SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, *AS AMENDED*

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **December 31, 2024**

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

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

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

6. (SEC Use Only)
   Industry Classification Code:

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

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

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

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

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

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

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

    Yes [**X**] No [ ]

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

12. Check whether the issuer:

    (a.) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

    Yes [**X**] No [ ]

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

Yes [**X**]   No [ ]

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

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

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

Yes [**X**]   No [ ]

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) Any annual report to security holders;

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

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

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PART I - BUSINESS AND GENERAL INFORMATION

ITEM 1. Business

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

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

Listing with the Philippine Stock Exchange

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

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

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

Acquisitions and Investments

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

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

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

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

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

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

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

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

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

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

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

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

The Company has also sold the following entities:

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

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

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

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

PRODUCTS AND SERVICES

Enterprise Services

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

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

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

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

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

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

Artificial Intelligence

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

Mobile Consumer Services

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

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

Other Services

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

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

Blockchain Technology

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

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

COMPETITION

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

KEY RISKS

Macroeconomic Conditions

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

Liquidity

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

High Customer Concentration

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

Dependency Risks

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

Stiff Competition and fast-paced evolution of the IT industry

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

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

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

Business Model Risks

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

Market Saturation

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

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

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

Talent Acquisition and Retention

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

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

Ability to maximize and adapt to new technologies

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

Concentrated ownership offers a potential risk for conflict of interest

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

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

Data Privacy and Security Risks

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

TRANSACTIONS WITH RELATED PARTIES

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

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

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

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

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

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

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

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

INTELLECTUAL PROPERTY

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

Platforms

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

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

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

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

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

Trademarks

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

Despite the Company's shift towards information technology enterprise solutions, it still holds several registered trademarks that were registered under its subsidiary

REGULATION AND KEY LICENSES

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

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

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

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

EMPLOYEES

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

The table below sets forth the breakdown of the Company's labor complement, grouped according to function, as of December 31, 2024:

Executives	4
Accounting, Finance, Human Resources, Legal and Administration	17
Sales	10
Recruitment	3
Talent Management	6
Marketing	5
Technical Staff	12
Total	**57**

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

COMPLIANCE WITH ENVIRONMENTAL LAWS

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

PLANS AND PROSPECTS

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

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

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

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

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

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

Product Development and Innovation:

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

ITEM 2. Properties

LEASED PROPERTIES

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

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

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

OTHER PROPERTIES

As of December 31, 2024, the Group has office equipment, IT equipment, furniture and fixtures and leasehold improvements with a net book value of ₱2.08 million that are situated in the leased offices held by the Group.

Xurpas also owns intangible assets amounting to ₱73.80 million as of December 31, 2024. These includes goodwill, developed software and cryptocurrencies.

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

ITEM 3. Legal Proceedings

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

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

Xurpas Inc. held its Annual Stockholders’ Meeting on August 7, 2024 wherein the following matters were acted upon:

Agenda 1: Review and approval of Minutes of the Previous Meeting held on February 21, 2024
Approved by: 100% of those present in the meeting
Resolution: "RESOLVED, that the stockholders of Xurpas Inc. approve the minutes of the Special Stockholders' Meeting held on February 21, 2024."

Agenda 2: Approval of Audited Financial Statements for the Year 2023
Approved by: 100% of those present in the meeting
Resolution: "RESOLVED, that the stockholders of Xurpas Inc. approve the 2023 Audited Financial Statements of the Company and its subsidiaries

Agenda 3: Amendment of Articles of Incorporation
Approved by: 100% of those present in the meeting
Resolution: "RESOLVED, that the stockholders of Xurpas Inc. approve the amendment of the Corporation's Articles of Incorporation to: **SECOND**: A: That the primary purpose of this corporation is: To develop, produce, sell, buy or otherwise deal in products, goods or services in connection with the transmission, receiving, or exchange of voice, data, video or any form of **digital** communication whatsoever; **To design, develop, test, build, market, distribute, maintain, support, customize and sell software technology products and services, except internet provider services**; To purchase or otherwise acquire, own, hold, develop and manage in pursuit of and related to its principal business, personal property of every kind and description and to possess and exercise in respect thereof, all rights, powers and privileges of ownership. B: That the corporation shall have all the express powers of a corporation as provided for under Section 35 of the Revised Corporation Code of the Philippines. **RESOLVED FURTHER**, that the stockholders of Xurpas Inc. authorize the Board of Directors to undertake all necessary actions to secure the required approvals for the aforementioned amendment to the Articles of Incorporation."

Agenda 4: Approval of the Waiver to Conduct a Rights or Public Offering in Relation to the Additional Listing of Additional Common Shares from the Conversion of Advances to Equity Transaction
Approved by: 100% of those present in the meeting
Resolution: RESOLVED, that the stockholders of Xurpas Inc. approve the waiver to conduct a rights or public offering in relation to the additional listing of 455,068,753 common shares issued to Mr. Nico Jose S. Nolledo and Mr. Fernando Jude F. Garcia. RESOLVED FURTHER, that the stockholders of Xurpas Inc. authorize the Board of Directors to undertake all necessary actions to secure the required approvals for the aforementioned waiver and additional listing of shares."

Agenda 5: Election of Directors and Independent Directors
Approved by: 100% of those present in the meeting
Resolution: "RESOLVED, that the stockholders of Xurpas Inc. (the "Corporation") elect the following as directors of the Corporation to serve as such beginning today until their successors are elected and qualified: Jonathan Gerard A. Gurango Alexander D. Corpuz Fernando Jude F. Garcia Wilfredo O. Racaza Imelda C. Tiongson (Independent Director) Bartolome S. Silayan, Jr. (Independent Director) Christopher P. Monterola (Independent Director) Jonathan Juan DC Moreno (Independent Director)"

Agenda 6: Appointment of External Auditor
Approved by: 100% of those present in the meeting
Resolution: "RESOLVED, that the stockholders of Xurpas Inc. approves the appointment of SyCip Gorres Velayo & Co. as the Corporation's External Auditor for the calendar year 2024."

Agenda 7: Ratification of Previous Acts of the Directors and Management
Approved by: 100% of those present in the meeting
Resolution: "RESOLVED, that the stockholders of Xurpas Inc. ratify the previous acts of the Directors and Management."

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

Market Information

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

Xurpas' common shares were listed with the Philippine Stock Exchange, Inc. on December 2, 2014. The high and low stock prices for 2017, 2018, 2019, the first three (3) quarters of 2020, 2022, 2023, 2024, and the first quarter of 2025 are indicated below:

	High	Low
2025		
1st Quarter	0.199	0.164
2024		
4th Quarter	0.186	0.152
3rd Quarter	0.241	0.162

2nd Quarter	0.255	0.220
1st Quarter	0.305	0.192
2023		
4th Quarter	0.25	0.182
3rd Quarter	0.31	0.227
2nd Quarter	0.30	0.244
1st Quarter	0.36	0.25
2022		
4th Quarter	0.28	0.246
3rd Quarter	0.35	0.25
2nd Quarter	0.37	0.27
1st Quarter	0.57	0.30
2020		
3rd Quarter	0.55	0.50
2nd Quarter	1.37	0.40
1st Quarter	0.95	0.40
2019		
4th Quarter	1.16	0.75
3rd Quarter	1.22	0.87
2nd Quarter	1.37	0.91
1st Quarter	2.33	1.09
2018		
4th Quarter	2.39	1.04
3rd Quarter	3.72	2.02
2nd Quarter	3.92	2.80
1st Quarter	5.93	3.10
2017		
4th Quarter	5.94	3.10
3rd Quarter	9.07	5.20
2nd Quarter	10.84	7.40
1st Quarter	10.50	7.09

The market capitalization of the Company's common shares as of end-2024, based on the closing price of ₱0.1820/share, was approximately Php456,762.454.[2]

The price information of Xurpas' common shares as of the close of the latest practicable trading date, April 7, 2025, is at ₱0.171/share.

[2] Xurpas has 2,509,683,812 outstanding common shares as of December 31, 2023.

Holders

There are 33 registered holders of common shares, as of March 31, 2025:

	Stockholder's Name	Number of shares	Percentage to total	Nationality
1.	PCD Nominee Corp. (Filipino)	542,207,295	21.60	Filipino
2.	PCD Nominee Corp. (Non-Filipino)	254,013,508	10.12	Others
3.	Nico Jose S. Nolledo	730,213,914	29.10	Filipino
4.	Raymond Gerard S. Racaza	375,765,960	14.97	Filipino
5.	Fernando Jude F. Garcia	564,803,840	22.5	Filipino
6.	Jonathan Gerard A. Gurango	1,192,499	0.05	Filipino
7.	Mercedita S. Nolledo	1,060	Nil	Filipino
8.	Wilfredo O. Racaza	1,060	Nil	Filipino
9.	Alexander D. Corpuz	1,000	Nil	Filipino
10.	Imelda C. Tiongson	1,000	Nil	Filipino
11.	Eden International Holdings Pte. Ltd.	39,169,763	1.56	Non-Filipino
12.	Christopher P. Monterola	1,000,000	0.04	Filipino
13.	Jack Jonathan R. Madrid	10,000	Nil	Filipino
14.	Rafael Jay P. Ramores	423,000	0.02	Filipino
15.	Nelson Gatmaitan	400,000	0.02	Filipino
16.	Roseller Artacho Mendoza	300,000	0.01	Filipino
17.	Emilie Grace S. Nolledo	251,889	0.01	Filipino
18.	Warlito D. Manlapaz	200,000	0.01	Filipino
19.	Philina Roselle G. Mendoza	100,000	Nil	Filipino
20.	Aquilina V. Redo	6,500	0	Filipino
21.	Rogina C. Guda	6,000	0	Filipino
22.	Dahlia C. Aspillera	2,900	0	Filipino
23.	Roberto B. Redo	1,000	0	Filipino
24.	Shareholders' Association of the Philippines	1,000	0	Filipino
25.	Dondi Ron R. Limgenco	111	0	Filipino
26.	Marietta V. Cabreza	100	0	Filipino
27.	Milagros P. Villanueva	100	0	Filipino
28.	Myra P. Villanueva	100	0	Filipino
29.	Myrna P. Villanueva	100	0	Filipino
30.	Philip &/or Elnora Turner	99	0	British-Indian
31.	Alvin D. Lao	10	0	Filipino
32.	Owen Nathaniel S. AUITF: Li Marcus Au	3	0	Filipino
33.	Joselito T. Bautista	1	0	Filipino
	Total	**2,509,683,812**	**100%**	

Dividends and Dividend Policy

Information on the Company's declaration of dividends follow:

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

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

No dividends were paid in the year ended 31 December 2023. The Company cannot provide assurance that it will pay any dividends in the future. In making a decision to declare dividends, the Board may consider various factors including the Company's cash, gearing, return on equity and retained earnings, the results of its operations or the Company's financial condition at the end of the year and such other factors as the Board may deem appropriate. The Company's Board may, at any time, modify such dividend payout ratio depending upon the results of operations and future projects and plans of the Company.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. Issuance of New Common Shares to Wavemaker Group

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

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

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

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

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

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

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

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

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

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

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

5. Conversion of Advances to Equity

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

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

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

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

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

Navigating a rapidly shifting technological landscape, the IT industry in 2024 demanded resilience, agility, and constant innovation. Businesses, faced with changing market needs and technological disruption, seeks partnership with IT companies capable of delivering flexible and forward-looking solutions. Throughout the year, Xurpas focused on adapting to these trends, aligning its services to support the digital growth and transformation of its clients.

As part of its broader strategy to stay at the forefront of technological advancement, Xurpas continues to expand under Xurpas AI Labs (XAIL), its AI business segment under Xurpas Enterprise, which started generating revenues beginning third quarter of 2024. XAIL provides data analytics consulting services, along with a range of AI products to help businesses leverage the power of data with AI to solve real-world business problems and unlock opportunities to gain lasting strategic advantage. By offering AI solutions and expertise, XAIL is well-positioned to capitalize on this growing demand, differentiate itself from its competitors, and solidify its position as a leader in the industry.

XAIL had several key preparations to position itself strongly in the market. Partnerships were formed with highly regarded AI consultants to infuse the team with its external expertise and industry best practices. It also focused on building internal capabilities which led to identify key staff members for specialized training and further education. XAIL is currently developing AI-powered products and shall be packaged with subscription models ready to offer to different industries in the market. Likewise, it is widening its range of data analytics consulting services

For the year ended, Xurpas experienced mixed results across its business segments, with some units achieving revenue growth and others encountering external challenges. Total revenues slightly declined by 2% to ₱183.70 million from ₱188.02 million in 2023, mainly due to a decrease in enterprise services revenues. This decline occurred despite strong growth in mobile consumer services and other services, which increased by 154% and 18%, respectively. Under enterprise services, there was an increase in revenues for business solutions while adding the revenues generated from XAIL, its AI business segment. Likewise, AllCare, under other services, also generated an increase in revenues. On the other hand, there was a drop of revenues under IT staff augmentation for the period, as its major client's groups that Xurpas was working with, already finished their digital transformation projects.

The Group's consolidated expenses during the year amounted to ₱301.57 million, a 6% increase from the same period of the previous year at ₱285.06 million. This is primarily due to the increase in provision for impairment loss recognized compared to last year. Excluding the provision for impairment loss, consolidated operating expenses actually decreased by 4% due to cost cutting initiatives by the management. Decrease in labor cost and marketing and promotions were evident in 2024.

Xurpas also shared a portion of the losses incurred by its associates amounting to ₱7.96 million loss in 2024 compared with the ₱1.81 million loss of the same period of last year. Other income, charges and finance costs – net deteriorated by 1,252% mainly from the foreign exchange loss amounting to ₱4.74 million recognized in 2024 compared to the foreign exchange gain recognized in 2023. By the end of 2024, the Company generated a ₱133.35 million pre-tax loss and ₱134.99 million net loss. Other comprehensive income decreased from ₱18.06 million in 2023 to ₱12.06 million in 2024 due to the loss incurred from cumulative translation adjustment.

Despite facing challenges in 2024, including increased impairment provisions, foreign exchange losses, and higher share in associates' losses, Xurpas implemented cost-cutting initiatives that improved core expense management in 2024. Management remains focused on operational efficiencies and strategic initiatives to strengthen financial performance moving forward.

Financial Summary

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

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

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

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

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

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

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

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

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

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

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

Segment Financial Performance

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

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

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

Profitability

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

Revenues

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

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

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

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

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

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

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

Expenses

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

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

Cost of Services

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

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

General and Administrative Expenses (GAEX)

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

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

Equity in Net Losses of Associates

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

Finance Costs– net

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

Other Income – net

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

Loss before Income Tax

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

Provision for Income Tax

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

Net Loss

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

Other Comprehensive Income

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

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

Total Comprehensive Loss

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

Financial Position

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

Assets

Cash and cash equivalents

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

Accounts and Other Receivables

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

Contract Assets

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

Other Current Assets

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

Financial assets at FVOCI

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

Investment in and Advances to Associates

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

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

Property and Equipment

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

Right-of-use (ROU) Asset

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

Intangible Assets

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

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

Other Noncurrent Assets

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

Liabilities

Accounts and Other Payables

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

Advances from Stockholders

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

Loans Payable

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

Contract Liabilities

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

Lease Liability

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

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

Pension Liability

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

Equity (Capital Deficiency)

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

Outlook for 2025

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

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

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

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

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

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

Product Development and Innovation:

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

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

Liquidity and Capital Resources

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

Cashflows

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

Cash Flows from Operating Activities

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

Cash Flows from Investing Activities

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

Cash Flows from Financing Activities

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

Capital Expenditure

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

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

Key Performance Indicators

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

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

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

Liquidity Ratios

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

Asset-to-Equity Ratio

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

Profitability Ratios

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

Debt Ratios

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

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

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

Other Disclosures:

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

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

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

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

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

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

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

Full year 2023 compared with 2022

The year 2023 unfolded against a landscape of rapid technological evolution and shifting market dynamics within the IT sector both in the country and worldwide. The pervasive influence of digital transformation continued to reshape industries across the globe, driving demand for innovative solutions that streamline operations, enhance customer experiences, and optimize business performance.

Throughout the year, Xurpas still continues to be a beacon of innovation, pushing forward its vision of shaping the future of businesses, with its underlying commitment to transformative technology. The Company, venturing into Web 3.0 services in the second half of 2022, which involves cutting edge technologies like blockchain, established the business unit, X3. Building on this momentum, Xurpas introduced significant additions to the group in 2023:

1) Xurpas Software Inc. which contributes to the enhancement of the company's presence in the digital business transformation software solutions sector by focusing on creating user-friendly software products and services using advanced ERP technologies;
2) Xurpas Pty Ltd which aims to seek new market opportunities in Australia, where it plans to offer enterprise products and services; and
3) Xurpas AI Lab (XAIL), specializing in software products and services that utilize artificial intelligence (AI) and data science.

XAIL was formally launched on October 19, 2023 with its event, Set XAIL Towards Your AI-enabled Philippine Business. A business unit under Xurpas Enterprise, XAIL extends its expertise to SMEs and large corporations looking to leverage AI-powered solutions to meet real-world challenges. The lab's focus on practical, results-driven AI applications places it at the forefront of a movement poised to revolutionize customer experiences and streamline operations across a multitude of industries, with the objective of innovation and competitiveness.

With the aforementioned as a backdrop, certain business segments of Xurpas were able to take advantage of the opportunity and were able to increase their revenues; and some faced challenges, not entirely within their control. For 2023, total revenues decreased by 17% to ₱188.02 million, from ₱227.32 million the same period of 2022 primarily due to the decline in the enterprise and mobile consumer services businesses. There was an increase in revenues for custom development and business solutions, adding to the revenues generated from the successful entry to the Web 3.0 business. Meanwhile, AllCare, under other services, also generated an increase in revenues. On the other hand, there was a substantial drop of revenues under IT staff augmentation for the period, as its major client's groups that Xurpas was working with, already finished their digital transformation projects.

The Group's consolidated expenses during the year amounted to ₱300.09 million, a 6% decrease from the same period of the previous year at ₱320.69 million. This is primarily due to the lower provision for impairment loss recognized compared to last year, lower professional fees, outsourced services and depreciation and amortization. This was partially offset, however, by the increase in salaries and wages due to additional manpower and management and increase in dues and subscription, as part of its strategy for growth and expansion.

Xurpas also shared a portion of the losses incurred by its associates amounting to ₱1.81 million loss as of 2023 compared with the ₱4.28 million income of the same period of last year. Other income, charges and finance costs - net decreased by 40% mainly from gain from derecognition of long-outstanding payables incurred in 2022. By the end of 2023, the Company generated a ₱98.21 million pre-tax loss and ₱100.03 million net loss. The Company was able to yield substantial gains from the improvement of the foreign exchange rates and increase in crypto prices as of the end of 2023. This caused the company to earn ₱18.06 million other comprehensive income for 2023 as opposed to the ₱46.89 million other comprehensive loss in the same period of last year, a 139% improvement.

As the organization continues to focus on enhancing its operational efficiency, fostering innovation and strengthening its market position, it also took advantage in proactively executing financial management strategies to capitalize on opportunities within the organization. Some of these include divesting its non-core assets such as Altitude, an associate of Xurpas, and converting debt-to-equity of advances from stockholders of Mr. Nico Jose Nolledo and Mr. Fernando Jude Garcia which aimed to improve and strengthen the Group's financial position. The latter also reflects the founders' confidence in the Corporation's ability to further expand its business. These strategic actions not only signify prudent financial stewardship but also pave the way for sustained growth and agility amidst market uncertainties.

Financial Summary

Key Financial Data In PhP Millions	**For the years ended December 31**					
	2023		**2022**		**Amount Change**	**% Increase (Decrease)**
	Amount	**Percentage**	**Amount**	**Percentage**		
Revenues						
Mobile consumer services	8.61	5%	15.68	7%	(7.07)	(45%)
Enterprise services	131.97	70%	167.81	74%	(35.85)	(21%)
Other services	47.44	25%	43.83	19%	3.62	8%
Total Revenues	**188.02**	**100%**	**227.32**	**100%**	**(39.30)**	**(17%)**
Cost of Services	143.57	76%	169.79	75%	(26.22)	(15%)
Gross Profit	**44.45**	**24%**	**57.53**	**25%**	**(13.08)**	**(23%)**
General and Administrative Expenses	156.53	83%	150.90	66%	5.62	4%
Equity in Net Losses of Associates	1.81	1%	4.28	2%	(2.47)	59%
Finance Costs - net	3.24	2%	9.20	4%	(5.96)	65%
Other Income- net	(18.92)	(9%)	(35.20)	(15%)	(16.27)	46%
Loss Before Income Tax	**(98.21)**	**(52%)**	**(71.66)**	**(32%)**	**(26.55)**	**37%**
Provision for Income Tax	1.82	1%	4.24	2%	(2.42)	(57%)
Net Loss	**(100.03)**	**(53%)**	**(75.90)**	**(33%)**	**(24.12)**	**(32%)**
Other Comprehensive Income (Loss)	18.06	10%	(46.89)	(21%)	64.95	139%
Total Comprehensive Loss	**(81.97)**	**(44%)**	**(122.79)**	**(54%)**	**40.82**	**33%**

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

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

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

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

General and administrative expenses (GAEX) increased by a mere 4%, from ₱150.90 million in 2022 to ₱156.53 million in 2023. The increase was primarily brought about by the reclassification from COS to GAEX salaries and wages, as previously mentioned; and additional management, technical, sales and marketing manpower and sales/marketing initiatives, which are imperative to continuously achieve growth in order to implement expansion as part of the Company's plan.

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

Finance Costs-net recognized for the year 2023 is ₱3.24 million, 65% lower than the ₱9.20 million net finance costs recorded in 2022 which is primarily due to the waiver of interest expenses from advances from stockholders (in relation to the conversion of advances to equity). Conversely, the Company was able to record ₱18.92 million of "Other income – net", a decrease of 46% vis-à-vis the ₱35.20 million other income – net incurred in the same period of 2022 arising from lower gain from derecognition of long-outstanding payables.

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

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

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

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

Segment Financial Performance

For the year ended December 31, 2023 (in Php Millions)	Mobile Consumer Services	Enterprise Services	Other Services	Intersegment Adjustments	Consolidated
Total Service Revenues	**8.61**	**165.52**	**47.43**	**(33.56)**	**188.02**
Operating expenses	**49.40**	**241.74**	**68.89**	**(59.93)**	**300.09**
Equity in net losses of associates	-	-	-	1.81	1.81
Finance costs and other charges (income) - net	(48.27)	30.81	1.29	0.48	(15.69)
Total Expenses (Other Income) - net	1.13	272.56	70.17	(57.64)	286.23
Operating Income (Loss)	**7.48**	**(107.03)**	**(22.74)**	**24.08**	**(98.22)**
Provision for income tax	**(0.40)**	**(1.42)**	**-**	**-**	**(1.82)**
Net Income (Loss)	**7.08**	**(108.45)**	**(22.74)**	**24.08**	**(100.04)**

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

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

Profitability

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

Revenues

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

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

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

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

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

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

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

Expenses

In PhP Millions	For the years ended December 31					
	2023		2022		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Expenses						
Cost of Services	143.57	48%	169.79	53%	(26.22)	(15%)
General and Administrative Expenses	156.53	52%	150.90	47%	5.62	4%
Total Expenses	**300.09**	**100%**	**320.69**	**100%**	**(20.60)**	**(6%)**

The Group's consolidated expenses during the year ended December 31, 2023 amounted to ₱300.09 million, a 6% decrease from the same period of the previous year at ₱320.69 million. For the year 2023, GAEX accounted for the bulk of expenses, totaling ₱156.53 million or 52% of the Group's consolidated expenses.

Cost of Services

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

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

General and Administrative Expenses (GAEX)

In PhP Millions	For the years ended December 31					
	2023		2022		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
General and Administrative Expenses						
Salaries, wages and employee benefits	94.80	61%	44.56	30%	50.24	113%
Provision for impairment loss	21.79	14%	49.02	32%	(27.22)	(56%)
Professional fees	9.14	6%	14.17	9%	(5.03)	(35%)
Marketing and promotions	6.32	4%	7.16	5%	(0.84)	(12%)
Others	24.48	15%	35.99	24%	(11.51)	(32%)
Total Expenses	**156.53**	**100%**	**150.90**	**100%**	**5.62**	**4%**

General and administrative expenses (GAEX) relating to the Group's operations, for the year 2023, amounted to ₱156.53 million, higher by 4% compared to previous year's level of ₱150.90 million. Salaries and wages accounted for 61% in 2023 and increased by 113% vis-à-vis same period in 2022 caused by the reclassification from COS to GAEX salaries and wages and additional management manpower. The overall increase was offset by the decrease in provision for impairment loss, professional fees, marketing and promotions and other expenses.

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

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

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

Equity in Net Losses of Associates

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

Finance Costs– net

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

Other Income – net

For the year ended December 31, 2023, the Group recognized other income, net amounting to ₱18.92 million, a 46% decline from the ₱35.20 million net other income posted in the same period in 2022. This resulted mainly from lower gain from derecognition of long-outstanding payables in 2023. It is also worth mentioning that in 2023, the Group recognized total gain of ₱15.03 million from the recovery and collection of convertible notes receivable from and investment in Altitude Games.

Loss before Income Tax

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

Provision for Income Tax

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

Net Loss

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

Other Comprehensive Loss

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

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

Total Comprehensive Income (Loss)

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

Financial Position

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

Assets

Cash and cash equivalents

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

Accounts and Other Receivables

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

Contract Assets

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

Other Current Assets

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

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

Financial assets at FVOCI

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

Investment in and Advances to Associates

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

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

Property and Equipment

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

Right-of-use (ROU) Asset

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

Intangible Assets

As of December 31, 2023, intangible assets amounted to ₱81.88 million which increased from the ₱63.11 million balance as of December 31, 2022. This is composed of goodwill, developed software, and cryptocurrencies.

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

Other Noncurrent Assets

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

Liabilities

Accounts and Other Payables

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

Advances from Stockholders

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

Loans Payable

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

Contract Liabilities

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

Lease Liability

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

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

Deferred tax liability

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

Pension Liability

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

Equity

Total Equity

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

Outlook for 2024

In the dynamic landscape of the IT sector, the outlook for 2024 presents a lot of opportunities for the Xurpas Group as it offers a comprehensive suite of services, including IT staff augmentation, custom development, business solutions and artificial intelligence integration. As businesses across industries and local government units and government agencies increasingly embrace digital transformation to drive efficiency and innovation, the demand for specialized IT solutions and expertise continues to soar not only in the country but internationally. With the Philippines being a prime destination for IT outsourcing due to its skilled workforce and competitive pricing, the Group has a unique opportunity to expand its reach beyond the domestic market.

Continuing the strategic roadmap outlined for the Group, it continues to expand and maintain its focus on their strategies. These involve i) geographical -–extending presence beyond the country's borders ii) operational– streamlining its operations and reinforcing marketing efforts with digital marketing and iii) product expansion– focusing on the latest technological advances, including machine learning and artificial intelligence.

1. Custom Software Development: As technology becomes increasingly ingrained in a lot of businesses, the demand to adopt digital transformation has also been increasing for the custom software development business. It has been one of their top priorities as they focus to keep up with these technological changes in order to stay relevant and competitive in the market. The Group has observed an increase in demand for its custom software development in 2023 where revenues substantially increased by 16% from last year. With this, Xurpas will continue to take this opportunity to maximize its expertise in providing these types of services in the market

2. IT Staff Augmentation: As companies look to optimize their workforce and fill skill gaps, the demand for IT staff augmentation services remains high globally. This led to the Group's decision to expand its digital influence geographically to cover other markets in need of their services even beyond the country's borders. In 2023, the Company has already incorporated Xurpas Australia as its aims to introduce its product offerings and services to larger markets.

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

4. Artificial Intelligence: As businesses increasingly recognize the value of AI in driving efficiency and innovation, demand for comprehensive AI services is on the rise. Xurpas Enterprise launch Xurpas AI Lab (XAIL) this 2023 which provides data science and consulting services, along with a range of AI solutions to help businesses leverage the power of data with AI to solve real-world business problems and unlock opportunities to gain lasting strategic advantage. By offering end-to-end AI solutions and expertise, XAIL is well-positioned to capitalize on this growing demand and solidify its position as a leader in the industry.

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

Liquidity and Capital Resources

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

Cashflows

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

Cash Flows from Operating Activities

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

Cash Flows from Investing Activities

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

Cash Flows from Financing Activities

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

Capital Expenditure

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

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

Key Performance Indicators

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

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

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

Liquidity Ratios

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

Asset-to-Equity Ratio

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

Profitability Ratios

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

Debt Ratios

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

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

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

Other Disclosures:

viii. Liquidity. To cover its short-term funding requirements, the Group intends to use internally generated funds, obtain additional advances from its stockholders, and negotiate for longer payment terms for its payables.
ix. Events that will trigger Direct or Contingent Financial Obligation. There are no events that will trigger direct or contingent financial obligations that are material to the Group, including and default or acceleration of an obligation.
x. Material Off-balance sheet Transactions, Arrangements, Obligations. Likewise, there were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the group with unconsolidated entities or other persons created during the reporting period.
xi. Material Commitments for Capital Expenditure. There are no material commitments for capital expenditures.
xii. Material Events/ Uncertainties. There are no new trends, events, or uncertainties that are expected to have a material favorable or unfavorable impact on the Group's revenues from continuing operations.
xiii. Results of Operations. There were no significant elements of income or loss that did not arise from continuing operations.
xiv. Seasonality. The Group is not subject to seasonality.

Full year 2022 compared with 2021

2022 is the year where the nation gradually shifted its focus from COVID-response to economic recovery. Businesses, schools and tourism were finally reopened at their almost full capacities in an attempt to regain their pre-pandemic standing. This has been evident by the increase of the country's Gross Domestic Product (GDP) to 7.6% in 2022 compared with the 5.6% growth in 2021, per Philippine Statistics Authority.

However, there were other external factors that inhibited the full progress towards economic recovery of the country especially during the last quarter of the year. High inflation, rising interest rates and weakening of the Philippine Peso versus various foreign currencies were evident by the end of 2022 which affected economic performance. It is also this year when cryptocurrencies entered a difficult period of declining prices – the crypto winter. The drop in the value was steep by almost 70% for Bitcoin and Ethereum by the end of the year. The abovementioned variables made an impact in the Group's financial situation having assets and liabilities that require mark to market valuation. As the Group has 1) investment in subsidiaries and associates which have foreign functional currencies 2) liabilities denominated in US Dollar and 3) cryptocurrencies, the Company has to ensure that these assets and liabilities are measured at their fair value based on current market conditions at year-end. All these resulted to the recognition of unrealized forex losses, revaluation losses, and impairment of goodwill for an affiliate. However, it is noteworthy to mention that excluding these uncontrollable and one-off expenses by the Group, an improvement can still be seen in the Company's operational performance in 2022, compared with the previous year.

Notwithstanding this, the Group continues to strive and put vigorous efforts to further strengthen and build its businesses. The Group continues to see a lot of opportunities and continues to provide services to the market to jumpstart their digital transformation given its high and growing demand even at post-pandemic. Plans to continue strengthening its enterprise service business by focusing on IT staff augmentation, further growing its services under custom software development and business solutions and seizing opportunities brought by Web 3.0 are consistently aligned with the strategies being undertaken by the Group which involves geographical, operational and product expansion.

Financial Summary

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

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

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

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

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

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

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

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

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

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

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

Segment Financial Performance

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

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

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

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

Profitability

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

Revenues

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

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

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

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

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

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

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

Expenses

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

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

Cost of Services

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

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

Cost of Goods Sold (COGS)

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

General and Administrative Expenses (GAEX)

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

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

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

Equity in Net Losses of Associates

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

Finance Costs– net

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

Other Income – net

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

Loss before Income Tax

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

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

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

Provision for (Benefit from) Income Tax

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

Net Loss

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

Other Comprehensive Income (Loss)

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

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

Total Comprehensive Income (Loss)

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

Financial Position

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

Assets

Cash

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

Accounts and Other Receivables

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

Contract Assets

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

Other Current Assets

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

Financial assets at FVOCI

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

Investment in and Advances to Associates

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

- Equity in net losses of associates recognized by the Group amounted to ₱4.28 million, 1,238% higher than in 2021;

- Share in other comprehensive loss of associates from cumulative translation adjustment amounted to ₱12.00 million, 199% higher than in 2021. The increase was caused by the deterioration of the Philippine peso against foreign currencies; and
- The Group recognized impairment loss on its investment in MBL amounting to ₱24.97 million.

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

Property and Equipment

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

Right-of-use (ROU) Asset

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

Intangible Assets

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

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

Other Noncurrent Assets

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

Liabilities

Accounts and Other Payables

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

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

Advances from Stockholders

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

Loans Payable

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

Contract Liabilities

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

Current Portion of Lease Liability

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

Loan Payable – net of current portion

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

Deferred tax liability

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

Pension Liability

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

Capital Deficiency

Total Capital Deficiency

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

Outlook for 2023

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

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

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

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

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

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

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

Liquidity and Capital Resources

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

Cashflows

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

Cash Flows from Operating Activities

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

Cash Flows from Investing Activities

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

Cash Flows from Financing Activities

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

Capital Expenditure

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

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

Key Performance Indicators

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

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

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

Liquidity Ratios

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

Asset-to-Equity Ratio

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

Profitability Ratios

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

Debt Ratios

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

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

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

Other Disclosures:

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

ITEM 7. Financial Statements

Please refer to the consolidated financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules.

ITEM 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no changes in and disagreements with accountants on accounting and financial disclosure.

Independent Public Accountants, External Audit Fees and Services

The consolidated financial statements of the Group as of December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022 were audited by SGV & Co., independent auditors, in accordance with Philippine Standards on Auditing (PSA).

SGV & Co. has acted as the Group's independent auditors since 2008. The Company has not had any material disagreement on accounting and financial disclosure with SGV & Co. for the periods stated above or during interim periods. SGV & Co. has neither shareholding in the Group nor any right, whether legally enforceable or not, to nominate persons or to subscribe to the securities of the Group. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

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

The aggregate fees billed for each of the last two calendar years for professional services rendered by the external auditor were **₱4.48 million** and **₱4.10 million** for 2024 and 2023, respectively.[3] The audit fees for 2025 are estimated to be at **₱4.51 million**. Services rendered include the audit of the financial statements and supplementary schedules for submission to SEC, tax consultancy and assistance in the preparation of annual income tax returns.

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

[3] **The Parent Company incurred audit fees amounting to ₱3.54 million and ₱3.23 million in 2024 and 2023, respectively. The Parent Company's audit fee for 2025 is estimated to be at ₱3.89 million.**

ITEM 9. Directors and Executive Officers of the Issuer

BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

The overall management and supervision of the Company is undertaken by the Board. The Board is composed of eight (8) members, four of whom are independent directors. The term of a director is one year from date of election and until their successors are elected and qualified.

The Company's Nominations Committee consults external search agencies or external databases, such as the Institute of Corporate Directors, to source qualified candidates for Board membership. The Company meticulously prepares a matrix to assess the qualifications of all candidates.

As of December 31, 2024, the composition of the Company's Board is as follows:

Name	Age	Citizenship	Position	Date/Year Position was Assumed
Jonathan Gerard A. Gurango	67	Filipino	Chairman and Chief Executive Officer	June 6, 2022
Alexander D. Corpuz	58	Filipino	Director, President, Chief Information Officer and Chief Finance Officer	February 1, 2019
Fernando Jude F. Garcia	51	Filipino	Director, Treasurer and Chief Technology Officer	November 26, 2001
Wilfredo O. Racaza	76	Filipino	Director	November 26, 2001
Imelda C. Tiongson	59	Filipino	Independent Director	May 7, 2020
Christopher P. Monterola	48	Filipino	Independent Director	November 14, 2022
Jonathan Juan DC Moreno	53	Filipino	Independent Director	August 9, 2023
Jonathan Jack R. Madrid	64	Filipino	Independent Director	February 11, 2025

Each of the Company's directors was elected to the Board during the Company's annual stockholders' meeting held on August 7, 2024. Each director shall remain in office until the next annual meeting of the stockholders of the Company or his or her removal or resignation as may be allowed under law.

The table below sets forth the Company's executive officers in addition to its executive directors listed above as of December 31, 2024:

Name	Age	Citizenship	Position
Mark S. Gorriceta	46	Filipino	Corporate Secretary and Chief Legal Officer
Ann Camille S. Ecleo	29	Filipino	Interim Chief Compliance Officer and Interim Chief Risk Officer
Jose Vicente T. Colayco	54	Filipino	Chief Operating Officer

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

Jonathan Gerard A. Gurango, Filipino, 67, has been an independent director of the Corporation since 2014. Mr. Gurango was appointed as the Chairman of the Board and the Chief Executive Officer of the Corporation effective June 6, 2022. Mr. Gurango has a solid track record in forming and running successful software companies. He founded Match Data Systems (MDS) in Seattle, USA in 1987, MDS Philippines in 1991, and MDS Australia in 1996. In 1999, he sold MDS to Great Plains Software, which was acquired by Microsoft in 2001. Mr. Gurango served as the Asia Pacific Regional Director for Microsoft Business Solutions until his retirement in 2003. He has since co-founded or coached several software start-ups and became President of the Philippine Software Industry Association until 2014.

He is presently the Chairman of the Capiz ICT Council, and a director of SERVIO Technologies, Digital Business Training Center Inc., TendoPay, Tonik Digital Bank, and the Mijares-Gurango Craniofacial Foundation. Mr. Gurango studied Industrial Engineering at the University of the Philippines, Diliman, Quezon City. He also studied Electrical Engineering at the University of Washington, Seattle, Washington, USA.

Alexander D. Corpuz, Filipino, 58, was appointed as Director and President of the Corporation effective February 1, 2019. He has also been the Corporation's Chief Finance Officer since 2014 and Chief Information Officer since 2018. Mr. Corpuz has 33 years of experience in the field of finance, ten years of which was in investment and commercial banking. He was Vice President of Bank of America in 2001, before serving as CFO for Liberty Telecoms, Information Gateway, Mañosa Group of Companies and Hatchd Inc. Mr. Corpuz holds a Bachelor of Science in Business Administration degree from University of the Philippines, Diliman, Cum Laude. He obtained his Masters in Business Management from the Asian Institute of Management, Makati City. He is a member of the Financial Executives Institute of the Philippines (FINEX) and the Management Association of the Philippines. He is Director/Treasurer of the Educhild Foundation Inc. .

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

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

Imelda C. Tiongson, Filipino, 59, has been an Independent Director of the Corporation since May 7, 2020. She is a Governance and Fintech Advocate and currently serves as the President of Opal Portfolio Investments (SPV-AMC) Inc. She also holds positions as an Independent Director on several Boards, namely Raslag Corporation (a publicly listed solar power company), Prulife UK Ph., and Alipay Philippines. In addition to her corporate roles, she is actively involved in several advocacy organizations, including serving as a Trustee of the Institute of Corporate Directors (ICD), Chairwoman of the Governance Committee of the Management Association of the Philippines, Trustee of Fintech Alliance.ph, and Trustee of Womenbiz Ph. She is also a lecturer for various organizations, including the Institute of Corporate Directors and the Ateneo Graduate School of Business - Center for Continuing Education.

From December 2021 to September 2023, she became a committee member of the Bangko Sentral ng Pilipinas Open Finance Oversight Committee Transition Group, representing the Fintech Industry where she also held position as Chair of the Governance Committee. Open Finance Framework was submitted to the BSP during the launch in 2023.

Prior to leading OPAL SPV, she held senior executive positions at National Australia Bank and the Philippine National Bank, accumulating a total of 22 years of experience. Ms. Tiongson also contributed to the drafting of several digital/fintech-related laws as a member of the Technical Working Groups, including the Revised Corporation Code enacted in 2019 and the Financial Rehabilitation and Insolvency Act of 2010, Business Recovery as One and several Digitalization laws.

Ms. Tiongson obtained her Bachelor of Business in Accountancy from the Royal Melbourne Institute of Technology. She has also completed various master classes, including one on Remedial at the Asian Institute of Management (AIM), a Master Class in Blockchain/Cryptocurrency facilitated by Terrapinn, a Master Class in Risk/Audit conducted by the World Bank ICD, and a Master Class in Risk/Audit facilitated by the Alibaba Netpreneur Program.

Bartolome Silayan Jr., Filipino, 57, has been an independent director of the Corporation since May 7, 2020. He is currently the President of Phoenix One Knowledge Solutions Inc. ("Phoenix One"), a technology corporate training and solutions company which he started in 2005. He is also the President of Cafisglobal Inc, a boutique software services company serving clients in Australia. Prior to Phoenix One, he also founded Mind Stream Inc. in 2001, the franchise holder of NIIT, the largest technology education company from India. Before he became an entrepreneur, he was the Philippine Country Head of The Pillsbury company in 1997. He worked in Hongkong and China in 1994 as Marketing Manager for the Quaker Oats company handling the Gatorade brand. He finished BS Business Management from Ateneo de Manila University and obtained his MBA from Northwestern University's Kellogg school of management.[4]

Jonathan Jack R. Madrid, Filipino, 64, serves as an Independent Director for Xurpas, having been appointed in February11, 2025. Mr. Madrid has over two decades of executive experience in digital innovation, strategy, and business transformation. Prior to joining Xurpas, he served as Country Manager for Yahoo! Philippines and led Dell's US Consumer Tech Support operations from 2006 to 2009. He was also a Board Director of the Internet and Mobile Marketing Association of the Philippines (IMMAP). Earlier in his career, he held senior positions at Ayala Corporation, Citibank Hong Kong/Manila, MTV Philippines, and Multiply.com. He is a Co-Founder and former President of the Digital Commerce Association of the Philippines (DCOM).[5]

Christopher P. Monterola, Filipino, 48, has been an independent director of the Corporation since November 2022. He is currently the Head, Professor, and Aboitiz Chair in Data Science of the Aboitiz School of Innovation, Technology, and Entrepreneurship. He is also the Executive Managing Director and Principal Scientist of the Analytics, Computing, and Complex Systems Laboratory at the Asian Institute of Management and an Academician at the National Academy of Science and Technology.

Jonathan Juan DC Moreno, Filipino, 53, is an independent director of Xurpas. He is currently the President and Chief Executive Officer of AF Payments Inc. From 2014 to 2021, he was the Chief Strategy Officer of Metro Retail Stores Group Inc. (MRSGI). He was also affiliated with Palladium Group, Asia-Pacific from 2011 to 2015, and was the President and CEO of the Institute of Corporate Directors from 2010 to 2011. He was likewise the Vice President – Head, Corporate Governance Office and Chief Risk Officer of the Philippine Stock Exchange from 2007 to 2010. A former Navy officer and a graduate of the Philippine Military Academy, JJ has an MBA from the Asian Institute of

[4] Mr. Silayan has resigned as Independent Director of Xurpas effective February 10, 2025.
[5] Mr. Madrid was appointed as Independent Director of Xurpas effective February 11, 2025.

Management and Melbourne Business School (as an exchange student). He has likewise taken special courses in Yale School of Management, U.S.A and Nottingham University Business School, U.K.(under the Chevening Program). He is a graduate of the Advance Management Program at the IESE Business School, University of Navarra in Barcelona, Spain, was part of the First SGV-MAP NexGen CEO Transformative Leadership Program, a 9-month program for high-performing new and future CEOs below 50.[6]

Mark S. Gorriceta, Filipino, 46, has been the Corporate Secretary and Chief Legal Officer of the Corporation since 2014. He was the Chief Compliance Officer of the Corporation from 2018 to October 12, 2022. Atty. Gorriceta has been in the practice of law for sixteen years. He acts as legal counsel to several other listed companies, its subsidiaries or affiliates. Atty. Gorriceta also serves as Chief Legal Counsel and/or Corporate Secretary to several leading online and tech companies in the Philippines. He is the Managing Partner and head of the Corporate Group of Gorriceta Africa Cauton & Saavedra. A member of the Philippine Bar since 2005, he holds a Bachelor of Arts, Political Science degree from the Ateneo de Manila University. He also attended certificate courses in Finance at the Asian Institute of Management in Makati City. Atty. Gorriceta is a faculty member of the Ateneo de Manila University's Center for Continuing Education. He teaches Mergers & Acquisitions for the Advanced Module Diploma Course in Corporate Finance.

Jose Vicente T. Colayco, Filipino, 54, joined Xurpas in 2011 and is currently the Chief Operating Officer of the Company. Prior to this, he also served as the Chief Business Development Officer and Treasurer of the Company. Before joining Xurpas, Mr. Colayco was the co-founder and co-managing director of Digital Storm, Inc., a developer of online casual game platforms. He was a Managing Director of Information Gateway Inc., from 2004 to 2010, during which time he led the management of relationships with foreign and local licensors from the music, motion picture and game industries. Before that, he was Managing Director for EMI Music Philippines and Marketing Director for Sony Music Philippines. He holds a Bachelor of Arts degree in Philosophy and Religious Studies from Brown University, Magna Cum Laude. He obtained his Masters in Business Administration from Harvard Business School in Boston, Massachusetts.

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

Significant Employees

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

Family Relationships

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

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

[6] Mr. Moreno has resigned as Independent Director of Xurpas effective 1 May 2025.

Involvement in Certain Legal Proceedings

There are no material legal proceedings, bankruptcy petition, conviction by final judgment, order, judgment or decree or any violation of a securities or commodities law for the past five years to which any of its directors or executive officers is a party.

ITEM 10. Executive Compensation

Since its incorporation in 2001, the Company's directors (other than reasonable per diem for nonexecutive directors as discussed below) have not received any salary or compensation for their services as directors.

The following table summarizes the aggregate compensation received by the Chief Executive Officer, and top five (5) most highly compensated officers of the Company for the past five (5) years:

Name	Position	Estimated Salary	Bonus	Other	Total
Jonathan Gerard A. Gurango	Chief Executive Officer				
Alexander D. Corpuz	President, Chief Finance Officer & Chief Information Officer				
Fernando Jude F. Garcia	Treasurer & Chief Technology Officer				
Jose Vicente T. Colayco	Chief Operating Officer				

Total	2025 (Projected)	₱18,540,895.00	N/A	N/A	₱18,540,895.00
	2024	₱18,765,310.00	N/A	N/A	₱18,765,310.00
	2023	₱21,324,742.00	N/A	N/A	₱21,324,742.00
	2022	₱15,185,001.00	N/A	N/A	₱15,185,001.00
	2021	₱8,790,358.00	N/A	N/A	₱8,790,358.00
	2020	₱8,790,358.00	N/A	N/A	₱8,790,358.00
	2019	₱6,690,358.00	N/A	N/A	₱6,690,358.00

The total annual compensation consists of basic pay and other taxable income.

The Company's executive officers have no other remuneration aside from the compensation described above.

<u>Compensation of Directors</u>

Standard Arrangements

The directors receive a standard per diem of Php20,000.00 for every meeting attended, while the Chairman is entitled to a per diem of Php25,000 for every meeting, which may be adjusted, as decided by the Personnel and Compensation Committee. Non-executive directors have no compensation aside from their per diem, while directors who hold executive positions receive compensation discussed in Item 6, in addition to their per diem.

Other Arrangements

The Company has no other existing arrangements such as bonus, profit sharing, stock options, warrants, rights, or other compensation plans or arrangements with its directors.

Employment Contracts with Executive Officers

The Company does not have any compensatory plan or arrangements such as bonus, profit sharing, stock options, warrants, rights or other compensation plans or arrangements that results from the resignation, retirement of employment, or any other termination of an executive officer's employment with the Company, or from a change in control of the Company.

Warrants and Options Held by the Executive Officers and Directors

As of date, the Company does not have any stock options, warrants or similar plans for any of its directors or officers.

ITEM 11. Security Ownership of Certain Beneficial Owners and Management

Security ownership of certain record and beneficial owners

As of March 31, 2025, the Company is not aware of any person who is directly or indirectly the record or beneficial owner of more than 5% of the Company's capital stock except as set forth below:

Title of Class	Name and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares and Nature of Ownership (Direct or Indirect)	Percent of Class
Common	**Nico Jose S. Nolledo** Principal Shareholder	Nico Jose S. Nolledo	Filipino	730,213,914 (Direct and Indirect)	29.10%
Common	**Raymond Gerard S. Racaza** Principal Shareholder	Raymond Gerard S. Racaza	Filipino	375,765,960 (Direct)	14.97%
Common	**Fernando Jude F. Garcia** Director, Chief Technology Officer, Treasurer, Principal Shareholder	Fernando Jude F. Garcia	Filipino	564,803,840 (Direct)	22.50%
Common	**PCD Nominee Corp.**	PCD participants acting for themselves and for their customers[7]	Filipino	542,207,295 (Direct)	21.60%
Common	**PCD Nominee Corp.**	PCD participants acting for	Non-Filipino	254,013,508 (Direct)	10.12%

[7] Each beneficial owner of shares through a PCD participant is the beneficial owner to the extent of the number of shares in his account with the PCD participant. The Company has no record relating to the power to decide how the shares held by PCD are to be voted.

		themselves and for their customers[8]			

As of March 31, 2025, 11.68% of the outstanding shares of the Company are held by non-Filipino.

Security ownership of directors and management as of March 31, 2025

As of March 31, 2025, the Company's directors and executive officers own the following number of shares:

Title of Class	Name of Owner and Position	Citizenship	No. of Shares and Nature of Ownership (Direct or Indirect)	Percent of Class
Common	**Jonathan Gerard A. Gurango** Chairman and Chief Executive Officer	Filipino	1,192,499 (Direct)	0.05%
Common	**Alexander D. Corpuz** Director, President and Chief Information Officer	Filipino	1,000 (Direct)	0.00%
Common	**Fernando Jude F. Garcia** Director, Chief Technology Officer and Treasurer	Filipino	564,803,840 (Direct)	22.50%
Common	**Wilfredo O. Racaza** Director	Filipino	1,060 (Direct)	Nil
Common	**Imelda C. Tiongson** Independent Director	Filipino	1,000 (Direct)	Nil
Common	**Jonathan Jack R. Madrid** Independent Director	Filipino	10,000 (Direct)	Nil
Common	**Christopher P. Monterola** Independent Director	Filipino	1,000,000	0.05%
Common	**Jonathan Juan DC Moreno** Independent Director	Filipino	10,000	Nil
Total (Directors and Officers as a Group)			**567,019,399**	**22.6%**

Voting Trust Holders of 5% or More

The Company is not aware of any person holding 5% or more of the Company's shares under a voting trust or similar agreement.

Changes in Control

There was no change of control in the Company during the year. There are no existing provisions in the Company's Articles of Incorporation or By-Laws that will delay, defer, or in any manner prevent a change in control of the Company.

[8] Id.

ITEM 12. Certain Relationships and Related Transactions

The Company has regularly disclosed its related party transactions such as acquisition of shares in corporations in which the Company has interlocking directors or common stockholders, with the Securities and Exchange Commission and the Philippine Stock Exchange. In the conduct of its day-to-day business, the Company engages in related party transactions such as service and licensing agreements, always at arms-length and taking into consideration the best interest of the Company.

PART IV – CORPORATE GOVERNANCE

ITEM 13. Corporate Governance.[9]

Xurpas has implemented diverse initiatives to strengthen its corporate governance. Among these initiatives is the adoption of a robust risk management program, which underscores the Company's proactive stance in mitigating potential threats and safeguarding its operations. Through systematic risk identification, assessment, and mitigation strategies, the Company fortifies its resilience against uncertainties. This complements Xurpas' formulation of business contingency plans, ensuring preparedness and resilience in the face of unforeseen challenges. Additionally, the Board of Directors conduct an annual self-assessment evaluation to assess and refine governance practices. This introspective process enables the Company to identify strengths and areas for improvement, fostering a culture of continuous growth and learning.

The Board assumes responsibility for delineating the company's mission, vision, strategic objectives, and key policies, alongside crafting mechanisms for monitoring and evaluating management's performance. Additionally, the Board oversees the implementation and adequacy of internal control mechanisms. Furthermore, the establishment of a comprehensive Succession Planning framework reflects the Company's proactive stance in ensuring continuity and leadership stability.

The Company mandates the observance of its governance policies and procedures and adherence to its Revised Manual on Corporate Governance across all its subsidiaries. As a testament to the Company's commitment to corporate governance, the Company has consistently been a recipient of a Golden Arrow Award from the Institute of Corporate Directors since 2020.

[9] Pursuant to SEC Memorandum Circular No. 20 (Series of 2016), the Annual Corporate Governance Report (ACGR) for 2016 is no longer required to be attached herein. Further, pursuant to SEC Memorandum Circular No. 15 (Series of 2017), companies listed in the Philippine Stock Exchange by 31 December of a given year shall submit a fully accomplished I-ACGR on May 30 of the following year.

ITEM 14.

SUSTAINABILITY REPORT

Contextual Information

Company Details	
Name of Organization	Xurpas Inc.
Location of Headquarters	Unit 804 Antel 2000 Corporate Center 121 Valero St., Salcedo Village, Makati City
Location of Operations	Salcedo Village, Makati City
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	Xurpas Inc. and Subsidiaries
Business Model, including Primary Activities, Brands, Products, and Services	Develop, produce, sell, buy or otherwise deal in products, goods or services in connection with the transmission, receiving, or exchange of voice, data, video or any form or kind of communication
Reporting Period	December 31, 2024
Highest Ranking Person responsible for this report	Alexander D. Corpuz

BRIEF ON THE COMPANY

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

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

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

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

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

MATERIALITY ASSESSMENT AND REPORTING PRACTICES

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

As an Information Technology company, we identify that our main contribution to sustainability is providing digital transformation with our technical capabilities. With its expanding digital footprint, it promotes sustainability not just in its operations but also for society at large. The company is driven to contribute towards the economic and social aspects of sustainability by providing digital products and services produced by its empowered workforce.

This Sustainability Report has been prepared in reference to the globally accepted framework report namely, the Global Reporting Initiative (GRI) standards. The GRI standard covers the economic, environment and social impacts. Aside from that, this report identifies how the Company's operations contribute to the UN Sustainable Development Goals.

Economic disclosures pertain to the way in which the company utilizes its resources to contribute to the economy. It looks into the direct economic value of the company, climate related risks and opportunities, procurement practices and anti-corruption practices. Environmental disclosures, on the other hand, pertains to the management of natural resources (energy, water, and materials conservation) and how the negative impacts of operations to the environment are minimized. Lastly, the social disclosures talk about the Company's relationship with its stakeholders such as employees and customers. It talks about topics such as diversity of manpower complement, the benefits and trainings offered to the employees and the overall workplace environment. Aside from that, it also discusses topics such as customer management and data privacy/security.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	177,238,200	Php
Direct economic value distributed:		
a. Operating costs	73,484,653	Php
b. Employee wages and benefits	157,294,168	Php
c. Payments to suppliers, other operating costs	62,914,646	Php
d. Dividends given to stockholders and interest payments to loan providers	3,816,085	Php
e. Taxes given to government	2,656,333	Php
f. Investments to community (e.g. donations, CSR)	–	Php
Direct economic value retained:	(122,927,685)	Php

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

Climate-related risks and opportunities

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

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	98.06	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company recognizes the importance of interdependence of businesses such as the suppliers and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	Suppliers	The Company prefers to avail of goods and services locally due to its availability and lower cost. It also provides economic development to the suppliers.
What are the Risk/s Identified?		
Concentration risk that may result to shortage of supplies.		Having a diverse supplier base mitigates risk of shortage in supplies.
What are the Opportunity/ies Identified?		

Having good relationship with suppliers mutually benefits the Company and the supplier. This relationship may lead to an opportunity where Xurpas becomes a preferred customer and may have certain privileges offered by the supplier.		The Company continues to support local suppliers and be a credible customer by making timely payments for the goods and services provided.

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anticorruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	-	%
Percentage of directors and management that have received anti-corruption training	-	%
Percentage of employees that have received anti-corruption training	–	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company through its BOD and employees are duty-bound to apply high ethical standards, taking into account the interest of all stakeholders. This results to positive and trustworthy image for the Company.	All Stakeholders	The Company has established anti-corruption policy available to all stakeholders The Company expects everyone involved in the business to act in good faith at all times. For violations of this policy committed by employees, the Human Resources Department shall monitor, evaluate and impose the necessary penalties in the company's website.
What are the Risk/s Identified?		
The organization's employees are exposed to the risk of seeking financial and material advantages from its dealings with clients, suppliers, and the government.	Employees	
What are the Opportunity/ies Identified?		
Being regarded as an honest and professional business partner would strengthen relationships to customers and suppliers. This will help the company sustain its operations in the long run and support future plans for growth.	All Stakeholders	

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	-	#
Number of incidents in which employees were dismissed or disciplined for corruption	-	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	-	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Incidents of Corruption inside and outside the Company has a negative impact for the overall business operation and is not tolerated as a way of practice.	Employees	The Company has established anti-corruption policy available to all stakeholders The Company expects everyone involved in the business to act in good faith at all times. For violations of this policy committed by employees, the Human Resources Department shall monitor, evaluate and impose the necessary penalties in the company's website. *https://xurpasgroup.com/policies/*
What are the Risk/s Identified?		
Employees are exposed to the risk of seeking financial and material advantages from its dealings with clients, suppliers, and the government.		
What are the Opportunity/ies Identified?		
Having no incidents of corruption and promoting an honest business environment for all stakeholders can be beneficial to the Company. It will give a positive image and be regarded as a trustworthy business partner to its customers and suppliers. This will help the company sustain its operations in the long run and support future plan for growth.	All Stakeholders	

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	-	GJ
Energy consumption (gasoline)	-	GJ
Energy consumption (LPG)	-	GJ
Energy consumption (diesel)	-	GJ
Energy consumption (electricity)	13,372.00	kWh

Reduction of energy consumption

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

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

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	-	Cubic meters
Water consumption	61.00	Cubic meters
Water recycled and reused	-	Cubic meters

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

Materials used by the organization

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company is engaged in software development and other IT solutions thus the main operations don't usually consume materials that may affect the services' pricing and availability.	Customers and Suppliers	The Company ensures that its systems (hardware and software) are upgraded and in good condition. It also encourages recycling habits for other departments who utilizes consumable materials such as paper, office supplies, etc.
What are the Risk/s Identified?		
No identifiable risk in relation to sourcing materials that may have a big impact to the operations of the Company and the environment.	Not Applicable	Not Applicable
What are the Opportunity/ies Identified?		
No identifiable opportunity in relation to sourcing materials that may have a big impact to the operations of the Company and the environment.		

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

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

<table>
<tr><th>What is the impact and where does it occur? What is the organization’s involvement in the impact?</th><th>Which stakeholders are affected?</th><th>Management Approach</th></tr>
<tr><td>The property that is being leased by the Company is not within, or adjacent to any protected areas and areas of high biodiversity value outside protected areas.</td><td rowspan="5">Not Applicable</td><td rowspan="5">Not Applicable</td></tr>
<tr><th>What are the Risk/s Identified?</th></tr>
<tr><td>No risk identified since the Company’s office is not located near protected areas of areas of high biodiversity.</td></tr>
<tr><th>What are the Opportunity/ies Identified?</th></tr>
<tr><td>No identifiable opportunity in relation to impact/involvement to the ecosystem and areas of high biodiversity.</td></tr>
</table>

Environmental impact management

Air Emissions

GHG

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

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

Air pollutants

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

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

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

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

Effluents

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

<table>
<tr><th>What is the impact and where does it occur? What is the organization's involvement in the impact?</th><th>Which stakeholders are affected?</th><th>Management Approach</th></tr>
<tr><td>Given the nature of the Company's business, that is, software development and other IT services, it does not contribute any effluents into the environment. Nevertheless, it strives to work towards sustainable development.</td><td rowspan="5">Not Applicable</td><td rowspan="5">Not Applicable</td></tr>
<tr><th>What are the Risk/s Identified?</th></tr>
<tr><td>No identifiable risk in relation to production of hazardous discharge or liquid waste on any bodies of water since the Company is engaged in software development.</td></tr>
<tr><th>What are the Opportunity/ies Identified?</th></tr>
<tr><td>No identifiable opportunity in relation to minimizing/production of hazardous discharge or liquid waste that requires any prescribed disposal method since the Company is engaged in software development.</td></tr>
</table>

Environmental compliance

Non-compliance with Environmental Laws and Regulations

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

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

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees		
a. Number of female employees	56	#
b. Number of male employees	78	#
Attrition rate	36	%
Ratio of lowest paid employee against minimum wage	-	ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	41	45
PhilHealth	Y	32	17
Pag-ibig	Y	21	17
Parental leaves	Y	9	15
Vacation leaves	Y	100	100
Sick leaves	Y	54	58
Medical benefits (aside from PhilHealth))	Y	71	71
Housing assistance (aside from Pag-ibig)	N	-	-
Retirement fund (aside from SSS)	N	-	-
Further education support	N	-	-
Company stock options	Y	-	-
Telecommuting	Y	36	26
Flexible-working Hours	Y	71	77
(Others)		-	-

<table>
<tr><th>What is the impact and where does it occur? What is the organization’s involvement in the impact?</th><th>Management Approach</th></tr>
<tr><td>Human resource plays a vital role for the Company’s success. A mechanism for employee participation was developed to create a symbiotic environment, realize the company’s goals and participate in its corporate governance processes.</td><td rowspan="5">The Company is committed to continually reviewing its incentive programs that reward its employees for their contribution to achieving the Company’s goals. Moreover, through HR, employee engagements have been done online to check up on the employees and even had a monthly wellness webinar and e-meetup to uplift their spirits.</td></tr>
<tr><th>What are the Risk/s Identified?</th></tr>
<tr><td>Increasing attrition rate and employee dissatisfaction.</td></tr>
<tr><th>What are the Opportunity/ies Identified?</th></tr>
<tr><td>Having a competitive compensation package provides the opportunity to retain talented employees & increase employee satisfaction. It can also attract potential talents that may contribute to the Company’s success.</td></tr>
</table>

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	2,000	hours
b. Male employees	9,600	hours
Average training hours provided to employees		
a. Female employees	35.71	hours/employee
b. Male employees	123.08	hours/employee

<table>
<tr><th>What is the impact and where does it occur? What is the organization’s involvement in the impact?</th><th>Management Approach</th></tr>
<tr><td>Developing the talents and skill sets of employees impact the Company’s efficiency and productivity. Having a well-developed workforce ensures timely and quality outputs positively impacts the company’s relationship with customers and its financial state.</td><td rowspan="5">The Company has programs for upgrading employee skill sets which allow them to acquire new skills that may help them easily adopt to the challenges of the industry where technology evolution is considered fast-paced. Moreover, the compensation package is reviewed periodically and the employee is appropriately recognized for their contributions to the growth of the Company.</td></tr>
<tr><th>What are the Risk/s Identified?</th></tr>
<tr><td>Without talent development, the Company may face the risk of project delays due to inefficient manpower complement. This may lead to losses in terms of number of customer base and generation of revenues. Another risk that the Company may face is losing a talented employee to another company who may offer better compensation package.</td></tr>
<tr><th>What are the Opportunity/ies Identified?</th></tr>
<tr><td>Having a talented and diverse workforce opens the opportunity for the Company to strengthen its efficiency in performing its services to customers. This efficiency can result to increased revenue generation since it can accomplish more projects in less time.</td></tr>
</table>

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	-	%
Number of consultations conducted with employees concerning employee-related policies	8	#

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

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	56	%
% of male workers in the workforce	78	%
Number of employees from indigenous communities and/or vulnerable sector*	2	#

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

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	336,608	Man-hours
No. of work-related injuries	-	#
No. of work-related fatalities	-	#
No. of work-related ill-health	-	#
No. of safety drills	1	#

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

The Company ensures its employees’ health and safety by implementing work from home set up and providing financial aids to help those affected with any sickness/diseases.</td></tr>
<tr><th>What are the Risk/s Identified?</th></tr>
<tr><td>Given the strict implementation of its policies on inclusivity and equality among its employees, the Company cannot identify any risk in relation to the topic.</td></tr>
<tr><th>What are the Opportunity/ies Identified?</th></tr>
<tr><td>Having a safe and healthy workplace promotes a conducive and productive environment.</td></tr>
</table>

Labor Laws and Human Rights

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

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

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

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

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.

<table>
<tr><th>What is the impact and where does it occur? What is the organization's involvement in the impact?</th><th>Management Approach</th></tr>
<tr><td>The Company ensures that it delivers what it promises through its marketing channels. The marketing and sales team constantly updates product offerings and provides feedback for any customer-related concerns.</td><td rowspan="5">The Company is committed to practicing ethical and responsible marketing. It discourages misleading and dishonest marketing and advertising activities that may result to customer dissatisfaction or reputational risks.</td></tr>
<tr><th>What are the Risk/s Identified?</th></tr>
<tr><td>Misleading unethical marketing practices poses a risk of loss of customer and revenue. It also risks the Company's image.</td></tr>
<tr><th>What are the Opportunity/ies Identified?</th></tr>
<tr><td>Having an honest marketing practice can be beneficial to the Company. It will give a positive image and be regarded as a trustworthy business partner to its customers and suppliers. This will help the company sustain its operations in the long run and support future plan for growth.</td></tr>
</table>

Customer privacy

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

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

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

Data Security

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

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

What are the Opportunity/ies Identified?	
Constant review of its customer privacy policies will improve internal control regarding customer privacy at the same time, mitigate the risk of unlawful disclosures.	

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

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

	promoting digital transformation for all kinds of companies across all sectors. Upgrading systems result to increased productivity and efficiency. It also promotes inclusivity and sustainable industrialization.		required by the law and/or as stated in the contract. Aside from that, it also enforces strict internal data precautions.
	Peace, Justice and Strong Institutions (The Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occurs including acquisitions and financial standing. It values transparency and accountability since it recognizes the importance of regular communication to the stakeholders.	No identifiable negative impact of contribution.	
	Ensure healthy lives and promote well-being for all at all ages (Part of the company's employee benefits is to provide HMOs which provides financial aid in case that employees will be inflicted by some illness.)	No identifiable negative impact of contribution.	

PART V - EXHIBITS AND SCHEDULES

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

(a) Exhibits – See accompanying Index to Exhibits

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

(b) Reports on SEC Form 17-C

Xurpas Inc. (the "**Company**") filed the following reports on SEC Form 17-C were filed in 2024 and first quarter of 2025:

DATE FILED	ITEMS REPORTED
January 25, 2024	The Company submitted its Certificate of Attendance in Board Meetings for the Year 2023
February 02, 2024	The Company submitted its Statement of Changes in Beneficial Ownership of Securities for the month of January 2024
February 21, 2024	The Company submitted the Certificate of Attendance in Corporate Governance Seminar of Atty. Mark S. Gorriceta
February 21, 2024	The Company submitted the Results of the February 21, 2024, Special Stockholders' Meeting
February 21, 2024	The Company submitted the Statement of Changes in Beneficial Ownership of Securities of Mr. Jonathan Gerard A. Gurango for the month of February 2024.
March 15, 2024	The Company submitted the Certificate of Attendance in Corporate Governance Seminar of Mr. Christopher P. Monterola.
March 15, 2024	The Company submitted the Statement of Changes in Beneficial Ownership of Securities of Mr. Jonathan Gerard A. Gurango for the month of March 2024.
April 01, 2024	The Company submitted the Statement of Changes in Beneficial Ownership of Securities of Mr. Jonathan Gerard A. Gurango for the month of March 2024.
April 12, 2024	The Company submitted its Request for Extension to File SEC Form 17-A
April 15, 2024	The Company submitted its Public Ownership Report as of March 31, 2024
April 15 2024	The Company submitted its List of Top 100 stockholders of Xurpas Inc. as of March 31, 2024.
April 25, 2024	The Company submitted the Statement of Changes in Beneficial Ownership of Securities of Mr. Jonathan Gerard A. Gurango for the month of April 2024.

April 30, 2024	The Company submitted its Annual Report for the period ended December 31, 2023.
May 09, 2024	Notice of Annual Stockholders’ Meeting
May 16, 2024	The Company submitted its Quarterly Report for the period ended March 31, 2024
May 16, 2024	**Amendment**: Quarterly Report for the period ended March 31, 2024
May 20, 2024	The Company submitted its Statement of Changes in Beneficial Ownership of Securities of Mr. Jonathan Gerard A. Gurango for the month of May 2024.
May 27, 2024	The Company submitted its Statement of Changes in Beneficial Ownership of Securities of Mr. Jonathan Gerard A. Gurango for the month of May 2024.
May 31, 2024	The Company submitted its Integrated Annual Corporate Governance Report for 2023.
June 10, 2024	The Company submitted its Statement of Changes in Beneficial Ownership of Securities of Mr. Jonathan Gerard A. Gurango as of June 2024.
June 27, 2024	**Amendment:** 2024 Annual Stockholders' Meeting
June 27, 2024	The Company submitted its Amendment of Articles of Incorporation as approved by the Board on June 27, 2024
June 27, 2024	The Company submitted its Preliminary Information Statement with its Annexes.
July 9, 2024	The Company submitted the Resignation of Atty. Angela J. Along as Chief Compliance Officer and Chief Risk Office
July 11, 2024	**Amendment:** 2024 Annual Stockholders' Meeting.
July 15, 2024	The Company submitted its Information Statement for the Annual Stockholders' Meeting on August 7, 2024
July 15, 2024	The Company submitted its List of Top 100 Stockholders as of June 30, 2024
July 16, 2024	The Company submitted its Public Ownership Report as of June 30, 2024
July 16, 2024	**Amendment:** Public Ownership Report
August 06, 2024	The Company submitted its Statement of Changes in Beneficial Ownership of Securities of Mr. Jonathan Gerard A. Gurango as of July 2024.
August 07,2024	The Company submitted its Results of 2024 Annual Stockholders' Meeting
August 07,2024	**Amendment**: Amendment of Articles of Incorporation
August 08, 2024	The Company submitted its Results of Organizational Meeting on August 7, 2024

August 14, 2024	The Company submitted its Quarterly Report for the period ended June 30, 2024
August 30, 2024	The Company submitted its 2024 General Information Sheet
October 03, 2024	The Company submitted its Certificate of Attendance in Corporate Governance Seminar for: 1. Jonathan Gerard A. Gurango; 2. Alexander D. Corpuz; 3. Fernando Jude F. Garcia; 4. Wilfredo O. Racaza; 5. Christopher P. Monterola; 6. Imelda C. Tiongson; and 7. Jonathan Juan DC Moreno.
October 14, 2024	The Company submitted its Public Ownership Report as of September 30, 2024
October 14, 2024	The Company submitted its List of Top 100 stockholders of Xurpas Inc. as of September 30, 2024.
October 16, 2024	**Amendment:** 2024 General Information Sheet
October 17, 2024	Press Release: Xurpas Inc. receives Third Consecutive Golden Arrow Award for exemplary Corporate Governance
November 14, 2024	The Company submitted a Change in Directors and/or Officers reflecting the appointment of Atty. Ann Camille S. Ecleo as the Interim Chief Compliance Officer and Interim Chief Risk Officer of the Company, effective immediately.
November 14, 2024	The Company submitted its Quarterly Report as of the period ended September 30, 2024
November 20, 2024	The Company submitted its Initial Statement of Beneficial Ownership of Securities of Atty. Ann Camile S. Ecleo
January 15, 2025	The Company submitted its Public Ownership Report as of December 31, 2024
January 16, 2025	The Company submitted its List of Top 100 Stockholders as of December 31, 2024
January 24, 2025	The Company submitted the Resignation of Mr. Bartolome S.Silayan, Jr. as Independent Director
February 12, 2025	The Company submitted the Appointment of Mr. Jonathan Jack R. Madrid as the New Independent Director
February 12, 2025	The Company submitted a Statement of Changes in Beneficial Ownership of Securities of Mr. Bartolome S. Silayan, Jr. in connection with his resignation effective February 10, 2025

February 13, 2025	The Company submitted an Initial Statement of Beneficial Ownership of Securities of Mr. Jonathan Jack R. Madrid, in connection with his appointment as Independent Director effective February 11, 2025
February 24, 2025	**Amendment:** 2024 General Information Sheet

INDEX TO EXHIBITS

Form 17-A

No.		**Page No.**
(3)	Plan of Acquisition, Reorganization, Arrangement, Liquidation or Succession	*
(5)	Instruments Defining the Rights of Security Holders, Including Indentures	*
(8)	Voting Trust Agreement	*
(9)	Material Contracts	*
(10)	Annual Report to Security Holders, Form 11-Q or Quarterly Report to Security Holders	*
(13)	Letter re Change in Certifying Accountant	*
(15)	Letter re: Change in Accounting Principles	*
(16)	Report Furnished to Security Holders	*
(18)	Subsidiaries of the Registrant	**
(19)	Published Report Regarding Matters Submitted to Vote of Security Holders	15
(20)	Consent of Experts and Independent Counsel	*
(21)	Power of Attorney	*
(29)	Additional Exhibits	*

*These Exhibits are either not applicable to the Company or require no answer.
**Please refer to *Note 2* of the accompanying Notes to the Consolidated Financial Statements for details.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issued by the undersigned thereunto duly authorized, in the City of PASIG CITY on APR 30 2025

By:

JONATHAN GERARD A. GURANGO Chief Executive Officer	**JOSE VICENTE T. COLAYCO** Chief Operating Officer
ALEXANDER D. CORPUZ President / Chief Finance Officer	**FERNANDO JUDE F. GARCIA** Treasurer / Chief Technology Officer
ESTRELITA B. LABAN Finance Controller	**MARK S. GORRICETA** Corporate Secretary

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

SUBSCRIBED AND SWORN to before me this APR 30 2025 affiants exhibiting to me their Competent Evidence of Identity, as follows:

Names	Government Issued ID No.	Date of Issuance	Place of Issuance
Jonathan Gerard A. Gurango	P5527309A	January 06, 2018	DFA NCR Northeast
Jose Vicente T. Colayco	N03-87-043639	July 01, 2019	Makati City
Alexander D. Corpuz	P5670777A	January 18, 2018	DFA NCR East
Fernando Jude F. Garcia	P3524556B	October 15, 2019	DFA NCR East
Estrelita B. Laban	P8413630B	December 08, 2021	DFA Manila
Mark S. Gorriceta	P4531123B	January 24, 2020	DFA NCR East

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APR 30 2025

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