COVER SHEET

A 2 0 0 1 1 7 7 0 8

S.E.C. Registration No.

X U R P A S I N C .

(Company's Full Name)

7 F C A M B R I D G E C E N T R E B L D G
1 0 8 T O R D E S I L L A S 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

(Business Address : No. Street City / Town / Province)

MARK S. GORRICETA

Contact Person

(02) 8889-6467

Company Telephone Number

1 2 | 3 1

Month Day

Fiscal Year

17-A

FORM TYPE

2nd Monday of May

Month Day

Annual Meeting

N/A

Secondary License Type, If Applicable

M S R D

Dept. Requiring this Doc.

N/A

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

N/A

Domestic

N/A

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

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, 2019**

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

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

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

6. [ ] (SEC Use Only)
Industry Classification Code:

7. **7th Floor, Cambridge Centre 108 Tordesillas St. Salcedo Village, Makati City 1227**
Address of principal office
1227
Postal Code

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

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

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

Title of Each Class	Number of Shares of Common Stock Outstanding
Common Shares	**1,871,830,210**

As of December 31, 2019, 42.54% of Xurpas Inc.'s common shares are owned by the public.

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

Yes [**X**] No [ ]

A total of 1,797,700,660 common shares are listed in the Philippine Stock Exchange as of December 31, 2019.

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, 2019 amounted to ₱613,084,680.67. The price used for this computation is the closing price as of December 27, 2019 is ₱0.77.

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

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

Yes [**X**] No [ ]

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) Any annual report to security holders;

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

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

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PART I - BUSINESS AND GENERAL INFORMATION

ITEM 1. Business

Xurpas Inc. ("**Xurpas**" or the "**Company**") is a technology company specializing in the creation and development of digital products and services, as well as the creation, development, and management of proprietary platforms for its clients. Xurpas provides mobile marketing and advertising solutions integrated in these consumer digital products and platforms for the consumption of mobile users. The Company 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.

The Company's main business units comprise of: 1) Mobile consumer products and services; 2) Enterprise solutions; and 3) Other services (HR technology 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 344.00 million 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

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 2019, Altitude accepted game development projects outsourced to it by certain offshore game publishers.

Storm Technologies Inc. In February 2015, the Company acquired a 51.06% 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.

Seer Technologies Inc. Xurpas acquired 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 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.

PT Sembilan Digital Investama On March 26, 2015, Xurpas acquired 49% shareholdings in PT Sembilan Digital Investama ("SDI"). The acquisition gave the Parent Company access to PT Ninelives Interactive ("Ninelives"), a mobile content and distribution company in Indonesia, which SDI owns. In 2019, clients included Hooq and Viu.

MatchMe Pte. Ltd. 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 US$122,944. The Parent Company subscribed to 467,820 ordinary shares for a total of US$37,161 or ₱1,977,018 resulting to 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. The Company has recently disclosed that to prevent further losses, AOC will limit its operations.

Xeleb Technologies Inc. and Xeleb Inc. develops 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.

CTX Technologies Inc. The Company incorporated CTX Technologies Inc. in 2018. As of date, the said subsidiary has no operations. The Company's board of directors has recently approved the sale of 80% of CTX to one of its principal shareholders, Mr. Fernando Jude F. Garcia.

Yondu Inc. In September 2015, the Company acquired 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 on which Xurpas has voting interest as of December 31, 2019 and 2018 are as follows:

	Percentage of Voting Interest	
	2019	**2018**
Xeleb Technologies Inc. (formerly Fluxion, Inc.)[1]	**100.00%**	**67.00%**
Storm Technologies, Inc. (formerly Storm Flex Systems, Inc.)	**51.31%**	**53.96%**
Seer Technologies Inc.	**70.00%**	**70.00%**
Yondu Inc.	–	**51.00%**

[1] *Xeleb Technologies Inc. is in the process of dissolution.*

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%**
Altitude Games Pte. Ltd	**21.78%**	**21.78%**
Altitude Games Inc.	**21.17%**	**21.17%**
Zowdow, Inc. (formerly Quick.ly Inc.)	**3.56%**	**3.56%**
ODX Pte. Ltd.	**100.00%**	**100.00%**
CTX Technologies Inc.	**100.00%**	**–**

PRODUCTS AND SERVICES

Mobile Consumer Services

Mobile Consumer Services includes airtime management, content development and management, and marketing and advertising solutions. The Company creates and develops mobile consumer content and other value-added services for mobile phone subscribers such as online casual games, info-on-demand services (e.g., news, social and other entertainment information), chat and messaging applications (e.g., mobile stickers), ringtones, licensed or unlicensed content such as music, videos, as well as mobile marketing and advertising solutions.

Content Provider Agreements with Telcos

As of December 31, 2019, the Company is a party to content provider agreements with all three of the Philippines leading Telcos, namely, Smart Communications, Inc. and Globe Telecom Inc.

Under these arrangements, the Company is primarily responsible for conceptualizing, designing, sourcing, generating, and maintaining (including, where necessary, de-bugging) mobile consumer content and services that its client Telco may avail of for distribution to or access, subscription or use by its mobile phone subscribers. On the other hand, the client Telco shall be responsible for all costs incurred in maintaining and operating its telecommunications network, as well as the billing and collection of the fees prescribed by the Telco for access, subscription or use of the mobile consumer content and services paid for by the Telco's mobile phone subscribers.

Access or subscription fees payable for access or subscription to the Company's mobile consumer content are paid exclusively through a mobile subscriber's outstanding mobile airtime credits, and payment of such fees is made by a subscriber by crediting a short code (which is a specific network access code assigned by the Telco to the Company) with the corresponding amount of mobile airtime credit. For instance, a mobile subscriber who wishes to subscribe to a news service offered by the Company, subscription to which is available for a price of ₱2.50, will need to send an instruction by SMS to the Telco through the short code (in the form of brief text commands) to debit his or her outstanding mobile airtime credit with the amount of ₱2.50. All access or subscription fees paid (or deemed paid) by the mobile subscriber are received and collected by the Telco.

In consideration for providing mobile consumer content and services (or access to such content, as for example, licensed content such as music or videos) to the client Telco, the Company receives a share in the revenues derived by the Telco from the fees paid by its mobile phone subscribers to the Telco to access, subscribe to or use such mobile consumer content and services. This share may vary depending on the type of content or service provided by the Company, but is typically equivalent to at least 50% of such access, subscription or usage fees, and is distributed to the Company by the Telco on a monthly basis.

In 2018, Globe Telecom Inc. implemented new policies which directly affected all of its VAS providers, including the Company. The said new policies caused a significant decline in the Company's mobile consumer services revenue.

For the year ended December 31, 2019, the Group's total revenue and net loss from its mobile consumer products business before intersegment adjustments were ₱68.33 million and ₱2,799.43 million, respectively, while total revenue and net loss before intersegment adjustments from its mobile consumer products business for the year ended December 31, 2018 amounted ₱314.24 million and ₱801.28 million, respectively.

Since the Parent Company operates under mobile consumer services, the segment suffered, as well, from the impairment losses on its goodwill and investments in associates and loss from sale of Yondu. Results of the segment's operations excluding one-off charges, will show net loss of ₱401.94 million.

Enterprise Services

The Company develops, on its own or in close collaboration with other technology companies, mobile platform solutions for the benefit of clients such as Telcos, government agencies, and other top-tiered companies. These products, which are tailored to a client's particular requirements and are used by millions of mobile subscribers at any given time, comprise the Company's enterprise services segment and include mission-critical applications such as customized call/SMS/data bundles, peer-to-peer mobile airtime credit transfers and various forms of mobile commerce.

The Company, through 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.

For the year ended December 31, 2019, the Company's total revenue and net loss from its enterprise business before intersegment adjustments were ₱861.82 million and ₱57.46 million, respectively, while total revenue and net loss before intersegment adjustments from its enterprise business were ₱909.85 million and ₱54.66 million, respectively, for the year ended December 31, 2018.

Other Services

The Company, through its subsidiary Storm, provides HR technology solutions to its clients. Storm developed a proprietary online platform which allows employees of any company that has signed with Storm to exchange his or her current employee benefits and transform them into products and services such as mobile phones, gadgets, or financial training services, called 'StormFlex.' Storm also offers the same service for employees who are rewarded with points for accomplishing set milestones or objectives by their employer. The Company's subsidiary designs, develops, and customizes the HR technology platforms and streamlines the logistical requirements for product and service fulfillment.

For the year ended December 31, 2019, the Company's total revenue and net loss from its other services before intersegment adjustments were ₱97.31 million and ₱79.82 million, respectively. While for the year ended December 31, 2018, the Company's total revenue and net loss before intersegment adjustments from its other services were ₱95.99 million and ₱104.65 million.

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 $4,999,960 will be used to start building the ODX infrastructure and for business development. The Company announced that some of its subsidiaries/affiliates also launched blockchain technology projects. In 2019, ODX started the distribution of tokens to all its investors, pre-sale purchasers, and advisors (collectively the “Token Holders”).

COMPETITION

For its mobile consumer content development business, the Company competes with over 100 mobile consumer content providers, which include Information Gateway, Inc., G-Gateway, Zed, Wolfpac and Rising Tide as competitors.

For its mobile marketing and advertising solutions business, the Company considers the following as competitors: TradeMob, Fiksu, Mobvista, Glispa, and Avazu.

For its enterprise development business including Seer Technologies Inc., the Company considers Stratpoint, Pointwest, and Novare, as its main competitors, providing outsourced web and mobile applications development services or cloud services for their clients.

For the Company’s other services, which refers to the flexible benefits and performance benefits business of Storm, the main competitor is Takatack Rewards, Towers Watson, Mercer, Venteny, Kudos Canada, Globoforce, and My Checkpoints.

KEY RISKS

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 has 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 things through establishing good relationships with its customers by providing quality services. In addition, the Company is continually identifying new, upgradable, and cost-effective solutions for its offered services.

Reliance on third party transmission and distribution infrastructure

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

Short Term Agreement with Telcos

The Company derives a small portion of its revenues from its share of the fees paid by mobile phone subscribers of its client Telcos to access, subscribe to or to use mobile consumer content and services created or developed by the Company pursuant to its content provider agreements with such Telcos. The Company's existing content provider agreements with its client Telcos are generally short-term in nature, with terms ranging from one to five years. In each case, there is no guarantee that such agreements will be renewed upon expiration thereof. Nevertheless, to mitigate reliance on its existing content provider agreements with such Telcos, the Company has acquired/invested in a foreign entity to expand its mobile operator client base to Telcos or other mobile operators outside the Philippines.

Ability to maximize and adapt to new technologies

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

TRANSACTIONS WITH RELATED PARTIES

The Company has likewise secured loans from its key shareholders. See Note 20 of the Company's consolidated financial statements for transactions as of December 31, 2019.

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 Php150 million loan to be used to fund enterprise projects and for general corporate purposes.

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

INTELLECTUAL PROPERTY

As the Company creates, develops and maintains substantially all of its mobile consumer content, the Company owns and holds exclusive rights to its entire product portfolio, excluding mobile consumer content in the form of licensed content such as music, videos and other content of a similar nature, which it licenses through third party licensors.

Platforms

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

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

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

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

Key Intellectual Property of Yondu (which the Company sold in September 2019) includes Mobile360 SMS, which is a proprietary platform developed through which it delivers mobile services through various telecommunications connectivity. The Mobile360 SMS platform is built on a modular architecture and is written using industry standard programming languages with the following key features:

- The Mobile360 SMS platform allows the Company to create, process, and analyze SMS services through connectivity with partner Telcos' wireless network.

- The Mobile360 SMS platform allows the Company to provide SMS connectivity to third-party independent developers, software development houses, solutions integrators, and content providers through APIs that can be incorporated into their codes.

- The Do-It-Yourself feature of the Mobile360 SMS platform allows the Company to enable its clients to gain control over their SMS campaigns and services in terms of content, schedule and customer reach.

Trademarks

The Company likewise owns exclusive rights to its corporate name, as well as various brand names and marks that are used for its operations. Provided below is the summary of all marks registered in the name of the Company or any of its subsidiaries:

Holder	Mark	Registration Number	Date Filed	Date Registered
Xurpas Inc.	SELFIE.PH	42014009255	July 25, 2014	June 25, 2015
Xurpas Inc.	GRAB-A-GOLD	42014009260	July 25, 2014	December 11, 2014
Xurpas Inc.	FLUXION	42014009259	July 25, 2014	December 11, 2014
Xurpas Inc.	PLAYSMART	42014009254	July 25, 2014	December 11, 2014
Xurpas Inc.	#SELFIE	42014009257	July 25, 2014	December 11, 2014
Xurpas Inc.	SWAG	42014009261	July 25, 2014	February 12, 2015
Xurpas Inc.	Xurpas	42007004775	May 11, 2007	October 8, 2007
Xurpas Inc.	Xurpas	42017003342	March 8, 2018	October 5, 2017
Xurpas Inc.	Xurpas	42017003343	June 29, 2017	March 8, 2017
Xurpas Inc.	Art of Click	42017003340	August 31, 2017	March 8, 2017
Xurpas Inc.	Seer	42017003341	August 31, 2017	March 8, 2017

Xurpas Inc.	XE	42017003346	August 31, 2017	March 8, 2017
Xurpas Inc.	AppXentral	42017003344	June 29, 2017	March 8, 2017
Xurpas Inc.	Xurpas Enterprise	42017003345	June 29, 2017	March 8, 2017
Xurpas Inc.	Balikbayan Box It	42017017366	August 12, 2018	October 26, 2017
Xurpas Inc.	Xuper Tsikot	42017017362	October 26, 2017	March 29, 2018
Xurpas Inc.	Supernova Escape	42017017365	October 26, 2017	March 29, 2018
Xurpas Inc.	Beast Mode On	42017017363	October 26, 2017	March 29, 2018
Xurpas Inc.	Kumander Kuting	42017017364	October 26, 2017	March 29, 2018
Xurpas Inc.	ODX	42018008396	May 21, 2018	May 12, 2019
Xurpas Inc.	X	42018008395	May 21, 2018	May 12, 2019
Xurpas Inc.	Makefree	42018022480	December 19, 2018	December 8, 2019
Xeleb Technologies Inc.	Xeleb	42015005359	May 19, 2015	October 19, 2015
Xeleb Technologies Inc.	Trivia Time with Kuya Kim	42016004316	April 25, 2016	December 22, 2016
Xeleb Technologies Inc.	Xeleb Technologies	42017003700	March 14, 2017	August 31, 2017
Xeleb Technologies Inc.	Popster	42017003704	March 14, 2017	June 29, 2017
Xeleb Technologies Inc.	Jejemonster	42017003703	March 14, 2017	June 29, 2017
Xeleb Technologies Inc.	Jologs	42017003699	March 14, 2017	June 29, 2017
Xeleb Technologies Inc.	Jejemon	42017003702	March 14, 2017	June 29, 2017
Xeleb Technologies Inc.	Super Belle	42017000346	January 11, 2017	May 4, 2017
Xeleb Technologies Inc.	Master Erwan's Foodcart	42017000082	January 4, 2017	May 4, 2017
Xeleb Technologies Inc.	Empire of Pink	42017000345	January 11, 2017	May 4, 2017
Xeleb Technologies Inc.	Trivia Time with Kuya Kim	42016004316	April 25, 2016	December 22, 2016
Xeleb Technologies Inc.	Xeleb Live	42018003222	February 21, 2018	September 6, 2018
Xeleb	Xeleb Live	42018003220	February 21,	September 6, 2018

Technologies Inc.			2018	
Xeleb Technologies Inc.	Xeleb Live	42018003224	February 21, 2018	September 6, 2018
Xeleb Technologies Inc.	Xeleb Live	42018003225	February 21, 2018	September 6, 2018
Xeleb Technologies Inc.	No Verbal Elements	42018003219	February 21, 2018	September 6, 2018
Xeleb Technologies Inc.	Adventures of Kuya Kim	42017018334	November 10, 2017	May 24, 2018
Xeleb Technologies Inc.	Anne Kulit ni Mogwai	4201717358	October 26, 2017	March 29, 2018
Xeleb Technologies Inc.	Train Ubusan	42017017360	October 26, 2017	March 29, 2018
Xeleb Technologies Inc.	Erwan Youchop	42017017359	October 26, 2017	March 29, 2018
Xeleb Technologies Inc.	Anne-Galing	42015005360	May 19, 2015	November 19, 2015

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:

- SMS and MMS Content Provider (cute texts, news, jokes, forwardable quotes, horoscopes, tips, chat, trivia, twitter and stickers)
- Mobile Tones (true tones, ringback tones, and text tones)
- Games (Grab-a-Gold, Games with Friends, Let's Playsmart, Anne Galing, Market Master Erwan, Trip ni Belle, Sarah G Popsters, Adventure of Kuya Kim, Aldub You)
- Mobile Promotions and Services for Consumer Brands and Third Party Corporate Clients

The Company holds a VAS License issued by the NTC valid until January 3, 2021, pursuant to which the Company is authorized to engage in all of the foregoing value-added services.

EMPLOYEES

The Company believes that its relationship with its employees is generally good and, since the start of its operations, the Company has not experienced a work stoppage as a result of any labor or labor-related disagreements. None of the Company's employees belong to a union. The Company has implemented cost-cutting measures to manage its day to day operations taking into account the challenges encountered by its mobile consumer services segment.

The table below sets forth the breakdown of the Company's labor complement, grouped according to function, as of December 31, 2019:

Executives	3
Accounting, Finance, Human Resources and Administrative	8
Marketing	9
Technical Staff	15
Total	35

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.

PLANS AND PROSPECTS

Moving forward, Xurpas aims to expand and sustain its overall business, as it continually implements reorganization to refocus the business on recurring and stable revenue stream. The Company is gearing to strengthen its enterprise business which provides services such as custom software development, cloud services, HR technology, solutions architecture and blockchain technology. For its mobile consumer business segment, the Company is also adopting the same concept of strengthening recurring and stable revenue. For example, its consumer businesses with its subsidiaries or affiliates are now implementing business measures such as charging set up license fees; license ad tech to other third parties; publish own games and outsourcing development work for overseas game companies. Another envisaged component to the recovery and growth is global tech management, wherein Xurpas gains access to high-value, emerging, innovative and disruptive technologies in the US.

The Company intends to seize the opportunity to support various companies in their digital transformation. Xurpas will continue to create and provide custom tools and solutions for these transformations using its technology capabilities and experience. For this purpose, the Company aims to work with other local or international technology companies with content, capabilities, and technologies consistent with the Company's over-all market strategy. It will expand their ability to distribute their products and services globally to reach new corporate customers.

In particular, the Company intends to grow its overall business by:

1) Developing lead generations capability by using digital ads/marketing (social media ads and search engine optimization) and more efficient and aggressive leads management;
2) Growing portfolio by productizing existing services, and forging alliance/partnerships to enhance distribution and cross-selling opportunities ; and

3) Building competency in talent solutions business by building up the onboarding staff, outsourcing (when applicable), and astute resource management.

ITEM 2. Properties

Xurpas does not hold any real property of material value. As of December 31, 2019, properties held are transportation, office equipment, IT equipment, furniture and fixtures, leasehold improvements and leased assets with a net book value of ₱8.76 million.

The Company's offices are presently located at 7th Floor, Cambridge Centre Building, 108 Tordesillas St., Salcedo Village, Makati City, Philippines, which is leased by the Company from Gervel, Inc.

<u>Operating Lease Commitments</u>

a. The Parent Company has noncancellable lease contract with Gervel, Inc. for the 7th floor office space which expired on March 21, 2020. The applicable rate per month is ₱0.27 million and a corresponding annual increase of 4%.

   In March 2020, the Company renewed its lease contract for a period of one (1) year commencing on April 1, 2020 and expiring on March 31, 2021. The applicable rate per month is ₱0.33 million. The lease contract may be renewed in writing by mutual agreement of the parties.

b. The Parent Company has noncancellable lease contract with Gervel, Inc. for the 4th floor office space which expired on March 31, 2020. The applicable rate per month is ₱0.29 million and a corresponding annual increase of 4%. The lease contract was pre-terminated through mutual agreement of the parties on March 30, 2019.

c. In 2017, the Parent Company entered into a noncancellable lease contract with Gervel, Inc. for the 6th floor office space for a period of two (2) years and four and a half (4.5) months which commenced on November 16, 2017 and expired on March 31, 2020. The applicable rate per month is ₱0.33 million. The lease contract may be renewed in writing by mutual agreement of the parties.

   In 2019, the Parent Company assigned the contract of lease to Xurpas Enterprise, Inc.

   (See Note 19 of Audited FS for the complete list of leased properties of the subsidiaries)

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

There were no property and equipment pledged as collateral as at December 31, 2019.

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.

In 2017, Art of Click ("AoC") and Pocketmath entered into an agreement ("the IO Agreement") for the performance of advertising campaigns amounting to USD4.77 million. Pocketmath failed to pay the invoices as they fell due. Thus, on 18 February 2020, AoC was compelled to issue and serve Statutory Demand to Pocketmath for the outstanding invoices as well as accrued late payment interest.

Pocketmath likewise failed to pay its liability as reflected in the Statutory Demand. Thereafter, AoC initiated a winding-up proceeding against Pocketmath in the Singapore High Court. After several proceedings, the parties entered into Settlement Agreement dated 1 July 2020.

On February 8, 2020, AMA Computer University Inc. filed a case at the Quezon City RTC Branch 84 against Seer Technologies Inc for breach of contract and damages. The plaintiff argued that Seer did not perform the services according to the agreement entered by the 2 parties. On March 6, 2020, the case was settled. At the same time, the court ordered the release of hold on the bond amounting to ₱ 5.04 million.

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

Xurpas Inc. held its Annual Stockholders' Meeting on November 8, 2019, wherein the following mattes were acted upon:

Agenda 1: Approval of Minutes of Previous Meeting		
Yes	No	Abstain
99.54%	-	0.46%
Resolution: "RESOLVED, to approve the minutes of the Annual Stockholders' Meeting held on July 17, 2018."		

Agenda 2: Approval of the Consolidated Audited Financial Statements as of December 31, 2018		
Yes	No	Abstain
99.54%	-	0.46%
Resolution: *"RESOLVED, to note the Corporation's Annual Report and to approve the consolidated Audited Financial Statements of the Corporation as of December 31, 2018, as audited by Sycip Gorres Velayo & Co."*		

Agenda 3: Election of Directors			
Names	Yes	No	Abstain
Nico Jose S. Nolledo	99.67%	-	0.01%
Alexander D. Corpuz	99.67%	-	0.02%
Fernando Jude F. Garcia	99.67%	-	0.02%
Mercedita S. Nolledo	99.52%	-	0.02%
Wilfredo O. Racaza	99.52%	-	0.02%
Jonathan Gerard A. Gurango, Independent Director	99.52%	-	0.02%
Resolution: "RESOLVED, to elect the following as directors of the Corporation to serve as such beginning today until their successors are elected and qualified: • Nico Jose S. Nolledo • Fernando Jude F. Garcia • Alexander D. Corpuz • Mercedita S. Nolledo • Wilfredo O. Racaza • Jonathan Gerard A. Gurango (Independent Director)"			

Agenda 4: Appointment of External Auditor		
Yes	No	Abstain
99.99%	-	0.46%
Resolution: “RESOLVED, as endorsed by the Board of Directors, to approve the re-appointment of Sycip Gorres Velayo & Co. as the Corporation’s External Auditor for the year 2019.”		

PART II - OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. Market for Registrant's Common Equity and Related Stockholder Matters

Market Information

Principal market where the registrant's common equity is traded.

Xurpas' common shares were listed with the Philippine Stock Exchange, Inc. on December 2, 2014. The high and low stock prices for 2017, 2018, 2019 and the 1st quarter of 2020 are indicated below:

	High	**Low**
2020		
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-2019, based on the closing price of ₱0.77/share, was approximately ₱1.44 billion versus ₱3.22 billion the previous year.[2]

The price information of Xurpas' common shares as of the close of the latest practicable trading date, May 28, 2020, is ₱0.57.

Holders

There are twenty-five registered holders of common shares, as of July 31, 2020 (based on number of accounts registered with the Stock Transfer Agent).[3]

	Stockholder's Name	**Number of shares**	**Percentage to total**	**Nationality**
1.	PCD Nominee Corp. (Filipino)[4]	1,416,814,479	73.22	Filipino
2.	PCD Nominee Corp. (Non-	290,040,558	14.99	Others

[2] Xurpas has 1,870,940,210 outstanding common shares as of December 31, 2019.
[3] Based on the list of stockholders issued by BDO Unibank Inc. Stock and Investment Group, list includes PCD Nominees.
[4]PCD Nominee Corp. (Filipino) includes shares directly and indirectly owned by a) Mr. Nico Jose S. Nolledo; b) Mr. Raymond Gerard S. Racaza; and c) Mr. Fernando Jude F. Garcia. We note that a portion of shares of Messrs. Nolledo, Racaza and Garcia are not yet listed with the Exchange, but are included in PCD Nominee Corp. (Filipino). Further, PCD Nominee Corp. (Filipino) includes treasury shares.

	Filipino)			
3.	Raymond Gerard S. Racaza	174,100,010	8.99	Filipino
4.	Nelson Gatmaitan	400,000	0.02	Filipino
5.	Emilie Grace S. Nolledo	251,889	0.01	Filipino
6.	Aquilina V. Redo	6,500	0	Filipino
7.	Rogina C. Guda	6,000	0	Filipino
8.	Dahlia C. Aspillera	2,900	0	Filipino
9.	Mercedita S. Nolledo	1,060	0	Filipino
10.	Wilfredo O. Racaza	1,060	0	Filipino
11.	Roberto B. Redo	1,000	0	Filipino
12.	Shareholders' Association of the Philippines	1,000	0	Filipino
13.	Frederick D. Go	500	0	Filipino
14.	Dondi Ron R. Limgenco	111	0	Filipino
15.	Marietta V. Cabreza	100	0	Filipino
16.	Milagros P. Villanueva	100	0	Filipino
17.	Myra P. Villanueva	100	0	Filipino
18.	Myrna P. Villanueva	100	0	Filipino
19.	Philip &/or Elnora Turner	99	0	British-Indian
20.	Fernando Jude F. Garcia	10	0	Filipino
21.	Nico Jose S. Nolledo	10	0	Filipino
22.	Jonathan Gerard A. Gurango	10	0	Filipino
23.	Alvin D. Lao	10	0	Filipino
24.	Owen Nathaniel S. AUITF: Li Marcus Au	3	0	Filipino
25.	Joselito T. Bautista	1	0	Filipino
	Total	**1,881,627,610[5]**	**100%**	**Filipino**

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

[5] This includes Treasury Shares under PCD Nominee Corp (Filipino)

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.

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 ₱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 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.

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

Summary

	Years ended December 31						Percentage Change				
Php Millions	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2019vs2018**	**2018vs 2017**	**2017vs 2016**	**2016vs2015**	**2015vs2014**
Revenues	971.96	1,242.19	2,103.57	1,947.14	898.37	378.32	-22%	-41%	8%	117%	137%
Gross Profit	146.49	109.59	649.15	803.43	513.87	264.45	34%	-83%	19%	56%	94%
Income (Loss) before Income Tax	(2,609.21)	(667.13)	122.04	379.10	331.10	239.14	291%	-647%	-68%	14%	38%
Net Income (Loss)	(2,635.36)	(811.64)	102.57	264.84	229.62	190.72	225%	-891%	-61%	15%	20%
Revenues											
Mobile Consumer Services	19.92	270.85	1,336.54	1,239.92	576.06	309.37	-93%	-80%	8%	115%	86%
Enterprise Services	854.73	875.61	667.60	653.14	243.14	68.95	-2%	31%	2%	168%	253%
Other Services	97.31	95.72	99.44	54.07	78.87	-	2%	-4%	84%	-31%	n.a

From a consistent growth of revenues from 2014 to 2017, the Group's revenues started its drop in 2018, as it faced 2 major business challenges in its mobile consumer segment. The industry reshaping event of widespread ad fraud that adversely affected the whole digital advertising industry, including the legitimate players, persisted until that year. In addition, domestically, the technical and business policy changes implemented by Globe Telecom affected the Group's Value Added Services (VAS) business.

In 2019, the mobile consumer segment earned revenues of ₱19.92 million. On the other hand, the enterprise revenues was at ₱854.73 million, which was slightly less than the previous year. The enterprise revenues was mostly generated by Yondu. For the year 2019, for Yondu, only revenues until September 11, 2019, were recorded as Yondu was sold back to Globe on that date. Total revenue for 2019 was ₱971.96 million, as other services accounted for ₱97.31 million, in addition to the mobile consumer and enterprise segments.

The Group recorded a net loss of ₱2,635.36 million in 2019. Aside from the drop in revenue which resulted in operating losses, the Group experienced a net loss due to the provision for impairment losses which totaled ₱1,923.42 million. The provisions for impairment was in relation to the goodwill of subsidiaries, investments in associates, receivables and other current assets. In addition, the sale of Yondu led to a ₱478.95 million loss.

Key Financial Data In PhP Millions	For the year ended December 31 2019 Amount	2019 Percentage	2018 Amount	2018 Percentage	Amount Change	% Increase (Decrease)
Revenues						
Enterprise services	854.73	88%	875.61	70%	(20.88)	-2%
Mobile consumer services	19.92	2%	270.86	22%	(250.94)	-93%
Other services	97.31	10%	95.72	8%	1.59	2%
Total Revenues	**971.96**	**100%**	**1,242.19**	**100%**	**(270.23)**	**-22%**
Cost of Services	742.19	76%	1,062.87	86%	(320.68)	-30%
Cost of Goods Sold	83.28	9%	69.73	5%	13.55	19%
Gross Profit	**146.48**	**15%**	**109.59**	**9%**	**36.89**	**34%**
General and Administrative Expenses	2,204.42	227%	701.04	57%	1,503.38	214%
Equity in Net Loss of Associates	33.29	3%	52.99	4%	(19.70)	-37%
Other charges - net	517.98	53%	22.69	2%	495.30	2183%
Loss Before Income Tax	**(2,609.21)**	**-268%**	**(667.13)**	**-54%**	**(1,942.07)**	**291%**
Provision for (Benefit from) Income Tax	26.15	3%	144.51	11%	(118.35)	-82%
Net Loss	**(2,635.36)**	**-271%**	**(811.64)**	**-65%**	**(1,823.72)**	**225%**
Other Comprehensive Income	8.39	1%	8.27	0%	0.12	1%
Total Comprehensive Loss	**(2,626.97)**	**-270%**	**(803.37)**	**-65%**	**(1,823.60)**	**227%**

	December 31, 2019 Amount	December 31, 2018 Amount	Amount Change	% Increase (Decrease)
Total Assets	713.94	4,966.57	(4,252.62)	-86%
Total Liabilities	688.05	1,499.98	(811.93)	-54%
Total Equity	25.89	3,466.58	(3,440.69)	-99%

Financial Summary

In 2019, the Group reported total revenues of ₱971.96 million or 22% decrease from 2018 revenue of ₱1,242.19 million due to the continuous decline in its mobile consumer business segment. Group revenues were mainly driven by enterprise services, comprising 88% of total revenues.

The aggregate cost of services of the Group decreased from ₱1,062.87 million in 2018 to ₱742.19 million in 2019 or 30% decline. The drop in the COS was mostly due to lower salaries and wages, web hosting, and outsourced services as part of the company's cost cutting measures. The Cost of Goods Sold attributable to other services provided by Storm Technologies Inc. was ₱83.28 million in 2019, an increase of 19% from 2018 COGS of ₱69.73 million. Lower costs in 2019 translated to a slight improvement of Gross Profit Margin where the Group posted gross profit of ₱146.49 million in 2019 vis-à-vis ₱109.59 million in 2018.

The Group's general and administrative expenses increased from ₱701.04 million in 2018 to ₱2,204.42 million in 2019 or 214% increase. Higher provision for impairment loss and provision for liquidation costs were the main contributing factors for the ₱1,503.38 million increase in 2019 GAEX. Other GAEX items such as salaries and wages, rent, utilities, marketing and promotions, advertising, transportation and travel, taxes and licenses, advertising, and seminars and trainings decreased as part of the cost cutting measure implemented by the Company. Should impairment loss be excluded, GAEX in 2019 went down from ₱390.11 million in 2018 to ₱281.01 million or 28% decrease.

The Group recorded a ₱33.29 million net loss of the associate companies it has invested in, which decreased from ₱52.99 million in 2018.

Consolidated other charges, likewise, increased by ₱495.30 million or 2,183%, from ₱22.69 million in 2018 to ₱517.98 million in 2019. The significant increase was primarily due to the loss on sale of Yondu recognized in 2019 amounting to ₱478.95 million.

Despite incurring a loss before income tax of ₱2,609.21 million, the Group still recognized a provision for income tax for the year ended December 31, 2019 amounting to ₱26.15 million. Though the provision for impairment of goodwill and investments in associates as well as loss on disposal of Yondu are material expenses, these are considered permanent differences and, therefore, not deductible in terms of tax computation.

The Group's total assets in 2019 amounted to ₱713.94 million, a decrease of 86% from 2018 recorded total assets of ₱4,966.57 million. The decline in total assets was mostly due to the impairment of goodwill and investment in associates as well as the deconsolidation of Yondu in 2019. The Group's total liabilities in 2019 was reduced to ₱688.05 million vis-à-vis ₱1,499.98 million in 2018. Likewise, the decrease in liabilities can be attributed to the deconsolidation of Yondu in 2019. Lastly, total equity decreased from ₱3,466.58 million in 2018 to ₱25.89 million in 2019 as a result of the increased deficit of ₱3,184.80 million.

Segment Financial Performance

For the year ended December 31, 2019 In PhP Millions	**Mobile Consumer Services**	**Enterprise Services**	**Other Services**	**Intersegment Adjustments**	**Consolidated**
Revenue from services	68.33	861.82	5.17	(55.50)	879.81
Revenue from sale of goods	-		92.15	-	92.15
Total Service Revenues	**68.33**	**861.82**	**97.31**	**(55.50)**	**971.96**
Cost and expenses	2,638.04	782.30	162.03	(552.47)	3,029.90
Equity in net loss of associates	-	-	-	33.29	33.29
Other charges - net	225.47	0.30	8.32	283.89	517.98
Total Expenses	**2,863.51**	**782.60**	**170.35**	**(235.29)**	**3,581.17**
Operating Income (Loss)	**(2,795.18)**	**79.22**	**(73.04)**	**179.80**	**(2,609.21)**
Provision from income tax	(4.25)	(21.75)	(6.78)	6.63	(26.15)
Net Income (Loss)	**(2,799.43)**	**57.46**	**(79.82)**	**186.43**	**(2,635.36)**

For the year ended December 31, 2019, mobile consumer services' revenues, operating loss and net loss prior to eliminations were ₱68.33 million, ₱2,795.18 million and ₱2,799.43 million, respectively. Enterprise services had an operating income of ₱79.22 million and net income of ₱57.46 million from revenues of ₱861.82 million. The other services segment has yet to yield a positive contribution to the Group.

Since the Parent Company operates under mobile consumer services, the segment suffered, as well, from the impairment losses on its goodwill and investments in associates and loss from sale of Yondu. Results of the segment's operations excluding one-off charges, will show net loss of ₱401.94 million.

Profitability

For the twelve-month period ended December 31, 2019 compared with the twelve-month period ended December 31, 2018.

Revenues

The consolidated service revenues of the Group for the year ended December 31, 2019 amounted to ₱971.96 million, a decrease of 22% from ₱1,242.19 million for the year ended December 31, 2018.

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

Segment	Description	Subsidiaries
Mobile consumer services	Revenues ultimately derived from providing mobile consumer services via the Telcos, as well as mobile marketing and advertising solutions integrated in mobile casual games and platforms	• Xurpas Parent Company • Xeleb Technologies Inc. • Yondu * • Art of Click
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	• Xeleb Technologies Inc. • Seer • Yondu * • Xurpas Enterprise
Other services	Revenues derived from services related to the proprietary platform called "Flex Benefits System" and "Ace" (formerly "Kudos") which allows employees to convert their employee benefits to other benefits which includes sale of goods	• Storm Technologies

**Until September 2019.*

In PhP Millions	For the year ended December 31					
	2019		2018		Amount Change	% Increase
	Amount	Percentage	Amount	Percentage		
Revenues						
Enterprise services	854.73	88%	875.61	70%	(20.88)	-2%
Mobile consumer services	19.92	2%	270.86	22%	(250.94)	-93%
Other services	97.31	10%	95.72	8%	1.59	2%
Total Revenues	**971.96**	**100%**	**1,242.19**	**100%**	**(270.23)**	**-22%**

Revenues from enterprise services (which accounts for 88% of total revenues) decreased by 2% in 2019, to ₱854.73 million from ₱875.61 million in 2018. On the other hand, revenues from the mobile consumer services segment for 2019 amounted to ₱19.92 million, a decrease of 93% from the previous year's same period level of ₱270.86 million. This segment accounts for 2% of the total revenues. Other services booked revenues of ₱97.31 million in 2019, higher by 2% from the previous level at ₱95.72 million over the same period last year.

Expenses

In PhP Millions	For the year ended December 31					
	2019		2018		Amount Change	% Increase
	Amount	Percentage	Amount	Percentage		
Expenses						
Cost of Services	742.19	24%	1,062.87	58%	(320.68)	-30%
Cost of Goods Sold	83.28	3%	69.73	4%	13.55	19%
General and Administrative Expenses	2,204.42	73%	701.04	38%	1,503.38	214%
Total Expenses	**3,029.90**	**100%**	**1,833.65**	**100%**	**1,196.25**	**65%**

The Group's consolidated expenses in 2019 amounted to ₱3,029.90 million, a 65% increase from previous year's ₱1,833.65 million. Bulk of the expenses came from the general and administrative expenses which contributed 73%, followed by cost of services at 24% and cost of goods sold at 3%.

The Group's general and administrative expenses increased from ₱701.04 million in 2018 to ₱2,204.42 million in 2019 or 214% increase. Higher provision for impairment loss was the main contributing factor for the ₱1,503.38 million increase in 2019 GAEX. Should impairment be excluded, proforma GAEX in 2019 went down from ₱390.11 million in 2018 to ₱281.01 million or 28% decrease.

Cost of Services

In PhP Millions	For the year ended December 31					
	2019		2018		Amount Change	% Increase
	Amount	%	Amount	%		
Cost of Services						
Salaries, wages and employee benefits	539.04	73%	724.50	68%	(185.46)	-26%
Segment fee and network costs	88.66	12%	43.26	4%	45.41	105%
Depreciation and amortization	32.87	4%	39.32	4%	(6.45)	-16%
Others	81.62	11%	255.80	24%	(174.18)	-68%
Total Expenses	**742.19**	**100%**	**1,062.87**	**100%**	**(320.68)**	**-30%**

Cost of services totaling ₱742.19 million in 2019 (a 30% decrease from ₱1,062.87 million in 2018) was mainly comprised (1) Salaries, wages and employee benefits, (2) Segment fee and network costs, and (3) Depreciation and amortization, which accounted for 73%, 12% and 4% respectively. The decrease in total COS was a result of lower outsourced services, web hosting and royalties.

General and Administrative Expenses

In PhP Millions	For the year ended December 31					
	2019		2018		Amount Change	% Increase
	Amount	Percentage	Amount	Percentage		
General and Administrative Expenses						
Provision for impairment loss	1,923.42	87%	310.94	44%	1,612.48	519%
Salaries and wages	107.48	5%	151.96	22%	(44.48)	-29%
Depreciation and amortization	43.77	2%	29.87	4%	13.90	47%
Others	129.75	6%	208.27	30%	(78.52)	-38%
Total Expenses	**2,204.42**	**100%**	**701.04**	**100%**	**1,503.38**	**214%**

In 2019, the general and administrative expenses of the Group's operations amounted to ₱2,204.42 million, which was higher by 214% compared to previous year's ₱701.04 million. The increase mostly came from higher provision for impairment loss which translated to an 87% contribution. The remaining expenses amounting to ₱281.01 million were attributed to salaries and wages, depreciation and amortization and other expenses.

The provision for impairment losses on goodwill, investment in associates, receivables and other current assets totaled ₱1,923.42 million. Breakdown of this provision are as follows: (1) Provision for impairment loss related to goodwill recorded for Art of Click (AOC), Storm, and Seer amounting to ₱1,811.39 million; (2) Impairment loss on investments for Micro Benefits Limited (MBL) and MatchMe amounting to ₱107.15 million; (3) Provision for impairment of receivables amounting to ₱3.30 million and (4) Provision for impairment of other current assets amounting to ₱1.58 million.

Other expenses such as salaries and wages, rent, utilities, marketing and promotions, advertising, transportation and travel, taxes and licenses, advertising, and seminars and trainings decreased as part of the cost cutting measures implemented by the Company.

Equity in Net Loss of Associates

The equity of the Group in the net loss of its associate companies for the period ended December 31, 2019 amounted to ₱33.29 million.

Other Charges – net

In 2019, the Group recorded other charges amounting to ₱517.98 million. This account mainly consists of loss on sale of subsidiary (Yondu), interest expense, bank charges, foreign exchange loss, loss on retirement and disposal of property and equipment and loss from sale of cryptocurrencies totaling to ₱526.05 million, partially offset by unrealized gain on revaluation of cryptocurrencies, interest income and other income with aggregate amount of ₱8.06 million.

On September 11, 2019, Yondu was sold back to Globe Telecoms Inc for a total price of ₱501.25 million. As of date of sale, the net assets attributable to Xurpas Inc. was ₱980.20 million. Resulting loss on sale of subsidiary (Yondu) recognized under "Other charges – net" amounted to ₱478.95 million.

Income (Loss)before Income Tax

The Group's loss before income taxes for the year ended December 31, 2019 was ₱2,609.21 million, a 291% increase from previous year's ₱667.13 million.

Provision for Income Tax

Despite incurring a loss before income tax of ₱2,609.21 million, the Group still recognized a provision for income tax for the year ended December 31, 2019 amounting to ₱26.15 million. Though the provision for impairment of goodwill and investments in associates as well as loss on disposal of investment in subsidiary are material expenses, these are considered permanent differences and, therefore, not deductible in terms of tax computation.

Net Income (Loss)

The Group posted a consolidated net loss of ₱2,635.36 million in 2019, a 225% increase from the previous year's net loss of ₱811.64 million.

Total Comprehensive Income (Loss)

As a consequence of increased net loss, the Group's total comprehensive loss increased by 227% in 2019 (from ₱803.37 million in 2018 to ₱2,626.97 million in 2019).

Financial Position

As of December 31, 2019 compared to December 31, 2018.

Assets

Cash and Cash Equivalent

The Group's consolidated cash amounted to ₱153.93 million for the twelve-month period ended December 31, 2019, a net decrease of 13% or ₱23.47 million from consolidated cash of ₱177.40 million as of December 31, 2018.

Accounts and Other Receivables

The Group's consolidated accounts and other receivables amounted to ₱37.18 million and ₱530.64 million as of December 31, 2019 and December 31, 2018, respectively. In 2019, accounts receivable declined by 93% or ₱493.45 million due to lower trade receivables. Accounts receivable in 2019 nets out the allowance for impairment amounting to ₱263.09 million.

Contract Assets

A contract asset is the right to consideration in exchange for goods and 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. As of December 31, 2019, contract assets amounted to ₱8.29 million, a slight decrease of ₱1.46 million or 15% from 2018.

Other Current Assets

The Group's consolidated other current assets in 2019 totaled ₱44.20 million, a 24% decrease from 2018 figure of ₱57.90 million. It was mostly comprised of creditable withholding tax and input VAT.

Financial Assets at FVOCI

As of December 31, 2019 and 2018, carrying value and net unrealized loss on financial assets at FVOCI recognized in the consolidated statement of financial position amounted to ₱0.44 million and ₱0.48 million, respectively.

Investment in Associates

In 2019, the Group's consolidated investment in associates amounted to ₱319.94 million, a decrease of ₱136.06 million or 30% compared to the 2018 figure of ₱456.00 million. The decrease was mostly due to the impairment of investment in Micro Benefits and in MatchMe amounting to ₱68.49 million and ₱38.66 million, respectively. Impairment loss is recognized when carrying value of the investment exceeds recoverable amount.

The breakdown of the carrying amounts of these investments are as follows: Micro Benefits Limited (₱281.55 million), Altitude Games Pte. Ltd. (₱24.60 million), and SDI (₱13.79 million).

Property and Equipment

The Group's consolidated property and equipment was ₱8.76 million as of December 31, 2019. It decreased by ₱50.76 million or 85% as compared to 2018 which amounted to ₱59.52 million. Property and equipment consisted mainly of leasehold improvements, IT equipment, furniture and fixtures and office equipment.

The decrease was mainly due to disposal of assets resulting from deconsolidation of Yondu. Further, as a result of adopting PFRS 16, leased assets previously presented under "Property and Equipment" were reclassed to "Right-of-use Assets". Carrying value of these leased assets at date of adoption, January 1, 2019, amounted to ₱1.66 million.

Intangible Assets

As of December 31, 2019, intangible assets amounted to ₱101.13 million, a 97% decrease from 2018 balance of ₱3,612.92 million. The components are goodwill, customer relationship, developed software, - and leasehold rights.

- Goodwill pertains to excess of the acquisition cost over the fair value of the identifiable assets and liabilities of subsidiaries acquired by the Group. As of December 31, 2019, goodwill was at ₱48.22 million. Decrease in goodwill was driven by the following: (1) Impairment of goodwill for investments in AOC, Storm and Seer amounting to ₱1,956.25 million; and (2) Disposal through deconsolidation of Yondu amounting to ₱540.15 million.
- Customer relationship pertains to Yondu's noncontractual and contractual agreements with GTI, its major customer, which are expected to generate revenues for the Group in subsequent periods. The Group derecognized its customer relationship amounting to ₱1,077.81 million as a result of disposal through deconsolidation of Yondu.
- 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. As of December 31, 2019, net book value of developed software was ₱45.18 million. Movements in developed software are accounted for as follows: (1) Additions during the year amounting to ₱2.52 million; (2) Amortization during the year amounting to ₱30.74 million; and (3) Disposal of developed software through deconsolidation of Yondu with net book value totaling to ₱47.68 million.
- Leasehold rights pertain to cost savings arising from lower than market rate rental in the lease contracts acquired through business combination. As of December 31, 2019, net book value of leasehold rights was ₱1.64 million. Movements in leasehold rights are accounted for as follows: (1) Amortization during the year amounting to ₱1.90 million; and (2) Disposal of leasehold rights through deconsolidation of Yondu with net book value amounting to ₱6.99 million.
- Cryptocurrencies pertain to units of Bitcoin and Ether held by the Group as of December 31, 2019 which amounted to ₱6.08million.

Right-of-use Asset

As a result of adopting PFRS 16, the Group recognized right-of-use assets based on their carrying amounts as of January 1, 2019 amounting to ₱77.94 million. This amount includes those reclassed from property and equipment with carrying values totaling to ₱1.66 million. Addition and amortization during the year amounted to ₱3.49 million and ₱22.10 million, respectively, while disposal through deconsolidation of Yondu amounted to ₱17.86 million.

Pension Asset

The Group's recorded nil pension asset as of December 31, 2019 vis-à-vis ₱1.41 million in 2018.

Deferred Tax Assets – Net

The Group's consolidated net deferred tax assets level amounted to nil as of December 31, 2019 vis-à-vis ₱14.19 million as of December 31, 2018. Deferred tax assets are recognized only to the extent that taxable income will be available against which the deferred tax assets can be used. The Group did not recognize deferred tax assets for deductible temporary differences since management believes that there are no sufficient future taxable profits against which the deferred tax assets can be utilized.

Other Noncurrent Assets

In 2019, Other noncurrent assets amounted to ₱35.46 million which decreased by 24% from the previous year's figure of ₱46.37 million. Decline was due to deconsolidation of Yondu.

Liabilities

Accounts and Other Payables

The Group's consolidated accounts and other payables valued at ₱478.25 million as of December 31, 2019. It decreased by ₱176.27 million or 27% from 2018 balance of ₱654.52 million mainly due to the deconsolidation of Yondu which contributed most of the payables. Further, in 2019, the Group recognized reduction in its provision relating to ODX's PSA due to the costs incurred for the platform development which amounted to ₱46.58 million.

Loan Payable

The Group recorded ₱52.13 million worth of current loans (short term and interest bearing) as of December 31, 2019. The decrease from 2018 loans which amounted to ₱358.74 million was the net result of availments and payments of loans in 2019 amounting to ₱9.74 million and ₱316.35 million, respectively.

Contract Liabilities

Contract liabilities are obligations to transfer goods and services to customers from whom the Group has received consideration. 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. Contract liabilities are recognized as revenue when the Group performs under the contract. As of December 31, 2019, contract liabilities amounted to ₱68.05 million.

Income Tax Payable

For 2019, the Group's consolidated income tax payable was ₱3,134, an almost 100% decrease from December 31, 2018 figure of ₱2.19 million.

Lease liabilities

As a result of adopting PFRS 16, the Group recognized lease liabilities at date of adoption, January 1, 2019, amounting to ₱76.50 million. Movements in this account comprise of addition (₱3.34 million), accretion of interest (₱2.56 million), payments (21.83 million), sale of a subsidiary (₱56.85 million) and translation adjustment (₱528).

As of December 31, 2019, current and non-current portions amounted to ₱2.78 million and ₱1.03 million, respectively.

Other Current Liabilities

The Group posted other current liabilities amounting to nil and ₱63.75 million as of December 31, 2019 and 2018, respectively. Significant decrease was primarily due to the deconsolidation of Yondu during the year.

Advances from stockholders – net of current portion

This account pertains to the loan agreement entered into by the Parent Company on April 29, 2019 with its founders amounting to ₱150.00 million, subject to 5.50% interest rate per annum payable in three (3) years from date of agreement.

Deferred Tax Liability

As of December 31, 2019, the deferred tax liabilities amounted to ₱6.95 million, a 98% decrease or ₱345.60 million from ₱352.73 million as of December 31, 2018. The significant decrease was due to the derecognition of deferred tax liability on fair value adjustment on intangible assets as a result of deconsolidation of Yondu.

Pension Liability

The accrued pension of the Group was ₱24.82 million in 2019 compared to ₱23.52 million as of December 31, 2018 or a 6% increase.

Equity

Total Equity

As of December 31, 2019, the Group's total equity was at ₱25.89 million, a 99% decrease from 2018 equity of ₱3,466.58 million. Lower equity was mainly due to the increase in deficit brought about by the net loss of ₱2,635.36 million.

Liquidity and Capital Resources

The Group's liquidity was 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 of its accounts. The Group has debts through the Parent Company, Storm Technologies Inc. and Seer Technologies Inc. which are short term in nature. The Group does not anticipate having any cash flow or liquidity problems over the next 12 months. The Group is not in breach or default on any loan or other form of indebtedness.

Cash Flows

	For the year ended December 31	
	2019	2018
In PhP Millions	**Amount**	**Amount**
Net cash provided by (used in) Operating Activities	(130.24)	(186.02)
Net cash provided by (used in) Investing Activities	366.19	(102.43)
Net cash provided by (used in) Financing Activities	(270.27)	236.19
Effect of foreign currency exchange changes in cash	10.85	14.40
Net increase (decrease) in cash	(23.47)	(37.86)
Cash at beginning of period	177.40	215.25
Cash at end of period	**153.93**	**177.40**

Cash Flows used in Operating Activities

For the year ended December 31, 2019, operating loss before changes in working capital of ₱59.30 million coupled with the corresponding increase in working capital resulted to ₱65.29 million net cash used in operations. Together with interest received, interest paid and income taxes paid, net cash used in operating activities totaled ₱130.24 million.

Cash Flows used in Investing Activities

Cash provided by investing activities in 2019 was ₱366.19 million while cash used in investing activities in 2018 amounted to ₱102.43 million. The net cash provided by investing activities was mainly attributable to the proceeds from sale of subsidiary, proceeds from disposal of property and equipment, and proceeds from the sale of cryptocurrencies.

Cash Flows used in Financing Activities

The consolidated net cash used in financing activities for the year 2019 was ₱270.27 million while net cash provided by financing activities for the year 2018 was ₱236.19 million. Net cash was mainly used to pay off creditors.

Capital Expenditure

The Group's capital expenditures amounted to ₱14.78 million and ₱18.35 million in 2019 and 2018, respectively.

Key Financial Data In PhP Millions	**December 31, 2019 Additions**	**December 31, 2018 Additions**
Right-of-use Assets	4.61	-
IT Equipment	9.01	14.58
Leasehold Improvements	0.75	2.52
Office Equipment	0.21	1.19
Furniture and Fixtures	0.19	0.06
	14.78	**18.35**

Key Performance Indicators

The key performance indicators disclosed below present the financial performance of the Group as a whole. These are different with those in 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		
	2019	2018	2017
Liquidity Ratios			
Current Ratio	**41%**	69%	54%
Quick Ratio	**33%**	64%	51%
Asset-to-Equity Ratio	**575%**	183%	231%
Profitability Ratios			
Net Income Margin	**-271%**	-62%	2%
Gross Margin	**15%**	9%	31%
Operating Margin	**-256%**	-46%	12%
Return on Total Assets	**-93%**	-14%	1%
Return on Equity	**-186%**	-22%	1%
Debt Ratios			
Debt-to-Equity Ratio	**5.55x**	0.55x	0.97x
Interest Coverage Ratio	**-64.75x**	-20.45x	2.81x

Liquidity Ratios

The current ratio and quick ratio of the Group was at 41% and 33% in 2019, respectively, and 69% and 64% in 2018, respectively. The decrease in both ratios was mainly due to the decline in both current assets and current liabilities brought about by the deconsolidation of Yondu.

Asset-to-Equity Ratio

In 2019, the Asset-to-Equity ratio of the Group increased to 575% from 183% of 2018. The increase was mostly because of the increase in deficit, reducing total equity.

Profitability Ratios

Overall, profitability margins in 2019 declined mainly because of the losses incurred by the Group from impairing its goodwill and investments in associates as well as the loss from sale of its investment in Yondu. The gross profit margin, however, increased from 9% in 2018 to 15% in 2019 as a result of the Group's continuing cost cutting measures.

Debt Ratios

For 2019, the Debt-to-Equity ratio increased from 0.55x in 2018 to 5.55x which can be attributed to increase in deficit, reducing total equity. The interest coverage ratio further declined in 2019 to

-64.75x from -20.45x because of the big drop in earnings before interest and tax expense and higher interest expense in 2019 as compared to 2018.

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

	Numerator	Denominator
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 and available short-term credit facilities. Credit lines are obtained from BOD-designated banks at amounts based on financial forecast approved by the BOD. The Group can also obtain additional advances from its stockholders, refinance its short-term loans, renew its credit lines 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 materials 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. The Group's financial challenges in 2019 are being addressed through the following: continuous venture into new revenue potentials, cost cutting measures, and entry of new strategic investors.
vi. Results of Operations. There were no significant elements of income or loss that did not arise from continuing operations.
vii. Seasonality. The effects of seasonality or cyclicality on the operations of the Group's business are confined to its mobile consumer and other services segment.

For the year ended December 31, 2018 compared with the year ended December 31, 2017

Summary

	Years ended December 31					Percentage Change			
PhP Millions	**2018**	**2017**	**2016**	**2015**	**2014**	**2018vs2017**	**2017vs2016**	**2016vs2015**	**2015vs2014**
Revenues	1,242.19	2,103.57	1,947.14	898.37	378.32	-41%	8%	117%	137%
Gross Profit	109.59	649.15	803.43	513.87	264.45	-83%	-19%	56%	94%
Income (Loss) before Income Tax	(667.13)	122.04	379.10	331.10	239.14	-647%	-68%	14%	38%
Net Income (Loss)	(811.64)	102.57	264.84	229.62	190.72	-891%	-61%	15%	20%

Revenues									
Mobile Consumer Services	270.85	1,336.54	1,239.92	576.06	309.37	-80%	8%	115%	86%
Enterprise Services	875.61	667.60	653.14	243.45	68.95	31%	2%	168%	253%
Other Services	95.72	99.44	54.07	78.87	-	-4%	84%	-31%	n.a.

Notes

1. *Compounded annual average growth rate (CAAGR) is ((final value/initial value)^(1/number of years-1))-1.*
2. *CAAGR for total revenues from 2014-2017 is 77%.*
3. *CAAGR for mobile consumer revenue from 2014-2017 is 63%; comprised an average 65% of total revenues (2014-2017).*
4. *CAAGR for enterprise revenue from 2014-2017 is 113%; comprised an average 31% of total revenues (2014-2017).*

The Group's revenues had a compounded annual average growth rate (CAAGR) of 77% from 2014 to 2017; from ₱378.32 million to ₱2,103.57 million; primarily anchored on the mobile consumer business. The mobile consumer business which comprised an average of 65% of total revenues from period 2014-2017 grew by 63% on a CAAGR basis. On the other hand, the enterprise segment which made up 31% of total revenues over the period, increased by 113%.

However, there was a slowdown in the Group's growth in 2017 (only 8% from previous year) primarily due to the drop in revenues of Art of Click. In 2018, revenues further dropped by 41% to ₱1,242.19 million, as the Group faced 2 major business challenges in its mobile consumer segment.

For the mobile consumer business, the overall situation of the digital advertising industry that affected Art of Click (AoC) persisted in 2018. Likewise, since the first quarter of 2018, technical and business policy changes implemented by Globe Telecom affected its Value Added Services (VAS) business. In total, the Mobile Consumer Services segment fell 80% in 2018 to ₱270.85 million from ₱1,336.54 million in 2017. On the other hand, the Group's revenues from the Enterprise Service segment, grew by 31%, from ₱667.60 million in 2017 to ₱875.61 in 2018. The increase in revenues was mainly from talent solutions, custom software development, software products, and increasing business from existing clients. Lastly, the Other Services segment revenues minimally decreased by 4% in 2018 vis-à-vis 2017.

In 2018, the Group netted a loss of ₱811.64 million due to the following: 1) drastic drop in revenues which led to operating losses 2) provision for impairment loss related to the certain receivable of Art of Click (AoC) amounting to ₱127.07 million 3) impairment of goodwill recorded for AoC amounting to ₱144.86 million and 4) provision for impairment of other receivables (as a result of the new accounting standard PFRS 9), which amounted to ₱39.01 million. The provisions for impairment of receivables can be recovered when they are collected.

Key Financial Data In PhP Millions	For the 12 months ended December 31 2018 Amount	2018 Percentage	2017 Amount	2017 Percentage	Amount Change	% Increase (Decrease)
Revenues						
Mobile consumer services	270.86	22%	1,336.54	64%	(1,065.68)	-80%
Enterprise services	875.61	70%	667.60	32%	208.01	31%
Other services	95.72	8%	99.44	5%	(3.72)	-4%
Total Revenues	**1,242.19**	**100%**	**2,103.57**	**100%**	**(861.38)**	**-41%**
Cost of Services	1,062.87	86%	1,373.41	65%	(310.54)	-23%
Cost of Goods Sold	69.73	5%	81.01	4%	(11.28)	-14%
Gross Profit	**109.59**	**9%**	**649.15**	**31%**	**(539.56)**	**-83%**
General and Administrative Expenses	701.04	57%	572.62	27%	128.42	22%
Equity in Net Loss of Associates	52.99	4%	36.72	2%	16.27	44%
Other charges (income) - net	22.69	2%	(82.23)	-4%	104.92	-128%
Income (Loss) Before Income Tax	**(667.13)**	**-54%**	**122.04**	**6%**	**(789.17)**	**-647%**
Provision for (Benefit from) Income Tax	144.51	11%	19.47	1%	125.04	642%
Net Income (Loss)	**(811.64)**	**-65%**	**102.57**	**5%**	**(914.21)**	**-891%**
Other Comprehensive Income	8.27	0%	21.15	1%	(12.88)	-61%
Total Comprehensive Income (Loss)	**(803.37)**	**-65%**	**123.72**	**6%**	**(927.09)**	**-749%**

	December 31, 2018 Amount	December 31, 2017 Amount	Amount Change	% Increase (Decrease)
Total Assets	4,966.57	5,810.18	(843.61)	-15%
Total Liabilities	1,499.98	2,454.68	(954.70)	-39%
Total Equity	3,466.58	3,355.50	111.08	3%

Financial Summary

Total revenues decreased by ₱861.38 million or 41% for 2018, from ₱2,103.57 million in 2017 to ₱1,242.19 million in 2018. Group revenues were mainly driven by enterprise services, comprising 70% of the total revenues. The net income of the Group for 2018, decreased by 891% (from ₱102.57 million in 2017 to a net loss of ₱811.64 million in 2018). Total comprehensive income over the same period decreased by 749% from ₱123.72 million in 2017 to a total comprehensive loss of ₱803.37 million as at 2018.

The blended cost of services (aggregating the subsidiaries' costs) decreased by 23% from ₱1,373.41 million for 2017 to ₱1,062.87 million for 2018. The outsourced services cost of AoC was the largest component of the decrease, which resulted from the drop in its revenues. Segment fee/network costs, web hosting, and royalties also decreased due to lower VAS revenues. Cost of goods sold attributable to other services was ₱69.73 million for 2018 compared to ₱81.01 million in 2017, a decrease of 14% or ₱11.28 million.

Gross profit margins on total revenues, for 2018 was at 9%, a decrease from 2017's margin of 31%. Gross profit decreased by 83% from ₱649.15 million for 2017 to ₱109.59 million for 2018.

General and administrative expenses of the Group increased by 22%, from ₱572.62 million for 2017 to ₱701.04 million for the same period in 2018. The increase was mainly due to salaries and wages, rent and outsourced services, which were partially offset by major decreases in taxes and licenses, professional fees, transportation and travel, advertising, marketing and promotions, and seminars/trainings, as part of cost cutting measures. Note that Yondu accounts for 90% of the increase in salaries and wages, a result of the continuing growth of its enterprise business. Also included in these expenses are the provisions for the impairment of receivables and goodwill, totaling ₱310.94 million.

The Company also shares in the recorded net loss of the associate companies it has invested in, which amounted to ₱52.99 million for 2018.

Despite incurring a loss before income tax of ₱667.13 million, the Group still recognized a provision for income tax for the year ended December 31, 2018 amounting to ₱144.51 million. The increase in provision for income tax was mainly due to increase in deferred tax assets (DTA) that were unrecognized during the year.

Overall, the net income for the Group decreased from ₱102.57 million for 2017 to a net loss of ₱811.64 million in 2018.

Consolidated total assets as of December 31, 2018 amounted to ₱4,966.57 million, a decrease of 15% from ₱5,810.18 million as of December 31, 2017. Consolidated total liabilities decreased by 39% from ₱2,454.68 million as of December 31, 2017 to ₱1,499.98 million in December 31, 2018, due mainly to the settlement of payable to former shareholders of a subsidiary and the expiration of liability for written put option. Consolidated total equity increased by 3% over the same period, from ₱3,355.50 million to ₱3,466.58 million. This was a result of the new issuance of common shares and derecognition of equity reserve resulting from expiration of the written put option; coupled with the losses in 2018.

Segment Financial Performance

As of December 31, 2018 In PhP Millions	**Mobile Consumer Services**	**Enterprise Services**	**Other Services**	**Intersegment Adjustments**	**Consolidated**
Revenue from services	314.24	909.85	7.14	(77.89)	1,153.34
Revenue from sale of goods	-	-	88.85	-	88.85
Total Service Revenues	**314.24**	**909.85**	**95.99**	**(77.89)**	**1,242.19**
Operating expenses	1,126.78	940.47	167.13	(400.73)	1,833.65
Equity in net loss of associates	-	-	-	52.99	52.99
Other charges (income) - net	(16.59)	3.27	8.37	27.63	22.69
Total Expenses	**1,110.19**	**943.74**	**175.50**	**(320.11)**	**1,909.32**
Operating Loss	**(795.95)**	**(33.89)**	**(79.51)**	**242.22**	**(667.13)**
Provision from income tax	(5.32)	(20.77)	(25.14)	(93.28)	(144.51)
Net Loss	**(801.27)**	**(54.66)**	**(104.65)**	**148.94**	**(811.64)**

As of December 31, 2018, mobile consumer services' revenues, operating loss and net loss prior to eliminations were ₱314.24 million, ₱795.95 million and ₱801.27 million, respectively. Enterprise services had an operating loss of ₱33.89 million and net loss of ₱54.66 million from revenues of ₱909.85 million. For 2018, although Yondu's enterprise business was profitable, this was not enough to offset the losses of the subsidiaries under this segment. The other services segment has yet to yield a positive contribution to the Group.

Profitability

For the twelve-month period ended December 31, 2018 compared with the twelve-month period ended December 31, 2017

Revenues

The consolidated service revenues of the Group for the period ended December 31, 2018 amounted to ₱1,242.19 million, a decrease of 41% from ₱2,103.58 million the same period of the previous year.

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

Segment	Description	Subsidiaries
Mobile consumer services	Revenues ultimately derived from providing mobile consumer services via the Telcos, as well as mobile marketing and advertising solutions integrated in mobile casual games and platforms	• Xurpas Parent Company • Xeleb Technologies Inc. • Yondu • Art of Click
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	• Xeleb Technologies Inc. • Seer • Yondu • Xurpas Enterprise
Other services	Revenues derived from services related to the proprietary platform called "Flex Benefits System" and "Ace" (formerly "Kudos") which allows employees to convert their employee benefits to other benefits which includes sale of goods	• Storm Technologies

In PhP Millions	For the 12 months ended December 31					
	2018		2017		Amount Change	% Increase
	Amount	Percentage	Amount	Percentage		
Revenues						
Enterprise services	875.61	70%	667.60	32%	208.01	31%
Mobile consumer services	270.86	22%	1,336.54	64%	(1,065.68)	-80%
Other services	95.72	8%	99.44	5%	(3.72)	-4%
Total Revenues	**1,242.19**	**100%**	**2,103.57**	**100%**	**(861.38)**	**-41%**

Revenues from enterprise services (which accounts for 70% of total revenues) increased by 31% in 2018, to ₱875.61 million from ₱667.60 million in 2017. On the other hand, revenues from the mobile consumer services segment for 2018 amounted to ₱270.86 million, a decrease of 80% from the previous year's same period level of ₱1,336.54 million. This segment accounts for 22% of the total revenues. Other services booked revenues of ₱95.72 million in 2018, lower by 4% from the previous level at ₱99.44 million over the same period last year.

Expenses

In PhP Millions	For the 12 months ended December 31					
	2018		2017		Amount Change	% Increase
	Amount	Percentage	Amount	Percentage		
Expenses						
Cost of Services	1,062.87	58%	1,373.41	68%	(310.54)	-23%
Cost of Goods Sold	69.73	4%	81.01	5%	(11.28)	-14%
General and Administrative Expenses	701.04	38%	572.62	28%	128.42	22%
Total Expenses	**1,833.64**	**100%**	**2,027.04**	**100%**	**(193.40)**	**-10%**

The Group's consolidated expenses in 2018 amounted to ₱1,833.64 million, a 10% decrease from previous year's ₱2,027.04 million. For 2018, cost of services accounted for the bulk of expenses, totaling ₱1,062.87 million or 58% of the Group's consolidated expenses. For 2017, cost of services amounted to ₱1,373.41 million or 68% of overall expenses.

<u>Cost of Services</u>

In PhP Millions	For the 12 months ended December 31					
	2018		2017		Amount Change	% Increase
	Amount	%	Amount	%		
Cost of Services						
Salaries, wages and employee benefits	724.50	68%	639.94	47%	84.56	13%
Outsourced services	143.93	14%	463.38	34%	(319.45)	-69%
Segment fee and network costs	43.26	4%	71.15	5%	(27.89)	-39%
Others	151.19	14%	198.95	14%	(47.76)	-24%
Total Expenses	**1,062.87**	**100%**	**1,373.41**	**100%**	**(310.54)**	**-23%**

Cost of services totaling ₱1,062.87 million in 2018 (compared to ₱1,373.41 million for 2017 or a 23% decrease), was mainly comprised of (1) Salaries, wages, and employee benefits, (2) Outsourced services, and (3) Segment fee and network costs, which accounted for 68%, 14%, and 4%, respectively. Of the total cost of services for the period, 59% is attributed to Yondu. The decrease in total cost of services was mainly brought about by the decrease in the outsourced services cost of AoC, which is a consequence of the drop in its digital advertising revenues. Segment fee/network costs, web hosting, and royalties also decreased due to lower VAS revenues.

<u>Cost of Goods Sold</u>

For the period ended December 31, 2018, cost of goods sold took up 4% of the Group's consolidated expenses, amounting to ₱69.73 million. This figure was a decrease of 14% from its level of ₱81.01 million in December 31, 2017. Costs related to the sale of goods from its flexible benefits and performance programs were appropriated as cost of goods sold. This led to the improved gross profit margins for Storm.

<u>General and Administrative Expenses</u>

In PhP Millions	For the 12 months ended December 31					
	2018		2017		Amount Change	% Increase
	Amount	Percentage	Amount	Percentage		
General and Administrative Expenses						
Provision for impairment losses	310.94	44%	106.54	19%	204.40	192%
Salaries, wages and employee benefits	151.96	22%	163.02	28%	(11.06)	-7%
Rent	42.09	6%	33.17	6%	8.92	27%
Others	196.05	28%	269.89	47%	(73.84)	-27%
Total Expenses	**701.04**	**100%**	**572.62**	**100%**	**128.42**	**22%**

General and administrative expenses relating to the Group's operations, for 2018 amounted to ₱701.04 million, higher by 22% compared to previous year's ₱572.62 million. Provision for impairment losses in 2018 amounted to ₱310.94 million or 44% of total general and administrative expenses or GAEX. Salaries, wages, and employee benefits was ₱151.96 million or 22% of the total GAEX. The same expenses amounted to ₱163.02 million in 2017.

Overall, the 22% increase in total GAEX was mainly due to the provision for impairment losses on receivables and goodwill, totaling ₱310.94 million. Details are the following: 1) provision for impairment loss related to certain receivable of Art of Click (AoC) amounting to ₱127.07 million 2) impairment of goodwill recorded for AoC amounting to ₱144.86 million and 3) provision for impairment of other receivables (as a result of the new accounting standard PFRS 9), which amounted to ₱39.01 million.

There were also decreases in salaries and wages, taxes and licenses, professional fees, transportation and travel, advertising, marketing and promotions, and seminars and trainings. The decreases in salaries and wages across some companies in the Group, is a result of cost cutting initiatives in response to the drop in revenues of certain business segments.

Equity in Net Loss of Associates

The equity of the Group in the net loss of its associate companies for the period ended December 31, 2018, amounted to ₱52.99 million.

Other Income – net

For the year 2018, the Group recognized other charges amounting to ₱22.69 million; with interest expenses of ₱31.11 million, offset by interest income and gain on foreign exchange transactions.

Income (Loss) before Income Tax

The Group's loss before income taxes for period ended December 31, 2018 was ₱667.13 million. The loss before income taxes for the Group declined by 647% from December 31, 2017, which posted a figure of ₱122.04 million.

Provision for Income Tax

Despite incurring a loss before income tax, the Group still recognized a provision for income tax for the year ended December 31, 2018 amounting to ₱144.51 million, 642% higher compared to the same period in 2017 where provision for income tax amounted to ₱19.47 million. The increase in provision for income tax was mainly due to increase in deferred tax assets (DTA) that were unrecognized during the year. These are deductible temporary differences for which no DTA are recognized since management believes that there are no sufficient taxable profits against which the DTA can be utilized. For the year ended December 31, 2018, changes in unrecognized DTA amounted to ₱322.77 million.

Net Income

The Group posted a consolidated net loss of ₱811.64 million for the period ended December 31, 2018, a decrease of 891% from the previous year's same period at ₱102.57 million.

Total Comprehensive Income

As of December 31, 2017, the Group's total comprehensive loss amounted to ₱803.37 million, a decrease of 749% compared to ₱123.72 million as at December 31, 2017.

Financial Position

As of December 31, 2018 compared to December 31, 2017

Assets

Cash

The Group's consolidated cash amounted to ₱177.40 million for the twelve-month period ended December 31, 2018, a net decrease of 18% or ₱37.86 million from consolidated cash of ₱215.25 million as at December 31, 2017.

Accounts and Other Receivable

The Group's consolidated accounts receivable amounted to ₱530.64 million and ₱845.67 million as at December 31, 2018 and December 31, 2017, respectively, representing a decrease of ₱315.03 million or 37%. Accounts receivable in 2018 nets out the allowance for impairment amounting to ₱265.02 million.

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. As of December 31, 2018, contract assets amounted to ₱9.75 million.

Other Current Assets

The Group's consolidated other current assets totaled ₱57.90 million, a decrease of ₱0.04 million from its previous level on December 31, 2017 at ₱57.94 million. Prepaid expenses and deferred input VAT comprised majority of other current assets.

Financial Assets at FVOCI

This account pertains to quoted and unquoted equity investments previously classified as AFS financial assets but are now classified and measured as financial assets at FVOCI as a result of adoption of PFRS 9.

As of December 31, 2018, carrying value and net unrealized loss on financial assets at FVOCI recognized in the consolidated statement of financial position amounted to ₱0.48 million and ₱44.22 million, respectively.

Available for sale financial asset

Upon adoption of PFRS 9, the quoted and unquoted equity investments were reclassified as financial assets at FVOCI while the unquoted debt investments were reclassified as financial assets at FVPL in the consolidated statements of financial position. As of December 31, 2018, the resulting available for sale financial asset is nil vis-à-vis ₱159.05 million in 2017.

Investment in Associates

As of December 31, 2018, the Group's consolidated investment in associates amounted to ₱456.00 million, a 12% decrease from its figure of ₱515.66 million during December 31, 2017. The breakdown of the carrying amounts of these investments are: Altitude Games Pte. Ltd. (₱24.34 million), MatchMe (₱43.71 million), SDI (₱10.64 million), and Micro Benefits Limited (₱377.31 million).

Property and Equipment

The Group's consolidated property and equipment was ₱59.20 million in December 31, 2018 vis-à-vis ₱76.15 million in December 31, 2017, or a decrease of 22%. Property and equipment mainly consisted of leasehold improvements, leased assets, office, information technology equipment, furniture, and fixtures. The decrease was due to retirement and disposal of certain equipment.

Intangible Assets

Intangible assets of ₱3,612.92 million as at December 31, 2018 were recognized in relation to the Group's acquisitions and investments. Movements in this account pertains to additions, disposal, revaluation surplus amounting to ₱16.62 million; amortization (net of disposal) of ₱37.07 million; and impairment of goodwill amounting to ₱144.86 million. These resulted to a net 4% decrease amounting to ₱160.96 million vis-à-vis the December 31, 2017 figure at ₱3,773.88 million. The major components are goodwill, customer relationship, developed software, and leasehold rights.

- 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 at December 31, 2018, goodwill is at ₱2,399.76 million. This nets out an impairment of ₱144.86 million, pertinent to AoC.
- Customer relationship pertains to Yondu's noncontractual and contractual agreements with Globe Telecoms, its major customer which are expected to generate revenues for the Group in subsequent periods. As of December 31, 2018, customer relationship is valued at ₱1,077.81 million.

- Developed software pertains to telecommunications equipment software licenses, corporate application software and licenses and other VAS software applications that are not integral to the hardware or equipment. As at December 31, 2018, developed software net book value is at ₱121.08 million. Amortization of developed software for the twelve-month period ended December 31, 2017 amounted to ₱34.59 million.
- Cryptocurrencies pertain to units of Bitcoin held by the Group as at December 31, 2018 valued at ₱5.48 million
- Leasehold rights pertain to cost savings arising from lower than market rate rental in the lease contracts acquired through business combination. As of December 31, 2018, leasehold rights net book value is at ₱8.79 million. Amortization of leasehold rights for the twelve-month period ended December 31, 2018 amounted to ₱2.48 million.

Pension Asset

The Group's recorded pension asset as of December 31, 2018 and December 31, 2017 was at ₱1.41 million and ₱0.31 million, respectively, an increase of 354%.

Deferred Tax Assets – Net

The Group's consolidated net deferred tax assets level amounted to ₱14.19 million as at December 31, 2018, lower by 88% or ₱101.34 million vis-à-vis its December 31, 2017 level at ₱115.53 million. The significant decrease in deferred tax asset was brought about by the increase in unrecognized deferred tax asset as aforementioned.

Other Noncurrent Assets

Other noncurrent assets amounted to ₱46.37 million as of December 31, 2018. This figure is 9% lower than the value posted as of December 31, 2017 at ₱50.74 million. These are primarily rental deposits amounting to ₱19.95 million.

Liabilities

Accounts and Other Payables

The Group's consolidated accounts and other payables valued at ₱654.52 million as at December 31, 2018 was a 33% or ₱161.41 million increase from its December 31, 2017 figure of ₱493.11 million.

The Group's accounts and other payables consisted mainly of trade payables at ₱179.20 million, payable to related parties at ₱104.03 million (₱102.42 million from Xurpas, as advances from stockholders), deferred output VAT at ₱42.67 million and accrued expenses at ₱42.66 million.

Loans Payable

The Group recorded ₱358.74 million in current loans in December 31, 2018 and ₱377.42 million in December 31, 2017. This is mainly attributable to the loans of the Parent Company which are interest-bearing and short-term.

Income Tax Payable

The Group's consolidated income tax payable as at December 31, 2018 amounted to ₱2.19 million, a decrease of 78% from the December 31, 2017 figure of ₱10.08 million.

Contract Liabilities

Contract liabilities are obligations to transfer goods and services to customers from whom the Group has received consideration. 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. Contract liabilities are recognized as revenue when the Group performs under the contract.

As at December 31, 2018, contract liabilities amounted to ₱44.50 million.

Other Current Liabilities
The Group's other current liabilities amounted to ₱63.75 million in December 31, 2018 compared to ₱77.17 million in 2017, a decrease of 17%.

Finance Lease- net of current portion
Seer entered into a lease agreement with BPI Leasing Corporation for the use of IT and transportation equipment with a lease term three (3) and five (5) years, respectively. Effective monthly interest rates range from 0.83% to 1.12%. Seer's finance lease net of current portion is ₱0.02 million in December 31, 2018 and ₱0.61 million December 31, 2017.

Deferred Tax Liability

As of December 31, 2018, the deferred tax liability (net) was at ₱352.73 million, a decrease of 1% or ₱3.13 million from ₱355.86 million as of December 31, 2017.

Pension Liability

The accrued pension of the Group is at ₱23.52 million in December 31, 2018 compared to ₱31.30 million in December 31, 2017 or a decrease of 25%.

Equity

Total Equity

The Group's total equity as of December 31, 2018 was at ₱3,466.58 million, a 3% increase from its December 31, 2017 level at ₱3,355.50 million. The net decrease in total equity was a result of decrease in equity reserve from ₱1,250.72 million as of December 31, 2017 to ₱402.22 million as of December 31, 2018. Retained earnings decreased from ₱322.73 million as of December 31, 2017 to negative ₱556.37 million as at December 31, 2018 because of the net losses for 2018. This also included the reclassification for Available for Financial Assets as a result of adopting PFRS 9 which resulted into a net unrealized loss on financial assets at FVOCI of ₱44.22 million; which is recorded as a contra-equity account.

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 of its accounts. The Group has some bank debt through the Parent Company and Seer Technologies Inc. which are short term in nature. The Group does not anticipate having any cash flow or liquidity problems over the next 12 months. The Group is not in breach or default on any loan or other form of indebtedness.

Cash Flows

	For the 12 months ended December 31	
	2018	2017
In PhP Millions	**Amount**	**Amount**
Net cash provided by (used in) Operating Activities	(186.02)	248.52
Net cash provided by (used in) Investing Activities	(102.43)	(169.89)
Net cash provided by (used in) Financing Activities	236.19	(274.97)
Effect of foreign currency exchange changes in cash	14.40	(16.92)
Net increase (decrease) in cash	(37.86)	(213.26)
Cash at beginning of period	215.25	428.52
Cash at end of period	**177.40**	**215.25**

Cash Flows Provided by Operating Activities

For the first twelve months of 2018, operating loss of ₱385.95 million was coupled with the corresponding decrease in account receivables and account payables for a resulting ₱104.91 million net cash used in operations. Together with interest received and income taxes paid, this resulted in a net cash used in operating activities of ₱186.02 million.

Cash Flows Used in Investing Activities

The Group's consolidated cash flows used in investing activities for subsidiaries and associates for the twelve months of 2018 was ₱102.43 million compared to ₱169.89 million used in the same period of 2017. The net cash used in investing activities was mainly attributable to the proceeds of sale from cryptocurrencies and the balance of the earn-out payment to Art of Click.

Cash Flows Provided by (Used in) Financing Activities

The Group's consolidated net cash flow provided by financing activities for period ended December 31, 2018 was ₱236.19 million compared to net cash flow used in financing activities for the period ended December 31, 2017 which was ₱274.97 million.

Capital Expenditure

The Group's capital expenditures for the period ended December 31, 2018 and the year ended December 31, 2017 amounted to ₱18.35 million and ₱27.50 million, respectively.

Key Financial Data In PhP Millions	December 31, 2018 Additions	December 31, 2017 Additions
Office Equipment	1.19	3.08
IT Equipment	14.58	18.03
Furniture and Fixtures	0.06	0.95
Leasehold Improvements	2.52	4.33
Leased Asset	-	1.11
	18.35	**27.50**

Key Performance Indicators

The key performance indicators disclosed below present the financial performance of the Group as a whole. These are different with those in 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 year ended December 31**		
	2018	2017	2016
Liquidity Ratios			
Current Ratio	**69%**	54%	105%
Quick Ratio	**64%**	51%	102%
Asset-to-Equity Ratio	**183%**	231%	219%
Profitability Ratios			
Net Income Margin	**-62%**	2%	11%
Gross Margin	**9%**	31%	41%
Operating Margin	**-46%**	12%	24%
Return on Total Assets	**-14%**	1%	7%
Return on Equity	**-22%**	1%	14%
Debt Ratios			
Debt-to-Equity Ratio	**0.56x**	0.97x	0.91x
Interest Coverage Ratio	**-20.45x**	2.81x	11.84x

Current Ratios

Current Ratio and Quick Ratios in the twelve-month period at December 31, 2018 were 69% and 64%, respectively, an increase from their respective 54% and 51% figures during the full year of 2017. The increase in both ratios was primarily from the decrease in current liabilities; due to the reversal of the liability for written put option and the settlement of the payable to a former shareholder of a subsidiary, even as current assets also decreased over the period.

Asset-to-Equity Ratio

The decrease in the asset-to-equity ratio from 231% in December 31, 2017 to 183% in December 31, 2018 resulted from the decrease in total assets vis-à-vis equity, which increased over the same period.

Profitability Ratios

Profitability margins decreased from December 31, 2017, as a result of business combination and expenses related to the Group's investments and acquisitions. The decrease in Gross Profit Margin (9%), Net Income Margin (-62%), Operating Margin (-46%), Return on Total Assets (-14%) and Return on Equity (-22%) was a result of the year's net losses.

Debt Ratios

Debt to Equity ratio in December 31, 2018 was at 0.56x compared to 0.97x as at December 31, 2017. The decrease in the gearing ratio was attributed to the lower liability in December 31, 2018 compared to the previous year. Interest coverage ratio in December 31, 2017 was at -20.45x compared to 2.81x the previous year. The decrease in this ratio is because of the big drop in earnings before interest and tax expense and higher interest expense in 2018 compared to 2017.

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

Current Ratios

3. Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$
4. Quick ratio	$\frac{\text{Current assets – Other current assets}}{\text{Current liabilities}}$
Asset-to-equity Ratio	$\frac{\text{Total assets}}{\text{Total equity attributable to Parent Company}}$

Profitability Ratios

6. Net income ratio	$\frac{\text{Net income attributable to Parent Company}}{\text{Service income + Sale of goods}}$
7. Gross margin	$\frac{\text{(Service income + Sale of goods) – (Cost of services + Cost of goods sold)}}{\text{Service income + Sale of goods}}$
8. Operating margin	$\frac{\text{Earnings before interest, tax, depreciation and amortization}}{\text{Service income + Sale of goods}}$
9. Return on total assets	$\frac{\text{Net income attributable to Parent Company}}{\text{Average total assets}}$
10. Return on total equity	$\frac{\text{Net income attributable to Parent Company}}{\text{Average total equity attributable to the Parent Company}}$

Other Disclosures:

viii. Liquidity. To cover its short-term funding requirements, the Group intends to use internally generated funds and available short-term credit facilities. Credit lines are obtained from BOD-designated banks at amounts based on financial forecast approved by the BOD. The Group can also obtain additional advances from its stockholders, refinance its short-term loans, renew its credit lines 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 materials 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 known trends, events, or uncertainties that have had or that are reasonably 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 effects of seasonality or cyclicality on the operations of the Group's business are confined to its mobile consumer and other services segment.

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, 2019 and 2018 and for the years ended December 31, 2019, 2018 and 2017 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. Since 2017, the audit partner for the Group is Mr. Dolmar C. Montañez. 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 ₱2,130,000 and ₱1,800,000 for 2019 and 2018, respectively. The audit fees for 2020 are estimated to be at ₱2,343,000. Services rendered include the audit of the financial statements and supplementary schedules for submission to SEC, tax consultancy and assistance in the preparation of annual income tax returns.

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.

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 seven members, two 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.

As of December 31, 2019, the composition of the Company's Board is as follows:

Name	**Age**	**Citizenship**	**Position**	**Year Position was Assumed**
Nico Jose S. Nolledo	43	Filipino	Chairman	2001
Alexander D. Corpuz	53	Filipino	Director, President, Chief Information Officer and Chief Finance Officer[6]	2019
Fernando Jude F. Garcia	46	Filipino	Director, Treasurer and Chief Technology Officer	2001
Mercedita S. Nolledo	79	Filipino	Director	2001
Wilfredo O. Racaza	71	Filipino	Director	2001
Jonathan Gerard A. Gurango	62	Filipino	Independent Director	2014

Each of the Company's directors was elected to the Board during the Company's annual stockholders' meeting held on November 8, 2019. 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 following independent directors were elected during the Special Stockholders' Meeting held oon May 7, 2020:

Name	**Age**	**Citizenship**	**Position**	**Year Position was Assumed**
Imelda C. Tiongson	52	Filipino	Independent Director	2020
Bartolome S.Silayan, Jr.	53	Filipino	Independent Director	2020

The table below sets forth the Company's executive officers in addition to its executive directors listed above as of December 31, 2019:

Name	**Age**	**Citizenship**	**Position**
Mark S. Gorriceta	42	Filipino	Corporate Secretary, Chief Legal Officer and Chief Officer

The following discussion presents a brief description of the business experience of each of the Company's directors and executive officers.

[6] Mr. Alexander D. Corpuz was appointed as Director and President in 2019. He has been the Chief Finance Officer of Xurpas since 2014.

Nico Jose S. Nolledo, Filipino, 43, director of the Company since 2001.

Mr. Nolledo is the first Filipino Entrepreneur chosen by the Endeavour network. He is also the Ernst and Young's 2015 Philippine Entrepreneur of the year and was chosen as one of The Outstanding Young Men ("TOYM") in the Philippines in 2015. Mr. Nolledo holds a Bachelor of Science degree in Management from Ateneo de Manila University.

Alexander D. Corpuz, Filipino, 53, director of the Company since 2019.

Mr. Corpuz was appointed as Director and President of the Company effective February 1, 2019. He has also been the Chief Finance Officer since 2014 and Chief Information Officer since 2018. Mr. Corpuz has 29 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).

Fernando Jude F. Garcia, Filipino, 46, director of the Company since 2001.

Mr. Garcia has been the Company's Chief Technology Officer since 2001. He was also appointed as Treasurer effective February 1, 2019. He created the Company's Griffin Platform, the mobile consumer content gateway and platform for all of the Company's mobile consumer content products and services. He also created the Company's modular middleware system that can easily integrate with any modern billing gateway. He is the chief engineer responsible for the Company'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 Company's fully Cloud-based system infrastructure. Before founding the Company, 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.

Mercedita S. Nolledo, Filipino, 79, director of the Company since 2001.

Atty. Nolledo is currently a director of Bank of the Philippine Islands, BPI Family Savings Bank and BPI Capital Corporation, Anvaya Golf and Nature Club, Inc., BPI Asset Management & Trust Corporation and Michigan Holdings, Inc. She is the Chairman of BPI Investment Management Corporation. She is currently an independent director of D&L Industries, Inc. She is a member of the Board of Trustees of Ayala Foundation, Inc. and BPI Foundation, Inc. She has served as a director of Cebu Holdings, Inc. from 1993 to 2006 and of Ayala Corporation from 2004 to 2010. Atty. Nolledo was formerly Corporate Secretary and General Counsel of the Ayala Group of Companies and the Senior Managing Director of the Ayala Corporation. She served as Executive Vice President, director and Corporate Secretary of Ayala Land, Inc. and as the firm's Treasurer. Atty. Nolledo placed second in the Certified Public Accountant exams in 1960 and also placed second in the 1965 bar exams. She holds a Bachelor of Science degree in Business Administration, magna cum laude, from the University of Philippines. Atty. Nolledo holds a Bachelor of Laws degree, cum laude, from the University of the Philippines.

Wilfredo O. Racaza, Filipino, 71, director of the Company since 2001.

Mr. Racaza has 49 years of marketing and finance experience under his belt. He was the head of New Business Development in Mobil Oil Philippines for 15 years. 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 agency sales awards. He has been a consistent awardee in the General Agents and Managers Association (GAMA) of the Philippines 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.

Jonathan Gerard A. Gurango, 62, Filipino, independent director of the Company since 2014.

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, before he left in 2003 to form Gurango Software. In 2007, he was inducted into the Hall of Fame for Microsoft's Most Valuable Professionals, in recognition of his mastery of software technology and business. In 2006, the Philippine Center for Entrepreneurship acknowledged him as one of the country's Ten Most Inspiring Technopreneurs. In addition to leading Gurango Software as the most successful Microsoft Dynamics partner in the Philippines, he has co-founded several other software start-ups such as SPRING.ph, and was the President of the Philippine Software Industry Association from 2013 to 2014. 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.

Imelda C. Tiongson, Filipino, 52, independent director of the Company since 2020.

Ms. Tiongson is currently the President of Opal Portfolio Investments (SPV-AMC) Inc. She is currently an independent director of Fin Tech Global Resources Inc. and Ovo Worldwide Trading Corporation, and a Trustee of Fintech Philippines Association. Ms. Tiongson is also involved in several organizations; She is a Trustee of the Institute of Corporate Directors, Vice Chair of the Governance Committee of the Management Association of the Philippines, and the Head of Technoethics and Chair of Governance for Fintech Alliance. She is also a lecturer for Risk Management for International Finance Corporation (*an entity affiliated with the World Bank Group*) and Institute of Corporate Directors (ICD). She is also a lecturer in Ateneo Graduate School of Business - Center for Continuing Education.

She previously worked as a Senior Lending Officer in National Australia Bank and as Senior Vice President of Philippine National Bank. She was also a director of Vitarich Corporation and a board advisor of East Asia Power Corporation.

Ms. Tiongson also participated in the groups that drafted the Revised Corporation Code which was enacted in 2019 and the Financial Rehabilitation and Insolvency Act of 2010.

Ms. Tiongson obtained her Bachelor of Business in Accountancy from Royal Melbourne Institute of Technology. She also completed a Master Class on Remedial in Asian Institute of Management (AIM), Master Class in Blockchain/Cryptocurrency facilitated by Terrapinn and Master Class in Risk/Audit conducted by Worldbank ICD.

Bartolome S. Silayan Jr., Filipino, 53, independent director of the Company since 2020.

Mr. Silayan is currently the President of Phoenix One Knowledge Solutions Inc. (“Phoenix One”), a technology corporate training company which he started in 2005. He is also the President of Cafisglobal Inc, a boutique software services company serving clients in Australia. Prior to Phoenix

One, he also founded Mind Stream Inc. in 2001, the franchise holder of NIIT, the largest technology education company from India. Before he became an entrepreneur, he was the Philippine Country Head of The Pillsbury company in 1997. He worked in Hongkong and China in 1994 as Marketing Manager for the Quaker Oats company handling the Gatorade brand. He finished BS Business Management from Ateneo de Manila University and obtained his MBA from Northwestern University's Kellogg school of management.

Mark S. Gorriceta, 42, Filipino, Corporate Secretary, Chief Legal Officer and Chief Compliance Officer of the Company since 2014.

Atty. Gorriceta has been in the practice of law for fourteen 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 heads the Corporate Group of Gorriceta Africa Cauton & Saavedra. He was formerly connected with the Law Firm of Quiason Makalintal Barot Torres & Ibarra. 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 currently enrolled in Harvard University's certificate program 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.

Family Relationships

Mr. Nico Jose S. Nolledo, Chairman, is the son of Atty. Mercedita S. Nolledo, also a director.

Mr. Wilfredo O. Racaza's son, Mr. Raymond Gerard S. Racaza, is a principal shareholder of the Company.

There are no 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 [Note to Xurpas: See our comment on disclosable executive officers]

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 President and 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
Alexander D. Corpuz	President, Chief Finance Officer & Chief Information Officer				
Fernando Jude F. Garcia	Treasurer & Chief Technology Officer				
Total	2020 (Projected)	₱8,764,000.00	N/A	N/A	₱8,764,000.00
	2019	6,163,838.25	N/A	N/A	₱6,163,838.25
	2018	12,584,516.66	N/A	N/A	12,584,516.66

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 ₱20,000.00 for every meeting attended, 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 except for the Employee Stock Option Plan, approval of which is currently pending with the Securities and Exchange Commission and the listing of such shares is pending with the Philippine Stock Exchange.

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 except the Employee Stock Option Plan, approval of which is currently pending with the Securities and Exchange Commission and the Philippine Stock Exchange.

ITEM 11. Security Ownership of Certain Beneficial Owners and Management

Security ownership of certain record and beneficial owners

As of July 31, 2020, 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[7]
Common	**Nico Jose S. Nolledo** Chairman and Chief Executive Officer	Nico Jose S. Nolledo	Filipino	322,226,622 (Direct and Indirect)	17.21%
Common	**Raymond Gerard S. Racaza** President and Chief Operating Officer	Raymond Gerard S. Racaza	Filipino	375,765,960 (Direct)	20.06%
Common	**Fernando Jude F. Garcia** Chief Technology Officer	Fernando Jude F. Garcia	Filipino	375,073,960 (Direct)	20.04%
Common	**PCD Nominee Corp.**	PCD participants acting for themselves and for their customers[8]	Filipino	557,017,730 (Direct)	29.74%
Common	**PCD Nominee Corp.**	PCD participants acting for themselves and for their customers[9]	Non-Filipino	250,870,795 (Direct)	13.40%

As of July 31, 2020, 13.40% of the outstanding shares of the Company are held by non-Filipino.

Security ownership of directors and management as of July 31, 2020

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[7] Total Outstanding Shares as of July 31, 2020 is at 1,872,796,877

[8] 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.

[9] Id.

As of July 31, 2020, 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	**Nico Jose S. Nolledo** Chairman	Filipino	322,226,622 (Direct and Indirect)	17.21%
Common	**Alexander D. Corpuz** Director, President and Chief Information Officer	Filipino	1,000	0.00%
Common	**Fernando Jude F. Garcia** Director, Chief Technology Officer and Treasurer	Filipino	375,073,960 (Direct)	20.04%
Common	**Mercedita S. Nolledo** Director	Filipino	2,378,338 (Direct)	0.13%
Common	**Wilfredo O. Racaza** Director	Filipino	1,060 (Direct)	Nil
Common	**Jonathan Gerard A. Gurango** Independent Director	Filipino	169,399 (Direct)	0.01%
Common	**Imelda C. Tiongson** Independent Director	Filipino	1,000 (Direct)	Nil
Common	**Bartolome S. Silayan, Jr.** Independent Director	Filipino	2,000 (Direct)	NIl
Total (Directors and Officers as a Group)			699,853,379	37.39%

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.

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. Accordingly, the Company submitted its I-ACGR on May 29, 2019. You may refer to the Company's website for its Manual on Corporate Governance and its ACGR.

ITEM 14.

SUSTAINABILITY REPORT

Contextual Information

Company Details	
Name of Organization	Xurpas Inc.
Location of Headquarters	7th Floor, Cambridge Centre Building, 108 Tordesillas 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, 2019
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 governance1 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 is starting to become aware of possible ways its contribution to the 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. It is worth noting that as an IT company, the effects of its operations mainly affect the economic and social aspects of sustainability.

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. This is the Company's first Sustainability Report since its inception covering the period of January 2019 to December 2019. 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 is minimized. Lastly, the Social disclosures talks 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:	946,735,121	Php
Direct economic value distributed:		
a. Operating costs	286,437,054	Php
b. Employee wages and benefits	646,518,578	Php
c. Payments to suppliers, other operating costs	2,574,893,910	Php
d. Dividends given to stockholders and interest payments to loan providers	39,684,866	Php
e. Taxes given to government	28,796,552	Php
f. Investments to community (e.g. donations, CSR)	20,222	Php
Direct economic value retained:	(2,626,971,914)	Php

What is the impact and where does it occur? What is the organization's involvement in the impact	Which stakeholders are affected?	Management Approach
The Economic Performance of the Company impacts the business as a whole. Being profitable and having healthy liquidity stance result to strong business operations and provides opportunities for expansion and growth.	All stakeholders	As can be measured through its annual reports and financial statements, the Company assures all stakeholders to provide quality services for customers through continuous research and development that bring forth positive economic performance.

What are the Risk/s Identified?		
Internal Risks: Loss of customers, management risk, and financial risk **External Risks:** Regulatory risks, Stiff competition in the IT industry, and product obsolescence brought about by ever changing and upgrade of various technology solutions		To address these risks, Xurpas banks on the quality services that it provides its customers backed up by its management expertise and technological know-how.
What are the Opportunity/ies Identified?		
The pandemic that the world faces presently brings about realization on the importance of digital transformation across all businesses regardless of size.		The continuous relationship building to its clientele base (new and existing) and other technology company opens up opportunities to grow the business not only in the local market but the international market as well. Also, these relationships provide information of relevant trends that may improve the offered services that may result to increased economic performance.

Climate-related risks and opportunities

Governance	Strategy	Risk Management	Metrics and Targets
The Company, as of date, does not have governance around climate-related risks and opportunities. Nevertheless, it strives to do implement sustainability in the organization whenever applicable.	Not Applicable	Not Applicable	Not Applicable
Recommended Disclosures			
The Board, as of date, does not oversee climate-related risks and opportunities.	Not Applicable	Not Applicable	Not Applicable
The Management, as of date, does not have any process for managing climate- related risks.	Not Applicable	Not Applicable	Not Applicable
	Not Applicable	Not Applicable	Not Applicable

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	99.88	%

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.
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)	88,568.99	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	–	GJ
Energy reduction (LPG)	–	GJ
Energy reduction (diesel)	–	GJ
Energy reduction (electricity)	–	kWh

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Reduction of energy consumption is being encouraged throughout the Company as it reduce utility expenses at the same time help the environment. Reducing energy consumption is seen to be a solution to minimize the emission of greenhouse gases in the atmosphere causing climate change.	Employees	As part of the Company's initiative to minimize expenses, employees are expected to act responsible and professionally in terms of incurring expenses. Employees are encouraged conserve energy whenever possible (e.g making sure that lights and aircon in the conference rooms are turned off when not in use).

What are the Risk/s Identified?		
Instability of prices for fuel and other energy resources.	Suppliers and Employees	Given that the identified risk is an external factor in which the Company does not have control over. Hence, employees are encouraged conserve energy whenever possible.
What are the Opportunity/ies Identified?		
Internal cost reduction and savings can contribute to finance other profitable projects.	Stockholders and Employees	Employees are encouraged to save electricity whenever possible.

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	-	Cubic meters
Water consumption	508.44	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?		
Internal cost reduction and savings that can contribute to finance other profitable projects.	Stockholders and Employees	As mentioned, employees are encouraged to save water whenever possible.

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.		

<u>Environmental impact management</u>

<u>Air Emissions</u>

<u>GHG</u>

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

<table>
<tr><th>What is the impact and where does it occur? What is the organization’s involvement in the impact?</th><th>Which stakeholders are affected?</th><th>Management Approach</th></tr>
<tr><td>Given the nature of the Company’s business, that is, software development and other IT services, it does not contribute any air pollutant into the environment. Nevertheless, it strives to work towards sustainable development.</td><td rowspan="5">Not Applicable</td><td rowspan="5">Not Applicable</td></tr>
<tr><th>What are the Risk/s Identified?</th></tr>
<tr><td>No identifiable risks since the Company is engaged in software development and does not contribute air pollutants.</td></tr>
<tr><th>What are the Opportunity/ies Identified?</th></tr>
<tr><td>No identifiable opportunities since the Company is engaged in software development and does not contribute air pollutants.</td></tr>
</table>

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.		

<u>Hazardous Waste</u>

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	36	#
b. Number of male employees	48	#
Attrition rate	47.62	%
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	2	3
PhilHealth	Y	4	3
Pag-ibig	Y	1	-
Parental leaves	Y	1	-
Vacation leaves	Y	33	42
Sick leaves	Y	32	42
Medical benefits (aside from PhilHealth))	Y	25	33
Housing assistance (aside from Pagibig)	N	-	-
Retirement fund (aside from SSS)	N	-	-
Further education support	N	-	-
Company stock options	N	-	-
Telecommuting	N	-	-
Flexible-working Hours	Y	34	47
(Others)	N	-	-

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
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.	The Company is committed to continually review its incentive programs that rewards its employees for their contribution to achieve the Company's goals.
What are the Risk/s Identified?	
Increasing attrition rate and employee dissatisfaction.	
What are the Opportunity/ies Identified?	
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.	

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	104	hours
b. Male employees	336	hours
Average training hours provided to employees		
a. Female employees	13	hours/employee
b. Male employees	21	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	9	#

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	43	%
% of male workers in the workforce	57	%
Number of employees from indigenous communities and/or vulnerable sector*	4	#

*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.	

<u>Workplace Conditions, Labor Standards, and Human Rights</u>

<u>Occupational Health and Safety</u>

Disclosure	Quantity	Units
Safe Man-Hours	8	Man-hours
No. of work-related injuries	-	#
No. of work-related fatalities	-	#
No. of work related ill-health	104	#
No. of safety drills	-	#

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. Lastly, it has established programs to engage employees and check on their overall well-being.
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 employees 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: **None**

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

<table>
<tr><th>What is the impact and where does it occur? What is the organization's involvement in the impact?</th><th>Management Approach</th></tr>
<tr><td>In terms of supply chain management, the Company deals mostly with IT companies whose operations does not have a direct impact in the environment and social issues.</td><td>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</td></tr>
<tr><th>What are the Risk/s Identified?</th><th></th></tr>
<tr><td>No identifiable risk in relation to supply chain.</td><td rowspan="3">Not Applicable</td></tr>
<tr><th>What are the Opportunity/ies Identified?</th></tr>
<tr><td>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.</td></tr>
</table>

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.	Though the Company does not have these issues, it is still committed to provide quality services to its customers.
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.)	No identifiable negative impact of contribution.	
	Industry, Innovation and Infrastructure (Through the services and expertise it provides, the Company is 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.	Breach of Data and Customer Privacy.	The Company complies with Data Privacy Act and only discloses customers' data as required by the law and/or as stated in the contract. Aside from that, it also enforces strict internal data precautions.
	Peace, Justice and	No identifiable	

	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.	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 o answer.

(b) Reports on SEC Form 17-C

Xurpas Inc. (the "**Company**") filed the following reports on SEC Form 17-C were filed in 2019 and the first two (2) quarters of 2020:

DATE FILED	ITEMS REPORTED
January 4, 2019	Certification on the attendance of the Board of Directors in its 2018 meetings
January 7, 2019	Certification on adoption of leading practices and principles of good corporate governance.
January 15, 2019	Public Ownership Report
January 16, 2019	List of Top 100 Stockholders
January 30, 2019	On January 29, 2019, Mr. Raymond Gerard S. Racaza resigned as Director, President and Chief Executive Officer. His resignation became effective on January 30, 2019. Mr. Alexander D. Corpuz and Mr. Fernando Jude F. Garcia was appointed as President and Treasurer, respectively.
January 30, 2019	Press Release: Listed tech company Xurpas Inc. (PSE: X) announced that it has engaged the services of Primeiro Partners as its financial advisor to provide strategic and financial advisory services for the company.
February 07, 2019	The Company furnished the Commission with its Amended General Information Sheet for the year 2018, incorporating the changes since its last submission.
February 20, 2019	The Company announced that its founders will provide shareholder advances in an aggregate amount of Php150 million into the Company, through shareholder advances. The said loan has been approved by the board of directors of the Company on the said date.
April 01, 2019	Statement of changes in Beneficial Ownership of Securities.

April, 8 2019	The Company submitted the following: a. PSE Disclosure Form 17-13 - Foreign Ownership Report; b. PSE Disclosure Form 4-30 - Material Information Transactions on the date, time and agenda for the 2019 Annual Stockholders' Meeting and issuance of 415,000 Xurpas shares to the Company's President and Chief Finance Officer, Alexander Corpuz; c. PSE Disclosure Form 7-1 - Notice of Annual Stockholders' Meeting; and d. PSE Disclosure Form 9-2 - Sale of Treasury Shares;
April 12, 2019	List of Top 100 Stockholders.
July 4, 2019	The Company submitted PSE Disclosure Form 4-30 or Material Information / Transaction on the sale of 475,000 Xurpas shares to certain Employees. The Company also submitted PSE Disclosure Form 9-2 on the sale of Treasury Shares.
July 11, 2019	List of Top 100 Stockholders
July 15, 2019	Public Ownership Report
August 7, 2019	The Company submitted PSE Disclosure form 4-30 on Material Information / Transactions. The disclosure reflects the approval of the date of the Annual Stockholders' Meeting and approval of the Unaudited Consolidated Financial Statements. The Company also amended the Notice of Annual Stockholders' Meeting.
August 19, 2019	The Company submitted an amended PSE Disclosure Form 7-1 or the Notice of Annual or Special Stockholder Meeting or PSE Disclosure form 7-1. The disclosure was amended to reflect the following information: 1. Record Date (September 6, 2019); and 2. The Start and End Dates of closing of Stock Transfer Books.
September 12,2019	The Company submitted PSE Disclosure Form 4-32 or the Reply to Exchange's query for additional information relevant to the sale of Yondu Inc. to Globe Telecom and dissolution of Xeleb Technologies Inc. and Xeleb Inc.
September 12, 2019	The Company submitted PSE Disclosure Form 17-11 or the List of Stockholders as of Record Date.
October 15, 2019	The Company submitted the following: a. PSE Disclosure Form POR-1 - Public Ownership Report; b. PSE Disclosure Form 17-12 - the List of Top 100 Stockholders.
November 6, 2019	The Company submitted the following disclosures: a. PSE Disclosure Form LR-1 or Comprehensive Corporate Disclosure on Issuance of Shares to issue new shares from its authorized capital stock to the General Partners of Wavemaker Partners US, namely: Eric Manlunas, Paul Santos and James Jordan; b. PSE Disclosure Form 4-2 or Acquisition or Disposition of Shares of Another Corporation on the approval of the purchase of 100% equity interest in Wavemaker Partners US; c. PSE Disclosure Form 4-31 or Press Release wherein the Company

	disclosed that it acquired Wavemaker Partners US.
November 8, 2019	The Company submitted the following disclosure: a. Results of Annual Stockholders' Meeting; b. Results of Organizational Meeting.
November 11, 2019	The Company submitted SEC Form 17-Q or the Quarterly Report for the period ended September 30, 2019.
November 11, 2019	In relation to the sale by Xurpas Inc. of its 51% share in Yondu Inc., and the dissolution of Xeleb Technologies Inc.and Xeleb Inc., the Company submitted its Pro Forma Consolidated Financial information to show the significant effect had the transaction occurred at an earlier date.
November 12, 2019	The Company submitted the following: a. Amended PSE Disclosure Form 4-2 or the Acquisition or Disposition of Shares of Another Corporation to clarify the following matters: (1) Xurpas will purchase 100% equity interest in a holding company that has not been formed as of date; (2) the said holding company will consolidate all of the General Partners' rights in the following management companies: 62.5% of Siemer Ventures LLC, 66.67% of Wavemaker Partners LLC, 90% of Wavemaker Management LLC, and 100% of Wavemaker Global Select, LLC (collectively known as Wavemaker Partners US); b. PSE Disclosure Form 4-32 of the Reply to Exchange's Query on additional information relevant to the acquisition of a holding company, Wavemaker Partners US.
November 26, 2019	The Company announced that the Board of Directors approved to hold a special stockholder meeting on February 19, 2020, with record date on December 13, 2019.
December 20, 2019	The Company submitted PSE Disclosure Form 17-11 or the List of Stockholder as of Record Date.
January 10, 2020	The Company submitted a Certification that the Corporation has adopted the leading practices and principles of good corporate governance in its Revised Manual on Corporate Governance approved and adopted on May 30, 2017.
January 14, 2020	The Company submitted the following disclosures: a. PSE Disclosure Form 17-12 or List of Top 100 Stockholders b. PSE Disclosure Form POR-1 or Public Ownership Report
January 27, 2020	The Board of Directors of the Company approved to move the date of the Special Stockholders' Meeting from February 19, 2020 to March 4, 2020.
January 27, 2020	The Company submitted its Definitive Information Statement for the Special Stockholders' Meeting.
February 11, 2020	The Board of Directors of the Company approved to move the date of the Special Stockholders' Meeting from March 4, 2020 to March 24, 2020 and amended PSE Disclosure Form No. 7-1 or the Notice of Special

	Stockholders' Meeting.
February 14, 2020	The Definitive Information Statement was amended to incorporate the comments of the SEC.
March 16, 2020	The Company responded to the SEC Memorandum issued on March 12, 2020 regarding Covid-19. As a technology company which has the capability to provide and/or deliver its services remotely, the Company expects limited interruptions in its operations.
March 16, 2020	The Company amended the Notice of Special Stockholders' Meeting to indefinitely postpone meeting originally the scheduled on March 24, 2020.
March 30, 2020	The Company amended the Notice of Special Stockholders' Meeting to hold the meeting on May 7, 2020. The said Special Stockholders' Meeting shall also be conducted virtually.
March 30, 2020	The Company submitted PSE Disclosure Form No. 4-4 or Amendments to By-Laws to allow the following: a. Distribution of meeting materials via electronic means; b. Participation of stockholders in meetings through remote communication or in absentia; and c. Voting in absentia.
March 30, 2020	The Company submitted PSE Disclosure Form No. 4-30 or Material Information / Transactions to announce the decision of the Board to suspend the business operations of its wholly owned subsidiary in Singapore, Art of Click Pte. Ltd. The Board also approved the sale of 80% of the shares of CTX Technologies Inc. to Mr. Fernando Jude F. Garcia.
March 30, 2020	The Company submitted PSE Disclosure Form 4-32 or Reply to Exchange's Query requesting for additional information on Art of Click Pte. Ltd and CTX Technologies Inc.
March 31, 2020	The Company submitted PSE Disclosure Form 4-2 or the Acquisition / Disposition of Shares of Another Corporation which reflects the sale of 80% of CTX Technologies Inc. to Mr. Fernando Jude F. Garcia.
March 31, 2020	The Company submitted an amendment to PSE Disclosure Form 4-32 to provide additional information requested by the Exchange regarding its recent disclosures on Art of Click and CTX Technologies Inc.
April 2, 2020	The Company amended the Definitive Information Statement to reflect that the meeting will be conducted on May 7, 2020 via http://ssmlivestream.xurpas.com.
April 2, 2020	The Company amended the Notice of Special Stockholders' Meeting to hold the meeting on May 7, 2020 via http://ssmlivestream.xurpas.com.
April 3, 2020	The Company submitted PSE Disclosure Form 17-3 or the Request for Extension to File SEC Form 17-A.
April 3, 2020	The Company submitted PSE Disclosure Form 17-4 or the Request for Extension to File SEC Form 17-Q.
April 3, 2020	The Company approved the postponement of the Annual Stockholders' Meeting to 3rd Quarter of 2020.

April 13, 2020	In compliance with SEC Notice dated April 3, 2020, the disclosure on the Postponement of Annual Stockholders' Meeting was amended to include SEC Form 17-C and the Secretary's Certificate reciting the resolution of the Board postponing the Annual Stockholders' Meeting.
April 13, 2020	The Company amended PSE Disclosure Form 17-3 or the Request for Extension to File SEC Form 17-A or Annual Report to include SEC Form 17-LC.
April 13, 2020	The Company amended PSE Disclosure Form 17-4 or the Request for Extension to File SEC Form 17-Q or Quartely Report to include SEC Form 17-LC.
April 13, 2020	The Company submitted the following: a. PSE Disclosure Form POR-1 - Public Ownership Report; b. PSE Disclosure Form 17-12 - the List of Top 100 Stockholders.
May 7, 2020	The Company submitted PSE Disclosure Form 4-8 or Change in Directors and/or Officers to disclose the election of Mr. Bartolome Silayan Jr. and Ms. Imelda C. Tiongson as independent directors.
May 7, 2020	PSE Disclosure Form 4-4 was amended to reflect the date of stockholders' approval to the amendments to By-Laws.
May 7, 2020	The Company disclosed the Results of the Special Stockholders' Meeting. The following matters were approved during the meeting: 1. Approval of Minutes of the Special Stockholders' Meeting held on November 8, 2019; 2. Approval on the issuance of up to 1,706,072,261 New Common Shares from the unissued authorized capital stock and listing of the Subscription Shares with the PSE; 3. Election of Mr. Bartolome Silayan, Jr. and Ms. Imelda C. Tiongson as Independent Directors; and 4. Amendment of By-Laws to reflect the following: (a) allow electronic distribution of stockholders' meeting materials; (b) participation through remote participation or in absentia; and (c) voting in absentia.
May 8, 2020	The Company submitted PSE Disclosure Form 4-30 or Material Information / Transactions to provide for new Board Committee Memberships.
May 8, 2020	The Company disclosed the Change in Directors and / or Officers to show the election of Mr. Bartolome Silayan, Jr. and Ms. Imelda C. Tiongson.
May 8, 2020	The Company submitted PSE Disclosure Form 4-4 or Amendments to By-Laws to include SEC Form 17-C.
May 8, 2020	The Company submitted PSE Disclosure Form 4-24 or Results of the Special Stockholders' Meeting to include SEC Form 17-C.
May 8, 2020	The Company submitted PSE Disclosure Form 4-30 or Material Information / Transaction to include SEC Form 17-C.

May 29, 2020	The Company submitted the Amended General Information Sheet of Xurpas Inc. which reflects the election of its independent directors, Ms. Imelda C. Tiongson and Mr. Bartolome S. Silayan Jr.

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 issuer by the undersigned thereunto duly authorized, in the City of PASIG CITY on AUG 1 4 2020.

By:

ALEXANDER D. CORPUZ President/ Chief Finance Officer	**FERNANDO JUDE F. GARCIA** Treasurer/ Chief Technology Officer
ESTRELITA B. LABAN Finance Controller	**MARK S. GORRICETA** Corporate Secretary

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

SUBSCRIBED AND SWORN to before me this AUG 1 4 2020 affiant(s) exhibiting to me his/their Competent Evidence of Identity, as follows:

NAMES	PASSPORT NO.	DATE OF ISSUANCE	PLACE OF ISSUANCE
ALEXANDER D. CORPUZ	P5670777A	January 18, 2018	DFA NCR East
FERNANDO JUDE F. GARCIA	P3524556B	October 15, 2019	DFA NCR East
MARK S. GORRICETA	P4531123B	January 24, 2020	DFA NCR East
ESTRELITA B. LABAN	EC8421222	July 28, 2016	DFA NCR South

Doc. No. 214;
Page No. 44;
Book No. 3;
Series of 2020.

ATTY. MARIEL CLAIRE D. GONZALES
PTR No. 5242389 / 01-10-2020/ Pasig City
IBP LIFETIME No. 017254 / 06-09-17
Roll No. 69080
MCLE Compliance VI-0020653; 03-25-19
Gorriceta Africa Cauton & Saavedra Law Office
5th Flr. Strata 2000 Building, F. Ortigas, Jr. Road
Pasig City, Tel. No. (02)6960988/6990687
Appointment No. 147 (2019-2020)