

**From:** Philippine Stock Exchange <no-reply@pse.com.ph>  
**Sent:** Friday, October 25, 2024 1:47 PM

**Subject:** Quarterly Report

Dear Sir/Madam:

Your disclosure was approved as Company Report. Details are as follows:

Company Name: Pacific Online Systems Corporation  
Reference Number: 0034726-2024  
Date and Time: Friday, October 25, 2024 13:47 PM  
Template Name: Quarterly Report  
Report Number: CR07187-2024

Best Regards,  
PSE EDGE

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The Philippine Stock Exchange, Inc., 6th to 10th Floors, PSE Tower, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City, Philippines 1634

# SECURITIES AND EXCHANGE COMMISSION

## SEC FORM 17-Q

### QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended  
Sep 30, 2024
2. SEC Identification Number  
AS093-008809
3. BIR Tax Identification No.  
003-865-392-000
4. Exact name of issuer as specified in its charter  
Pacific Online Systems Corporation
5. Province, country or other jurisdiction of incorporation or organization  
Metro Manila, Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office  
28F East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center,  
Pasig City  
Postal Code  
1605
8. Issuer's telephone number, including area code  
+632-8584-1700
9. Former name or former address, and former fiscal year, if changed since last report  
N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

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

11. 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:

The Philippine Stock Exchange Inc.

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the

Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

☒ Yes ☐ No

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

☒ Yes ☐ No

*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 17-2 - Quarterly Report References: SRC Rule 17 and Sections 17.2 and 17.8 of the Revised Disclosure Rules

|  |                 |
|--|-----------------|
| For the period ended                     | Sep 30, 2024    |
| Currency (indicate units, if applicable) | Philippine Peso |

#### Balance Sheet

|                               | Period Ended  | Fiscal Year Ended (Audited) |
|-------------------------------|---------------|-----------------------------|
|                               | Sep 30, 2024  | Dec 31, 2023                |
| Current Assets                | 1,128,848,009 | 948,422,045                 |
| Total Assets                  | 1,777,819,990 | 1,901,779,220               |
| Current Liabilities           | 377,074,279   | 314,098,180                 |
| Total Liabilities             | 698,389,163   | 726,071,382                 |
| Retained Earnings/(Deficit)   | 300,317,598   | 530,917,448                 |
| Stockholders' Equity          | 1,079,430,827 | 1,175,707,838               |
| Stockholders' Equity - Parent | 1,076,033,046 | 1,171,568,842               |
| Book Value per Share          | 1.31          | 1.39                        |

#### Income Statement

|                          | Current Year<br>(3 Months) | Previous Year<br>(3 Months) | Current Year-To-Date | Previous Year-To-Date |
|--------------------------|----------------------------|-----------------------------|----------------------|-----------------------|
| Gross Revenue            | 129,285,715                | 158,983,577                 | 388,392,857          | 469,756,756           |
| Gross Expense            | 108,758,539                | 97,350,068                  | 360,450,372          | 271,572,826           |
| Non-Operating Income     | 4,617,238                  | 41,319,605                  | 10,947,981           | 90,426,567            |
| Non-Operating Expense    | 18,880,531                 | 50                          | 28,893,203           | 24,947                |
| Income/(Loss) Before Tax | 6,263,883                  | 102,953,064                 | 9,997,263            | 288,585,551           |
| Income Tax Expense       | 2,274,653                  | 20,201,365                  | 6,234,122            | 60,342,130            |

|  |           |            |           |             |
|--|-----------|------------|-----------|-------------|
| <b>Net Income/(Loss) After Tax</b>                     | 3,989,230 | 82,751,699 | 3,763,141 | 228,243,420 |
| <b>Net Income Attributable to Parent Equity Holder</b> | 5,065,331 | 81,832,854 | 4,504,356 | 226,973,105 |
| <b>Earnings/(Loss) Per Share (Basic)</b>               | 0.01      | 0.1        | 0.01      | 0.27        |
| <b>Earnings/(Loss) Per Share (Diluted)</b>             | 0.01      | 0.1        | 0.01      | 0.27        |

|  | <b>Current Year (Trailing 12 months)</b> | <b>Previous Year (Trailing 12 months)</b> |
|--|--|---|
| <b>Earnings/(Loss) Per Share (Basic)</b>   | 0.01                                     | 0.27                                      |
| <b>Earnings/(Loss) Per Share (Diluted)</b> | 0.01                                     | 0.27                                      |

|                                   |
|-----------------------------------|
| <b>Other Relevant Information</b> |
| None                              |

**Filed on behalf by:**

|                    |                |
|--------------------|----------------|
| <b>Name</b>        | Irene Bautista |
| <b>Designation</b> | Controller     |

# 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 A N D S U B S I D I A R I E S

(Company's Full Name)

28 t h F l o o r , E a s t T o w e r , P h i l i p p i n e  
S t o c k E x c h a n g e C e n t r e , E x c h a n g e  
R o a d , O r t i g a s C e n t e r , P a s i g C i t y

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

Dioville M. Villarias 8584-1700

(Contact Person)

(Company Telephone Number)

1 2 3 1  
Month Day  
(Fiscal Year)

1 7 - Q  
(Form Type)

Month Day  
(Annual Meeting)

(Secondary License Type, If Applicable)

CFD  
Dept. Requiring this Doc.

Amended Articles Number/Section

61  
Total No. of Stockholders

Total Amount of Borrowings  
P451.7M n/a  
Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

## SECURITIES AND EXCHANGE COMMISSION

## SEC FORM 17-Q

**QUARTERLY REPORT PURSUANT TO SECTION 17  
OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER**

- 1.** For the quarterly period ended **September 30, 2024**
- 2.** SEC Identification Number: **AS093-008809**    **3.** BIR Tax Identification No. **003-865-392-000**
- 4.** Exact name of registrant as specified in its charter: **PACIFIC ONLINE SYSTEMS CORPORATION**
- 5.** Metro Manila, Philippines  
Province, Country or other jurisdiction of Incorporation or organization
- 6.** \_\_\_\_\_ (SEC Use Only)  
**Incorporation or organization**
- 7.** **28/F, East Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City**  
Address of principal office                                      Postal Code
- 8.** **(632) 8584-1700**  
Registrant's telephone number, including area code
- 9.** Not applicable  
Former name, former address, and former fiscal year, if changed since last report.
- 10.** Securities registered pursuant to Sections 4 and 8 of the RSA

**Title of Each Class**  
**Common Stock, ₱1.00 par value**

**Number of Shares of Common Stock Outstanding**  
**895,330,946**

**Amount of Debt Outstanding**  
**Php451.7M**

11. Are any or all of these securities listed on the Philippine Stock Exchange  
Yes [ x ]                      No [   ]
12. Indicate by check mark whether the registrant:
- (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 1 (a)-1 thereunder, and Section 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):  
Yes [ x ]                      No [   ]
- (b) has been subject to such filing requirements for the past 90 days.  
Yes [ x ]                      No [   ]

## **PART I - FINANCIAL INFORMATION**

### **Item 1. Financial Statements**

The following unaudited financial statements are submitted as part of this report:

- a.) Consolidated Statements of Income for the nine (9) months ended September 30, 2024 and September 30, 2023;
- b.) Consolidated Statements of Comprehensive Income for the nine (9) months ended September 30, 2024 and September 30, 2023;
- c.) Consolidated Statements of Financial Position as of September 30, 2024 and Audited Statements of Financial Position as of December 31, 2023;
- d.) Consolidated Statements of Changes in Equity for the nine (9) months ended September 30, 2024 and September 30, 2023; and
- e.) Consolidated Statements of Cash Flows for the nine (9) months ended, September 30, 2024 and September 30, 2023.

### **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

#### **Results of Operations for the Period Ended September 30, 2024 vs. September 30, 2023**

##### **Revenues**

Pacific Online Systems Corporation (the "Company") consolidated with its subsidiaries (the "Group"), earned total revenues of P388.4 million for the nine months ended September 30, 2024. Revenues decreased by P81.4 million (17%) from revenues of the same period in 2023 amounting to P469.7 million mainly due to the transition from the legacy system to the nationwide lottery system under its joint operation, PinoyLotto Technologies Corp. (PinoyLotto).

##### **Cost and expenses**

Costs and expenses increased by P88.9 million (33%) to P360.5 million for the period ended September 30, 2024 from P271.6 million for the same period in 2023 in relation to the nationwide operations of PinoyLotto's Philippine Lottery System (PLS) for the Philippine Charity Sweepstakes Office (PCSO) effective October 1, 2023. Due to the new system, the Company incurred higher depreciation expenses (from P3.1 million in the 2023 to P114.5 million in the current period) in line with the depreciation of the new equipment deployed, as well as higher variable costs such as communications and repairs and maintenance in line with the requirements of PCSO for the PLS.

##### **Operating income**

Due to the foregoing, the Group realized an operating income of P27.9 million for the nine months ended September 30, 2024, which is lower compared to the P198.2 million operating income for the same period in 2023.

##### **Other income (expenses)**

Other income (expense) decreased by P108.3 million (120%) to P17.9 million other expenses as of September 30, 2024 compared to P90.4 million other income for the period ended September 30, 2023. The decrease is mainly due to the following: the Company recorded dividend income of P18.9 million in 2023 as well as a one-off other income of P20.4M pertaining to collection of deficiency claims. In 2024, the Company incurred other expenses pertaining to interest expense amounting to P28.9 million in relation to the loans availed by PinoyLotto to fund its capital expenditures and nationwide operations.

##### **Net income**

As a result, the Group recognized net income amounting to P3.8 million for the nine months ended September 30, 2024, compared to the P228.2 million net income for the same period in 2023.



**Other comprehensive income and Total comprehensive income**

Other comprehensive income of the Group pertains to the unrealized valuation gains and losses on its financial assets at fair value through other comprehensive income. The valuation gains or losses were already realized in 2024 due the availment of Belle Corp's tender offer for Premium Leisure Corp (PLC) shares during the second quarter of 2024. In 2023, the Group posted a gain of P39.6 million during the nine months period ended September 30, 2023. Thus, total other comprehensive loss for the nine months ended September 30, 2024 is at P3.8 million, lower by P264.1 million (97%) from the P267.8 million other comprehensive income for the same period in 2023.

**Financial Condition as of September 30, 2024 vs. December 31, 2023****TOTAL ASSETS**

The Group's total assets of P1,777.8 million as of September 30, 2024 decreased by P123.9 million or 6% from P1,901.8 million as of December 31, 2023. The main movements in the asset accounts are as follows:

**Cash and cash equivalents**

Cash and cash equivalents increased by P233.3 million (68%) to P577.3 million as at September 30, 2024 from P343.9 million as at December 31, 2023 mainly due to the proceeds from the sale of the PLC shares to Belle Corp during the tender offer, offset in partial by the payment of dividends to shareholders during the period.

**Investments held for trading**

As at September 30, 2024, investments held for trading of the Group consists of investments in listed shares of stock of Vantage Equities, Inc. and APC Group, Inc. The amount of the Group's investments held for trading decreased by P56.2 million (56%) as at September 30, 2024 mainly due the sale of its Digiplus Interactive Corp (PLUS) shares.

**Trade and other receivables**

Trade and other receivables decreased by P45.9 million (16%) to P238.6 million as at September 30, 2024 from P284.4 million as at December 31, 2023 due to collection of trade receivables from PCSO.

**Creditable withholding taxes (CWTs)**

Creditable withholding taxes increased by P27.6 million (27%) to P129.3 million as at September 30, 2024 from P101.8 million as at December 31, 2023 due to additional creditable withholding tax as a result of collection of receivable.

**Other current assets**

Other current assets of the Group are composed of supplies, prepayments and input taxes. This account increased by P21.6 million (18%) to P139.8 million as at September 30, 2024 from P118.3 million as at December 31, 2023 due mainly to the additional prepayments for the current period.

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

The financial assets at FVOCI pertains to the investment in shares of PLC. The account decreased by 100% from December 31, 2023 due to the availment of the Company of the tender offer made by Belle Corp for PLC shares during the period.

**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 P61.7 million (9%) to P644.5 million as at September 30, 2024 from P706.2 million as at December 31, 2023 mainly due to depreciation expense recognized for the period.

**LIABILITIES**

The Group recorded total liabilities at P698.4 million as at September 30, 2024, lower by P27.7 million (4%) compared to the total liabilities of P726.1 million as at December 31, 2023.

**Trade and other current liabilities**

Trade and other current liabilities decreased by P17.0 million (7%) to P238.0 million as at September 30, 2024 coming from P255.0 million as at December 31, 2023. The decrease is mainly due to the payment of advances from joint operators under PinoyLotto.

**Loans Payable**

Loans payable of the Company amounted to P451.7 million as at September 30, 2024, decreased by P18.9 million (4%) from the balance of P470.6 million as at December 31, 2023. Loans payable were availed by PinoyLotto to fund its capital expenditures for the nationwide lottery system. The decrease is due to the payment of principal for the period offset by the drawdown of a new loan.

**Net retirement liability**

Net retirement liability decreased by P12.7 million (309%) to P8.6 million net retirement liability as at September 30, 2024 from P4.1 million net retirement asset as at December 31, 2023 because of retirement expense accrued for the period.

**EQUITY**

Total equity of the Company decreased by P96.3 million (8%) to P1,079.4 million as at September 30, 2024 from P1,175.7 million as at December 31, 2023. The decrease is due to the cash dividends paid during the period and the increase in the cost of parent company shares held by a subsidiary.

**Cash Flows for the Nine Months Ended September 30, 2024 vs. September 30, 2023**

The Group's cash balance as of September 30, 2024 of P577.3 million was higher by P177.3 million (44%) compared to the cash balance of P399.9 million in September 30, 2023, due to the proceeds from sale of PLC shares.

**Discussion and Analysis of Material Events and Uncertainties Known to Management**

The equipment lease agreement between Pacific Online with the Philippine Charity Sweepstakes Office (PCSO) expired effective October 1, 2023. In its place, PinoyLotto, a joint operations company owned by Pacific Online, Philippine Gaming Management Corp (PGMC) and International Lottery & Totalizator Systems, Inc. (ILTS) has started nationwide operations in providing lottery equipment to PCSO.

On August 30, 2023, Pacific Online signed a Memorandum of Agreement (MOA) with PCSO in connection with the latter's implementation of a Trial Run for a Web-Based Application Betting Platform (WABP), during which Pacific Online will be acting as PCSO's exclusive agent. Through the WABP, the PCSO aims to develop and promote more marketable, adaptable, resilient, and trendy betting platforms, considering the evolution of the gaming market and the advancements in technology. The trial period commenced on December 15, 2023.

In May 2024, PCSO published an invitation to bid for the 5-year lease of the web-based application program (WABP). Pacific Online participated in the bidding process, and on September 19, 2024, Pacific Online received the Notice of Award for the bid of the 5-year lease.

As of July 12, 2024, the trial period for the WABP ended upon the instructions of PCSO as it gears toward making the E-Lotto services better and as it transitions to a new platform. The WABP trial system does not accept bets anymore, but remains to be open until July 31, 2024 to enable players to cash out of their E-Lotto wallets.

Except for what has been noted above, 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:

1. Known trends, demands, commitments, events or uncertainties that would have a material impact on the Group;
2. Material commitments for capital expenditures that are reasonably expected to have a material impact on the Group's short-term or long-term liquidity;
3. Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations;
4. Significant elements of income or loss that did not arise from the Group's continuing operations;
5. Seasonal aspects that had a material impact on the Group's results of operations;
6. Material changes in the financial statements of the Group for the periods ended December 31, 2023 to September 30, 2024;
7. Any events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation; and
8. Any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period.

#### **Key Performance Indicators**

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

| <b>Liquidity &amp; Financial Leverage Ratios</b> | <b>The manner by which the Company calculates the performance indicators</b> | <b>30 September 2024</b> | <b>31 December 2023</b> |
|--|--|--------------------------|-------------------------|
| Current ratio                                    | Current assets over current liabilities                                      | <b>2.99:1</b>            | 3.02:1                  |
| Debt to equity ratio                             | Total interest-bearing debt over total equity                                | <b>0.42:1</b>            | 0.40:1                  |
| Asset-to-equity ratio                            | Total assets over total equity   | <b>1.65:1</b>            | 1.62:1                  |
| Solvency ratio                                   | Total assets over total liabilities  | <b>2.55:1</b>            | 2.62:1                  |
| Operating income margin                          | Operating income over revenues   | <b>7.19%</b>             | 42.19%                  |
| Net profit (loss) margin                         | Net income (loss) over revenues  | <b>0.97%</b>             | 48.59%                  |
| Return on equity                                 | Net income (loss) over total equity  | <b>0.35%</b>             | 19.41%                  |
| Return on assets                                 | Net income (loss) over total assets  | <b>0.21%</b>             | 12.00%                  |

## PART II - OTHER INFORMATION

### Financial Instruments

#### Financial Risk Management Objectives and Policies

The financial instruments mainly comprise cash, trade and other receivables (excluding advances to suppliers, officers and employees) and guarantee and refundable deposits (presented as part of "Other current assets" or "Other noncurrent assets"), investment held for trading and financial assets at FVOCI, trade payables and other current liabilities (excluding statutory payables) and lease liabilities. The main purpose of these financial instruments is to finance the Group's projects and operations.

It is the policy that no trading of financial instruments should be undertaken by the Group. The main risks arising from the financial instruments are credit risk, equity price risk, liquidity risk and foreign currency risk. The BOD reviews and approves policies for managing these risks.

**Credit Risk.** Credit risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The Group does not offer credit terms without the specific approval of the management. There is no significant concentration of credit risk.

With respect to credit risk arising from the financial assets of the Group, which comprise of cash (excluding cash on hand) trade and other receivables (excluding advances to suppliers, officers and employees) and guarantee and refundable deposits (presented as part of "Other current assets" or "Other noncurrent assets"), the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying value of these financial assets.

The table below shows the Group's aging analysis of financial assets.

|                               | September 30, 2024                     |                           |                  |                  |                 |              | Total          |
|-------------------------------|--|---------------------------|------------------|------------------|-----------------|--------------|----------------|
|                               | Neither<br>Past<br>Due nor<br>Impaired | Past Due but not Impaired |                  |                  |                 | Impaired     |                |
|                               |  | Less than<br>30 Days      | 31 to 60<br>Days | 61 to<br>90 Days | Over<br>90 Days |              |                |
| Cash and cash equivalents*    | P576,886,846                           | P—                        | P—               | P—               | P—              | P—           | P576,886,846   |
| Trade and other receivables** | 234,975,772                            | —                         | —                | —                | —               | 115,825,004  | 350,800,776    |
| Refundable deposit***         | 2,683,359                              | —                         | —                | —                | —               | —            | 2,683,359      |
| Guarantee bonds***            | 79,000,000                             | —                         | —                | —                | —               | —            | 79,000,000     |
|                               | P893,545,977                           | P—                        | P—               | P—               | P—              | P115,825,004 | P1,009,370,981 |

\*Excluding cash on hand.

\*\*Excluding advances to suppliers, officers and employees.

\*\*\*Presented under "Other current assets" and/or "Other noncurrent assets" account in the consolidated statement of financial position.

| December 31, 2023             |  |                           |                  |                  |                 |              |              |
|-------------------------------|--|---------------------------|------------------|------------------|-----------------|--------------|--------------|
|                               | Neither<br>Past<br>Due nor<br>Impaired | Past Due but not Impaired |                  |                  |                 | Impaired     | Total        |
|                               |  | Less than<br>30 Days      | 31 to 60<br>Days | 61 to<br>90 Days | Over<br>90 Days |              |              |
| Cash and cash equivalents*    | ₱343,548,614                           | ₱—                        | ₱—               | ₱—               | ₱—              | ₱—           | ₱343,548,614 |
| Trade and other receivables** | 281,668,641                            | —                         | —                | —                | —               | 115,825,004  | 397,163,645  |
| Refundable deposit***         | 3,036,529                              | —                         | —                | —                | —               | —            | 3,036,529    |
| Guarantee bonds***            | 91,000,000                             | —                         | —                | —                | —               | —            | 91,000,000   |
|                               | ₱718,923,784                           | ₱—                        | ₱—               | ₱—               | ₱—              | ₱115,825,004 | ₱834,748,788 |

\*Excluding cash on hand.

\*\*Excluding advances to suppliers, officers and employees.

\*\*\*Presented under "Other current assets" and/or "Other noncurrent assets" account in the consolidated statement of financial position.

Financial assets are considered past due when collections are not received on due date.

#### Credit Quality of Financial Assets

The financial assets are grouped according to stage whose description is explained as follows:

Stage 1 - those that are considered current and up to 30 days past due, and based on change in rating, delinquencies and payment history, do not demonstrate significant increase in credit risk.

Stage 2 - those that, based on change in rating, delinquencies and payment history, demonstrate significant increase in credit risk, and/or are considered more than 30 days past due but does not demonstrate objective evidence of impairment as of reporting date

Stage 3 - those that are considered in default or demonstrate objective evidence of impairment as of reporting date.

The credit quality of the Group's financial assets are as follows:

|                                    | September 30, 2024 |              |              |                 |
|------------------------------------|--------------------|--------------|--------------|-----------------|
|                                    | ECL Staging        |              |              |                 |
|                                    | Stage 1            | Stage 2      | Stage 3      |                 |
|                                    | 12-month ECL       | Lifetime ECL | Lifetime ECL | Total           |
| Financial Assets at Amortized Cost |                    |              |              |                 |
| Cash and cash equivalents*         | ₱ 576,886,846      | ₱—           | ₱—           | ₱ 576,886,846   |
| Trade and other receivables-net**  | 234,975,772        | —            | 115,825,004  | 350,800,776     |
| Refundable deposit ***             | 2,683,359          | —            | —            | 2,683,359       |
| Guarantee bonds***                 | 79,000,000         | —            | —            | 79,000,000      |
| Gross Carrying Amount              | ₱ 893,545,977      | ₱—           | ₱115,825,004 | ₱ 1,009,370,981 |

\*Excluding cash on hand.

\*\*Excluding advances to contractors, suppliers, officers and employees.

\*\*\*Presented under "Other current assets" and/or "Other noncurrent assets" account in the consolidated statement of financial position.

| December 31, 2023                         |                     |              |                     |                     |
|---|---------------------|--------------|---------------------|---------------------|
| ECL Staging                               |                     |              |                     |                     |
|   | Stage 1             | Stage 2      | Stage 3             |                     |
|   | 12-month ECL        | Lifetime ECL | Lifetime ECL        | Total               |
| <b>Financial Assets at Amortized Cost</b> |                     |              |                     |                     |
| Cash and cash equivalents*                | P343,548,614        | P–           | P–                  | P343,548,614        |
| Trade and other receivables-net**         | 281,338,641         | –            | 115,825,004         | 397,163,645         |
| Refundable deposit ***                    | 3,036,529           | –            | –                   | 3,036,529           |
| Guarantee bonds***                        | 91,000,000          | –            | –                   | 91,000,000          |
| <b>Gross Carrying Amount</b>              | <b>P718,923,784</b> | <b>P–</b>    | <b>P115,825,004</b> | <b>P834,748,788</b> |

\*Excluding cash on hand.

\*\*Excluding advances to contractors, suppliers, officers and employees.

\*\*\*Presented under "Other current assets" and/or "Other noncurrent assets" account in the consolidated statement of financial position.

High grade financial assets pertain to receivables from clients or customers who have no history of delayed payment while medium grade includes receivables from clients or customers who have history of delayed payment but is currently updated.

Cash in banks are deposited with the top ten banks in the Philippines; hence, considered high grade.

Quoted marketable securities and financial assets at FVOCI are assessed as high grade based on financial status of the counterparty and its current stock price performance in the market.

**Equity Price Risk.** Equity price risk is the risk that the fair value of quoted marketable securities and financial assets at FVOCI in listed equities decreases as a result of changes in the value of individual stock. The Group's exposure to equity price risk relates primarily to the Group's marketable securities. The Group monitors the equity investments based on market expectations. Significant movements within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the BOD.

The following table demonstrates the sensitivity to a reasonably possible change in equity price, with all other variables held constant, of the Group's 2024 and 2023 consolidated total comprehensive income before income tax:

| Increase (Decrease) in Equity Price | Sep. 30, 2024 | Dec. 31, 2023 |
|-------------------------------------|---------------|---------------|
| Impact in profit or loss            |               |               |
| 5%                                  | P2,192,058    | P5,022,327    |
| (5%)                                | (2,192,058)   | (5,022,327)   |
| Impact in comprehensive income      |               |               |
| 8%                                  | -             | 19,008,007    |
| (8%)                                | -             | (19,008,007)  |

**Liquidity Risk.** Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group seeks to manage its liquidity profile to be able to finance its capital expenditures and service its maturing debts. The Group's objective is to maintain a balance between continuity of funding and flexibility through valuation of projected and actual cash flow information. The Group considers obtaining borrowings as the need arises.

The table also analyzes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

| September 30, 2024                            |                    |              |              |                     |               |
|---|--------------------|--------------|--------------|---------------------|---------------|
|   | Less than 3 months | 3-6 months   | 6-12 months  | More than 12 months | Total         |
| Trade payables and other current liabilities* | ₱168,732,691       | ₱ 521,003    | ₱-           | ₱ 51,551,214        | ₱ 220,804,908 |
| Loan payable                                  | 34,745,098         | 34,745,098   | 69,490,197   | 312,705,882         | 451,686,275   |
| Lease liabilities                             | 142,390            | -            | -            | -                   | 142,390       |
|   | ₱203,620,179       | ₱ 35,266,101 | ₱ 69,490,197 | ₱ 364,257,096       | ₱ 672,633,573 |

\*excluding statutory payables

| December 31, 2023                             |                    |            |              |                     |              |
|---|--------------------|------------|--------------|---------------------|--------------|
|   | Less than 3 months | 3-6 months | 6-12 months  | More than 12 months | Total        |
| Trade payables and other current liabilities* | ₱168,761,749       | ₱-         | ₱67,500,000  | ₱-                  | ₱236,261,749 |
| Loan payable                                  | -                  | -          | 58,823,529   | 411,764,707         | 470,588,236  |
| Lease liabilities                             | 73,576             | 73,756     | 146,971      | 208,495             | 502,798      |
|   | ₱168,835,325       | ₱73,756    | ₱126,470,500 | ₱411,973,202        | ₱707,352,783 |

\*excluding statutory payables

**Foreign Currency Risk.** Foreign currency risk is the risk that the fair value or future cash flows of financial asset or financial liability will fluctuate due to changes in foreign exchange rates.

As at September 30, 2024 and December 31, 2023, foreign currency-denominated financial asset and financial liability in US dollars, translated into Philippine peso at the closing rate:

|   | Sep. 30, 2024 |                 | Dec. 31, 2023 |                 |
|---|---------------|-----------------|---------------|-----------------|
|   | USD           | Peso Equivalent | USD           | Peso Equivalent |
| Cash and cash equivalents                             | \$ 20,011     | ₱1,119,818      | \$989,831     | ₱54,608,951     |
| Software license fee payable*                         | -             | -               | (160,700)     | (8,865,861)     |
| Net foreign currency-denominated assets (liabilities) | \$20,011      | ₱1,119,818      | \$829,131     | ₱45,743,090     |

\*Presented under "Trade payables and other current liabilities" account.

In translating the foreign currency-denominated financial liabilities into peso amounts, the exchange rate used was ₱55.96 to US\$1.0 and ₱55.17 to US\$1.0, as at September 30, 2024 and December 31, 2023, respectively.

It is the Group's policy to ensure that capabilities exist for active but conservative management of its foreign currency risk. The Group seeks to mitigate its transactional currency exposure by maintaining its costs at consistently low levels, regardless of any upward or downward movement in the foreign currency exchange rate.

The following table demonstrates the sensitivity to a reasonably possible change in the U.S. dollar exchange rates, with all other variables held constant, of the Group's consolidated income before tax as at September 30, 2024 and December 31, 2023. There is no other impact on the Group's equity other than those already affecting the profit or loss in the consolidated statement of comprehensive income.

|                                    | Sep. 30, 2024         |                       | Dec. 31, 2023         |                       |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                    | Increase in US\$ Rate | Decrease in US\$ Rate | Increase in US\$ Rate | Decrease in US\$ Rate |
| Change in US\$ rate*               | 5%                    | (5%)                  | 5%                    | (5%)                  |
| Effect on income before income tax | ₱ 55,991              | (₱55,991)             | ₱2,287,155            | (₱2,287,155)          |

The increase in US\$ rate means stronger US dollar against peso while the decrease in US\$ means stronger peso against the US dollar.

### **Capital Management**

The primary objective of the Group's capital management is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes made in the objectives, policies or processes in 2024 and 2023.

The Group considers the following as its capital:

|   | Sep. 30, 2024        | Dec. 31, 2023        |
|---|----------------------|----------------------|
| Common stock  | <b>₱895,330,946</b>  | <b>₱895,330,946</b>  |
| Additional paid-in capital                                | <b>254,640,323</b>   | <b>254,640,323</b>   |
| Cost of Parent Company common shares held by a subsidiary | <b>(384,595,174)</b> | <b>(285,267,558)</b> |
|   | <b>₱765,376,095</b>  | <b>₱864,703,711</b>  |

### **Fair Value of Assets and Financial Liabilities**

Set out below is a comparison by category and by class of carrying values and fair values of the Group's assets and financial liabilities:

|   | Sep. 30, 2024       |                     | Dec. 31, 2023         |                       |
|---|---------------------|---------------------|-----------------------|-----------------------|
|   | Carrying Amount     | Fair Value          | Carrying Amount       | Fair Value            |
| <b>Financial Assets</b>                         |                     |                     |                       |                       |
| <b>At amortized cost:</b>                       |                     |                     |                       |                       |
| Cash and cash equivalents                       | <b>₱577,271,576</b> | <b>₱577,271,576</b> | <b>₱343,945,679</b>   | <b>₱343,945,679</b>   |
| Trade and other receivables*                    | <b>234,975,772</b>  | <b>234,975,772</b>  | <b>281,338,641</b>    | <b>281,338,641</b>    |
| Refundable security deposits**                  | <b>2,683,359</b>    | <b>2,683,359</b>    | <b>3,036,529</b>      | <b>3,036,529</b>      |
| Guaranteed deposits**                           | <b>79,000,000</b>   | <b>79,000,000</b>   | <b>91,000,000</b>     | <b>91,000,000</b>     |
| <b>At FVPL</b>                                  |                     |                     |                       |                       |
| Investment held for trading                     | <b>43,841,158</b>   | <b>43,841,158</b>   | <b>100,012,769</b>    | <b>100,012,769</b>    |
| <b>At FVOCI</b>                                 |                     |                     |                       |                       |
| Financial assets at FVOCI                       | <b>-</b>            | <b>-</b>            | <b>237,600,090</b>    | <b>237,600,090</b>    |
|   | <b>₱937,771,865</b> | <b>₱937,771,865</b> | <b>₱1,056,933,708</b> | <b>₱1,056,933,708</b> |
| <b>Financial Liabilities</b>                    |                     |                     |                       |                       |
| <b>At amortized cost:</b>                       |                     |                     |                       |                       |
| Trade payables and other current liabilities*** | <b>₱220,804,908</b> | <b>₱220,804,908</b> | <b>₱236,261,749</b>   | <b>₱236,261,749</b>   |
| Loan payable                                    | <b>451,686,275</b>  | <b>451,686,275</b>  | <b>470,588,236</b>    | <b>463,882,778</b>    |
| Lease liabilities                               | <b>142,390</b>      | <b>142,390</b>      | <b>502,798</b>        | <b>502,798</b>        |
|   | <b>₱672,633,573</b> | <b>₱672,633,573</b> | <b>₱707,352,783</b>   | <b>₱700,673,788</b>   |

\*Excluding advances to suppliers, officers and employees.

\*\*Presented under "Other current assets" and/or "Other noncurrent assets" account in the consolidated statements of financial position.

\*\*\*Excluding statutory payables

The Group has no financial liabilities measured at fair value as at September 30, 2024 and December 31, 2023. There were no transfers between fair value measurements as at September 30, 2024 and December 31, 2023.

The following methods and assumptions are used to estimate the fair value of each class of financial assets and financial liabilities:



*Cash, Trade and Other Receivables, Trade Payables and Other Current Liabilities (excluding Statutory Payables).* The carrying values of these financial instruments approximate their fair values due to the relatively short-term maturities of these financial assets and financial liabilities.

*Financial Assets at FVPL and Financial Assets at FVOCI.* The fair values of Financial Assets at FVPL and financial assets at FVOCI in quoted equity shares are based on quoted prices in the PSE or those shares whose prices are readily available from brokers or other regulatory agency as at reporting date. There are no quoted market prices for the unlisted shares and there are no other reliable sources of their fair values, therefore, these are carried at cost, net of any impairment loss.

*Loan Payable and Lease Liabilities.* The fair values are based on the discounted value of expected future cash flows using the applicable interest rate for similar types of instruments. Discount rate used for loan payable is 8.6% and 5.31% in 2024 and 2023, respectively.

## **Other Required Disclosures**

1. The attached interim financial reports were prepared in compliance with Philippine Financial Reporting Standards (PFRS).


The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements and have been applied consistently by the Group entities.


2. Except as reported in the Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD & A"), there were no unusual items affecting assets, liabilities, equity, net income or cash flows for the interim period.
3. There were no material changes in estimates of amounts reported in prior periods that have material effects in the current interim period.
4. Except as disclosed in the MD & A, there were no other issuance, repurchases and repayments of debt and equity securities.
5. Except as disclosed in the MD & A, there were no material events that occurred subsequent to September 30, 2024 and up to the date of this report that need disclosure herein.
6. Except as disclosed in the MD & A, there were no changes in the composition of the Group since September 30, 2024, such as business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructuring, and discontinued operations.
7. There were no changes in contingent liabilities or contingent assets since September 30, 2024.
8. Except as disclosed in the MD & A, there exist no material contingencies and other material events or transactions affecting the current interim period.


## SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer: **PACIFIC ONLINE SYSTEMS CORPORATION**

  
**WILLY N. OCIER**  
Chairman of the Board  
Date: October 25, 2024


  
**ARMIN ANTONIO B. RAQUEL SANTOS**  
President and Chief Executive Officer  
Date: October 25, 2024

  
**DIOVILLE M. VILLARIAS**  
Chief Financial Officer and Treasurer  
Date: October 25, 2024

**PASIG CITY**

SUBSCRIBED AND SWORN TO BEFORE ME, AT  
THIS DAY OF \_\_\_\_\_, AFFIANT EXHIBITING TO ME  
HIS/HER COMPLETE \_\_\_\_\_ EVIDENCE OF IDENTITY NO. \_\_\_\_\_  
ISSUED **OCT 25 2024**

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Page No. 6  
Book No. 30  
Series of my

  
**AUDENCIO A. BARBOZA, JR.**  
NOTARY PUBLIC  
Cities of Pasig, San Juan and  
in the Municipality of Pateros, Metro Manila  
Until December 31, 2024  
PTR No. 0112601 / 01/02/2024 Pasig City  
BP No. 326534 / 12/11/2023 For Year 2024/RSM  
Roll No. 41969  
MCLE Comp. VII-0028557/April 19, 2023  
No. 11, Unit J Freemont Arcade Bldg.  
Pasig City, Pasig City

**PACIFIC ONLINE SYSTEMS CORPORATION AND SUBSIDIARIES**  
**Consolidated Statements of Financial Position**

|   | Sep. 30, 2024  | Dec. 31, 2023  |
|---|----------------|----------------|
| <b>ASSETS</b>   |                |                |
| <b>Current Assets</b>   |                |                |
| Cash and cash equivalents   | P577,271,576   | P343,945,679   |
| Investments held for trading  | 43,841,158     | 100,012,769    |
| Trade and other receivables   | 238,564,665    | 284,426,917    |
| Creditable withholding taxes (CWTs)                                       | 129,324,129    | 101,764,077    |
| Other current assets  | 139,846,481    | 118,272,603    |
| Total Current Assets  | 1,128,848,009  | 948,422,045    |
| <b>Noncurrent Assets</b>  |                |                |
| Financial assets at fair value through other comprehensive income (FVOCI) | -              | 237,600,090    |
| Property and equipment  | 644,500,505    | 706,208,497    |
| Right-of-use (ROU) assets   | 141,118        | 541,486        |
| Net retirement asset  | -              | 4,098,008      |
| Net deferred tax assets   | -              | 426,979        |
| Other noncurrent assets   | 4,330,358      | 4,482,115      |
| Total Noncurrent Assets   | 648,971,981    | 953,357,175    |
|   | P1,777,819,990 | P1,901,779,220 |
| <b>LIABILITIES AND EQUITY</b>   |                |                |
| <b>Current Liabilities</b>  |                |                |
| Trade payables and other current liabilities                              | P237,951,497   | P254,980,348   |
| Current portion of loan payable   | 138,980,392    | 58,823,529     |
| Current portion of lease liabilities                                      | 142,390        | 294,303        |
| Total Current Liabilities   | 377,074,279    | 314,098,180    |
| <b>Noncurrent Liabilities</b>   |                |                |
| Loan payable - net of current portion                                     | 312,705,882    | 411,764,707    |
| Lease liabilities - net of current portion                                | -              | 208,495        |
| Net retirement liability  | 8,571,377      | -              |
| Net deferred tax liabilities  | 37,625         | -              |
| Total Noncurrent Liabilities  | 321,314,884    | 411,973,202    |
| Total Liabilities   | 698,389,163    | 726,071,382    |

(Forward)

|  | Sep. 30, 2024         | Dec. 31, 2023         |
|--|-----------------------|-----------------------|
| <b>Equity Attributable to Equity Holders of the Parent Company</b> |                       |                       |
| Capital stock  | ₱895,330,946          | ₱895,330,946          |
| Additional paid-in capital   | 254,640,323           | 254,640,323           |
| Cost of Parent Company common shares held by a subsidiary          | (384,595,174)         | (285,267,558)         |
| Other equity reserves  | 10,339,353            | (224,052,317)         |
| Retained earnings  | 300,317,598           | 530,917,448           |
|  | 1,076,033,046         | 1,171,568,842         |
| <b>Non-controlling Interest</b>                                    | 3,397,781             | 4,138,996             |
| <b>Total Equity</b>  | <b>1,079,430,827</b>  | <b>1,175,707,838</b>  |
|  | <b>₱1,777,819,990</b> | <b>₱1,901,779,220</b> |

**PACIFIC ONLINE SYSTEMS CORPORATION AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income (Unaudited)**  
**For the nine months ended September 30, 2024 and 2023**

|   | Nine Months Ended Sep 30 |                     | This Quarter        |                     |
|---|--------------------------|---------------------|---------------------|---------------------|
|   | 2024                     | 2023                | 2024                | 2023                |
| <b>REVENUES</b>   |                          |                     |                     |                     |
| Equipment rentals   | P388,392,857             | P469,756,756        | P129,285,715        | P158,983,577        |
| <b>Total Revenues</b>                                       | <b>P388,392,857</b>      | <b>P469,756,756</b> | <b>P129,285,715</b> | <b>P158,983,577</b> |
| <b>COSTS AND EXPENSES</b>                                   |                          |                     |                     |                     |
| Personnel costs   | 59,521,496               | 59,259,299          | 17,347,750          | 18,211,439          |
| Software and license fees                                   | 35,264,926               | 59,648,560          | 8,538,754           | 19,830,610          |
| Operating supplies  | 1,691,931                | 3,299,762           | (753,134)           | 602,768             |
| Depreciation and amortization                               | 114,491,832              | 3,072,644           | 39,215,411          | 466,015             |
| Communications  | 54,419,768               | 29,842,937          | 16,254,284          | 10,773,531          |
| Travel and accommodation                                    | 14,781,095               | 23,458,385          | 4,346,563           | 4,454,367           |
| Rent and utilities  | 22,210,962               | 19,109,079          | 7,111,398           | 6,823,397           |
| Repairs and maintenance                                     | 38,512,266               | 24,276,512          | 11,049,529          | 16,657,318          |
| Taxes and licenses  | 5,739,200                | 3,409,221           | 1,919,240           | 1,100,632           |
| Entertainment and representation                            | 2,549,802                | 30,320              | 300,894             | (56,074)            |
| Professional fees   | 5,605,493                | 4,088,361           | 937,703             | 1,533,580           |
| Marketing and promotion                                     | 149,129                  | -                   | -                   | -                   |
| Pre-operating expenses                                      | -                        | 40,863,370          | -                   | 16,586,259          |
| Directors fees  | 1,199,673                | 1,162,418           | 377,778             | 348,039             |
| Others  | 4,312,799                | 51,958              | 2,112,369           | 18,187              |
| <b>Total Costs and Expenses</b>                             | <b>360,450,372</b>       | <b>271,572,826</b>  | <b>108,758,539</b>  | <b>97,350,068</b>   |
| <b>OPERATING INCOME</b>                                     | <b>27,942,485</b>        | <b>198,183,930</b>  | <b>20,527,175</b>   | <b>61,633,509</b>   |
| <b>OTHER INCOME (CHARGES)</b>                               |                          |                     |                     |                     |
| Dividend income   | -                        | 18,947,664          | -                   | -                   |
| Interest income   | 8,388,355                | 3,701,394           | 4,617,238           | 1,204,216           |
| Finance charges   | (28,893,203)             | (24,947)            | (8,421,343)         | (50)                |
| Marked-to-market gain (loss) on marketable securities       | 144,633                  | 45,766,343          | (2,721,754)         | 39,473,858          |
| Others – net  | 2,414,993                | 22,011,166          | (7,737,434)         | 641,531             |
| <b>Total Other Income (Charges)</b>                         | <b>(17,945,222)</b>      | <b>90,401,620</b>   | <b>(14,263,293)</b> | <b>41,319,555</b>   |
| <b>INCOME BEFORE INCOME TAX</b>                             | <b>9,997,263</b>         | <b>288,585,551</b>  | <b>6,263,883</b>    | <b>102,953,064</b>  |
| <b>INCOME TAX EXPENSE (BENEFIT)</b>                         |                          |                     |                     |                     |
| Current   | 6,234,122                | 61,629,010          | 2,274,653           | 20,201,365          |
| Deferred  | -                        | (1,286,880)         | -                   | -                   |
|   | 6,234,122                | 60,342,130          | 2,274,653           | 20,201,365          |
| <b>NET INCOME (LOSS)</b>                                    | <b>P3,763,141</b>        | <b>P228,243,420</b> | <b>P3,989,230</b>   | <b>P82,751,699</b>  |
| <b>Attributable to:</b>                                     |                          |                     |                     |                     |
| Equity holders of the Parent Company                        | 4,504,356                | 226,973,105         | 5,065,331           | 81,832,854          |
| Non-controlling interests                                   | (741,215)                | 1,270,315           | (1,076,101)         | 918,845             |
|   | <b>P3,763,141</b>        | <b>P228,243,420</b> | <b>P3,989,230</b>   | <b>P82,751,699</b>  |
| <b>Attributable to Equity Holders of the Parent Company</b> |                          |                     |                     |                     |
| Basic / diluted earnings (loss) per share                   | P0.0055                  | P0.2687             | P0.0062             | P0.0969             |

**PACIFIC ONLINE SYSTEMS CORPORATION AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income (Unaudited)**  
**For the nine months ended September 30, 2024 and 2023**

|   | Nine Months Ended Sep 30 |                     | This Quarter      |                    |
|---|--------------------------|---------------------|-------------------|--------------------|
|   | 2024                     | 2023                | 2024              | 2023               |
| <b>NET INCOME (LOSS)</b>                                | <b>P3,763,141</b>        | <b>P228,243,420</b> | <b>P3,989,230</b> | <b>P82,751,699</b> |
| <b>OTHER COMPREHENSIVE INCOME</b>                       |                          |                     |                   |                    |
| Items that will never be reclassified to profit or loss |                          |                     |                   |                    |
| Fair value gain (loss) on investment in shares of stock | -                        | 39,600,015          | -                 | 7,542,860          |
| Remeasurements of retirement benefits, net of tax       | -                        | -                   | -                 | -                  |
|   | -                        | 39,600,015          | -                 | 7,542,860          |
| <b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>                | <b>P3,763,141</b>        | <b>P267,843,435</b> | <b>P3,989,230</b> | <b>P90,294,559</b> |
| <b>Attributable to:</b>                                 |                          |                     |                   |                    |
| Equity holders of the Parent Company                    | 4,504,357                | 266,573,120         | 5,065,331         | 89,375,714         |
| Non-controlling interests                               | (741,215)                | 1,270,315           | (1,076,101)       | 918,845            |
|   | <b>P3,763,141</b>        | <b>P267,843,435</b> | <b>P3,989,230</b> | <b>P90,294,559</b> |

**PACIFIC ONLINE SYSTEMS CORPORATION AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Equity (Unaudited)**

|  | Sep. 30, 2024         | Sep. 30, 2023         |
|--|-----------------------|-----------------------|
| <b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS<br/>OF THE PARENT COMPANY:</b>        |                       |                       |
| <b>CAPITAL STOCK</b>   | <b>₱895,330,946</b>   | <b>₱895,330,946</b>   |
| <b>ADDITIONAL PAID-IN CAPITAL</b>  | <b>254,640,323</b>    | <b>254,640,323</b>    |
| <b>COST OF PARENT COMPANY SHARES HELD BY SUBSIDIARIES</b>                      | <b>(384,595,174)</b>  | <b>(285,267,558)</b>  |
| <b>OTHER EQUITY RESERVES</b>   |                       |                       |
| <b>Cumulative Unrealized Valuation Losses on<br/>Financial Assets at FVOCI</b> |                       |                       |
| Balance at beginning of year   | (234,391,670)         | (292,848,835)         |
| Unrealized valuation gains (losses)  | -                     | 39,600,015            |
| Realized portion of the fair value reserve                                     | 234,391,670           | -                     |
| Balance at end of period   | -                     | (253,248,820)         |
| <b>Cumulative Remeasurement Gains (Losses)<br/>On Retirement Benefits</b>      |                       |                       |
| Balance at beginning of year   | 7,728,999             | 16,962,065            |
| Net remeasurement gains (losses)   | -                     | -                     |
| Balance at end of period   | 7,728,999             | 16,962,065            |
| <b>Other Reserves</b>  | <b>2,610,354</b>      | <b>2,610,354</b>      |
|  | <b>10,339,353</b>     | <b>(233,676,401)</b>  |
| <b>RETAINED EARNINGS</b>   |                       |                       |
| Balance at beginning of year   | 530,917,448           | 342,701,848           |
| Net income (loss)  | 4,504,356             | 226,973,105           |
| Dividends declared   | (83,683,996)          | (84,486,396)          |
| Realized portion of the fair value reserve                                     | (151,420,210)         | -                     |
| Balance at end of period   | 300,317,598           | 485,188,557           |
| <b>NON-CONTROLLING INTEREST</b>  |                       |                       |
| Balance at beginning of year   | 4,138,996             | 1,976,176             |
| Share in net income (loss)   | (741,215)             | 1,270,315             |
| Balance at end of period   | 3,397,781             | 3,246,491             |
|  | <b>₱1,079,430,828</b> | <b>₱1,119,462,358</b> |



**PACIFIC ONLINE SYSTEMS CORPORATION AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows (Unaudited)**  
**For the nine months ended September 30, 2024 and 2023**

|  | For the nine months ended<br>September 30 |                     |
|--|---|---------------------|
|  | 2024                                      | 2023                |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                          |   |                     |
| Income (Loss) before income tax                                      | ₱9,997,263                                | ₱288,585,551        |
| Adjustments for:   |   |                     |
| Depreciation and amortization  | 114,892,200                               | 3,099,365           |
| Retirement benefits  | 3,285,507                                 | 5,176,049           |
| Finance charges  | 28,893,203                                | 24,947              |
| Unrealized foreign exchange loss (gain)                              | (690,205)                                 | 108,119             |
| Interest income  | (8,388,355)                               | (3,701,394)         |
| Marked-to-market losses (gains) on investments held for trading      | (144,633)                                 | (45,766,343)        |
| Dividend income  | -   | (18,947,664)        |
| Gain on sale of property and equipment                               | (244,667)                                 | 27,822              |
| Gain on sale of investments held for trading                         | (855,410)                                 | (250,200)           |
| Operating income (loss) before working capital changes               | 146,714,903                               | 228,356,253         |
| Decrease (increase) in:  |   |                     |
| Trade and other receivables  | 45,862,252                                | 2,036,729           |
| Other current assets   | (21,573,879)                              | (20,964,202)        |
| Other noncurrent assets  | 151,756                                   | (424,572,531)       |
| Increase (decrease) in:  |   |                     |
| Trade and other payables   | (17,028,853)                              | (17,604,769)        |
| Net cash generated from (used for) operations                        | 154,126,179                               | (232,748,520)       |
| Retirement contributions   | 9,383,879                                 | (10,000,000)        |
| Interest received  | 8,388,355                                 | 3,701,394           |
| Income tax paid  | (33,329,569)                              | (28,699,586)        |
| Net cash provided by (used in) operating activities                  | 138,568,844                               | (267,746,712)       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                          |   |                     |
| Dividends received   | -   | 18,947,664          |
| Proceeds from sale of:   |   |                     |
| Investments held for trading   | 57,201,653                                | 1,546,000           |
| Property and equipment   | 244,667                                   | 132,500             |
| Financial assets at fair value through                               | 320,571,550                               | -                   |
| Acquisitions of:   |   |                     |
| Treasury Shares  | (99,327,616)                              | -                   |
| Property and equipment   | (52,783,839)                              | (602,931)           |
| Net cash flows provided by (used in) investing activities            | 225,906,415                               | 20,023,234          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                          |   |                     |
| Proceeds from loan availments  | 80,000,000                                | 432,500,000         |
| Loan payments  | (98,901,962)                              | -                   |
| Cash dividend paid   | (83,683,996)                              | (84,486,396)        |
| Payment of lease liabilities   | (360,408)                                 | (1,891,442)         |
| Finance charges paid   | (28,893,201)                              | (24,897)            |
| Net cash flows provided by (used in) financing activities            | (131,839,567)                             | 346,097,215         |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>          | 232,635,692                               | 98,816,345          |
| <b>CASH AT BEGINNING OF YEAR</b>                                     | 343,945,679                               | 301,656,383         |
| <b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b> | 690,205                                   | (108,119)           |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>                    | <b>₱577,271,576</b>                       | <b>₱445,655,689</b> |

**PACIFIC ONLINE SYSTEMS CORPORATION**  
**Attachments to Unaudited Financial Statements**  
**Trade and Other Receivables**  
**As of September 30, 2024**

**1.) Schedule of Trade and Other Receivables**

|   | <b>Amount</b>       |
|---|---------------------|
| <b>a.) Trade and Nontrade Receivables</b> |                     |
| 1.) Trade receivables                     | P115,206,024        |
| 2.) Nontrade receivable                   | 119,500,000         |
|   | <b>234,706,024</b>  |
| <b>b.) Other Receivables</b>              |                     |
| 1.) Advances to officers and employees    | 1,193,406           |
| 2.) Advances to contractors and suppliers | 248,097             |
| 3.) Other receivables                     | 2,417,138           |
|   | <b>3,858,641</b>    |
| <b>Total</b>                              | <b>P238,564,665</b> |

**2.) Description of other receivables**

| <i>Types of Receivables</i>               | <i>Nature and Description</i>                                     | <i>Collection / Liquidation Period</i> |
|---|---|--|
| 1.) Advances to officers and employees    | Company loan and other advances granted to officers and employees | Within one (1) year                    |
| 2.) Advances to contractors and suppliers | Non-interest bearing and are subject to liquidation               | Within one (1) year                    |
| 3.) Other receivables                     | Other advances  | Within one (1) year                    |

**3.) Normal operating cycle: 365 days**

**PACIFIC ONLINE SYSTEMS CORPORATION**  
**Attachments to Unaudited Financial Statements**  
**Segment Information**  
**For the period ended September 30, 2024**

The primary segment reporting format is presented based on business segments in which the Group's risks and rates of return are affected predominantly by differences in the products and services provided. Thus, the operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group is engaged in the businesses of leasing lottery equipment to PCSO (leasing activities. Revenue generated from the leasing activities account for 100% of the Group's revenue in 2024.

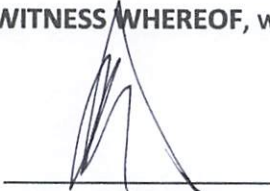
**End of Report**


# Certification

We, **Willy N. Ocier**, Chairman of the Board, **Armin Antonio B. Raquel Santos**, President and Chief Executive Officer, and **Dioville M. Villarias**, Chief Financial Officer and Treasurer of **PACIFIC ONLINE SYSTEMS CORPORATION**, a corporation duly registered under and by virtue of the laws of the Republic of the Philippines, with SEC registration number **AS93008809** and with principal office address at **28<sup>th</sup> Floor East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City**, on oath state:

- 1) That we have caused this **SEC Form 17-Q (Quarterly Report)** for the period ended **September 30, 2024** to be prepared on behalf of **Pacific Online Systems Corporation**;
- 2) That we have read and understood its contents which are true and correct based on our own personal knowledge and/or authentic records;
- 3) That the company, **Pacific Online Systems Corporation**, will comply with the requirements set forth in SEC Notice dated May 12, 2021 to effect a complete and official submission of reports and/or documents through electronic mail;
- 4) That we are fully aware that submitted documents which will require pre-evaluation and/or payment of processing fee shall be considered complete and officially received only upon payment of a filing fee; and
- 5) That the e-mail account designated by the company pursuant to SEC Memorandum Circular No. 28, s.2020 shall be used by the company in its submission to CGFD.

IN WITNESS WHEREOF, we have hereunto set our hands this 25th day of October 2024.


  
\_\_\_\_\_  
**WILLY N. OCIER**

  
\_\_\_\_\_  
**ARMIN ANTONIO B. RAQUEL SANTOS**

  
\_\_\_\_\_  
**DIOVILLE M. VILLARIAS**

**SUBSCRIBED AND SWORN** to before me this 25th day of October 2024, In Pasig City, Philippines.

Doc. No. 29 ;  
Page No. 6 ;  
Book No. 50 ;  
Series of 2024.

  
**GAUDENCIO A. BARBOZA, JR.**  
NOTARY PUBLIC  
Cities of Pasig, San Juan and  
in the Municipality of Pateros, Metro Manila  
Until December 31, 2024  
PTR No. 0112601 / 01/02/2024 Pasig City  
BP No. 326534 / 12/11/2023 For Year 2024/RS:  
Roll No. 41969  
MOLE Comp. VII-0028557/April 19, 2024  
No. 1st, Unit J. Freemont Arcade Bldg.  
Law Blvd. Brgy. San Antonio, Pasig Ci  
Appointment No. 61 (2023-2024)