Interest Expense 3,715,205 Depreciation and Amortization 3,070,618 EBITDA (233,922,249) Divided by: Revenue 209,229,908 Operating Margin Ratio (1.12)	**(1.12)**	(0.69)

XURPAS INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION
DECEMBER 31, 2025 and 2024

	2025	2024
Total audit fees of the Group	**₱4,909,250**	₱4,484,500
Non-audit service fees:		
Other assurance services	–	–
Tax services	–	–
All other services	–	–
Total non-audit service	–	–
Total audit and non-audit services	**₱4,909,250**	₱4,484,500

COVER SHEET

SEC Registration Number

A	2	0	0	1	1	7	7	0	8	

Company Name

X	U	R	P	A	S		I	N	C	.		A	N	D		S	U	B	S	I	D	I	A	R	I	E	S		

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

U	N	I	T		8	0	4		A	N	T	E	L		2	0	0	0		C	O	R	P	O	R	A	T	E		
C	E	N	T	E	R	,		1	2	1		V	A	L	E	R	O		S	T	.		S	A	L	C	E	D	O	
V	I	L	L	A	G	E	,		B	R	G	Y	.		B	E	L	-	A	I	R	,		M	A	K	A	T	I	
C	I	T	Y																											

Form Type	Department requiring the report	Secondary License Type, If Applicable
1 7 - Q	S E C	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 Wednesday of August**	**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, 2026**

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	**2,513,603,812**

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 2,513,603,812

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, 2026 (with Comparative Audited Consolidated Statements of Financial Position as at December 31, 2025)

Unaudited Interim Condensed Consolidated Statements of Income and Comprehensive Income
For the Three-month Periods Ended March 31, 2026 and 2025

Unaudited Interim Condensed Consolidated Statements of Changes in Equity
For the Three-month Periods Ended March 31, 2026 and 2025

Unaudited Interim Condensed Consolidated Statements of Cash Flows
For the Three-month Periods Ended March 31, 2026 and 2025

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, 2026 and December 31, 2025 and performance for the three-month periods ended March 31, 2026 and 2025. 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, 2026 and 2025 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, 2026 (Unaudited)	December 31, 2025 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5 and 24)	**₱52,868,360**	₱32,152,106
Accounts and other receivables (Notes 6 and 24)	**26,743,578**	20,025,185
Contract assets (Note 7)	**40,015,914**	37,452,791
Other current assets (Note 9)	**24,728,244**	25,102,551
	144,356,096	114,732,633
Noncurrent assets held for sale (Note 10)	**–**	16,841,740
Total Current Assets	**144,356,096**	131,574,373
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)	**–**	–
Property and equipment (Note 11)	**738,084**	862,920
Intangible assets (Note 12)	**45,879,581**	45,949,531
Right-of-use asset (Note 19)	**1,036,556**	1,319,253
Other noncurrent assets (Note 9)	**36,926,426**	35,921,919
Total Noncurrent Assets	**85,680,647**	85,153,623
	₱230,036,743	₱216,727,996
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 13 and 24)	**₱464,387,142**	₱456,329,232
Advances from stockholders (Note 20)	**45,012,792**	45,757,778
Loans payable (Notes 14 and 24)	**26,229,594**	26,183,594
Contract liabilities (Note 7)	**49,542,171**	30,365,964
Current portion of lease liabilities (Note 19)	**1,104,866**	1,177,533
Total Current Liabilities	**586,276,565**	559,814,101
Noncurrent Liabilities		
Lease liabilities – net of current portion (Note 19)	**–**	206,219
Deferred tax liability – net	**27,036**	27,036
Pension liabilities	**19,337,514**	19,337,514
Total Noncurrent Liabilities	**19,364,550**	19,570,769
Total Liabilities	**605,641,115**	579,384,870
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)	**3,716,002,747**	3,716,002,747
Deficit (Note 22)	**(3,711,952,618)**	(3,704,885,992)
Net unrealized loss on financial assets at FVOCI (Note 8)	**(43,594,956)**	(43,594,956)
Cumulative translation adjustment	**(20,230,727)**	(13,504,523)
Remeasurement gain on defined benefit plan	**9,909,863**	9,909,863
Equity reserve (Notes 22)	**(363,424,608)**	(363,424,608)
Treasury stock (Note 22)	**(66,885,113)**	(66,885,113)
	(222,994,134)	(209,201,304)
Noncontrolling interests	**(152,610,238)**	(153,455,570)
Total Equity (Capital Deficiency)	**(375,604,372)**	(362,656,874)
	₱230,036,743	₱216,727,996

See accompanying Notes to Interim Condensed Consolidated Financial Statements

XURPAS INC. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	March 31	
	2026 (Unaudited)	2025 (Unaudited)
SERVICE INCOME (Note 15)	**₱48,992,010**	₱42,395,050
COST OF SERVICES (Note 16)	**32,204,334**	27,193,198
GENERAL AND ADMINISTRATIVE EXPENSES (Note 17)	**18,969,447**	26,520,842
EQUITY IN NET LOSSES (EARNINGS) OF ASSOCIATES (Note 10)	**–**	(1,463,256)
FINANCE COSTS – Net (Note 18)	**989,922**	880,352
OTHER CHARGES (INCOME) - NET (Note 18)	**2,375,639**	(1,606,246)
LOSS BEFORE INCOME TAX	**(5,547,332)**	(9,129,840)
PROVISION FOR INCOME TAX (Note 21)	**673,962**	297,003
NET LOSS	**(6,221,294)**	(9,426,843)
OTHER COMPREHENSIVE INCOME (LOSS)		
Item that may be reclassified to profit or loss in subsequent periods:		
Cumulative translation adjustment	**(6,726,204)**	338,948
Item that may not be reclassified to profit or loss in subsequent periods:		
Unrealized fair value gain (loss) on cryptocurrencies	**–**	(697,311)
	(6,726,204)	(358,363)
TOTAL COMPREHENSIVE INCOME (LOSS)	**(₱12,947,498)**	(₱9,785,206)
Net income (loss) attributable to:		
Equity holders of Xurpas Inc.	**(₱7,066,626)**	(₱10,081,719)
Noncontrolling interests	**845,332**	654,876
	(₱6,221,294)	(₱9,426,843)
Total comprehensive income (loss) attributable to:		
Equity holders of Xurpas Inc.	**(₱13,792,830)**	(₱10,440,082)
Noncontrolling interests	**845,332**	654,876
	(₱12,947,498)	(₱9,785,206)
Loss per share (Note 23)		
Basic	**(₱0.00)**	(₱0.00)
Diluted	**(₱0.00)**	(₱0.00)

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

XURPAS INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	March 31	
	2026 (Unaudited)	2025 (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	**3,716,002,747**	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	**(3,820,350,267)**	(3,599,069,522)
Transfer from revaluation surplus	**–**	23,157,822
Net loss	**(7,066,626)**	(10,081,719)
Balance at end of period	**(3,827,416,893)**	(3,585,993,419)
	(3,711,952,618)	(3,470,529,144)
NET UNREALIZED LOSS ON FINANCIAL ASSETS AT FVOCI (Note 8)		
Balance at beginning and end of period	**(43,594,956)**	(43,594,956)
CUMULATIVE TRANSLATION ADJUSTMENT		
Balance at beginning of period	**(13,504,523)**	14,427,227
Movement during the period	**(6,726,204)**	338,948
Balance at end of period	**(20,230,727)**	14,766,175
REMEASUREMENT GAIN ON DEFINED BENEFIT PLAN		
Balance at beginning and end of period	**9,909,863**	326,023
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
Transfer from revaluation surplus	**–**	(23,157,822)
Movement during the period	**–**	(697,314)
Balance at end of period	**–**	(101)
TREASURY STOCK (Note 22)		
Balance at beginning and end of period	**(66,885,113)**	(99,700,819)
	(222,994,134)	43,110,004
NONCONTROLLING INTERESTS		
Balance at beginning of period	**(153,455,570)**	(155,274,936)
Net income (loss)	**845,332**	654,876
Balance at end of period	**(152,610,238)**	(154,620,060)
	(₱375,604,372)	(₱111,510,056)

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

XURPAS INC. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	March 31	
	2026 (Unaudited)	2025 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(₱5,547,332)**	(₱9,129,840)
Adjustments for:		
Unrealized foreign exchange (gain) (Note 18)	**2,033,899**	(2,379,619)
Interest expense (Note 18)	**996,775**	880,396
Depreciation and amortization (Notes 16 and 17)	**654,161**	834,534
Equity in net losses (earnings) of associates (Note 10)	**–**	(1,463,256)
Interest income (Note 5)	**(6,853)**	(44)
Operating loss before changes in working capital	**(1,869,350)**	(11,257,829)
Changes in working capital		
Decrease (increase) in:		
Accounts and other receivables and contract assets – net	**(11,169,053)**	(10,913,559)
Other assets	**(630,200)**	(489,815)
Increase (decrease) in:		
Accounts and other payables	**1,511,409**	14,365,253
Contract liabilities	**19,176,207**	8,793,978
Net cash used in operations	**7,019,013**	498,028
Interest received	**6,853**	44
Interest paid	**–**	–
Income taxes paid	**(673,962)**	(297,003)
Net cash provided by (used in) operating activities	**6,351,904**	201,069
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from noncurrent assets held for sale	**16,841,740**	–
Proceeds from sale of cryptocurrencies	**–**	26,618,428
Additions to intangible assets (Note 12)	**–**	(36,900)
Additions to property and equipment (Note 11)	**(176,678)**	(22,999)
Net cash used in investing activities	**16,665,062**	26,558,529
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of principal portion of lease liabilities	**(300,712)**	(286,392)
Payment of advances from stockholders	**(2,000,000)**	–
Payment of loans payable (Note 14)	**–**	(43,178)
Net cash provided by (used in) financing activities	**(2,300,712)**	(329,570)
EFFECT OF FOREIGN CURRENCY EXCHANGE RATE CHANGES ON CASH	**–**	433,824
NET INCREASE(DECREASE) IN CASH	**20,716,254**	26,863,852
CASH AT BEGINNING OF PERIOD	**32,152,106**	32,314,999
CASH AT END OF PERIOD (Note 5)	**₱52,868,360**	₱59,178,851

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 July 17, 2026.

2. Summary of Significant Accounting Policies

Basis of Preparation
The interim condensed consolidated financial statements of the Group as at March 31, 2026 and for the three-month periods ended March 31, 2026 and 2025, 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, 2025.

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, 2026 and December 31, 2025 and for the three-month periods ended March 31, 2026 and 2025 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, 2026 and December 31, 2025.

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, 2026	December 31, 2025	**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, 2026	December 31, 2025	**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, 2026, 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, 2026, 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, 2026.

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, 2026. Adoption of these new standards and amendments did not have any significant impact on the consolidated financial position or performance unless otherwise indicated.

- Amendments to Illustrative Examples of PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*
- Amendments to PFRS 9 and PFRS7, *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*

Standards and Interpretations Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Group does not expect that the future adoption of the said pronouncements will have a significant impact on its interim consolidated financial. statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2027

- PFRS 17, *Insurance Contracts*
- PFRS 18, *Presentation and Disclosure in Financial Statements*

The standard replaces PAS 1 Presentation of Financial Statements and responds to investors' demand for

better information about companies' financial performance. The new requirements include:
  - Required totals, subtotals and new categories in the statement of profit or loss
  - Disclosure of management-defined performance measures
  - Guidance on aggregation and disaggregation

- PFRS 19, *Subsidiaries without Public Accountability*
- Amendments to PAS 21, *Translation to a Hyperinflationary Presentation Currency*

Deferred effectivity
- Amendments to PFRS 10, *Consolidated Financial Statements,* and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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.

Cash
Cash includes cash on hand and in banks. Cash in bank earns interest based on the prevailing bank deposit rates.

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 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.

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 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.

Investments in Associates
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, 2026 and 2025, 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 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 ₱6.22 million for the three-month period ended March 31, 2026. As of March 31, 2026 the Group's current liabilities exceeded its current assets by ₱446.92 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, 2026 and December 31, 2025, 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 nil as of March 31, 2026 and December 31, 2025, 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, 2026 and December 31, 2025, allowance for impairment losses on accounts and other receivables amounted to ₱20.64 million and ₱20.66 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, 2026 (Unaudited)	December 31, 2025 (Audited)
Cash on hand	**₱74,657**	₱47,740
Cash in banks	**52,793,703**	32,104,366
	₱52,868,360	₱32,152,106

Cash in banks earn interest at the prevailing bank deposit rates.

Interest income earned from cash in banks amounted to ₱6,853 and ₱44 for the three-month periods ended March 31, 2025 and 2026, respectively.

6. Accounts and Other Receivables

This account consists of:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Trade receivables	**₱39,581,651**	₱35,698,357
Receivable from related parties (Note 20)	**5,372,972**	2,707,711
Advances to employees	**311,299**	360,012
Others	**2,117,684**	1,916,357
	47,383,606	40,682,437
Less: Allowance for impairment loss	**20,640,028**	20,657,252
	₱26,743,578	₱20,025,185

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, 2026 (Unaudited)	December 31, 2025 (Audited)
At beginning of year	**₱20,657,252**	₱31,751,317
Provisions	**–**	15,130,731
Write-off	**–**	(27,041,976)
Translation adjustments	**(17,224)**	817,180
	₱20,640,028	₱20,657,252

As of March 31, 2026 and December 31, 2025, the allowance for impairment losses pertains to:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Trade receivables	**₱17,550,664**	₱17,567,888
Receivable from related parties (Note 20)	**1,830,166**	1,830,166
Others	**1,259,198**	1,259,198
	₱20,640,028	₱20,657,252

7. Contract Balances

This account consists of:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Contract assets	**₱40,015,914**	₱37,452,791
Contract liabilities	**49,542,171**	30,365,964

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, 2026 (Unaudited)	December 31, 2025 (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, 2026 (Unaudited)	December 31, 2025 (Audited)
Balance at beginning of period	**₱1,100,000**	₱1,100,000
Unrealized gain (loss) on financial assets at FVOCI, net of tax	**–**	–
	₱1,100,000	₱1,100,000

The roll forward analysis of net unrealized loss on financial assets at FVOCI follows:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Balance at beginning of period	**(₱43,594,956)**	(₱43,594,956)
Unrealized gain on financial assets at FVOCI	**–**	–
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, 2026 and December 31, 2025, 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, 2026 and December 31, 2025:

	March 31, 2026 (Unaudited)	December 31, 2025 (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, 2026 (Unaudited)	December 31, 2025 (Audited)
Input VAT – net	**₱15,978,666**	₱16,105,311
Prepaid expenses	**9,903,904**	9,755,564
Creditable withholding tax	**2,223,020**	2,223,020
Rental deposit	**–**	396,002
	28,105,590	28,479,897
Less: allowance for impairment losses	**3,377,346**	3,377,346
	₱24,728,244	₱25,102,551

Prepaid expenses mainly pertain to advances to suppliers, advance rent and prepaid professional fees.

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.

Input VAT represents VAT imposed on the Company by its suppliers for the acquisition of goods and services.

Other noncurrent assets
This account consists of:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Creditable withholding tax	**₱34,754,772**	₱33,957,925
Deferred input VAT	**23,438,435**	22,970,328
Rental deposit	**35,337**	295,784
Others	**422,769**	422,769
	58,651,313	57,646,806
Less: allowance for impairment losses	**21,724,887**	21,724,887
	₱36,926,426	₱35,921,919

10. **Investments in and Advances to Associates and Noncurrent Assets Held for Sale**

This account consists of:

	December 31, 2025 (Audited)
Cost	
Balance at beginning and end of period	₱577,561,081
Equity in net loss	
Balance at beginning of period	(188,501,137)
Share in net earnings (losses) during the period	(5,221,424)
Balance at end of period	(193,722,561)
Cumulative translation adjustment	
Balance at beginning of period	6,023,560
Movement during the period	(11,990,668)
Balance at end of period	(5,967,108)
Accumulated impairment	
Balance at beginning of period	(207,032,699)
Movement during the period	(153,586,345)
	(360,619,044)
	17,252,368
Advances to Associate	22,084,586
Reclassification to noncurrent assets held for sale	(39,336,954)
	₱–

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 is nil as of March 31, 2026 and December 31, 2025. The related percentages of ownership are shown below:

	Percentages of Ownership	
	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Micro Benefits Limited	**23.53**	23.53
MatchMe Ltd.	**29.10**	29.10
Altitude Games Inc.	**21.17**	21.17

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.

In December 2025, the Board approved the sale of investment in and advances to SDI. As of December 31, 2025, the investment in and advances to PT Sembilan Digital Investama (or the disposal group) is reclassified as non-current assets held for sale amounting to ₱16.84 million, net of ₱22.50 million impairment loss. The Group sold the disposal group in March 2026 for Rp5,000 million (approximately ₱16.84 million).

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, 2026 and December 31, 2025, 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 ₱0.18 million and nil during the three-month periods ended March 31, 2026 and 2025, respectively. Depreciation expense amounted to ₱0.30 million and ₱0.42 million for the three-month periods ended March 31, 2026 and 2025, respectively.

12. Intangible Assets

This account consists of:

March 31, 2026

	Goodwill	Developed Software	Total
Cost			
Balance at beginning and end of the period	**₱2,004,469,603**	**₱105,497,817**	**₱2,109,967,420**
Accumulated amortization			
At beginning of period	–	**94,893,761**	**94,893,761**
Amortization (Note 15)	–	**69,950**	**69,950**
At end of period	–	**94,963,711**	**94,963,711**
Accumulated Impairment			
At beginning and end of year	**1,958,881,201**	**10,242,927**	**1,969,124,128**
Net Book Value	**₱45,588,402**	**₱291,179**	**₱45,879,581**

December 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
Disposals	–	–	(1,052,275)	(1,052,275)
At end of year	2,004,469,603	105,497,817	–	2,109,967,420
Accumulated amortization				
At beginning of year	–	94,432,169	–	94,432,169
Amortization (Note 15)	–	461,592	–	461,592
At end of year	–	94,893,761	–	94,893,761
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 gain	–	–	(772,159)	(772,159)
Disposals	–	–	(25,566,146)	(25,566,146)
At end of year	–	–	–	–
Net Book Value	₱45,588,402	₱361,129	₱–	₱45,949,639

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. The Group disposed of all its cryptocurrency holdings in 2025.

The amortization expense of intangible assets recognized in "Depreciation and amortization" under "Cost of services" in the consolidated statements of comprehensive income amounted to ₱0.07 million and ₱0.15 million for the three-month periods ended March 31, 2026 and 2025, respectively (see Note 16).

13. Accounts and Other Payables

This account consists of:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Payable to third parties	**₱88,327,722**	₱88,325,999
Accrued expenses	**73,142,034**	63,594,041
Nontrade payable	**71,062,394**	69,205,964
Taxes payable	**46,517,406**	45,104,221
Payable to related parties (Note 20)	**13,345,164**	16,069,027
Trade payables	**6,041,945**	13,006,506
Others	**165,950,477**	161,023,474
	₱464,387,142	₱456,329,232

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.

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.

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.

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.

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.

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, 2026 (Unaudited)	December 31, 2025 (Audited)
Balance at beginning of year	**₱160,404,245**	₱157,785,623
Translation adjustments	**5,278,160**	2,618,622
	₱165,682,405	₱160,404,245

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, 2026 (Unaudited)	December 31, 2025 (Audited)
Balance at beginning of period	**₱26,183,594**	₱38,775,697
Additions	**46,000**	184,000
Reversal	**–**	(12,696,000)
Payment of loans	**–**	(80,103)
Balance at end of year	**₱26,229,594**	₱26,183,594

Interest expense recognized in the consolidated statements of comprehensive income during the three-month periods ended March 31, 2026 and 2025 amounted to ₱0.39 million and ₱0.41 million, respectively (see Note 18).

15. Service Income

Service income, amounting to ₱48.99 million and ₱42.07 million for the three-month periods ended March 31, 2026 and 2025, 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, 2026 and 2025 are presented below:

	March 31	
	2026 (Unaudited)	2025 (Unaudited)
Mobile consumer services	**₱30,513**	₱–
Enterprise services	**25,865,862**	28,428,323
Other services	**23,095,635**	13,966,727
	₱48,992,010	₱42,395,050

16. **Cost of Services**

Cost of services for the three-month periods ended March 31, 2026 and 2025 consists of:

	March 31	
	2026 (Unaudited)	2025 (Unaudited)
Outside services	**₱15,246,995**	₱9,774,869
Salaries, wages and employee benefits	**14,020,929**	13,859,108
Consultancy fees	**953,879**	479,283
Commission	**744,493**	386,366
Outsourced services	**702,684**	1,868,723
Web hosting	**357,339**	547,156
Depreciation and amortization	**69,950**	145,517
Utilities	**71,300**	84,176
Others	**36,765**	48,000
	₱32,204,334	₱27,193,198

17. **General and Administrative Expenses**

General and administrative expenses for the three-month periods ended March 31, 2026 and 2025 consists of:

	March 31	
	2026 (Unaudited)	2025 (Unaudited)
Salaries, wages and employee benefits	**₱13,198,867**	₱20,612,833
Outsourced services	**1,116,423**	175,000
Dues and subscription	**978,107**	1,547,725
Professional fees	**861,600**	1,780,427
Depreciation and amortization	**584,211**	689,017
Taxes and licenses	**573,380**	446,796
Transportation and travel	**386,732**	96,423
Marketing and promotions	**374,353**	17,996
Entertainment, amusement and recreation	**218,863**	122,985
Utilities	**133,946**	142,748
Rent (Note 19)	**60,200**	170
Supplies	**54,120**	13,961
Repairs and maintenance	**–**	89,220
Insurance	**–**	5,349
Seminars and trainings	**–**	4,503
Advertising	**–**	–
Miscellaneous	**428,645**	775,689
	₱18,969,447	₱26,520,842

18. Finance Costs and Other Income (Charges)

Finance costs consists of:

	March 31	
	2026 (Unaudited)	2025 (Unaudited)
Interest expense on loans payable (Notes 20 and 26)	**₱974,949**	₱866,648
Accretion of interest on lease liabilities (Note 19)	**21,826**	13,748
Interest income	**(6,853)**	(44)
	₱989,922	₱880,352

Other income (charges) consist of:

	March 31	
	2026 (Unaudited)	2025 (Unaudited)
Foreign exchange gain (loss)	**(₱2,033,899)**	₱1,723,472
Bank charges	**(341,417)**	(117,226)
Other income	**(323)**	–
	(₱2,375,639)	₱1,606,246

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, 2026 and December 31, 2025:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Cost		
Balance at beginning of period	**₱2,261,579**	₱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**	2,261,579
Accumulated Depreciation		
Balance at beginning of period	**942,326**	1,892,737
Depreciation	**282,697**	1,114,392
Termination of lease contract and derecognition of right-of-use asset	**–**	(2,064,803)
	1,225,023	942,326
	₱1,036,556	₱1,319,253

The rollforward analysis of lease liability as of March 31, 2026 and December 31, 2025 follows:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Balance at beginning of period	**₱1,383,754**	₱187,245
Addition	**–**	2,261,579
Accretion of interest	**21,826**	108,677

Payments	**(300,714)**	(1,173,749)
Balance at end of period	**₱1,104,866**	₱1,383,752
Current lease liabilities	**₱1,104,866**	₱1,177,533
Noncurrent lease liabilities	**₱–**	₱206,219

Total rent expense charged under "Cost of services" and "General and administrative expenses" in the consolidated statements of comprehensive income amounted to ₱60,200 and ₱170 for the three-month periods ended March 31, 2026 and 2025, 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, 2026 and December 31, 2025 follow:

			Amount/ Volume		Outstanding Balance			
					March 31, 2025		December 31, 2025	
	Terms	**Conditions**	**March 31, 2026**	March 31, 2025	**Receivable**	**Payable**	Receivable	Payable
Associate								
Advances	Noninterest-bearing	Unsecured, no impairment	**₱–**	₱123,430	–	**₱–**	₱–	₱–
Stockholders								
Interest (a,b)	Noninterest-bearing	Unsecured	**466,137**	459,822	–	**12,761,243**	–	12,295,106
Payable to directors and officers (a,b)	Interest-bearing	Unsecured	–	–	–	**39,395,114**	–	40,140,100
Payable to directors and officers (c)	Noninterest-bearing	Unsecured	–	–	–	**410,000**	–	1,469,250
Advances (d)	One year; noninterest-bearing	Unsecured, no impairment	–	–	–	**5,617,678**	–	5,617,678
Affiliate								
Trade Receivables (a-b)	Noninterest-bearing	Unsecured	**5,513,084**	4,190,290	**5,372,972**	–	2,707,711	–
Advances (c)	Noninterest-bearing	Unsecured	–	–	–	173,921	–	3,773,921
					₱5,372,972	**₱58,357,956**	₱2,707,711	₱63,296,055

Associates:

a. Advances to an associate pertain to payments made by the Parent Company on behalf of SDI for its outsourced services.

Stockholders:

a. In 2017, the Parent Company entered into a loan agreement with a director amounting to US$648,586 subject to 5% interest rate per annum. The loan is due and demandable.

   For the three-month periods ended March 31, 2026 and 2025, the Group recognized interest expense amounting to ₱0.47 million and ₱0.46 million, respectively, under "Finance Cost and Other income (charges)" in its consolidated statements of comprehensive income (see Note 18). As at March 31, 2026 and December 31, 2025, outstanding loans and interest payable amounted to ₱37.22 million and ₱10.85 million, respectively, and ₱39.28 million and ₱12.76 million, respectively.

b. In 2025, a director and officer made cash advances for operational and corporate-related expenses of the Group. This is interest-bearing and are due and demandable. As of March 31, 2026 and December 31, 2025, the outstanding payable amounted to nil and ₱2.00 million, respectively. Interest expense recognized amounted to ₱28,130 for the three-month period ended March 31, 2026.

c. Payable to directors and officers also pertain to directors' fees. Outstanding payable amounted to ₱0.41 and ₱1.13 million as at March 31, 2025 and December 31, 2024, 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 March 31, 2025 and December 31, 2024 amounted to ₱5.62 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, 2026 and December 31, 2025, outstanding receivable amounted to nil.

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, 2026 and 2025 amounted to ₱5.51 million and ₱3.86 million, respectively. Outstanding receivable as of March 31, 2026 and December 31, 2025 amounted to ₱5.37 million and ₱2.17 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, 2026 and December 31, 2025 amounted to ₱0.17 million and ₱3.77 million, respectively.

Compensation of key management personnel pertaining to short-term employee benefits amounted to ₱4.37 million and ₱4.64 million for the three-month periods ended March 31, 2026 and 2025, respectively.

21. Income Taxes

Provision for (benefit from) income tax for the three-month periods ended March 31, 2026 and 2025 consists of:

	March 31	
	2026 (Unaudited)	2025 (Unaudited)
Current	**₱673,915**	₱296,994
Deferred	**–**	–
Final	**47**	9
	₱673,962	₱297,003

22. **Equity**

The details of the number of shares as at March 31, 2026 and December 31, 2025 follow:

	March 31, 2026 (Unaudited)	December 31, 2025 (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	**58,208,975**	58,208,975
Outstanding shares	**2,513,603,812**	2,513,603,812
Value of shares issued	**₱257,181,278**	₱257,181,278
Value of treasury shares	**(₱66,885,113)**	(₱66,885,113)

Capital Stock and Additional Paid-in Capital (APIC)
The balance of additional paid-in capital (APIC) as of March 31, 2026 and December 31, 2025 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, 2026 and December 31, 2025. On July 13, 2026, the Group reversed its appropriated retained earnings amounting to ₱115.46 million. This is considered a non-adjusting subsequent event.

Dividends declaration
The Parent Company has no dividend declarations made in the three-month periods ended March 31, 2026 and 2025.

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, 2026 and December 31, 2025, the Parent Company has 58,208,975 treasury shares amounting to ₱66.89 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, 2026, 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, 2026 (Unaudited)	December 31, 2025 (Audited)
Capital stock	**₱257,181,278**	₱257,181,278
Additional paid-in capital	**3,716,002,747**	3,716,002,747
Deficit	**(3,711,952,618)**	(3,704,885,992)
	₱261,231,407	₱268,298,033

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, 2026 and December 31, 2025.

23. Loss Per Share

The Group's loss per share for the three-month periods ended March 31, 2026 and 2025 were computed as follows:

	March 31	
	2026 (Unaudited)	2025 (Unaudited)
Net loss attributable to the equity holders of the Parent Company	**(₱7,066,626)**	(₱10,081,719)
Weighted average number of outstanding shares	**2,513,603,812**	2,509,683,812
Basic loss per share	**(₱0.00)**	(₱0.00)
Diluted loss per share	**(₱0.00)**	(₱0.00)

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, 2026, 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, 2026 and December 31, 2025 were classified under Level 2 (see Note 8).

Unquoted financial assets at FVOCI amounting to nil as at March 31, 2026 and December 31, 2025 were classified under Level 3 (see Note 8).

As at March 31, 2026 and December 31, 2025, 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, 2026 and 2025.

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, 2026 and December 31, 2025.

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, 2026 and December 31, 2025 are based on contractual undiscounted payments.

As at March 31, 2026 and December 31, 2025, 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, 2026 and December 31, 2025.

	March 31, 2026		December 31, 2025	
	Original currency	**Peso equivalent**	Original currency	Peso equivalent
Cash in bank				
US Dollar (USD)	**$83,599**	**₱5,077,817**	$10,771	₱633,402
Trade receivables				
US Dollar (USD)	–	–	–	–
Foreign currency denominated assets		**₱5,077,817**		633,402

In translating the foreign currency-denominated monetary assets into Peso amounts, the exchange rates used were as follows:

	March 31, 2026	December 31, 2025
USD to ₱	**₱60.74**	₱58.81

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, 2026 and 2025:

March 31, 2026 (Unaudited)

	Mobile consumer services	**Enterprise Service**	**Other services**	**Intersegment Adjustments**	**Consolidated**
INCOME					
Service income	**₱30,513**	**₱25,865,862**	**₱23,095,635**	**₱–**	**₱48,992,010**
COST AND EXPENSES	–	**(30,068,005)**	**(21,105,776)**	–	**(51,173,781)**
Other expenses	**(10,863)**	**(2,968,756)**	**(385,942)**	–	**(3,365,561)**
Provision for (benefit from) income tax	–	**(248,979)**	**(424,983)**	–	**(673,962)**
Net income (loss)	**₱19,650**	**(₱7,419,878)**	**₱1,178,934**	**₱–**	**(₱6,221,294)**
Net loss attributable to:					
Equity holders of Xurpas Inc.					**(₱7,066,626)**
Noncontrolling interests					**845,332**
					(₱6,221,294)

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)

26. Notes to Consolidated Statement of Cash Flows

Disclosed below is the rollforward of liabilities under financing activities:

	January 1, 2026	**Cash flows**	**Non-cash changes**	**Foreign exchange movement**	**March 31, 2026**
Loans payable	**₱26,183,595**	**₱–**	**₱45,999**	**₱–**	**₱26,229,594**
Lease liabilities	**1,383,754**	**(300,714)**	**21,826**	**–**	**1,104,866**
Advances from stockholders	**45,757,777**	**(2,000,000)**	**–**	**1,255,015**	**45,012,792**
Total liabilities from financing activities	**₱73,325,126**	**(₱2,300,714)**	**₱67,825**	**₱1,255,015**	**₱72,347,252**

	January 1, 2025	Cash flows	Non-cash changes	Foreign exchange movement	December 31, 2025
Loans payable	₱38,775,697	₱	₱	₱–	₱38,775,697
Lease liabilities	187,245			–	187,245
Advances from stockholders	37,517,457				37,517,457
Total liabilities from financing activities	₱76,480,399	(₱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, 2026 and December 31, 2025 and for the three-month periods ended March 31, 2026 and 2025 were approved and authorized for issue by the BOD on July 17, 2026.

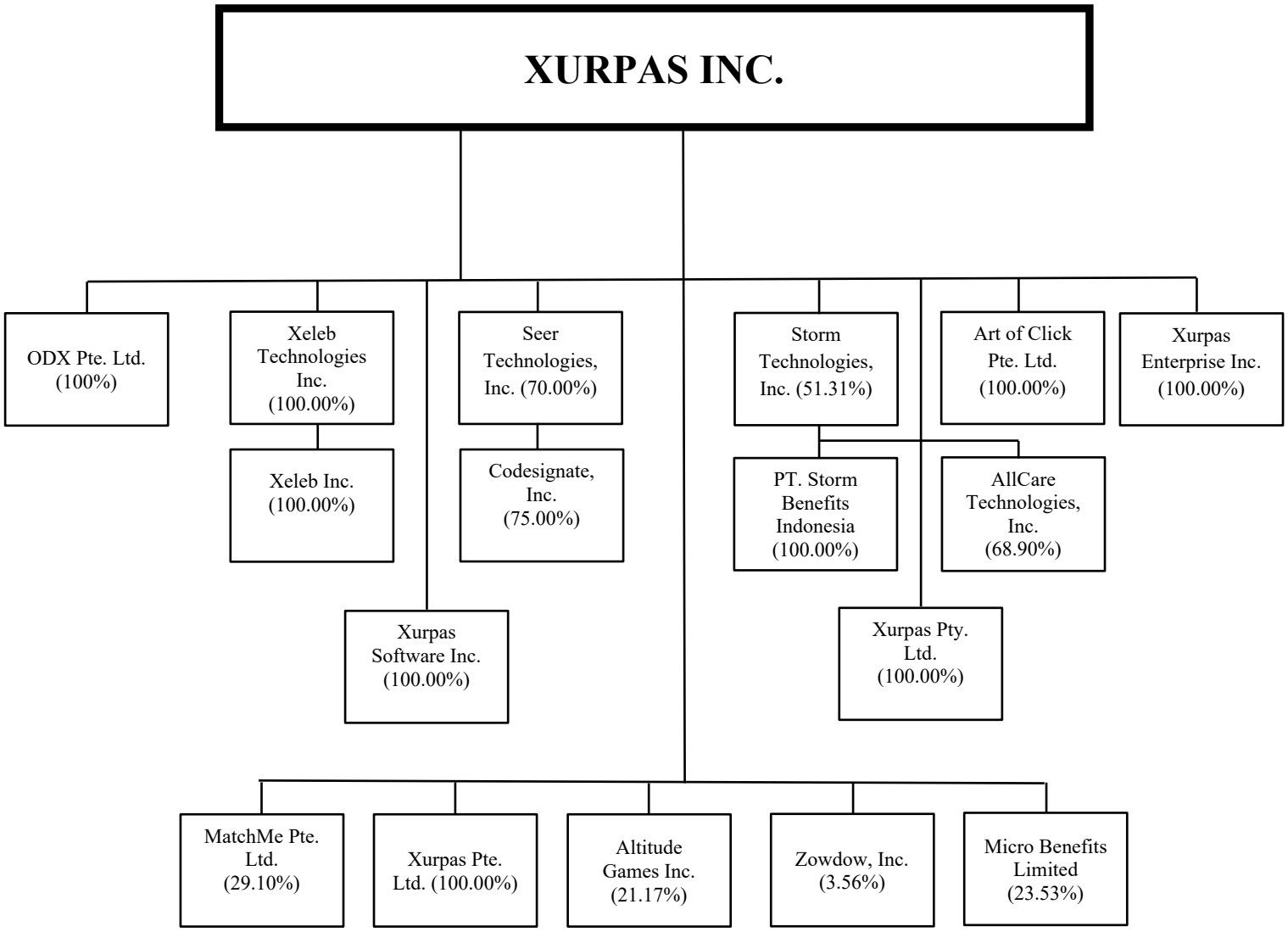
AGING OF RECEIVABLES

The aging analysis of accounts receivable as of March 31, 2026 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	**₱13,629,170**	**₱2,892,780**	**₱2,745,561**	**₱1,280,462**	**₱19,033,678**	**₱39,581,651**
Receivable from related parties	**5,372,972**	**–**	**–**	**–**	**–**	**5,372,972**
Advances to employees	**311,299**	**–**	**–**	**–**	**–**	**311,299**
Others	**2,117,684**	**–**	**–**	**–**	**–**	**2,117,684**
	₱21,431,125	**₱2,892,780**	**₱2,745,561**	**₱1,280,462**	**₱19,033,678**	**₱47,383,606**

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 beginning of reporting period		(₱3,884,898,477)
Add: Category A: Items that are directly credited to unappropriated retained earnings		
Reversal of retained earnings appropriation/s	–	
Effect of restatements or prior-period adjustments	–	
Others	–	–
Less: Category B: Items that are directly 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		(3,884,898,477)
Add/Less: Net income (loss) for the current year		(15,291,912)
Less: Category C.1: 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: Category C.2: 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: Category C.3: 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		(15,291,912)

Add: Category D: Non actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	–	
Subtotal		–
Add: Category E: 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: Category F: 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		(₱3,900,190,389)

XURPAS INC. AND SUBSIDIARIES
FINANCIAL RATIOS

Financial Ratios	March 31, 2026	December 31, 2025
A. Current ratios		
Current ratios	24%	24%
Quick ratios	20%	16%
B. Debt-to-equity ratios	(272%)	(277%)
C. Asset-to-equity ratios	(103%)	(104%)
D. Interest rate coverage ratios	(457%)	(6,379%)
E. Profitability ratios		
Net income (loss) margin	(14%)	(117%)
Gross margin	34%	35%
Operating margin	(8%)	(112%)
Return on assets	(3%)	(76%)
Return on equity	3%	314%

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Xurpas continues to demonstrate improving operational fundamentals through disciplined cost management and revenue acceleration. Sustained focus on profitability and capital structure will be key to restoring equity value and sustaining its growth momentum.

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.

Xurpas remains committed to advancing operational efficiency through continuous improvement and the streamlining of processes across its business units. By strategically deploying resources and fostering innovation, the Company reinforces its core competencies, supports the expansion of emerging segments, and upholds its commitment to delivering consistent value to stakeholders.

For the three months ended March 31, 2026, the Company continued to build on the positive revenue momentum achieved in 2025. Despite still operating at a net loss, the Company delivered revenue expansion and operational improvements in most of its business segments.

In the first quarter of 2026, Xurpas posted a 16% revenue growth to ₱48.99 million, from ₱42.40 million the same period of 2025, driven by robust performance in Other Services, compensating for the decrease in the enterprise services . Allcare, under other services, achieved a 65% increase in revenues from ₱13.97 million in 1Q2025 to ₱23.10 million in 1Q2026, reflecting its expanding subscriber base. This offset the decrease in enterprise services revenues by 9%, from ₱28.43 million in 1Q2025 to ₱25.87 million in 1Q2026. Although, there was expansion in the staff augmentation and AI business segments, this was negated by the slowdown in custom software development and business solutions.

Cost of services increased by 18%, from ₱27.19 million in 1Q2025 to ₱32.20 million in 1Q2026, in line with higher benefits costs from Allcare's HMO operations (growing at 56%), reflecting the growing number of enrolled members. Over the same period, gross profit improved by 10% to ₱16.79 million, compared to ₱15.20 million in the prior year. General and administrative expenses decreased by 29% to ₱18.78 million in 1Q2026, from ₱26.52 million in the same period of 2025, mainly due to continuous manpower right-sizing, done until 1Q2026. .

Due to the sale of its stake in an affiliate and the full impairment of the other, Xurpas has nil equity pick up from the associates in 1Q2026. By the end of 1Q2026, pre-tax and net losses narrowed significantly to ₱5.55 million and ₱6.22 million, respectively, from ₱9.13 million and ₱9.43 million last year. The Company, however, incurred other comprehensive loss primarily due to the cumulative translation adjustment related to the consolidation of its foreign subsidiaries. Other comprehensive loss totaled ₱6.73 million, compared to last year's ₱0.36 million loss. Total comprehensive loss deteriorated by 32% year-over-year to ₱12.95 million.

Financial Summary

Key Financial Data In PhP Millions	For the three-month periods ended March 31					
	2026		2025		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Revenues						
Mobile consumer services	0.03	0%	-	0%	0.03	n.a.
Enterprise services	25.87	53%	28.43	67%	(2.56)	(9%)
Other services	23.10	47%	13.97	33%	9.13	65%
Total Revenues	**48.99**	**100%**	**42.40**	**100%**	**6.60**	**16%**
Cost of Services	32.20	66%	27.19	64%	5.01	18%
Gross Profit	**16.79**	**34%**	**15.20**	**36%**	**1.59**	**10%**
General and Administrative Expenses	18.97	39%	26.52	63%	(7.55)	(28%)
Equity in Net Losses of Associates	-	0%	(1.46)	(3%)	1.46	(100%)
Finance Costs - net	0.99	2%	0.88	2%	0.11	12%
Other Charges (Income) - net	2.38	6%	(1.61)	(4%)	3.98	(248%)
Loss Before Income Tax	**(5.55)**	**(11%)**	**(9.13)**	**(22%)**	**(3.58)**	**(39%)**
Provision for Income Tax	0.67	1%	0.30	1%	0.38	127%
Net Loss	**(6.22)**	**(13%)**	**(9.43)**	**(22%)**	**(3.21)**	**(34%)**
Other Comprehensive Loss	(6.73)	(14%)	(0.36)	(1%)	(6.37)	1,777%
Total Comprehensive Loss	**(12.95)**	**(26%)**	**(9.79)**	**(23%)**	**3.16**	**32%**

	Mar. 31, 2026 Amount	Dec. 31, 2025 Amount	Amount Change	% Increase (Decrease)
Total Assets	230.04	216.73	13.31	6%
Total Liabilities	605.64	579.38	26.26	5%
Total Capital Deficiency	(375.60)	(362.66)	12.95	4%

The Group generated total revenues of ₱48.99 million for the three-month period ended March 31, 2026, an increase of ₱6.60 million or 16% from ₱42.40 million in the same period of 2025. The increase was primarily driven by the Other Services segment, which grew by ₱9.13 million or 65%, contributing 47% of total revenues compared to 33% in the prior year's first quarter. Meanwhile, Enterprise Services remained the Group's largest revenue source at ₱25.87 million, accounting for 53% of total revenues, although revenues from the segment declined by ₱2.56 million or 9% year-on-year. The Group also recognized ₱0.03 million in revenues from Mobile Consumer Services, compared to no revenues in the same period last year.

Cost of services increased by ₱5.01 million or 18%, from ₱27.19 million in the first quarter of 2025 to ₱32.20 million in the same period of 2026. Consequently, gross profit improved by ₱1.59 million or 10% to ₱16.79 million. However, gross profit margin slightly declined to 34% from 36% in the prior year, reflecting the relatively higher direct costs incurred during the period.

General and administrative expenses declined significantly by ₱7.55 million or 28%, from ₱26.52 million in 1Q2025 to ₱18.97 million in 1Q2026, as the Group continued to implement cost optimization measures. In addition, the Group no longer recognized equity in net losses of associates following the full impairment of its investment in MicroBenefits in 2025 and the sale of its investment in PT Sembilan Digital Investama (Ninelives).

Finance costs increased by 12% to ₱0.99 million in 1Q2026. The Group also recognized net other charges of ₱2.38 million in 1Q2026, compared to net other income of ₱1.61 million in the same period last year, representing a variance of ₱3.98 million.

As a result of the foregoing, the Group's loss before income tax improved by ₱3.58 million or 39%, decreasing from ₱9.13 million in the first quarter of 2025 to ₱5.55 million in the same period of 2026. Net loss likewise improved by ₱3.21 million or 34%, from ₱9.43 million to ₱6.22 million.

Despite the improved operating performance, the Group recognized other comprehensive loss of ₱6.73 million, compared to ₱0.36 million in the prior year, primarily due to unfavorable movements in foreign exchange for cumulative translation adjustment. Consequently, total comprehensive loss increased by ₱3.16 million or 32%, from ₱9.79 million in the first quarter of 2025 to ₱12.95 million in the current period.

As of March 31, 2026, consolidated total assets stood at ₱230.04 million, an increase of ₱13.31 million or 6% from ₱216.73 million as of December 31, 2025. Consolidated total liabilities likewise increased by ₱26.26 million or 5% to ₱605.64 million, from ₱579.38 million at year-end 2025.

As a result, the Group's capital deficiency widened to ₱375.60 million as of March 31, 2026, from ₱362.66 million as of December 31, 2025, representing an increase of ₱12.95 million or 4%, primarily due to the comprehensive loss recognized during the period.

Profitability

For the three-month period ended March 31, 2026, compared with the three-month period ended March 31, 2025.

Revenues

The consolidated revenues of the Group for the 1Q2026 amounted to ₱48.99 million, an increase of 16% from ₱42.40 million the same period of the previous year.

Segment	Description	Subsidiaries
Enterprise services	Revenues derived from a combination of software development, information technology (IT) staff augmentation, business solutions, and AI consultancy services.	● Xurpas Enterprise ● Xurpas Parent Company ● Xurpas Software ● Seer ● XAU
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
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.	● Xurpas Parent Company ● Xurpas Software

In PhP Millions	For the three-month periods ended March 31					
	2026		2025		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Revenues						
Enterprise services	25.87	53%	28.43	67%	(2.56)	(9%)
Mobile consumer services	0.03	0%	-	0%	0.03	0%
Other services	23.10	47%	13.97	33%	9.13	65%
Total Revenues	**48.99**	**100%**	**42.40**	**100%**	**6.60**	**16%**

For the three-month period ended March 31, 2026, the Company recorded total revenues of ₱48.99 million, representing an increase of ₱6.60 million, or 16%, from ₱42.40 million in the same period of 2025. The increase was primarily driven by the strong performance of the Other Services segment, which generated ₱23.10 million, accounting for 47% of total revenues, and grew by 65% from ₱13.97 million in the prior year's comparable period. The growth was mainly attributable to higher revenues recognized by AllCare, the Company's subsidiary that provides services related to a membership-based marketplace offering worker benefits, including insurance, health screening, and wellness programs.

Enterprise Services remained the Company's largest revenue contributor, generating ₱25.87 million, or 53% of total revenues. However, revenues from the segment declined by 9% from ₱28.43 million in the first quarter of 2025, primarily due to lower revenues from the software development business.

Meanwhile, Mobile Consumer Services generated only ₱0.03 million in revenues during the first quarter of 2026, compared to no revenues in the same period last year, maintaining the segment as an opportunistic business.

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					
	2026		2025		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Enterprise Services						
IT staff augmentation	11.69	45%	8.89	31%	2.80	32%
Custom software development	10.17	39%	14.69	52%	(4.53)	(31%)
Business solutions	2.88	11%	3.55	13%	(0.67)	(19%)
XAIL	1.13	4%	0.96	3%	0.16	17%
Others	-	0%	0.33	1%	(0.33)	(100%)
Total Enterprise Services	**25.87**	**100%**	**28.43**	**100%**	**(2.56)**	**(9%)**

For the three months ended March 31, 2026, Enterprise Services generated revenues of ₱25.87 million, representing 53% of the Company's total revenues. Compared to revenues of ₱28.43 million in the same period in 2025, the segment recorded a 9% decline.

IT Staff Augmentation was the largest contributor within the segment, generating revenues of ₱11.69 million, or 45% of Enterprise Services revenues, representing an increase of 32% from ₱8.89 million in the prior-year period. Custom Software Development generated revenues of ₱10.17 million, accounting for 39% of Enterprise Services revenues. Revenues from this service line declined by 31% from ₱14.69 million in the first quarter of 2025. Business Solutions contributed revenues of ₱2.88 million, representing 11% of Enterprise Services revenues, a decline of 19% from ₱3.55 million in the comparable period in 2025. Meanwhile, XAIL generated revenues of ₱1.13 million, an increase of 17% from ₱0.96 million in the prior-year period.

Overall, the growth in IT Staff Augmentation and XAIL partially mitigated the decline in Enterprise Services revenues. However, these increases were not sufficient to fully offset the lower revenues from Custom Software Development and Business Solutions, resulting in the segment's overall 9% year-on-year decline.

Expenses

In PhP Millions	For the three-month periods ended March 31					
	2026		2025		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Expenses						
Cost of Services	32.20	63%	27.19	51%	5.01	18%
General and Administrative Expenses	18.97	37%	26.52	49%	(7.55)	(28%)
Total Expenses	**51.17**	**100%**	**53.71**	**100%**	**(2.54)**	**(5%)**

For the three months ended March 31, 2026, total expenses amounted to ₱51.17 million, representing a decrease of 5% from ₱53.71 million in the same period in 2025. The reduction in total expenses was primarily attributable to lower general and administrative expenses, partially offset by higher cost of services.

Cost of Services increased by 18% to ₱32.20 million from ₱27.19 million in the prior year period, accounting for 63% of total expenses compared to 51% in 2025. The increase was primarily driven by the higher benefits costs related to Allcare's HMO operations, the revenues of which significantly increased for the period.

General and Administrative Expenses decreased by 28% to ₱18.97 million from ₱26.52 million in the first quarter of 2025, reducing its share of total expenses from 49% to 37%. The decline was mainly attributable to the Company's continued cost management initiatives and lower overhead and administrative expenses during the period.

Overall, the decrease in general and administrative expenses more than offset the increase in cost of services, resulting in a modest reduction in total expenses for the period.

Cost of Services

In PhP Millions	For the three-month periods ended March 31					
	2026		2025		Amount Change	% Increase (Decrease)
	Amount	%	Amount	%		
Cost of Services						
Outside services	15.25	47%	9.77	36%	5.48	56%
Salaries, wages and employee benefits	14.02	44%	13.86	51%	0.16	1%
Consultancy fees	0.95	3%	0.48	2%	0.47	99%
Commission	0.74	2%	0.39	1%	0.36	93%
Others	1.23	4%	2.68	10%	(1.46)	(54%)
Total Expenses	**32.20**	**100%**	**27.19**	**100%**	**5.01**	**18%**

For the three months ended March 31, 2026, Cost of Services amounted to ₱32.20 million, representing an 18% increase from ₱27.19 million in the same period in 2025.

Outside Services remained the largest component of Cost of Services, amounting to ₱15.25 million, or 47% of total cost of services, representing a 56% increase from ₱9.77 million in the prior-year period. The increase was primarily due to higher third-party service costs incurred in delivering AllCare's healthcare-related services and other revenue-generating projects.

Salaries, Wages and Employee Benefits amounted to ₱14.02 million, accounting for 44% of total cost of services, compared to ₱13.86 million, or 51%, in the same period in 2025. The 1% increase reflects relatively stable personnel costs despite the Company's higher level of business activity during the period.

Consultancy Fees increased by 99% to ₱0.95 million from ₱0.48 million in the prior-year period, while Commission expense rose by 93% to ₱0.74 million from ₱0.39 million, primarily due to increased business development and sales-related activities.

Meanwhile, Other Costs decreased by 54% to ₱1.23 million from ₱2.68 million in the comparable period in 2025, partially offsetting the increases in the other cost components.

Overall, the increase in Cost of Services was largely driven by higher Outside Services costs associated with the growth of the Company's healthcare and enterprise service operations, while personnel costs remained relatively stable and lower Other Costs helped temper the overall increase in the Company's cost base

General and Administrative Expenses (GAEX)

In PhP Millions	For the three-month periods ended March 31					
	2026		2025		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
General and Administrative Expenses						
Salaries, wages and employee benefits	13.20	70%	20.61	78%	(7.41)	(36%)
Outsourced services	1.12	6%	0.18	1%	0.94	538%
Dues and subscription	0.98	5%	1.55	6%	(0.57)	(37%)
Professional fees	0.86	5%	1.78	7%	(0.92)	(52%)
Others	2.81	15%	2.40	9%	0.41	17%
Total Expenses	**18.97**	**100%**	**26.52**	**100%**	**(7.55)**	**(28%)**

General and Administrative Expenses (GAEX) amounted to ₱18.97 million for the three months ended March 31, 2026, representing a 28% decrease from ₱26.52 million in the same period in 2025. The decline was primarily attributable to lower personnel costs, professional fees, and dues and subscriptions, reflecting the Company's continued cost optimization and operating efficiency initiatives.

Salaries, Wages and Employee Benefits remained the largest component of General and Administrative Expenses, amounting to ₱13.20 million, or 70% of total GAEX, compared to ₱20.61 million, or 78%, in the prior-year period. The 36% reduction was primarily due to lower personnel-related costs resulting from organizational streamlining and ongoing cost rationalization measures.

Outsourced Services increased significantly to ₱1.12 million, representing 6% of total GAEX, from ₱0.18 million, or 1%, in the same period in 2025. The 538% increase was mainly attributable to greater utilization of third-party service providers to support corporate and administrative functions.

Dues and Subscriptions decreased by 37% to ₱0.98 million from ₱1.55 million in the prior-year period, while Professional Fees declined by 52% to ₱0.86 million from ₱1.78 million, reflecting lower expenditures for these services during the quarter.

Meanwhile, Other General and Administrative Expenses increased by 17% to ₱2.81 million from ₱2.40 million in the comparable period in 2025.

Overall, the substantial reduction in personnel-related costs, together with lower professional fees and dues and subscriptions, more than offset the increase in outsourced services and other administrative expenses, resulting in a 28% year-on-year decline in General and Administrative Expenses.

Equity in Net Losses of Associates

For the three months ended March 31, 2026, the Company did not recognize any equity in net losses of associates, compared to ₱1.46 million in the same period in 2025 due to the sale of its stake in an affiliate and the full impairment of the other.

Finance Costs - net

Net Finance Costs amounted to ₱0.99 million for the three months ended March 31, 2026, representing a 12% increase from ₱0.88 million in the comparable period in 2025. The increase was primarily attributable to higher interest expense.

Other Charges (Income) - net

The Company recognized Net Other Charges of ₱2.38 million for the three months ended March 31, 2026, compared with Net Other Income of ₱1.61 million in the same period in 2025. The increase in net other charges by ₱3.98 million was primarily attributable to foreign exchange losses recognized during the period, arising from unfavorable movements in foreign exchange rates.

Loss Before Income Tax

As a result of the foregoing, the Company's Loss Before Income Tax improved to ₱5.55 million for the three months ended March 31, 2026, from ₱9.13 million in the same period in 2025, representing a 39% reduction in pre-tax losses. The improvement was primarily driven by the 16% increase in revenues, 10% growth in gross profit, 28% reduction in general and administrative expenses and the absence of equity losses from associates, partially offset by higher cost of services, net other charges and finance costs.

Provision for Income Tax

The Company recognized a Provision for Income Tax of ₱0.67 million for the three months ended March 31, 2026, compared with ₱0.30 million in the corresponding period in 2025. The increase was primarily attributable to the improved taxable earnings of certain operating subsidiaries during the period.

Net Loss

For the three months ended March 31, 2026, the Company reported a Net Loss of ₱6.22 million, an improvement of 34% from the ₱9.43 million net loss incurred in the same period in 2025. The lower net loss reflects stronger operating performance, supported by revenue growth, improved gross profit, lower operating expenses, and favorable non-operating results during the quarter.

Other Comprehensive Loss

Other Comprehensive Loss amounted to ₱6.73 million for the three months ended March 31, 2026, compared with ₱0.36 million in the same period in 2025. The increase was primarily attributable to further deterioration of the peso against both USD and SGD. The ₱/US$ forex rate deteriorated further to ₱60.74/US$1.00 in March 31, 2026 from ₱58.81/US$1.00 in December 31, 2025. ₱/S$ forex rate further weakened to ₱47.05/S$1.00 from ₱45.82/S$1.00.

Total Comprehensive Loss

As a result, the Company's Total Comprehensive Loss amounted to ₱12.95 million for the three months ended March 31, 2026, compared with ₱9.79 million in the corresponding period in 2025. While the Company's operating performance improved significantly during the quarter, the higher other comprehensive loss more than offset the improvement in net loss, resulting in a 32% increase in total comprehensive loss.

Financial Position

As of March 31, 2026, compared to December 31, 2025.

Assets

Cash

The Group's consolidated cash and cash equivalents amounted to ₱52.87 million as of March 31, 2026, representing an increase of ₱20.72 million, or 64%, from ₱32.15 million as of December 31, 2025. The increase was primarily driven by the proceeds from the sale of the Group's investment in SDI, which generated ₱16.84 million in cash. In addition, the Group generated ₱6.35 million in net cash from operating activities during the first three months of 2026, further strengthening its cash position.

Accounts and Other Receivables

The Group's consolidated accounts and other receivables amounted to ₱26.74 million and ₱20.03 million as of March 31, 2026, and December 31, 2025, respectively. The increase of ₱6.72 million was attributed to the overall increase in revenues causing the increase of trade receivables. Out of the consolidated accounts and other receivables, 82% or ₱22.03 million pertains to trade receivables – net.

Contract Assets

As of March 31, 2026, the Group's consolidated contract assets increased by 7% or ₱2.56 million, from ₱37.45 million as of December 31, 2025, to ₱40.02 million. Additional contract assets for the period were mostly from enterprise services. If the Company 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.

Other Current Assets

As of March 31, 2026, the Group's consolidated other current assets totaled ₱24.73 million, a minimal decrease of ₱0.37 million or 1% from its previous level on December 31, 2025 of ₱25.10 million.

Noncurrent Assets Held for Sale

In 2025, the Group reclassified its investment in and advances to its associate, SDI, as noncurrent assets held for sale following management's commitment to a plan to sell its interest in SDI, in accordance with PFRS 5. The sale was completed during the first quarter of 2026 following the execution of the Share Purchase Agreement. Consequently, noncurrent assets held for sale decreased from ₱16.84 million as of December 31, 2025 to nil as of March 31, 2026 upon the completion of the transaction.

Financial assets at FVOCI

This account pertains to quoted and unquoted equity investments in Club Punta Fuego and Zowdow Inc. As of March 31, 2026, 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, 2025, which both amounted to ₱1.10 million.

Property and Equipment

The Group's consolidated property and equipment was ₱0.74 million on March 31, 2026, vis-à-vis ₱0.86 million as of December 31, 2025. Acquisitions during the three-month period ended March 31, 2026 amounted to ₱0.18 million. Depreciation expense amounted to ₱0.30 million and for the three-month periods ended March 31, 2026.

Right-of-use (ROU) Asset

Right-of-use asset as of March 31, 2026 and December 31, 2025 amounted to ₱1.04 million and ₱1.32 million, respectively. Depreciation expense recognized amounted to ₱0.28 million for the first three quarters of 2025.

Intangible Assets

As of March 31, 2026, intangible assets amounted to ₱45.88 million which decreased from December 31, 2025 balance of ₱45.95 million. The components are goodwill and developed software as of end of the first 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, 2026, 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, 2026, net book value of developed software was ₱0.29 million. Amortization of developed software for the three-month period ended March 31, 2026, amounted to ₱0.07 million.

Other Noncurrent Assets

Other noncurrent assets amounted to ₱36.93 million and ₱35.92 million as of March 31, 2026 and December 31, 2025, with a mere 3% increase during the period.

Liabilities

Accounts and Other Payables

The Group's consolidated accounts and other payables amounted to ₱464.39 million as of March 31, 2026, representing a slight increase of ₱8.06 million, or 2%, from ₱456.33 million as of December 31, 2025. The increase was primarily attributable to higher constructive obligations and financial liabilities of ODX resulting from the translation adjustment, as well as increases in trade payables and taxes payable. These were partially offset by the reduction in amounts due to related parties following the repayment of advances from the Group's affiliate, CTX.

Advances from Stockholders

This account pertains to loan agreements entered into by the Parent Company amounting to ₱45.01 million as of March 31, 2026, compared with ₱45.76 million as of December 31, 2025. The decrease was primarily due to the repayment of ₱2.00 million in advances during the period, partially offset by the foreign exchange remeasurement of a U.S. dollar-denominated loan resulting from unfavorable movements in foreign exchange rates.

Loans Payable

The Group recorded ₱26.23 million in current loans as of March 31, 2026 and ₱26.18 million as of December 31, 2025. This is mainly attributable to the loans of Storm and Seer which are interest-bearing and short-term. Additions comprised of interest accretions and surcharges amounted to ₱0.05 million.

Contract Liabilities

The Group's consolidated contract liabilities as of March 31, 2026, amounted to ₱49.54 million, an increase of 63% from the December 31, 2025, figure of ₱30.37 million. Contract liabilities are collections from customers under business solutions and other services which have not qualified for revenue recognition.

Lease Liability

The changes in this account were primarily due to the recognition of interest accretion amounting to ₱21,826 and lease payments of ₱0.30 million during the period. As of March 31, 2026, the current and noncurrent portions of the lease liability amounted to ₱1.10 million and nil, respectively.

Pension Liability

The accrued pension of the Group was at ₱19.34 million as of March 31, 2026 and December 31, 2025, with no significant movement during the period.

Capital Deficiency

Total Capital Deficiency

The Group recorded total capital deficiency of ₱375.60 million as of March 31, 2026, a 4% increase from December 31, 2025 with a figure of ₱362.66 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.

Cashflows

	For the three-month periods ended March 31	
	2026	2025
In PhP Millions	**Amount**	**Amount**
Net cash used in Operating Activities	6.35	0.20
Net cash provided by Investing Activities	16.67	26.56
Net cash used in Financing Activities	(2.30)	(0.33)
Effect of foreign currency exchange changes in cash	-	0.43
Net increase in cash	20.72	26.86
Cash at beginning of period	32.15	32.31
Cash at end of period	**52.87**	**59.18**

Cash Flows from Operating Activities

For the first quarter of 2026, operating loss before changes in working capital of ₱1.87 million was coupled with the corresponding increase in receivables, other assets, contract assets and contract liabilities and decrease in account and other payables resulted in ₱7.02 million net cash used in operations. Together with interest received, interest expense and income taxes paid, this resulted in a net cash used in operating activities of ₱6.35 million.

Cash Flows from Investing Activities

The Group's consolidated cash flows provided in investing activities for the first three months of 2026 was ₱16.67 million compared to ₱26.56 million in the same period of 2025. This comprises proceeds from the disposal of noncurrent assets held for sale amounting to ₱16.84 million and acquisition of property and equipment amounting to ₱0.18 million.

Cash Flows from Financing Activities

The cash flow used in financing activities for the period ended March 31, 2026 was ₱2.30 million mainly from payments of advances from a stockholder and lease liability.

Capital Expenditure

The Group's capital expenditures for the three-month period ended March 31, 2026, and the year ended December 31, 2025, amounted to ₱0.18 million and ₱0.34 million, respectively.

Key Financial Data In PhP Millions	March 31, 2026 Additions	December 31, 2025 Additions
Office Equipment	-	0.01
IT Equipment	0.18	0.33
	0.18	**0.34**

Key Performance Indicators

In Percentage		As of and for the three-month periods ended March 31		As of and for the year ended December 31, 2025
		2026	2025	
Liquidity Ratios				
	Current Ratio	**25%**	29%	24%
	Quick Ratio	**20%**	25%	16%
Asset-to-Equity Ratio		**(103%)**	1,023%	(104%)
Profitability Ratios				
	Net Loss Margin	**(14%)**	(24%)	(117%)
	Gross Margin	**34%**	36%	35%
	Operating Margin	**(8%)**	(17%)	(112%)
	Return on Total Assets	**(3%)**	(2%)	(76%)
	Return on Equity	**3%**	(21%)	314%
Debt Ratios				
	Debt-to-Equity Ratio	**(2.72x)**	12.81x	(2.77x)
	Interest Coverage Ratio	**(4.57x)**	(9.37x)	(63.79x)

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:

Liquidity Ratios

Current ratio as of March 31, 2026 and December 31, 2025 was 25% and 24%, respectively. Meanwhile, quick ratio was at 20% as of March 31, 2026 and 16% as of December 31, 2025. Liquidity ratios generally improved mainly due to increase in cash and receivables of the Group.

Asset-to-Equity Ratio

There was no significant change in the asset-to-equity ratio which stayed at 103% and 104% level as of March 31, 2026 and December 31, 2025, respectively.

Profitability Ratios

Profitability ratios such as net loss margin, operating loss margin, return on total assets and return on equity decreased to (14%), (8%), (3%) and 3% respectively from their prior year ratios. This is due to the lower net loss generated this first three months of 2026 compared with the same period of last year. Gross margin, on the other hand, decreased from 36% in 2026 to 34% in 2026.

Debt Ratio

Debt-to-equity on March 31, 2026, slightly improved to (2.72x) from (2.77x) as of December 31, 2025. The improvement was primarily driven by the reduction in the Group's loss before interest and taxes (EBIT), reflecting improved operating performance during the period. Although the ratio remained negative due to the Group's continued operating loss, the less negative ratio indicates an improvement in the Group's ability to cover its interest obligations.

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.

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 JUL 17 2026.

Issuer: **XURPAS INC.**

By:

[redacted]

FERNANDO JUDE F. GARCIA
Chairman of the Board

[redacted]

ALEXANDER D. CORPUZ
President and Chief Finance Officer

COVER SHEET

SEC Registration Number

A	2	0	0	1	1	7	7	0	8	

Company Name

X	U	R	P	A	S		I	N	C	.		A	N	D		S	U	B	S	I	D	I	A	R	I	E	S		

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

U	N	I	T		8	0	4		A	N	T	E	L		2	0	0	0		C	O	R	P	O	R	A	T	E		
C	E	N	T	E	R	,		1	2	1		V	A	L	E	R	O		S	T	.		S	A	L	C	E	D	O	
	V	I	L	L	A	G	E	,		B	R	G	Y	.		B	E	L	-	A	I	R	,		M	A	K	A	T	
I		C	I	T	Y																									

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 Wednesday of August**	**June 30**

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 **June 30, 2026**

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	**2,513,603,812**

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 2,571,812,787

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 June 30, 2026 (with Comparative Audited Consolidated Statements of Financial Position as at December 31, 2025)

Unaudited Interim Condensed Consolidated Statements of Income and Comprehensive Income
For the Six-month Periods Ended June 30, 2026 and 2025

Unaudited Interim Condensed Consolidated Statements of Changes in Equity
For the Six-month Periods Ended June 30, 2026 and 2025

Unaudited Interim Condensed Consolidated Statements of Cash Flows
For the Six-month Periods Ended June 30, 2026 and 2025

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 June 30, 2026 and December 31, 2025 and performance for the six-month periods ended June 30, 2026 and 2025. 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 six-month periods ended June 30, 2026 and 2025 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

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5 and 24)	**₱73,203,082**	₱32,152,106
Accounts and other receivables (Notes 6 and 24)	**29,521,785**	20,025,185
Contract assets (Note 7)	**34,260,480**	37,452,791
Other current assets (Note 9)	**40,592,617**	25,102,551
	177,577,964	114,732,633
Noncurrent assets held for sale (Note 10)	**–**	16,841,740
Total Current Assets	**177,577,964**	131,574,373
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)	**–**	–
Property and equipment (Note 11)	**567,934**	862,920
Intangible assets (Note 12)	**45,822,753**	45,949,531
Right-of-use asset (Note 19)	**753,858**	1,319,253
Other noncurrent assets (Note 9)	**37,540,453**	35,921,919
Total Noncurrent Assets	**85,784,998**	85,153,623
	₱263,362,962	₱216,727,996
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 13 and 24)	**₱486,189,129**	₱456,329,232
Advances from stockholders (Note 20)	**39,479,950**	45,757,778
Loans payable (Notes 14 and 24)	**26,225,594**	26,183,594
Contract liabilities (Note 7)	**55,765,779**	30,365,964
Current portion of lease liabilities (Note 19)	**810,832**	1,177,533
Total Current Liabilities	**608,471,284**	559,814,101
Noncurrent Liabilities		
Lease liabilities – net of current portion (Note 19)	**–**	206,219
Deferred tax liability – net	**27,036**	27,036
Pension liabilities	**19,337,514**	19,337,514
Total Noncurrent Liabilities	**19,364,550**	19,570,769
Total Liabilities	**627,835,834**	579,384,870
Equity (Capital Deficiency)		
Equity attributable to equity holders of Xurpas Inc.		
Capital stock (Note 22)	**257,181,278**	257,181,278
Additional paid-in capital (Note 22)	**3,716,002,747**	3,716,002,747
Deposit for future stock subscription (Note 22)	**20,000,000**	–
Deficit (Note 22)	**(3,719,915,869)**	(3,704,885,992)
Net unrealized loss on financial assets at FVOCI (Note 8)	**(43,594,956)**	(43,594,956)
Cumulative translation adjustment	**(22,487,306)**	(13,504,523)
Remeasurement gain on defined benefit plan	**9,909,863**	9,909,863
Equity reserve (Notes 22)	**(363,424,608)**	(363,424,608)
Treasury stock (Note 22)	**(66,885,113)**	(66,885,113)
	(213,213,964)	(209,201,304)
Noncontrolling interests	**(151,258,908)**	(153,455,570)
Total Equity (Capital Deficiency)	**(364,472,872)**	(362,656,874)
	₱263,362,962	₱216,727,996

See accompanying Notes to Interim Condensed Consolidated Financial Statements

XURPAS INC. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the six-month period ended		For the three-month period ended	
	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)	**June 30, 2026 (Unaudited)**	June 30, 2025 (Unaudited)
SERVICE INCOME (Note 15)	**₱97,641,682**	₱104,592,595	**₱48,649,672**	₱62,197,545
COST OF SERVICES (Note 16)	**(65,139,360)**	(65,293,929)	**(32,935,026)**	(38,100,731)
GENERAL AND ADMINISTRATIVE EXPENSES (Note 17)	**(39,732,992)**	(58,332,659)	**(20,763,545)**	(31,811,817)
EQUITY IN NET LOSSES OF ASSOCIATES (Note 10)	–	(1,017,247)	–	(2,480,503)
FINANCE COSTS – NET (Note 18)	**(1,883,154)**	(1,379,085)	**(893,232)**	(498,733)
OTHER INCOME (CHARGES) – NET (Note 18)	**(2,993,180)**	9,352,107	**(617,541)**	7,745,861
LOSS BEFORE INCOME TAX	**(12,107,004)**	(12,078,218)	**(6,559,672)**	(2,948,378)
PROVISION FOR INCOME TAX (Note 21)	**726,211**	987,816	**52,249**	690,813
NET LOSS	**(12,833,215)**	(13,066,034)	**(6,611,921)**	(3,639,191)
OTHER COMPREHENSIVE LOSS				
Item that may be reclassified to profit or loss in subsequent periods:				
Cumulative translation adjustment	**(8,982,783)**	(4,760,555)	**(2,256,579)**	(5,099,503)
Item that may not be reclassified to profit or loss in subsequent periods:				
Revaluation surplus (Note 12)	–	(697,311)	–	–
	(8,982,783)	(5,457,866)	**(2,256,579)**	(5,099,503)
TOTAL COMPREHENSIVE LOSS	**(₱21,815,998)**	(₱18,523,900)	**(₱8,868,500)**	(₱8,738,694)

(Forward)

	For the six-month period ended		For the three-month period ended	
	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)	**June 30, 2026 (Unaudited)**	June 30, 2025 (Unaudited)
Net income (loss) attributable to:				
Equity holders of Xurpas Inc.	**(₱15,029,877)**	(₱15,286,950)	**(₱7,963,251)**	(₱5,205,231)
Noncontrolling interests	**2,196,662**	2,220,916	**1,351,330**	1,566,040
	(12,833,215)	(13,066,034)	**(₱6,611,921)**	(₱3,639,191)
Total comprehensive income (loss) attributable to:				
Equity holders of Xurpas Inc.	**(₱24,012,660)**	(₱20,744,816)	**(₱10,219,830)**	(₱10,304,734)
Noncontrolling interests	**2,196,662**	2,220,916	**1,351,330**	1,566,040
	(₱21,815,998)	(₱18,523,900)	**(₱8,868,500)**	(₱8,738,694)
Loss Per Share (Note 23)				
Basic	**(₱0.01)**	(₱0.01)	**(₱0.00)**	(₱0.00)
Diluted	**(₱0.01)**	(₱0.01)	**(₱0.00)**	(₱0.00)

See accompanying Notes to Consolidated Financial Statements.7

XURPAS INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CAPITAL DEFICIENCY)

	June 30	
	2026 (Unaudited)	2025 (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	**3,716,002,747**	3,748,086,156
DEPOSIT FOR FUTURE STOCK SUBSCRIPTION (Note 22)		
Balance at beginning of period	**–**	–
Movement during the period	**20,000,000**	–
Balance at end of period	**20,000,000**	–
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	**(3,820,350,267)**	(3,599,069,522)
Transfer from revaluation surplus	**–**	23,157,826
Net loss	**(15,029,877)**	(15,286,950)
Balance at end of period	**(3,835,380,144)**	(3,591,198,646)
	(3,719,915,869)	(3,475,734,371)
NET UNREALIZED LOSS ON FINANCIAL ASSETS AT FVOCI (Note 8)		
Balance at beginning and end of period	**(43,594,956)**	(43,594,956)
CUMULATIVE TRANSLATION ADJUSTMENT		
Balance at beginning of period	**(13,504,523)**	14,427,227
Movement during the period	**(8,982,783)**	(4,760,555)
Balance at end of period	**(22,487,306)**	9,666,672
REMEASUREMENT GAIN ON DEFINED BENEFIT PLAN		
Balance at beginning and end of period	**9,909,863**	326,023
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
Transfer to retained earnings	–	(23,157,826)
Movement during the period	–	(697,314)
Balance at end of period	–	(105)
TREASURY STOCK (Note 22)		
Balance at beginning and end of period	**(66,885,113)**	(99,700,819)
	(213,213,964)	32,805,270
NONCONTROLLING INTEREST7S		
Balance at beginning of period	**(153,455,570)**	(155,274,936)
Net income	**2,196,662**	2,220,916
Balance at end of period	**(151,258,908)**	(153,054,020)
	(₱364,472,872)	(₱120,248,750)

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

XURPAS INC. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	June 30	
	2026	2025
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(₱12,107,004)**	(₱12,078,218)
Adjustments for:		
Depreciation and amortization (Notes 16 and 17)	**1,213,697**	1,638,183
Interest expense (Note 18)	**1,896,665**	1,380,636
Equity in net losses of associates (Note 10)	**–**	1,017,247
Unrealized foreign currency exchange loss (gain)	**2,543,823**	(9,595,662)
Interest income (Notes 5 and 18)	**(13,511)**	(1,551)
Unrealized gain (loss) on revaluation of cryptocurrencies	**–**	–
Operating income (loss) before changes in working capital	**(6,466,330)**	(17,639,365)
Changes in working capital		
Decrease (increase) in:		
Accounts and other receivables and contract assets – net	**(9,336,171)**	(18,941,196)
Other assets	**(17,108,600)**	(27,943,390)
Decrease in:		
Accounts and other payables	**20,821,045**	42,301,386
Contract liabilities	**25,399,815**	(7,284,345)
Net cash provided by (used in) operations	**13,309,759**	(29,506,910)
Income taxes paid	**(726,211)**	(987,816)
Interest received	**13,511**	1,551
Interest paid	**–**	–
Net cash provided by (used in) operating activities	**12,597,059**	(30,493,175)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of cryptocurrencies	**–**	26,618,428
Proceeds from Noncurrent Assets Held for Sale	**16,841,740**	–
Additions to property and equipment (Note 11)	**(226,538)**	–
Acquisition of intangible assets (Note 12)	–	(195,910)
Net cash used in investing activities	**16,615,202**	26,422,518
CASH FLOWS FROM FINANCING ACTIVITIES		
Deposit for future stock subscription (Note 22)	**20,000,000**	–
Advances from stockholders	**(7,500,000)**	–
Payment of loans payable (Note 14)	**(50,000)**	(43,178)
Payment of lease liabilities (Note 19)	**(611,285)**	(582,176)
Net cash provided by (used in) financing activities	**11,838,715**	(625,354)
EFFECT OF FOREIGN CURRENCY EXCHANGE RATE CHANGES ON CASH	–	74,737
NET DECREASE IN CASH	**41,050,976**	(4,621,274)
CASH AT BEGINNING OF PERIOD	**32,152,106**	32,314,999
CASH AT END OF PERIOD (Note 5)	**₱73,203,082**	₱27,693,725

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 August 14, 2026.

2. Summary of Significant Accounting Policies

Basis of Preparation

The interim condensed consolidated financial statements of the Group as at June 30, 2026 and for the six-month periods ended June 30, 2026 and 2025, 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, 2025.

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 June 30, 2026 and December 31, 2025 and for the six-month periods ended June 30, 2026 and 2025 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 June 30, 2026 and December 31, 2025.

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 June 30, 2026 and December 31, 2025, the consolidated financial statements comprise the financial statements of the Parent Company and the following subsidiaries:

	Percentage Ownership		
	June 30, 2026	December 31, 2025	**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. (formerly Storm Flex Systems, 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		
	June 30, 2026	December 31, 2025	**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 June 30, 2026, 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 June 30, 2026, 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 June 30, 2026.

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 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, 2026. Adoption of these new standards and amendments did not have any significant impact on the consolidated financial position or performance unless otherwise indicated.

- Amendments to Illustrative Examples of PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*
- Amendments to PFRS 9 and PFRS7, 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

Standards and Interpretations Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Group does not expect that the future adoption of the said pronouncements will have a significant impact on its interim consolidated financial. statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2027

- PFRS 17, Insurance Contracts
- PFRS 18, Presentation and Disclosure in Financial Statements

The standard replaces PAS 1 Presentation of Financial Statements and responds to investors' demand for better information about companies' financial performance. The new requirements include:

  - Required totals, subtotals and new categories in the statement of profit or loss
  - Disclosure of management-defined performance measures
  - Guidance on aggregation and disaggregation

- PFRS 19, Subsidiaries without Public Accountability
- Amendments to PAS 21, Translation to a Hyperinflationary Presentation Currency

Deferred effectivity

- Amendments to PFRS 10, Consolidated Financial Statements, and PAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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.

Cash

Cash includes cash on hand and in banks. Cash in bank earns interest based on the prevailing bank deposit rates.

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 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.

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 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.

Investments in Associates
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.

Inventories

Inventories are stated at the lower of cost or net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

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.

Written put option over NCI

Any put options granted to noncontrolling interests give rise to a financial liability measured at fair value, which will be the present value of the redemption amount. The Group's accounting policy on financial instruments applies for the subsequent measurement of the financial liability.

The Group assesses whether the terms and conditions of the option give the acquirer present access to the ownership interest in the share subject to the put option. Factors that indicate that the NCI put provides a present ownership interest include:

a. pricing - to the extent that the price is fixed or determinable, rather than being at fair value;
b. voting rights and decision-making – to the extent that the voting rights or decision-making connected to the shares concerned are restricted;
c. dividend rights – to the extent that the dividend rights attached to the shares concerned are restricted; and
d. issue of call options – a combination of put and call options, with the same period of exercise and same/similar pricing indicates that the arrangement is in the nature of a forward contract.

If it is concluded that the acquirer has a present ownership interest in the shares concerned, the put option is accounted for as an acquisition of the underlying shares, and no noncontrolling interest is recognized.

When the terms of the transaction do not provide a present ownership interest, the noncontrolling interests continues to be recognized within equity until the NCI put is exercised. The carrying amount of noncontrolling interest changes due to allocations of profit or loss, changes in other comprehensive income and dividends declared for the reporting period. The financial liability for the put option is recognized through a debit made to another component of equity attributable to the parent.

If the put option is exercised, the entity accounts for an increase in its ownership interest. At the same time, the entity derecognizes the financial liability and recognizes an offsetting credit in the same component of equity reduced on initial recognition.

If the put option expires unexercised, the financial liability is reclassified to the same component of equity that was reduced on initial recognition.

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 six-month periods ended June 30, 2025 and 2024, 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 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 ₱12.83 million for the six-month period ended June 30, 2026. As of June 30, 2026 the Group's current liabilities exceeded its current assets by ₱430.89 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 June 30, 2026 and December 31, 2025, 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 nil as of June 30, 2026 and December 31, 2025, 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 June 30, 2026 and December 31, 2025, allowance for impairment losses on accounts and other receivables amounted to ₱20.64 million and ₱20.66 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

This account consists of:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Cash on hand	**₱59,742**	₱47,740
Cash in banks	**73,143,340**	32,104,366
	₱73,203,082	₱32,152,106

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.

Interest income earned from cash in banks amounted to ₱13,511 and ₱1,551 million for the six-month periods ended June 30, 2026 and 2025, respectively.

6. Accounts and Other Receivables

This account consists of:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Trade receivables	**₱44,578,500**	₱35,698,357
Receivable from related parties (Note 20)	**2,908,383**	2,707,711
Advances to employees	**388,519**	360,012
Others	**2,283,020**	1,916,357
	50,158,422	40,682,437
Less: Allowance for impairment loss	**20,636,637**	20,657,252
	₱29,521,785	₱20,025,185

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:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
At beginning of year	**₱20,657,252**	₱31,751,317
Provisions	**–**	15,130,731
Write-off	**–**	(27,041,976)
Translation adjustments	**(20,615)**	817,180
	₱20,636,637	₱20,657,252

As of June 30, 2026 and December 31, 2025, the allowance for impairment losses pertains to:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Trade receivables	**₱17,547,273**	₱17,567,888
Receivable from related parties (Note 20)	**1,830,166**	1,830,166
Others	**1,259,198**	1,259,198
	₱20,636,637	₱20,657,252

7. Contract Balances

This account consists of:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Contract assets	**₱34,260,480**	₱37,452,791
Contract liabilities	**55,765,779**	30,365,964

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:

	June 30, 2026 (Unaudited)	December 31, 2025 (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:

	June 30, 2026 (Unaudited)	December 31, 2025 (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:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Balance at beginning of period	**(₱43,594,956)**	(₱43,594,956)
Unrealized gain on financial assets at FVOCI	**–**	–
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 June 30, 2026 and December 31, 2025, 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 June 30, 2026 and December 31, 2025:

	June 30, 2026 (Unaudited)	December 31, 2025 (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:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Prepaid expenses	**₱24,471,604**	₱9,755,564
Input VAT – net	**16,879,337**	16,105,311
Creditable withholding tax	**2,223,020**	2,223,020
Rental deposit	**396,002**	396,002
	43,969,963	28,479,897
Less: allowance for impairment losses	**3,377,346**	3,377,346
	₱40,592,617	₱20,102,551

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.

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.

Other noncurrent assets
This account consists of:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Creditable withholding tax	**₱35,700,658**	₱33,957,925
Deferred input VAT	**23,106,693**	22,970,328
Rental deposit	**35,337**	295,784
Others	**422,643**	422,769
	59,265,331	57,646,806
Less: allowance for impairment losses	**21,724,887**	21,724,887
	₱37,540,453	₱35,921,919

10. **Investments in and Advances to Associates**

This account consists of:

	December 31, 2025 (Audited)
Cost	
Balance at beginning and end of period	₱577,561,081
Equity in net loss	
Balance at beginning of period	(188,501,137)
Share in net earnings during the period	(5,221,424)
Balance at end of period	(193,722,561)
Cumulative translation adjustment	
Balance at beginning of period	6,023,560
Movement during the period	(11,990,668)
Balance at end of period	(5,967,108)
Accumulated impairment	
Balance at beginning of period	(207,032,699)
Movement during the period	(153,586,345)
	(360,619,044)
	17,252,368
Advances to Associate	22,084,586
Reclassification to noncurrent assets held for sale	(39,336,954)
	₱–

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	
	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Micro Benefits Limited	**23.53**	23.53
MatchMe Ltd.	**29.10**	29.10
Altitude Games Inc.	**21.17**	21.17

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.

In December 2025, the Board approved the sale of investment in and advances to SDI. As of December 31, 2025, the investment in and advances to PT Sembilan Digital Investama (or the disposal group) is reclassified as non-current assets held for sale amounting to ₱16.84 million, net of ₱22.50 million impairment loss. The Group sold the disposal group in March 2026 for Rp5,000 million (approximately ₱16.84 million).

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 June 30, 2026 and December 31, 2025, 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 ₱0.23 million and ₱0.17 during the six-month periods ended June 30, 2025 and 2024, respectively. Depreciation expense amounted to ₱0.52 million and ₱0.82 million for the six-month periods ended June 30, 2026 and 2025, respectively.

12. Intangible Assets

This account consists of:

June 30, 2026

	Goodwill	Developed Software	Total
Cost			
At beginning of year	**₱2,004,469,603**	**₱105,497,817**	**₱2,109,967,420**
Disposal	–	–	–
At end of year	**2,004,469,603**	**105,497,817**	**2,109,967,420**
Accumulated amortization			
At beginning of year	–	**94,893,761**	**94,893,761**
Amortization (Note 15)		**126,778**	**126,778**
At end of year	–	**95,020,539**	**95,020,539**
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	–	–	–
Revaluation gain			
Disposal			
At end of year	–	–	–
Net Book Value	**₱45,588,402**	**₱234,351**	**₱45,822,753**

December 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
Disposals	–	–	(1,052,275)	(1,052,275)
At end of year	2,004,469,603	105,497,817	–	2,109,967,420
Accumulated amortization				
At beginning of year	–	94,432,169	–	94,432,169
Amortization (Note 15)	–	461,592	–	461,592
At end of year	–	94,893,761	–	94,893,761
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 gain	–	–	(772,159)	(772,159)
Disposals	–	–	(25,566,146)	(25,566,146)
At end of year	–	–	–	–
Net Book Value	₱45,588,402	₱361,129	₱–	₱45,949,639

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. The Group disposed of all its cryptocurrency holdings in 2025.

The amortization expense of intangible assets recognized in "Depreciation and amortization" under "Cost of services" in the consolidated statements of comprehensive income amounted to ₱0.13 million and ₱0.27 million for the six-month periods ended June 30, 2026 and 2025, respectively (see Note 16).

13. Accounts and Other Payables

This account consists of:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Accrued expenses	**₱94,251,323**	₱63,594,041
Payable to third parties	**88,327,722**	88,325,999
Nontrade payable	**71,551,309**	69,205,964
Taxes payable	**45,500,464**	45,104,221
Payable to related parties (Note 20)	**14,190,314**	16,069,027
Trade payables	**5,130,397**	13,006,506
Others	**167,237,600**	161,023,474
	₱486,189,129	₱456,329,232

Accrued expenses mainly consist of accruals for taxes and licenses, interest expense, professional fees, commission, outsourced services and others. These are noninterest-bearing and are normally settled within one year.

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.

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.

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.

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:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Balance at beginning of year	**₱160,404,245**	₱157,785,623
Translation adjustments	**6,612,021**	2,618,622
	₱167,016,266	₱160,404,245

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:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Balance at beginning of period	**₱26,183,594**	₱38,775,697
Additions	**92,000**	184,000
Reversal	**–**	(12,696,000)
Payment of loans	**(50,000)**	(80,103)
Balance at end of year	**₱26,225,594**	26,183,594

Interest expense recognized in the consolidated statements of comprehensive income during the six-month periods ended June 30, 2026 and 2025 amounted to ₱0.78 million and ₱0.41 million, respectively (see Note 18).

15. Service Income

Service income, amounting to ₱97.64 million and ₱104.59 million for the six-month periods ended June 30, 2026 and 2025, 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 six-month periods ended June 30, 2026 and 2025 are presented below:

	For the six-month period ended		For the three-month period ended	
	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)	**June 30, 2026 (Unaudited)**	June 30, 2025 (Unaudited)
Service income				
Mobile consumer services	**₱85,000**	**₱**–	**₱54,487**	**₱**–
Enterprise services	**49,622,948**	63,883,382	**23,757,086**	35,455,059
Other services	**47,933,734**	40,709,213	**24,838,099**	26,742,486
	₱97,641,682	₱104,592,595	**₱48,649,672**	₱62,197,545

16. **Cost of Services**

Cost of services for the six-month periods ended June 30, 2026 and 2025 consists of:

	For the six-month period ended		For the three-month period ended	
	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)	**June 30, 2026 (Unaudited)**	June 30, 2025 (Unaudited)
Outside services	**₱32,353,099**	₱28,666,428	**₱17,106,104**	₱18,891,559
Salaries, wages and employee benefits	**27,967,907**	28,299,048	**13,946,978**	14,439,940
Consultancy fees	**2,014,085**	1,387,187	**1,269,592**	907,904
Commission	**896,187**	1,089,823	**538,848**	703,457
Web hosting	**853,859**	1,275,978	**151,175**	728,822
Outsourced services	**756,880**	3,518,519	**(196,999)**	1,649,796

(Forward)

	For the six-month period ended		For the three-month period ended	
	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)	**June 30, 2026 (Unaudited)**	June 30, 2025 (Unaudited)
Utilities	**133,800**	139,350	**62,500**	55,174
Depreciation and amortization (Notes 11 and 12)	**126,778**	268,264	**56,828**	122,747
Others	**36,765**	649,332	–	601,332
	₱65,139,360	₱65,293,929	**₱32,935,026**	₱38,100,731

17. **General and Administrative Expenses**

General and administrative expenses for the six-month periods ended June 30, 2026 and 2025 consists of:

	For the six-month period ended		For the three-month period ended	
	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)	**June 30, 2026 (Unaudited)**	June 30, 2025 (Unaudited)
Salaries, wages and employee benefits	**₱27,781,482**	₱41,810,422	**₱14,582,615**	₱21,197,589
Dues and subscription	**2,095,429**	3,704,180	**1,117,322**	2,156,455
Professional fees	**1,903,250**	4,540,595	**1,041,650**	2,760,168
Outsourced services	**1,237,271**	725,182	**120,848**	550,182
Depreciation and amortization (Notes 11 and 12)	**1,086,919**	1,369,920	**502,708**	680,903
Taxes and licenses	**990,303**	2,822,802	**416,923**	2,376,006
Entertainment, amusement and recreation	**711,087**	239,861	**492,224**	116,876
Marketing and promotions	**680,773**	132,502	**306,420**	114,506
Transportation and travel	**604,082**	257,430	**217,350**	161,007

Management fees	**538,491**	–	–	–
Utilities	**292,276**	315,738	**158,330**	172,990
Rent (Note 19)	**120,574**	170	**60,374**	–
Provision for impairment losses	**103,009**	–	–	–
Supplies	**67,058**	38,613	**12,938**	24,652
Seminars and trainings	**65,520**	9,303	**65,520**	4,800
Repairs and maintenance	–	89,220	–	–
Insurance	–	5,349	–	–
Miscellaneous	**1,455,468**	2,271,372	**1,026,823**	1,495,683
	₱39,732,992	₱58,332,659	**₱20,122,045**	₱31,811,817

18. Finance Costs and Other Income (Charges)

Finance costs consists of:

	For the six-month period ended		For the three-month period ended	
	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)	**June 30, 2026 (Unaudited)**	June 30, 2025 (Unaudited)
Interest expense on loans payable (Notes 20 and 26)	**₱1,858,300**	₱1,330,441	**₱883,351**	₱463,793
Accretion of interest lease liabilities (Note 19)	**38,365**	50,195	**16,539**	36,447
Interest income from cash in banks	**(13,511)**	(1,551)	**(6,658)**	(1,507)
	₱1,883,154	₱1,379,085	**₱893,232**	₱498,733

Other income (charges) consist of:

	For the six-month period ended		For the three-month period ended	
	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)	**June 30, 2026 (Unaudited)**	June 30, 2025 (Unaudited)
Foreign exchange gains (losses)	**(₱2,543,823)**	₱9,595,662	**(₱509,924)**	₱7,872,190
Bank charges	**(449,034)**	(243,555)	**(107,617)**	(126,329)
Other charges	**(323)**		–	–
	(₱2,993,180)	₱9,352,107	**(₱617,541)**	₱7,745,861

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 June 30, 2026 and December 31, 2025:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Cost		
Balance at beginning of period	**₱2,261,579**	₱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**	2,261,579
Accumulated Depreciation		
Balance at beginning of period	**942,326**	1,892,737
Depreciation	**565,395**	1,114,392
Termination of lease contract and derecognition of right-of-use asset	–	(2,064,803)
	1,507,721	942,326
	₱753,858	₱1,319,253

The rollforward analysis of lease liability as of June 30, 2026 and December 31, 2025 follows:

	June 30, 2026 (Unaudited)	December 31, 2026 (Audited)
Balance at beginning of period	**₱1,383,754**	₱187,245
Addition	**–**	2,261,579
Accretion of interest	**38,365**	108,677
Payments	**(611,287)**	(1,173,749)
Balance at end of period	**₱810,832**	₱1,383,752
Current lease liabilities	**₱810,832**	₱1,177,533
Noncurrent lease liabilities	**₱–**	₱206,219

Total rent expense charged under "Cost of services" and "General and administrative expenses" in the consolidated statements of comprehensive income amounted to ₱0.12 and ₱170 million for the six-month periods ended June 30, 2026 and 2025, 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 June 30, 2026 and December 31, 2025 follow:

			Amount/ Volume		Outstanding Balance			
					June 30, 2026		December 31, 2025	
	Terms	Conditions	June 30, 2026	June 30, 2025	Receivable	Payable	Receivable	Payable
Associate								
Revenue (a)	Noninterest-bearing	Unsecured, no impairment	₱–	₱5,026,405	₱–	₱–	₱–	₱–
Advances (b)	Noninterest-bearing	Unsecured, no impairment	–	123,430	–	₱–	₱–	₱–
Stockholders								
Interest (a-b)	Noninterest-bearing	Unsecured	**959,488**	923,610	–	**13,254,593**	–	12,295,106
Payable to directors and officers (a)	Interest-bearing	Unsecured	–	–	–	**39,712,272**	–	40,140,100
Payable to directors and officers (b)	Noninterest-bearing	Unsecured	–	–	–	**410,000**	–	1,127,500
Advances (c)	One year; noninterest-bearing	Unsecured, no impairment	–	–	–	**117,678**	–	5,617,678
Affiliate								
Trade Receivables (a-b)	Noninterest-bearing	Unsecured	**12,695,104**	9,388,495	**2,908,383**	–	2,707,711	–
Advances (c)	Noninterest-bearing	Unsecured	–	–	–	**175,721**	–	3,773,921
					₱2,908,383	**₱53,670,264**	₱2,707,711	₱62,954,305

Associates:

a. Advances to an associate pertain to payments made by the Parent Company on behalf of SDI for its outsourced services.

Stockholders:

a. In 2017, the Parent Company entered into a loan agreement with one of its founders amounting to US$648,586 subject to 5% interest rate per annum. The loan is due and demandable.

   For the six-month periods ended June 30, 2026 and 2025, the Group recognized interest expense amounting to ₱1.86 million and ₱1.83 million, respectively, under "Finance Cost and Other income (charges)" in its consolidated statements of comprehensive income (see Note 18). As at June 30, 2026, and December 31, 2025, outstanding loans and interest payable amounted to ₱39.71 million and ₱13.25 million, respectively, and ₱39.28 million and ₱12.30 million, respectively.

b. In 2025, a director and officer made cash advances for operational and corporate-related expenses of the Group. This is interest-bearing and are due and demandable. As of June 30, 2026 and December 31, 2025, the outstanding payable amounted to nil and ₱2.00 million, respectively. Interest expense recognized amounted to ₱28,130 for the six-month period ended June 30, 2026.

c. Payable to directors and officers also pertain to directors' fees. Outstanding payable amounted to ₱0.41 and ₱1.13 million as at June 30, 2026 and December 31, 2025, 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 June 30, 2026 and December 31, 2025 amounted to ₱0.12 million and ₱5.62 million, respectively.

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 June 30, 2026 and December 31, 2025, outstanding receivable amounted to nil.

b. The Group entered into service agreement with CTX to provide staff augmentation services. The Group's revenue from these services for the six-month period ended June 30, 2026 and 2025 amounted to ₱12.70 million and ₱9.39 million, respectively. Outstanding receivable as of June 30, 2026 and December 31, 2025 amounted to ₱2.91 million and ₱2.71 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 June 30, 2026 and December 31, 2025 amounted to ₱0.18 million and ₱3.77 million, respectively.

Compensation of key management personnel pertaining to short-term employee benefits amounted to ₱7.58 million and ₱10.28 million for the six-month periods ended June 30, 2026 and 2025, respectively.

21. Income Taxes

Provision for (benefit from) income tax for the six-month periods ended June 30, 2026 and 2025 consists of:

	June 30	
	2026 (Unaudited)	2025 (Unaudited)
Current	**₱726,007**	₱987,794
Deferred	**–**	–
Final	**204**	22
	₱726,211	₱987,816

22. Capital Deficiency

The details of the number of shares as at June 30, 2026 and December 31, 2025 follow:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Authorized shares	**5,000,000,000**	5,000,000,000
Par value per share	**₱0.10**	₱0.10
Issued shares	**2,771,812,787**	2,571,812,787
Treasury shares	**58,208,975**	58,208,975
Outstanding shares	**2,513,603,812**	2,513,603,812
Value of shares issued	**₱277,181,278**	₱257,181,278
Value of treasury shares	**(₱66,885,113)**	(₱66,885,113)

Capital Stock and Additional Paid-in Capital (APIC)
The balance of additional paid-in capital (APIC) as of June 30, 2026 and December 31, 2025 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.

On May 29, 2026, the Parent Company entered into a subscription agreement with Mr. Fernando Jude F. Garcia, under which the subscriber agreed to subscribe to, and the Corporation agreed to issue, 200,000,000 common shares from the Corporation's authorized but unissued capital stock at a subscription price of ₱0.10 per share. On June 1, 2026, the Company received full payment amounting to ₱20.00 million, recorded as a deposit for future stock subscription, as the shares are still pending issuance.

Retained Earnings

Appropriations

Appropriated retained earnings which relates to buyback program of common shares in 2016 amounted to ₱115.46 million as of June 30, 2026 and December 31, 2025. On July 13, 2026, the Group reversed its appropriated retained earnings amounting to ₱115.46 million. This is considered a non-adjusting subsequent event.

Dividends declaration

The Parent Company has no dividend declarations made in the six-month periods ended June 30, 2026 and 2025.

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 June 30, 2026 and December 31, 2025, the Parent Company has 58,208,975 treasury shares amounting to ₱66.89 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 June 30, 2026, 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:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Capital stock	**₱277,181,278**	₱257,181,278
Additional paid-in capital	**3,716,002,747**	3,716,002,747
Deficit	**(3,717,024,659)**	(3,704,885,992)
	₱276,159,366	₱268,298,033

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 June 30, 2026, 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 as at June 30, 2026 and December 31, 2025.

23. Loss Per Share

The Group's loss per share for the six-month periods ended June 30, 2026 and 2025 were computed as follows:

	For the six-month period ended		**For the three-month period ended**	
	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)	**June 30, 2026 (Unaudited)**	June 30, 2025 (Unaudited)
Net income (loss) attributable to the equity holders of the Parent Company	**(₱15,029,877)**	(₱15,286,950)	**(₱7,963,251)**	(₱5,205,231)
Weighted average number of outstanding shares	**2,513,603,812**	2,509,683,812	**2,513,603,812**	2,509,683,812
Basic earnings (loss) per share	**(₱0.01)**	(₱0.01)	**(₱0.00)**	(₱0.00)
Diluted earnings (loss) per share	**(₱0.01)**	(₱0.01)	**(₱0.00)**	(₱0.00)

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 June 30, 2026, 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 June 30, 2026 and December 31, 2025 were classified under Level 2 (see Note 8).

Unquoted financial assets at FVOCI amounting to nil as at June 30, 2026 and December 31, 2025 were classified under Level 3 (see Note 8).

As at June 30, 2026 and December 31, 2025, 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 six-month periods ended June 30, 2026 and 2025.

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 June 30, 2026 and December 31, 2025.

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 June 30, 2026 and December 31, 2025 are based on contractual undiscounted payments.

As at June 30, 2026 and December 31, 2025, 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 June 30, 2026 and December 31, 2025.

	June 30, 2026		December 31, 2025	
	Original currency	**Peso equivalent**	Original currency	Peso equivalent
Cash in bank				
US Dollar (USD)	**$15,626**	**₱956,775**	$10,771	₱633,402
Trade receivables				
US Dollar (USD)	–	–	–	–
Foreign currency denominated assets		**956,775**		633,402

In translating the foreign currency-denominated monetary assets into Peso amounts, the exchange rates used were as follows:

	June 30, 2026	December 31, 2025
USD to ₱	**₱61.23**	₱58.81

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 six-month periods ended June 30, 2026 and 2025:

June 30, 2026 (Unaudited)

	Mobile consumer services	**Enterprise Service**	**Other services**	**Intersegment Adjustments**	**Consolidated**
INCOME					
Service income	**₱85,000**	**₱49,622,948**	**₱47,933,734**	**₱–**	**₱97,641,682**
COST AND EXPENSES	**–**	**(61,174,061)**	**(43,698,291)**	**–**	**(104,872,352)**
Equity in net losses of associates	**–**	**–**	**–**	**–**	**–**
Other income (charges)	**(22,059)**	**(4,081,743)**	**(772,532)**	**–**	**(4,876,334)**
	62,941	**(15,632,856)**	**3,462,911**	**–**	**(12,107,004)**
Provision for income tax	**–**	**(414,380)**	**(311,831)**	**–**	**(726,211)**
Net loss	**₱62,941**	**(₱16,047,236)**	**₱3,151,080**	**₱–**	**(₱12,833,215)**
Net income (loss) attributable to:					
Equity holders of Xurpas Inc.					**(₱15,029,877)**
Noncontrolling interests					**2,196,662**
					(₱12,833,215)

June 30, 2024 (Unaudited)

	Mobile consumer services	Enterprise Service	Other services	Intersegment Adjustments	Consolidated
INCOME					
Service income	₱–	₱83,477,191	₱40,709,213	(₱19,593,809)	₱104,592,595
COST AND EXPENSES	(1,032,569)	(103,048,966)	(36,825,117)	17,280,064	(123,626,588)
Equity in net losses of associates	–	–	–	(1,017,247)	(1,017,247)
Other income (charges)	(22,967)	8,387,268	(391,279)	–	7,973,022
	(1,055,536)	(11,184,507)	3,492,817	(3,330,992)	(12,078,218)
Provision for income tax	–	(746,954)	(240,862)	–	(987,816)
Net loss	(₱1,055,536)	(₱11,931,461)	₱3,251,955	(₱3,330,992)	(₱13,066,034)
Net income (loss) attributable to:					
Equity holders of Xurpas Inc.					(₱15,286,950)
Noncontrolling interests					2,220,916
					(₱13,066,034)

26. Notes to Consolidated Statement of Cash Flows

Disclosed below is the rollforward of liabilities under financing activities:

	January 1, 2026	**Cash flows**	**Non-cash changes**	**Foreign exchange movement**	**June 30, 2026**
Loans payable	**₱26,183,594**	**(₱50,000)**	**₱92,000**	**₱–**	**₱26,225,594**
Lease liabilities	**1,383,752**	**(611,287)**	**38,365**	**–**	**810,830**
Advances from stockholders	**45,640,100**	**(7,732,322)**	–	**1,572,172**	**39,479,950**
Total liabilities from financing activities	**₱73,207,446**	**(8,393,609)**	**₱130,365**	**₱1,572,172**	**₱66,516,374**

	January 1, 2025	Cash flows	Non-cash changes	Foreign exchange movement	December 31, 2025
Loans payable	₱38,775,697	(₱80,103)	(₱12,512,000)	₱–	₱26,183,594
Lease liabilities	187,245	(1,173,749)	2,370,256	–	1,383,752
Advances from stockholders	37,517,457	7,500,000	117,678	504,965	45,640,100
Total liabilities from financing activities	₱76,480,399	6,246,149	(10,024,067)	₱504,965	₱73,207,446

27. Approval of Financial Statements

The unaudited interim condensed consolidated financial statements of the Group as at June 30, 2026 and December 31, 2025 and for the six-month periods ended June 30, 2026 and 2025 were approved and authorized for issue by the BOD on August 14, 2026.

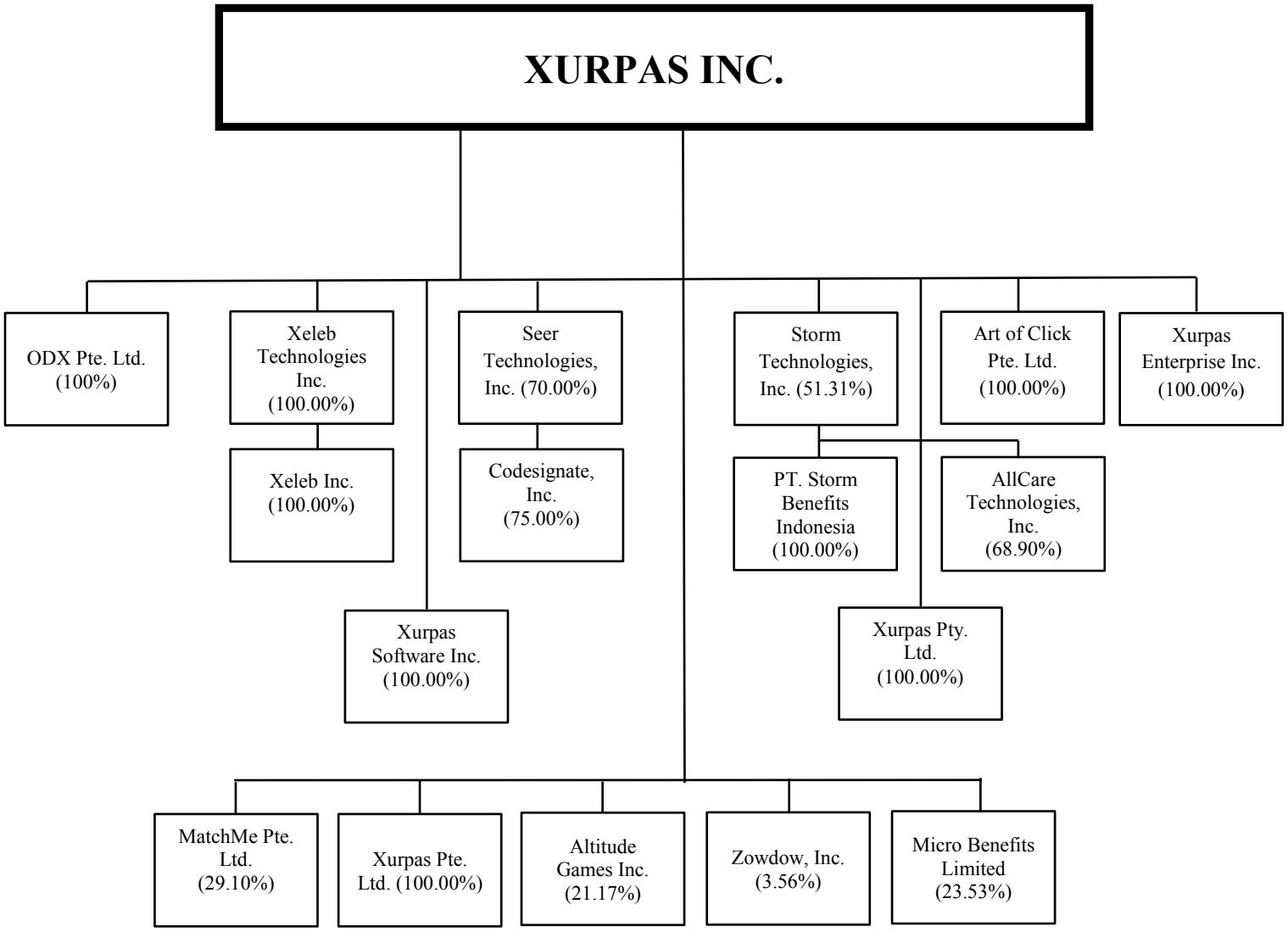
AGING OF RECEIVABLES

The aging analysis of accounts receivable as of June 30, 2026 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	**₱16,324,615**	**₱2,892,780**	**₱22,767,570**	**₱1,280,462**	**₱1,313,073**	**₱44,578,500**
Receivable from related parties	**2,908,383**	**–**	**–**	**–**	**–**	**2,908,383**
Advances to employees	**388,519**	**–**	**–**	**–**	**–**	**388,519**
Others	**2,283,020**	**–**	**–**	**–**	**–**	**2,283,020**
	₱21,904,537	**₱2,892,780**	**₱22,767,570**	**₱1,280,462**	**₱1,313,073**	**₱50,158,422**

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 beginning of reporting period		(₱3,884,898,477)
Add: Category A: Items that are directly credited to unappropriated retained earnings		
Reversal of retained earnings appropriation/s	–	
Effect of restatements or prior-period adjustments	–	
Others	–	–
Less: Category B: Items that are directly 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		(3,884,898,477)
Add/Less: Net income (loss) for the current year		(29,776,982)
Less: Category C.1: 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: Category C.2: 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: Category C.3: 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		(29,776,982)

Add: Category D: Non actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	–	
Subtotal		–
Add: Category E: 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: Category F: 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)		
Subtotal		–
Total retained earnings, end of the reporting period available for dividend		(₱3,914,675459)

XURPAS INC. AND SUBSIDIARIES
FINANCIAL RATIOS

Financial Ratios	June 30, 2026	December 31, 2025
A. Current ratios		
Current ratios	29%	24%
Quick ratios	23%	16%
B. Debt-to-equity ratios	(294%)	(277%)
C. Asset-to-equity ratios	(124%)	(104%)
D. Interest rate coverage ratios	(538%)	(6,379%)
E. Profitability ratios		
Net income (loss) margin	(15%)	(117%)
Gross margin	33%	35%
Operating margin	(9%)	(112%)
Return on assets	(6%)	(76%)
Return on equity	7%	314%

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

For the six months ended June 30, 2026, the Company experienced a 7% decline in total revenues, primarily due to lower enterprise services revenues. Despite the decline in revenues, the Company continued to implement cost management and operational efficiency initiatives, resulting in a significant reduction in general and administrative expenses. These efforts helped mitigate the impact of the lower revenue base, with the Company reporting a modest improvement in net loss for the period.

In the first half of 2026, Xurpas posted a decrease of 7% to ₱97.64 million, from ₱104.59 million the same period of 2025. The decrease was primarily driven by a 22% decline in enterprise services revenues, which decreased from ₱63.88 million in 1H2025 to ₱49.62 million in 1H2026. This decline was partially offset by an 18% increase in other services revenues, which rose from ₱40.71 million to ₱47.93 million during the same period. Mobile consumer services contributed ₱0.09 million in 1H2026 compared with nil in the prior-year period.

The Company recorded a decrease in overall operating expenses in the first half of 2026. The Group's consolidated expenses for the six-month period ended June 30, 2026 amounted to ₱104.87 million, representing a 15% decline from ₱123.63 million in the same period of the previous year. This reduction was primarily driven by management's continuous cost-optimization initiatives.

Due to the sale of its stake in an affiliate and the full impairment of the other, Xurpas has nil equity pick up from the associates in 1H2026. By the end of 1H2026, the Company generated a ₱12.11 million pre-tax loss and ₱12.83 million net loss. This marks an improvement compared to a net loss of ₱13.07 million in 1H2025. The Company, however, incurred other comprehensive loss primarily due to the cumulative translation adjustment related to the consolidation of its foreign subsidiaries. This caused the company to incur ₱8.98 million other comprehensive loss for the first half compared to the ₱5.46 million other comprehensive loss incurred in the same period of last year, a 65% increase. This resulted into a ₱21.82 million total comprehensive loss.

The Company continues to focus on strengthening its operational fundamentals through disciplined cost management and efforts to improve revenue performance. While revenues declined during the period, the substantial reduction in general and administrative expenses helped limit the impact on the Company's net loss. Continued focus on profitability and capital structure will be critical to sustaining growth momentum and restoring equity value.

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.

Xurpas remains committed to advancing operational efficiency through continuous improvement and the streamlining of processes across its business units. By strategically deploying resources and fostering innovation, the Company reinforces its core competencies, supports the expansion of emerging segments, and upholds its commitment to delivering consistent value to stakeholders.

Financial Summary

Key Financial Data In PhP Millions	For the six-month periods ended June 30					
	2026		2025		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Revenues						
Mobile consumer services	0.09	0%	-	0%	0.09	n.a.
Enterprise services	49.62	51%	63.88	61%	(14.26)	(22%)
Other services	47.93	49%	40.71	39%	7.22	18%
Total Revenues	**97.64**	**100%**	**104.59**	**100%**	**(6.95)**	**(7%)**
Cost of Services	65.14	67%	65.29	62%	(0.15)	(0%)
Gross Profit	**32.50**	**33%**	**39.30**	**38%**	**(6.80)**	**(17%)**
General and Administrative Expenses	39.73	41%	58.33	56%	(18.60)	(32%)
Equity in Net Losses of Associates	-	0%	1.02	1%	(1.02)	(100%)
Finance Costs - net	1.88	2%	1.38	1%	0.50	37%
Other Charges (Income) - net	2.99	4%	(9.35)	(9%)	12.35	(132%)
Loss Before Income Tax	**(12.11)**	**(12%)**	**(12.08)**	**(12%)**	**0.03**	**0.24%**
Provision for Income Tax	0.73	1%	0.99	1%	(0.26)	(26%)
Net Loss	**(12.83)**	**(13%)**	**(13.07)**	**(12%)**	**(0.24)**	**(2%)**
Other Comprehensive Loss	(8.98)	(9%)	(5.46)	(5%)	(3.52)	65%
Total Comprehensive Loss	**(21.82)**	**(22%)**	**(18.52)**	**(18%)**	**3.30**	**18%**

	Jun. 30, 2026 Amount	Dec. 31, 2025 Amount	Amount Change	% Increase (Decrease)
Total Assets	263.36	216.73	46.63	22%
Total Liabilities	627.84	579.38	48.45	8%
Total Capital Deficiency	(364.47)	(362.66)	1.82	1%

The Group's total revenue in the first half of 2026 is ₱97.64 million, a decrease from the same period of 2025 mainly caused by the decline in revenues under enterprise services. Majority of the revenues is from enterprise services which generated ₱49.62 million or 51% of the total revenues followed by other services which generated ₱47.93 million or 49% of the total services. Revenues from mobile consumer services, amounted to ₱0.09 million for the first half of the year.

The blended cost of services declined slightly, from ₱65.29 million as of June 30, 2025 to ₱65.14 million as of June 30, 2026.

Gross profit margin on total revenues is at ₱32.50 million for the period ended June 30, 2026, compared to ₱39.30 million in the first half of 2025, which is a 17% decrease. Gross profit margin decreased slightly to 33% from 38%, the previous period.

General and administrative expenses (GAEX) significantly decreased by ₱18.60 million, from ₱58.33 million for the first half of 2025 to ₱39.73 million for the same period in 2026. The decline is primarily attributed to lower salaries and wages.

By the end of Q2 2026, the Company incurred a ₱12.11 million pre-tax loss, ₱12.83 million net loss and ₱21.82 million total comprehensive loss.

Consolidated total assets increased by 22% from ₱216.73 million as of December 31, 2025, to ₱263.36 million as of June 30, 2026. Consolidated total liabilities also slightly increased by 8% from ₱579.38 million as of December 31, 2025, to ₱627.84 million on June 30, 2026.

Lastly, consolidated total capital deficiency increased by ₱1.82 million, from ₱362.66 million as of December 31, 2025, to ₱364.47 million as of June 30, 2026.

Profitability

For the six-month period ended June 30, 2026, compared with the six-month period ended June 30, 2025.

Revenues

The consolidated revenues of the Group for the six-month period ended June 30, 2026, amounted to ₱97.64 million, a minimal decrease of 7% from ₱104.59 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, business solutions, and AI consultancy services.	● Xurpas Enterprise ● Xurpas Parent Company ● Xurpas Software ● Seer ● XAU
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
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.	● Xurpas Parent Company ● Xurpas Software

In PhP Millions	For the six-month periods ended June 30					
	2026		2025		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Revenues						
Enterprise services	49.62	51%	63.88	61%	(14.26)	(22%)
Mobile consumer services	0.09	0%	-	0%	0.09	n.a.
Other services	47.93	49%	40.71	39%	7.22	18%
Total Revenues	**97.64**	**100%**	**104.59**	**100%**	**(6.95)**	**(7%)**

For the first half of 2026, enterprise services generated the most revenue at ₱49.62 million or 51% of total revenues. The segment saw a 22% decrease primarily due to lower revenues from software development and business solutions. Revenues generated from other services (which accounts for 49% of company revenues) went up by 18%, from ₱40.71 million in June 2025 to ₱47.93 million in June 2026. This is due to the increase in revenues recognized by AllCare, a subsidiary that offers services related to a membership-based marketplace offering a variety of worker benefits –insurance, health checks and wellness programs. Meanwhile, Mobile Consumer Services generated only ₱0.09 million in revenues during the first half of 2026, compared to no revenues in the same period last year, maintaining the segment as an opportunistic business.

Focusing on the enterprise services segment, shown below are its business units and their respective revenue contributions:

In PhP Millions	For the six-month periods ended June 30					
	2026		2025		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Enterprise Services						
IT staff augmentation	21.30	43%	18.25	29%	3.05	17%
Custom software development	20.21	41%	29.14	46%	(8.93)	(31%)
Business solutions	5.85	12%	8.71	14%	(2.86)	(33%)
XAIL	2.25	5%	2.09	3%	0.16	8%
Others	0.02	0%	5.70	9%	(5.68)	(100%)
Total Enterprise Services	**49.62**	**100%**	**63.88**	**100%**	**(14.26)**	**(22%)**

For the six months ended June 30, 2026, Enterprise Services generated revenues of ₱49.62 million, representing 51% of the Company's total revenues. Compared to revenues of ₱63.88 million in the same period in 2025, the segment recorded a 22% decline.

IT Staff Augmentation was the largest contributor within the segment, generating revenues of ₱21.30 million, or 43% of Enterprise Services revenues, representing an increase of 17% from ₱18.25 million in the prior-year period. Custom Software Development generated revenues of ₱20.21 million, accounting for 41% of Enterprise Services revenues. Revenues from this service line declined by 31% from ₱29.14 million in the first half of 2025. Business Solutions contributed revenues of ₱5.85 million, representing 12% of Enterprise Services revenues, a decline of 33% from ₱8.71 million in the comparable period in 2025. Meanwhile, XAIL generated revenues of ₱2.25 million, an increase of 8% from ₱2.09 million in the prior-year period.

Overall, the growth in IT Staff Augmentation and XAIL partially softened the decline in Enterprise Services revenues. However, these increases were not sufficient to fully offset the lower revenues from Custom Software Development and Business Solutions, resulting in the segment's overall 22% year-on-year decline.

Expenses

In PhP Millions	For the six-month periods ended June 30					
	2026		2025		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Expenses						
Cost of Services	65.14	62%	65.29	53%	(0.15)	(0%)
General and Administrative Expenses	39.73	38%	58.33	47%	(18.60)	(32%)
Total Expenses	**104.87**	**100%**	**123.63**	**100%**	**(18.76)**	**(15%)**

The Group’s consolidated expenses during the six-month period ended June 30, 2026, amounted to ₱104.87 million, a 15% decrease from the same period of the previous year at ₱123.63 million. For the first six months of 2026, cost of services accounted for the bulk of expenses, totaling ₱65.14 million or 62% of the Group’s consolidated expenses. For the same period in 2025, cost of services amounted to ₱65.29 million, which comprised 53% of overall expenses.

Cost of Services

In PhP Millions	For the six-month periods ended June 30					
	2026		2025		Amount Change	% Increase (Decrease)
	Amount	%	Amount	%		
Cost of Services						
Outside services	32.35	50%	28.67	44%	3.68	13%
Salaries, wages and employee benefits	27.97	43%	28.30	43%	(0.33)	(1%)
Consultancy fees	2.01	3%	1.39	2%	0.62	45%
Commission	0.90	1%	1.09	2%	(0.19)	(18%)
Others	1.90	3%	5.85	9%	(3.95)	(67%)
Total Expenses	**65.14**	**100%**	**65.29**	**100%**	**(0.15)**	**(0%)**

The cost of services for the first half of 2026 amounted to ₱65.14 million, a slight decrease from the same period of the previous year of ₱65.29 million.

Outside Services remained the largest component of Cost of Services, amounting to ₱32.35 million, or 50% of total cost of services, representing a 13% increase from ₱28.67 million in the prior-year period. The increase was primarily due to higher third-party service costs incurred in delivering AllCare's healthcare-related services and other revenue-generating projects.

Salaries, Wages and Employee Benefits amounted to ₱27.97 million and ₱28.30 million in the first half of 2026 and 2025, respectively, accounting for 43% of total cost of services. The 1% decrease was marginal, with personnel-related costs maintaining the same share of total cost of services.

Consultancy Fees increased by 45% to ₱2.01 million from ₱1.39 million in the prior-year period, while commission expense declined by 18% to ₱0.90 million from ₱1.09 million consistent with the lower level of revenues generated during the first half of 2026.

General and Administrative Expenses (GAEX)

In PhP Millions	For the six-month periods ended June 30					
	2026		2025		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
General and Administrative Expenses						
Salaries, wages and employee benefits	27.78	70%	41.81	72%	(14.03)	(34%)
Dues and subscription	2.10	5%	3.70	6%	(1.61)	(43%)
Professional fees	1.90	5%	4.54	8%	(2.64)	(58%)
Outsourced services	1.24	3%	0.73	1%	0.51	71%
Others	6.72	17%	7.55	13%	(0.84)	(11%)
Total Expenses	**39.73**	**100%**	**58.33**	**100%**	**(18.60)**	**(32%)**

The substantial reduction in personnel-related costs, together with lower professional fees and dues and subscriptions, resulted in a 32% year-on-year decline in General and Administrative Expenses, from ₱58.33 million in 1H2025 to ₱39.73 million in 1H2026.

Salaries, Wages and Employee Benefits remained the largest component of General and Administrative Expenses, amounting to ₱27.78 million, or 70% of total GAEX, compared to ₱41.81 million, or 72%, in the prior-year period. The 34% reduction was primarily due to lower personnel-related costs resulting from organizational streamlining and ongoing cost rationalization measures.

Dues and Subscriptions decreased by 43% to ₱2.10 million from ₱3.70 million in the prior-year period, while Professional Fees declined by 58% to ₱1.90 million from ₱4.54 million, reflecting lower expenditures for these services during the semester.

Outsourced Services increased by ₱0.51 million, representing 3% of total GAEX, from ₱0.73 million, or 1%, in the same period in 2025. The 71% increase was mainly attributable to greater utilization of third-party service providers to support corporate and administrative functions.

Meanwhile, Other General and Administrative Expenses also decreased by 11% to ₱6.72 million from ₱7.55 million in the comparable period in 2025.

Equity in Net Losses of Associates

For the six months ended June 30, 2026, the Company did not recognize any equity in net losses of associates, compared to ₱1.02 million in the same period in 2025 due to the sale of its stake in an affiliate and the full impairment of the other.

Finance Costs– net

For the semester ended June 30, 2026, the Group posted a 37% increase in finance costs, net, from ₱1.38 million to ₱1.88 million. This is due to higher interest expense on loans payable for the first half of 2026.

Other Charges (Income) – net

For the first six months of 2026, the Group recognized other charges – net amounting to ₱2.99 million which is a 132% decrease from the other income – net recognized in the first half of 2025 amounting to ₱9.35 million. The significant change was primarily attributable to foreign exchange losses recognized during the period, arising from unfavorable movements in foreign exchange rates.

Loss before Income Tax

The Group's net loss before taxes for the six-month period ended June 30, 2026, was ₱12.11 million. The net loss before taxes for the Group slightly increased by 0.24% or ₱0.03 million from the same period ended June 30, 2025, which posted a figure of ₱12.08 million.

Provision for Income Tax

The Group recognized ₱0.73 million provision for income tax for the six-month period ended June 30, 2026, 26% lower vis-à-vis ₱0.99 million provision in June 30, 2025, resulting from lower MCIT incurred by enterprise services and other services.

Net Loss

For the six months ended June 30, 2026, the Company reported a net loss of ₱12.83 million, representing a marginal 2% improvement from the ₱13.07 million net loss incurred in the same period in 2025. The improvement was primarily attributable to lower operating expenses and other cost efficiencies during the period, which helped offset the decline in revenues.

Other Comprehensive Income (Loss)

In June 2026, the Group reported other comprehensive loss of ₱8.98 million, an increase of 65% from the ₱5.46 million other comprehensive loss recorded in June 2025. The ₱/US$ forex rate deteriorated further to ₱61.23/US$1.00 in June 30, 2026 from ₱58.81/US$1.00 in December 31, 2025. ₱/S$ forex rate further weakened to ₱47.37/S$1.00 from ₱45.82/S$1.00.

	Foreign exchange rates	
	USD to ₱	**SGD to ₱**
December 31, 2025	USD1.00 to ₱58.81	SGD1.00 to ₱45.82
June 30, 2026	USD1.00 to ₱61.23	SGD1.00 to ₱47.37

Total Comprehensive Income (Loss)

For the first six months of 2026, the Group incurred total comprehensive loss of ₱21.82 million which increased by 18% from ₱18.52 million total comprehensive loss in the first half of 2025.

Financial Position

As of June 30, 2026, compared to December 31, 2025.

Assets

Cash and cash equivalents

As of June 30, 2026, the Group's consolidated cash and cash equivalents stood at ₱73.20 million, representing an increase of ₱41.05 million, or 128%, from ₱32.15 million as of December 31, 2025. The increase was primarily attributable to ₱16.84 million in proceeds from the sale of the Group's investment in SDI and ₱20.00 million from deposit for future stock subscription, partly offset by the ₱7.50 million payment of stockholder advances. The Group also generated ₱12.60 million in net cash from operating activities during the first half, further strengthening its cash position.

Accounts and Other Receivables

The Group's consolidated accounts and other receivables amounted to ₱29.52 million and ₱20.03 million as of June 30, 2026, and December 31, 2025, respectively. The increase of ₱9.50 million was attributed to the increase of trade receivables. Out of the consolidated accounts and other receivables, 92% or ₱27.03 million pertains to trade receivables – net.

Contract Assets

As of June 30, 2026, the Group's consolidated contract assets decreased by 9% or ₱3.19 million, from ₱37.45 million as of December 31, 2025, to ₱34.26 million. Additional contract assets for the period were mostly from enterprise services. If the Company 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.

Other Current Assets

As of June 30, 2026, the Group's consolidated other current assets totaled ₱40.59 million, an increase of ₱15.49 million or 62% from its previous level on December 31, 2025 of ₱25.10 million. The increase in this account was caused by higher prepaid expenses of AllCare allotted to fund its clients' health benefit plans and will eventually be charged to expense upon their utilization.

Noncurrent Assets Held for Sale

In 2025, the Group reclassified its investment in and advances to its associate, SDI, as noncurrent assets held

for sale following management's commitment to a plan to sell its interest in SDI, in accordance with PFRS 5. The sale was completed during the first quarter of 2026 following the execution of the Share Purchase Agreement. Consequently, noncurrent assets held for sale decreased from ₱16.84 million as of December 31, 2025 to nil as of June 30, 2026 upon the completion of the transaction in March 2026.

Financial assets at FVOCI

This account pertains to quoted and unquoted equity investments in Club Punta Fuego and Zowdow Inc. As of June 30, 2026, 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, 2025, which both amounted to ₱1.10 million.

Property and Equipment

The Group's consolidated property and equipment was ₱0.57 million on June 30, 2026, vis-à-vis ₱0.86 million as of December 31, 2025. Acquisitions during the six-month period ended June 30, 2026 amounted to ₱0.23 million. Retirement and disposals for the half year amounted to ₱5,950 while depreciation expense amounted to ₱0.52 million and for the six-month periods ended June 30, 2026.

Right-of-use (ROU) Asset

Right-of-use asset as of June 30, 2026 and December 31, 2025 amounted to ₱0.75 million and ₱1.32 million, respectively. Depreciation expense recognized amounted to ₱0.57 million for the first half of 2026.

Intangible Assets

As of June 30, 2026, intangible assets amounted to ₱45.82 million which decreased from December 31, 2025, balance of ₱45.95 million. The components are goodwill and developed software as of end of 1H2026.

- 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 June 30, 2026, 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 June 30, 2026, net book value of developed software was ₱0.23 million. Amortization of developed software for the six-month period ended June 30, 2026, amounted to ₱0.13 million.

Other Noncurrent Assets

Other noncurrent assets amounted to ₱37.54 million as of June 30, 2026, slightly higher than the ₱35.92 million figure posted as of December 31, 2025.

Liabilities

Accounts and Other Payables

As of June 30, 2026, the Group's consolidated accounts and other payables amounted to ₱486.19 million, up by 7% or ₱29.86 million from ₱456.33 million as of December 31, 2025. The increase was mainly due to higher accrued expenses from the growth in Allcare's third-party service costs and higher constructive obligations and financial liabilities of ODX arising from translation adjustments. These increases were partially offset by lower trade payables and amounts payable to related parties.

Advances from Stockholders

This account pertains to the loan agreement entered by the Parent Company with one of its founders amounting to ₱39.48 million. The decrease was brought about by foreign exchange revaluation of the loan which is denominated in US Dollar.

Loans Payable

The Group recorded ₱26.23 million and ₱26.18 million in current loans on June 30, 2026 and as of December 31, 2025, respectively. This is mainly attributable to the loans of Storm and Seer which are interest-bearing and short-term. Payment during the period amounted to ₱0.05 million while additions comprised of interest accretions and surcharges amounted to ₱0.09 million.

Contract Liabilities

The Group's consolidated contract liabilities as of June 30, 2026, amounted to ₱55.77 million, an increase of 84% from the December 31, 2025, figure of ₱30.37 million. Contract liabilities are collections from customers under business solutions and other services which have not qualified for revenue recognition.

Lease Liability

The changes in this account were primarily due to the recognition of interest accretion amounting to ₱38,365 and lease payments of ₱0.61 million during the period. As of June 30, 2026, the current and noncurrent portions of the lease liability amounted to ₱0.81 million and nil, respectively.

Pension Liability

The accrued pension of the Group was at ₱19.34 million as of June 30, 2026, which was unchanged from its levels on December 31, 2025.

Capital Deficiency

Total Capital Deficiency

The Group recorded a total capital deficiency of ₱364.47 million as of June 30, 2026, representing a marginal 0.50% increase from ₱362.66 million as of December 31, 2025. The increase was primarily attributable to the higher total comprehensive loss recognized during the period, which was offset by the ₱20.00 million deposit for future stock subscription.

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.

Cashflows

	For the six-month periods ended June 30	
	2026	2025
In PhP Millions	**Amount**	**Amount**
Net cash provided by (used in) Operating Activities	12.60	(30.49)
Net cash provided by Investing Activities	16.62	26.42
Net cash provided by (used in) Financing Activities	11.84	(0.63)
Effect of foreign currency exchange changes in cash	-	0.07
Net increase (decrease) in cash	41.06	(4.63)
Cash at beginning of period	32.15	32.31
Cash at end of period	**73.21**	**27.68**

Cash Flows from Operating Activities

For the first half of 2026, the Group recorded a ₱12.11 million operating loss before changes in working capital. Changes in working capital, primarily the increase in receivables, other assets and contract assets, together with the decrease in contract liabilities and accounts and other payables, resulted in ₱13.31 million in net cash generated from operations. After considering interest received, interest expense, and income taxes paid, net cash provided by operating activities amounted to ₱12.60 million.

Cash Flows from Investing Activities

The Group's consolidated cash flows provided by investing activities for the first half of 2026 was ₱16.62 million compared to ₱26.42 million used in the same period of 2025. This comprises proceeds from noncurrent assets held for sale amounting to ₱16.84 million and acquisition of property and equipment amounting to ₱0.23 million.

Cash Flows from Financing Activities

The cash flow provided by financing activities for the first half of 2026 was ₱11.84 million mainly from the deposit for future stock subscription amounting to ₱20.00 million, partly reduced by the settlement of advances from stockholders amounting to ₱7.50 million, and payments of loans and lease liability amounting to ₱0.66 million.

Capital Expenditure

The Group's capital expenditures for the six-month period ended June 30, 2026, and the year ended December 31, 2025, amounted to ₱0.23 million and ₱0.34 million, respectively.

Key Financial Data In PhP Millions	June 30, 2026 Additions	December 31, 2025 Additions
Office Equipment	0.06	0.01
IT Equipment	0.18	0.33
	0.23	**0.34**

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		As of and for the six-month periods ended June 30		As of and for the year ended December 31, 2025
		2026	2025	
Liquidity Ratios				
	Current Ratio	**29%**	29%	24%
	Quick Ratio	**23%**	20%	16%
Asset-to-Equity Ratio		**(124%)**	1,355%	(104%)
Profitability Ratios				
	Net Loss Margin	**(15%)**	(15%)	(117%)
	Gross Margin	**33%**	38%	35%
	Operating Margin	**(9%)**	(9%)	(112%)
	Return on Total Assets	**(6%)**	(4%)	(76%)
	Return on Equity	**7%**	(35%)	314%
Debt Ratios				
	Debt-to-Equity Ratio	**(2.94x)**	17.21x	(2.77x)
	Interest Coverage Ratio	**(5.38x)**	(7.75x)	(63.79x)

Liquidity Ratios

Current ratio as of June 30, 2026 and December 31, 2025 was 29% and 24%, respectively. Meanwhile, quick ratio was at 23% and 16% as of June 30, 2026 and December 31, 2025, respectively. Liquidity ratios generally improved mainly due to increase in cash and receivables of the Group.

Asset-to-Equity Ratio

Asset-to-equity ratio dropped from 104% as of December 31, 2025 to 124% on June 30, 2026 due to increase in assets and increase in capital deficiency attributable to equity holders of the Company for the period.

Profitability Ratios

Net loss margin and operating loss margin generally remained stable at (15%) and (9%), respectively. Gross margin dropped to 33% in 2026 from 38% in the same period in 2025 primarily due to the decline in total revenues. Return on asset also slightly declined due to growth in current assets relative to the Company's net loss. Return on equity shifted from (35%) in 2025 to 7% in 2026, although the positive ratio does not indicate improved profitability, as both net income and shareholders' equity were negative in 2026.

Debt Ratio

Debt-to-equity on June 30, 2026, further declined to (2.94x) from (2.77x) as of December 31, 2025 mainly due to the increase in current liabilities. Meanwhile, the interest coverage ratio as of June 30, 2026 slightly improved to (5.38x) in the first half of 2026 from (7.75x) in the same period of 2025, mainly due to the improvement in the Company's earnings before interest and taxes.

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.

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 AUG 1 4 2026.

Issuer: **XURPAS INC.**

By:



FERNANDO JUDE F. GARCIA
Chairman of the Board



ALEXANDER D. CORPUZ
President and Chief Finance Officer