

12 April 2024

THE PHILIPPINE STOCK EXCHANGE, INC.

Disclosure Department
6th Floor PSE Tower
One Bonifacio High Street
28th Street corner 5th Avenue
Bonifacio Global City, Taguig City

Attention: **MS. ALEXANDRA D. TOM WONG**
Officer-in-Charge, Disclosure Department

Gentlemen:

Enclosed herewith is our Annual Report for the year ended 31 December 2023 (SEC Form 17-A) with Sustainability Report.

We trust that you will find the attached documents in order.

Very truly yours,

PAXYS, INC.

By:



MAYETTE H. TAPIA

Corporate Information Officer

Investor Relations

From: ICTD Submission <ictdsubmission+canned.response@sec.gov.ph>
Sent: Thursday, 11 April 2024 11:42 pm
To: Investor Relations
Subject: Re: PaxysInc_SEC Form 17A Annual Report_11April2024

Thank you for reaching out to ictdsubmission@sec.gov.ph!

Your submission is subject for Verification and Review of the Quality of the Attached Document only for Secondary Reports. The Official Copy of the submitted document/report with Barcode Page (Confirmation Receipt) will be made available after 7 working days via order through the SEC Express at <https://secexpress.ph/>. For further clarifications, please call (02) 8737-8888.

----- NOTICE TO
COMPANIES -----

Please be informed of the reports that shall be filed only through ictdsubmission@sec.gov.ph.

Pursuant to SEC MC Circular No. 3 s 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (pdf) through email at ictdsubmission@sec.gov.ph such as the following SECONDARY REPORTS:

1. 17-A 6. ICA-QR 11. IHAR 16. 39-AR 21. Monthly Reports
2. 17-C 7. 23-A 12. AMLA-CF 17. 36-AR 22. Quarterly Reports
3. 17-L 8. 23-B 13. NPM 18. PNFS 23. Letters
4. 17-Q 9. GIS-G 14. NPAM 19. MCG 24. OPC (Alternate Nominee)
5. ICASR 10. 52-AR 15. BP-FCLC 20. S10/SEC-NTCE-EXEMPT

Further, effective 01 July 2023, the following reports shall be submitted through <https://efast.sec.gov.ph/user/login>.

1. FORM MC 18 7. Completion Report
2. FORM 1 - MC 19 8. Certificate-SEC Form MCG- 2009
3. FORM 2- MC 19 9. Certificate-SEC Form MCG- 2002, 2020 ETC.
4. ACGR 10. Certification of Attendance in Corporate Governance
5. I-ACGR 11. Secretary's Certificate Meeting of Board Directors (Appointment)
6. MRPT

Please be informed that the submission of the abovementioned eleven (11) reports through the ictdsubmission@sec.gov.ph shall no longer be accepted. For further information, please access this link Notice for guidance on the filing of reports:

Likewise, the following reports shall be filed through the Electronic Filing and Submission Tool (eFAST) at <https://efast.sec.gov.ph/user/login> :

1. AFS 7. IHFS 13. SSF
2. GIS 8. LCFS 14. AFS with Affidavit of No Operation
3. BDFS 9. LCIF 15. AFS with NSPO Form 1,2, and 3
4. FCFS 10. OPC_AO 16. AFS with NSPO Form 1,2,3 and 4,5,6
5. FCIF 11. PHFS 17. FS - Parent
6. GFFS 12. SFFS 18. FS – Consolidated

For the submission and processing of compliance in the filing of Memorandum Circular No. 28 Series of 2020, please visit this link – <https://apps010.sec.gov.ph/>

For your information and guidance.

Thank you.

6 6 0 9

SEC Registration Number

P A X Y S , I N C .

(Company's Full Name)

1 5 t h F l o o r , 6 7 5 0 A y a l a O f f i c e
T o w e r , A y a l a A v e n u e , M a k a t i C i t y

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

Atty. Mayette H. Tapia

(+632) 8250-3800

(Contact Person)

(Company Telephone Number)

1 2 3 1

Month Day

1 7 - A

(Form Type)

1 2 1 1

Month Day

(Calendar Year)

(Annual Meeting)

2023

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles
Number/Section

Total Amount of Borrowings

714

-

-

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the calendar year ended 2023
2. SEC Identification Number 6609
3. BIR Tax Identification No. 000-233-218
4. Exact Name of the registrant as specified in its charter PAXYS, INC.
5. Province, Country or other jurisdiction of incorporation: Makati City, Philippines
6. Industry Classification Code: _____ (SEC Use Only)
7. Address of principal office: 15th Floor, 6750 Ayala Office Tower, Ayala Avenue, Makati City
8. Issuer's telephone number, including area code: (+632) 8250-3800
9. Former name, 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:

a) Authorized Capital Stock

Common shares, ₱1.00 par value	1,800,000,000 shares
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b) Issued and Outstanding Shares

Common shares, ₱1.00 par value	1,148,534,866 shares
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c) Amount of Debt Outstanding as of December 31, 2023:

Nil

Are any or all of these securities listed on the Philippine Stock Exchange?

Yes No

11. Check whether the issuer:

(i) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports);

Yes No

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

Yes No

12. Aggregate market value of the voting stock held by non-affiliates:

₱197,628,133.65 (171,850,551 shares @ ₱1.15 per share as of December 31, 2023)

PAXYS, INC.

**SUPPLEMENTAL SCHEDULES
TO THE FINANCIAL STATEMENTS REQUIRED BY THE
SECURITIES AND EXCHANGE COMMISSION
AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
AND INDEPENDENT AUDITORS' REPORT**

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Description of Business

Corporate Information

Paxys, Inc. (Paxys, the Company, or the Parent Company) is an investment holding company incorporated in the Philippines and listed on the Philippine Stock Exchange. Formerly known as Fil-Hispano Holdings Corporation, Paxys was registered with the Philippine Securities and Exchange Commission (SEC) on February 14, 1952. As at December 31, 2023, its major shareholders are All Asia Customer Services Holdings Ltd. (AACSHL), a privately held company incorporated in Hong Kong, and Paxys NV, a wholly owned subsidiary of the Company, with 54.93% and 30.09% interests, respectively.

Though its operating subsidiary, Paxys provides general transcription, data conversion, contact center and other business process outsourcing services.

Previous investments of Paxys include the following:

- The Parent Company expanded its business and made several acquisitions in Australia through Paxys Australia Pty Ltd (“PAU”). The most significant acquisition was made in April 2006 when PAU acquired SmartSalary Pty Ltd (“SmartSalary”), a salary packaging company based in Australia. In 2009, SmartSalary acquired two major Australian providers of in-house salary packaging software solutions, namely, Melbourne System Group Pty Ltd and Seqoya Pty Ltd. In 2010, PAU incorporated a wholly-owned subsidiary, Smartfleet Management Pty Ltd (“Smartfleet”), for the purpose of engaging in fleet management-related business. Smartfleet further expanded by acquiring the assets of Webfleet Management Services Pty Ltd, a leading provider of software solutions for online fleet management. Smartfleet also acquired Australian Vehicle Consultants Pty Ltd, a full-service fleet management company and a leading provider of vehicle maintenance services. SmartSalary also acquired PBI Benefit Solutions Pty Ltd, a company engaged in issuing credit card products to employees of public hospitals and public benevolent institutions in Australia. In June 2012, the Company, through Paxys N.V., sold its 100% interest in PAU and its subsidiaries to SmartGroup Investments Pty Ltd.
- In January 2007, Paxys, together with joint venture partner Stellar Global, Inc., established Stellar Global Solutions Philippines, Inc. (“SGSP”). SGSP was organized to provide cost-effective Philippine offshore outsourcing for the Australian and UK clients of the Stellar Community. In April 2011, SGSP formed a wholly-owned subsidiary – Stellar Philippines, Inc. (“Stellar Philippines”) to further expand Stellar’s operations in the Philippines. Paxys sold all its equity interests in SGSP and Stellar Philippines to Stellar Global, Inc. in July 2013.

- In 2008, Paxys partnered with WNS Global Services Netherlands Cooperative U.A. (“WNS Global”) to form WNS Philippines, Inc. Based in Mumbai India, WNS Global is a leading provider of business process outsourcing for various services such as banking, travel, telecommunications, logistics, insurance, and healthcare. In October 2011, Paxys transferred all its equity interests in WNS Philippines, Inc. to its foreign partner.
- To further improve its IT capabilities and expertise, the Company acquired a majority stake in Ubaldo Reidenbach Solutions, Inc. (“URSI”) in 2008. URSI is a Philippine company engaged in IT consultancy focusing on Linux, Open Source Software, and Red Hat Software. In 2008, Paxys acquired majority ownership in Global Idealogy Corporation (“GIC”), a software solutions provider. In October 2012, Paxys transferred all of its equity interests in URSI in favor of URSI’s minority shareholders. In August 2011, Paxys sold all its equity interests in GIC in favor of GIC’s minority shareholders.

In 2014, Paxys N.V., a wholly-owned subsidiary of the Parent Company, completed a tender offer to acquire 345,622,477 common shares of the Parent Company representing 30.09% of its outstanding capital stock at the price of ₱3.20 per share. As of December 31, 2022, AACSHL remains the majority shareholder owning 54.93% of the Parent Company’s total issued and outstanding shares. The public ownership level of Paxys is at 14.96% as of December 31, 2022.

The registered office address of the Parent Company is at 15th Floor, 6750 Ayala Office Tower, Ayala Avenue, Makati City, Philippines.

Bankruptcy/Receivership for the Group

There has been no bankruptcy, receivership, or similar proceeding for the Paxys Group.

Business Combinations and Discontinued Operations for the Last Three (3) Years

Paxys Ltd. and Simpro Solutions Limited (SSL)

In 2012, Paxys purchased one hundred percent (100%) equity in Paxys Limited, a company registered and incorporated in Hong Kong. Paxys Ltd. owns 50% of SSL, a company incorporated in Hong Kong; along with its joint venture partner, Simpro Solutions, Inc., a Canadian BPO company engaged in contact center and back-office outsourcing activities.

SSL established Simpro Solutions Philippines, Inc. (SSPI) in 2012 for its BPO business in the Philippines. Effectively, Paxys has joint control in SSPI through its wholly-owned subsidiary, Paxys Limited.

In 2015, SSPI terminated its Philippine operations due to non-renewal of its service contracts with its customers. With the approval of the Board, SSPI thereafter amended its Articles of Incorporation shortening the term of its existence up to June 30, 2018. Said amendment has been approved by the Board of Directors on March 15, 2017, and by the Securities and

Exchange Commission on May 24, 2017. By virtue of the Amended Articles of Incorporation, the corporate existence of SSPI was terminated on June 30, 2018.

Principal Products or Service

Paxys is an investment holding company. Through its operating subsidiaries, Paxys has been engaged in diversified services such as business process outsourcing and data conversion throughout the Philippines and internationally. For the past years, Paxys divested its call center, salary packaging, IT consulting, and software solutions business. At present, Scopeworks Asia, Inc. (SWA) is its only remaining operating subsidiary.

SWA is a Philippine BPO company engaged in business process outsourcing by providing outsourcing services including data transcription services, customer service, facilities and support services, and back-office services to domestic and foreign institutions, as well as to multinational companies based in the Philippines and abroad.

Percentage of revenues contributed by foreign sales (In Millions Php)

	2023		2022		2021	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Foreign	₱-	-%	₱7.3	25%	₱29.9	67%
Local	16.7	100%	21.7	75%	14.8	33%
Total	₱16.7	100%	₱29.0	100%	₱44.7	100%

Distribution methods of the products or services

To ensure that all the clients' needs are properly addressed and met, the team has developed the Group's website (www.paxys.com). Through this site, clients can easily access all the subsidiaries' services and individual websites.

For its data transcription service, SWA delivered the service to its clients using a proprietary system which integrates marketing, transcription upload and download, job monitoring, customer service, and customer payment all on its website.

Status of any publicly- announced new product or service

There are no new products nor services introduced in 2023.

Competition

The Company's competition within the global BPO services industry includes US-based outsourcing companies, offshore BPO companies, and managed facility services companies.

Sources and Availability of Raw Materials and the Names of Principal Suppliers

Paxys and its subsidiaries obtain equipment and other materials mostly from local suppliers. The Company is not dependent upon one or limited number of suppliers for essential equipment and other materials as it continuously looks for new suppliers that can satisfy the Company's requirements.

Major Customers

The revenues from external customers accounting for 10% or more of the consolidated revenue pertain to revenue from facility management services.

Related Party Transactions

Paxys has established procedures to ensure the integrity and transparency of related party transactions between and among the Company and its joint venture partners, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by directors and officers. The arms-length principle is applied, and these transactions are properly recorded and disclosed in the financial records. The Group complies and shall disclose material RPTs in accordance with the SEC rules on material related party transactions for publicly listed companies.

For the year ending December 31, 2023, 2022, and 2021, there are no material related party transactions nor any pending or proposed transactions, to which the Company was or is to be a party and/or in which any of its directors and officers, any close family members of such individuals, had or is to have a direct or indirect material interest except as provided hereunder.

Complete details of the related party transactions of the company were disclosed in the notes to the financial statements.

Licenses

Scopeworks Asia, Inc. (SWA)

On November 25, 2009, SWA's registration of its expanding business process outsourcing service in the field of data transcription activity was approved by BOI. This certification entitles SWA to a three-year ITH starting December 2009 until November 2012. The ITH shall be limited only to the revenue generated from the registered expansion project. As a registered entity, SWA is required to export at least 70% of its total services, among other requirements. SWA's ITH incentive has expired in 2012 and it is now subject to 20% regular corporate income tax.

Simpro Solutions Philippines, Inc. (SSPI)

SSPI was registered with the Philippine Economic Zone Authority in October 2012 as an Ecozone Information Technology Enterprise. Under SSPI's registration conditions, SSPI's operations is not entitled to Income Tax Holiday (ITH), but only to 5% Gross Income Tax (GIT) incentive, in lieu of all national and local taxes, including the additional deduction of training expenses, as provided in RA 7916, as amended, and to incentives under Article 77, Book VI of EO 226 provided that it complies with the export sales requirement prescribed for Ecozone IT Enterprises.

As at December 31, 2023, SSPI has not availed the 5% GIT incentive and has been subjected to regular corporate income tax rate of 30% following the termination of its registered activities in June 2015. Given the termination of the corporate existence of SSPI as of June 30, 2018, the Group is also processing the cancellation of its PEZA registration.

Effect of existing or probable governmental regulations on the business

The limitation and conditions on SWA imposed by BOI ended in November 2012. Starting 2013, SWA is already subject to government regulations governing regular business entities.

Research and Development

The Company has not spent any amount during the last three calendar years on research and development activities.

Environmental Matters

The Company is not involved in any action or proceeding involving non-compliance in any material respect with relevant environmental laws and regulations of the Philippines.

Employee and Labor Relations

As of December 31, 2023, the Group has eight (8) employees. There are no existing collective bargaining agreements (CBA) covering Paxys employees nor its subsidiaries.

The Group provides its employees with medical insurance and leave benefits, gives loyalty awards and rewards, and sponsors, among others, year-end activities.

Additional Requirements as to Certain Issues or Issuers

Debt Issues

The Company's net worth exceeds ₱25.0 million. There are no unsecured bonds issued and to be issued as of December 31, 2023.

Item 2. Properties

The Group's assets consist of computer and communication equipment, leasehold improvements, furniture and fixtures, transportation equipment and software licenses. None of these assets were held as collateral in 2023 and 2022.

Below is the list of leased properties of the Group, including conditions thereof as of December 31, 2023:

PAXYS Location	Expiration of Lease	Term of Renewal
15 th Floor, 6750 Ayala Office Tower, Ayala Avenue, Makati City	April 30, 2026	Upon agreement of both parties

SWA Location	Expiration of Lease	Conditions
Building No.1, Diode St., Light Industry & Science Park (LISP), Brgy. Diezmo, Cabuyao Laguna	June 30, 2024	SWA already renewed on September 2022 for a period up to June 30, 2024, with no escalation for the first year of renewal (1 January 2023-31 December 2023), and 7.5% escalation on the second year (1 January 2024 – 30 June 2024).

SWA Location	Expiration of Lease	Term of Renewal
10 th Floor, Skyrise 4A, West Geonzon, Cebu City IT Park	May 17, 2024	Auto renewal, upon agreement of both parties

Item 3. Legal Proceedings

There are no material pending legal proceedings to which the Company nor any of its subsidiary or affiliates is a party, or of which any of their property is the subject.

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

There were no matters submitted to a vote of security holders during the year covered by this report.

PART II – SECURITIES

Item 5. Market for Registrant’s Common Equity and Related Stockholders Matters

Market Information

Principal market where common equity is traded: **Philippine Stock Exchange**

High and low sales prices for each quarter within the last two fiscal years:

The following are the high and low closing sales prices of the Corporation’s shares:

	Closing Prices	
	High	Low
2023		
1 st quarter	1.80	1.80
2 nd quarter	1.65	1.28
3 rd quarter	1.26	1.06
4 th quarter	1.15	1.02
2022		
1 st quarter	2.00	1.63
2 nd quarter	1.87	1.81
3 rd quarter	1.83	1.70
4 th quarter	1.87	1.60

Price information as of latest practicable trading date:

As of December 31, 2023, Paxys shares are traded on the Philippine Stock Exchange at the price of ₱1.15 per share.

Description of Registrant’s Securities

Common Stock

Common share with par value of ₱1.00 is the only class of shares of Paxys. As of December 31, 2023, total issued and outstanding shares of the Company amounted to 1,148,534,866 shares. The total authorized capital shares of stock is 1.8 billion shares.

Debt Securities

The Company does not have any debt securities to be registered.

Securities Subject to Redemption or Call

There are no securities subject to redemption or call.

Dividends

There were no dividends declared as at December 31, 2023, 2022, and 2021.

Holders

The number of stockholders of record as of December 31, 2023 in the Company's stock and transfer book was 714. The total common shares issued as of December 31, 2023 was 1,148,534,866. The list of the top 20 stockholders of Paxys common shares as of December 31, 2023 is stated hereunder:

Name	No. of Shares	% of Total
All Asia Customer Services Holdings Ltd.	621,260,820*	54.09%
PCD Nominee Corporation (Non-Filipino)	464,367,704	40.44%
PCD Nominee Corporation (Filipino)	61,000,530	5.31%
Kho, Jimmy Jao	250,000	0.02%
Chua, Carmen	216,276	0.02%
Granados, Juan P.	158,112	0.01%
Yao Shiong Shio	95,184	0.01%
Kaw Sek & Company	86,088	0.01%
Lim, Ghee Keong	81,800	0.01%
Paredes, Antonio	79,728	0.01%
Urrutia, Kevin	75,000	0.01%
Willis, Hugh Warren	63,111	0.01%
Jalandoni, Rodegelio M.	62,052	0.01%
Celis, Angela	55,776	0.00%
Martinez, Emilio G.	55,236	0.00%
Santiago, Eduardo A.	37,920	0.00%
Tangco, Francisco F.	37,896	0.00%
Co, Victor C.	31,536	0.00%
Asiamerit Securities, Inc.	24,000	0.00%
Reyes, Leopoldo T.	19,800	0.00%
Hollywood Stars Cosmetics, Inc.	19,788	00.00%
Total	1,148,078,357	99.96%

*. The total number of shares owned by All Asia Customer Services Holdings Ltd. is 630,844,038, representing 54.93% of the total outstanding shares

PART III – FINANCIAL INFORMATION

Item 6. Management’s Discussion and Analysis and Plan of Action

MANAGEMENT’S DISCUSSION AND ANALYSIS OR PLAN OF ACTION OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Year Ended December 31, 2023 Compared with Year Ended December 31, 2022

The following discussion and analysis of the financial condition and results of operations of Paxys, Inc. and its subsidiaries should be read in conjunction with the audited consolidated financial statements and other accompanying disclosures set forth elsewhere in this report.

Results of Operation

Consolidated Financial and Operational Highlights
(In Thousand Pesos unless otherwise stated)

	2023	2022	YoY Change
Service Income	₱16,662	₱29,044	-43%
Gross Profit	1,055	6,127	-83%
EBITDA ¹	142,091	57,396	148%
Loss from operations ²	(81,593)	(70,807)	-15%
Net Income attributed to equity holders	110,725	31,074	256%

The Group generated ₱16.7 million and ₱29.0 million revenues in 2023 and 2022, respectively, coming mainly from the managed facility services of Scopeworks Asia, Inc. (SWA), the remaining operating subsidiary of the Group. Compared to prior year, the 2023 revenues went down by about 43% due to the termination of SWA’s contract with a major client effective March 31, 2022.

Direct costs of operations also went down by about 32% due to cost saving initiatives undertaken to mitigate the impact of lower revenues. The resulting Gross Profit of ₱1.1 million in 2023 is 83% lower compared to 2022 Gross Profit of ₱6.1 million.

The Interest Income from the Group’s surplus funds amounted to ₱189.9 million in 2023. This is higher by 114% compared to ₱88.6 million interest income earned in 2021, due to higher interest rates in the market.

¹ EBITDA is defined as Earnings Before Interest Expense, Income Taxes, Depreciation and Amortization.

² Operating Income (Loss) = Gross Profit - Gen & Admin Expenses. Exclusive of Other Income

Scopeworks Asia, Inc. (SWA)

(in Thousand Pesos unless otherwise stated)

	2023	2022	YoY Change
Service Income	₱16,662	₱29,044	-43%
Gross Profit	1,055	6,127	-83%
EBITDA ¹	17,351	15,431	12%
) Loss from operations ²	(7,067)	(4,443)	59%
Net Income	3,159	3,583	-12%

Advances in technology and, to a certain extent, the Covid-19 pandemic, had a significant impact on the operations of the Company causing a decrease in business volume, which consequently resulted in the termination of the Company's contract with its client effective March 31, 2022. This in turn resulted in a 43% decline in revenues for 2023 compared to the previous year. Cost saving initiatives were undertaken to cushion the impact of lower revenues. The resulting gross profit is 83% lower than the 2022 gross profit. Direct cost and administrative expenses went down by 32% and 23%, respectively. Overall, operations resulted in a net profit of P3.2 million in 2023.

SWA is continuously looking for and exploring other business opportunities to further increase its revenues and not just limited to business processing outsourcing but also in other similar services, particularly facility management.

Financial Position

Consolidated Financial and Operational Highlights

(in Thousand Pesos unless otherwise stated)

	2023	2022	YoY Change
Current Assets	₱4,116,966	₱4,012,167	3%
Noncurrent Assets	34,281	55,539	-38%
Assets	4,151,247	4,067,706	2%
Current Liabilities	40,089	49,373	-19%
Noncurrent Liabilities	20,895	33,053	-37%
Equity	4,090,263	3,985,280	3%

The Group's assets are mainly cash equivalents and investment securities. These funds are invested in various local and international bank and the Group and provided interest income to fund the overhead of the group. With minimal corporate overhead, the Interest Income earned from these funds are more than enough to cover the Group's expenses.

¹ EBITDA is defined as Earnings Before Interest Expense, Income Taxes, Depreciation and Amortization

² Operating Income (Loss) = Gross Profit - Gen & Admin Expenses. Exclusive of Other Income

Liquidity and Capital Resources

Consolidated Financial and Operational Highlights (In Thousand Pesos unless otherwise stated)

	2023	2022	YoY Change
Net Cash provided by Operating Activities	₱86,810	₱82,645	5%
Net Cash provided by (used in) Investing Activities	(526,127)	511,618	-203%
Net Cash used in Financing Activities	(22,381)	(19,195)	17%
Net increase (decrease) in Cash and Cash Equivalents	(461,698)	575,068	-180%

The net decrease in cash pertains mainly to additional investment in securities as disclosed in the Group's consolidated financial statements for the year 2023. The total investment securities of the group amounted to ₱1,617.1 million and ₱1,071.8 million in 2023 and 2022, respectively, registering an increase of ₱545.3 million or about 51%.

The Company's management believes that the current level of cash generated from operations and its borrowing capability are sufficient to meet the Company's immediate future cash needs. The Company does not anticipate any liquidity problems that may arise from its operating activities in the near future.

Top Financial Ratios

The following are the major financial ratios of the Company for the year ended December 31, 2023 and year ended December 31, 2022:

	2023	2022	YoY Change
Current Ratio	102.70	81.27	26%
Debt to Equity Ratio	0.01	0.02	-50%
Return on Equity	2.71%	0.78%	247%
EBITDA Margin	853%	198%	331%
Net Income margin	665%	107%	521%

All KPI ratios are within the management's expectation within the periods under review.

1. Current ratio – Current ratio is a measurement of liquidity. It measures the Group's ability to cover its short-term liabilities with its current assets. This is derived by dividing the total current assets of the Group over total current liabilities. Higher ratio means higher liquidity.
2. Debt to equity ratio – indicates the relative proportion of the debt used to finance the Group's assets over its total shareholders' equity.

3. Return on equity ratio – Return on equity ratio is a profitability measure. This is computed by dividing the net income over total stockholders' equity.
4. EBITDA Margin – this is equal to the Group's earnings before interest, tax, depreciation, and amortization (EBITDA) divided by total revenue.
5. Net Income Margin – ratio of net profits to revenues

Other Matters

- a. Subsequent event
There are no material subsequent events that occurred after December 31 2023.
- b. Contingencies
As of December 31, 2023, the Company has no material contingencies.
- c. Commitments
There were no material commitments for expansion as of December 31, 2023.
- d. There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons during the reporting period.
- e. There are no unusual items as to nature and amount affecting assets, liabilities, equity, net income or cash flows, except those stated in Management's Discussion and Analysis of Financial Conditions and Results of Operations.
- f. There were no known trends, demands, commitments, events, or uncertainties that will have a material impact on the Company's liquidity.
- g. There were no known trends, events or uncertainties that have had or that are reasonably expected to have a favorable or an unfavorable impact on net sales or revenue or income from continuing operation.
- h. The causes for any material change from period to period are stated under Management's discussion and analysis section "financial condition".
- i. The effects of seasonality or cyclicity on the operations of the Company's business are not material.
- j. There were no material changes in estimates of amounts reported in interim periods of the current year or changes in estimates of amounts reported in prior financial years.

Year Ended December 31, 2022 Compared with Year Ended December 31, 2021

The following discussion and analysis of the financial condition and results of operations of Paxys, Inc. and its subsidiaries should be read in conjunction with the audited consolidated financial statements and other accompanying disclosures set forth elsewhere in this report.

Results of Operation

Consolidated Financial and Operational Highlights (In Thousand Pesos unless otherwise stated)

	2022	2021	YoY Change
Service Income	₱29,044	₱44,680	-35%
Gross Profit	6,127	12,644	-52%
EBITDA ¹	57,396	7,627	653%
Loss from operations ²	(70,807)	(63,842)	11%
Net Income (loss) attributed to equity holders	31,074	(13,413)	332%

The Group generated ₱29.0 million and ₱44.7 million revenues in 2022 and 2021, respectively, coming mainly from the data conversion program and managed facility services of Scopeworks Asia, Inc. (SWA), the remaining operating subsidiary of the Group. Compared to prior year, 2022 revenues went down by about 35% due to lower volume of business for the subsidiary and the termination of its contract with a major client effective March 31, 2022.

Direct costs of operations also went down by about 28% due to cost saving initiatives undertaken to mitigate the impact of lower revenues. The resulting Gross Profit of ₱6.1 million in 2022 is 52% lower compared to 2021 Gross Profit of ₱12.6 million.

The Interest Income from the Group's surplus funds amounted to ₱88.6 million in 2022. This is higher by 149% compared to ₱35.6 million interest income earned in 2021, due to higher interest rates in the market.

Scopeworks Asia, Inc. (SWA) (in Thousand Pesos unless otherwise stated)

	2022	2021	YoY Change
Service Income	₱29,044	₱44,680	-35%
Gross Profit	6,127	12,644	-52%
EBITDA ³	15,431	10,382	49%
Income (loss) from operations ⁴	(4,443)	(3,842)	16%
Net Income	3,583	928	286%

¹ EBITDA is defined as Earnings Before Interest Expense, Income Taxes, Depreciation and Amortization.

² Operating Income (Loss) = Gross Profit - Gen & Admin Expenses. Exclusive of Other Income

³ EBITDA is defined as Earnings Before Interest Expense, Income Taxes, Depreciation and Amortization

⁴ Operating Income (Loss) = Gross Profit - Gen & Admin Expenses. Exclusive of Other Income

Advances in technology and, to a certain extent, the Covid-19 pandemic, had a significant impact on the operations of the Company causing a decrease in business volume. This in turn resulted in a 35% decline in revenues for 2022 compared to 2021. Cost saving initiatives were undertaken to cushion the impact of lower revenues. Resulting gross profit is 52% lower than the 2021 gross profit. Direct cost and administrative expenses went down by 28% and 36%, respectively. Overall, operations resulted in a net profit of P3.6 million in 2022.

SWA is continuously looking and exploring other business opportunities to further increase its revenues, not just limited to business processing outsourcing but in other similar services as well, such as facility management.

Financial Position

Consolidated Financial and Operational Highlights (in Thousand Pesos unless otherwise stated)

	2022	2021	YoY Change
Current Assets	₱4,012,167	₱3,790,840	6%
Noncurrent Assets	55,539	59,618	-7%
Assets	4,067,706	3,850,458	6%
Current Liabilities	49,373	40,704	21%
Noncurrent Liabilities	33,053	47,251	-30%
Equity	3,985,280	3,762,503	6%

The Group's assets are mainly cash equivalents and investment securities. These funds are invested in various local and international bank and the Group and provided interest income to fund the overhead of the group. With minimal corporate overhead, the Interest Income earned from these funds are more than enough to cover the Group's expenses.

Liquidity and Capital Resources

Consolidated Financial and Operational Highlights (In Thousand Pesos unless otherwise stated)

	2022	2021	YoY Change
Net Cash provided by Operating Activities	₱82,645	₱103,840	-20%
Net Cash provided by (used in) Investing Activities	511,618	(622,189)	182%
Net Cash used in Financial Activities	(19,195)	(14,858)	29%
Net increase (decrease) in Cash and Cash Equivalents	575,068	(533,207)	208%

The net decrease in cash pertains mainly to funds invested in securities as disclosed in the Group's consolidated financial statements for the year 2022. The total investment securities of the group amounted to ₱1,071.8 million and ₱1,582.6 million in 2022 and 2021, respectively, registering a decrease of ₱510.8 million or about 32%.

The Company's management believes that the current level of cash generated from operations and its borrowing capability are sufficient to meet the Company's immediate future cash needs. The Company does not anticipate any liquidity problems that may arise from its operating activities in the near future.

Top Financial Ratios

The following are the major financial ratios of the Company for the year ended December 31, 2022 and year ended December 31, 2021:

	2022	2021	YoY Change
Current Ratio	81.27	93.13	-13%
Debt to Equity Ratio	0.02	0.02	-
Return on Equity	0.78%	-0.36%	316%
EBITDA Margin	198%	17%	1,065%
Net Income margin	107%	-30%	457%

All KPI ratios are within the management's expectation within the periods under review.

1. Current ratio – Current ratio is a measurement of liquidity. It measures the Group's ability to cover its short-term liabilities with its current assets. This is derived by dividing the total current assets of the Group over total current liabilities. Higher ratio means higher liquidity.
2. Debt to equity ratio – indicates the relative proportion of the debt used to finance the Group's assets over its total shareholders' equity.
3. Return on equity ratio – Return on equity ratio is a profitability measure. This is computed by dividing the net income over total stockholders' equity.
4. EBITDA Margin – this is equal to the Group's earnings before interest, tax, depreciation, and amortization (EBITDA) divided by total revenue.
5. Net Income Margin – ratio of net profits to revenues

Other Matters

- a. Subsequent event
There are no material subsequent events that occurred after December 31 2022.
- b. Contingencies
As of December 31, 2022, the Company has no material contingencies.
- c. Commitments
There were no material commitments for expansion as of December 31, 2022.
- d. There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons during the reporting period.

- e. There are no unusual items as to nature and amount affecting assets, liabilities, equity, net income, or cash flows, except those stated in Management’s Discussion and Analysis of Financial Conditions and Results of Operations.
- f. There were no known trends, demands, commitments, events or uncertainties that will have a material impact on the Company’s liquidity.
- g. There were no known trends, events or uncertainties that have had or that are reasonably expected to have a favorable or an unfavorable impact on net sales or revenue or income from continuing operation.
- h. The causes for any material change from period to period are stated under Management’s discussion and analysis section “financial condition”.
- i. The effects of seasonality or cyclicalities on the operations of the Company’s business are not material.
- j. There were no material changes in estimates of amounts reported in interim periods of the current year or changes in estimates of amounts reported in prior financial years.

Trends, Events, Uncertainties or Contingent Financial Obligation with Material Impact on Liquidity

The Company does not anticipate having liquidity problem within the next twelve (12) months since it has adequate amount of cash to pay its maturing obligations and to support its working capital requirements.

Year Ended December 31, 2021 Compared with Year Ended December 31, 2020

The following discussion and analysis of the financial condition and results of operations of Paxys, Inc. and its subsidiaries should be read in conjunction with the audited consolidated financial statements and other accompanying disclosures set forth elsewhere in this report.

Results of Operation

Consolidated Financial and Operational Highlights
(In Thousand Pesos unless otherwise stated)

	2021	2020	YoY Change
Service Income	₱44,680	₱54,648	-18%
Gross Profit	12,644	13,892	-9%
EBITDA ¹	7,627	(1,425)	635%
Loss from operations ²	(63,842)	(75,612)	-15%
Net Loss attribute to equity holders	(13,413)	(25,925)	-48%

¹ EBITDA is defined as Earnings Before Interest Expense, Income Taxes, Depreciation and Amortization.

² Operating Income (Loss) = Gross Profit - Gen & Admin Expenses. Exclusive of Other Income

The Group generated ₱44.7 million and ₱54.6 million revenues in 2021 and 2020, respectively, coming mainly from the data conversion program and managed facility service of Scopeworks Asia, Inc. (SWA), the remaining operating subsidiary of the Group. Compared to prior year, 2021 revenues went down by about 18% due to lower volume of business for the subsidiary.

Direct costs of operations also went down by about 21% due to cost saving initiatives undertaken to mitigate the impact of lower revenues. The resulting Gross Profit of ₱12.6 million in 2021 is 9% lower compared to 2020 Gross Profit of ₱13.9 million.

The Interest Income from the Group's surplus funds amounted to ₱35.6 million in 2021. This is lower by 31% compared to ₱51.3 million interest income earned in 2020, due to lower interest rates in the market.

Scopeworks Asia, Inc. (SWA)

(in Thousand Pesos unless otherwise stated)

	2021	2020	YoY Change
Service Income	₱44,680	₱54,648	-18%
Gross Profit	12,644	13,892	-9%
EBITDA ¹	10,382	4,719	120%
Loss from operations ²	(3,842)	(6,677)	-42%
Net Income (Loss)	928	(7,368)	-113%

The Covid-19 pandemic had a significant impact on the operations of the Company causing a decrease in business volume and an 18% decline in revenues for 2021 compared to 2020. The management then embarked on cost saving initiatives to cushion the impact of lower revenues resulting in gross profit that is only 9% lower than the 2020 gross profit. Direct cost and administrative expenses went down by 21% and 31%, respectively. Overall, operations resulted in a net profit of P928 thousand in 2021.

SWA is continuously looking and exploring other business opportunities to further increase its revenues, not just limited to business processing outsourcing but in other similar services as well.

Financial Position

Consolidated Financial and Operational Highlights

(in Thousand Pesos unless otherwise stated)

	2021	2020	YoY Change
Current Assets	₱3,790,840	₱3,657,366	4%
Noncurrent Assets	59,618	35,926	65%
Assets	3,850,458	3,693,292	4%

¹ EBITDA is defined as Earnings Before Interest Expense, Income Taxes, Depreciation and Amortization

² Operating Income (Loss) = Gross Profit - Gen & Admin Expenses. Exclusive of Other Income

Current Liabilities	40,704	33,433	22%
Noncurrent Liabilities	47,251	29,840	58%
Equity	3,762,503	3,630,019	4%

The Group's assets are mainly cash equivalents and investment securities. These funds are invested in various local and international bank and the Group and provided interest income to fund the overhead of the group. With minimal corporate overhead, the Interest Income earned from these funds are more than enough to cover the Group's expenses.

Liquidity and Capital Resources

Consolidated Financial and Operational Highlights (In Thousand Pesos unless otherwise stated)

	2021	2020	YoY Change
Net Cash provided by Operating Activities	₱103,840	₱96,800	7%
Net Cash used in Investing Activities	(622,189)	(699,555)	-11%
Net Cash used in Financial Activities	(14,858)	(15,909)	-7%
Net decrease in Cash and Cash Equivalents	(533,207)	(618,664)	-14%

The net decrease in cash pertains mainly to funds invested in securities as disclosed in the Group's consolidated financial statements for the year 2021. The total investment securities of the group amounted to ₱1,582.6 million and ₱1,049.8 million in 2021 and 2020, respectively, registering an increase of ₱532.8 million or about 51%.

The Company's management believes that the current level of cash generated from operations and the borrowing capability are sufficient to meet the Company's immediate future cash needs. The Company does not anticipate any liquidity problems that may arise from its operating activities in the near future.

Top Financial Ratios

The following are the major financial ratios of the Company for the year ended December 31, 2020 and year ended December 31, 2019:

	2021	2020	YoY Change
Current Ratio	93.1	109.4	-15%
Debt to Equity Ratio	0.02	0.02	-
Return on Equity	-0.36%	-0.71%	49%
EBITDA Margin	17%	3%	467%
Net Income margin	-30%	-47%	36%

All KPI ratios are within the management's expectation within the periods under review.

1. Current ratio – Current ratio is a measurement of liquidity. It measures the Group’s ability to cover its short-term liabilities with its current assets. This is derived by dividing the total current assets of the Group over total current liabilities. Higher ratio means higher liquidity.
2. Debt to equity ratio – indicates the relative proportion of the debt used to finance the Group’s assets over its total shareholders’ equity.
3. Return on equity ratio – Return on equity ratio is a profitability measure. This is computed by dividing the net income over total stockholders’ equity.
4. EBITDA Margin – this is equal to the Group’s earnings before interest, tax, depreciation, and amortization (EBITDA) divided by total revenue.
5. Net Income Margin – ratio of net profits to revenues

Other Matters

- a. Subsequent event
On March 31, 2022, SWA and its client in the data conversion services terminated its agreement. As a result, employees servicing this customer, will be separated effective in April 2022. SWA is planning to expand its current managed facility and support services.
- b. Contingencies
As of December 31, 2021, the Company has no material contingencies.
- c. Commitments
There were no material commitments for expansion as of December 31, 2021.
- d. There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons during the reporting period.
- e. There are no unusual items as to nature and amount affecting assets, liabilities, equity, net income or cash flows, except those stated in Management’s Discussion and Analysis of Financial Conditions and Results of Operations.
- f. There were no known trends, demands, commitments, events or uncertainties that will have a material impact on the Company’s liquidity.
- g. There were no known trends, events or uncertainties that have had or that are reasonably expected to have a favorable or an unfavorable impact on net sales or revenue or income from continuing operation.
- h. The causes for any material change from period to period are stated under Management’s discussion and analysis section “financial condition”.
- i. The effects of seasonality or cyclicity on the operations of the Company’s business are not material.
- j. There were no material changes in estimates of amounts reported in interim periods of the current year or changes in estimates of amounts reported in prior financial years.

Trends, Events, Uncertainties or Contingent Financial Obligation with Material Impact on Liquidity

The Company does not anticipate having liquidity problem within the next twelve (12) months since it has adequate amount of cash to pay its maturing obligations and to support its working capital requirements.

Item 7. Financial Statements

Please refer to the attached consolidated financial statements of Paxys Group (Exhibit C) as at and for the years ended December 31, 2023, 2022, and 2021.

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

The Group's external auditor from calendar year 2014 is Reyes Tacandong & Co.

The Group adopts the SEC Rule 68 policy on rotation of external auditors and complies with the provision of the long association of personnel (including partner rotation) as prescribed in the Code of Ethics for Professional Accountants in the Philippines as adopted by the Board of Accountancy and Philippine Regulation Commission and such other standards adopted by the SEC.

The Group's previous external auditor, SGV & Co. served the Group for more than five taxable years and the change was made in line with the corporate governance policies of the Group.

There are no disagreements with the current nor previous auditors regarding accounting and financial disclosure.

The consolidated fees billed for the audit of the Company's annual financial statements amounted to P1.3 million in 2023, 2022, and 2021, respectively.

There are no other assurance and related services rendered by the external auditors.

The audit fees were approved by the Audit Committee based on the scope of work of external auditors and the complexity of accounting and audit issues identified. There are no professional services rendered by the external auditor for tax accounting, compliance, advice, planning and any other form of tax services for the last two fiscal years.

PART IV. MANAGEMENT AND CERTAIN SECURITY HOLDERS

Item 9. Directors and Executive Officers of the Registrant

Directors, including independent directors and executive officers:

NAME	POSITION	AGE	CITIZENSHIP
Tarcisio M. Medalla	Chairman & President	75	Filipino
Roger Leo A. Cariño	Director/ Treasurer	64	Filipino
Christopher B. Maldia	Director	63	Filipino
Ghee Keong Lim	Director	56	Malaysian
Roberto A. Atendido	Director	76	Filipino
George Edwin SyCip	Independent Director	67	American
Jose Antonio A. Lichauco	Independent Director	65	Filipino
Mayette H. Tapia	Corporate Secretary / CIO / Compliance Officer	37	Filipino
Ana Maria A. Katigbak-Lim	Assistant Corporate Secretary/CIO	55	Filipino
Pablito O. Lim	Group Chief Financial Officer	65	Filipino
Sheri A. Inocencio	Chief Risk Officer	58	Filipino
Ruth Marinas	Chief Audit Executive	39	Filipino

Mr. Tarcisio M. Medalla (*Chairman and President*), 75 years old, Filipino, has been the Chairman and President of the Company since 30 December 2003. He is concurrently a Director of UT Global Services Limited, a privately held company with an RHQ in Manila and affiliated with All Asia Customer Services Holdings Ltd., an investment holding company that owns the controlling equity interest in Paxys. He has been connected with the Group since 1983. He is also a director of Pacific Online Systems Corporation, a company listed with the Philippine Stock Exchange. He graduated with a BSC degree, major in Accounting, from De La Salle University. He attended the Advanced Management Program (AMP) at the Harvard Business School. He is a Certified Public Accountant.

Mr. Roger Leo A. Cariño (*Director and Treasurer*), 64 years old, Filipino, has been a Director of the Company since 30 December 2003. He is currently the Company's Treasurer, which he also held from 2004 to 2006 and 2009. He is concurrently a Director of UT Global Services Limited, a privately held investment company with an RHQ in Manila and affiliated with All Asia Customer Services Holdings Ltd. He is also the Chairman and President of UT Foundation, Inc. He has been connected with the Group since 1990. He graduated with a BSC degree, major in Accountancy, from Ateneo de Naga University and attended the MBA Program at Murdoch University and the Strategic Business Economics program at the University of Asia and the Pacific. He is a Certified Public Accountant.

Mr. Christopher B. Maldia (*Director*), 63 years old, Filipino, has been a Director of the Company since December 2003. He graduated with a Bachelor of Laws degree from the Ateneo de Manila University. He also has a Master of Laws in International Legal Studies from New York University School of Law. He is a member of the Philippine Bar and the New York Bar.

Mr. Lim Ghee Keong (*Director*), 56 years old, Malaysian, was appointed as Director of the Company on 3 June 2005. He has more than 30 years of experience in financial and general management. Prior to joining the Usaha Tegas Sdn. Bhd. (UTSB) Group in 1995, he was attached to General Electric Capital Corporation in the USA and Ban Hin Lee Bank in Malaysia. He is a Director and Chief Operating Officer of UTSB and serves on the boards of several companies in which UTSB Group has interests, such as Maxis Berhad (listed on the Bursa Malaysia Securities Berhad (“**Bursa Securities**”), and Astro Malaysia Holdings Berhad (listed on Bursa Securities). He holds a Bachelor of Business Administration degree, majoring in Finance from the University of Hawaii at Manoa, USA.

Mr. Roberto A. Atendido (*Director*), 76 years old, Filipino, has been a Director of the Corporation since 1 October 2004. He is currently the President of Asian Alliance Holdings and Develop Corp., Chairman/Director of Myka Advisory & Consultancy Services, Inc., Vice Chairman of Asian Alliance Investment Corp. He is currently a member of the board of the following companies: Philippine Business Bank, and Macay Holdings Inc. He is also an independent Director of Mega Global Corporation. He holds a Masters Degree in Business Management from the Asian Institute of Management.

Mr. George Edwin SyCip (*Independent Director*), 67 years old, American, has been a Director of the Company since 1 October 2004. He advises a variety of companies in their cross-border endeavors between the US/Europe and Asia and serves on the corporate Boards of Asian Alliance Holdings and Development Corp., Cityland Development Corporation, and Bank of the Orient in San Francisco. He is also a Trustee or Director of the International Institute for Rural Reconstruction, Give2Asia. He holds a Master’s Degree in Business Administration from Harvard Business School and a Bachelor’s degree in International Relations/Economics from Stanford University.

Mr. Jose Antonio A. Lichauco (*Independent Director*), 65 years old, Filipino, is the Treasurer and a Director of Automated Technology (Philippines), Inc. where he was previously Senior Vice-President and Chief Financial Officer. He is concurrently the President of Asia Alliance Investment Corp., specializing in Investment Banking and Corporate Finance. He also held positions at Insular Investment and Trust Corporation and at SGV & Co. He obtained his Masters Degree in Business Administration from Columbia University in New York, USA in 1989.

Atty. Mayette H. Tapia, 37 years old, Filipino, is the Corporate Secretary, General Counsel, Corporate Information Officer, and Investor Relations Officer beginning September 4, 2017. She previously served as a General Counsel of a multinational company and as an associate lawyer at Angara Abello Concepcion Regala & Cruz (ACCRA) Law Offices. She is currently a member of the Association of Southeast Asian Nation (ASEAN) Law Association and served as a corporate secretary of the San Beda Law Alumni Association Board of Trustees. She obtained her Juris Doctor degree from San Beda University-College of Law in Manila and became a member of the Integrated Bar of the Philippine on April 2013.

Atty. Ana Maria A. Katigbak, 55 years old, Filipino, is the Assistant Corporate Secretary of the Company and has held the office since 1997. She is a senior partner in Castillo, Laman, Tan, Pantaleon & San Jose Law Offices and also acts as Director of Mabuhay Holdings, Inc.,

Corporate Secretary of Alsons Consolidated Resources, Inc. and IPM Holdings, Inc., and Assistant Corporate Secretary of Energy Development Corporation, Marcventures Holdings, Inc., Premiere Horizon Alliance Corporation, Solid Group, Inc. and Vulcan Industrial and Mining Corp. She is a member of the Integrated Bar of the Philippines.

Mr. Pablito O. Lim, 65 years old, Filipino, is the Chief Financial Officer of the Group since 2013 of the Company. He was the former CFO of Stellar Philippines, Inc. and Stellar Global Solutions Philippines, Inc. Prior to joining the Group, he was the CFO of Brightpoint Italy, Srl. and served as an Audit Executive in Sycip Gorres Velayo & Co., a member firm of Ernst & Young. He is also concurrently a Director of some of the Company's subsidiaries such as Simpro Solutions Philippines, Inc., Scopeworks Asia, Inc. and Paxys Realty, Inc. (formerly known as Paxys Global Services, Inc.). He is a Certified Public Accountant (CPA), Certified Compliance Officer (CCO), and completed the Executive Development Program and the Management Development Program at the Asian Institute of Management.

Ms. Sheri A. Inocencio, 58 years old, Filipino, is the Group's Chief Risk Officer (CRO). Prior to joining the Group, she was the Vice President for Finance in BA Continuum Philippines, Inc. (a subsidiary of Bank of America) from August 2013 up to February 2015 and in Advanced Contact Solutions, Inc. from March 2003 up to November 2008. She also held several key finance and audit roles in C3/Customer Contact Channels, Inc., Prople, Inc., NGL Pacific Ltd., Pacific Cable & DTU Systems, Inc., and SGV & Co. Ms. Inocencio graduated cum laude from University of the Philippines with a degree in Business Administration and Accountancy and is a Certified Public Accountant.

Ms. Ruth Marinas, 39 years old, Filipino, is the Group's Independent Chief Audit Executive effective 15 December 2021. She is a Certified Public Accountant with comprehensive experience in fields of general accounting, financial auditing, and taxation. She is knowledgeable in handling local and international companies of different industries, as well as small and medium enterprises.

KEY EMPLOYEES

All the employees are considered important assets of the Company who collectively make significant contributions to the Company. The key employees of the Company as at December 31, 2023 are as follows:

1. Mr. Tarcisio M. Medalla—Chairman and President
2. Atty. Mayette H. Tapia—Corporate Counsel, Corporate Secretary, Corporate Information Officer, and Compliance Officer
3. Mr. Pablito O. Lim— Group Chief Financial Officer
4. Ms. Sheri A. Inocencio – Chief Risk Officer
5. Ms. Ruth Marinas –Chief Audit Executive

The relevant experience and professional details of the above key employees were exhaustively discussed in the previous pages.

Family Relationship

None of the directors and executive officers is related to each other by affinity or consanguinity.

Involvement in Certain Legal Proceedings

None of the directors and executive officers was involved during the past five years and as of date of this report in any bankruptcy proceeding. Neither have they been convicted by final judgment in any criminal proceeding or been subject to any order, judgment or decree of competent jurisdiction, permanently or temporarily enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, nor found in action by any court or administrative body to have violated a securities or commodities law.

Item 10. Executive Compensation

Year/ Top Highly Compensated Officers [*] (Amounts in Million Pesos)	Compensation and other benefits	Stock Options	Total
2023: Chairman and President, Corporate Counsel and Compliance Officer	₱22.9	₱-	₱22.0
2022: Chairman and President, Corporate Counsel, and Compliance Officer	₱23.7	₱-	₱23.6
2021: Chairman and President, Corporate Counsel, and Compliance Officer	₱25.0	-	25.0

**The Group has a lean organizational structure. There are no other highly compensated officers other than the above. The names are shown in Item 9 part of this report.*

Per diem fees of the Group's executive officers and directors amounted to ₱836,000, ₱826,000, and ₱910,000 for the last three years ending December 31, 2023, 2022, and 2021, respectively.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

There are no agreements between the registrant and its key management personnel providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the law.

Warrants and Options Outstanding: Repricing

Not applicable. The Company has no outstanding warrants and options.

Item 11. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners

As of December 31, 2023 the Company has no knowledge of any individual or any party who beneficially owns in excess of 5% of Paxys common stock except as set forth in the table below:

Title of Class	Name and Address of Record Owner & Relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner	Citizenship	Number of Shares Held	Percent of Class
Common	All Asia Customer Services Holdings, Ltd. (AACSHL) 5/F Manulife Place 348 Kwun Tong Road Kowloon, Hong Kong	Expac Holdings Ltd. owns 100% of AACSHL. Paxys has neither corporate relationship nor information about Expac Holdings Ltd.	Hong Kong	630,844,038*	54.93%
Common	Paxys N.V. Kaya W.F.G. (Jombi) Mensing 36, Curaçao	Paxys, Inc. owns 100% equity of Paxys N.V.	Curaçao	345,622,477**	30.09%
Common	PCD Nominee Corp. G/F MSE Bldg., 6767 Ayala Ave., Makati City	Beneficial owners are the clients of the PCD participants' brokers. There are no beneficial owners owning more than 5% of the Registrant's capital stock.	Philippines	170,162,539	14.81%
Total				1,146,629,054	99.83%

* Inclusive of 9,583,218 shares lodged under PCD Nominee Corporation (Non-Filipino)

** Lodged under PCD Nominee Corporation (Non-Filipino)

Ownership Security of Management as of December 31, 2023:

Title of Class	Name of Beneficial Owner	Amount of Beneficial Ownership	Citizenship	Percent of Class
Common	Tarcisio M. Medalla Chairman & President	1,120	Filipino	0.0001%
Common	Christopher B. Maldia Director	129,520	Filipino	0.0113%
Common	Ghee Keong Lim Director	82,800	Malaysian	0.0072%
Common	Roger Leo A. Cariño Director	1,120	Filipino	0.0001%
Common	Roberto A. Atendido Director	1,000	Filipino	0.0001%
Common	George Edwin SyCip Independent Director	1,120	American	0.0001%
Common	Jose Antonio A. Lichauco Independent Director	1,120	Filipino	0.0001%
Common	Mayette H. Tapia Corporate Secretary/ CIO / Compliance Officer	0	Filipino	-
Common	Ana Maria A. Katigbak Assistant Corporate Secretary	0	Filipino	-
Common	Pablito O. Lim Group Chief Financial Officer	0	Filipino	-
	Total	₱217,800		0.0189%

The shareholdings of the above-named directors and officers aggregate to 217,800 shares or 0.0189% of the outstanding capital stock of the Company.

As reported in the Public Ownership Report as of December 31, 2023, 171,850,551 common shares are held by public shareholders, which is approximately 14.96% of the total issued and outstanding shares. The Company is compliant with the 10% minimum public ownership rule.

Voting Trust Holder of 5% or more

There are no voting trust agreements or any other similar agreement which may result in a change in control of the Company of which the Company has any knowledge.

Changes in control

No change in control of the Registrant has occurred since the previous fiscal year.

Item 12. Certain Relationships and Related Transactions

Except from those mentioned in **Item 1 (viii)**, there has been no transaction during the last two years, nor is any transaction presently proposed, to which the Company was or is to be a party in which any director or executive officer of the Company, or nominee for election as a director, or owner of more than 10% of the Company's voting securities, or voting trust holder of 10% or more of any class of the Company's securities, or any member of the immediate family of any of the foregoing persons had or is to have a direct or indirect material interest. In the ordinary and regular course of business, the Company had or may have transactions with other companies in which some of the foregoing persons may have an interest.

PART V. CORPORATE GOVERNANCE *(Please refer to the Company's I-ACGR)*

This will be exhaustively discussed in the Integrated Annual Corporate Governance Report of the Group (I-ACGR).

Pursuant to SEC Memorandum Circular No. 15, Series of 2017, publicly-listed are mandated to provide disclosure on compliance/non-compliance with the recommendations provided under the Code of Corporate Governance requirements of the Securities and Exchange Commission and the Philippine Stock Exchange through the I-ACGR. The I-ACGR will be published and disclosed to the PSE not later than May 31, 2024.

PART VI. EXHIBITS AND SCHEDULES *(Please refer to the following attachments)*

Exhibit A - Report on SEC Form 17-C

Exhibit B – Directors' Attendance of Board Meetings for the year 2023

Exhibit C – Audited Financial Statements as at December 31, 2023

PART VII.
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY SCHEDULES

- Item 14 – Supplementary Schedules required by Annex 68-E
- Item 15 – Reconciliation of Retained Earnings Available for Dividend
Declaration
- Item 16 – Schedule of Effective Standards and Interpretations
- Item 17 – Map of the relationships of the Companies within the Group

The above schedules formed part of the Supplementary Schedules attached in the Audited Consolidated Financial Statements as at and for the year ending December 31, 2023, 2022 and 2021.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned; thereunto duly authorized, in the City of Makati on APR 11 2024, April 2024

Issued By:
PAXYS, INC.



TARCISIO M. MEDALLA
Chairman & President



MAYETTE H. TAPIA
Corporate Secretary



PABLITO O. LIM
Chief Financial Officer

SUBSCRIBED AND SWORN to before me this APR 11 2024 day of _____ 2024 affiant(s) exhibiting to me their Passport Nos., as follows:

NAMES	PASSPORT No.	VALID UNTIL	PLACE OF ISSUE
Tarcisio M. Medalla	P7548707A	June 13, 2028	Manila, Philippines
Mayette H. Tapia	P0985037B	March 8, 2029	Manila, Philippines
Pablito O. Lim	P0464526C	June 9, 2032	Manila, Philippines

NOTARY PUBLIC
Doc. No. 142;
Page No. 30;
Book No. 13;
Series of 2024.

ATTY. JOEL FERRER FLORES
Notary Public for Makati City
Until December 31, 2024
Appointment No. M-115 (2023-2024)
Roll Of Attorney No. 77376
MCLE Compliance VIII No. 0001393-
Jan. 3, 2023 until Apr. 12, 2028
PTR NO. 10073945/ Jan. 2, 2024/ Makati City
IBP No. 330740/ Jan. 2, 2024/ Pasig City
1107 Bataan St., Guadalupe Nuevo, Makati City

Reports on SEC Form 17-C

Date Filed	Items Reported
4 January 2023	The Company submitted the Directors' Attendance for year 2022.
24 March 2023	The Company informed the Exchange that the annual meeting of the stockholders of Paxys, Inc. for the year 2023, which is scheduled to be held on any day in May, has been postponed to a later date. The purpose of the postponement is to provide the Board and management of Paxys with greater opportunity in determining the Company's strategic direction.
9 August 2023	The Company submitted the Certificates of Completion for Corporate Governance Seminar for the Directors and Officers of Paxys, Inc. in compliance with the SEC Memorandum Circular No. 20 Series of 2013.
4 October 2023	The Company informed the Exchange that the scheduled annual meeting of the stockholders of Paxys Inc. is on 11 December 2023 at the Manila Golf & Country Club, Harvard Road, Forbes Park, Makati City, Philippines.
9 October 2023	The Company submitted the notarized Independent Director's Certificate of Mr. Jose Antonio A. Lichauco.
2 November 2023	The Company submitted the certified list of stockholders of Paxys Inc. as of 31 October 2023, the record date of our Annual Stockholders' Meeting, which is scheduled on 11 December 2023.
13 November 2023	The Company submitted the notarized Independent Director's Certificate of Mr. George Edwin SyCip.
11 December 2023	The Company informed the SEC of the results of the Annual Stockholders' Meeting on 11 December 2023

PAXYS INC.
DIRECTORS' ATTENDANCE OF BOARD MEETINGS FOR THE YEAR 2023

Name of Director	Regular Meeting	Regular Meeting	Regular Meeting	Regular Meeting	Organizational Meeting
	24 March 2023	24 April 2023	3 August 2023	3 November 2023	11 December 2023
Tarcisio M. Medalla	✓	✓	✓	✓	✓
Roger Leo A. Cariño	✓	✓	✓	✓	✓
Roberto A. Atendido	A	✓	✓	✓	✓
Christopher B. Maldia	✓	✓	✓	✓	✓
Jose Antonio A. Lichauco	✓	✓	✓	✓	✓
Lim Ghee Keong	✓	✓	✓	✓	A
George Edwin Sycip	✓	✓	✓	A	✓

✓ - Present
A - Absent