CR05675-2026

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
   Dec 31, 2025
2. SEC Identification Number
   A200117708
3. BIR Tax Identification No.
   219-934-330
4. Exact name of issuer as specified in its charter
   Xurpas Inc.
5. Province, country or other jurisdiction of incorporation or organization
   Philippines
6. Industry Classification Code(SEC Use Only)

7. Address of principal office
   Unit 804 Antel 2000 Corporate Center, 121 Valero St. Salcedo Village, Makati City
   Postal Code
   1227
8. Issuer's telephone number, including area code
   (632) 8889-6467
9. Former name or former address, and former fiscal year, if changed since last report
   Not Applicable
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	2,513,603,812

11. Are any or all of registrant's securities listed on a Stock Exchange?
   - (x) Yes
   - ( ) No

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange, Common Shares 2,513,603,812

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)

- [x] Yes
- [ ] No

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

- [x] Yes
- [ ] No

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form

Php199,001,592.45

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.

- [x] Yes
- [ ] 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

N/A

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

N/A

(c) Any prospectus filed pursuant to SRC Rule 8.1

N/A

Xurpas Inc.
X

PSE Disclosure Form 17-1 - Annual Report
References: SRC Rule 17 and
Section 17.2 and 17.8 of the Revised Disclosure Rules

For the fiscal year ended	Dec 31, 2025
Currency	Php

Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2025	Dec 31, 2024
Current Assets	131,574,373	111,448,774
Total Assets	216,727,996	426,425,694
Current Liabilities	559,814,101	498,838,249
Total Liabilities	579,384,870	528,150,541
Retained Earnings/(Deficit)	-3,704,885,992	-3,483,605,247
Stockholders' Equity	-362,656,874	-101,724,847
Stockholders' Equity - Parent	-209,201,304	53,550,089
Book Value Per Share	-0.14	-0.04

Income Statement

	Year Ending	Previous Year Ending
	Dec 31, 2025	Dec 31, 2024
Gross Revenue	209,229,908	183,702,077
Gross Expense	468,987,792	301,568,054
Non-Operating Income	27,957,535	-
Non-Operating Expense	8,907,723	15,486,167
Income/(Loss) Before Tax	-240,708,072	-133,352,144

Income Tax Expense	1,836,291	1,637,917
Net Income/(Loss) After Tax	-242,544,363	-134,990,061
Net Income/(Loss) Attributable to Parent Equity Holder	-244,363,729	-133,052,421
Earnings/(Loss) Per Share (Basic)	-0.1	-0.05
Earnings/(Loss) Per Share (Diluted)	-0.1	-0.05

Financial Ratios

	Formula	**Fiscal Year Ended**	**Previous Fiscal Year**
		Dec 31, 2025	Dec 31, 2024
Liquidity Analysis Ratios:			
Current Ratio or Working Capital Ratio	**Current Assets / Current Liabilities**	0.24	0.22
Quick Ratio	**(Current Assets - Inventory - Prepayments) / Current Liabilities**	0.16	0.18
Solvency Ratio	**Total Assets / Total Liabilities**	0.37	0.81
Financial Leverage Ratios			
Debt Ratio	**Total Debt/Total Assets**	2.67	1.24
Debt-to-Equity Ratio	**Total Debt/Total Stockholders' Equity**	-1.6	-5.19
Interest Coverage	**Earnings Before Interest and Taxes (EBIT) / Interest Charges**	-63.79	-33.94
Asset to Equity Ratio	**Total Assets / Total Stockholders' Equity**	-0.6	-4.19
Profitability Ratios			
Gross Profit Margin	**Sales - Cost of Goods Sold or Cost of Service / Sales**	0.35	0.26
Net Profit Margin	**Net Profit / Sales**	-1.16	-0.73
Return on Assets	**Net Income / Total Assets**	-1.12	-0.32
Return on Equity	**Net Income / Total Stockholders' Equity**	0.67	1.33
Price/Earnings Ratio	**Price Per Share / Earnings Per Common Share**	-2.48	-3.43

Other Relevant Information
None.

Filed on behalf by:

Name	Mark Gorriceta
Designation	Corporate Secretary and Chief Legal Officer

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, *AS AMENDED*

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

1. For the fiscal year ended **December 31, 2025**

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

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

5. **PHILIPPINES**
   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	**2,513,603,812**

As of December 31, 2024, 31.92% of Xurpas Inc.'s common shares are owned by the public.

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

Yes [**X**] No [ ]

A total of **2,513,603,812** common shares are listed in the Philippine Stock Exchange as of December 31, 2025.

12. Check whether the issuer:

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

Yes [**X**] No [ ]

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

Yes [**X**]   No [ ]

13. Aggregate market value of the voting stock held by non-affiliates as of December 31, 2025 amounted to Php199,001,592.45. The price used for this computation is the closing price as December 29, 2025 which is at Php0.2480.

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

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

Yes [**X**]   No [ ]

DOCUMENTS INCORPORATED BY REFERENCE

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(a) Any annual report to security holders;

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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, 2025

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

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

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

PT Sembilan Digital Investama On March 26, 2015, Xurpas acquired 49% shareholdings in PT Sembilan Digital Investama ("SDI"). The acquisition gave the Parent Company access to PT Ninelives Interactive ("Ninelives"), a mobile content and distribution company in Indonesia, which SDI owns. Until 2025, clients included Hooq and Viu. Xurpas sold its 49% interest in SDI in January 2026.

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

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

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

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

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

Xurpas Pty. Ltd. (XAU). On July 25, 2023, Xurpas Pty. Ltd. was incorporated in Australia. Xurpas Pty. Ltd. is a wholly-owned subsidiary of Xurpas that would allow the Group to offer its product and services in the said country. In late July 2024, XAU has started its commercial operation, landing a few clients in 2024 and 2025.

The Company has also sold the following entities:

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

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

The list of companies in which Xurpas has a voting interest as of December 31, 2025 and 2024 are as follows:

	Percentage of Voting Interest	
	2025	**2024**
Xeleb Technologies Inc.[1] (formerly Fluxion, Inc.)	100.00%	100.00%
Storm Technologies, Inc. (formerly Storm Flex Systems, Inc.)	51.31%	51.31%
Seer Technologies Inc.	70.00%	70.00%
Xurpas Enterprise Inc.	100.00%	100.00%
Art of Click Pte. Ltd.	100.00%	100.00%
PT Sembilan Digital Investama	49.00%	49.00%
MatchMe Pte. Ltd.	29.10%	29.10%
Micro Benefits limited	23.53%	23.53%
Xurpas Pte. Ltd. (formerly Altitude Games Pte. Ltd)	100.00%	100.00%
Altitude Games Inc.	21.17%	21.17%
Zowdow, Inc. (formerly Quick.ly Inc.)	3.56%	3.56%
ODX Pte. Ltd.	100.00%	100.00%
Xurpas Pty. Ltd.	100.00%	100.00%
Xurpas Software Inc.	100.00%	100.00%

PRODUCTS AND SERVICES

Enterprise Services

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

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

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

In 2022, with the rise of blockchain technology and its potential to revolutionize various industries, the Company took a significant step towards expanding its services by dedicating a business unit within Xurpas Enterprise to provide information technology staff augmentation, managed services, outsourced project development and custom solutions for blockchain-based applications. The Company assembled a team trained in blockchain programming languages and tech stacks.

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

Artificial Intelligence

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

Mobile Consumer Services

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

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

Other Services

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

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

Blockchain Technology

In 2018, the Company announced the incorporation of its wholly owned subsidiary, ODX Pte. Ltd. (“ODX”), an entity registered in Singapore, that will allow consumers in emerging markets to access the internet for free, through sponsored data packages. ODX pre-sold tokens and the proceeds from the said sale, amounting to US$4,999,960 will be used to start building the ODX infrastructure and for business development. In 2019, ODX started the distribution of tokens to all its investors, pre-sale purchasers, and advisors (collectively the “Token Holders”). ODX's platform, which will be an open data marketplace using blockchain technology, is still under development. ODX has not started commercial operations as of December 31, 2025.

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

COMPETITION

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

KEY RISKS

Macroeconomic Conditions

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

Liquidity

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

High Customer Concentration

The Company has been working towards improving its business and financial growth for the past years. Fifty-one percent (51%) of the Company's revenues can be attributed to 16 of its major clients in 2025. As part of its growth strategy, the Company has been looking for new opportunities that would allow it to further diversify its business. At the same time, the Company still intends to continue to develop its current relationships with its long-term customers.

Dependency Risks

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

Stiff Competition and fast-paced evolution of the IT industry

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

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

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

Business Model Risks

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

Market Saturation

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

Talent Acquisition and Retention

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

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

Ability to maximize and adapt to new technologies

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

Concentrated ownership offers a potential risk for conflict of interest

The Company is substantially owned and/or controlled by the three (3) founders, Messrs. Nico Jose S. Nolledo, Fernando Jude F. Garcia and Raymond Gerard S. Racaza, wherein they own approximately 68.03% of the issued and outstanding shares of the Company. The Company has been working towards diversification. In fact, the Company has implemented the following to ensure that related party transactions, if any, are made at arm's length:

- Out of the seven (7) board seats, only one (1) board seat is occupied by the controlling shareholders (or their affiliates). Currently, only one (1) founder holds an executive director position. Accordingly, this lessens the risk for conflict of interest.
- The Company's President is also not affiliated with any of the said principal shareholders.
- The Company has strengthened its Related Party Transactions Policy.
  The Company also has an Audit Committee with functions relating to Related Party Transactions that evaluates related party transactions, as may be applicable.

Data Privacy and Security Risks

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

TRANSACTIONS WITH RELATED PARTIES

The Company has likewise secured loans from its key shareholders. See Note 19 of the Company's consolidated financial statements for transactions as of December 31, 2025.

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

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

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

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

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

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

On October 10, 2023, the Company received the Certificate of Approval of Valuation from the SEC. On November 13, 2023, the Company recorded the issuance of 455,068,753 common shares from the unissued portion to the Assignors on its corporate books. All Xurpas shares issued as of December 31, 2025 have been duly listed with the Philippine Stock Exchange.

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

INTELLECTUAL PROPERTY

Since the Company's pivot as an information technology company specializing in enterprise solutions, the Company's intellectual property portfolio has evolved to reflect its new focus. The Company owns and holds exclusive rights to the proprietary software, applications, and other technology assets that it has created or acquired; with the exception of those assets it creates on a work-for-hire basis for its clients. The Company also incorporates third-party software and open-source software into some of its products under the terms of various licenses, carefully managing its use to ensure compliance with licensing terms and conditions.

Platforms

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

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

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

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

Trademarks

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

REGULATION AND KEY LICENSES

The Company’s mobile consumer business which refers to the development and delivery of mobile consumer content to its client Telcos, is considered as a form of value-added services regulated by the NTC under the Public Telecommunications Policy Act and related implementing regulations issued by the NTC. While a value-added services provider (unlike other entities regulated under the Public Telecommunications Policy Act) is not required to obtain a franchise to operate, the NTC requires that any such provider obtain and maintain a Value-Added Services (VAS) License, which shall expressly indicate the value-added services that such provider is authorized to provide. Under existing regulations, the following services may be rendered by a holder of a VAS License: content and program service; messaging services; and electronic gaming, except gambling. The Company held a VAS License issued by the NTC valid until January 3, 2026, pursuant to which the Company was authorized to engage in all of the foregoing value-added services.

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

EMPLOYEES

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

The table below sets forth the breakdown of the Company’s labor complement, grouped according to function, as of December 31, 2025:

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

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

COMPLIANCE WITH ENVIRONMENTAL LAWS

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

PLANS AND PROSPECTS

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

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

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

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

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

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

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

Product Development and Innovation:

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

Operational Efficiency and Cost Management

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

ITEM 2. Properties

LEASED PROPERTIES

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

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

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

OTHER PROPERTIES

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

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

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

ITEM 3. Legal Proceedings

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

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

Xurpas Inc. held its Annual Stockholders' Meeting on August 13, 2025 wherein the following matters were acted upon:

Agenda 1: Review and approval of Minutes of the Previous Meeting held on August 7, 2024
Approved by: 100% of those present in the meeting
Resolution: "**RESOLVED,** that the stockholders of Xurpas Inc. approve the minutes of the Special Stockholders' Meeting held on August 7, 2024."

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

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

of at least a majority of the directors present at a meeting at which there is a quorum shall be valid as a corporate act, except for the election of officers which shall require the majority of all the members of the Board; **RESOLVED FURTHER**, that the stockholders of Xurpas Inc. authorize the Board of Directors to undertake all necessary actions to secure the required approvals for the aforementioned amendment to the By-Laws.”

Agenda 4: Election of Directors and Independent Directors
Approved by: 100% of those present in the meeting
Resolution: “RESOLVED, that the stockholders of Xurpas Inc. (the “Corporation”) elect the following as directors of the Corporation to serve as such beginning today until their successors are elected and qualified: 1. Jonathan Gerard A. Gurango 2. Alexander D. Corpuz 3. Fernando Jude F. Garcia 4. Wilfredo O. Racaza 5. Jose Vicente T. Colayco 6. Jonathan Jack R. Madrid (Independent Director) 7. Philip Teow Huat Kwa (Independent Director)

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

Agenda 6: Ratification of Previous Acts of the Directors and Management
Approved by: 100% of those present in the meeting
Resolution: “**RESOLVED**, that the stockholders of Xurpas Inc. ratify the previous acts of the Directors and Management.”

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

Market Information

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

Xurpas' common shares were listed with the Philippine Stock Exchange, Inc. on December 2, 2014. The high and low stock prices for 2017 to 2025, and the first quarter of 2026 are indicated below:

	High	**Low**
2026		
1st Quarter	0.25	0.228
2025		
4th Quarter	0.275	0.167
3rd Quarter	0.241	0.170
2nd Quarter	0.240	0.171
1st Quarter	0.199	0.164
2024		
4th Quarter	0.186	0.152
3rd Quarter	0.241	0.162
2nd Quarter	0.255	0.220
1st Quarter	0.305	0.192
2023		
4th Quarter	0.25	0.182
3rd Quarter	0.31	0.227
2nd Quarter	0.30	0.244
1st Quarter	0.36	0.25
2022		
4th Quarter	0.28	0.246
3rd Quarter	0.35	0.25
2nd Quarter	0.37	0.27
1st Quarter	0.57	0.30
2020		
3rd Quarter	0.55	0.50
2nd Quarter	1.37	0.40
1st Quarter	0.95	0.40
2019		
4th Quarter	1.16	0.75
3rd Quarter	1.22	0.87
2nd Quarter	1.37	0.91
1st Quarter	2.33	1.09
2018		
4th Quarter	2.39	1.04
3rd Quarter	3.72	2.02
2nd Quarter	3.92	2.80
1st Quarter	5.93	3.10
2017		
4th Quarter	5.94	3.10
3rd Quarter	9.07	5.20
2nd Quarter	10.84	7.40
1st Quarter	10.50	7.09

The market capitalization of the Company's common shares as of end-2025, based on the closing price of ₱0.2480/share, was approximately Php623 million[2]

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

Holders

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

	Stockholder's Name	Number of shares	Percentage to total	Nationality
1.	PCD Nominee Corp. (Filipino)	567,147,539	22.56	Filipino
2.	PCD Nominee Corp. (Non-Filipino)	234,084,264	9.31	Others
3.	Nico Jose S. Nolledo	730,213,914	29.05	Filipino
4.	Raymond Gerard S. Racaza	375,765,960	14.95	Filipino
5.	Fernando Jude F. Garcia	564,803,840	22.47	Filipino
6.	Jonathan Gerard A. Gurango	1,192,499	0.05	Filipino
7.	Mercedita S. Nolledo	1,060	Nil	Filipino
8.	Wilfredo O. Racaza	1,060	Nil	Filipino
9.	Alexander D. Corpuz	1,000	Nil	Filipino
10.	Eden International Holdings Pte. Ltd.	39,169,763	1.56	Non-Filipino
11.	Teow Huat (Philip) Kwa	10,000	Nil	Non-Filipino
12.	Jack Jonathan R. Madrid	10,000	Nil	Filipino
13.	Jose Vicente T. Colayco	10,000	Nil	Filipino
14.	Rafael Jay P. Ramores	423,000	0.02	Filipino
15.	Roseller Artacho Mendoza	300,000	0.01	Filipino
16.	Emilie Grace S. Nolledo	251,889	0.01	Filipino
17.	Philina Roselle G. Mendoza	100,000	Nil	Filipino
18.	Oscar Li Choachuy Jr.	100,000	Nil	Filipino
19.	Aquilina V. Redo	6,500	0	Filipino
20.	Rogina C. Guda	6,000	0	Filipino
21.	Dahlia C. Aspillera	2,900	0	Filipino
22.	Roberto B. Redo	1,000	0	Filipino
23.	Shareholders' Association of the Philippines	1,000	0	Filipino
24.	Dondi Ron R. Limgenco	111	0	Filipino
25.	Marietta V. Cabreza	100	0	Filipino
26.	Milagros P. Villanueva	100	0	Filipino
27.	Myra P. Villanueva	100	0	Filipino
28.	Myrna P. Villanueva	100	0	Filipino
29.	Philip &/or Elnora Turner	99	0	British-Indian
30.	Alvin D. Lao	10	0	Filipino
31.	Owen Nathaniel S. AUITF: Li Marcus Au	3	0	Filipino
32.	Joselito T. Bautista	1	0	Filipino
	Total	**2,513,803,812**	**100%**	

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

Dividends and Dividend Policy

Information on the Company's declaration of dividends follow:

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

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

No dividends were paid in the year ended 31 December 2025. The Company cannot provide assurance that it will pay any dividends in the future. In making a decision to declare dividends, the Board may consider various factors including the Company's cash, gearing, return on equity and retained earnings, the results of its operations or the Company's financial condition at the end of the year and such other factors as the Board may deem appropriate. The Company's Board may, at any time, modify such dividend payout ratio depending upon the results of operations and future projects and plans of the Company.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. Issuance of New Common Shares to Wavemaker Group

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

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

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

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

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

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

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

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

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

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

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

5. Conversion of Advances to Equity

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

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

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

On October 10, 2023, the Company received the Certificate of Approval of Valuation from the SEC. On November 13, 2023, the Company recorded the issuance of 455,068,753 common shares from the unissued portion to the Assignors on its corporate books.

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

6. Subscription by Mr. Fernando Jude F. Garcia

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

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

Full year 2025 compared with 2024

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

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

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

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

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

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

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

Financial Summary

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

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

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

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

General and administrative expenses (GAEX) increased by 102%, from ₱164.75 million in 2024 to ₱333.05 million in 2025. The increase was primarily caused by the recognition of impairment loss of MBL and SDI amounting to ₱153.59 million and ₱22.50 million, respectively. Excluding the provision for impairment losses and balance sheet cleanup, operating expenses under GAEX actually decreased by 5% due to cost cutting initiatives by the management.

The Company also shares in the recorded net losses of its associate companies it has invested in, which amounted to ₱5.22 million for the year ended December 31, 2025, a 34% decrease from equity in net losses of associates in 2024.

Finance Costs-net recognized for the year 2025 is ₱3.69 million, 45% higher than the ₱2.55 million net finance costs recorded in 2024, which is primarily due to the decrease in interest income. Conversely, the Company was able to record income of ₱27.96 million of "Other charges– net", an improvement of 661% vis-à-vis the ₱4.98 million other charges – net incurred in the same period of 2024. This shift was primarily due to the miscellaneous income recorded from the recovery of impaired advances to an associate, balance sheet cleanup and a net foreign exchange gain in 2025.

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

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

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

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

Segment Financial Performance

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

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

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

Profitability

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

Revenues

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

Segment	Description	Subsidiaries
Enterprise services	Revenues derived from a combination of software development, information technology (IT) staff augmentation, business solutions, and AI consultancy services.	• Xurpas Enterprise • Xurpas Parent Company • Xurpas Software • Seer • XAU
Mobile consumer services	Revenues ultimately derived from providing mobile consumer engagement solutions, leveraging SMS blasts to deliver targeted incentives or information directly to users' devices.	• Xurpas Parent Company • Xurpas Software
Other services	Revenues derived from services related to a membership-based marketplace which offers a variety of worker benefits –insurance, health checks and wellness.	• Allcare

In PhP Millions	For the years ended December 31					
	2025		2024		Amount Change	% Increase (Decrease)
	Amount	Percentage	Amount	Percentage		
Revenues						
Enterprise services	123.39	59%	106.10	58%	17.29	16%
Mobile consumer services	0.09	0%	21.85	12%	(21.76)	(100%)
Other services	85.76	41%	55.76	30%	30.00	54%
Total Revenues	**209.23**	**100%**	**183.70**	**100%**	**25.53**	**14%**

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

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

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

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

Expenses

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

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

Cost of Services

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

The cost of services minimally decreased in 2025, to ₱135.94 million from ₱136.81 million in 2024. In 2025, 43% of cost of services came from salaries and employee benefits at ₱58.48 million and is an 8% decrease from the prior year of the same period. This is due to the Group's effort to optimize resource allocation and utilization. Outside services increased by 55% from ₱39.35 million in 2024 to ₱60.88 million in 2025, consistent with the increase in other services revenues. Meanwhile, outsourced services decreased by 87%, from ₱28.00 million in 2024 to ₱3.67 million in 2025. This mostly refers to expenses related to SMS digital rewards for mobile consumer services which had zero revenues for 2025.

General and Administrative Expenses (GAEX)

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

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

Equity in Net Losses of Associates

The equity of the Group in the net losses of its associate companies for the year ended December 31, 2025, amounted to ₱5.22 million, 34% decrease compared to the ₱7.96 million share in net losses for the comparable period. Both 9Lives and MicroBenefits incurred losses for the period.

Finance Costs– net

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

Other Income – net

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

Loss before Income Tax

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

Provision for Income Tax

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

Net Loss

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

Other Comprehensive Income

In 2024, the Group posted a ₱12.06 million in other comprehensive income. This worsened by 259% to ₱19.12 million comprehensive losses in 2025. The Group recorded a significantly lower OCI because of translation loss following the weakening of the Philippine Peso vs USD and SGD.

	Foreign exchange rates	
	USD to ₱	**SGD to ₱**
December 31, 2024	USD1.00 to ₱57.85	SGD1.00 to ₱42.69
December 31, 2025	USD1.00 to ₱58.81	SGD1.00 to ₱45.82

Total Comprehensive Loss

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

Financial Position

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

Assets

Cash and cash equivalents

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

Accounts and Other Receivables

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

Contract Assets

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

Other Current Assets

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

Financial assets at FVOCI

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

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

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

Property and Equipment

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

Right-of-use (ROU) Asset

Right-of-use asset as of December 31, 2025 and 2024 amounted to ₱1.32 million and ₱0.17 million, respectively. In 2025, the Parent Company renewed the lease contract for its office space in Antel for another two years, thereby, recognizing additional ROU asset amounting to ₱2.26 million. Depreciation expense pertaining to ROU asset amounted to ₱1.11 million for the year ended December 31, 2025.

Intangible Assets

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

- Goodwill pertains to excess of the acquisition cost over the fair value of the identifiable assets and liabilities of companies acquired by the Group. As of December 31, 2025, goodwill was at ₱45.58 million which solely pertains to Storm.
- Developed software pertains to corporate application software and licenses and other VAS software applications that are not integral to the hardware or equipment. As of December 31, 2025, net book value of developed software was ₱0.36 million. Amortization of developed software for the year ended December 31, 2025 amounted to ₱0.46.
- Cryptocurrencies, which pertain to units of BTC and ETH held by the Group as of December 31, 2024, were all sold in February 7, 2025 for a total of ₱26.62 million. Revaluation loss up to the date of disposal amounted to ₱0.70 million.

Other Noncurrent Assets

Other noncurrent assets amounted to ₱35.92 million as of December 31, 2025 vis-à-vis the ₱27.68 million balance as of December 31, 2024. The increase is primarily caused by the increase of noncurrent creditable withholding tax and deferred input VAT as of the year-end.

Liabilities

Accounts and Other Payables

The Group's consolidated accounts and other payables increased by 15%, from ₱397.00 million as of December 31, 2024 to ₱456.33 million as of December 31, 2025. The increase was primarily caused by the increase in trade payables, payable to related parties, taxes payable, and accrued expenses.

Advances from Stockholders

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

Loans Payable

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

Contract Liabilities

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

Lease Liability

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

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

Pension Liability

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

Capital Deficiency

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

<u>Outlook for 2026</u>

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

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

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

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

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

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

Product Development and Innovation:

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

Operational Efficiency and Cost Management

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

Liquidity and Capital Resources

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

Cashflows

	For the years ended December 31	
	2025	2024
In PhP Millions	Amount	Amount
Net cash provided by (used in) Operating Activities	(32.02)	(70.33)
Net cash provided by (used in) Investing Activities	26.45	26.64
Net cash provided by (used in) Financing Activities	6.98	(1.64)
Effect of foreign currency exchange changes in cash	(1.57)	(2.24)
Net increase (decrease) in cash	(0.16)	(47.57)
Cash at beginning of period	32.31	79.89
Cash at end of period	**32.15**	**32.32**

Cash Flows from Operating Activities

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

Cash Flows from Investing Activities

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

Cash Flows from Financing Activities

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

Capital Expenditure

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

Key Financial Data **In PhP Millions**	**December 31, 2025 Additions**	**December 31, 2024 Additions**
Right-of-use Assets	2.26	-
Developed software	-	-
Office Equipment	0.01	0.03
IT Equipment	0.33	0.03
Leasehold improvements	-	0.04
	2.60	**0.10**

Key Performance Indicators

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

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

In Percentage	As of and for the years ended December 31	
	2025	2024
Liquidity Ratios		
Current Ratio	**24%**	25%
Quick Ratio	**19%**	18%
Asset-to-Equity Ratio	**(104%)**	796%
Profitability Ratios		
Net Loss Margin	**(117%)**	(72%)
Gross Margin	**35%**	26%
Operating Margin	**(112%)**	(69%)
Return on Total Assets	**(76%)**	(28%)
Return on Equity	**314%**	(117%)
Debt Ratios		
Debt-to-Equity Ratio	**-2.77x**	9.86x
Interest Coverage Ratio	**(64.3x)**	(33.94x)

Liquidity Ratios

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

Asset-to-Equity Ratio

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

Profitability Ratios

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

Debt Ratios

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

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

Current Ratios	
1. Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$
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 2024 compared with 2023

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

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

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

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

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

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

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

Financial Summary

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

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

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

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

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

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

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

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

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

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

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

<u>Segment Financial Performance</u>

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

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

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

Profitability

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

Revenues

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

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

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

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

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

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

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

Expenses

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

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

Cost of Services

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

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

General and Administrative Expenses (GAEX)

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

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

Equity in Net Losses of Associates

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

Finance Costs– net

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

Other Income – net

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

Loss before Income Tax

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

Provision for Income Tax

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

Net Loss

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

Other Comprehensive Income

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

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

Total Comprehensive Loss

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

Financial Position

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

Assets

Cash and cash equivalents

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

Accounts and Other Receivables

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

Contract Assets

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

Other Current Assets

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

Financial assets at FVOCI

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

Investment in and Advances to Associates

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

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

Property and Equipment

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

Right-of-use (ROU) Asset

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

Intangible Assets

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

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

Other Noncurrent Assets

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

Liabilities

Accounts and Other Payables

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

Advances from Stockholders

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

Loans Payable

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

Contract Liabilities

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

Lease Liability

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

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

Pension Liability

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

Equity (Capital Deficiency)

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

Outlook for 2025

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

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

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

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

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

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

Product Development and Innovation:

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

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

Liquidity and Capital Resources

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

Cashflows

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

Cash Flows from Operating Activities

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

Cash Flows from Investing Activities

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

Cash Flows from Financing Activities

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

Capital Expenditure

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

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

Key Performance Indicators

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

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

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

Liquidity Ratios

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

Asset-to-Equity Ratio

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

Profitability Ratios

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

Debt Ratios

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

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

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

Other Disclosures:

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

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

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

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

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

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

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

Full year 2023 compared with 2022

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

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

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

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

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

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

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

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

Financial Summary

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

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

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

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

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

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

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

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

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

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

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

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

Segment Financial Performance

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

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

Prior to eliminations, enterprise services and other services incurred net losses amounting to ₱108.45 million and ₱22.74 million, respectively. Conversely, mobile consumer services earned net income of

₱7.08 million primarily due to the sale of Altitude's assets and business, earning ₱15.03 million net gain from the said transaction. This is recorded in the Xurpas parent company's books.

Profitability

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

Revenues

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

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

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

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

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

In PhP Millions	For the years ended December 31					
	2023		2022		Amount	% Increase
	Amount	Percentage	Amount	Percentage	Change	(Decrease)
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	% Increase
	Amount	Percentage	Amount	Percentage	Change	(Decrease)
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	% Increase
	Amount	%	Amount	%	Change	(Decrease)
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.

<u>Financial Position</u>

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

Assets

Cash and cash equivalents

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

Accounts and Other Receivables

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

Contract Assets

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

Other Current Assets

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

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

Financial assets at FVOCI

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

Investment in and Advances to Associates

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

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

Property and Equipment

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

Right-of-use (ROU) Asset

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

Intangible Assets

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

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

Other Noncurrent Assets

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

Liabilities

Accounts and Other Payables

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

Advances from Stockholders

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

Loans Payable

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

Contract Liabilities

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

Lease Liability

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

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

Deferred tax liability

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

Pension Liability

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

Equity

Total Equity

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

Outlook for 2024

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

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

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

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

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

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

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

Liquidity and Capital Resources

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

Cashflows

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

Cash Flows from Operating Activities

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

Cash Flows from Investing Activities

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

Cash Flows from Financing Activities

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

Capital Expenditure

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

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

Key Performance Indicators

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

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

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

Liquidity Ratios

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

Asset-to-Equity Ratio

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

Profitability Ratios

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

Debt Ratios

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

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

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

Other Disclosures:

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

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

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

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

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

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

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

ITEM 7. Financial Statements

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

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

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

Independent Public Accountants, External Audit Fees and Services

The consolidated financial statements of the Group as of December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023 were audited by SGV & Co., independent auditors, in accordance with Philippine Standards on Auditing (PSA).

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

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

The aggregate fees billed for each of the last two calendar years for professional services rendered by the external auditor were ₱4.91 million and ₱4.48 million for 2025 and 2024, respectively. The audit fees for 2026 are estimated to be at ₱5.40 million. Services rendered include the audit of the financial statements and supplementary schedules for submission to SEC, tax consultancy and assistance in the preparation of annual income tax returns[3].

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

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

ITEM 9. Directors and Executive Officers of the Issuer

BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

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

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

As of December 31, 2025, the composition of the Company's Board is as follows:

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

Each of the Company's directors was elected to the Board during the Company's annual stockholders' meeting held on August 13, 2025. Each director shall remain in office until the next annual meeting of the stockholders of the Company or his or her removal or resignation as may be allowed under law.

The table below sets forth the Company's executive officers in addition to its executive directors listed above as of December 31, 2025:

Name	Age	Citizenship	Position
Mark S. Gorriceta	48	Filipino	Corporate Secretary, Chief Compliance Officer and Chief Legal Officer

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

Jonathan Gerard A. Gurango, Filipino, 68, has been an independent director of the Corporation since 2014. Mr. Gurango was appointed as the Chairman of the Board and the Chief Executive Officer of the Corporation effective June 6, 2022. Mr. Gurango has a solid track record in forming and running successful software companies. He founded Match Data Systems (MDS) in Seattle, USA in 1987, MDS Philippines in 1991, and MDS Australia in 1996. In 1999, he sold MDS to Great Plains Software, which was acquired by Microsoft in 2001. Mr. Gurango served as the Asia Pacific Regional Director for Microsoft Business Solutions until his retirement in 2003. He has since co-founded or coached several software start-ups and became President of the Philippine Software Industry Association until 2014.
He is presently the Chairman of the Capiz ICT Council, and a director of SERVIO Technologies, Digital Business Training Center Inc., TendoPay, Tonik Digital Bank, and the Mijares-Gurango Craniofacial Foundation. Mr. Gurango studied Industrial Engineering at the University of the Philippines, Diliman,

Quezon City. He also studied Electrical Engineering at the University of Washington, Seattle, Washington, USA.

Alexander D. Corpuz, Filipino, 59, was appointed as Director and President of the Corporation effective February 1, 2019. He has also been the Corporation's Chief Finance Officer since 2014 and Chief Information Officer since 2018. Mr. Corpuz has 34 years of experience in the field of finance, ten years of which was in investment and commercial banking. He was Vice President of Bank of America in 2001, before serving as CFO for Liberty Telecoms, Information Gateway, Mañosa Group of Companies and Hatchd Inc. Mr. Corpuz holds a Bachelor of Science in Business Administration degree from University of the Philippines, Diliman, Cum Laude. He obtained his Masters in Business Management from the Asian Institute of Management, Makati City. He is a member of the Financial Executives Institute of the Philippines (FINEX) and the Management Association of the Philippines. He is Director/Treasurer of the Educhild Foundation Inc.

Fernando Jude F. Garcia, Filipino, 52, has been the Chief Technology Officer and Director of the Corporation since November 2001. He was also appointed as Treasurer effective February 1, 2019. He also served as Corporate Secretary of the Corporation until December 2014. He created the Corporation's Griffin Platform, the mobile consumer content gateway and platform for all of the Corporation's mobile consumer content products and services. He also created the Corporation's modular middleware system that can easily integrate with any modern billing gateway. He is the chief engineer responsible for the Corporation's software architecture and systems integration. Examples of such systems and protocols are the following: SMS (CIMD2/EMI-UCP/SMPP), MMS (EIAF/MM7), Voice Services (SIP), Billing/IN (Diameter/UCIP/ParlayX2.1), Security (IPSEC), Publish-subscribe Systems and Video Streaming (RTMP/HLS) and blockchain technology (BTC/ETH). He is also responsible for architecting the Corporation's fully Cloud-based system infrastructure. Before founding the Corporation, he was a software developer in iAyala. Mr. Garcia holds a Bachelor of Science degree in Applied Physics from the University of the Philippines in Diliman, Quezon City. He obtained his Masters in Data Management from the Asian Institute of Management, Makati City.

Wilfredo O. Racaza, Filipino, 77, has been a Director of the Corporation since November 2001. Mr. Racaza has 49 years of marketing and finance experience under his belt. He worked with Mobil Oil Philippines for 15 years developing New Business through Resale Outlets and servicing Direct Commercial Consumers Accounts. He previously worked as an insurance executive in Manulife Financial Philippines for 33 years. He is a Registered Financial Consultant (Graduated Cum Laude in May 2015). He has garnered numerous accolades and multiple awards such as Branch of the Year recognitions and consistent top agency sales awards. He has been a consistent awardee at GAMA Philippines (General Agents and Managers Association) from 2003 to Present. Mr. Racaza holds a Bachelor of Science in Commerce Degree Major in Accountancy from Xavier University-Ateneo de Cagayan in Cagayan de Oro City. He is a CPA (Certified Public Accountant).

Jose Vicente T. Colayco, 56, Filipino, joined Xurpas in 2011 and is currently the Chief Operating Officer of the Company. Prior to this, he also served as the Chief Business Development Officer and Treasurer of the Company. Before joining Xurpas, Mr. Colayco was the co-founder and co-managing director of Digital Storm, Inc., a developer of online casual game platforms. He was a Managing Director of Information Gateway Inc., from 2004 to 2010, during which time he led the management of relationships with foreign and local licensors from the music, motion picture and game industries. Before that, he was Managing Director for EMI Music Philippines and Marketing Director for Sony Music Philippines. He holds a Bachelor of Arts degree in Philosophy and Religious Studies from Brown University, Magna Cum Laude. He obtained his Masters in Business Administration from Harvard Business School in Boston, Massachusetts.

Jonathan Jack R. Madrid, Filipino, 65, serves as an Independent Director for Xurpas, having been appointed in February11, 2025. Mr. Madrid has over two decades of executive experience in digital innovation, strategy, and business transformation. Prior to joining Xurpas, he served as Country Manager for Yahoo! Philippines and led Dell's US Consumer Tech Support operations from 2006 to 2009. He was also a Board Director of the Internet and Mobile Marketing Association of the Philippines (IMMAP). Earlier in his career, he held senior positions at Ayala Corporation, Citibank Hong Kong/Manila, MTV Philippines, and Multiply.com. He is a Co-Founder and former President of the Digital Commerce Association of the Philippines (DCOM).[4]

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

Mark S. Gorriceta, Filipino, 48, has been the Corporate Secretary and Chief Legal Officer of the Corporation since 2014. He was the Chief Compliance Officer of the Corporation from 2018 to October 12, 2022. He was re-appointed as Chief Compliance Officer in 2025. Atty. Gorriceta has been in the practice of law for sixteen years. He acts as legal counsel to several other listed companies, its subsidiaries or affiliates. Atty. Gorriceta also serves as Chief Legal Counsel and/or Corporate Secretary to several leading online and tech companies in the Philippines. He is the Managing Partner and head of the Corporate Group of Gorriceta Africa Cauton & Saavedra. A member of the Philippine Bar since 2005, he holds a Bachelor of Arts, Political Science degree from the Ateneo de Manila University. He also attended certificate courses in Finance at the Asian Institute of Management in Makati City. Atty. Gorriceta is a faculty member of the Ateneo de Manila University's Center for Continuing Education. He teaches Mergers & Acquisitions for the Advanced Module Diploma Course in Corporate Finance.

Significant Employees

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

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

Family Relationships

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

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

Involvement in Certain Legal Proceedings

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

ITEM 10. Executive Compensation

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

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

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

Total	2026 (Projected)	₱9,137,191.00	N/A	N/A	₱9,137,191.00
	2025	₱17,211,430.00	N/A	N/A	₱17,211,430.00
	2024	₱18,765,310.00	N/A	N/A	₱18,765,310.00
	2023	₱21,324,742.00	N/A	N/A	₱21,324,742.00
	2022	₱15,185,001.00	N/A	N/A	₱15,185,001.00
	2021	₱8,790,358.00	N/A	N/A	₱8,790,358.00
	2020	₱8,790,358.00	N/A	N/A	₱8,790,358.00
	2019	₱6,690,358.00	N/A	N/A	₱6,690,358.00

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

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

Compensation of Directors

Standard Arrangements

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

Other Arrangements

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

Employment Contracts with Executive Officers

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

Warrants and Options Held by the Executive Officers and Directors

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

ITEM 11. Security Ownership of Certain Beneficial Owners and Management

Security ownership of certain record and beneficial owners

As of March 31, 2026, the Company is not aware of any person who is directly or indirectly the record or beneficial owner of more than 5% of the Company's capital stock except as set forth below:

Title of Class	Name and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares and Nature of Ownership (Direct or Indirect)	Percent of Class
Common	**Nico Jose S. Nolledo** Principal Shareholder	Nico Jose S. Nolledo	Filipino	730,213,914 (Direct and Indirect)	29.05%
Common	**Raymond Gerard S. Racaza** Principal Shareholder	Raymond Gerard S. Racaza	Filipino	375,765,960 (Direct)	14.95%
Common	**Fernando Jude F. Garcia** Director, Chief Technology Officer, Treasurer, Principal Shareholder	Fernando Jude F. Garcia	Filipino	564,803,840 (Direct)	22.47%
Common	**PCD Nominee Corp.**	PCD participants acting for themselves and for their customers[5]	Filipino	567,147,539 (Direct)	22.56%
Common	**PCD Nominee Corp.**	PCD participants acting for themselves and for their customers[6]	Non-Filipino	234,084,264 (Direct)	9.31%

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

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

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

As of March 31, 2026, the Company's directors and executive officers own the following number of shares:

Title of Class	Name of Owner and Position	Citizenship	No. of Shares and Nature of Ownership (Direct or Indirect)	Percent of Class
Common	**Jonathan Gerard A. Gurango** Chairman and Chief Executive Officer	Filipino	1,192,499 (Direct)	0.05%
Common	**Alexander D. Corpuz** Director, President and Chief Information Officer	Filipino	1,000 (Direct)	0.00%
Common	**Fernando Jude F. Garcia** Director, Chief Technology Officer and Treasurer	Filipino	564,803,840 (Direct)	22.50%
Common	**Wilfredo O. Racaza** Director	Filipino	1,060 (Direct)	Nil
Common	**Jose Vicente T. Colayco** Director and Chief Operating Officer	Filipino	10,000 (Direct)	Nil
Common	**Jonathan Jack R. Madrid** Independent Director	Filipino	10,000 (Direct)	Nil
Common	**Teow Huat (Philip) Kwa** Independent Director	Singaporean	10,000	Nil
Total (Directors and Officers as a Group)			**566,028,399**	**22.52%**

Voting Trust Holders of 5% or More

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

Changes in Control

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

ITEM 12. Certain Relationships and Related Transactions

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

PART IV – CORPORATE GOVERNANCE

ITEM 13. Corporate Governance.[7]

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

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

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

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

ITEM 14.

SUSTAINABILITY REPORT

Contextual Information

Company Details	
Name of Organization	Xurpas Inc.
Location of Headquarters	Unit 804 Antel 2000 Corporate Center 121 Valero St., Salcedo Village, Makati City
Location of Operations	Salcedo Village, Makati City
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	Xurpas Inc. and Subsidiaries
Business Model, including Primary Activities, Brands, Products, and Services	Develop, produce, sell, buy or otherwise deal in products, goods or services in connection with the transmission, receiving, or exchange of voice, data, video or any form or kind of communication
Reporting Period	December 31, 2025
Highest Ranking Person responsible for this report	Alexander D. Corpuz

BRIEF ON THE COMPANY

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

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

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

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

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

MATERIALITY ASSESSMENT AND REPORTING PRACTICES

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

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

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

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

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	227,665,757	Php
Direct economic value distributed:		
a. Operating costs	77,457,343	Php
b. Employee wages and benefits	146,233,071	Php
c. Payments to suppliers, other operating costs	259,793,961	Php
d. Dividends given to stockholders and interest payments to loan providers	3,715,205	Php
e. Taxes given to government	2,130,501	Php
f. Investments to community (e.g. donations, CSR)	–	Php
Direct economic value retained:	(261,664,324)	Php

What is the impact and where does it occur? What is the organization's involvement in the impact	Which stakeholders are affected?	Management Approach
The Economic Performance of the Company impacts the business as a whole. Being profitable and having healthy liquidity stance result to strong business operations and provides opportunities for expansion and growth.	All stakeholders	As can be measured through its annual reports and financial statements, the Company assures all stakeholders to provide quality services for customers through continuous research and development that bring forth positive economic performance.
What are the Risk/s Identified?		
Internal Risks: Loss of customers, management risk, and financial risk **External Risks:** Regulatory risks, Stiff competition in the IT industry, and product obsolescence brought about by ever changing and upgrade of various technology solutions		To address these risks, Xurpas banks on the quality services that it provides its customers backed up by its management expertise and technological know-how.
What are the Opportunity/ies Identified?		
The continued acceleration of digital transformation initiatives among enterprises, SMEs, and government institutions across the Philippines is expected to sustain demand for technology-enabled business solutions.		The Company remains focused on leveraging the Philippines' strong position as a competitive IT and outsourcing hub, supported by a highly skilled workforce and growing demand for digital modernization services. The Company continues to position itself for long-term growth by strengthening its capabilities in custom software development, IT staff augmentation, digital business solutions, and artificial intelligence.

Climate-related risks and opportunities

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

Procurement Practices

Proportion of spending on local suppliers

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

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

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

Anti-corruption

Training on Anti-corruption Policies and Procedures

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

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

Incidents of Corruption

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

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

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	-	GJ
Energy consumption (gasoline)	-	GJ
Energy consumption (LPG)	-	GJ
Energy consumption (diesel)	-	GJ
Energy consumption (electricity)	13,125.00	kWh

Reduction of energy consumption

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Reduction of energy consumption is being encouraged throughout the Company as it reduce utility expenses at the same time help the environment. Reducing energy consumption is seen to be a solution to minimize the emission of greenhouse gases in the atmosphere causing climate change.	Employees	As part of the Company's initiative to minimize expenses, employees are expected to act responsible and professionally in terms of incurring expenses. Employees are encouraged conserve energy whenever possible (e.g. making sure that lights and aircon in the conference rooms are turned off when not in use). A 4-day on-site work week has been set up for those who regularly go to the office.
What are the Risk/s Identified?		
Instability of prices for fuel and other energy resources.	Suppliers and Employees	Given that the identified risk is an external factor in which the Company does not have control over. Hence, employees are encouraged conserve energy whenever possible.
What are the Opportunity/ies Identified?		
Given the work from home set up, the Company is able to reduce energy consumption in the office. The savings on electricity can be utilized for business expansion or projects involving employee welfare.	Stockholders and Employees	Employees are encouraged to save electricity whenever possible either in the office or at their own homes.

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	-	Cubic meters
Water consumption	58.00	Cubic meters
Water recycled and reused	-	Cubic meters

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

Materials used by the organization

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

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

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

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

<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

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

Air pollutants

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

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

Solid and Hazardous Wastes

Solid Waste

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

<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 solid 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 risks since the Company is engaged in software development and does not contribute solid waste into the environment.</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 solid waste into the environment.</td></tr>
</table>

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><td>What are the Risk/s Identified?</td></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><td>What are the Opportunity/ies Identified?</td></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	43	#
b. Number of male employees	72	#
Attrition rate	20	%
Ratio of lowest paid employee against minimum wage	-	ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	22	13
PhilHealth	Y	10	10
Pag-ibig	Y	9	13
Parental leaves	Y	1	2
Vacation leaves	Y	37	63
Sick leaves	Y	37	63
Medical benefits (aside from PhilHealth))	Y	22	35
Housing assistance (aside from Pag-ibig)	N	-	-
Retirement fund (aside from SSS)	N	-	-
Further education support	N	-	-
Company stock options	Y	-	
Telecommuting	Y	35	60
Flexible-working Hours	Y	1	6
(Others)		-	-

<table>
<tr><th>What is the impact and where does it occur? What is the organization's involvement in the impact?</th><th>Management Approach</th></tr>
<tr><td>Human resource plays a vital role for the Company's success. A mechanism for employee participation was developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.</td><td rowspan="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	2,240	hours
b. Male employees	8,800	hours
Average training hours provided to employees		
a. Female employees	52.09	hours/employee
b. Male employees	122.22	hours/employee

<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	15	#

<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>

<u>Diversity and Equal Opportunity</u>

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

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

<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>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.</td><td rowspan="5">Through the Company’s policies on safe and healthy work environment, it ensures that the fair employment practices are implemented.</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>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.</td></tr>
</table>

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

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company ensures that the physical, emotional and mental well-being of its employees are well taken care of. The health, safety and welfare of its employees and members of community are of vital importance through which human and operational efficiencies are achieved. It also ensures the Company's competitiveness to strive amidst stiff competition in the industry.	The Company complies with the regulations of the Department of Labor and Employment (DOLE) including the occupational health and safety standards. The Company also promotes a work-life balance for its employees with its flexible working hours and it has established programs to engage employees and check on their overall well-being. The Company ensures its employees' health and safety by implementing work from home set up and providing financial aids to help those affected with any sickness/diseases.
What are the Risk/s Identified?	
Given the strict implementation of its policies on inclusivity and equality among its employees, the Company cannot identify any risk in relation to the topic.	
What are the Opportunity/ies Identified?	
Having a safe and healthy workplace promotes a conducive and productive environment.	

Labor Laws and Human Rights

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

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

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

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

Supply Chain Management

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

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the company policy
Environmental performance	N	
Forced labor	N	
Child labor	N	
Human rights	N	
Bribery and corruption	Y	Anti-Corruption Policy, Whistleblowing Policy, RPT Policy and Insider Trading Policy

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

Relationship with Community

Significant Impacts on Local Communities

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

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

Customer Management

Customer Satisfaction

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

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

Health and Safety

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

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

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

Marketing and labelling

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

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

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

Customer privacy

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

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

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

Data Security

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

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

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

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

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

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

PART V - EXHIBITS AND SCHEDULES

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

(a) Exhibits – See accompanying Index to Exhibits

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

(b) Reports on SEC Form 17-C

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

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

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

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

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

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

INDEX TO EXHIBITS

Form 17-A

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

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

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issued by the undersigned thereunto duly authorized, in the City of PASIG CITY on JUL 17 2026

By:

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

[redacted]
JOSE VICENTE T. COLAYCO
Chief Operating Officer

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

[redacted]
MARK S. GORRICETA
Corporate Secretary

[redacted]
JOY CLARISSE N. BAUTISTA
Finance Controller

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

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

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

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

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

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	2	0	0	1	1	7	7	0	8	

C O M P A N Y   N A M E

XURPAS INC.

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

Unit 804 Antel 2000 Corporate Center, 121 Valero St., Salcedo Village, Makati City, 1227

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	SEC	N/A

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
info@xurpas.com	8889-6426	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
31	2nd Wednesday of August	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Alexander D. Corpuz	mar@xurpas.com	8889-6426	N/A

CONTACT PERSON's ADDRESS

Unit 804 Antel 2000 Corporate Centre, 121 Valero St., Salcedo Village, Makati City, 1227

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

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

[redacted]

From:	[redacted]@xurpas.com
Sent:	Monday, 20 July 2026 9:48 am
To:	'hannahmarie.garcia'
Subject:	FW: Your BIR AFS eSubmission uploads were received

From: <eafs@bir.gov.ph>
Date: Sun, Jul 19, 2026, 15:03
Subject: Your BIR AFS eSubmission uploads were received
To: [redacted]
Cc: [redacted]

Hi XURPAS INC.,

Valid files

- EAFS219934330OTHTY122025.pdf
- EAFS219934330ITRTY122025.pdf
- EAFS219934330AFSTY122025.pdf
- EAFS219934330TCRTY122025-01.pdf
- EAFS219934330RPTTY122025.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-2VPSQVTP0MZ22V11SQWYN1V1S075KAE8B9**
Submission Date/Time: **Jul 19, 2026 03:03 PM**
Company TIN: **219-934-330**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

"STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS"

The management of **XURPAS INC.** (the "Company") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2025 and 2024, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

[redacted]

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

[redacted]

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

Signed this JUL 17 2026

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

SUBSCRIBED AND SWORN TO before me, a Notary Public for and in PASIG CITY this JUL 17 2026, affiants personally appeared and exhibiting to me their validly issued government ID with following details:

Name	Government Issued Identification Card No.	Place Issued / Expiry Date
Fernando Jude F. Garcia	[redacted]	[redacted]
Alexander D. Corpuz	[redacted]	[redacted]

Doc. No. 151 ;
Page No. 72 ;
Book No. XV ;
Series of 2026.

[redacted]

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

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
sgv.ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and Board of Directors
Xurpas Inc.
Unit 804 Antel 2000 Corporate Center
121 Valero St., Salcedo Village
Makati City

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the accompanying parent company financial statements of Xurpas Inc. (the Parent Company), which comprise the parent company statements of financial position as at December 31, 2025 and 2024, and the parent company statements of comprehensive loss, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including material accounting policy information.

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

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Parent Company Financial Statements* section of our report. We are independent of the Parent Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to the audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to the audit of the financial statements in the Philippines. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the parent company financial statements, which indicates that the Parent Company incurred net loss of ₱278.16 million and ₱105.25 million, and net operating cash outflow of ₱12.32 million and ₱38.40 million for the years ended December 31, 2025 and 2024 respectively. In addition, the Parent Company has deficit of ₱3,507.14 million and ₱3,228.99 million as of December 31, 2025 and 2024, respectively. As stated in Note 1, these conditions, along with other matters as discussed in Note 1 indicate that a material uncertainty exists that may cast significant doubt on the Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Parent Company Financial Statements

Management is responsible for the preparation and fair presentation of the parent company financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company financial statements, management is responsible for assessing the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Parent Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Parent Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company financial statement.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parent Company's internal control.

- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Parent Company to express an opinion on the parent company financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and when applicable, related safeguards.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 24 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Parent Company. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Jane Carol U. Chiu.

SYCIP GORRES VELAYO & CO.

Jane Carol U. Chiu
Partner
CPA Certificate No. 127285
Tax Identification No. 213-262-420
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
SEC Partner Accreditation No. 127285-SEC (Group A)
Valid to cover audit of 2025 to 2029 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001998-161-2025, December 18, 2024, valid until December 17, 2027
PTR No. 10765027, January 2, 2026, Makati City

July 17, 2026

XURPAS INC.
PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	December 31	
	2025	2024
ASSETS		
Current Assets		
Cash (Notes 4 and 21)	**₱1,796,471**	₱7,363,603
Accounts and other receivables (Notes 5, 17 and 21)	**272,601,620**	296,037,234
Other current assets (Notes 6 and 21)	**889,914**	1,121,334
	275,288,005	304,522,171
Noncurrent assets held for sale (Note 8)	**16,841,740**	–
Total Current Assets	**292,129,745**	304,522,171
Noncurrent Assets		
Financial assets at fair value through other comprehensive income (FVOCI) (Notes 7 and 21)	**1,100,000**	1,100,000
Investment in and advances to associates (Note 8)	**–**	196,634,511
Investment in subsidiaries (Note 9)	**68,194,760**	68,194,760
Property and equipment (Note 10)	**223,636**	674,048
Right-of-use asset (Note 16)	**1,319,253**	172,066
Other noncurrent assets (Note 6)	**14,761,118**	18,335,291
Total Noncurrent Assets	**85,598,767**	285,110,676
	₱377,728,512	₱589,632,847
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 11, 17 and 21)	**₱309,336,475**	₱252,762,041
Advances from stockholders (Notes 17 and 21)	**45,757,777**	37,517,457
Contract liability	**330**	330
Current portion of lease liabilities (Note 16)	**1,177,532**	187,244
Total Current Liabilities	**356,272,114**	**290,467,072**
Noncurrent Liabilities		
Pension liability (Note 19)	**13,105,131**	22,137,615
Lease liabilities - net of current portion (Note 16)	**206,219**	–
Total Noncurrent Liabilities	**13,311,350**	22,137,615
Total Liabilities	**369,583,464**	312,604,687
Equity		
Capital stock (Note 20)	**257,181,279**	257,181,279
Additional paid-in capital (Note 20)	**3,716,002,747**	3,748,086,154
Deficit (Note 20)	**(3,507,143,110)**	(3,228,985,885)
Net unrealized loss on financial assets at FVOCI (Note 7)	**(43,594,956)**	(43,594,956)
Equity reserve (Notes 9 and 20)	**(358,497,432)**	(358,497,432)
Treasury stock (Note 20)	**(66,885,113)**	(99,700,819)
Remeasurement gain on defined benefit plan (Note 19)	**11,081,623**	2,539,819
Total Equity	**8,145,048**	277,028,160
	₱377,728,512	₱589,632,847

See accompanying Notes to Parent Company Financial Statements.

XURPAS INC.
PARENT COMPANY STATEMENTS OF COMPREHENSIVE LOSS

	Years Ended December 31	
	2025	2024
REVENUES		
Service income (Note 12)	**₱21,598,838**	₱29,469,341
Management fees (Note 17)	**26,183,422**	27,383,154
	45,408,116	56,852,495
COST OF SERVICES (Note 13)	**(13,965,502)**	(29,696,227)
GENERAL AND ADMINISTRATIVE EXPENSES (Note 14)	**(312,569,825)**	(130,874,697)
FINANCE COSTS - NET (Note 15)	**(2,021,091)**	(664,305)
OTHER INCOME (CHARGES) - NET (Note 15)	**5,737,878**	(136,446)
LOSS BEFORE INCOME TAX	**(277,410,424)**	(104,519,180)
PROVISION FOR INCOME TAX (Note 18)	**746,791**	729,263
NET LOSS	**(278,157,215)**	(105,248,443)
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss in subsequent periods:		
Unrealized gain (loss) on financial assets at FVOCI - net of tax (Note 7)	**–**	200,000
Actuarial gain on pension liability (Note 19)	**8,541,804**	(1,258,030)
	8,541,804	(1,058,030)
TOTAL COMPREHENSIVE LOSS	**(₱269,615,411)**	(₱106,306,473)

See accompanying Notes to Parent Company Financial Statements.

XURPAS INC.
PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

Year Ended December 31, 2025

	Capital Stock (Note 20)	**Additional Paid-in Capital** (Note 20)	**Retained Earnings - Appropriated** (Note 20)	**Retained Earnings - Unappropriated** (Note 20)	**Net Unrealized Loss on Financial Assets at FVOCI - net of tax** (Notes 7 and 18)	**Remeasurement Gain (Loss) on Defined Benefit Plan** (Note 19)	**Equity Reserve** (Notes 9 and 20)	**Treasury shares** (Note 20)	**Total Equity**
Balances at beginning of year	**₱257,181,279**	**₱3,748,086,154**	**₱115,464,275**	**(₱3,344,450,160)**	**(₱43,594,956)**	**₱2,539,819**	**(358,497,432)**	**(₱99,700,819)**	**₱277,028,160**
Net loss	–	–	–	**(278,157,215)**	–	–	–	–	**(278,157,215)**
Other comprehensive income	–	–	–	–	–	**8,541,804**	–	–	**8,541,804**
Total comprehensive income (loss)	–	–	–	**(278,157,215)**	–	**8,541,804**	–	–	**(269,615,411)**
Treasury Shares	–	**(32,083,407)**	–	–	–	–	–	**32,815,706**	**732,299**
Balances at end of year	**₱257,181,279**	**₱3,716,002,747**	**₱115,464,275**	**(₱3,622,607,375)**	**(₱43,594,956)**	**₱11,081,623**	**(358,497,432)**	**(₱66,885,113)**	**(₱8,145,048)**

Year Ended December 31, 2024

	Capital Stock (Note 20)	Additional Paid-in Capital (Note 20)	Retained Earnings - Appropriated (Note 20)	Retained Earnings - Unappropriated (Note 20)	Net Unrealized Loss on Financial Assets at FVOCI - net of tax (Notes 7 and 18)	Remeasurement Gain (Loss) on Defined Benefit Plan (Note 19)	Equity Reserve (Notes 9 and 20)	Treasury shares (Note 20)	Total Equity
Balances at beginning of year	₱257,181,279	₱3,748,086,154	₱115,464,275	(₱3,239,201,717)	(₱43,794,956)	₱3,797,849	(358,497,432)	(₱99,700,819)	₱383,334,633
Net loss	–	–	–	(105,248,443)	–	–	–	–	(105,248,443)
Other comprehensive income	–	–	–	–	200,000	(1,258,030)	–	–	(1,058,030)
Total comprehensive income (loss)	–	–	–	(105,248,443)	200,000	(1,258,030)	–	–	(106,306,473)
Balances at end of year	₱257,181,279	₱3,748,086,154	₱115,464,275	(₱3,344,450,160)	(₱43,594,956)	₱2,539,819	(358,497,432)	(₱99,700,819)	₱277,028,160

See accompanying Notes to Parent Company Financial Statements.

XURPAS INC.

PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(₱277,410,424)**	(₱104,519,180)
Adjustments for:		
Provision for impairment losses (Note 14)	**241,668,201**	52,805,463
Pension expense (Note 19)	**3,554,737**	3,289,071
Retirement benefit paid (Note 19)	**(4,045,017)**	–
Interest expense (Notes 15 and 17)	**2,011,670**	1,906,313
Depreciation and amortization (Notes 10, 14 and 16)	**1,534,219**	1,605,953
Unrealized foreign currency exchange loss (Note 15)	**899,312**	648,715
Gain from reversal of long outstanding payables	**(2,478,276)**	–
Income from allocation of expenses to subsidiaries	**(721,276)**	–
Gain on disposal of property and equipment (Notes 10 and 15)	**(87,916)**	–
Interest income (Notes 4 and 15)	**(3,392)**	(1,242,008)
Operating loss before changes in working capital	**(35,078,562)**	(45,505,673)
Decrease (increase) in:		
Accounts and other receivables and contract assets	**(37,045,363)**	(12,551,140)
Contract Asset	**–**	372,209
Other assets	**1,444,209**	(2,925,476)
Increase in:		
Accounts and other payables	**58,351,407**	21,696,528
Contract liability	**–**	330
Net cash used in operations	**(12,328,309)**	(38,913,222)
Interest received	**3,392**	1,242,008
Income taxes paid, including creditable withholding taxes (Note 18)	**–**	(729,263)
Net cash flows used in operating activities	**(12,324,917)**	(38,400,477)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property and equipment (Note 10)	**118,501**	–
Deposit paid related to right-of-use asset (Note 6 and 16)	**(24,920)**	
Additions to property and equipment (Note 10)	**–**	(84,811)
Net cash flows provided by (used in) investing activities	**93,581**	(84,811)
CASH FLOWS FROM FINANCING ACTIVITIES		
Additional advances from stockholders (Note 17)	**7,500,000**	–
Payments of lease liability (Note 16)	**(1,173,749)**	(1,119,574)
Re-issuance of treasury shares (Note 20)	**732,299**	–
Net cash flows (used in) provided by financing activities	**7,058,550**	(1,119,574)
NET INCREASE IN CASH	**(5,172,786)**	(39,604,862)
EFFECT OF CHANGE IN FOREIGN EXCHANGE RATE	**(394,346)**	85,046
CASH AT BEGINNING OF YEAR	**7,363,603**	46,883,419
CASH AT END OF YEAR (Note 4)	**₱1,796,471**	₱7,363,603

See accompanying Notes to Parent Company Financial Statements.

1. **Corporate Information**

Xurpas Inc. (the Parent Company or Xurpas) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on November 26, 2001. The principal activities of the Parent Company are to develop, produce, sell, buy or otherwise deal in products, goods or services in connection with the transmission, receiving, or exchange of voice, data, video or any form or kind of communication whatsoever.

The Parent Company's registered office address and principal place of business is at Unit 804 Antel 2000 Corporate Center, 121 Valero St., Salcedo Village, Makati City.

On December 2, 2014, the Parent Company's shares of stock were listed in the Philippine Stock Exchange (PSE).

The Parent Company incurred net loss of ₱278.16 million and ₱105.25 million, and net operating cash outflow of ₱12.32 million and ₱38.40 million for the years ended December 31, 2025 and 2024 respectively. In addition, the Parent Company has deficit of ₱3,507.14 million and ₱3,228.99 million as of December 31, 2025 and 2024, respectively. These conditions indicate a material uncertainty exists that may cast significant doubt on the Parent Company's ability to continue as a going concern and therefore, the Parent Company may not be able to realize its assets and discharge its liabilities in the normal course of business. Management assessed that the Parent Company will be able to maintain its positive cash position and settle its liabilities as they fall due through future actions such as continuous venture into new revenue potentials and disposal of assets.

Management does not have plans to liquidate and continues to believe that the Parent Company is in a unique position being one of the few technology companies that can assist companies in their digital transformation initiatives and develop marketing promotions for consumer and enterprise businesses.

Sale of Assets and Business of Altitude Games Pte. Ltd.
On April 8, 2023, Altitude Games Pte. Ltd (AGPL) (Singapore entity) sold its assets, including intellectual property and licenses, to company registered in Australia. The Parent Company currently owns 100.00% shares in AGPL and 21.17% in Altitude Games Inc. (Philippine entity). Accordingly, the Parent Company received approximately USD900,982.04 or ₱50.45 million in cash, which represents recovery of investment account, advances and previously impaired unquoted debt investments. (see Notes 7, 8 and 17).

In October 2023, the Company executed transfer deeds wherein other shareholders of AGPL assigned the remaining 78.83% ownership to the Company. As a result, the Parent Company wholly owns AGPL. AGPL has no operations as of December 31, 2025.

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

2. **Basis of Preparation and Summary of Material Accounting Policy Information**

Basis of Preparation
The accompanying parent company financial statements have been prepared using the historical cost basis, except for financial assets at fair value through profit or loss (FVPL), financial assets at fair value through other comprehensive income (FVOCI) which have been measured at fair value. The parent company financial statements are presented in Philippine Peso (₱), the Parent Company's functional currency. All amounts were rounded off to the nearest peso, except when otherwise indicated.

Statement of Compliance
The accompanying parent company financial statements as at December 31, 2025 and 2024 and for the years then ended have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

The Parent Company also prepares and issues consolidated financial statements presented in compliance with PFRS Accounting Standards which can be obtained from the Parent Company's registered address.

Changes in Accounting Policies and Disclosures
The accounting policies adopted in the preparation of the financial statements are consistent with those of the previous financial year except for amended PFRS Accounting Standards and improvements to PFRS Accounting Standards which were adopted beginning January 1, 2025. Adoption of these amendments did not have any significant impact on the financial position or performance unless otherwise indicated.

- Amendments to PAS 21*, Lack of exchangeability*

Standards and Interpretation Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Parent Company does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Parent Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2026
- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*

  The amendments clarify that a financial liability is derecognized on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

  The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features. Furthermore, the amendments clarify the treatment of non-recourse assets and contractually linked instruments.

- Annual Improvements to PFRS Accounting Standards—Volume 11
  - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
  - Amendments to PFRS 7, *Gain or Loss on Derecognition*

- Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities* and *Transaction Price*
- Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
- Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

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

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

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

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

- PFRS 19, *Subsidiaries without Public Accountability*

Deferred effectivity

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

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

Material accounting policy information

Fair Value Measurement

Fair value is the estimated price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Parent Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Parent Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the parent company financial statements are categorized within the fair value hierarchy (see Note 21).

For assets and liabilities that are recognized in the parent company financial statements on a recurring basis, the Parent Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial Instruments

Date of recognition

The Parent Company recognizes a financial asset or a financial liability in the parent company statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

a. *Financial assets*

   Initial recognition of financial instrument

   Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI and FVPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Parent Company's business model for managing them. The Parent Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables are measured at the transaction price determined under PFRS 15, *Revenue from Contracts with Customers*. Refer to the accounting policies on revenue recognition.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Parent Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

Financial assets at amortized cost
The Parent Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Parent Company's financial assets at amortized cost includes "Cash", "Accounts and other receivables" and "Rental deposit" under "Other noncurrent assets".

Financial assets at FVOCI (equity instruments)
Upon initial recognition, the Parent Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in profit or loss when the right of payment has been established, except when the Parent Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Parent Company elected to classify irrevocably its quoted and unquoted equity investments under this category.

Financial assets at FVPL
Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the parent company statement of financial position at fair value with net changes in fair value recognized in the profit or loss.

This category includes listed equity investments which the Parent Company had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognized as other income in profit or loss when the right of payment has been established.

The Parent Company has designated its unquoted debt instruments under this category.

<u>Derecognition</u>
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the parent company statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or;
- The Parent Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Parent Company has transferred substantially all the risks and rewards of the asset, or (b) the Parent Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Parent Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Parent Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Parent Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Parent Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Parent Company could be required to repay.

Impairment of Financial Assets
The Parent Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Parent Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For cash, the Parent Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to below credit risk investments. It is the Parent Company's policy to measure ECLs on such instruments on a 12-month basis.

However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

For trade receivables, the Parent Company applies a simplified approach in calculating ECLs. Therefore, the Parent Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Parent Company has established a provision matrix for trade receivables that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets such as receivable from related parties, nontrade receivables, interest receivables, advances to employees and other receivables, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-month (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The key inputs in the model include the Parent Company's definition of default and historical data of three years for the origination, maturity date and default date. The Parent Company considers accounts receivables in default when contractual payment are 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default to 90 days and beyond. However, in certain cases, the Parent Company may also consider a financial asset to be in default when internal or external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Parent Company.

Determining the stage for impairment
At each reporting date, the Parent Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Parent Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

The Parent Company considers that there has been a significant increase in credit risk when contractual payments are more than 60 days past due.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-month ECL.

Write-off
A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. If a write-off is later recovered, the recovery is recognized in profit or loss to the extent of the carrying amount that would have been determined had no impairment loss been recognized.

b. Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVPL
Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Parent Company that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in profit or loss.

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Parent Company has not designated any financial liability as at FVPL.

Other Financial Liabilities
Issued financial instruments or their components, which are not designated at FVPL, are classified as accounts payable and accrued expenses where the substance of the contractual arrangement results in the Parent Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount, after deducting from the instrument the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Any effect of restatement of foreign currency-denominated liabilities is recognized in profit or loss.

This accounting policy applies to the Parent Company's "Accounts and other payables" (except "Taxes payable" and statutory payables included as "Other payables"), and other obligations that meet the above definition (other than liabilities covered by other accounting standards, such as income tax payable).

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the parent company statement of financial position, if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Investments in Subsidiaries and Investments and advances to Associates
The Parent Company's investments in its subsidiaries and associates are accounted for under the cost method and are carried at cost less accumulated provisions for impairment losses, if any, and any long-term interests that, in substance, form part of the entity's net investment in the associate. A subsidiary is an entity over which the Parent Company has control. The Parent Company controls an entity when it is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. An associate is an entity in which the Parent Company has a significant influence and which is neither a subsidiary nor a joint venture.

The Parent Company recognizes dividend income from the investment only to the extent that the Parent Company receives distributions from accumulated profits of the investee arising after the date of acquisition. Distributions received in excess of such profits are regarded as recovery of investment and are recognized as a reduction of the cost of the investment.

The Parent Company reduces the carrying value of its investment based on average acquisition cost per share (historical cost) when the Parent Company disposes the investment or the investee reacquires its own equity instruments from the Parent Company. Any gain or loss from disposal of an investment is recognized in profit or loss.

Noncurrent assets held for sale

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

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

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization and any impairment in value.

Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the property and equipment which are as follows:

	Years
Information Technology (IT) equipment	4
Office equipment	4
Furniture and fixtures	4
Leasehold improvements	4 years or lease term, whichever is shorter

The estimated residual values, useful life and depreciation and amortization method are reviewed at least annually to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

If there is an indication that there has been a significant change in depreciation and amortization rate or the useful lives, the depreciation of that property and equipment is revised prospectively to reflect the new expectations.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

Fully depreciated property and equipment are retained in the accounts until they are no longer in use and no further depreciation is charged against current operations.

Impairment of Nonfinancial Assets

The Parent Company assesses at each financial reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Parent Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each financial reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Investments in Subsidiaries and Associates
The Parent Company also determines at each reporting date whether there is any objective evidence that the investments in subsidiaries and associates are impaired. If this is the case, the Parent Company calculates the amount of impairment as being the difference between the recoverable amount and the carrying value of the associate and recognizes the difference in profit or loss.

In assessing impairment indicators, the Parent Company considers, as a minimum, the following indicators: (a) dividends exceeding the total comprehensive income of the associate in the period the dividend is declared; or (b) the carrying amount of the investment in the parent company financial statements exceeding the carrying amount of the associate's net assets, including goodwill.

For investment in subsidiaries, a test of impairment is performed annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of each cash-generating unit (CGU) (or group of CGUs). Where the recoverable amount of the CGUs is less than its carrying amount, an impairment loss is recognized.

Equity
Capital stock and additional paid-in capital
Capital stock is measured at par value for all shares issued. When the shares are sold at premium, the difference between the proceeds and the par value is credited to "Additional paid-in capital".

The Parent Company incurred various costs in issuing its own equity instruments. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognized as an expense.

Treasury shares
Own instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital. Voting rights related to treasury shares are nullified for the Parent Company and no dividends are allocated to them respectively. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Retained earnings (deficit)
Retained earnings (deficit) represent the cumulative balance of net income or loss, dividend distributions, prior period adjustments, effects of the changes in accounting policy and other capital adjustments.

Unappropriated retained earnings
Unappropriated retained earnings represent the portion of retained earnings that is free and can be declared as dividends to stockholders.

Appropriated retained earnings
Appropriated retained earnings represent the portion of retained earnings which has been restricted and therefore is not available for dividend declaration.

Equity reserve
Equity reserve represents a portion of equity against which payments to a former shareholder of a subsidiary was charged (see Note 9).

Revenue Recognition
Revenue from contracts with customers is measured based on the consideration to which the Parent Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The Parent Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue is recognized when the Parent Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation.

Service income
Service income consists of revenue from Value Added Services (VAS) and Business Process Outsourcing (BPO). BPO is further subdivided into IT staffing, custom software development.

Value-Added Services (VAS) or mobile content development services pertain to the Parent Company's short services of mobile content application for telephone, internet, mobile and other forms of communication. Service income is recognized at a point in time when the services are rendered in accordance with the terms of the contract.

IT staffing is a business segment where the Parent Company deploys resources to clients to fulfill their IT requirements. Revenue is recognized at a point in time, that is when services are rendered to the customers during the period.

Custom software development are services offered to customers that are produced in the Company's premises. Revenue is recognized over time and at a point in time. In measuring the progress of its performance obligation over time for custom software development, the Parent Company uses the output method which measures progress based on the completion of proportion of work done and requires technical determination by the IT specialists.

Management fees
The Company recognizes management fee for income received for general managerial services rendered to its related parties. Management fees are recognized over time since its customers simultaneously receives and consumes the benefits provided by the Company upon performance of the services.

In 2025 and 2024, the Parent Company has no variable consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Interest Income
Interest income is recognized as it accrues using the effective interest method.

Other Income
Other income is recognized as it accrues.

Cost and Expenses
"Cost of services" and "General and administrative expenses" are expenditures that arise in the course of the ordinary operations of the Parent Company. The following specific recognition criteria must also be met before costs and expenses are recognized:

Cost of services
Cost that includes all expenses associated with the specific sale of services. Cost of services include outsourced services, salaries, wages and employee benefits, segment fee and network costs and other expenses related to services. Such costs are recognized when the related sales have been recognized.

General and administrative expenses
General and administrative expenses constitute expenses of administering the business and are recognized in profit or loss as incurred.

Leases
The Parent Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Parent Company as lessee
Except for short-term leases, the Parent Company applies a single recognition and measurement approach for all leases. The Parent Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets
   The Parent Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less

any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of cost to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Years
Office space	1.5 to 2.5 years

If ownership of the leased asset transfers to the Parent Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in 'Impairment of nonfinancial assets' section.

ii) Lease liabilities
At the commencement date of the lease, the Parent Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Parent Company and payments of penalties for terminating the lease, if the lease term reflects the Parent Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Parent Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases
The Parent Company applies the short-term lease recognition exemption to its short-term leases of office space (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Income Tax

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the end of the reporting period.

Deferred tax
Deferred tax is provided using the balance sheet method on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and NOLCO can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investment in subsidiaries and associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will not reverse in the foreseeable future taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investment in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax liabilities are not provided on nontaxable temporary differences associated with investments in domestic associates and interests in joint ventures.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the financial reporting date. Movements in deferred tax assets and liabilities arising from changes in tax rates are charged or credited to income for the period.

Deferred tax relating to items outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Value-Added Tax (VAT)

Revenue, expenses and assets are recognized net of the amount of sales tax except:

- Where the tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and,
- Receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the tax authority is included as part of other current assets or payables in the parent company statement of financial position.

Pension Liability

The net pension liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any).

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method. Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset.

Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses are recognized immediately in the parent company statements of financial position with a corresponding debit or credit through other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Remeasurement of the net defined benefit liability or asset recognized in other comprehensive income shall not be reclassified to profit or loss in a subsequent period. The Parent Company transfers those amounts recognized in other comprehensive income to retained earnings upon separation of all employees in a subsidiary.

The Parent Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Foreign Currency Transactions

The parent company financial statements are presented in Philippine Peso, which is also the Parent Company's functional currency. The Philippine peso is the currency of the primary economic environment in which the Parent Company operates.

Transactions denominated in foreign currencies are initially recorded in Philippine Peso at the exchange rate based on the Bangko Sentral ng Pilipinas (BSP) rate at the date of transaction. Foreign currency-denominated monetary assets and liabilities are retranslated at the closing BSP rate at reporting date. Exchange gains or losses arising from foreign currency transactions are recognized in profit or loss.

Segment Reporting
The Parent Company's operating business are organized and managed separately according to the nature of the services provided, with each segment representing a strategic business unit that offers different services and serves different markets. Financial information on business segments is presented in Note 22 to the parent company financial statements.

Provisions
Provisions are recognized when the entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies
Contingent liabilities are not recognized in the parent company financial statements but are disclosed in the notes unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the parent company financial statements but are disclosed in the notes when an inflow of economic benefits is probable.

Events after the Reporting Period
Post year-end events up to date when the parent company financial statements are authorized for issue that provide additional information about the Parent Company's position at the reporting period (adjusting events) are reflected in the parent company financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the parent company financial statements when material.

3. Significant Accounting Judgments and Estimates

The preparation of the accompanying parent company financial statements in compliance with PFRS Accounting Standards requires management to make judgments and estimates that affect the amounts reported in the parent company financial statements and accompanying notes. The judgments and estimates used in the accompanying parent company financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the parent company financial statements. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the parent company financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments
In the process of applying the Parent Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the parent company financial statements:

a. *Assumption of going concern*
The use of the going assumption involves management making judgments, at a particular point in time, about the future outcome of events or condition that are inherently uncertain. The Parent Company has no plans to liquidate. Management assessed that the Parent Company will be able to maintain its positive cash position and settle its liabilities as they fall due through future actions such as continuous venture into new revenue potentials and disposal of assets. Accordingly, the parent company financial statements are prepared on a going concern basis.

b. *Determination of control over investment in subsidiaries*
The Parent Company determined that it has control over its subsidiaries by considering, among others, its power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns. The following were also considered:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual agreements
- The Parent Company's voting rights and potential voting rights

c. *Existence of significant influence over associates*
The Parent Company determined that it exercises significant influence over its associates (see Note 8) by considering, among others, its ownership interest (holding 20% or more of the voting power of the investee) and board representation.

Management's Use of Estimates
The key assumption concerning the future and other key sources of estimation uncertainty at the reporting date, that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a. *Realizability of deferred tax assets*
The Parent Company reviews the carrying amounts of deferred income taxes at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Significant management estimate is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies.

The Parent Company did not recognize deferred tax assets on deductible temporary differences amounting to ₱818.13 million and ₱476.94 million as at December 31, 2025 and 2024, respectively.

As of December 31, 2025 and 2024, the deferred tax asset on the deductible temporary differences related to items recorded under other comprehensive income not recognized amounted to ₱41.06 million and ₱41.06 million, respectively (see Note 18).

b. *Provision for expected credit losses*
The Parent Company uses a provision matrix to calculate ECLs for accounts and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss pattern.

The provision matrix is initially based on the Parent Company's historical observed default rates. The Parent Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Parent Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

As of December 31, 2025 and 2024, allowance for impairment loss on accounts and other receivables amounted to ₱193.09 million and ₱143.53 million, respectively (see Note 5).

c. *Evaluation of nonfinancial assets for impairment*
The Parent Company reviews its nonfinancial assets for impairment of value. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in the asset's market value or net realizable value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.

Based on management's assessment, its nonfinancial assets are recoverable as of December 31, 2025 and 2024. The carrying values of the Company's nonfinancial assets follow:

	2025	2024
Other current assets (Note 6)	**₱889,914**	₱1,121,334
Investment in associates (Note 8)*	**10,983,350**	174,549,925
Investment in subsidiaries (Note 9)	**68,194,760**	68,194,760
Property and equipment (Note 10)	**223,636**	674,048
Right-of-use asset (Note 16)	**1,319,253**	172,066
Other noncurrent assets (Note 6)	**11,869,984**	14,719,379
	₱93,480,897	₱ 259,431,512

**This excludes advances to affiliate*

Allowance for impairment losses on investment in associates amounted to ₱534 million and ₱370 million as of December 31, 2025 and 2024 (see Note 8). Allowance for impairment losses on investment in subsidiaries amounted to ₱2,192.38 million as of December 31, 2025 and 2024 (see Note 9).

d. *Determination of fair value less cost to sell of non-current assets held for sale*
Non-current assets held for sale are measured using lower of carrying amount and fair value less cost to sell. The Parent Company sold the assets in March 2026 for fixed and contingent amount of consideration. The Parent Company estimated ₱16.84 million as the total amount of consideration net of estimated 20% withholding tax payable to Indonesian tax authority and other cost to sell.

4. Cash

This account consists of:

	2025	2024
Cash in banks	**₱1,769,241**	₱7,340,091
Cash on hand	**27,230**	23,512
	₱1,796,471	₱7,363,603

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

Foreign currency-denominated cash in banks to ₱0.11 million and ₱0.29 million as of December 31, 2025 and 2024, respectively (see Note 21).

Interest income earned from cash in banks amounted to ₱3,392 and ₱1.24 million in 2025 and 2024, respectively (see Note 15).

There are no restrictions on the Parent Company's cash and cash equivalents as of December 31, 2025 and 2024.

5. Accounts and Other Receivables

This account consists of:

	2025	2024
Receivable from related parties (Note 17)	**₱306,859,039**	₱301,590,116
Trade receivables		
Related parties (Note 17)	**143,235,163**	128,173,252
Third parties	**14,730,771**	1,228,002
Nontrade receivable	**–**	7,208,250
Other receivables	**862,102**	1,370,897
	465,687,075	439,570,517
Less allowance for impairment losses	**193,085,455**	143,533,283
	₱272,601,620	₱296,037,234

Trade receivables arise from software development services, IT staffing and mobile content development services. These are noninterest-bearing and are generally settled on a 30- to 60-day term.

Other receivables are noninterest-bearing and are generally collectible within one year.

The table below shows the movements in the allowance for impairment losses of accounts and other receivables:

	2025	2024
Balance at beginning of year	**₱143,533,283**	₱138,311,995
Provision (Note 14)	**60,450,977**	10,738,448
Write-off and recovery	**(10,898,805)**	(5,517,160)
Balance at end of year	**₱193,085,455**	₱143,533,283

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

	2025	2024
Receivable from related parties (Note 17)	**₱142,276,948**	₱116,814,103
Trade receivables	**50,808,507**	19,510,930
Nontrade receivable	–	7,208,250
	₱193,085,455	₱143,533,283

6. **Other Assets**

<u>Other current assets</u>
This account consists of:

	2025	2024
Creditable Withholding Taxes	**₱750,000**	₱–
Input VAT	**139,914**	–
Rental deposits	–	290,865
Prepaid expenses	–	830,469
	₱889,914	₱1,121,334

Creditable withholding taxes refer to income taxes withheld by customers of the Parent Company that can be applied against income tax liability in the future.

Prepaid expenses mainly pertain to deposits to network companies for the internet subscription of the Parent Company.

Rental deposits represent deposits for office which are refundable after the contract term. (See Note 16)

Input VAT represents VAT imposed on the Parent Company by its suppliers for the acquired goods and services already paid.

<u>Other noncurrent assets</u>
This account consists of:

	2025	2024
Deferred input VAT	**₱11,574,200**	₱14,719,379
Rental deposits	**295,784**	–
Creditable withholding taxes	**2,891,134**	3,615,912
	₱14,761,118	₱18,335,291

Deferred input VAT represents input VAT related to unpaid balances for the services availed by the Parent Company. These will be recognized as input VAT and applied against output VAT upon payment. Any remaining balance is recoverable in the future periods.

7. Financial Assets at Fair Value through Other Comprehensive Income and at Fair Value through Profit or Loss

This account consists of:

	2025	2024
Financial assets at FVOCI		
Quoted equity investment		
Club Punta Fuego	**₱1,100,000**	₱1,100,000
Unquoted equity investment	–	–
Financial assets at FVPL		
Unquoted debt investments	–	–
	₱1,100,000	₱1,100,000

The rollforward analysis of financial assets at FVOCI follow:

	2025	2024
Balance at beginning of year	**₱1,100,000**	₱900,000
Unrealized gain (loss) on financial assets at FVOCI	–	200,000
Balance at end of year	**₱1,100,000**	₱1,100,000

The rollforward analysis of accumulated net unrealized loss on financial assets at FVOCI follow:

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

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

The quoted shares are categorized under the Level 2 of the fair value hierarchy. The unquoted equity and debt investments are categorized under Level 3 (see Note 21).

Quoted equity investment
Quoted equity instrument consists of investment in golf club shares.

Unquoted equity investment
In April 2015, the Parent Company acquired 666,666 shares of Series A Preferred Stock of Zowdow Inc. ("Zowdow") at a purchase price of $1.50 per share for a total investment of US$999,999 or ₱44.24 million. The Parent Company holds a 3.56% ownership of Zowdow on a fully-diluted basis. As of December 31, 2025 and 2024, the unquoted equity investment classified as financial assets at FVOCI has nil carrying amount.

Unquoted debt investments
The Parent Company has convertible promissory notes and bonds receivable as of December 31, 2025 and 2024:

	2025	2024
Unquoted debt investments		
MatchMe Pte. Ltd.	**₱52,495,000**	₱52,495,000
Einsights Pte. Ltd.	**23,475,000**	23,475,000
Pico Candy Pte. Ltd.	**3,602,123**	3,602,123
	79,572,123	79,572,123
Less remeasurement loss	**(79,572,123)**	(79,572,123)
Balance at end of year	**₱–**	₱–

On April 8, 2023, AGPL sold its assets and business to a company registered in Australia. The Parent Company received approximately US$900,982.04 or ₱50.42 million in cash, which represents recoveries of investment account, advances and previously impaired unquoted debt investments (see Note 1).

8. **Investment in and Advances to Associates**

The Parent Company's investment in associates are accounted for under the cost method of accounting, adjusted for impairment losses, if any. The Parent Company determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case, the Parent Company calculates the amount of impairment as being the difference between the recoverable amount and the carrying value of the associate company and recognizes the difference in profit or loss.

In assessing impairment indicators, the Parent Company considers, as a minimum, the following indicators: (a) dividends exceeding the total comprehensive income of the associate in the period the dividend is declared; or (b) the carrying amount of the investment in the parent company financial statements exceeding the carrying amount of the associate's net assets, including goodwill.

The related percentages of ownership are shown below:

	Percentages of Ownership		**Carrying Amount**	
	2025	2024	**2025**	2024
Investment in associates				
Micro Benefits Limited	**23.53**	23.53	**₱469,780,137**	₱469,780,137
MatchMe Pte. Ltd.	**29.10**	29.10	**63,577,019**	63,577,019
PT Sembilan Digital Investama	**49.00**	49.00	**10,983,350**	10,983,350
Altitude Games Inc.	**21.17**	21.17	**211,656**	211,656
			544,552,162	544,552,162
Less allowance for impairment loss			**533,568,812**	370,002,237
			10,983,350	174,549,925
Advances to associate			**22,084,586**	22,084,586
			33,067,936	196,634,511
Less reclassification to non-current assets held for sale			**33,067,936**	–
Total investment in and advances to associate after reclassification			**₱–**	₱196,634,511

Micro Benefits Limited
On March 9, 2016, the Parent Company acquired 718,333 new Series C Preferred Shares equivalent to a 23.53% stake in Micro Benefits Limited ("Micro Benefits") for US$10.00 million. Micro Benefits, a company registered in Hong Kong, is engaged in the business of providing employee benefits to Chinese workers through its operating company, Micro Benefits Financial Consulting (Suzhou) Co. Ltd. located in China.

In 2023, indicators of impairment were identified by management, as a result, an impairment test was carried out for investment in Micro Benefits where it showed that an impairment provision must be recognized. In determining the provision, the recoverable amount was determined based on value-in-use ("VIU") calculations. The VIU was derived from cash flow projections over a period of five years based on the 2024 financial budgets and calculated terminal value.

Using the projections for five years and applying a terminal value thereafter, the Parent Company calculated a recoverable amount of nil and ₱163.57 million as of December 31, 2025 and 2024, respectively. Consequently, the Parent Company recognized a provision for impairment loss of its investment in Micro Benefits amounting to ₱163.57 million and ₱42.07 million in 2025 and 2024, respectively. The key assumptions used to which the fair value is most sensitive to are discount rates, including cost of debt and cost of capital, and growth rates.

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

MatchMe Pte. Ltd.
In 2015 and 2018, MatchMe Pte. Ltd. ("MatchMe") acquired an aggregate of 1,547,729 ordinary shares or 29.10% interest in MatchMe, an international game development company based in Singapore, for a total consideration amounting to ₱63.58 million.

MatchMe incurred recurring losses for the past four years and attained capital deficiency position as of December 31, 2019. In 2019, MatchMe became dormant. On these bases, the Parent Company recognized full impairment loss on its investment in MatchMe amounting to ₱63.58 million in 2019.

MatchMe's registered office address is at 100 Cecil Street #10-01/02 the Globe, Singapore.

Altitude Games Pte. Ltd.
As at December 31, 2022, the Parent Company owns 21.17% ownership in Altitude Games Pte. Ltd. ("AGPL"), a Singaporean IT company engaged in computer game development and publishing. The Parent Company acquired a total of 24.69 million shares with par value of US$0.01 per share for a total consideration of US$740,800 or US$0.03 per share.

On April 8, 2023, AGPL approved the sale of its assets and business to a company registered in Australia. The proceeds were attributed to the recovery of investment account, advances, previously impaired unquoted debt investments (see Notes 1 and 7).

In October 2023, the Parent Company executed transfer deeds wherein other shareholders of AGPL assigned the remaining 78.83% ownership to the Parent Company.

AGPL's registered office address is at 16 Raffles Quay, #33-03, Hong Leong Building, Singapore.

PT Sembilan Digital Investama
On March 26, 2015, the Parent Company acquired 1,470 shares representing 49% shareholdings in PT Sembilan Digital Investama ("SDI") amounting to ₱10.83 million. The acquisition gave the Parent

Company access to PT Ninelives Interactive (“Ninelives”), a mobile content and distribution company in Indonesia, which SDI owns.

As of December 31, 2025 and 2024, the Parent Company has advances to SDI amounting to ₱22.08 million to fund its mobile content and distribution services.

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

SDI’s registered office address is at Jl. Pos Pengumben Raya No. 01 RT 010 RW 03, Kel Srengseng, Jakarta Barat.

Altitude Games Inc.
On July 22, 2015, the Parent Company subscribed to 211,656 shares of stock or 21.17% shareholdings in Altitude Games Inc. (“Altitude Philippines”), an affiliate of AGPL. Altitude Philippines is engaged in the business of development, design, sale and distribution of games and applications.

In 2019, the Parent Company provided full impairment loss amounting to ₱0.21 million on its investment in Altitude Philippines based on recurring losses and capital deficiency position.

Altitude Philippines’ registered office address is at Unit A51 5th Floor Zeta II Bldg, Salcedo St. Legaspi Village, Makati City.

As at December 31, 2025 and 2024, there are no capital commitments relating to the Parent Company’s interests in its associates.

9. Investment in Subsidiaries

The Parent Company’s investment in subsidiaries are accounted for under the cost method of accounting, adjusted for impairment losses, if any, and the related percentages of ownership are shown below:

	Percentages of Ownership		**Carrying Amount**	
	2025	2024	**2025**	2024
Art of Click Pte. Ltd	**100.00**	100.00	**₱1,959,810,316**	₱1,959,810,316
Storm Technologies, Inc.	**51.31**	51.31	**202,723,635**	202,723,635
Xeleb Technologies Inc.	**100.00**	100.00	**68,085,646**	68,085,646
Seer Technologies, Inc.	**70.00**	70.00	**18,000,000**	18,000,000
Xurpas Enterprise Inc.	**100.00**	100.00	**5,000,000**	5,000,000
ODX Pte. Ltd.	**100.00**	100.00	**1,955,769**	1,955,769
Xurpas Software Inc.	**100.00**	100.00	**4,999,996**	4,999,996
Xurpas Pty. Ltd.	**100.00**	100.00	**37**	37
Altitude Games Pte. Ltd.	**100.00**	100.00	**–**	–
			2,260,575,399	2,260,575,399
Less allowance for impairment losses			**2,192,380,639**	2,192,380,639
			₱68,194,760	₱68,194,760

Art of Click Pte. Ltd. (“AOC”)
As of December 31, 2025 and 2024, the cost of investment in AOC amounted to ₱1,959.81 million. AOC is a Singaporean start-up firm established in 2011 that specializes on mobile marketing

solutions for advertisers, publishers, app developers, and other operators. The investment in AOC is fully impaired as of December 31, 2025 and 2024.

On March 30, 2021, the Board of Directors of Xurpas Inc. approved the suspension of business operations of AOC.

AOC's registered office address and principal place of business is at 883 North Bridge Road #15-04 Southbank, Singapore.

Storm Technologies, Inc. ("Storm Tech")
As of December 31, 2025 and 2024, the Parent Company's investment in Storm Tech, a human resource consultancy firm, amounted to ₱202.72 million equivalent to 51.31% equity ownership. Allowance for impairment loss on investment in Storm Tech amounted to ₱146.48 million as of December 31, 2025 and 2024.

In 2022, Storm Tech suspended the operation of its human resource online platform. Storm Tech continues to have ownership in AllCare Technologies Philippines, Inc. which operates another human resource online platform.

Storm Tech's registered office address and principal place of business is at 602 Centerpoint Building, Julia Vargas St. Corner Garnet Road, Ortigas Center, Pasig City.

Xeleb Technologies Inc. ("Xeleb Tech")
As of December 31, 2018, the Parent Company's investment in Xeleb Tech amounted to ₱64.09 million equivalent to 67% equity ownership. In 2019, Deeds of Absolute Sale were executed for the acquisition by the Parent Company of the remaining 33% stake in Xeleb Tech from its minority stakeholders for a total consideration of ₱4.00 million. This resulted in 100% ownership of Parent Company in Xeleb Tech.

On September 11, 2019, the board of directors of the Parent Company approved the dissolution of Xeleb Tech. As a result of management's decision to dissolve Xeleb Tech, the Parent Company recognized impairment loss amounting to ₱68.09 million in 2019.

As at December 31, 2025, Xeleb Tech has yet to apply for the approval of government regulatory agencies for its dissolution.

Xeleb Technologies, Inc. was organized to primarily engage in the business of mobile content development. Xeleb Tech's registered office address and principal place of business is Unit 2501, The Trade and Financial Tower, 32nd St. cor. 7th Ave., Taguig City.

Seer Technologies, Inc. ("Seer")
On June 25, 2015, the Parent Company acquired 70,000 common shares representing 70.00% stake holdings in Seer, a software consultancy and design company, at a price of ₱18.00 million. Allowance for impairment loss on investment in Seer amounted to ₱18.00 million as of December 31, 2025 and 2024.

Seer's registered office address and principal place of business is Unit 2801, The Trade and Financial Tower, 32nd St. cor. 7th Ave., Taguig City.

Xurpas Enterprise Inc. (“Xurpas Enterprise”)
On March 23, 2016, the Parent Company incorporated Xurpas Enterprise. Xurpas Enterprise is primarily engaged in software development including designing, upgrading and marketing all kinds of IT systems or parts thereof and other related services.

Xurpas Enterprise’s registered office address and principal place of business is Unit 804 Antel 2000 Corporate Centre, 121 Valero St., Salcedo Village, Brgy. Bel-Air, Makati City.

ODX Pte. Ltd. (“ODX”)
On April 27, 2018, the Parent Company incorporated a wholly-owned subsidiary in Singapore, ODX, with the following principal activities: 1) other information technology and computer service activities (e.g., disaster recovery services) and 2) development of software for interactive digital media (except games).

ODX's platform, which will be an open data marketplace using blockchain technology, is under development. ODX has not started commercial operations as of December 31, 2025. ODX’s registered office address is 1 George Street #10-01 One George Street, Singapore.

Xurpas Software Inc. (“XSI”)
On April 18, 2023, the Parent Company incorporated Xurpas Software Inc with the primary purpose of designing, developing, testing, building, marketing, distributing, maintaining, supporting, customizing, selling and/or re-selling applications, games, software, cybersecurity software tools, digital solutions, whether internet, mobile, or other handheld applications, portals, hardware and other related products and services, except internet provider services, both for proprietary and custom development purposes.

XSI’s registered office address and principal place of business is Office 3 Genesis Building Pueblo De Panay Township Lawa-an, Roxas City, Capiz.

Xurpas Pty. Ltd.
On July 25, 2023, the Parent Company incorporated Xurpas Pty. Ltd., a wholly-owned subsidiary based in Australia, which aims to offer the Parent Company’s products and services in the said country. XAU started its commercial operations in October 2024.

Altitude Games Pte. Ltd. (“AGPL”)
In October 2023, the Parent Company executed transfer deeds wherein other shareholders of AGPL transferred the remaining 78.83% ownership to the Parent Company. As a result, AGPL becomes a wholly owned subsidiary. AGPL has no operations and its minimal net liability amounting to ₱1.89 million and ₱1.86 million as of December 31, 2025 and 2024, respectively.

The table below shows the movements in the allowance for impairment losses of investment in subsidiaries:

	2025	2024
Balance at beginning of year	**₱2,192,380,639**	₱2,192,380,639
Provision	**–**	–
Balance at end of year	**₱2,192,380,639**	₱2,192,380,639

10. **Property and Equipment**

Rollforward of this account is as follows:

2025

	IT Equipment	Leasehold Improvements	Office Equipment	Furniture and Fixtures	Total
Cost					
Balances at beginning of year	**₱2,690,831**	**₱12,587,977**	**₱2,453,664**	**₱1,942,154**	**₱19,674,626**
Disposals	**(605,100)**	**–**	**–**	**–**	**(605,100)**
Balances at end of year	**2,085,731**	**12,587,977**	**2,453,664**	**1,942,154**	**19,069,526**
Accumulated Depreciation and Amortization					
Balances at beginning of year	**2,108,296**	**12,563,915**	**2,386,213**	**1,942,154**	**19,000,578**
Depreciation and amortization (Note 14)	**366,338**	**20,625**	**35,864**	**–**	**419,827**
Disposals	**(574,515)**				**(574,515)**
Balances at end of year	**1,900,119**	**12,584,540**	**2,419,077**	**1,942,154**	**18,845,890**
Net Book Value	**₱185,612**	**₱3,437**	**₱34,587**	**₱–**	**₱223,636**

2024

	IT Equipment	Leasehold Improvements	Office Equipment	Furniture and Fixtures	Total
Cost					
Balances at beginning of year	₱2,647,270	₱12,546,727	₱2,453,664	₱1,942,154	₱19,589,815
Additions	43,561	41,250	–	–	84,811
Balances at end of year	2,690,831	12,587,977	2,453,664	1,942,154	19,674,626
Accumulated Depreciation and Amortization					
Balances at beginning of year	1,587,415	12,546,727	2,350,731	1,942,154	18,427,027
Depreciation and amortization (Note 14)	520,881	17,188	35,482	–	573,551
Balances at end of year	2,108,296	12,563,915	2,386,213	1,942,154	19,000,578
Net Book Value	₱582,535	₱24,062	₱67,451	₱–	₱674,048

Depreciation and amortization in 2025 and 2024 charged under “General and administrative expenses” amounted to ₱1.53, and ₱1.61 million, respectively. (see Note 14).

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

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

11. Accounts and Other Payables

This account consists of:

	2025	2024
Trade payables		
Related parties (Note 17)	**₱98,383,857**	₱114,827,236
Third parties	**5,123,170**	3,248,668
Payable to related parties (Note 17)	**162,801,462**	99,590,932
Interest payable (Notes 15 and 17)	**12,295,106**	10,392,119
Accrued expenses		
Professional fees (Note 14)	**4,355,120**	4,355,120
Others	**1,826,350**	75,000
Taxes payable	**17,811,432**	17,835,224
Notes payable (Note 17)	**1,551,114**	1,551,114
Payable to directors and officers (Note 17)	–	117,678
Other payables (Note 17)	**5,208,864**	972,988
	₱309,336,475	₱253,097,089

Trade payables represent the unpaid subcontracted services and other cost of services to third parties and related parties. These are noninterest-bearing and are normally settled within one year.

Accrued expenses mainly consist of accruals of professional fees and rent. These are noninterest-bearing and are normally settled within one year.

Taxes payable comprises of expanded withholding tax on supplier payments, withholding tax on employee compensation, and output VAT, net of available input VAT, including deferred output VAT. These obligations are current in nature and are expected to be settled within one year.

Other payables consist of advances from a third party and statutory payables to SSS, Philhealth and HDMF. These are noninterest-bearing and are normally settled within one year.

12. Service Income

This account consists of:

	2025	2024
Related parties (Note 17)		
IT staffing	**₱21,598,838**	₱5,002,343
Third parties		
Custom software development services	–	3,119,699
Mobile content development services	–	21,347,299
	₱21,598,838	₱29,469,341

13. **Cost of Services**

This account consists of:

	2025	2024
Salaries, wages and employee benefits	**₱11,052,507**	₱8,876,847
Web hosting	**1,607,749**	2,026,730
Outsourced services (Note 17)	**1,252,346**	18,553,955
Utilities	**52,900**	47,750
Depreciation and amortization (Note 6)	**−**	182,886
Commissions	**−**	8,059
	₱13,965,502	₱29,696,227

14. **General and Administrative Expenses**

This account consists of:

	2025	2024
Provision for impairment losses - net (Notes 5, 8 and 9)	**₱241,699,374**	₱52,805,463
Salaries, wages and employee benefits	**52,478,516**	62,359,212
Professional fees	**6,814,417**	5,663,832
Taxes and licenses	**4,315,513**	409,135
Dues and subscription	**1,849,442**	1,299,778
Depreciation and amortization (Note 10 and 16)	**1,534,219**	1,605,950
Directors' fees (Note 17)	**1,497,500**	1,932,500
Outsourced services (Note 17)	**864,232**	1,656,507
Entertainment, amusement and recreation	**189,970**	838,396
Communication	**158,277**	179,906
Repairs and maintenance	**91,420**	6,999
Utilities	**78,024**	82,216
Advertising and promotions	**68,853**	614,545
Seminars and trainings	**56,178**	70,805
Transportation and travel	**46,520**	461,423
Office supplies	**22,437**	28,341
Miscellaneous	**829,933**	859,689
	₱312,569,825	₱130,874,697

Miscellaneous expense includes penalties and other cost.

15. **Finance Costs - net and Other Charges - net**

Finance costs - net consists of:

	2025	2024
Interest expense (Notes 11 and 16)	**(₱2,024,483)**	(₱1,906,313)
Interest income (Notes 4 and 17)	**3,392**	1,242,008
	(₱2,021,091)	(₱664,305)

Other income (charges) - net consists of:

	2025	2024
Other income	**₱7,161,254**	₱868,491
Foreign currency exchange losses - net	**(1,016,990)**	(648,715)
Bank charges	**(494,302)**	(356,222)
Gain (loss) on disposal of property and equipment	**87,916**	−
	₱5,737,878	(₱136,446)

Other income includes utilities and rent allocated to subsidiaries amounting to ₱0.72 million and ₱0.66 million in 2025 and 2024, respectively.

16. Lease Commitments

The Parent Company entered into various lease agreements with third parties for the office spaces it occupies. Leases have terms ranging from one to three years and renewable subject to new terms and conditions to be mutually agreed upon by both parties.

In March 2021, the Parent Company, the Parent Company entered into a non-cancellable lease contract with Milestone Petroleum Marketing Corporation for the lease of an office unit in Antel Corporate Center for a period of two (2) years which commenced on March 1, 2021 and expires on February 28, 2023. The applicable rate per month is ₱86,816. The lease contract may be renewed upon the terms and conditions mutually agreed by both parties with an escalation rate of 4.00% per year.

On January 31, 2023, the parties renewed the lease contract for another 2 years commencing from March 1, 2023 and ending on February 28, 2025. The applicable rate per month for the first year is ₱90,288 and ₱93,899 for the second year.

On February 4, 2025, the parties renewed the lease contract for another 2 years commencing from March 1, 2025 and ending on February 28, 2025. The applicable rate per month for the first year is ₱98,594 and ₱103,524 for the second year.

Set out below is the carrying amount of right-of-use asset recognized and its movement during the year:

	2025	2024
Cost		
Balance at beginning and	**₱2,064,803**	₱2,064,803
Addition	**2,261,579**	−
Termination of lease contract	**(2,064,803)**	−
Balance at end of year	**2,261,579**	2,064,803
Accumulated Depreciation		
Balance at beginning of year	**1,892,737**	860,335
Depreciation (Note 14)	**1,114,392**	1,032,402
Termination of lease contract	**(2,064,803)**	−
Balance at end of year	**942,326**	1,892,737
Net Book Value	**₱1,319,253**	₱172,066

The rollforward analysis of lease liability follows:

	2025	2024
Balance at beginning of year	**₱187,244**	₱1,258,033
Addition	**2,261,579**	–
Accretion of interest (Note 15)	**108,677**	48,785
Payments	**(1,173,749)**	(1,119,574)
Balance at end of year	**1,383,751**	187,244
Current lease liabilities	**1,177,532**	187,244
Noncurrent lease liabilities	**₱206,219**	₱–

The following are the amounts recognized in the parent company statement of comprehensive income:

	2025	2024
Depreciation expense of right-of-use asset	**₱1,114,392**	₱1,032,402
Accretion of interest expense on lease liability	**108,677**	48,785
	₱1,223,069	₱1,081,187

17. **Related Party Transactions**

The Parent Company, in the normal course of business, has entered in transactions with related parties. Parties are considered to be related if, among others, one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions, the parties are subject to common control, or the party is an associate or a joint venture.

Terms and conditions of transactions with related parties
There have been no guarantees provided or received for any related party receivables and payables. Except as otherwise indicated, these accounts are noninterest-bearing, generally unsecured and shall be settled in cash. The transactions are made at terms and prices agreed upon by the parties. Impairment assessment is undertaken through examination of the financial position of the related party and market in which the related party operates.

Material related party transactions ("RPT")
This refers to any related party transaction, either individually, or in aggregate over a 12-month period with the same related party, amounting to 10% or higher of the Parent Company's total consolidated assets based on its latest audited financial statements. All material related party transactions are subject to the review by the RPT Committee.

In the event wherein there are changes in the RPT classification from non-material to material, the material RPT shall be subject to the provisions of the related party transactions policy.

Details of transactions with related parties and their outstanding balances as at December 31, 2025 and 2024 follow:

			Amount/Volume		Outstanding Balance			
					2025		2024	
	Terms	Conditions	2025	2024	Receivables (Note 5)	Payables (Note 11)	Receivables (Note 5)	Payables (Note 11)
Subsidiaries								
Notes payable (a)	Noninterest-bearing	Unsecured	**₱–**	₱–	**₱–**	**₱1,551,114**	₱–	₱1,551,114
Service revenue (b)	Noninterest-bearing	Unsecured, with impairment	**8,687,477**	2,861,038	**13,374,254**	**–**	4,574,434	–
Management services (c)	Noninterest-bearing	Unsecured, with impairment	**23,584,916**	26,435,403	**142,244,382**	**–**	121,426,374	–
Outsourced services (d-g)	Noninterest-bearing	Unsecured	**–**	397,357	**–**	**114,827,236**	–	114,827,236
Advances (h)	Noninterest-bearing	Unsecured, with impairment	**25,136,137**	17,106,573	**188,303,240**	**41,139,428**	179,084,345	19,489,067
Advances (i-j)	Noninterest-bearing	Unsecured	**–**	–	**–**	**105,218,617**	–	78,525,449
Advances (k)	Interest-bearing	Unsecured, with impairment	**–**	–	**108,250,000**	**–**	108,250,000	–
Interest (k)	Noninterest-bearing	Unsecured	**–**	–	**10,305,798**	**–**	10,305,798	–
Subscription payable (l)	Noninterest-bearing	Unsecured	**–**	–	**–**	**37**	–	37
Associates								
Advances (a, c)	Noninterest-bearing	Unsecured, with impairment	**720,667**	720,667	**–**	**–**	3,949,973	
Stockholders								
Payable to directors and officers (a-b)	Interest-bearing	Unsecured	**–**	–	**–**	**40,140,100**	–	37,517,457
Interest (a-b)	Noninterest-bearing	Unsecured	**1,902,994**	1,857,528	**–**	**12,295,106**	–	10,392,119
Payable to directors and officers (c)	Noninterest-bearing	Unsecured	**1,497,500**	1,932,500	**–**	**1,469,250**	–	1,469,250
Advances (d)	Noninterest-bearing	Unsecured	**–**	–	**–**	**5,617,678**	–	117,678
Affiliate								
Management services (a)	Noninterest-bearing	Unsecured, with impairment	**1,055,672**	947,750	**356,035**	**–**	247,538	–
Service revenue (b)	Noninterest-bearing	Unsecured, with impairment	**12,080,051**	2,141,305	**1,984,815**	**–**	1,924,906	–
Advances (c)	Noninterest-bearing	Unsecured	**–**	–	**–**	**3,769,365**	–	107,166
					₱464,818,524	**₱326,027,894**	₱429,763,368	₱263,996,573*

**includes Advances from Stockholders presented separately in the Statements of Financial Position*

The significant transactions with related parties follow:

Subsidiaries:

a. On September 15, 2017, the Parent Company issued a promissory note to AOC amounting to US$1,350,000 or ₱67.40 million.

   As at December 31, 2025 and 2024, the Parent Company has outstanding payable to AOC amounting to nil and ₱1.55 million (see Note 11).

b. In 2025 and 2024, the Parent Company entered into service agreements with its subsidiaries, Xurpas Enterprise, Seer and XAU, wherein the former will provide talents and resources to develop and implement the various projects of Xurpas Enterprise, Seer and XAU. In relation to this, outstanding trade receivable as of December 31, 2025 and 2024 amounted to ₱8.05 million and ₱4.57 million, respectively. Meanwhile, total service income recognized for the year ended December 31, 2025 and 2024 amounted to ₱9.52 million and ₱2.86 million, respectively (see Note 12).

c. In 2025 and 2024, the Parent Company entered into agreements with its subsidiaries, Xurpas Enterprise, Seer, XSI and XAU wherein the Parent Company agreed to perform financial, legal, human resources, sales and marketing support, administrative support and technical services for a fee. In relation to this, the Parent Company has outstanding receivable amounting to ₱133.01 million and ₱121.43 million as of December 31, 2025 and 2024, respectively. Recognized management fees revenue in 2025 and 2024 amounted to ₱22.75 million and ₱26.44 million, respectively.

d. As at December 31, 2025 and 2024, the Parent Company has an outstanding payable to Xeleb amounting to ₱44.31 million presented under "Accounts and other payables" (see Note 11).

e. As at December 31, 2025 and 2024, the Parent Company has an outstanding payable to Xeleb Technologies amounting to ₱29.31 million presented under "Accounts and other payables" (see Note 11).

f. The Parent Company availed software development services and IT staffing from Xurpas Enterprise. Total outsourced services recognized by the Parent Company under "Cost of Services" amounted to ₱1.25 million and ₱0.40 million in 2025 and 2024, respectively (see Note 13).

   As at December 31, 2025 and 2024, the Parent Company has an outstanding payable to Xurpas Enterprise amounting to ₱24.77 million, presented under "Accounts and other payables" (see Note 11).

g. In 2019, the Parent Company availed management services of AOC. As at December 31, 2025 and 2024, the Parent Company has an outstanding payable to AOC amounting to nil and ₱16.44 million, respectively.

h. Advances to subsidiaries include payments to and in behalf of Xurpas Enterprise, AOC, Seer, ODX, Storm, Xeleb, Xeleb Technologies, XSI, AGPL and XAU for their operational expenditures. Total outstanding advances amounted to ₱187.72 million and ₱188.22 million as at December 31, 2025 and 2024, respectively. The Parent Company recognized allowance for impairment loss amounting to nil and ₱92.43 million as of December 31, 2025 and 2024, respectively.

   The Parent Company has advances from Xurpas Enterprise amounting to ₱35.57 million as at December 31, 2025 and 2024 for the reimbursements of expenses incurred in relation to the cost of manpower of AOC (see Note 11). Further, the Parent Company also has outstanding advances from XSI amounting to ₱5.57 million representing operational and corporate-related expenses paid by XSI on behalf of the Parent Company.

i. The Parent Company received advances from ODX to finance the research and development expenditures for ODX Platform, and its overall business development. A service agreement was entered into by the parties in 2019 and commenced with the project development phase of the ODX Platform. Total advances extended by ODX to the Parent Company as of December 31, 2025 and 2024 amounted to ₱100.67 million and ₱73.98 million, respectively (see Note 11).

j. As at December 31, 2025 and 2024, the Parent Company has outstanding payable to Xeleb Tech amounting to ₱4.55 million for the purchase of property and equipment and intangible assets.

k. As of December 31, 2025 and 2024, advances to subsidiaries include short-term, interest-bearing loans to Storm Tech. Total outstanding advances amounted to ₱108.37 million as at December 31, 2025 and 2024. These are subject to interest rate of 3.75% to 8.00% per annum.

   In 2020, the BOD of the Parent Company approved to waive all loan interests of Storm Tech starting January 1, 2020.

   The Parent Company recognized allowance for impairment loss amounting to ₱23.63 million as of December 31, 2025 and 2024.

As at December 31, 2025 and 2024, outstanding interest receivable amounted to ₱10.31 million (see Note 5).

l. On July 25, 2023, the Parent Company incorporated Xurpas Pty. Ltd., a wholly-owned subsidiary based in Australia for 1AUD, which aims to offer the Group's product and services in the said country. As of report date, XAU has not started its commercial operation.

Associates:

a. In 2017, the Parent Company entered into a US$100,000 noninterest-bearing short-term loan agreement with AGPL for working capital purposes. As of December 31, 2023, receivable from AGPL amounted to ₱5.26 million and recognized allowance for impairment loss amounted to ₱2.63 million (see Note 5).

   On April 8, 2023, AGPL sold its assets and business to a company registered in Australia. Part of the proceeds from the sale was used to settle the loan and the Parent Company was able to collect the principal and interest amounting to of US$100,000 and US$17,500 million, respectively. Accordingly, the Parent Company recorded "Interest income" and "Gain from recovery of advances from an associate" under "Other income – net" amounting to ₱0.98 million and ₱2.63 million, respectively (see Note 15).

b. The Parent Company made payments on behalf of SDI for its outsourced services. Outstanding balance amounted to nil and ₱3.95 million as of December 31, 2025 and 2024, respectively. The Parent Company recognized allowance for impairment loss amounting to ₱0.13 million and ₱1.67 million as of December 31, 2025 and 2024, respectively (see Note 5).

Stockholders:

a. In 2017, the Parent Company entered into a loan agreement with its directors amounting to US$1,945,758 or ₱97.15 million subject to 5% interest rate per annum.

   On June 30, 2023, the BOD of the Parent Company approved the conversion of the outstanding advances of two (2) of these directors to equity. The BOD also approved to waive all loan interests starting January 1, 2023. The aggregate amount of the principal balance and interest payable for equity conversion are ₱49.30 million and ₱7.96 million, respectively, which are the outstanding balances as of December 31, 2022. The conversion was executed in November 13, 2023.

   In 2025 and 2024, the Parent Company recognized interest expense amounting to ₱2.02 million and ₱1.86 million, respectively, under "Finance Cost and Other income (charges)" in its statements of comprehensive income (see Note 15). As at December 31, 2025 and 2024, outstanding loans and interest payable amounted to ₱45.64 million and ₱12.29 million, respectively, and ₱37.52 million and ₱10.39 million, respectively.

b. On April 29, 2019, the Parent Company entered into a loan agreement with its directors amounting to ₱150.00 million subject to 5.50% interest rate per annum.

On June 30, 2023, the BOD of the Parent Company approved the conversion of the outstanding advances to equity. The BOD also approved to waive all loan interests starting January 1, 2023. The aggregate amount of the principal balance and interest payable for equity conversion are ₱66.89 million and ₱12.37 million, respectively, which are the outstanding balances as of December 31, 2022. The conversion was executed in November 13, 2023.

c. Payable to directors and officers pertain to directors' fees amounting to ₱1.50 million and ₱1.93 million in 2025 and 2024, respectively (see Note 14). Outstanding payable as of December 31, 2025 and 2024 amounted to ₱1.47 million and ₱1.47, respectively.

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

e. Advances from stockholders pertain to cash advances for operational and corporate-related expenses paid by a stockholder in behalf of the Parent Company. These are noninterest-bearing and are due and demandable.

Affiliate:

a. The Parent Company entered into an agreement with CTX wherein the Parent Company agreed to perform financial, legal, human resources, sales and marketing support, administrative support and technical services for a fee. In relation to this, outstanding trade receivable and total management fee recognized as at and for the years ended December 31, 2025 and 2024 amounted to ₱0.25 million, and ₱1.19 million and ₱1.20 million, respectively (see Note 5).

b. The Parent Company entered into service agreement with CTX to provide staff augmentation services. In relation to this, outstanding trade receivable and total service income recognized as at and for the years ended December 31, 2025 and 2024 amounted to ₱1.92 million, and nil (see Note 5).

c. Advances from affiliate pertain to payments made by CTX to the Parent Company for operational purposes subject to future liquidation. Outstanding payable as at December 31, 2025 and 2024 amounted to ₱5.61 million (see Note 11).

Key management compensation
Compensation of key management personnel amounted to ₱18.90 million and ₱20.40 million in 2025 and 2024, respectively.

Compensation of key management personnel by benefit type follows:

	2025	2024
Short-term employee benefits	**₱17,719,402**	₱18,765,310
Post-employment benefits	**1,184,805**	1,637,979
	₱18,904,207	₱20,403,289

18. **Income Tax**

Provision for income tax consists of the following:

	2025	2024
Current	**₱746,618**	₱542,612
Final	**173**	186,651
	₱746,791	₱729,263

The current provision for income tax expense in 2025 and 2024 represents MCIT.

Deferred tax assets are recognized only to the extent that taxable income will be available against which the deferred tax assets can be used. Below are the Parent Company's deductible temporary differences for which no deferred tax assets are recognized since management believes that there are no sufficient taxable profits against which the deferred tax assets can be utilized:

	2025	2024
Allowance for impairment losses	**₱541,570,621**	₱299,871,247
NOLCO	**151,576,287**	149,111,104
Accrued expenses	**4,124,765**	4,355,120
Pension liability	**13,105,131**	22,137,615
Unrealized foreign exchange loss	**8,793,803**	–
MCIT	**2,004,292**	1,467,094
	₱721,174,899	₱476,942,180

Below are the remaining amounts of the deductible temporary differences related to items recorded under other comprehensive income for which no deferred tax assets are recognized:

	2025	2024
Net unrealized loss on financial assets as FVOCI	**₱43,594,956**	₱43,594,956
Remeasurement gain on defined benefit plan	**(11,081,623)**	(2,539,819)
	₱32,513,333	₱41,055,137

The unexpired excess of MCIT over RCIT is available for offset against future income tax payable over a period of three years, details of which follow:

Year Incurred	Beginning	Applied/ Expired	End	Year of Expiration
2025	₱746,616	₱–	₱746,616	2028
2024	542,612	–	542,612	2027
2023	715,064	–	715,064	2026
2022	209,418	209,418	–	2025
	₱2,213,710	₱209,418	₱2,004,292	

The carryforward of NOLCO that can be claimed as deduction from future taxable income or used as deduction against income tax liabilities over a period of three (3) years follow:

Year Incurred	Beginning	Applied/Expired	End	Year of Expiration
2025	₱35,402,890	₱–	₱35,402,890	2028
2024	53,881,497	–	53,881,497	2027
2023	33,033,913	–	33,033,913	2026
2022	32,937,707	32,937,707	–	2025
2021	29,257,987	–	29,257,987	2026
	₱184,513,994	₱32,937,707	₱151,576,287	

As of December 31, 2025, the Parent Company has incurred NOLCO amounting to ₱151.58 million which can be claimed as deduction from the regular taxable income in future taxable years pursuant to revenue regulation issued by Bureau of Internal Revenue (BIR).

The reconciliation of the provision for income tax computed at the statutory income tax rate to the provision for income tax shown in the parent company statements of comprehensive income follows:

	2025	2024
Statutory income tax	**(₱69,352,604)**	(₱26,129,794)
Tax effects of:		
Change in unrecognized deferred tax assets	**70,083,748**	26,358,289
Nondeductible expenses	**16,322**	129,568
Interest income already subjected to final tax	**(675)**	(123,851)
Effective income tax	**₱746,791**	₱234,212

19. **Pension Liability**

The Parent Company does not have an established retirement plan and only conforms to the minimum regulatory benefit under the Retirement Pay Law (Republic Act No. 7641) which is of the defined benefit type and provides a retirement benefit equal to 22.5 days' pay for every year of credited service. The regulatory benefit is paid in a lump sum upon retirement.

The principal actuarial assumptions used to determine the cost of pension benefits with respect to the discount rate and salary increase rate were based on historical and projected rates. Annual cost is determined using the projected unit credit actuarial valuation method.

The components of pension expense (included in salaries, wages and employee benefits under "General and administrative expenses" or under "Other charges - net") in the parent company statements of comprehensive income are as follows:

	2025	2024
Current service cost	**₱2,208,770**	₱2,045,493
Interest cost on benefit obligation	**1,345,967**	1,196,442
Settlement loss	–	47,136
	₱3,554,737	₱3,289,071

Changes in the present value of the defined benefit obligation follow:

	2025	2024
Balance at beginning of year	**₱22,137,615**	₱18,643,014
Current service cost	**2,208,770**	2,045,493
Interest cost on benefit obligation	**1,345,967**	1,196,442
Actuarial loss	**(8,541,804)**	1,258,030
Settlement loss	**–**	47,136
Benefits paid	**(4,045,417)**	(1,052,500)
Balance at end of year	**₱13,105,131**	₱22,137,615

Actuarial loss on defined benefit obligation recorded under "Remeasurement loss on defined benefit plan" in the parent company statements of changes in equity is as follows:

	2025	2024
Balance at beginning of year	**(₱2,539,819)**	(₱3,797,849)
Actuarial loss (gain)	**(8,541,804)**	1,258,030
Balance at end of year	**(₱11,081,623)**	(₱2,539,819)

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

	2025	2024
Discount rate	**6.54%**	6.08%
Salary projection rate	**5.00%**	5.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption of the defined benefit obligation (DBO) as of the end of the reporting period, assuming if all other assumptions were held constant:

		Effect on DBO Increase (decrease)	
		2025	2024
Discount rate	(+) 1.0%	**(₱1,410,063)**	(₱1,948,169)
	(−) 1.0%	**1,716,198**	2,329,280
Salary increase rate	(+) 1.0%	**1,725,849**	2,331,208
	(−) 1.0%	**(1,441,214)**	(1,983,788)

The weighted average duration of defined benefit obligation at the end of the reporting period is 11.9 years and 9.7 years in 2025 and 2024, respectively.

Shown below is the maturity analysis of the retirement benefit payments up to ten years:

	2025	2024
Less than 1 year	**₱4,623,200**	₱2,424,452
More than 1 year to 5 years	**2,758,779**	13,672,151
More than 5 years to 10 years	**717,265**	6,435,696
	₱8,099,244	₱22,532,299

20. **Equity**

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

	2025	2024
Authorized shares	**5,000,000,000**	5,000,000,000
Par value per share	**₱0.10**	₱0.10
Issued shares and subscribed shares	**2,571,812,787**	2,571,812,787
Treasury shares	**58,208,975**	62,128,975
Value of shares issued	**257,181,278**	257,181,278
Value of treasury shares	**(₱66,885,113)**	(₱99,700,819)

The rollforward of the Parent Company's issued and outstanding common shares follow:

	2025	2024
Issued and outstanding:		
At beginning of year	**2,509,683,812**	2,509,683,812
Subscribed and issued	**3,920,000**	–
At end of year	**2,513,603,812**	2,509,683,812

The Parent Company is a corporation and shall have a perpetual existence unless its Articles of Incorporation provides otherwise.

In accordance with Revised Securities Regulation Code Rule No. 68, Annex 68-K, below is the summary of the Parent Company's track record of registration of securities as of December 31:

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

The balance of additional paid-in capital (APIC) as of December 31, 2025 and 2024 represents the excess of the subscription price over paid-up capital.

On March 2, 2018, the Parent Company issued 67,285,706 common shares by way of block sale to implement the amendments in a share purchase agreement related to acquisition of AOC. The shares were issued at ₱3.80 per share.

In 2020 and 2019, APIC reduced as a result of reissuance of treasury shares by the amount of ₱7.19 million and ₱6.98 million, respectively.

On January 20, 2022, the Parent Company's BOD approved the issuance of common shares to Mr. Nico Jose S. Nolledo, a founder, in exchange of ₱100.00 million capital infusion. Total number of shares issued is at 181,818,182 for ₱0.55 per share. The transaction was executed on March 21, 2022.

On June 30, 2023, the Parent Company's BOD approved the conversion of the advances to equity made by Mr. Fernando Jude F. Garcia and Mr. Nico Jose S. Nolledo ("Assignors") with an aggregate amount of ₱136,520,626. The conversion price was set at ₱0.30 per share. On November 13, 2023, a total of 455,068,753 common shares were issued to the Assignors.

On October 6, 2023, SEC approved the valuation of advances applied as payment for additional issuance of 455,068,753 shares with par value of 0.10 each from unissued portion of authorized capital stock and additional paid-in capital of 91.01 million. The conversion was executed on November 13, 2023.

In 2023, the APIC resulting from the equity conversion of the advances was reduced by the direct issuance costs incurred by the Parent Company amounting to ₱2.65 million.

On April 29, 2025, the BOD of the PSE approved the application of the Parent Company to list an additional 774,112,127 common shares, subject of the Parent Company's stockholders' private placement, placing and subscription and conversion of debt-to-equity, subject to the conditions set forth in the post-approval requirements and conditions of the PSE and any other condition or requirement that the SEC may impose in relation to the listing of the shares.

Retained Earnings

Appropriations

Appropriated retained earnings which relates to buyback program of common shares in 2016 amounted to ₱115.46 million as of December 31, 2025 and 2024. On July 13, 2026, the Group reversed its appropriated retained earnings amounting to ₱115.46 million. This is considered a non-adjusting subsequent event.

Dividend declaration

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

Equity Reserve

In 2016, the Parent Company purchased additional shares from noncontrolling interests of Xeleb, Xeleb Technologies and Storm. The transactions were accounted as an equity transaction since there was no change in control. Equity reserve recognized as a result of these transactions amounted to ₱43.72 million.

In 2017, a reserve amounting to ₱314.78 million was recognized for the payment resulting from amendments in the purchase price and the acquisition of the Parent Company's own shares related to the acquisition of AOC.

In 2019, the Parent Company purchased the remaining 33% stake from noncontrolling interests of Xeleb Technologies. The transaction was accounted as an equity transaction since there was no change in control resulting to a reduction in equity reserve amounting to ₱36.09 million.

In 2019, a reduction in equity reserve amounting to ₱2.71 million was recognized due to the increase in noncontrolling interests of Storm Technologies from 43.40% to 48.69%.

Treasury Stock

As of January 1, 2018, the Parent Company has 63,985,642 treasury shares with cost amounting to ₱115.06 million which pertains to acquisition of shares made in 2017.

On April 8, 2019, the Parent Company issued 415,000 shares taken from its treasury shares for a price of ₱1.23 per share.

On July 14, 2019, the Parent Company issued 475,000 shares taken from its treasury shares for a price of ₱1.16 per share.

On July 24, 2020, the Parent Company issued 966,667 shares taken from its treasury shares for a price of ₱0.57 per share.

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

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

Employee Stock Option Plan

The Parent Company's BOD, on January 20, 2016, and the stockholders, on May 11, 2016, approved the Employee Stock Option Plan (the Plan) of the Parent Company. Full time and regular employees of the Parent Company and those deemed qualified by the Compensation and Remuneration Committee from the names recommended by the Executive Committee are eligible to participate in the Plan. As at December 31, 2025, the Plan has been on hold for approval of the SEC and PSE.

Capital Management

The primary objective of the Parent Company's capital management is to improve its credit rating and capital ratios in order to support its business operations and maximize shareholder value.

The Parent Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Parent Company may adjust the dividend payment to shareholders or issue new shares.

The Parent Company's sources of capital follow:

	2025	2024
Capital stock	**₱257,181,279**	₱257,181,279
Additional paid-in capital	**3,716,002,747**	3,748,086,154
Deficit	**(3,507,143,100)**	(3,228,985,885)
	₱466,040,926	₱776,281,548

The Parent Company is subject to certain capital requirement as a listed entity. The Parent Company regards its equity as its primary source of capital. No changes were made in the capital management policies in 2025 and 2024.

21. **Financial Instruments**

Fair Value Information

The methods and assumptions used by the Parent Company in estimating fair value of the financial instruments are as follows:

- Cash, accounts and other receivables, rental deposit, accounts and other payables (excluding "Taxes payable" and statutory payables included as "Other payables") and lease liabilities - Carrying amounts approximate fair values due to the relatively short-term maturities of these instruments.

- Financial assets at FVOCI (quoted equity investment) - Fair value is based on quoted prices published in the market.

- Financial assets at FVOCI (unquoted equity investments) - Fair values are based on the latest selling price available.

- Financial assets at FVPL (unquoted debt investments) - Fair values are based on the comparable prices adjusted for specific market factors such as nature, industry, location and market recovery rates.

- Advances from stockholders - Fair value is estimated using the discounted cash flow methodology using the applicable risk-free rates for similar types of loans adjusted for credit spread.

The fair values and carrying values of financial assets at FVOCI and advances from stockholders are as follows:

	2025		2024	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial asset				
Financial assets at fair value through other comprehensive income	**₱1,100,000**	**₱1,100,000**	₱1,100,000	₱1,100,000
Financial liability				
Advances from stockholders	**38,140,100**	**38,140,100**	37,517,457	37,517,457

Fair Value Hierarchy

The Parent Company uses the following three-level hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Quoted FVOCI instruments amounting to ₱1.10 million as of December 31, 2025 and 2024 were classified under Level 2 (see Note 7).

As at December 31, 2025 and 2024, there have been no reclassifications from Level 1 to Level 2 or 3 categories.

Financial Risk Management and Objectives and Policies

The Parent Company's principal financial instruments comprise of cash, accounts and other receivables, financial assets at FVOCI, and accounts and other payables (excluding accrued expenses, taxes payable, deferred output VAT and statutory payables) which arise directly from operations. The main purpose of these financial instruments is to finance the Parent Company's operations and to earn additional income on excess funds.

Exposure to credit risk and liquidity risk arise in the normal course of the Parent Company's business activities. The main objectives of the Parent Company's financial risk management are as follows:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

There were no changes in the Parent Company's risk management objectives and policies in 2025 and 2024.

The Parent Company's risk management policies are summarized below:

Credit Risk
Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Parent Company by failing to discharge an obligation.

The Parent Company's credit risk is primarily attributable to cash in banks and accounts and other receivables. Credit risk management involves monitoring its exposure to credit risk on a continuous basis.

There being no collaterals or credit enhancements attached to the Company's financial assets, the carrying value of its financial assets approximates the maximum exposure to credit risk as at December 31, 2025 and 2024.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rate based on days past due of all customers as they have similar loss patterns. The expected credit loss rate ranges from 0.25% to 100% that resulted in the ECL of ₱167.79 million and ₱143.75 million as of December 31, 2025 and 2024, respectively.

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

December 31, 2025

	Trade receivables						Receivable from related parties	Nontrade Receivable
	Current	**< 30 days**	**31-60 days**	**61-90 days**	**> 90 days**	**Total**		
ECL rate	**0.25%**	**1.09%**	**3.30%**	**10.00%**	**31.58%-100%**		**0-100%**	**100%**
Estimated total gross carrying amount at default	**₱16.34**	**₱–**	**₱–**	**₱–**	**₱141.84**	**₱158.17**	**₱306.86**	**₱–**
ECL	**₱0.04**	**₱–**	**₱–**	**₱–**	**₱51.61**	**₱51.65**	**₱142.28**	**₱–**

December 31, 2024

	Trade receivables						Receivable from related parties	Nontrade Receivable
	Current	< 30 days	31-60 days	61-90 days	> 90 days	Total		
ECL rate	1.03%	3.72%	5.56%	9.93%	17.44%		0-100%	100%
Estimated total gross carrying amount at default	₱7.34	₱0.86	₱8.55	₱8.21	₱105.10	₱130.06	₱301.59	₱7.21
ECL	₱0.08	₱0.03	₱0.48	₱0.82	₱18.33	₱19.72	₱116.81	₱7.21

The credit quality of the financial assets was determined as follows:

Cash in banks - based on the nature of the counterparty and the Parent Company's rating procedure. These are held by counterparty banks with minimal risk of bankruptcy and are therefore classified as high grade.

Accounts and other receivables - high grade pertains to receivables with no default in payment; medium grade pertains to receivables with up to three defaults in payment; and low grade pertains to receivables with more than three defaults in payment.

Liquidity Risk
Liquidity risk is the risk that the Parent Company will be unable to meet its obligations as they fall due. The Parent Company seeks to manage its liquidity risk to be able to meet its operating cash flow requirement, finance capital expenditures and service maturing debts. To cover its short-term funding requirements, the Parent Company intends to use internally generated funds and available short-term credit facilities. Credit lines are obtained from BOD-designated banks at amounts based on financial forecast approved by the BOD. The Parent Company can also obtain additional advances from its stockholders, refinance its short-term loans, renew its credit lines and negotiate for longer payment terms for its payables to manage liquidity.

The table summarizes the maturity profile of the Parent Company's financial assets and liabilities as at December 31, 2025 and 2024 based on contractual undiscounted payments:

December 31, 2025

	<1 year	>1 to <5 years	>5 years	Total
Financial Assets				
Cash in banks	**₱1,769,241**	**₱–**	**₱–**	**₱1,769,241**
Accounts and other receivables				
Receivable from related parties	**306,859,039**	–	–	**306,859,039**
Trade receivables - net	**157,965,934**	–	–	**157,965,934**
Nontrade receivable	–	–	–	–
Other receivables	**862,102**	–	–	**862,102**
Financial assets at FVOCI	–	**1,100,000**	–	**1,100,000**
Other noncurrent assets				
Rental deposits	–	**295,784**	–	**295,784**
Total undiscounted financial assets	**467,456,316**	**1,395,784**	–	**468,852,100**
Financial Liabilities				
Accounts and other payables				
Trade payables	**103,507,027**	–	–	**103,507,027**
Payable to related parties	**151,534,461**	–	–	**151,534,461**
Interest payable	**12,295,106**	–	–	**12,295,106**
Other payable	**1,439,512**	–	–	**1,439,512**
Accrued expenses	**10,536,590**	–	–	**10,536,590**
Payable to directors and officers	–	–	–	–
Notes payable	**1,551,114**	–	–	**1,551,114**
Advances from stockholders	**45,640,100**	–	–	**45,640,100**
Lease liabilities	**1,231,425**	**206,847**	–	**1,438,272**
Total undiscounted financial liabilities	**327,735,335**	**206,847**	–	**327,942,182**
Liquidity gap	**₱139,720,981**	**₱1,188,937**	**₱–**	**₱140,909,918**

December 31, 2024

	<1 year	>1 to <5 years	>5 years	Total
Financial Assets				
Cash in banks	₱7,340,091	₱–	₱–	₱7,340,091
Accounts and other receivables				
Receivable from related parties	301,590,116	–	–	301,590,116
Trade receivables – net	130,064,340	–	–	130,064,340
Nontrade receivable	7,208,250	–	–	7,208,250
Other receivables	1,370,897	–	–	1,370,897
Financial assets at FVOCI	–	1,100,000	–	1,100,000
Other noncurrent assets				
Rental deposits	290,865	–	–	290,865
Total undiscounted financial assets	447,864,559	1,100,000	–	448,964,559
Financial Liabilities				
Accounts and other payables				
Trade payables	118,075,904	–	–	118,075,904
Payable to related parties	99,590,932	–	–	99,590,932
Interest payable	10,392,119	–	–	10,392,119
Other payable	833,661	–	–	833,661
Accrued expenses	4,430,120	–	–	4,430,120
Payable to directors and officers	117,678	–	–	117,678
Notes payable	1,551,114	–	–	1,551,114
Advances from stockholders	37,517,457	–	–	37,517,457
Lease liabilities	187,244	–	–	187,244
Total undiscounted financial liabilities	272,696,229	–	–	272,696,229
Liquidity gap	₱175,168,330	₱1,100,000	₱–	₱176,268,330

Foreign Currency Risk
The Parent Company’s exposure to foreign exchange rate is minimal as concentration of business is denominated in Philippine peso.

The table below summarizes the Parent Company’s exposure to foreign exchange risk as of December 31, 2025 and 2024. The applicable exchange rates were US$1.00 to ₱58.81 and S$1.00 to ₱45.82 in 2025 and US$1.00 to ₱57.85 and S$1.00 to ₱42.69 in 2024.

	2025		2024	
	Original Currency	**Peso equivalent**	Original Currency	Peso equivalent
Asset				
Cash in banks and cash equivalent (USD)	**1,276**	**₱75,051**	2,196	₱127,055
Liabilities				
Accounts and other payables				
Payable to related party (USD)	**1,711,957**	**100,671,612**	1,278,908	73,978,444
Payable to related party (SGD)	**358,871**	**16,443,380**	385,164	16,443,380
Advances from stockholders (USD)	**985,209**	**57,935,206**	828,241	47,909,576
Notes payable (USD)	**26,815**	**1,551,114**	26,815	1,551,114
		176,601,312		139,882,514
Net foreign currency denominated financial instruments		**(₱176,526,261)**		(₱139,755,459)

The following table demonstrates the sensitivity to a reasonably possible change in the Philippine peso-foreign currency exchange rate, with all variables held constant, of the Parent Company's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Parent Company's equity.

	2025		2024	
	+1%	**-1%**	+1%	-1%
USD	**(₱1,602,330)**	**₱1,602,330**	(₱1,233,145)	₱1,233,096
SGD	**(164,434)**	**164,434**	(164,437)	164,431

There is no other impact on the Parent Company's equity other than those already affecting the net income.

Equity Price Risk
Equity price risk is the risk that the financial assets whose values will fluctuate as a result of changes in market prices. Such investment securities are subject to price risk due to changes in market values of instruments arising either from factors specific to individual instruments or their issuers or factors affecting all instruments traded in market. As of December 31, 2025 and 2024, the Parent Company has minimal exposure in equity price risk since the Parent Company's financial asset at FVOCI amounted only to ₱1.10 million. Moreover, the Parent Company's financial asset at FVOCI is generally perceived as not highly susceptible to the equity price risk since the shares are issued by stable companies and are not subjected to other than temporary decline.

There is no impact on the Parent Company's equity other than those already affecting net income.

22. **Segment Reporting**

The Parent Company's operating business are organized and managed separately according to the nature of the services provided, with each segment representing a strategic business unit that offers different services and serves different markets.

In 2024, the industry segments where the Parent Company operates follow:

- Mobile consumer services - includes VAS and mobile content development
- Enterprise services - includes custom software development and IT staff augmentation

The following tables regarding business segment revenue and profit information:

	2025		
	Mobile Consumer Services	**Enterprise Services**	**Total**
Revenues	**₱–**	**₱45,544,842**	**₱45,544,842**
Cost and expenses	**(21,695,558)**	**(304,861,763)**	**(326,557,321)**
Finance cost and other income	–	**3,834,465**	**3,834,465**
Income before income tax	**(21,695,558)**	**(255,482,456)**	**(277,178,014)**
Provision for income tax	**65,889**	**687,957**	**753,846**
Net loss	**(₱21,761,447)**	**(₱256,170,413)**	**(₱277,931,860)**

	2024		
	Mobile Consumer Services	Enterprise Services	Total
Revenues	₱21,347,299	₱35,505,196	₱56,852,495
Cost and expenses	(23,556,290)	(137,014,634)	(160,570,924)
Finance cost and other income	(298,274)	(502,477)	(800,751)
Income before income tax	(2,507,265)	(102,011,915)	(104,519,180)
Provision for income tax	56,113	673,150	729,263
Net loss	(₱2,563,378)	(₱102,685,065)	(₱105,248,443)

The following tables present business segment assets and liabilities:

	2025		
	Mobile Consumer Services	**Enterprise Services**	**Total**
Segment assets	**₱110,596,522**	**₱267,197,614**	**₱377,794,136**
Segment liabilities	**₱96,155,675**	**₱273,268,058**	**₱369,423,733**

	2024		
	Mobile Consumer Services	Enterprise Services	Total
Segment assets	₱41,759,819	₱591,088,317	₱632,848,136
Segment liabilities	₱98,086,299	₱214,853,436	₱312,939,735

23. Notes to Parent Company Statements of Cash Flows

Disclosed below is the rollforward of liabilities under financing activities:

	January 1, 2025	**Cash flows**	**Non-cash changes**	**December 31, 2025**
Lease liability	**₱187,244**	**(₱1,173,749)**	**₱2,370,256**	**₱1,383,751**
Advances from stockholders (Note 17)	**37,517,457**	**7,500,000**	**622,643**	**45,640,100**
Total liabilities from financing activities	**₱37,704,701**	**₱6,326,251**	**₱2,992,899**	**₱47,023,851**

	January 1, 2024	Cash flows	Non-cash changes	December 31, 2024
Lease liability	₱1,258,033	(₱1,119,574)	₱48,785	₱187,244
Advances from stockholders (Notes 17 and 20)	35,912,207	−	1,605,250	37,517,457
Total liabilities from financing activities	₱37,170,240	(₱1,119,574)	₱1,654,035	₱37,704,701

The noncash investing and financing activity of the Parent Company are as follows:

- Unrealized loss on foreign exchange revaluation of advances from stockholders amounted to ₱0.50 million in 2025 while unrealized gains on foreign exchange revaluation of advances from stockholders amounted to ₱0.25 million in 2024.
- Unrealized gain on financial assets at FVOCI amounted to nil in 2025 and unrealized loss on financial assets at FVOCI amounted to ₱200,000 in 2024.

24. **Supplementary Information Required Under Revenue Regulations 15-2010**

Revenue Regulations (RR) No. 15-2010 are promulgated to amend certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of parent company financial statements accompanying tax returns. In addition to the disclosures mandated under PFRS Accounting Standards, RR No. 15-2010 requires disclosures regarding information on taxes, duties and license fees paid or accrued during the taxable year.

The Parent Company also reported and/or paid the following types of taxes for 2025:

Value-added taxes

Output VAT

The Parent Company is a VAT-registered company with VAT output tax declaration based on the net receipts on sales of services as follows:

	Net Sales/Receipts	Output VAT
Taxable sales	₱7,433,217	₱891,986
Exempt sale	–	–
	₱7,433,217	₱891,986

The Parent Company's taxable sale of services are based on actual collections received, hence, may not be the same as amounts accrued in the parent company statements of comprehensive income.

Input VAT

Details of the Parent Company's input VAT follow:

Input tax carried over from previous period	₱41,228
Current year's domestic purchases/payments for:	
Purchase of capital goods not exceeding ₱1 million	–
Domestic purchases of goods other than capital goods	–
Importation of goods other than capital goods	–
Domestic purchases of services	656,053
	697,281
Application against output VAT	(557,366)
Balance at end of year	₱139,915

Taxes and Licenses

This includes all other taxes, local and national, including licenses and permit fees lodged in the Parent Company statement of comprehensive income under the general and administrative expenses in the account "Taxes and licenses" for the year ended December 31, 2025.

Details consist of the following:

Municipal permits and licenses	₱456,165
Real property tax	20,340
Community tax certificate	10,500
BIR annual registration	500
Others	3,828,008
	₱4,315,513

Withholding Taxes

Details of withholding taxes paid/accrued for 2025 are as follow:

Withholding taxes on compensation and benefits	₱8,623,041
Expanded withholding taxes	194,402
	₱8,817,443

Tax Contingencies

The Parent Company did not receive any final tax assessments in 2025, nor did it have tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the administration of BIR as of December 31, 2025.

C O V E R S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A 2 0 0 1 1 7 7 0 8

C O M P A N Y N A M E

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

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

Unit 804 Antel 2000 Corporate Center, 121 Valero St., Salcedo Village, Makati City, 1227

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

C O M P A N Y I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
info@xurpas.com	**8889-6426**	**N/A**

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
31	**2nd Wednesday of August**	**December 31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Alexander D. Corpuz	**mar@xurpas.com**	**8889-6426**	**N/A**

CONTACT PERSON's ADDRESS

Unit 804 Antel 2000 Corporate Center, 121 Valero St., Salcedo Village, Makati City, 1227

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

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

xurpas

"STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS"

The management of **XURPAS INC. AND SUBSIDIARIES** (the "Group") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2025 and 2024, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

[redacted]

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

[redacted]

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

Signed this JUL 17 2026

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

SUBSCRIBED AND SWORN TO before me, a Notary Public for and in PASIG CITY this JUL 17 2026, affiants personally appeared and exhibiting to me their validly issued government ID with following details:

Name	Government Issued Identification Card No.	Place Issued / Expiry Date
Fernando Jude F. Garcia	[redacted]	[redacted]
Alexander D. Corpuz	[redacted]	[redacted]

[redacted]

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

EDRIAN M. APAYA
PTR No [redacted] 2026/Pasig City
IBP No. [redacted]/12-26-2025/Masbate
Roll No. [redacted]
MCLE Compliance [redacted] valid until 04-14-2028
15th Floor Strata 2000, F. Ortigas Jr. Road, Pasig City
[redacted]
Telephone No. 86960988
Appointment No. [redacted] (2025-2026)- Pasig City
Commissioned until 31 December 2026

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
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INDEPENDENT AUDITOR'S REPORT

The Stockholders and Board of Directors
Xurpas Inc.
Unit 804 Antel 2000 Corporate Centre
121 Valero St., Salcedo Village
Makati City

Opinion

We have audited the consolidated financial statements of Xurpas Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of comprehensive loss, consolidated statements of changes in equity (capital deficiency) and consolidated statements of cash flows for each of the three years in the period ended December 31, 2025, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (the Code of Ethics), as applicable to the audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to the audits of the financial statements of public interest entities in the Philippines. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements, which indicates that the Group incurred net loss of ₱242.54 million, ₱134.99 million and ₱100.03 million, net operating cash outflows of ₱32.02 million, ₱70.33 million and ₱26.47 million in 2025, 2024 and 2023, respectively, and has capital deficiency of ₱362.66 million and ₱101.72 million as of December 31, 2025 and 2024, respectively. In addition, the Group's current liabilities exceeded its current assets by million ₱428.24 million and ₱387.39 million as of December 31, 2025 and 2024, respectively. As stated in Note 1, these conditions, along with other matters as discussed in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Impairment testing of goodwill and investment in Micro Benefits Limited

The Group has goodwill arising from business combinations and has investments in associates. Under PFRS Accounting Standards, the Group is required to annually test the amount of goodwill for impairment while an investment in associate is tested for impairment when indicators exist that the investment may be impaired. As of December 31, 2025, the Group's goodwill and impairment of investment in Micro Benefits Limited, an associate, amounted to ₱45.59 million and ₱153.59 million, respectively, which are considered significant to the consolidated financial statements. In addition, management's assessment process requires significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty, due to the current economic conditions, specifically discount rates, annual revenue growth rates and long-term growth rates.

The Group's disclosures about goodwill are included in Notes 3 and 11 while the disclosures about investment in Micro Benefits Limited are included in Note 9 to the consolidated financial statements.

Audit Response

We obtained an understanding of the management's process for evaluating the impairment of goodwill and investment in Micro Benefits Limited. We involved our internal specialist in evaluating the methodologies and the assumptions used. We compared the key assumptions used, such as annual revenue growth rates and long-term growth rates, against historical performance of the subsidiary and associate and other relevant external data. We tested the parameters used in the determination of the discount rates against the market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically, those that have the most significant effect on the determination of the recoverable amount of goodwill.

Other Information

Management is responsible for the other information. The other information comprises the SEC Form 17-A for the year ended December 31, 2025 but does not include the consolidated financial statements and our auditor's report thereon, and the SEC Form 20-IS (Definitive Information Statement) for the year ended December 31, 2025, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Jane Carol U. Chiu.

SYCIP GORRES VELAYO & CO.

Jane Carol U. Chiu
Partner
CPA Certificate No. 127285
Tax Identification No. 213-262-420
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
SEC Partner Accreditation No. 127285-SEC (Group A)
Valid to cover audit of 2025 to 2029 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001998-161-2025, December 18, 2024, valid until December 17, 2027
PTR No. 10765027, January 2, 2026, Makati City

July 17, 2026

XURPAS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2025	2024
ASSETS		
Current Assets		
Cash (Notes 4 and 25)	**₱32,152,106**	₱32,314,999
Accounts and other receivables (Notes 5, 19 and 25)	**20,025,185**	29,610,200
Contract assets (Note 6)	**37,452,791**	29,372,782
Other current assets (Note 8)	**25,102,551**	20,150,793
	114,732,633	111,448,774
Noncurrent assets held for sale (Note 9)	**16,841,740**	–
Total Current Assets	**131,574,373**	111,448,774
Noncurrent Assets		
Financial assets at fair value through other comprehensive income (FVOCI) (Notes 7 and 27)	**1,100,000**	1,100,000
Investments in and advances to associates (Note 9)	**–**	210,135,391
Property and equipment (Note 10)	**862,920**	2,083,245
Intangible assets (Note 11)	**45,949,531**	73,801,703
Right-of-use assets (Note 18)	**1,319,253**	172,066
Other noncurrent assets (Note 8)	**35,921,919**	27,684,515
Total Noncurrent Assets	**85,153,623**	314,976,920
	₱216,727,996	₱426,425,694
LIABILITIES AND EQUITY (CAPITAL DEFICIENCY)		
Current Liabilities		
Accounts and other payables (Notes 12, 19 and 28)	**₱456,329,232**	₱397,003,928
Advances from stockholders (Notes 19 and 27)	**45,757,778**	37,517,457
Loans payable (Notes 13 and 27)	**26,183,594**	38,775,697
Contract liabilities (Note 6)	**30,365,964**	25,353,922
Current portion of lease liabilities (Note 18)	**1,177,533**	187,245
Total Current Liabilities	**559,814,101**	498,838,249
Noncurrent Liabilities		
Lease liabilities - net of current portion (Note 18)	**206,219**	–
Deferred tax liability	**27,036**	
Pension liabilities (Note 22)	**19,337,514**	29,312,292
Total Noncurrent Liabilities	**19,570,769**	29,312,292
Total Liabilities	**579,384,870**	528,150,541
Equity (Capital Deficiency)		
Equity attributable to equity holders of Xurpas Inc.		
Capital stock (Note 23)	**257,181,278**	257,181,278
Additional paid-in capital (Note 23)	**3,716,002,747**	3,748,086,156
Deficit (Note 23)	**(3,704,885,992)**	(3,483,605,247)
Accumulated net unrealized loss on financial assets at FVOCI (Note 7)	**(43,594,956)**	(43,594,956)
Cumulative translation adjustment	**(13,504,523)**	14,427,227
Remeasurement gain on defined benefit plan (Note 22)	**9,909,863**	326,023
Equity reserve (Notes 23 and 24)	**(363,424,608)**	(363,424,608)
Treasury stock (Note 23)	**(66,885,113)**	(99,700,819)
Revaluation surplus (Note 11)	**–**	23,855,035
	(209,201,304)	53,550,089
Noncontrolling interests (Notes 23)	**(153,455,570)**	(155,274,936)
Total Equity (Capital deficiency)	**(362,656,874)**	(101,724,847)
	₱216,727,996	₱426,425,694

See accompanying Notes to Consolidated Financial Statements.

XURPAS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

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

See accompanying Notes to Consolidated Financial Statements.

XURPAS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CAPITAL DEFICIENCY)

	Year Ended December 31, 2025												
	Equity attributable to equity holders of Xurpas Inc.												
	Capital Stock (Note 23)	Additional Paid-in Capital (Note 23)	Retained Earnings - Appropriated (Note 23)	Retained Earnings - Unappropriated (Deficit) (Note 23)	Accumulated Net Unrealized Loss on Financial Assets at FVOCI (Note 7)	Cumulative Translation Adjustment	Remeasurement Gain on Defined Benefit Plan (Note 22)	Equity Reserve (Notes 23 and 25)	Treasury shares (Note 23)	Revaluation Surplus (Note 11)	Total	Non-Controlling Interest	Total Equity (Capital Deficiency)
Balances at beginning of year	**₱257,181,278**	**₱3,748,086,156**	**₱115,464,275**	**(₱3,599,069,522)**	**(₱43,594,956)**	**₱14,427,227**	**₱326,023**	**(₱363,424,608)**	**(₱99,700,819)**	**₱23,855,035**	**₱53,550,089**	**(₱155,274,936)**	**(₱101,724,847)**
Issuance of treasury shares (Note 23)	–	**(32,083,409)**	–	–	–	–	–	–	**32,815,706**	–	**732,297**	–	**732,297**
Transfer from revaluation surplus (Note 11)	–	–	–	**23,082,984**	–	–	–	–	–	**(23,082,984)**	–	–	–
Net loss				**(244,363,729)**							**(244,363,729)**	**1,819,366**	**(242,544,363)**
Other comprehensive income (loss) - net of tax effect	–	–	–	–	–	**(27,931,750)**	**9,583,840**	–	–	**(772,051)**	**(19,119,961)**	–	**(19,119,961)**
Total comprehensive income (loss)	–	–	–	**(244,363,729)**	–	**(27,931,750)**	**9,583,840**	–	–	–	**(263,483,690)**	**1,819,366**	**(261,664,324)**
Balances at end of year	**₱257,181,278**	**₱3,716,002,747**	**₱115,464,275**	**(₱3,820,350,267)**	**(₱43,594,956)**	**(₱13,504,523)**	**₱9,909,863**	**(₱363,424,608)**	**(₱66,885,113)**	**₱–**	**(₱209,201,304)**	**(₱153,455,570)**	**(₱362,656,874)**

	Year Ended December 31, 2024												
	Equity attributable to equity holders of Xurpas Inc.												
	Capital Stock (Note 23)	Additional Paid-in Capital (Note 23)	Retained Earnings - Appropriated (Note 23)	Retained Earnings - Unappropriated (Deficit) (Note 23)	Accumulated Net Unrealized Loss on Financial Assets at FVOCI (Note 7)	Cumulative Translation Adjustment	Remeasurement Gain on Defined Benefit Plan (Note 22)	Equity Reserve (Notes 23 and 25)	Treasury shares (Note 23)	Revaluation Surplus (Note 11)	Total	Non-Controlling Interest	Total Equity (Capital Deficiency)
Balances at beginning of year	₱257,181,278	₱3,748,086,156	₱115,464,275	(₱3,484,670,890)	(₱43,794,956)	₱20,748,154	₱1,464,520	(₱363,424,608)	(₱99,700,819)	₱23,187,872	₱174,540,982	(₱153,337,296)	₱21,203,686
Transfer from revaluation surplus (Note 11)	–	–	–	18,653,789	–	–	–	–	–	(18,653,789)	–	–	–
Net loss	–	–	–	(133,052,421)	–	–	–	–	–	–	(133,052,421)	(1,937,640)	(134,990,061)
Other comprehensive income (loss) - net of tax effect	–	–	–	–	200,000	(6,320,927)	(1,138,497)	–	–	19,320,952	12,061,528	–	12,061,528
Total comprehensive income (loss)	–	–	–	(133,052,421)	200,000	(6,320,927)	(1,138,497)	–	–	19,320,952	(120,990,893)	(1,937,640)	(122,928,533)
Balances at end of year	₱257,181,278	₱3,748,086,156	₱115,464,275	(₱3,599,069,522)	(₱43,594,956)	₱14,427,227	₱326,023	(₱363,424,608)	(₱99,700,819)	₱23,855,035	₱53,550,089	(₱155,274,936)	(₱101,724,847)

	Year Ended December 31, 2023												
	Equity attributable to equity holders of Xurpas Inc.												
	Capital Stock (Note 23)	Additional Paid-in Capital (Note 23)	Retained Earnings - Appropriated (Note 23)	Retained Earnings - Unappropriated (Deficit) (Note 23)	Accumulated Net Unrealized Loss on Financial Assets at FVOCI (Note 7)	Cumulative Translation Adjustment	Remeasurement Gain on Defined Benefit Plan (Note 22)	Equity Reserve (Notes 23 and 25)	Treasury shares (Note 23)	Revaluation Surplus (Note 11)	Total	Non-Controlling Interest	Total Equity (Capital Deficiency)
Balances at beginning of year	₱211,674,403	₱3,659,721,747	₱115,464,275	(₱3,408,602,198)	(₱43,494,956)	₱18,466,776	₱8,251,009	(₱363,424,608)	(₱99,700,819)	₱7,816,043	₱106,171,672	(₱136,870,239)	(₱30,698,567)
Conversion of liabilities to equity	45,506,875	91,013,751	–	–	–	–	–	–	–	–	136,520,626	–	136,520,626
Direct issuance cost		(2,649,342)	–	–	–	–	–	–	–	–	(2,649,342)	–	(2,649,342)
Disposal of cryptocurrencies	–	–	–	36,116	–	–	–	–	–	(36,114)	–	–	–
Other adjustments (Note 22)	–	–	–	10,300,399	–	–	(7,449,525)	–	–	–	2,850,876	(2,850,876)	–
Net loss	–	–	–	(86,405,207)	–	–	–	–	–	–	(86,405,207)	(13,621,002)	(100,026,209)
Other comprehensive income (loss) - net of tax effect	–	–	–	–	(300,000)	2,281,378	663,036	–	–	15,407,943	18,052,357	4,821	18,057,178
Total comprehensive income (loss)	–	–	–	(86,405,207)	(300,000)	2,281,378	663,036	–	–	15,407,943	(68,352,850)	(13,616,181)	(81,969,031)
Balances at end of year	₱257,181,278	₱3,748,086,156	₱115,464,275	(₱3,484,670,890)	(₱43,794,956)	₱20,748,154	₱1,464,520	(₱363,424,608)	(₱99,700,819)	₱23,187,872	₱174,540,982	(₱153,337,296)	₱21,203,686

See accompanying Notes to Consolidated Financial Statements.

XURPAS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

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

See accompanying Notes to Consolidated Financial Statements.

XURPAS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **Corporate Information**

Xurpas Inc. (the Parent Company or Xurpas) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on November 26, 2001. The principal activities of the Parent Company and its subsidiaries (collectively referred to as the Group) are to develop, produce, sell, buy or otherwise deal in products, goods or services in connection with the transmission, receiving, or exchange of voice, data, video or any form or kind of communication whatsoever.

The Parent Company's registered office address and principal place of business is at Unit 804 Antel 2000 Corporate Center, 121 Valero St., Salcedo Village, Makati City.

On December 2, 2014, the Parent Company's shares of stock were listed in the Philippine Stock Exchange (PSE).

The Group incurred net loss of ₱242.54 million, ₱134.99 million and ₱100.03 million, net operating cash outflows of ₱32.02 million, ₱70.33 million and ₱26.47 million in 2025, 2024 and 2023, respectively, and has capital deficiency of ₱362.66 million and ₱101.72 million as of December 31, 2025 and 2024, respectively. In addition, the Group has deficit of ₱3,704.89 million and ₱3,483.61 million as of December 31, 2025 and 2024, respectively, and the Group's current liabilities exceeded its current assets by ₱428.24 million and ₱387.39 million as of December 31, 2025 and 2024, respectively. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may not be able to realize its assets and discharge its liabilities in the normal course of business. Management assessed that the Group will be able to maintain its positive cash position through future actions such as continuous venture into new revenue potential and sale of assets. Further the Group has secured the commitment of a third party not to demand payment of the Group's liability within 12 months from the reporting date.

Management does not have plans to liquidate and continues to believe that the Group is in a unique position being one of the few technology companies that can assist companies in their digital transformation initiatives and develop marketing promotions for consumer and enterprise businesses.

Sale of Assets and Business of Altitude Games Pte. Ltd.
On April 8, 2023, Altitude Games Pte. Ltd (AGPL) (Singapore entity) sold its assets, including intellectual property and licenses, to a company registered in Australia. Accordingly, the Parent Company received approximately US$900,982.04 or ₱50.42 million in cash, which includes the recovery of previously impaired unquoted debt investments, advances, and investment account (see Notes 7, 9, 17 and 19). The Company fully impaired the remaining balance of investment in associate amounting to ₱15.09 million.

In October 2023, the Parent Company executed transfer deeds wherein other shareholders of AGPL transferred the remaining 78.83% ownership to the Parent Company. As a result, AGPL becomes a wholly owned subsidiary. AGPL has no operations and its minimal net liability amounting to ₱1.10 million was consolidated by the Group starting October 2023.

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

2. **Basis of Preparation and Summary of Material Accounting Policy Information**

Basis of Preparation
The consolidated financial statements of the Group have been prepared using the historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) measured at fair value and cryptocurrencies under intangible assets measured under the revaluation model. The consolidated financial statements are presented in Philippine Peso (₱), the Parent Company's functional currency. All amounts were rounded off to the nearest peso, except when otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period.

Statement of Compliance
The consolidated financial statements of the Group as at December 31, 2025 and 2024, and for each of the three years in the period ended December 31, 2025 have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis of Consolidation
The consolidated financial statements include the accounts of Xurpas and its subsidiaries.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

As of December 31, 2025, 2024 and 2023, the consolidated financial statements comprise the financial statements of the Parent Company and the following subsidiaries:

	Percentage Ownership			
	2025	2024	2023	**Principal Activities**
Xeleb Technologies Inc. (Xeleb Technologies)	**100.00**	100.00	100.00	Enterprise services and mobile consumer services
Xeleb Inc. (Xeleb)	**100.00**	100.00	100.00	Mobile consumer services
Seer Technologies, Inc. (Seer)	**70.00**	70.00	70.00	Enterprise services
Codesignate Inc. (Codesignate)[1]	**52.50**	52.50	52.50	Enterprise services
Storm Technologies, Inc. (Storm)	**51.31**	51.31	51.31	Human resource management
Pt. Storm Benefits Indonesia (Storm Indonesia)[2]	**51.31**	51.31	51.31	Human resource management
AllCare Technologies Philippines, Inc. (AllCare)[3]	**35.35**	35.35	35.35	Human resource management
Xurpas Enterprise Inc. (Xurpas Enterprise)	**100.00**	100.00	100.00	Enterprise services
Art of Click Pte. Ltd. (AOC)	**100.00**	100.00	100.00	Mobile consumer services
ODX Pte. Ltd. (ODX)	**100.00**	100.00	100.00	Enterprise services
Xurpas Software Inc. (XSI)	**100.00**	100.00	100.00	Enterprise services and mobile consumer services
Xurpas Pty. Ltd. (XAU)	**100.00**	100.00	100.00	Enterprise services
Xurpas Pte. Ltd. [formerly Altitude Games Pte. Ltd. (AGPL)]	**100.00**	100.00	100.00	Mobile consumer services

[1]*Codesignate is a 75.00%-owned subsidiary of Seer. The Group's effective ownership over Codesignate is 52.50%. The Group has determined that it has control over the entity and consolidates the entity on this basis.*
[2] *Storm Indonesia is 100%-owned by Storm Technologies, Inc.*
[3] *Storm has 68.90%-ownership over AllCare. The Group's effective ownership over AllCare is 35.35%. The Group has determined that it has control over the entity (see "Judgements" on Note 3).*

All subsidiaries are domiciled in the Philippines except for Storm Indonesia, which is domiciled in Indonesia, Xurpas Pte. Ltd., AOC and ODX, which are domiciled in Singapore, and XAU domiciled in Australia.

Xeleb Technologies
Xeleb Technologies was organized to primarily engage in the business of mobile content development. On September 11, 2019, the BOD of the Parent Company approved the dissolution of Xeleb Technologies.

As at December 31, 2025, Xeleb Technologies has yet to apply for the approval of government regulatory agencies for its dissolution.

Xeleb
On July 14, 2015, the Parent Company incorporated Xeleb, a mobile games company domiciled in the Philippines. On September 11, 2019, the BOD of the Parent Company approved the dissolution of Xeleb.

As at December 31, 2025, Xeleb has yet to apply for the approval of government regulatory agencies for its dissolution.

Seer
On June 25, 2015, the Parent Company acquired 70,000 common shares representing 70.00% stake holdings in Seer, a software consultancy and design company, at a price of ₱18.00 million. Seer was engaged in the business of software development, software marketing and sales, software package implementation, system integration and support, systems architecture, system analysis and design, database design, database administration, applications hosting, and related project management, consultancy and education services.

Storm
Storm's primary purpose is to create, develop and maintain an online platform that allows companies to exchange their current human resources benefits given to employees and transform them into a wide range of products and services, provide client management services, data management and information processing services, software network management services, software development services, consultancy, project and program management, marketing solutions, information technology services and business process outsourcing services to various companies.

Storm continues to have ownership in AllCare Technologies Philippines, Inc., which operates another human resource online platform.

Xurpas Enterprise
On March 23, 2016, the Parent Company incorporated Xurpas Enterprise to primarily engage in the business of software development including designing, upgrading and marketing all kinds of information technology systems or parts thereof and other related services.

AOC
On October 6, 2016, Xurpas signed a Share Purchase Agreement for the acquisition of 100% stake in AOC for an aggregate consideration of ₱1.94 billion in cash and in Parent Company's shares. AOC is engaged in the business of mobile media agency that offers a marketing platform for advertisers.

On March 30, 2020, the BOD of the Parent Company approved the suspension of business operations of AOC.

ODX
In 2018, the Parent Company incorporated a wholly-owned subsidiary in Singapore, ODX, with the following principal activities: 1) other information technology and computer service activities (e.g., disaster recovery services) and 2) development of software for interactive digital media (except games).

ODX's platform, which will be an open data marketplace using blockchain technology, is under development. ODX has not started commercial operations as of December 31, 2025.

XSI
On April 18, 2023, the Parent Company incorporated XSI with the primary purpose of designing, developing, testing, building, marketing, distributing, maintaining, supporting, customizing, selling and/or re-selling applications, games, software, cybersecurity software tools, digital solutions, whether internet, mobile, or other handheld applications, portals, hardware and other related products and services, except internet provider services, both for proprietary and custom development purposes.

XSI's registered office address and principal place of business is Office 3 Genesis Building Pueblo De Panay Township Lawa-an, Roxas City, Capiz.

XAU
On July 25, 2023, the Parent Company incorporated Xurpas Pty. Ltd., a wholly-owned subsidiary based in Australia, which aims to offer the Group's products and services in the said country. XAU has started its commercial operation in October 2024.

Xurpas Pte. Ltd. [formerly Altitude Games Pte. Ltd. (AGPL)]
AGPL is a computer game development and publishing company based in Singapore, which was acquired by the Parent Company in 2014 as a 21.17% owned associate. In October 2023, the Parent Company executed transfer deeds through which the remaining 78.83% ownership of AGPL was transferred from its other shareholders, making AGPL a wholly owned subsidiary.

On June 14, 2024, AGPL changed its corporate name to Xurpas Pte. Ltd. AGPL's registered office address is at 16 Raffles Quay, #33-03, Hong Leong Building, Singapore.

Changes in Accounting Policies and Disclosures
The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those of the previous financial year except for amended PFRS Accounting Standards and improvements to PFRS Accounting Standards which were adopted beginning January 1, 2025. Adoption of these amendments did not have any significant impact on the consolidated financial position or performance unless otherwise indicated.

- Amendments to PAS 21, *Lack of exchangeability*

Standards and Interpretation Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards—Volume 11
  - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
  - Amendments to PFRS 7, *Gain or Loss on Derecognition*
  - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities* and *Transaction Price*
  - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
  - Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027

- PFRS 17, *Insurance Contracts*

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

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

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

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

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

- PFRS 19, *Subsidiaries without Public Accountability*

Deferred effectivity

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

Fair Value Measurement

Fair value is the estimated price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy (see Note 25).

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial Instruments - initial recognition and subsequent measurement

Date of recognition

The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

a. Financial assets

Initial recognition of financial instrument

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI and fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables are measured at the transaction price determined under PFRS 15, *Revenue from Contracts with Customers*. Refer to the accounting policies on revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

Financial assets at amortized cost
The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes "Cash", "Accounts and other receivables" (except for "Advances to employees" which are subject to liquidation) and "Refundable deposits" under other current assets, and "Security deposit" under "other noncurrent assets".

Financial assets at FVOCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group elected to classify irrevocably its quoted and unquoted equity investments under this category.

Financial assets at FVPL
Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in profit or loss.

This category includes listed equity investments which the Group had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognized as other income in profit or loss when the right of payment has been established.

The Group has designated its unquoted debt investments under this category.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of Financial Assets and Contract Assets
The Group recognizes an allowance for ECLs for all debt instruments not held at FVPL and contract assets. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix for trade receivables and contract assets that is based on historical credit loss experience, adjusted for forward-looking factors such as inflation and GDP growth rates specific to the debtors and the economic environment.

For other financial assets such as receivable from related parties, other receivables, refundable deposits under other current assets, and financial assets at FVOCI (debt instruments), ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, where there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The key inputs in the model include the Group's definition of default and historical data of three years for the origination, maturity date and default date. The Group considers trade receivables and contract assets in default when contractual payment are 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default to 90 days and beyond. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Determining the stage for impairment
At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

The Group considers that there has been a significant increase in credit risk when contractual payments are more than 60 days past due.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-month ECL.

Write-off
A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. If a write-off is later recovered, the recovery is recognized in profit or loss to the extent of the carrying amount that would have been determined had no impairment loss been recognized.

b. Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVPL
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial liabilities are only designated as at FVPL when one of the following criteria are met. Such designation is determined on an instrument-by- instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the liabilities or recognizing gains or losses on them on a different basis; or
- The liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The liabilities contain one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited

Financial liabilities at FVPL are recorded in the consolidated statement of financial position at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVPL due to changes in the Group's own credit risk. Such changes in fair value are recorded in equity reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVPL is accrued in interest income or interest expense, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument.

Financial liabilities arising from amounts received under the Share and Token Allocation Agreement classified as "Nontrade payables" under "Accounts and other payables" were designated at FVPL as it contains embedded derivatives.

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in profit or loss.

This category generally applies to loans payable.

Other Financial Liabilities
Issued financial instruments or their components, which are not designated at FVPL, are classified as accounts payable and accrued expenses where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Any effect of restatement of foreign currency-denominated liabilities is recognized in profit or loss.

This accounting policy applies to the Group's "Accounts and other payables" (except "Deferred output VAT", "Taxes payable" and provision relating to PSA and statutory payables included as "Others"), Advances from stockholders and other obligations that meet the above definition (other than liabilities covered by other accounting standards, such as income tax payable).

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Investments in and Advances to Associates
The Group's investments in associates are accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

An investment is accounted for using the equity method from the day it becomes an associate. On acquisition of investment, the excess of the cost of investment over the investor's share in the net fair value of the associate's identifiable assets, liabilities and contingent liabilities is accounted for as goodwill and included in the carrying amount of the investment and not amortized. Any excess of the investor's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment, and is instead included as income in the determination of the share in the earnings of the associate.

The Group discontinues applying the equity method when their investment in an associate is reduced to zero. Accordingly, additional losses are not recognized unless the Group has guaranteed certain obligations of the associate. When the associate subsequently reports net income, the Group will resume applying the equity method but only after its share of that net income equals the share of net losses not recognized during the period the equity method was suspended.

The reporting dates of the associate and the Group are identical and the associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

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

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

Property and Equipment
Property and equipment are carried at cost less accumulated depreciation and amortization and any impairment in value.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the property and equipment which are as follows:

	Years
Transportation equipment	3
Office equipment	3 to 4
Information technology (IT) equipment	3 to 4
Furniture and fixtures	3 to 5
Leasehold improvements	Useful life (3 to 5) or lease term, whichever is shorter

The estimated residual values, useful life and depreciation and amortization method are reviewed at least annually to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

If there is an indication that there has been a significant change in depreciation and amortization rate or the useful lives, the depreciation of that property and equipment is revised prospectively to reflect the new expectations.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Cryptocurrencies which are not held in the ordinary course of business are recognized as intangible assets as these are identifiable non-monetary asset without physical substance.

Following initial recognition, intangible assets (other than cryptocurrencies) are carried at cost less any accumulated amortization and any accumulated impairment losses. Cryptocurrencies are subsequently carried at revalued amount, being its fair value at the date of the revaluation less any accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The estimated useful lives of intangible assets follow:

	Years
Cryptocurrencies	Indefinite
Developed software	5 to 8

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

If the cryptocurrencies' carrying amount is increased as a result of a revaluation, the increase shall be recognized in other comprehensive income and accumulated in equity under "Revaluation surplus". However, the increase shall be recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss.

If the cryptocurrencies' carrying amount is decreased as a result of a revaluation, the decrease shall be recognized in profit or loss. However, the decrease shall be recognized in other comprehensive income to the extent of any credit balance in the revaluation surplus in respect of that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in equity under "Revaluation surplus". Changes in revaluation surplus are transferred to retained earnings in subsequent periods when the asset is derecognized.

Research and Development Costs
Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability and intention to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in cost of services.

Business Combinations and Goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any noncontrolling interests in the acquiree. For each business combination, the Group elects whether to measure the noncontrolling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for noncontrolling interests) and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

When goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of combination can be determined only provisionally, the acquirer shall account for the combination using those provisional values. The acquirer shall recognize any adjustments to those provisional values as a result of completing the initial accounting within twelve months of the acquisition date as follows: (i) the carrying amount of the identifiable asset, liability or contingent liability that is recognized or adjusted as a result of completing the initial accounting shall be calculated as if its fair value at the acquisition date had been recognized from that date; (ii) goodwill or any gain recognized shall be adjusted by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted; and (iii) comparative information presented for the periods before the initial accounting for the combination is complete shall be presented as if the initial accounting has been completed from the acquisition date.

Noncontrolling Interests
In a business combination, as of the acquisition date, the Group recognizes, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree. There is a choice of two measurement methods for those components of noncontrolling interests that are both present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of a liquidation. They can be measured at:

a. acquisition-date fair value (consistent with the measurement principle for other components of the business combination); or
b. at their proportionate share of the value of net identifiable assets acquired.

Impairment of Nonfinancial Assets
The Group assesses at each financial reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each financial reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Investments in associates
The Group also determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the recoverable amount and the carrying value of the associate and recognizes the difference as provision for impairment losses under general and administrative expenses.

In assessing impairment indicators, the Group considers, as a minimum, the following indicators: (a) dividends exceeding the total comprehensive income of the associate in the period the dividend is declared; or (b) the carrying amount of the investment in the consolidated financial statements exceeding the carrying amount of the associate's net assets, including goodwill.

Impairment of goodwill
For assessing impairment of goodwill, a test of impairment is performed annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit ("CGU") (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGUs is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Equity
Capital stock and additional paid-in capital
Capital stock is measured at par value for all shares issued. When the shares are sold at a premium, the difference between the proceeds and the par value is credited to "Additional paid-in capital".

Direct costs incurred related to equity issuance are chargeable to "Additional paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings. The costs of an equity transaction that is abandoned are recognized as an expense.

Treasury shares
Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Retained earnings (Deficit)
Retained earnings (deficit) represent the cumulative balance of net income or loss, dividend distributions, prior period adjustments, effects of the changes in accounting policy and other capital adjustments.

Unappropriated retained earnings
Unappropriated retained earnings represent the portion of retained earnings that is free and can be declared as dividends to stockholders.

Appropriated retained earnings
Appropriated retained earnings represent the portion of retained earnings which has been restricted and therefore is not available for dividend declaration.

Equity reserve
Equity reserve represents:

(a) a portion of equity against which the recognized liability for a written put option was charged;
(b) a portion of equity against which payments to a former shareholder of a subsidiary was charged;
(c) gains or losses resulting from increase or decrease in ownership without loss of control; and
(d) difference between the consideration transferred and the net assets acquired in common control business combination.

Revenue Recognition
Revenue from contracts with customers is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue is recognized when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation.

Service income
Service income consists of revenue from Value Added Services (VAS), Business Process Outsourcing (BPO) and Other Services. BPO is further subdivided into IT Staffing, Custom Development and Managed Services, and Products. These services are disaggregated according to the following business segments:

Business segment	Description
Enterprise Service	IT staffing is a business segment where the Group deploys resources to clients to fulfill their IT requirements. Revenue is recognized over time, that is when services are rendered to the customers during the period. Custom Development and Managed Services are services offered to customers that are produced in the Group's premises. Revenue is recognized over time and at a point in time. In measuring the progress of its performance obligation over time for Custom Development, the Group uses the output method which measures progress based on the completion of proportion of work done and requires technical determination by the IT specialists. Products are readily available solutions that will cater to customers' requirements. Revenue is recognized at a point in time, that is when goods are delivered to the customers during the period.
Mobile Consumer Services	VAS are mobile and content application services provided to mobile subscribers. Revenue is recognized at a point in time, that is when services are delivered to the customers during the period.
Other Services	Revenues derived from services related to a membership-based marketplace which offers a variety of worker benefits – from insurance, health checks and wellness. Revenue is recognized over time, that is when services are delivered

Sale of goods
Revenue from the sale of goods in the ordinary course of activities is measured at the fair value of the consideration received or receivable, net of discounts and applicable taxes. Revenue is recognized at a point in time, which is normally upon delivery.

For the years ended December 31, 2025, 2024 and 2023, the Group has no variable consideration but the timing of revenue recognition resulted in contract assets and liabilities.

Contract Balances
Receivables
A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional (e.g., warranty fees).

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer (e.g., upfront fees, implementation fees, subscription fees, etc.). If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

Interest and Other Income
Interest income is recognized as it accrues.

Cost and Expenses
"Cost of services", "Cost of goods sold", and "General and administrative expenses" are expenditures recognized in the consolidated statement of comprehensive income when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. The following specific recognition criteria must also be met before costs and expenses are recognized:

Cost of services
Cost that includes all expenses associated with the specific sale of services. Cost of services include salaries, wages and employee benefits, utilities and communication, supplies and other expenses related to services. Such costs are recognized when the related sales have been recognized.

Cost of goods sold
Cost of goods sold consists of inventory costs related to goods which the Group has sold. Inventory costs include all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

General and administrative expenses
General and administrative expenses constitute expenses of administering the business and are recognized in profit or loss as incurred.

Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as lessee
Except for short-term leases and leases of low-value assets, the Group applies a single recognition and measurement approach for all leases. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of cost to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Years
Office space	1.5 to 2.5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in 'Impairment of nonfinancial assets' section.

ii) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of office space (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Income Tax

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the end of the reporting period.

Deferred tax

Deferred tax is provided using the balance sheet method on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investment in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and NOLCO can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investment in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will not reverse in the foreseeable future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax liabilities are not provided on nontaxable temporary differences associated with investment in domestic associates.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the financial reporting date. Movements in deferred tax assets and liabilities arising from changes in tax rates are charged or credited to income for the period.

Deferred tax relating to items outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

Pensions and other long-term employee benefits

The net pension liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any).

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method. Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset.

Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit through other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Remeasurement of the net defined benefit liability or asset recognized in other comprehensive income shall not be reclassified to profit or loss in a subsequent period. The Group transfers those amounts recognized in other comprehensive income to retained earnings (deficit) upon separation of all employees in a subsidiary.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Foreign Currency Transactions

The Group's consolidated financial statements are presented in Philippine Peso, which is also the Parent Company's and the subsidiaries' functional currency, except for AOC and ODX, which is Singapore dollar (SGD), XAU, which is in Australian dollar (AUD) and Storm Indonesia, which is Indonesian Rupiah (Rp). The Philippine peso is the currency of the primary economic environment in which the Parent Company operates. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions denominated in foreign currencies are initially recorded in Philippine Peso at the exchange rate at the date of transaction. Foreign currency-denominated monetary assets and liabilities are retranslated at the closing rate at reporting date. Exchange gains or losses arising from foreign currency transactions are recognized in profit or loss.

As at reporting date, the assets and liabilities of subsidiaries whose functional currency is not the Philippines Peso are translated into the presentation currency of the Parent Company (the Philippine Peso) at the closing rate as at the reporting date, and the profit or loss accounts are translated at monthly weighted average exchange rate. The exchange differences arising on the translation are recorded under other comprehensive income and accumulated in a separate component of equity under "Cumulative translation adjustment" account. Upon disposal of a foreign subsidiary, the deferred cumulative amount recognized in other comprehensive income relating to that particular foreign operation is recognized in profit or loss.

Investment in foreign associates are translated to Philippine Peso using the closing exchange rate prevailing at reporting date. The Group's share in the results of operations of the foreign investee is translated using the exchange rate at the dates of the transactions or, where practicable, the rate that approximates the exchange rates at the dates of the transactions, such as the average rate for the period. Any resulting exchange difference is recognized as a separate component of equity.

Earnings (Loss) per Share (EPS)

Basic EPS is computed by dividing net income or loss for the year attributable to common stockholders of the parent by the weighted average number of common shares issued and outstanding during the year adjusted for any subsequent stock dividends declared. Diluted EPS is computed by dividing net income or loss for the year attributable to common stockholders of the parent by the weighted average number of common shares issued and outstanding during the year after giving effect to assumed conversion of potential common shares, if any.

Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the services provided, with each segment representing a strategic business unit that offers different services and serves different markets. Financial information on business segments is presented in Note 26 to the consolidated financial statements.

Provisions

Provisions are recognized when the entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Accounting for crypto-related transactions

Proceeds Arising from the Pre-Sale Agreements ("PSA")

Proceeds from the PSA are recognized upon receipt and measured at the fair value of the related cryptocurrency. The entire proceeds are presented under the liability section of the consolidated statement of the financial position at initial recognition. The portion of the proceeds which pertains to the estimated costs to develop the ODX platform is treated as a constructive obligation (refer to the accounting policy for Provisions) and offset by the actual costs incurred for the platform. The remaining balance of the proceeds is accounted for by analogy to government grants under PAS 20, A*ccounting for Government Grants and Disclosure of Government Assistance*. This portion will be amortized over the life of the platform when it becomes available for use.

Platform Development Costs

Actual costs incurred in the development of the ODX platform are offset against provisions and treated as a fulfillment of the constructive obligation arising from the PSA.

ODX Tokens

ODX Tokens generated but not issued are not recognized in the consolidated financial statements. Issuance of ODX Tokens to third parties does not have impact to the consolidated financial statements. Risks and rewards to these ODX Tokens are transferred to the third parties upon issuance.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed in the notes unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes when an inflow of economic benefits is probable.

This policy also applies to agreements which the Group entered into with certain advisors for which the services received are to be paid through internally generated tokens in the future and for which the obligation cannot be measured with sufficient reliability.

Events after the Reporting Period

Post year-end events up to date when the consolidated financial statements are authorized for issue that provide additional information about the Group's financial position at the reporting period (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

3. Significant Accounting Judgments and Estimates and Assumptions

The preparation of the accompanying consolidated financial statements in compliance with PFRS Accounting Standards requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. The judgments and estimates used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements.

a. *Assumption of going concern*

The use of the going concern assumption involves management making judgments, at a particular point in time, about the future outcome of events or condition that are inherently uncertain. The Group has no plans to liquidate. Management assessed that it will be able to maintain its positive cash position through future actions such as continuous venture into new revenue potential and disposal of assets. Further the Group has secured the commitment of a third party not to demand payment of the Group's liability within 12 months from the reporting date. Accordingly, the consolidated financial statements are prepared on a going concern basis.

b. *Determination of control over investment in subsidiaries*

The Group determined that it has control over its subsidiaries by considering, among others, its power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns. The following were also considered:
- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual agreements
- The Group's voting rights and potential voting rights

c. *Existence of significant influence over associates*

The Group determined that it exercises significant influence over its associates (see Note 9) by considering, among others, its ownership interest (holding 20% or more of the voting power of the investee) and board representation.

d. *Determination of constructive obligation arising from cryptocurrency transactions*

The Group determined that a constructive obligation exists based on the terms of the agreements and the general expectations of the counterparties.

e. *Assessment of Principal versus Agent consideration under PFRS 15*

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

Management's Use of Estimates
The key assumptions concerning future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a. *Evaluating impairment of goodwill and investments in associates*

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. The cash flows are derived from the budget for the next five years which include factors considering the current economic environment but exclude restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the growth rates used for extrapolation purposes. These estimates are most relevant to goodwill recognized by the Group. The carrying values of goodwill amounted to ₱45.59 million as of December 31, 2025 and 2024 (see Note 11).

Investments in associates are tested for impairment when circumstances indicate that the carrying value may be impaired. The carrying values of investments in associates amounted to nil and ₱188.05 million as of December 31, 2025 and 2024, respectively. In 2025 and 2024, the impairment loss recognized in investment in Micro Benefits Limited (MBL) amounted to ₱153.59 and ₱27.81 million, respectively (see Note 9).

b. *Revenue recognition*

The Group's revenue recognition requires management to make use of estimates that may affect the reported amount of revenue. The Group's revenue from sale of services for development projects recognized based on the percentage of completion are measured principally on the basis of the estimated completion of the development services. In measuring the progress of its performance obligation over time, the Group uses the output method which measures progress based on the completion of proportion of work done and requires technical determination by the Group's specialists.

Judgment is exercised in determining whether the Group can recognize revenue outright or over the development period. The Group recognizes revenue over the development period if all of the following criteria are met; otherwise, revenue is recognized outright:

- the contract requires, or the customer reasonably expects, that the Group will undertake activities that significantly affect the software/platform under development;
- the delivery of the developed software/platform directly expose the customer to any positive or negative effects of the Group's activities; and
- those activities do not result in the transfer of a good or a service to the customer as those activities occur.

Revenues from other revenue streams are recognized at a point in time when control over goods or services is transferred.

The Group recognized service income subject to percentage of completion amounting to ₱47.39 million, ₱47.81 million, and ₱48.79 million in 2025, 2024 and 2023, respectively. This is included as part of service income from enterprise services (see Note 14).

c. *Provisions and contingencies*

The Group is currently involved in assessments for national taxes. The estimate of the probable costs for the resolution of these assessments has been developed in consultation with external counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe that these assessments will have a material effect on the Group's consolidated financial position and results of operations (see Note 28).

d. *Provision for expected credit losses of accounts and other receivables*

The Group uses a provision matrix to calculate ECLs for accounts and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss pattern.

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The amount of ECLs is sensitive to changes in circumstances and of forecasted economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

As of December 31, 2025 and 2024, allowance for impairment losses on accounts and other receivables amounted to ₱20.66 million and ₱31.75 million, respectively (see Notes 5 and 25).

e. *Realizability of deferred tax assets*

The Group reviews the carrying amounts of deferred income taxes at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the subsidiaries of the Group will generate sufficient taxable income to allow all or part of its deferred income tax assets to be utilized. The Group looks at its projected performance in the sufficiency of future taxable income.

The Group did not recognize deferred tax assets on deductible temporary differences and NOLCO amounting to ₱1,377.62 million and ₱928.07 million as at December 31, 2025 and 2024, respectively (see Note 21).

4. Cash

This account consists of:

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

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

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

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

5. Accounts and Other Receivables

This account consists of:

	2025	2024
Trade receivables	**₱35,698,357**	₱41,704,412
Receivable from related parties (Note 19)	**2,707,711**	6,386,235
Advances to employees	**360,012**	362,163
Others	**1,916,357**	12,908,707
	40,682,437	61,361,517
Less allowance for impairment losses	**20,657,252**	31,751,317
	₱20,025,185	₱29,610,200

Trade receivables arise from the mobile content development, mobile solution and key platform development services rendered by the Group to its customers. These are noninterest-bearing and are generally settled on a 30- to 60-day term.

Advances to employees mainly pertain to advances which are subject to liquidation.

Others include advances to a third party, which are due and demandable.

The table below shows the movements in the provision for impairment losses of receivables:

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

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

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

6. Contract Balances

This account consists of:

	2025	2024
Contract assets	**₱37,452,791**	₱29,372,782
Contract liabilities	**30,365,964**	25,353,922

Contract assets are initially recognized for revenues earned from custom development as receipt of consideration is conditional on successful completion of proportion of work. Upon completion of performance obligation conditioned with the acceptance of the customer, the amount recognized as contract assets are reclassified to trade receivables.

Contract liabilities consist of collections from customers under custom development services, trading of goods and other services which have not qualified for revenue recognition. Amount of revenue recognized from amounts included in contract liabilities at the beginning of the year amounted to ₱11.90 million, ₱28.69 million and ₱1.13 million in 2025, 2024 and 2023, respectively.

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

The performance obligations relate to the continuous custom development and other services which are expected to be recognized within one year.

7. Financial Assets at Fair Value through Other Comprehensive Income

This account consists of:

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

The rollforward analysis of financial assets at FVOCI follows:

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

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

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

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

Quoted equity investment
Quoted equity instrument consists of investment in golf club shares.

Unquoted equity investment
In April 2015, the Group acquired 666,666 shares of Series A Preferred Stock of Zowdow Inc. ("Zowdow") at a purchase price of $1.50 per share for a total investment of US$999,999 or ₱44.24 million. As at December 31, 2025 and 2024, the Group holds a 3.56% ownership of Zowdow on a fully-diluted basis. As at December 31, 2025 and 2024, the Group has unrealized loss on this investment amounting to ₱44.24 million.

Unquoted debt investments
The Group has convertible promissory notes and bonds receivable as of December 31, 2025 and 2024:

	2025	2024
Unquoted debt investments		
MatchMe Pte. Ltd.	**₱52,495,000**	₱52,495,000
Einsights Pte. Ltd.	**23,475,000**	23,475,000
Pico Candy Pte. Ltd.	**3,602,123**	3,602,123
	79,572,123	79,572,123
Less remeasurement loss	**(79,572,123)**	(79,572,123)
Balance at end of year	**₱–**	₱–

On April 8, 2023, AGPL sold its assets and business to a company registered in Australia. The Group received approximately US$900,982.04 or ₱50.42 million in cash, which includes the recovery of previously impaired unquoted debt investments, advances, and investment account (see Note 1). The Group fully impaired the remaining balance of investment in associate amounting to ₱15.09 million.

The quoted shares are categorized under the Level 2 of the fair value hierarchy. The unquoted equity investments are categorized under Level 3 (see Note 25).

8. **Other Assets**

Other current assets
This account consists of:

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

Input VAT comprises of input VAT and deferred input VAT. Input VAT represents VAT on acquired goods and services which can be offset to output VAT. Deferred input VAT represents input VAT related to unpaid balances for the services availed by the Group. These will be recognized as input VAT and applied against output VAT upon payment. Any remaining balance is recoverable in future periods.

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

Creditable withholding taxes pertain to prepaid taxes recognized at the amount withheld at source upon payment and overpayment of income tax in previous years. This can be carried forward and claimed as tax credit against income tax due.

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

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

Other noncurrent assets
This account consists of:

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

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

9. Investments in and Advances to Associates

This account consists of:

	2025	2024
Investments in Associates		
Cost		
Balance at beginning and end of year	**₱577,561,081**	₱577,561,081
Equity in net loss		
Balance at beginning of year	**(188,501,137)**	(180,544,044)
Share in net losses during the year	**(5,221,424)**	(7,957,093)
Balance at end of year	**(193,722,561)**	(188,501,137)
Cumulative translation adjustment		
Balance at beginning of year	**6,023,560**	9,450,400
Movement during the year	**(11,990,668)**	(3,426,840)
Balance at end of year	**(5,967,108)**	6,023,560
Accumulated impairment		
Balance at beginning of year	**(₱207,032,699)**	(₱179,226,699)
Movement during the year	**(153,586,345)**	(27,806,000)
Balance at end of year	**(360,619,044)**	(207,032,699)
	17,252,368	188,050,805
Advances to Associate	**22,084,586**	22,084,586
Reclassification to noncurrent assets held for sale	**(39,336,954)**	–
	₱–	₱210,135,391

The equity in cumulative translation adjustments represents exchange differences arising from the translation of financial statements of the foreign operations, whose functional currency is other than Philippine Peso.

The Group's equity in the net assets of associates and the related percentages of ownership are shown below:

	Percentages of Ownership		Carrying Amounts	
	2025	2024	**2025**	2024
Investments in Associates				
Micro Benefits Limited	**23.53**	23.53	**₱–**	₱163,566,575
PT Sembilan Digital Investama	–	49.00	–	24,484,230
MatchMe Pte. Ltd.	**29.10**	29.10	–	–
Altitude Games Inc.	**21.17**	21.17	–	–
			–	188,050,805
Advances to associate				
PT Sembilan Digital Investama			–	22,084,586
			₱–	₱210,135,391

Micro Benefits Limited
On March 9, 2016, the Group acquired 718,333 new Series C Preferred Shares equivalent to a 23.53% stake in Micro Benefits Limited ("Micro Benefits") for US$10.00 million. Micro Benefits, a company registered in Hong Kong, is engaged in the business of providing employee benefits to Chinese workers through its operating company, Micro Benefits Financial Consulting (Suzhou) Co. Ltd., located in China.

In 2025 and 2024, indicators of impairment were identified by management. As a result, an impairment test was carried out for investment in Micro Benefits where it showed that an impairment provision must be recognized. In determining the provision, the recoverable amount was determined based on value-in-use ("VIU") calculations. The VIU was derived from cash flow projections over a period of five years based on the 2025 and 2026 financial budgets and calculated terminal value.

Using the projections for five years and applying a terminal value thereafter, the Group calculated a recoverable amount of nil and ₱163.57 million as of December 31, 2025 and 2024 respectively. Consequently, the Group recognized a provision for impairment loss on its investment in Micro Benefits amounting to ₱153.59 million and ₱27.81 million in 2025 and 2024, respectively.

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

PT Sembilan Digital Investama
On March 26, 2015, the Group acquired 1,470 shares representing 49% shareholdings in PT Sembilan Digital Investama ("SDI") amounting to ₱10.83 million. The acquisition gave the Group access to PT Ninelives Interactive, a mobile content and distribution company in Indonesia, which SDI owns.

As of December 31, 2025 and 2024, the Group has advances to SDI amounting to ₱22.08 million to fund its mobile content and distribution services.

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

SDI's registered office address is at J1. Pos Pengumben Raya No. 01 RT 010 RW 03, Kel Srengseng, Jakarta Barat.

MatchMe Pte. Ltd.
In 2015 and 2018, the Group acquired an aggregate of 1,547,729 ordinary shares or 29.10% interest in MatchMe, an international game development company based in Singapore, for a total consideration amounting to ₱63.58 million.

MatchMe incurred recurring losses for the past four years and attained capital deficiency position as of December 31, 2019. In 2019, MatchMe became dormant. On these bases, the Group recognized full impairment loss on its investment in MatchMe amounting to ₱38.66 million in 2019.

MatchMe's registered office address is at 100 Cecil Street #10-01/002 the Globe, Singapore.

Altitude Games, Inc.
On July 22, 2015, the Group subscribed to 211,656 shares of stock or 21.17% shareholdings in Altitude Games Inc. ("Altitude Philippines"), an affiliate of Altitude Games. Altitude Philippines engages in the business of development, design, sale and distribution of games and applications.

The Group has cumulative unrecognized share in net loss in Altitude Philippines amounting to ₱0.34 million as of December 31, 2025 and 2024, respectively, and unrecognized share in net loss for the year ended December 31, 2022 amounting to ₱0.04 million. There was no unrecognized share in net loss in 2025 and 2024.

Altitude Philippine's registered office address is at Unit A51 5th Floor Zeta II Bldg., Salcedo St. Legazpi Village, Makati City.

As of December 31, 2025 and 2024, there are no capital commitments relating to the Group's interests in its associates.

The Group considers an associate with material interest if the net assets of the associate exceed 5% of the Group's consolidated total assets as of reporting period and considers the relevance of the nature of activities of the entity compared to other operations of the Group. There are no significant restrictions on the Group's ability to use assets and settle liabilities.

Following is the significant financial information of the associate with material interest:

Micro Benefits

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

No dividends were received in 2025, 2024 and 2023.

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

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

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

In 2025, 2024 and 2023, the Group performed impairment testing using a discounted cash flow analysis to determine value-in-use. Key assumptions used to determine the value-in-use of Micro Benefits are discount rates including cost of debt and cost of capital and growth rates.

- *Discount rate*

  The discount rate used is the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. The Group used discount rates based on the industry's weighted average cost of capital (WACC). The rates used to discount the future cash flows are based on risk-free interest rates in the relevant markets where the associates domiciled taking into consideration the debt premium, market risk premium, gearing, corporate tax rate and asset beta of the associate. In 2025, 2024 and 2023, management assumed discount rates of 12.10%, 13.49%, and 10.85%, respectively.

- *Growth rate*

  Annual growth rates in revenues are based on the Group's expectation of market developments and the changes in the environment in which it operates. The Group uses revenue growth rates based on past historical performance as well as expectations on the results of its strategies. On the other hand, the perpetual growth rate used to compute for the terminal value is based on the forecasted long-term growth of real gross domestic product (GDP) of the economy in which the business operates. In 2025, 2024 and 2023, management assumed average growth rates in revenues of -12.67% to 12.97%, 15.67% to 29.43%, and 14.40% to 24.20%, respectively, and terminal growth rate of 3.87%, 3.29% and 3.38%, respectively.

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

10. Property and Equipment

Rollforward of this account is as follows:

December 31, 2025

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

December 31, 2024

	Transportation Equipment	Office Equipment	IT Equipment	Furniture and Fixtures	Leasehold Improvements	Total
Cost						
At beginning of year	₱120,536	₱5,025,122	₱16,565,320	₱3,729,846	₱1,384,471	₱26,825,295
Additions	–	31,999	29,632	–	41,250	102,881
Retirements and disposals	–	–	(32,589)	–	–	(32,589)
At end of year	120,536	5,057,121	16,562,363	3,729,846	1,425,721	26,895,587
Accumulated Depreciation and Amortization						
At beginning of year	120,536	4,881,667	12,797,314	3,729,846	1,384,471	22,913,834
Depreciation and amortization (Notes 16)	–	61,542	1,837,430	–	17,188	1,916,160
Retirements and disposals	–	–	(17,652)	–	–	(17,652)
At end of year	120,536	4,943,209	14,617,092	3,729,846	1,401,659	24,812,342
Net Book Value	₱–	₱113,912	₱1,945,271	₱–	₱24,062	₱2,083,245

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

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

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

11. Intangible Assets

This account consists of:

December 31, 2025

	Goodwill	Developed Software	Cryptocurrencies	Total
Cost				
At beginning of year	**₱2,004,469,603**	**₱105,497,817**	**₱1,052,275**	**₱2,111,019,695**
Additions	–	–	–	–
Disposals	–	–	**(1,052,275)**	**(1,052,275)**
At end of year	**2,004,469,603**	**105,497,817**	–	**2,109,967,420**
Accumulated amortization				
At beginning of year	–	**94,432,169**	–	**94,432,169**
Amortization (Note 15)	–	**461,592**	–	**461,592**
At end of year	–	**94,893,761**	–	**94,893,761**
Accumulated Impairment				
At beginning and end of year	**1,958,881,201**	**10,242,927**	–	**1,969,124,128**
Accumulated revaluation surplus				
At beginning of year	–	–	**26,338,305**	**26,338,305**
Revaluation gain	–	–	**(772,051)**	**(772,051)**
Disposals	–	–	**(25,566,254)**	**(25,566,254)**
At end of year	–	–	–	–
Net Book Value	**₱45,588,402**	**₱361,129**	**₱–**	**₱45,949,531**

December 31, 2024

	Goodwill	Developed Software	Cryptocurrencies	Total
Cost				
At beginning of year	₱2,004,469,603	₱105,497,817	₱9,126,966	₱2,119,094,386
Additions	–	–	1,440,371	1,440,371
Disposals	–	–	(9,515,062)	(9,515,062)
At end of year	2,004,469,603	105,497,817	1,052,275	2,111,019,695
Accumulated amortization				
At beginning of year	–	93,732,507	–	93,732,507
Amortization (Note 15)	–	699,662	–	699,662
At end of year	–	94,432,169	–	94,432,169
Accumulated Impairment				
At beginning and end of year	1,958,881,201	10,242,927	–	1,969,124,128
Accumulated revaluation surplus				
At beginning of year	–	–	25,642,805	25,642,805
Revaluation gain	–	–	19,349,289	19,349,289
Disposals	–	–	(18,653,789)	(18,653,789)
At end of year	–	–	26,338,305	26,338,305
Net Book Value	₱45,588,402	₱822,721	₱27,390,580	₱73,801,703

Goodwill
Goodwill pertains to excess of the acquisition cost over the fair value of the identifiable assets and liabilities of companies acquired by the Group.

Developed Software
Developed software pertain to telecommunications equipment software licenses, corporate application software and licenses and other VAS software applications that are not integral to the hardware or equipment.

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

The fair value of cryptocurrencies was determined using quoted market prices in active markets categorized under Level 1 of fair value hierarchy. As at December 31, 2024 and 2023, the fair value of Bitcoin is USD93,347 per unit and USD42,265.19 per unit, respectively, the fair value of Ether is USD3,330 and USD2,291.95, respectively while the fair value of USDC and USDT is USD1.00 per unit.

In 2024 and 2023, the Group sold cryptocurrencies amounting to ₱9.52 million and ₱4.83 million, respectively. In 2025, the Group sold the remaining cryptocurrencies with carrying amount of ₱26.62 million for ₱26.62 million.

Revaluation of cryptocurrencies resulted in a loss of ₱0.77 million in 2025 and gain of ₱19.32 million and ₱15.41 million in 2024 and 2023, respectively, recognized under "Revaluation surplus" in "Other comprehensive income (loss)" and a gain (loss) of nil, ₱28,337, and (₱59,249) recognized in 2025, 2024, and 2023, respectively under "Other income (charges) in profit or loss (see Note 17).

The amortization expense of intangible assets recognized in "Depreciation and amortization" under "Cost of services" in the consolidated statements of comprehensive income amounted to ₱0.46 million, ₱0.70 million, and ₱0.67 million in 2025, 2024 and 2023, respectively (see Note 15).

Impairment testing of goodwill
Goodwill acquired through business combinations were reviewed to look for any indication that an asset may be impaired. The Group used a discounted cash flow analysis to determine value-in-use. Value-in-use reflects an estimate of the future cash flows the Group expects to derive from the cash-generating unit, expectations about possible variations in the amount or timing of those future cash flows, the time value of money and the price for bearing the uncertainty inherent in the asset. The calculation of the value-in-use is based on reasonable and supportable assumptions, the most recent budgets and forecasts approved by management covering a five-year period. Management determined the financial budgets based on past performance and its expectations for market development.

Key Assumptions Used in Value-in-Use Calculations
Key assumptions used to determine the value-in-use are discount rates including cost of debt and cost of capital, average revenue growth rates, and long-term growth rates.

- *Discount rate*
  The discount rate used is the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. The Group used discount rates based on the industry's weighted average cost of capital (WACC). The rates used to discount the future cash flows are based on risk-free interest rates in the relevant markets where the subsidiaries are domiciled taking into consideration the debt premium, market risk premium, gearing, corporate tax rate and asset betas of these subsidiaries. In 2025, 2024 and 2023, management assumed discount rates of 14.65%, 14.96%, and 7.32% to 13.40%, respectively.

- *Annual revenue growth rate and long-term growth rate*
  Annual growth rates in revenues are based on the Group's expectation of market developments and the changes in the environment in which it operates. The Group uses revenue growth rates based on past historical performance as well as expectations on the results of its strategies. On the other hand, the perpetual growth rate used to compute for the terminal value is based on the forecasted long-term growth of real gross domestic product (GDP) of the economy in which the business operates. In 2025, 2024 and 2023, management assumed average growth rates in revenues of 8.00% to 41.69%, 8.00% to 25.02%, and 0.00% to 49.64%, respectively, and terminal growth rates of 3.00%.

Management recognizes that unfavorable conditions can materially affect the assumptions used in the determination of value-in-use. An increase to 36.65% in discount rate, or a reduction of growth rates by 34% would give a value-in-use equal to the carrying amount of the cash generating units.

The recoverable amounts have been based on value-in-use calculations using cash flow projections from forecasts provided by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using a growth rate of 3.00%.

Impairment loss was nil in 2025 and 2024.

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

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

	2025	2024
Art of Click Pte. Ltd.	**₱1,787,723,086**	₱1,787,723,086
Storm Technologies, Inc.	**88,573,284**	88,573,284
Xeleb Technologies Inc.	**69,085,646**	69,085,646
Seer Technologies, Inc.	**13,499,185**	13,499,185
	₱1,958,881,201	₱1,958,881,201

12. Accounts and Other Payables

This account consists of:

	2025	2024
Payable to third parties	**₱88,325,999**	₱89,236,701
Nontrade payable	**69,205,964**	64,481,742
Trade payables	**13,006,506**	40,525,428
Taxes payable	**45,104,221**	17,198,684
Payable to related parties (Note 19)	**16,069,027**	12,086,213
Accrued expenses		
Professional fees	**46,174,901**	1,871,623
Interest expense	**6,263,467**	4,703,461
Taxes and licenses	**6,201,881**	6,262,495
Commissions	**1,235,323**	259,951
Outsourced services	**90,969**	31,975
Others	**3,627,500**	578,843
Others	**161,023,474**	159,766,812
	₱456,329,232	₱397,003,928

Payable to third parties are advances made by minority shareholders and affiliates of Seer and Storm for working capital purposes and deposits for future stock subscription. The advances are noninterest-bearing and are settled within one year from the agreement date. As of July 17, 2026, no shares have been issued in relation to the deposit for future stock subscription.

Nontrade payables include proceeds received by ODX under the Share and Token Allocation Agreement which grants the investor rights to certain shares of ODX and internally generated tokens in the future depending on the happening of certain events prior to termination of the agreement.

Trade payables represent the unpaid subcontracted services and other cost of services to third parties. These are noninterest-bearing and are normally settled within one year.

Taxes payable include output VAT after application of available input VAT and expanded withholding tax on payment to suppliers and employees' compensation which are settled within one year.

Accrued expenses are noninterest-bearing and are normally settled within one year.

Others consist of statutory payables to SSS, Philhealth and HDMF. This account also includes provision relating to the Token Pre-Sale Agreements ("PSA") entered into by the Group, through ODX, with various investors for the sale of ODX tokens and other provisions for probable losses (see Note 28). These are noninterest-bearing and are normally settled within one year.

The table below shows the movements in the provision relating to the PSA:

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

13. Loans Payable

The rollforward analysis of this account follows:

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

As of December 31, 2025, this pertains to unsecured and interest bearing, short-term loans with a local bank which are due and demandable. The Group has not been cited in default as of December 31, 2025 and 2024. Adjustments pertain to annual fee incurred by the Group and recognized in consolidated statements of comprehensive loss (see Note 16).

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

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

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

14. **Service Income**

Service income, amounting to ₱209.23 million, ₱183.70 million and ₱188.02 million in 2025, 2024 and 2023, respectively, pertain to revenues earned from mobile consumer products and services, enterprise services and other services rendered by the Group to its customers.

Revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time, in different product types of its service income. The Group's disaggregation of revenue from contracts with customers are presented below:

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

15. **Cost of Services**

Cost of services consists of the following:

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

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

16. General and Administrative Expenses

General and administrative expense consists of:

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

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

17. Finance Costs and Other Income (Charges)

Finance costs - net consists of:

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

Other income (charges) consists of:

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

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

18. Lease Commitments

Group as Lessee
The Group entered into various lease agreements with third parties for the office spaces it occupies. Leases have terms ranging from one to three years and renewable subject to new terms and conditions to be mutually agreed upon by both parties.

In March 2021, the Parent Company entered into a non-cancellable lease contract with Milestone Petroleum Marketing Corporation for the lease of an office unit in Antel Corporate Center for a period of two (2) years which commenced on March 1, 2021 and expires on February 28, 2023. The applicable rate per month is ₱0.09 million. The lease contract may be renewed upon the terms and conditions mutually agreed by both parties with an escalation rate of 4.00% per year.

On January 31, 2023, the parties renewed the lease contract for another 2 years commencing from March 1, 2023 and ending on February 28, 2025. The applicable rate per month for the first year is ₱90,288 and ₱93,899 for the second year. On February 4, 2025, the lease was renewed for another two years commencing from March 1, 2025 to February 28, 2027.

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

	2025	2024
Cost		
Balance at beginning of year	**₱2,064,803**	₱2,064,803
Addition	**2,261,579**	–
Termination of lease contract and derecognition of right-of-use asset	**(2,064,803)**	–
Balance at end of year	**2,261,579**	2,064,803

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

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

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

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

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

19. Related Party Transactions

The Group, in the normal course of business, has transactions with related parties. Parties are considered to be related if, among others, one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions, the parties are subject to common control or the party is an associate or a joint venture.

Terms and conditions of transactions with related parties
There have been no guarantees provided or received for any related party receivables and payables. Except as otherwise indicated, these accounts are noninterest-bearing, generally unsecured and shall be settled in cash. The transactions are made at terms and prices agreed upon by the parties. Impairment assessment is undertaken through examination of the financial position of the related party and market in which this related party operates.

Material related party transactions (“RPT”)
This refers to any related party transaction, either individually, or in aggregate over a 12-month period with the same related party, amounting to 10% or higher of the Group’s total assets. All material related party transactions are subject to the review by the RPT Committee.

In the event wherein there are changes in the RPT classification from non-material to material, the material RPT shall be subject to the provisions of the related party transactions policy.

Details of transactions with related parties and their outstanding payables to a related party as at December 31, 2025 and 2024 follow:

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

Associates:

a. The Parent Company made payments on behalf of SDI for its outsourced services. Outstanding balance amounted to nil and ₱3.95 million as of December 31, 2025 and 2024, respectively. The Parent Company recognized allowance for impairment loss amounting to ₱0.13 million and ₱1.67 million as of December 31, 2025 and 2024, respectively (see Note 5).

Stockholders:

a. In 2017, the Parent Company entered into a loan agreement with its directors amounting to US$1,945,758 or ₱97.15 million subject to 5% interest rate per annum. The loan is due and demandable.

   On June 30, 2023, the BOD of the Parent Company approved the conversion of the outstanding advances of two (2) of these directors to equity. The BOD also approved to waive all loan interests starting January 1, 2023 related to these advances. The aggregate amount of the principal balance and interest payable for equity conversion are ₱49.30 million and ₱7.96 million, respectively, which are the outstanding balances as of December 31, 2022.

   In 2025, 2024 and 2023, the Group recognized interest expense amounting to ₱1.90 million, ₱1.86 million and ₱1.79 million, respectively, under “Finance Cost and Other income (charges)” in its consolidated statements of comprehensive income (see Note 17). As at December 31, 2025 and 2024, outstanding loans and interest payable amounted to ₱45.64 million and ₱12.30 million, respectively, and ₱37.52 million and ₱10.39 million, respectively.

b. On April 29, 2019, the Parent Company entered into a loan agreement with its directors amounting to ₱150.00 million subject to 5.50% interest rate per annum for 3 years from date of agreement and may be renewed upon mutual agreement.

   On June 30, 2023, the BOD of the Parent Company approved the conversion of the outstanding advances to equity. The BOD also approved to waive all loan interests starting January 1, 2023. The aggregate amount of the principal balance and interest payable for equity conversion are ₱66.89 million and ₱12.37 million, respectively, which are the outstanding balances as of December 31, 2022. The conversion was executed on November 13, 2023.

   On October 6, 2023, SEC approved the valuation of advances applied as payment for additional issuance of 455,068,753 shares par value of ₱0.10 each from unissued portion of authorized capital stock and additional paid-in capital of ₱91.01 million. The conversion was executed on November 13, 2023.

c. Payable to directors and officers also pertain to directors' fees amounting to ₱1.50 million, and ₱1.93 million in 2025 and 2024, respectively (see Note 16). Outstanding payable amounted to ₱1.13 million and ₱1.47 as at December 31, 2025 and 2024, respectively.

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

e. Advances from stockholders pertain to cash advances for operational and corporate-related expenses paid by a stockholder on behalf of the Group. These are noninterest-bearing and are due and demandable. Outstanding payable as at December 31, 2025 and 2024 amounted to ₱7.62 million and ₱0.12 million.

Affiliates:

a. The Group entered into an agreement with CTX wherein the Group agreed to perform financial, legal, human resources, sales and marketing support, administrative support and technical services for a fee. In relation to this, outstanding trade receivable and total service income recognized as at and for the years ended December 31, 2025 and 2024 amounted to ₱0.24 million and ₱1.19 million, respectively, and ₱0.25 million and ₱0.95 million, respectively.

b. The Group entered into service agreement with CTX to provide staff augmentation services and assistance to certain software development projects of CTX. The Group's outstanding receivable and revenue from these services as at and for the years ended December 31, 2025 and 2024 amounted to ₱2.68 million and ₱27.76 million, respectively, and ₱2.19 million and ₱28.75 million, respectively.

c. Advances from affiliate pertain to payments made by CTX to the Parent Company for operational purposes subject to future liquidation. Outstanding payable as at December 31, 2025 and 2024 amounted to ₱3.71 million and ₱0.11 million, respectively.

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

Compensation of key management personnel by benefit type follows:

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

20. Loss Per Share

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

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

Loss per share is calculated using the consolidated net loss attributable to the equity holders of the Parent Company divided by weighted average number of shares. In 2025, 2024 and 2023, there were no potentially dilutive common shares.

21. Income Taxes

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

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

Deferred tax assets are recognized only to the extent that taxable income will be available against which the deferred tax assets can be used. Below are the Group's deductible temporary differences for which no deferred tax assets are recognized since management believes that there are no sufficient taxable profits against which the deferred tax assets can be utilized:

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

Below are the remaining amounts of deductible temporary differences related to items recorded under other comprehensive income for which no deferred tax assets are recognized:

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

The carryforward NOLCO and MCIT of the Parent Company and local subsidiaries that can be claimed as deduction from future taxable income or used as deduction against income tax liabilities follow:

NOLCO:

Year Incurred	Beginning	Additions	Applied	Expired	End	Year of Expiration
2020*	₱20,446,160	₱−	₱−	₱20,446,160	₱−	2025
2021*	53,036,263	−	−	−	53,036,263	2026
2022	36,270,244	−	−	36,270,244	−	2025
2023	40,118,885	−	−	−	40,118,885	2026
2024	64,255,019	−	−	−	64,255,019	2027
2025	−	21,210,655	−	−	21,210,655	2028
	₱214,126,571	₱21,210,655	₱−	₱56,716,404	₱178,620,822	

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

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

MCIT:

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

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

December 31, 2025, 2024 and 2023 follows:

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

22. Retirement and Other Long-term Employee Benefits

The Group does not have an established retirement plan and only conforms to the minimum regulatory benefit under the Retirement Pay Law (Republic Act No. 7641) which is of the defined benefit type and provides a retirement benefit equal to 22.5 days' pay for every year of credited service. The regulatory benefit is paid in a lump sum upon retirement.

The principal actuarial assumptions used to determine the cost of pension benefits with respect to the discount rate and salary increase rate were based on historical and projected rates. Annual cost is determined using the projected unit credit actuarial valuation method.

The components of net pension expense in the consolidated statements of comprehensive income are as follows:

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

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

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

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

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

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

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

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

Actuarial gain on defined benefit pension plan recorded under "Remeasurement gain (loss) on defined benefit plan" in the consolidated statements of changes in equity (capital deficiency) follow:

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

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

	2025	2024	2023
Discount rate	**6.54%-6.56%**	6.08%	6.15% - 6.18%
Salary projection rate	**5.00%**	5.00%	5.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption of the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant:

		(Decrease) increase on DBO	
		2025	2024
Discount rate	(+) 1.0%	**(₱2,400,104)**	(₱3,187,012)
	(−) 1.0%	**2,952,184**	3,886,879
Salary increase rate	(+) 1.0%	**2,969,132**	3,890,128
	(−) 1.0%	**(2,453,015)**	(3,244,686)

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

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

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

23. Capital Deficiency

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

	2025	2024
Authorized shares	**5,000,000,000**	5,000,000,000
Par value per share	**₱0.10**	₱0.10
Issued shares	**2,571,812,787**	2,571,812,787
Treasury shares	**58,208,975**	62,128,975
Outstanding shares	**2,513,603,812**	2,509,683,812
Value of shares issued	**₱257,181,278**	₱257,181,278
Value of treasury shares	**(₱66,885,113)**	(₱99,700,819)

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

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

In accordance with Revised Securities Regulation Code Rule 68, Annex 68-K, below is the summary of the Parent Company’s track record of registration of securities as of December 31:

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

The balance of additional paid-in capital (APIC) as of December 31, 2025 and 2024 represents the excess of the subscription price over paid-up capital.

On March 2, 2018, the Parent Company issued 67,285,706 common shares by way of block sale to implement the amendments in a share purchase agreement related to acquisition of AOC. The shares were issued at ₱3.80 per share.

In 2020 and 2019, APIC reduced as a result of reissuance of treasury shares by the amount of ₱7.19 million and ₱6.98 million, respectively.

On January 20, 2022, the Parent Company’s BOD approved the issuance of common shares to Mr. Nico Jose S. Nolledo, a founder, in exchange of ₱100.00 million capital infusion. Total number of shares issued is at 181,818,182 for ₱0.55 per share. The transaction was executed on March 21, 2022.

On June 30, 2023, the Parent Company’s BOD approved the conversion of the advances to equity made by Mr. Fernando Jude F. Garcia and Mr. Nico Jose S. Nolledo (“Assignors”) with an aggregate amount of ₱136,520,626. The conversion price was set at ₱0.30 per share. On November 13, 2023, a total of 455,068,753 common shares were issued to the Assignors.

On October 6, 2023, SEC approved the valuation of advances applied as payment for additional issuance of 455,068,753 shares par value of ₱0.10 each from unissued portion of authorized capital stock and additional paid-in capital of ₱91.01 million. The conversion was executed on November 13, 2023.

In 2023, the APIC resulting from the equity conversion of the advances was reduced by the direct issuance costs incurred by the Parent Company amounting to ₱2.65 million.

On April 29, 2025, the BOD of the PSE approved the application of the Parent Company to list an additional 774,112,127 common shares, subject of the Parent Company’s stockholders’ private placement, placing and subscription and conversion of debt-to-equity, subject to the conditions set forth in the post-approval requirements and conditions of the PSE and any other condition or requirement that the SEC may impose in relation to the listing of the shares.

Retained Earnings

Appropriations

Appropriated retained earnings which relates to buyback program of common shares in 2016 amounted to ₱115.46 million as of December 31, 2025 and 2024. On July 13, 2026, the Group reversed its appropriated retained earnings amounting to ₱115.46 million. This is considered a non-adjusting subsequent event.

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

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

Equity Reserve
In 2016, the Parent Company purchased additional shares from noncontrolling interests of Xeleb, Xeleb Technologies and Storm. The transactions were accounted as an equity transaction since there was no change in control. Equity reserve recognized as a result of these transactions amounted to ₱43.72 million.

In 2017, a reserve amounting to ₱358.50 million was recognized for the payment resulting from amendments in the purchase price and the acquisition of the Parent Company's own shares related to the acquisition of AOC.

In 2019, the Parent Company purchased the remaining 33% stake from noncontrolling interests of Xeleb Technologies. The transaction was accounted as an equity transaction since there was no change in control resulting to a reduction in equity reserve amounting to ₱36.09 million.

In 2019, a reduction in equity reserve amounting to ₱2.71 million was recognized due to the increase in noncontrolling interests of Storm Technologies from 43.40% to 48.69%.

Treasury Stock
As of January 1, 2018, the Parent Company has 63,985,642 treasury shares with cost amounting to ₱115.06 million which pertains to acquisition of shares made in 2017.

On April 8, 2019, the Parent Company reissued 415,000 treasury shares with a cost of ₱3.81 million for a price of ₱1.23 per share.

On July 14, 2019, the Parent Company reissued 475,000 treasury shares with a cost of ₱4.23 million for a price of ₱1.16 per share.

On July 23, 2020, the Parent Company reissued 966,667 treasury shares with a cost of ₱7.72 million for a price of ₱0.57 per share.

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

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

Employee Stock Option Plan
The Parent Company's BOD, on January 20, 2016, and the stockholders, on May 11, 2016, approved the Employee Stock Option Plan (the Plan) of the Parent Company. Full time and regular employees of the Parent Company and those deemed qualified by the Compensation and Remuneration Committee from the names recommended by the Executive Committee are eligible to participate in the Plan. As at December 31, 2025, the Plan has been on hold for approval of the SEC and PSE.

Capital Management
The primary objective of the Group's capital management is to improve its credit rating and capital ratios in order to support its business operations and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions and status of its operations. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

The Group's sources of capital follow:

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

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

As of December 31, 2025, the Group is in capital deficiency position. Refer to Note 1 on the Group's plan to address their capital deficiency. No changes were made in the capital management policies in 2025, 2024 and 2023.

24. Subsidiary with Material Noncontrolling Interests

Noncontrolling interests pertain to the percentage interests in subsidiaries that the Parent Company does not own. The summarized financial information is provided below for the subsidiary with material noncontrolling interest. This information is based on the amounts before intercompany eliminations.

The Parent Company considers a subsidiary with material noncontrolling interests if its net assets exceed 5.00% of its total consolidated net assets of the Group as of reporting period and considers the relevance of the nature of activities of the entity compared to other operations of the Group. There are no significant restrictions on the Parent Company's ability to use assets and settle liabilities of the Group.

As of December 31, 2025 and 2024, financial information of identified subsidiaries with material noncontrolling interests is as follows:

Storm

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

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

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

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

Seer

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

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

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

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

25. **Financial Instruments**

Fair Value Information

The methods and assumptions used by the Group in estimating fair value of the financial instruments are as follows:

- Cash, accounts and other receivables (except for advances to employees which are subject to liquidation), refundable deposits under other current assets, security deposit under other noncurrent assets, accounts and other payables (excluding “Taxes payable”, “Deferred output VAT”, and provision relating to PSA and statutory payables included as “Others”), and loans payable - Carrying amounts approximate fair values due to the relatively short-term maturities of these instruments. The difference between carrying amount and fair value is immaterial.

- Financial assets at FVOCI (quoted equity investments) - Fair value is based on quoted prices published in the market.

- Financial assets at FVOCI (unquoted equity investments) - Fair values are based on the latest selling price available.

- Cryptocurrencies - Fair values are determined using quoted market prices in active markets.

- Nontrade payable - Fair values are determined using prices in such transaction which still approximate the fair values at year-end.

- Advances from stockholders - Fair value is estimated using the discounted cash flow methodology using the applicable risk-free rates for similar types of loans adjusted for credit spread.

The fair values and carrying values of financial assets at FVOCI and advances from stockholders are as follows:

	2025		2024	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Asset measured at fair value				
Financial asset				
Financial assets at fair value through other comprehensive income	**₱1,100,000**	**₱1,100,000**	₱1,100,000	₱1,100,000
Cryptocurrencies	**–**	**–**	27,390,580	27,390,580
Liability for which fair value is disclosed				
Financial liability				
Advances from stockholders	**45,757,778**	**45,757,778**	37,517,457	37,517,457

Fair Value Hierarchy

The Group uses the following three-level hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Quoted financial assets at FVOCI amounting to ₱1.10 million as of December 31, 2025 and 2024 were classified under Level 2 (see Note 7).

As at December 31, 2025 and 2024, there have been no reclassifications from Level 1 to Level 2 or 3 categories.

Financial Risk Management and Objectives and Policies

The Group's financial instruments comprise cash, financial assets at FVPL, accounts and other receivables, financial assets at FVOCI, refundable deposits under other current assets, security deposit under other noncurrent assets, accounts and other payables (excluding taxes payable, deferred output VAT, and statutory payables), and loans payable, which arise directly from operations. The main purpose of these financial instruments is to finance the Group's operations and to earn additional income on excess funds.

Exposure to credit risk, liquidity risk and foreign currency risk arise in the normal course of the Group's business activities. The main objectives of the Group's financial risk management are as follows:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

There were no changes in the Group's risk management objectives and policies in 2025 and 2024.

The Group's risk management policies are summarized below:

Credit Risk
Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Group by failing to discharge an obligation.

The Group's credit risk is primarily attributable to cash in banks, and accounts and other receivables. Credit risk management involves monitoring its exposure to credit risk on a continuous basis.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rate is based on days past due of all customers as they have similar loss patterns. The expected credit loss rate ranges from 0.25% to 100.00% that resulted in the ECL of ₱20.66 million and ₱31.75 million as of December 31, 2025 and 2024, respectively.

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

December 31, 2025

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

December 31, 2024

	Trade receivables						Receivable from	Other
	Current	< 30 days	30-60 days	61-90 days	> 90 days	Total	related parties	receivables
ECL rate	0.25-1.19%	0.99-5.02%	1.73-7.56%	3.06-9.93%	6.36-41.94%		0-50%	1.19-100%
Estimated total gross carrying amount at default	7.61	0.96	0.60	0.13	32.40	41.70	6.39	12.91
ECL	₱0.09	₱0.04	₱0.03	₱0.00	₱17.08	₱17.24	₱1.79	₱12.72

The credit quality of the financial assets was determined as follows:

Cash in banks - based on the nature of the counterparty and the Group's rating procedure. These are held by counterparty banks with minimal risk of bankruptcy and are therefore classified as high grade.

Trade receivables - high grade pertains to receivables with no default in payment; medium grade pertains to receivables with up to three defaults in payment; and low grade pertains to receivables with more than three defaults in payment.

Receivable from related parties - The credit risk depends primarily on the level of loss absorbing capacity of the counterparty. The Group evaluates if the counterparties are adequately capitalized or the counterparties' latest financial statements show positive results.

Liquidity Risk
Liquidity risk is the risk that the Group will be unable to meet its obligations as they fall due. The Group seeks to manage its liquidity risk to be able to meet its operating cash flow requirement, finance capital expenditures and service maturing debts. To cover its short-term funding requirements, the Group intends to use internally generated funds. The Group will also defer

payment of certain liabilities until such time that the Group is in a financial position to do so and obtain credit lines and short-term loans as necessary.

The table summarizes the maturity profile of the Group’s financial assets and liabilities and contract assets as at December 31, 2025 and 2024 based on contractual undiscounted payments:

December 31, 2025

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

December 31, 2024

	<1 year	>1 to <5 years	>5 years	Total
Financial Assets				
Cash	₱32,314,999	₱–	₱–	₱32,314,999
Accounts and other receivables				
Trade receivables – net	24,466,524	–	–	24,466,524
Receivable from related parties - net	4,592,174	–	–	4,592,174
Others	189,339	–	–	189,339
Financial asset at FVOCI	1,100,000	–	–	1,100,000
Other assets				
Refundable deposits	632,569	–	–	632,569
Total undiscounted financial assets	63,295,605	–	–	63,295,605
Contract assets	29,372,782	–	–	29,372,782
Total undiscounted financial assets and contract assets	92,668,387	–	–	92,668,387
Financial Liabilities				
Trade and other payables				
Payable to third parties	89,236,701	–	–	89,236,701
Trade payables	40,525,428	–	–	40,525,428
Accrued expenses	13,924,856	–	–	13,924,856
Payable to related parties	12,086,213	–	–	12,086,213
Other payables	1,764,681	–	–	1,764,681
Advances from stockholders	37,517,457	–	–	37,517,457
Lease liabilities	187,245	–	–	187,245
Loans payable	38,775,697	–	–	38,775,697
Total undiscounted financial liabilities	234,018,278	–	–	234,018,278
Liquidity gap	(₱141,349,891)	₱–	₱–	(₱141,349,891)

To address the liquidity gap, management will continue to venture into new revenue potential and sale of assets. Further the Group has secured the commitment of a third party not to demand payment of the Group's liability within 12 months from the reporting date.

Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's loans payable with variable interest rates.

The following tables demonstrate the sensitivity of the Group's loss before tax and equity to a reasonably possible change in interest rates in 2025 and 2024, with all other variables held constant:

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

Foreign Currency Risk
Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The following table shows the foreign currency-denominated monetary assets and their respective Philippine peso equivalent as of December 31, 2025 and 2024.

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

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

	2025	2024
USD to ₱	**₱58.81**	₱57.85

The following table demonstrates the sensitivity to a reasonably possible change in the Philippine peso-foreign currency exchange rate, with all variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity.

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

There is no other impact on the Group's equity other than those already affecting the net income.

26. **Segment Reporting**

The industry segments where the Group operates follow:

- Mobile consumer services - includes airtime management, content development and management and marketing and advertising solutions
- Enterprise services - includes platform development and customization, system integration, mobile platform consultancy services, management of off-the-shelf application and social media related services. This also includes IT staff augmentation, other various enterprise solutions-based services to telecommunication companies and other companies for network and applications development
- Other services – includes HMO plans offered to customers with different coverage and benefits, including consultation with primary care physicians, special doctors, laboratory tests, and hospitalization coverage, among others.

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

2025

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

2024

	Mobile consumer services	Enterprise services	Other services	Intersegment adjustments	Consolidated
INCOME					
Service income	₱21,846,187	₱137,865,398	₱55,755,479	(₱31,764,987)	₱183,702,077
COST AND EXPENSES	(27,247,515)	(271,824,272)	(57,663,082)	55,166,815	(301,568,054)
Equity in net losses of associates	–	–	–	(7,957,093)	(7,957,093)
Finance cost and other income	(343,596)	(4,478,901)	(1,743,850)	(962,727)	(7,529,074)
Income (loss) before income tax	(5,744,924)	(138,437,775)	(3,651,453)	14,482,008	(133,352,144)
Provision for (benefit from) income tax	(42,116)	(1,278,831)	(316,970)	–	(1,637,917)
Net income (loss)	(5,787,040)	(139,716,606)	(3,968,423)	14,482,008	(134,990,061)
Net loss attributable to:					
Equity holders of Xurpas Inc.					(₱133,052,421)
Noncontrolling interests					(₱1,937,640)
					(₱134,990,061)

2023

	Mobile consumer services	Enterprise services	Other services	Intersegment adjustments	Consolidated
INCOME					
Service income	₱8,612,409	₱165,524,433	₱47,434,831	(₱33,556,281)	₱188,015,392
COST AND EXPENSES	(49,395,728)	(241,743,665)	(68,887,969)	59,932,688	(300,094,674)
Equity in net losses of associates	–	–	–	(1,814,459)	(1,814,459)
Finance cost and other income	48,265,384	(30,812,897)	(1,285,423)	(479,697)	15,687,367
Income (loss) before income tax	7,482,065	(107,032,129)	(22,738,561)	24,082,251	(98,206,374)
Provision for (benefit from) income tax	(403,782)	(1,416,053)	–	–	(1,819,835)
Net income (loss)	7,078,283	(108,448,182)	(22,738,561)	24,082,251	(100,026,209)
Net loss attributable to:					
Equity holders of Xurpas Inc.					(₱86,405,207)
Noncontrolling interests					(₱13,621,002)
					(₱100,026,209)

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

2025

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

2024

	Mobile consumer services	Enterprise services	Other services	Intersegment adjustments	Consolidated
Other information					
Segment assets	₱87,632,542	₱798,602,370	₱35,071,689	(₱494,880,907)	₱426,425,694
Deferred tax assets	–	–	–	–	–
Total assets	₱87,632,542	₱798,602,370	₱35,071,689	(₱494,880,907)	₱426,425,694
Segment liabilities	₱176,603,633	₱710,951,906	₱321,319,662	(₱680,724,660)	₱528,150,541
Deferred tax liabilities	–	–	–	–	–
Total liabilities	₱176,603,633	₱710,951,906	₱321,319,662	(₱680,724,660)	₱528,150,541

2023

	Mobile consumer services	Enterprise services	Other services	Intersegment adjustments	Consolidated
Other information					
Segment assets	₱95,449,726	₱873,299,232	₱26,123,335	(₱462,359,839)	₱532,512,454
Deferred tax assets	–	–	–	–	–
Total assets	₱95,449,726	₱873,299,232	₱26,123,335	(₱462,359,839)	₱532,512,454
Segment liabilities	₱171,633,757	₱667,978,904	₱308,402,888	(₱636,706,781)	₱511,308,768
Deferred tax liabilities	–	–	–	–	–
Total liabilities	₱171,633,757	₱667,978,904	₱308,402,888	(₱636,706,781)	₱511,308,768

27. **Notes to Consolidated Statements of Cash Flows**

Disclosed below is the rollforward of liabilities under financing activities:

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

	January 1, 2024	Cash flows	Non-cash changes	Foreign exchange movement	December 31, 2024
Loans payable	₱38,603,185	(₱520,000)	₱692,512	₱–	₱38,775,697
Lease liabilities	1,258,034	(1,119,574)	48,785	–	187,245
Advances from stockholders	35,912,207	–	–	1,605,250	37,517,457
Total liabilities from financing activities	₱75,773,426	(₱1,639,574)	₱404,816	₱1,605,250	₱76,480,399

	January 1, 2023	Cash flows	Non-cash changes	Foreign exchange movement	December 31, 2023
Loans payable	₱38,384,416	(₱732,917)	₱951,686	₱–	₱38,603,185
Lease liabilities	173,322	(1,347,378)	2,432,090	–	1,258,034
Advances from stockholders	152,353,662	–	(116,191,749)	(249,706)	35,912,207
Total liabilities from financing activities	₱190,911,400	(₱2,080,295)	(₱112,807,973)	(₱249,706)	₱75,773,426

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

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

28. **Provisions and Contingencies**

The Group is currently involved in assessments for national taxes and the outcome of these assessments is not presently determinable.

In the opinion of management and its legal counsel, the eventual liability under these assessments, if any, will not have a material effect on the Group's financial position and results of operations. The information usually required under PAS 37 is not disclosed on the ground that it may prejudice the outcome of the assessments.

Also, the Group, through ODX, entered into Token Pre-Sale Agreements ("PSA") with various investors for the sale of ODX tokens. The carrying value of the provision from PSA amounted to ₱160.40 million and ₱157.79 million as of December 31, 2025 and 2024 (see Note 12).

The Group, through ODX, also entered into advisory agreements with various advisors for which the services to be received are to be paid through internally generated tokens and for which the obligation cannot be measured with sufficient reliability.

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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and Board of Directors
Xurpas Inc.
Unit 804 Antel 2000 Corporate Centre
121 Valero St., Salcedo Village
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Xurpas Inc. and its subsidiaries (the Group) as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated July 17, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 and SEC Memorandum Circular No. 16-2023, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Jane Carol U. Chiu
Partner
CPA Certificate No. 127285
Tax Identification No. 213-262-420
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
SEC Partner Accreditation No. 127285-SEC (Group A)
Valid to cover audit of 2025 to 2029 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001998-161-2025, December 18, 2024, valid until December 17, 2027
PTR No. 10765027, January 2, 2026, Makati City

July 17, 2026

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Building a better working world

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INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and Board of Directors
Xurpas Inc.
Unit 804 Antel 2000 Corporate Centre
121 Valero St., Salcedo Village
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Xurpas Inc. and its subsidiaries (the Group) as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated July 17, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Jane Carol U. Chiu
Partner
CPA Certificate No. 127285
Tax Identification No. 213-262-420
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
SEC Partner Accreditation No. 127285-SEC (Group A)
Valid to cover audit of 2025 to 2029 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001998-161-2025, December 18, 2024, valid until December 17, 2027
PTR No. 10765027, January 2, 2026, Makati City

July 17, 2026

XURPAS INC. AND SUBSIDIARIES
INDEX TO THE SUPPLEMENTARY SCHEDULES

Annex A: Reconciliation of Retained Earnings Available for Dividend Declaration

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

Annex C: Supplementary Schedules Required by Annex 68-J

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

SCHEDULE A

XURPAS INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF FINANCIAL ASSETS

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

XURPAS INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)

No identified directors, officers, employees, and principal stockholders from whom an aggregate indebtedness of more than one million or one percent of total consolidated assets, is owed.

XURPAS INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

	Amount owed by Xurpas Parent to Xurpas Subsidiaries			
	Receivable balance per Xurpas Parent	Payable balance per Xurpas Subsidiaries	Current	Noncurrent
Xurpas Enterprise Inc.	₱206,753,712	₱206,753,712	₱206,753,712	₱–
Storm Technologies Inc.	128,633,184	128,633,184	128,633,184	–
Seer Technologies Inc.	48,748,515	48,748,515	48,748,515	–
Art of Click Pte. Ltd.	48,867,313	48,867,313	48,867,313	–
ODX Pte. Ltd	10,947,680	10,947,680	10,947,680	–
Xurpas Software Inc.	10,049,709	10,049,709	10,049,709	–
Xurpas Pty. Ltd.	4,020,513	4,020,513	4,020,513	–
Xeleb Technologies Inc. and subsidiary	2,487,331	2,487,331	2,487,331	–
Xurpas Pte. Ltd.	1,913,906	1,913,906	1,913,906	–
Subtotal	₱462,421,863	₱462,421,863	₱462,421,863	₱–

	Amount owed by Xurpas Subsidiaries to Xurpas Parent			
	Receivable balance per Xurpas Subsidiaries	Payable balance per Xurpas Parent	Current	Noncurrent
Xeleb Technologies Inc. and subsidiary	₱78,161,182	₱78,161,182	₱78,161,182	₱–
ODX Pte. Ltd.	100,671,612	100,671,612	100,671,612	–
Xurpas Enterprise Inc.	60,336,411	60,336,411	60,336,411	–
Art of Click Pte. Ltd.	17,994,493	17,994,493	17,994,493	–
Xurpas Software Inc.	5,929,260	5,929,260	5,929,260	–
Subtotal	₱263,092,958	₱263,092,958	₱263,092,958	₱–

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

SCHEDULE D

XURPAS INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT

			Long-term Debt
Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "current portion of long-term" in related balance sheet	Amount shown under caption "long-term debt" in related balance sheet
Loans Payable	₱16,000,000	₱12,512,000	₱–

SCHEDULE E

XURPAS INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)

Indebtedness to Related Parties (Long-term Loans from Related Companies)

Name of related party	Balance at beginning of period	Balance at end of period

The Group does not have long-term loans from related companies in its consolidated statements of financial position.

XURPAS INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF GUARANTEES OF SECURITIES OF OTHER ISSUERS

Guarantees of Securities of Other Issuers				
Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is file	Nature of guarantee
Not Applicable				
The Group does not have any guarantees of securities of other issuing entities by the issuer for which the consolidated financial statements is filed.				

XURPAS INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF CAPITAL STOCK

Capital Stock						
Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common shares	5,000,000,000	2,513,603,812*	−	−	567,011,399	1,942,672,413

**Net of treasury shares.*

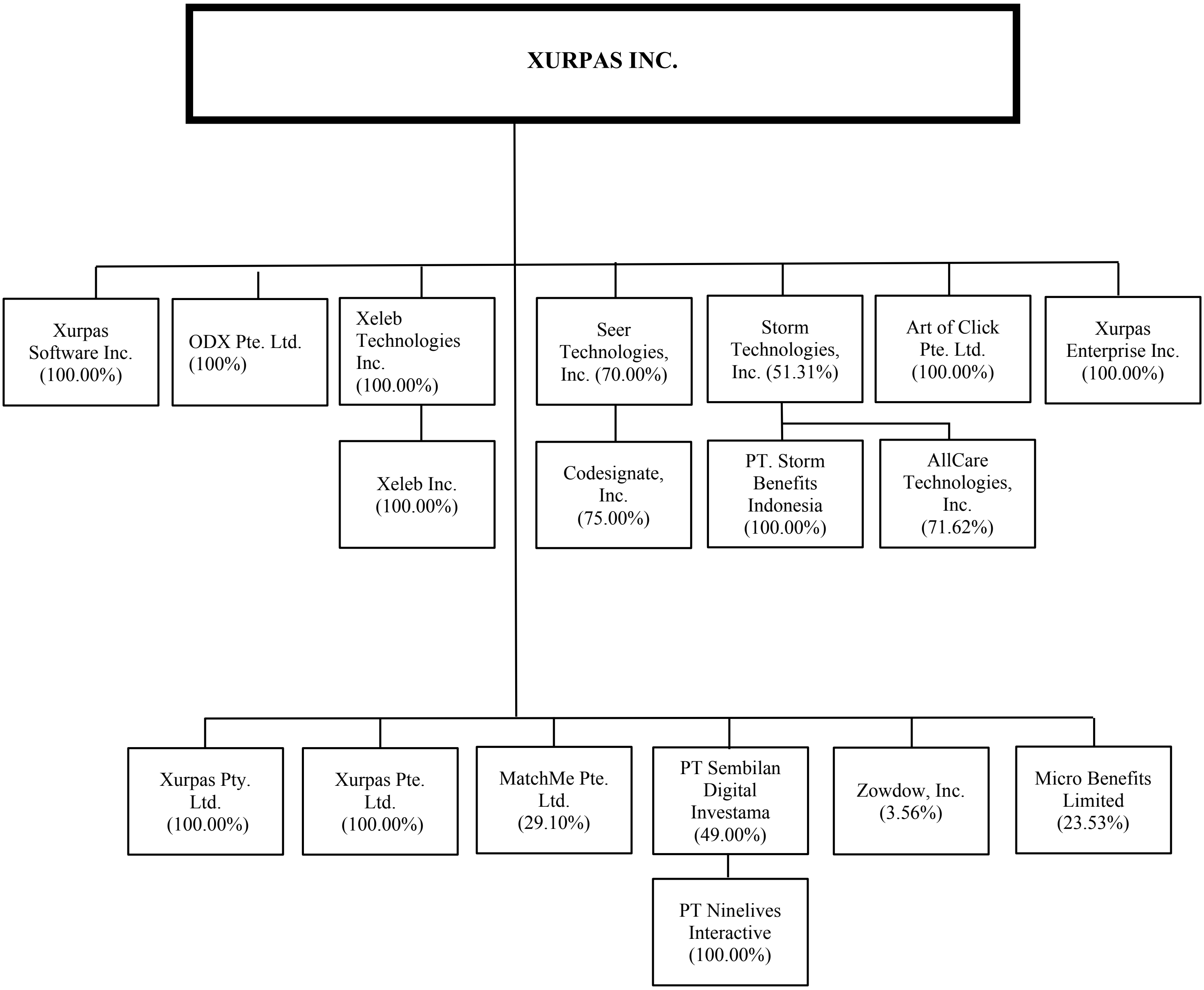
XURPAS INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

Unappropriated retained earnings beginning of reporting period		(₱3,622,382,020)
Add: Category A: Items that are directly credited to unappropriated retained earnings		
Reversal of retained earnings appropriation/s	–	
Effect of restatements or prior-period adjustments	–	
Others	–	–
Less: Category B: Items that are directly debited to unappropriated retained earnings		
Dividend declaration during the reporting period	–	
Retained earnings appropriated during the reporting period	–	
Effect of restatements or prior-period adjustments	–	
Others	–	–
Unappropriated retained earnings, as adjusted		(3,622,382,020)
Add/Less: Net income (loss) for the current year		(262,516,457)
Less: Category C.1: Unrealized income recognized in profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture net of dividends declared	–	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	–	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Unrealized fair value gain on investment property	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	–	
Subtotal		–
Add: Category C.2: Unrealized income recognized in profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalent	–	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Realized fair value gain on investment property	–	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	–	
Subtotal		–

Add: Category C.3: Unrealized income recognized in profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	–	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Reversal of previously recorded fair value gain on investment property	–	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	–	
Subtotal		–
Adjusted net income/loss		(262,516,457)
Add: Category D: Non actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	–	
Subtotal		–
Add: Category E: Adjustments related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	–	
Total amount of reporting relief granted during the year	–	
Others (describe nature)	–	
Subtotal		–
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividend distribution		
Net movement of treasury shares (except reacquisition of redeemable shares)	–	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	–	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable		
Adjustment due to deviation from PFRS/GAAP – gain (loss)	–	
Others (describe nature)	–	
Sub-total		–
Total retained earnings, end of the reporting period available for dividend		(₱3,884,898,477)

SCHEDULE I

XURPAS INC. AND SUBSIDIARIES
MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANIES IN THE GROUP, ITS ULTIMATE PARENT COMPANY AND CO-SUBSIDIARIES



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

XURPAS INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE ON FINANCIAL SOUNDNESS INDICATORS

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

Ratio	**Formula**	**2025**	2024
Return on Equity	Net Income attributable to equity holders of Xurpas Inc. divided by Average Total Equity (*Total Equity PY + Total Equity CY divided by 2)* Net Income (Loss) attributable to equity holders of Xurpas Inc. (₱244,363,729) Total Equity attributable to equity holders of Xurpas Inc. (CY) (209,201,304) Total Equity attributable to equity holders of Xurpas Inc. (PY) 53,550,089 Average Total Equity (77,825,612) Return on Equity 3.14	**3.14**	(1.17)
Return on Assets	Net Income attributable to equity holders of Xurpas Inc. divided by Average Total Assets (*Total Assets PY + Total Assets CY divided by 2)* Net Income (Loss) attributable to equity holders of Xurpas Inc. (₱244,363,729) Total Assets (CY) 216,727,996 Total Assets (PY) 426,425,701 Average Total Assets 321,576,849 Return on Assets (0.76)	**(0.76)**	(0.28)
Net Income Margin	Net Income attributable to equity holders of Xurpas Inc. divided by Revenue Net loss attributable to equity holders of Xurpas Inc. (₱244,363,729) Divided by: Revenue 209,229,908 Net Income Margin Ratio (1.17)	**(1.17)**	(0.72)
Gross margin ratio	Gross margin divided by Revenue Revenue ₱209,229,908 Less: Direct costs 135,938,370 Gross margin 73,291,538 Divided by: Revenue 209,229,908 Gross Margin Ratio 0.35	**0.35**	0.26
Operating margin ratio	Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) divided by Revenue Loss before Income Tax (₱240,708,072) Add: Interest Expense 3,715,205 Depreciation and Amortization 3,070,618 EBITDA (233,922,249) Divided by: Revenue 209,229,908 Operating Margin Ratio (1.12)	**(1.12)**	(0.69)

XURPAS INC. AND SUBSIDIARIES

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

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