COVER SHEET

SEC Registration Number

A	2	0	0	1	1	7	7	0	8	

Company Name

XURPAS INC. AND SUBSIDIARIES

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

UNIT 804 ANTEL 2000 CORPORATE CENTER, 121 VALERO ST. SALCEDO VILLAGE, BRGY. BEL-AIR, MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q	SEC	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
info@xurpas.com	**8889-6467**	**N/A**

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
24	**2nd Monday of May**	**March 31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Alexander D. Corpuz	**mar@xurpas.com**	**8889-6467**	**N/A**

Contact Person's Address

Unit 804 Antel 2000 Corporate Centre, 121 Valero St., Salcedo Village, Brgy. Bel-Air, Makati City

Note**: 1.** In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-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, 2021**

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

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

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

6. (SEC Use Only)
   Industry Classification Code:

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

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

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

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

Title of Each Class	Number of Shares of Common Stock Outstanding
Common Shares	**1,872,796,877**

As of December 31, 2021, 42.57% 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, 2021.

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, 2021 amounted to ₱438,447,646. The price used for this computation is the closing price as of September 18, 2020 which is at ₱0.55.

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 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 telephone companies (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 344,000,000 common shares at an offer price of ₱3.97 per share. On December 2, 2014, the common shares of Xurpas were listed in the PSE.

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

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

Acquisitions and Investments

Altitude Games Pte. Ltd. The Company purchased 21.78% ownership in Altitude Games Pte. Ltd. in 2014, a Singaporean IT company engaged in computer game development and publishing. In 2020, Altitude accepted game development projects outsourced to it by certain offshore game publishers and launched games using blockchain. As of date, Xurpas' stake in Altitude is 21.17%.

Storm Technologies Inc. In February 2015, the Company acquired a 51% controlling stake in Storm Flex Systems, Inc. (currently registered as Storm Technologies Inc., referred herein as "**Storm**"), to enable Xurpas to expand beyond telecommunication networks and into corporations through offering human resource ("HR") technology solutions. As of date, Xurpas owns 51.31% controlling stake in Storm.

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

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

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

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

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

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

Xeleb Technologies Inc. and Xeleb Inc. 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.

The Company has also sold the following entities:

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

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

The list of companies in which Xurpas has a voting interest as of December 31, 2021 and 2020 are as follows:

	Percentage of Voting Interest	
	2021	**2020**
Xeleb Technologies Inc. (formerly Fluxion, Inc.)[1]	**100.00%**	**100.00%**
Storm Technologies, Inc. (formerly Storm Flex Systems, Inc.)	**51.31%**	**51.31%**
Seer Technologies Inc.	**70.00%**	**70.00%**
Xurpas Enterprise Inc.	**100.00%**	**100.00%**
Art of Click Pte. Ltd.	**100.00%**	**100.00%**
PT Sembilan Digital Investama	**49.00%**	**49.00%**
MatchMe Pte. Ltd.	**29.10%**	**29.10%**
Micro Benefits limited	**23.53%**	**23.53%**
Altitude Games Pte. Ltd	**21.17%**	**21.17%**
Altitude Games Inc.	**21.17%**	**21.17%**
Zowdow, Inc. (formerly Quick.ly Inc.)	**3.56%**	**3.56%**
ODX Pte. Ltd.	**100.00%**	**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, 2021, the Company is a party to content provider agreements with two (2) 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

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

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, 2021, the Group's total revenue and net income from its mobile consumer products business before intersegment adjustments were ₱40.55 million and ₱11.01 million, respectively, while total revenue and net loss before intersegment adjustments from its mobile consumer products business for the year ended December 31, 2020 amounted ₱22.00 million and ₱9.81 million, respectively.

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

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

For the year ended December 31, 2021, the Company's total revenue and net loss from its enterprise business before intersegment adjustments were ₱153.62 million and ₱27.61 million, respectively, while total revenue and net income before intersegment adjustments from its enterprise business were ₱249.55 million and ₱35.76 million, respectively, for the year ended December 31, 2020.

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, 2021, the Company’s total revenue and net loss from its other services before intersegment adjustments were ₱51.91 million and ₱20.85 million, respectively. While for the year ended December 31, 2020, the Company’s total revenue and net loss before intersegment adjustments from its other services were ₱73.30 million and ₱11.26 million respectively.

Blockchain Technology

In 2018, the Company announced the incorporation of its wholly owned subsidiary, ODX Pte. Ltd. (“ODX”), an entity registered in Singapore, that will allow consumers in emerging markets to access the internet for free, through sponsored data packages. ODX pre-sold tokens and the proceeds from the said sale, amounting to US$4,999,960 will be used to start building the ODX infrastructure and for business development. 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”). In 2021, there was maintenance work done on the platform.

COMPETITION

For its enterprise development business, the Company considers Stratpoint, Pointwest, Yondu, Asticom and Novare, as its main competitors, providing outsourced web and mobile applications development services, cloud services for their clients, and staff augmentation. For Business Solutions, the Company competes with Oracle Netsuite, Odoo, Acumatica for Enterprise Resource Planning and Sprout Solutions and Salarium for Payroll Systems.

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

For its mobile consumer content development business, the Company competes with Yondu.

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

High Customer Concentration

The Company has been working towards improving its business and financial growth for the past years. The Company’s 46% of revenues can be attributed to 3 of its major clients in 2021. As part of its growth strategy, the Company has been looking for new opportunities that would allow them to further diversify its business. In fact, for 2021, there is a 36% increase in the number of clients compared in 2020. At the same time, the Company still intends to continue to develop its current relationships with its long-term customers.

Ability to maximize and adapt to new technologies

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

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.

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.

Ability to adapt due to changes attributed to Covid-19

The Coronavirus-19 (COVID19) disease caused lockdown and/or restrictions in movement in 2020. The Company had to consider the safety of its employees and their families. The Company saw a reduction or turnover in its support staff as a result of the mobility restrictions during the pandemic. To mitigate the risks caused by the pandemic, the Company implemented work from home arrangements, maximized available online software, and relied on digital marketing. The Company had to implement changes in the marketing and delivery of its services to comply with the movement restrictions imposed by the Government. The complete shift to cloud and/or online software due to COVID-19 also increased the Company's risk on data privacy. The Company reviewed its data privacy policy and implemented new policies to ensure that data are protected notwithstanding the shift to remote work.

Concentrated Ownership offers a potential risk for conflict of interest

The Company is substantially owned and/or controlled by the three (3) founders, Messrs. Nico Jose S. Nolledo, Fernando Jude F. Garcia and Raymond Gerard S. Racaza, wherein they own approximately 57.30% of the issued and outstanding shares of the Company. The Company has been working towards diversification. In fact, the Company has implemented the following to ensure that related party transactions, if any, are made at arm's length:

- Out of the eight (8) board seats, only four (4) board seats are occupied by the controlling shareholders (or their affiliates). Moreover, most of these directors are appointed as non-executive directors, which accordingly lessens the risk for conflict of interest.
- The Company's President is also an independent party, not affiliated with the said principal shareholders.
- The Company has also appointed three (3) independent directors.
- The Company has been strengthening its Related Party Transactions Policy.
- The Company also has an Audit, Related Party Transactions and Corporate Governance Committees that evaluates related party transactions, as may be applicable.

TRANSACTIONS WITH RELATED PARTIES

The Company has likewise secured loans from its key shareholders. See Note 19 of the Company's consolidated financial statements for transactions as of December 31, 2021.

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

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

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

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.

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.	Xurpas	420017004618	May 8, 2007	August 27, 2007
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.	#TBT	42014009258	July 25, 2014	December 11, 2014
Xurpas Inc.	SWAG	42014009261	July 25, 2014	February 12, 2015
Xurpas Inc.	#FOODPORN	42014009256	July 25, 2014	December 11, 2014
Xurpas Inc.	Xurpas	42007004775	May 11, 2007	October 8, 2007
Xurpas Inc.	Balikbayan Box It	42017017366	October 26, 2017	April 12, 2018
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.	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.	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 Technologies Inc.	Xeleb Live	42018003220	February 21, 2018	September 6, 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:

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

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

EMPLOYEES

The Company believes that its relationship with its employees is generally good and, since the start of its operations, the Company has not experienced a work stoppage as a result of any labor or labor-related disagreements. None of the Company's employees belong to a union. The Company has implemented cost-cutting measures to manage its day-to-day operations considering 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, 2021:

Executives	3
Accounting, Finance, Human Resources and Administrative	13
Marketing	5
Technical Staff	42
Total	63

The Company has adopted a rewards and recognition policy that is competitive with industry standards in the Philippines. Salaries and benefits are reviewed periodically and adjusted to retain current employees and attract new talents. Tied to these is a performance management system that calls for the alignment of individual key results, competencies, and development plans with the Company's overall business targets and strategy. Performance is reviewed periodically and employees are rewarded based on the attainment of pre-defined objectives. The Company also maintains programs for its employees' professional, technical and personal development.

COMPLIANCE WITH ENVIRONMENTAL LAWS

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

PLANS AND PROSPECTS

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

1. <u>IT Staff Augmentation:</u> Since the demand remains strong for IT staff augmentation, evidenced by the continuing increase in revenue for 2021, the Company will build and augment its current business by vigorously seeking new clients while at the same time maintaining and growing its business relationships with its existing long-term clients. The Company believes that the increased requirements of both private companies and public entities for digital transformation, especially in a post COVID environment, creates multiple opportunities for its enterprise business.

2. Digital Business Solutions: Xurpas also plans to expand its digital business solutions service and product offering, catering to the large untapped SME market. Xurpas will help these companies enable their digital transformations by providing tools and solutions to address their business needs in financial, production/manufacturing, people, marketing, sales, and customer management. These products will provide similar functionalities and benefits as global brands used by multinationals and large local companies, but will be offered at a significantly lower-cost, to accommodate the budgets of local SMEs. These SMEs comprise a large percentage of the market. Xurpas shall implement this with a curated technology platform and an ecosystem of partners.
3. Web 3.0: This is the third generation of web services and the next stage in the evolution of the internet. Web 3.0 will largely be built on three new layers of emerging technologies – edge computing infrastructure (superfast 5G data speeds), decentralised data infrastructure (data formats and software that are open, coupled with the advancements in blockchain technology) and Artificial Intelligence or AI driven services (expanding capabilities of AI and machine learning or ML). Xurpas shall leverage its existing global network going into Web 3.0 and shall tap the massive opportunity it offers for staff augmentation and custom development work.

ITEM 2. Properties

LEASED PROPERTIES

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

The Company also previously held an office at 7th Floor, Cambridge Centre Building, 108 Tordesillas St., Salcedo Village, Makati City, Philippines with an area of 507 square meters. On March 31, 2020, the lease contract was renewed for a period of one (1) year which terminated on March 31, 2021. The applicable rate per month is ₱0.33 million.

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

OTHER PROPERTIES

As of December 31, 2021, the Group has transportation equipment, office equipment, IT equipment, furniture and fixtures and leasehold improvements with a net book value of ₱4.66 million that are situated in the leased offices held by the Group.

Xurpas also owns intangible assets amounting to ₱88.51 million as of December 31, 2021. These include goodwill, developed softwares and cryptocurrencies.

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 was no property and equipment pledged as collateral as at December 31, 2021.

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, amounting to USD7,873,834.99. 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 a Settlement Agreement dated 1 July 2020. Pursuant to the Settlement Agreement, Pocketmath paid AoC through Xurpas Inc. USD400,000.00 divided into four equal installments, with the final amount received in September 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 a Special Stockholders' Meeting on August 11, 2021 wherein the following matters were acted upon:

Agenda 1: Approval of Minutes of Previous Meeting		
Approved by	99.97% of those present in the meeting	
Resolution: "RESOLVED, that the stockholders of Xurpas Inc. approve the minutes of the Annual Stockholders' Meeting held on November 27, 2020."		

Agenda 2: Approval of the Annual Report and 2020 Audited Financial Statements		
Approved by	99.97% of those present in the meeting	
Resolution: **RESOLVED**, that the stockholders of **XURPAS INC.** (the "**Corporation**") note the Corporation's Annual Report and to approve the Consolidated Audited Financial Statements of the Corporation as of December 31, 2020, as audited by SyCip Gorres Velayo & Co."		

Agenda 3: Election of Directors and Independent Directors	
Names	**Approved by**
Nico Jose S. Nolledo	99.97%
Alexander D. Corpuz	99.98%
Fernando Jude F. Garcia	99.98%
Wilfredo O. Racaza	99.97%
Atty. Mercedita S. Nolledo	99.97%
Jonathan Gerard A. Gurango	99.98%
Bartolome S. Silayan Jr.	99.98%
Imelda C. Tiongson	99.98%
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 Alexander D. Corpuz Fernando Jude F. Garcia Wilfredo O. Racaza Mercedita S. Nolledo Jonathan Gerard A. Gurango (Independent Director) Bartolome S. Silayan, Jr. (Independent Director) Imelda C. Tiongson (Independent Director)"	

Agenda 4: Appointment of External Auditor	
Approved by	99.98% of those present in the meeting
Resolution: “**RESOLVED**, as endorsed by the Board of Directors, to approve the reappointment of SyCip Gorres Velayo & Co. as the Corporation’s External Auditor for the year 2021.”	

Agenda 5: Ratification of Previous Acts of the Directors and Management	
Approved by	99.97% of those present in the meeting
Resolution: “**RESOLVED**, that the stockholders of the Corporation ratify all actions of the Directors and Management from October 9, 2020 to June 16, 2021.”	

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 first three (3) quarters of 2020 are indicated below:

	High	**Low**
2022		
1st Quarter	0.57	0.30
2020		
3rd Quarter	0.55	0.50
2nd Quarter	1.37	0.40
1st Quarter	0.95	0.40
2019		
4th Quarter	1.16	0.75
3rd Quarter	1.22	0.87
2nd Quarter	1.37	0.91
1st Quarter	2.33	1.09
2018		
4th Quarter	2.39	1.04
3rd Quarter	3.72	2.02
2nd Quarter	3.92	2.80
1st Quarter	5.93	3.10
2017		
4th Quarter	5.94	3.10
3rd Quarter	9.07	5.20
2nd Quarter	10.84	7.40
1st Quarter	10.50	7.09

The market capitalization of the Company's common shares as of end-2021, based on the closing price of ₱0.55/share, was approximately ₱1.03 billion, which is similar to the end-2020 figures taking into account that the Company's trading suspension with the Philippine Stock Exchange continued until January 2022. [2]

The price information of Xurpas' common shares as of the close of the latest practicable trading date, May 12, 2022, is at ₱0.300/share.

[2] Xurpas has 1,872,796,877 outstanding common shares as of December 31, 2020.

Holders

There are twenty-five registered holders of common shares, as of April 30, 2021 (based on the 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]	1,404,025,346	68.34	Filipino
2.	PCD Nominee Corp. (Non-Filipino)	293,998,958	14.31	Others
3.	Nico Jose S. Nolledo	181,818,192	8.85	Filipino
4.	Raymond Gerard S. Racaza	174,100,010	8.85	Filipino
5.	Nelson Gatmaitan	400,000	0.02	Filipino
6.	Emilie Grace S. Nolledo	251,889	0.01	Filipino
7.	Aquilina V. Redo	6,500	0	Filipino
8.	Rogina C. Guda	6,000	0	Filipino
9.	Dahlia C. Aspillera	2,900	0	Filipino
10.	Mercedita S. Nolledo	1,060	0	Filipino
11.	Wilfredo O. Racaza	1,060	0	Filipino
12.	Roberto B. Redo	1,000	0	Filipino
13.	Shareholders' Association of the Philippines	1,000	0	Filipino
14.	Frederick D. Go	500	0	Filipino
15.	Dondi Ron R. Limgenco	111	0	Filipino
16.	Marietta V. Cabreza	100	0	Filipino
17.	Milagros P. Villanueva	100	0	Filipino
18.	Myra P. Villanueva	100	0	Filipino
19.	Myrna P. Villanueva	100	0	Filipino
20.	Philip &/or Elnora Turner	99	0	British-Indian
21.	Fernando Jude F. Garcia	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	**2,054,615,059**	**100%**	**Filipino**

[3] Based on the list of stockholders issued by BDO Unibank Inc. Stock and Investment Group, list includes PCD Nominee Corp (Filipino and Non-Filipino). We have excluded also the Treasury Shares (including those lodged under PCD Nominee Corp).

[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.

Dividends and Dividend Policy

Information on the Company's declaration of dividends follow:

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

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

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

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

1. Overnight Top-up Placement – April 26, 2016

On April 26, 2016, the Board of Directors of Xurpas approved the holding of a Placing and Subscription Transaction ("the Overnight Top-up Placement") wherein Messrs. Nico Jose S. Nolledo, Raymond Gerard S. Racaza and Fernando Jude F. Garcia (the "Selling Shareholders") sold an aggregate of 155,400,000 common shares (the "Offer Shares") to investors (the "Placing tranche") and the Selling Shareholders subscribed to an aggregate of 77,700,000 common shares (the "Subscription Shares") or 4.32% of the new issued and outstanding capital shares of the Company (“Subscription tranche”).

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

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

2. Acquisition of Art of Click Pte. Ltd (“AOC”) – October 6, 2016

On October 6, 2016, Xurpas signed a Share Purchase Agreement with Emmanuel Michel Jean Allix and Wavemaker Labs Pte. Ltd. (the "Sellers") for the acquisition of 100% shares in AOC for an aggregate consideration of PhP1.40 billion in cash and in Xurpas shares. AOC is a Singaporean start-up firm established in 2011 that specializes in mobile marketing solutions for advertisers, publishers, app developers and other operators. Its key markets include Japan, Korea, Hong Kong, Taiwan, Southeast Asia, North America and Europe.

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

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

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

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

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

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

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

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

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

3. Issuance of New Common Shares to Wavemaker Group

On May 7, 2020, the Corporation's stockholders approved the issuance and listing of up to 1,706,072,261 new common shares from its unissued authorized capital stock in favor of Frederick Manlunas, Benjamin Paul Bustamante Santos and James Buckly Jordan, with the following resolutions:

> "**RESOLVED**, that the stockholders of Xurpas Inc. approve the issuance of up to One Billion Seven Hundred Six Million Seventy Two Thousand Two Hundred Sixty One (1,706,072,261) new common shares ("**Subscription Shares**") from the unissued authorized capital stock and listing of the Subscription Shares with the Philippine Stock Exchange."

On September 20, 2020, the Board amended the previous resolutions / approvals, and approved the issuance of 1,707,001,019 common shares ("**Subscription Shares**") at a price of ₱0.10 per share ("**Subscription Price**") to the following:

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

In the approval made by the Board on September 20, 2020, the distribution of the shares to be issued has been identified. Moreover, there was a minor increase in the number of shares to be issued to the Subscribers.

On September 20, 2020, the Corporation and the Subscribers executed the Subscription Agreement.

Xurpas has not issued any Xurpas Share to Wavemaker in relation to the foregoing transaction, and accordingly, all commitments made therein are deemed terminated.

4. Issuance of New Xurpas Shares to Nico Jose S. Nolledo

On January 20, 2022, Xurpas and Nico Jose S. Nolledo executed a Subscription Agreement wherein the subscriber subscribed to Xurpas Shares at a subscription price of ₱0.55 per share at a total subscription price of ₱100 million. In relation to this, Nico Jose S. Nolledo received 181,818,182 new common shares. The subscription price was fully paid by the subscriber, in cash.

The Company has disclosed that the fresh capital will be used for expansion of Xurpas' enterprise business, specifically the IT staff augmentation business, employee benefits enhancement, equipment replacement, research and development and general corporate purposes.

The subscription shares have not been listed with the Philippine Stock Exchange.

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

The COVID-19 pandemic continued to be a challenge for the country as it widened its transmission in 2021. With the implementation of quarantine measures brought by the fluctuation of daily infections, it continuously affected the flow of mobility and business operations. The situation has been greatly addressed however, by the mass vaccination programs both done by the public and private sectors. This resulted in a generally more stable and predictable economic environment over the year. Companies adjusted to stabilize their operations despite the ongoing pandemic, and adapted new policies, such as work from home (WFH) arrangements, using digital marketing to promote their services, and undergo digitalization of their processes, wherever applicable.

The Group remains optimistic about its opportunities to provide services to companies who want to jumpstart their digital transformation given its high demand. A lot of businesses are transforming to improve business continuity amidst restricted mobility, due to the pandemic. Even as quarantine measures have eased, Xurpas is still convinced that enterprises will go digital or online because this has now become ingrained in consumer behavior.

Xurpas's major contributor to revenues, the IT staff augmentation segment, supports this digital transformation thrust of numerous companies. Its revenues increased from ₱16.14 million in 2020 to ₱90.67 million in 2021, or a 462% increase.

Moving forward, Xurpas will continue to expand and build its enterprise business segment (primarily the IT staff augmentation business) which will be the main component of its growth. The Company's plan is to address the multiple opportunities created by 1) global technology trends, such as Web 3.0, and 2) the acceleration of the digital transformation plans of large and small and medium scale enterprises during the pandemic. In support of this thrust, on January 20, 2022, Nico Jose S. Nolledo, Founder and Chairman, infused equity amounting to ₱100.00 million. The proceeds will be for the expansion of Xurpas' enterprise business, specifically the IT staff augmentation business, employee benefits enhancement, equipment replacement, research and development, and general corporate purposes.

Summary

Key Financial Data In PhP Millions	For the year ended December 31					
	2021		2020		Amount Change	% Increase
	Amount	Percentage	Amount	Percentage		
Revenues						
Mobile consumer services	40.55	19%	22.00	13%	18.55	84%
Enterprise services	117.57	56%	88.24	51%	29.33	33%
Other services	51.91	25%	63.77	37%	(11.86)	-19%
Total Revenues	**210.03**	**100%**	**174.01**	**100%**	**36.01**	**21%**
Cost of Services	158.88	76%	127.19	73%	31.69	25%
Cost of Goods Sold	13.92	7%	38.01	22%	(24.09)	-63%
Gross Profit (Loss)	**37.23**	**18%**	**8.81**	**5%**	**28.41**	**323%**
General and Administrative Expenses	85.25	41%	119.85	69%	(34.60)	-29%
Equity in Net Losses (Earnings) of Associates	0.32	0%	7.75	4%	(7.43)	-96%
Finance Costs and Other Income - net	(19.22)	-9%	(45.25)	-26%	26.02	-58%
Loss Before Income Tax	**(29.12)**	**-14%**	**(73.54)**	**-42%**	**44.42**	**-60%**
Provision for (Benefit from) Income Tax	(2.96)	-1%	(4.72)	-3%	1.76	-37%
Net Loss	**(26.16)**	**-12%**	**(68.82)**	**-40%**	**42.66**	**-62%**
Other Comprehensive Income (Loss)	13.60	6%	36.03	21%	(22.43)	-62%
Total Comprehensive Loss	**(12.56)**	**-6%**	**(32.79)**	**-19%**	**20.23**	**-62%**
	Dec. 31, 2021 Amount		**Dec. 31, 2020 Amount**		**Amount Change**	**% Increase**
Total Assets	605.94		617.06		(11.12)	-2%
Total Liabilities	613.85		612.41		1.44	1%
Total Equity	(7.91)		4.65		(12.56)	-270%

In 2021, the Group generated revenue of ₱210.03 million which was 21% higher than 2020 revenue of ₱174.01 million. Likewise, net loss also went down by 62% from ₱68.82 million in 2020 to ₱26.16 million in 2021. The enterprise segment generated the majority of the revenue with 56% contribution or ₱117.57 million, followed by other revenues and mobile consumer services which generated 25% and 19% respectively. It should be noted that the revenue generated by the enterprise services was significantly higher in 2021 and is aligned with the Group's 2021 directive to focus on expanding this segment due to its demand and potential contribution to the Company's growth.

The aggregate cost of services of the Group increased from ₱127.19 million in 2020 to ₱158.88 million in 2021 or 25% increase. The rise is brought by the increase in salaries and wages and outsourced services parallel to the increase of its corresponding revenue.

The Group's general and administrative expenses (GAEX) went down from ₱119.85 million in 2020 to ₱85.25 million in 2021 or 29% decrease. GAEx in 2020 was higher primarily due to the provision for impairment loss totaling to ₱16.03 million. Other GAEx items such as salaries and wages, professional fees, rent, utilities, taxes and licenses, advertising, and seminars and training decreased as part of the continuing cost cutting measures implemented by the Company.

The Group recorded a 96% decline for the equity in net losses of associates, from ₱7.75 million in 2020 to an equity in net loss of ₱0.32 million in 2021. The finance costs and other income charges (net) incurred by the Group were ₱19.22 million and ₱45.25 million in 2021 and 2020, respectively. Lower finance cost was mainly due to lower interest expense paid for outstanding loans from local banks and non-banks. For the other income, there was also a decrease in this account due to the absence of penalties earned from late payment of customers, gain on sale of a subsidiary and foreign exchange gain which was present in 2020.

In 2021, the Group reported a benefit from income tax amounting to ₱2.96 million as compared to last year wherein the Group recognized ₱4.72 million benefit from income tax.

The total comprehensive loss of the Group was ₱12.56 million in 2021, which was 62% lower than the 2020 figure of ₱32.79 million.

The Group's total assets in 2021 amounted to ₱605.94 million, a minimal decrease of 2% from 2020 recorded total assets of ₱617.06 million. The decline in assets was mostly due to lower current assets, namely, cash. Total liabilities, however, increased from ₱612.4 million in 2020 to ₱613.85 million as a result mainly of higher accounts and other payables. Lastly, the Group's total equity went down from ₱4.65 million in 2020 to a capital deficiency of ₱7.91 million in 2021 contributed by total comprehensive loss incurred by the end of the year.

Segment Financial Performance

For the year ended December 31, 2021 **In PhP Millions**	**Mobile Consumer Services**	**Enterprise Services**	**Other Services**	**Intersegment Adjustments**	**Consolidated**
Revenue from services	40.55	153.62	27.27	(36.05)	185.39
Revenue from sale of goods	-	-	24.64	-	24.64
Total Service Revenues	**40.55**	**153.62**	**51.91**	**(36.05)**	**210.03**
Operating expenses	54.34	178.16	73.19	(47.64)	258.05
Equity in net earnings of associates	-	-	-	0.32	0.32
Other charges (income) - net	(24.56)	5.83	(0.47)	(0.02)	(19.22)
Total Expenses	**29.78**	**183.99**	**72.72**	**(47.34)**	**239.15**
Operating Income (Loss)	**10.77**	**(30.37)**	**(20.81)**	**11.29**	**(29.12)**
Benefit from (provision for) income tax	0.24	2.76	(0.04)	-	2.96
Net Income (Loss)	**11.01**	**(27.61)**	**(20.85)**	**11.29**	**(26.16)**

In 2021, the mobile consumer services posted revenue, operating income, and net income of ₱40.55 million, ₱10.77 million and ₱11.01 million respectively. The net income earned by the mobile consumer segment was mainly attributable to the gain on derecognition of long-outstanding payables of AOC amounting to ₱16.91 million.

Enterprise services had an operating loss and net loss of ₱30.37 million and ₱27.61 million, respectively, from revenues of ₱153.62 million. Likewise, the other services segment did not have a positive contribution to the Group.

Profitability

For the twelve-month period ended December 31, 2021, compared with the twelve-month period ended December 31, 2020.

Revenues

The consolidated service revenues of the Group for the year ended December 31, 2021, amounted to ₱210.03 million, an increase of 21% from ₱174.01 million for the year ended December 31, 2020.

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.	● Xurpas Parent Company

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	● Seer ● Xurpas Enterprise ● Xurpas Parent Company
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; subscriptions offering HMO and other pre-need employee benefits to small teams and freelancers.	● Storm Technologies ● Allcare

In PhP Millions	For the year ended December 31					
	2021		2020		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Revenues						
Enterprise services	117.57	56%	88.24	51%	29.33	33%
Mobile consumer services	40.55	19%	22.00	13%	18.55	84%
Other services	51.91	25%	63.77	36%	(11.86)	-19%
Total Revenues	**210.03**	**100%**	**174.01**	**100%**	**36.02**	**21%**

Revenues from enterprise services, which accounted for 56% of total revenues, generated the highest percentage of the total revenues at ₱117.57 million. This is mainly driven by the Group's focus on staff augmentation services which resulted in a substantial growth in revenues amounting to ₱90.67 million in 2021 as compared to the ₱16.14 million in 2020 or a 462% increase. Other services generated ₱51.91 million or 25% of the total revenue. This figure was 19% lower than 2020 revenue of ₱63.77 million. Despite the decrease brought by the slowdown of the Storm marketplace, this was offset by AllCare, which generated an impressive increase in revenues of 203%, from ₱8.70 million in 2020 to ₱26.35 million in 2021. Lastly, mobile consumer services, on the other hand, generated ₱40.55 million or 19% of the total revenue. This figure was an 84% increase from 2020 revenues pertaining to this segment.

Expenses

In PhP Millions	For the year ended December 31					
	2021		2020		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Expenses						
Cost of Services	158.88	62%	127.19	45%	31.69	25%
Cost of Goods Sold	13.92	5%	38.01	13%	(24.09)	-63%
General and Administrative Expenses	85.25	33%	119.85	42%	(34.60)	-29%
Total Expenses	**258.05**	**100%**	**285.05**	**100%**	**(27.00)**	**-9%**

The Group's consolidated expenses in 2021 amounted to ₱258.05 million, a 9% decrease from previous year's ₱285.05 million. Bulk of the expenses came from cost of services and GAEX which contributed 62% and 33% respectively, followed by COGS at 5%. Decline in overall expenses was a result of the company's continuing cost reduction efforts.

Cost of Services

In PhP Millions	For the year ended December 31					
	2021		2020		Amount Change	% Increase (Decrease)
	Amount	%	Amount	%		
Cost of Services						
Salaries, wages and employee benefits	91.27	57%	70.50	56%	20.77	29%
Outsourced services	35.47	23%	19.25	15%	16.23	84%
Outside services	16.67	10%	5.37	4%	11.30	210%
Depreciation and amortization	7.41	5%	22.73	18%	(15.32)	-67%
Others	8.06	5%	9.34	7%	(1.28)	-14%
Total Expenses	**158.88**	**100%**	**127.19**	**100%**	**31.69**	**25%**

Cost of Services in 2021 was ₱158.88 million, a 25% increase from previous year's figure of ₱127.19 million. It is primarily composed of salaries and wages which incurred expenses of ₱91.27 million (57%), outsourced services amounting to ₱35.47 million (23%) and outside services from benefit claims and membership fees of AllCare amounting to ₱16.67 million (10%). All of them increased from last year as the Group upscaled its manpower for its staff augmentation business and substantial increase in revenue for AllCare. Other expenses, however, decreased by 14% compared with the prior year. Depreciation and amortization also declined in 2021 by 67% due to increase of assets that were already fully depreciated beginning 2021.

Cost of Goods Sold (COGS)

Cost of goods sold made up 5% of the Group's total consolidated expenses. This figure decreased by 63% from its 2020 level of ₱38.01 million to ₱13.93 million in 2021. The COGS is directly attributable to the operations of Storm Technologies and lower revenue was generated from this in 2021.

General and Administrative Expenses (GAEX)

In PhP Millions	For the year ended December 31					
	2021		2020		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
General and Administrative Expenses						
Salaries, wages and employee benefits	31.46	37%	39.62	33%	(8.16)	-21%
Professional fees	15.78	19%	24.06	20%	(8.28)	-34%
Marketing and promotions	4.57	5%	3.20	3%	1.37	43%
Transportation and travel	3.29	4%	2.69	2%	0.60	22%
Others	30.15	35%	50.28	42%	(20.13)	-40%
Total Expenses	**85.25**	**100%**	**119.85**	**100%**	**(34.60)**	**-29%**

In 2021, the GAEX of the Group's operations amounted to ₱85.25 million, which was lower than the GAEX posted in 2020 which amounted to ₱119.85 million. Expenses such as salaries and wages, professional fees and other GAEX decreased as part of the cost cutting measures implemented by the Company. Marketing and promotions and transportation and travel, on the other hand, increased in 2021 due to the increased efforts to promote its services which materialized to the increase in 2021 revenues and the loosening of the strict travel protocols in the year respectively.

Equity in Net Losses of Associates

The equity of the Group in the net losses of its associate companies for the period ended December 31, 2021, amounted to ₱0.32 million which is 96% lower than in 2020. The Group's associates, particularly Altitude and Microbenefits, recognized lower net losses in 2021.

Finance Costs

The Group posted finance costs of ₱9.98 million in 2020 and ₱9.15 million in 2021. The 8% decrease was a result of lower interests paid to loans borrowed from local banks and non-banks.

Other Income – net

As of December 31, 2021, the Group recorded other income of ₱28.37 million as compared to ₱55.23 million other charges posted in 2020. Higher other income was generated in 2020 due to penalties earned from late payments of customers and gain on sale of a subsidiary (CTX).

Loss before Income Tax

The Group's loss before income taxes for the year ended December 31, 2021, was ₱29.12 million, a 60% decrease from previous year's ₱73.54 million.

Benefit from Income Tax

In 2021, the Group reported benefit from income tax amounting to ₱2.96 million as compared to last year's ₱4.72 million. The benefit from income tax posted in 2020 mainly pertains to the tax effect of the amortization of intangible assets acquired through business combinations. These assets were written off in 2020 resulting in lower benefit from income tax in 2021.

Net Loss

The Group posted a consolidated net loss of ₱26.16 million in 2021, a 62% decrease from the previous year's net loss of ₱68.82 million.

Other Comprehensive Income

In 2021, the Group's other comprehensive income decreased to ₱13.60 million from the 2020 figure of ₱36.03 million. The decrease was rooted from the loss resulting from the cumulative translation adjustment and share in other comprehensive loss of an associate due to cumulative translation adjustment.

Total Comprehensive Loss

The Group's total comprehensive loss decreased by 62% in 2021 (from ₱32.79 million in 2020 to ₱12.56 million in 2021).

Financial Position

As of December 31, 2021, compared to December 31, 2020.

Assets

Cash and Cash Equivalent

The Group's consolidated cash amounted to ₱35.95 million as of December 31, 2021, a net decrease of 47% or ₱31.79 million from consolidated cash of ₱67.74 million as of December 31, 2020. The movements in the Group's cash will be explained further in the cash flow discussion.

Accounts and Other Receivables

The Group's consolidated accounts and other receivables amounted to ₱66.54 million and ₱70.29 million as of December 31, 2021, and 2020, respectively. The decrease was generally the result of lower trade receivables and higher allowance for impairment loss (from ₱22.34 million in 2020 to ₱23.21 million in 2021).

Contract Assets

As of December 31, 2021, contract assets amounted to ₱29.76 million or 496% higher than the 2020 figure of ₱5.00 million. The increment mainly pertains to services rendered under the staff augmentation business which are yet to be billed as of year-end. These are to be billed and collected in 2022.

Other Current Assets

The Group's consolidated other current assets in 2021 totaled ₱21.09 million, an 8% decrease from 2020 figure of ₱22.80 million. During the year, the Group reclassified a substantial amount of its deferred input VAT and creditable withholding tax from other current assets to other noncurrent assets.

Financial Assets at FVOCI

As of December 31, 2021, and 2020, carrying value and net unrealized loss on financial assets at FVOCI recognized in the consolidated statement of financial position amounted to ₱0.60 million and ₱0.50 million, respectively.

Investment in and advances to associates

In 2021, the Group's consolidated investment in associates amounted to ₱336.22 million, a decrease of ₱4.33 million compared to the 2020 figure of ₱340.55 million. The breakdown of the carrying amounts of these investments are as follows: Micro Benefits Limited (₱273.69 million), Altitude Games Pte. Ltd. (₱21.22 million), and SDI (₱19.22 million).

Property and Equipment

The Group's consolidated property and equipment was ₱4.66 million as of December 31, 2021. It increased by ₱0.41 million or 10% as compared to 2020 which amounted to ₱4.25 million. Property and equipment consisted mainly of leasehold improvements, IT equipment, furniture and fixtures and office equipment. The Group made minimal additions during the year as part of its cost cutting measures.

Right-of-use Asset
The Group recognized a right-of-use asset for its new office space in Antel for a total amount of ₱1.17 million. Depreciation expense in relation to this asset amounted to ₱0.84 million.

Intangible Assets

As of December 31, 2021, intangible assets amounted to ₱88.51 million, a 1% increase from 2020 balance of ₱87.84 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, 2021, goodwill was at ₱48.22 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 of December 31, 2021, net book value of developed software was ₱7.14 million. Movements in developed software are accounted for as follows: (1) Additions during the year amounting to ₱0.39 million and (2) Amortization during the year amounting to ₱7.41 million
- Cryptocurrencies pertain to units of Bitcoin and Ether held by the Group as of December 31, 2021, which amounted to ₱33.15 million. During the year, the Group sold half of each cryptocurrency with a total cost of ₱2.04 million and accumulated revaluation gain of ₱11.58 million. The increase in market value of the remaining cryptocurrencies, on the other hand, resulted in ₱21.32 million revaluation gain.

Other Noncurrent Assets

In 2021, other noncurrent assets amounted to ₱21.43 million which increased by 18% from the previous year's figure of ₱18.10 million. During the year, the Group reclassified a substantial amount of its deferred input VAT and creditable withholding tax from other current assets to other noncurrent assets.

Liabilities

Accounts and Other Payables

The Group's consolidated accounts and other payables were valued at ₱381.70 million as of December 31, 2021. It increased by ₱8.16 million or 2% from 2020 balance of ₱373.54 million mainly due to the increase in payable to third parties and non-trade payables of ODX.

Advances from stockholders

This account pertains to loan agreements entered into by Xurpas with its founders. Details are as follows:

- In 2017, the Parent Company entered into a loan agreement with its founders amounting to US$1,945,758 or 97.15 million subject to 5% interest rate per annum. The loan is due and demandable. As of December 31, 2021, outstanding loans payable amounted to ₱94.26 million.
- On April 29, 2019, the Parent Company entered into a loan agreement with its founders amounting to ₱150.00 million subject to 5.50% interest rate per annum for 3 years from date of agreement and may be renewed upon mutual agreement. As of December 31, 2021, outstanding loans payable amounted to ₱49.30 million. This particular loan was reclassified from non-current liability in 2020 to current liability in 2021 as this falls due in 2022. Both parties are working on a term extension of the loans.

Loan Payable

The Group recorded ₱29.73 million worth of current loans (short term and interest bearing) as of December 31, 2021. This was an ₱11.98 million decrease from 2020 loan payable of ₱41.71 million. The loans pertain to that of Storm Technologies and Seer Technologies.

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.

In 2021 and 2020, the Group's contract liabilities were ₱25.76 million and ₱32.26 million respectively.

Current portion of lease liability

The Group recognized a lease liability for its new office space in Antel. Current portion of the lease liability as of December 31, 2021 amounted to ₱1.02 million.

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. As of December 31, 2021, balance of this account is nil due to its reclassification to current liability.

Loan payable - net of current portion

This account pertains to the loan agreement entered by Storm with its lender. The former entered into a loan restructuring agreement with its lender to modify payment terms of its outstanding obligation with an aggregate amount of 17.32 million as of the date of modification. Revised payment terms include noninterest bearing monthly installments over one (l) to five (5) years. Remaining non-current portion of the loan as of December 31, 2021 is ₱9.07 million.

Lease liability

The Group recognized a lease liability for its new office space in Antel. Current portion of the lease liability as of December 31, 2021 amounted to ₱0.17 million.

Deferred tax liability

Deferred tax liability as of December 31, 2021 amounted to ₱4,266 which pertains to the deferred tax on Xurpas' lease liability.

Pension Liability

The accrued pension of the Group was ₱22.83 million in 2021 compared to ₱26.82 million as of December 31, 2020, or a 15% decrease.

Equity

Total Equity

As of December 31, 2021, the Group's total equity was at a negative ₱7.91 million, a 270% decrease from 2020 equity of ₱4.65 million. Lower equity was mainly due to the increase in deficit brought about by the incurred total comprehensive loss of the Group.

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 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	
	2021	**2020**
In PhP Millions	**Amount**	**Amount**
Net cash used in Operating Activities	(39.21)	(74.42)
Net cash provided by (used in) Investing Activities	10.71	(2.42)
Net cash used in Financing Activities	(3.79)	(12.53)
Effect of foreign currency exchange changes in cash	0.49	3.19
Net increase (decrease) in cash	(31.79)	(86.19)
Cash at beginning of period	67.74	153.93
Cash at end of period	**35.95**	**67.74**

Cash Flows from Operating Activities

For the year ended December 31, 2021, operating income before changes in working capital of ₱11.65 million coupled with the corresponding changes in trade receivables, other current assets, contract assets, trade payables and contract liability resulted in ₱34.38 million cash used in operations. Together with interest received, interest paid, and income taxes paid, net cash used in operating activities totaled ₱39.21 million.

Cash Flows from Investing Activities

Net cash provided by investing activities in 2021 was ₱10.71 million while cash used in investing activities in 2020 amounted to ₱2.42 million. The net cash provided for this year is mainly attributed to the proceeds from sale of cryptocurrencies amounting to ₱13.62 million.

Cash Flows from Financing Activities

The consolidated net cash used in financing activities for the year 2021 was ₱3.79 million while net cash used in financing activities for the year 2020 was ₱12.53 million. Net cash was mainly used to pay off loan payables and a portion of lease liabilities.

Capital Expenditure

The Group's capital expenditures amounted to ₱5.20 million and ₱1.33 million in 2021 and 2020, respectively.

Key Financial Data In PhP Millions	**December 31, 2021 Additions**	**December 31, 2020 Additions**
Right-of-use Assets	2.01	-
Developed software	0.39	0.10
IT Equipment	2.44	1.17
Leasehold Improvements	0.32	-
Office Equipment	0.03	0.07
	5.20	**1.33**

Key Performance Indicators

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

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

In Percentage	**For the years ended December 31**		
	2021	2020	2019
Liquidity Ratios			
Current Ratio	**26%**	31%	41%
Quick Ratio	**23%**	27%	33%
Asset-to-Equity Ratio	**575%**	613%	575%
Profitability Ratios			
Net Loss Margin	**-4%**	-34%	-271%
Gross Margin	**18%**	5%	15%
Operating Margin	**-4%**	-19%	-256%
Return on Total Assets	**-1%**	-9%	-93%
Return on Equity	**-8%**	-53%	-186%
Debt Ratios			
Debt-to-Equity Ratio	**5.82x**	6.09x	5.55x
Interest Coverage Ratio	**-2.18x**	-5.92x	-64.75x

Liquidity Ratios

The current ratio and quick ratio of the Group was at 26% and 23% in 2021 and 31% and 27% in 2020, respectively. The decrease in both ratios was mainly due to the decline in current assets and increase in current liabilities.

Asset-to-Equity Ratio

In 2021, the Asset-to-Equity ratio of the Group decreased to 575% from 613% of 2020. The decrease was mostly because of the increase in deficit, reducing total equity and concurrent decrease in assets in 2021.

Profitability Ratios

The lower net loss incurred significantly improved the Group's profitable ratios in 2021. Net loss margin, operating margin, return on total assets and return on equity went down to -4%, -4%, -1% and -8%, in 2021 respectively. Alongside with this, Gross margin also improved substantially by 260% from 2020 ratio of 5% to 18% in 2021.

Debt Ratios

For 2021, the Debt-to-Equity ratio decreased from 6.09x in 2020 to 5.82x which can be attributed to lower total equity due to recurring net loss posted by the Group. The interest coverage ratio improved in 2021 to -2.18x from -5.92x in 2020.

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

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

Other Disclosures:

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

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

iii. Material Off-balance sheet Transactions, Arrangements, Obligations. Likewise, there were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the group with unconsolidated entities or other persons created during the reporting period.

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

i. 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 2021 are being addressed through the following: developing aggressive lead generation via digital marketing; forging alliances to enhance distribution and cross selling opportunities; and capitalizing the ongoing expansion in the IT staff augmentation segment.

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

iii. Seasonality. The Group is not subject to the seasonality of revenue realization. With the current revenue trends in Storm, the seasonality is not apparent.

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Full year 2020 compared with 2019

In 2020, the COVID-19 pandemic continued to affect not only the health of people but also the operations of various companies, including Xurpas. The pandemic affected the Group's operations evidenced by the slowdown in operations in the second quarter, of the enterprise segment and other services, as clients either cancelled or delayed projects. Despite this setback, there was an improvement in the succeeding quarters, as the Group remains optimistic that operations can further improve, continuing to provide services to companies who want to jumpstart their digital transformation. Xurpas likewise remains positive given the business opportunities provided by its affiliates through the launching of new products and establishing partnerships with other technology companies.

Financial Summary

Key Financial Data In PhP Millions	For the year ended December 31					
	2020		2019		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentag		
Revenues						
Mobile consumer services	22.00	12%	19.92	2%	2.08	10%
Enterprise services	88.24	51%	854.73	88%	(766.50)	-90%
Other services	63.77	37%	97.31	10%	(33.54)	-34%
Total Revenues	**174.01**	**100%**	**971.96**	**100%**	**(797.95)**	**-82%**
Cost of Services	127.19	73%	742.19	76%	(615.00)	-83%
Cost of Goods Sold	38.01	22%	83.28	9%	(45.27)	-54%
Gross Profit	**8.81**	**5%**	**146.49**	**15%**	**(137.68)**	**-94%**
General and Administrative Expenses	119.85	69%	2,204.42	227%	(2,084.57)	-95%
Equity in Net Losses of Associates	7.75	4%	33.29	3%	(25.54)	-77%
Finance Costs	9.98	6%	38.04	4%	(28.06)	-74%
Other Charges (Income) - net	(55.23)	-32%	479.94	49%	(535.17)	-112%
Loss Before Income Tax	**(73.54)**	**-42%**	**(2,609.21)**	**-268%**	**2,535.67**	**-97%**
Provision for (Benefit from) Income Tax	(4.72)	-3%	26.15	3%	(30.87)	-118%
Net Loss	**(68.82)**	**-40%**	**(2,635.36)**	**-271%**	**2,566.54**	**-97%**
Other Comprehensive Income	36.03	21%	8.39	1%	27.64	329%
Total Comprehensive Loss	**(32.79)**	**-19%**	**(2,626.97)**	**-270%**	**2,594.18**	**-99%**

	31-Dec-20 Amount	31-Dec-19 Amount	Amount Change	% Increase (Decrease)
Total Assets	617.06	713.94	(96.88)	-14%
Total Liabilities	612.41	688.05	(75.64)	-11%
Total Equity	4.65	25.89	(21.24)	-82%

In 2020, the Group generated revenue of ₱174.01 million which was 82% lower than 2019 revenue of ₱971.96 million. Likewise, net loss also went down by 97% from ₱2,635.36 million in 2019 to ₱68.82 million in 2020. The enterprise segment generated the majority of revenue with 51% contribution or ₱88.24 million, followed by other revenues and mobile consumer services which generated 37% and 12% respectively. It should be noted that the revenue generated by the enterprise services was significantly higher in 2019, given that it still included revenues that came from Yondu. Excluding revenues generated from Yondu, the Group's revenue increased from ₱182.96 million in 2019 to ₱174.01 million in 2020.

The aggregate cost of services of the Group decreased from ₱742.19 million in 2019 to ₱127.19 million in 2020 or 83% decline. The drop in the cost of sales was mostly due to lower salaries and wages, web hosting, and outsourced services resulting from the company's cost cutting measures. The Cost of Goods Sold attributable to other services provided by Storm Technologies Inc. was ₱38.01 million in 2020, a decrease of 54% from 2019 COGS of ₱83.28 million; due to lower sales for Storm in 2020.

The Group's general and administrative expenses significantly went down from ₱2,204.42 million in 2019 to ₱119.85 million in 2020 or 95% decrease. GAEX in 2019 was high due to the provision for impairment loss and provision for liquidation costs totaling to ₱1,923.42 million. 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.

The Group recorded a 77% decline for the equity in net losses from ₱33.29 million in 2019 to ₱7.75 million in 2020. The finance costs incurred by the Group was ₱9.98 million and ₱38.04 million in 2020 and 2019, respectively. Lower finance cost was mainly due to lower interest expense paid for outstanding loans from local banks and non-banks.

For the year ended December 31, 2020, the Group generated other income amounting to ₱55.23 million as compared to the other charges it incurred in 2019 amounting to ₱479.94 million. Higher charges were incurred in 2019 due to the loss on sale of Yondu recognized in 2019 amounting to ₱478.95 million.

In 2020, the Group reported a Benefit from Income tax amounting to ₱4.72 million as compared to last year wherein the Group recognized provision for Income tax amounting to ₱26.15 million despite incurring a loss.

The total comprehensive loss of the Group was ₱32.79 million in 2020, which was 99% lower than the 2019 figure of ₱2,629.97 million.

The Group's total assets in 2020 amounted to ₱617.06 million, a decrease of 14% from 2019 recorded total assets of ₱713.94 million. The decline in assets was mostly due to lower current assets, namely, cash. Total liabilities likewise decreased from ₱688.05 million in 2019 to ₱612.41 million as a result mainly of lower trade payables. Lastly, the Group's total equity went down from ₱25.89 million in 2019 to ₱4.65 million in 2020.

Segment Financial Performance

For the year ended December 31, 2020 In PhP Millions	**Mobile Consumer Services**	**Enterprise Services**	**Other Services**	**Intersegment Adjustments**	**Consolidated**
Revenue from services	22.00	249.55	11.12	(161.32)	121.36
Revenue from sale of goods	-	-	52.65	-	52.65
Total Service Revenues	**22.00**	**249.55**	**63.77**	**(161.32)**	**174.01**
Cost and expenses	44.58	314.15	83.32	(157.00)	285.05
Equity in net losses of associates	-	-	-	7.75	7.75
Finance cost and other charges (income)	(31.23)	(21.74)	(1.20)	8.92	(45.25)
Total Expenses	**13.34**	**292.41**	**82.13**	**(140.33)**	**247.55**
Operating Income (Loss)	**8.66**	**(42.86)**	**(18.35)**	**(20.98)**	**(73.54)**
Benefit from (provision for) income tax	0.21	(2.05)	(0.38)	6.95	4.72
Net Income (Loss)	**8.86**	**(44.91)**	**(18.74)**	**(14.03)**	**(68.82)**

In 2020, the mobile consumer services posted revenue, operating income, and net income of ₱22.00 million, ₱8.66 million, and ₱8.86 million respectively. Enterprise services had an operating loss of ₱42.86 million and net loss of ₱44.91 million from revenues of ₱249.55 million. Likewise, the other services segment did not have a positive contribution to the Group.

Profitability

For the twelve-month period ended December 31, 2020, compared with the twelve-month period ended December 31, 2019.

Revenues

The consolidated service revenues of the Group for the year ended December 31, 2020, amounted to ₱174.01 million, a decrease of 82% from ₱971.96 million for the year ended December 31, 2019.

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.	● Xurpas Parent Company
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	● Seer ● Xurpas Enterprise ● Xurpas Parent Company
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; subscriptions offering HMO and other pre-need employee benefits to small teams and freelancers.	● ·Storm Technologies

Revenues from enterprise services (which accounted for 51% of total revenues) decreased by 90% in 2020, to ₱88.24 million from ₱854.73 million in 2019. Other services generated 37% of total revenue or ₱63.77 million, a 34% drop from its ₱97.31 million figure in 2019. Lastly, the mobile consumer services generated ₱22.00 million or 13% of the total revenue. This figure was 10% higher than 2019 revenue of ₱19.92 million.

Expenses

In PhP Millions	For the year ended December 31					
	2020		2019		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Expenses						
Cost of Services	127.19	45%	742.19	24%	(615.00)	-83%
Cost of Goods Sold	38.01	13%	83.28	3%	(45.27)	-54%
General and Administrative Expenses	119.85	42%	2,204.42	73%	(2,084.57)	-95%
Total Expenses	**285.05**	**100%**	**3,029.89**	**100%**	**(2,744.84)**	**-91%**

The Group's consolidated expenses in 2020 amounted to ₱285.05 million, a 91% decrease from previous year's ₱3,029.89 million. Bulk of the expenses came from cost of services and GAEX which contributed 45% and 42% respectively, followed by cost of goods sold at 13%. Decline in overall expenses was a result of the company's continuing cost reduction efforts.

Cost of Services

In PhP Millions	For the year ended December 31					
	2020		2019		Amount Change	% Increase (Decrease)
	Amount	%	Amount	%		
Cost of Services						
Salaries, wages and employee benefits	70.50	55%	539.04	73%	(468.54)	-87%
Depreciation and amortization	22.73	18%	32.87	4%	(10.14)	-31%
Outsourced services	20.98	16%	27.79	4%	(6.81)	-25%
Others	12.98	11%	142.49	20%	(129.52)	-91%
Total Expenses	**127.19**	**100%**	**742.19**	**100%**	**(615.00)**	**-83%**

Cost of Services in 2020 was ₱127.19 million, an 83% decline from previous year's figure of ₱742.19 million. It is composed of Salaries and Wages which incurred expenses of ₱70.50 million (55%) followed by depreciation and amortization (18%), outsourced services (16%), and Others (11%).

Cost of Goods Sold

Cost of Goods Sold made up 13% of the Group's total consolidated expenses. This figure decreased by 54% from its 2019 level of ₱83.28 million to ₱38.01 million in 2020. The cost of goods sold is directly attributable to the operations of Storm Technologies.

General and Administrative Expenses

In PhP Millions	For the year ended December 31					
	2020		2019		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
General and Administrative Expenses						
Salaries, wages and employee benefits	39.62	33%	107.48	5%	(67.86)	-63%
Professional fees	24.06	20%	42.26	2%	(18.20)	-43%
Provision for impairment loss	16.03	13%	1,923.42	87%	(1,907.39)	-99%
Depreciation and amortization	6.84	6%	43.77	2%	(36.93)	-84%
Others	33.30	28%	87.50	4%	(54.20)	-62%
Total Expenses	**119.85**	**100%**	**2,204.42**	**100%**	**(2,084.57)**	**-95%**

In 2020, the general and administrative expenses of the Group's operations amounted ₱119.85 million, which was significantly lower than the GAEX posted in 2019 which amounted to ₱2,204.42 million. This included provision for impairment losses on goodwill, investment in associates, receivables and other current assets. In this regard, it should be noted that provision for impairment loss during the year is already net of Art of Click's recovered receivable from Pocketmath amounting to $400,000

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, 2020, amounted to ₱7.75 million.

Finance Costs

The Group posted finance costs of ₱38.04 million in 2019 and ₱9.98 million in 2020. The 74% decrease was a result of lower interests paid to loans borrowed from local banks and non-banks.

Other Charges (Income) – net

As of December 31, 2020, the Group recorded other income of ₱55.23 million as compared to ₱479.94 million other charges posted in 2019. Other income mainly consists of gain from derecognition of long-outstanding payables, penalties earned from late payments and gain on sale of subsidiary (CTX). Higher charges were incurred in 2019 due to the loss on sale of Yondu recognized in 2019 amounting to ₱478.95 million.

Loss before Income Tax

The Group's loss before income taxes for the year ended December 31, 2020, was ₱73.54 million, a 97% decrease from previous year's ₱2,609.21 million.

Provision for (Benefit from) Income Tax

In 2020, the Group reported a Benefit from income tax amounting to ₱4.72 million as compared to last year wherein the Group recognized provision for Income tax amounting to ₱26.15 million despite incurring a loss.

Net Loss

The Group posted a consolidated net loss of ₱68.82 million in 2020, a 97% decrease from the previous year's net loss of ₱2,635.36 million.

Other Comprehensive Income (Loss)

In 2020, the Group's other comprehensive income increased to ₱36.03 million from the 2019 figure of ₱8.39 million. The ₱27.64 million increase was mostly due to the revaluation of cryptocurrency.

Total Comprehensive Loss

The Group's total comprehensive loss decreased by 99% in 2020 (from ₱2,626.97 million in 2019 to ₱32.79 million in 2020).

Financial Position

As of December 31, 2020, compared to December 31, 2019.

Assets

Cash and Cash Equivalent

The Group's consolidated cash amounted to ₱67.74 million for the twelve-month period ended December 31, 2020, a net decrease of 56% or ₱86.19 million from consolidated cash of ₱153.93 million as of December 31, 2019.

Accounts and Other Receivables

The Group's consolidated accounts and other receivables amounted to ₱70.29 million and ₱37.18 million as of December 31, 2020, and December 31, 2019, respectively. The increase was generally the result of lower allowance for impairment loss (from ₱263.09 million in 2019 to ₱22.34 million in 2020).

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, 2020, contract assets amounted to ₱5.00 million or 40% lower than the 2019 figure of ₱8.29 million.

Other Current Assets

The Group's consolidated other current assets in 2020 totaled ₱22.80 million, a 48% decrease from the 2019 figure of ₱44.20 million. It was mostly comprised of creditable withholding tax and input VAT.

Financial Assets at FVOCI

As of December 31, 2020, and 2019, carrying value and net unrealized loss on financial assets at FVOCI recognized in the consolidated statement of financial position amounted to ₱0.50 million and ₱0.44 million, respectively.

Investment in and advances to associates

In 2020, the Group's consolidated investment in associates amounted to ₱318.46 million, an decrease of ₱1.47 million compared to the 2019 figure of ₱319.94 million. The breakdown of the carrying amounts of these investments are as follows: Micro Benefits Limited (₱282.02 million), Altitude Games Pte. Ltd. (₱20.92 million), and SDI (₱15.52 million). During the year, the Group also reclassified its advances to associate amounting to ₱22.08 million.

Property and Equipment

The Group's consolidated property and equipment was ₱4.25 million as of December 31, 2020. It decreased by ₱4.51 million or 51% as compared to 2019 which amounted to ₱8.76 million. Property and equipment consisted mainly of leasehold improvements, IT equipment, furniture and fixtures and office equipment.

Intangible Assets

As of December 31, 2020, intangible assets amounted to ₱87.84 million, a 13% decrease from 2019 balance of ₱101.13 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, 2020, goodwill was at ₱48.22 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 of December 31, 2020, net book value of developed software was ₱14.16 million. Movements in developed software are accounted for as follows: (1) Additions during the year amounting to ₱96,332, (2) Amortization during the year amounting to ₱21.89 million and (3) Impairment amounting to ₱9.23 million. The impairment incurred resulted from the suspension of operations of AoC.
- 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, 2020, net book value of leasehold rights was nil.
- Cryptocurrencies pertain to units of Bitcoin and Ether held by the Group as of December 31, 2020, which amounted to ₱25.46 million.

Other Noncurrent Assets

In 2020, other noncurrent assets amounted to ₱18.10 million which decreased by 49% from the previous year's figure of ₱35.46 million.

Liabilities

Accounts and Other Payables

The Group's consolidated accounts and other payables was valued at ₱462.33 million as of December 31, 2020. It decreased by ₱15.92 million or 3% from 2019 balance of ₱478.25 million mainly due to the decline in trade payables, payable to third parties and accrued expenses.

Loan Payable

The Group recorded ₱41.71 million worth of current loans (short term and interest bearing) as of December 31, 2020. This was a ₱10.42 million decrease from 2019 loan payable of ₱52.13 million. The loans pertain to that of Storm Technologies and Seer Technologies.

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.

In 2020 and 2019, the Group's contract liabilities were ₱32.26 million and ₱68.05 million respectively.

Income Tax Payable

For 2020, the Group's consolidated income tax payable was nil vis-à-vis 2019 figure of ₱3,184.

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.

Pension Liability

The accrued pension of the Group was ₱26.82 million in 2020 compared to ₱24.82 million as of December 31, 2019, or an 8% increase.

Equity

Total Equity

As of December 31, 2020, the Group's total equity was at ₱4.65 million, an 82% decrease from 2019 equity of ₱25.89 million. Lower equity was mainly due to the increase in deficit brought about by the incurred net loss of the Group.

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 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	
	2020	2019
In PhP Millions	**Amount**	**Amount**
Net cash used in Operating Activities	(74.42)	(116.21)
Net cash provided by (used in) Investing Activities	(2.42)	366.19
Net cash used in Financing Activities	(12.53)	(281.25)
Effect of foreign currency exchange changes in cash	3.19	7.80
Net decrease in cash	(86.19)	(23.47)
Cash at beginning of period	153.93	177.40
Cash at end of period	**67.74**	**153.93**

Cash Flows from Operating Activities

For the year ended December 31, 2020, operating loss before changes in working capital of ₱18.15 million coupled with the corresponding changes in trade receivables, other current assets, contract assets, trade payables and contract liability resulted to ₱66.21 million cash used in operations. Together with interest received, interest paid, and income taxes paid, net cash used in operating activities totaled ₱74.42 million.

Cash Flows from Investing Activities

Cash used in investing activities in 2020 was ₱2.42 million while cash provided in investing activities in 2019 amounted to ₱366.19 million. The net cash used in investing activities was mainly attributable to the cash of the disposed subsidiary, and acquisition of property and equipment and intangible assets.

Cash Flows from Financing Activities

The consolidated net cash used in financing activities for the year 2020 was ₱12.53 million while net cash provided by financing activities for the year 2019 was ₱281.25 million. Net cash was mainly used to pay off loan payables and a portion of lease liabilities.

Capital Expenditure

Key Financial Data In PhP Millions	December 31, 2020 Additions	December 31, 2019 Additions
Right-of-use Assets	-	4.61
IT Equipment	1.17	9.01
Leasehold Improvements	-	0.75
Office Equipment	0.07	0.21
Furnitures and Fixtures	-	0.19
	1.24	**14.78**

The Group's capital expenditures amounted to ₱1.24 million and ₱14.78 million in 2020 and 2019, respectively.

Key Performance Indicators

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

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

In Percentage	For the years ended December 31		
	2020	2019	2018
Liquidity Ratios			
Current Ratio	**31%**	41%	69%
Quick Ratio	**27%**	33%	64%
Asset-to-Equity Ratio	**613%**	575%	183%
Profitability Ratios			
Net Loss Margin	**-34%**	-271%	-62%
Gross Margin	**5%**	15%	9%
Operating Margin	**-19%**	-256%	-46%
Return on Total Assets	**-9%**	-93%	-14%
Return on Equity	**-53%**	-186%	-22%
Debt Ratios			
Debt-to-Equity Ratio	**6.09x**	5.55x	0.550x
Interest Coverage Ratio	**-5.92x**	-64.75x	-20.45x

Liquidity Ratios

The current ratio and quick ratio of the Group was at 31% and 27% in 2020, respectively, and 41% and 33% in 2019, respectively. The decrease in both ratios was mainly due to the decline in both current assets and current liabilities.

Asset-to-Equity Ratio

In 2020, the Asset-to-Equity ratio of the Group increased to 613% from 575% of 2019. The increase was mostly because of the increase in deficit, reducing total equity.

Profitability Ratios

Excluding Gross Margin, the Group's profitable ratios improved in 2020 in comparison to 2019 ratios. Net loss margin was at (34%), operating margin was (19%), return on total assets (9%), and return on equity (53%). Gross margin on the other hand went down to 5% in 2020 from 15% in 2019.

Debt Ratios

For 2020, the Debt-to-Equity ratio increased from 5.55x in 2019 to 6.09x which can be attributed to lower total equity due to recurring net loss posted by the Group. The interest coverage ratio improved in 2020 to -5.92x from -64.75x in 2019.

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

Current Ratios

1. Current ratio	$\dfrac{\text{Current assets}}{\text{Current liabilities}}$
2. Quick ratio	$\dfrac{\text{Current assets – Other current assets}}{\text{Current liabilities}}$
Asset-to-equity Ratio	$\dfrac{\text{Total assets}}{\text{Total equity attributable to Parent Company}}$

Profitability Ratios

1. Net income ratio	$\dfrac{\text{Net income attributable to Parent Company}}{\text{Service income + Sale of goods}}$
2. Gross margin	$\dfrac{\text{(Service income + Sale of goods) – (Cost of services + Cost of goods sold)}}{\text{Service income + Sale of goods}}$
3. Operating margin	$\dfrac{\text{Earnings before interest, tax, depreciation and amortization}}{\text{Service income + Sale of goods}}$
4. Return on total assets	$\dfrac{\text{Net income attributable to Parent Company}}{\text{Average total assets}}$
5. Return on total equity	$\dfrac{\text{Net income attributable to Parent Company}}{\text{Average total equity attributable to the Parent Company}}$

Other Disclosures:

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

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

iii. Material Off-balance sheet Transactions, Arrangements, Obligations. Likewise, there were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the group with unconsolidated entities or other persons created during the reporting period.

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

v. Material Events/ Uncertainties. There are no new trends, events, or uncertainties that are expected to have a material favorable or unfavorable impact on the Group's revenues from continuing operations. The Group's financial challenges in 2021 are being addressed through the following: developing aggressive lead generation via digital marketing; forging alliances to enhance distribution and cross selling opportunities; and building competency in talent solution business.

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

vii. Seasonality. The Group is subject to the seasonality of revenue realization due to Storm's Flexible Benefits Program. Historically, Storm's sales tend to increase in the second half of the year as observed from its customer behavior to likely avail their converted benefits towards the end of the year.

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, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019 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 ₱2.93 million and ₱2.13 million for 2021 and 2020, respectively. The audit fees for 2022 are estimated to be at ₱2.94 million. Services rendered include the audit of the financial statements and tax consultancy for 2021. Non-audit fees for Xurpas, which is already included in the aggregate amount above, totaled to ₱0.16 million in 2021.

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 eight (8) members, three 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, 2021, the composition of the Company's Board is as follows:

Name	Age	Citizenship	Position	Date/Year Position was Assumed
Nico Jose S. Nolledo	45	Filipino	Chairman	November 26, 2001
Alexander D. Corpuz	55	Filipino	Director, President, Chief Information Officer and Chief Finance Officer[5]	February 1, 2019
Fernando Jude F. Garcia	48	Filipino	Director, Treasurer and Chief Technology Officer	November 26, 2001
Mercedita S. Nolledo	81	Filipino	Director	November 26, 2001
Wilfredo O. Racaza	73	Filipino	Director	November 26, 2001
Jonathan Gerard A. Gurango	64	Filipino	Independent Director	2014
Imelda C. Tiongson	56	Filipino	Independent Director	May 7, 2020
Bartolome S. Silayan, Jr.	53	Filipino	Independent Director	May 7, 2020

Each of the Company's directors was elected to the Board during the Company's annual stockholders' meeting held on August 11, 2021. Each director shall remain in office until the next annual meeting of the stockholders of the Company or his or her removal or resignation as may be allowed under law.

The table below sets forth the Company's executive officers in addition to its executive directors listed above as of December 31, 2021:

Name	Age	Citizenship	Position
Mark S. Gorriceta	44	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.

Nico Jose S. Nolledo, Filipino, 45, has been the Chairman and Director of the Corporation since November 26, 2001. He 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

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

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, 55, was appointed as Director and President of the Corporation effective February 1, 2019. He has also been the Corporation's Chief Finance Officer since 2014 and Chief Information Officer since 2018. Mr. Corpuz has 31 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, 48, has been the Chief Technology Officer and Director of the Corporation since November 2001. He was also appointed as Treasurer effective February 1, 2019. He also served as Corporate Secretary of the Corporation until December 2014. He created the Corporation's Griffin Platform, the mobile consumer content gateway and platform for all of the Corporation's mobile consumer content products and services. He also created the Corporation's modular middleware system that can easily integrate with any modern billing gateway. He is the chief engineer responsible for the Corporation's software architecture and systems integration. Examples of such systems and protocols are the following: SMS (CIMD2/EMI-UCP/SMPP), MMS (EIAF/MM7), Voice Services (SIP), Billing/IN (Diameter/UCIP/ParlayX2.1), Security (IPSEC), Publish-subscribe Systems and Video Streaming (RTMP/HLS) and blockchain technology (BTC/ETH). He is also responsible for architecting the Corporation's fully Cloud-based system infrastructure. Before founding the Corporation, he was a software developer in iAyala. Mr. Garcia holds a Bachelor of Science degree in Applied Physics from the University of the Philippines in Diliman, Quezon City.

Wilfredo O. Racaza, Filipino, 73, has been a Director of the Corporation since November 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.

Mercedita S. Nolledo, 81, Filipino, has been a Director of the Corporation since November 2001. Atty. Nolledo is currently a director of Anvaya Golf and Nature Club, Inc., and Michigan Holdings, Inc. and a member of the Advisory Board of Ayala Land, Inc. and Bank of the Philippine Islands. 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.

Jonathan Gerard A. Gurango, 64, Filipino, has been an independent director of the Corporation 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. After leading Gurango Software into the most successful Microsoft Dynamics partner in the Philippines, he co-founded several software start-ups and was the President of the Philippine Software Industry Association until 2014. He is presently the Chairman of the Capiz ICT Council, and a director of SERVIO Technologies, Kation Technologies, OfficeGuru, TendoPay, and the Mijares-Gurango Craniofacial Foundation. Mr. Gurango studied Industrial Engineering at the University of the Philippines, Diliman, Quezon City. He also studied Electrical Engineering at the University of Washington, Seattle, Washington, USA.

Imelda C. Tiongson, 56, Filipino, has been an Independent Director of the Corporation since May 7, 2020. She is currently the President of Opal Portfolio Investments (SPV-AMC) Inc. and recently appointed Chairperson and Independent director of Pru Life UK PH and Bangko Sentral ng Pilipinas Open Finance Oversight Committee.

In addition, she is also involved in several advocacy organizations; Trustee of the Institute of Corporate Directors (ICD) and Head of Technology Governance Committee, Vice Chairwoman of the Governance Committee of the Management Association of the Philippines, Trustee of Fintech Alliance.ph and Head of Techno Ethics and Trustee of Fintech Philippines Association. She is also a lecturer of various organizations namely; ICD and Ateneo Graduate School of Business - Center for Continuing Education.

She previously held senior executive positions in National Australia Bank and Philippine National Bank with an aggregate total of 22 years. She was also a Director of Vitarich Corporation and a Board Advisor of East Asia Power Corporation as Creditor-nominee, representing PNB.

Ms. Tiongson also participated in the Technical working groups which 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 Silayan Jr., 53, Filipino has been an independent director of the Corporation since May 7, 2020. He is currently the President of Phoenix One Knowledge Solutions Inc. ("Phoenix One"), a technology corporate training and solutions company which he started in 2005. He is also the President of Cafisglobal Inc, a boutique software services company serving clients in Australia. Prior to Phoenix One, he also founded Mind Stream Inc. in 2001, the franchise holder of NIIT, the largest technology education company from India. Before he became an entrepreneur, he was the Philippine Country Head of The Pillsbury company in 1997. He worked in Hongkong and China in 1994 as Marketing Manager for the Quaker Oats company handling the Gatorade brand. He finished BS Business Management from Ateneo de Manila University and obtained his MBA from Northwestern University's Kellogg school of management.

Mark S. Gorriceta, 44, Filipino, has been the Corporate Secretary and Chief Legal Officer of the Corporation since 2014. He was also appointed as Chief Compliance Officer of the Corporation in 2018. Atty. Gorriceta has been in the practice of law for sixteen years. He acts as legal counsel to several other listed companies, its subsidiaries or affiliates. Atty. Gorriceta also serves as Chief Legal Counsel and/or Corporate Secretary to several leading online and tech companies in the Philippines. He is the Managing Partner and head of the Corporate Group of Gorriceta Africa Cauton & Saavedra. A member of the Philippine Bar since 2005, he holds a Bachelor of Arts, Political Science degree from the Ateneo de Manila University. He also attended certificate courses in Finance at the Asian Institute of Management in Makati City. Atty. Gorriceta is a faculty member of the Ateneo de Manila University's Center for Continuing Education. He teaches Mergers & Acquisitions for the Advanced Module Diploma Course in Corporate Finance.

Significant Employees

While the Company values the contribution of each executive and non-executive employee, there is no non-executive employee that the resignation or loss of whom would have a significant adverse effect on the business of the Company. Other than standard employment contracts, there are no arrangements with non-executive employees that will assure the continued stay of these employees with the Company.

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

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	2022 (Projected)	₱8,790,358.00	N/A	N/A	₱8,790,358.00
	2021	₱8,790,358.00	N/A	N/A	₱8,790,358.00
	2020	₱8,790,358.00	N/A	N/A	₱8,790,358.00

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 April 30, 2022, the Company is not aware of any person who is directly or indirectly the record or beneficial owner of more than 5% of the Company's capital stock except as set forth below:

Title of Class	Name and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares and Nature of Ownership (Direct or Indirect)	Percent of Class
Common	**Nico Jose S. Nolledo** Chairman and Chief Executive Officer	Nico Jose S. Nolledo	Filipino	504,044,804 (Direct and Indirect)	22.63%
Common	**Raymond Gerard S. Racaza** President and Chief Operating Officer	Raymond Gerard S. Racaza	Filipino	375,765,960 (Direct)	18.29%
Common	**Fernando Jude F. Garcia** Chief Technology Officer	Fernando Jude F. Garcia	Filipino	375,073,960 (Direct)	18.26%
Common	**PCD Nominee Corp.**	PCD participants acting for themselves and for their customers[6]	Filipino	544,228,587 (Direct)	26.49%
Common	**PCD Nominee Corp.**	PCD participants acting for themselves and for their customers[7]	Non-Filipino	254,829,195 (Direct)	12.40%

As of April 30, 2022, 14.31% of the outstanding shares of the Company are held by non-Filipino.

Security ownership of directors and management as of May 13, 2022

As of May 13, 2021, the Company's directors and executive officers own the following number of shares:

[6] 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.
[7] Id.

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	504,044,804 (Direct and Indirect)	24.53%
Common	**Alexander D. Corpuz** Director, President and Chief Information Officer	Filipino	1,000 (Direct)	0.00%
Common	**Fernando Jude F. Garcia** Director, Chief Technology Officer and Treasurer	Filipino	375,073,960 (Direct)	18.26%
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	42.91%

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	Unit 804 Antel 2000 Corporate Center 121 Valero St., Salcedo Village, Makati City
Location of Operations	Salcedo Village, Makati City
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	Xurpas Inc. and Subsidiaries
Business Model, including Primary Activities, Brands, Products, and Services	Develop, produce, sell, buy or otherwise deal in products, goods or services in connection with the transmission, receiving, or exchange of voice, data, video or any form or kind of communication
Reporting Period	December 31, 2021
Highest Ranking Person responsible for this report	Alexander D. Corpuz

BRIEF ON THE COMPANY

Xurpas Inc. is a Filipino owned corporation originally founded in 2001 to create and develop digital products and services for mobile end-users. Over the years, the Company has expanded its services to platform development and customization, system integration, mobile platform consultancy services, management of off-the-shelf application and social media related services. This includes Information Technology (IT) staff augmentation and various enterprise solutions-based services to Telcos and other companies for network and application development.

In December 2014, Xurpas was listed in the Philippine Stock Exchange (PSE:X).

The company's operation is supported by a diverse group of talented employees wherein a mechanism for employee participation was developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance process.

MISSION: To make world class Filipino technology products, and to put our country on the world technology map.

VISION: To become the biggest, most trusted IT solutions company in the Philippines.

MATERIALITY ASSESSMENT AND REPORTING PRACTICES

Given the need to operate in a sustainable manner, the Company aims to contribute positively in terms of its economic, environmental and social impacts. The material topics included in this report are limited to the operational matters which have direct and significant effects in relation to the Company's sustainability and the interest of its identified stakeholders (shareholders, employees, customers and suppliers).

As an Information Technology company, we identify that our main contribution to sustainability is providing digital transformation with our technical capabilities. It is worth noting that as an IT company, the effects of its operations mainly affect the economic and social aspects of sustainability.

The COVID -19 pandemic continues to affect across sectors in the world in 2021. With the volatility of the number of infected cases in the country, this resulted in several government-imposed quarantine measures which affected the different sectors of the economy as to how to adapt and respond to the guidelines and protocols that were implemented. On the other hand, it was also in this year when the government, with the help of the private sector and other organizations, facilitated mass vaccinations throughout the country to alleviate the challenges brought by the ongoing pandemic to the economy. The Company contributes its part in encouraging, educating and assisting its employees in being vaccinated and continues to adhere to the health protocols to minimize the spread of the disease and makes sure that its affected stakeholders, specifically the employees, are safe.

The Company continues to implement the work from home arrangements and provides financial and mental support to employees who have been afflicted by COVID. In addition to this, the company still takes measures to protect employees who need to report personally in the office. This included contact tracing, temperature checks, sanitizing materials (such as alcohol and sanitizing mats), and regular disinfection of the office.

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 second Sustainability Report since its inception covering the period of January 2021 to December 2021 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 (revenue)	243,463,152	Php
Direct economic value distributed:		
a. Operating costs	81,536,462	Php
b. Employee wages and benefits	122,731,877	Php
c. Payments to suppliers, other operating costs	42,725,418	Php
d. Dividends given to stockholders and interest payments to loan providers	9,189,337	Php
e. Taxes given to government	(161,185)	Php
f. Investments to community (e.g. donations, CSR)	-	Php
Direct economic value retained:	(12,558,757)	Php

What is the impact and where does it occur? What is the organization's involvement in the impact	Which stakeholders are affected?	Management Approach
The Economic Performance of the Company impacts the business as a whole. Being profitable and having healthy liquidity stance result to strong business operations and provides opportunities for expansion and growth.	All stakeholders	As can be measured through its annual reports and financial statements, the Company assures all stakeholders to provide quality services for customers through continuous research and development that bring forth positive economic performance.
What are the Risk/s Identified?		
Internal Risks: Loss of customers, management risk, and financial risk **External Risks:** Regulatory risks, Stiff competition in the IT industry, and product obsolescence brought about by ever changing and upgrade of various technology solutions		To address these risks, Xurpas banks on the quality services that it provides its customers backed up by its management expertise and technological know-how.
What are the Opportunity/ies Identified?		
The pandemic that the world faces presently brings about realization on the importance of digital transformation across all businesses regardless of size. Limiting people's movement to their respective homes brought about a big demand for goods and services to become available online. Hence, the increase for the demand of digital transformation.		The continuous relationship building to its clientele base (new and existing) and other technology company opens up opportunities to grow the business not only in the local market but the international market as well. Also, these relationships provide information of relevant trends that may improve the offered services that may result to increased economic performance.

Climate-related risks and opportunities

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

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	97.64	%

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 relationships 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 an 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)	22,802.52	kWh

Reduction of energy consumption

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Reduction of energy consumption is being encouraged throughout the Company as it reduce utility expenses at the same time help the environment. Reducing energy consumption is seen to be a solution to minimize the emission of greenhouse gases in the atmosphere causing climate change.	Employees	As part of the Company's initiative to minimize expenses, employees are expected to act responsible and professionally in terms of incurring expenses. Employees are encouraged conserve energy whenever possible (e.g. making sure that lights and aircon in the conference rooms are turned off when not in use).
What are the Risk/s Identified?		
Instability of prices for fuel and other energy resources.	Suppliers and Employees	Given that the identified risk is an external factor in which the Company does not have control over. Hence, employees are encouraged conserve energy whenever possible.
What are the Opportunity/ies Identified?		
Given the work from home set up, the Company is able to reduce energy consumption in the office. The savings on electricity can be utilized for business expansion or projects involving employee welfare.	Stockholders and Employees	Employees are encouraged to save electricity whenever possible either in the office or at their own homes.

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	-	Cubic meters
Water consumption	100.12	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 in lower utility costs. Managing water resources properly maintains a healthy aquatic environment, minimizes water pollution and protects drinking water resources, etc.	Employees and Community	As part of the Company's initiative to minimize the expenses, employees are expected to act responsible and professionally in terms of incurring expenses. Employees are encouraged to be mindful in using water (e.g. All water faucets in the office should be turned off when not in use).
What are the Risk/s Identified?		
Shortage of water supply brought about by natural occurrence namely, drought.	Suppliers and Employees	Given that the identified risk is an external factor in which the Company does not have control over, the management encourages mindfulness to its employees in water usage.
What are the Opportunity/ies Identified?		
Given the work from home set up, the Company is able to reduce energy consumption in the office. The savings on water consumption can be utilized for business expansion or projects involving employee welfare.	Stockholders and Employees	Employees are encouraged to conserve water whenever possible either in the office or at their own homes.

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume	–	
Renewable	–	kg/liters
Non-renewable	–	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	–	%

<table>
<tr><th>What is the impact and where does it occur? What is the organization's involvement in the impact?</th><th>Which stakeholders are affected?</th><th>Management Approach</th></tr>
<tr><td>The 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.</td><td>Customers and Suppliers</td><td>The Company ensures that its systems (hardware and software) are upgraded and in good condition. It also encourages recycling habits for other departments who utilize consumable materials such as paper, office supplies, etc.</td></tr>
<tr><th>What are the Risk/s Identified?</th><th></th><th></th></tr>
<tr><td>No identifiable risk in relation to sourcing materials that may have a big impact to the operations of the Company and the environment.</td><td rowspan="3">Not Applicable</td><td rowspan="3">Not Applicable</td></tr>
<tr><th>What are the Opportunity/ies Identified?</th></tr>
<tr><td>No identifiable opportunity in relation to sourcing materials that may have a big impact to the operations of the Company and the environment.</td></tr>
</table>

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	–	
Habitats protected or restored	–	ha
IUCN17 Red List species and national conservation list species with habitats in areas affected by operations	–	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The property that is being leased by the Company is not within, or adjacent to any protected areas and areas of high biodiversity value outside protected areas.	Not Applicable	Not Applicable
What are the Risk/s Identified?		
No risk identified since the Company's office is not located near protected areas of areas of high biodiversity.		
What are the Opportunity/ies Identified?		
No identifiable opportunity in relation to impact/involvement to the ecosystem and areas of high biodiversity.		

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	–	Tonnes CO2e
Energy indirect (Scope 2) GHG Emissions	–	Tonnes CO2e
Emissions of ozone-depleting substances (ODS)	–	Tonnes

What is the impact and where does it occur? What is the organization's involvement in the impact	Which stakeholders are affected?	Management Approach
Given the nature of the Company's business, that is, software development and other IT services, it does not have a direct contribution to the emission of greenhouse gases in the environment. Nevertheless, it strives to work towards sustainable development.	Not Applicable	Not Applicable
What are the Risk/s Identified?		
No identifiable risks since the Company is engaged in software development and does have a direct contribution to the emission of greenhouse gases in the environment.		
What are the Opportunity/ies Identified?		
No identifiable opportunities in relation to the topic since the Company is engaged in software development and does not have a direct contribution to the emission of greenhouse gases in the environment.		

Air pollutants

Disclosure	Quantity	Units
NOx (Nitrogen Oxides)	–	kg
SOx (Sulfur Oxides)	–	kg
Persistent organic pollutants (POPs)	–	kg
Volatile organic compounds (VOCs)	–	kg
Hazardous air pollutants (HAPs)	–	kg
Particulate matter (PM)	–	kg

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

Solid and Hazardous Wastes

Solid Waste

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Given the nature of the Company's business, that is, software development and other IT services, it does not contribute any solid waste into the environment. Nevertheless, it strives to work towards sustainable development.	Not Applicable	Not Applicable
What are the Risk/s Identified?		
No identifiable risks since the Company is engaged in software development and does not contribute solid waste into the environment.		
What are the Opportunity/ies Identified?		
No identifiable opportunities since the Company is engaged in software development and does not contribute solid waste into the environment.		

Hazardous Waste

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Given the nature of the Company's business, that is, software development and other IT services, it does not contribute any hazardous waste into the environment. Nevertheless, it strives to work towards sustainable development.	Not Applicable	Not Applicable
What are the Risk/s Identified?		
No identifiable risk in relation to production of hazardous waste since the Company is engaged in software development.		
What are the Opportunity/ies Identified?		
No identifiable opportunity in relation to minimizing/production of hazardous waste that requires any prescribed disposal method since the Company is engaged in software development.		

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	-	Cubic meters
Percent of wastewater recycled	-	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Given the nature of the Company's business, that is, software development and other IT services, it does not contribute any effluents into the environment. Nevertheless, it strives to work towards sustainable development.	Not Applicable	Not Applicable
What are the Risk/s Identified?		
No identifiable risk in relation to production of hazardous discharge or liquid waste on any bodies of water since the Company is engaged in software development.		
What are the Opportunity/ies Identified?		
No identifiable opportunity in relation to minimizing/production of hazardous discharge or liquid waste that requires any prescribed disposal method since the Company is engaged in software development.		

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	-	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	-	#
No. of cases resolved through dispute resolution mechanism	-	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
As an Information Technology company, we identify that our main contribution to sustainability is providing digital transformation with our technical capabilities. Though the effects of digital transformation to the environment and society is indirect, the Company, nevertheless complies with the environmental laws and regulations.	Customers, Employees, and Stockholders	Through its own way, the Company tries to contribute to sustainable development by providing digital transformation to customers. This results to increased efficiency resulting to less consumption of natural resources. Moreover, policies on conserving energy and water in the workplace is encouraged not only to lessen utility cost but also minimize help conserve natural resources.
What are the Risk/s Identified?		
The Company complies with environmental laws and regulations hence, it does not identify any risk in relation to the topic.	Not Applicable	
What are the Opportunity/ies Identified?		
The IT industry in which the Company operates in seen to be a driver for sustainability. By optimizing business processes though digitization, businesses can operate more efficiently at the same time minimize the consumption of natural resources.	Customers	The Company ensures to deliver quality and efficient solutions to its clients.

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees		
a. Number of female employees	58	#
b. Number of male employees	103	#
Attrition rate	33	%
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	13	5
PhilHealth	Y	10	7
Pag-ibig	Y	5	2
Parental leaves	Y	5	2
Vacation leaves	Y	86	73
Sick leaves	Y	74	59
Medical benefits (aside from PhilHealth))	Y	60	42
Housing assistance (aside from Pag-ibig)	N	-	-
Retirement fund (aside from SSS)	N	-	-
Further education support	N	-	-
Company stock options	Y	8	8
Telecommuting	Y	93	97
Flexible-working Hours	Y	-	-
(Others)		-	-

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.	In line with the Company's objective to be a top IT employer of choice, its Human Resources is committed to provide the best possible support to its employees. It ensures that there is always a sufficient number of exceptionally talented and skilled employees at every level. Alongside with this, the HR also regularly reviews incentive programs that rewards its employees for their contribution to achieve the Company's goals. During the pandemic, the Company offered additional financial support to employees affected by the disease through employee loans and the HMOs availed for employees. HR continues to ensure that professional working environment with opportunities for career progression are being available to all its employees.
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	425	hours
b. Male employees	1485	hours
Average training hours provided to employees		
a. Female employees	25	hours/employee
b. Male employees	25	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	5	#

<table>
<tr><th>What is the impact and where does it occur? What is the organization’s involvement in the impact?</th><th>Management Approach</th></tr>
<tr><td>In terms of Labor-Management Relations, the Company does not deal with any labor unions. The Company does not identify any impact of this topic to the business operations, etc.</td><td rowspan="5">Even though employees are not represented by any labor union, the Company still aims to provide a work environment that is safe and healthy. It also works providing an inclusive feeling where employees feel that their contribution to achieve set goals is important and is recognized.</td></tr>
<tr><th>What are the Risk/s Identified?</th></tr>
<tr><td>No risk identified regarding this topic.</td></tr>
<tr><th>What are the Opportunity/ies Identified?</th></tr>
<tr><td>With the absence of any labor group paves the way to efficient business dealings to all stakeholders.</td></tr>
</table>

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	36	%
% of male workers in the workforce	64	%
Number of employees from indigenous communities and/or vulnerable sector*	3	#

*Vulnerable sectors include, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Xurpas Inc. is committed to fair employment practices without prejudice to gender, age, religion, etc. The Company respects all of its employees and strives to protect them from all forms of harassment or any other inhumane treatments. Fostering a work environment that is inclusive and open to all affects the efficiency of the Company in delivering quality services.	Through the Company's policies on safe and healthy work environment, it ensures that the fair employment practices are implemented.
What are the Risk/s Identified?	
Given the strict implementation of its policies on inclusivity and equality among its employees, the Company cannot identify any risk in relation to the topic.	
What are the Opportunity/ies Identified?	
Promotion of the diverse and equal employment opportunity in terms of employee management allows better synergy in the workplace. When problems arise and people work on it together, it may result to finding fast and creative solutions.	

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

Disclosure	Quantity	Units
Safe Man-Hours	332,304	Man-hours
No. of work-related injuries	-	#
No. of work-related fatalities	-	#
No. of work related ill-health	240	#
No. of safety drills	-	#

<table>
<tr><th>What is the impact and where does it occur? What is the organization's involvement in the impact?</th><th>Management Approach</th></tr>
<tr><td>The Company ensures that the physical, emotional and mental well-being of its employees are well taken care of. The health, safety and welfare of its employees and members of community are of vital importance through which human and operational efficiencies are achieved. It also ensures the Company's competitiveness to strive amidst stiff competition in the industry.</td><td rowspan="5">The Company complies with the regulations of the Department of Labor and Employment (DOLE) including the occupational health and safety standards. The Company also promotes a work-life balance for its employees with its flexible working hours and it has established programs to engage employees and check on their overall well-being.

Given the situation brought about by COVID-19, the company ensures its employees' health and safety by implementing work from home set up and providing financial aids to help those affected by the disease. Further, the Company made sure to create a safe and healthy work environment for employees who go to the office by disinfecting the space from time to time. Employees were told to fill up the contact tracing, get temperature checks and were seated apart to maintain social distancing.</td></tr>
<tr><th>What are the Risk/s Identified?</th></tr>
<tr><td>Given the strict implementation of its policies on inclusivity and equality among its employees, the Company cannot identify any risk in relation to the topic.</td></tr>
<tr><th>What are the Opportunity/ies Identified?</th></tr>
<tr><td>Having a safe and healthy workplace promotes a conducive and productive environment.</td></tr>
</table>

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	-	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace? **Yes, the Company has a policy on employee health, safety and welfare. Said policy is found on the Company's website.**

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	N	
Child labor	N	
Human Rights	N	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company respects all of its employees and strives to protect them from all forms of harassment or any other inhumane treatments. Fostering a work environment that is inclusive and open to all affects the efficiency of the Company in delivering quality services.	Through the Company's policies on promoting a work environment that is safe and healthy for everyone, it ensures that the fair employment practices are implemented. It does not tolerate any form of harassment or bullying that may result to mental and emotional degradation.
What are the Risk/s Identified?	**Management Approach**
Strictly implementing and ensuring that the work place upholds the value of respect and professionalism, the Company has not identified any risk.	Not Applicable
What are the Opportunity/ies Identified?	**Management Approach**
Having a company caring for its 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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
In terms of supply chain management, the Company deals mostly with IT companies whose operations does not have a direct impact in the environment and social issues.	The Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates. Moreover, it ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development
What are the Risk/s Identified?	
No identifiable risk in relation to supply chain.	Not Applicable
What are the Opportunity/ies Identified?	
No identifiable opportunities since the Company deals mostly with other IT companies whose operations does not have a direct impact in the environment and social issues.	

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
Not Applicable					

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available. **Not Applicable.**

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	–	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Providing quality services and having strong and good relationships to the customers is of utmost importance. Not only does it result to positive results financially but will also result positively to all stakeholders involved with the Company.	The Company commits to provide quality services and innovative solutions to help the customers achieve digital transformation encouraging increased efficiency and productivity.
What are the Risk/s Identified?	
Customer dissatisfaction & loss of clients.	
What are the Opportunity/ies Identified?	
The opportunities that the Company may encounter includes good and trustworthy reputation and increased market share through servicing new clients and/or grow existing business accounts.	

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	–	#
No. of complaints addressed	–	#

*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company has not encountered health and safety issues from customers given the services provided consist of software development and other IT solutions.	It has implemented the necessary health and safety measures during the pandemic through WFH arrangements and protocols for those employees who were required to report personally in the office.
What are the Risk/s Identified?	
No identifiable risks in relation to this topic.	
What are the Opportunity/ies Identified?	
No identifiable opportunities in relation to this topic.	

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	–	#
No. of complaints addressed	–	#

*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company ensures that it delivers what it promises through its marketing channels. The marketing and sales team constantly updates product offerings and provides feedback for any customer-related concerns.	The Company is committed to practicing ethical and responsible marketing. It discourages misleading and dishonest marketing and advertising activities that may result to customer dissatisfaction or reputational risks.
What are the Risk/s Identified?	
Misleading unethical marketing practices poses a risk of loss of customer and revenue. It also risks the Company's image.	
What are the Opportunity/ies Identified?	
Having an honest marketing practice can be beneficial to the Company. It will give a positive image and be regarded as a trustworthy business partner to its customers and suppliers. This will help the company sustain its operations in the long run and support future plan for growth.	

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy	–	#
No. of complaints addressed	–	#
No. of customers, users and account holders whose information is used for secondary purposes	–	#

*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company adopts strict implementation not to disclose any pertinent information about its customers for secondary purposes. Disclosing such information may have a negative impact to the Company, namely, loss of client and revenue. It may also have a negative effect on the Company's image and trustworthiness.	The Company complies with Data Privacy Act and only discloses customers' data as required by the law and/or as stated in the contract.
What are the Risk/s Identified?	
Risks identified in relation to this topic is violation of Data Privacy Act that may lead to serious legal consequences.	
What are the Opportunity/ies Identified?	
Constant review of its customer privacy policies will improve internal control regarding customer privacy at the same time, mitigate the risk of unlawful disclosures.	

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	–	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company adopts strict implementation not to disclose any pertinent information about its customers for secondary purposes. Disclosing such information may have a negative impact to the Company, namely, loss of client and revenue. It may also have a negative effect on the Company's image and trustworthiness.	The Company complies with Data Privacy Act and only discloses customers' data as required by the law and/or as stated in the contract.
What are the Risk/s Identified?	
Risks identified in relation to this topic is violation of Data Privacy Act that may lead to serious consequences.	
What are the Opportunity/ies Identified?	
Constant review of its customer privacy policies will improve internal control regarding customer privacy at the same time, mitigate the risk of unlawful disclosures.	

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Software Development and Other IT-Related Services	**Gender Equality and Reduced Inequalities** (The Company is committed to fair employment practices without prejudice to gender, age, religion, etc. It also ensures that the physical, mental and emotional well-being of the employees are taken care of through its policy and employee engagement programs.	No identifiable negative impact of contribution.	The Company sees no negative impact of hiring talents regardless of their backgrounds and differences. In fact, it welcomes a diverse workforce who can produce a synergy that can contribute to the Company's growth and sustainability.
	Decent work and Economic Growth (The Company provides a safe and healthy work environment for its employees. It abides by the DOLE's safety standards. Moreover, the Company provides full and productive employment for all especially the young professionals. It also follows strict health and safety protocols in the office to make sure employees don't get infected by COVID-19. Work from Home arrangements were implemented to help stop the spread of disease and make sure that employees are safe in the comfort their own homes while working.)	No identifiable negative impact of contribution.	
	Industry, Innovation and Infrastructure (Through the services and expertise it provides, the Company is promoting digital transformation for all kinds of companies across all sectors. Upgrading systems result to increased productivity and efficiency. It also promotes	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.

	inclusivity and sustainable industrialization.		
	Peace, Justice and Strong Institutions (The Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occurs including acquisitions and financial standing. It values transparency and accountability since it recognizes the importance of regular communication to the stakeholders.	No identifiable negative impact of contribution.	
	Ensure healthy lives and promote well-being for all at all ages (Part of the company's employee benefits is to provide HMOs which provides financial aid in case that employees will be inflicted by some illness.)	No identifiable negative impact of contribution.	

PART V - EXHIBITS AND SCHEDULES

ITEM 14. Exhibits and Reports on SEC Form 17-C

(a) Exhibits – See accompanying Index to Exhibits

The other exhibits as indicated in the Exhibit Table of Revised Securities Act Forms are either not applicable to the Company or require an answer.

(b) Reports on SEC Form 17-C

Xurpas Inc. (the "**Company**") filed the following reports on SEC Form 17-C were filed in 2021:

DATE FILED	ITEMS REPORTED
January 8, 2021	Pursuant to the Company's Manual of Corporate Governance, Xurpas submitted the Attendance of Directors in board meetings held during the calendar year 2020.
January 14, 2021	Xurpas submitted its Public Ownership Report.
January 15, 2021	Xurpas submitted its List of Top 100 Stockholders.
February 16, 2021	The board of directors of Xurpas Inc. approved the Corporation's transfer of principal office to Unit 804 Antel 2000 Corporate Center, 121 Valero St., Salcedo Village, Makati City, 1227 effective March 31, 2021.
April 14, 2021	Xurpas submitted its Public Ownership Report.
April 14, 2021	Xurpas submitted its List of Top 100 Stockholders.
April 26, 2021	the Board of Directors of Xurpas Inc. approved to postpone the 2021 Annual Stockholders' Meeting to August 11, 2021, Wednesday.
June 15, 2021	The Board approved the submission of the 2020 Annual Report
July 12, 2021	Xurpas submitted its Public Ownership Report and List of Top 100 Stockholders.
August 11, 2021	Xurpas submitted the results of the Annual Stockholders' Meeting and Organizational Meeting

October 14, 2021	Xurpas submitted its Public Ownership Report
October 15, 2021	Xurpas submitted its List of Top 100 Stockholders
November 4, 2021	Xurpas submitted the Certificate of Attendance on Corporate Governance Seminar for Atty. Mercedita S. Nolledo
December 3, 2021	Xurpas submitted the Certificate of Attendance on Corporate Governance Seminar for the following: Nico Jose S. Nolledo, Alexander D. Corpuz, Fernando Jude F. Garcia, Wilfredo O. Racaza, Imelda C. Tiongson, Bartolome S. Silayan, Jr. Jonathan Gerard A. Gurango and Atty. Mark S. Gorriceta
December 22, 2021	Xurpas disclosed that it received a termination letter from Wavemaker group terminating the Subscriptioin Agreement and Stock Purchase Agreement.

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 TAGUIG CITY on MAY 16 2022.

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)
TAGUIG CITY) S.S.

SUBSCRIBED AND SWORN to before me this MAY 16 2022 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	P8413630B	DECEMBER 8, 2021	DFA MANILA

Doc. No. 337;
Page No. 69;
Book No. 2;
Series of 2022.

EDRIAN M. APAYA
PTR No. 8131748/01-04-2022/Pasig City
IBP No. 178878/01-04-22/ Masbati City
Roll No. 64655
MCLE Compliance VI-0025830; 04-16-2019
Unit 704, The Infinity Building
26th Street, Bonifacio Global City, Taguig City
Email address:emapaya@gorricetalaw.com
Telephone No. 5196892
Appointment No. 79 (2020-2021) - Taguig City
Commission extended until 30 June 2022