RIZING
a wipro company

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **RIZING PHILIPPINES, INC.** ***(formerly Synchforsuccess Philippines, Inc.)*** (the "Company") is responsible for the preparation and fair presentation of the financial statements, for the years ended December 31, 2023 and 2022, in accordance with the Philippine Financial Reporting Standards, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

R.S. BERNALDO & ASSOCIATES, and **NAVARRO AMPER & CO.**, the independent auditors appointed by the stockholders for the years ended December 31, 2023 and 2022, respectively, have audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audits.

ASEEM ROY
Chairman of the Board and President

DocuSigned by:
285ED8F1A15B40B...
JOHN PHILIP WHEATLEY
Treasurer

Signed this 13th day of February 2024.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Stockholders
RIZING PHILIPPINES, INC.
(formerly Syncforsuccess Philippines, Inc.)
(A Wholly-owned Subsidiary of Rizing Pte. Ltd.)
10th Floor, The Curve Building
32nd Street Corner 3rd Avenue
Bonifacio Global City
Taguig 1634 Philippines

Report on the Audit of the Financial Statement

Opinion

We have audited the financial statement of **RIZING PHILIPPINES, INC.** ***(formerly Syncforsuccess Philippines, Inc.)*** (the"Company"), which comprise the statement of financial position as of December 31, 2023 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statement, including a summary of significant accounting policies.

In our opinion, the accompanying financial statement present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audits of the Financial Statement* 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 our audits of the financial statement in 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.

Other Matter

The financial statements of the Company as of December 31, 2022, were audited by another auditor whose report dated September 12, 2023, expressed an unqualified opinion on those statements.

Material Uncertainty Related to Going Concern

Without qualifying our opinion, we draw attention to Note 1, which describes that the Company has incurred losses amounting to ₱116,659,313 and ₱268,961,692, for the years ended December 31, 2023 and 2022, respectively. Accordingly, the Company had deficits of ₱709,218,382 and ₱592,557,778 as of December 31, 2023 and 2022, respectively, resulting to capital deficiencies of ₱631,939,625 and ₱570,056,778 as December 31, 2023 and 2022, respectively. To address the going concern issue, the Company has formulated targeted plans and initiatives intended to raise revenues, reduce costs and expenses, as well asbuild-up its capital. The Company shall endeavor to adopt any or all of the following measures: (1) develop and launch new and alternative products, services and packages meant to drive new market segments to the clinics and seize new opportunities post-pandemic; (2) embark on more aggressive cost and expense cutting measures such as implementation of lean inventory, streamlining of manpower complement, re-assessment of clinics as a stand-alone revenue unit and further reduction of non-mission critical expenses; and (3) consider a capital build-up plan both with respect to payment of unpaid subscription and increase of capitalization through investment by existing stockholders and various stakeholders. Thus, the financial statement have been prepared on the assumption that the Company will continue as a going concern.

We performed audit procedures to evaluate Management's plans for such future actions as to likelihood to improve the situation and as to feasibility under the circumstances.

Responsibilities of Management and Those Charged with Governance for the Financial Statement

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

In preparing the financial statement, 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 Audits of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement 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 PSAs will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statement.

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

- Identify and assess the risks of material misstatement of the financial statement, 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 forour opinion. The risk of not detecting a material misstatement resulting from fraud ishigher 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 financial statement 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 financial statement, including the disclosures, and whether the financial statement 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 audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Our audit were conducted for the purpose of forming an opinion on the basic financial statement taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 25, to the financial statement, is presented for purposes of filing with Bureau of Internal Revenue and is not a required part of the basic financial statement. Such information is the responsibility of the Management of **RIZING PHILIPPINES, INC.** The information has been subjected to the auditing procedures applied in our audits of the basic financial statement. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement taken as a whole.

R.S. BERNALDO & ASSOCIATES
BOA/PRC No. 0300
Valid until May 28, 2024
BSP Group B Accredited
Accreditation No. 0300-BSP
Valid until 2026 audit period
BIR Accreditation No. 08-007679-000-2023
Valid from January 31, 2023 until January 30, 2026
IC Group A Accredited
Accreditation No. 0300-IC
Valid until 2026 audit period

GLENN J. MAGCALING
Partner
CPA Certificate No. 98624
BIR Accreditation No. 08-007130-001-2021
Valid from February 22, 2021 until February 21, 2024
Tax Identification No. 198-646-943
PTR No. 10081202
Issued on January 9, 2024 at Makati City

February 13, 2024

RIZING PHILIPPINES, INC.
(formerly known as Syncforsuccess Philippines, Inc.)
(A Wholly-Owned Subsidiary of Rizing Pte. Ltd.)

FINANCIAL STATEMENTS
DECEMBER 31, 2023

RIZING PHILIPPINES, INC.

(formerly known as Syncforsuccess Philippines, Inc.)
(A Wholly-Owned Subsidiary of Rizing Pte. Ltd.)

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2023

(With Comparative Figures as of December 31, 2022)

	Notes	2023	2022
ASSETS			
Current Assets			
Cash	6	**₱47,731,023**	₱471,357,445
Trade and other receivables, net	7	**55,343,807**	82,897,718
Prepayment and other current assets, net	8	**3,046,447**	4,199,997
Total Current Assets		**106,121,277**	558,455,160
Noncurrent Assets			
Property and equipment, net	9	**2,715,631**	4,212,160
Intangible assets, net	10	**-**	232,022
Refundable security deposits	17	**5,262,402**	5,262,402
Right-of-use assets	17	**-**	9,516,865
Total Noncurrent Assets		**7,978,033**	19,223,449
		₱114,099,310	₱577,678,609
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Trade and other payables	11	**₱77,255,397**	₱55,657,240
Lease liabilities	17	**-**	9,494,490
Borrowings	12	**166,967,039**	573,756,104
Advances from related parties	19	**501,368,126**	508,827,553
Total Current Liabilities		**745,590,562**	1,147,735,387
Non-current Liability			
Retirement benefit obligation	16	**86,534**	-
Deferred tax liabilities	18	**361,839**	-
Total Liabilities		**746,038,935**	1,147,735,387
STOCKHOLDERS' EQUITY			
Share capital	13	**22,504,000**	22,501,000
Additional paid-in capital	13	**54,773,466**	-
Remeasurements	16	**1,291**	-
Deficits		**(709,218,382)**	(592,557,778)
TOTAL STOCKHOLDERS' EQUITY		**(631,939,625)**	(570,056,778)
		₱114,099,310	₱577,678,609

See Notes to the Financial Statements.

RIZING PHILIPPINES, INC.
(formerly known as Syncforsuccess Philippines, Inc.)
(A Wholly-Owned Subsidiary of Rizing Pte. Ltd.)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023
(With Comparative Figures for the Year Ended December 31, 2022)

	Notes	2023	2022
REVENUES	14	₱216,055,984	₱150,004,480
DIRECT COSTS	15	(220,667,802)	(203,506,008)
LOSS		(4,611,818)	(53,501,528)
OPERATING EXPENSES			
Insurance expense		(8,094)	(7,295)
Training and education		(10,229)	(29,898)
Retirement benefits expense	16	(87,825)	-
Restructuring		(143,800)	(111,748)
Advertising and promotions		(358,116)	(336,985)
Representation and entertainment		(434,662)	(94,238)
Utilities		(534,902)	(1,276,216)
Hiring cost		(567,961)	(583,508)
Provision for expected credit loss	7	(648,742)	(63,870)
Office supplies		(650,535)	(553,649)
Transportation and travel		(2,159,810)	(2,208,503)
Depreciation and amortization	9,10	(2,341,051)	(2,263,718)
Provision for non-recoverability of creditable withholding tax	8	(2,415,721)	-
Taxes, licenses and stamp duty		(4,444,598)	(13,222,783)
Professional fees		(4,690,869)	(1,243,335)
Communications		(5,584,796)	(5,501,879)
Depreciation of right-of-use assets	17	(9,802,040)	(8,671,783)
Personnel costs	16	(61,668,549)	(55,466,937)
Miscellaneous		(800,764)	(1,560,659)
		(97,353,064)	(93,197,004)
LOSS FROM OPERATIONS		(101,964,882)	(146,698,532)
OTHER EXPENSES, net			
Unrealized foreign exchange gain (loss)	21	1,447,355	(30,289,849)
Interest income	6,21	35,186	75,578
Interest expense on lease liabilities	17,21	(263,542)	(150,756)
Realized foreign exchange loss	21	(2,785,707)	(2,739,553)
Interest expense on borrowings	12,21	(12,767,175)	(7,756,104)
		(14,333,883)	(40,860,684)
LOSS BEFORE TAX		(116,298,765)	(187,559,216)
INCOME TAX EXPENSE			
Deferred	18	(361,839)	(81,402,476)
		(361,839)	(81,402,476)
LOSS		(116,660,604)	(268,961,692)
OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS			
Remeasurements	16	1,291	-
TOTAL COMPREHENSIVE LOSS		(₱116,659,313)	(₱268,961,692)

See Notes to the Financial Statements.

RIZING PHILIPPINES, INC.

(formerly known as Syncforsuccess Philippines, Inc.)
(A Wholly-Owned Subsidiary of Rizing Pte. Ltd.)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023
(With Comparative Figures for the Year Ended December 31, 2022)

	Note	Share Capital	Additional Paid-In Capital	Remeasurements	Deficit	Total
As at January 1, 2022		₱22,500,000	-	-	(₱323,596,086)	(₱301,096,086)
Issuance of ordinary shares	*13*	1,000				1,000
Loss					(268,961,692)	(268,961,692)
As at December 31, 2022		₱22,501,000	-	-	(₱592,557,778)	(₱570,056,778)
Issuance of ordinary shares	*13*	3,000				3,000
Additional paid-in capital	*13*		54,773,466			54,773,466
Loss					(116,660,604)	(116,660,604)
Other comprehensive income				1,291		1,291
As at December 31, 2023		**₱22,504,000**	**₱54,773,466**	**1,291**	**(₱709,218,382)**	**(₱631,939,625)**

See Notes to the Financial Statements.

RIZING PHILIPPINES, INC.
(formerly known as Syncforsuccess Philippines, Inc.)
(A Wholly-Owned Subsidiary of Rizing Pte. Ltd.)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
(With Comparative Figures for the Year Ended December 31, 2022)

	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		**(₱116,298,765)**	(₱187,559,216)
Adjustments for:			
Interest expense for:			
Borrowings	*12*	**12,767,175**	7,756,104
Lease liabilities	*17*	**263,542**	150,756
Depreciation expense for:			
Right-of-use assets	*17*	**9,802,040**	8,671,783
Property and Equipment	*9*	**2,109,029**	1,776,182
Amortization	*10*	**232,022**	487,536
Retirement benefits expense	*16*	**87,825**	-
Interest income	*6*	**(35,186)**	(75,578)
Reversal of provision for expected credit loss	*7*	**(648,742)**	(63,870)
Unrealized (gain)/loss on foreign exchange	*21*	**(1,447,355)**	30,289,849
Provision for non-recoverability of creditable withholding tax	*8*	**(2,415,721)**	-
Operating loss before working capital changes		**(95,584,136)**	(138,566,454)
Decrease (Increase) in:			
Trade and other receivables		**28,807,032**	(22,261,637)
Prepayments and other current assets		**3,569,271**	9,024,231
Increase (Decrease) in trade and other payables		**21,408,622**	(20,947,805)
Net cash used in operating activities		**(41,799,211)**	(172,676,087)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additional paid-in capital	*13*	**54,773,466**	-
Interest received	*6*	**35,186**	75,578
Issuance of share capital	*13*	**3,000**	-
Acquisitions of property and equipment	*9*	**(612,500)**	(3,736,607)
Net cash provided by (used in) investing activities		**54,199,152**	(3,661,029)
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances received from related parties	*19*	**2,695,916**	62,410,356
Proceeds from borrowings	*12*	**-**	566,000,000
Finance cost paid on lease liabilities	*17*	**(263,542)**	(150,756)
Advances paid to related parties	*19*	**(9,344,693)**	-
Payment of lease liabilities	*17*	**(9,779,665)**	(10,303,013)
Finance cost paid on borrowings	*12*	**(19,556,240)**	-
Payment of borrowing	*12*	**(400,000,000)**	-
Net cash provided by (used in) financing activities		**(436,248,224)**	617,956,587
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH	*6*	**221,861**	-
NET INCREASE (DECREASE) IN CASH		**(423,626,422)**	441,543,893
CASH AT BEGINNING OF THE YEAR		**471,357,445**	29,813,552
CASH AT END OF THE YEAR	*6*	**₱47,731,023**	₱471,357,445

See Notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023
(With Comparative Figures as of and for the year ended December 31, 2022)

1. General Information

Company Information

Rizing Philippines, Inc. *(A Wholly-Owned Subsidiary of Rizing Pte. Ltd.)* (the "Company") was registered with the Securities and Exchange Commission (SEC) on June 18, 2015 per SEC Registration Number CS201511871. The Company was also registered with the Bureau of Internal Revenue per Tax Identification Number 009-064-674-00000. Its primary purpose is to provide process outsourcing focusing on Information Technology (IT) and IT-enabled services, including business consultancy services, operations, system design, integrations and management, re-selling of software licenses, management of software development, content development, maintenance, support and a host of other services tailor fit for evolving IT and business needs; engage in all consultancy and managed services related to IT-enabled services.

The Company is a wholly-owned subsidiary of Rizing Pte. Ltd. (the "Immediate Parent Company"), a corporation organized under the laws of the Singapore. Wipro Limited, a company incorporated in India and listed on BSE Ltd (fka. Bombay Stock Exchange) and National Stock Exchange of India Ltd. as the ultimate holding company.

The registered office and principal place of business of the Company is located at 10th floor, The Curve Building, 32nd Street corner 3rd Avenue, Bonifacio Global City, Taguig 1634 Philippines.

Status of Operation

The financial statement have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business.

The Company has incurred net losses of ₱116,660,604 in 2023 and ₱268,961,692 in 2022, respectively.The Company also reported a deficit of ₱709,218,382 and ₱592,557,778 as of December 31, 2023 and 2022, respectively. Moreover, as at December 31, 2023 and 2022, the Company's total liabilities exceeded its total assets, resulting in a capital deficiency of ₱631,939,625 and ₱570,056,778, respectively. These conditions indicate existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, Wipro Limited, its ultimate holding company, have its commitment to provide continued financial support to enable the Company to meet its working capital needs and to pay its liabilities as and when needed. The Rizing Group ("Group") continues to expand its consulting service offerings in the Philippines, marketing and promoting our Enterprise Asset Management consulting services alongside our HCM services offerings. The increased adoption of Cloud based technology by companies in the Philippines will increase demand for HCM software and service offerings. Should the Company be unable to continue as a going concern, adjustments would have to be made to the financial statement to adjust the value of the Company's assets to their recoverable amounts, to provide for any further liabilities which might arise and reclassify non-current assets as current asset.

2. Financial Reporting Framework and Basis of Preparation and Presentation

Statement of Compliance
The financial statement of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), which includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC) and Standing Interpretations Committee (SIC) as approved by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC) and Board of Accountancy (BOA) and adopted by the SEC.

Basis of Preparation
The financial statement have been prepared on the historical cost basis except for:

- certain financial instruments carried at amortized cost; and
- lease liabilities recognized at the present value of the lease payments that are not paid at the commencement date.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these financial statement is determined on such a basis, leasing transactions that are within the scope of PFRS 16, and measurements that have some similarities to fair value but are not fair value, such as value in use in PAS 36.

Functional and Presentational Currency
These financial statement are presented in Philippine Peso, the currency of the primary economic environment in which the Company operates. All amounts are recorded in the nearest Philippine Peso, except when otherwise indicated.

Current versus Noncurrent Classification
The Company presents assets and liabilities in the statement of financial position based on current and noncurrent classification. An asset is current when it is: (a) expected to be realized or intended to be sold or consumed in the normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realized within 12 months after the reporting period; or (d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is current when it is: (a) expected to be settled in the normal operating cycle; (b) held primarily for trading; (c) due to be settled within 12 months after the reporting period; or (d) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Company classifies all other assets and liabilities as noncurrent. Deferred tax assets and liabilities are classified as noncurrent.

3. Adoption of New and Revised Accounting Standards

Adoption of New and Revised Accounting Standards in 2023

The Company adopted all accounting standards and interpretations as at December 31, 2023. The adoption of these new and revised accounting standards and interpretations that have been published by the International Sustainability Standards Board (ISSB) and approved by the FSRSC in the Philippines, does not result in changes to the accounting policies and has no material effect on the disclosures or on the amounts reported for the current or prior year.

New Accounting Standards Effective after the Reporting Period Ended December 31, 2022

At the date of authorization of these financial statement, the following accounting standards that are relevant to the Company:

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current.*

  The amendments to PAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

  The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

  The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023.

  Management has evaluated that these amendments will not have significant impact to the financial statement as its practice of classifying current and non-current liabilities are already consistent with these amendments.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure Initiative - Accounting Policies.*

  The amendments are as follows:
  - an entity is required to disclose its material accounting policy information instead of its significant accounting policies;
  - several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
  - clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial;
  - clarify that accounting policy information is material if users of an entity's financial statement would need it to understand other material information in the financial statement; and
  - clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

  The amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023 and are applied prospectively.

  Management is still in the process of evaluating the impact of these amendments to the level and extent of accounting policy disclosures in the financial statement, taking into considerations the Company's current and future transactions and account balances.

- Amendments to PAS 8, *Definition of Accounting Estimates.*

  With the amendment, accounting estimates are now defined as "monetary amounts in financial statement that are subject to measurement uncertainty."

  The amendment clarified that a change in accounting estimate that results from new information or new developments is not a correction of an error. In addition, 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 current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognized as income or expense in the current period. The effect, if any, on future periods is recognized as income or expense in those future periods.

  The amendments are effective for annual periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.

  As the manner the Company is accounting for its accounts and transactions involving estimates are in conformity with the amendments, Management has initially determined that the amendments will not have significant impact to the financial statement.

- Amendments to PAS 12 Income Taxes—*Deferred Tax related to Assets and Liabilities arising from a Single Transaction.*

  The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

  Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

  Following the amendments to PAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in PAS 12.

  The Board also adds an illustrative example to PAS 12 that explains how the amendments are applied.

  The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognizes:

  - A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with:
    - Right-of-use assets and lease liabilities
    - Decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset

  - The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023.

  The Management of the Company is still evaluating the impact of these new amendments.

- Amendments to PAS 12, International Tax Reform - Pillar Two Model Rules

  The amendments introduce a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules, and disclosure requirements for affected entities to help users of the financial statement better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023.

New and Revised PFRSs in Issue but Not Yet Effective

The Company will adopt the following standards and interpretations enumerated below when they become effective. Except as otherwise indicated, the Company does not expect the adoption of these new and amended PFRS, to have significant impact on the financial statement.

Standard Adopted by FSRSC and Approved by the Board of Accountancy (BOA)

- Amendments to PAS 7 and PFRS 7, *Supplier Finance Arrangements*
  The amendments introduce new disclosure requirements to enhance the transparency and, thus, the usefulness of the information provided by entities about supplier finance arrangements.

  The amendments are effective to annual reporting periods beginning on or after January 1, 2024, with early application permitted.

- Amendments to PAS 1, *Non-current Liabilities with Covenants*

  The amendments clarify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current. Additional disclosures are required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period.

  The amendments are effective to annual reporting periods beginning on or after January 1, 2024, with early application permitted.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

  The amendments clarify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

  The amendments are effective to annual reporting periods beginning on or after January 1, 2024, with early application permitted.

- PFRS 17, *Insurance Contracts*

  PFRS 17 sets out the requirements that an entity should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. It requires an entity that issues insurance contracts to report them on the balance sheet as the total of the fulfilment cash flows and the contractual service margin. It requires an entity to provide information that distinguishes two ways insurers earn profits from insurance contracts: the insurance service result and the financial result. It requires an entity to report as insurance revenue the amount charged for insurance coverage when it is earned, rather than when the entity receives premium. It requires that insurance revenue to exclude the deposits that represent the investment of the policyholder, rather than an amount charged for services. Similarly, it requires the entity to present deposit repayments as settlements of liabilities rather than as insurance expense.

PFRS 17 is effective for annual periods beginning on or after January 1, 2025. Early application is permitted for entities that apply PFRS 9 Financial Instruments and PFRS 15 Revenue from Contracts with Customers on or before the date of initial application of PFRS 17.

An entity shall apply PFRS 17 retrospectively unless impracticable, except that an entity is not required to present the quantitative information required by paragraph 28(f) of PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and an entity shall not apply the option in paragraph B115 for periods before the date of initial application of PFRS 17. If, and only if, it is impracticable, an entity shall apply either the modified retrospective approach or the fair value approach.

- Amendments to PFRS 17, *Insurance Contracts*

  The amendments cover the following areas:

  - Insurance acquisition cash flows for renewals outside the contract boundary;
  - Reinsurance contracts held—onerous underlying insurance contracts;
  - Reinsurance contracts held—underlying insurance contracts with direct participation features; and
  - Recognition of the contractual service margin in profit or loss in the general model.

  The amendments are effective to annual reporting periods beginning on or after January 1, 2025.

- Amendment to PFRS 17, *Initial Application of PFRS 17 and PFRS 9—Comparative Information*

  The amendment is a transition option relating to comparative information about financial assets presented on initial application of PFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statement.

  PFRS 17 incorporating the amendment is effective for annual reporting periods beginning on or after January 1, 2025.

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

  The amendments clarify the treatment of the sale or contribution of assets between an investor and its associate and joint venture. This requires an investor in its financial statement to recognize in full the gains and losses arising from the sale or contribution of assets that constitute a business while recognize partial gains and losses if the assets do not constitute a business (i.e. up to the extent only of unrelated investor share).

  On January 13, 2016, the FSRSC decided to postpone the original effective date of January 1, 2016 of the said amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

4. Material Accounting Policies

Financial Assets and Financial Liabilities

Date of Recognition. The Company recognizes a financial asset or a financial liability in the statement of financial position when it 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. The Company recognizes a financial asset in its statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

Except for trade and other receivables that do not have a significant financing component, at initial recognition, the Company measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

At initial recognition, the Company measures trade and other receivables that do not have a significant financing component at their transaction price.

Classification. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVTPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVTPL 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.

Write-off

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

Financial Assets at Amortized Cost. Financial assets shall 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 allowance for impairment, if any. 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 derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2023 and 2022, the Company does not have financial assets at FVTPL and FVOCI and financial liabilities at FVTPL.

As at December 31, 2023 and 2022, the Company's cash in banks, trade and other receivables, and refundable security deposits are included under this category (see Notes 6,7 and 17).

Financial Liabilities at Amortized Cost. The Company recognizes a financial liability in its statement of financial position when, and only when, the Company becomes party to the contractual provisions of the instrument.

At initial recognition, the Company measures a financial liability at its fair value minus, in the case of financial liability not at fair value through profit or loss, transactions
The Company classifies all financial liabilities as subsequently measured at amortized, except for:

- financial liabilities at fair value through profit or loss;
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
- financial guarantee contracts;
- commitments to provide a loan at a below-market interest rate; and
- contingent consideration recognized by an acquirer in a business combination.

As at December 31, 2023 and 2022, the Company's liabilities arising from its trade and other payables, excluding government liabilities, lease liabilities, borrowings and advances from related parties are included under this category (see Notes 11, 12,17 and 19).

The Company adopted the following approaches in accounting for impairment.

➢ **General Approach**

The Company applies general approach to cash in banks and refundable security deposits. At each reporting date, the Company measures the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses if the credit risk on that financial asset has increased significantly since initial recognition. However, if the credit risk has not increased significantly, the Company measures the loss allowance equal to 12-month expected credit losses.

The Company compares the risk of default occurring as at the reporting date with the risk of default occurring as at the date of initial recognition and consider the macro-economic factors such as GDP, interest, inflation rates, and or other macro-economic factors, the performance of the counterparties' industry, and the available financial information of each counterparty to determine whether there is a significant increase in credit risk or not since initial recognition.

The Company determines that there has been a significant increase in credit risk when there is a significant decline in the factors.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition because the financial instrument is determined to have low credit risk at the reporting date.

The Company did not apply the 30 days past due rebuttable presumption because the Company determines that there has no significant increases in credit risk even if contractual payments are more than 30 days past due.

If Company has measured the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date, that the credit quality improves (i.e. there is no longer a significant increase in credit risk since initial recognition), then the Company shall measure the loss allowance at an amount equal to 12-month expected credit losses at the current reporting date.

The Company recognizes in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

The Company performs the assessment of significant increases in credit risk on an individual basis.

The Company determines when a default occurs on its financial assets based on its credit management practice.

The Company did not apply the 90 days past due rebuttable presumption in determining whether a financial asset is credit-impaired or not because based on the Company's historical experience past due amounts even over 90 days are still collectible.

The Company determines that 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 includes observable data about the following events:

- Significant financial difficulty of the counterparty;
- A breach of contract, such as a default or past due event;
- The lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; and
- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganization.

➢ **Simplified Approach**

The Company always measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables. The Company determines that 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 includes observable data about the following events:

- Significant financial difficulty of the counterparty;
- A breach of contract, such as a default or past due event;
- The lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; and
- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganization.

Derecognition of Financial Assets and Liabilities

Financial Assets. The Company derecognizes a financial asset when, and only when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset, and the transfer qualifies for derecognition. The difference between the carrying amount and the consideration received is recognized in profit or loss.

Financial Liabilities. The Company removes a financial liability (or part of a financial liability) from its statement(s) of financial position when, and only when, it is extinguished (i.e. when the obligation in the contract is discharged or cancelled or expired).

<u>Cash</u>
Cash in banks are cash deposits held at call with banks that are subject to insignificant risk of change in value. This shall be measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

<u>Trade Receivables</u>
Trade receivables are measured at amortized cost using the effective interest method, less any impairment. Finance income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

<u>Refundable Security Deposits</u>
Refundable security deposits represent payments made in relation to the leases, utilities and other agreements entered into by the Company. These are carried at amortized cost and will generally be refunded without interest or be applied to certain rentals due and owning and/or damages to the leased premises. Refundable security deposits also include the payments in relation to the revenue agreements entered by the Company in the nature of performance bond. These will be refunded at the end of the service period if there are no latent and material defects encountered during the period.

Creditable Withholding Taxes

Creditable withholding taxes pertain to taxes withheld by third parties arising from sale of service that will be claimed against income tax due and carried over in succeeding periods at the same purpose.

Input Value-Added Tax (VAT)

Input VAT is defined as payments/accruals made by a VAT registered person in the course of trade or business on importation of goods or local purchase of goods or services, including lease or use of property, to a VAT-registered person. Input VAT is initially recognized upon fulfillment of conditions prescribed under local VAT law provisions at input VAT rate. Subsequently this was reduced by application of input VAT to Company's output VAT declaration.

For capital goods acquisition, the input tax on goods purchased or imported in a calendar month for use on trade or business shall be spread over the month of acquisition and the fifty-nine (59) succeeding months if the aggregate acquisition cost for such goods, excluding the VAT component, exceeds one million pesos. If the estimated useful life of the capital good is less than five years, as used for depreciation purposes, the input VAT shall be spread over such a shorter period.

Borrowing Costs

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Property and equipment, net

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of the property and equipment at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing.

The initial measurement of property and equipment comprises its construction cost or purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use.

Depreciation, which commences when the assets are available for their intended use, is computed using the straight-line method over the following annual depreciation rates:

	Number of Years
Leasehold improvement	3 or term of lease, whichever is shorter
Computer equipment	3
Furniture and fixtures	3

The remaining useful lives, residual values and depreciation method are reviewed and adjusted periodically, if appropriate, to ensure that such periods and method of depreciation are consistent with the expected pattern of economic benefits from the items of property and equipment.

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Fully depreciated assets are retained in the accounts until they are no longer in use.

An item of property and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising from the retirement and disposal of an item of property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the statement of income in the period of retirement and disposal.

Intangible Assets, net

Intangible assets, net refer to licenses and customer related intangibles that are stated at historical cost. This is subject to a finite useful life and is carried at cost less accumulated amortization and any accumulated impairment loss. These are amortized over estimated useful life of 5 years using the straight-line method. If there is an indication that there has been a significant change in amortization rate, useful life or residual value of an intangible asset, the amortization is revised prospectively to reflect the new expectations.

Research and Development

Research phase. No intangible asset arising from research (or from the research phase of an internal project) shall be recognized. Expenditure on research (or on the research phase of an internal project) shall be recognized as an expense when it is incurred.

Development phase. An intangible asset arising from development (or from the development phase of an internal project) shall be recognized if, and only if, an entity can demonstrate all of the following:

a. the technical feasibility of completing the intangible asset so that it will be available for use or sale.
b. its intention to complete the intangible asset and use or sell it.
c. its ability to use or sell the intangible asset.
d. how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
e. the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
f. its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Capitalized research and development costs are initially measured at cost. After initial recognition, using cost model, an intangible asset shall be carried at its cost less any accumulated amortization and any accumulated impairment losses.

Impairment of Non-Financial Assets

The carrying amounts of prepayments and other current assets, property and equipment, intangible assets and right-of-use of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

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

Fair Value Measurements

The Company measures a number of financial and non-financial assets and liabilities at fair value at each reporting date.

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 measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (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 or disclosed in the financial statement 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 prices (unadjusted) in active market for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the financial statement on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

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.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax. The cost of acquiring the Company's own shares are shown as a deduction from equity until the shares are cancelled or reissued. When such shares are subsequently sold or reissued, any consideration received, net of directly attributable incremental transaction costs and the related income tax effects, is included in equity.

Revenue recognition
The Company recognizes revenue when (or as) the Company satisfies a performance obligation by transferring a promised good or service (i.e. asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The following specific recognition criteria must also be met before revenue is recognized:

Rendering of services
The Company transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met.

The Company is a service provider and revenue is based on the chargeable hours (time spent) rendered by them. Revenues pertaining to consultancy were recognized by reference to the stage of completion of a transaction as the percentage of completion method. Under this method, revenue is recognized in the accounting periods in which the services are rendered. The recognition of revenue on this basis provides useful information on the extent of service activity and performance during a period.

Revenue pertaining to license subscription are recognized based on client's availment of the subscription hence subscription revenue are being recognized over the contract period.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and amount can be reliably measured. When the outcome of a transaction involving rendering of services can be estimated reliably, revenue associated with the transaction shall be recognized by reference to the stage of completion of the transaction at the end of the reporting period.

When the outcome of transactions involving rendering of services cannot be estimated reliably, revenue shall be recognized only to the extent of the expenses recognized that are recoverable.

Interest income
Interest income is recognized as interest accrues using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Expense recognition
Expense encompasses losses as well as those expenses that arise in the course of the ordinary activities of the Company.

The Company recognizes expenses in the statement of comprehensive income when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

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

The right-of-use asset is initially measured at cost, which comprises the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method over the shorter of the estimated useful life of the asset or the lease term.

In addition, the right-of-use is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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;
- variable lease payments that depend on an index rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments option renewal period if the Company is reasonably to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. It is remeasured when there is a change in future lease payments 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 a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognized in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

<u>Foreign Currency Transactions and Translation</u>
Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and monetary liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the reporting date.

Nonmonetary assets and nonmonetary liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date the fair value was determined. Nonmonetary items in foreign currencies that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognized in the statement of comprehensive income, except for differences arising on the translation of available of sale financial assets, a financial liability designated as an effective hedge of the net investment in a foreign operation or qualifying cash flow hedges, which are recognized in other comprehensive income.

Taxes

Current Tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Current tax relating to items recognized directly in equity is recognized in equity and not in the statement of income. The Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Deferred Tax. Deferred tax is recognized using the liability method in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are recognized using the liability method for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits - Minimum Corporate Income Tax (MCIT) and unused tax losses - Net Operating Loss Carry Over (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward benefits of MCIT and NOLCO can be utilized.

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

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Current tax and deferred tax are recognized in the statement of comprehensive income, except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

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

Employee Benefits

Short Term Benefits

Short-term benefits given by the Company to its employees include salaries and wages, 13th month pay, employer share contributions and other de minimis benefits, among others.

Post-employment Benefits
The Company has an unfunded and non-contributory defined benefit retirement plan. This benefit defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one (1) or more factors such as age, years of service and compensation.

The cost of providing benefits is determined using the Projected Unit Credit Method (PUCM) which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries. Post-employment expenses include current service cost, past service cost, and net interest on defined benefit asset/liability. Remeasurements which include cumulative actuarial gains and losses, return on plan assets, and changes in the effects of asset ceiling are recognized directly in other comprehensive income and is also presented under equity in the statement of financial position.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognized immediately in profit or loss.

The liability is recognized in the statement of financial position in respect of defined benefit pension plans and is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated by an independent actuary using the PUCM. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of market rates on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Related Parties
Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control and significant influence. Related parties may be individuals or corporate entities.

Changes in Accounting Policies
The adoption of the new and revised standards and interpretations disclosed in Note 3.01, was made in accordance with their transitional provisions, otherwise the adoption is accounted for as change in accounting policy under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors.*

5. Use of Judgments, Estimates and Assumptions

The preparation of the financial statement in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the financial statement at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

Judgments
In the process of applying the accounting policies, the Company has made the following judgments, apart from those involving estimations, which have an effect on the amounts recognized in the financial statement:

Determination of Functional Currency - Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency has been determined to be the Philippine Peso which is the currency that mainly influences the Company's operation.

Classification of Financial Instruments - The Company classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, a financial liability or equity. The substance of a financial instrument, rather than its legal form, and the management's intention and ability to hold the financial instrument to maturity generally governs its classification in the statement of financial position.

Assessment of Going Concern Issue

When preparing financial statement, the Management shall make an assessment of the Company's ability to continue as a going concern. The Company shall prepare financial statement on a going concern basis unless Management either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. When Management is aware in making its assessment of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, the Company shall disclose those uncertainties. In assessing whether the going concern assumption is appropriate, Management takes into account all available information about the future, which is at least, but is not limited to, twelve (12) months from the end of the reporting period. The degree of consideration depends on the facts in each case. Management may need to consider a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing before it can satisfy itself that the going concern basis is appropriate.

The Company has incurred net losses of ₱116,660,604 in 2023 and ₱268,961,692 in 2022. The Company also reported a deficit of ₱709,218,382 and ₱592,557,778 as at December 31, 2023 and 2022, respectively. Moreover, as at December 31, 2023 and 2022, the Company's total liabilities exceeded its total assets, resulting in a capital deficiency of ₱631,939,625 and ₱570,056,778, respectively. These conditions indicate the existence of uncertainties, which may affect the Company's ability to continue as a going concern. However, Wipro Limited, its ultimate holding company, gave its commitment to provide continued financial support to enable the Company to meet its working capital needs and to pay its liabilities as and when needed, as disclosed in Note 1.

Assessment of Contractual Terms of a Financial Asset

The Company determines whether the contractual terms of a financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. In making its judgments, the Company considers whether the cash flows before and after the changes in timing or in the amount of payments represent only payments of principal and interest on the principal amount outstanding.

Management assessed that the contractual terms of its financial assets are solely payments of principal and interest. As of December 31, 2023 and 2022, the Company's financial assets measured at amortized cost amounted to ₱108,337,232 and ₱559,517,565, respectively, as disclosed in Note 20.

Assessment of 30 days Rebuttable Presumption

The Company determines when a significant increase in credit risks occurs on its financial assets based on its credit management practice of the entity.

Management believes that the 30 days rebuttable presumption is not applicable since based on Company's historical experience credit risk has not increased significantly even if collections are more than 30 days past due.

Assessment of 90 days Rebuttable Presumption

The Company determines when a default occurs on its financial assets based on its credit management practice.

Management believed that the 90 days rebuttable presumption is not applicable because based on the Company's historical experience past due amounts even over 90 days are still collectible.

Assessment of Timing of Satisfaction of Performance Obligations
The Company satisfies a performance obligation by transferring control of a promised good or service to the customer, which could occur over time or at a point in time.
Management assessed that the performance obligation is satisfied over time because the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs. Revenue is recognized when performance obligation is satisfied.

The Company derived its revenues from its services rendered which comprise of license subscription and consulting services. In 2023 and 2022, revenues recognized from services amounted to ₱216,055,984 and ₱150,004,480, respectively, as disclosed in Note 14.

Assessment of the Transaction Price and the Amounts Allocated to Performance Obligations
A performance obligation is a vendor's promise to transfer a good or service that is 'distinct' from other goods and services identified in the contract.

Management assessed that allocation of transaction price to performance obligation is not applicable since there is only one performance obligation, which is the rendering of services.

Determining whether or not it is Reasonably Certain that an Extension Option will be Exercised and Termination Option will not be Exercised
Lease term is the non-cancellable period for which the Company has the right to use an underlying asset including optional periods when the Company is reasonably certain to exercise an option to extend a lease. The Company considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option when determining the lease term and the enforceability of the option. The option to extend the lease term should be included in the lease term if it is reasonably certain that the lessee will exercise the option and the option is enforceable. The Company is required to reassess the option when significant events or changes in circumstances occur that are within the control of the lessee.

Determining whether or not a Contract Contains a Lease
For contracts in place at the date of initial application, the Company has elected to apply the definition of a lease from PAS 17 and IFRIC 4 and has not applied PFRS 16 to arrangements that were previously not identified as lease under PAS 17 and IFRIC 4.

Management assessed that contract with Figari Solutions, Inc. on leases of offices and parking slots qualify as a lease since the contract contain an identified asset, the Company has a right to obtain substantially all of the economic benefits, and the Company has a right to direct the use of the identified asset throughout the period of use.

Estimates and assumptions
The estimates and assumptions used in the Company's financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the Company's financial statement. Actual results could differ from such.

Estimating Allowances for Expected Credit Losses
Allowance for ECL on Trade and other receivables. Provisions are made for specific and groups of accounts, where objective evidence of credit loss exists. The Company evaluates these accounts on the basis of factors that affect the collectability of the accounts.

These factors include, but are not limited to, the length of the Company's relationship with the counterparties, the current credit status based on third party credit reports and known market forces, average age of accounts, collection experience and historical loss experience. The amount and timing of the recorded expenses for any period would differ if the Company made different judgments or utilized different methodologies. An increase in the allowance for ECL would increase the recorded costs and expenses and decrease current assets.

In both years, Management did not recognize provision for expected credit losses on its accrued revenue and refundable and security deposit since it is considered immaterial.

The carrying amounts of trade and other receivables and allowance for ECL as at December 31, 2023 and 2022 are disclosed in Note 7.

Estimating useful lives of Property and Equipment and Intangible Assets
The Company estimates the useful lives of property and equipment and intangible assets based on the period over which the assets are expected to be available for use. The estimated useful lives of these fixed assets are reviewed periodically and are 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 assets. In addition, estimation of the useful lives of property and equipment and intangible assets is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above.

There were no changes in the estimated useful lives of property and equipment and intangible assets in 2023 and 2022.

The carrying amounts of property and equipment and intangible assets as at December 31, 2023 and 2022 are disclosed in Notes 9 and 10, respectively.

Impairment of Non-financial Assets
The Company assesses at the end of each reporting date whether there is an indication that the carrying amounts of all non-financial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. At the end of each reporting date, the Company assesses whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

Management has reviewed the carrying values of the Company's non-financial assets as at December 31, 2023 and 2022 for impairment. Based on the Management's assessment, there were no indications that the non-financial assets were impaired, thus no impairment loss needs to be recognized for the years ended December 31, 2023 and 2022.

Evaluating Deferred Tax
In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretation of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

As of December 31, 2023 and 2022, Management believes that there is no probability that future taxable profits will be available to allow all or part of its deferred tax assets to be utilized prior to its expiration. The Company's unrecognized deferred tax assets as of December 31, 2023 and 2022 amounted to ₱29,438,070 and ₱46,889,804, respectively, as disclosed in Note 18.

Estimating the Appropriate Discount Rate to Use
The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating). In 2023 and 2022 the incremental borrowing rate used by the Company is 3.41% to 6.38%.

6. Cash

For the purpose of the statement of cash flows, cash pertains to cash in banks amounting to ₱47,731,023 and ₱471,357,445 as of December 31, 2023 and 2022, respectively.

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

Interest earned amounted to ₱35,186 and ₱75,578 in 2023 and 2022, respectively and is presented as part of "other expenses, net" in the statement of comprehensive income.

Unrealized foreign exchange gain arising from the US dollar denominated cash in bank amounted to ₱221,861 and nil in 2023 and 2022, respectively, as disclosed in Note 21.

Realized foreign exchange loss amounted to ₱1,634,855 and ₱1,084,997 in 2023 and 2022, respectively, as disclosed in Note 21.

There were no significant cash balances held by the entity that are not available for use by the Company by means of foreign exchange controls, legal restrictions and bank-imposed restrictions among others.

7. Trade and Other Receivables, Net

This account consists of:

	Note	2023	2022
Trade receivables			
Third parties		**₱36,595,394**	₱13,947,150
Related parties	*19*	**8,400,207**	62,214,329
Accrued revenue		**10,348,206**	7,025,167
		55,343,807	83,186,646
Less: Allowance for expected credit loss		**-**	288,928
		₱55,343,807	₱82,897,718

Movements of allowance for expected credit loss are as follow:

	2023	2022
Balance, January 1	**₱288,928**	₱2,331,859
Provision for the year	**677,772**	417,512
Reversal for the year	**(29,030)**	(353,642)
Accounts permanently written off	**(937,670)**	(2,106,801)
Balance, December 31	**₱-**	₱288,928

Aging of trade and other receivables that are past due but not impaired are as follows:

	2023	2022
1-30 days	**₱18,439,702**	₱2,384,116
31-60 days	**2,882,918**	2,051,391
Over 60 days	**15,272,775**	9,511,643
	₱36,595,395	₱13,947,150

Trade receivables carrying value approximates its fair value. Average collection period generally granted to trade receivable customers is 30 days, non-interest bearing, and to be settled in cash.

Accrued revenue pertains to unbilled services rendered during the year, which are expected to be billed in succeeding periods. The related cost of accrued revenue pertains to the cost of consulting services rendered by the Company.

Unrealized foreign exchange gain arising from the US dollar, MYR and GBP denominated trade and other receivables amounted to ₱604,379 and ₱241,246 in 2023 and 2022, respectively, as disclosed in Note 21.

Realized foreign exchange gain and loss amounted to ₱102,517 and ₱10,713 in 2023 and 2022, respectively, as disclosed in Note 21.

8. Prepayment and Other Current Assets, Net

This account consists of:

	2023	2022
Prepaid expenses	**₱978,226**	₱637,343
Creditable withholding tax	**4,483,942**	2,415,721
Input VAT	**-**	1,146,933
	5,462,168	4,199,997
Allowance for non-recoverability of CWT	**(2,415,721)**	-
	₱3,046,447	₱4,199,997

Prepaid expenses are future expenses which include subscription and recruitment fees which will be expensed in 12 months after the end of the reporting period.

Input VAT represents tax passed on to the Company by its suppliers, for its acquisition of goods and services, which may be applied against output tax.

9. Property and Equipment, Net

The movements in this account are as follows:

	Computer Equipment	Furniture and Fixtures	Leasehold Improvement	Total
Cost				
At January 1, 2022	₱8,288,656	₱122,129	₱249,838	₱8,660,623
Additions	3,736,607	-	-	3,736,607
At December 31, 2022	12,025,263	122,129	249,838	12,397,230
Additions	612,500	-	-	612,500
At December 31, 2023	**12,637,763**	**122,129**	**249,838**	**13,009,730**
Accumulated depreciation				
At January 1, 2022	6,036,921	122,129	249,838	6,408,888
Depreciation	1,776,182	-	-	1,776,182
At December 31, 2022	7,813,103	122,129	249,838	8,185,070
Depreciation	2,109,029	-	-	2,109,029
At December 31, 2023	**9,922,132**	**122,129**	**249,838**	**10,294,099**
Carrying amounts				
December 31, 2023	**₱2,715,631**	**₱-**	**₱-**	**₱2,715,631**
December 31, 2022	₱4,212,160	₱-	₱-	**₱4,212,160**

There are no property and equipment pledged as security for any of the Company's liabilities.

Depreciation expense amounting to ₱2,109,029 and ₱1,776,182 is presented under operating expenses in the statement of comprehensive income in 2023 and 2022, respectively.

There are no contractual commitments for the acquisition of property and equipment. Property and equipment amounting to ₱4,011,426 is fully depreciated but still being used in operations as at December 31, 2023.

All additions made were paid in cash.

Management has reviewed the carrying values of the Company's property and equipment as at December 31, 2023 and 2022 for impairment. Based on the results of its evaluation, there were no indications that the property and equipment were impaired.

10. Intangible Assets, Net

The movements in this account are as follows:

	Licenses and Customer Related Intangibles	Research and Development	Total
Cost			
At December 31, 2023 and 2022	₱22,500,000	₱5,065,836	**₱27,565,836**
Accumulated amortization			
At January 1, 2022	22,500,000	4,346,278	**26,846,278**
Amortization	-	487,536	**487,536**
At December 31, 2022	22,500,000	4,833,814	**27,333,814**
Amortization	-	232,022	**232,022**
At December 31, 2023	**₱22,500,000**	**₱5,065,836**	**₱27,565,836**
Carrying amounts			
At December 31, 2023	₱-	₱-	**₱-**
At December 31, 2022	₱-	₱232,022	**₱232,022**

The intangible assets represent the purchase price for a business unit acquired by the Company which are the SAP license and SAP VAR agreements, customer contracts as reseller of SAP human relations software, associated HR payroll services and Human Capital Resource consultancy services.

The cost incurred for research and development pertains to salaries of employees which renders consultancy services to create new system that will help the Company get more business and generate more cash flows, are being capitalized as intangible asset as the Company believes that it will result to future revenues.

Amortization expense amounting to ₱232,022 and ₱487,536 is presented under operating expenses in the statement of comprehensive income in 2023 and 2022, respectively.

There is no impairment loss recognized during the year; neither reversal of impairment.

There is no existence and amount of restriction on title of intangible asset; neither any item being pledged as security for liability, nor any intangible asset acquired through way neither of business combination nor by way of government grants.

The Company has no contractual commitment to the acquisition of intangible assets as of the date of financial statement.

11. Trade and Other Payables

This account consists of:

	Note	2023	2022
Trade payables			
Third parties		₱7,399,021	₱8,690,137
Related parties	19	39,376,674	15,622,273
Accrued expenses		20,409,647	27,782,580
Government liabilities		10,070,055	3,562,250
		₱77,255,397	₱55,657,240

Trade payables are unsecured, interest-free and to be settled in cash within 30-60 days. No trade payables of the Company have been pledged as security for credit facilities.

Accrued expenses pertain to expenditures incurred by the Company but not yet paid such as subscription and consulting services, performance bonus, professional fees, and outside services.

The details of the Company's accrued expenses are as follows:

	2023	2022
Subscription and consulting services	₱10,472,149	₱9,635,125
Commission and other payables	2,429,470	840,509
Professional fees and outside services	1,985,323	809,311
Payroll, vacation accruals, and other bonuses	5,522,705	16,497,635
	₱20,409,647	₱27,782,580

Government liabilities pertain to SSS, PhilHealth, Pag-IBIG, withholding taxes, and output VAT. The Company's output VAT amounted to ₱4,632,718 and ₱93,016 as of December 31, 2023 and 2022, respectively.

Unrealized foreign exchange loss and gain arising from the US dollar, MYR, SG dollar, AU dollar, CA dollar and NZ dollar denominated trade and other payables amounted to ₱189,535 and ₱587,836 in 2023 and 2022, respectively, as disclosed in Note 21.

Realized foreign exchange gain and loss amounted to ₱26,780 and ₱1,105,030 in 2023 and 2022, respectively, as disclosed in Note 21.

12. Borrowings

This account consists of:

	Note	2023	2022
Balance, January 1		₱573,756,104	₱-
Interest		12,767,175	7,756,104
Availments		-	566,000,000
Payments of interest		(19,556,240)	-
Payments of principal		(400,000,000)	-
Related party borrowing	19	₱166,967,039	₱573,756,104

In August 2022, the Company entered into a loan agreement with Wipro Philippines, Inc. (Wipro) amounting to ₱66,000,000 bearing interest equal to PH BVAL +85 basis points. Wipro provides the loan to the Company for a period of 12 months as from the effective date of the loan, unless the parties otherwise agree in writing. This loan was extended for an additional 12 months.

In September 2022, the Company entered into a similar loan agreement with Wipro amounting to ₱500,000,000 bearing interest equal to PH BVAL +85 basis points. Wipro provides the loan to the Company for a period of 12 months as from the effective date of the loan, unless the parties otherwise agree in writing. ₱400,000,000 of this loan was paid back to Wipro on February 9, 2023 and the remaining ₱100,000,000 loan was extended for an additional 12 months.

The purpose of both loan agreements is to place the Company in a financial situation to enable it to economically pursue its activities by ensuring adequate liquidity during the term of the loan.

The Company is not subject to externally imposed restrictions (see Note 16).

Interest expense for these borrowings amounted to ₱12,767,175 in 2023 and ₱7,756,104 in 2022 and is presented under "other expenses, net" in the statement of comprehensive income.

In both years, the Company is compliant with the terms and conditions of the loan agreement.

13. Share Capital

The details and movement of this account are as follows:

	2023		2022	
	Number of shares	**Amount**	Number of shares	Amount
Authorized share capital:				
Common shares at ₱1,000 par value per share	**45,000**	**₱45,000,000**	45,000	₱45,000,000
Subscribed, issued and fully paid:				
Common shares at ₱1,000 par value per share				
Balance at January 1 and December 31, 2022	**22,501**	**₱22,501,000**	22,500	₱22,500,000
Issuance of ordinary share	**3**	**3,000**	1	1,000
Balance at December 31, 2023	**22,504**	**₱22,504,000**	**22,501**	**₱22,501,000**

In February 2023, the Company issued three (3) ordinary shares amounting to ₱3,000 to the existing shareholders. In April 2022, the Company issued one (1) ordinary share amounting to ₱1,000 to the existing shareholders. In September 2023, the Company received additional paid-in capital amounting to ₱54,773,466.

The Company has one (1) class of ordinary shares which carries no right to fixed income.

14. Revenues

This account consists of:

	2023	2022
Consulting services	**₱151,912,048**	₱95,573,404
License subscription	**64,143,936**	54,431,076
	₱216,055,984	₱150,004,480

15. Direct Costs

This account consists of:

	2023	2022
Personnel cost (Note 16)	**₱181,044,236**	₱165,801,270
Software subscription	**39,623,566**	37,704,738
	₱220,667,802	₱203,506,008

16. Employee benefits

Aggregate employee benefits are as follows:

	2023	2022
Short-term employee benefits	₱242,712,785	₱221,268,208
Post-employment benefits	86,534	-
	₱242,799,319	₱221,268,208

Personnel costs

The components of personnel costs are as follows:

	2023	2022
Direct costs		
Salaries and wages	₱171,656,314	₱134,550,306
13th month pay and other benefits	3,934,081	25,523,948
SSS, PhilHealth and Pag-IBIG contributions	5,453,841	5,727,016
	₱181,044,236	₱165,801,270
Operating expenses		
Salaries and wages	₱53,840,561	₱45,827,182
13th month pay and other benefits	7,824,988	9,638,755
SSS, PhilHealth and Pag-IBIG contributions	3,000	1,000
	₱61,668,549	₱55,466,937
	₱242,712,785	₱221,268,207

Post-employment Benefits

The Company does not have an established retirement plan and only conforms to the minimum regulatory benefit under the RA No. 7641, Retirement Pay Law, equal to one half-half (½) months' salary per year of service. The regulatory benefit is paid in a lump sum upon retirement.

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out on December 20, 2023 by KP Actuaries and Consultants LLP as of and for the years ended December 31, 2023 and 2022, the present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the PUCM.

There were no plan amendment or settlement recognized for the years ended December 31, 2023 and 2022.

The principal assumptions used for the purposes of the Company's actuarial valuations are as follows:

	2023	2022
Discount rate	6.02%	5.40%
Expected rate of salary increases	6.00%	6.00%

The sensitivity analysis of the defined benefit obligation of changes in the weighted principal assumption is as follows:

	Impact on Defined Benefit Obligations	
	Increase in Assumptions	Decrease in Assumptions
2023		
Discount rate	**Decrease by 4.7%**	Increase by 4.9%
Salary increase rate	**Increase by 4.9%**	Decrease by 4.7%
2022		
Discount rate	**Decrease by 4.7%**	Increase by 5.0%
Salary increase rate	**Increase by 4.9%**	Decrease by 4.7%

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the PUCM at the end of the reporting period) has been applied as when calculating the pension liability recognized within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

As of December 31, 2023 and 2022, the amounts included in the statement of financial position arising from the Company's obligation in respect of its defined benefit plan amounted to ₱86,534 and nil, respectively.

Amounts recognized in profit or loss in respect of these defined benefit plans, amounted to ₱87,825 and nil, respectively, in 2023 and 2022.

Reconciliation of remeasurement recognized in other comprehensive income (OCI) is as follows:

	Change on demographic assumption	**Change on financial assumption**	**Experience adjustments**	**Total**
January 1, 2022	-	-	-	-
Amount recognized during the year	-	-	-	-
December 31, 2022	-	-	-	-
Amount recognized during the year	-	(2,511)	1,220	(1,291)
December 31, 2023	-	**(2,511)**	**1,220**	**(1,291)**

Movements in the present value of the defined benefit obligation in both reporting periods are as follows:

	2023	2022
Balance, January 1	-	-
Past service cost	**69,391**	-
Currents service cost	**15,632**	-
Interest cost	**2,802**	-
Actuarial gain		
Changes in financial assumptions	**(2,511)**	-
Experience adjustments	**1,220**	-
Balance, December 31	**86,534**	-

The Company operates an unfunded defined benefit plan wherein benefit payments are borne by the Company. Thus, the Company maintains an appropriate level of liquidity to meet currently maturing defined benefit obligations and has established a level of solvency ratio aimed to pay for long-term defined benefit obligations.

Asset-Liability Matching Strategies to Manage Risks
The Company does not have a formal retirement plan. Therefore, it has no plan assets to match against the plan liabilities under the retirement obligation.

Funding Arrangements
The Company does not have a formal retirement plan; benefit claims under the retirement obligation are paid directly by the Company when they become due.

The Company is exposed to a number of risks through its defined benefit plan.
Below are the most significant risks:

Volatility Risk
The plan liabilities are calculated using a discount rate from government bonds to create virtual zero-coupon bonds as of the valuation dates. The government bonds represent investments in the Philippine government securities only.

The Company intends to reduce the level of volatility risk by maintaining the long-term nature of the plan liabilities and an appropriate level of continuing equity investment.

Inflation Risk
Payments for the defined benefit plan of the Company are not linked to inflation; thus, the exposure to this risk is immaterial.

Life Expectancy Risk
The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This risk is closely associated with inflation risk wherein inflationary increases result in higher sensitivity to changes in life expectancy. The plan obligation possesses a minimal exposure to this risk since inflationary risk, which is directly associated to the plan's sensitivity to life expectancy risk, is immaterial.

17. Leases

Company as a Lessee

On December 18, 2020, the Company signed a new contract with Figari Solutions, Inc. to occupy office space at the 10th Floor, The Curve Building, 32nd corner 3rd Avenue, Bonifacio Global City, Taguig City. The lease is subject to escalation fee of 3% on the second and third year of the contract. The facilities cannot be subleased to a third party directly or indirectly. The lease term was one (1) year and six (6) months from January 1, 2021 to June 30, 2022. The agreement is revised and a new term is from July 1, 2022 to December 31, 2023. The lease term is renewable upon mutual agreement of the Company and the lessor.

The Company's refundable security deposit amounting to ₱5,262,402 as at December 31, 2023 and 2022 is refundable at the end of the lease term. The refundable security deposit is non-interest bearing and to be used to cover possible damages to the leased premises.

Maturity analysis - contractual undiscounted cash flows:

	2023	2022
Less than one (1) year	₱-	₱10,288,937
Between one (1) and five (5) years	-	-
	₱-	₱10,288,937

Lease Liabilities

Set out below are the carrying amounts of lease liabilities and the movements during 2023 and 2022.

	2023	2022
As at January 1	**₱9,494,490**	₱3,475,731
Accretion of interest	**263,542**	150,756
Additions	**299,494**	14,814,948
Foreign exchange adjustment	**(231,602)**	(20,240)
Payments*	**(9,825,924)**	(8,926,705)
As at December 31	**₱-**	₱9,494,490

*2022 payments exclude ₱1,527,064 for rent expense paid in cash.
*In 2023 and 2022, payments include ₱263,542 and ₱150,756 for interest expense, respectively.

Current	-	₱9,494,490
Non-current	-	-
	₱-	₱9,494,490

Right-of-use assets

Set out below are the carrying amounts of right-of-use assets and the movements during 2023 and 2022.

	2023	2022
Balance at January 1	**₱9,516,865**	₱4,582,936
Depreciation	**(9,802,040)**	(4,758,434)
Write-off*	-	(4,582,936)
Additions	**285,175**	14,275,299
Balance at December 31	**₱-**	₱9,516,865

*2022 write-off amount includes ₱3,913,348 for depreciation of the expiration of the old lease, to total 8,671,782 in depreciation expense for 2022.

Realized foreign exchange loss arising from the US dollar denominated from lease liabilities amounted to ₱231,602 and ₱20,240, in 2023 and 2022, respectively, as disclosed in Note 21.

18. Income Taxes

The components of the income tax expense reported in the statement of comprehensive income are as follows:

	2023	2022
Current	₱-	₱-
Deferred	361,839	81,402,476
	₱361,839	₱81,402,476

The reconciliation of the income tax benefit computed at statutory tax rate to the income tax shown in the statement of comprehensive income is as follows:

	2023	2022
Loss before income tax	(₱116,298,765)	(₱187,559,216)
Income tax at statutory income tax rate of 25% in 2023 and 2022	(₱29,074,691)	(₱46,889,804)
Effect of change in the effective tax rate		
Tax effect on permanent differences:		
Unrecognized deferred tax assets	29,438,070	46,889,804
Non-deductible finance cost	7,257	-
Derecognition of deferred tax assets	-	81,402,476
Finance income subject to final tax	(8,797)	-
	₱361,839	₱81,402,476

Details of unrecognized deferred tax assets are as follow:

	2023	2022
Deferred tax assets:		
NOLCO	₱31,052,193	₱36,418,451
Allowance for non-recoverability of creditable withholding tax	603,930	-
Allowance for impairment losses	162,186	-
Retirement benefit expenses	21,956	-
Unrealized foreign exchange loss	-	7,572,462
Effect of PFRS 16	(42,457)	(248,111)
Customer deposit	(169,701)	692,292
Accrued expenses	(2,190,037)	2,454,710
Deferred tax assets	₱29,438,070	₱46,889,804

As of December 31, 2023 and 2022, the Company's deferred tax liabilities arising from unrealized foreign exchange gain amounted to ₱361,839 and nil, respectively.

Details of derecognized deferred tax assets are as follow:

	Balance, January 1, 2022	Effect of CREATE	Charged to operations	Balance, December 31, 2022
Deferred tax assets:				
NOLCO	₱72,214,755	₱-	(₱72,214,755)	₱-
Excess MCIT over RCIT	1,690,740	-	(1,690,740)	-
Accrued expenses	2,453,448	-	(2,453,448)	-
Allowance for impairment losses	765,991	-	(765,991)	-
Unrealized foreign exchange loss	510,069	-	(510,069)	-
Customer deposit	657,060	-	(657,060)	-
Unrealized forex gain	2,554,768	-	(2,554,768)	-
Effect of PFRS 16	555,645	-	(555,645)	-
Deferred tax assets	₱81,402,476	₱-	(₱81,402,476)	₱-

Details of NOLCO in 2022 and 2023 are as follows:

Year Incurred	Valid Until	Beginning	Amount Incurred	Applied/ Expired	Balance
2022	2025	₱145,673,804	₱-	₱-	₱145,673,804
2023	2026	-	124,208,772	-	124,208,772
		₱145,673,804	₱124,208,772	₱-	₱269,882,576

Details of NOLCO covered by Revenue Regulation No. 25-2020 are as follows:

Year Incurred	Valid Until	Beginning	Amount Incurred	Applied/ Expired	Balance
2020	2025	₱126,688,414	₱-	₱-	₱126,688,414
2021	2026	104,531,413	-	-	104,531,413
		₱231,219,827	₱-	₱-	₱231,219,827

Pursuant to Section 4 of Bayanihan II and as implemented under RR 25-2020, the net operating losses of a business or enterprise incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five consecutive taxable years following the year of such loss.

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

Year Incurred	Valid Until	Beginning	Amount Incurred	Applied/ Expired	Balance
2020	2023	₱357,925	₱-	₱357,925	₱-

19. Related Party Transactions

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors or its shareholders.

The details of the Company's related parties are summarized as follows:

Name of related parties	Relationship	Country of incorporation
Wipro Limited	Ultimate holding company	India
Rizing Intermediate Holding Inc	Intermediate	United States
Rizing Pte Ltd	Parent	Singapore
Rizing LLC	Affiliate	United States
Rizing Sdn Bhd	Affiliate	Malaysia
Synchrony Global Sdn Bhd	Affiliate	Malaysia
Rizing New Zealand Limited	Affiliate	New Zealand
Rizing Solutions Pty Ltd	Affiliate	Australia
Rizing Solutions Canada Inc	Affiliate	Canada
Rizing Consulting Ireland Limited	Affiliate	Ireland
Rizing Consulting Pty Ltd	Affiliate	Australia
Rizing B.V	Affiliate	Netherlands
Rizing Consulting USA, Inc	Affiliate	United States
Rizing Lanka (Pvt) Ltd	Affiliate	Sri Lanka
Rizing GMBH	Affiliate	Germany
Wipro Philippines, Inc.	Affiliate	Philippines
Wipro Technologies GMBH	Affiliate	Germany

Outstanding balances as at December 31, 2023 and 2022:

	2023		2022				Nature of consideration to be received		Allowance for impairment loss		Provision for impairment loss	
	Amounts/ Volume	Outstanding Balances	Amounts/ Volume	Outstanding Balances	Terms and conditions	Type of security	upon settlement	Guarantees received	2023	2022	2023	2022
Trade and other receivables (Note 7)									-	-	-	-
Rizing Solutions Pty Ltd (Synchrony Global Pty. Ltd.)	-	**₱4,382,012**	₱13,999,607	₱16,032,115	Non-interest bearing, collectible upon demand	Unsecured	Cash	None	-	-	-	-
Rizing LLC	-	**830,393**	11,863,917	12,063,886	Non-interest bearing, collectible upon demand	Unsecured	Cash	None	-	-	-	-
Rizing Solutions Canada Inc	-	**678,736**	9,133,577	15,338,110	Non-interest bearing, payable on demand	Unsecured	Cash	None	-	-	-	-
Rizing Consulting Pty Ltd	-	**473,777**	1,301,656	1,301,656	Non-interest bearing, payable on demand	Unsecured	Cash	None	-	-	-	-
Rizing New Zealand Limited (Synchrony Global Limited)	-	**354,010**	-	9,341,510	Non-interest bearing, collectible upon demand	Unsecured	Cash	None	-	-	-	-
Rizing Consulting Ireland Limited (Aasonn Limited)	-	**319,640**	1,078,063	1,374,878	Non-interest bearing, payable on demand	Unsecured	Cash	None	-	-	-	-
Wipro Limited	**184,362**	**184,362**	-	-	Non-interest bearing, collectible upon demand	Unsecured	Cash	None	-	-	-	-
Rizing Sdn. Bhd.	-	**104,715**	461,568	2,608,721	Non-interest bearing, collectible upon demand	Unsecured	Cash	None	-	-	-	-
Wipro Technologies GMBH	**32,204**	**32,204**	-	-	Non-interest bearing, collectible upon demand	Unsecured	Cash	None	-	-	-	-
Rizing GMBH	**12,248**	**12,248**	-	-	Non-interest bearing, collectible upon demand	Unsecured	Cash	None	-	-	-	-
Immediate parent company												
Rizing Pte Ltd (Synchrony Singapore Pte. Ltd.)	-	**1,028,110**	-	4,153,453	Non-interest bearing, collectible upon demand	Unsecured	Cash	None	-	-	-	-
	₱228,814	**₱8,400,207**	₱37,838,388	₱62,214,329					-	-	-	-

	2023		2022		Terms and conditions	Type of security	Nature of consideration to be provided upon settlement	Guarantees given
	Amounts/Volume	Outstanding Balances	Amounts/Volume	Outstanding Balances				
Trade and other payables (Note 11)								
Affiliates								
Rizing Pte Ltd (Synchrony Singapore Pte. Ltd.)	**₱9,449,845**	**₱22,738,157**	₱2,821,853	₱13,288,312	Non-interest bearing, payable on demand	Unsecured	Cash	None
Rizing Consulting Pty Ltd	**8,850,035**	**8,850,035**	-	-	Non-interest bearing, payable on demand	Unsecured	Cash	None
Rizing LLC (3D results and Vesta Partners LLC)	**2,737,489**	**3,881,175**	-	1,143,686	Non-interest bearing, payable on demand	Unsecured	Cash	None
Rizing Solutions Pty Ltd (Synchrony Global Pty. Ltd.)	**2,489,940**	**1,857,965**	-	(631,975)	Non-interest bearing, payable on demand	Unsecured	Cash	None
Rizing Sdn. Bhd.	**-**	**1,584,162**	1,217,704	1,822,250	Non-interest bearing, payable on demand	Unsecured	Cash	None
Rizing Lanka (Pvt) Ltd.	**277,031**	**277,031**	-	-	Non-interest bearing, payable on demand	Unsecured	Cash	None
Rizing Solutions Canada Inc.	**170,177**	**170,177**	-	-	Non-interest bearing, payable on demand	Unsecured	Cash	None
Rizing New Zealand Limited	**17,972**	**17,972**	-	-	Non-interest bearing, payable on demand	Unsecured	Cash	None
	₱23,992,489	**₱39,376,674**	₱4,039,557	₱15,622,273				

	2023		2022		Terms and conditions	Type of security	Nature of consideration to be provided upon settlement	Guarantees given
	Amounts/Volume	Outstanding Balances	Amounts/Volume	Outstanding Balances				
Advances from related parties								
Affiliates								
Rizing Consulting Pty Ltd	₱-	₱155,224,209	₱42,885,204	₱156,270,648	Non-interest bearing, payable on demand	Unsecured	Cash	None
Rizing LLC	-	136,261,123	6,405,170	137,135,230	Non-interest bearing, payable on demand	Unsecured	Cash	None
Rizing Solutions Pty Ltd (Synchrony Global Pty. Ltd.)	-	20,872,591	910,736	28,141,433	Non-interest bearing, payable on demand	Unsecured	Cash	None
Rizing Consulting Ireland Limited (Aasonn Limited)	348,329	6,405,849	-	6,057,520	Non-interest bearing, payable on demand	Unsecured	Cash	None
Rizing B.V	173,363	6,136,892	146,948	5,963,529	Non-interest bearing, payable on demand	Unsecured	Cash	None
Immediate parent company								
Rizing Pte Ltd (Synchrony Singapore Pte. Ltd.)	1,363,574	151,810,012	12,801,348	150,446,438	Non-interest bearing, payable on demand	Unsecured	Cash	None
Intermediate holding company								
Rizing Intermediate Holding Inc	-	24,657,450	24,812,755	24,812,755	Non-interest bearing, payable on demand	Unsecured	Cash	None
	1,885,266	501,368,126	87,962,161	508,827,553				
Borrowing (Note 12)								
Ultimate holding company								
WIPRO Philippines, Inc.	-	166,967,039	573,736,104	573,736,104	Interest bearing, with fixed repayment	Unsecured	Cash	None
	₱1,885,266	₱668,335,165	₱661,698,265	₱1,082,563,657				

Advances from related parties pertain to cash fund given/received for business operations.

Advances paid to related parties in 2023 and 2022 amounted to ₱9,344,693 and nil, respectively.

Unrealized foreign exchange gain and loss arising from the US dollar, SG dollar, AU dollar and EUR denominated advances from related parties amounted to ₱810,650 and ₱31,118,931 in 2023 and 2022, respectively, as disclosed in Note 21.

Realized foreign exchange loss amounted to ₱1,048,547 and ₱518,573 in 2023 and 2022, respectively, as disclosed in Note 21.

These are non-interest bearing and payable on demand.

Foreign exchange differences on translation of foreign currency denominated related party transactions resulted to unrealized gain and loss of ₱687,614 and ₱40,509,407 for the years ended December 31, 2023 and 2022, respectively; and realized loss of ₱909,698 and ₱968,477 for the years ended December 31, 2023 and 2022, respectively. These are presented under "other expenses, net" in the statement of comprehensive income.

Key management personnel

The short-term compensation of key management personnel amounted to ₱20,839,344 and ₱20,354,729 in December 31, 2023 and 2022, respectively.

20. Financial Assets and Financial Liabilities

The table below presents a comparison by category of carrying amounts and fair values of the Company's financial instruments as at December 31, 2023 and 2022:

		2023		2022	
	Notes	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets					
Financial assets at amortized cost					
Cash	*6*	**₱47,731,023**	**₱47,731,023**	₱471,357,445	₱471,357,445
Trade and other receivables, net	*7*	**55,343,807**	**55,343,807**	82,897,718	82,897,718
Refundable security deposits	*17*	**5,262,402**	**5,262,402**	5,262,402	5,262,402
		₱108,337,232	**₱108,337,232**	₱559,517,565	₱559,517,565
Financial Liabilities					
Financial liabilities at amortized cost					
Trade and other payables*	*11*	**₱67,185,342**	**₱ 67,185,342**	₱ 52,094,990	₱ 52,094,990
Borrowings	*12*	**166,967,039**	**166,967,039**	573,756,104	573,756,104
Lease liabilities	*17*	**-**	**-**	9,494,490	9,494,490
Advances from related parties	*19*	**501,368,126**	**501,368,126**	508,827,553	508,827,553
		₱735,520,507	**₱735,520,507**	₱1,144,173,137	₱1,144,173,137

**Trade and other payables exclude government liabilities*

The carrying amounts of these financial assets and financial liabilities approximate their fair values due to the relatively short-term maturities of these financial instruments.

21. OTHER EXPENSES, Net

The items of income, expenses, gains or losses with respect to the financial instruments recognized in profit or loss are as follow:

	Note	2023	2022
Income/gains			
Interest income	6	**(P35,186)**	(₱75,578)
Expenses/losses			
Realized foreign exchange losses	6,7,11,17 19	**₱2,785,707**	₱2,739,553
Unrealized foreign exchange (gains)/losses	6,7,11,19	**(1,447,355)**	30,289,849
Interest expense	12	**12,767,175**	7,756,104
Interest expense on lease liabilities	17	**263,542**	150,756
		₱14,333,883	₱40,860,684

22. Financial and Capital Risk Management Objectives and Policies

Objectives and Policies

The Company has significant exposure to foreign currency risk, liquidity risk and credit risk primarily from its use of financial instruments.

This note presents information about the exposure to each of the foregoing risks, the objectives, policies and processes for measuring and managing these risks, and for management of capital.

The Company's principal financial instruments consist of cash, trade and other receivables, refundable security deposits, trade and other payables, borrowings, lease liabilities and advances from related parties. The main purpose of these financial instruments is to generate income and raise finances for the Company's operations.

The BOD has the overall responsibility for the establishment and oversight of the risk management framework of the Company.

The risk management policies of the Company are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Foreign Currency Risk

The functional currency is the Philippine peso, which is the denomination of the bulk of the Company's transactions. The exposure to foreign currency risk results from significant movements in foreign exchange rates that adversely affect the foreign currency-denominated transactions of the Company. The risk management objective with respect to foreign currency risk is to reduce or eliminate earnings volatility and any adverse impact on equity.

Information on the Company's foreign currency-denominated monetary assets and monetary liabilities and their Philippine peso equivalents as at December 31 are as follows:

	Notes	2023 In foreign currency	2023 Philippine peso	2022 In foreign currency	2022 Philippine peso
Monetary assets					
Cash in banks		USD 7,453	465,230	USD 1,432	215,860
		AUD		AUD 1,212	69,572
Trade and other receivables	*7,19*				
		GBP -	-	GBP 109	7,489
		USD -	-	USD 71,740	3,583,756
		MYR -	-	MYR 91,149	1,116,411
			465,230		**4,993,088**

	Notes	2023 In foreign currency	2023 Philippine peso	2022 In foreign currency	2022 Philippine peso
Monetary liabilities					
Trade and other payables	*11,19*	USD590,526	32,776,752	USD 56,283	3,029,746
		SGD96,859	4,022,915	SGD 211,386	8,782,256
		AUD272,311	9,942,216	AUD 159,586	6,055,433
		MYR131,227	1,574,849	MYR 143,779	1,822,251
		CAD4,070	165,946	-	-
		NZD513	17,209	-	-
Advances from related parties	*19*				
		EUR299,785	17,223,366	EUR 299,785	17,877,765
		USD2,943,946	147,364,909	USD 2,943,946	164,151,508
		AUD4,837,734	179,317,249	AUD 4,837,734	183,576,532
		SGD3,614,449	132,320,394	SGD 3,614,449	150,446,438
			524,725,805		**535,741,929**

The Company reported net foreign exchange losses amounting to ₱1,338,352 and ₱33,029,402 in 2023 and 2022, respectively, with the translation of its foreign currency-denominated monetary assets and monetary liabilities (included under "other expenses, net" account in the statement of comprehensive income. These mainly resulted from the movements of the Philippine peso against the foreign currencies during the year.

The management of foreign currency risk is also supplemented by monitoring the sensitivity of the Company's financial instruments to various foreign currency exchange rate scenarios.

The following tables demonstrate the sensitivity to a reasonably possible change in the foreign exchange rate, with all other variables held constant, of the Company's income before tax (due to changes in the fair value of monetary assets and monetary liabilities) as at December 31, 2023 and 2022.

	2023		2022	
	Change in foreign currency rates	**Effect on profit before tax***	Change in foreign currency rates	Effect on profit before tax*
Monetary assets				
USD	+1%	4,126	+1%	18,444
	-1%	(4,126)	-1%	(18,444)
NZD	+1%	–	+1%	–
	-1%	–	-1%	–
MYR	+1%	–	+1%	(284)
	-1%	–	-1%	284
AUD	+1%	–	+1%	460
	-1%	–	-1%	(460)
GBP	+1%	–	+1%	–
	-1%	–	-1%	–
SGD	+1%	–	+1%	–
	-1%	–	-1%	–
EUR	+1%	–	+1%	–
	-1%	–	-1%	–
Monetary liabilities				
SGD	+1%	1,557,444	+1%	1,586,729
	-1%	(1,557,444)	-1%	(1,586,729)
USD	+1%	1,956,684	+1%	1,679,402
	-1%	(1,956,684)	-1%	(1,679,402)
AUD	+1%	1,924,043	+1%	1,894,806
	-1%	(1,924,043)	-1%	(1,894,806)
NZD	+1%	180	+1%	–
	-1%	(180)	-1%	–
MYR	+1%	15,800	+1%	18,169
	-1%	(15,800)	-1%	(18,169)
CAD	+1%	1,700	+1%	–
	-1%	(1,700)	-1%	–
EUR	+1%	183,788	+1%	–
	-1%	(183,788)	-1%	–

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Company's foreign currency risk.

Liquidity Risk

Liquidity risk pertains to the risk that the Company will encounter difficulty to meet payment obligations when they fall due under normal and stress circumstances.

The Company's objectives to manage its liquidity risk are as follows: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; (c) to be able to access funding when needed at the least possible cost; and (d) to maintain an adequate time spread of refinancing maturities.

There are no changes in the Company's policy in terms of liquidity risk management for the years ended December 31, 2023 and 2022. The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by the management.

The table below summarizes the maturity profile of the Company's financial assets and financial liabilities based on contractual undiscounted receipts and payments used for liquidity management.

2023	Notes	Carrying Amount	Contractual Cash Flow	Due Within One (1) Year	Due Within Five (5) Years
Financial Assets					
Financial assets at amortized cost					
Cash	6	₱47,731,023	₱47,731,023	₱47,731,023	₱-
Trade and other receivables, net	7	55,343,807	55,343,807	55,343,807	-
Refundable security deposits	17	5,262,402	5,262,402	5,262,402	-
		108,337,232	108,337,232	108,337,232	-
Financial Liabilities					
Financial liabilities at amortized cost					
Trade and other payables*	11	67,185,342	67,185,342	67,185,342	-
Borrowings	12	166,967,039	166,967,039	166,967,039	-
Advances from related parties	19	501,368,126	501,368,126	501,368,126	-
		735,520,507	735,520,507	735,520,507	-
Net liquidity gap		(₱627,183,275)	(₱627,183,275)	(₱627,183,275)	-

*Trade and other payables exclude government liabilities.

2022	Notes	Carrying Amount	Contractual Cash Flow	Due Within One (1) Year	Due Within Five (5) Years
Financial Assets					
Financial assets at amortized cost					
Cash	6	₱471,357,445	₱471,357,445	₱471,357,445	₱-
Trade and other receivables, net	7	82,897,718	82,897,718	82,897,718	-
Refundable security deposits	17	5,262,402	5,262,402	-	5,262,402
		559,517,565	559,517,565	554,255,163	5,262,402
Financial Liabilities					
Financial liabilities at amortized cost					
Trade and other payables*	11	52,094,990	52,094,990	52,094,990	-
Borrowings	12	573,756,104	573,756,104	573,756,104	-
Lease Liabilities	17	9,494,490	9,494,490	-	9,494,490
Advances from related parties	19	508,827,553	508,827,553	508,827,553	9,494,490
		1,144,173,137	1,144,173,137	1,134,678,647	9,494,490
Net liquidity gap		(₱584,655,572)	(₱584,665,572)	(₱580,423,484)	(₱4,232,088)

**Trade and other payables exclude government liabilities*

Credit Risk
Credit risk is the risk of financial loss to the Company when a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from receivables. The Company manages its credit risk mainly through the application of transaction limits and close risk monitoring. It is the Company's policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk.

The Company has regular internal control reviews to monitor the granting of credit and management of credit exposures.

Receivables
The exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's counterparty base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on the credit risk.

The Company obtains collateral or arranges master netting agreements, where appropriate, so that in the event of default, the Company would have a secured claim.

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the standard payment and delivery terms and conditions are offered. The Company ensures that sales on account are made to customers with appropriate credit history. The Company has detailed credit criteria and several layers of credit approval requirements before engaging a particular customer or counterparty. The review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer and are reviewed on a regular basis. Customers that fail to meet the benchmark creditworthiness may transact with the Company only on a prepayment basis.

The Company establishes an allowance for impairment losses that represents its estimate of incurred losses in respect of receivables. The main components of this allowance include a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Exposure to Credit Risks

Financial information on the Company's maximum exposure to credit risk without considering the effects of collaterals and other risk mitigation techniques, is presented below.

	Notes	**2023**	2022
Financial assets at amortized cost			
Cash	*6*	**₱47,731,023**	₱471,357,445
Trade and other receivables, net	*7*	**55,343,807**	82,897,718
Refundable security deposits	*17*	**5,262,402**	5,262,402
		₱108,337,232	₱559,517,565

The credit risk for cash and available of sale financial assets is considered negligible, since the counterparties are reputable entities with high quality external credit ratings.

The Company's exposure to credit risk arises from default of counterparty. Generally, the maximum credit risk exposure of receivables is its carrying amount without considering collaterals or credit enhancements, if any. The Company has no significant concentration of credit risk since the Company deals with a large number of homogenous counterparties. The Company does not execute any credit guarantee in favor of any counterparty.

In order to minimize credit risk, the Company has tasked its credit management committee to develop and maintain the Company's credit risk grading to categorize exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the credit management committee uses other publicly available financial information and the Company's own trading records to rate its major customers and other debtors. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. The Company's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognizing expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12m ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL - credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery	Amount is written-off

The tables below detail the credit quality of the Company's financial assets and other items, as well as the Company's maximum exposure to credit risk by credit risk rating grades:

2023	Internal credit Rating	12m or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
Cash	Performing	12m ECL	₱47,731,023	₱-	₱47,731,023
Trade and other receivables, net	(i)	Lifetime ECL (simplified approach)	55,343,807	-	55,343,807
Refundable security deposits	Performing	12m ECL	5,262,402	-	5,262,402
			₱108,337,232	₱-	₱108,337,232
2022					
Cash	Performing	12m ECL	₱471,357,445	₱-	₱471,357,445
Trade and other receivables, net	(i)	Lifetime ECL (simplified approach)	83,186,646	288,928	82,897,718
Refundable security deposits	Performing	12m ECL	5,262,402	-	5,262,402
			₱559,806,493	₱288,928	₱559,517,565

(i) For trade and other receivables, the Company has applied the simplified approach in PFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

Capital Management

The Company maintains a sound capital base to ensure its ability to continue as a going concern, thereby continue to provide returns to stockholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Company manages its capital structure and makes adjustments, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, pay-off existing debt, return capital to shareholders or issue new shares.

The Company defines capital as paid-in capital stock, additional paid-in capital and retained earnings. Other components of equity such as treasury stock and equity reserves are excluded from capital for purposes of capital management.

The BOD has overall responsibility for monitoring capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the external environment and the risks underlying the Company's business, operation and industry.

The Company monitors capital on the basis of debt-to-equity ratio, which is calculated as total debt divided by total equity. Total debt is defined as total current liabilities and total noncurrent liabilities, while equity is total equity as shown in the statement of financial position.

The Company is not subject to externally-imposed capital requirements.

	2023	2022
Capital stock	₱22,504,000	₱22,501,000
Additional Paid-In Capital	54,773,466	-
Deficits	(709,218,382)	(592,557,778)
Total Stockholders' Equity	(₱631,940,916)	(₱570,056,778)

23. Non-Cash Transactions

There are no non-cash transactions occurred in 2023 and 2022, however, the Company entered into a non-cash investing and financing activities which are not reflected in the statements of cash flows as pertaining to the change in measurements of ROU assets amounting to ₱285,175 as disclosed in Note 17.

24. Reconciliation of liabilities from financing activities

Reconciliation of liabilities arising from financing activities is as follows:

	2023	2022
Balance, January 1	1,092,078,147	440,662,895
Finance cost incurred on borrowings	12,767,175	7,756,104
Advances received from related parties	1,885,266	87,962,161
Finance cost incurred on lease liabilities	263,542	150,756
Proceeds from borrowings	-	566,000,000
Finance cost paid on lease liabilities	(263,542)	(150,756)
Advances paid to related parties	(9,344,693)	-
Payment of lease liabilities	(9,494,490)	(10,303,013)
Finance cost paid on borrowings	(19,556,240)	-
Payment on borrowings	(400,000,000)	-
	668,335,165	**1,092,078,147**

25. Supplementary Information Required by the BIR

Presented below is the supplementary information which is required by the BIR under its existing Revenue Regulations (RR) to be disclosed as part of the notes to financial statement in addition to the disclosures mandated under PFRS.

Revenue Regulation (RR) No. 15-2010

In compliance with the requirements of RR No. 15-2010 issued on November 25, 2010, hereunder are the information on taxes, duties and license fees paid or accrued during the taxable year ended December 31, 2023:

1. **The amount of VAT output tax and input VAT declared during the year and the account title and amount/s upon which the same was based.**

   The Company's gross receipts from its service income are subjected to Value Added Tax (VAT) while purchases from other VAT-registered individuals or corporations are subject to input VAT. The VAT rate is 12%.

	Net receipts	Output VAT
Regular sales	₱93,476,654	₱11,217,198
Zero-rated sales	119,080,722	-
	₱212,557,376	**₱11,217,198**

PKF R.S. Bernaldo & Associates

PKF

SUPPLEMENTAL INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Stockholders
RIZING PHILIPPINES, INC.
(formerly Syncforsuccess Philippines, Inc.)
(A Wholly-owned Subsidiary of Rizing Pte. Ltd.)
10th Floor, The Curve Building
32nd Street Corner 3rd Avenue
Bonifacio Global City
Taguig 1634 Philippines

We have audited the financial statements of **RIZING PHILIPPINES, INC. *(formerly Syncforsuccess Philippines, Inc.),*** for the year ended December 31, 2023 on which we have rendered the attached report dated February 13, 2024.

In compliance with Revenue Regulation V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholders of the Company.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the above Company has only one (1) stockholder owning one hundred (100) or more shares.

R.S. BERNALDO & ASSOCIATES
BOA/PRC No. 0300
Valid until May 28, 2024
BSP Group B Accredited
Accreditation No. 0300-BSP
Valid until 2026 audit period
BIR Accreditation No. 08-007679-000-2023
Valid from January 31, 2023 until January 30, 2026
IC Group A Accredited
Accreditation No. 0300-IC
Valid until 2026 audit period

GLENN J. MAGCALING
Partner
CPA Certificate No. 98624
BIR Accreditation No. 08-007130-001-2021
Valid from February 22, 2021 until February 21, 2024
Tax Identification No. 198-646-943
PTR No. 10081202
Issued on January 9, 2024 at Makati City

February 13, 2024