

15 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

Subject: 2023 Definitive Information Statement

Gentlemen:

Enclosed herewith is our 2023 Definitive Information Statement with the required Annexes for the Annual Stockholders' Meeting on 10 May 2024, which was filed with the Securities and Exchange Commission on 12 April 2024, via email.

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

Very truly yours,

PAXYS, INC.

By:


MAYETTE H. TAPIA
Corporate Information Officer

11 April 2024

SECURITIES AND EXCHANGE COMMISSION

The SEC Headquarters, 7907 Makati Avenue
Salcedo Village, Bel-air, Makati City

Attention: **Atty. Oliver O. Leonardo**
Director
Market Securities Regulation Department

Subject: Definitive Information Statement
(SEC Form 20-IS)

Gentlemen:

In compliance with the Securities and Exchange Commission’s (“SEC”) SRC Rule 20 and in connection with Annual Stockholders’ Meeting of **Paxys, Inc.** (“Company”), which will be held on 10 May 2024, we submit herewith our Definitive Information Statement (“DIS”), including the 2023 Audited Financial Statements and latest available Management Report for 2024.

We further provide our responses to the SEC’s comments on the Preliminary Information Statement (“PIS”) which we received on 26 March 2024 via email.

Checklist of Requirements	Page No.	Remarks	Response
THE COMPANY IS ADVISED OF THE NOTICE DATED FEBRUARY 2024 RE: ALTERNATIVE MODE FOR DISTRIBUTING AND PROVIDING COPIES OF THE NOTICE OF MEETING, INFORMATION STATEMENT, AND OTHER DOCUMENTS IN CONNECTION WITH THE HOLDING OF ANNUAL STOCKHOLDERS’ MEETING (“ASM”) FOR 2024.			
			Please see Annex “A” hereof which is the SEC Letter dated March 22, 2024 granting the Company's request for the proposed distribution of the final copies of the Definitive Information Statement (“DIS”) in digital version through (a) QR Code and (b) a link to the Corporation’s website.
Part I.			
B. Control and Compensation Information			
ITEM 5. DIRECTORS & EXECUTIVE OFFICERS			
If action is with respect to election of directors			
<i>Information required by Part IV paragraphs (A), (D)(1) and (D)(3) of Annex “C”</i>			
(A) (1) Identity of Directors including Independent Directors and Executive Officers		The company is advised SEC Memo. Circular No. 4, Series of	SEC Memo. Circular No. 4, Series of 2017 re: Term Limit of Independent Directors is noted. The Company confirmed that, as of September 30, 2021,

15th Floor • 6750 Ayala Office Tower
Ayala Avenue, Makati City, Philippines 1226
Tel No. (632) 8250-3800 • Fax No. (632) 8250-3801
www.paxys.com

	<p>2017 re: Term Limit of Independent Directors.</p>	<p>the nominees have served the Company for a cumulative term of nine (9) years reckoning from year 2012. Pursuant to the Company’s Corporate Governance Guidelines and the SEC Memorandum Circular No. 19 dated November 22, 2016 on Code of Corporate Governance, the Company disclosed that it intends to retain these Independent Directors who has served for nine (9) years, subject to the Board’s finding of meritorious justification/s shareholders’ approval. Please refer to pages 13-14 of the DIS, which also provide as follows:</p> <p><i>“The Board of Directors is endorsing the re-election of Messrs. SyCip and Lichauco who have served as independent directors for more than nine years. The Board believes that their re-election as independent directors will be beneficial to the continuing growth, strategic direction, and corporate governance of the Company, and that their industry experience and knowledge will be most valuable in the successful governance of the Company.</i></p> <p><i>None of these independent director nominees are officers nor employees of the Company or any of its subsidiaries, nor related by affinity or consanguinity to the persons who nominated them or other relationships, which could reasonably be perceived to, materially interfere with the exercise of their independent judgment in carrying out their responsibilities as independent directors.”</i></p> <p>Both nominees have submitted a Certificate of Qualification as required by the Securities and Exchange Commission pursuant to its Notice dated October 20, 2006. Please see Annexes “B” and “C” hereof.</p>
PART III		
MANAGEMENT REPORT		
<p>Audited Financial Statements</p>	<p>Not submitted re: 2023 Consolidated Audited Financial Statements</p>	<p>The Company’s 2023 Consolidated Audited Financial Statements is attached as Annex “D”.</p>
<p>(a) Full fiscal years</p>		

(1) Discussion of the Registrant's Financial Condition, Changes in Financial Condition and Results of Operations for each of the last 2 fiscal years.	Make it sure that the figures indicated in the management discussion of 2023 vs. 2022 are correlated in the 2023 Consolidated	The Financial Condition, Changes in Financial Condition, and Results of Operations as at and for the years ended December 31, 2023 and 2022 are included in the attached 2023 Consolidated Audited Financial Statements. Please refer to the management discussion of 2023 vs 2022 on pages 31-33 of the DIS
(2) If FS shows losses from operation, explain the causes underlying these losses and the steps the registrant has taken or is taking to address these causes.	Financial Statements.	The Company's 2023 Audited Consolidated Financial Statements show a Net Income of P110.725 Million. Please refer to pages 30-33 of the DIS.
(3) Past and future financial condition and results of operation, with particular emphasis on the prospects for the future.		Please refer to pages 30-33 of the DIS.
Market Price of and Dividends required by Part V of Annex C		
(1) Market Information		
(b) If the information called for by paragraph (A) of this Part is being presented, the document shall also include the price information as of the latest practicable trading date , and in the case of securities to be issued in connection with an acquisition, business combination or other reorganization, as of the trading date immediately prior to the public announcement of such transaction.	Comply with highlighted portion re: include the price information as of the latest practicable trading date	The high and low closing prices of the Company's shares for the 3 rd quarter and the last traded price as of 29 February 2024 have been updated. Please refer to page 29 of the DIS.
<i>Discussion on Compliance with leading practice on Corporate Governance</i>		
<i>a. Evaluation system established by the company to measure or determine the level of compliance of the Board of Directors and top level management with its Manual of Corporate Governance</i>	Not complied with	A discussion on the Company's compliance with leading practice on Corporate Governance is provided in the DIS along with the following Annexes which are also found in the Company's website:
<i>b. Measures undertaken by the company to fully comply with the adopted leading practices on good corporate governance</i>		1. Charter of the Board of Directors (Annex "F");
<i>c. Any deviation from the Company's Manual of Corporate Governance. Including a disclosure of the name and position of the person/s involved and sanctions imposed on said individual</i>		2. Annual Board Assessment Form (Board) (Annex "G"); 3. Annual Board Assessment Form (Member) (Annex "H");
<i>D. Any plan to improve corporate governance of the company</i>		4. Charters of the Different Committees (Annexes "I" "J" "K" and "L") 5. Assessment of the Committees (Annexes "M" and "N")

		Please see page 39 to 40 of the DIS.
<i>Sec. 49 RCC, required disclosure</i>		
a) A description of the voting and vote tabulation procedures used in the previous meeting;	Not complied with.	In compliance with Section 49 of the Revised Corporation Code, please see the draft Minutes of the previous meeting (11 December 2023) attached as Annex “E” of the DIS, which provides as follows: a) <u>A description of the voting and vote tabulation procedures used in the previous meeting – (page 1, Minutes)</u> “As set out in the Requirements and Procedure for Participation and Voting in the meeting, which was attached to the Company’s Definitive Information Statement and posted in the Company’s website, stockholders who successfully registered within the prescribed period will be included in the determination of quorum. By voting in absentia or by proxy, a stockholder will be deemed present for purposes of determining quorum.” And (page 1 to 2, Minutes) “Participation and Voting During the Annual Meeting. The Corporate Secretary explained participation and voting procedures adopted for the annual meeting. According to her, under the Company’s By-Laws, every stockholder shall be entitled to one vote for each share of stock standing in his/her name in the books of the Corporation. For the election of directors, each stockholder may cumulate his/her votes. XXX” b) <u>A description of the opportunity given to stockholders or members to ask questions and a record of the questions asked and answers given – (page 2, Minutes)</u> “Finally, stockholders, once successfully registered, were also given an opportunity to raise questions or express comments limited to the agenda items by submitting the same
b) A description of the opportunity given to stockholders or members to ask questions and a record of the questions asked and answers given;		
c) The matters discussed and resolutions reached;		
d) A record of the voting results of each agenda item;		
e) A list of the directors or trustees, officers and stockholders or members who attended the meeting;		
f) Material information on the current stockholders, and their voting rights;		
g) Appraisals and performance report for the board and the criteria and procedure for assessment; and		
h) Directors disclosures on self-dealing and related party transactions.		

	<p><i>through the Company's email. Management will endeavor to reply to these questions or address these comments via email."</i></p> <p>And (page 5, Minutes) "Other Matters/Question and Answer. <i>The Chairman inquired if there were any questions or comments on the agenda. The Corporate Secretary confirmed that there were no questions or comments received by email prior to the meeting.</i>"</p> <p><u>c) The matters discussed and resolutions reached</u> –The Minutes provided for the matters to be discussed and approved during the meeting. All the resolutions were also quoted in the Minutes. Please see pages 2, 3, 4 and 5 of the Minutes.</p> <p><u>d) A record of the voting results of each agenda item</u> –The Minutes provided a tabulation of the votes of each item of the agenda. For (i) the approval of the Minutes of the previous meeting; (ii) the approval of the annual report; (iii) the ratification of corporate acts; and (iv) the appointment of external auditor, the Minutes provide: "<i>The Corporate Secretary noted for the record that stockholders owning at least 976,600,529 shares representing at least 85.03% of the outstanding capital stock, voted in favor of approving the minutes; 0 shares voted against; and 0 shares abstained on the matter. The affirmative votes are sufficient to approve the resolution.</i>"</p> <p>Likewise, for the election of directors, the Minutes provide that "<i>The Corporate Secretary noted that based on the tabulation and validation by our stock and transfer agent, stockholders owning at least 976,600,529 shares representing at least 85.03% of the outstanding capital stock, voted to elect all the</i></p>
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		<p>seven (7) candidates to the Board of Directors. The Corporate Secretary also flashed on the screen is the summary of the votes received by each candidate.</p> <p>Based on the tabulation and validation by our stock and transfer agent, and there being only seven (7) nominees to the seven (7) available seats for directors, the above nominees were unanimously elected by the stockholders holding at least 85.03% of the outstanding capital stock of the Corporation, as directors for the current year to serve as such for a period of one year and until their successors are duly elected and qualified.</p> <p>The Chairman also declared that the independent directors on the Board are Mr. George Edward Y. Sycip and Mr. Jose Antonio A. Lichauco.”</p> <p>e) <u>A list of the directors or trustees, officers and stockholders or members who attended the meeting</u>—The Minutes enumerated the directors who were present when the meeting was called to order as follows “The Chairman, Mr. Tarcisio M. Medalla, called the meeting to order and presided over the same. He introduced the members of the Board of Directors who were present, namely, Roger Leo A. Cariño, Christopher B. Maldia, Roberto A. Atendido, and Independent Director Jose Antonio A. Lichauco. The Corporate Secretary, Atty. Mayette H. Tapia, recorded the proceedings.”</p> <p>Likewise, the Minutes provide “The Corporate Secretary announced that there were present, in person and by proxy, at least 976,600,529 shares representing at least 85.03% of the outstanding capital stock. The list of attendees and proxies is available at the office of the Corporation. She</p>
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		<p><i>therefore certified that there was a quorum for the transaction of business.”</i></p> <p><u>f) Material information on the current stockholders, and their voting rights</u> – Please see pages 29-30 of the DIS, which provides for the list of Shareholders of the Company and their voting rights as discussed in page 7 under Item 4 on Voting Securities and Principal Holders Thereof.</p> <p><u>g) Appraisals and performance report for the board and the criteria and procedure for assessment</u> –Please see pages 39-40 of the DIS, which provides that <i>“The Company continues to have four (4) Board Committees namely the Executive Committee, the Audit and Risk Management Committee, the Nominations Committee, and the Compensation and Remuneration Committee. In keeping with regulatory requirements, each Committee continuously updates its Charter and Performance Assessment Procedures, as needed. Upon review of its respective Charter and evaluation of its respective Committee performance based on defined rating system, the Committees assessed their performance to be satisfactory, able to engage the Board, management and other stakeholders in risk management, control and governance processes to bring about a positive impact while furthering the goals of the Company.”</i></p> <p>Please see attached relevant documents attached as Annexes “F to N” of the DIS.</p> <p><u>h) Directors disclosures on self-dealing and related party transactions</u> –This is not applicable as there was no transaction of such nature concerning the directors. Please see page 27 on</p>
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		<p>Related Party Transaction which provides that “<i>Transactions between related parties mainly include billed services and cash advances for working capital and are accounted for at arms-length prices. In 2023, the Group has billed services to related parties and extended cash advances in support of working capital requirements amounting to ₱5.3 million.</i>”</p>
AUDITED FINANCIAL STATEMENTS		
<p>Statement of Management Responsibility on the Financial Statements as prescribed by SRC Rule 68 (As Amended) (Financial Reporting Bulletin No. 1)</p>	<p>Not submitted</p>	<p>Please see the Company’s 2023 Audited Consolidated Financial Statements attached as Annex “O”.</p>
<p>The Management of (name of reporting company) is responsible for the preparation and fair presentation of the financial statements for the year (s) ended (date), including the additional components attached therein, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and the implementing internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances. The Board of Directors of Trustees reviews and approves the financial statements and submit the same to the stockholders or subscribers. (Name of Auditing Firm), the independent auditors, appointed by the stockholders has examined the financial statements of the company in accordance with Philippine Standards on Auditing, and its report to the stockholders or subscribers has expressed opinion on the fairness of presentation upon completion of such examination. Signature and Printed name of the (1) Chairman of the Board, (2) Chief Executive Officer, (3) Chief Financial Officer</p>		

ADDITIONAL COMPONENTS OF FINANCIAL STATEMENTS (SRC Rule 68, as amended October 2011)		
A matter paragraph in the Auditor's Report on each components:	Not submitted	Please refer to the "Independent Auditors' Report" of the 2023 Audited Consolidated Financial Statements attached as Annex "O"
A reconciliation of Retained Earnings Available for Dividend Declaration (Part 1, 4(c))		Please refer to the "Schedule H" of the 2023 Audited Consolidated Financial Statements attached as Annex "O"
A reconciliation of Retained Earnings available for dividend declaration which shall present the prescribed adjustments as indicated in Annex 68-C		Please refer to the "Schedule H" of the 2023 Audited Consolidated Financial Statements attached as Annex "O"
A map of conglomerate or group of companies showing the relationship between and among the company and its ultimate parent company, middle parent, subsidiaries or co-subsidiaries, and associates (Par 4(h))		Please refer to the "Schedule J" of the 2023 Audited Consolidated Financial Statements attached as Annex "O"
ADDITIONAL DISCLOSURE REQUIREMENTS		
Additional disclosures set forth in Annex 68-D shall appear on the face of the balance sheets or related notes and in the Statement of comprehensive income or related notes filed and on the face of the financial statements	Not submitted	Please refer to the face and notes of the 2023 Audited Consolidated Financial Statements attached as Annex "O"
Disclosures of receivable/payables with related parties eliminated during consolidation (Annex 68-D)		Please refer to the "Schedule C" of the 2023 Audited Consolidated Financial Statements attached as Annex "O"
ADDITIONAL DISCLOSURE REQUIREMENTS (SRC Rule 68, as amended October 2011)		
A schedule showing financial soundness indicators in two comparative period as follows: 1) current/liquidity ratios; 2) solvency ratios, debt-to-equity ratio; 3) assets-to-equity ratio; 4) interest rate coverage ratio; 5) profitability ratio and 6) other relevant ratio as the Commission may prescribe.	Not submitted	Financial soundness indicators for the years 2023 and 2022 are presented on page 33 of the DIS under the heading "Financial Condition."

Copies of the Definitive Information Statement ("DIS"), including the 2023 Audited Financial Statements and latest available Management Report for 2024, will be available on the Company's website. Notice of the Annual Stockholder Meeting will be published in the business section two (2) newspaper of general circulation, in print and online format for two (2) consecutive days starting on 16 April 2024 in compliance with SEC's Notice dated 23 February 2024 as an alternative mode for distributing and providing copies of the Notice of Meeting.

We trust that you will find the attached documents in order. We hope to receive the SEC's clearance on or before the distribution date.

Very truly yours,

PAXYS, INC.

By:


MAYETTE H. TAPIA

Corporate Secretary and Corporate Information Officer

COVER SHEET

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
(Contact Person)

(+632) 8250-3800
(Company Telephone Number)

DEFINITIVE INFORMATION STATEMENT

1 2 3 1
Month Day
(Fiscal Year)

2 0 - I S
(Form Type)

0 5 1 0
Month Day
(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

714
Total No. of Stockholders

Total Amount of Borrowings
P- Domestic P- Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

PAXYS, INC.

15/F 6750 Ayala Office Tower, Ayala Avenue, Makati City

To all Stockholders:

Please be advised that the annual meeting of the stockholders of **PAXYS, INC.**, will be held on **10 May 2024** at the Manila Golf & Country Club, Harvard Road, Forbes Park, Makati City, Philippines at 2:00 PM.

The agenda is as follows:

1. Call to Order
2. Proof of Notice and Certification of Quorum
3. Approval of Minutes of Previous Stockholders' Meeting
4. Management Report and Audited Financial Statements for the Year Ended December 31, 2023
5. Ratification of Previous Corporate Acts
6. Election of Directors
7. Appointment of External Auditors
8. Other Matters
9. Adjournment

For purposes of the meeting, stockholders of record as of 19 April 2024 are entitled to notice and to vote at the said meeting. Registration for the meeting begins at 12:30 PM. For convenience in registering your attendance, please present government issued identification, such as a driver's license, voter's ID, TIN card, SSS card or passport.

If you will not be able to attend the meeting but would like to be represented thereat, you may submit your proxy form, duly signed and accomplished, to the Corporate Secretary at the 15th Floor, 6750 Ayala Office Tower, Ayala Avenue, Makati City, Philippines on or before 30 April 2024. Beneficial owners whose shares are lodged with PDTC or registered under the name of a broker, bank or other fiduciary allowed by law must, in addition to the required ID, present a notarized certification from the owner of record that he is the beneficial owner, indicating thereon the number of shares. Corporate shareholders shall likewise be required to present a notarized secretary's certificate attesting to the authority of its representative to attend and vote at the stockholders' meeting. In accordance with Rule 20.11.2.18 of the 2015 Implementing Rules and Regulations of the Securities and Regulation Code, proxies executed by brokers shall be accompanied by a certification under oath stating that before the proxy was given to the broker, he had obtained the written consent of the persons in whose account the shares are held.

Validation of proxies will be held not later than 3 May 2024 at the office of the Company's stock transfer agent.

Pursuant to SEC Notice issued on 23 February 2024, a copy of this Notice of meeting and accompanying annexes containing a brief statement of the rationale and explanation for each item in the agenda, Definitive Information Statement, Management Report, Proxy Form and other documents related to the meeting are available at the Company's website at www.paxys.com.

Makati City, Metro Manila, Philippines, 18 March 2024.


MAYETTE H. TAPIA
Corporate Secretary

AGENDA
Details and Rationale

1. Call to order

The Chairman of the Board of Directors and President, Mr. Tarcisio M. Medalla, will call the meeting to order.

2. Proof of notice and certification of quorum

The Corporate Secretary, Atty. Mayette H. Tapia, will certify that copies of the Notice have been sent to all stockholders of record as of 19 April 2024, and whether the attendees represented at the meeting hold a sufficient number of shares for quorum to exist for the valid transaction of business.

3. Approval of the Minutes of Previous Stockholders' Meeting

Copies of the draft minutes have been distributed together with the Notice of Stockholders' Meeting and Information Statement.

The stockholders will be requested to approve the draft minutes. The following is the proposed resolution:

“RESOLVED, that the minutes of the Annual Stockholders' Meeting of Paxys, Inc. held on December 11, 2023 be, as it is hereby, approved.”

4. Management Report & Audited Financial Statements for the Year Ended 31 December 2023

The Chairman and President will present the report of Management to the stockholders, discuss initiatives undertaken and challenges faced by the Company in 2023 and share his personal perspective of the Company's future.

The audited financial statements for the year ended 31 December 2023 were prepared by the Company's independent auditors, Reyes, Tacandong & Co., and approved by the Company's Board of Directors. In compliance with regulatory requirements, the audited financial statements were also submitted to the Securities and Exchange Commission and Bureau of Internal Revenue.

Copies of the Management Report together with the audited financial statements for the year ended 31 December 2023 have been distributed with the Information Statement.

Questions will be entertained from the stockholders after the presentation.

The stockholders will be requested to approve the Management Report and the audited financial statements for the year ended 31 December 2023. The following is the proposed resolution:

“RESOLVED, that the Management Report and the Corporation's audited financial statements for year ended December 31, 2023 be, as it is hereby, approved.”

5. Ratification of Previous Corporate Acts

The Company's performance is the result of the acts, contracts, resolutions and actions of the Board of Directors and Management of the Company, and the stockholders will be requested to ratify the same. The following is the proposed resolution:

“RESOLVED, that all acts, contracts, resolutions and actions of the Board of Directors and Management of the Corporation from the date of the last annual stockholders’ meeting up to the present be, as they are hereby, approved, ratified and confirmed.”

6. Election of Directors

The individuals named below have been nominated as regular or independent directors and their respective nominations have been screened by the Nominations Committee. The re-election of the independent directors has been approved by the Board of Directors, which believes that their re-election as independent directors will be beneficial to the continuing growth, strategic direction, and corporate governance of the Company. The Board and Management further believe that their industry experience and knowledge will be most valuable in the successful governance of the Company.

For Regular Directors

1. TARCISIO M. MEDALLA
2. ROGER LEO A. CARIÑO
3. CHRISTOPHER B. MALDIA
4. LIM GHEE KEONG
5. ROBERTO A. ATENDIDO

For Independent Directors:

6. GEORGE EDWIN SYCIP
7. JOSE ANTONIO A. LICHAUCO

Voting may be done in person or by proxy. Proxy forms can be downloaded from the Company’s website at www.paxys.com. Signed and accomplished proxy forms are required to be submitted not later than 5:00 p.m. of 30 April 2024 and shall be validated no later than 3 May 2024. Votes may be cumulated as provided in the Revised Corporation Code.

7. Appointment of External Auditors

The Company’s Audit, Risk Management, and Related-Party Transactions Committee has reviewed the qualifications and performance of its current external auditor, Reyes Tacandong & Co., and has endorsed its reappointment for the current year 2024. The following is the proposed resolution:

“RESOLVED, that the accounting firm of Reyes Tacandong & Co. be reappointed external auditors of the Company for the current year 2024.”

8. Other Matters

Stockholders may propose to discuss other issues and matters.

9. Adjournment

After all matters in the agenda have been taken up, the Chairman shall entertain a motion to adjourn the meeting.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS
DEFINITIVE INFORMATION STATEMENT
PURSUANT TO SECTION 20 OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

Preliminary Information Statement
 Definitive Information Statement

2. Name of Registrant as specified in its charter: **PAXYS, INC.**
3. Province, country or other jurisdiction of incorporation or organization: **Makati City, Philippines**
4. SEC Identification Number: **6609**
5. BIR Tax Identification Code: **000-233-218-000**
6. Address of principal office: **15th Floor 6750 Ayala Office Tower
Ayala Avenue,
Makati City
Postal Code 1226**
7. Registrant's telephone number, including area code: **(+632) 8250-3800**
8. Date, time and place of the meeting of security holders:
Date: **May 10, 2024**
Time: **2:00 PM**
Venue: **Manila Golf & Country Club, Harvard Road, Forbes Park,
Makati City, Philippines**
9. Approximate date on which the Information Statement is to be first sent or given to security holders:
April 16, 2024
10. Compliance with Section 49 of the Revised Corporation Code of the Philippines and SEC Memorandum Circular No. 3, Series of 2020:

The approximate date when the notice of the annual stockholders' meeting will be first sent to security holders will be on April 16, 2024, through newspaper publication via The Philippine Star and online publication via Business World. Said date is at least twenty-five (25) calendar days prior to the date of the meeting in compliance with Section 49 of the Revised Corporation Code of the Philippines and SEC Memorandum Circular No. 3 Series of 2020.

Likewise, in compliance with Section 49 of the Revised Corporation Code of the Philippines and SEC Memorandum Circular No. 3, Series of 2020, the written notice contains all information and deadlines relevant to the shareholders' participation in the proxy meeting and exercise of the right to vote (in person or through a proxy).
11. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor: **PAXYS, INC.**
Address and Telephone No.: **15th Floor, 6750 Ayala Office Tower, Ayala Avenue, Makati City
(+632) 8250-3800**
12. Securities registered pursuant to Sections 8 and 12 of the Securities Regulations Code (information on number of shares and amount of debt is applicable only to corporate registrants):

a. Authorized Capital Stock

Title of Each Class	Par Value	No. of Shares	Authorized Capital Stock
Common	Php1.00	1,800,000,000	Php1,800,000,000.00

b. No. of Common Shares Outstanding as of 29 February 2024: **1,148,534,866**

c. Amount of Debt Outstanding as of December 31, 2023: **nil**

13. Are any or all of registrant's securities listed on a Stock Exchange?

Yes No

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

The Common Stock of the Company is listed at the Philippine Stock Exchange, Inc. (PSE)

**PAXYS, INC.
INFORMATION STATEMENT**

A. GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting of Security Holders

The annual stockholders' meeting of PAXYS, INC. (hereafter the "**Registrant**" or "**Company**" or "**Paxys**") will be held on 10 May 2024 at 2:00 p.m. at the Manila Golf & Country Club, Harvard Road, Forbes Park, Makati City, Philippines.

The complete mailing address of the principal office of the Registrant is 15th Floor, 6750 Ayala Office Tower, Ayala Avenue, Makati City.

The approximate date when the notice of the annual stockholders' meeting and the information statement will be first sent to security holders is on 16 April 2024 through newspaper publication via The Philippine Star and online publication via Business World. Said date is at least twenty-five (25) calendar days prior to the date of the meeting in compliance with Section 49 of the Revised Corporation Code of the Philippines and the SEC Memorandum Circular No. 3, Series of 2020.

Likewise, in compliance with Section 49 of the Revised Corporation Code of the Philippines and the SEC Memorandum Circular No. 3, Series of 2020, the written notice contains all information and deadlines relevant to the shareholders' participation in the meeting and exercise of the right to vote.

Item 2. Dissenters' Right of Appraisal

There are no matters to be taken up during the annual stockholders' meeting with respect to which the law allows the exercise of the appraisal right by any dissenting stockholder. The Corporation Code limits the exercise of the appraisal right to the following instances:

- a. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence (Section 81);

- b. In case of the sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets (Section 81);
- c. In case of merger or consolidation (Section 81);
- d. In case of investments in another corporation, business or purpose (Section 42).

Since the matters to be taken up do not include any of the foregoing, the appraisal right will not be available.

However, if at any time after this Information Statement has been sent out, an action which may give rise to the right of appraisal is proposed at the meeting, any stockholder who voted against the proposed action and who wishes to exercise such right must make a written demand, within thirty (30) days after the date of the meeting or when the vote was taken, for the payment of the fair market value of his shares. Upon payment, he must surrender his certificates of stock. No payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

The directors, officers, nominees for directors and their associates do not have a substantial interest, direct or indirect, in any matter to be acted upon, other than election to office.

The registrant has not been informed in writing by any person that he intends to oppose any action to be taken by the Company at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

As of 29 February 2024, there are 1,148,534,866 outstanding common shares entitled to notice and to vote at the meeting.

The record date for the purpose of determining the stockholders entitled to notice of meeting and to vote at, the Annual Meeting of Stockholders is on 19 April 2024.

The election of the board of directors for the current fiscal year will be taken up and all stockholders have the right to cumulate their votes in favor of their chosen nominees for director in accordance with Section 24 of the Revised Corporation Code. Section 24 provides that a stockholder, may vote such number of shares registered in his name as of the record date for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit. The total number of votes cast by such stockholder should not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected.

Security Ownership of Certain Record and Beneficial Owners and Management

(1) Persons Known to the Registrant to be Directly or Indirectly the Record or Beneficial Owner of More than 5% of Any Class of the Registrant's Voting Securities:

As of 29 February 2024, Paxys 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	14.82%
Total				1,146,629,054	99.84%

*This includes the 9,583,218 lodged shares of AACSHL under PCD Nominee Corporation (Non-Filipino)

**The 345,622,477 shares of Paxys N.V. are currently lodged under PCD Nominee Corporation (Non-Filipino)

The right to vote the shares of AACSHL shall be exercised through its duly appointed proxy. AACSHL has previously appointed Mr. Tarcisio M. Medalla, Chairman and President of Paxys, Inc., as proxy for past stockholders' meetings. It is expected that AACSHL shall reappoint him as proxy for this year's meeting.

The shares held by AACSHL include 3,970,818 shares lodged with AB Capital Securities, Inc. and 5,612,400 shares lodged with S.J. Roxas & Co., Inc.

Paxys N.V., a wholly owned subsidiary of Paxys, owns 30.09% of the Company. As of 29 February 2024, the public ownership level of Paxys was 14.96%. Paxys N.V. has appointed Mr. Tarcisio M. Medalla, Chairman and President of Paxys, Inc., as proxy for this year's stockholders' meeting.

(2) Security Ownership of Directors and Management (as of 29 February 2024):

Title of Class	Name of Beneficial Owner	Position	Amount of Beneficial Ownership	Citizenship	Percent Owned
Directors					
Common	Tarcisio M. Medalla	Chairman & President	1,120	Filipino	0.0001%
Common	Christopher B. Maldia	Director	129,520 ¹	Filipino	0.0113%
Common	Ghee Keong Lim	Director	82,800 ²	Malaysian	0.0072%
Common	Roger Leo A. Cariño	Director & Treasurer	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%

¹ Includes 129,400 lodged and uncertificated shares.

² Includes 1,000 lodged and uncertificated shares.

Common	Jose Antonio A. Lichauco	Independent Director	1,120	Filipino	0.0001%
Other Named Officers					
Common	Pablito O. Lim	Group, Chief Financial Officer	-	Filipino	-
Common	Mayette H. Tapia	Corporate Secretary and Compliance Officer	-	Filipino	-
Common	Ana Maria A. Katigbak	Assistant Corporate Secretary	-	Filipino	-
Common	Sheri A. Inocencio	Chief Risk Officer	-	Filipino	-
Common	Ruth M. Mariñas	Chief Audit Executive	-	Filipino	-
	Total		217,800		0.019%

(3) 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.

(4) Changes in control

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

Item 5. Directors and Executive Officers

Directors

The following are the names, age, citizenships, and period of service of the current directors/independent directors, who are nominated for re-election at the Annual Stockholders' Meeting:

Name	Age	Citizenship	Period during which individual has served as such
Tarcisio M. Medalla	75	Filipino	Since 2003
Roger Leo A. Cariño	64	Filipino	Since 2003
Christopher B. Maldia	63	Filipino	Since 2003
Lim Ghee Keong	56	Malaysian	Since 2005
Roberto A. Atendido	76	Filipino	Since 2004
George Edwin SyCip (Independent)	67	American	Renominated for year 2024 (after 9 consecutive years and reappointment for another 3 consecutive years)
Jose Antonio Lichauco (Independent)	65	Filipino	Renominated for year 2024 (after 9 consecutive years and reappointment for 3 years)

Background, experience and positions held of each of the directors/independent directors of the company is as follows:

Mr. Tarcisio M. Medalla (*Chairman and President*), 75 years old, Filipino, has been a Director 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 & 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 Master's 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 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 Master's Degree in Business Administration from Columbia University in New York, USA in 1989.

Executive Officers

The following are the names, ages, positions, citizenship and periods of service of the incumbent officers of the Company:

Name	Position	Age	Citizenship	Period during which individual has served as such
Tarcisio M. Medalla	President and CEO	75	Filipino	Since 2003
Roger Leo A. Cariño	Treasurer	64	Filipino	Since 2003
Pablito O. Lim	Group, Chief Financial Officer	65	Filipino	Since 2013
Sheri A. Inocencio	Chief Risk Officer	58	Filipino	Since 2021
Mayette H. Tapia	Corporate Secretary, Corporate Legal Counsel, Corporate Information Officer, Compliance Officer and Investor Relations Officer	37	Filipino	Since 2017
Ana Maria A. Katigbak	Assistant Corporate Secretary	55	Filipino	Since 1997
Ruth M. Mariñas	Chief Audit Executive	39	Filipino	Since 2021

Background, experience, and positions held of each of the officers of the Company are as follows:

Mr. Pablito O. Lim, 65 years old, Filipino, is the Group Chief Financial Officer since 2013. 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 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. He is a Certified Public Accountant. He also completed both 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.

Atty. Mayette H. Tapia, 37 years old, Filipino, is the Corporate Secretary, Corporate Legal Counsel, Corporate Information Officer, Compliance 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 Philippines 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 partner in Castillo, Laman, Tan, Pantaleon & San Jose Law Offices and also acts as Director of Mabuhay Holdings, Inc. and Corporate Secretary of Alsons Consolidated Resources, Inc. and IPM Holdings, Inc., and Assistant Corporate Secretary of Energy Development Corporation, Solid Group, Inc., and Vulcan Industrial and Mining Corp. She is a member of the Integrated Bar of the Philippines.

Ms. Ruth M. Mariñas, 39 years old, Filipino, is the Chief Audit Executive of the Company. 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.

Term of Office of Directors

Each director of the Company holds office for a period of one year and until the annual meeting of stockholders is held next after his election and/or his successor shall have been elected and qualified, except in case of death, resignation, disqualification or removal from office.

Directors' Attendance

All directors met the SEC's requirements of more than 50% attendance. Directors' attendance for the board meetings held for the year 2023 are as follows.

✓ - Present A - Absent R - Resigned

Directors	Date of Board Meeting				
	24 March 2023 Regular	24 April 2023 Regular	3 August 2023 Regular	3 Nov. 2023 Regular	11 Dec. 2023 Organizational
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	✓

Directorships in Other Companies

The following are directorships held by directors and executive officers in other companies during the last five years:

Name of Director	Name of Corporation	Position	Period
Tarcisio M. Medalla	Pacific Online Systems Corporation	Director	2007 to present
Roger Leo A. Cariño	UT Foundation Inc.	Chairman/President	2011 to present

Name of Director	Name of Corporation	Position	Period
Roberto A. Atendido	Asian Alliance Holdings & Develop Corp.	President	2021 to present
	Asian Alliance Investment Corp.	Vice Chairman	2021 to present
	Myka Advisory & Consultancy Services, Inc.	Chairman/ Shareholder	2010 to present
	Macay Holdings, Inc.	Director	2014 to present
	Philippine Business Bank	Director	2006 to present
	Mega Global Corporation	Independent Director	2021 to present
Jose Antonio A. Lichauco	Asian Alliance Investment Corp.	President	2013 to present
	Automated Technology (Philippines) Inc.	Director	2000 to present
George Edwin SyCip	Asian Alliance Holdings and Development Corp.	Director	November 1995 to present
	Cityland Development Corp.	Director	December 2017 to present

Nomination for Election of Directors

In accordance with the Company's By-Laws and Corporate Governance Manual, nominations for election of directors were submitted to the Company's Corporate Secretary at the Company's principal place of business at least thirty (30) days before the date of the Annual Meeting.

There will be seven (7) nominees for regular and independent directors. All nominees are currently incumbent directors.

Nominations for Independent Directors

In accordance with SRC Rule 38, the Company has established a Nomination and Governance Committee with the following as members:

1. Mr. Tarcisio M. Medalla (Chairman)
2. Mr. George Edwin SyCip (Independent Director)
3. Mr. Jose Antonio A. Lichauco (Independent Director)
4. Mr. Roger Leo A. Cariño (non-voting)
5. Mr. Christopher B. Maldia (non-voting)

The Nomination and Governance Committee has pre-screened in accordance with the criteria prescribed under SRC Rule 38 and the Company's Code of Corporate Governance, the nominations made by Mr. Tarcisio M. Medalla, Chairman and President of Paxys, of the following independent director nominees:

- 1) George Edwin SyCip (incumbent)
- 2) Jose Antonio A. Lichauco (incumbent)

As of 29 February 2024, the above nominees have served the Company for more than a cumulative term of nine (9) years reckoned from year 2012. Pursuant to the Company's Corporate Governance Guidelines and the SEC Memorandum Circular No. 19 dated November 22, 2016 on Code of Corporate Governance, the Company intends to retain and reappoint these Independent Directors for another year, subject to the Board's finding of meritorious justification/s and shareholders' approval.

The Board of Directors is endorsing the re-election of Messrs. SyCip and Lichauco who have served as independent directors for more than nine years. The Board believes that their re-election as independent directors will be beneficial to the continuing growth, strategic direction, and corporate governance of the Company, and that their industry experience and knowledge will be most valuable in the successful governance of the Company.

None of these independent director nominees are officers nor employees of the Company or any of its subsidiaries, nor related by affinity or consanguinity to the persons who nominated them or other relationships, which could reasonably be perceived to, materially interfere with the exercise of their independent judgment in carrying out their responsibilities as independent directors.

Both nominees have submitted a Certificate of Qualification as required by the Securities and Exchange Commission pursuant to its Notice dated October 20, 2006.

Significant Employees

All the employees are considered important assets of the Company who collectively make significant contributions to the Company.

Family Relationships

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

Involvement of Directors and Executive Officers in Certain Legal Proceedings

None of the directors and executive officers was involved, during the past five years and as of the 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.

In any case, its independent director, George Edwin SyCip is involved in the following legal proceedings:

Offense Charged/Investigated	Tribunal/Agency Involved	Status
a. Alleged violation of Sections 74 and 75 in relation to Section 144 of the Corporation Code (or alleged violation of the right to inspect) – preliminary investigation	Office the Secretary – Department of Justice (OSEC-PR-DTF-2-010916-001; NPS Docket Nos. XVI-INV-15B-00033 to 00034, titled <i>Harvest All Investment Limited, et al. v. Annsley B. Bangkas, et al./Harvest All Investment Limited, et al. v. George SyCip, et al.</i>)	The Department of Justice (“DOJ”) reversed the dismissal of the cases by the DOJ Prosecution Staff even though there was a finding that the directors, including, Mr. SyCip, had not issue a board resolution that expressly denied the inspection request. Mr. SyCip’s <i>Motion for Reconsideration</i> of the DOJ <i>Resolution</i> is pending. Mr. Sycip’s co-respondents filed a <i>Petition for Certiorari</i> with the Court of Appeals assailing the DOJ <i>Resolution</i> . The petition was denied by the Court of Appeals; thus, my co-respondents filed a <i>Petition for</i>

		<i>Review on Certiorari</i> with the Supreme Court. The petition is still pending.
b. Alleged violation of Sections 74 and 75 in relation to Section 144 of the Corporation Code (or alleged violation of the right to inspect) – filed in court	Metropolitan Trial Court of Pasig, Branch 71 and Office of the City Prosecutor of Pasig (Criminal Case Nos. M-PSG-18-00148-CR to 00149-CR, titled <i>People of the Philippines v. Annsley B. Bangkas, et al.</i>)	<p>This is an offshoot of the case above (e.g., NPS Docket Nos. XVI-INV-15B-00033 to 00034). The case was initially raffled to the Metropolitan Trial Court of Pasig, Branch 71, which issued a <i>Resolution</i> dated November 11, 2020 dismissing the case for lack of jurisdiction without prejudice to its refile with the proper Regional Trial Court. The prosecution’s motion for reconsideration was denied through the court’s <i>Resolution</i> dated February 22, 2021.</p> <p>The <i>Information</i> was eventually refiled by the Office of the City Prosecutor of Pasig and raffled to the Regional Trial Court (“RTC”) of Pasig, Branch 161.</p> <p>Though the court has not acquired personal jurisdiction over Mr. SyCip, it has been sending his counsel the copies of the court’s orders. The RTC issued an <i>Order</i> dated May 18, 2022 suspending the proceedings because of a prejudicial question subject of Commercial Case No. 14-219. The prosecution’s Motion for Reconsideration was denied by the RTC through its <i>Order</i> dated September 20, 2022.</p>
c. Alleged violation of Sections 74 and 75 in relation to Section 144 of the Corporation Code (or violation of the right to inspect) – preliminary investigation	Department of Justice – Office of the Secretary of Justice (NPS Docket No. XVI-INV-15B-00053, titled <i>Hedy S.C. Yap-Chua v. Jonathan Y. Dee, et al.</i>)	The Office of the Prosecutor General of the DOJ, through a <i>Review Resolution</i> dated March 20, 2018 (“ March 20 Resolution ”) ruled in favor of the complainant even though the inspection request was granted by the board of directors, including Mr. SyCip. Mr. SyCip filed a <i>Petition for Review</i> of the March 20 Resolution with the Secretary of Justice. The Secretary of Justice, through its <i>Resolution</i> dated December 29, 2021 (“ December 29 Resolution ”), granted Mr. SyCip’s <i>Petition for Review</i> and the petitions filed by his co-respondents. Through the

		<p>December 29 Resolution, the Secretary of Justice dismissed the charges and directed the Prosecutor General to withdraw any <i>Information</i> filed by virtues of this case.</p> <p>The complainant's motion for reconsideration of the December 29 Resolution was denied by the Secretary through his <i>Resolution</i> dated June 15, 2022 ("June 15 Resolution").</p> <p>The complainant then filed <i>Petition for Certiorari</i> with the Court of Appeals assailing the Secretary of Justice's December 29 Resolution and June 15 Resolution. The complainant's petition is still pending.</p>
<p>d. Alleged violation of Sections 74 and 75 in relation to Section 144 of the Corporation Code (or alleged violation of the right to inspect) – filed in court</p>	<p>Regional Trial Court of Pasig, Branch 157 (Criminal Case Nos. R-PSG-21-01844-CR to 01845-CR, titled <i>People of the Philippines v. Jonathan Y. Dee, et al.</i>)</p>	<p>This is an offshoot of the case above (e.g., NPS Docket No. XVI-INV-15B-00053). The case was initially raffled to the Metropolitan Trial Court of Pasig, Branch 70, which eventually issued an Order dated March 6, 2020 ("March 6 Order") dismissing the case for lack of subject matter jurisdiction. A motion for reconsideration of the March 6 Order was filed by the prosecution and was denied by the court through a <i>Resolution</i> dated November 12, 2020.</p> <p>The Office of the City Prosecutor of Pasig refiled the <i>Information</i> with the Regional Trial Court of Pasig and the case was raffled to Branch 157 ("RTC").</p> <p>Pursuant to the DOJ Secretary's December 29 Resolution, the Office of the City Prosecutor of Pasig filed a <i>Motion to Withdraw Information</i> dated February 14, 2022.</p> <p>The RTC issued its Omnibus Resolution dated May 24, 2022 granting the prosecution's <i>Motion to Withdraw Information</i> and dismissing the cases for lack of probable cause. The complainant</p>

		filed a <i>Motion for Partial Reconsideration</i> which was denied by the RTC.
e. Alleged violation of Presidential Decree No. 1689, in relation to Article 315(2)(a) of the Revised Penal Code (syndicated <i>estafa</i>) and Article 171(1) of the Revised Penal Code (falsification of public document) – preliminary investigation	Office the Secretary – Department of Justice (NPS Docket Nos. XV-07-INV-16B-01028 & XV-07-INV-16D-01843, titled <i>Victory Fund Limited, et al. v. Jonathan Y. Dee, et al./Jonathan Y. Dee, et al. v. Hedy S.C. Yap-Chua</i>)	<p>The Office of the City Prosecutor – Manila dismissed both <i>Complaints</i>. The complainants’ <i>Appeal</i> to the DOJ was also denied. Through a <i>Resolution</i> dated March 27, 2018 (“March 27 Resolution”), the DOJ partially granted the complainants’ motion for reconsideration by finding probable cause for simple <i>estafa</i> against Mr. SyCip and some co-respondents; the DOJ affirmed its ruling dismissing the syndicated <i>estafa</i> and falsification of public document charges. Several respondents, including Mr. SyCip, have filed <i>Motions for Reconsideration</i> of the March 27 Resolution, which are pending.</p> <p>Some of the respondents filed a <i>Petition for Certiorari</i> with the Court of Appeals to challenge the March 27 Resolution. The Court of Appeals denied the petition through its <i>Decision</i> dated June 21, 2021. Mr. SyCip’s co-respondents’ motion for reconsideration was also denied by the Court of Appeals through its Resolution dated August 18, 2022.</p>
f. Alleged violation of Article 315(2)(a) of the Revised Penal Code (<i>estafa</i>) – filed in court	Regional Trial Court of Makati, Branch 143 (Criminal Case Nos. R-MKT-19-01308, titled <i>People of the Philippines v. Jonathan Dee, et al.</i>)	<p>This is an offshoot of the case above (e.g., NPS Docket Nos. XV-07-INV-16B-01028 & XV-07-INV-16D-01843). The prosecution filed the <i>Information</i> in court after the DOJ, in its March 27 Resolution, found probable cause to charge Mr. SyCip and other co-respondents with simple <i>estafa</i>.</p> <p>Mr. Sycip received information that the Regional Trial Court of Makati, Branch 143 dismissed the case against his co-respondents.</p>

Notwithstanding the existence of the legal proceedings involving Mr. SyCip, the Company does not find the same to be material to the evaluation of his ability or integrity to occupy the position of director for the current year, and to be elected again as independent director for the year 2024.

Certain Relationships and Related Transactions

There has been no transaction during the last five 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.

Item 6. Compensation of Directors and Executive Officers

Summary of Compensation of Directors and Executive Officers

The table below shows the Company's four most highly compensated executive officers for the last three (3) years and the compensation estimated to be paid for the ensuing fiscal year, as well as the directors of the Company, are as follows:

Name	Position
Tarcisio M. Medalla	President and CEO
Pablito O. Lim	Group, Chief Financial Officer
Sheri A. Inocencio	Chief Risk Officer
Mayette H. Tapia	Corporate Secretary, Corporate Legal Counsel, Corporate Information Officer, Compliance Officer, and Investor Relations Officer
Ruth M. Mariñas	Chief Audit Executive

The aggregate compensation paid or incurred during the last two fiscal years and estimated to be paid in the ensuing fiscal year of the Company's CEO and four most highly compensated executive officers, as well as the directors of the Company are as follows:

	Year	Total ¹ (In Php Millions)
CEO and the four (4) above-named most highly compensated officers and all other directors unnamed as a group	2022	24.9
	2023	26.5
	2024 (estimated)	26.0

**The Group has a lean organizational structure. There are no other highly compensated officers other than the above. The names are shown in Item 6 in 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. Below table provides the details of the total per diem fees received by the directors for the year 2023:

Directors	Per Diem
Medalla	100,000.00
Lichauco	140,000.00
Cariño	140,000.00
SyCip	120,000.00
Atendido	100,000.00
Maldia	100,000.00

¹ Include salaries, bonuses, benefits, per diem and other fees

Katigbak	40,000.00
Lim Ghee Keong	96,000.00
Total	836,000.00

As set by the Compensation and Remuneration Committee of the Company, the following are the key considerations in determining the proper remuneration of the directors and key officers of the Company: (i) the remuneration of the directors and key officers are commensurate to the responsibilities of the role (ii) no director shall participate in deciding on his remuneration, and (iii) the remuneration should consider long-term interests of the Company.

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

The Company has no outstanding warrants and options.

Item 7. Independent Public Accountants

- a) The external auditor of the Company is Reyes, Tacandong & Co. (RT & Co.). The Audit, Risk and Related Party Transactions Committee¹ recommends to the Board of Directors the reappointment of the external auditor and the fixing of the audit fees. The Board of Directors and stockholders approve the reappointment of the external auditor.
- b) Representatives of RT & Co. for the current year and for the most recently completed fiscal year are expected to be present at the Annual Stockholders' Meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions. Pursuant to the general requirements of SRC Rule 68 Par 3(b)(iv) on "Compliance with the Seven (7) Year Rotation of External Auditor", Ms. Haydee M. Reyes was replaced by Ms. Michelle M. Cruz as Partner-in-Charge for 2023 audit.
- c) There are no disagreements with our independent auditors on any matter of accounting principles or practices, financial statement disclosures, or auditing scope or procedure.
- d) The consolidated fees billed for the audit of the Company's annual financial statements amounted to ₱1.3 million in 2023, 2022, and 2021.
- e) 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. There is no other assurance and related services rendered by the external auditor. There are no other services provided by the external auditor other than the services reported above.

Item 8. Compensation Plans

¹ Audit, Risk, and Related Party Transactions Committee members are: 1) Mr. Jose Antonio Lichauco – Chairman; 2) Mr. George Edwin SyCip; 3) Mr. Roberto A. Atendido; and 4) Mr. Roger Leo A. Cariño.

No action is to be taken during the Annual Stockholders' Meeting with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

No action is to be taken during the Annual Stockholders' Meeting with respect to authorization or issuance of any securities.

Item 10. Modification or Exchange of Securities

No action is to be taken during the Annual Stockholders' Meeting with respect to modification of any class of securities or the issuance or authorization for issuance of one class of securities in exchange for outstanding securities of another class.

Item 11. Financial and Other Information

A copy of the Company's consolidated financial statements and a discussion by Management of its operations is included in the accompanying Management Report.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

No action is to be taken during the Annual Stockholders' Meeting with respect to any transaction involving: (a) merger or consolidation into or with any other person or of any other person into or with Paxys; (b) acquisitions or any of its security holders of securities of another person; (c) acquisition of any other going business or of the assets thereof; (d) sale or other transfer of all or any substantial part of the assets of the Group.

Item 13. Acquisition or Disposition of Property

No action is to be taken during the Annual Stockholders' Meeting with respect to acquisition or disposition of any property.

Item 14. Restatement of Accounts

No action is to be taken during the Annual Stockholders' Meeting with respect to restatement of any asset, capital or surplus account.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

The Management Report, as set forth in the Annual Report, will be submitted for stockholder's approval. The Company's Audited Financial Statements as of 31 December 2023 is made part of the Company's 2023 Definitive Information Statement, a copy of which is distributed to the stockholders of the Company at least 15 days prior to the Annual Stockholders' Meeting.

Item 16. Matters Not Required to be Submitted

No action is to be taken with respect to any matter that does not require the submission to a vote of security holders.

Item 17. Other Proposed Actions

A. Approval of the Minutes of the 2023 Annual Stockholders' Meeting

The minutes of the previous annual stockholders' meeting which includes the discussion of prior year's Annual and Management Reports will be presented to the stockholders for approval. Approval of the Minutes constitutes a ratification of the accuracy and faithfulness of the Minutes to the events that transpired during the meeting. This does not constitute a second approval of the same matters taken up at the annual stockholders' meeting, which has already been approved.

B. Ratification of Previous Corporate Acts

Among the major corporate acts for ratification by the stockholders in the annual stockholders' meeting are the following which were previously disclosed in the following Current Reports (SEC Form 17-C):

Date Filed	Items Reported
11 December 2023	The Company advised the Exchange of the highlights and results of the Annual Stockholders' Meeting held on 11 December 2023.
04 January 2024	The Company submitted the Directors' Attendance for 2023.
18 March 2024	The Company informed the Exchange that the scheduled annual meeting of the stockholders of Paxys Inc. is on 10 May 2024 at the Manila Golf & Country Club, Harvard Road, Forbes Park, Makati City, Philippines.
21 March 2024	The Company submitted the notarized Independent Director's Certificate of Mr. Jose Antonio A. Lichauco.
22 March 2024	The Company submitted the notarized Independent Director's Certificate of Mr. George Edwin SyCip.

A resolution to ratify the above acts, resolutions and proceedings of the Board of Directors, corporate officers and management shall be presented to the stockholders for approval.

C. Election of directors

In accordance with the Company's Corporate Governance Manual, all nominations for director were reviewed and evaluated by the Nominations and Governance Committee. The final list of nominees for directors including their background information, experiences and positions held are included in the Information Statement.

D. Appointment of External Auditors

A resolution for the reappointment of the Company's external auditor for year 2024 shall be presented to the stockholders for approval.

In line with good corporate governance practices, the Audit, Risk, and Related Party Transactions Committee provides recommendations to the Board of Directors on qualified auditing firms which can best provide assurance to the directors and stockholders on the fairness and integrity of the Company's financial statements and the adequacy of internal controls.

Item 19. Voting Procedures

For the election of directors, the seven (7) nominees receiving the most number of votes will be elected to the Board of Directors. Cumulative voting will be applied.

For all other matters to be taken up, majority vote of the outstanding capital stock present or represented at the meeting where a quorum exists will be sufficient. Voting shall be done by proxy or ballot and the votes cast for or against the matter submitted shall be tallied by the Corporate Secretary in case of a division of the house.

CERTIFICATION

Upon the written request of a stockholder, the Company undertakes to furnish said stockholder with a copy of SEC Form 17-A free of charge. Any written request for a copy of SEC 17A shall be addressed to the following:

Attention: Atty. Mayette H. Tapia
Corporate Secretary and Corporate Information Officer
15/F 6750 Ayala Office Tower
Ayala Avenue, Makati City

After reasonable inquiry and to the best of my knowledge and belief, we certify that the information set forth in this report is true, complete and correct. This report is signed in Makati City on 11 April 2024.

PAXYS, INC.


By: **Tarcisio M. Medalla**
Chairman and President


Mayette H. Tapia
*Corporate Secretary
and Corporate Information Officer*

PART II. INFORMATION REQUIRED IN PROXY FORM

Item 1. Identification

This proxy is solicited by the Board of Directors and Management of Paxys, Inc. The solicited proxy shall be exercised by Mr. Tarcisio M. Medalla, President of the Corporation, or the chairman of the meeting, or the stockholder's authorized representative.

Item 2. Instruction

- a. For agenda items other than election of directors, the proxy form shall be accomplished by marking in the appropriate box either "YES", "NO" or "ABSTAIN" according to the stockholder's/proxy's preference.

For election of directors, the stockholder/proxy shall mark with an "X" the space across the name of his chosen nominee for regular and independent director.

If no instructions are indicated on a returned and duly signed proxy form, the shares represented by the proxy will be voted:

FOR the approval of the minutes of the Annual Stockholders' Meeting held on 11 December 2023;

FOR the approval of the Management Report and audited financial statements for year ended 31 December 2023;

FOR the confirmation and ratification of all acts and resolutions of Management and the Board of Directors from the date of the last stockholders' meeting to date as reflected in the books and records of the Company;

FOR the election of the following directors:

For Regular Directors:

1. Tarcisio M. Medalla
2. Roger Leo A. Cariño
3. Christopher B. Maldia
4. Lim Ghee Keong
5. Roberto A. Atendido

For Independent Directors:

6. George Edwin Sycip
7. Jose Antonio A. Lichauco

FOR the approval of the reappointment of Reyes Tacandong & Co. as the external auditor of the Company for year 2024;

and to authorize the Proxy to vote according to discretion of the Company's President or Chairman of the Meeting on any matter that may be discussed under "Other Matters".

A Proxy Form that is returned without a signature shall not be valid.

- b. The matters to be taken up in the meeting are enumerated opposite the boxes on the form. The names of the nominee directors are likewise enumerated opposite an appropriate space.

- c. The proxy forms may be submitted to the Corporation on or before 5:00 p.m. of 30 April 2024 (i) by email to investor_relations@paxys.com or (ii) by delivery or mail to the principal office of the Corporation at 15th Floor, 6750 Ayala Office Tower, Ayala Ave. Makati City. In case a proxy form is emailed to the Corporation, the original signed copies of the proxy form should also be **received** by the Corporation by delivery or mail not later than 30 April 2024 in time for validation procedures. Proxy forms shall be validated until 3 May 2024, at the Corporation's principal office. Proxy forms not received within the prescribed period shall not be counted as part of the quorum for the meeting and the votes therein shall not be recognized.

PLEASE USE THE ATTACHED PROXY FORM

Item 3. Revocability of Proxy

A stockholder may revoke his proxy on or before the date of the Annual Meeting. The proxy may be revoked by the shareholder's written notice to the Corporate Secretary advising the latter of the revocation of the proxy, or by a shareholder's personal attendance during the meeting.

Item 4. Persons Making the Solicitation

This solicitation is made by the Corporation. No director has informed the Corporation in writing or otherwise of his intention to oppose any action intended to be taken up at the meeting. Solicitation of proxies will be done via email or any online manner. The estimated amount to be spent by the Corporation to solicit proxies for the Board of Directors is Php79,740.00 more or less. The cost of solicitation will be borne by the Corporation.

Item 5. Interest of Certain Persons in Matters to be Acted Upon

No member of the Board of Directors or executive officer since the beginning of the last calendar year, or nominee for election as director, or their associates, has had any substantial interest, direct or indirect, by security holdings or otherwise, in any of the matters to be acted upon in the meeting, other than election to office.

The Corporation does not intend to bring any matter before the meeting other than those set forth in the notice of the annual meeting of stockholders and does not know of any matter to be brought before the meeting by others. If any other matter does come before the meeting, the proxy shall vote in the manner indicated by the stockholder, or if no such indication is made, in accordance with proxy's discretion.

The Company will provide without charge to each stockholder solicited, upon his written request, a copy of the Company's annual report on SEC Form 17-A duly filed with the Securities and Exchange Commission. At the discretion of Management, a reasonable fee may be charged for the expense incurred in providing a copy of the exhibits. All requests may be sent to the Company's head office and addressed to:

Attention: ATTY. MAYETTE H. TAPIA
PAXYS INC.
15th FLOOR, 6750 AYALA OFFICE TOWER, AYALA AVE., MAKATI
CITY
+632-8250-3800

MANAGEMENT REPORT
Pursuant to RSA Rule 20(B)

For the 2024 Annual Stockholders' Meeting

General Nature and Business of the Company

Paxys, Inc. ("Paxys" or the "Company") is an investment holding company incorporated in the Philippines and listed on the Philippine Stock Exchange (stock symbol: PAX). It was formerly known as Fil-Hispano Holdings Corporation and registered with the Philippine Securities and Exchange Commission (SEC) on 14 February 1952. Its major shareholders are All Asia Customer Services 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.

In 2004, the Company's principal shareholder undertook a reverse takeover of Paxys by injecting Advanced Contact Solutions, Inc. ("ACS") in exchange for a controlling stake in the Company. ACS at that time was a major call center in the Philippines. Effectively, Paxys became the first call center firm to be listed on the Philippine Stock Exchange. Thereafter, Paxys made several other investments in the business processes outsourcing (BPO) industry and other related businesses by means of acquisitions and joint ventures. Due to exigencies of the business, Paxys sold all of its equity interests in ACS in January 2011 and henceforth divested most of its BPO assets. At present, the Company's operating subsidiaries provide general transcription, proofreading, data conversion, contact center and back-office 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 of 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 of 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 of its equity interests in GIC in favor of GIC’s minority shareholders.

In October 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. AACSHL remains the majority shareholder owning 54.93% of the Parent Company’s total issued and outstanding shares as of 31 December 2021. The public ownership level of Paxys is at 14.96% as of 30 September 2023.

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

Competition

Philippines is among the top 3 choices for offshore operations due to its strategic business location, steady supply of competent workers and world-class telecom infrastructure.

Competition within the global BPO services industry and facilities management industry includes US-based outsourcing companies and offshore BPO 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

For the past year, the Company’s major customers for facilities management include a global workforce solutions company and local technology-based companies.

Related Party Transactions

Transactions between related parties mainly include billed services and cash advances for working capital and are accounted for at arms-length prices. In 2023, the Group has billed services to related parties and extended cash advances in support of working capital requirements amounting to P5.3 million.

Discontinued Operations

On May 6, 2015, SSPI terminated its Philippine operations due to non-renewal of its revenue contracts. Thereafter, SSPI amended its Articles of Incorporation shortening the term of its existence 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 Corporation has dissolved its corporate existence on June 30, 2018. Paxys has joint control in SSPI through its wholly owned subsidiary, Paxys Ltd.

On April 30, 2022, SWA terminated its data conversion operations due to the cancellation of its contracts effective March 31, 2022.

Licenses

On 25 November 2009, SWA's registration of its expanding business process outsourcing service in the field of data transcription activity was approved by the Board of Investments (BOI). This certification entitles SWA to a three-year Income Tax Holiday (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. The ITH incentive has expired in November 2012. Thus, starting December 2012, SWA was subjected to 30% regular corporate income tax.

Simpro Philippines¹ was previously registered with the Philippine Economic Zone Authority (PEZA) in October 2012 as an Ecozone Information Technology Enterprise. Under Simpro's registration conditions, Simpro's operations shall not be entitled to ITH, but shall be entitled only to the 5% Gross Income Tax (5% 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. To date, however, Simpro Philippines is processing the formal deregistration of the company with PEZA.

Need for any government approval of principal products or services

There are no products or services that need any government approval.

Effect of existing or probable governmental regulations on the business

The limitation and conditions on ScopeWorks imposed by BOI has already ended in November 2012. Starting calendar and taxable year 2013, ScopeWorks is subject to government regulations same as a regular business entity.

Likewise, Simpro Philippines has terminated its corporate existence as of June 2018 and currently processing its clearances from BIR and PEZA.

Research and Development

The Company has not spent any amount during the last three fiscal 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 31 December 2023, the Group has eight (8) regular employees. There are no existing bargaining agreements (CBA) covering the Company's employees nor its subsidiaries. The Group provides its employees with medical insurance and leave benefits. For professional development, the Group provides for team building activities and offers training programs that address the specific needs of employees. To foster work-life balance, the Group sponsors, among others, annual summer and year-end activities.

¹ Please refer to *Discontinued Operations*

Legal Proceedings

There are no material pending legal proceedings to which the Company or any of its subsidiary or affiliates is a party, or of which any of their property is the subject.

Market Price of and Dividends on Common Equity

Market Information

The Company's common shares are traded on the Philippine Stock Exchange. As of 29 February 2024, last traded price was Php1.20 per share. Trading prices for each quarter within the last two fiscal years are set forth below:

	Closing Prices	
	High	Low
2023		
First quarter	1.80	1.80
Second quarter	1.65	1.28
Third quarter	1.26	1.06
Fourth quarter	1.15	1.02
2022		
First quarter	2.00	1.63
Second quarter	1.87	1.81
Third quarter	1.83	1.70
Fourth quarter	1.83	1.83
2021		
First quarter	2.48	2.05
Second quarter	2.33	2.25
Third quarter	2.48	2.25
Fourth quarter	2.25	2.06

Shareholders

As of 29 February 2024, the number of stockholders of record in the Company's stock and transfer book was 714. The total common shares issued was 1,148,534,866 based on the last Report on Number of Shareholders. The list of the top 20 stockholders of Paxys common shares as of 29 February 2024 are as follows:

Name	Class of Securities	No. of Shares Held	Percentage to Total
All Asia Customer Services Holdings Ltd. ¹	Common	621,260,820	54.09%
PCD Nominee Corporation (Non-Filipino)	Common	464,369,704	40.43%
PCD Nominee Corporation (Filipino)	Common	60,998,530	5.31%
Kho, Jimmy Jao	Common	250,000	0.03%
Chua, Carmen	Common	216,276	0.02%
Granados, Juan P.	Common	158,112	0.01%
Yao Shiong Shio	Common	95,184	0.01%
Kaw Sek & Company	Common	86,088	0.01%
Lim, Ghee Keong	Common	81,800 ²	0.01%
Paredes, Antonio	Common	79,728	0.01%

¹ AACSHL 9,583,218 shares are currently lodged under PCD Nominee (Non-Filipino). Total ownership of AACSHL is at 630,844,038 which is 54.93% of the total outstanding shares.

² Does not include the 1,000 lodged and uncertificated shares.

Name	Class of Securities	No. of Shares Held	Percentage to Total
Urrutia, Kevin	Common	75,000	0.01%
Willis, Hugh Warren	Common	63,111	0.01%
Jalandoni, Rodegelio M.	Common	62,052	0.01%
Celis, Angela	Common	55,776	0.00%
Martinez, Emilio G.	Common	55,236	0.00%
Santiago, Eduardo A.	Common	37,920	0.00%
Tangco, Francisco F.	Common	37,896	0.00%
Co, Victor C.	Common	31,536	0.00%
Asiamerit Securities, Inc	Common	24,000	0.00%
Reyes, Leopoldo T.	Common	19,800	0.00%
Hollywood Stars Cosmetics, Inc.	Common	19,788	0.00%
Total		1,148,078,357	99.96%

Dividends

There were no dividends declared to public for the last three (3) years. As of 31 December, 2023, there are no restrictions imposed on the Company on the declaration of cash or property dividends. There are no recent sales of unregistered or exempt securities including recent issuance of securities constituting an exempt transaction.

Recent Sales of Unregistered or Exempt Securities

- (a) Securities Sold - Not applicable.
- (b) Underwriters and Other Purchasers - Not applicable.
- (c) Consideration - Not applicable.
- (d) Exemption from Registration Claimed - Not applicable.

Management's Discussion and Analysis of Financial Condition and Plan of Operations

The following discussion and analysis of the Company should be read in conjunction with the accompanying audited consolidated financial statements and the related notes as at and for the year ended December 31, 2023, 2022 and 2021. All amounts are in thousand pesos unless otherwise stated.

Year Ended December 31, 2023

Financial and Operational Highlights

Below is a summary of the Group's operations for the year ended 31 December 2022 and 2021:

<i>In Php'000, except percentage</i>	2023	2022	Y23 vs Y22
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 attributable to equity holders	110,725	31,074	256%

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

² Operating Income (Loss) = Gross Profit - Gen & Admin Expenses

The Group generated ₱16.7 million and ₱29.0 million revenues in 2023 and 2022, respectively, coming mainly from the managed facility service programs of Scopeworks Asia, Inc. (SWA), the remaining operating subsidiary of the Group. Compared to prior year, 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 2022, due to higher interest rates in the market.

Financial Condition

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

Following are the highlights of the Group's financial position as at December 31, 2023 and 2022:

<i>In Php'000, except percentage</i>	2023	2022	Y23 vs Y22
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%

Liquidity and Capital Resources

<i>In Php'000, except percentage</i>	2023	2022	Y23 vs Y22
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 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 the Company's 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.

Updates on Operating Subsidiary - ScopeWorks Asia, Inc. (SWA)

The contracts for the data conversion business of SWA ended on March 31, 2022. Upon cessation of this segment of the business, SWA focused on its facilities management. Revenues in 2023 dropped by 43% compared to the revenue in 2022 as a result of the termination of the data conversion

operations. Direct cost and administrative expenses went down by 32% and 23%, respectively compared to 2022. 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 process outsourcing but also in other similar services, particularly facility management.

SWA's financial highlights for the years ended 31 December 2023 and 2022:

<i>In Php '000, except percentage</i>	2023	2022	Y23 vs Y22
Service Income	P16,662	P29,044	-43%
Gross Profit	1,055	6,127	-83%
EBITDA ¹	17,351	15,431	12%
Net Income	3,159	3,583	-12%

Key Performance Indicators

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

	2023	2022	Y23 vs Y22
Current Ratio ²	102.70	81.27	26%
Debt to Equity Ratio ³	0.01	0.02	-50%
Return on Equity ⁴	2.71%	0.78%	247%
EBITDA Margin	853%	198%	331%
Net Income (Loss) Margin	665%	107%	521%

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

Plan of Operation

1. The Group is continuously evaluating other investment opportunities. There are prospects but these are still at the very early stage, and none has been finalized to date. Paxys will continue to provide updates to its shareholders once any of the prospective investment opportunities proceed to the next level.
2. Other than Cash, the Group's main assets consist of cash equivalents and short-term fund. These assets are highly liquid and are convertible to cash as soon as additional cash requirement arises. The Management believes that it has sufficient level of fund to meet its cash requirement in the next twelve (12) months. The Group also does not anticipate any liquidity problems that may arise from its operating activities in the near future.
3. There is no expected purchase or sale of plant and significant equipment in the near term.
4. There are no expected significant changes in the number of employees in the Group.

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

² Current Assets/Current Liabilities

³ Total Liabilities/Total Stockholders' Equity

⁴ Net Income / [(Equity end - Equity beg - Net Income)/2]

Others Matters

In general, there are no material known trends, demands, commitments, events, transactions, arrangements, or items of, by or involving the Company that would require a disclosure pursuant to Part III (A)(2)(A)(i) to (vii) of “Annex C” of the Implementing Rules and Regulations Code, to wit:

1. There are no known trends or any demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Group’s liquidity increasing or decreasing in any material way. The Company does not anticipate any cash flow or liquidity problems within the next 12 months. As discussed in the Management’s Discussion and Analysis of Financial Conditions and Results of Operations above, the management believes that the current level of cash generated from Operations and borrowing capability are sufficient to meet the Company’s immediate cash needs.
2. There are no known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
3. There were no material commitments for expansion or capital expenditures as of reporting period.
4. 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.
5. 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.
6. There were no known trends, events or uncertainties that have had or that are reasonably expected to have a material favourable or an unfavourable impact on net sales or revenue or income from continuing operation.
7. The causes for any material change from period to period are stated under Management’s discussion and analysis section “financial condition”.
8. The effects of seasonality or cyclicity on the operations of the Company’s business are not material.
9. 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

Financial and Operational Highlights

Below is a summary of the Group’s operations for the year ended 31 December 2022 and 2021:

<i>In Php '000, except percentage</i>	2022	2021	Y22 vs Y21
Service Income	P29,044	P44,680	-35%
Gross Profit	6,127	12,644	-52%
EBITDA ¹	57,396	7,627	653%
Loss from operations ²	(70,807)	(63,842)	11%

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

² Operating Income (Loss) = Gross Profit - Gen & Admin Expenses

<i>In Php'000, except percentage</i>	2022	2021	Y22 vs Y21
Net (Income) Loss attributable 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 and managed facility service programs 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.

Financial Condition

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

Following are the highlights of the Group's financial position as at December 31, 2022 and 2021:

<i>In Php'000, except percentage</i>	2022	2021	Y22 vs Y21
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%

Liquidity and Capital Resources

<i>In Php'000, except percentage</i>	2022	2021	Y22 vs Y21
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 Financing Activities	(19,195)	(14,858)	29%
Net increase (decrease) in cash and cash equivalents	575,068	(533,207)	208%

The net increase in cash pertains mainly to matured funds invested in securities as disclosed in the Group's consolidated financial statements for year 2022. The total investment securities of the group amounted to ₱1,071.8 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 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.

Updates on Operating Subsidiary - ScopeWorks Asia, Inc. (SWA)

The contracts for the data conversion business of SWA ended on March 31, 2022. Upon cessation of this segment of the business, SWA focused on its facilities management. Revenues in 2022 dropped by 35% compared to the revenue in 2021 as a result of the termination of the data conversion operations. Direct cost and administrative expenses went down by 28% and 36%, respectively compared to 2021. Overall, operations resulted in a net profit of P3.6 million in 2022.

SWA is continuously exploring other business opportunities and expanding its facilities management business to further increase its revenues.

SWA's financial highlights for the years ended 31 December 2022 and 2021:

<i>In Php '000, except percentage</i>	2022	2021	Y22 vs Y21
Service Income	P29,044	P44,680	-35%
Gross Profit	6,127	12,644	-52%
EBITDA ¹	15,431	10,382	49%
Net Income	3,583	928	286%

Key Performance Indicators

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

	2022	2021	Y22 vs Y21
Current Ratio ²	81.27	93.13	-13%
Debt to Equity Ratio ³	0.02	0.02	-
Return on Equity ⁴	0.78%	-0.36%	316%
EBITDA Margin	198%	17%	1,065%
Net Income (Loss) Margin	107%	-30%	457%

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

Plan of Operation

1. The Group is continuously evaluating other investment opportunities. There are prospects and potential investment partner but these are still at the very early stage and none has been finalized to date. Paxys will continue to provide updates to its shareholders once any of the prospective investment opportunities proceed to the next level.
2. Other than Cash, the Group's main assets consist of cash equivalents and short-term fund. These assets are highly liquid and are convertible to cash as soon as additional cash requirement arises. The Management believes that it has sufficient level of fund to meet its cash requirement in the next twelve (12) months. The Group also does not anticipate any liquidity problems that may arise from its operating activities in the near future.
3. There are no expected purchase or sale of plant and significant equipment in the near term.
4. There are no expected significant changes in the number of employees in the Group.

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

² Current Assets/Current Liabilities

³ Total Liabilities/Total Stockholders' Equity

⁴ Net Income / [(Equity end - Equity beg - Net Income)/2]

Others Matters

In general, there are no material known trends, demands, commitments, events, transactions, arrangements or items of, by or involving the Company that would require a disclosure pursuant to Part III (A)(2)(A)(i) to (vii) of “Annex C” of the Implementing Rules and Regulations Code, to wit:

1. There are no known trends or any demands, commitments, events, or uncertainties that will result in or that are reasonably likely to result in the Group’s liquidity increasing or decreasing in any material way. The Company does not anticipate any cash flow or liquidity problems within the next 12 months. As discussed in the Management’s Discussion and Analysis of Financial Conditions and Results of Operations above, the management believes that the current level of cash generated from Operations and borrowing capability are sufficient to meet the Company’s immediate cash needs.
2. There are no known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
3. There were no material commitments for expansion or capital expenditures as of reporting period.
4. 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.
5. 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.
6. There were no known trends, events or uncertainties that have had or that are reasonably expected to have a material favourable or an unfavourable impact on net sales or revenue or income from continuing operation.
7. The causes for any material change from period to period are stated under Management’s discussion and analysis section “financial condition”.
8. The effects of seasonality or cyclicity on the operations of the Company’s business are not material.
9. 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, 2021

Financial and Operational Highlights

Below is a summary of the Group’s operations for the year ended 31 December 2021 and 2020:

<i>In Php '000, except percentage</i>	2021	2020	Y21 vs Y20
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)	-16%

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

² Operating Income (Loss) = Gross Profit - Gen & Admin Expenses

<i>In Php'000, except percentage</i>	2021	2020	Y21 vs Y20
Net Loss attributable to equity holders	(13,413)	(25,925)	-48%

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

Direct costs of operations also went down by about 21% also due to lower expenses because of the decreased volume in data conversion service which resulted to additional savings on personnel cost. The resulting Gross Profit of ₱12.6 million in 2021 also resulted to about 9% decrease 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 as a result of the impact of covid-19 in the global economy.

Financial Condition

The Group's assets are mainly cash equivalents and investment securities. These funds are invested in various local and international bank and the Group provided interest income which mostly covered the overhead costs.

Following are the highlights of the Group's financial position as at December 31, 2021 and 2020:

<i>In Php'000, except percentage</i>	2021	2020	Y21 vs Y20
Current Assets	₱3,790,840	₱3,657,366	4%
Noncurrent Assets	59,618	35,926	66%
Assets	3,850,458	3,693,292	4%
Current Liabilities	40,704	33,433	22%
Noncurrent Liabilities	47,251	29,840	58%
Equity	3,762,503	3,630,019	4%

Liquidity and Capital Resources

<i>In Php'000, except percentage</i>	2021	2020	Y21 vs Y20
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 Financing 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 year 2021. The total investment securities of the group amounted to ₱1,582.6 and ₱1,049.8 million in 2021 and 2020, respectively, or 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.

Updates on Operating Subsidiary - ScopeWorks Asia, Inc. (SWA)

SWA business has been significantly impacted by the covid-19 pandemic. The data conversion service reported lower demand in 2021. As a result, revenues in 2021 dropped by 18% compared to

the revenue in 2020. Direct cost and administrative expenses went down by 21% and 31%, respectively compared to 2020.

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

SWA's financial highlights for the years ended 31 December 2021 and 2020:

<i>In Php '000, except percentage</i>	2021	2020	Y21 vs Y20
Service Income	P44,680	P54,648	-18%
Gross Profit	12,644	13,892	-9%
EBITDA ¹	10,382	4,719	120%
Net Income (Loss)	928	(7,368)	113%

Key Performance Indicators

The following are the major financial ratios of the Company for the year ended 31 December 2021 and year ended 31 December 2020:

	2021	2020	Y21 vs Y20
Current Ratio ²	93.1	109.4	-15%
Debt to Equity Ratio ³	0.02	0.02	-
Return on Equity ⁴	(0.36%)	(0.71%)	49%
EBITDA Margin	17%	3%	467%
Net Loss Margin	(30%)	(47%)	36%

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

Plan of Operation

1. The Group is continuously evaluating other investment opportunities. There are prospects and potential investment partners but these are still at the very early stage and none has been finalized to date. Paxys will continue to provide updates to its shareholders once any of the prospective investment opportunities proceed to the next level.
2. Other than Cash, the Group's main assets consist of cash equivalents and short-term fund. These assets are highly liquid and are convertible to cash as soon as additional cash requirement arises. The Management believes that it has sufficient level of fund to meet its cash requirement in the next twelve (12) months. The Group also does not anticipate any liquidity problems that may arise from its operating activities in the near future.
3. There are no expected purchase or sale of plant and significant equipment in the near term.
4. There are no expected significant changes in the number of employees in the Group.

Others Matters

In general, there are no material known trends, demands, commitments, events, transactions, arrangements or items of, by or involving the Company that would require a disclosure pursuant to Part III (A)(2)(A)(i) to (vii) of "Annex C" of the Implementing Rules and Regulations Code, to wit:

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

² Current Assets/Current Liabilities

³ Total Liabilities/Total Stockholders' Equity

⁴ Net Income / [(Equity end + Equity beg - Net Income)/2]

1. There are no known trends or any demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Group's liquidity increasing or decreasing in any material way. The Company does not anticipate any cash flow or liquidity problems within the next 12 months. As discussed in the Management's Discussion and Analysis of Financial Conditions and Results of Operations above, the management believes that the current level of cash generated from Operations and borrowing capability are sufficient to meet the Company's immediate cash needs.
2. There are no known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
3. There were no material commitments for expansion or capital expenditures as of reporting period.
4. 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.
5. 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.
6. There were no known trends, events or uncertainties that have had or that are reasonably expected to have a material favourable or an unfavourable impact on net sales or revenue or income from continuing operation.
7. The causes for any material change from period to period are stated under Management's discussion and analysis section "financial condition".
8. The effects of seasonality or cyclicity on the operations of the Company's business are not material.
9. 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.

Compliance with Corporate Governance Practices

The Board of Directors and management, employees and shareholders of Paxys, Inc. firmly believe that good corporate governance is a key component of what constitutes sound strategic business management that will support its pursuit of sustainable long-term shareholder value. Our approach to governance is predicated on the belief that good governance is closely linked to the creation of long-term shareholder value. The basic structures for the company's corporate governance are primarily contained in its Articles of Incorporation and By-laws, Manual on Corporate Governance and its Code of Ethics. The Board recognizes that it is accountable to the company's shareholders for good governance.

The Company continues to have four (4) Board Committees namely the Executive Committee, the Audit and Risk Management Committee, the Nominations Committee, and the Compensation and Remuneration Committee. In keeping with regulatory requirements, each Committee continuously updates its Charter and Performance Assessment Procedures, as needed. Upon review of its respective Charter and evaluation of its respective Committee performance based on defined rating system, the Committees assessed their performance to be satisfactory, able to engage the Board, management and other stakeholders in risk management, control and governance processes to bring about a positive impact while furthering the goals of the Company. Please find attached the following documents for these purposes, which are also found in the Company's website:

1. Charter of the Board of Directors (Annex "F");
2. Annual Board Assessment Form (Board) (Annex "G");
3. Annual Board Assessment Form (Member) (Annex "H");
4. Charters of the Different Committees (Annexes "I" "J" "K" and "L")
5. Assessment of the Committees (Annexes "M" and "N")

Management and the Board continues to assess the company's risks and implements measures to curb and address its exposures while at the same time optimizing opportunities relative to these risks. The Company monetized several investments in the past. The Company's strong liquidity allows financial flexibility and has prepared the group for future growth and business opportunities. Henceforth, the Company's Directors and management believes it has adequate resources to continue in operation and as such continue to adopt a going concern basis for the annual report.

Republic of the Philippines)
Makati City) S.S.

CERTIFICATION

I, **MAYETTE H. TAPIA**, of legal age, Filipino citizen, with office address at 15th Floor 6750 Ayala Office Tower, Ayala Avenue, Makati City, Philippines, after having been sworn under oath in accordance with law hereby depose and state that:

1. I am the Corporate Secretary and Corporate Information Officer of **PAXYS, INC.** (the "Company"), a corporation duly organized under Philippine law with principal office at 15th Floor, 6750 Ayala Office Tower, Ayala Avenue, Makati City, Philippines;
2. I hereby certify that based on information provided to me, none of the following directors and officers of the Company, as of the date of this certification, are employed by nor work for the Philippine Government:
 - a) Tarcisio M. Medalla
 - b) Roger Leo A. Cariño
 - c) Christopher B. Maldia
 - d) Lim Ghee Keong
 - e) Roberto A. Atendido
 - f) Jose Antonio A. Lichauco
 - g) George Edwin SyCip
 - h) Pablito O. Lim
 - i) Mayette H. Tapia
 - j) Ana Maria A. Katigbak
 - k) Sheri A. Inocencio
 - l) Ruth M. Mariñas
3. I have executed this Certification to attest to the truth of the foregoing facts as required by the Securities and Exchange Commission.

IN WITNESS WHEREOF, I have signed this Certification on this MAR 21 2024 at Makati City.


MAYETTE H. TAPIA
Affiant

SUBSCRIBED AND SWORN on this MAR 21 2024 at MAKATI CITY affiant exhibiting to me the following competent evidence of identity:

Name	Competent Evidence of Identity	
	Type of ID and Number	Date and Place of Issue
Mayette H. Tapia	Philippine Passport No. P0985037B	Issued on 9 March 2019 by DFA NCR Central which expires on 8 March 2029

Doc. No. 58 ;
Page No. 13 ;
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-
J.N. 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

Republic of the Philippines)
Makati City) S.S.

UNDERTAKING

I, **MAYETTE H. TAPIA**, of legal age, Filipino citizen, with office address at 15th Floor 6750 Ayala Office Tower, Ayala Avenue, Makati City, Philippines, after having been sworn under oath in accordance with law hereby depose and state that:

1. I am the Corporate Secretary and Corporate Information Officer of **PAXYS, INC.** (the "Company"), a corporation duly organized under Philippine law with principal office at 15th Floor, 6750 Ayala Office Tower, Ayala Avenue, Makati City, Philippines;
2. I confirm that the Company is due to file its financial statements on or before 15 April 2024;
3. As such, I hereby undertake on behalf of the Company to submit to the Securities and Exchange Commission ("SEC") the following documents:
 - ❖ Statement of Management's Responsibility for Financial Statements
 - ❖ Consolidated Financial Statements for the year ended 31 December 2023
 - ❖ Supplementary Schedules to the Consolidated Financial Statements for the year ended 31 December 2023; and
 - ❖ Independent Auditor's Report on the Supplementary Schedule

and upload the same to the Company's website (www.paxys.com) once these are available. Copies of the above documents will also be distributed to the stockholders on or before the Annual Stockholders' Meeting on 10 May 2024; and

4. I am executing this Affidavit to attest to the truth of the foregoing and for whatever legal purpose it may serve.


IN WITNESS WHEREOF, I have signed this Undertaking on this MAR 21 2024 at Makati City.


MAYETTE H. TAPIA
Affiant

SUBSCRIBED AND SWORN on this MAR 21 2024 at MAKATI CITY affiant exhibiting to me the following competent evidence of identity:

Name	Competent Evidence of Identity	
	Type of ID and Number	Date and Place of Issue
Mayette H. Tapia	Philippine Passport No. P0985037B	Issued on 9 March 2019 by DFA NCR Central which expires on 8 March 2029

Doc. No. 60 ;
Page No. 13 ;
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



MARKETS AND SECURITIES REGULATION DEPARTMENT

22 March 2024

ATTY. MAYETTE H. TAPIA
Corporate Secretary
PAXYS, INC.
15th Floor, 6750 Ayala Office Tower
Ayala Avenue, Makati City 1226
Email: investor_relations@paxys.com

Re: Distribution of Definitive Information Statement thru QR Code and Link to Company's Website

Gentlemen:

This refers to your letter filed on 21 March 2024 requesting for distribution of the PAXYS, Inc.'s ("Company") copies of the Definitive Information Statement ("DIS") and related materials in digital versions to the stockholders thru: (a) Quick Response Code (QR Code) and (b) a link to the Corporation's website containing copies of the DIS. The DIS will contain copies of the following documents:

- (1) Definitive Information Statement Cover Page;
- (2) Notice of Annual Stockholders' Meeting;
- (3) Definitive Information Statement;
- (4) Proxy form, in case of a proxy solicitation;
- (5) Management Report;
- (6) Audited Financial Statements for year ended December 31, 2023; and
- (7) Statement of Management's Responsibility.

Please be advised that the Commission allows the distribution of the DIS through verifiable soft copy, such as QR Code and distribution of link in the company website where the DIS is posted, pursuant to the E-Commerce Law and 2015 Amended Implementing Rules and Regulations of the SRC particularly Rule 20.3.1 which states that:

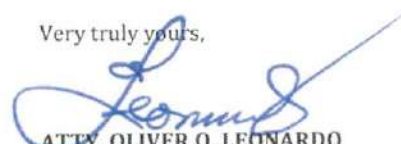
"In the conduct of annual or other stockholders' meetings, the Issuer shall transmit **either a written or verifiable soft copy** of the information statement and proxy form (in case of a proxy solicitation) containing the information specified under SEC Form 20-IS, and a management report under SRC Rule 20.4, if applicable, to security holder of the class entitle to vote." (emphasis supplied)

The said distribution in QR Code is subject to the following conditions:

1. Hard copies of the said document shall, upon request by shareholders, be given within the period required under the Rules;
2. The shareholders shall be informed that the hard copy of the documents shall be provided upon their request; and
3. Important information such as date, time, venue and agenda of the meeting must be indicated with the QR Code that will be distributed to the shareholders.

This permission only pertains to the specific request of using **QR Code and distribution of link to the corporate website where the DIS is posted for the Definitive Information Statement for the Fiscal Year 2024**, and shall not be construed to allow the use of other data storage materials. Separate requests should be filed for the Definitive Information Statement of succeeding years.

Very truly yours,


ATTY. OLIVER O. LEONARDO
Director

The SEC Headquarters, 7907 Makati Avenue
Salcedo Village, Bel-air, Makati City
(+63 2) 5322 7696



Investor Relations

From: ICTD Submission <ictdsubmission+canned.response@sec.gov.ph>
Sent: Thursday, 21 March 2024 5:02 pm
To: Investor Relations
Subject: Re: PaxysInc_SEC Form 17C Certification of Independent Director_21March2024

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.

COVER SHEET

6 6 0 9

S.E.C. 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)

MAYETTE H. TAPIA

Contact Person

8 2 5 0 3 8 0 0

Company Telephone Number

1 2 3 1

Month Day

Fiscal Year

Certificate of Independent Director

FORM TYPE

Secondary License Type, If Applicable

Month Day

Annual Meeting

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

Document I.D.

LCU

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **JOSE ANTONIO A. LICHAUCO**, Filipino, of legal age and a resident of #20 Pennsylvania Street, New Manila, Quezon City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am one of the nominees as Independent Director of Paxys, Inc. (hereinafter, the "Company") for the year 2024. I have been one of its independent directors since May 2004 to December 2020, and have been reappointed as such for years 2021 to 2023 as approved by the stockholders during the annual stockholders' meeting in compliance with the Company's By-Laws and Manual on Corporate Governance.

2. I am affiliated with the following companies and organizations (including Government-Owned and Controlled Corporations):

Company/ Organization	Position/ Relationship	Period of Service
Asian Alliance Investment Corporation	President	2005 to Present
Automated Technology (Phil.), Inc.	Director and Treasurer	2000 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Paxys, Inc., as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director, officer or substantial shareholder of Paxys, Inc. and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Implementing Rules of the Securities Regulation Code (Republic Act 8799).

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am neither an officer nor an employee of any government agency or government-owned and controlled corporation.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of Paxys, Inc. of any changes in the abovementioned information within five (5) days from its occurrence.

DONE this MAR 21 2024 at Makati City.


JOSE ANTONIO A. LICHAUCO

SUBSCRIBED AND SWORN to before me this MAR 21 2024 at MAKATI CITY,

affiant exhibiting to me his Philippine Passport No. P2727466B issued by DFA NCR East on 7 August 2019 which expires on 6 August 2029.

Doc. No. 91 ;
Page No. 14 ;
Book No. 14 ;
Series of 2024.

ATTY. JOEL FERRER FLORES
Notary Public for Makati City
Until December 31, 2024
Appointed by DOJ No. M-117 (2021)
P.O. Box 107076
MCLE Compliance VII: No. 001-1393-
Jan. 3, 2023 until Apr. 12, 2028
PTR No. 10073945 / Jan. 2, 2024 / Makati City
IBP No. 330280 / Jan. 2, 2024 / Pasig City
1107 Bataan St., Guadalupe Nuevo, Makati City

Investor Relations

From: ICTD Submission <ictdsubmission+canned.response@sec.gov.ph>
Sent: Friday, 22 March 2024 2:00 pm
To: Investor Relations
Subject: Re: PaxysInc._SEC Form 17C Certification of Independent Director_22March2024

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.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **GEORGE EDWIN Y. SYCIP**, American, of legal age and a resident of 60 Cambridge Circle, North Forbes Park, Makati City, after having been duly sworn to in accordance with law, do hereby declare:

1. I am one of the nominees as Independent Director of Paxys, Inc. (hereinafter, the "Company") for the year 2024. I have been one of its independent directors since May 2004 to December 2020, and have been reappointed as such for years 2021 to 2023 as approved by the stockholders during the annual stockholders' meeting in compliance with the Company's By-Laws and Manual on Corporate Governance.

2. I am affiliated with the following companies and organizations (including Government-Owned and Controlled Corporations):

Company/ Organization	Position/Relationship	Period of Service
Asian Alliance Holdings and Development Corp.	Director	November 1995 to present
Cityland Development Corporation	Director	December 2017 to present
Bank of the Orient	Director	May 1993 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Paxys, Inc., as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director, officer or substantial shareholder of Paxys, Inc. and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Implementing Rules of the Securities Regulation Code (Republic Act 8799).

5. I disclose that I am the subject of the following criminal/administrative investigation or proceeding:

OFFENSE CHARGED/ INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
PLEASE SEE ATTACHED INFORMATION ON PENDING LEGAL PROCEEDINGS		

6. I am neither an officer nor an employee of any government agency or government-owned and controlled corporation.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of Paxys, Inc. of any changes in the abovementioned information within five (5) days from its occurrence.

DONE this 21st March 2024 at San Francisco, California 94101 USA.


GEORGE EDWIN Y. SYCIP

SUBSCRIBED AND SWORN to before me this _____ at _____, affiant exhibiting to me his Passport No. 506254556, issued on 7 January 2015 by the US Department of State, U.S.A. which expires on 6 January 2025.

Doc. No. _____;
Page No. _____;
Book No. _____;
Series of 2024.

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of San Francisco)

Subscribed and sworn to (or affirmed) before me on March 21, 2024 by
*****George Edwin Sycip****, proved to me on the basis of satisfactory evidence to be the
person(s) appeared before me.



Alexandra E. Lioanag
Notary Public

Offense Charged/Investigated	Tribunal or Agency Involved	Status
<p>a. Alleged violation of Sections 74 and 75 in relation to Section 144 of the Corporation Code (or alleged violation of the right to inspect) – preliminary investigation</p>	<p>Office the Secretary – Department of Justice (OSEC-PR-DTF-2-010916-001; NPS Docket Nos. XVI-INV-15B-00033 to 00034, titled <i>Harvest All Investment Limited, et al. v. Annsley B. Bangkas, et al./Harvest All Investment Limited, et al. v. George SyCip, et al.</i>)</p>	<p>The Department of Justice (“DOJ”) reversed the dismissal of the cases by the DOJ Prosecution Staff even though there was a finding that the directors, including myself, did not issue a board resolution that expressly denied the inspection request. My <i>Motion for Reconsideration</i> of the DOJ <i>Resolution</i> is pending.</p> <p>My co-respondents filed a <i>Petition for Certiorari</i> with the Court of Appeals assailing the DOJ <i>Resolution</i>. The petition was denied by the Court of Appeals; thus, my co-respondents filed a <i>Petition for Review on Certiorari</i> with the Supreme Court. The petition is still pending.</p>
<p>b. Alleged violation of Sections 74 and 75 in relation to Section 144 of the Corporation Code (or alleged violation of the right to inspect) – filed in court</p>	<p>Regional Trial Court of Pasig, Branch 161 (Criminal Case Nos. R-PSG-21-03136-CR to 03137-CR, titled <i>People of the Philippines v. Annsley B. Bangkas, et al.</i>)</p>	<p>This is an offshoot of the case above (e.g., NPS Docket Nos. XVI-INV-15B-00033 to 00034). The case was initially raffled to the Metropolitan Trial Court of Pasig, Branch 71, which issued a <i>Resolution</i> dated November 11, 2020 dismissing the case for lack of jurisdiction without prejudice to its refiling with the proper Regional Trial Court. The prosecution's motion for reconsideration was denied through the court's <i>Resolution</i> dated February 22, 2021.</p> <p>The <i>Information</i> was eventually refiled by the Office of the City Prosecutor of Pasig and raffled to the Regional Trial Court (“RTC”) of Pasig, Branch 161.</p> <p>Though the court has not acquired personal jurisdiction over me, it has been sending my counsel copies of the court's orders. The RTC issued an <i>Order</i> dated May 18, 2022 suspending the proceedings because of a prejudicial question subject of Commercial Case No. 14-219. The prosecution's <i>Motion for Reconsideration</i> was denied by the RTC through its <i>Order</i> dated September 20, 2022.</p>

Offense Charged/Investigated	Tribunal or Agency Involved	Status
<p>c. Alleged violation of Sections 74 and 75 in relation to Section 144 of the Corporation Code (or alleged violation of the right to inspect) – preliminary investigation</p>	<p>Department of Justice – Prosecution Staff (NPS Docket No. XVI-INV-15B-00053, titled <i>Hedy S.C. Yap-Chua v. Jonathan Y. Dee, et al.</i>)</p>	<p>The Office of the Prosecutor General of the DOJ, through a <i>Review Resolution</i> dated March 20, 2018 (“March 20 Resolution”) ruled in favor of the complainant even though the request for inspection was granted by the board of directors, including myself. I filed a <i>Petition for Review</i> of the March 20 Resolution with the Secretary of Justice. The Secretary of Justice, through its <i>Resolution</i> dated December 29, 2021 (“December 29 Resolution”), granted my <i>Petition for Review</i> and the petitions filed by my co-respondents. Through the December 29 Resolution, the Secretary of Justice dismissed the charges and directed the Prosecutor General to withdraw any <i>Information</i> filed by virtue of this case.</p> <p>The complainant’s motion for reconsideration of the December 29 Resolution was denied by the Secretary of Justice through his <i>Resolution</i> dated June 15, 2022 (“June 15 Resolution”).</p> <p>The complainant then filed a <i>Petition for Certiorari</i> with the Court of Appeals assailing the Secretary of Justice’s December 29 Resolution and June 15 Resolution. The complainant’s petition is still pending.</p>
<p>d. Alleged violation of Sections 73 and 74 in relation to Sections 161 and 170 of the Revised Corporation Code (or alleged violation of the right to inspect) – filed in court</p>	<p>Regional Trial Court of Pasig, Branch 157 (Criminal Case Nos. R-PSG-21-01844-CR to 01845-CR, titled <i>People of the Philippines v. Jonathan Y. Dee, et al.</i>)</p>	<p>This is an offshoot of the case above (e.g., NPS Docket No. XVI-INV-15B-00053). The case was initially raffled to the Metropolitan Trial Court of Pasig, Branch 70, which issued an <i>Order</i> dated March 6, 2020 (“March 6 Order”) dismissing the case for lack of subject matter jurisdiction. A motion for reconsideration of the March 6 Order was filed by the prosecution and was denied by the court through a <i>Resolution</i> dated November 12, 2020.</p> <p>The Office of the City Prosecutor of Pasig refiled the <i>Information</i> with the Regional Trial Court of Pasig and the case was raffled to Branch 157 (“RTC”).</p> <p>Pursuant to the DOJ Secretary’s December 29 Resolution, the Office of the City Prosecutor of Pasig filed a <i>Motion to Withdraw Information</i> dated February 14, 2022.</p> <p>The RTC issued its <i>Omnibus Resolution</i> dated May 24, 2022 granting the prosecution’s <i>Motion to Withdraw Information</i> and dismissing the cases for lack of probable cause. The complainant filed a <i>Motion for Partial Reconsideration</i> which was denied by the RTC.</p>

Offense Charged/Investigated	Tribunal or Agency Involved	Status
<p>e. Alleged violation of Presidential Decree No. 1689, in relation to Article 315(2)(a) of the Revised Penal Code (syndicated estafa) and Article 171(1) of the Revised Penal Code (falsification of public document) – preliminary investigation</p>	<p>Office the Secretary – Department of Justice (NPS Docket Nos. XV-07-INV-16B-01028 and XV-07-INV-16D-01843, titled <i>Victory Fund Limited, et al. v. Jonathan Y. Dee, et al./Jonathan Y. Dee, et al. v. Hedy S.C. Yap-Chua</i>)</p>	<p>The Office of the City Prosecutor – Manila dismissed both Complaints. The complainants’ Appeal to the DOJ was also denied. Through a <i>Resolution</i> dated March 27, 2018 (“March 27 Resolution”), the DOJ partially granted the complainants’ motion for reconsideration by finding probable cause for simple estafa against me and some of my co-respondents; the DOJ affirmed its ruling dismissing the syndicated estafa and falsification of public document charges. Several respondents, including myself, have filed motions for reconsideration of the March 27 Resolution, which are pending.</p> <p>Some of the respondents filed a <i>Petition for Certiorari</i> with the Court of Appeals to challenge the March 27 Resolution. The Court of Appeals denied the petition through its <i>Decision</i> dated June 21, 2021. My co-respondents’ motion for reconsideration was also denied by the Court of Appeals through its <i>Resolution</i> dated August 18, 2022.</p>
<p>f. Alleged violation of Article 315(2)(a) of the Revised Penal Code (estafa) – filed in court</p>	<p>Regional Trial Court of Makati, Branch 143 (Criminal Case No. R-MKT-19-01308, titled <i>People of the Philippines v. Jonathan Dee, et al.</i>)</p>	<p>This is an offshoot of the case above (e.g., NPS Docket Nos. XV-07-INV-16B-01028 and XV-07-INV-16D-01843). The prosecution filed the <i>Information</i> in court after the DOJ, in its March 27 Resolution, found probable cause to charge me and some of my co-respondents with simple estafa.</p> <p>I received information that the Regional Trial Court of Makati, Branch 143 dismissed the case against my co-respondents.</p>

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of **Paxys, Inc.** (the Company) is responsible for the preparation and fair presentation of the separate financial statements as at and for the years ended December 31, 2023 and 2022, including the schedules attached therein, 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 separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate 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 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 separate financial statements, including the schedules attached therein, and submits the same to the stockholders.

Reyes Tacandong & Co., the independent auditor appointed by the stockholders, has audited the separate 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.

Tarcisio M. Medalla
Chairman of the Board and President

Pablito O. Lim
Group Chief Financial Officer



Signed this 18th day of March 2024.

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Page No. 30
Book No. 13
Series of 20 24

15th Floor • 6750 Ayala Office Tower
Ayala Avenue, Makati City, Philippines 1226
Tel. No. (02) 8250-3800 • Fax No. (02) 8250-3801
www.paxys.com
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
REG. NO. 10073945/ Jan. 2, 2024/ Makati City
REG. NO. 330740/ Jan. 2, 2024/ Pasig City
1107 Santa Rosa St., Guadalupe Nuevo, Makati City

COVER SHEET

for
AUDITED SEPARATE FINANCIAL STATEMENTS

SEC Registration Number

							6	6	0	9
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COMPANY NAME

P	A	X	Y	S	,		I	N	C	.									

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

1	5	t	h	F	l	o	o	r	,		6	7	5	0	A	y	a	O	f	f	i	c	e	T	o	w	e	r	,						

Form Type	Department Requiring the Report	Secondary License Type, If Applicable
A A S F S	C R M D	N / A

COMPANY INFORMATION

Company's Email Address investor_relations@paxys.com	Company's Telephone Number/s (632) 8250-3800	Mobile Number 0919-088-5563
No. of Stockholders 714	Annual Meeting (Month / Day) December 11	Calendar Year (Month / Day) December 31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person Atty. Mayette H. Tapia	Email Address mayette.tapia@paxys.com	Telephone Number/s (632) 8250-3800	Mobile Number 0919-088-5563
---	---	--	---------------------------------------

CONTACT PERSON'S ADDRESS

15th Floor, 6750 Ayala Office Tower, Ayala Avenue, Makati City

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

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



INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Paxys, Inc.
15th Floor, 6750 Ayala Office Tower
Ayala Avenue, Makati City

Opinion

We have audited the accompanying separate financial statements of Paxys, Inc. (the Company), which comprise the separate statements of financial position as at December 31, 2023 and 2022, separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years then ended, and notes to separate financial statements, including a summary of material accounting policies.

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

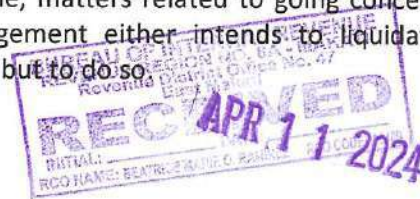
Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to the audit of the separate financial statements in the Philippines, and we have 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.

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

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

In preparing the separate 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.





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

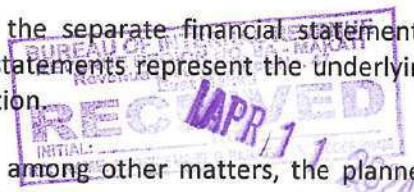
Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 PSA 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, these could reasonably be expected to influence the economic decisions of users taken on the basis of the separate financial statements.

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

- Identify and assess the risks of material misstatement of the separate 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 audits 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 Company'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 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 auditors' report to the related disclosures in the separate 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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





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

REYES TACANDONG & Co.

Michelle R. Mendoza-Cruz
MICHELLE R. MENDOZA-CRUZ

Partner

CPA Certificate No. 97380

Tax Identification No. 201-892-183-000

BOA Accreditation No. 4782; Valid until April 13, 2024

BIR Accreditation No. 08-005144-012-2023

Valid until January 24, 2026

PTR No. 10072412

Issued January 2, 2024, Makati City

March 18, 2024

Makati City, Metro Manila



PAXYS, INC.

SEPARATE STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2023	2022
ASSETS			
Current Assets			
Cash and cash equivalents	4	P830,242,099	P619,546,534
Investment securities	5	–	238,093,419
Receivables	6	35,483,193	28,101,531
Other current assets	7	14,528,062	12,379,885
Total Current Assets		880,253,354	898,121,369
Noncurrent Assets			
Investments in subsidiaries and a joint venture	8	425,545,650	425,545,650
Right-of-use (ROU) asset	18	17,981,267	25,173,773
Property and equipment	9	143,115	300,282
Other noncurrent assets	10	6,433,160	6,450,075
Total Noncurrent Assets		450,103,192	457,469,780
		P1,330,356,546	P1,355,591,149
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	11	P9,958,611	P10,268,610
Current portion of lease liability	18	7,733,966	7,359,572
Dividends payable	13	6,554,030	6,554,030
Income tax payable		13,965	120,382
Total Current Liabilities		24,260,572	24,302,594
Noncurrent Liabilities			
Lease liability - net of current portion	18	10,939,826	18,673,792
Retirement liability	12	6,766,947	6,195,032
Total Noncurrent Liabilities		17,706,773	24,868,824
Total Liabilities		41,967,345	49,171,418
Equity			
Capital stock	13	1,148,534,866	1,148,534,866
Additional paid-in capital	13	451,364,252	451,364,252
Deficit		(311,213,821)	(293,183,291)
Other equity reserves	12	(296,096)	(296,096)
Total Equity		1,288,389,201	1,306,419,731
		P1,330,356,546	P1,355,591,149

See accompanying Notes to Separate Financial Statements.

PAXYS, INC.

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

	Note	Years Ended December 31	
		2023	2022
INTEREST INCOME - NET OF AMORTIZATION	17	₱48,329,525	₱21,543,433
GENERAL AND ADMINISTRATIVE EXPENSES	15	(59,277,101)	(62,143,227)
NET FOREIGN EXCHANGE GAIN (LOSS)		(818,478)	9,792,700
INTEREST EXPENSE	18	(931,856)	(1,217,287)
OTHER INCOME - Net	17	3,495,679	4,774,330
LOSS BEFORE INCOME TAX		(9,202,231)	(27,250,051)
PROVISION FOR CURRENT INCOME TAX	19	8,828,299	5,781,007
NET LOSS		(18,030,530)	(33,031,058)
OTHER COMPREHENSIVE INCOME			
<i>Item not to be reclassified to profit or loss -</i>			
Remeasurement gain on retirement liability	12	-	2,751,769
TOTAL COMPREHENSIVE LOSS		(₱18,030,530)	(₱30,279,289)

See accompanying Notes to Separate Financial Statements.



PAXYS, INC.

SEPARATE STATEMENTS OF CHANGES IN EQUITY

	Note	Years Ended December 31	
		2023	2022
CAPITAL STOCK	13	₱1,148,534,866	₱1,148,534,866
ADDITIONAL PAID-IN CAPITAL	13	451,364,252	451,364,252
DEFICIT			
Balance at beginning of year		(293,183,291)	(260,152,233)
Net loss		(18,030,530)	(33,031,058)
Balance at end of year		(311,213,821)	(293,183,291)
OTHER EQUITY RESERVES			
Cumulative Remeasurement Losses on Retirement Liability	12		
Balance at beginning of year		(296,096)	(3,047,865)
Remeasurement gain		-	2,751,769
Balance at end of year		(296,096)	(296,096)
		₱1,288,389,201	₱1,306,419,731

See accompanying Notes to Separate Financial Statements.



PAXYS, INC.
SEPARATE STATEMENTS OF CASH FLOWS

		Years Ended December 31	
	Note	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		(P9,202,231)	(P27,250,051)
Adjustments for:			
Interest income	17	(48,329,525)	(21,543,433)
Depreciation and amortization	17	7,372,615	7,477,094
Provision for expected credit losses on receivables	6	5,828,576	3,850,523
Interest expense on lease liability	18	931,856	1,217,287
Net unrealized foreign exchange loss		821,860	(8,366,908)
Retirement benefits	12	571,915	540,780
Realized foreign exchange gain on disposal of investment securities	5	368,312	-
Non-cash adjustment of ROU assets	18	-	(132,619)
Loss on redemption of available-for-sale financial asset	5	-	76,490
Operating loss before changes in working capital		(41,636,622)	(44,130,837)
Decrease (increase) in:			
Receivables		186,947	123,742
Other current assets		(2,148,177)	(3,094,382)
Investment securities measured at fair value through profit or loss		-	34,121,209
Decrease in trade and other payables		(309,999)	(274,325)
Net cash used for operations		(43,907,851)	(13,254,593)
Interest received		37,640,945	27,051,411
Income taxes paid		(8,934,716)	(5,662,423)
Net cash flows provided by (used in) operating activities		(15,201,622)	8,134,395
CASH FLOWS FROM INVESTING ACTIVITIES			
Net redemptions of (additions to) investment securities measured at amortized cost	5	237,532,000	(242,139,762)
Decrease (increase) in due from related parties		(2,387,008)	8,021,366
Additions to:			
Property and equipment	9	(6,027)	(157,000)
Intangible assets	10	-	(18,482)
Net cash flows provided by (used in) investing activities		235,138,965	(234,293,878)
CASH FLOW FROM A FINANCING ACTIVITY			
Payments of lease liability	18	(8,291,428)	(8,220,534)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		211,645,915	(234,380,017)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(950,350)	6,923,007
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		619,546,534	847,003,544
CASH AND CASH EQUIVALENTS AT END OF YEAR	4	P830,242,099	P619,546,534

See accompanying Notes to Separate Financial Statements.

PAXYS, INC.

NOTES TO SEPARATE FINANCIAL STATEMENTS AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

1. Corporate Information

Paxys, Inc. (Paxys or the Company) is an investment holding company incorporated in the Philippines and listed (stock symbol: PAX) in the Philippine Stock Exchange (PSE). The Company was formerly known as Fil-Hispano Holdings Corporation and registered with the Philippine Securities and Exchange Commission (SEC) on February 14, 1952. On June 18, 2001, the SEC approved the extension of corporate existence for 50 years until February 14, 2052. However, in accordance with the Revised Corporation Code of the Philippines, effective February 23, 2019, the Company shall have perpetual existence.

On March 22, 1971, the shares of the Company with ₱1 par value per share were listed with the PSE. As at December 31, 2023 and 2022, 1,148,534,866 common shares are listed in the PSE and traded in the PSE at the price of ₱1.15 and ₱1.83 per share, respectively.

As at December 31, 2023 and 2022, the major shareholders of the Company are All Asia Customer Services Holdings Ltd (AACSHL), a company incorporated in Hong Kong, and Paxys N.V., a wholly-owned subsidiary of the Company, with 54.93% and 30.09% equity interest, respectively.

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

Approval of the Separate Financial Statements

The accompanying separate financial statements as at and for the years ended December 31, 2023 and 2022 were authorized for issue by the Board of Directors (BOD) on March 18, 2024.

2. Summary of Material Accounting Policy Information

Basis of Preparation

The separate financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretation from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial and Sustainability Reporting Standards Council and adopted by the SEC, including SEC pronouncements.

The Company also prepares consolidated financial statements for the same year in accordance with PFRS for the Company and its Subsidiaries (collectively referred to as the Group). Users of these separate financial statements should read them together with the consolidated financial statements in order to obtain full information on the financial position, financial performance and cash flows of the Group as a whole. The consolidated financial statements may be obtained at the registered office address of the Company or at the SEC.

Measurement Bases

The separate financial statements are presented in Philippine Peso, the functional currency of the Company. All amounts represent absolute values, unless otherwise stated.

The separate financial statements have been prepared on a historical cost basis, except for, retirement liability measured at present value of the defined benefit retirement obligation, and lease liability measured at present value of discounted minimum lease payments.

Historical cost is generally based on the fair value of the consideration given in exchange for an asset or the fair value of the consideration received in exchange for incurring a liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the transaction date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Company.

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

The 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 and/or disclosed in the separate financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active market 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.

For assets and liabilities that are recognized in the separate financial statements on a recurring basis, the 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 year.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as discussed in the foregoing.

Information about the assumptions made in measuring fair value is included in the following notes to separate financial statements:

Note 3, *Significant Judgments, Accounting Estimates and Assumptions*

Note 20, *Financial Risk Management Objectives and Policies*

Adoption of Amended PFRS

The accounting policies adopted are consistent with those of the previous reporting year, except for the adoption of the following amended PFRS.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PFRS Practice Statement 2, *Making Materiality Judgments - Disclosure Initiative - Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2 is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information.
- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods.

The adoption of the amended PFRS did not materially affect the separate financial statements of the Company. Additional disclosures were included in the separate financial statements, as applicable.

Financial Assets and Liabilities

Date of Recognition. The Company recognizes a financial asset or liability in the separate statements of financial position when the Company becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at FVPL, includes transaction cost.

Financial Assets

Classification. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). The classification of a financial instrument largely depends on the Company's business model and its contractual cash flow characteristics.

The Company does not have financial assets at FVOCI.

Financial Assets at FVPL. Financial assets that do not meet the criteria for being measured at amortized cost or FVOCI are classified under this category. Specifically, financial assets at FVPL include financial assets that are (a) held for trading, (b) designated upon initial recognition at FVPL, or (c) mandatorily required to be measured at fair value.

Financial assets are classified as held for trading if these are acquired for the purpose of selling or repurchasing in the near term. 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, 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 measured at fair value at each reporting date, with any fair value gains or losses recognized in profit or loss to the extent these are not part of a designated hedging relationship.

This category includes investments in Unit Investment Trust Fund (UITF) presented as investment securities in the separate statements of financial position.

Financial Assets at Amortized Cost. A financial asset should be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is 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.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are impaired and through amortization process.

Financial assets at amortized cost are included under current assets if maturity is within 12 months from the reporting date. Otherwise, these are classified as noncurrent assets.

The Company classifies its cash and cash equivalents, investments in bonds presented under investment securities in the separate statements of financial position, receivables, and rental and security deposits under this category.

Financial Liabilities

Classification. The Company classifies its financial liabilities at initial recognition as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Company's business model and its contractual cash flow characteristics.

The Company does not have financial instruments classified as financial liabilities at FVPL.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost unless either the financial liability is held for trading and is therefore required to be measured at FVPL or the entity elects to measure the liability at FVPL. Financial liabilities are recognized when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments. These financial liabilities are initially recognized at fair value less any directly attributable transaction costs.

After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest 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. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

The Company classifies its trade and other payables (excluding statutory payables), lease liability and dividends payable under this category.

Reclassification

The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting year following the change in business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income.

Impairment of Financial Assets

The Company assesses at the end of each reporting year whether a financial asset or a group of financial assets is impaired.

The Company recognizes impairment loss based on expected credit loss (ECL), which is the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For financial assets at amortized cost, which comprise cash and cash equivalents, receivables (excluding advances to officers and employees), investment in bonds presented under investment securities in the separate statements of financial position, and rental and security deposits, ECL is based on 12-month ECL that pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date.

However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For a financial asset that is credit-impaired at the reporting date, an entity should measure the ECL as the difference between the asset gross carrying amount and the present value of estimated future cash flows discounted at the financial asset original effective interest rate. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events, among others: (a) significant financial difficulty of the issuer or the borrower; (b) a breach of contract, such as a default or past due event or (c) the disappearance of an active market for that financial asset because of financial difficulties. It may not be possible to identify a single discrete event instead, the combined effect of several events may have caused financial assets to become credit impaired.

Financial assets are written off when the counter parties have no liquid and/or available assets to pay. Thus, these are no longer fully realizable.

Derecognition of Financial Assets and Liabilities

A financial asset (or where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognized when:

- The right to receive cash flows from the asset has expired;
- the Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Company has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and benefits of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset, if any, is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Company could be required to pay.

A financial liability is derecognized when the obligation under the liability is discharged, 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the separate statements 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.

Classification of Financial Instrument between Liability and Equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- 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.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Input Value-Added Tax (VAT)

Input VAT represents the net amount of VAT recoverable from the tax authority. Revenue, expenses, and assets are recognized, net of the amount of VAT, except where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority.

Investments in Subsidiaries and a Joint Venture

Investments in subsidiaries and a joint venture are carried at cost, less any impairment in value. Under the cost method of accounting, the Company recognizes income from the investment only to the extent that the Company received distributions from accumulated profits of the subsidiary and joint venture arising after the date of acquisition. Distributions received in excess of such profits are regarded as a reduction of the cost of investment.

A subsidiary is an entity in which the Company has control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Property and Equipment

Property and equipment are carried at historical cost less accumulated depreciation, amortization, and any impairment in value. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss in the year incurred.

Major renovations that qualify for capitalization are depreciated and amortized over the remaining useful life of the related asset or to the next major renovation, whichever is shorter.

Depreciation and amortization are calculated using the straight-line method to allocate the cost over the estimated useful lives of the assets, as follows:

<u>Asset Type</u>	<u>Number of Years</u>
Office equipment	5
Computer equipment	3
Communication equipment	3
Leasehold improvements	5 or the lease term, whichever is shorter

Depreciation and amortization commence when an asset is in its location or condition capable of being operated in the manner intended by management. Depreciation and amortization cease at the earlier of the date that the item is classified as held for sale (or included in a disposal Company that is classified as held for sale) and the date the asset is derecognized.

The estimated useful lives and depreciation and amortization method of property and equipment are reviewed, and adjusted if appropriate, periodically to ensure that these are consistent with the expected pattern of economic benefits from items of property and equipment.

Fully depreciated property and equipment are retained in the books until these are no longer being used in the operations.

When an asset is disposed of or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and accumulated depreciation, amortization, and impairment are derecognized. Gains and losses on retirement or disposal are determined by comparing the proceeds with carrying amount of the asset and are recognized in profit or loss.

Impairment of Nonfinancial Assets

The carrying amounts of nonfinancial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recognized in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Nonfinancial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment losses are recognized in profit or loss. Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized. After such a reversal, the depreciation and amortization are adjusted in future years to allocate the asset's revised carrying amount on a systematic basis over its remaining estimated useful lives.

Equity

Capital Stock and Additional Paid-in Capital. Capital stock is measured at par value for all shares issued. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from proceeds, net of tax. The excess of proceeds from the issuance of shares over the par value of shares is credited to additional paid-in capital.

Deficit. Deficit represents the cumulative balance of results of operations.

Other Comprehensive Loss

Other comprehensive loss is comprised of items of income and expenses (including items previously presented as other equity reserves under the separate statement of changes in equity) that are not recognized in profit or loss for the year. Other comprehensive loss, which is presented as "Other equity reserves," pertains to cumulative remeasurement losses on retirement liability.

Revenue Recognition

Revenue from contracts with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company perform its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time. The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed that it acts as a principal in all its revenue sources. The following specific recognition criteria must also be met before revenue is recognized:

Interest Income. Revenue is recognized on a time proportion basis using the effective interest method.

Other Income. Revenue is recognized when the earning process is complete, and the flow of economic benefit is reasonably assured.

Expense Recognition

Expenses are decreases in economic benefits during the year in the form of outflows, decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants.

General and administrative expenses constitute costs of administering the business such as salaries and wages of administrative department, professional fees, management fees, rental, utilities, and general office expenses. These expenses are recognized in profit or loss as incurred.

Employee Benefits

Short-term Benefits. The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the year. Short-term benefits given by the Company to its employees include salaries and wages, social security contributions, short-term compensated absences, bonuses, and non-monetary benefits.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided. The unpaid portion of the short-term employee benefits is measured on an undiscounted basis and is included as part of "Trade and Other Payables" account in the separate statements of financial position.

Retirement Benefits. Retirement benefit costs are actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. The calculation of defined benefit obligations is performed by a qualified actuary.

The Company recognizes service costs comprising of current service costs and interest costs in profit or loss. Interest cost is calculated by applying the discount rate to the retirement liability.

Remeasurements of the retirement liability, which comprise actuarial gains and losses, are recognized immediately in other comprehensive income.

The retirement liability is the present value of the defined benefit obligation. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using risk-free interest rate of government bonds that have terms to maturity approximating the terms of the related retirement and other long-term benefits liability.

Actuarial valuations are made annually so that the amounts recognized in the separate financial statements do not differ materially from the amounts that would be determined at the reporting date.

Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset. This may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and

- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. The Company has the right to direct the use of the asset if either:
 - the Company has the right to operate the asset; or
 - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

The Company as a Lessee. The Company recognizes ROU asset and lease liability at the lease commencement date. The ROU asset is initially measured at cost comprising the initial measurement of lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, any initial direct and restoration costs.

The ROU asset is measured subsequently at cost, less amortization and any impairment losses. In addition, the cost is subsequently adjusted for any remeasurement of the lease liability resulting from reassessments or lease modifications.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise of the following:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or a rate
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise an extension or termination option.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis of accounting as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Income Taxes

Current Tax. Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of reporting year.

Deferred Tax. Deferred tax is provided on all temporary differences at the end of reporting year 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. Deferred tax liability is not recognized when it arises from the initial recognition of 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 or loss nor taxable profit or loss. However, deferred tax liabilities are not provided on non-taxable temporary differences associated with investments in domestic subsidiaries, an associate and interests in joint ventures.

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

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

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rate (and tax laws) that have been enacted or substantively enacted at the end of reporting year.

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in relation to the underlying transaction either in other comprehensive income or directly in equity.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation 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 pretax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

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

Events after the Reporting Year

Events after the reporting date that provide additional information about the Company's financial position at the end of reporting year (adjusting events) are reflected in the separate financial statements when material. Events after the reporting date that are non-adjusting events are disclosed in the notes to separate financial statements when material.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the separate financial statements requires management to exercise judgment, make accounting estimates and use assumptions that affect the reported amounts of assets, liabilities, income, expenses, and related disclosures. The management makes accounting estimates and uses assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the separate financial statements as these become reasonably determinable.

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

The Company believes the following represent a summary of significant judgments, accounting estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities, as well as to the related revenues and expenses, within the next year, and related impact and associated risk in the separate financial statements.

Judgments

In the process of applying the Company's accounting policies, management exercises judgment on the following items, apart from those involving estimations, which has the most significant effect on the amounts recognized in the separate financial statements.

Determining Functional Currency. Management determined that the Philippine Peso is the currency of the primary economic environment in which the Company operates. It is the currency that mainly influences the Company's operations.

Determining the Classification of Financial Instruments. Classification of financial instruments depends on the results of the business model and "sole payment of principal and interest" (SPPI) test performed by the Company. The Company exercises judgment in determining the business model to be used in managing its financial instruments to achieve their business objectives.

The classification on various financial assets and liabilities of the Company are disclosed in Note 2, *Summary of Material Accounting Policy Information*.

Determining the Classification of Lease Arrangements and Appropriate Lease Term and Discount Rates. The Company, as a lessee, has various lease agreements with third parties for office space and parking space.

The Company has exercised significant judgment in determining the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or in any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The leases are renewable upon mutual agreement by both parties or by the option of the lessee, to be covered by a separate and new lease agreement. Accordingly, the renewal option was not considered in the lease term.

Significant judgment was likewise exercised by the management Company in determining the discount rate to be used in calculating the present value of ROU asset and lease liability. The discount rate of 4% is the incremental borrowing rate as obtained from the banks in 2023 and 2022.

Rent expense amounting to ₱0.2 million in 2023 and ₱0.1 million in 2022, includes rent on low-value asset leases on storage and equipment (see Note 18).

As at December 31, 2023 and 2022, ROU asset amounted to ₱18.0 million and ₱25.2 million respectively (see Note 18).

As at December 31, 2023 and 2022, lease liability amounted to ₱18.7 million and ₱26.0 million, respectively (see Note 18).

Accounting Estimates and Assumptions

The key assumptions concerning the 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 years are discussed below.

Determining Fair Value of Financial Instruments. Certain financial assets and liabilities are carried at fair value and whose fair values are disclosed, which requires extensive use of accounting estimates. When the fair values of financial assets and liabilities recorded or disclosed in the separate statements of financial position cannot be measured based on quoted prices in active market, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to this model are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of the financial instruments.

Fair values of financial assets and liabilities are presented in Note 20, *Financial Risk Management Objectives and Policies*.

Estimating Impairment Losses on Financial Assets. Impairment losses on financial assets are determined based on ECL. In assessing the ECL, the Company uses historical loss experience adjusted for forward-looking factors, as appropriate.

Cash in banks and cash equivalents which are maintained at reputable financial institutions with good industry rating and score, are considered "high grade" and have low credit risk at reporting date.

For investment securities, except for financial assets at FVPL, the Company estimates impairment based on 12-month ECL. Investment in bonds, classified as financial assets at amortized cost, which have credit quality equivalent to "high grade" and have low credit risk at reporting date, are presumed to have no significant increase in credit risk since initial recognition.

Management recognizes losses on credit-impaired receivables from related parties considering its ability to pay based on its available assets.

No provision for impairment losses was recognized on cash in banks and cash equivalents. Allowance for ECL on receivables amounted to ₱203.1 million and ₱197.2 million as at December 31, 2023 and 2022, respectively (see Note 6). Provision for ECL on receivables amounted to ₱5.8 million in 2023 and ₱3.9 million in 2022 (see Note 6).

The carrying amount of financial assets at amortized cost as at December 31 are as follows:

	2023	2022
Cash and cash equivalents	₱830,242,099	₱619,546,534
Investment securities at amortized cost	–	238,093,419
Receivables	35,483,193	28,101,531

Estimating Impairment Losses on Input VAT. The provision for impairment losses on input VAT is maintained at a level considered adequate to provide for potentially unrecoverable claims. The Company, on a continuing basis, makes a review of the status of the claims, designed to identify those to be provided with any impairment losses. In these cases, management uses judgment based on the best available facts and circumstances. The amount and timing of recorded expenses for any year would therefore differ based on the judgments or estimates made.

The carrying amount of input VAT amounted to ₱14.0 million and ₱11.6 million as at December 31, 2023 and 2022, respectively. Allowance for impairment losses on input VAT amounted to ₱25.8 million as at December 31, 2023 and 2022 (see Note 7).

Estimating Useful Lives of ROU Asset. The estimated useful life of each of the items of ROU asset is estimated based on the year over which the asset is expected to be available for use. Such estimation is based on a collective assessment of practices of similar businesses, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by the changes in the factors in the foregoing. A change in the estimated useful life of any item of ROU asset would impact the recorded general and administrative expense and noncurrent assets.

There is no change in the estimated useful lives of ROU asset in 2023 and 2022. The carrying amount of ROU asset of the Company amounted to ₱18.0 million and ₱25.2 million as at December 31, 2023 and 2022, respectively (see Note 18).

Assessing the Impairment of Nonfinancial Assets. The Company assesses at the end of each reporting year whether there is any indication that the investments in subsidiaries and joint venture, ROU asset, property and equipment and intangible assets may be impaired. If such indication exists, the entity estimates the recoverable amount of the asset, which is the higher of an asset's fair value less costs to sell and its value-in-use. Estimating the value-in-use requires the Company to make an estimate of the expected future cash flows from the cash generating unit and also to choose an appropriate discount rate in order to calculate the present value of those cash flows.

No impairment losses were recognized in 2023 and 2022. Allowance for impairment losses on investments in subsidiaries and a joint venture amounted to ₱32.2 million as at December 31, 2023 and 2022 (see Note 8).

The carrying amounts of assets assessed for possible impairment are as follows:

	Note	2023	2022
Investments in subsidiaries and a joint venture	8	₱425,545,650	₱425,545,650
ROU asset	18	17,981,267	25,173,773

Determining Retirement Liability. The determination of the obligation and cost for retirement benefits is dependent on the selection of certain assumptions determined by management and used by the actuary in calculating such amounts. Those assumptions are described in Note 12 and include, among others, discount rate and salary increase rate. Actual results that differ from the Company's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

Retirement liability amounted to ₱6.8 million and ₱6.2 million as at December 31, 2023 and 2022, respectively. (see Note 12).

Assessing the Realizability of Deferred Tax Assets. The carrying amount of deferred tax assets is reviewed at each reporting year and reduced 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. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable the future taxable income will allow the deferred tax to be recovered.

Unrecognized net deferred tax assets amounted to ₱64.7 million and ₱52.3 million as at December 31, 2023 and 2022, respectively (see Note 19). Net deferred tax assets as at December 31, 2023 and 2022 were not recognized because sufficient future taxable income may not be available against which deductible temporary differences may be utilized.

4. Cash and Cash Equivalents

This account consists of the following:

	2023	2022
Cash on hand	₱30,000	₱30,000
Cash in banks	18,019,202	9,128,483
Cash equivalents	812,192,897	610,388,051
	₱830,242,099	₱619,546,534

Cash in banks earn interest at the prevailing bank deposit rates.

Cash equivalents are short-term investments with local banks made at varying periods, depending on the immediate cash requirements of the Company, and earn interest at the prevailing short-term deposit rates. Any pre-termination or redemption prior to maturity date shall not result to significant change in investment values and penalties.

Total interest income earned on cash in banks and cash equivalents amounted to ₱47.3 million and ₱6.8 million in 2023 and 2022, respectively (see Note 17).

5. Investment Securities

This account consists of financial assets measured at amortized cost amounting to nil and ₱238.1 million as at December 31, 2023 and 2022, respectively.

The Company has no financial assets at FVPL as at December 31, 2023 and 2022.

Financial Assets at Amortized Cost

These consist of bonds with fixed interest rate and maturity date until 2023.

Movements in the account follow:

	2023	2022
Balance at beginning of year	₱238,093,419	₱-
Net additions (redemptions)	(237,532,000)	242,139,762
Realized foreign exchange gain	(368,312)	-
Amortization of premium	(193,107)	(7,299,843)
Unrealized foreign exchange gain	-	3,253,500
Balance at end of year	₱-	₱238,093,419

Interest income earned from these bonds amounted to ₱1.0 million (net of amortization) and ₱14.8 million in 2023 and 2022, respectively (see Note 17).

Financial Assets at FVPL

These pertain to investments in unit investment trust fund at local banks.

Movements in the account follow:

	Note	2022
Balance at beginning of year		₱34,197,699
Additions		6,954,214
Redemptions		(41,075,423)
Loss on redemption of investment securities	17	(76,490)
Balance at end of year		₱-

6. Receivables

	Note	2023	2022
Due from related parties	14	₱195,874,621	₱193,360,341
Nontrade		22,184,227	22,184,227
Interest		16,039,503	5,157,816
Advances to officers and employees		4,348,193	4,533,940
Others		87,518	87,500
		238,534,062	225,323,824
Allowance for ECL		(203,050,869)	(197,222,293)
		₱35,483,193	₱28,101,531

Nontrade receivable refers to advances to affiliates for business purposes.

Advances to officers and employees consist of noninterest-bearing cash advances for business purposes.

The balance and movement of allowance for ECL as at December 31 are as follows:

	Note	2023	2022
Balance at beginning of year		₱197,222,293	₱193,371,770
Provision	15	5,828,576	3,850,523
Balance at end of year		₱203,050,869	₱197,222,293

Details of allowance for impairment losses as at December 31, 2023 and 2022 are as follows:

	Note	2023	2022
Due from related parties	14	₱178,317,501	₱172,488,925
Nontrade		22,184,227	22,184,227
Interest		1,977,244	1,977,244
Advances to officers and employees		571,897	571,897
		₱203,050,869	₱197,222,293

7. Other Current Assets

	2023	2022
Input VAT	₱39,804,149	₱37,477,829
Prepaid expenses	567,358	745,501
	40,371,507	38,223,330
Allowance for impairment losses on input VAT	(25,843,445)	(25,843,445)
	₱14,528,062	₱12,379,885

Allowance for impairment losses on input VAT amounted to ₱25.8 million as at December 31, 2023 and 2022. There are no provisions for impairment losses recognized in 2023 and 2022.

Prepaid expenses pertain to rent, insurance, subscriptions, and taxes and licenses, which are normally amortized within one year.

8. Investments in Subsidiaries and a Joint Venture

The wholly-owned subsidiaries of the Company are as follows:

	Line of Business	Principal Place of Business
Paxys N.V.	Investment holding	Curacao
Paxys Ltd.	Investment holding	Hong Kong
Scopeworks Asia, Inc. (SWA)	Business process outsourcing	Philippines
Paxys Realty, Inc. (PRI)	Real estate	Philippines
Paxys Global Services Pte. Ltd. (PGSPL)	Business process outsourcing	Singapore
Regional Operating Headquarters of PGSPL - (PGS ROHQ)	Regional operating headquarter	Philippines

PRI, PGSPL and PGS ROHQ are currently not in operation.

As at December 31, 2023 and 2022, the carrying amounts of the investments are as follows:

	Acquisition Cost	Allowance for Impairment Losses	Carrying Amount
Subsidiaries:			
Paxys N.V.	₱422,659,890	₱ –	₱422,659,890
SWA	21,655,000	21,655,000	–
PGSPL	1,249,562	1,249,562	–
PRI	50,000	50,000	–
Paxys Ltd.	10	–	10
	445,614,462	22,954,562	422,659,900
Joint venture -			
Paxys Global Services Dalian Ltd. (PGS Dalian)	12,129,449	9,243,699	2,885,750
	₱457,743,911	₱32,198,261	₱425,545,650

PGS Dalian, a 50%-50% joint venture with Beijing River Nona IT Co. Ltd., a British company based in China, is primarily engaged in providing data transcription services.

Management provided allowance for impairment losses as some of the subsidiaries and a joint venture are already in capital deficiency position and there are no expected future cash flows from the operations of the subsidiaries and joint venture.

The Company has no commitments, contingencies or restrictions on its subsidiaries and joint venture as at December 31, 2023 and 2022.

Summarized financial information of the joint venture as at December 31 are as follows:

	2023	2022
Current assets	₱7,935,013	₱7,935,013
Noncurrent assets	643,164	643,164
Current liabilities	5,590,484	5,590,484
Revenue	–	–
Net income	–	–

9. Property and Equipment

Movements of property and equipment follow:

	Note	2023				Total
		Office Equipment	Computer Equipment	Communication Equipment	Leasehold Improvements	
Cost						
Balances at beginning of year		₱4,941,739	₱5,696,621	₱47,321	₱8,009,073	₱18,694,754
Additions		–	6,027	–	–	6,027
Balances at end of year		4,941,739	5,702,648	47,321	8,009,073	18,700,781
Accumulated Depreciation and Amortization						
Balances at beginning of year		4,929,396	5,408,682	47,321	8,009,073	18,394,472
Depreciation and amortization	17	12,343	150,851	–	–	163,194
Balances at end of year		4,941,739	5,559,533	47,321	8,009,073	18,557,666
Carrying Amounts		₱–	₱143,115	₱–	₱–	₱143,115

	Note	2022				Total
		Office Equipment	Computer Equipment	Communication Equipment	Leasehold Improvements	
Cost						
Balances at beginning of year		₱4,941,739	₱5,539,621	₱47,321	₱8,009,073	₱18,537,754
Additions		–	157,000	–	–	157,000
Balances at end of year		4,941,739	5,696,621	47,321	8,009,073	18,694,754
Accumulated Depreciation and Amortization						
Balances at beginning of year		4,911,129	5,173,050	47,321	8,009,073	18,140,573
Depreciation and amortization	17	18,267	235,632	–	–	253,899
Balances at end of year		4,929,396	5,408,682	47,321	8,009,073	18,394,472
Carrying Amounts		₱12,343	₱287,939	₱–	₱–	₱300,282

Fully depreciated property and equipment amounting to ₱18.2 million and ₱17.9 million are still being used as at December 31, 2023 and 2022, respectively.

10. Other Noncurrent Assets

This account consists of:

	Note	2023	2022
Creditable withholding tax for refund		₱4,980,954	₱4,980,954
Rental and security deposits	18	1,440,778	1,440,778
Intangible assets		11,428	28,343
		₱6,433,160	₱6,450,075

Creditable withholding tax pertains to unused balance from prior years. The Company will assess the need and timing to file for refund.

Rental and security deposits mainly pertain to cash deposits on lease agreements, which are refundable at the end of the lease period.

Intangible assets pertain to software licenses and website development, which are amortized over three to five years. Movements in intangible assets follow:

	Note	2023	2022
Cost			
Balances at beginning of year		₱9,629,090	₱9,610,608
Additions		–	18,482
Balances at end of year		9,629,090	9,629,090
Accumulated Amortization			
Balances at beginning of year		9,600,747	9,570,058
Amortization	17	16,915	30,689
Balances at end of year		9,617,662	9,600,747
Carrying Amount		₱11,428	₱28,343

11. Trade and Other Payables

This account consists of:

	2023	2022
Trade	P459,644	P896,372
Statutory payables	5,916,255	6,032,487
Accrued expenses	3,468,940	3,260,121
Others	113,772	79,630
	P9,958,611	P10,268,610

Trade payables are noninterest-bearing and are normally settled on a 60-day term.

Statutory payables represent withholding tax payable, Social Security System, Home Development Mutual Fund and PhilHealth premiums, and other liabilities to the government agencies, which are normally settled the following month.

Accrued expenses include accruals for utilities, professional fees and other outside services which are normally settled within one year.

12. Retirement Benefits

The Company has an unfunded, noncontributory, defined benefit retirement plan covering all of its eligible regular and full-time employees. The plan provides for a lump sum benefit payment upon retirement. The retirement benefit and liability recognized are determined in accordance with the independent actuarial study made for the plan. The latest actuarial valuation is as at December 31, 2021.

Retirement benefits are as follows (see Note 16):

	2023	2022
Interest costs	P433,652	P427,026
Current service costs	138,263	113,754
	P571,915	P540,780

The cumulative remeasurement losses are as follows:

	2023	2022
Balances at beginning of year	(P296,096)	(P3,047,865)
Remeasurement gains	-	2,751,769
Balances at end of year	(P296,096)	(P296,096)

The changes in retirement liability recognized in the separate statements of financial position are as follows:

	2023	2022
Balances at beginning of year	P6,195,032	P8,406,021
Retirement benefits	571,915	540,780
Remeasurement gains	-	(2,751,769)
Balances at end of year	P6,766,947	P6,195,032

The principal assumptions used in determining the retirement liability of the Company as at December 31 are as follows:

	2023	2022
Discount rate	6.10%	7.00%
Salary increase rate	2.00%	2.00%

Sensitivity analysis on defined benefit liability as at December 31, 2023 is as follows:

	Change in Assumption	Effect on Retirement Liability
Discount rate	+100 bps	(1,132,404)
	-100 bps	1,400,081
Salary increase rate	+100 bps	1,460,716
	-100 bps	(1,192,457)

As at December 31, 2023, expected future benefit payments are shown below:

Within one year	P5,327,161
More than five years	621,418
	P5,948,579

The weighted average duration of the defined benefit obligation at the end of the reporting year is at 6.4 years.

13. Equity

Capital Stock

This account consists of the following as at December 31, 2023 and 2022:

	Number of Shares	Amount
Common stock - P1 par value		
Authorized	1,800,000,000	P1,800,000,000
Issued and outstanding	1,148,534,866	1,148,534,866

Additional Paid-in Capital

This account consists of the following as at December 31, 2023 and 2022:

Premium on issuance of shares of stock	P348,212,993
Premium on forfeited stock option	103,151,259
	<u>P451,364,252</u>

Premium on issuance of shares of stock represents the excess of the subscription price over the par value of capital stock. Premium on forfeited stock option represents increase in equity arising from equity-settled share-based payment transactions related to the Employee Equity Plan ("Plan") that was discontinued in 2015.

Dividends

As at December 31, 2023 and 2022, outstanding dividends payable amounting to P6.6 million pertain to dividends declared in prior years.

14. Related Party Transactions and Balances

In the normal course of business, the Company has transactions and balances with related parties pertaining to cash advances as follows:

Related Party	Year	Transactions during the Year	Due from Related Parties (see Note 6)	Due to a Related Party
Subsidiaries	2023	(P28,489)	P141,007,654	P-
	2022	2,049,723	141,036,143	-
Entities under Common Control	2023	810,462	36,996,002	42,886
	2022	-	36,185,540	42,886
Joint Ventures	2023	1,732,307	17,870,965	-
	2022	119,312	16,138,658	-
	2023	<u>P2,514,280</u>	<u>P195,874,621</u>	<u>P42,886</u>
	2022	<u>2,169,035</u>	<u>193,360,341</u>	<u>42,886</u>

Outstanding balances are unsecured and non-interest-bearing, have no fixed repayment terms and are normally settled in cash. No guarantees have been provided or received for these balances. Impairment assessment is undertaken each financial year.

The Company granted non-interest-bearing advances to related parties to support working capital requirements.

Allowance for impairment losses related to receivables from related parties amounted to P178.3 million and P172.5 million as at December 31, 2023 and 2022, respectively (see Note 6).

Compensation of Key Management Personnel

	2023	2022
Salaries and wages	P13,919,288	P13,919,288
Professional fees	5,160,823	4,677,500
Other short-term benefits	3,780,270	2,642,848
	<u>P22,860,381</u>	<u>P21,239,636</u>

15. General and Administrative Expenses

	Note	2023	2022
Personnel costs	16	₱21,664,675	₱21,325,987
Professional fees		9,294,303	15,927,486
Depreciation and amortization	17	7,372,615	7,477,094
Provision for ECL on receivables	6	5,828,576	3,850,523
Utilities		2,852,369	2,787,008
Communication		1,708,689	1,832,522
Insurance		1,556,837	1,401,901
Securities and janitorial		1,539,962	1,431,115
Entertainment, amusement and recreation		1,453,626	635,267
Transportation and travel		521,060	417,878
Rent	18	150,833	147,361
Others		5,333,556	4,909,085
		₱59,277,101	₱62,143,227

16. Personnel Costs

	Note	2023	2022
Salaries and wages		₱16,907,751	₱16,704,929
Employee benefits		3,349,009	3,254,278
Directors' fees		836,000	826,000
Retirement benefits	12	571,915	540,780
		₱21,664,675	₱21,325,987

17. Interest Income, Other Income, Depreciation and Amortization

Interest Income - Net of Amortization

	Note	2023	2022
Cash equivalents	4	₱47,288,894	₱6,775,767
Investment securities	5	1,034,085	14,760,872
Cash in banks	4	6,546	6,794
		₱48,329,525	₱21,543,433

Other Income - Net

	Note	2023	2022
Service income		₱3,493,475	₱4,849,725
Loss on redemption of available-for-sale financial asset	5	—	(76,490)
Others		2,204	1,095
		₱3,495,679	₱4,774,330

Depreciation and Amortization

	Note	2023	2022
ROU asset	18	₱7,192,506	₱7,192,506
Property and equipment	9	163,194	253,899
Intangible assets	10	16,915	30,689
		₱7,372,615	₱7,477,094

18. Lease Commitments

The Company, as a lessee, has renewed its existing lease agreement with a third party for the lease of office and parking spaces that ended on April 30, 2021 for another five-year period until April 30, 2026. The quarterly rent is subject to escalation rates ranging from 5% to 10% per annum. The lease is renewable upon mutual consent of the parties to be covered by a separate agreement.

Rental and security deposits amounting to ₱1.4 million are included in "Other noncurrent assets" account in the separate statements of financial position, as at December 31, 2023 and 2022 (see Note 10). These are refundable in cash at the end of the lease term.

Rent expense includes rent on low-value asset leases on storage and equipment.

Amounts recognized in the separate statements of comprehensive income:

	Note	2023	2022
Amortization on ROU asset	17	₱7,192,506	₱7,192,506
Interest expense on lease liability		931,856	1,217,287
Rent expense	15	150,833	147,361
		₱8,275,195	₱8,557,154

The movements in the ROU asset are presented below:

	Note	2023	2022
Balance as at beginning of year		₱25,173,773	₱33,063,854
Amortization	17	(7,192,506)	(7,192,506)
Adjustment		–	(697,575)
Balance at end of year		₱17,981,267	₱25,173,773

The movements in the lease liability are presented below:

	2023	2022
Balance at beginning of year	₱26,033,364	₱33,866,805
Payments	(8,291,428)	(8,220,534)
Interest expense	931,856	1,217,287
Adjustment	–	(830,194)
Balance at end of year	18,673,792	26,033,364
Current portion	7,733,966	7,359,572
Noncurrent portion	₱10,939,826	₱18,673,792

The future minimum lease payments under noncancellable leases are as follows:

	2023	2022
Within one year	P8,365,871	P8,291,429
After one year but not more than five years	11,286,066	19,651,937
	P19,651,937	P27,943,366

The future cash outflows under low-value leases amounted to nil and P50,049 as at December 31, 2023 and 2022, respectively.

19. Income Taxes

The current income tax expense consists of:

	2023	2022
Final tax	P8,775,813	P5,660,625
MCIT	52,486	120,382
	P8,828,299	P5,781,007

A reconciliation of income tax computed at statutory income tax rate and provision for income tax as shown in the separate statements of comprehensive income follows:

	2023	2022
Income tax at statutory tax rate	(P2,300,558)	(P6,812,513)
Changes in unrecognized net deferred tax assets	12,408,401	(4,433,336)
Tax effects of:		
Interest income already subjected to final tax	(3,306,568)	(1,550,194)
Nondeductible expenses	2,017,586	1,177,170
Expired NOLCO	-	17,377,789
Expired excess MCIT over RCIT	9,438	22,091
	P8,828,299	P5,781,007

The components of net deferred tax assets, which are not recognized, are as follows:

	2023	2022
NOLCO	P56,106,905	P43,842,764
Allowance for impairment losses on receivables	6,183,342	6,183,342
Retirement liability	1,691,737	1,548,758
Accrued rent	360,650	360,650
Excess of amortization of ROU asset and interest expense on lease liability over rental payments	199,757	241,524
Excess MCIT over RCIT	174,666	131,618
	P64,717,057	P52,308,656

Management assessed that it is not probable that sufficient taxable income may be available against which the deferred tax assets may be utilized.

Details of the Company's NOLCO and excess MCIT over RCIT are as follows:

NOLCO

Year Incurred	Balance at Beginning of Year	Incurred	Expired	Balance at End of Year	Available Until
2023	P-	P49,056,562	P-	P49,056,562	2026
2022	53,406,375	-	-	53,406,375	2025
2021	59,334,546	-	-	59,334,546	2026
2020	62,630,136	-	-	62,630,136	2025
	<u>P175,371,057</u>	<u>P49,056,562</u>	<u>P-</u>	<u>P224,427,619</u>	

Under the Republic Act No. 11494, also known as "*Bayanihan to Recover as One Act*", and Revenue Regulations No. 25-2021, the Company is allowed to carry-over the NOLCO incurred for taxable years 2020 and 2021 for the next five years immediately following the year of such loss.

Excess MCIT over RCIT

Year Incurred	Balance at Beginning of Year	Incurred	Expired	Balance at End of Year	Available Until
2023	P-	P52,486	P-	P52,486	2026
2022	120,382	-	-	120,382	2025
2021	1,798	-	-	1,798	2024
2020	9,438	-	9,438	-	2023
	<u>P131,618</u>	<u>P52,486</u>	<u>P9,438</u>	<u>P174,666</u>	

20. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise of cash and cash equivalents, investment securities, receivables, rental and security deposits, trade and other payables (excluding statutory payables), lease liability and dividends payable.

The main risks arising from the Company's financial instruments are liquidity risk, credit risk and foreign currency risk. The BOD reviews and agrees policies of managing each of the risks and these are summarized below.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatch of the maturities of financial assets and liabilities.

The Company's objective is to maintain continuity of funding. The Company's liquidity risk management policy is to measure and forecast its cash commitments, to match debt maturities with the assets being financed, to maintain a diversity of funding sources with its access to bank financing and the capital market and to hold a sufficient level of cash reserves.

The Company monitors its risk against insufficient funds by considering the maturity of its financial liabilities projected cash flows.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	2023			Total
	On Demand	Within One Year	Over One Year	
Trade and other payables*	₱42,886	₱3,999,470	₱-	₱4,042,356
Lease liability	-	8,365,871	11,286,066	19,651,937
Dividends payable	6,554,030	-	-	6,554,030
	₱6,596,916	₱12,365,341	₱11,286,066	₱30,248,323

*Excluding statutory payables amounting to ₱5.9 million as at December 31, 2023.

	2022			Total
	On Demand	Within One Year	Over One Year	
Trade and other payables*	₱42,886	₱4,193,237	₱-	₱4,236,123
Lease liability	-	8,291,429	19,651,937	27,943,366
Dividends payable	6,554,030	-	-	6,554,030
	₱6,596,916	₱12,484,666	₱19,651,937	₱38,733,519

*Excluding statutory payables amounting to ₱6.0 million as at December 31, 2022.

Credit Risk

Credit risk is the risk that the Company will incur losses because its counterparties may fail to discharge their contractual obligations. The Company transacts only with related parties and recognized, creditworthy third parties.

The Company's exposures to credit risk arises from the default of counterparties, with a maximum exposure equal to the carrying amounts of these instruments, shown in the following table:

	2023	2022
Cash and cash equivalents*	₱830,212,099	₱619,516,534
Investment securities	-	238,093,419
Receivables	35,483,193	28,101,531
Rental and security deposits**	1,440,778	1,440,778
	₱867,136,070	₱887,152,262

*Excluding cash on hand amounting to ₱30,000 as at December 31, 2023 and 2022.

**Presented under "Other noncurrent assets".

The tables below summarize the credit status of the Company's financial assets.

	2023			Total
	Neither Past Due nor Impaired	Past Due but not Impaired	Impaired	
Cash and cash equivalents*	₱830,212,099	₱-	₱-	₱830,212,099
Receivables	35,483,193	-	203,050,869	238,534,062
Rental and security deposits	1,440,778	-	-	1,440,778
	₱867,136,070	₱-	₱203,050,869	₱1,070,186,939

*Excluding cash on hand amounting to ₱30,000 as at December 31, 2023.

	2022			
	Neither Past Due nor Impaired	Past Due but not Impaired	Impaired	Total
Cash and cash equivalents*	₱619,516,534	₱-	₱-	₱619,516,534
Investment securities	238,093,419	-	-	238,093,419
Receivables	28,101,531	-	197,222,293	225,323,824
Rental and security deposits	1,440,778	-	-	1,440,778
	₱887,152,262	₱-	₱197,222,293	₱1,084,374,555

*Excluding cash on hand amounting to ₱30,000 as at December 31, 2022.

The credit quality of all financial assets under neither past due nor impaired is high grade as at December 31, 2023 and 2022.

	2023		2022	
	High Grade	Standard Grade	High Grade	Standard Grade
Cash and cash equivalents*	₱830,212,099	₱-	₱619,516,534	₱-
Investment securities	-	-	238,093,419	-
Receivables	16,039,503	19,443,690	5,611,758	22,489,773
Rental and security deposits	-	1,440,778	-	1,440,778
	₱846,251,602	₱20,884,468	₱863,221,711	₱23,930,551

*Excluding cash on hand amounting to ₱30,000 as at December 31, 2023 and 2022.

The ECL for financial assets at amortized cost comprising cash and cash equivalents, investment securities, receivables and rental and security deposits have a 12-month basis for credit loss estimates. However, the ECL for certain receivables identified as credit-impaired have lifetime basis for credit loss estimates.

Financial assets with high grade credit quality are collected within the credit terms and have no history of default. Cash and cash equivalents and investment securities are placed in or deposited with reputable banks, thus, are fully realizable. Probability of default is close to zero and significant change in credit risk is unlikely for these financial instruments.

Standard grade financial assets, which pertain to receivables from counter parties that have a strong capacity to meet contractual obligations in the near term, have acceptable probability of default.

Receivables are considered credit-impaired when the counter parties have no liquid assets and/or available assets to pay the outstanding receivables. Thus, these are provided with allowance for impairment losses.

Foreign Currency Risk

Foreign currency risk arises from the possibility that future cash flows of financial instruments will fluctuate because of changes in foreign currency exchange rates.

The foreign currency risk is primarily from movements of the Philippine Peso against US Dollar (US\$).

The Company seeks to mitigate its transactional currency exposures by maintaining its costs at consistently low levels, regardless of any upward or downward movements in the foreign currency exchange rates.

As at December 31, 2023 and 2022, the foreign currency-denominated financial assets are as follows:

	2023	
	In US\$	Philippine Peso Equivalent
Cash and cash equivalents	US\$2,002,186	₱110,861,017
Due from related parties	358,435	19,846,567
	US\$2,360,621	₱130,707,584

	2022	
	In US\$	Philippine Peso Equivalent
Cash and cash equivalents	US\$1,005,916	₱56,084,846
Due from related parties	358,435	19,984,543
	US\$1,364,351	₱76,069,389

In translating the foreign currency-denominated monetary assets and liabilities into Philippine Peso amounts the exchange rates used were ₱55.370 to US\$1 as at December 31, 2023 and ₱55.755 to US\$1 as at December 31, 2022.

A reasonably possible change of -0.39/+0.39 in 2023 and -4.76/+4.76 in 2022 in the US\$ to Philippine Peso exchange rate based on latest year-on-year movement in the currency, with all other variables held constant, shall result to the following income before tax movements in the Company's separate statements of comprehensive income:

US\$	2023		2022	
	Increase (Decrease) in Exchange Rates	Increase (Decrease) on Income before Tax	Increase (Decrease) in Exchange Rates	Increase (Decrease) on Income before Tax
	0.39	₱909,874	4.76	₱6,488,855
	(0.39)	(909,874)	(4.76)	(6,488,855)

Fair Values

The following is a comparison by category of carrying amounts and fair values of the Company's financial instruments that are reflected in the separate financial statements:

	2023		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	₱830,242,099	₱830,242,099	₱619,546,534	₱619,546,534
Investment securities -				
Financial assets at				
amortized cost	-	-	238,093,419	238,093,419
Receivables*	35,483,193	35,483,193	28,101,531	28,101,531
Rental and security deposits	1,440,778	1,440,778	1,440,778	1,440,778
	₱867,166,070	₱867,166,070	₱887,182,262	₱887,182,262

*Net of allowance for impairment losses in the aggregate amount of ₱203.1 million and ₱197.2 million as at December 31, 2023 and 2022, respectively.

	2023		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Liabilities				
Trade and other payables**:				
Accrued expenses	₱3,468,940	₱3,468,940	₱3,260,121	₱3,260,121
Trade payables	459,644	459,644	896,372	896,372
Others	113,772	113,772	79,630	79,630
Lease liability	18,673,792	18,673,792	26,033,364	26,033,364
Dividends payable	6,554,030	6,554,030	6,554,030	6,554,030
	₱29,270,178	₱29,270,178	₱36,823,517	₱36,823,517

** Excludes statutory payables amounting to ₱5.9 million and ₱6.0 million as at December 31, 2023 and 2022, respectively.

Cash and Cash Equivalents, Investment Securities at Amortized Cost, Receivables, Trade and Other Payables (Excluding Statutory Payables) and Dividends Payable. Due to the relatively short-term maturities of the financial assets and liabilities, the fair values approximate the carrying amounts at initial recognition.

Rental and Security Deposits. Fair values of security deposits are based on the present value of the expected future cash flows using the discount rate of 1.21%. These are categorized under Level 2 of the fair value measurements hierarchy for financial instruments.

Lease Liability. The fair value of lease liability was determined based on Level 2 in which the inputs are based on the discounted interest rate of the prevailing comparable instrument in the market.

For the years ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

Capital Management

The primary objective of the Company's capital management is to ensure that it maintains strong credit and healthy capital ratios in order to support its business and maximize shareholder value.

The Company competes in an industry where opportunities for growth still abound. Projects are selected if their expected returns are higher than cost of capital. Funding is sourced from a combination of retained earnings, debt and new capital. The Company aims for flexibility in the capital structure to meet changing conditions and adapt with minimum cost and delay. It looks at solvency through cash flows from its subsidiaries.

	2023	2022
Total liabilities	₱41,967,345	₱49,171,418
Total equity	1,288,389,201	1,306,419,731
Debt-equity ratio	0.03:1.00	0.04:1.00

The Company is not subject to externally imposed capital requirements.

**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION**

The Stockholders and the Board of Directors
Paxys, Inc.
15th Floor, 6750 Ayala Office Tower
Ayala Avenue, Makati City

We have audited the accompanying separate financial statements of Paxys, Inc. (the Company) as at and for the years ended December 31, 2023 and 2022, on which we have rendered our report dated March 18, 2024.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Company has 496 stockholders owning 100 or more shares each as at December 31, 2023.

REYES TACANDONG & Co.


MICHELLE R. MENDOZA-CRUZ

Partner

CPA Certificate No. 97380

Tax Identification No. 201-892-183-000

BOA Accreditation No. 4782; Valid until April 13, 2024

BIR Accreditation No. 08-005144-012-2023

Valid until January 24, 2026

PTR No. 10072412

Issued January 2, 2024, Makati City

March 18, 2024
Makati City, Metro Manila

Investor Relations

From: noreply-cifssost@sec.gov.ph
Sent: Thursday, 11 April 2024 5:52 pm
Subject: SEC eFast Initial Acceptance

Greetings!

SEC Registration No: 0000006609

Company Name: PAXYS INC.

Document Code: AFS

This serves as temporary receipt of your submission.
Subject to verification of form and quality of files of the submitted report.
Another email will be sent as proof of review and acceptance.

Thank you.

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TO ALL FILERS OF REPORTS IN THE e-FAST

Please strictly follow the instruction stated in the form.

Filings not in accordance with the prescribed template for the following reports will be automatically reverted by the system to the filer.

1. General Information Sheet (GIS-Stock)
2. General Information Sheet (GIS-Non-stock)
3. General Information Sheet (GIS- Foreign stock & non-stock)
4. Broker Dealer Financial Statements (BDFS)
5. Financing Company Financial Statements (FCFS)
6. Investment Houses Financial Statements (IHFS)
7. Publicly – Held Company Financial Statement
8. General Form for Financial Statements
9. Financing Companies Interim Financial Statements (FCIF)
10. Lending Companies Interim Financial Statements (LCIF)

Per Section 18 of SEC Memorandum Circular No. 3 series of 2021, the reckoning date of receipt of reports is the date the report was initially submitted to the eFast, if the filed report is compliant with the existing requirements.

A report, which was reverted or rejected, is considered not filed or not received. A notification will be sent to the filer, stating the reason for the reports rejection in the remarks box.

SECURITIES AND EXCHANGE COMMISSION

SEC Headquarters, 7907 Makati Avenue,
Salcedo Village, Barangay Bel-Air, Makati City,
1209, Metro Manila, Philippines

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