

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 17.1(b) OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

- Preliminary Information Statement
 Definitive Information Statement

2. Name of Registrant as specified in its charter

Pacific Online Systems Corporation

3. Province, country or other jurisdiction of incorporation or organization

Metro Manila, Philippines

4. SEC Identification Number

AS093008809

5. BIR Tax Identification Code

003-865-392-000

6. Address of principal office

28F East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City, Metro Manila
 Postal Code
 1605

7. Registrant's telephone number, including area code

(+632) 8584-1700

8. Date, time and place of the meeting of security holders

May 26, 2023, 11:00AM, to be conducted virtually/electronically

9. Approximate date on which the Information Statement is first to be sent or given to security holders

Apr 28, 2023

10. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor

-

Address and Telephone No.

-

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	895,330,946

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

Yes No

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

Philippine Stock Exchange, Inc./Common Stock

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



Pacific Online Systems Corporation LOTO

**PSE Disclosure Form 17-5 - Information Statement for Annual or
Special Stockholders' Meeting**
*References: SRC Rule 20 and
Section 17.10 of the Revised Disclosure Rules*

Date of Stockholders' Meeting	May 26, 2023
Type (Annual or Special)	Annual
Time	11:00AM
Venue	To be conducted virtually/electronically
Record Date	Apr 24, 2023

Inclusive Dates of Closing of Stock Transfer Books

Start Date	N/A
End date	N/A

Other Relevant Information

Please see attached.

Filed on behalf by:

Name	Michelle Angeli Hernandez
Designation	Compliance Officer

COVER SHEET

A S 0 9 3 - 0 0 8 8 0 9
SEC Registration Number

P A C I F I C O N L I N E S Y S T E M S
C O R P O R A T I O N

(Company's Full Name)

2 8 F E A S T T O W E R , P S E C E N T R E
E X C H A N G E R D . O R T I G A S , P A S I G

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

JASON C. NALUPTA

8632-0905
Company Telephone Number

1 2 3 1
Month Day
Fiscal Year

Month Day
Annual Meeting

Preliminary Information Statement (SEC Form 20-IS)

Form Type

Secondary License Type, if applicable

Department Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic Foreign

To be Accomplished by SEC Personnel Concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes



NOTICE OF ANNUAL STOCKHOLDERS' MEETING

TO: ALL STOCKHOLDERS

NOTICE is hereby given that there will be an annual meeting of the stockholders of **PACIFIC ONLINE SYSTEMS CORPORATION** on 26 May 2023 (Friday), at 11:00 a.m. The meeting will be conducted virtually via Zoom Webinar and more information regarding the meeting, registration and voting can be accessed at the link provided in the Company's website at <https://loto.com.ph/investor-relations/annual-or-special-stockholders-meeting/virtual-asm>

Items in the agenda of the meeting are as follows:

AGENDA

1. Call to Order
2. Proof of Notice of Meeting
3. Certification of Quorum
4. Approval of the Minutes of the Previous Annual Stockholders' Meeting
5. Approval of 2022 Operations and Results (including Audited Financial Statements)
6. Ratification of All Acts of the Board of Directors and Management
7. Election of Directors
8. Appointment of External Auditors
9. Other Matters
10. Adjournment

The close of business on **24 April 2023** has been fixed as the record date for the determination of the stockholders entitled to notice of and vote at said meeting and any adjournment thereof.

The Company will conduct its annual stockholders' meeting virtually through an online webinar platform for stockholders to attend by remote communication. Stockholders can join by registering online at www.asmregister.loto.com.ph on or before 5:00 p.m. on 19 May 2023. The identities of those registering to participate online will be going through a process of verification, after which an email from the Company will be sent to them giving instructions as to how they will be able to watch the livestream of the annual stockholders' meeting

The stockholders are likewise encouraged to participate in the meeting by either of the following:

- (i) by submitting duly accomplished proxies to the Office of the Corporate Secretary at 2704 East Tower, Tektite Towers, Ortigas Center, Pasig City or via electronic copy by emailing corporatesecretary@pacificonline.com.ph on or before 5:00 p.m. on 18 May 2023.

For corporate stockholders, the proxies should be accompanied by a Secretary's Certification on the appointment of the corporation's authorized signatory.

- (ii) by registering your votes on the matters to be taken up during the meeting through the e-voting platform set up for the purpose which can be accessed at www.asmregister.loto.com.ph. The e-voting portal will be open until 9:00 in the morning of 26 May 2023.

Validation of proxies is set on 22 May 2023 at 2:00 p.m. The votes already cast using the e-voting platform by that time will also be verified on said date.

Stockholders who successfully registered can cast their votes *in absentia* through the Company's secure online voting facility for this meeting. In order to participate remotely, they will also be provided with access to the meeting that will be held virtually. The "Guidelines for Participation via Remote Communication and Voting *in Absentia*" as appended to the Information Statement labeled as "Schedule A" together with the Information Statement, Annual Report on SEC Form 17-A (once available) and

other pertinent materials for the Annual Stockholders' Meeting are posted in the Company's website will be posted in the Company's website www.asmregister.loto.com.ph and PSE Edge.

City of Pasig, Metro Manila, ___ April 2023.

JASON C. NALUPTA
Corporate Secretary

RATIONALE FOR AGENDA ITEMS

Agenda Item No. 4. Approval of the Minutes of the Previous Meeting of Stockholders held on 27 May 2022

Copies of the Minutes of the 27 May 2022 Annual Stockholders' Meeting is currently posted on the Corporation's website (please see link here: <https://www.loto.com.ph/sites/default/files/ASM%202022%20DRAFT%20MINUTES.pdf>) and can be viewed at any time. Stockholders will be asked to approve the Minutes of the 2021 Annual Stockholders' Meeting.

Agenda Item No. 5. Approval of 2022 Operations and Results (and AFS 2022)

A report on the highlights of the financial performance of the Corporation for the year ended December 31, 2022 will be presented to the Stockholders. A summary of the Corporation's performance for the year is also provided in the "Management Discussion and Analysis of Operating Performance and Financial Condition" section on page 27 hereof.

The Corporation's Audited Financial Statements, for which the external auditors have issued an unqualified opinion, have likewise been reviewed by the Audit Committee and the Board of Directors. A summary of the 2022 AFS shall also be presented to the Stockholders.

Agenda Item No. 6. Ratification of all Acts of the Board of Directors and Management from the date of the last Annual Stockholders' Meeting to the date of this meeting

All actions, proceedings and contracts entered into, as well as resolutions made and adopted by the Board of Directors and of Management from the date of the Stockholders Meeting held on 27 May 2022 to the date of this meeting shall be presented for confirmation, approval, and ratification. The items covered with respect to the ratification of the acts of the Board of Directors and Officers for the past year up to the date of the meeting are those items entered into in the ordinary course of business.

Agenda Item No. 7. Election of Directors for 2023 to 2024

The current members of the Board of Directors, as reviewed, qualified and recommended by the Corporate Governance Committee, have been nominated for re-election. The profiles of the candidates for election as directors are available in the Company website, as well as in this Information Statement. If elected, they shall serve as Directors for a period of one (1) year from May 26, 2023 or until their successors shall have been duly elected and qualified.

Agenda Item No. 8. Appointment of External Auditors

The Audit Committee has pre-screened and recommended, and the Board has endorsed for consideration of the stockholders the re-appointment of Reyes Tacandong & Co. as the Corporation's External Auditor for 2023-2024. The Stockholders will also be requested to delegate to the Board the authority to approve the appropriate audit fee for 2023.

Stockholders are given the opportunity to raise questions regarding the operations and report of the Corporation as well as other concerns, by emailing corporatesecretary@pacificonline.com.ph (Subject: Questions for ASM 2023) on or before 9:00 am on May 26, 2023. Questions will be responded to during the question and answer portion of the annual stockholders' meeting before the end of the proceedings. Due to the limited time, however, not all questions may be responded to during the livestream of the annual stockholders' meeting. Questions not addressed at the meeting proper, including those that may be received after the livestream, will be responded to via email by the corporate officers concerned.

PROXY FORM

The undersigned stockholder of Pacific Online Systems Corporation (the "Company") hereby appoints the Chairman of the meeting, as attorney and proxy, with power of substitution, to represent and vote all shares registered in his/her/its name as proxy of the undersigned stockholder, at the Annual Meeting of Stockholders of the Company on 26 May 2023 and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Election of Directors.

1.1. Vote for all nominees listed below:

- 1.1.1. Willy N. Ocier
- 1.1.2. Jackson T. Ongsip
- 1.1.3. Tarcisio M. Medalla
- 1.1.4. Henry N. Ocier
- 1.1.5. Raul B. De Mesa
- 1.1.6. Armin Antonio B. Raquel Santos
- 1.1.7. Joseph T. Chua (Independent Director)
- 1.1.8. Maria Gracia M. Pulido Tan (Independent Director)
- 1.1.9. Roberto V. Antonio (Independent Director)

1.2. Withhold authority for all nominees listed above

1.3. Withhold authority to vote for the nominees listed below:

2. Approval of minutes of previous Annual Stockholders' Meeting.

Yes No Abstain

3. Approval of 2022 Operations and Results (including the Audited Financial Statements)

Yes No Abstain

4. Ratification of all acts and resolutions of the Board of Directors and Management from date of last Stockholders' Meeting to 26 May 2023.

Yes No Abstain

5. Appointment of external auditor.

Yes No Abstain

6. At their discretion, the proxy named above are authorized to vote upon such other matters as may be properly come before the meeting.

Yes No Abstain

Printed Name of Stockholder

Signature of Stockholder /
Authorized Signatory

Date

THIS PROXY FORM SHOULD BE RECEIVED BY THE CORPORATE SECRETARY (IN HARDCOPY TO THE OFFICE OF THE CORPORATE SECRETARY AT 2704, EAST TOWER, TEKTITE TOWERS, ORTIGAS CENTER PASIG CITY OR EMAILED TO CORPORATESECRETARY@PACIFICONLINE.COM.PH AT LEAST SIX (6) BUSINESS DAYS BEFORE THE DATE SET FOR THE ANNUAL MEETING, AS PROVIDED IN THE BY-LAWS.

WE ARE NOT SOLICITING PROXIES.

SECRETARY’S CERTIFICATE

I, _____, Filipino, of legal age and with office address at _____, do hereby certify that:

1. I am the duly elected and qualified Corporate Secretary of _____ (the “Corporation”), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at _____;

2. Based on the records, during the lawfully convened meeting of the Board of Directors of the Corporation held on _____, the following resolution was passed and approved:

“RESOLVED, that _____ be authorized and appointed, as he is hereby authorized and appointed, as the Corporation’s Proxy (the “Proxy”) to attend all meetings of the stockholders of Pacific Online Systems Corporation (Pacific Online) whether the meeting is regular or special, or at any meeting postponed or adjourned therefrom, with full authority to vote the shares of stock of the Corporation held in Pacific Online and to act upon all matters and resolution that may come before or presented during meetings, or any adjournments thereof, in the name, place and stead of the Corporation.

“RESOLVED, FINALLY, That Pacific Online be furnished with a certified copy of this resolution and Pacific Online may rely on the continuing validity of this resolution until receipt of written notice of its revocation.”

3. The foregoing resolution has not been modified, amended or revoked in accordance with the records of the Corporation presently in my custody.

IN WITNESS WHEREOF, I have signed this instrument in on _____ at _____.

Printed Name and Signature of the
Corporate Secretary

SUBSCRIBED AND SWORN TO BEFORE ME on _____ in _____. Affiant exhibited to me his Competent Evidence of Identity by way of _____ issued on _____ at _____.

Doc. No. _____;
Page No. _____;
Book No. _____;
Series of 2023.



PACIFIC ONLINE SYSTEMS CORPORATION 2023 ANNUAL STOCKHOLDERS' MEETING

Guidelines for Participating via Remote Communication and Voting *in Absentia*

The 2023 Annual Stockholders' Meeting (**ASM**) of Pacific Online Systems Corporation (the "**Company**") will be held on May 26, 2023 at 11:00 A.M. and the Board of Directors of the Corporation has fixed the end of trading hours of the Philippine Stock Exchange, Inc. on **April 24, 2023** ("**Record Date**") as the record date for the determination of stockholders entitled to notice of, to attend, and to vote at such meeting and any adjournment thereof.

In view of the continuing COVID-related restrictions on mobility and mass gatherings especially for the elderly and those with co-morbidities, the Board of Directors of the Company has decided to continue allowing stockholders to participate in the ASM via remote communication and to exercise their right to vote *in absentia* or by proxy.

REGISTRATION

The conduct of the meeting will be streamed live, and stockholders may attend the meeting by registering from 07 May 2023 until 19 May 2023, 5:00 p.m. via www.asmregister.loto.com.ph and by submitting the following requirements and documents, subject to verification and validation:

1. Individual Stockholders
 - 1.1. Clear digital copy of the front and back portion of a valid government-issued identification card/s (ID/s), which include the passport, driver's license, SSS ID, senior citizen ID, among others in order to validate the registration of the shareholder (up to 2MB)
 - 1.2. Stock certificate number
 - 1.3. Active e-mail address/es
 - 1.4. Active contact number/s, with area and country codes
2. Multiple Stockholders or with joint accounts
 - 2.1. Clear digital copy of the front and back portion of a valid government-issued identification card/s (ID/s), which include the passport, driver's license, SSS ID, senior citizen ID, among others in order to validate the registration of the shareholders (up to 2MB)
 - 2.2. Stock certificate number/s
 - 2.3. Active e-mail addresses of the stockholders
 - 2.4. Active contact numbers, with area and country codes
 - 2.5. Digital copy of an authorization letter executed by all named holders, authorizing a holder to vote for and on behalf of the account
3. Corporate Stockholders
 - 3.1. Digital copy of the Secretary's Certificate (or equivalent for non-resident) attesting to the authority of the representative to vote for and on behalf of the corporation
 - 3.2. Clear digital copy of the front and back portion of a valid government-issued identification card/s (ID/s), which include the passport, driver's license, SSS ID, senior citizen ID, among others to validate the registration of the authorized representative (no more than 2MB)

- 3.3. Active e-mail address/es of the authorized representative
- 3.4. Active contact number of an authorized representative, with area and country codes
4. PCD Participants/Brokers
 - 4.1. Digital copy of the Secretary's Certificate (or equivalent for non-resident) attesting to the authority of the representative to vote for and on behalf of the PCD participant/broker
 - 4.2. Digital copy of the certificate of shareholdings issued by the PCD/broker
 - 4.3. Clear digital copy of the front and back portion of a valid government-issued identification card/s (ID/s), which include the passport, driver's license, SSS ID, senior citizen ID, among others to validate the registration of the authorized representative (no more than 2MB)
 - 4.4. Active e-mail address/es of the authorized representative
 - 4.5. Active contact number of the authorized representative, with area and country codes

Important Reminders:

- **Please refrain from sending duplicate and inconsistent information/documents as these can result in failed registration. All documents/information shall be subject to verification and validation by the Company.**
- **Please be informed that by providing us with the above documents, you consent to the Company's processing of your personal data in accordance with the Data Privacy Act for the purpose of validating your credentials and registration to participate and vote at the Company's annual stockholders' meeting.**

ONLINE VOTING

1. Log-in to the voting portal by clicking the link, and using the log-in credentials, sent to the email address of the shareholder to the Company.
2. Upon accessing the portal, the stockholder can vote on each agenda item. A brief description of each item for stockholders' approval are appended to the Notice of Meeting.
 - 2.1 A stockholder has the option to vote "Yes", "No", or "Abstain" on each agenda item for approval.
 - 2.2 For the election of directors, the stockholder has the option to vote for all nominees, withhold vote for any of the nominees, or vote for certain nominees only.

Note: A stockholder may vote such number of his/her shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected (9 directors) multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided, that the total number of votes cast shall not exceed the number of shares owned by the stockholder.

3. Once the stockholder has finalized his vote, he can proceed to submit his vote by clicking the "Submit" button.

4. The stockholder can still change and re-submit votes, provided, such new votes are submitted within the Voting Period using the same log-in credentials. Previous votes will be automatically overridden and replaced by the system with the new votes cast.

ASM LIVESTREAM

The ASM will be broadcasted live and stockholders who have successfully registered will be provided access to participate via remote communication. Instructions on how to access the livestream will be sent to their emails upon registration.

OPEN FORUM

During the virtual meeting, after all items in the agenda have been discussed, the Company will have the Question and Answer Portion, during which, the meeting's moderator will read and where representatives of the Company shall answer questions and comments received from stockholders, as time will allow.

Stockholders may send their questions in advance by sending an email bearing the subject "Questions for ASM 2023" to corporatesecretary@pacificonline.com.ph on or before 9:00 am on May 26, 2023. A section for stockholder comments/questions or a "chatbox" shall also be provided in the livestreaming platform.

Questions/comments received but not entertained during the Open Forum due to time constraints will be addressed separately by the Company via email.

For any concerns, please email us at corporatesecretary@pacificonline.com.ph.

For complete information on the annual meeting, please visit <https://www.loto.com.ph/investor-relations/Annual-or-Special-Stockholders-Meeting/Virtual-ASM>.

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS**

**Information Statement Pursuant to Section 20
of the Securities Regulation Code**

1. Check the appropriate box
 Preliminary Information Statement
 Definitive Information Statement
2. Name of Registrant as specified in its charter: **PACIFIC ONLINE SYSTEMS CORPORATION**
3. Province, country or other jurisdiction of incorporation or organization: **Pasig City, Metro Manila, Philippines**
4. SEC Identification Number: **AS093-008809**
5. BIR Tax Identification Number: **003-865-392-000**
6. Address of principal office: **28th Floor, East Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City 1605 Philippines**
7. Registrant's telephone number, including area code: **(632) 8584-1700**
8. Date, time, and place of the meeting of security holders:

 Date : **26 May 2023 (Friday)**
 Time : **11:00 o'clock in the morning**
 Place/Platform : **Videoconferencing via Zoom Webinar**
 To vote at and attend the 2023 ASM, please register at
 www.asmregister.loto.com.ph
9. Approximate date on which the Information Statement is to be sent or given to security holders:
28 April 2023
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<u>Common Stock</u>	<u>₱1.00 par value</u> <u>895,330,946 shares (as of March 31, 2023)</u>

11. Are any or all of Registrant's securities listed on a Stock Exchange?

Yes No

If so disclose name of the Exchange : **The Philippine Stock Exchange, Inc.**
Class of securities listed : **Common Shares**

**WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE NOT REQUESTED
TO SEND US A PROXY.**

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders

- | | | |
|----------------|---|---|
| (a) Date | - | 26 May 2023 (Friday) |
| Time | - | 11:00 o'clock in the morning |
| Place/Platform | - | Videoconferencing via Zoom Webinar |

To vote at and attend the 2023 ASM, please register at www.asmregister.loto.com.ph

The approximate date on which the Information Statement will be sent or given to security holders is on **28 April 2023**.

- (b) The complete mailing address of the principal office of Pacific Online Systems Corporation ("the Company") is:

**28th Floor, East Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City
1605 Philippines**

Item 2. Dissenters' Right of Appraisal

The matters to be voted upon in the Annual Stockholders' Meeting on **26 May 2023** are not among the instances enumerated in Sections 41 and 80 of the Revised Corporation Code whereby the right of appraisal (defined as the right of any stockholder to dissent and demand payment of the fair value of his shares) may be exercised. The instances where the right of appraisal may be exercised are as follows:

1. In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those outstanding shares of any class, or of extending or shortening the term of corporate existence;
2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the Company's property and assets;
3. In case the Company decides to invest its funds in another corporation or business outside of its primary purpose; and
4. In case of merger or consolidation.

In case the right of appraisal may be exercised, Section 81 of the Revised Corporation Code provides for the appropriate procedure, viz:

The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares; Provided, that the failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented or affected, the corporation shall pay to such stockholder, upon surrender of the certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made;

Provided, that no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment; Provided further, that upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the corporation.

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

- (a) No person who has been a director or officer or any nominee for election as director of the Company or associate of such persons, have substantial interest, direct or indirect, in any matter to be acted upon, other than the election of directors for the year 2023-2024.
- (b) The Company is not aware of any director or security holder who intends to oppose any action to be taken by the Company during the stockholders' meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

- (a) As of 31 March 2023, the Company has **895,330,946** common shares outstanding and each share is entitled to one vote.
- (b) The record date with respect to the determination of the stockholders entitled to notice of and vote at the Annual Stockholders' Meeting is **24 April 2023**.
- (c) With respect to the election of nine (9) directors, each stockholder may vote such number of shares for as many as Nine (9) persons he may choose to be elected from the list of nominees, or he may cumulate the said shares and give one candidate as many votes as the number of his shares multiplied by Nine (9) shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by Nine (9).
- (d) Security ownership of certain record and beneficial owners and management.

(1) Security Ownership of Certain Record and Beneficial Owners

The following persons or group are known to the Company as direct owners of more than five percent (5%) of the Company's voting securities as of 31 March 2023:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	PREMIUM LEISURE CORP. ⁽¹⁾ 5/F Tower A, Two E-Com Center, Palm Coast Avenue, Mall of Asia Complex, Pasay City Parent Company	PREMIUM LEISURE CORP.	Filipino	448,560,806	50.10
Common	PCD NOMINEE CORPORATION ⁽²⁾ G/F Makati Stock Exchange 6767 Ayala Avenue, Makati City Filipino/Non-Filipino N/A	Various	Filipino and Non-Filipino	327,819,777	37.00

Common	WILLY N. OCIER 28/F East Tower, Tektite Towers Exchange Road, Ortigas Center, Pasig City Filipino Chairman	Willy N. Ocier	Filipino	80,803,500	9.02
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(1) The majority shareholder of Premium Leisure Corp. is Belle Corporation.

(2) PCD Nominee Corporation ("PCDNC") is a wholly-owned subsidiary of Philippine Central Depository, Inc. ("PCD"). The beneficial owners of such shares registered under the name of PCDNC are PCD's participants who hold the shares in their own behalf or in behalf of their clients. The PCD is prohibited from voting these shares; instead, the participants have the power to decide how the PCD shares in POSC are to be voted. The participants of PCD who own more than 5% of the Company's outstanding capital are:

- a. Eastern Securities Development Corporation; and
- b. Papa Securities Corporation

The shares held by Premium Leisure Corp. shall be voted or disposed of by the persons who shall be duly authorized the corporation. The natural person/s who has/have the power to vote on the shares of PLC shall be determined upon the submission of its proxy form to the Company, which shall be not later than six (6) business days before the date of the meeting.

The PCD Participants, like Eastern Securities and Development Corporation and Papa Securities Corporation, on the other hand, issue proxies in favor of the beneficial owners of the Company's shares recorded under their names. The identities of these beneficial owners, who will then exercise the right to vote the shares beneficially-owned by them, shall be known to the Company only when the proxies are submitted before the date of the meeting.

(2) Security Ownership of Directors and Management

The following table shows the shares beneficially owned by the directors and executive officers of the Company as of 31 March 2023:

Title of Class	Name of Beneficial Owner	Amount and nature of beneficial ownership			Citizenship	Percent of Class
		Direct	Indirect	Total		
Common	Willy N. Ocier	71,819,550	8,983,950	80,803,500	Filipino	9.03
Common	Jackson T. Ongsip	100	0	100	Filipino	0.00
Common	Tarcisio M. Medalla	200	100	300	Filipino	0.00
Common	Armin B. Raquel-Santos	200	0	200	Filipino	0.00
Common	Henry N. Ocier	6,000	1,203,000	1,209,000	Filipino	0.13
Common	Laurito E. Serrano	1,600	800	2,400	Filipino	0.00
Common	Maria Gracia M. Pulido Tan	1,000	0	1,000	Filipino	0.00
Common	Maria Neriza C. Banaria	0	0	0	Filipino	0.00
Common	Jason C. Nalupta	0	0	0	Filipino	0.00
Common	Ann Margaret K. Lorenzo	0	0	0	Filipino	0.00
Common	Christopher C. Villaflor	0	0	0	Filipino	0.00
Common	Mischel Gabrielle O. Mendoza	390,000	195,000	585,000	Filipino	0.07
	All Directors and Executive Officers as a group	72,226,150	10,382,950	82,609,100		9.23

(3) Voting Trust Holders of 5% or More

The following persons or group are known to the Company as direct owners of more than five percent (5%) of the Company's voting securities as of 31 March 2023:

Shareholder	Number of Shares	Percent	Beneficial Owner
PREMIUM LEISURE CORP. 5/F Tower A, Two E-Com Center, Palm Coast Avenue, Mall of Asia Complex, Pasay City	448,560,806	50.10	PREMIUM LEISURE CORP.
PCD NOMINEE CORPORATION	327,819,777	37.00	VARIOUS
WILLY N. OCIER 28/F East Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City	71,819,550	8.02	WILLY N. OCIER

Changes in Control

There is no arrangement known to the Company which may result in a change in control of the Company.

Item 5. Directors and Executive Officers

Directors and Executive Officers

The following are the current Directors and Executive Officers of the Company:

Name	Position with the Company
Willy N. Ocier	Chairman
Raul B. De Mesa	Director
Jackson T. Ongsip	Director & President
Tarcisio M. Medalla	Director
Armin Antonio B. Raquel Santos	Director
Henry N. Ocier	Director
Laurito E. Serrano	Lead Independent Director
Maria Gracia M. Pulido Tan	Independent Director
Roberto V. Antonio	Independent Director
Maria Neriza C. Banaria	Chief Financial Officer
Jason C. Nalupta	Corporate Secretary
Ann Margaret K. Lorenzo	Assistant Corporate Secretary
Christopher C. Villaflor	Head of Lottery Operations
Grace L. Gatdula	Administration Head and Contact for Stakeholders
Ann Josefina G. Esteban	Chief Audit Executive
Mischel Gabrielle O. Mendoza	Corporate Planning Head, Integrated Management Systems Representative and Chief Risk Officer
Michelle T. Hernandez	Compliance Officer

The following are the Members of the Corporate Governance Committee, whose functions include the nomination of the Candidates for Board of Directors:

Name	Position
Roberto V. Antonio	Chairman
Laurito E. Serrano	Member
Maria Gracia M. Pulido Tan	Member

Board of Directors

The present members of the Board of Directors (“BOD”) were elected during the annual stockholders’ meeting held on 27 May 2022. The term of the current members of the BOD shall be until the next stockholders’ meeting on 26 May 2023.

The following are the incumbent members of the Board of Directors (“BOD”) of the Company, who, with the exception of Mr. Laurito E. Serrano, whose 9-year tenure as Independent Director is expiring, have been re-nominated for election during the stockholders’ meeting:

Willy N. Ocier, Filipino, 66, is the Chairman and Director of the Company since July 29, 1999. He served as the Company’s President until October 2021. He is an Executive Director and Chairman of Belle Corporation. He is also the Chairman and Director of Premium Leisure Corp., APC Group, Inc., Total Gaming and Technologies, Inc. and PremiumLeisure and Amusement, Inc. and Vice Chairman of Highlands Prime, Inc. He is the Chairman and Director of Tagaytay Midlands Golf Club, Inc., and one of the Directors of Tagaytay Highlands International Golf Club, Inc. and The Country Club at the Tagaytay Highlands, Inc. Mr. Ocier is also the Chairman, President, and Chief Executive Officer of Philippine Global Communications, Inc., He is a Director of Leisure and Resorts World Corporation. He also sits as a Director to the following unaffiliated corporations, IVantage Equities, Philequity Management, Inc., Abacore Capital Holdings, Inc. and Toyota Corporation Batangas. He was formerly President and Chief Operating Officer of Eastern Securities Development Corporation. Mr. Ocier graduated from Ateneo de Manila University with a Bachelor of Arts degree in Economics. In recognition of Mr. Ocier’s corporate leadership and role in providing employment opportunities to Filipinos, the University of Batangas conferred him a degree in Doctor of Humanities, honoris causa.

Jackson T. Ongsip, Filipino, 49, is the President and Chief Executive Officer of the Company since October 2021. He is also the President and Chief Executive Officer of Belle Corporation, Non-Executive Director of APC Group, Inc., and Vice President for Portfolio Investments of SM Investments Corporation. Mr. Ongsip is a Certified Public Accountant with an extensive audit and finance background accumulated from 5 years in external audit with SyCip, Gorres, Velayo & Co., 11 years with Globe Telecom and 10 years now with the SM Group. He graduated from the University of Santo Tomas with a Bachelor of Science in Accountancy

Tarcisio M. Medalla, Filipino, 74, is a Director of the company since December 10, 2001. He is currently the Chairman and President of listed firm Paxys, Inc. He is also a Director of All Asia Customer Services Holdings Ltd., the principal shareholder of Paxys, Inc. He graduated with a Bachelor of Science degree in Commerce (Major in Accounting) from De La Salle University. He attended the Advanced Management Program (AMP) at Harvard Business School. He is a Certified Public Accountant.

Henry N. Ocier, Filipino, 65, is a Director of the Company since June 29, 2009. He currently holds the position of President & General Manager of Guatson International Travel and Tours, Inc. He graduated with a Bachelor of Science degree in Business Economics from De La Salle University.

Raul B. De Mesa, Filipino, 79, is a newly elected director of the Company last June 9, 2022. He is the Chairman, President and CEO of AbaCore Capital Holdings, Inc. He is a distinguished banker and has gained a wealth of experience in the financial industry. He previously served as the President and Chief Executive Officer of Bank of Commerce which was preceded by about 37 years of service in the banking industry, specifically in institutions like the Security Bank, Manila Banking Corporation, and Far East Bank and Trust Company.

Armin Antonio B. Raquel Santos, Filipino, 55, is a Non-Executive Director and a member of the Executive Committee of the Company. He is an Executive Director and the President and Chief Executive Officer of both Premium Leisure Corp. and its subsidiary PremiumLeisure and Amusement, Inc. He is also a Non-Executive Director of Belle Corporation, Pinoy Lotto Technologies Corporation, Sagittarius Mines, Inc. Tagaytay Highlands International Golf Club, Inc., and member of the Board of Trustees of Melco Resorts (Philippines) Foundation Corporation.

Formerly, he was Chief Finance Officer of Aboitizland, Inc., Cebu Industrial Park, Inc. and Mactan Economic Zone II and First Philippine Electric Company. He was also former Governor of the Board of Investments (BOI), served as Assistant Secretary with the Department of Trade and Industry (DTI), Vice Chairman and CEO of Philippine Retirement Authority (PRA), Executive Vice President of Philippine International Trading Corporation (PITC), and Deputy Administrator of Subic Bay Metropolitan Authority (SBMA). His experience includes stints with multinational companies; Securities 2000 Inc. (Singapore Technologies Group) and First Chicago Trust Company of New York.

Mr. Raquel Santos holds a Master of Arts in Liberal Studies from Dartmouth College, U.S.A. and Bachelor of Science in Business Administration Major in Finance from Iona College, U.S.A.

Independent Directors

Pursuant to the requirements of Section 38 of the SRC, the Company's Board of Directors and stockholders approved the amendment of the Company's By-Laws adopting the requirement on the nomination and election of independent directors. In line with this, Messrs. Laurito E. Serrano and Roberto V. Antonio and Ms. Ma. Gracia M. Pulido Tan were elected as the Company's independent directors.

Laurito E. Serrano, Filipino, 62, is a Director of the Company since May 23, 2014, and is currently the Lead Independent Director. Mr. Serrano concurrently serves as Independent Director of Rizal Commercial Banking Corporation, 2GO Group Inc., Axelum Resources Corp., and Anglo-Philippine Holdings, Inc. He is also a director in privately-held MRT Development Corporation. As independent director in listed entities, Mr. Serrano serves as chairman or member of such companies' audit, compliance, and risk committees. Mr. Serrano is a former partner of the Corporate Finance Consulting Group of SGV & Co. He is a Philippine Certified Public Accountant and has a Master's degree in Business Administration from the Harvard Graduate School of Business. His area of specialization is Financial Advisory and Corporate Finance in a broad range of clients and industry sectors.

Roberto V. Antonio, Filipino, 60, is an Independent Director of the Company since September 2022. He is also an independent Director of Premium Leisure Corp., the Development Bank of the Philippines and is connected in different capacities with the following private entities: President of Kalimera, Inc., RVA & Sons, Inc., and RVA International Trading Corporation; Chairman of RVA Hatch, Inc.; Vice Chairman of Right Eight Security Agency, Inc.; Consultant of Mustang Holdings, Inc.; as well as former President of the La Salle Greenhills Foundation and former Board Member of the La Salle Greenhills Alumni. Mr. Antonio served as one of the Department of Tourism's Undersecretaries from 1998-2000 and Senior Consultant from 2004-2010. He graduated from De La Salle University with a degree in Economics major in Marketing Management in 1984. Candidate of Juris Doctor at the Ateneo De Manila University Law School in 1989. He finished his Master's in Business Economics at the University of Asia and the Pacific in 1997.

Atty. Maria Gracia M. Pulido Tan, Filipino, 67, is an Independent Director of the Company since May 28, 2021. She is likewise an independent director of Belle Corporation and Premium Leisure Corp. She is the former Chairperson of the Commission on Audit, Undersecretary of Finance and Commissioner of the Presidential Commission on Good Government. She is a director of several Philippine corporations, a tax consultant and legal adviser of some private clients, and an accredited Arbitrator of the Construction Industry Arbitration Commission, Philippines and Philippine Dispute Resolution Center, Inc, Philippines. Atty. Tan served as Chairman of the United Nations Independent Audit Advisory Committee, the first Filipino to have been elected to this 5-member Committee. She is also a member of the Tax Faculty of the Philippine Judicial Academy, and a professor at the University of the Philippines for Mandatory Continuing Legal Education. Backed by four decades of professional work in the Philippines and abroad as a private law and counting practitioner, government official, arbitrator and international consultant, she is an expert in the fields of law, finance, audit, governance, dispute resolution and administration. She graduated from the University of the Philippines in 1977 with a degree in Bachelor of Science in Business Administration and Accountancy and in 1981 with Bachelor of Laws. In 1987, she

obtained her Master of Laws (Tax) from the New York University. She is a lawyer and a Certified Public Accountant.

New Independent Director Nominee

Because the 9-year tenure of Mr. Serrano as Independent Director is nearing completion, he will no longer be re-nominated for election. In his stead, Mr. Joseph T. Chua has been nominated for election as the Company's third Independent Director.

Mr. Chua, Filipino, 66, is an independent director and chairman of the Corporate Governance Committee and Related Party Transactions Committee of Belle Corporation. He is currently the Chairman of the Board of JF Rubber Philippines Corporation. He was a director of Macroasia Corporation since 1997 and was its President and COO from December 2015 until his retirement in 2021. He was also a director of PAL Holdings, Inc., LTG, Inc., Eton Properties Philippines, Inc., Philippine National Bank and PNB General Insurers Co., Inc. He was likewise the President of Goodwind Development Corporation (Guam) from 2013 to 2021.

He graduated from the Dela Salle University with double degrees in AB Economics and BS Business Management in 1978. He completed his Masters in Business Administration at the University of Southern California in 1981.

Executive Officers

Aside from the President listed above, the executive officers of the Company include the following:

Maria Neriza C. Banaria, Filipino, 40, is the Chief Financial Officer (CFO) of the Company since December 2021. She is concurrently the Chief Financial Officer and Treasurer of Belle Corporation and Premium Leisure Corp. As a Certified Public Accountant, her strong background in accounting, audit and finance have been accumulated through extensive experience and exposure to various industries. She holds a Bachelor of Science degree in Business Administration and Accountancy from the University of the Philippines

Atty. Jason C. Nalupta, Filipino, 51, is the Corporate Secretary of the Corporation since April 2021. He is also currently the Corporate Secretary of listed firms A. Brown Company, Inc., Asia United Bank Corporation, Belle Corporation, and Crown Asia Chemicals Corporation. He is also a Director and/or Corporate Secretary or Assistant Corporate Secretary of private companies, Mercury Ventures, Inc., Total Gaming Technologies, Inc., Parallax Resources, Inc., SLW Development Corporation, Belle Infrastructure Holdings, Inc. (Formerly: Metropolitan Leisure & Tourism Corporation), Belle Bay Plaza Corporation, Glyphstudios, Inc., Grabagility, Inc., Loto Pacific Leisure Corporation, Stage Craft International, Inc., FHE Properties, Inc., Stanley Electric Philippines, Inc., and Sta. Clara International Corporation. He is a Partner at Tan Venturanza Valdez Law Offices specializing on corporate, securities, and business laws. Atty. Nalupta earned his Juris Doctor degree, as well as his Bachelor of Science degree in Management (major in Legal Management), from the Ateneo de Manila University in 1996 and 1992, respectively. Atty. Nalupta was admitted to the Philippine Bar in 1997.

Atty. Ann Margaret K. Lorenzo, Filipino, 33, is the Assistant Corporate Secretary of the Corporation since May 2021. She is concurrently the Corporate Secretary of the following companies: Arquee Corp., Green Asia Resources Corp., and GGO Realty Holdings, Inc. She is also the Assistant Corporate Secretary of Asia United Bank Corporation, Discovery World Corporation, Crown Asia Chemicals Corporation, Coal Asia Holdings, Inc., Tagaytay Highlands International Golf Club, Inc., The Country Club at Tagaytay Highlands, Inc., Tagaytay Midlands Golf Club, Inc., The Spa and Lodge at Tagaytay Highlands, Inc., Joy-Nostalg Corporation, Jin Natura Resources Corp., Jin Navitas Resource, Inc., Catmon Felix, Inc., Yej Commodity, Inc., Yej Socialis, Inc., Yej Turbulentus, Inc., Yej Universalis, Inc., Bayby Earth, Inc., Jaman Boracay Corporation, Jaman Cebu Corporation, Jaman Hari Corporation, Jaman Reyna Corporation, Jaman Tagaytay Corporation, Corellia Ventures Incorporated, Sacareen Ventures Incorporated, Iridium Ventures Incorporated, and Bluepanel Equities and Development Inc. She likewise serves as a director of Cloud Arch Ventures Inc. Ms. Lorenzo is a Senior Associate at

Tan Venturanza Valdez where she specializes in securities law, special projects, and data privacy. She also lectures at the Paralegal Training Program of the UP Law Center on corporate housekeeping and data privacy. She obtained her Bachelor of Arts degree in English Studies (cum laude) and Juris Doctor degree from the University of the Philippines in 2010 and 2014, respectively. She was admitted to the Philippine bar in April 2015.

Christopher C. Villaflor, Filipino, 46, is the Online Lottery Division Head since December 2021. He joined the Company in March 2000 as a Bench Engineer. From June 2004 to October 2009, he served as the Systems Administrator for the Data Center Operations overseeing the lottery administration and maintenance for the Visayas and Mindanao regions. In 2009 he was promoted as Senior Manager of the Data Center Operations and in August 2017, he moved up as Vice President overseeing the Central System & Network Management Department of the Online Lottery Division. Mr. Villaflor has extensive experience in the area of system design, development and testing on both the UNIX (OpenVMS, SunOS/Solaris) environment and Microsoft Windows. He has a formal trainings on Project Management Institute, Philippines for Project Management Fundamentals Tools and Techniques, Oracle 10g Programming PL/SQL and Data Administration, AIX Unix System Administration and Operational Planning using Software Engineering for SDLC. He graduated with a degree in Bachelor of Science in Computer Engineering from the University of San Carlos in 1998.

Grace L. Gatdula, Filipino, 52, is the Administration Division Head since April 2019. She is the Company's Data Privacy Officer and Contact for Investor Relations starting September 13, 2022. Prior to this, she took positions in Marketing, Business Development, Corporate Planning and Compliance Officer with Pacific Online since 2011. Ms. Gatdula served as Marketing & Membership Head of PSMT Phils Inc. (S&R Membership Shopping/ PriceSmart Phils.) for 8 years. Earlier work experience included stints in advertising at Columbian Autocar Corporation and customer service at Singapore Telecomms. She graduated with a degree in AB Communication Arts at Miriam College.

Mischel Gabrielle O. Mendoza, Filipino, 36, is the Head of Business Development starting 2022, Apart from strategic planning and business development, she is in charge of monitoring the company's sustainability efforts and corporate image. She concurrently holds the position of Integrated Management Representative (IMR) and Risk Officer of the corporation. Prior to this, she served as Marketing, Corporate Planning Specialist, then Administration Division Head until her recent appointment back in Corporate Planning. Ms. Mendoza is also a director of Total Gaming Technologies, Inc., a subsidiary of Pacific Online, as well as director and co-founder of private company JIM Weaver Designs Corporation. She holds a Bachelor's Degree in Management Engineering from Ateneo de Manila University and took certificate courses abroad in both Tsinghua University in China and Josai International University in Japan.

Anna Josefina G. Esteban, Filipino, 55 is the Chief Audit Executive of the corporation since September 2016. She is also the Chief Audit Executive of publicly listed companies such as Belle Corporation, Premium Leisure Corp., and APC Group, Inc. Prior to joining the Belle Group, she served as Treasurer and Chief Finance Officer of Miriam (formerly Maryknoll) College Foundation, Inc. and worked at the Asian Development Bank for 18 years as Senior Officer at the Office of the Treasurer, Office of the Auditor General and Operations Evaluation Office. Earlier on, she was the Head of the Finance Systems and Audit Unit of Magnolia Nestle Corporation (a joint venture of San Miguel Corporation and Nestle S.A.). She was an auditor and management consultant at Carlos J. Valdes & Co. and was an accounting/finance professor at the College of St. Benilde and the Graduate School of Business of De La Salle University (DLSU). Ms. Esteban is a Certified Public Accountant, Certified Information Systems Auditor and Certified Data Privacy Auditor. She earned her Bachelor of Science degree in Accounting at the College of the Holy Spirit, Manila and her Master in Business Administration (with distinction) at DLSU.

Michelle Angeli T. Hernandez, 51, Filipino, is the Compliance Officer of the Company effective September 13, 2022. Likewise, she is the Compliance Officer, Chief Risk Officer and Vice President for Governance of Belle Corporation. She is mainly responsible for developing, implementing and managing various strategies, processes and policies related to Corporate Governance, Enterprise Risk Management and Corporate Affairs for the Company and its

subsidiaries. She is also the Compliance Officer and Chief Risk Officer of Premium Leisure Corp., and Chief Risk Officer of APC Group, Inc. She has a bachelor's degree in Tourism (Cum Laude) from the University of Sto. Tomas.

Family Relationships

Henry N. Ocier and Willy N. Ocier are brothers. Mischel O. Mendoza is the daughter of Willy N. Ocier

Significant Employees

The Company is not dependent on the services of any particular employee. It does not have any special arrangements to ensure that any employee will remain with the Company and will not compete upon termination.

Stock Option Plan

The Company's Board of Directors approved the Company's Stock Option Plan ("SOP") on December 12, 2006. The SOP provides an incentive and mechanism to employees and officers to become stockholders of the Company, as well as to qualified directors, officers and employees, who are already stockholders, to increase their equity in the Company and thereby increase their concern for the Company's well-being. All such full-time and regular employees of the Company, its subsidiaries and affiliates, their officers and directors, and such other qualified persons who may be recommended from time to time by the Executive Committee or the Board to the Committee as qualified, are eligible to participate in the SOP. Shares of stock subject to the SOP amount to up to five per cent (5%) of the Company's total outstanding common stock.

The purchase price of the shares shall not in any case be less than the Fair Market Value of the Company's shares at the time of grant, and, in no case, be less than the Offer Price at which the Company's shares are initially offered for sale to the public. Further, the purchase price shall be subject to adjustment for subsequent stock dividends or splits.

The shares covered by any one grant shall be offered for subscription over a period of Three (3) years from and after the effectivity date of each grant that may be determined by the Committee. The Participants may exercise their right to subscribe to shares under the SOP in accordance with the following schedule:

- 1/3 of total grant within One (1) year from the effectivity date of each grant
- 1/3 of total grant within Two (2) years from the effectivity date of each grant
- 1/3 of total grant within Three (3) years from the effectivity date of each grant

On 15 February 2008, SEC approved the Company's application requesting that its proposed issuance of 9,954,900 common shares be exempt from the registration requirements of the Securities Regulation Code.

On 6 May 2008, the BOD approved the allocation of 2,174,000 shares to its executives and employees and to the officers of Lucky Circle under the SOP which is exercisable over a period of three years from 6 May 2008 until 6 May 2011. The purchase price upon exercise of the option was fixed at ₱8.88 per share. At the grant date, the fair value of the Company's share amounted to ₱9.20 per share.

On 19 May 2008, grantees of the stock options exercised 617,000 shares of the Company's stock at ₱8.88 per share.

In 2011 and 2010, certain grantees of the stock options exercised 495,000 shares and 455,000 shares, respectively, of the Company's stock at ₱ 8.88 per share.

As at 31 December 2021, 2020 and 2019, there were no options outstanding or granted upon expiration of the exercisable options on May 6, 2011.

Involvement in Certain Legal Proceedings

As of the date of the report, to the best of the Company's knowledge, there has been no occurrence of any of the following events that are material to an evaluation of the ability or integrity of any Director, any nominee for election as director or executive officer of the Company:

- any bankruptcy petition filed by or against any business of which the incumbent Directors or senior management of the Company was a general partner or executive officer, either at the time of the bankruptcy or within five years prior to that time;
- any conviction by final judgment in a criminal proceeding, domestic or foreign, pending against any of the incumbent Directors or senior management of the Company;
- any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any of the incumbent Directors or senior management of the Company in any type of business, securities, commodities or banking activities; and
- any finding by domestic or foreign court of competent jurisdiction (in civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or said regulatory organization, that any of the incumbent Directors or senior management of the Company has violated a securities or commodities law, and the judgment has not been reversed, suspended or vacated.

Certain Relationships and Related Transactions

The transactions and balances with related parties are as follows:

The financial assets at FVOCI pertains to the Group's investment in shares of the Ultimate Parent Company and Parent Company totaling P179.1 million and P252.2 million as at December 31, 2022 and 2021, respectively (see Note 11).

Compensation of the Group's key management personnel are as follows:

	2022	2021	2020
Salaries and wages	₱9,319,577	₱22,746,801	₱20,108,986
Professional fees	-	1,333,333	888,889
Retirement benefits	1,565,098	90,291	1,777,484
	₱10,884,675	₱24,170,425	₱22,775,359

Compensation of Directors and Executive Officers

a. Executive Compensation

The following table shows the aggregate compensation received by the directors and executive officers of the Company for calendar years 2022 and 2021, as well as the estimated aggregate compensation for calendar year 2023.

Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation
Willy N. Ocier Chairman of the Board				
Jackson T. Ongsip President & CEO				
Christopher C. Villaflor Online Lottery Head				
Mischel O. Mendoza Business Dev't Head & Risk Officer				
Grace L. Gatdula Administration Head, Data Privacy Officer & Contact for Investor Relations				
Total for President and 4 most highly compensated Executive Officers	2023 (Estimate)			Php 7,382,972
	2022			6,891,156
	2021			15,657,915
All other executive officers and directors as a Group	2023 (Estimate)			Php 6,510,715
	2022			7,993,283
	2021			8,795,553

Compensation of the Group's key management personnel are as follows:

	2022	2021	2020
Salaries and wages	₱9,319,577	₱22,746,801	₱20,108,986
Professional fees	-	1,333,333	888,889
Retirement benefits	1,565,098	90,291	1,777,484
	₱10,884,675	₱24,170,425	₱22,775,359

The compensation of the Group's key management personnel is included in the "Personnel costs" as disclosed in Note 16 and 21 of the audited consolidated financial statements.

b. Per Diem for Meetings Attended by Director

Per the Corporation's By-Laws, except for reasonable per diems, directors, as such, shall be entitled to receive only such compensation as may be granted to them by a vote of the stockholders representing a majority of the outstanding capital stock at a regular or special meeting of the stockholders. In 2022, all Audit Committee members received a per diem of Fifty Thousand Pesos (₱50,000.00) each per Audit Committee meeting attended while other directors received a per diem of Ten Thousand Pesos (₱10,000.00) each. For Board and Board Committee meetings, each director is given a per diem of ₱10,000.00 per day regardless of the number of meetings during the same day. The following Board of Directors received gross per diem and compensation for their attendance to Board and Committee meetings in 2022:

NAME	POSITION	TOTAL (Php)
Willy N. Ocier	Chairman	361,111
Jackson T. Ongsip	President and Executive Director	382,356
Regina O. Reyes ¹ (+)	Non-Executive Director	33,333
Tarcisio M. Medalla	Non-Executive Director	672,222
Armin Antonio B. Raquel Santos	Non-Executive Director	361,111
Henry N. Ocier	Non-Executive Director	361,111
Laurito E. Serrano	Lead Independent Director	627,778
Roberto C.O. Lim ²	Independent Director	222,222
Raul B. De Mesa ³	Non-Executive Director	283,333
Roberto V. Antonio ⁴	Independent Director	394,444
	TOTAL	P4,382,354

*Notes:

¹ deceased on May 5, 2022

² resigned on August 1, 2022

³ elected on June 9, 2022

⁴ elected on September 13, 2022

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

Compensation of the Group's key management personnel are as follows:

	2022	2021	2020
Salaries and wages	₱9,319,577	₱22,746,801	₱20,108,986
Professional fees	-	1,333,333	888,889
Retirement benefits	1,565,098	90,291	1,777,484
	₱10,884,675	₱24,170,425	₱22,775,359

The compensation of the Group's key management personnel is included in the "Personnel costs" as disclosed in Note 17 of the audited consolidated financial statements.

Other than those disclosed above, there are no other standard or other arrangements wherein directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as a director.

There is no compensatory plan or arrangement, including payments to be received from the Company, with respect to any of its executive officer, which will result from the resignation, retirement or any other termination of any of its executive officer's employment with the Company and its subsidiaries or from a change-in-control of the Company or in any of its executive officer's responsibilities, following a change-in-control and the amount involved, including all periodic payments or installments, which exceeds ₱ 2.5 million.

Warrants and Options Outstanding

Warrants

The Corporation has not issued any form of warrants.

Stock Option Plan

The Company's Board ("BOD") approved the proposed Stock Option Plan ("the Plan") on 12 December 2006. The Company's Stock Option Plan provides an incentive and mechanism to employees and officers to become stockholders of the Company, as well as to qualified directors, officers and employees, who are already stockholders, to increase their equity in the Company and thereby increase their concern for the Company's well-being. All such full-time and regular employees of the Company, its subsidiaries and affiliates, their officers and directors, and such

other qualified persons who may be recommended from time to time by the Executive Committee or the Board to the Committee as qualified, are eligible to participate in the Plan. Shares of stock subject to the Plan amount to five per cent (5%) of the Company's total outstanding common stock.

The purchase price of the shares shall not in any case be less than the Fair Market Value of the Company's shares at the time of grant, and, in no case, be less than the Offer Price at which the Company's shares are initially offered for sale to the public. Further, the purchase price shall be subject to adjustment for subsequent stock dividends or splits.

The shares covered by any one grant shall be offered for subscription over a period of Three (3) years from and after the effectivity date of each grant that may be determined by the Committee. The Participants may exercise their right to subscribe to shares under the Plan in accordance with the following schedule:

- 1/3 of total grant within One (1) year from the effectivity date of each grant
- 1/3 of total grant within Two (2) years from the effectivity date of each grant
- 1/3 of total grant within Three (3) years from the effectivity date of each grant

On 15 February 2008, SEC approved the Company's application requesting that its proposed issuance of 9,954,900 common shares be exempt from the registration requirements of the Securities Regulation Code.

On 6 May 2008, the BOD approved the allocation of 2,174,000 shares to its executives and employees and to the officers of Lucky Circle under the Plan which is exercisable over a period of three years from 6 May 2008 until 6 May 2011. The purchase price upon exercise of the option was fixed at ₱8.88 per share. At the grant date, the fair value of the Company's share amounted to ₱9.20 per share.

On 19 May 2008, grantees of the stock options exercised 617,000 shares of the Company's stock at ₱8.88 per share.

In 2011 and 2010, certain grantees of the stock options exercised 495,000 shares and 455,000 shares, respectively, of the Company's stock at ₱ 8.88 per share.

As at 31 December 2021, 2020 and 2019, there were no options outstanding or granted upon expiration of the exercisable options on 6 May 2011.

Item 7. Independent Public Accountants

The Corporation's Audit Committee has recommended, and the Board of Directors has endorsed the recommendation for approval by the shareholders, that the auditing firm of Reyes Tacandong & Co. (RTC) be engaged and appointed as the Corporation's External Auditor for 2023-2024. The Stockholders will also be requested to delegate to the Board the authority to approve the appropriate audit fee for 2023.

Representatives of Reyes Tacandong & Co., the Company's external auditors for the most recently completed fiscal year, are expected to be present at the Annual Meeting to respond to appropriate questions and will be given the opportunity to make a statement if they so desire.

Reyes Tacandong & Co. audited the Company's statement of financial position as at 31 December 2022, the statement of comprehensive income, statement of changes in stockholders' equity and statement of cash flows for the same period, together with the summary of significant accounting policies and other explanatory notes. Reyes Tacandong & Co.'s responsibility is to express an opinion on these financial statements based on their audit. The audits were conducted in accordance with Philippine Standards on Auditing. The partner who handled the Company's external audit was Ms. Belinda Fernando.

In the Company's four (4) most recent fiscal years, there has been no disagreement on accounting and financial disclosures with either R.G. Manabat & Co. (external auditors for years 2019 and 2020) or Reyes Tacandong & Co. (external auditors for year 2021 and 2022).

The Company's Board of Directors in the annual shareholders' meeting on 26 May 2023 will recommend for shareholders' approval the appointment of Reyes Tacandong & Co. as the Company's independent public accountant for the fiscal year ending 31 December 2023.

The aggregate fees for each of last two (2) fiscal years for professional services rendered by the external auditors are as follows:

	2022	2021
Audit fee	P1,100,000	P1,050,000
Tax services	-	-
Other fees	-	-
TOTAL	P1,100,000	P1,050,000

It is the policy of the Company that any draft audit report must first be reviewed by the Audit Committee prior to said report being endorsed to the Board of Directors for approval. The Audit Committee members are: Mr. Laurito E. Serrano (Chairman), Atty. Maria Gracia P. Tan, Mr. Roberto V. Antonio, and Mr. Tarcisio M. Medalla. The final draft of the Company's audited financial statements was discussed and reviewed by said Committee. Whereupon said Committee resolved to recommend to the Company's Board of Directors that said financial statements be approved for issuance and disclosure to the public, the PSE and all related governmental agencies. Said audited financial statements were approved by the Company's Board of Directors during its meeting held on February 28, 2023.

Item 8. Compensation Plans

Please see the previous discussion on the Corporation's Stock Option Plan.

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

No action is to be taken during the 2023 ASM with respect to this item.

Item 10. Modification or Exchange of Securities

No action is to be taken during the 2023 ASM with respect to this item.

Item 11. Financial and Other Information

No action is to be taken during the 2023 ASM with respect to this item.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

No action is to be taken during the 2023 ASM with respect to any transaction involving: (i) merger or consolidation into or with any other person or of any other person into or with the Company; (ii) acquisition by the Company or any of its security holders of securities of another person; (iii) acquisition of any other going business or of the assets thereof; (iv) sale or other transfer of all or any substantial portion of the assets of the Company; or (v) liquidation or dissolution of the Company.

Item 13. Acquisition or Disposition of Property

No action is to be taken during the 2023 ASM with respect to this item.

Item 14. Restatement of Accounts

No action is to be taken during the 2023 ASM with respect to the restatement of any asset, capital or surplus account of the Company.

OTHER MATTERS

Item 15. Action with Respect to Reports

The Company will seek the approval by the stockholders of the Minutes of the Annual Stockholders' Meeting held on 27 May 2022 during which the following were taken up: (1) Call to Order, (2) Proof of Notice of Meeting, (3) Certification of Quorum, (4) Approval of the Minutes of the previous Special Stockholders' Meeting, (5) Approval of 2022 Operations and Results, (6) Ratification of All Acts of the Board of Directors and Officers, (7) Election of Directors, (8) Appointment of External Auditors, (9) Other Matters, and (10) Adjournment.

The Company will also seek approval by the stockholders of the 2022 Operations and Results contained and discussed in the annual report attached and made part of this Information Statement. Approval of the reports will constitute approval and ratification of the acts of management and of the Board of Directors for the past year.

There is no action to be taken with respect to any report of the Corporation or of its directors, officers, or committees, except for the approval of the minutes of the previous annual meeting of the Corporation.

At the annual meeting on 26 May 2023, shareholders will be asked to approve and ratify the following:

1. Minutes of the Annual Stockholders' Meeting (ASM) held on 27 May 2022 as appended to this Information Statement as "Annex C". The minutes of the said ASM was posted on the Company's website: <https://loto.com.ph/sites/default/files/POSC%20ASM%202021%20MINUTES.pdf>

These minutes reflect the proceedings during the meeting in accordance with Section 49 of the Revised Corporation Code, including. This includes the following:

- a. Voting procedure used and the tabulation for each agenda item during the 27 May 2022 and the engagement of Ms. Cristina Castro Naguit as the Company's third party validator of votes during the said meeting;
- b. Opportunities presented to the stockholders to participate by asking questions; questions and responses have been included in the minutes of the 27 May 2022 ASM;
- c. List of directors and officers who attended the meeting, as well as description of the stockholders who attended, verified by the Company's stock transfer agent and validated by Ms. Cristina Castro Naguit.

The office of the Corporate Secretary has in its full custody the list and names of the stockholders who participated in the 27 May 2022 ASM.

2. All acts of the Board of Directors, its Committees, and the Management during their term of office, commencing from the date of the last annual stockholders' meeting up to the date of this year's meeting.

These are covered by Resolutions of the Board of Directors and were entered into or made in the ordinary course of business, the significant acts or transactions which are covered by appropriate disclosures with the Securities and Exchange Commission and Philippine Stock Exchange, Inc., including:

- 1) Treasury matters related to opening of accounts and transactions with banks;
 - 2) Appointments of signatories and amendments thereof;
 - 3) Approval of financial statements;
 - 4) Appointment of officers; and
 - 5) Reorganization of board committees.
3. 2022 Operations and Results are included in the Company's Annual Report to be sent to the stockholders together with this Information Statement. Accordingly, approval of the Annual Report will constitute approval and ratification of the acts of Management stated in the Management Report during the period covered thereby.

There are no other matters that would require approval of the stockholders.

For the period ended 31 December 2022, there were no self-dealings or related party transactions by any director which require disclosure.

There is likewise no material information on the current stockholders and their voting rights requiring disclosure.

Two inspectors, who are officers or employees of the Company, shall be appointed by the Board of Directors to count the votes to be cast before or at each meeting of the stockholders, if no such appointment shall have been made or if the inspectors appointed by the Board of Directors refused to act or fail to attend when the appointment shall be made by the presiding officer of the meeting.

Ms. Cristina Castro Naguit shall be present during the 26 May 2023 Annual Stockholders' Meeting for the purpose of validating and tallying the votes cast.

Item 16. Matters Not Required to be Submitted

No action is to be taken with respect to any matter which is not required to be submitted to a vote of security holders.

Item 17. Amendment of Charter, By-Laws or Other Documents

No action will be taken with respect to any amendment to the Corporation's Articles of Incorporation or By-Laws.

Item 18. Other Proposed Actions

The following are to be proposed for approval during the stockholders' meeting:

1. Minutes of the Annual Stockholders' Meeting held on 27 May 2022;
2. 2022 Operations and Results (with AFS 2022);
3. Ratification of All Acts of the Board of Directors and Officers;
4. Election of Directors for 2023-2024;
5. Appointment of External Auditors; and,
6. Other Matters.

The items covered with respect to the ratification of the acts of the Board of Directors and officers for the past year up to the date of the meeting are those items entered into in the ordinary course of business, with those of significance having been covered by appropriate disclosures such as:

1. Organization of the relevant board committees;

2. Approval of financial statements, annual and quarterly;
3. Appointment of officers; and
4. Appointment of signatories for various transactions.

Management reports which summarize the acts of management for the year 2022 are included in the Company's Annual Report to be made available to the stockholders together with this Information Statement and shall be submitted for approval by the stockholders at the meeting. Accordingly, approval of the Annual Report will constitute approval and ratification of the acts of Management stated therein during the period covered thereby.

Item 19. Voting Procedures

- (a) Actions to be taken at the Annual Stockholders' Meeting shall require the vote of the stockholders representing at least a majority of the Company's outstanding capital stock.
- (b) Two inspectors shall be appointed by the Board of Directors before or at each meeting of the stockholders, at which an election of directors shall take place. If no such appointment shall have been made or if the inspectors appointed by the Board of Directors refused to act or fail to attend, then the appointment shall be made by the presiding officer of the meeting. For purposes of the Annual Stockholders' Meeting on 26 May 2023, the Corporate Secretary and/or his representative, together with the Audit Partner of the External Auditor and/or his representative, have been designated as inspectors who have been tasked to oversee the counting of votes.
- (c) Stockholders may vote at all meetings either in person or by proxy duly given in writing in favor of any person of their confidence and each stockholder shall be entitled to one vote for each share of stock standing in his name in the books of the corporation; provided, however, that in the election of directors, each stockholder shall be entitled to cumulate his votes in the manner provided for by law. For the purpose of this year's annual stockholders' meeting, which will be held only in a virtual format, the stockholders may only vote through proxies or by remote communication (in absentia). The stockholders are encouraged to participate in the meeting by either of the following:
 - i. by submitting duly accomplished proxies to the Office of the Corporate Secretary at 2704 East Tower, Philippine Stock Exchange Centre, Ortigas Center, Pasig City or via electronic copy by emailing corporatesecretary@pacificonline.com.ph on or before 5:00 p.m. on 18 May 2023.

For corporate stockholders, the proxies should be accompanied by a Secretary's Certification on the appointment of the corporation's authorized signatory.
 - ii. by registering your votes on the matters to be taken up during the meeting through the e-voting platform set up for the purpose which can be accessed at asmregister.loto.com.ph. The e-voting portal will be open until 9:00 in the morning of 26 May 2023.
- (d) The method of counting votes shall be in accordance with the general provisions of the Revised Corporation Code. The counting shall be done by the inspectors abovementioned, witnessed and the results verified by a duly appointed independent third-party validator, Ms. Cristina Castro Naguit

SIGNATURES

After reasonable inquiry and to the best of our knowledge and belief, we hereby certify that the information set forth in this report is true, complete, and correct.

This report is signed in the City of Pasig, Metro Manila on _____.

PACIFIC ONLINE SYSTEMS CORPORATION

By:

JASON C. NALUPTA
Corporate Secretary

PACIFIC ONLINE SYSTEMS CORPORATION

BUSINESS AND GENERAL INFORMATION

BUSINESS

Pacific Online Systems Corporation (“POSC”, “Pacific Online” or “Parent Company”) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on November 6, 1993. The Parent Company is a public company under Section 17.2 of the Revised Securities Regulation Code (SRC) and its shares are listed on the Philippine Stock Exchange, Inc. (PSE) starting on April 12, 2007.

The Parent Company’s registered office address is at 28th Floor, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, Metro Manila.

The Parent Company is a 50.1%-owned subsidiary of Premium Leisure Corporation (PLC or the “Immediate Parent Company”). The ultimate parent company is Belle Corporation (Belle). Belle and PLC are corporations with shares listed on the PSE, incorporated and domiciled in the Philippines.

The subsidiaries of the Parent Company and its interest in a joint operation, which are all incorporated and domiciled in the Philippines, are as follows:

	Industry	Percentage of Ownership		
		2022	2021	2020
Subsidiaries				
Loto Pacific Leisure Corporation (LotoPac)	Gaming	100.0	100.0	100.0
Total Gaming Technologies, Inc. (TGTI)	Gaming	98.9	98.9	98.9
Falcon Resources Inc. (FRI) ^(a)	Gaming	100.0	100.0	100.0
TGTI Services, Inc. (TGTISI) ^{(a)(b)}	Gaming	–	100.0	100.0
Interest in Joint Operation				
PinoyLotto Technologies Corp. (PinoyLotto)	Gaming	50.0	50.0	–
<i>(a) Indirect ownership through TGTI</i>				
<i>(b) Sold in 2022</i>				

POSC

The Parent Company is engaged in the development, design and management of online computer systems, terminals and software for the gaming industry. The Parent Company can also engage in any lawful arrangement for sharing profits, union of interest, unitization or formal agreement, reciprocal concession, or cooperation, with any corporation, association, partnership, syndicate, entity, person on governmental, municipal or public authority, domestic or foreign.

The Parent Company’s primary source of revenue arises from the Equipment Lease Agreement (ELA) with the Philippine Charity Sweepstakes Office (PCSO) for the lease of lotto terminals, which includes central computer, communications equipment and the right to use the application software and manuals for the central computer system and draw equipment. The existing ELA is valid until May 30, 2023 (see Notes 18 and 21).

LotoPac

LotoPac was incorporated in March 2007, primarily to acquire, establish, operate and manage amusement, recreational and gaming equipment facilities, as well as places for exhibitions, recreational, gaming amusement and leisure of the general public, and to acquire, hold and operate any and all

privileges, rights, franchises and concessions as may be proper, necessary, advantageous, or convenient in the conduct of its business.

On February 13, 2020, LotoPac sold its investment in shares of stock of Lucky Circle Corporation (LCC) and as a result, LotoPac ceased its operations as an investment holding entity.

TGTI

TGTI was incorporated and registered with the SEC on October 23, 2002. The primary purpose of TGTI is to lease gaming equipment and provide consultancy services relative to online gaming to those engaged in gaming business among others, non-profit institutions, and other entities.

TGTI's primary source of revenue arises from the ELA with PCSO which provides for the lease of the equipment for PCSO's Online KENO games. The ELA expired last April 1, 2022, and was no longer renewed (see Notes 18 and 21). The Company is still evaluating its future operating plans. In the meantime, management continues to actively look for viable opportunities within the gaming industry.

FRI

FRI was incorporated on May 25, 1999 primarily to engage in the business of trading or selling of goods on wholesale or retail basis, such as sweepstakes, instant game tickets, and other lottery and gaming tickets, including, but not limited to, those introduced by PCSO as well as tickets of shows, concerts and other events.

Starting July 2020, FRI ceased commercial operations of scratch ticket distribution to diversify to projects that are more aligned with the Parent Company's strategy and to focus on technology driven games and related support services that will be more viable and sustainable in the long term.

TGTISI

TGTISI was incorporated on August 31, 2011 primarily to engage in, conduct and carry on the business of providing logistical, technical support, and consultancy services, and providing end-to-end solutions to entities in the gaming industry in all aspects.

On June 9, 2022, TGTI's Board of Directors (BOD) approved the sale of all its common shares in TGTISI to a third party (see Note 5).

PinoyLotto

On June 21, 2021, PinoyLotto, a joint venture corporation owned by POSC, Philippine Gaming Management Corp. (PGMC) and International Lottery & Totalizator Systems, Inc. (ILTS), was incorporated and registered with the SEC primarily to provide software support and online lottery equipment service.

PinoyLotto was awarded with the five year-lease of the customized PCSO Lottery System (PLS Project) with a contract price of P=5,800.0 million. The start of commercial operations will be in October 2023.

The Group's interest in PinoyLotto was accounted for as a joint operation (see Note 6).

The Parent Company, its subsidiaries and interest in joint operation are collectively referred herein as "the Group."

Recent Developments

Despite the continuing effects of the COVID-19 pandemic and operating under limitations, the Company showed significant recovery in 2021, driven largely by improvements in lotto sales as a result of more robust economic activities during the year. The higher revenues coupled with the thrust of the Company to drive costs down through cost efficiency measures helped the Company to better adapt to the changing business environment.

After decades of friendly competition as the lottery equipment lease providers throughout the Philippines, Pacific Online decided to strategically partner with Philippine Gaming Management Corporation (PGMC) for the PCSO Lottery System (PLS) 2021 bid in order to fully share in the synergies that will come with providing an efficient and transparent nationwide online lottery service for the

country. On March 29, 2021, Pacific Online and PGMC, together with International Lottery and Totalizator Systems Inc. (ILTS), a supplier of online lottery systems and equipment worldwide which is based in the US, joined the bidding as a joint venture under PinoyLotto Technologies Corp. (PinoyLotto).

The PCSO issued the Notice of Award of the PLS project on September 16, 2021 to the joint venture. On December 1, 2021, the Parent Company, together with its joint venture partners, signed with the PCSO the Memorandum of Agreement for the for the Five (5) Years Lease of the Customized PCSO Lottery System, resulting from the successful conduct of a public bidding.

Agreements with the PCSO

PCSO is the principal government agency for “raising and providing funds for health programs, medical assistance and services, and charities of national character” by means of holding and conducting charity sweepstakes, races, and lotteries. It also engages in health and welfare-related investments, projects, and activities to provide for permanent and continuing sources of funds for its programs.

ELA between POSC and PCSO

POSC has an ELA with the PCSO for the lease of lotto terminals, which includes central computer, communications equipment, and the right to use the application software and manuals for the central computer system and draw equipment of PCSO. This also includes the supply of betting slips and ticket paper rolls.

In relation to the amendments of contract with PCSO, POSC was required to deposit cash bond to guarantee the unhampered use and operation of the lottery system, including equipment, servers, network communication and terminals. As at December 31, 2022 and 2021, the total cash bond, included under “Other current assets” or “Other noncurrent assets” in the consolidated statements of financial position, amounted to ₱12.0 million.

Since July 31, 2019, the ELA has been extended for PCSO to complete the bidding process for the Philippine Lottery System (PLS) under Republic Act No. 9184, as amended, until a new lottery system is fully realized and to ensure unhampered and uninterrupted operations of the online lottery and to avoid the loss of funds to PCSO. In 2022, the ELA was extended until December 31, 2022.

In 2023, the ELA was extended for a month-to-month basis up to May 31, 2023.

The rental fee, presented as “Equipment rental” in the consolidated statements of comprehensive income, is based on a percentage of gross sales of lotto tickets from PCSO’s Luzon and VISMINT operations. The number of installed lotto terminals totaled 3,605 and 3,129 as at December 31, 2022 and 2021, respectively. The Parent Company’s rental income amounted to P512.7 million and P390.8 million in 2022 and 2021, respectively (P245.9 million in 2020) (see Note 18).

ELA between TGTI and PCSO

TGTI had an ELA with PCSO which provides for the lease of the equipment for PCSO’s Online KENO games. This covers PCSO’s online keno lottery operations. The lease includes online keno equipment and accessories. The rental fee, presented as “Equipment rental” in the consolidated statements of comprehensive income, is based on a percentage of the gross sales of the “Online KENO” terminals. The minimum price per keno bet was reduced from P12 to P10, inclusive of documentary stamp tax. The ELA may be extended and/or renewed upon the mutual consent of the parties.

The ELA required TGTI to post a cash bond and performance security bond with an aggregate amount of P2.5 million. The cash bond is included under “Other current assets” in the consolidated statements of financial position (see Note 10).

The ELA expired and was not renewed in 2022.

The number of installed online KENO terminals totaled 57 and 569 as at December 31, 2022 and 2021, respectively. TGTI's revenue from equipment rental amounted to P=6.3 million and P35.6 million in 2022 and 2021, respectively (P47.2 million 2020) (see Note 18).

Brand and Trademark Agreement with PMLC

In January 2018, POSC entered into a Brand and Trademark License Agreement (BTLA) with PMLC granting the latter a non-assignable, non-transferable and exclusive right to use POSC's instant scratch tickets' brand and trademarks. The agreement has an initial term of five (5) years effective on January 1, 2018, subject to adjustment to conform to and coincide with term of the PMLC's agreement with PCSO for the supply and distribution of its instant scratch tickets. In consideration of the BTLA, PMLC agreed to pay POSC a guaranteed fixed monthly fee of ₱4.0 million starting January 2018. The agreement with PMLC was accounted for as sale of right to use the brand and trademark. POSC already transferred the control over the brand and trademark to PMLC on January 1, 2018 and there are no other performance obligation to be provided to PMLC.

Due to the suspension of PCSO games on July 27, 2019 for two months and on March 17, 2020 for four and a half months, the PMLC was not able to supply and distribute the instant scratch tickets to its customers because the management assessed that the accrued license fee income equivalent to those months with no operations may not be recoverable. Impairment losses amounting to ₱26.0 million were recognized in 2020. However, this was reversed in 2021 because the amount was collected in 2022 (see Note 9).

Accreted interest income amounted to ₱3.7 million and ₱6.1 million in 2022 and 2021, respectively (₱5.6 million in 2020) (see Note 16). Accrued license fee income amounted to ₱4.0 million and ₱70.3 million as at December 31, 2022 and 2021, respectively (see Note 9).

Government Regulation and Environmental Compliance

The Company does not need any government approval for its principal products or services since its business is in the development, design and management of online computer systems, terminals and software for the PCSO and not in the operation of the lottery business.

The Company has been fully compliant with environmental regulations and ordinances issued by the concerned Local Government Units (LGU) and by the Department of Natural Resources (DENR) in so far as disposal of used computer hardware, office equipment and other bulky operating supplies are concerned, pursuant to the Republic Act 9003: Ecological Solid Waste Management Act of 2000.

Technology Development, Supply and Service Contracts

Scientific Games

As at December 31, 2022 and 2021, POSC has a contract with Scientific Games, a company incorporated under the laws of the Republic of Ireland, for the supply of Visayas-Mindanao Online Lottery System. In consideration, POSC shall pay Scientific Games a pre-agreed percentage of the revenue generated by the terminals from PCSO's conduct of online lottery operation using the computer hardware and operating system provided by Scientific Games. The contract shall continue as long as the POSC's ELA with PCSO is in effect.

In 2021, the contract with Scientific Games was extended until July 31, 2022.

In 2022, the contract with Scientific Games was extended until December 31, 2022.

Intralot

As at December 31, 2022 and 2021, POSC and TGTI have contracts with Intralot Inc., a company subsidiary domiciled in Atlanta, Georgia, for the supply of hardware, operating system software and terminals and the required training required to operate the system. In consideration, POSC and TGTI shall pay Intralot a pre-agreed percentage of the revenue generated by the terminals from PCSO's conduct of online lottery operations. The Contract shall continue as long as POSC's and TGTI's ELA with PCSO are in effect.

In 2021, the contract with POSC was extended until July 31, 2022 while the contract with TGTI was extended until March 31, 2022.

In 2022, the contract with POSC was extended until December 31, 2022 while the contract with TGTI was no longer renewed.

The Philippine Lottery Sector

The Philippine lottery sector is regulated by the PCSO, a government-owned and controlled corporation that was created primarily to raise funds for health and charity programs of the government. It regulates the lottery and other games of chance in order to protect certain sectors of society, especially the youth. It is estimated that the gaming market in the Philippines is worth over P100 billion per year, and illegal gaming accounts for half of the country's gaming industry revenues.

For over 60 years, since the inception of PCSO, the traditional Sweepstakes had been the lone source of funds for the PCSO. This changed in 1995, when PCSO launched the very first online lotto in the Philippines. This innovation brought in a new dimension of fun and excitement for the betting public.

Although there are many types of lottery games worldwide, the Philippine government-authorized lotteries can generally be categorized into these groups: traditional sweepstakes, instant scratch tickets, online lotto, online keno (Lotto Express) and Small-Town Lottery (STL). The Company has partnered with PCSO in all its lottery products except for STL.

The PCSO online lotto games are basically two (2) types; i.e., jackpot draw and digit games. The winning numbers for jackpot draw and digit games are determined by a draw machine. For these lotto games, players purchase tickets from PCSO authorized retail outlets and wait for the future drawing of prizes. The jackpot draw games have three draws a week, while digit games have three draws daily. Draw lotto jackpot prizes are generally pari-mutuel or based on the number of winners and amount of total sales generated per game at the time of draw. Lotto digit games and keno prizes are based on a fixed odds payout structure, which does not rely on the number of players and winners per draw. For online keno, winning numbers are drawn via a Random Number Generator (RNG) program and has draws every ten (10) minutes on a daily basis. Keno draw frequency has been changed to five (5) minutes daily on November 6, 2020.

Currently, the PCSO online lotto portfolio consists of five (5) jackpot draw games and four (4) digit games. The jackpot draw games are: 6/42 Lotto, 6/45 Mega Lotto, 6/49 Super Lotto, 6/55 Grand Lotto and 6/58 Ultra Lotto; while the digit games are: 2D, 3D, 4D and 6D. All of the nine (9) lotto games operated by the PCSO are played nationwide. Modifications and enhancements of existing games and/or the introduction of new games are directed by the PCSO.

Instant scratch tickets, on the other hand, are typically played by scratching off the surface of a latex coated ticket to reveal a specific pattern of numbers, characters, pictures, or symbols that correspond to a prize amount if ticket is a winner. The player will know immediately if the ticket wins a prize or not. Instant scratch tickets like the Traditional Sweepstakes have a fixed-odds prize structure.

The Group's Online Lottery Operations and Products

As of December 31, 2022, the Company had 3,605 lottery terminals installed nationwide. All online lottery terminals located in PCSO authorized retail outlets are continuously connected to PCSO's central

computer system that enables real time recording and monitoring of lottery sales, and validation of winning tickets.

Aside from the number of lottery terminals deployed, total PCSO online lottery sales depend highly on the average sales generated by the various online lottery games launched. The next table shows the minimum jackpot amounts and the draw frequencies of the different lotto games supported by the Company.

<u>Lotto Game</u>	<u>Minimum Jackpot</u>	<u>Draw Frequency</u>
6/42 Lotto	P 6,000,000	3x a week - Mondays, Wednesdays & Saturdays
6/45 Mega Lotto ...	P 9,000,000	3x a week - Mondays, Wednesdays & Fridays
6/49 Super Lotto ...	P 16,000,000	3x a week - Tuesdays, Thursdays & Sundays
6/55 Grand Lotto...	P 30,000,000	3x a week - Mondays, Wednesdays & Saturdays
6/58 Ultra Lotto.....	P 50,000,000	3x a week -Tuesdays, Fridays & Sundays
6D Lotto.....	P 150,000	3x a week – Tuesdays, Thursdays & Saturdays
4D Lotto.....	P 10,000	3x a week - Mondays, Wednesdays & Fridays
3D Lotto	P 4,500	Thrice daily
2D Lotto	P 4,000	Thrice daily

Due to the COVID19 pandemic, the Company did not spend on development activities in both 2021 and 2020. Company resources were instead utilized to ensure the continuous operations of the lottery system hardware and compliance with health and safety protocols of PCSO and the concerned LGUs. Investment in development activities was at 20% in 2019.

Market Profile

As of December 31, 2021, Pacific Online gross lotto sales amounted to P6.512B of which P1.430B (22%) is the share of Luzon Sales. It is noted that while in Luzon, the jackpot games account for 53% of total lottery sales, the VisMin area shows that it is digit games that dominates the sales of the region, accounting for 47% of total lottery sales. While previous years showed higher sales for digit games, the drop in Digit Games particularly with 3D Lotto may be due to the shift of bettors to other Gaming Products like STL, Peryahan ng Bayan, or esabong.

The Company's total terminal deployment in VISMIN Territory covered 69 cities out of 73 total cities and 530 municipalities out of total 791. In Luzon, the Company's lotto terminal deployment covered 52 Cities and 71 municipalities. The Company covers 100% of the VisMin sales and only 15% in Luzon due to its restricted entry since 2012 up to 2021.

Competition

The Company expects the aggressive push for Small Town Lottery (STL) and the prevalence of illegal gambling particularly in interior towns and remote areas to continue to provide competition to its online lotto revenues. This mostly affects the VisMin region due to the popularity of the digit games, which are very similar to STL games. With the removal of the legal impediment for the Company to provide lotto equipment in Luzon, the Company was able to expand its operations in Luzon, where the additional revenues offset the lost sales in VisMin due to STL. Another recent competitor in the gaming market is sabong, which has grown in sales and number of outlets during the pandemic.

Organization and Manpower

As of December 31, 2021, the Group had a total of 135 employees, of which, 92 belong to Operations and 43 were administrative and other support personnel. None of the employees of the Company have organized themselves into any labor union. The Company also provides its employees additional benefits such as health care, life and accident insurance, retirement plan, training and development programs, and wellness programs, among others.

The Company believes that it has maintained balanced relationships with the rank and file and does not anticipate any labor-management issues to arise in the near term. The Company believes that its relationships with its employees have been consistently good and productive.

Risks

Some of the risks that the Company and its subsidiaries may be exposed to are the following:

1. General Risks

a. Regulator/Government Risk

Changes in the government and PCSO administration may result to changes in policies and the way that such policies are implemented, which may be favorable or unfavorable to the Company. New legislation rules regarding taxes on lottery products have an impact in sales as well.

b. Environmental Risk

Environmental and natural disasters can also affect the operations in a particular area.

c. COVID-19 Pandemic Risk

The rise of the COVID-19 pandemic since 2020 has affected the operations of the Company. The change in alert levels and lower foot traffic in business sites have caused disruptions to operations.

2. Risks Relating to the Company and its Subsidiaries

a. Dependence on Suppliers

The Company's lottery operations is anchored on a two-system network. The Company has existing contracts, each distinct and entered into separately, with two global leaders in the lottery industry, namely Scientific Games and Intralot, for the supply of computer supported lottery gaming systems.

In the event that the contracts, whether collectively or individually, are terminated or suspended, operations and business of the Company may be impaired.

b. Business Interruption Risk

The operations of the Company and its subsidiaries are dependent on the reliability of its central computer system and the communications infrastructure needed to run it. Any breakdown or failure in the system provided by its suppliers, or failure in the communication infrastructure may negatively affect the Company's financial performance. The communications infrastructure is being provided mainly by the two biggest telco providers in the country, namely: PLDT/Smart and Globe.

PROPERTIES

The Company's online lottery operations are conducted mainly in Cebu, where its central system data center and logistics center are located. It also has set up 8 logistics hubs in 8 major VisMin cities to ensure efficient service delivery to the PCSO lottery agents. The Company Head Office is located in Pasig City.

There are no real properties owned and there are no plans to acquire them in the next twelve (12) months. The Company, together with its subsidiaries, lease all of its data center, logistics centers and

hubs, and business offices. These properties are not mortgaged nor are there any liens and encumbrances that limit ownership or usage of the same.

The leased properties for business offices, data center and logistics facilities, reached about 2,588 sqm by year end 2021. About 49% of these properties are located in Luzon, and 51% in VisMin. Majority of the properties in Luzon are found in Metro Manila while those in VisMin are in Cebu. The logistics centers' areas are about 1,364 sqm in total, with 586 sqm in Cebu and 778 sqm in Metro Manila. Lease terms for most office and warehouse spaces range from month-to-month up to one (1) year. All lease agreements have provisions for renewal subject to terms and conditions mutually agreed upon by all parties concerned. The lease agreements provide for minimum rental commitment with annual rental escalation rates at around 5%. One (1) office lease and three (3) warehouse units located in Metro Manila were terminated in 2021.

The Company's major assets are lottery equipment, which consists mainly of lottery terminals, data center equipment, software and operating systems.

LEGAL PROCEEDINGS

“TMA Australia Pty. Ltd. And TMA Group Philippines, Inc. v. Pacific Online.” RTC 66, Pasig City-Civil Case No. R-PSG-17-02130 [321-108]

This refers to a complaint for Tortious Interference and payment of Damages filed by TMA Australia Pty. Ltd. and TMA Philippines (the “TMA Group”) against Pacific Online in August 2017. The TMA Group alleged that Pacific Online wrongfully interfered with the implementation of the Contractual Joint Venture Agreement (CJVA) between the TMA Group and PCSO when it entered into several equipment lease agreements with the latter that included a supply of paper provision. The TMA Group also applied for a writ of preliminary injunction (WPI) against Pacific Online and prayed for damages in the amount of at least One Million Pesos (P1,000,000.00).

On 21 March 2018, the RTC granted the TMA Group's application for WPI, enjoining Pacific Online from continuing to deliver lotto paper to PCSO. During the pendency of this case, the Supreme Court issued a decision in *Philippine Charity Sweepstakes Office v. TMA Group of Companies (G.R. Nos. 212143, 225457, and 236888, 28 August 2019)*, stating that the WPI issued by RTC Makati against PCSO directing it to source its paper from TMA was improperly issued, and that the CJVA - the same CJVA in this case before RTC Pasig - could not have been a valid source of rights against PCSO. TMA filed a Motion for Reconsideration, but this was denied by the Supreme Court in a Resolution dated 04 March 2020. Pacific Online then filed a Manifestation and a Supplemental Manifestation asking for the dismissal of the tortious interference case by the TMA Group.

On 08 February 2021, the court dismissed the case against Pacific Online.

DISAGREEMENT WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

There have been no disagreements with any accountant on any matter of accounting principles or practices, financial statement disclosures or auditing scope of procedure. During the two (2) most recent fiscal years or any subsequent interim period, no principal accountant or independent accountants of the registrant has resigned, was dismissed, or has ceased to perform services (except for the change in external auditors from R.G. Manabat & Co., to Reyes Tacandong & Co. in 2021).

MANAGEMENT DISCUSSION AND ANALYSIS OF OPERATING PERFORMANCE AND FINANCIAL CONDITION

RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Results of Operations

2022 Compared to 2021

Pacific Online realized consolidated net income amounting to P191.1 million for 2022, increasing significantly by Php331.8 million or more than 200% from the net loss of Php140.7 million incurred in 2021. The considerable improvement in the Company's financial results was brought about by a combination of higher revenues and better control on costs.

Revenues

In line with the economic recovery from the effects of the COVID-19 pandemic and despite the termination of KENO operations after the first quarter of 2022, the Group generated total revenues from operating sources amounting to P519.1 million for the year ended December 31, 2022, recording an increase of P92.7 million (22%) over total revenues of P426.3 million for the year ended December 31, 2021. Aside from the more robust economy in 2022, the high jackpot prizes of the Lotto games throughout the year helped drive sales volume.

Cost of services

Cost of services decreased by P131.1 million (35%) from P378.6 million in 2021 to P247.5 million in 2022. This decrease was mainly due to lower depreciation expense because of property and equipment being fully depreciated in 2022 as well as the savings on costs in line with the termination of the KENO operations during the year. Aside from this, the Company is also reaping the effects of cost efficiency measures to rationalize manpower and telecommunication lines and optimize office and warehouse space. The decreases mentioned above were partially offset by higher software license fees paid to suppliers and higher cost of operating supplies that both increased in line with the higher sales.

General and administrative expenses

General and administrative expenses of the Company decreased by P69.7 million (42%) from P165.5 million in 2021 to P95.8 million in 2022. This was mainly brought about by the cost reduction efforts extended at the backoffice level.

Financial Condition

2022 Compared to 2021

TOTAL ASSETS

Total assets of the Company increased by P260.2 million (30%) from P855.2 million as at December 31, 2021 to P1,115.4 million as at December 31, 2022.

Cash

Cash increased by P203.0 million (206%) due to the higher revenues from the Lotto segment in line with higher Lotto sales as well as the better collections for the year.

Marketable securities

The Company's marketable securities increased by P9.7 million (16%) from P61.6 million as at December 31, 2021 to P71.3 million as at December 31, 2022 because of the increase in market value of listed shares held by the Company. As at December 31, 2022, this account consists of investments in listed shares of Leisure and Resorts World Corporation, Vantage Equities, Inc, and APC Group, Inc.

Trade and other receivables

Trade and other receivables decreased by P28.1 million (12%) from P229.4 million as at December 31, 2021 to P201.2 million as at December 31, 2022. The decrease is due mainly to the collection of accrued license fee income.

Other current assets

Other current assets of the Company is composed of advances to supplier, creditable withholding taxes, spare parts and supplies and prepayments. It increased by P198.8 million (126%) from P157.3 million as at December 31, 2021 to P356.1 million as at December 31, 2022 due mainly to the additional advances to suppliers that the joint venture operation, PinoyLotto Technologies Corp. (Pinoylotto) made as down payment for the purchase of equipment as it gears towards the start of nationwide lottery operations by the end of 2023.

Financial assets at fair value through other comprehensive income (FVOCI)

The Company's financial assets at FVOCI is mainly composed of the Company's shares of stock in its parent and ultimate parent companies. This account decreased by P73M (29%) from P252.2 million as at December 31, 2021 to P179.1 million as at December 31, 2022 due to the sale of the Company's shares of stock in Belle Corporation.

Property and equipment

The Company's property and equipment is composed of lottery equipment, leasehold improvements, office furniture, fixtures and equipment and transportation equipment. This account decreased by P21.4 million (91%) from P23.4 million as at December 31, 2021 to P2.0 million as at December 31, 2022 mainly because of the depreciation recognized for the Company's assets.

Right of use assets (ROU)

Right of use assets declined by P4.9 million (73%) from P6.7 million as at December 31, 2021 to P1.8 million as at December 31, 2022 mainly because of the amortization of ROU assets during the period.

Other noncurrent assets

Other noncurrent assets mainly pertains to refundable deposits. This account decreased by P1.9 million (40%) from P4.6 million as at December 31, 2021 to P2.8 million as at December 31, 2022. The decrease is mainly because of the collection of refundable deposits by the Company during the year.

LIABILITIES

Total liabilities of the Company increased by P24.0 million (18%) from P135.9 million as at December 31, 2021 to P179.3 million as at December 31, 2022. The increase was mainly brought about by the loan payable of Pinoylotto that was consolidated in the books of the Company amounting to P67.5 million. The overall increase was partially offset by the lower trade and other current liabilities that decreased due to payment of accruals made during the year.

EQUITY

Total equity of the Company increased by P216.8 million (30%) from P719.3 million as at December 31, 2021 to P936.1 million as at December 31, 2022. The increase is mainly brought about by the net income earned in 2022.

As of December 31, 2022, except for what has been noted in the preceding, there were no material events or uncertainties known to management that had a material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

- Any Known Trends, Events or Uncertainties (Material Impact on Liquidity) Material commitments for capital expenditures that are reasonably expected to have a material impact on the Company's short-term or long-term liquidity;
- Events that will trigger direct or contingent financial obligation that is material

- to the company, including any default or acceleration of an obligation.
- All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.
- Description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures:
- Any Known Trends, Events or Uncertainties (Material Impact on Sales)
- Any Significant Elements of Income or Loss (from continuing operations)

Key Performance Indicators

The Company monitors its performance and benchmarks itself to prior year's results in terms of the following indicators:

	As of	
	Dec. 31, 2022	Dec. 31, 2021
Current Ratio	8.35:1.00	4.64:1.00
Asset-to-Equity Ratio	1.19:1.00	1.19:1.00
Return on Equity	20%	-17%
Return on Assets	17%	-14%
Solvency Ratio	1.25:1.00	(2.13):1.00

The above performance indicators are calculated as follows:

Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Asset-to-equity Ratio	$\frac{\text{Total Assets}}{\text{Total Equity}}$
Return on Stockholders' Equity	$\frac{\text{Net Income}}{\text{Total Equity}}$
Return on Assets	$\frac{\text{Net Income}}{\text{Total Assets}}$
Solvency Ratio	$\frac{\text{Net Income} + \text{Depreciation}}{\text{Total Liabilities}}$

2021 Compared to 2020

Pacific Online realized consolidated net loss amounting to P140.7 million for 2021. This amount, despite being negative, shows significant improvement by P240.6 million (63%) from the P381.4 million net loss recognized in 2020. The improvement in the Company's financial results was brought about by a combination of better revenues and a tighter control on costs.

Revenues

Even with the continuous restrictions and operational limitations due to COVID-19, the Group generated total revenues from operating sources amounting to P426.3 million for the year ended December 31, 2021, recording an increase of P127.8 million (43%) over total revenues of P298.5 million during the same period in 2020. The increase in revenues was mainly due to the more robust economy in 2021,

resulting to an increase in the number of lottery agents that reopened to sell lottery tickets and higher volume of players.

Cost of services

Cost of services decreased by P135.7 million (26%) from P514.4 million in 2020 to P378.6 million in 2021. This was mainly due to lower depreciation expense because of property and equipment being fully depreciated in 2021 as well as cost efficiency measures to rationalize manpower, telecommunication lines, and operating supplies. The decrease was partially offset by higher software license fees paid to suppliers that increased due to the increase in sales as well as higher rental and utilities expense as onsite work became more regular in 2021.

General and administrative expenses

General and administrative expenses of the Company decreased by P113.7 million (41%) from P279.3 million in 2020 to P165.5 million in 2021. This was mainly brought about by the cost reduction efforts extended at the backoffice level.

Financial Condition

2021 Compared to 2020

TOTAL ASSETS

Total assets of the Company decreased by P248.2 million (22%) from P1,103.4 million as at December 31, 2020 to P855.2 million as at December 31, 2021.

Cash

Cash decreased by P63.3 million (39%) due to the payments of liabilities and expenses during the year, offset by the collections made for the period.

Marketable securities

The Company's marketable securities declined by P22.6 million (27%) from P84.3 million as at December 31, 2020 to P61.6 million as at December 31, 2021 because of the decrease in market value of listed shares held by the Company. As at December 31, 2021, this account consists of investments in listed shares of Leisure and Resorts World Corporation, Vantage Equities, Inc, and PLDT, Inc.

Trade and other receivables

Trade and other receivables increased by P97.0 million (73%) from P132.4 million as at December 31, 2020 to P229.4 million as at December 31, 2021. The increase is due mostly to reclassification of a receivable to current from other noncurrent assets for a portion that will fall due in the next twelve months.

Other current assets

Other current assets of the Company is composed of creditable withholding taxes, spare parts and supplies and prepayments. It decreased by P7.5 million (5%) from P164.7 million as at December 31, 2020 to P157.3 million as at December 31, 2021 due mainly to lower prepaid expenses at the end of the year.

Financial assets at fair value through other comprehensive income (FVOCI)

The Company's financial assets at FVOCI is mainly composed of the Company's shares of stock of its parent and ultimate parent companies. This decreased by P29.7M (11%) from P281.8 million as at

December 31, 2020 to P252.2 million as at December 31, 2021 due to the decrease in market values of the investments.

Property and equipment

The Company's property and equipment is composed of lottery equipment, leasehold improvements, office furniture, fixtures and equipment and transportation equipment. This decreased by P60.1 million (72%) from P83.5 million as at December 31, 2020 to P23.4 million as at December 31, 2021 mainly due to disposals partially offset by additions during the year.

Right of use assets (ROU)

Right of use assets declined by P3.4 million (34%) from P10.1 million as at December 31, 2020 to P6.7 million as at December 31, 2021 mainly because of the amortization of ROU assets during the period.

Other noncurrent assets

Other noncurrent assets decreased by P97.3 million (95%) from P101.9 million as at December 31, 2020 to P4.6 million as at December 31, 2021. The decrease is mainly because of a reclassification from this account to current trade and other receivables for a portion that will be due within the next twelve months.

LIABILITIES

Total liabilities of the Company decreased by P104.4 million (43%) from P240.3 million as at December 31, 2020 to P135.9 million as at December 31, 2021. The decrease was mainly brought about by the payments of liabilities and accrued expenses during the period as well as the measurement of lease and retirement liabilities.

EQUITY

Total equity of the Company declined by P143.8 million (17%) from P863.1 million as at December 31, 2020 to P719.3 million as at December 31, 2021. The decline is mainly brought about by the net loss incurred in 2021.

As of December 31, 2021, except for what has been noted in the preceding, there were no material events or uncertainties known to management that had a material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

- Any Known Trends, Events or Uncertainties (Material Impact on Liquidity) Material commitments for capital expenditures that are reasonably expected to have a material impact on the Company's short-term or long-term liquidity;
- Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.
- Description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures:
- Any Known Trends, Events or Uncertainties (Material Impact on Sales)
- Any Significant Elements of Income or Loss (from continuing operations)

Key Performance Indicators

The Company monitors its performance and benchmarks itself to prior year's results in terms of the following indicators:

	As of	
	Dec. 31, 2021	Dec. 31, 2020
Current Ratio	4.64:1.00	2.89:1.00
Asset-to-Equity Ratio	1.19:1.00	1.27:1.00

	For the year ended	
	Dec. 31, 2021	Dec. 31, 2020
Return on Equity	-17%	-35%
Return on Assets	-14%	-27%
Solvency Ratio	(2.13):1.00	(3.36) : 1.00

The above performance indicators are calculated as follows:

Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Asset-to-equity Ratio	$\frac{\text{Total Assets}}{\text{Total Equity}}$
Return on Stockholders' Equity	$\frac{\text{Net Income}}{\text{Total Equity}}$
Return on Assets	$\frac{\text{Net Income}}{\text{Total Assets}}$
Solvency Ratio	$\frac{\text{Net Income} + \text{Depreciation}}{\text{Total Liabilities}}$

2020 Compared to 2019

The Group generated total revenues from operating sources of about P298.53 million for the year ended December 31, 2020, a decrease of P408.42 million (58%) over total revenues of P706.95 million during the same period in 2019. The decrease in revenue was due to the lower lotto and keno sales, which were hampered severely by the closure of all lotto games due to the COVID-19 pandemic and subsequent community quarantine restrictions, which kept lotto games suspended from March to August 2020. Even when lotto and keno games were allowed to open again, many operators kept their business shut for many reasons, including safety reasons or the lower traffic due to quarantine mobility restrictions. Furthermore, Keno's payouts were once again reduced upon resumption of operations, leading to a slow pick-up of sales. In an attempt to improve sales of keno, the PCSO approved the implementation of the 5- minute draws in November 2020.

The Group's total cost of services and general and administrative expenses, including depreciation and amortization, for the year ended December 31, 2020 decreased by P161.06 million (17%) to P793.63 million, from P954.68 in 2019. The decrease is attributed to the following:

- Personnel costs decreased by P33.28 million (20%) due to implementation of no work no pay policy from May to October 2020, reduced spending on staff welfare activities and attrition of employees.
- Travel and accommodation expense decreased by P46.17 million (62%) brought about by the restricted business trips due to the COVID 19 pandemic, which started in March 2020;
- Rent and utilities expense decreased by P9.80 million (25%) due to termination of three (3) office leases, closed offices during the ECQ period and implementation of skeletal force on-site after the ECQ;

- Communication expense decreased by P34.32 million (30%) due to the rebates given by Telco providers when lottery operations were suspended;
- Repairs and maintenance decreased by P79.44 million (77%) since repairs and maintenance work on terminals and facilities were not possible during the lottery suspension period;
- Advertising and promotion expense decreased by P38.42 million (81%) since all marketing activities were also suspended during the lottery suspension period;
- Taxes and licenses expense decreased by P22.90 million (69%) and software license fees decreased by P95.75 million (70%) due to lower lottery sales;
- Professional fees expense decreased by P6.33 million (52%), due to reduction in consultancy fees brought about by the lottery suspension period; and
- Operating supplies expense decreased by P37.49 million (78%) due to lower consumption of paper resulting from lower lottery sales.

The decreases accounted for in the foregoing expense accounts were offset mainly by the combined increases of the following expense accounts:

- Depreciation and amortization expense increased by P72.14 million (45%) mainly due to the amortization of prepaid software development cost;
- Provision for impairment losses increased by P182.0 million (8475%) due to provision for probable losses on non-trade receivables, operating supplies that may not be compatible with the systems upgrade with the renewal of TGTI ELA, and the pre termination of leases as part of the Group's cost cutting measures;
- Other expenses increased by P5.6 million (1585%) due to the additional spending incurred in complying with health and safety protocols of PCSO and concerned LGUs pertaining to the COVID 19 pandemic.

The net income (loss) from discontinued operation represents the operating results of LCC, which was sold to a third party on February 13, 2020. The P39.83 million net income for 2020 covers the LCC's operating results from January 1 to February 13, 2020 net of the computed gain from sale of the LCC shares. The P120.74 million net loss for 2019 covers a period of twelve (12) months, from January 1 to December 31, 2019.

The Group's net loss after tax of P381.39 million represents a P60.4 million (18.8%) increase from last year's net loss of P320.97 million. The higher net loss in 2020 was a result of over four (4) months suspension of all lottery games, the slow pace of sales recovery, and delayed reopening of the country's economy.

Total assets of the Company decreased by P609.43 million (36%) to P1.10 billion as of December 31, 2020, from P1.71 billion as of December 31, 2019. Decreases in assets are attributable to the following:

- Cash decreased by P175.20 million (52%) mainly due to lower revenues in 2020 and full payment of bank loan;
- Marketable securities decreased by P56.20 million (40%) due to unrealized mark-to-market loss of shares held and sale of LRWC preferred shares in February;
- Trade and other receivables-net decreased by P40.13 million (23%) due mainly to the lower lottery revenues and impairment of receivables from PLMC covering the quarantine period;
- Other current assets decreased by P49.53 million (23%) mainly due to the sale of LCC;

- Investment in stocks went down by P65.81 million (19%) due to lower stock market prices of investments on hand during 2020 versus 2019;
- Right of use asset decreased by P40.18 million (80%) due to the sale of LCC and provision for impairment loss of some ROU asset;
- Property and equipment decreased by P23.92 million (22%) due to depreciation of assets and sale of LCC;
- Other noncurrent assets decreased by P188.38 million (65%) due to the amortization of prepayments of technical and advisory services pertaining to software development;

The decreases in the assets above were offset by the increase in deferred tax assets of P29.91 million (57%) due to additional deferred tax provision resulting from NOLCO;

Total liabilities of P240.26 million was down by P159.15 million (40%) over last year's P399.41 million due principally to the following:

- Loan payable decreased by 100% due to the full payment of P150 million loan from Asia United Bank;
- Withholding taxes payable decreased by P1.48 million (43%) due to sale of LCC and lower withholding taxes resulting from lower operating expenses;
- Income tax payable decreased by P4.27 million (100%) due to payment of 2019 taxes by FRI;
- Lease liabilities decreased by P56.00 million (83%), due to sale of LCC and payment of leases.

The decreases in the liabilities were offset by the following increases:

- Trade and other current liabilities increased by P33.99 million (24%) due to accounts payable for spare parts and terminals purchased and delayed receipt of billings from Intralot and telco suppliers;
- Defined benefit liability increased by P18.60 million (62%) due to additional retirement expense recognized during the year.

As of December 31, 2020, the Company has:

- a) No known trends or any demands, commitments, or events (other than those discussed in the Risk section above) that will result in or that are likely to result in the liquidity increasing or decreasing in any material way;
- b) No events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;
- c) No material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period; and
- d) Not breached any loans, leases or other indebtedness or financing agreement.

Key Performance Indicators

The Company monitors its performance and benchmarks itself to prior year's results in terms of the following indicators:

	As of	
	Dec. 31, 2020	Dec. 31, 2019
Current Ratio	2.89:1.00	2.40 : 1.00
Debt-to-Equity Ratio	0.27:1.00	0.30 : 1.00
Asset-to-Equity Ratio	1.27:1.00	1.30 : 1.00

	For the year ended	
	Dec. 31, 2020	Dec. 31, 2019
Return on Equity	-49.54%	-24.44%
Return on Assets	-38.75%	-18.74%
Interest Coverage Ratio	(74.86):1.00	(86.35) : 1.00
Solvency Ratio	(3.36):1.00	(0.39) : 1.00
Book Value per Share	1.02	2.15

The above performance indicators are calculated as follows:

Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Debt to Equity Ratio	$\frac{\text{Total Liabilities}}{\text{Total Equity}}$
Asset-to-equity Ratio	$\frac{\text{Total Assets}}{\text{Total Equity}}$
Return on Stockholders' Equity	$\frac{\text{Net Income}}{\text{Total Equity}}$
Return on Assets	$\frac{\text{Net Income}}{\text{Total Assets}}$
Interest Coverage Ratio	$\frac{\text{Income Before Interest \& Tax}}{\text{Interest Expense}}$
Solvency Ratio	$\frac{\text{Net Income} + \text{Depreciation}}{\text{Total Liabilities}}$
Book Value per Share	$\frac{\text{Total Equity}}{\text{Total Shares Outstanding}}$

Please note that the Income Statement figures in 2019 discussed in comparison to 2020 in the pages above were based on the "re-presented" Income Statement to show the impact of the discontinued operations on the Group's operating results.

2022 Plan of Operations

The Company is committed to its vision of being the gaming partner of choice, despite all the regulatory, environmental and social hurdles of the industry, along with the ever-changing market demands and rapid technological developments in the shifting landscape of the Philippine gaming industry. To ensure growth, stability, and sustainability in the long-term, the Company is determined to push forward with relevant projects and be dynamic and proactive in its business development.

After decades of friendly competition as the lottery equipment lease providers throughout the Philippines, Pacific Online decided to strategically partner with Philippine Gaming Management Corporation (PGMC) for the PCSO Lottery System (PLS) 2021 bid in order to fully share in the synergies that will come with providing an efficient and transparent nationwide online lottery service for the country. On March 29, 2021, Pacific Online and PGMC, together with International Lottery and Totalizator Systems Inc. (ILTS), a supplier of online lottery systems and equipment worldwide which is based in the US, joined the bidding as a joint venture under PinoyLotto Technologies Corp. (PinoyLotto).

The Philippine Charity Sweepstakes Office (PCSO) issued the Notice of Award of the PLS project on September 16, 2021 to the joint venture. On December 1, 2021, the Company, together with its joint venture partners, signed with the PCSO the Memorandum of Agreement for the for the Five (5) Years Lease of the Customized PCSO Lottery System, resulting from the successful conduct of a public bidding. It is expected that the current lottery system being provided by the Company to PCSO will continue to be in use during this transition period from the current system to the new system.

As the effects of the Covid-19 pandemic continues to be felt especially in the gaming and entertainment industry, the Company is focused on streamlining operations to curtail costs, finding ways to improve profitability and cost efficiency and increasing synergies within the Companies in the Group. It also maintains prudent financial management in decision making to uphold its financial position.

Nevertheless, Pacific Online remains open to look for various opportunities for growth through profitable investments that will increase the company's shareholder value for partners and investors alike.

FINANCIAL STATEMENTS

The audited Financial Statements and Supplementary Schedules as of and for the year ended December 31, 2021 listed in the accompanying index to Financial Statements and Supplementary Schedules are filed as part of this Form 20-IS.

MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

The Company became a listed company with the listing of its shares with the Philippine Stock Exchange on April 12, 2007.

Dividends

No cash or stock dividends were declared and paid in 2021 and 2020.

There is no provision in the Company's charter or by-laws that would delay, deter, or prevent a change in control of the Company.

Stock Prices

As of the trading date 31 March 2023, the stocks of the Company closed at P1.80 per share. The Company's stock price was pegged at a high of P1.90 and at a low of P1.70 as of the same date.

The high and low sales prices for each quarter within the last two (3) fiscal years of the registrant's common shares as quoted on the PSE, are as follows:

<u>2022</u>	<u>High</u>	<u>Low</u>
First Quarter	1.86	1.52
Second Quarter	1.83	1.03
Third Quarter	1.51	1.37

	Fourth Quarter	1.70	1.27
<u>2021</u>		<u>High</u>	<u>Low</u>
	First Quarter	2.47	1.90
	Second Quarter	2.27	2.02
	Third Quarter	2.48	1.92
	Fourth Quarter	2.15	1.70
<u>2020</u>		<u>High</u>	<u>Low</u>
	First Quarter	1.52	1.49
	Second Quarter	1.99	1.85
	Third Quarter	1.91	1.80
	Fourth Quarter	2.11	2.05

As of 31 March 2023, the Company's market capitalization amounted to ₱1,611,595,702.80 based on the closing price of P1.80 per share.

Security Holders

As of 31 March 2023, Pacific Online had 61 shareholders, corresponding to total common shares outstanding of 895,330,946. The top 20 stockholders as of the same date are listed below:

Name	No. of Shares Held	% to Total
1. PREMIUM LEISURE CORP.	448,560,806	50.1000
2. PCD NOMINEE CORPORATION Filipino = 286,253,081 Non- Filipino = 41,566,696	327,819,777	36.62
3. OCIER, WILLY N.	71,819,350	8.02
4. ABACUS CONSOLIDATED RESOURCES & HOLDINGS, INC.	43,761,630	4.89
5. OCIER WILLY &/OR GERALDINE E.Y. OCIER	1,439,000	0.16
6. SY, HANS TAN	800,000	0.09
7. OCIER, MISCHEL GABRIELLE E.Y.	390,000	0.04
8. KILAYKO, GREGORIO U.	200,000	0.02
9. LIM, MAURICE D.	100,000	0.01
10. BENITEZ, ALFREDO B.	68,200	0.01
11. CHAN, CARMELITA	66,000	0.01
12. VILLANUEVA, MYRA P.	23,400	0.00
13. CHAN, CARMELITA D.L.	33,300	0.00
14. TAGUBA, LUCILA A.	20,000	0.00
15. SY, CAROLINE TANCUAN	20,000	0.00
16. SY, HANS JR. TANCUAN	20,000	0.00
17. SY, HARVEY CHRISTOPHER TANCUAN	20,000	0.00
18. SY, HOWARD CONRAD TANCUAN	20,000	0.00
19. PEREZ, JOSE DEXTER F.	18,000	0.00
20. LOMARQUEZ, MA. AIMEE R.	12,000	0.00

Recent Sale of Unregistered Securities

There have been no sales of unregistered securities since 2012.

Voting Rights

At each meeting of the shareholders, every stockholder entitled to vote on a particular question or matter involved shall be entitled to one vote for each share of stock standing in his name in the books of the Company at the time of closing of the transfer books for such meeting.

Dividend Rights of Common Shares

The Company's board of directors is authorized to declare cash, property, or stock dividends or a combination thereof. A cash dividend declaration requires the approval of the Board and no shareholder approval is necessary. A stock dividend declaration requires the approval of the Board and shareholders representing at least two-thirds of the Company's outstanding capital stock. Holders of outstanding shares on a dividend record date for such shares will be entitled to the full dividend declared without regard to any subsequent transfer of share. Other than statutory limitations, there are no restrictions that limit the Company from paying dividends on common equity.

Appraisal Rights

As provided for by law, any stockholder shall have a right to dissent and demand payment of the fair value of his shares in the following instances:

1. In case any amendment of the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the Company's properties and assets;
3. In case the Company decides to invest its funds in another corporation or business outside of its primary purpose; and
4. In case of merger or consolidation.

COMPLIANCE WITH THE MANUAL ON CORPORATE GOVERNANCE

The Company remains focused on ensuring the adoption of systems and practices of good corporate governance in enhancing value for its shareholders. With this in mind, the Board of Directors has established corporate governance principles to ensure accountability, fairness and transparency in the organization.

Board Attendance

Regular meetings of the Board are scheduled at the beginning of the year and are held at least six (6) times annually. Special meetings may also be called by the Chairman, the President or Corporate Secretary. A director's absence or non-participation in more than fifty percent (50%) of all meetings in a year is a ground for temporary disqualification in the succeeding election. During 2021, each of the Company's directors have complied with the requirements.

Below table shows the attendance of each board member in the meetings conducted during the year:

Name	Position	Date of Last Election	No. of 2022 Meetings Held During Term	No. of Meetings Attended	% Attendance
Willy N. Ocier	Chairman	27-May-22	8	8	100%
Jackson T. Ongsip	President	27-May-22	8	8	100%
Armin Antonio B. Raquel Santos	Director	27-May-22	8	8	100%
Tarcisio M. Medalla	Director	27-May-22	8	8	100%
Henry N. Ocier	Director	27-May-22	8	8	100%
Regina O. Reyes ¹⁺	Director	28-May-21	2	2	100%
Laurito E. Serrano	Independent Director	27-May-22	8	8	100%
Ma. Gracia M. Pulido Tan	Independent Director	27-May-22	8	8	100%
Roberto C.O. Lim ²	Independent Director	27-May-22	4	4	100%
Raul B. De Mesa ³	Director	9-Jun-22	5	5	100%
Roberto V. Antonio ⁴	Independent Director	13-Sep-22	3	3	100%

Notes:

¹ Regina O. Reyes(+) deceased on May 5, 2022

² Roberto C.O Lim resigned effective August 1, 2022

³ Raul B. De Mesa elected on June 9, 2022

⁴ Roberto V. Antonio elected on September 13, 2022

In adherence to good governance practice, the schedule of meetings of the Board and Board Committees for the full year of 2023 was discussed and approved during the November 2022 Board of Directors meeting.

Board Performance Evaluation

The Company conducts annual performance evaluations of the Board, its individual members and Board Committees to ensure optimum Board performance. In this evaluation process, directors identify areas for improvement, some of which are: the timeliness and integrity of information given to them, directors' access to management, the Corporate Secretary, and other forms of assistance as needed. The Board reviews the results of these evaluations and agrees on clear action plans to address any issues raised. In line with governance best practices, the board evaluations shall be facilitated by a third-party independent assessor every three (3) years reckoned from January 1, 2017 (effectivity date of the 2016 Code of Corporate Governance for Publicly Listed Companies).

The Board members assessed the Board as a whole based on their balance/diversity, competencies, background and experience. Board efficiency and importance as well as board activities were also given the appropriate ratings.

The five (5) Board Committees were also assessed based on their performance.

Individual performances were also assessed based on independence, participation and diligence. Likewise, Chairperson and CEO were assessed for their leadership, integrity, diligence and adherence to corporation governance, while the following key officers were also evaluated for their over-all performance:

1. Chief Risk Officer
2. Compliance Officer
3. Chief Audit Executive

The said performance evaluation for 2022 was conducted within the first quarter of 2023.

Continuing Education Programs

The Board identifies areas of continuing education on corporate governance topics they require. To keep the Board and key officers well-informed of governance-related developments, regular annual education programs are conducted in coordination with SM Investments Corporation and training providers duly accredited by the SEC. Below is the list of trainings in 2021 attended by the members of our Board of Directors.

	Name of Participants	Training Provider	Date of Training	Topic
1	Ocier, Willy N.	BDO Unibank, Inc.	20-Jul-22	Corporate Governance
2	Ongsip, Jackson T.			
3	Raquel Santos, Armin Antonio B.			
4	Ocier, Henry N.			
5	Serrano, Laurito E.			
6	Tan, Maria Gracia P.			
7	Medalla, Tarcisio M.	Risks, Opportunities, Assessment and Management, Inc.	04-Aug-22	Corporate Governance
8	De Mesa, Raul B.	Risks, Opportunities, Assessment and Management, Inc.	21-Oct-22	Corporate Governance
9	Antonio, Roberto V.	Risks, Opportunities, Assessment and Management, Inc.	21-Oct-22	Corporate Governance

A review of the various established Board level committees and its respective charters were done for the year 2021. Short descriptions of the committees are as follows:

Executive Committee - acts on behalf of the Board in the management and direction of the business and conduct of the affairs of the Company.

Audit Committee - has general oversight of the Company's accounting and financial reporting processes, audits of the financial statements, and internal control and audit functions.

Board Risk Oversight Committee - assists the Board in overseeing the Company's practices and processes relating to risk assessment and risk management; maintaining an appropriate risk culture, reporting of financial and business risks and associated internal controls,

Corporate Governance Committee - tasked with ensuring compliance with, and proper observance of, corporate governance principles and practices. Folded in are the nomination and remuneration oversight functions as well.

Related Party Transactions Committee - assists the Board in overseeing the Company's practices and processes relating to related party transactions (RPTs). Reviews all material related party transactions of the Company and ensures that all RPTs are conducted on a fair and arms-length basis.

Members of various committees are expected to serve for a term of one (1) year. Below is the attendance of the members of the Board Committees for 2022.

Attendance of Audit Committee 2022

Name	Position	Date of Last Election	No. of 2022 Meetings Held During Term	No. of Meetings Attended	% Attendance
Laurito E. Serrano	Chairman (NED)	27-May-22	6	5	83%
Tarcisio M. Medalla	Member (NED)	27-May-22	6	6	100%
Roberto C.O. Lim*	Member (NED)	27-May-22	4	4	100%
Ma. Gracia M. Pulido Tan	Member (NED)	27-May-22	6	6	100%
Roberto V. Antonio**	Member (NED)	13-Sep-22	1	1	100%

Note: *Roberto C.O. Lim - resigned on August 1, 2022

**Roberto V. Antonio - elected on September 13, 2022

Attendance of Corporate Governance Committee 2022

Name	Position	Date of Last Election	No. of 2022 Meetings Held During Term	No. of Meetings Attended	% Attendance
Roberto C.O. Lim*	Chairman (NED)	27-May-22	2	2	100%
Roberto V. Antonio**	Chairman (NED)	13-Sep-22	1	1	100%
Laurito E. Serrano	Member (NED)	27-May-22	4	4	100%
Ma. Gracia M. Pulido Tan	Member (NED)	27-May-22	4	4	100%

Note: *Roberto C.O. Lim - resigned on August 1, 2022

**Roberto V. Antonio - elected on September 13, 2022

Attendance of Related Party Transactions Committee 2022

Name	Position	Date of Last Election	No. of 2022 Meetings Held During Term	No. of Meetings Attended	% Attendance
Roberto C.O. Lim*	Chairman (NED)	27-May-22	1	1	100%
Roberto V. Antonio**	Chairman (NED)	13-Sep-22	0	0	N/A
Ma. Gracia M. Pulido Tan	Member (NED)	27-May-22	2	2	100%
Laurito E. Serrano	Member (NED)	27-May-22	2	2	100%
Regina O. Reyes***	Member (NED)	28-May-21	1	1	100%
Henry N. Ocier	Member (NED)	27-May-22	2	2	100%
Raul B. De Mesa****	Member (NED)	9-Jun-22	0	0	NA

Note: *Roberto C.O. Lim - resigned on August 1, 2022

** Roberto V. Antonio - elected on September 13, 2022

*** Regina O. Reyes – deceased on May 5, 2022

**** Raul B. de Mesa – elected on June 9, 2022

Attendance of Board Risk Oversight Committee 2022

Name	Position	Date of Last Election	No. of 2022 Meetings Held During Term	No. of Meetings Attended	% Attendance
Ma. Gracia M. Pulido-Tan	Chairman (NED)	27-May-22	3	3	100%
Tarcisio M. Medalla	Member (NED)	27-May-22	3	3	100%
Roberto C.O. Lim*	Member (NED)	27-May-22	2	2	100%
Laurito E. Serrano	Member (NED)	27-May-22	3	3	100%
Roberto V. Antonio**	Member (NED)	13-Sep-22	1	1	100%

Note: * Roberto C.O. Lim - resigned on August 1, 2022

** Roberto V. Antonio - elected on September 13, 2022

Risk Oversight Committee

The Company has adopted a risk management policy that establishes a culture of disclosing, evaluating and managing risks, from the Board and throughout the organization toward achieving its goals and objectives, which include, among others, the protection and preservation its employees' and clients' safety and welfare, the value and condition of its properties and assets, and its local and global reputation. The Company aligns its risk appetite with its long-term strategic objectives.

The Risk Oversight Committee (ROC) evaluates the effectiveness of the Company's risk management system on an annual basis. The Board of Directors, through the ROC, has reviewed the Company's risk management system for 2022 and has found the same effective and adequate.

The Enterprise Risk Matrix of the Company was updated to include risks brought about by the COVID-19 pandemic, and the closure of operations that it led to. Furthermore, Mr. Roberto V. Antonio was appointed as the Chairman of the Board Risk Committee in September 2022.

The Audit Committee

The Audit Committee reviews annually the effectiveness of the Company's internal control system, including information technology security and controls. To facilitate their review, the Committee understands and evaluates the scope of the internal and external auditors' review of internal controls over financial reporting, and obtains regular reports on significant findings and recommendations, together with management's responses, to obtain reasonable assurance that the Company's key organizational and procedural controls are effective, appropriate and complied with.

The Board of Directors, through the Audit Committee, has reviewed the effectiveness of the Company's internal control system, including the information technology security controls. Effective and adequate internal control mechanisms are in place, implemented and properly complied with for the year 2022.

Manual on Corporate Governance

In compliance with the initiative of the SEC, Pacific Online submitted its Manual on Corporate Governance (the "Manual") to the SEC. The Manual institutionalizes the principles of good corporate governance in the entire Company. Pacific Online believes that corporate governance, the framework of rules, systems and processes governing the performance of the Board and Management of their respective duties and responsibilities, and from which the organization's values and ethics emerge, is of utmost importance to the Company's shareholders and other stakeholders, which include, among others, clients, employees, suppliers, financiers, government and community in which it operates. The Company undertakes every effort possible to create awareness throughout the entire organization.

The Company, through its Chief Compliance Officer, stresses full compliance with applicable laws and adherence to ethical practices as stated in the Code of Business Conduct and Ethics (CBCE) and the

Manual. Pacific Online is not aware of any non-compliance with the Manual by any of its directors, officers or employees.

Code of Business Conduct and Ethics

The Company remains committed to align with the best corporate governance practices following the release of the 2016 Code of Corporate Governance for Publicly-Listed Companies. In addition to the Manual, the Company's Code of Business Conduct and Ethics (CBCE) defines good governance, ethics and compliance practices expected throughout the organization. The Manual and CBCE are communicated to directors, officers and employees to ensure familiarity and adherence. These documents are also made public through the Company's website.

Governance Policies

Corporate policies on governance were developed, submitted to and approved by the Board to protect the interests and rights of the shareholders and stakeholders and to promote transparency and accountability. Such governance related policies are shown below and may be viewed through the Pacific Online corporate website <https://loto.com.ph/corporate-governance/corporate-policies>. These policies and procedures are initially cascaded throughout the organization via email blast, and annual corporate governance trainings. The Board, through its various Board Committees, ensures that adequate internal control mechanisms are implemented and properly complied in all levels.

1. Whistle-Blowing Policy
2. Policy for Purchase of Goods and Services
3. Accreditation and Performance Evaluation of External Providers Policy
4. Insider Trading Policy
5. Information Technology Policy
6. Dividend Policy Statement
7. Policy on Conflict of Interest
8. Related Party Transactions Policy

Board Diversity

The Corporate values and promotes a diversity policy in the composition of our Board to reinforce its effectiveness in providing strategic direction, oversight and compliance with laws and regulations.

Diversity in age, gender, ethnicity, experience, field expertise, and personal qualities shall be considered by the Board as it installs a process of selection to ensure a mix of competent directors and key officers. Diversity will foster critical discussion and promote balanced decisions by the Board by utilizing the difference in perspective of its directors.

Pacific Online Systems Corporation prohibits the its directors, officers, and employees from using privileged corporate information for personal gain. Trading/ownership of Company shares as of December 31, 2022 is shown below:

Name of Director	Position	Shares as of 12/31/2022	% of Class	Shares as of 12/31/2021	% of Class
Willy N. Ocier	Chairman	80,803,500	9.03%	80,803,500	9.02%
Jackson T. Ongsip	Director & President	100	0.00%	100	0.00%
Tarcisio M. Medalla	Director	300	0.00%	300	0.00%
Armin Antonio B. Raquel Santos	Director	200	0.00%	200	0.00%
Henry N. Ocier	Director	1,209,000	0.13%	1,209,000	0.13%
Laurito E. Serrano	Independent Director	2,400	0.00%	2,400	0.00%
Ma. Gracia M. Pulido Tan	Independent Director	1,000	0.00%	1,000	0.00%
Roberto V. Antonio ¹	Independent Director	10,000	0.00%	N/A	N/A
Raul B. De Mesa ²	Director	300	0.00%	N/A	N/A
Mischel Gabrielle O. Mendoza	Head, Business Devt.	585,000	0.06%	585,000	0.06%
	Other Officers	0	0.00%	0	0.00%
	All Directors and Executive Officers as a group	82,611,800	9.22%	82,601,500	9.21%

The Company is not aware of any non-compliance with its Manual of Corporate Governance, by any of its officers or employees.

For governance related issues or concerns, stakeholders may refer to:

Mischel O. Mendoza
 Corporate Planning Head & Risk Officer
 2803 A&B Tektite Towers, Ortigas Center, Pasig City 1605
 Tel.No.:(632) 8584-1700
 Email: momendoza@pacificonline.com.ph

For Investor Relations, stakeholders may contact:

Grace L. Gatdula
 Administration Division Head & Compliance Officer
 2803 A&B Tektite Towers, Ortigas Center, Pasig City 1605
 Tel.No.:(632) 8584-1700
 Email: glgatdula@pacificonline.com.ph

**UNDERTAKING TO PROVIDE COPIES OF THE ANNUAL REPORT
UPON WRITTEN REQUEST OF ANY SHAREHOLDER OF RECORD ENTITLED TO NOTICE OF
AND VOTE AT THE MEETING, THE COMPANY SHALL FURNISH SUCH SHAREHOLDER WITH A
COPY OF THE COMPANY'S INFORMATION STATEMENT (SEC FORM 20-IS) AND ANNUAL
REPORT (SEC FORM 17-A) FREE OF CHARGE. ANY SUCH WRITTEN REQUEST SHALL BE
ADDRESSED TO:**

**JASON C. NALUPTA
CORPORATE SECRETARY
PACIFIC ONLINE SYSTEMS CORPORATION
28th FLOOR EAST TOWER, PSE CENTRE
EXCHANGE ROAD, ORTIGAS CENTER, PASIG CITY
Fax. No. : 85717464
Email Address : contactus@pacificonline.com.ph**

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Maria Gracia M. Pulido-Tan**, Filipino, of legal age and a resident of [REDACTED] after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director (ID) of **Pacific Online Systems Corporation** (the "Corporation").
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Belle Corporation	Independent Director	June 2021 to present
Premium Leisure Corp.	Independent Director	June 2021 to present
Justice George A. Malcolm Foundation, Inc.	Trustee	2019 to present
Trifels, Inc.	Director	May 2016 to present
Construction Industry Arbitration Commission	Arbitrator	2016 to present
Philippine Dispute Resolution Center, Inc.	Arbitrator	2020 to present
Philippine Judicial Academy	Member, Tax Faculty	
University of the Philippines College of Law	Professorial Lecturer, Mandatory Continuing Legal Education	On call

3. I possess all the qualifications and none of the disqualifications to serve as an ID of the Corporation, as provided for in Section 38 of the Securities Regulation Code (SRC), its Implementing Rules and Regulations (IRR) and other Securities and Exchange Commission (SEC) issuances.
4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the SRC. (where applicable)

NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
Not applicable		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
Not applicable		

6. (For those in government service/affiliated with a government agency or GOCC) I have the required permission from the (head of the agency/department) to be an ID in the

Corporation, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as ID under the SRC and its IRR, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five (5) days from its occurrence.

Done, this 17 FEB 2023 day of Pasig City at _____.


Maria Gracia M. Pulido-Tan

Pasig City SUBSCRIBED AND SWORN to before me this 17 FEB 2023 day of _____ at _____, affiant personally appeared before me and exhibited to me her Tax Identification Number (TIN) Card with TIN [REDACTED]

Doc. No. 207 ;
Page No. 43 ;
Book No. I ;
Series of 2023


ROGERSON V. VILLANGCA
Notary Public for Cities of Pasig and San Juan
and in the Municipality of Pateros
Appointment No. 216 (2022-2023)
Commission Expires on December 31, 2023
2704 East Tower, Tektite Towers, Exchange Road
Ortigas Center, 1605 Pasig City
PTR No. 9884985 / 01.04.23 / Pasig
IBP No. 260917 / 01.05.23 / RSM
Roll of Attorneys No. 80672
Admitted to the Bar on 20 May 2022

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Joseph T. Chua**, Filipino, of legal age and a resident of [REDACTED], after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director (ID) of **Pacific Online Systems Corporation** (the "Corporation").
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Belle Corporation	Independent Director	July 2022- present
JF Rubber Philippines Corporation	Chairman	

3. I possess all the qualifications and none of the disqualifications to serve as an ID of the Corporation, as provided for in Section 38 of the Securities Regulation Code (SRC), its Implementing Rules and Regulations (IRR) and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of the Corporation.

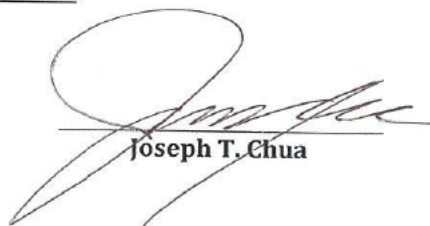
NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
-not applicable-		

5. To the best of my knowledge, I disclose that I am the one of the subjects of the following criminal/administrative investigation or proceeding initiated by the Philippine Deposit Insurance Corporation in connection with my previous employment:

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
-not applicable-		

6. I am not connected with any government agency or its instrumentalities.
7. I shall faithfully and diligently comply with my duties and responsibilities as ID under the SRC and its IRR, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this 09 MAR 2023 day of Pasig City, at _____.


Joseph T. Chua

09 MAR 2023

Pasig City

SUBSCRIBED AND SWORN to before me this _____ day of _____ at _____, affiant personally appeared before me and exhibited to me his Tax Identification Number (TIN) Card with TIN [REDACTED]

Doc. No. 696 ;
Page No. 81 ;
Book No. I ;
Series of 2023 ;

R. Villangca

ROGERSON V. VILLANGCA
Notary Public for Cities of Pasig and San Juan
and in the Municipality of Pateros
Appointment No. 216 (2022-2023)
Commission Expires on December 31, 2023
2704 East Tower, Tekit Tower, Exchange Road
Origas Center, 1605 Pasig City
PTR No. 9226905 / 01.04.23 / Pasig
IBP No. 260717 / 01.05.23 / RSM
Roll of Attorneys No. 80672
Admitted to the Bar on 20 May 2022

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Roberto V. Antonio**, Filipino, of legal age and a resident of [REDACTED] after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **Pacific Online Systems Corporation** (the "Corporation").
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Premium Leisure Corp.	Independent Director	August 2022 to present
Development Bank of the Philippines	Board Member	September 2022 to Present
Kalimera, Inc.	President	June 12 2010 to Present
RVA and Sons, Inc.	President	April 23 1997 to Present
RVA International Trading Corporation	President	June 12 1994 to Present
La Salle Greenhills Foundation	President	Year 2003 to Present
Right Eight Security Agency, Inc.	Vice Chairman	January 31 2001 to Present
Mustang Holdings, Inc.	Consultant	January 3 2022 to Present
La Salle Greenhills Alumni	Board Member	Year 2003 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an ID of the Corporation, as provided for in Section 38 of the Securities Regulation Code (SRC), its Implementing Rules and Regulations (IRR) and other SEC issuances.
4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the SRC. (where applicable)

NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
-not applicable-		

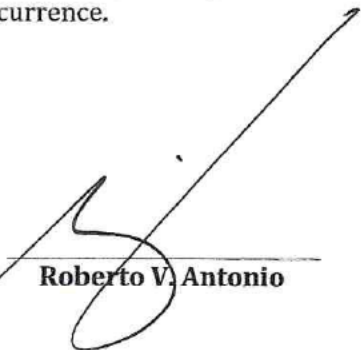
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
-not applicable-		

6. I have the required permission from Mr. Michael O. De Jesus, President and CEO of Development Bank of the Philippines, to be an independent director in Pacific Online Systems Corporation pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as ID under the SRC and its IRR, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five (5) days from its occurrence.


Done, this 20 MAR 2023 day of _____, at PASIG CITY.



Roberto V. Antonio

SUBSCRIBED AND SWORN to before me this 20 MAR 2023 day of _____ at PASIG CITY,
affiant personally appeared before me and exhibited to me his Tax Identification Number (TIN) Card
with [REDACTED]

Doc. No. 392 ;
Page No. 80 ;
Book No. 1 ;
Series of 1023 ;


ROBERTO ROLANDO L. GEOTINA
Notary Public for Cities of Pasig and San Juan
and in the Municipality of Pateros
Appointment No. 215 (2022-2023)
Commission Expires on December 31, 2023
2704 East Tower, Tekute Towers, Exchange Road
Ortigas Center, 1605 Pasig City
PTR No. 9004906/01.04.23/Pasig City
IBP No. 260919/01.05.23/RSM
Roll of Attorneys No. 78571
Admitted to the Bar on 13 May 2022



March 01 2023

SECURITIES AND EXCHANGE COMMISSION
7907 Makati Avenue, Salcedo Village
Barangay Bel-Air, Makati City

Attention : **Ms. Rachel Esther J. Gumtang-Remalante**
Director
Corporate Governance and Finance Department

Mr. Vicente Graciano P. Felizmenio, Jr.
Director
Markets and Securities Regulation Department

Re : Consent Pursuant to Section 12, Rule XVIII of the
Revised Civil Service Rules and OP Memorandum
Circular No. 17

Gentlemen:

The undersigned, on behalf of the Development Bank of the Philippines (DBP), a government-owned and controlled corporation, confirms that **Mr. Roberto V. Antonio**, a member of the DBP Board of Directors, is permitted to be nominated and elected as Independent Director of **Pacific Online Systems Corporation** a publicly-listed private corporation.

This letter of consent is issued pursuant to Section 12, Rule XVIII of the Revised Civil Service Rules and Office of the President Memorandum Circular No. 17.

Thank you.

Very truly yours,

MICHAEL O. DE JESUS
President & Chief Executive Officer

cc: **Mr. Willy N. Ocier**
Chairman & President
Pacific Online Systems Corporation

