

**From:** Philippine Stock Exchange <no-reply@pse.com.ph>  
**Sent:** Friday, 2 May 2025 9:09 am

**Subject:** Information Statement

Dear Sir/Madam:

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

Company Name: Pacific Online Systems Corporation  
Reference Number: 0014072-2025  
Date and Time: Friday, May 02, 2025 09:08 AM  
Template Name: Information Statement  
Report Number: CR02980-2025

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 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

28/F East Tower, Philippine Stock Exchange, 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

June 27, 2025, 2:00 p.m., to be conducted virtually/electronically

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

May 27, 2025

10. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor

N/A

Address and Telephone No.

N/A

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
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Common Shares

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**

<b>Date of Stockholders' Meeting</b>	Jun 27, 2025
<b>Type (Annual or Special)</b>	Annual
<b>Time</b>	2:00 p.m.
<b>Venue</b>	to be conducted virtually/electronically
<b>Record Date</b>	May 28, 2025

**Inclusive Dates of Closing of Stock Transfer Books**

<b>Start Date</b>	N/A
<b>End date</b>	N/A

**Other Relevant Information**

-

**Filed on behalf by:**

<b>Name</b>	JASON NALUPTA
<b>Designation</b>	CORPORATE SECRETARY



# COVER SHEET

AS093-008809  
SEC Registration Number

PACIFIC ONLINE SYSTEMS  
CORPORATION

(Company's Full Name)

28 F EAST TOWER, PSE CENTRE  
EXCHANGE RD. ORTIGAS, PASIG

(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 June 27, 2025 (Friday), at 2:00 p.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://www.loto.com.ph/notice-annual-or-special-stockholders-meeting/>

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 2024 Operations and Results (including Audited Financial Statements)
6. Ratification of All Acts of the Board of Directors, Board Committees and Management
7. Election of Directors for 2025-2026
8. Appointment of External Auditors
9. Other Matters
10. Adjournment

The close of business on May 28, 2025 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 <https://asmregister.loto.com.ph> on or before 5:00 p.m. on June 20, 2025. 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](mailto:corporatesecretary@pacificonline.com.ph) on or before 5:00 p.m. on June 19, 2025.

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 <https://asmregister.loto.com.ph>. The e-voting portal will be open until 9:00 in the morning of June 27, 2025.

Validation of proxies is set on June 23, 2025 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 and other pertinent materials for the Annual Stockholders' Meeting, are posted in the Company's website and PSE Edge.

City of Pasig, Metro Manila, April 30, 2025.

**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 June 28, 2024**

Copies of the Minutes of the June 28, 2024 Annual Stockholders' Meeting is currently posted on the Corporation's website (please see link here: <https://www.loto.com.ph/wp-content/uploads/POSC-2024-ASM-minutes.pdf>) and can be viewed at any time. Stockholders will be asked to approve the Minutes of the 2024 Annual Stockholders' Meeting.

### **Agenda Item No. 5. Approval of 2024 Operations and Results (and AFS 2024)**

A report on the highlights of the financial performance of the Corporation for the year ended December 31, 2024 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 37 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 2024 AFS shall also be presented to the Stockholders.

### **Agenda Item No. 6. Ratification of all Acts of the Board of Directors, Board Committees 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, Board Committees and of Management from the date of the Stockholders Meeting held on June 28, 2024 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, Board Committees and Management 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 the appropriate disclosures.

### **Agenda Item No. 7. Election of Directors for 2025 to 2026**

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 June 27, 2025 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 2025. The Stockholders will also be requested to delegate to the Board the authority to approve the appropriate audit fee for 2025.

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](mailto:corporatesecretary@pacificonline.com.ph) (Subject: Questions for ASM 2025) on or before 9:00 am on June 27, 2025. 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 27 June 2025 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. Armin Antonio B. Raquel Santos
- 1.1.3. Tarcisio M. Medalla
- 1.1.4. Henry N. Ocier
- 1.1.5. Antonio Victoriano F. Gregorio III
- 1.1.6. Mischel Gabrielle O. Mendoza
- 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 2024 Operations and Results (including the 2024 Audited Financial Statements)

\_\_\_\_ Yes \_\_\_\_ No \_\_\_\_ Abstain

4. Ratification of all acts and resolutions of the Board of Directors, Board Committees and Management from the date of the last Stockholders' Meeting to June 27, 2025.

\_\_\_\_ Yes \_\_\_\_ No \_\_\_\_ Abstain

5. Appointment of external auditors.

\_\_\_\_ 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 should be received by the Corporate Secretary on or before June 19, 2025 or at least six (6) business days before the date set for the annual meeting as provided in the By-laws. The Chairman of the meeting shall act as the proxy in the event no name is given. This Proxy Form shall be valid for five (5) years from date of signing.

This Proxy need not be notarized, and when properly executed, will be voted in the manner as directed herein by the stockholder(s). If no direction is made, this Proxy will be voted "for" the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the Information Statement and/or as recommended by Management or the Board of Directors. A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised.

**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 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 2025.



## **PACIFIC ONLINE SYSTEMS CORPORATION 2025 ANNUAL STOCKHOLDERS' MEETING**

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

The 2025 Annual Stockholders' Meeting (**ASM**) of Pacific Online Systems Corporation (the "**Company**") will be held on June 27, 2025 at 02:00 P.M. and the Board of Directors of the Corporation has fixed the end of trading hours of the Philippine Stock Exchange, Inc. on May 28, 2025 ("**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.

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 until June 20, 2025, 5:00 p.m. <https://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 2025" to [corporatesecretary@pacificonline.com.ph](mailto:corporatesecretary@pacificonline.com.ph) on or before 9:00 am on June 27, 2025. 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](mailto:corporatesecretary@pacificonline.com.ph).***

***For complete information on the annual meeting, please visit <https://www.loto.com.ph/notice-annual-or-special-stockholders-meeting/>***



**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** : **June 27, 2025 (Friday)**  
    **Time** : **02:00 o'clock in the afternoon**  
    **Place/Platform** : **Videoconferencing via Zoom Webinar**  
    To vote at and attend the 2025 ASM, please register at  
    <https://asmregister.loto.com.ph>
9. Approximate date on which the Information Statement is to be sent or given to security holders:  
    **May 27, 2025**
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
<b><u>Common Stock</u></b>	<b><u>₱1.00 par value</u></b> <b><u>895,330,946 shares (as of March 31, 2025)</u></b>

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

Yes ☒ No ☐

If so disclose name of the Exchange	:	<b><u>The Philippine Stock Exchange, Inc.</u></b>
Class of securities listed	:	<b><u>Common Shares</u></b>

**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 - **June 27, 2025 (Friday)**  
*While the Company's By-Laws states that the annual meeting shall be scheduled every 2<sup>nd</sup> Friday of April, the company scheduled its 2025 annual meeting on June 27, 2025. This is in adherence to its policy and in compliance with the SEC's recommended practice that ASM notices and financial report shall be distributed at least 28 days prior to the meeting date. This schedule was based on the Company's submission to the SEC of its 2024 SEC Form 17A and Sustainability Report on or before April 11, 2025.*
- Time - **02:00 o'clock in the afternoon**  
Place/Platform - **Videoconferencing via Zoom Webinar**

To vote at and attend the 2025 ASM, please register at <https://asmregister.loto.com.ph>

The approximate date on which the Information Statement will be sent or given to security holders is on May 27, 2025.

- (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 **June 27, 2025** 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 2025-2026.
- (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 March 31, 2025, 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 **May 28, 2025**.
- (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 March 31, 2025:

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	<b>PREMIUM LEISURE CORP.</b> <sup>(1)</sup> 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	<b>PCD NOMINEE CORPORATION</b> <sup>(2)</sup> G/F Makati Stock Exchange 6767 Ayala Avenue, Makati City Filipino/Non-Filipino N/A	Various	Filipino and Non-Filipino	327,769,776	36.61
Common	<b>WILLY N. OCIER</b> 28/F East Tower, Tektite Towers Exchange Road, Ortigas Center, Pasig City Filipino Chairman	Willy N. Ocier	Filipino	71,819,750 (direct)	8.02

<sup>(1)</sup> The majority shareholder of Premium Leisure Corp. is Belle Corporation.

<sup>(2)</sup>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 March 31, 2025:

Title of Class	Name of Beneficial Owner	Amount and nature of beneficial ownership as of 31 March 2025			Citizenship	Percent of Class
		Direct	Indirect	Total		
Common	Willy N. Ocier	71,819,750	17,283,950	89,103,700	Filipino	9.95
Common	Armin Antonio B. Raquel-Santos	200	0	200	Filipino	0
Common	Tarcisio M. Medalla	200	100	300	Filipino	0
Common	Antonio Victoriano F. Gregorio III <sup>1</sup>	50,000	0	50,000	Filipino	0
Common	Mischel Gabrielle O. Mendoza	390,000	195,000	585,000	Filipino	0.07
Common	Henry N. Ocier	6,000	1,203,000	1,209,000	Filipino	0.13
Common	Joseph T. Chua	1	289,049	289,050	Filipino	0.03
Common	Maria Gracia M. Pulido Tan	1,000	0	1,000	Filipino	0
Common	Roberto V. Antonio	20,000	0	20,000	Filipino	0
Common	Christopher C. Villaflor	0	0	0	Filipino	0
Common	Dioville M. Villarias	0	0	0	Filipino	0
Common	Jason C. Nalupta	0	0	0	Filipino	0
Common	Ann Margaret K. Lorenzo	0	0	0	Filipino	0
Common	Allan D. Aldea	0	0	0	Filipino	0
Common	Anna Josefina G. Esteban <sup>2</sup>	0	0	0	Filipino	0
Common	Michelle T. Hernandez	0	0	0	Filipino	0
	<b>All Directors and Executive Officers as a group</b>	<b>72,287,151</b>	<b>18,971,099</b>	<b>91,258,250</b>		<b>10.18</b>

<sup>1</sup> elected on February 20, 2025

<sup>2</sup> until February 10, 2025

### (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 March 31, 2025:

Shareholder	Number of Shares	Percent	Beneficial Owner
<b>PREMIUM LEISURE CORP.</b> 5/F Tower A, Two E-Com Center, Palm Coast Avenue, Mall of Asia Complex, Pasay City	448,560,806	50.10	<b>PREMIUM LEISURE CORP.</b>
<b>PCD NOMINEE CORPORATION</b>	327,769,776	36.61	<b>VARIOUS</b>
<b>WILLY N. OCIER</b> 28/F East Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City	71,819,750	8.02	<b>WILLY N. OCIER</b>

### 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 / Non-Executive Director
Armin Antonio B. Raquel Santos	Executive Director / President and CEO
Tarcisio M. Medalla	Non-Executive Director
Henry N. Ocier	Non-Executive Director
Antonio Victoriano F. Gregorio III	Non-Executive Director
Mischel Gabrielle O. Mendoza	Executive Director; Business Development Head, Integrated Management Systems Representative and Chief Risk Officer
Maria Gracia M. Pulido Tan	Lead Independent Director
Roberto V. Antonio	Independent Director
Joseph T. Chua	Independent Director
Dioville M. Villarias	Chief Finance Officer and Treasurer
Jason C. Nalupta	Corporate Secretary
Ann Margaret K. Lorenzo	Assistant Corporate Secretary
Christopher C. Villaflor	Chief Operating Officer
Anna Josefina G. Esteban <sup>1</sup>	Chief Audit Executive
Allan D. Aldea	Data Privacy Officer
Michelle T. Hernandez	Compliance Officer

<sup>1</sup> until February 10, 2025

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

Maria Gracia M. Pulido Tan	Member
Joseph T. Chua	Member

## Board of Directors

The present members of the Board of Directors (“BOD”) were elected during the annual stockholders’ meeting held on June 28, 2024. The term of the current members of the BOD shall be until the next stockholders’ meeting on June 27, 2025.

**Willy N. Ocier**, Filipino, 68, is the Chairman and Director of the Company since July 29, 1999. He served as the Company’s President until October 2021. He is a Chairman and Non-Executive Director of Belle Corporation. He is also the Director and Chairman of Premium Leisure Corp., APC Group, Inc., Premium Leisure and Amusement, Inc., Total Gaming and Technologies, Inc., Pinoy Lotto Technologies Corporation and HHR Philippines, Inc. He is the Chairman and Director of Tagaytay Midlands Golf Club, Inc., and Vice Chairman of Tagaytay Highlands International Golf Club, Inc. and Highlands Prime, Inc. Mr. Ocier is also the Chairman, President, and Chief Executive Officer of Philippine Global Communications, Inc. and Director of DigiPlus Interactive Corp.. He also sits as a Director of the following unaffiliated corporations, IVantage Equities, Philequity Management, 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.

**Armin Antonio B. Raquel Santos**, 57, Filipino, is the Executive Director, and the President and Chief Executive Officer of the Company. He is the Executive Director, President and Chief Executive Officer of Belle Corporation, Premium Leisure Corp. and its subsidiary, Premium Leisure and Amusement, Inc. He is also a Director of APC Group, Inc., Pinoy Lotto Technologies Corporation, HHR Philippines, Inc., Sagittarius Mines, Inc., Tagaytay Highlands International Golf Club, Inc., Manila Golf and Country Club 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.

**Tarcisio M. Medalla**, Filipino, 76, is a non-executive director of the Company. He also is a Director and President of the Paxys, Inc. He is concurrently a Director of UT Global Services Limited, a privately held company with an RHQ in Manila and affiliated with All Asia Customer Services Holdings Ltd., an investment holding company that owns the controlling equity interest in Paxys. He has been connected with the Group since 1983. He graduated with a BSC degree, major in Accounting, from De La Salle University. He attended the Advanced Management Program (AMP) at the Harvard Business School. He is a Certified Public Accountant.

**Henry N. Ocier**, Filipino, 67, is a non-executive 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.

**Atty. Antonio Victoriano F. Gregorio III**, 52, Filipino, is a non-executive director of the Pacific Online effective February 20, 2025. He sits as director and officer in various private and public companies, such as Abacore Capital Holdings Corporation, IPM Holdings Inc, Abacus Coal Exploration and Development Corporation, Abacus Global Technovision, Inc. and others. He graduated from the Ateneo de Manila University (ADMU) with two degrees: Bachelor of Science Major in Management Engineering (Honorable Mention) and Bachelor of Arts Major in Economics – Honors (Cum Laude). He graduated Second Honors from ADMU with a Juris Doctor in 1998, and passed the Bar Exams in 1999.

**Mischel Gabrielle O. Mendoza**, 38, Filipino, became a director in May 2024 and was appointed 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 Abacore Capital Holdings, Inc.,

Total Gaming Technologies, Inc., a subsidiary of Pacific Online, The Country Club at Tagaytay Highlands, Inc., 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.

### **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, Ms. Maria Gracia M. Pulido Tan and Messrs. Roberto V. Antonio and Joseph T. Chua were elected as the Company's independent directors.

**Atty. Maria Gracia M. Pulido Tan**, Filipino, 69 is an independent director of the Company since May 28 2021 and is currently the Lead Independent Director. Ms. Tan is likewise an independent director of Belle Corporation and Premium Leisure Corp. She is also a director of Palm Concepcion Power Corporation, Peak Power Energy, Inc. and Trifels, Inc. She is currently a Trustee of the Justice George A. Malcolm Foundation, Inc., and a member of the Tax Faculty of the Philippine Judicial Academy. She is also an arbitrator for the Construction Industry Authority of the Philippines and the Philippine Center for Dispute Resolution, Inc.; a professional lecturer of the University of the Philippines Law Center; a member of the Philippine Institute of Construction Arbitrators and Mediators, Inc., Society of Construction Law Philippines, Dispute Resolution Board Foundation, Office of Alternative Dispute Resolution, International Tax Specialist Group, and the Philippine Institute of Arbitrators. Atty. Tan is the first woman Chairperson of the Commission on Audit. She also served as Undersecretary of Finance, Commissioner of the Presidential Commission on Good Government and 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 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 accounting practitioner, government official, arbitrator and international consultant. She is an expert in the fields of legal, finance, audit, governance, dispute resolution and administration. She graduated from the University of the Philippines in 1976 with a degree in Bachelor of Science in Business Administration and Accountancy and in 1981 with Juris Doctor. In 1987, she obtained her Master of Laws (Tax) from the New York University. She is a lawyer and Certified Public Accountant.

**Roberto V. Antonio**, Filipino, 63, is an independent director of the Company. He is also an independent director of 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. He independent director of Premium Leisure Corp. until April 22, 2024. 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.

**Joseph T. Chua**, Filipino, 68, is an independent director of the Company since May 2023. He was also an Independent Director and Chairman of the Corporate Governance Committee and Related Party Transactions Committee of Belle Corporation until May 31, 2024. 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.

### **Procedure for the Nomination of Directors**

The procedure for the nomination of directors is as follows:

1. Nomination of directors shall be pre-screened by the Corporate Governance Committee or such other committee of the Board of Directors tasked to review and evaluate nominations for election to the Board of Directors prior to a stockholders' meeting.
2. All nominations shall be submitted to the Corporate Governance Committee by any stockholder of

record to assess and evaluate the qualifications of the nominees.

3. All recommendations for the nomination of independent directors shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.
4. After the nomination, the Corporate Governance Committee shall prepare a List of Candidates which shall contain all the information about all the nominees for election as members of the Board of Directors, which list shall be made available to the SEC and to all stockholders through the filing and distribution of the Information Statement or Proxy Statement, or in such other reports as the Corporation will be required to submit to the SEC.
5. The name of the person or group of persons who recommended the nomination of the independent director(s) shall be identified in such report including any relationship with the nominee.
6. Only nominees whose names appear on the List of Candidates shall be eligible for election as directors. No other nominations for election as director shall be entertained after the List of Candidates shall have been prepared and finalized. No further nominations for election as director shall be entertained or allowed on the floor during the actual annual stockholders' meeting.
7. Any vacancy occurring in the Board of Directors by reason of death, resignation, retirement or disqualification may be filled by the affirmative vote of a majority of the remaining directors constituting a quorum, upon the nomination of the Corporate Governance Committee, provided, that specific slots for independent directors shall not be filled by unqualified nominees. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

### Orientation and Continuing Education

All new directors undergo an orientation program soon after date of election. This is intended to familiarize the new directors on their statutory / fiduciary roles and responsibilities in the Board and its Committees, Belle's strategic plans, enterprise risks, group structures, business activities, compliance programs, Code of Business Conduct and Ethics and the Revised Manual on Corporate Governance.

All directors are also encouraged to participate in continuing education programs annually, at the Corporation's expense, to promote relevance and effectiveness and to keep them abreast of the latest developments in corporate directorship and good governance.

	Name of Participants	Training Provider	Date of Training	Topic
1	Willy N. Ocier	Institute of Corporate Directors	27-Aug-24	Corporate Governance
2	Armin Antonio B. Raquel Santos			
3	Mischel Gabrielle O. Mendoza			
4	Henry N. Ocier			
5	Raul B. De Mesa			
6	Roberto V. Antonio			
7	Joseph T. Chua	Risks, Opportunities, Assessment and Management, Inc.	12-Aug-24	Corporate Governance
8	Tarcisio M. Medalla			
9	Ma. Gracia M. Pulido Tan	Securities and Exchange Commission and Philippine Stock Exchange	28-Nov-24	11 <sup>th</sup> Annual SEC-PSE Corporate Governance Forum

### Executive Officers

In addition to the President named above, the executive officers of the Company include the following:



Ms. Villarias, 35, is the Chief Finance Officer (CFO) and Treasurer of the Company. She is concurrently the Chief Finance Officer and Treasurer of Premium Leisure Corp., and its subsidiary, PremiumLeisure and Amusement, Inc. She is also the CFO of Pinoy Lotto Technologies Corporation and HHR Philippines, Inc. A CFO APAC Regional Awardee, with 14 years of experience in accounting, financial reporting, and audits of financial institutions. She previously served as Head of Finance and CFO at UBS Securities Philippines, Inc.

Ms. Villarias holds a Bachelor's degree in Accountancy from the University of the Philippines Visayas-Tacloban College and an MBA from De La Salle University. She is a Certified Public Accountant (CPA).

**Atty. Jason C. Nalupta**, Filipino, 53, is the Corporate Secretary of the Company. He is also currently the Corporate Secretary of listed firms A. Brown Company, Inc., Asia United Bank, Belle Corporation, and Crown Asia Chemicals Corporation. He is also a Director and/ or Corporate Secretary or Assistant Corporate Secretary of private companies, Quantavis Resources Corporation, Total Gaming Technologies, Inc., Parallax Resources, Inc., SLW Corporation, Belle Infrastructure Holdings, Inc. (Formerly: Metropolitan Leisure & Tourism Corporation), Belle Bay Plaza Corporation, Glyphstudios, Inc., Falcon Resources, Inc., Futurelab Interactive Corp., TGTI Services, Inc., Loto Pacific Leisure Corporation, FHE Properties, Inc., Stanley Electric Philippines, Inc., Sta. Clara International Corporation and PinoyLotto Technologies Corp. 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, 35, is the Assistant Corporate Secretary of the Corporation since May 2021. She is concurrently the Corporate Secretary of the following companies: Repower Energy Development Corporation, Coal Asia Holdings, Inc., Arquee Corp., and GGO Realty Holdings, Inc. She is also the Assistant Corporate Secretary of Asia United Bank Corporation, Crown Asia Chemicals Corporation, 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, Jin Natura Resources Corp., Jin Navitas Resource, Inc., Catmon Felix, Inc., Yeoj Commoditas, Inc., Yeoj Socialis, Inc., Yeoj Turbulentus, Inc., Yeoj 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. Ms. Lorenzo is a Partner at Tan Venturanza Valdez where she specializes in securities law, special projects, and banking. She also lectures at the Paralegal Training Program of the UP Law Center on corporate housekeeping, AMLA, competition 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. Villafior**, Filipino, 49, is the Chief Operating Officer (COO) and Operations Division Head of the Company starting May 16, 2024. 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 and became the Online Lottery Division Head in December 2021. Mr. Villafior 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 training 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.

**Anna Josefina G. Esteban**, 57, Filipino, is the Chief Audit Executive of the corporation since September 2016 until February 10, 2025. She is also the Chief Audit Executive of the following 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**, 53, Filipino, is the Compliance Officer of the Corporation since September 13, 2022. Likewise, she is the Compliance Officer and 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. Likewise, she is the Compliance Officer and Chief Risk Officer of Premium Leisure Corp., and the Chief Risk Officer of APC Group, Inc. She has a bachelor's degree in Tourism (Cum Laude) from the University of Sto. Tomas.

**Allan D. Aldea**, 49, Filipino, is the Data Protection Officer (DPO) of the Corporation since February 19, 2024. Likewise, he is the DPO, Business Process and Risk Manager of Belle Corporation. He is also the DPO of Premium Leisure Corp. As DPO, he is responsible for overseeing an organization's data protection strategy and its implementation. He ensures data is handled responsibly and legally. He graduated from the University of Santo Tomas with a Bachelor of Science in Industrial Engineering.

#### **Nomination of Regular and Independent Directors for 2025-2026**

The nomination, pre-screening and election of the Corporation's regular and independent directors for 2025-2026 were made in compliance with the requirements of the Code of Corporate Governance and the SEC's Guidelines on the Nomination and Election of Independent Directors which have been adopted and made part of the Company's By-Laws.

The Corporate Governance Committee, composed of Messrs. Roberto V. Antonio (Chairman) and Joseph T. Chua, and Atty. Maria Gracia M. Pulido-Tan, is tasked to determine that the nominees for election as Directors, including the Independent Directors, possess all the qualifications and have none of the disqualifications for independent directors as set forth in the Company's Revised Manual on Corporate Governance and Rule 38 of the Implementing Rules of the Securities Regulation Code (SRC).

The Corporate Governance Committee has endorsed the nominations for election of the following as regular and independent directors of the Company for 2025-2026:

##### Regular Directors

1. Willy N. Ocier
2. Armin Antonio B. Raquel Santos
3. Antonio Victoriano F. Gregorio III
4. Tarcisio M. Medalla
5. Henry N. Ocier
6. Mischel Gabrielle O. Mendoza

##### Independent Directors

1. Maria Gracia M. Pulido Tan
2. Roberto V. Antonio
3. Joseph T. Chua

Ms. Carmelita Chan nominated Mr. Joseph T. Chua and Mr. Antonio, and Ms. Gina Abo-Hamda nominated Atty. Gracia Pulido M. Tan. The nominees are not related to their respective nominating stockholder.

### **Family Relationships**

Henry N. Ocier and Willy N. Ocier are brothers. Mischel Gabrielle 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 ("BOD") approved the proposed Stock Option Plan ("the Plan") on December 12, 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 February 15, 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 May 6, 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 May 6, 2008 until May 6, 2011. The purchase price upon exercise of the option was fixed at P8.88 per share. At the grant date, the fair value of the Company's share amounted to P9.20 per share.

On May 19, 2008, grantees of the stock options exercised 617,000 shares of the Company's stock at P8.88 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 P 8.88 per share.

As at December 31, 2024, 2023 and 2022, 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, it is not aware of any of the following events wherein any of its directors, nominees for election as director, executive officers, underwriter or control person were involved during the past five (5) years:

- 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, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- 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.

Further, the Company is not involved in or aware of any material legal proceedings that may significantly affect the Company, or any of its subsidiaries or affiliates.

### **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 Parent Company totaling nil and P237.6 million as at December 31, 2024 and 2023, respectively (see Note 10).

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

	2024	2023	2022
Salaries and wages	<b>₱15,050,945</b>	₱9,817,230	₱9,319,577
Retirement benefits	<b>795,704</b>	881,108	1,565,098
	<b>₱15,846,649</b>	₱10,698,338	₱10,884,675

## **Item 6. 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 2024 and 2023, as well as the estimated aggregate compensation for calendar year 2025.

Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation
Armin Antonio B. Raquel Santos President & CEO <i>(effective May 16, 2024)</i>				
Christopher C. Villaflor Chief Operating Officer				
Mischel O. Mendoza Business Dev't Head & Risk Officer				
Jackson T. Ongsip President and CEO <i>(until May 15, 2024)</i>				
Maria Neriza Banaria CFO and Treasurer <i>(until August 14, 2024)</i>				
Total for President and 4 most highly compensated Executive Officers	2025 (Estimate)			Php 7,462,180
	2024			8,026,947
	2023			8,800,563
All other executive officers and directors as a Group	2025 (Estimate)			Php 3,207,578
	2024			3,332,251
	2023			5,652,524

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

	2024	2023	2022
Salaries and wages	<b>₱15,050,945</b>	₱9,817,230	₱9,319,577
Retirement benefits	<b>795,704</b>	881,108	1,565,098
	<b>₱15,846,649</b>	₱10,698,338	₱10,884,675

The compensation of the Group's key management personnel is included in the "Personnel costs" as disclosed in Note 15 and 20 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 2024, 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 2024:

NAME	POSITION	TOTAL (Php)
Willy N. Ocier	Chairman	113,889
Armin Antonio B. Raquel Santos	President and Executive Director	113,889
Mischel Gabrielle O. Mendoza	Executive Director	91,667
Tarcisio M. Medalla	Non-Executive Director	325,000
Henry N. Ocier	Non-Executive Director	113,889
Ma. Gracia M. Pulido Tan	Lead Independent Director	313,889

Roberto V. Antonio	Independent Director	313,889
Joseph T. Chua	Independent Director	325,000
Jackson T. Ongsip <sup>1</sup>	President and Executive Director	44,118
Raul B. De Mesa <sup>2</sup>	Non-Executive Director	80,556
	TOTAL	P1,835,786

\*Notes:

<sup>1</sup> term ended on May 15, 2024

<sup>2</sup> term ended on Dec. 5, 2024 (Deceased)

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

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

	2024	2023	2022
Salaries and wages	<b>₱15,050,945</b>	₱9,817,230	₱9,319,577
Retirement benefits	<b>795,704</b>	881,108	1,565,098
	<b>₱15,846,649</b>	₱10,698,338	₱10,884,675

The compensation of the Group's key management personnel is included in the "Personnel costs" as disclosed in Note 15 and 20 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 P2.5 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 December 12, 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 February 15, 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 May 6, 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 May 6, 2008 until May 6, 2011. The purchase price upon exercise of the option was fixed at P8.88 per share. At the grant date, the fair value of the Company's share amounted to P9.20 per share.

On May 19, 2008, grantees of the stock options exercised 617,000 shares of the Company's stock at P8.88 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 P 8.88 per share.

As at December 31, 2024, 2023 and 2022, there were no options outstanding or granted upon expiration of the exercisable options on May 6, 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 2025. The Stockholders will also be requested to delegate to the Board the authority to approve the appropriate audit fee for 2025.

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 December 31, 2024 and 2023, respectively, and the statement of comprehensive income, statement of changes in stockholders' equity and statement of cash flows for the year ended December 31, 2024 and 2023 and a 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 B. Fernando.

The Company's Board of Directors in the annual shareholders' meeting on June 28, 2024 recommended, and the shareholders approved, the appointment of Reyes, Tacandong & Co. as the Company's independent public accountant for the fiscal year ending December 31, 2024.

In the Company's three (3) most recent fiscal years, there was no event where the previous external auditor and Reyes Tacandong & Co. and the Company had disagreement on accounting principles or practices, and disclosures of financial statements or auditing scope of procedure.

The aggregate fees for each of last three (3) fiscal years for professional services rendered by the external auditors are as follows:

	<b>2024</b>	<b>2023</b>	<b>2022</b>
Audit fee	P1,100,000	P1,300,000	P1,100,000

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. Joseph T. Chua (Chairman) Atty. Maria Gracia M. Pulido-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 20, 2025.

#### **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 2025 ASM with respect to this item.

#### **Item 10. Modification or Exchange of Securities**

No action is to be taken during the 2025 ASM with respect to this item.

#### **Item 11. Financial and Other Information**

No action is to be taken during the 2025 ASM with respect to this item.

#### **Item 12. Mergers, Consolidations, Acquisitions and Similar Matters**

No action is to be taken during the 2025 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 2025 ASM with respect to this item.

#### **Item 14. Restatement of Accounts**

No action is to be taken during the 2025 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 June 28, 2024 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 Annual Stockholders' Meeting, (5) Approval of 2024 Operations and Results, (6) Ratification of All Acts of the Board of Directors, Board Committees and Management, (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 2024 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 June 27, 2025, shareholders will be asked to approve and ratify the following:

1. Minutes of the Annual Stockholders' Meeting (ASM) held on June 28, 2024 as appended to this Information Statement as "Annex C". The minutes of the said ASM was posted on the Company's website: <https://www.loto.com.ph/wp-content/uploads/POSC-2024-ASM-minutes.pdf>
2. These minutes reflect the proceedings during the meeting in accordance with Section 49 of the Revised Corporation Code, including:
  - a. Voting procedure used and the tabulation for each agenda item during the June 28, 2024 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 June 28, 2024 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 custody the list and names of the stockholders who participated in the June 28, 2024 ASM.

3. 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., include:

Renewal or execution of material contracts and agreements;

- 1) Approval of financial statements;
  - 2) Declaration of dividends;
  - 3) Approval of budgets and operating plans;
  - 4) Treasury matters related to opening of accounts and transactions with banks;
  - 5) Appointments of signatories and amendments thereof;
  - 6) Appointment of officers; and
  - 7) Reorganization of board committees.
4. 2024 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 December 31, 2024, 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 June 27, 2025 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 June 28, 2024;
2. 2024 Operations and Results (with AFS 2024);
3. Ratification of All Acts of the Board of Directors, Board Committees and Officers;
4. Election of Directors for 2025-2026;
5. Appointment of External Auditors; and,
6. Other Matters, if any.

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. Approval of material contracts and agreements
2. Organization of the relevant board committees;
3. Approval of financial statements, annual and quarterly;
4. Appointment of officers; and
5. Appointment of signatories for various transactions.

Management reports which summarize the acts of management for the year 2024 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 June 27, 2025, the Corporate Secretary and/or his representative, together with the representative from the stock transfer agent, 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](mailto:corporatesecretary@pacificonline.com.ph) on or before 5:00 p.m. on June 19, 2025.  
  
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](http://asmregister.loto.com.ph). The e-voting portal will be open until 9:00 in the morning of June 27, 2025.
- (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.

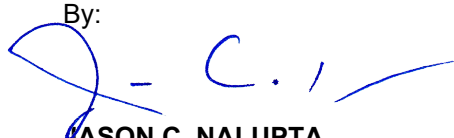
## **SIGNATURES**

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 April 30, 2025.

### **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 Corp. (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. Belle’s shares are listed on the PSE as at December 31, 2024 and 2023. On July 9, 2024, PLC’s shares were delisted from the PSE after a successful tender offer by Belle.

As at December 31, 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:

		Percentage of Ownership		
	Industry	2024	2023	2022
<b>Subsidiaries</b>				
Total Gaming Technologies, Inc. (TGTI)	Gaming	<b>98.9</b>	<b>98.9</b>	98.9
Loto Pacific Leisure Corporation (LotoPac)	Gaming	<b>100.0</b>	<b>100.0</b>	100.0
Falcon Resources Inc. (FRI) <sup>(a)</sup>	Gaming	<b>100.0</b>	<b>100.0</b>	100.0
Futurelab Interactive Corp. (FIC) <sup>©</sup>	Gaming	<b>100.0</b>	<b>100.0</b>	100.0
TGTI Services, Inc. (TGTISI) <sup>(a)(b)</sup>	Gaming	—	—	—
<b>Interest in Joint Operation</b>				
PinoyLotto Technologies Corp. (PinoyLotto)	Gaming	<b>50.0</b>	50.0	50.0
<i>(a) Indirect ownership through TGTI</i>				
<i>(b) Sold in 2022</i>				
<i>© 50% owned by POSC and 50% owned by TGTI</i>				

### **POSC**

The Parent Company primary purpose is to build, own, possess, use, operate, manage, market and maintain equipment, appliances, peripherals and facilities of every description, including but not limited to integrated and online computer systems, terminals and software, together with such telecommunication equipment, appliances, peripherals and facilities for the exchange of messages and data. 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.

Prior to October 1, 2023, the Parent Company’s primary source of revenue arose 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 ELA was concluded on September 30, 2023.

POSC remains committed to looking for opportunities in the industry. These opportunities include the lease of Web-based Application Betting Platform (WABP). On August 30, 2023, the Parent Company

signed a Memorandum of Agreement with PCSO in connection with the latter's implementation of a trial run for a WABP during which the Parent Company was to act as PCSO's exclusive agent

#### 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.

In 2020, 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 the 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.

Previously, TGTI's primary source of revenue was its ELA with PCSO which covered the lease of the online lottery equipment for PCSO's Online KENO games. The term of the ELA ended on April 1, 2022, and was no longer renewed. The Company is still evaluating its future operating plans, and 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.

In 2020, FRI ceased its scratch ticket distribution operations with the intention 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.

#### FIC

FIC was incorporated on April 4, 2016 primarily to acquire, establish, own, hold, lease, except financial leasing, sell, conduct, operate and manage amusement, recreational, and gaming equipment facilities, and enterprises of any kind and nature, as well as places for exhibitions, recreation, gaming, amusement and leisure for the general public, and to acquire, hold and operate any and all privileges, rights, franchises and concessions.

#### 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 support and online lottery equipment service.

PinoyLotto was awarded the five-year lease of the customized PCSO Lottery System (PLS Project) at a contract price of P5,800.0 million. PinoyLotto commenced commercial operations on October 1, 2023, and pursuant to the requirements of PCSO, 6,500 terminals have been installed and are in operation nationwide.

The Company's interest in PinoyLotto was accounted for as a joint operation.

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

## **Recent Developments**

Pacific Online ended its trial run for its PCSO Web-based Application Betting Platform (WABP) or “E-Lotto” last July 12, 2024 to give way to the procurement of an E-Lotto platform which was to run for a period of 5 years. The Company participated in the bidding and on June 19, 2024, it received the PCSO Notice of Award. As at December 31, 2024, PCSO has not yet issued the Notice to Proceed.

## **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**

Until September 30, 2023, POSC, The Parent Company, had an ELA with the PCSO for the lease of lotto terminals, which included 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 included the supply of betting slips and ticket paper rolls.

PCSO is the principal government agency for raising and providing funds for health programs, medical assistance and services, and charities of national character through holding and conducting charity sweepstakes, races, and lotteries.

Pursuant to the ELA, the Parent Company 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, 2024 and 2023, the total cash bond, included under “Other current assets” or “Other noncurrent assets” in the consolidated statement of financial position amounted to P79.0 million and P91.0 million, respectively.

Since July 31, 2019, the term of the ELA was extended over several periods mainly to allow PCSO to complete the bidding process for the Philippine Lottery System (PLS) under Republic Act No. 9184, as amended, and 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. The final extension in 2023 extended the term of the ELA until September 30, 2023 and the contract was concluded thereafter.

The rental fee, presented as “Equipment rental” in the consolidated statements of comprehensive income is based on a percentage of gross sales of lotto ticket from PCSO’s Luzon and VISMIN operations. The number of installed lotto terminals totaled 3,716 and 3,605 as at September 30, 2023 and December 31, 2022, respectively. The Parent Company’s rental income amounted to P9.6 million, P469.8 million and P512.7 million in 2024, 2023, and 2022, respectively.

On August 30, 2023, POSC was granted a one-year trial period to provide a WABP for PCSO. Under the arrangement, POSC will be acting as PCSO’s exclusive agent and generates fees based on a certain percentage of revenues. This was launched in December 15, 2023.

On July 12, 2024, the trial period for the WABP ended upon the instruction of PCSO as it gears toward making the E-lotto services better as it transitions to a new platform

## **ELA between TGTI and PCSO**

TGTI had an ELA with PCSO which provided for the lease of the equipment for PCSO’s Online KENO games. This covered PCSO’s online keno lottery operations. The lease included 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 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.

The ELA concluded 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 nil, P6.3 million, P35.6 million in 2023, 2022 and 2021, respectively.

### **Brand and Trademark Agreement with PMLC**

In January 2018, POSC entered into a Brand and Trademark License Agreement (BTLA) with Powerball Marketing and Logistics Corporation (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 P4.0 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 starting 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, PMLC was not able to supply and distribute instant scratch tickets to its customers. As a result, impairment losses amounting to P26.0 million were recognized in 2020. Consequently, this was reversed in 2021 and was subsequently collected in 2022.

POSC has entered into a new contract with Diamond Powerwinners for Trademark Assignment with a total fee of P30.0 million (inclusive of VAT). The contract terms are for ten months starting November 2023 to August 2024.

### **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, 2023 and 2022, 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 and subsequently extended again until September 30, 2023.

#### **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.

The contract with POSC was extended until September 30, 2023 and was no longer renewed.

The contract with TGTI ended in March 31, 2022.

## **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. KENO has been discontinued effective April 1, 2022.

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, 2024, the Company, through its joint operation company Pinoylotto Technologies Corp., had 6,500 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.

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 - Tuesdays, Thursdays & 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

The Company did not spend on development activities in both 2024 and 2023.

## Competition

The company operates in a highly competitive landscape, where both traditional and digital gaming platforms are vying for market share. It competes with established providers and emerging players looking to modernize and expand lottery operations, often leveraging advanced digital technologies. The rise of web-based and mobile lottery platforms presents new challenges as more players shift toward digital convenience. Additionally, the growing presence of international and unauthorized online gaming alternatives further intensifies competition, offering consumers more choices beyond regulated local offerings.

## Organization and Manpower

As of December 31, 2024, the Group had a total of 29 employees, of which, 11 belong to Operations and 18 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.

### 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, its subsidiaries and joint operation 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.

c. Investment Risk

The Company's ROI on its joint venture investment is dependent on the milestone achievements of the joint venture and the acceptance of PCSO. Non-compliance or delays in the implementation of the joint venture operations may result to additional cost or contract cancellation by PCSO.

## **PROPERTIES**

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 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 were 323 sqm for the years ended Dec. 31, 2024 and 2023, from the previous 1,622 sqm by year end 2022.

The Company's major assets under Pinoylotto 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**

##### **Revenues**

Pacific Online Systems Corporation (the “Company”) consolidated with its subsidiaries (the “Group”), generated total revenues of P601.6 million for the year ended December 31, 2023. Revenues increased by P82.5 million (16%) from revenues of the same period in 2022 amounting to P519.1 million mainly because of the improvement in lotto sales during the first nine months of the year due to the more open economy for 2023 with the return of normal face-to-face activities and easing of quarantine restrictions.

##### **Cost of services**

Cost of services increased by P13.1 million (5%) to P260.7 million in 2023 from P247.5 million in 2022 due to higher costs of software license fees in line with the higher lotto sales from January to September 2024. In addition, with the commencement of nationwide operations effective October 1, 2024 of Pacific Online’s joint operation, PinoyLotto, higher costs for repairs and maintenance, depreciation, and travel and accommodation have been incurred in relation to the - new lottery system.

##### **General and administrative expenses**

General and administrative expenses increased by P28.4 million (30%) to P124.1 million in 2023 from P95.8 million in 2022 mainly due to higher expenses in relation to the start of operations of Pinoylotto.

##### **Other Income (Charges)**

The Company’s Other Income increased by P75.5 million (192%), from P39.4 million in 2022 to P114.9 million in 2023. This is mainly due to the following: higher mark-to-market gains on the Company’s investments held for trading because of higher market share prices for 2023, gain on sale of trademark in 2023 and higher interest income for the year as a result of better cash management and investment decisions, offset by higher interest expense as PinoyLotto pay for finance charges on its loans.

#### **Financial Condition**

##### **2023 Compared to 2022**

##### **TOTAL ASSETS**

The Group’s total assets of P1,901.8 million as at December 31, 2023 increased by P785.8 million or 70% from P1,116.0 million as at December 31, 2022.

##### **Cash and cash equivalents**

Cash and cash equivalents increased by P42.3 million (14%) to P343.9 million as at December 31, 2023 from P301.7 million as at December 31, 2022 due to the following: higher revenues and collections from increased Lotto sales for the year and additional cash from loan drawdowns of PinoyLotto, offset by the payment of dividends amounting to P89.5 million during the first quarter of the year.

Pinoylotto is a joint venture operation owned by Pacific Online, Philippine Gaming Management Corp (PGMC) and International Lottery & Totalizator Systems, Inc. (ILTS). Pinoylotto won the bid for the Philippine Lottery System (PLS) of the Philippine Charity Sweepstakes Office, and has started nationwide operations on October 1, 2023. Loan drawdowns are being used to fund equipment purchases for the said project.

##### **Investments held for trading**

Investments held for trading of the Group consists of investments in listed shares of stock of DigiPlus Interactive Corp (PLUS) (formerly Leisure and Resorts World Corporation), Vantage Equities, Inc. and APC Group, Inc. The amount of the Group’s investments held for trading increased by P28.7 million (40%) as at December 31, 2023 due to the net increase in the share prices of the investments for 2023.

**Trade and other receivables**

Trade and other receivables increased by P83.2 million (41%) to P284.4 million as at December 31, 2023 from P201.2 million as at December 31, 2022 due to higher receivable from PCSO in relation to the PLS joint venture.

**Creditable withholding taxes (CWTs)**

Creditable withholding taxes decreased by P27.8 million (21%) to P101.8 million as at December 31, 2023 from P129.6 million as at December 31, 2022 due to application of income tax due for 2023

**Other current assets**

Other current assets of the Group increased by P98.9 million (509%) to P118.3 million as at December 31, 2023 from P19.4 million as at December 31, 2022 due mainly to the guarantee deposit made by Pacific Online pursuant to the agreement with PCSO and the additional input taxes for 2023.

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

The financial assets at FVOCI pertains to the investment in shares of Premium Leisure Corp (PLC). The account increased by P58.5 million (33%) to P237.6 million as at December 31, 2023 from P179.1 million as at December 31, 2022 due to unrealized valuation gains for 2023.

**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 increased by P704.2 million (34973%) to P706.2 million as at December 31, 2023 from P2.0 million as at December 31, 2022 mainly due to the new lottery system of Pinoylotto, net of depreciation expense recognized for the period.

**Right of use assets (ROU)**

Right of use assets decreased by P1.3 million (70%) to P0.5 million as at December 31, 2023 from P1.8 million as at December 31, 2022 because of the amortization of ROU assets for 2023.

**Other noncurrent assets**

Other noncurrent assets decreased by P205.3 million (98%) to P4.5 million as at December 31, 2023 from P209.8 million as at December 31, 2022. The decrease is mainly because of a reclassification of advances to suppliers (under other noncurrent assets) to the property and equipment account as PinoyLotto started nationwide operations and put the property and equipment to use.

**LIABILITIES**

The Group recorded total liabilities at P726.1 million as at December 31, 2023, higher by P546.2 million (304%) compared to the total liabilities of P179.9 million as at December 31, 2022. The increase was mainly because of the drawdown of loan for the capital expenditure requirements of the PLS Project. Loans payable as at December 31, 2023 is at P470.6 million, increasing by P403.1 million (597%) from P67.5 million as at December 31, 2022. In addition, trade payables increased as PinoyLotto started operating and incurring operational expenses.

**EQUITY**

Total equity of the Company increased by P239.6 million (26%) to P1,175.7 million as at December 31, 2023 from P936.1 million as at December 31, 2022. The increase is mainly brought about by the net income earned for 2023, offset with the cash dividends declared and paid during the first quarter of the year.

As of December 31, 2023, 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, 2023	Dec. 31, 2022
Current Ratio	3.01:1.00	6.49:1.00
Asset-to-Equity Ratio	1.62:1.00	1.19:1.00
Return on Equity	26%	23%
Return on Assets	18%	19%
Solvency Ratio	0.43:1.00	1.25:1.00

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	$\frac{\text{Net Income} + \text{Depreciation}}{\text{Total Liabilities}}$

### **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

	For the year ended	
	Dec. 31, 2021	Dec. 31, 2020
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	$\frac{\text{Net Income} + \text{Depreciation}}{\text{Total Liabilities}}$

### **2024 Plan of Operations**

PinoyLotto, the joint venture operation for the nationwide lottery system, has commenced commercial operations in the last quarter of 2023. POSC owns 50% of the joint venture operation, assuring the Company with steady income for the next 5 years.

The Company will focus its operations on the recent launch of PCSO's first-ever official web-based application betting platform (WABP). Pacific Online aims to constantly improve the system in order to achieve a successful test run.

Pacific Online continues to remain open and is actively seeking opportunities for growth through profitable investments that will increase shareholder value for its various stakeholders.

## **FINANCIAL STATEMENTS**

The audited Financial Statements and Supplementary Schedules as of and for the year ended December 31, 2023 listed in the accompanying index to Financial Statements and Supplementary Schedules are filed as part of this Form 20-IS. The Interim Unaudited Financial Statements for First Quarter 2024 are likewise included with this Form 20-IS Report.

## 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 April 29, 2025, the stocks of the Company closed at P3.40 per share.

The high and low closing sales prices for each quarter within the last two (2) fiscal years of the registrant's common shares as quoted on the PSE, are as follows:

<b><u>2024</u></b>	<b><u>High</u></b>	<b><u>Low</u></b>
First quarter	4.80	3.69
Second quarter	5.15	3.18
Third quarter	5.24	3.60
Fourth quarter	3.82	2.50

<b><u>2023</u></b>	<b><u>High</u></b>	<b><u>Low</u></b>
First Quarter	1.90	1.60
Second Quarter	1.90	1.79
Third Quarter	4.16	1.79
Fourth Quarter	4.95	2.77

As of April 29, 2025, the Company's market capitalization amounted to ₱3,044,125,216.40 based on the closing price of P3.40 per share.

## Security Holders

As of 31 March April 2025, Pacific Online had 62 shareholders, corresponding to total common shares outstanding of 895,330,946. The top 20 stockholders as of the same date are listed below:

RANK	NAME	TOTAL SHARES	PERCENTAGE (%)
1	PREMIUM LEISURE CORP.	448,560,806	50.1000
2	PCD NOMINEE CORPORATION	327,769,776	36.6088
	Filipino - 285,601,757		
	Non-Filipino - <u>42,168,019</u>		
3	OCIER, WILLY N.	71,819,550	8.0216
4	ABACORE CAPITAL HOLDINGS, INC.	43,761,630	4.8878
5	OCIER, WILLY &/OR GERALDINE E.Y. OCIER	1,439,000	0.1607
6	SY, HANS TAN	800,000	0.0894
7	OCIER, MISCHEL GABRIELLE E.Y.	390,000	0.0436
8	KILAYKO, GREGORIO U.	200,000	0.0223
9	LIM, MAURICE D.	100,000	0.0112
10	BENITEZ, ALFREDO B.	68,200	0.0076
11	CHAN, CARMELITA	66,000	0.0074
12	GREGORIO, ANTONIO VICTORIANO III F. OR VENUS LIQUE GREGORIO	50,000	0.0056
13	VILLANUEVA, MYRA P.	23,400	0.0026
14	CHAN, CARMELITA D.L.	33,300	0.0037
15	TAGUBA, LUCILA A.	20,000	0.0022
16	SY, CAROLINE TANCUAN	20,000	0.0022
17	SY, HANS JR. TANCUAN	20,000	0.0022
18	SY, HARVEY CHRISTOPHER TANCUAN	20,000	0.0022
19	SY, HOWARD CONRAD TANCUAN	20,000	0.0022
20	PEREZ, JOSE DEXTER F.	18,000	0.0020

## 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 corporate property and assets as provided in the Corporation Code of the Philippines and;
3. 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 2024, 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:

Summary of Board of Directors' Attendance to 2024 Meetings

Board of Directors		15-Feb-24	28-Feb-24	9-May-24	25-Jun-24	28-Jun-24 <sup>1</sup>	28-Jun-24 <sup>2</sup>	1-Aug-24	25-Oct-24	4-Dec-24	13-Dec-24	% of Attendance
Ocier, Willy N.	Chairman (NED)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%
Ongsip, Jackson T. <sup>3</sup>	Director (ED)	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	100%
Raquel Santos, Armin Antonio B. <sup>4</sup>	Director (ED)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%
Medalla, Tarcisio M.	Director (NED)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%
Ocier, Henry O.	Director (NED)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%
Mendoza, Mischel O. <sup>5</sup>	Director (ED)	n/a	n/a	n/a	✓	✓	✓	✓	✓	✓	✓	100%
Tan, Maria Gracia P.	Director (NED-ID)	✓	✓	x	✓	✓	✓	✓	✓	✓	✓	90%
De Mesa, Raul B. <sup>6</sup>	Director (NED)	x	✓	✓	✓	✓	✓	x	✓	n/a	n/a	75%
Antonio, Roberto V.	Director (NED-ID)	✓	✓	✓	✓	✓	✓	✓	x	✓	✓	90%
Chua, Joseph T.	Director (NED-ID)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%

<sup>1</sup> - Annual Stockholders' Meeting

<sup>2</sup> - Board Organizational Meeting

<sup>3</sup> - tenure until May 15, 2024

<sup>4</sup> - elected as President and CEO effective May 16, 2024

<sup>5</sup> - elected as Director effective May 16, 2024

<sup>6</sup> - deceased on December 4, 2024

In adherence to good governance practice, the schedule of meetings of the Board and Board Committees for the full year of 2024 was discussed and approved during the November 2023 Board of Directors meeting. On the other hand, the schedules of the Board and Board Committee Meetings in 2025 were discussed and approved by the Board of Directors in October 2024.

### Board Performance Evaluation

The Company, through its Corporate Governance Committee, conducts annual performance evaluations of the Board of Directors, its individual members and Board Committees to ensure optimum Board performance. The evaluation seeks to assess the effectiveness and collective performance of the Board through a self-assessment in this evaluation process. In this evaluation process, the directors identify the areas for improvement, such as:

- the timelines and integrity of information given to them,
- Directors' access to management, the Corporate Secretary and Board Advisors, and
- Other form of assistance as needed. The Board reviews the results of these evaluations and agrees on clear action plans to address any issues raised.

The details Board Evaluation Form can be found in the Company's website. Directors are asked to rate the performance of the collective Board, the Board, Committees, themselves as directors, the Company's Chairman of the Board, the Chief Executive Officer, and key officers.

Criteria for Board and Management ratings are as follows:

1. Collective Board Rating – relates to:

- Board Composition – related to how the Board members assess the Board as a whole based on their balance/diversity, knowledge/competencies, qualifications/background and experience;

- Board Efficiency and Importance – related to how the Board members assess the Board's overall performance, oversight over Management's activities, discussion on short- and long-term goals, business strategies and plans, risk and regulation, follow up of business plan and strategy, objective and budget, promotion of good governance principles, policies and mechanisms, and promotion of continuing education and/or training;

- Board Meetings and Participation – relates to how Board members assess frequency of Board meetings, if they were given chance to fully and positively participate, were provided quality materials and sufficient time for study, provided easy and timely access to information or inputs and whether there is efficient use of the time allocated for each meeting.

2. Board Committee Rating – relates to how the Committee members and Management rate the performance of the following Committees for the past year;

- Executive Committee
- Audit Committee
- Risk Oversight Committee
- Corporate Governance Committee
- Related Party Transactions Committee

3. Individual Directors' Self-rating – related to how the Directors assess their independence, participation and expertise

4. Officers Rating – relates to how well the Chairman of the Board and the President/CEO demonstrates leadership, integrity, diligence and adherence to corporate governance principles and practices as well as the assessment of the following key officers for their over-all performance:

- a. Chief Audit Executive
- b. Chief Risk Officer
- c. Compliance Officer

The Board reviews the results of this evaluation and greed on clear action plans to address any issues raised.

The annual Board performance evaluation for 2024 was conducted in February 2025. The results of the evaluation, which found the Board to be functioning well to its mandate, will be discussed and presented to the Board through the Corporate Governance Committee

## 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 2024 attended by the members of our Board of Directors.

	Name of Participants	Training Provider	Date of Training	Topic
1	Willy N. Ocier	Institute of Corporate Directors	27-Aug-24	Corporate Governance
2	Armin Antonio B. Raquel Santos			
3	Mischel Gabrielle O. Mendoza			
4	Henry N. Ocier			
5	Raul B. De Mesa			
6	Roberto V. Antonio			



7	Joseph T. Chua			
8	Tarcisio M. Medalla	Risks, Opportunities, Assessment and Management, Inc.	12-Aug-24	Corporate Governance
9	Maria Gracia M. Pulido Tan	Securities and Exchange Commission and Philippine Stock Exchange	28-Nov-24	11 <sup>th</sup> Annual SEC-PSE Corporate Governance Forum

A review of the various established Board level committees and its respective charters were done for the year 2024. 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 2024.

#### Attendance of Executive Committee in 2024

Executive Committee		26-Sep-24	27-Nov-24	% of Attendance
Ocier, Willy N.	Chairman	✓	✓	100%
Raquel Santos, Armin Antonio B.	Member	✓	✓	100%
Mendoza, Mischel O.	Member	✓	✓	100%

#### Attendance of Audit Committee in 2024

Audit Committee		14-Feb-24	8-May-24	31-Jul-24	23-Oct-24	% of Attendance
Chua, Joseph T.	Chairman (ID)	✓	✓	✓	✓	100%
Tan, Maria Gracia P.	Member (ID)	✓	✓	✓	✓	100%
Medalla, Tarcisio M.	Member	✓	✓	✓	✓	100%
Antonio, Roberto V.	Member (ID)	✓	✓	✓	✓	100%

#### Attendance of Corporate Governance Committee in 2024

Corporate Governance Committee		14-Feb-24	23-Oct-24	% of Attendance
Antonio, Roberto V.	Chairman (ID)	✓	✓	100%
Chua, Joseph T.	Member (ID)	✓	✓	100%
Tan, Maria Gracia P.	Member (ID)	✓	✓	100%

### Attendance of Related Party Transactions Committee in 2024

Related Party Transactions Committee		14-Feb-24	1-Aug-24	% of Attendance
Antonio, Roberto V.	Chairman (ID)	✓	✓	100%
Chua, Joseph T.	Member (ID)	✓	✓	100%
De Mesa, Raul B.	Member	✓	x	50%
Ocier, Henry O.	Member	✓	✓	100%
Tan, Maria Gracia P.	Member (ID)	✓	✓	100%

### Attendance of Board Risk Oversight Committee in 2024

Risk Oversight Committee		14-Feb-24	23-Oct-24	% of Attendance
Tan, Maria Gracia P.	Chairman (ID)	✓	✓	100%
Antonio, Roberto V.	Member (ID)	✓	✓	100%
Chua, Joseph T.	Member (ID)	✓	✓	100%
Medalla, Tarcisio M.	Member	✓	✓	100%

### 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 2024 and has found the same effective and adequate.

### 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 2024.

### 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.

The Board approved on April 25, 2022 the Company's Revised Manual on Corporate Governance:

<https://www.loto.com.ph/wp-content/uploads/CG-MANUAL-Apr.-25-2022.pdf>

### **Code of Business Conduct and Ethics and Code of Conduct**

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: <https://www.loto.com.ph/wp-content/uploads/CODE-OF-BUSINESS-CONDUCT-AND-ETHICS-2019.pdf>

<https://www.loto.com.ph/wp-content/uploads/CODE-OF-CONDUCT.pdf>

### **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://www.loto.com.ph/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 its directors, officers, and employees from using privileged corporate information for personal gain. Trading/ownership of Company shares as of March 31, 2025 is shown below:

Name of Director / Officer	Position	Number of Shares held as of 12.31.2023	Acquisition (+) (as of 03.31.2025)	Disposition (-)	Total	% of Ownership
Willy N. Ocier	Chairman	80,803,500	8,300,000	0	89,103,500	9.95%
Armin Antonio B. Raquel Santos	Director / President & CEO	200	0	0	200	0.00%
Tarcisio M. Medalla	Director	300	0	0	300	0.00%
Henry N. Ocier	Director	1,209,000	0	0	1,209,000	0.13%
Maria Gracia M. Pulido Tan	Independent Director	1,000	0	0	1,000	0.00%
Roberto V. Antonio	Independent Director	10,000	10,000	0	20,000	0.00%
Antonio Victoriano F. Gregorio III <sup>1</sup>	Director	0	50,000	0	50,000	0.00%
Joseph T. Chua	Independent Director	289,050	0	0	289,050	0.03%
Mischel Gabrielle O. Mendoza	Director / Chief Risk Officer	585,000	0	0	585,000	0.07%
	Other Officers	0	0	0	0	0.00%
	<b>TOTAL</b>	<b>82,898,050</b>	<b>8,360,000</b>	<b>0</b>	<b>91,258,050</b>	<b>10.18%</b>

<sup>1</sup> elected on February 20, 2025 to replace Mr. Raul B. De Mesa (+)

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  
Business Development Head & Risk Officer  
2803 A&B Tektite Towers, Ortigas Center, Pasig City 1605  
Tel.No.:(632) 8584-1700  
Email: [momendoza@pacificonline.com.ph](mailto:momendoza@pacificonline.com.ph)

**Representative for Investor Relations and Gaming, stakeholders may contact:**

Carlo R. Climaco  
Email: [carlo.climaco@premiumleisurecorp.com](mailto:carlo.climaco@premiumleisurecorp.com)

**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  
28<sup>th</sup> FLOOR EAST TOWER, PSE CENTRE  
EXCHANGE ROAD, ORTIGAS CENTER, PASIG CITY  
Fax. No. : 85717464  
Email Address : [contactus@pacificonline.com.ph](mailto:contactus@pacificonline.com.ph)



# SECURITIES AND EXCHANGE COMMISSION

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## Company Information

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**Company Name:** PACIFIC ONLINE SYSTEMS CORP.

**Industry Classification:** G51000

**Company Type:** Stock Corporation

## Document Information

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**Document ID:** OST10411202583163296

**Document Type:** ANNUAL\_REPORT

**Document Code:** SEC\_Form\_17-A

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# COVER SHEET

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SEC Registration Number

[illegible]

(Company's Full Name)

[illegible]

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

**DIOVILLE M. VILLARIAS**

(Contact Person)

**8584-1700**

(Company Telephone Number)

**1 2**      **3 1**  
*Month*      *Day*  
(Fiscal Year)

1	7	-	A	
(Form Type)				

Month Day  
(Annual Meeting)

(Secondary License Type, If Applicable)

## CFD

Dept. Requiring this Doc.

Amended Articles Number/Section

### Total Amount of Borrowings

61

Total No. of Stockholders

**PhP416.9M**

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number									
Document ID									

LCU

Cashier

## STAMPS

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# SECURITIES AND EXCHANGE

## COMMISSIONSEC FORM 17-A

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

1. For the fiscal year ended **December 31, 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**  
Only) Province, Country or other jurisdiction of  
Incorporation or organization
6. \_\_\_\_\_ (SEC Use)  
Industry Classification Code
7. **28/F, East Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City, Metro Manila**  
Address of principal office **1605**  
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	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<b>Common Stock, P1.00 par value</b>	<b>895,330,946</b>
11. Are any or all of these securities listed on the Philippine Stock Exchange. Yes [ ☒ ] 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 [ ☒ ] No [ ☐ ]
  - (b) has been subject to such filing requirements for the past 90 days. Yes [ ☒ ] No [ ☐ ]
13. Aggregate market value of voting stock held by non-affiliates: **P810.68 million**  
This was computed by multiplying the number of voting stocks held by non-affiliates by the stock's closing price on December 31, 2024.



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## PART I - BUSINESS AND GENERAL INFORMATION

### **Item 1. 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 Corp. (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. Belle’s shares are listed on the PSE as at December 31, 2024 and 2023. On July 9, 2024, PLC’s shares were delisted from the PSE after a successful tender offer by Belle.

As at December 31, 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:

		Percentage of Ownership		
	Industry	2024	2023	2022
<b>Subsidiaries</b>				
Total Gaming Technologies, Inc. (TGTI)	Gaming	<b>98.9</b>	<b>98.9</b>	98.9
Loto Pacific Leisure Corporation (LotoPac)	Gaming	<b>100.0</b>	<b>100.0</b>	100.0
Falcon Resources Inc. (FRI) <sup>(a)</sup>	Gaming	<b>100.0</b>	<b>100.0</b>	100.0
Futurelab Interactive Corp. (FIC) <sup>©</sup>	Gaming	<b>100.0</b>	<b>100.0</b>	100.0
TGTI Services, Inc. (TGTISI) <sup>(a)(b)</sup>	Gaming	—	—	—
<b>Interest in Joint Operation</b>				
PinoyLotto Technologies Corp. (PinoyLotto)	Gaming	<b>50.0</b>	50.0	50.0
<i>(a) Indirect ownership through TGTI</i>				
<i>(b) Sold in 2022</i>				
<i>© 50% owned by POSC and 50% owned by TGTI</i>				

### **POSC**

The Parent Company primary purpose is to build, own, possess, use, operate, manage, market and maintain equipment, appliances, peripherals and facilities of every description, including but not limited to integrated and online computer systems, terminals and software, together with such telecommunication equipment, appliances, peripherals and facilities for the exchange of messages and data. 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.

Prior to October 1, 2023, the Parent Company’s primary source of revenue arose 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 ELA was concluded on September 30, 2023.

POSC remains committed to looking for opportunities in the industry. These opportunities include the lease of Web-based Application Betting Platform (WABP). On August 30, 2023, the Parent Company signed a Memorandum of Agreement with PCSO in connection with the latter’s implementation of a trial run for a WABP during which the Parent Company was to act as PCSO’s exclusive agent.

### **TGTI**

TGTI was incorporated and registered with the SEC on October 23, 2002. The primary purpose of the 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.

Previously, TGTI’s primary source of revenue was its ELA with PCSO which covered the lease of the

online lottery equipment for PCSO's Online KENO games. The term of the ELA ended on April 1, 2022, and was no longer renewed. The Company is still evaluating its future operating plans, and management continues to actively look for viable opportunities within the gaming industry.

#### 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.

In 2020, LotoPac ceased its operations as an investment holding entity.

#### 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.

In 2020, FRI ceased its scratch ticket distribution operations with the intention 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.

#### FIC

FIC was incorporated on April 4, 2016 primarily to acquire, establish, own, hold, lease, except financial leasing, sell, conduct, operate and manage amusement, recreational, and gaming equipment facilities, and enterprises of any kind and nature, as well as places for exhibitions, recreation, gaming, amusement and leisure for the general public, and to acquire, hold and operate any and all privileges, rights, franchises and concessions.

#### 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 support and online lottery equipment service.

PinoyLotto was awarded the five-year lease of the customized PCSO LotterySystem (PLS Project) at a contract price of ₱5,800.0 million. PinoyLotto commenced commercial operations on October 1, 2023, and pursuant to the requirements of PCSO, 6,500 terminals have been installed and are in operation nationwide.

The Company's interest in PinoyLotto was accounted for as a joint operation.

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

### **Recent Developments**

Pacific Online ended its trial run for its PCSO Web-based Application Betting Platform (WABP) or "E-Lotto" last July 12, 2024 to give way to the procurement of an E-Lotto platform which was to run for a period of 5 years. The Company participated in the bidding and on June 19, 2024, it received the PCSO Notice of Award. As at December 31, 2024, PCSO has not yet issued the Notice to Proceed.

### **Agreements with PCSO**

#### **ELA between POSC and PCSO**

Until September 30, 2023, POSC, The Parent Company, had an ELA with the PCSO for the lease of lotto terminals, which included 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

included the supply of betting slips and ticket paper rolls.

PCSO is the principal government agency for raising and providing funds for health programs, medical assistance and services, and charities of national character through holding and conducting charity sweepstakes, races, and lotteries.

Pursuant to the ELA, the Parent Company 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, 2024 and 2023, the total cash bond, included under “Other current assets” or “Other noncurrent assets” in the consolidated statement of financial position amounted to P79.0 million and P91.0 million, respectively.

Since July 31, 2019, the term of the ELA was extended over several periods mainly to allow PCSO to complete the bidding process for the Philippine Lottery System (PLS) under Republic Act No. 9184, as amended, and 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. The final extension in 2023 extended the term of the ELA until September 30, 2023 and the contract was concluded thereafter.

The rental fee, presented as “Equipment rental” in the consolidated statements of comprehensive income is based on a percentage of gross sales of lotto ticket from PCSO’s Luzon and VISMIN operations. The number of installed lotto terminals totaled 3,716 and 3,605 as at September 30, 2023 and December 31, 2022, respectively. The Parent Company’s rental income amounted to P9.6 million, P469.8 million and P512.7 million in 2024, 2023, and 2022, respectively.

On August 30, 2023, POSC was engaged to provide a WABP for PCSO under a test run (trial) basis for one (1) year. Under the arrangement, POSC will be acting as PCSO’s exclusive agent and generates fees based on a certain percentage of revenues. This was launched in December 15, 2023.

On July 12, 2024, the test run for the WABP ended upon the instruction of PCSO preparatory to its transition to a new platform.

#### **ELA between TGTI and PCSO**

TGTI had an ELA with PCSO which provided for the lease of the equipment for PCSO’s Online KENO games. This covered PCSO’s online keno lottery operations. The lease included 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 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.

The ELA concluded 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 nil, ₱6.3 million, ₱35.6 million in 2023, 2022 and 2021, respectively.

#### **Brand and Trademark Agreements**

In January 2018, POSC entered into a Brand and Trademark License Agreement (BTLA) with Powerball Marketing and Logistics Corporation (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 P4.0 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 starting 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, PMLC was not able to supply and distribute instant scratch tickets to its customers. As a result, impairment losses amounting to P26.0 million were recognized in 2020. Consequently, this was reversed in 2021 and was subsequently collected in 2022.

POSC also entered into a contract with Diamond Powerwinners for Trademark Assignment with a total fee of P30.0 million (inclusive of VAT). The contract was to be effective for ten months starting November 2023 to August 2024.

### **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, 2023 and 2022, 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 and subsequently extended again until September 30, 2023.

#### 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.

The contract with POSC was extended until September 30, 2023 and was no longer renewed.

The contract with TGTI ended in March 31, 2022.

### **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. KENO has been discontinued effective April 1, 2022.

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, 2024, the Company, through its joint operation company Pinoylotto Technologies Corp., had 6,500 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.

The next table shows the minimum jackpot amounts and the draw frequencies of the different lotto games supported by the Company.

	<u>Minimum Jackpot</u>	<u>Draw Frequency</u>
<u>Lotto Game</u>		
6/42 Lotto .....	P 6,000,000	3x a week - Tuesdays, Thursdays & 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

The Company did not spend on development activities in both 2024 and 2023.

### **Competition**

The company operates in a highly competitive landscape, where both traditional and digital gaming platforms are vying for market share. It competes with established providers and emerging players looking to modernize and expand lottery operations, often leveraging advanced digital technologies. The rise of

web-based and mobile lottery platforms presents new challenges as more players shift toward digital convenience. Additionally, the growing presence of international and unauthorized online gaming alternatives further intensifies competition, offering consumers more choices beyond regulated local offerings.

### **Organization and Manpower**

As of December 31, 2024, the Group had a total of 29 employees, of which, 11 belong to Operations and 18 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.
2. Risks Relating to the Company and its Subsidiaries
  - a. Business Interruption Risk  
The operations of the Company, its subsidiaries and joint operation 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.
  - b. Investment Risk  
The Company's ROI on its joint venture investment is dependent on the milestone achievements of the joint venture and the acceptance of PCSO. Non-compliance or delays in the implementation of the joint venture operations may result to additional cost or contract cancellation by PCSO.

### **Item 2. Properties**

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 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 were 323 sqm for the years ended Dec. 31, 2024 and 2023, from the previous 1,622 sqm by year end 2022.

The Company's major assets under PinoyLotto are lottery equipment, which consists mainly of lottery

terminals, data center equipment, software and operating systems.

### **Item 3. 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.

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

Except for matters taken up during the Annual Stockholders’ Meeting, there were no other matters submitted to a vote of security holders during the period covered by this report.



## PART II - OPERATIONAL FINANCIAL INFORMATION

### **Item 5. Market for Registrant's Common Equity and Related Stockholder Matters Market Information**

#### 1. Market Information

The principal market where the registrant's common equity is traded is the Philippine Stock Exchange ("PSE").

The high and low closing sales prices for each quarter within the last two (2) fiscal years of the registrant's common shares as quoted on the PSE, are as follows:

<b><u>2024</u></b>	<b><u>High</u></b>	<b><u>Low</u></b>
First Quarter	4.80	3.68
Second Quarter	5.15	3.29
Third Quarter	5.24	3.60
Fourth Quarter	3.82	2.50
<b><u>2023</u></b>	<b><u>High</u></b>	<b><u>Low</u></b>
First Quarter	1.90	1.60
Second Quarter	1.90	1.79
Third Quarter	4.16	1.75
Fourth Quarter	4.95	2.77

As of December 31, 2024, the Company's market capitalization amounted to P2,372,627,007 based on the closing price of P2.65 per share.

#### 2. Security Holders

As of December 31, 2024, 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:

<b>Name</b>	<b>No. of Shares Held</b>	<b>% to Total</b>
1. PREMIUM LEISURE CORP.	448,560,806	50.1000
2. PCD NOMINEE CORPORATION Filipino = 287,522,957 Non-Filipino = 40,296,819	327,819,776	36.6144
3. OCIER, WILLY N.	71,819,350	8.0215
4. ABACORE CAPITAL HOLDINGS, INC	43,761,930	4.8878
5. OCIER WILLY &/OR GERALDINE E.Y. OCIER	1,439,000	0.1607
6. SY, HANS TAN	800,000	0.0894
7. OCIER, MISCHÉL GABRIELLE E.Y.	390,000	0.0436
8. KILAYKO, GREGORIO U.	200,000	0.0223
9. LIM, MAURICE D.	100,000	0.0112
10. BENITEZ, ALFREDO B.	68,200	0.0076
11. CHAN, CARMELITA	66,000	0.0074
12. VILLANUEVA, MYRA P.	23,400	0.0026
13. CHAN, CARMELITA D.L.	33,300	0.0037
14. TAGUBA, LUCILA A.	20,000	0.0022
15. SY, CAROLINE TANCUAN	20,000	0.0022
16. SY, HANS JR. TANCUAN	20,000	0.0022
17. SY, HARVEY CHRISTOPHER TANCUAN	20,000	0.0022
18. SY, HOWARD CONRAD TANCUAN	20,000	0.0022
19. PEREZ, JOSE DEXTER F.	18,000	0.0020
20. LOMARQUEZ, MA. AIMEE R.	12,000	0.0013

## **Dividends**

The Company has approved a dividend policy that would entitle stockholders to receive dividends based on prior year's net income after tax, subject to: (i) the availability of the unrestricted earnings, (ii) implementation of business plans, (iii) contractual obligations, and (iv) working capital requirements. The declaration and payment of dividends is subject to compliance annually of as often as the Board of Directors may deem appropriate, in cash or in kind/or in additional shares from its surplus profits. The ability of the Company to pay dividends will depend on its retained earnings level and financial condition. Dividends shall be paid within 30 days from the date of declaration.

On February 28 2023, POSC declared cash dividends of P0.10 per share, to shareholders as of record on March 15, 2023, and paid out on March 28, 2023.

On February 28, 2024, POSC declared cash dividends of P0.10 per share, to shareholders as of record on March 14, 2024, and to be paid out on March 26, 2024.

## **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 corporate property and assets as provided in the Corporation Code of the Philippines and;
3. In case of merger or consolidation.

## **Item 6. Management Discussion and Analysis of Operating Performance and Financial Condition**

### **Results of Operations**

#### **2024 Compared to 2023**

##### **Revenues**

Pacific Online Systems Corporation (the “Company”) consolidated with its subsidiaries (the “Group”), generated total revenues of P527.5 million for the year ended December 31, 2024. Revenues decreased by P74.1 million (12%) from revenues of the same period in 2023 amounting to P601.6 million mainly due to the transition from the legacy system to the nationwide lottery system under its joint operation, PinoyLotto Technologies Corp. (PinoyLotto).

##### **Cost of services**

Cost of services increased by P33.6 million (13%) to P294.2 million in 2024 from P260.7 million in 2023 mainly due to depreciation expense and communication costs in relation to the - new lottery system.

##### **General and administrative expenses**

General and administrative expenses increased by P53.5 million (43%) to P177.6 million in 2024 from P124.1 million in 2023 mainly due to higher expenses in relation to the full of operations of Pinoylotto in 2024.

##### **Finance charges**

Finance charges increased by P18.7 million (104%) due to payment of interest expense on the bank loan of Pinoylotto.

##### **Interest income**

Interest income increased by P8.0 million (140%) due interest income as a result of better cash management and investment decisions for 2024.

##### **Marked-to-market gains (loss) on investments held for trading**

Marked-to-market gains (loss) on investments held for trading decreased by P55.0 million (102%) due to lower stock prices of investment held for trading and due to the sale of Digiplus shares in 2024.

##### **Dividend income**

Dividend income decreased by P18.9 million (100%) because the Company did not receive any dividends from its investment held for trading and financial assets at FVOCI in 2024.

##### **Other Income - net**

The Company’s other income - net decreased by P54.4 million (101%), from P54.0 million in 2023 to P0.3 million net charges in 2024. Other income in 2023 is mainly due to the sale of trademark and net claims received.

### **Financial Condition**

#### **2024 Compared to 2023**

##### **TOTAL ASSETS**

The Group’s total assets of P1,736.5 million as at December 31, 2024 decreased by P165.2 million or 9% from P1,901.8 million as at December 31, 2023.

##### **Cash and cash equivalents**

Cash and cash equivalents increased by P248.3 million (59%) from P343.9 million as at December 31, 2023 to P592.2 million as at December 31, 2024 due to the following: proceeds from the sale of the PLC shares to Belle Corp during the tender offer, proceeds from sale of investment held for trading and additional cash from loan drawdowns of PinoyLotto, offset by the payment of dividends amounting to P83.7 million during the first quarter of the year and payment of loans amortizations for 2024.

Pinoylotto is a joint venture operation owned by Pacific Online, Philippine Gaming Management Corp (PGMC) and International Lottery & Totalizator Systems, Inc. (ILTS). Pinoylotto won the bid for the Philippine Lottery System (PLS) of the Philippine Charity Sweepstakes Office, and has started

nationwide operations on October 1, 2023. Loan drawdowns are being used to fund equipment purchases for the said project.

#### **Investments held for trading**

Investments held for trading of the Group consists of investments in listed shares of stock of DigiPlus Interactive Corp (PLUS) (formerly Leisure and Resorts World Corporation), Vantage Equities, Inc. and APC Group, Inc. The amount of the Group's investments held for trading decreased by P57.3 million (57%) as at December 31, 2024 mainly due to the disposal of DigiPlus shares in 2024.

#### **Trade and other receivables**

Trade and other receivables decreased by P98.7 million (35%) to P185.7 million as at December 31, 2024 from P284.4 million as at December 31, 2022 due to collection of receivables.

#### **Creditable withholding taxes (CWTs)**

Creditable withholding taxes increased by P23.6 million (23%) to P125.3 million as at December 31, 2024 from P101.8 million as at December 31, 2023 due additional creditable withholding tax as a result of collection of trade receivables.

#### **Other current assets**

Other current assets of the Group increased by P17.9 million (52%) to P136.2 million as at December 31, 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 Premium Leisure Corp (PLC). The account decreased by 100% from December 31, 2023 due to the availment of the Company to 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 P54.2 million (8%) to P652.0 million as at December 31, 2024 from P706.2 million as at December 31, 2023 mainly due to the depreciation expense recognized for the period.

#### **Other noncurrent assets**

Other noncurrent assets decreased by P2.7 million (49%) to P2.3 million as at December 31, 2024 from P5.0 million as at December 31, 2024. The decrease is mainly due to the consumption of rental deposits for various leased premises.

### **LIABILITIES**

The Group recorded total liabilities at P638.7 million as at December 31, 2024, lower by P87.4 million (12%) compared to the total liabilities P726.1 million as at December 31, 2023. The decrease was mainly due to payment of loan and reversal of long-outstanding payables in 2024.

### **EQUITY**

Total equity of the Company decreased by P77.9 million (7%) to P1,097.8 million as at December 31, 2024 from P1,175.7 million as at December 31, 2023. The decrease is mainly due to cash dividends declared and paid during the first quarter of the year.

As of December 31, 2024, 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, 2024	Dec. 31, 2023
Current Ratio	3.06:1.00	3.02:1.00
Asset-to-Equity Ratio	1.58:1.00	1.62:1.00
Return on Equity	1%	26%
Return on Assets	1%	18%
Solvency Ratio	0.27:1.00	0.43:1.00

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	$\frac{\text{Net Income} + \text{Depreciation}}{\text{Total Liabilities}}$

### **2023 Compared to 2022**

#### **TOTAL ASSETS**

The Group's total assets of P1,901.8 million as at December 31, 2023 increased by P785.8 million or 70% from P1,116.0 million as at December 31, 2022.

#### **Cash and cash equivalents**

Cash and cash equivalents increased by P42.3 million (14%) to P343.9 million as at December 31, 2023 from P301.7 million as at December 31, 2022 due to the following: higher revenues and collections from increased Lotto sales for the year and additional cash from loan drawdowns of PinoyLotto, offset by the payment of dividends amounting to P89.5 million during the first quarter of the year.

Pinoylotto is a joint venture operation owned by Pacific Online, Philippine Gaming Management Corp (PGMC) and International Lottery & Totalizator Systems, Inc. (ILTS). Pinoylotto won the bid for the Philippine Lottery System (PLS) of the Philippine Charity Sweepstakes Office, and has started nationwide operations on October 1, 2023. Loan drawdowns are being used to fund equipment purchases for the said project.

#### **Investments held for trading**

Investments held for trading of the Group consists of investments in listed shares of stock of DigiPlus Interactive Corp (PLUS) (formerly Leisure and Resorts World Corporation), Vantage Equities, Inc. and APC Group, Inc. The amount of the Group's investments held for trading increased by P28.7 million (40%) as at December 31, 2023 due to the net increase in the share prices of the investments for 2023.

**Trade and other receivables**

Trade and other receivables increased by P83.2 million (41%) to P284.4 million as at December 31, 2023 from P201.2 million as at December 31, 2022 due to higher receivable from PCSO in relation to the PLS joint venture.

**Creditable withholding taxes (CWTs)**

Creditable withholding taxes decreased by P27.8 million (21%) to P101.8 million as at December 31, 2023 from P129.6 million as at December 31, 2022 due to application of income tax due for 2023.

**Other current assets**

Other current assets of the Group increased by P98.9 million (509%) to P118.3 million as at December 31, 2023 from P19.4 million as at December 31, 2022 due mainly to the guarantee deposit made by Pacific Online pursuant to the agreement with PCSO and the additional input taxes for 2023.

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

The financial assets at FVOCI pertains to the investment in shares of Premium Leisure Corp (PLC). The account increased by P58.5 million (33%) to P237.6 million as at December 31, 2023 from P179.1 million as at December 31, 2022 due to unrealized valuation gains for 2023.

**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 increased by P704.2 million (34973%) to P706.2 million as at December 31, 2023 from P2.0 million as at December 31, 2022 mainly due to the new lottery system of Pinoylotto, net of depreciation expense recognized for the period.

**Right of use assets (ROU)**

Right of use assets decreased by P1.3 million (70%) to P0.5 million as at December 31, 2023 from P1.8 million as at December 31, 2022 because of the amortization of ROU assets for 2023.

**Other noncurrent assets**

Other noncurrent assets decreased by P205.3 million (98%) to P4.5 million as at December 31, 2023 from P209.8 million as at December 31, 2022. The decrease is mainly because of a reclassification of advances to suppliers (under other noncurrent assets) to the property and equipment account as PinoyLotto started nationwide operations and put the property and equipment to use.

**LIABILITIES**

The Group recorded total liabilities at P726.1 million as at December 31, 2023, higher by P546.2 million (304%) compared to the total liabilities of P179.9 million as at December 31, 2022. The increase was mainly because of the drawdown of loan for the capital expenditure requirements of the PLS Project. Loans payable as at December 31, 2023 is at P470.6 million, increasing by P403.1 million (597%) from P67.5 million as at December 31, 2022. In addition, trade payables increased as PinoyLotto started operating and incurring operational expenses.

**EQUITY**

Total equity of the Company increased by P239.6 million (26%) to P1,175.7 million as at December 31, 2023 from P936.1 million as at December 31, 2022. The increase is mainly brought about by the net income earned for 2023, offset with the cash dividends declared and paid during the first quarter of the year.

As of December 31, 2023, 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, 2023	Dec. 31, 2022
Current Ratio	3.02:1.00	6.49:1.00
Asset-to-Equity Ratio	1.62:1.00	1.19:1.00
Return on Equity	26%	23%
Return on Assets	18%	19%
Solvency Ratio	0.43:1.00	1.25:1.00

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	$\frac{\text{Net Income} + \text{Depreciation}}{\text{Total Liabilities}}$

### **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	$\frac{\text{Net Income} + \text{Depreciation}}{\text{Total Liabilities}}$

## **2025 Plan of Operations**

PinoyLotto, the joint venture operation for the nationwide lottery system, will continue to maintain operations for its 6,500 installed terminals. POSC owns 50% of the joint venture operation, assuring the Company with steady income for the duration of its 5-year term.

The Company continues to maintain its relationships with technology partners and payment gateways in order to be ready when PCSO decides to move forward with the Elotto project. POSC is waiting for the Notice to Proceed to be issued.

Pacific Online is actively seeking opportunities for growth through profitable investments in the entertainment industry that will increase shareholder value for its various stakeholders.

## **Item 7. Financial Statements**

The audited Financial Statements and Supplementary Schedules as of and for the year ended December 31, 2024 presented in the accompanying index to Financial Statements and Supplementary Schedules are filed as part of this Form 17-A.

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

Pursuant to the requirement on Rotation of External Auditors under SEC Memorandum Circular No. 8 Series of 2003, the registrant will recommend the accounting firm of Reyes Tacandong & Co. for reappointment at the scheduled annual meeting.

Representatives of the principal accountant (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. and R. G. Manabat & Co. audited the Company's statement of financial position as at December 31, 2024 and 2023, respectively, and the statement of comprehensive income, statement of changes in stockholders' equity and statement of cash flows for the year ended December 31, 2022 and 2021 and a 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 B. Fernando.

The Company's Board of Directors in the annual shareholders' meeting on June 28, 2024 recommended, and the shareholders approved, the appointment of Reyes, Tacandong & Co. as the Company's independent public accountant for the fiscal year ending December 31, 2024.

In the Company's three (3) most recent fiscal years, there was no event where the previous external auditor and Reyes Tacandong & Co. and the Company had disagreement on accounting principles or practices, and disclosures of financial statements or auditing scope of procedure.

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

	<b>2024</b>	<b>2023</b>	<b>2022</b>
Audit fee	P1,100,000	P1,300,000	P1,100,000
Tax services	-	-	-
Other fees	-	-	-
<b>TOTAL</b>	<b>P1,100,000</b>	<b>P1,300,000</b>	<b>P1,100,000</b>

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. Joseph T. Chua (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 20, 2025.

### PART III - CONTROL AND COMPENSATION INFORMATION

#### **Item 9. Directors and Executive Officers of the Registrant**

##### **Directors and Senior Management**

The following sets forth certain information as to the Directors and Executive Officers of the Company:

<b>Name</b>	<b>Position with the Company</b>
Willy N. Ocier	Chairman
Armin Antonio B. Raquel Santos <sup>1</sup>	Executive Director & President
Mischel Gabrielle O. Mendoza <sup>2</sup>	Executive Director
Tarcisio M. Medalla	Non-Executive Director
Henry N. Ocier	Non-Executive Director
Maria Gracia M. Pulido Tan	Lead Independent Director
Roberto V. Antonio	Independent Director
Joseph T. Chua	Independent Director
Dioville M. Villarias	Chief Financial Officer and Treasurer
Jason C. Nalupta	Corporate Secretary
Ann Margaret K. Lorenzo	Assistant Corporate Secretary
Christopher C. Villaflor <sup>3</sup>	Head of Lottery Operations
Ann Josefina G. Esteban	Chief Audit Executive
Michelle Angeli T. Hernandez	Compliance Officer
Allan D. Aldea	Data Protection Officer
Jackson T. Ongsip <sup>4</sup>	Executive Director & President
Raul B. De Mesa <sup>5</sup>	Non-Executive Director

*\*Notes:*

<sup>1</sup> appointed as President and CEO effective May 16, 2024

<sup>2</sup> elected as director effective May 16, 2024

<sup>3</sup> appointed as Chief Operating Officer effective May 16, 2024

<sup>4</sup> term ended on May 15, 2024

<sup>5</sup> term ended on Dec. 5, 2024 (Deceased)

##### **Board of Directors**

The present members of the Board of Directors ("BOD") were elected during the annual stockholders' meeting held on June 28, 2024. The term of the current members of the BOD shall be until the next stockholders' meeting on June 28, 2024. The following are the incumbent members of the Board of Directors ("BOD") of the Company:

**Willy N. Ocier**, Filipino, 68, is the Chairman and Director of the Company since July 29, 1999. He served as the Company's President until October 2021. He is a Chairman and Non-Executive Director of Belle Corporation. He is also the Director and Chairman of Premium Leisure Corp. APC Group, Inc., Total Gaming and Technologies, Inc. and Premium Leisure and Amusement, Inc. He is the Chairman and Director of Tagaytay Midlands Golf Club, Inc., and Vice Chairman of Tagaytay Highlands International Golf Club, Inc. and Highlands Prime, Inc. Mr. Ocier is also the Chairman, President, and Chief Executive Officer of Philippine Global Communications, Inc. and Director of DigiPlus Interactive Corp. He also sits as a Director of 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, 51, was the President and Chief Executive Officer of the Company until May 15, 2024. He was also the President and Chief Executive Officer of Belle Corporation Senior 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., 10 years with Globe Telecom and 12 years now with the SM Group. He graduated from the University of Santo Tomas with a Bachelor of Science in Accountancy.

**Armin Antonio B. Raquel Santos**, 57, Filipino, is the Executive Director and the President and Chief Executive Officer of the Company beginning May 16, 2024. He is the Executive Director, President and Chief Executive Officer of Belle Corporation, Premium Leisure Corp. and its subsidiary, Premium Leisure and Amusement, Inc. He is also a Director of APC Group, Inc., Pinoy Lotto Technologies Corporation, Sagittarius Mines, Inc., Tagaytay Highlands International Golf Club, Inc., Manila Golf and Country Club 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.

**Mischel Gabrielle O. Mendoza**, 38, Filipino, became a director in May 2024 and was appointed 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, The Country Club at Tagaytay Highlands, Inc., 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

**Tarcisio M. Medalla**, Filipino, 76, is a director of the Company. He also is a Director and President of the Paxys, Inc. He is concurrently a Director of UT Global Services Limited, a privately held company with an RHQ in Manila and affiliated with All Asia Customer Services Holdings Ltd., an investment holding company that owns the controlling equity interest in Paxys. He has been connected with the Group since 1983. He graduated with a BSC degree, major in Accounting, from De La Salle University. He attended the Advanced Management Program (AMP) at the Harvard Business School. He is a Certified Public Accountant.

**Henry N. Ocier**, Filipino, 67, 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, 81, was a Director of the Company until December 5, 2024. He was the Chairman, President and CEO of AbaCore Capital Holdings, Inc. He was a distinguished banker and had gained a wealth of experience in the financial industry. He was 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. He graduated from De La Salle University with a Bachelor of Arts in Business degree, and from the University of Asia and the Pacific with a degree in Strategic Business Economics.

### ***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, the Board of Directors has elected Messrs. Joseph T. Chua, Ma. Gracia M. Pulido Tan and Roberto V. Antonio as the Company's independent directors.

**Atty. Maria Gracia M. Pulido Tan**, Filipino, 69 is a director of the Company since May 28 2021 and is currently the Lead Independent Director. Ms. Tan is likewise an independent director of Belle Corporation and Premium Leisure Corporation. She is also a director of Palm Concepcion Power Corporation, Peak Power Energy, Inc. and Trifels, Inc. She is currently a Trustee of the Justice George A. Malcolm Foundation, Inc., and a member of the Tax Faculty of the Philippine Judicial Academy. She is also an arbitrator for the Construction Industry Authority of the Philippines and the Philippine Center for Dispute Resolution, Inc.; a professional lecturer of the University of the Philippines Law Center; a member of the Philippine Institute of Construction Arbitrators and Mediators, Inc., Society of Construction Law Philippines, Dispute Resolution Board Foundation, Office of Alternative Dispute Resolution, International Tax Specialist Group, and the Philippine Institute of Arbitrators. Atty. Tan is the first woman Chairperson of the Commission on Audit. She also served as Undersecretary of Finance, Commissioner of the Presidential Commission on Good Government and 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 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 accounting practitioner, government official, arbitrator and international consultant. She is an expert in the fields of legal, finance, audit, governance, dispute resolution and administration. She graduated from the University of the Philippines in 1976 with a degree in Bachelor of Science in Business Administration and Accountancy and in 1981 with Juris Doctor. In 1987, she obtained her Master of Laws (Tax) from the New York University. She is a lawyer and Certified Public Accountant.

**Joseph T. Chua**, Filipino, 68, is an independent director of the Company since May 2023. He is also an Independent Director and chairman of the Corporate Governance Committee and Related Party Transactions Committee of Belle Corporation until May 31, 2024. 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.

**Roberto V. Antonio**, Filipino, 63, is an Independent Director of the Company. 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.

### ***Executive Officers***

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

**Maria Neriza C. Banaria**, Filipino, 41, was the Chief Finance Officer (CFO) of the corporation until August 14, 2024. She was concurrently the Chief Finance Officer and Treasurer of Belle Corporation. 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.

**Dioville M. Villarias**, 35, was appointed as Officer-in-Charge Chief Financial Officer (CFO) of the Company starting August 15, 2024. She was confirmed as CFO and Treasurer on October 25, 2024. She is a CFO APAC Regional Awardee, she has 14 years of experience in accounting, financial reporting, and audits of financial institutions. She previously served as Head of Finance and CFO at UBS Securities Philippines, Inc. Ms. Villarias holds a Bachelor's degree in Accountancy from the University of the Philippines Visayas-Tacloban College and an MBA from De La Salle University. She is a Certified Public Accountant (CPA).

**Atty. Jason C. Nalupta**, Filipino, 53, is the Corporate Secretary of the Company. He is also currently the Corporate Secretary of listed firms A. Brown Company, Inc., Asia United Bank, Belle Corporation, and Crown Asia Chemicals Corporation. He is also a Director and/ or Corporate Secretary or Assistant Corporate Secretary of private companies, Quantuvis Resources Corporation, Total Gaming Technologies, Inc., Parallax Resources, Inc., SLW Corporation, Belle Infrastructure Holdings, Inc. (Formerly: Metropolitan Leisure & Tourism Corporation), Belle Bay Plaza Corporation, Glyphstudios, Inc., Falcon Resources, Inc., Futurelab Interactive Corp., TGTI Services, Inc., Loto Pacific Leisure Corporation, FHE Properties, Inc., Stanley Electric Philippines, Inc., Sta. Clara International Corporation and PinoyLotto Technologies Corp. 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.

**Ann Margaret K. Lorenzo**, Filipino, 35, is the Assistant Corporate Secretary of the Corporation since May 2021. She is concurrently the Corporate Secretary of the following companies: Repower Energy Development Corporation, Coal Asia Holdings, Inc., Arquee Corp., and GGO Realty Holdings, Inc. She is also the Assistant Corporate Secretary of Asia United Bank Corporation, Crown Asia Chemicals Corporation, 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., Jin Natura Resources Corp., Jin Navitas Resource, Inc., Catmon Felix, Inc., Yeoj Commoditas, Inc., Yeoj Socialis, Inc., Yeoj Turbulentus, Inc., Yeoj 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. Ms. Lorenzo is a Partner at Tan Venturanza Valdez where she specializes in securities law, special projects, and banking. She also lectures at the Paralegal Training Program of the UP Law Center on corporate housekeeping, AMLA, competition 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. Villafior**, Filipino, 49, is the Chief Operating Officer (COO) and Operations Division Head of the Company starting May 16, 2024. 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 and became the Online Lottery Division Head in December 2021. Mr. Villafior 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 training 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.

**Anna Josefina G. Esteban**, 57, Filipino, is the Chief Audit Executive of the corporation since September 2016. She is also the Chief Audit Executive of the following 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**, 53, Filipino, is the Compliance Officer of the Corporation since September 13, 2022. Likewise, she is the Compliance Officer and 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. Likewise, she is the Compliance Officer and Chief Risk Officer of Premium Leisure Corp., and the Chief Risk Officer of APC Group, Inc. She has a bachelor's degree in Tourism (Cum Laude) from the University of Sto. Tomas.

**Allan D. Aldea**, 49, Filipino, is the Data Protection Officer of the corporation since February 19, 2024. Likewise, he is the Business Process and Risk Manager of Belle Corporation. As DPO, he is responsible for overseeing an organization's data protection strategy and its implementation. He ensures data is handled responsibly and legally. He graduated from the University of Santo Tomas with a Bachelor of Science in Industrial Engineering.

#### **Family Relationships**

Henry N. Ocier and Willy N. Ocier are brothers. Mischel Gabrielle 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 ("BOD") approved the proposed Stock Option Plan ("the Plan") on December 12, 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 February 15, 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 May 6, 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 May 6, 2008 until May 6, 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 May 19, 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 December 31, 2024, 2023 and 2022, there were no options outstanding or granted upon expiration of the exercisable options on May 6, 2011.

#### **Involvement in Certain Legal Proceedings**

The members of the Board of Directors and Senior Management are not involved in Legal Proceedings.

#### **Item 10. Executive Compensation**

The following table shows the aggregate compensation received by the directors and executive officers of the Company for calendar years 2024 and 2023, as well as the estimated aggregate compensation for calendar year 2025.

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary</b>	<b>Bonus</b>	<b>Other Annual Compensation</b>
Armin Antonio B. Raquel Santos President & CEO <i>(effective May 16, 2024)</i>				
Christopher C. Villaflor Chief Operating Officer				
Mischel O. Mendoza Business Dev't Head & Risk Officer				
Jackson T. Ongsip President and CEO <i>(until May 15, 2024)</i>				
Maria Neriza Banaria CFO and Treasurer <i>(until August 14, 2024)</i>				
Total for President and 4 most highly compensated Executive Officers	2025 (Estimate)			Php 7,462,180
	2024			8,026,947
	2023			8,800,563
All other executive officers and directors as a Group	2025 (Estimate)			Php 3,207,578
	2024			3,332,251
	2023			5,652,524

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

	<b>2024</b>	<b>2023</b>	<b>2022</b>
Salaries and wages	<b>₱15,050,945</b>	₱9,817,230	₱9,319,577
Retirement benefits	<b>795,704</b>	881,108	1,565,098
	<b>₱15,846,649</b>	₱10,698,338	₱10,884,675

The compensation of the Group's key management personnel is included in the "Personnel costs" as disclosed in Note 15 and 20 of the audited consolidated financial statements.

In 2024, 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 2024:

NAME	POSITION	TOTAL (Php)
Willy N. Ocier	Chairman	113,889
Armin Antonio B. Raquel Santos <sup>1</sup>	President and Executive Director	113,889
Mischel Gabrielle O. Mendoza <sup>2</sup>	Executive Director	91,667
Tarcisio M. Medalla	Non-Executive Director	325,000
Henry N. Ocier	Non-Executive Director	113,889
Maria Gracia M. Pulido Tan	Lead Independent Director	313,889
Roberto V. Antonio	Independent Director	313,889
Joseph T. Chua	Independent Director	325,000
Jackson T. Ongsip <sup>3</sup>	President and Executive Director	44,118
Raul B. De Mesa <sup>4</sup>	Non-Executive Director	80,556
	TOTAL	P1,835,786

\*Notes:

<sup>1</sup> appointed as President and CEO effective May 16, 2024

<sup>2</sup> elected as director effective May 16, 2024

<sup>3</sup> term ended on May 15, 2024

<sup>4</sup> term ended on Dec. 5, 2024 (Deceased)

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 P2.5 million.

#### **Item 11. Security Ownership of Certain Beneficial Owners and Management**

##### **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 December 31, 2024:

Shareholder	Number of Shares	Percent	Beneficial Owner
<b>PREMIUM LEISURE CORP.</b> 5/F Tower A, Two E-Com Center, Mall ofAsia Complex, Pasay City	448,560,806	50.10	<b>PREMIUM LEISURE CORP.</b>
<b>PCD NOMINEE CORPORATION</b>	327,819,776	36.61	<b>VARIOUS</b>
<b>WILLY N. OCIER</b> 28/F East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City	71,819,550	9.95	<b>WILLY N. OCIER</b>

## 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 December 2024:

Title of Class	Name of Beneficial Owner	Amount and nature of beneficial ownership			Citizen-ship	Percent of Class
		Direct	Indirect	Total		
Common	Willy N. Ocier	71,819,550	17,283,950	89,103,500	Filipino	9.95
Common	Armin Antonio B. Raquel-Santos	200	0	200	Filipino	0.00
Common	Mischel Gabrielle O. Mendoza	390,000	195,000	585,000	Filipino	0.07
Common	Tarcisio M. Medalla	200	100	300	Filipino	0.00
Common	Henry N. Ocier	6,000	1,203,000	1,209,000	Filipino	0.13
Common	Maria Gracia M. Pulido Tan	1,000	0	1,000	Filipino	0.00
Common	Roberto V. Antonio	20,000	0	20,000	Filipino	0.00
Common	Joseph T. Chua	1	289,050	289,050	Filipino	0.03
Common	Dioville M. Villarias	0	0	0	Filipino	0.00
Common	Christopher C. Villaflor	0	0	0	Filipino	0.00
Common	Anna Josefina G. Esteban	0	0	0	Filipino	0.00
Common	Michelle Angeli T. Hernandez	0	0	0	Filipino	0.00
Common	Allan D. Aldea	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
	<b>All Directors &amp; Executive Officers as a group</b>	<b>72,236,951</b>	<b>18,971,100</b>	<b>91,208,050</b>		<b>10.18</b>

## Voting Trust Holders of 5% or More

There is no party known to the Company as holding any voting trust or any similar arrangement for five percent (5%) or more of the Company's voting securities.

## Changes in Control

There is no arrangement that may result in a change in control of the Company.

## Item 12. Certain Relationships and Related Transactions

The financial assets at FVOCI pertains to the Group's investment in shares of the Ultimate Parent Company and Parent Company totaling to nil and P237.6 million as at December 31, 2024 and 2023, respectively.

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

	2024	2023	2022
Salaries and wages	<b>₱15,050,945</b>	₱9,817,230	₱9,319,577
Retirement benefits	<b>795,704</b>	881,108	1,565,098
	<b>₱15,846,649</b>	₱10,698,338	₱10,884,675

## PART IV - 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.

### Corporate Objectives

#### Quality Policy

Pacific Online Systems Corporation is committed to continuously improve the quality management system and meet all requirements of the stakeholders in providing reliable, efficient and effective online lottery systems.

#### Quality Objectives

1. To be fully responsive to the requirements of stakeholders.
2. To maintain and continuously develop a competent workforce.
3. To maintain and continuously improve financial, operational and administrative control systems to achieve the company's goals and objectives.
4. To comply with statutory and regulatory requirements.

#### Information Security Policy

Pacific Online Systems Corporation is committed to safeguard the confidentiality, integrity and availability of all physical and electronic information assets of the company to ensure that regulatory, operational and contractual requirements are fulfilled.

#### Information Security Objectives

1. To comply with statutory and regulatory requirements.
2. To comply with requirements for confidentiality, integrity and availability for employees and other users.
3. To establish controls for protecting company information and information systems against theft, abuse and other forms of harm and loss.
4. To ensure that employees maintain the responsibility for, ownership of and knowledge about information security, to minimize the risk of security incidents.
5. To sustain continuity of operations at all times.
6. To ensure that external service providers comply with the company's information security needs and requirements.

### 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 2024, 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:

Board of Directors		15-Feb-24	28-Feb-24	9-May-24	25-Jun-24	28-Jun-24 <sup>1</sup>	28-Jun-24 <sup>2</sup>	1-Aug-24	25-Oct-24	4-Dec-24	13-Dec-24	% of Attendance
Ocier, Willy N.	Chairman (NED)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%
Ongsip, Jackson T. <sup>3</sup>	Director (ED)	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	100%
Raquel Santos, Armin Antonio B. <sup>4</sup>	Director (ED)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%
Medalla, Tarcisio M.	Director (NED)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%
Ocier, Henry O.	Director (NED)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%
Mendoza, Mischel O. <sup>5</sup>	Director (ED)	n/a	n/a	n/a	✓	✓	✓	✓	✓	✓	✓	100%
Tan, Maria Gracia P.	Director (NED-ID)	✓	✓	x	✓	✓	✓	✓	✓	✓	✓	90%
De Mesa, Raul B. <sup>6</sup>	Director (NED)	x	✓	✓	✓	✓	✓	x	✓	n/a	n/a	75%
Antonio, Roberto V.	Director (NED-ID)	✓	✓	✓	✓	✓	✓	✓	x	✓	✓	90%
Chua, Joseph T.	Director (NED-ID)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%

<sup>1</sup> - Annual Stockholders' Meeting

<sup>2</sup> - Board Organizational Meeting

<sup>3</sup> - tenure until May 15, 2024

<sup>4</sup> - elected as President and CEO effective May 16, 2024

<sup>5</sup> - elected as Director effective May 16, 2024

<sup>6</sup> - deceased on December 4, 2024

In adherence to good governance practice, the schedule of meetings of the Board and Board Committees for the full year of 2024 was discussed and approved during the February 2024 Board of Directors

meeting. On the other hand, the schedules of the Board and Board Committee Meetings in 2025 were discussed and approved by the Board of Directors in October 2024.

### **Board Performance Evaluation**

The Company, through its Corporate Governance Committee, conducts annual performance evaluations of the Board of Directors, its individual members and Board Committees to ensure optimum Board performance. The evaluation seeks to assess the effectiveness and collective performance of the Board through a self-assessment in this evaluation process. In this evaluation process, the directors identify the areas for improvement, such as:

- a. the timelines and integrity of information given to them,
- b. Directors' access to management, the Corporate Secretary and Board Advisors, and
- c. Other form of assistance as needed. The Board reviews the results of these evaluations and agrees on clear action plans to address any issues raised.

The details Board Evaluation Form can be found in the Company's website. Directors are asked to rate the performance of the collective Board, the Board, Committees, themselves as directors, the Company's Chairman of the Board, the Chief Executive Officer, and key officers.

Criteria for Board and Management ratings are as follows:

1. Collective Board Rating – relates to:

- Board Composition – related to how the Board members assess the Board as a whole based on their balance/diversity, knowledge/competencies, qualifications/background and experience;
- Board Efficiency and Importance – related to how the Board members assess the Board's overall performance, oversight over Management's activities, discussion on short- and long-term goals, business strategies and plans, risk and regulation, follow up of business plan and strategy, objective and budget, promotion of good governance principles, policies and mechanisms, and promotion of continuing education and/or training;
- Board Meetings and Participation – relates to how Board members assess frequency of Board meetings, if they were given chance to fully and positively participate, were provided quality materials and sufficient time for study, provided easy and timely access to information or inputs and whether there is efficient use of the time allocated for each meeting.

2. Board Committee Rating – relates to how the Committee members and Management rate the performance of the following Committees for the past year;

- Executive Committee
- Audit Committee
- Risk Oversight Committee
- Corporate Governance Committee
- Related Party Transactions Committee

3. Individual Directors' Self-rating – related to how the Directors assess their independence, participation and expertise

4. Officers Rating – relates to how well the Chairman of the Board and the President/CEO demonstrates leadership, integrity, diligence and adherence to corporate governance principles and practices as well as the assessment of the following key officers for their over-all performance:

- a. Chief Audit Executive
- b. Chief Risk Officer
- c. Compliance Officer

The Board reviews the results of this evaluation and agreed on clear action plans to address any issues raised.

The annual Board performance evaluation for 2024 was conducted within the first quarter of 2025. The results of the evaluation, which found the Board to be functioning well to its mandate, will be discussed and presented to the Board through the Corporate Governance Committee.

### 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 2024 attended by the members of our Board of Directors.

	Name of Participants	Training Provider	Date of Training	Topic
1	Willy N. Ocier	Institute of Corporate Directors	27-Aug-24	Corporate Governance
2	Armin Antonio B. Raquel Santos			
3	Mischel Gabrielle O. Mendoza			
4	Henry N. Ocier			
5	Raul B. De Mesa			
6	Roberto V. Antonio			
7	Joseph T. Chua			
8	Tarcisio M. Medalla	Risks, Opportunities, Assessment and Management, Inc.	12-Aug-24	Corporate Governance
9	Maria Gracia M. Pulido Tan	Securities and Exchange Commission and Philippine Stock Exchange	28-Nov-24	11 <sup>th</sup> Annual SEC-PSE Corporate Governance Forum

A review of the various established Board level committees and its respective charters were done for the year 2024. 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 2024.

Executive Committee		26-Sep-24	27-Nov-24	% of Attendance
Ocier, Willy N.	Chairman	✓	✓	100%
Raquel Santos, Armin Antonio B.	Member	✓	✓	100%
Mendoza, Mischel O.	Member	✓	✓	100%

Audit Committee		14-Feb-24	8-May-24	31-Jul-24	23-Oct-24	% of Attendance
Chua, Joseph T.	Chairman (ID)	✓	✓	✓	✓	100%
Tan, Maria Gracia P.	Member (ID)	✓	✓	✓	✓	100%
Medalla, Tarcisio M.	Member	✓	✓	✓	✓	100%
Antonio, Roberto V.	Member (ID)	✓	✓	✓	✓	100%

Corporate Governance Committee		14-Feb-24	23-Oct-24	% of Attendance
Antonio, Roberto V.	Chairman (ID)	✓	✓	100%
Chua, Joseph T.	Member (ID)	✓	✓	100%
Tan, Maria Gracia P.	Member (ID)	✓	✓	100%

Risk Oversight Committee		14-Feb-24	23-Oct-24	% of Attendance
Tan, Maria Gracia P.	Chairman (ID)	✓	✓	100%
Antonio, Roberto V.	Member (ID)	✓	✓	100%
Chua, Joseph T.	Member (ID)	✓	✓	100%
Medalla, Tarcisio M.	Member	✓	✓	100%

Related Party Transactions Committee		14-Feb-24	1-Aug-24	% of Attendance
Antonio, Roberto V.	Chairman (ID)	✓	✓	100%
Chua, Joseph T.	Member (ID)	✓	✓	100%
De Mesa, Raul B.	Member	✓	x	50%
Ocier, Henry O.	Member	✓	✓	100%
Tan, Maria Gracia P.	Member (ID)	✓	✓	100%

### 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 2024 and has found the same effective and adequate.

## **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 2024.

## **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.

The Board approved on April 25, 2022 the Company's Revised Manual on Corporate Governance: <https://www.loto.com.ph/wp-content/uploads/CG-MANUAL-Apr.-25-2022.pdf>

## **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: <https://www.loto.com.ph/wp-content/uploads/CODE-OF-BUSINESS-CONDUCT-AND-ETHICS-2019.pdf>

## **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://www.loto.com.ph/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

## Employees' Safety, Health, and Welfare

Pacific Online Systems Corporation recognizes its employees as one of its most important resource, hence, the Company endeavors to attract, inspire and retain people who demonstrate competencies and attributes that are aligned with its strategies. Some of Pacific Online's non-financial performance indicators, such as those shown on the attached Sustainability Report, identify relevant measures on how effectively the Company is achieving business objectives in the area of human resources.

## 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, 2024 is shown below:

Name of Director/Officer	No. Shares held as of 12/31/24	Acquisition (+)	Disposition (-)	No. Shares held as of 12/31/23	% of ownership
Willy N. Ocier	89,103,500	8,300,000	-	80,803,500	9.95
Armin Antonio B. Raquel-Santos	200	-	-	200	0
Mischel Gabrielle O. Mendoza	585,000	-	-	585,000	0.07
Tarcisio M. Medalla	300	-	-	300	0
Henry N. Ocier	1,209,000	-	-	1,209,000	0.13
Maria Gracia M. Pulido Tan	1,000	-	-	1,000	0
Roberto V. Antonio	20,000	10,000	-	10,000	0
Joseph T. Chua	289,050	-	-	289,050	0.03
Total	91,208,050	10,000	-	82,898,050	10.18

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

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



## PART V - EXHIBITS AND SCHEDULES

### Item 13. Exhibits and Reports on SEC Form 17-C

#### a. Exhibits

There are no exhibits to be provided that are applicable to the Company.

#### a. Reports on SEC Form 17-C

Document	Date Filed	Item No.	Matter
SEC FORM 17-C dated February 15, 2024	16-Feb-24	Item 9	Notice of Annual or Special Stockholders' Meeting
SEC FORM 17-C dated February 29, 2024	29-Feb-24	Item 9	Declaration of Cash Dividends
SEC FORM 17-C dated February 29, 2024	29-Feb-24	Item 9	Material Information/Transactions
SEC FORM 17-C dated May 09, 2024	09-May-24	Item 4	Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion)
SEC FORM 17-C dated May 29, 2024	30-May-24	Item 9	Material Information/Transactions
SEC FORM 17-C dated June 19, 2024	19-Jun-24	Item 9	Material Information/Transactions
SEC FORM 17-C dated June 28, 2024	28-Jun-24	Item 4 & 9	Results of Annual or Special Stockholders' Meeting
SEC FORM 17-C dated June 28, 2024	28-Jun-24	Item 4 & 9	Results of Organizational Meeting of Board of Directors
SEC FORM 17-C dated August 01, 2024	02-Aug-24	Item 4	Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion)
SEC FORM 17-C dated October 24, 2024	25-Oct-24	Item 4	Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion)
SEC FORM 17-C dated December 05, 2024	05-Dec-24	Item 9	Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion)

## SIGNATURES

Pursuant to the requirements of Section 17 of Securities Regulations Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized in the City of Pasig on

**APR 11 2025**

By:



**ARMIN ANTONIO B. RAQUEL SANTOS**  
President and Chief Executive Officer



**DIOVILLE M. VILLARIAS**  
Chief Finance Officer and Treasurer



**ATTY. JASON C. NALUPTA**  
Corporate Secretary

SUBSCRIBED AND SWORN to before me this **APR 11 2025** day of **2025**, affiants exhibiting to me their Competent Evidence of Identity, as follows:

NAME	COMPETENT EVIDENCE OF IDENTITY	DATE OF ISSUE	PLACE OF ISSUE
ARMIN ANTONIO B. RAQUEL SANTOS	P7348024B	Aug. 5, 2021	DFA Manila
DIOVILLE M. VILLARIAS	P7277214B	Jul. 27, 2021	DFA NCR South
JASON C. NALUPTA	P7670714A	June 26, 2018	DFA NCR South

**GAUDENCIO A. BARBOZA, JR.**  
NOTARY PUBLIC

Cities of Pasig, San Juan and  
In the Municipality of Pateros, Metro Manila  
Until December 31, 2025

PTR No 2863281 / 01/ 02/ 2025 Pasig City  
BP No 461377/10/01/2024 for the year 2025/RSM  
Roll No. 41969

MCLE Comp. VII-0028557 / April 19, 2023  
No. 11, Unit J. Freemont Arcade Bldg.  
Shaw Blvd. Brgy. San Antonio, Pasig City  
Appointment No. 29 (2025-2026)

Doc. No. **215**  
Book No. **43**  
Page No. **10**  
Series of 2025

# **ANNEX 1**

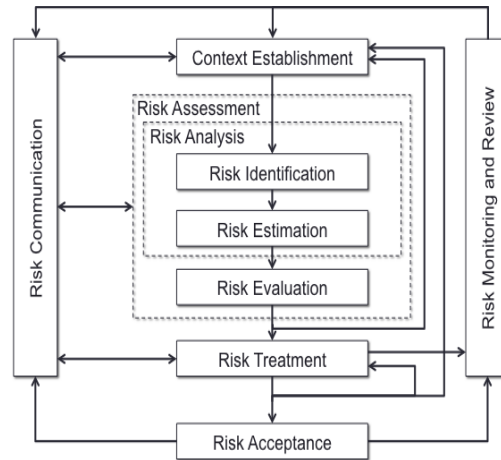
## **Sustainability Report**

PACIFIC ONLINE SYSTEMS CORPORATION	
Sustainability Report 2024	
1. THE ORGANIZATION AND ITS REPORTING PRACTICES	
Disclosure 2-1	ORGANIZATIONAL DETAILS
	<p><b>NAME OF THE ORGANIZATION</b> Pacific Online Systems Corporation</p> <p><b>OWNERSHIP AND LEGAL FORM</b></p> <pre> graph TD     POSC[PACIFIC ONLINE SYSTEMS CORPORATION]     POSC --- PINOY[PINOYLOTTO TECHNOLOGIES INC. 50% <small>*Interest in Joint Operation</small>]     POSC --- LOTO[LOTO PACIFIC LEISURE CORPORATION 100%]     POSC --- TGT[TOTAL GAMING TECHNOLOGIES INC. 98.92%]     TGT --- FRI[FALCON RESOURCES INC. 100%]     TGT --- FIC[FUTURELAB INTERACTIVE CORP. 50%] </pre> <p><b>LOCATION OF HEADQUARTERS</b></p> <p>Manila Business Center U2803 A &amp; B East Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City, 1605, Philippines</p> <p>Cebu Business Center 16/F Metrobank Plaza, F. Osmena Blvd, 6000, Cebu City</p> <p><b>LOCATION OF OPERATIONS</b> POSC's scope of operations for its lottery operations is nationwide in the Philippines.</p>
Disclosure 2-2	ENTITIES INCLUDED IN THE ORGANIZATION'S SUSTAINABILITY REPORTING
	Pacific Online Systems Corporation
Disclosure 2-3	REPORTING PERIOD, FREQUENCY AND CONTACT POINT
	<p><b>REPORTING PERIOD</b> This is Pacific Online Systems Corporation's (POSC or Pacific Online or Company) Sustainability Report outlining its economic, environmental, social and governance performance from January to December 2024. This report has been prepared in accordance with the GRI 1: Foundation 2021</p> <p><b>DATE OF MOST RECENT REPORT</b> Annex 1 of 17-A Report of Pacific Online for the period Jan-Dec 31, 2023, submitted to SEC/PSE April 12, 2024.</p> <p>A portion of the Sustainability Report information was also included in the latest 2022 Annual Report seen on the corporate website. (See: <a href="https://www.loto.com.ph/sustainability-reports/">https://www.loto.com.ph/sustainability-reports/</a>)</p> <p><b>REPORTING CYCLE</b> Annual</p> <p><b>CONTACT POINT FOR QUESTIONS REGARDING THE REPORT</b> For inquiries on Sustainability: Mischel O. Mendoza Business Development Department Head Email: <a href="mailto:momendoza@pacificonline.com.ph">momendoza@pacificonline.com.ph</a></p>

<b>Disclosure 2-4</b>	<b>RESTATEMENTS OF INFORMATION</b> Not applicable												
<b>Disclosure 2-5</b>	<b>EXTERNAL ASSURANCE</b> Not applicable												
<b>2. ACTIVITIES AND WORKERS</b>													
<b>Disclosure 2-6</b>	<table border="1"> <tr> <th colspan="2" data-bbox="259 394 1555 436"> <b>ACTIVITIES, VALUE CHAIN AND OTHER BUSINESS RELATIONSHIPS</b> </th></tr> <tr> <td data-bbox="259 436 503 468"> <b>PARTNERSHIP</b> </td><td data-bbox="503 436 1555 814"> <p>POSC has a policy of forming partnerships with other organizations, which complement its own offerings and bring increased benefits to its customers.</p> <p>POSC provides technical and market expertise for the distribution of lottery products in the country in partnership with the state-run Philippine Charity Sweepstakes Office (PCSO). Since 1995, POSC has been leasing to PCSO its online lottery systems.</p> <p>POSC entered into a joint venture agreement with Philippine Gaming Management Corporation (PGMC) and International Lottery Totalizator Systems (ILTS) for the 5-year contract to provide a nationwide online lottery system for PCSO. The joint venture known as Pinoylotto Technologies Corporation commenced October 1, 2023.</p> <p>Its latest partnership with PCSO is for the 1-year test run of Web Based Application Betting Platform (WABP) to provide lottery games on the go.</p> </td></tr> <tr> <td data-bbox="259 814 503 846"> <b>SUPPLY CHAINS</b> </td><td data-bbox="503 814 1555 1171"> <p>In order to provide our products and services to our customers, a number of important supply chain assets are in place. The major ones are:</p> <ul style="list-style-type: none"> <li>• Lottery and Draw Equipment</li> <li>• Equipment Spare Parts</li> <li>• Third Party Warehousing/Logistics</li> <li>• Co-location Facilities for Data Center</li> <li>• System Server and other peripherals</li> <li>• Security system</li> <li>• Elotto Platform</li> <li>• Payment gateways and other technology</li> </ul> </td></tr> <tr> <td data-bbox="259 1171 503 1203"> <b>RELATIONSHIP WITH OTHER INTERESTED PARTIES</b> </td><td data-bbox="503 1171 1555 1339"> <ul style="list-style-type: none"> <li>• Equipment Maintenance – provision of equipment maintenance and repair services.</li> <li>• Contractors – provision of office improvement services, web site development and other services.</li> <li>• Payment gateways – provision of payment solution for Elotto customers</li> <li>• Elotto Platform – provision of gaming channel accessible and available to Elotto customers</li> </ul> </td></tr> <tr> <td data-bbox="259 1339 503 1371"> <b>SIGNIFICANT CHANGES TO THE ORGANIZATION AND ITS SUPPLY CHAIN</b> </td><td data-bbox="503 1339 1555 1612"> <p>The organization saw changes in the board level.</p> <p>Retrenchment of employees happened in March 15, 2024 due to end of Legacy system operation and transition to new online lottery system under Pinoylotto Technologies Corporation.</p> <p>PCSO ended the test run for the Web-Based Application Betting Platform (WABP) to give way to nationwide Procurement of 5 Years Lease for Web-Based Application Betting. 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As at December 31, 2024, PCSO has not yet issued the Notice to Proceed.</p> </td></tr> <tr> <td data-bbox="259 1612 503 1644"> <b>PRECAUTIONARY PRINCIPLE OR APPROACH</b> </td><td data-bbox="503 1612 1555 1898"> <p>Pacific Online shall consider the external and internal context of the organization and the requirements of interested parties to determine the risks and opportunities that need to be addressed to:</p> <ul style="list-style-type: none"> <li>• Ensure the integrated management system can achieve its intended outcomes;</li> <li>• Prevent, or reduce, undesired effects; and</li> <li>• Achieve continual improvement.</li> </ul> <p>POSC shall plan actions to address the risks and opportunities and how to:</p> </td></tr> </table>	<b>ACTIVITIES, VALUE CHAIN AND OTHER BUSINESS RELATIONSHIPS</b>		<b>PARTNERSHIP</b>	<p>POSC has a policy of forming partnerships with other organizations, which complement its own offerings and bring increased benefits to its customers.</p> <p>POSC provides technical and market expertise for the distribution of lottery products in the country in partnership with the state-run Philippine Charity Sweepstakes Office (PCSO). 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- Integrate and implement the actions into its integrated management system processes; and
- Evaluate the effectiveness of these actions.

POSC shall apply an information security risk assessment process, which also applies to any opportunities identified on the information assets:



## EMPLOYEES

### INFORMATION ON EMPLOYEES AND OTHER WORKERS

Total Headcount	Quantity	% Dec.
2024	29	-34%
2023	44	-68%

Retrenchment of employees happened last March 15, 2024 due to end of legacy system operation and transition to new online lottery system under Pinoylotto Technologies Corporation.

### 2024 BREAKDOWN

By Company	2024		2023	
	Quantity	% to Total	Quantity	% to Total
POSC	29	100%	44	100%
TOTAL	29	100%	44	100%

### By Gender

By Gender	2024		2023	
	Quantity	% to Total	Quantity	% to Total
Male	21	72%	34	77%
Female	8	28%	10	23%
TOTAL	29	100%	44	100%

### By Age

By Age	2024		2023	
	Quantity	% to Total	Quantity	% to Total
Below 30 Years Old	6	21%	7	16%
30-50	17	59%	29	66%
OVER 50	6	21%	8	18%
TOTAL	29	100%	44	100%

### By Region

By Region	2024		2023	
	Quantity	% to Total	Quantity	% to Total
NCR	16	55%	39	89%
Luzon	10	34%	0	0%
Visayas	3	10%	5	11%
Mindanao	0	0%	0	0%
TOTAL	29	100%	44	100%

Disclosure  
2-7

By Rank				
By Rank	2024		2023	
	Quantity	% to Total	Quantity	% to Total
Rank-and File	11	38%	19	43%
Junior Management	4	14%	13	30%
Middle Management	7	24%	8	18%
Senior Management	7	24%	4	9%
<b>TOTAL</b>	<b>29</b>	<b>100%</b>	<b>44</b>	<b>100%</b>

## Disclosure 2-8

### 3. GOVERNANCE

## Disclosure

### 2-9

**Executive Committee**

The Executive Committee, which exercises, in between meetings of the Board, all the powers of the Board (except those powers expressly reserved by applicable law to the Board) in the management and direction of the business and conduct of the affairs of the Company, subject to any specific directions given by the Board.

Willy N. Ocier	Chairman and NED
Armin Antonio B. Raquel Santos	ED
Mischel Gabrielle O. Mendoza <sup>1</sup>	ED
Jackson T. Ongsip <sup>2</sup>	ED

<sup>1</sup> - effective May 16, 2024

<sup>2</sup> – end of term on May 15, 2024

**Audit Committee**

The Audit Committee assists the Company's Board in discharging its responsibilities with regard to financial reporting, external and internal audits and controls, including reviewing Pacific Online's quarterly and annual financial statements, considering the scope of the Company's annual external audit, approving the Company's internal audit program, advising on the appointment of external auditors, and reviewing the effectiveness of the Company's internal control systems and risk management systems.

Joseph T. Chua	Chairman and ID
Maria Gracia P. Tan	ID
Roberto V. Antonio	ID
Tarcisio M. Medalla	NED

**Board Risk Oversight Committee**

The Board Risk Oversight Committee assists the Board in providing framework to identify, assess, monitor and manage the risks associated with the Company's business. It helps the Board to adopt practices designed to identify significant areas of business and financial risks and to effectively manage those risks in accordance with Company's risk profile.

Maria Gracia. P. Tan	Chairperson and ID
Roberto V. Antonio	ID
Joseph T. Chua	ID
Tarcisio M. Medalla	NED

**Corporate Governance Committee**

The Corporate Governance Committee is tasked with ensuring compliance with, and proper observance of, corporate governance principles and practices.

Roberto V. Antonio	Chairman and ID
Maria Gracia P. Tan	ID
Joseph T. Chua	ID

**Related Party Transactions Committee**

The Related Party Transactions Committee is responsible for reviewing all material related party transactions of the Company, and ensuring that all RPTs are conducted on a fair and arms-length basis. Transactions considered material are subject to review by the Committee prior to Board approval and Management execution.

Roberto V. Antonio	Chairman and ID
Maria Gracia P. Tan	ID
Joseph T. Chua	ID
Henry N. Ocier	NED
Raul B. De Mesa <sup>1</sup>	NED

<sup>1</sup> – end of term Dec. 5, 2024 (Deceased)

**NOMINATION AND SELECTION OF THE HIGHEST GOVERNANCE BODY**

**Disclosure  
2-10**

Refer to our **Manual on Corporate Governance - section 2.8 Nomination and Election of Directors**  
<https://www.loto.com.ph/wp-content/uploads/CG-MANUAL-Apr.-25-2022.pdf> (page 12-13)



Disclosure 2-11	<b>CHAIR OF THE HIGHEST GOVERNANCE BODY</b>			
	Refer to our <b>Manual on Corporate Governance - section 2.5 The Chairman of the Board of Directors</b> <a href="https://www.loto.com.ph/wp-content/uploads/CG-MANUAL-Apr.-25-2022.pdf">https://www.loto.com.ph/wp-content/uploads/CG-MANUAL-Apr.-25-2022.pdf</a> (page 10-11)			
Disclosure 2-12	<b>ROLE OF THE HIGHEST GOVERNANCE BODY IN OVERSEEING THE MANAGEMENT IMPACTS</b>			
	Refer to our <b>Manual on Corporate Governance - section 2.18.1 The Executive Committee</b> <a href="https://www.loto.com.ph/wp-content/uploads/CG-MANUAL-Apr.-25-2022.pdf">https://www.loto.com.ph/wp-content/uploads/CG-MANUAL-Apr.-25-2022.pdf</a> (page 18-19)			
Disclosure 2-13	<b>DELEGATION OF THE RESPONSIBILITY FOR MANAGING IMPACTS</b>			
	Refer to our <b>Manual on Corporate Governance - section 2.18.4 Board Risk Oversight Committee</b> <a href="https://www.loto.com.ph/wp-content/uploads/CG-MANUAL-Apr.-25-2022.pdf">https://www.loto.com.ph/wp-content/uploads/CG-MANUAL-Apr.-25-2022.pdf</a> (page 27-29)			
Disclosure 2-14	<b>ROLE OF THE HIGHEST GOVERNANCE BODY IN SUSTAINABILITY REPORTING</b>			
	Refer to our <b>Manual on Corporate Governance - section 2.4 Roles and Responsibilities of the Board</b> <a href="https://www.loto.com.ph/wp-content/uploads/CG-MANUAL-Apr.-25-2022.pdf">https://www.loto.com.ph/wp-content/uploads/CG-MANUAL-Apr.-25-2022.pdf</a> (page 8-10)			
Disclosure 2-15	<b>CONFLICTS OF INTEREST</b>			
	Refer to our <b>Conflict-of-Interest Policy</b> <a href="https://www.loto.com.ph/wp-content/uploads/POLICY-ON-CONFLICT-OF-INTEREST-2017-May-31-2017.pdf">https://www.loto.com.ph/wp-content/uploads/POLICY-ON-CONFLICT-OF-INTEREST-2017-May-31-2017.pdf</a>			
Disclosure 2-16	<b>COMMUNICATION OF CRITICAL CONCERNS</b>			
	<p><b>Hazard identification, risk assessment, and incident investigation</b> A Risk Assessment is conducted by the Company periodically to ensure business continuity in times of certain negative events. Threats and Vulnerabilities are measured and offset with controls in place to arrive at an acceptable level of risk.</p> <p>Incidents are screened for information security breaches and documented in an Incident Report. Non-conformities are followed up by the auditor until a correction and corrective action is deemed acceptable. Regular audits are conducted to ensure that such incidents are not repeated.</p> <p>Refer to our <b>Manual on Corporate Governance - section 2.18.3 Audit Committee</b> <a href="https://www.loto.com.ph/wp-content/uploads/CG-MANUAL-Apr.-25-2022.pdf">https://www.loto.com.ph/wp-content/uploads/CG-MANUAL-Apr.-25-2022.pdf</a> (page 25-26)</p> <p>Refer to our <b>Whistle-Blowing Policy</b> <a href="https://www.loto.com.ph/wp-content/uploads/WHISTLE-BLOWING-POLICY-Apr.-11-2023.pdf">https://www.loto.com.ph/wp-content/uploads/WHISTLE-BLOWING-POLICY-Apr.-11-2023.pdf</a></p> <p>Refer to disclosure 2-6</p> <p><b>PRECAUTIONARY PRINCIPLE OR APPROACH</b></p>			
Disclosure 2-17	<b>COLLECTIVE KNOWLEDGE OF THE HIGHEST GOVERNANCE BODY</b>			
	<b>CONTINUING EDUCATION FOR DIRECTORS AND OFFICERS</b> POSC's continuing education program enables its Directors and Officers to stay current with the latest development on corporate governance topics. The corporate training programs are important components in fostering board effectiveness.			
	<b>Name of Director/Officer</b>	<b>Date of Training</b>	<b>Program</b>	<b>Name of Training Institution</b>
	Willy N. Ocier	27-Aug-24	2024 Corporate Governance Seminar	Institute of Corporate Directors
	Armin Antonio B. Raquel Santos	27-Aug-24	2024 Corporate Governance Seminar	Institute of Corporate Directors

	Mischel Gabrielle O. Mendoza	27-Aug-24	2024 Corporate Governance Seminar	Institute of Corporate Directors
	Tarcisio M. Medalla	12-Aug-24	Corporate Governance	Risks, Opportunity, Assessment & Management, Inc
	Henry N. Ocier	27-Aug-24	2024 Corporate Governance Seminar	Institute of Corporate Directors
	Joseph T. Chua	27-Aug-24	2024 Corporate Governance Seminar	Institute of Corporate Directors
	Maria Gracia P. Tan	28-Nov-24	11 <sup>th</sup> Annual SEC-PSE Corporate Governance Forum	Securities and Exchange Commission and Philippine Stock Exchange
	Raul B. De Mesa	27-Aug-24	2024 Corporate Governance Seminar	Institute of Corporate Directors
	Roberto V. Antonio	27-Aug-24	2024 Corporate Governance Seminar	Institute of Corporate Directors
	Jason C. Nalupta	27-Aug-24	2024 Corporate Governance Seminar	Institute of Corporate Directors
	Ann Margaret K. Lorenzo	27-Aug-24	2024 Corporate Governance Seminar	Institute of Corporate Directors
	Christopher C. Villafior	8-27-24	2024 Corporate Governance Seminar	Institute of Corporate Directors
	Dioville M. Villarias	27-Aug-24	2024 Corporate Governance Seminar	Institute of Corporate Directors
	Anna Josefina G. Esteban	27-Aug-24	2024 Corporate Governance Seminar	Institute of Corporate Directors
	Michelle Angeli T. Hernandez	27-Aug-24	2024 Corporate Governance Seminar	Institute of Corporate Directors
<b>Disclosure 2-18</b>	<b>EVALUATION OF THE PERFORMANCE OF THE HIGHEST GOVERNANCE BODY</b>			
	Refer to our <b>Manual on Corporate Governance- section 2.17 Board Evaluation/Assessment &amp; 2.18.2.1 Corporate Governance Committee</b> <a href="https://www.loto.com.ph/wp-content/uploads/CG-MANUAL-Apr.-25-2022.pdf">https://www.loto.com.ph/wp-content/uploads/CG-MANUAL-Apr.-25-2022.pdf</a> (page 18-20)			
<b>Disclosure 2-19</b>	<b>REMUNERATION POLICIES</b>			
	<p>The compensation of the Group's key management personnel is included in the "Personnel costs" as disclosed in Note 15 and 20 of the Audited Consolidated Financial Statements for period ended December 31, 2024.</p> <p>Audit Committee members receive a per diem of Fifty Thousand Pesos (₱50,000.00) each per Audit Committee meeting attended while other directors receive a per diem of Ten Thousand Pesos (₱10,000.00) each for Board and other Board Committee meetings. Each director is given a per diem in the amount mentioned regardless of the number of meetings during the same day.</p> <p>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 P2.5 million.</p> <p>Refer to our <b>Manual on Corporate Governance - section 2.18.2.2 Compensation of Directors/Officers/Employees</b> <a href="https://www.loto.com.ph/wp-content/uploads/CG-MANUAL-Apr.-25-2022.pdf">https://www.loto.com.ph/wp-content/uploads/CG-MANUAL-Apr.-25-2022.pdf</a> (page 23-25)</p>			
<b>Disclosure 2-20</b>	<b>PROCESS TO DETERMINE REMUNERATION</b>			
	Refer to our <b>Manual on Corporate Governance - section 2.18.2.2 Compensation of Directors/Officers/Employees</b> <a href="https://www.loto.com.ph/wp-content/uploads/CG-MANUAL-Apr.-25-2022.pdf">https://www.loto.com.ph/wp-content/uploads/CG-MANUAL-Apr.-25-2022.pdf</a> (page 23-25)			

<b>Disclosure 2-21</b>	<b>ANNUAL COMPENSATION RATIO</b>			
	Ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual) is 0.67:1			
		<b>2024</b>	<b>2023</b>	<b>Inc/(Dec)</b>
	Employee wages and benefits	79.17	86.09	-8%
	Total for President and 4 most highly compensated Executive Officers	9.0	8.8	2%
	Total No. of employees	29	44	-34%
	Employee wages and benefits excluding 5 highest paid officers	77.37	84.33	-8%
	Ave. wage and benefits per employee	2.67	1.92	39%
	Ave. compensation of 5 highest paid officers	1.80	1.76	2%
	Ratio	0.67	0.92	-27%
<b>4. STRATEGY, POLICIES AND PRACTICES</b>				
<b>Disclosure 2-22</b>	<b>STATEMENT ON SUSTAINABLE DEVELOPMENT STRATEGY</b>			
	<p><b>STATEMENT FROM SENIOR DECISION MAKER</b></p> <p>With the publication of its fifth annual Sustainability Report, prepared in accordance with Global Reporting Initiative (GRI) standards, POSC reaffirms its commitment to promote transparency, efficiency, and accountability to its various stakeholders.</p> <p>The Company is optimistic in reaching its sustainable development goals and ensure the betterment of society through responsible corporate practices and initiatives.</p>			
<b>Disclosure 2-23</b>	<b>POLICY COMMITMENTS</b>			
	<p><b>VALUES, PRINCIPLES, STANDARDS, AND NORMS OF BEHAVIOR</b></p> <p><b>Mission</b> Create Hope. Live Life.</p> <p><b>Vision</b> To Be the Gaming Partner of Choice.</p> <p><b>Core Values</b> Pacific Online is a LEARNING organization composed of diverse individuals with unity of purpose and a shared vision. We strive for EXCELLENCE in all we do. We fully accept ACCOUNTABILITY for all our actions, decisions, and responsibilities. We create our future driven by a DYNAMIC team of professionals. We always aim for EFFICIENCY in all aspects of our work. We accord everyone due RESPECT and carry ourselves in a professional manner. We nurture relationships by providing quality SERVICE to all stakeholders.</p> <p><b>Corporate Objectives</b></p> <ul style="list-style-type: none"> <li>• To embed sustainability in employment practices and financial &amp; administrative operations.</li> <li>• To be a learning organization composed of diverse individuals with unity of purpose and a shared vision.</li> <li>• To adhere to compliance requirements in order to be the gaming partner of choice.</li> </ul> <p><b>Quality Policy and Objectives</b> Pacific Online Systems Corporation is committed to continuously improve the quality management system and meet all requirements of the stakeholders in providing reliable, efficient and effective online lottery systems.</p> <ul style="list-style-type: none"> <li>• To be fully responsive to the requirements of stakeholders.</li> <li>• To maintain and continuously develop a competent workforce.</li> <li>• To maintain and continuously improve financial, operational and administrative control systems to achieve the</li> </ul>			

	<p>company's goals and objectives.</p> <ul style="list-style-type: none"> <li>• To comply with statutory and regulatory requirements.</li> </ul> <p><b>Information Security Policy and Objectives</b></p> <p>Pacific Online Systems Corporation is committed to safeguard the confidentiality, integrity and availability of all physical and electronic information assets of the company to ensure that regulatory, operational and contractual requirements are fulfilled.</p> <ul style="list-style-type: none"> <li>• To comply with statutory and regulatory requirements.</li> <li>• To comply with requirements for confidentiality, integrity and availability for employees and other users.</li> <li>• To establish controls for protecting company information and information systems against theft, abuse and other forms of harm and loss.</li> <li>• To ensure that employees maintain the responsibility for, ownership of and knowledge about information security, to minimize the risk of security incidents.</li> <li>• To sustain continuity of operations at all times.</li> <li>• To ensure that external service providers comply with the company's information security needs and requirements.</li> </ul> <p>Refer to our <b>Code of Conduct Policy</b>  <a href="https://www.loto.com.ph/wp-content/uploads/CODE-OF-CONDUCT.pdf">https://www.loto.com.ph/wp-content/uploads/CODE-OF-CONDUCT.pdf</a></p>										
<b>Disclosure 2-24</b>	<p style="text-align: center;"><b>EMBEDDING POLICY COMMITMENTS</b></p> <p>Refer to disclosure 2-29</p> <p><b>APPROACH TO STAKEHOLDER ENGAGEMENT</b></p> <p><b>ENTITIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS</b></p> <p>Pacific Online Systems Corporation (Refer to Disclosure 2-2)</p>										
<b>Disclosure 2-25</b>	<p style="text-align: center;"><b>PROCESSES TO REMEDIATE NEGATIVE IMPACTS</b></p> <p>Refer to disclosure 2-16 <b>Hazard identification, risk assessment, and incident investigation</b> and refer to our <b>Whistle Blowing Policy</b>  <a href="https://www.loto.com.ph/wp-content/uploads/WHISTLE-BLOWING-POLICY-Apr.-11-2023.pdf">https://www.loto.com.ph/wp-content/uploads/WHISTLE-BLOWING-POLICY-Apr.-11-2023.pdf</a></p>										
<b>Disclosure 2-26</b>	<p style="text-align: center;"><b>MECHANISM FOR SEEKING ADVICE AND RAISING CONCERNS</b></p> <p>Refer to disclosure 2-6</p> <p><b>PRECAUTIONARY PRINCIPLE OR APPROACH</b></p>										
<b>Disclosure 2-27</b>	<p style="text-align: center;"><b>COMPLIANCE WITH LAWS AND REGULATIONS</b></p> <table border="1"> <thead> <tr> <th>INSTANCES OF NON-COMPLIANCE</th><th>INCIDENTS</th></tr> </thead> <tbody> <tr> <td>Instances of non-compliance for which fines were incurred</td><td>0</td></tr> <tr> <td>Instances of non-compliance for which non-monetary sanctions were incurred</td><td>0</td></tr> <tr> <td>Fines for instances of non-compliance with laws and regulations that occurred in the current reporting period</td><td>0</td></tr> <tr> <td>Fines for instances of non-compliance with laws and regulations that occurred in previous reporting periods</td><td>0</td></tr> </tbody> </table>	INSTANCES OF NON-COMPLIANCE	INCIDENTS	Instances of non-compliance for which fines were incurred	0	Instances of non-compliance for which non-monetary sanctions were incurred	0	Fines for instances of non-compliance with laws and regulations that occurred in the current reporting period	0	Fines for instances of non-compliance with laws and regulations that occurred in previous reporting periods	0
INSTANCES OF NON-COMPLIANCE	INCIDENTS										
Instances of non-compliance for which fines were incurred	0										
Instances of non-compliance for which non-monetary sanctions were incurred	0										
Fines for instances of non-compliance with laws and regulations that occurred in the current reporting period	0										
Fines for instances of non-compliance with laws and regulations that occurred in previous reporting periods	0										
<b>Disclosure 2-28</b>	<p style="text-align: center;"><b>MEMBERSHIP ASSOCIATIONS</b></p> <p>None</p>										

## 5. STAKEHOLDER ENGAGEMENT

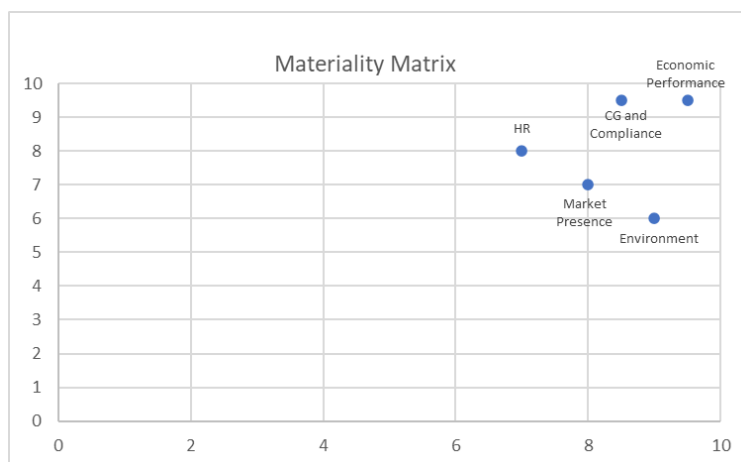
Disclosure 2-29	APPROACH TO STAKEHOLDER ENGAGEMENT			
	Stakeholder Group		Description	Channels of Engagement
	Investors/ Shareholders		Financial backers and sources of vital funding who allow POSC to achieve intended results, substantial returns, and shared value	Annual stockholders’ meetings, one-on-one dialogues, website, investors / media briefings
	Board of Directors & Management		Final decision makers of POSC who direct the Company’s path to sustainability	Regular meetings, one-on-one dialogues, management reports
	Employees		Dynamic team of professionals who are the lifeblood of POSC and share a unity of purpose according to the corporate vision, mission and objectives	Internal communications, human resource dialogues, performance reviews, training workshops
	External Providers		Suppliers and providers of software, hardware and outside services who partner with POSC	Business meetings, contracts, policies, external provider accreditation and evaluations
	Customer – PCSO		Lessee of POSC’s lottery system and maintenance	Letters, business meetings, contracts
	Indirect Customer - Lottery Players		End-users of POSC’s services	Hotline calls
	Government Bodies/ Regulators		Collaborators in the pursuit of social progress and sustainability	Compliance, formal meetings, timely and accurate disclosures
	Partners		Business partner in joint venture lottery operations that share the same goal of providing quality service to the PCSO	Board and Management Meetings, one on one dialogues and management reports
LIST OF STAKEHOLDER GROUPS				
<ul style="list-style-type: none"><li>• Investors / Shareholders</li><li>• Board of Directors &amp; Management</li><li>• Employees</li><li>• External Providers</li><li>• Customer – PCSO</li><li>• Indirect Customers – Lottery Players</li><li>• Government Bodies / Regulators</li><li>• Partners</li></ul>				
IDENTIFYING AND SELECTING STAKEHOLDERS				
An interested party or stakeholder is defined as “a person or organization that can affect, be affected by, or perceive themselves to be affected by a decision or activity.				
Disclosure 2-30	COLLECTIVE BARGAINING AGREEMENTS			
	Not applicable			
GRI 3: MATERIAL TOPICS 2021				
Disclosure 3-1	PROCESS TO DETERMINE MATERIAL TOPICS			
	EXPLANATION OF THE MATERIAL TOPIC AND ITS BOUNDARY			
	Critical Factors	Material Topics	Boundaries	Definition and Relevance
	To embed sustainability in	Economic Performance	Within POSC, business partners.	How the Company cements its standing as a market leader in gaming and delivers positive economic returns

	employment practices and financial & administrative operations		regulators, local communities	to its stockholders and ensures the future and continued growth of its operations.
		Market Presence		How the Company contributes to the economic well-being and growth of local communities, and practices fair and just labor standards, according employees their due respect.
		Environmentally responsible business operations - Energy - Effluence and Waste		How the Company practices efficient utilization of its resources such as energy, minimizes waste and practices environmentally-friendly disposal with accredited external providers.
	To be a learning organization composed of diverse individuals with unity of purpose and a shared vision	Human resource development & welfare - Employment - Occupational Health and Safety - Training & Education	Within POSC	How the Company develops and retains its employees, provides training and skills development, defines career path and succession planning for its employees and provides a secure and conducive working environment.
	To adhere to compliance requirements in order to be the gaming partner of choice	Corporate governance and compliance	Within POSC, business partners, regulators	How the Company practices accountability for all its actions, decisions and responsibilities through forward-looking corporate governance and checks and balances, and through faithful compliance with regulators.

#### OUR MATERIALITY PROCESS

Our team reviewed the critical factors affecting our business and its impact on our stakeholders. From there, we were able to generate a list of material topics relevant to the Company.

#### EVALUATION OF THE MANAGEMENT APPROACH



Disclosure 3-2	<b>LIST OF MATERIAL TOPICS</b>
	<ul style="list-style-type: none"> <li>- Economic Performance</li> <li>- Market Presence</li> <li>- Environmentally responsible business operations <ul style="list-style-type: none"> <li>o Energy</li> <li>o Effluence and Waste</li> </ul> </li> <li>- Human resource development &amp; welfare <ul style="list-style-type: none"> <li>o Employment</li> </ul> </li> </ul>

	<ul style="list-style-type: none"><li>o Occupational Health and Safety</li><li>o Training &amp; Education</li><li>o Diversity and Equal Opportunity</li></ul> <p>- Corporate governance and compliance</p>				
Disclosure 3-3	<b>MANAGEMENT OF MATERIAL TOPICS</b>				
	<p><b>THE MANAGEMENT APPROACH AND ITS COMPONENTS</b></p> <p>Our sustainability journey began with the mandate of our Board of Directors to take a more active role in improving the Company’s corporate governance and sustainability programs. Headed by our Management team, POSC continues to establish, maintain, and improve the sustainable practices of the Company through target setting, progress monitoring, and analysis of our outputs.</p> <p><b>POSC’S SUSTAINABILITY FRAMEWORK</b></p> <p>The Company is able to achieve sustainable development through 3 major pillars:</p> <ul style="list-style-type: none"><li>• Partnership Enhancement<ul style="list-style-type: none"><li>o Improving our services for the benefit of the PCSO and its agents</li><li>o Partnering with accredited external providers for responsible disposal</li><li>o Compliance with standards of our regulators</li></ul></li><li>• Resource Optimization<ul style="list-style-type: none"><li>o Prudent fiscal management</li><li>o Sustainable operating models</li><li>o Business continuity planning and disaster recovery protocols</li><li>o Re-use of equipment and parts to maximize machines and minimize waste</li><li>o Implementation of electronic systems to reduce paper consumption</li></ul></li><li>• Value Creation<ul style="list-style-type: none"><li>o Economic value generation and distribution</li><li>o Good governance and risk management</li><li>o Human capital development</li><li>o Creation of systems to improve data analysis for efficient operations</li></ul></li></ul>				
<b>GRI 201: ECONOMIC PERFORMANCE 2016</b>					
Disclosure 201-1	<b>DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED</b>				
	in PHP millions	<b>2024</b>	<b>2023</b>	<b>Inc/(Dec)</b>	
	Economic Value Generated	527.48	601.55	-12%	
	Economic Value Distributed	471.86	384.82	23%	
	Operating Costs	380.33	290.12	31%	
	Employee wages and benefits	79.17	86.09	-8%	
	Payments to the government	12.36	8.61	44%	
	Economic value retained (lost)	55.62	216.73	-74%	
Disclosure 201-3	<b>DEFINED BENEFIT PLAN OBLIGATIONS AND OTHER RETIREMENT PLANS</b>				
		<b>2024</b>	<b>2023</b>		
	Net retirement liability	2,339,801	(4,098,008)		
	<p>The retirement plan is fully funded by the Company with no mandatory contribution from the employee.</p> <p>The retirement liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.</p> <p>The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.</p> <p>Defined benefit costs comprise the following:</p> <ul style="list-style-type: none"><li>• Service cost</li><li>• Net interest on the net defined benefit liability or asset</li></ul>				

	<ul style="list-style-type: none"> <li>Remeasurements of net defined benefit liability or asset</li> </ul> <p>Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.</p> <p>Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.</p> <p>Remeasurements comprising actuarial gains and losses, difference between interest income and return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which these arise. Remeasurements are not reclassified to profit or loss in subsequent periods.</p> <p>Past service costs are recognized in the profit or loss on the earlier of the date of the plan amendment or curtailment, and the date that the Group recognize related restructuring costs. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.</p> <p>The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.</p> <p>Actuarial valuations are made with sufficient regularity that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting period.</p>
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## GRI 202: MARKET PRESENCE 2016

Disclosure 202-1	RATIOS OF STANDARD ENTRY LEVEL WAGE BY GENDER COMAPARED TO LOCAL MINIMUM WAGE						
		Min Wage Male	Min Wage Female	Total Min Wage Employees	Total Employees	% Min Wage Employees	
	2024	0	0	0	44	0%	
	2023	0	0	0	44	0%	
	POSC has no minimum wage earners. Entry rates are higher than the local minimum wage.						
Disclosure 202-2	POSC	Minimum Wage	POSC Entry Rate	% Higher	Ratio of POSC Entry Rate to Min. Wage		
	Manila	14,028.75	14,500.00	3%	1.03:1		
	Cebu	10,896.75	11,000.00	1%	1.00:1		
	PROPORTION OF SENIOR MANAGEMENT HIRED FROM THE LOCAL COMMUNITY						
Disclosure 202-2	POSC employs its personnel from the local communities. All senior managers located in the Cebu office were hired from Cebu.						
		Total Senior Management	Senior Management from local community				
			Luzon	Visayas	Mindanao	Total	%
	2024	7	5	2	0	7	100%
	2023	4	3	1	0	4	100%



**GRI 302: ENERGY 2016**
**ENERGY CONSUMPTION WITHIN THE ORGANIZATION**
**Fuel Consumption**

	Diesel, in L	Gasoline, in L
<b>YE 2024</b>	7,655	5,443
YE 2023	30,234	14,672

**Electricity Consumption By Region**

in kWh	Luzon	Visayas	Mindanao	Total
<b>YE 2024</b>	35,443	-	-	35,443
YE 2023	40,097	407,422	874	448,393

**Total Water Consumption**

	Total, in cu. m.
<b>YE 2024</b>	301
YE 2023	4,535

POSC consolidated operations in Manila by ending the lease of multiple offices and warehouses, thereby reducing the consumption of electricity and water.

The decrease in fuel consumption was mainly attributed to the cessation of lottery operations, particularly field services which required travel in various regions.

**Disclosure  
302-1**

**ENERGY INTENSITY**

	Fuel (in L)	Electricity (in kWh)	Water (in cu. m)
YE 2024	13,098	35,443	301
Ave. consumption per employee 2024	451.66	1,222.17	10.38
Ave. consumption per employee (monthly)	37.64	101.85	0.86

**Disclosure  
302-3**

**GRI 306: EFFLUENTS AND WASTE**
**WASTE BY TYPE AND DISPOSAL METHOD**

We recognize that as a business that is centered on systems maintenance, there must be measures to mitigate the waste products. Our company practices recycling of the parts of terminals, to ensure that not everything goes to waste and to prolong the life of the equipment.

The publication of our sustainability report aligned to the GRI standards is part of a country-wide practice to adopt sustainable practices and integrate this information into our reporting and disclosures. This as part of a bigger movement will hopefully encourage not just the publicly-listed companies, but all companies in the Philippines to understand and adopt the mindset and practice of sustainability.

Total volume of hazardous wastes (old terminals, e-wastes) disposed. Majority of its waste is from lottery terminals and peripherals.

	Total, in kgs
<b>YE 2024</b>	873
YE 2023	3,129

**Disclosure  
306-2**

**GRI 401: EMPLOYMENT 2016****NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER****NEW HIRES**

TOTAL NEW HIRES – 1

BY GENDER	Count	%
MALE	0	0%
FEMALE	1	100%

BY AGE GROUP	Count	%
BELOW 30 YRS OLD	1	100%
30 - 50	0	0%
OVER 50	0	0%

BY REGION	Count	%
NCR	0	0%
LUZON	1	100%
VISAYAS	0	0%
MINDANAO	0	0%

**HIRING RATE**

ENTIRE GROUP – 3%

**EMPLOYEE SEPARATIONS**

TOTAL EMPLOYEE SEPARATIONS – 16

BY GENDER	Count	%
MALE	13	81%
FEMALE	3	19%

BY AGE GROUP	Count	%
BELOW 30 YRS OLD	1	6%
30 - 50	11	69%
OVER 50	4	25%

BY REGION	Count	%
NCR	11	16%
LUZON	3	3%
VISAYAS	2	70%
MINDANAO	0	11%

**TURNOVER RATE**

ENTIRE GROUP – 36%

The turnover rate in 2024 was due to the closure of lotto operations and retrenchment of personnel.

Disclosure  
401-1

Disclosure 401-2	BENEFITS PROVIDED TO FULL-TIME EMPLOYEES THAT ARE NOT PROVIDED TO TEMPORARY OR PART-TIME EMPLOYEES																		
	1. Full HMO coverage (room & board and maximum benefit limit based on rank) of all employees upon hiring. Benefit package includes preventive healthcare, out-patient care and hospitalization, emergency care, dental care, and financial assistance. 2. Life Insurance coverage upon hiring, amount of insurance is based on rank. Benefit coverage includes basic life, accidental death, dismemberment & disablement, total & permanent disability, unproved murder & assault, and accident medical reimbursement. 3. Group Accident Insurance coverage upon hiring. Benefit coverage includes accidental death, dismemberment & disablement, total & permanent disability, unproved murder & assault, accident medical reimbursement, accident burial benefit, and daily hospital income. 4. Monthly Cash Benefit for Managers & Up (includes Wellness Benefit, Clothing Allowance, & Transportation benefit) 5. Clothing Allowance for all employees																		
Disclosure 401-3	PARENTAL LEAVE																		
	1. Breakdown of Availment of Maternity and Paternity Leaves <table><tr><td></td><td>Male</td><td>Female</td><td>Total</td></tr><tr><td>Employee Headcount</td><td>1</td><td>0</td><td>1</td></tr></table> 2. Total Number of Employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender <table><tr><td></td><td>Male</td><td>Female</td><td>Total</td></tr><tr><td>Employee Headcount</td><td>1</td><td>0</td><td>1</td></tr></table>					Male	Female	Total	Employee Headcount	1	0	1		Male	Female	Total	Employee Headcount	1	0
	Male	Female	Total																
Employee Headcount	1	0	1																
	Male	Female	Total																
Employee Headcount	1	0	1																
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018																			
Disclosure 403-1	OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM																		
	<p><b>OCCUPATIONAL HEALTH AND SAFETY POLICY</b></p> <p>Pacific Online Systems Corporation is committed to provide safe, healthy and environmentally friendly areas for all its employees. It promotes fair, safe and productive work practices in all its business aspects. Pacific Online Systems Corporation will at all times comply with all regulatory requirements of the Philippines, its customers and other external parties.</p> <p>At POSC, we intend:</p> <ul style="list-style-type: none"><li>• To maintain safe and healthy working conditions;</li><li>• To provide and maintain safe office equipment;</li><li>• To prevent accidents and cases of work-related illnesses;</li><li>• To provide information, instruction and supervision for employees;</li><li>• To ensure all employees are competent to do their tasks and to give them adequate training;</li><li>• To consult our employees on matters affecting their health and safety;</li><li>• To provide adequate control of the health and safety risk arising from our work activities;</li><li>• To review and revise the policy as necessary regular intervals.</li></ul> <p>Structure and Functions of OSH Committee</p> <p>Overall and final responsibility for health and safety is that of the General Services Department Head. Ensuring that this policy is put into practice and this task is delegated to the Safety Officer.</p> <div><div>Chairman (Admin Head)</div><div>Safety Officer</div><div>HRMD Representative</div><div>Bus. Dev't Coordinator</div><div>Operations Representative</div></div>																		

	<p>To ensure health and safety standards are maintained / improved, the Department Heads shall ensure compliance in their respective departments/areas.</p> <p>All employees have to:</p> <ul style="list-style-type: none"> <li>• Cooperate with their Immediate Superior and Department Head on health and safety matters;</li> <li>• Not interfere with anything provided to safeguard their health and safety;</li> <li>• Take reasonable care of their own health and safety; Report all health and safety concerns to Immediate Superior or Safety Officer.</li> </ul>
<b>Disclosure 403-2</b>	<p style="text-align: center;"><b>HAZARD IDENTIFICATION, RISK ASSESSMENT AND INCIDENT INVESTIGATION</b></p> <p><b>Hazard identification, risk assessment, and incident investigation</b></p> <p>A risk assessment is conducted by the Company to ensure business continuity in times of certain negative events. Threats and vulnerabilities are measured and offset with controls in place to arrive at an acceptable level of risk.</p> <p>Incidents are screened for information security breaches and documented in an Incident Report. Non-conformities are followed up by the auditor until a correction and corrective action is deemed acceptable. Regular audits are conducted to ensure that such incidents are not repeated.</p>
<b>Disclosure 403-3</b>	<p style="text-align: center;"><b>OCCUPATIONAL HEALTH SERVICES</b></p> <p>Refer to Disclosure 403-1 and 403-2  <b>OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM and HAZARD IDENTIFICATION, RISK ASSESSMENT AND INCIDENT INVESTIGATION</b></p>
<b>Disclosure 403-4</b>	<p style="text-align: center;"><b>WORKER PARTICIPATION, CONSULTATION, AND COMMUNICATION ON OCCUPATIONAL HEALTH AND SAFETY</b></p> <p>Refer to Disclosure 403-1  <b>OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM</b></p>
<b>Disclosure 403-5</b>	<p style="text-align: center;"><b>WORKER TRAINING ON OCCUPATIONAL HEALTH AND SAFETY</b></p> <p>Occupational First Aid Training was scheduled Jan 2024 and Basic Occupational Safety and Health Training for Safety Officer was held last June 2024.</p>
<b>Disclosure 403-6</b>	<p style="text-align: center;"><b>PROMOTION OF WORKER HEALTH</b></p> <ol style="list-style-type: none"> <li>1. Full HMO coverage (room &amp; board and maximum benefit limit based on rank) of all employees upon hiring. Benefit package includes preventive healthcare, out-patient care and hospitalization, emergency care, dental care, and financial assistance.</li> <li>2. Annual Physical Exam / Executive Check-Up – this is being scheduled annually to check the employees’ health condition and suitability to perform their job.</li> <li>3. Health and wellness activities are being conducted to help employees improve further their health and well-being.</li> </ol> <p><b>POSC SEMINARS/TRAININGS:</b></p> <ol style="list-style-type: none"> <li><b>1. Mental Health in the Workplace</b>  This is a 1-hour online Health &amp; Wellness session for all employees. This session aimed to provide mental health awareness as well as provide knowledge on how to support employees with mental health concerns</li> <li><b>2. Fatigue Management</b>  This is a 1-hour online Health &amp; Wellness session for all employees. This session aimed to provide awareness about fatigue and the different coping strategies in managing stress</li> <li><b>3. Guide to Healthy Diet</b>  This is a 1-hour online Health &amp; Wellness session for all employees. This session aimed to educate the participants the nature of healthy diet.</li> <li><b>4. Preventing Cardiovascular Disease by Lifestyle Change</b>  This is a 1-hour online Health &amp; wellness session for all employees. This session aims to provide awareness about Cardiovascular Disease and how lifestyle change can help avoid it.</li> </ol>

Disclosure 403-7	PREVENTION AND MITIGATION OF OCCUPATIONAL HEALTH AND SAFETY IMPACTS DIRECTLY LINKED BY BUSINESS RELATIONSHIPS					
	Refer to Disclosure 403-2 HAZARD IDENTIFICATION, RISK ASSESSMENT AND INCIDENT INVESTIGATION					
Disclosure 403-8	WORKERS COVERED BY AN OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM					
	100% of the Company’s employees are covered by the Occupational Health and Safety (OSH) Management System. All OSH incidents are investigated internally. The Company does not utilize a third-party auditor for OSH issues.					
Disclosure 403-9	WORK-RELATED INJURIES					
	OCCUPATIONAL HEALTH AND SAFETY	2024	Rate of injuries	2023	Rate of injuries	
	Safe man-hours recorded, in man-hours	2,088		2,088		
	No. of work-related injuries reported	0	0%	0	0%	
	No. of work-related fatalities reported	0	0%	0	0%	
	No. of work-related ill-health	0	0%	0	0%	
	No. of safety drills conducted	0		0		
Disclosure 403-10	WORK-RELATED ILL HEALTH					
	OCCUPATIONAL HEALTH AND SAFETY	2024	Rate of injuries	2023	Rate of injuries	
	No. of fatalities as a result of work-related ill health	0	0%	0	0%	
	No. of cases of recordable work-related ill health	0	0%	0	0%	
	The Company does not conduct any business activity that has high risk of work-related ill health.					
GRI 404: TRAINING AND EDUCATION 2016						
Disclosure 404-1	AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE					
	By Gender					
		Male	Female	Total		
	Total No. of Training Hours Recorded	16,385	8,000	24,385		
	No. of Employees Trained	159	71	230		
	Average Training Hours	67%	33%	100%		
	By Employee Category/Rank					
		Rank & File	Junior Mngt.	Middle Mngt.	Senior Mngt.	Total
	Total No. of Training Hours Recorded	1,800	9,985	12,600	0	24,385
	No. of Employees Trained	48	72	88	22	230
	Average Training Hours	7%	41%	52%	0%	100%

Disclosure 404-2	PROGRAMS FOR UPGRADING EMPLOYEE SKILLS AND TRANSITION ASSISTANCE PROGRAMS			
	Training Type/ Classification	Specific classes/sessions included in this training category	# of sessions conducted 2024	# of sessions conducted 2023
	Core/Business Compliance	1. ISO Orientation Refresher 2. ISO Refresher: IMS Audit Planning & Workshop 3. Data Privacy Orientation 4. Orientation on Info Technology Regulations	4	5
	Job-based/Professional Skills	1. Gender Equality in the Global Markets 2. Auditing Cybersecurity in Unsecured World 3. Conquering your Fear in Public Speaking 4. 11th Annual SEC - PSE Corporate Governance Forum	4	1
	Leadership	N/A		
	Others, please specify	1. Mental Health in the Workplace 2. Fatigue Management 3. Guide to Health Diet 4. Preventing Cardiovascular Disease by Lifestyle Change 5. Occupational First Aide with BLS 6. Basic Occupational Safety & Health for Safety Officer	6	3
	Amount spent on Training and Development			
	Unit: In Philippine pesos		FY JAN-DEC 2024	FY JAN-DEC 2023
Total amount spent on training and development of employees		₱ 173,500	₱ 235,200	
Disclosure 404-3	PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS			
	The Company practices is every 1 <sup>st</sup> quarter of the year for performance review for all regular employees.			
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016				
Disclosure 405-1	DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES			
	We believe in a just and equitable vision for the country, without discrimination against all women and girls and ensuring them equal opportunities for leadership. In Pacific Online, while the proportion of women in the workforce is only 28%, 57% of women hold top positions in the organization. The Company’s Board of Directors also has 2 female members.  Refer to Disclosure 2-7 <b>Employees</b>			
Disclosure 405-2	RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN			
	Refer to Disclosure 202-1 <b>RATIOS OF STANDARD ENTRY LEVEL WAGE BY GENDER COMPARED TO LOCAL MINIMUM WAGE</b>			

## APPENDIX 1. GRI CONTENT INDEX IN ACCORDANCE

Statement of use	PACIFIC ONLINE SYSTEMS CORPORATION has reported in accordance with the GRI Standards for the period January 1 – December 31, 2024
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not applicable

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOC	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIRE MENT(S) OMMITTED	REASON	EXPLANATION	
GENERAL DISCLOSURE						
GRI 2: General Disclosures 2021	2-1 Organizational details	1				
	2-2 Entities included in the organization's Sustainability reporting	1				
	2-3 Reporting period, frequency and contact point	1				
	2-4 Restatements of information	2				
	2-5 External assurance	2				
	2-6 Activities, value chain and other business relationships	2-3				
	2-7 Employees	3-4				
	2-8 Workers who are not employees	4				
	2-9 Governance structure and composition	4-5				
	2-10 Nomination and selection of the highest governance body	5				
	2-11 Chair of the highest governance body	6				
	2-12 Role of the highest governance body in overseeing the management of impacts	6				
	2-13 Delegation of responsibility for managing impacts	6				
	2-14 Role of the highest governance body in sustainability reporting	6				
	2-15 Conflicts of interest	6				
	2-16 Communication of critical concerns	6				
	2-17 Collective knowledge of the highest governance body	6-7				
	2-18 Evaluation of the performance of the highest governance body	7				
	2-19 Remuneration policies	7				
	2-20 Process to determine remuneration	7				
	2-21 Annual total compensation ratio	8				
	2-22 Statement on sustainable development strategy	8				
	2-23 Policy commitments	8-9				
	2-24 Embedding policy commitments	9				
	2-25 Processes to remediate negative impacts	9				
	2-26 Mechanisms for seeking advice and raising concerns	9				
	2-27 Compliance with laws and regulations	9				
	2-28 Membership associations	9				
	2-29 Approach to stakeholder engagement	10				
	2-30 Collective bargaining agreements	10				
MATERIAL TOPICS						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	10-11				
	3-2 List of material topics	11-12				
	3-3 Management of material topics	12				
ECONOMIC PERFORMANCE						
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	12				
	201-2 Financial implications and other risks and opportunities due to climate change		201-2-a-i 201-2-a-ii 201-2-a-iii 201-2-a-iv 201-2-a-v	Not applicable	The Company does not have risk and opportunities due to climate change	

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOC	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
	201-3 Defined benefit plan obligations and other retirement plans	12-13				
	201-4 Financial assistance received from government		201-4-a-i 201-4-a-ii 201-4-a-iii 201-4-a-iv 201-4-a-v 201-4-a-vi 201-4-a-vii 201-4-a-viii 201-4-b 201-4-c	Not applicable	The Company does not receive financial assistance from government	
MARKET PRESENCE						
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	13				
	202-2 Proportion of senior management hired from the local community	13				
ENERGY						
GRI 302: Energy 2016	302-1 Energy consumption within the organization	14				
	302-2 Energy consumption outside of the organization		302-2-a 302-2-b 302-2-c	Not applicable	The Company does not have energy consumption outside of the organization	
	302-3 Energy intensity	14				
	302-4 Reduction of energy consumption		302-4-a 302-4-b 302-4-c 302-4-d	Not applicable	The Company does not have energy reduction initiatives at present	
	302-5 Reductions in energy requirements of products and services		302-5-a 302-5-b 302-5-c	Not applicable	The Company does not have any energy reduction initiatives at present for sold services	
EFFLUENTS AND WASTE						
GRI 306: Effluents And Waste	306-1 Water discharge by quality and destination		306-1-a-i 306-1-a-ii 306-1-a-iii 306-1-b	Not applicable	The Company has no activity involving water bodies and related habitats	
	306-2 Waste by type and disposal method	14				
	306-3 Significant spills		306-3-a-i 306-3-a-ii 306-3-a-iii 306-3-a-iv 306-3-b 306-3-c	Not applicable	The Company has no activity involving potential oil spills	
GRI 306: Effluents And Waste	306-4 Transport of hazardous waste		306-4-a-i 306-4-a-ii 306-4-a-iii 306-4-a-iv 306-4-b 306-4-c	Not applicable	The Company does not transport hazardous waste	
	306-5 Water bodies affected by water discharges and/or runoff		306-5-a-i 306-5-a-ii 306-5-a-iii	Not applicable	The Company has no activity involving water discharges and/or runoff	



GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOC	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIRE MENT(S) OMMITTED	REASON	EXPLANATION	
EMPLOYMENT						
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	15				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	16				
	401-3 Parental leave	16				
OCCUPATIONAL HEALTH AND SAFETY						
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	16-17				
	403-2 Hazard identification, risk assessment, and incident investigation	17				
	403-3 Occupational health services	17				
	403-4 Worker participation, consultation, and communication on occupational health and safety	17				
	403-5 Worker training on occupational health and safety	17				
	403-6 Promotion of worker health	17				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	18				
	403-8 Workers covered by an occupational health and safety management system	18				
	403-9 Work-related injuries	18				
	403-10 Work-related ill health	18				
TRAINING AND EDUCATION						
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	18				
	404-2 Programs for upgrading employee skills and transition assistance programs	19				
	404-3 Percentage of employees receiving regular performance and career development reviews	19				
DIVERSITY AND EQUAL OPPORTUNITY						
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	19				
	405-2 Ratio of basic salary and remuneration of women to men	19				

TOPICS IN THE APPLICABLE GRI SECTOR STANDARDS DETERMINED AS NOT MATERIAL	
TOPIC	EXPLANATION
GRI 11: Oil and Gas Sector 2021	The Company does not engage in activities related to the Oil and Gas Sector
GRI 12: Coal Sector 2022	The Company does not engage in activities related to the Coal Sector
GRI 13: Agriculture Aquaculture and Fishing Sectors 2022	The Company does not engage in activities related to the Agriculture Aquaculture and Fishing Sectors

## GRI CONTENT INDEX WITH REFERENCE

Statement of use	PACIFIC ONLINE SYSTEMS CORPORATION has reported in accordance with the GRI Standards for the period January 1 – December 31, 2024
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARDS	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details	1
	2-2 Entities included in the organization's sustainability reporting	1
	2-3 Reporting period, frequency and contact point	1
	2-4 Restatements of information	2
	2-5 External assurance	2
	2-6 Activities, value chain and other business relationships	2-3
	2-7 Employees	3-4
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	2-13 Delegation of responsibility for managing impacts	6
	2-14 Role of the highest governance body in sustainability reporting	6
	2-15 Conflicts of interest	6
	2-16 Communication of critical concerns	6
	2-17 Collective knowledge of the highest governance body	6-7
	2-18 Evaluation of the performance of the highest governance body	7
	2-19 Remuneration policies	7
	2-20 Process to determine remuneration	7
	2-21 Annual total compensation ratio	8
	2-22 Statement on sustainable development strategy	8
	2-23 Policy commitments	8-9
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	2-26 Mechanisms for seeking advice and raising concerns	9
	2-27 Compliance with laws and regulations	9
	2-28 Membership associations	9
	2-29 Approach to stakeholder engagement	10
	2-30 Collective bargaining agreements	10
GRI 3: Material Topics 2021	3-1 Process to determine material topics	10-11
	3-2 List of material topics	11-12
	3-3 Management of material topics	12
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	12
	201-3 Defined benefit plan obligations and other retirement plans	12-13
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	13
	202-2 Proportion of senior management hired from the local community	13
GRI 302: Energy 2016	302-1 Energy consumption within the organization	14
	302-3 Energy intensity	14
GRI 306: Effluents and Waste	306-2 Waste by type and disposal method	14
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	15
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	16
	401-3 Parental leave	16
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	16-17
	403-2 Hazard identification, risk assessment, and incident investigation	17
	403-3 Occupational health services	17
	403-4 Worker participation, consultation, and communication on occupational health and safety	17
	403-5 Worker training on occupational health and safety	17
	403-6 Promotion of worker health	17
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	18
	403-8 Workers covered by an occupational health and safety management system	18
	403-9 Work-related injuries	18

GRI STANDARDS	DISCLOSURE	LOCATION
	403-10 Work-related ill health	18
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	18
	404-2 Programs for upgrading employee skills and transition assistance programs	19
	404-3 Percentage of employees receiving regular performance and career development reviews	19
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	19
	405-2 Ratio of basic salary and remuneration of women to men	19

# COVER SHEET

## for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	O	9	3	0	0	8	8	0	9
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### COMPANY NAME

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																											

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

2	8	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	r	e	,		P	a	s	i	g		C	i	t	y																						

Form Type

A	A	C	F	S
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

N	/	A
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### COMPANY INFORMATION

Company's Email Address

momendoza@pacificonline.com.ph

Company's Telephone Number/s

(02) 8584-1700

Mobile Number

0918-906-0138

No. of Stockholders

61

Annual Meeting (Month / Day)

Second Friday of April

Fiscal Year (Month / Day)

12/31

### CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Michelle Angeli T. Hernandez

Email Address

michelle.hernandez@bellecorp.com

Telephone Number/s

(02) 8662-8888

Mobile Number

0917-5691734

### CONTACT PERSON'S ADDRESS

28th Floor East Tower Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City

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

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

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Pacific Online Systems Corporation and Subsidiaries (the Group)** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended **December 31, 2024 and 2023**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The Board of Directors reviews and approves the financial statements including the schedules attached therein and submits the same to the stockholders.

**Reyes Tacandong & Co.**, the independent auditors appointed by the stockholders for the periods December 31, 2024 and 2023, has audited the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

Signature:  **WILLY N. OCIER**

Chairman of the Board

Signature:  **ARMIN ANTONIO B. RAQUEL SANTOS**

President

Signature:  **DIOVILLE M. VILLARIAS**


Chief Financial Officer

Signed this 20th day of February 2025

SUBSCRIBED AND SWORN to before me this 20<sup>th</sup> day of February 2025 at Pasig City, Metro Manila, affiants exhibiting to me their competent evidences of identity, as follows:

Name	Competent Evidence of Identity
Willy N. Ocier	Philippine Passport No. issued on 20 August 2021 at DFA Manila, valid until 19 August 2031
Armin Antonio B. Raquel Santos	Philippine Passport No. P7348024B issued on 5 August 2021 at DFA Manila, valid until 4 August 2031
Dioville M. Villarias	Philippine Passport No. P7277214B issued on 27 July 2021 at DFA NCR South, valid until 26 July 2031

Doc No. 266 ;  
Page No. 54 ;  
Book No. 85 ;  
Series of 2025

  
**GAUDENCIO A. BARBOZA, JR.**  
NOTARY PUBLIC  
Cities of Pasig, San Juan and  
In the Municipality of Pateros, Metro Manila  
Until December 31, 2025  
PTR No 2863281 / 01/ 02/ 2025 Pasig City  
BP No 461377/10/04/2024 for the year 2025/RSM  
Roll No. 41969  
MCLE Comp. VII-0028557 / April 19, 2023  
No. 11, Unit J. Freemont Arcade Bldg.  
Shaw Blvd. Brgy. San Antonio, Pasig City  
Appointment No. 29 (2025-2026)



## INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors  
Pacific Online Systems Corporation and Subsidiaries  
28th Floor East Tower, Philippine Stock Exchange Centre  
Exchange Road, Ortigas Center, Pasig City

### *Opinion*

We have audited the accompanying consolidated financial statements of Pacific Online Systems Corporation (POSC) and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2024, 2023, and 2022, and notes to consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2024, 2023 and 2022 in accordance with Philippine Financial Reporting Standards (PFRS).

### *Basis for Opinion*

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to the audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Key Audit Matter*

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements as at and for the year ended December 31, 2024. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.



Proper Accounting and Recognition of Interest in a Joint Operation

The Group accounted for its 50% ownership in PinoyLotto Technologies Corp. (PinoyLotto), a joint venture entity that was awarded with a five-year lease of the customized Philippine Charity Sweepstakes Office (PCSO) Lottery System (PLS Project), as a joint operation. Accordingly, the Group's corresponding share in the assets, liabilities, revenues, and expenses of PinoyLotto was recognized in the consolidated financial statements. PinoyLotto commenced its commercial operations in October 2023. The proper accounting and recognition of interest in joint operation is significant to our audit because of the substantial amount of the Group's share in PinoyLotto's financial position and results of operations and the difference in the financial reporting period of PinoyLotto with the Group.

Our audit procedures included, among others, obtaining the relevant financial information of PinoyLotto and reviewing the alignment with the group financial reporting period, and checking compliance with the provisions of the significant contracts and agreements. We also gathered sufficient audit evidence to assess the reasonableness of significant account balances and transactions, focusing on key audit areas such as measurement of lease revenue, determining the validity and proper classification of capital expenditures and operating costs, completeness of liabilities, among others.

We also sent instructions to the statutory auditors of PinoyLotto to perform an audit of the relevant financial information of PinoyLotto for the purpose of our audit of the Group's consolidated and separate financial statements. These audit instructions contained a discussion of their scope of work, risk assessment procedures, audit strategy and reporting responsibilities. We discussed with the statutory auditors of PinoyLotto their identified key audit risk areas, including their significant areas of estimation and judgment, planning and execution of audit procedures, and results of their work for the fiscal year ended June 30, 2024. We reviewed their audit working papers and obtained relevant conclusion statements related to their audit procedures. We have evaluated the sufficiency and appropriateness of audit evidence obtained and concluded that there are no inconsistencies with the information gathered from and representation provided by the management.

We also reviewed the adequacy of the related disclosures in Note 2, *Summary of Material Policy Information*, Note 3, *Significant Judgments, Accounting Estimates and Assumptions*, and Note 5, *Interest in Joint Operation* of the consolidated financial statements.

*Other Information*

Management is responsible for the other information. The other information comprises the information included in the Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2024 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.





In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

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

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

*Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, these could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Belinda B. Fernando.

**REYES TACANDONG & Co.**

BELINDA B. FERNANDO

Partner

CPA Certificate No. 81207

Tax Identification No. 102-086-538-000

BOA Accreditation No. 4782/P-005; Valid until June 6, 2026

BIR Accreditation No. 08-005144-004-2022

Valid until October 16, 2025

PTR No. 10467126

Issued January 2, 2025, Makati City

February 20, 2025

Makati City, Metro Manila

**PACIFIC ONLINE SYSTEMS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

		<b>December 31</b>	
	Note	2024	2023
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	<b>₱592,197,741</b>	₱343,945,679
Investments held for trading	7	<b>42,744,518</b>	100,012,769
Trade and other receivables	8	<b>185,727,790</b>	284,426,917
Creditable withholding taxes (CWTs)	9	<b>125,345,588</b>	101,764,077
Other current assets	9	<b>136,162,353</b>	118,272,603
Total Current Assets		<b>1,082,177,990</b>	948,422,045
<b>Noncurrent Assets</b>			
Property and equipment	11	<b>652,001,139</b>	706,208,497
Net deferred tax assets	16	–	426,979
Financial assets at fair value through other comprehensive income (FVOCI)	10	–	237,600,090
Net retirement asset	18	–	4,098,008
Other noncurrent assets	9	<b>2,345,875</b>	5,023,601
Total Noncurrent Assets		<b>654,347,014</b>	953,357,175
		<b>₱1,736,525,004</b>	₱1,901,779,220
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Trade payables and other current liabilities	12	<b>₱214,495,568</b>	₱254,980,348
Current portion of loans payable	5	<b>138,980,392</b>	58,823,529
Current portion of lease liabilities	17	<b>57,445</b>	294,303
Total Current Liabilities		<b>353,533,405</b>	314,098,180
<b>Noncurrent Liabilities</b>			
Loans payable - net of current portion	5	<b>277,960,784</b>	411,764,707
Net retirement liability	18	<b>2,339,801</b>	–
Net deferred tax liabilities	16	<b>4,882,801</b>	–
Lease liabilities - net of current portion	17	–	208,495
Total Noncurrent Liabilities		<b>285,183,386</b>	411,973,202
Total Liabilities		<b>638,716,791</b>	726,071,382

(Forward)

		December 31	
	Note	2024	2023
<b>Equity Attributable to Equity Holders of the Parent Company</b>	13		
Capital stock		<b>₱895,330,946</b>	₱895,330,946
Additional paid-in capital		<b>254,640,323</b>	254,640,323
Cost of Parent Company common shares held by a subsidiary		<b>(384,595,174)</b>	(285,267,558)
Other equity reserves		<b>15,502,056</b>	(224,052,317)
Retained earnings		<b>313,959,794</b>	530,917,448
		<b>1,094,837,945</b>	1,171,568,842
<b>Non-controlling Interest</b>		<b>2,970,268</b>	4,138,996
<b>Total Equity</b>		<b>1,097,808,213</b>	1,175,707,838
		<b>₱1,736,525,004</b>	₱1,901,779,220

*See accompanying Notes to Consolidated Financial Statements.*

**PACIFIC ONLINE SYSTEMS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

		Years Ended December 31		
	Note	2024	2023	2022
<b>REVENUES</b>				
Equipment rental	17	<b>₱527,482,143</b>	₱599,221,040	₱519,051,226
Commission income	20	—	2,332,616	—
		<b>527,482,143</b>	601,553,656	519,051,226
<b>COST OF SERVICES</b>	14	<b>(294,229,052)</b>	(260,670,197)	(247,547,583)
<b>GROSS PROFIT</b>		<b>233,253,091</b>	340,883,459	271,503,643
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	14	<b>(177,631,621)</b>	(124,144,648)	(95,773,077)
<b>OPERATING INCOME</b>		<b>55,621,470</b>	216,738,811	175,730,566
<b>FINANCE CHARGES</b>	5, 17	<b>(36,577,881)</b>	(17,903,206)	(220,505)
<b>INTEREST INCOME</b>	6	<b>13,780,944</b>	5,753,505	437,289
<b>MARKED-TO-MARKET GAINS (LOSSES) ON INVESTMENTS HELD FOR TRADING</b>	7	<b>(952,007)</b>	54,078,646	9,659,082
<b>DIVIDEND INCOME</b>	10	—	18,947,664	18,947,664
<b>OTHER INCOME (CHARGES) - Net</b>	15	<b>(326,573)</b>	54,045,681	10,579,308
<b>INCOME BEFORE INCOME TAX</b>		<b>31,545,953</b>	331,661,101	215,133,404
<b>PROVISION FOR INCOME TAX</b>	16	<b>14,568,128</b>	56,796,285	24,033,891
<b>NET INCOME</b>		<b>16,977,825</b>	274,864,816	191,099,513
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>				
Unrealized valuation gains on financial assets at FVOCI	10	<b>82,971,460</b>	58,457,165	16,971,435
Remeasurement gains (losses) on retirement benefits, net of deferred tax	18	<b>5,162,703</b>	(9,233,066)	8,655,956
		<b>88,134,163</b>	49,224,099	25,627,391
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>₱105,111,988</b>	₱324,088,915	₱216,726,904

Years Ended December 31				
	Note	2024	2023	2022
<b>Net income (loss) attributable to:</b>				
Equity holders of the Parent Company		<b>₱18,146,553</b>	₱272,701,996	₱191,117,272
Non-controlling interest		<b>(1,168,728)</b>	2,162,820	(17,759)
		<b>₱16,977,825</b>	₱274,864,816	₱191,099,513
<b>Total comprehensive income (loss) attributable to:</b>				
Equity holders of the Parent Company		<b>₱106,280,716</b>	₱321,926,095	₱216,744,663
Non-controlling interest		<b>(1,168,728)</b>	2,162,820	(17,759)
		<b>₱105,111,988</b>	₱324,088,915	₱216,726,904
<b>Basic/Diluted Earnings per Share</b>	21	<b>₱0.0219</b>	₱0.3228	₱0.2262

*See accompanying Notes to Consolidated Financial Statements.*

**PACIFIC ONLINE SYSTEMS CORPORATIONS AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

		Years Ended December 31		
	Note	2024	2023	2022
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>				
<b>CAPITAL STOCK</b>	13	<b>₱895,330,946</b>	<b>₱895,330,946</b>	<b>₱895,330,946</b>
<b>ADDITIONAL PAID-IN CAPITAL</b>	13	<b>254,640,323</b>	<b>254,640,323</b>	<b>254,640,323</b>
<b>COST OF PARENT COMPANY SHARES HELD BY SUBSIDIARIES</b>				
	13			
Balance at beginning of year		(285,267,558)	(285,267,558)	(285,267,558)
Additions		(99,327,616)	–	–
Balance at end of year		(384,595,174)	(285,267,558)	(285,267,558)
<b>OTHER EQUITY RESERVES</b>				
<b>Cumulative Remeasurement Gains on Retirement Benefits</b>				
	18			
Balance at beginning of year		7,728,999	16,962,065	12,544,349
Net remeasurement gains (losses)		5,162,703	(9,233,066)	8,655,956
Reclassification of retirement benefit reserve		–	–	(4,238,240)
Balance at end of year		12,891,702	7,728,999	16,962,065
<b>Cumulative Unrealized Valuation Losses on Financial Assets at FVOCI</b>				
	10			
Balance at beginning of year		(234,391,670)	(292,848,835)	(492,266,311)
Realized portion of the fair value reserve		151,420,210	–	182,446,041
Unrealized valuation gains		82,971,460	58,457,165	16,971,435
Balance at end of year		–	(234,391,670)	(292,848,835)
<b>Other Reserves</b>	13	<b>2,610,354</b>	<b>2,610,354</b>	<b>2,610,354</b>
		<b>15,502,056</b>	<b>(224,052,317)</b>	<b>(273,276,416)</b>
<b>RETAINED EARNINGS</b>				
Balance at beginning of year		530,917,448	342,701,848	329,713,024
Realized portion of the fair value reserve	10	(151,420,210)	–	(183,779,301)
Dividends declared	13	(83,683,997)	(84,486,396)	–
Net income		18,146,553	272,701,996	191,117,272
Reclassification of retirement benefit reserve	18	–	–	5,650,853
Balance at end of year		313,959,794	530,917,448	342,701,848
		<b>1,094,837,945</b>	<b>1,171,568,842</b>	<b>934,129,143</b>
<b>NON-CONTROLLING INTEREST</b>				
Balance at beginning of year		4,138,996	1,976,176	1,993,935
Share in net income (loss)		(1,168,728)	2,162,820	(17,759)
Balance at end of year		2,970,268	4,138,996	1,976,176
		<b>₱1,097,808,213</b>	<b>₱1,175,707,838</b>	<b>₱936,105,319</b>

See accompanying Notes to Consolidated Financial Statements



**PACIFIC ONLINE SYSTEMS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

		Years Ended December 31		
	Note	2024	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income before income tax		<b>₱31,545,953</b>	₱331,661,101	₱215,133,404
Adjustments for:				
Depreciation and amortization	11	<b>155,159,852</b>	40,796,382	33,728,316
Finance charges	5, 17	<b>36,577,881</b>	17,903,206	220,505
Interest income	6, 15	<b>(13,780,944)</b>	(5,753,505)	(437,289)
Retirement benefits cost	18	<b>3,937,534</b>	2,718,689	5,920,800
Provision for impairment loss	8	<b>1,413,910</b>	–	61,744
Marked-to-market losses (gains) on investments held for trading	7	<b>952,007</b>	(54,078,646)	(9,659,082)
Unrealized foreign exchange loss (gain)		<b>996,948</b>	(2,351,403)	(170,916)
Gain on disposal of:				
Investments held for trading	15	<b>(885,410)</b>	(2,200,087)	–
Property and equipment	11	<b>(290,267)</b>	(38,845)	(395,719)
Subsidiaries	15	–	–	(542,645)
Accretion of accrued license fee	15	–	–	(3,680,915)
Dividend income	10	–	(18,947,664)	(18,947,664)
Operating income before working capital changes		<b>215,627,464</b>	309,709,228	221,230,539
Decrease (increase) in:				
Trade and other receivables		<b>106,669,096</b>	(83,228,786)	18,188,886
Other current assets		<b>(17,889,750)</b>	(98,861,209)	(213,765,951)
Increase (decrease) in trade payables and other current liabilities		<b>(39,140,988)</b>	145,492,981	14,857,878
Net cash generated from operations		<b>265,265,822</b>	273,112,214	40,511,352
Income taxes paid		<b>(39,916,119)</b>	(26,833,821)	–
Interest received on cash and cash equivalents		<b>13,780,944</b>	5,753,505	437,289
Contributions to the plan assets	18	–	(19,569,605)	(10,000,000)
Net cash flows provided by operating activities		<b>239,130,647</b>	232,462,293	30,948,641

(Forward)

Years Ended December 31				
	Note	2024	2023	2022
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from disposal of:				
Financial assets at FVOCI	10	₱320,571,550	₱—	₱88,661,790
Investments held for trading	7	57,201,654	27,554,541	—
Property and equipment	11	373,591	1,362,047	3,869,285
Acquisitions of property and equipment	11	(100,456,643)	(537,444,800)	(36,000)
Decrease (increase) in other noncurrent assets		2,121,538	(1,712,356)	1,855,161
Dividends received	10	—	18,947,664	18,947,664
Disposal of subsidiaries, net of cash of the disposed subsidiaries		—	—	(3,910,087)
Net cash flows provided by (used in) investing activities		279,811,690	(491,292,904)	109,387,813
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Loan payments	5	(133,647,059)	(29,411,764)	—
Acquisition of treasury shares	13	(99,327,616)	—	—
Cash dividends paid	13	(83,683,997)	(84,486,396)	—
Proceeds from loan availments	5	80,000,000	432,500,000	67,500,000
Finance charges paid	23	(32,535,518)	(17,878,309)	—
Payments of lease liabilities	17	(499,137)	(1,955,027)	(4,989,872)
Net cash flows provided by (used in) financing activities		(269,693,327)	298,768,504	62,510,128
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>249,249,010</b>	<b>39,937,893</b>	<b>202,846,584</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH</b>		<b>(996,948)</b>	<b>2,351,403</b>	<b>170,916</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>343,945,679</b>	<b>301,656,383</b>	<b>98,638,883</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>₱592,197,741</b>	<b>₱343,945,679</b>	<b>₱301,656,383</b>
<b>NONCASH FINANCIAL INFORMATION</b>				
Reclassification from advances to suppliers to property and equipment	11	₱68,850	₱207,054,331	₱—
Impact of lease modification on right-of-use assets and lease liabilities	17	22,987	—	—

See accompanying Notes to Consolidated Financial Statements.

# PACIFIC ONLINE SYSTEMS CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024 AND 2023

AND FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

### 1. General Information

#### Corporate Information

Pacific Online Systems Corporation ("POSC" 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.

The Parent Company is a 50.1%-owned subsidiary of Premium Leisure Corporation (PLC or the "Immediate Parent Company") and its Ultimate Parent Company is Belle Corporation (Belle). Both Belle and PLC are corporations incorporated and domiciled in the Philippines. Belle's shares are listed on the PSE as at December 31, 2024 and 2023. On July 9, 2024, PLC's shares were delisted from the PSE after a successful tender offer by Belle.

As at December 31, 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:

		Percentage of Ownership		
	Industry	2024	2023	2022
<b>Subsidiaries</b>				
Total Gaming Technologies, Inc. (TGTI)	Gaming	<b>98.9</b>	98.9	98.9
Loto Pacific Leisure Corporation (LotoPac)	Gaming	<b>100.0</b>	100.0	100.0
Falcon Resources Inc. (FRI) <sup>(a)</sup>	Gaming	<b>100.0</b>	100.0	100.0
Futurelab Interactive Corp. (FIC) <sup>(b)</sup>	Gaming	<b>100.0</b>	100.0	100.0
<b>Interest in Joint Operation</b>				
PinoyLotto Technologies Corp. (PinoyLotto)	Gaming	<b>50.0</b>	50.0	50.0
<i>(a) Indirect ownership through TGTI</i>				
<i>(b) 50%-owned by POSC and 50%-owned by TGTI</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 or governmental, municipal or public authority, domestic or foreign.

Prior to October 1, 2023, 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 ELA was concluded on September 30, 2023 (see Notes 17 and 20).

POSC remains committed to looking for opportunities in the industry. These opportunities include the lease of Web-based Application Betting Platform (WABP). On August 30, 2023, the Parent Company signed a Memorandum of Agreement with PCSO in connection with the latter's implementation of a trial run for a WABP during which the Parent Company will be acting as PCSO's exclusive agent.

On June 19, 2024, POSC received a Notice of Award from PCSO after a bidding process for a five-year lease of WABP. With the issuance of the Notice of Award, the Parent Company will now have to comply with the post-Notice of Award requirements of the PCSO; thereafter, the contract between the Parent Company and PCSO covering the terms and conditions of the WABP project will be executed. The commercial operations will commence 76 days from the receipt of the Notice to Proceed.

On July 12, 2024, the trial period for the WABP ended upon the instruction of PCSO as it gears toward making the E-lotto services better as it transitions to a new platform.

As at December 31, 2024, PCSO has not yet issued the Notice to Proceed (see Note 20).

#### 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 equipment for PCSO's Online KENO games. The ELA concluded last April 1, 2022, and was no longer renewed (see Notes 17 and 20). TGTI is still evaluating its future operating plans and management continues to actively look for other viable opportunities within the gaming industry.

#### LotoPac

LotoPac was incorporated on March 16, 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.

In 2020, LotoPac ceased its operations as an investment holding entity.

#### 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.

In 2020, FRI ceased its scratch ticket distribution operations with the intention 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.

#### FIC

FIC was incorporated on April 4, 2016 primarily to acquire, establish, own, hold, lease, except financial leasing, sell, conduct, operate and manage amusement, recreational, and gaming equipment facilities, and enterprises of any kind and nature, as well as places for exhibitions, recreation, gaming, amusement and leisure for the general public, and to acquire, hold and operate any and all privileges, rights, franchises and concessions.

As at December 31, 2024, FIC has not started its commercial operations.

#### 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 a five year-lease of a customized PCSO Lottery System (PLS Project) at a contract price of ₱5,800.0 million. PinoyLotto commenced its commercial operations on October 1, 2023, and pursuant to the contract, 6,500 terminals were installed and are in operation nationwide.

The Group's interest in PinoyLotto was accounted for as a joint operation (see Note 5).

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

#### **Approval of the Consolidated Financial Statements**

The consolidated financial statements as at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022 were endorsed by the Audit Committee to the Board of Directors (BOD) on February 19, 2025 and were approved and authorized by the BOD for issuance on February 20, 2025.

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## **2. Summary of Material Policy Information**

#### **Basis of Preparation and Statement of Compliance**

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

#### **Measurement Bases**

The consolidated financial statements are presented in Philippine Peso (Peso), the Group's functional currency. All amounts are rounded to the nearest Peso unless otherwise stated.

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for:

- investments held for trading which are measured at fair value;
- financial assets at fair value through other comprehensive income (FVOCI); and

- retirement asset or liability which is measured as the difference between the present value of defined benefit obligation and the fair value of plan assets.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of market observable data to a possible extent. Fair values are categorized into different levels in a fair value hierarchy, as described below, based on lowest level inputs used that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 7, *Investments Held for Trading*, Note 10, *Financial Assets at FVOCI* and Note 22, *Financial Instruments*.

#### **Adoption of Amendments to PFRS**

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following relevant amendments to PFRS effective January 1, 2024:

- Amendments to PFRS 16, *Leases - Lease Liability in a Sale and Leaseback* – The amendments clarify that the liability that arises from a sale and leaseback transaction, that satisfies the requirements in PFRS 15, *Revenue from Contracts with Customers*, to be accounted for as a sale, is a lease liability to which PFRS 16 applies and give rise to a right-of-use (ROU) asset. For the subsequent measurement, the seller-lessee shall determine ‘lease payments’ or ‘revised lease payments’ in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying this subsequent measurement does not prevent the seller-lessee from recognizing any gain or loss relating to the partial or full termination of a lease. Any gain or loss relating to the partial or full termination of the lease does not relate to the right of use retained but to the right of use terminated.
- Amendments to PAS 1, *Presentation of Financial Statements - Noncurrent Liabilities with Covenants* – The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the financial statements.

- Amendments to PAS 7, *Statement of Cash Flows* and PFRS 7, *Financial Instruments: Disclosures - Supplier Finance Arrangements* – The amendments introduced new disclosure requirements to enable users of the financial statements assess the effects of supplier finance arrangements on the liabilities, cash flows and exposure to liquidity risk. The amendments also provide transitional relief on certain aspects, particularly on the disclosures of comparative information. Earlier application is permitted.

The adoption of the foregoing amendments to PFRS did not materially affect the consolidated financial statements of the Group. Additional disclosures were included in the consolidated financial statements, as applicable.

#### **Amendments to PFRS in Issue But Not Yet Effective**

Relevant amendments to PFRS, which are not yet effective as at December 31, 2024 and have not been applied in preparing the consolidated financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2025:

- Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability* – The amendments clarify when a currency is considered exchangeable into another currency and how an entity determines the exchange rate for currencies that lack exchangeability. The amendments also introduce new disclosure requirements to help users of financial statements assess the impact when a currency is not exchangeable. An entity does not apply the amendments retrospectively. Instead, an entity recognizes any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings when the entity reports foreign currency transactions. When an entity uses a presentation currency other than its functional currency, it recognizes the cumulative amount of translation differences in equity. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2026:

- Amendments to PFRS 9, *Financial Instruments*, and PFRS 7– *Classification and Measurement of Financial Assets* – The amendments clarify that a financial liability is derecognized when the related obligation is discharged, cancelled, expires or otherwise qualifies for derecognition (e.g. settlement date), and introduces a policy option to derecognize financial liabilities settled through an electronic payment system before settlement date if the required conditions are met. The amendments also clarify the assessment of contractual cash flow characteristics of financial assets, the treatment of non-recourse loans and contractually linked instruments, as well as require additional disclosure requirements for financial assets and liabilities with contingent features and equity instruments classified at FVOCI. Earlier application is permitted.
- Amendments to PFRS 9, *Transaction Price and Lessee Derecognition of Lease Liabilities* – The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee must apply the derecognition criteria for a financial liability which requires recognition of a gain or loss in profit or loss. The amendments also replace the reference to ‘*transaction price as defined by PFRS 15*’ to ‘*the amount determined by applying PFRS 15*’ to remove potential confusion. Earlier application is permitted.

- Annual Improvements to PFRS Accounting Standards Volume 11:
  - Amendments to PFRS 7– The amendments update and remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure. Earlier application is permitted.
  - Amendments to PFRS 10, *Consolidated Financial Statements - Determination of a 'de facto agent'* – The amendments remove inconsistencies by clarifying that an entity must use judgment to determine whether other parties are acting as de facto agents. Earlier application is permitted.
  - Amendments to PAS 7, *Cost Method* – The amendments replace the term 'cost method' with 'at cost' following the deletion of the definition of 'cost method'. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2027:

- PFRS 18, *Presentation and Disclosure in Financial Statements* – This standard replaces PAS 1 and sets out the requirements for the presentation and disclosure of information to help ensure that the financial statements provide relevant information that faithfully represents the entity's assets, liabilities, equity, income and expenses. The standard introduces new categories and sub-totals in the statements of comprehensive income, disclosures on management-defined performance measures, and new principles for grouping of information, which the entity needs to apply retrospectively. Earlier application is permitted.

Deferred effectivity -

- Amendments to PFRS 10 and PAS 28, *Investment in Associates - Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* – The amendments address a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

Under prevailing circumstances, the adoption of the foregoing amendments to PFRS is not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures will be included in the consolidated financial statements, as applicable.

### **Basis of Consolidation**

The consolidated financial statements include the accounts of the Parent Company, its subsidiaries and its corresponding share in the joint operation.

*Subsidiaries.* Subsidiaries are entities controlled by the Parent Company. Control is achieved when the Parent Company is exposed, or has right, to variable returns from its investment with the investee and it has the ability to affect those returns through its powers over the investee.



When the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Parent Company's voting rights and potential voting rights.

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Parent Company and to the non-controlling interest (NCI), even if this results in the NCI interests having a deficit balance.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

NCI represent the portion of net results and net assets not held by the Parent Company. These are presented in the consolidated statements of financial position within equity, apart from equity attributable to equity holders of the Parent Company and are separately disclosed in the consolidated statements of comprehensive income. NCI represent the equity interest in TGTI and FRI not held by the Parent Company.

If the Parent Company loses control over a subsidiary, it derecognizes the assets including goodwill, liabilities and NCI in the subsidiary. The Parent Company recognizes the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in the consolidated statements of comprehensive income.

*Business Combinations and Goodwill.* Business combinations are accounted for using the acquisition method except for business combinations under common control in which an accounting similar to pooling of interest method is used.

Under the acquisition method, the cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any NCI in the acquiree. For each business combination, the acquirer measures the NCI in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PFRS 9 is measured at fair value with the changes in fair value recognized in profit or loss in accordance with PFRS 9. Other contingent consideration that is not within the scope of PFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill acquired in a business combination is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for NCI and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units (CGUs), or group of cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or group of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than an operating segment or determined in accordance with PFRS 8, *Operating Segment*.

Goodwill is tested for impairment annually as at December 31 and when circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of the CGU or group of CGUs, to which the goodwill relates. When the recoverable amount of the CGU or group of CGUs is less than the carrying amount, an impairment loss is recognized. Impairment loss with respect to goodwill cannot be reversed in future periods.

When goodwill has been allocated to a CGU or group of CGUs and part of the operations within the unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed and the portion of the CGU retained.

*Joint Arrangements.* Joint arrangements represent activities where the Parent Company has joint control established by a contractual agreement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing the control. A joint arrangement is either a joint operation, whereby the parties have rights to the assets and obligations for the liabilities, or a joint venture, whereby the parties have rights to the net assets.

The Group accounted for its interest in PinoyLotto as a joint operation. Accordingly, the Group recognizes (i) its assets, including its share of any assets held jointly, (ii) its liabilities, including its share of any liabilities incurred jointly, (iii) its revenues and share in revenues from the output of the joint operation, and (iv) its expenses, including its share of any expenses incurred jointly. The Parent Company reports items of a similar nature to those on the financial statements of the joint arrangement, on a line-by-line basis, from the date that joint control commences until the date that joint control ceases.

The financial statements of PinoyLotto with a fiscal period ended June 30, are incorporated in the consolidated financial statements as at December 31. Adjustments and disclosures are made for the effects of significant transactions or events that occurred between the date of PinoyLotto's financial statements and the date of the consolidated financial statements. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

### **Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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

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

*"Day 1" Difference.* Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Group deems the transactions price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference.

*Classification of Financial Instruments.* The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and, (c) financial assets at FVOCI. The classification of a financial asset largely depends its contractual cash flow characteristics and on the Group's business model for managing them.

Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost.

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

Equity securities that have been designated to be measured at FVOCI can no longer be reclassified to a different category.

As at December 31, 2024 and 2023, the Group does not have financial liabilities at FVPL and debt instruments measured at FVOCI.

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

Financial assets are classified as held for trading if these are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless these are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest (SPPI) are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are measured at fair value at each reporting date, with any fair value gains or losses recognized in profit or loss to the extent these are not part of a designated hedging relationship.

Classified under this category are the Group's investments in listed equity securities included under "Investments held for trading" account.

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

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

Classified under this category are the Group's cash and cash equivalents, trade and other receivables (excluding advances to contractors, suppliers, officers and employees), and guarantee and refundable deposits (presented as part of "Other current assets" or "Other noncurrent assets").

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of placement and are subject to an insignificant risk of changes in value.

*Financial Assets at FVOCI.* On initial recognition, equity securities which are not held for trading may be irrevocably designated as a financial asset to be measured at FVOCI.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, financial assets at FVOCI are measured at fair value with unrealized valuation gains or losses recognized in other comprehensive income and are accumulated under "Other equity reserves" account in the equity section of the consolidated statements of financial position. These fair value changes are not reclassified to profit or loss in subsequent periods. On disposal of these equity securities, any cumulative valuation gains or losses will be reclassified to retained earnings.

Classified under this category are the Group's investments in equity securities issued by the Parent Company.

*Financial Liabilities at Amortized Cost.* Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

Classified under this category are the Group's trade payables and other current liabilities (excluding statutory payables), loans payable and lease liabilities.

#### **Impairment of Financial Assets at Amortized Cost**

The Group records an allowance for expected credit loss (ECL) on financial assets at amortized cost based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group measures loss allowances at an amount equivalent to the 12-month ECL for financial assets on which credit risk has not increased significantly since initial recognition or that are determined to have low credit risk at reporting date. Otherwise, impairment loss will be based on lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at reporting date with the risk of a default occurring on the financial instrument on the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort. In addition, the Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognized in profit or loss to the extent that the carrying amount of the asset does not exceed its amortized cost at reversal date.

A financial asset is written off when there is no reasonable expectation of recovering the financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

*Trade Receivables.* The Group has applied the simplified approach in measuring the ECL on trade receivables. Simplified approach requires that ECL should always be based on the lifetime ECL. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date.

The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

*Other Financial Instruments Measured at Amortized Cost.* For these financial assets, the Group applies the general approach in determining ECL. The Group recognizes an allowance based on either the 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition.

### **Derecognition of Financial Assets and Liabilities**

*Financial Assets.* A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

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

*Financial Liabilities.* A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

#### **Offsetting Financial Assets and Liabilities**

Financial assets and liabilities are offset, and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statements of financial position.

#### **Classification of Financial Instrument between Liability and Equity**

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

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

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

#### **Advances to Contractors and Suppliers**

Advances to contractors and suppliers represent payment for purchased goods and services which are not yet delivered to the Group as at reporting date. Advances to contractors and suppliers are measured at the amount of cash paid. Subsequently, these are transferred to appropriate account upon receipt of the goods or services.

#### **Advances to Officers and Employees**

Advances to officers and employees represent cash advances made for use in the operations. These are noninterest-bearing and are settled through liquidation within the year.

#### **Creditable Withholding Taxes (CWTs)**

CWTs represent the amount withheld by the Group's customers in relation to its income. CWTs can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation. CWTs are stated at its net realizable amount.

#### **Prepayments**

Prepayments are expenses not yet incurred but paid in advance. Prepayments are apportioned over the period covered by the payment and charged to the appropriate account in profit or loss when incurred.

### **Spare Parts and Supplies**

Spare parts and supplies are valued at the lower of cost and net realizable value (NRV). Cost is determined using the weighted average method and includes expenditures incurred in acquiring the supplies and bringing them to their existing location and condition. NRV is the current replacement cost.

### **Value-Added Tax (VAT)**

Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from (payable to) the taxation authority is included as part of "Other current assets" account or "Trade payables and other current liabilities" account in the consolidated statements of financial position.

The amount of VAT on revenue not yet collected is presented as part of "Statutory payables" under "Trade payables and other current liabilities" account in the consolidated statements of financial position.

### **Property and Equipment**

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The initial cost of property and equipment consists of its purchase price, including import duties, nonrefundable taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred if the recognition criteria are met. Software or intangible assets that is an integral part of the related hardware are treated as property and equipment.

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to profit or loss in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of property and equipment.

Each part of the property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.



Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of the depreciable assets. The depreciation and amortization periods for property and equipment, based on the above policies, are as follows:

Asset Type	Number of Years
Lottery equipment	5 - 10 or term of lease, whichever is shorter
Leasehold improvements	4 or term of the lease, whichever is shorter
Office furniture, fixtures and equipment	4 - 5
Transportation equipment	4 - 5

The estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that the periods and method of depreciation is consistent with the expected pattern of economic benefits from items of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

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

#### **Software Development**

Software development cost is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, an internally generated software development is measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Amortization is calculated to write off the cost of intangible assets less their estimated residual values, if any, using the straight-line method over their estimated useful lives, of two to three years and amortization of intangible assets is recognized in profit or loss. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

#### **Impairment of Nonfinancial Assets (excluding Goodwill)**

Nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

### **Equity**

*Capital Stock and Additional Paid-in Capital.* Capital stock is measured at par value for all shares issued. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as additional paid-in capital.

Incremental costs directly attributable to the issue of new capital stock are recognized as a deduction, net of tax, from the equity.

*Cost of Parent Company Common Shares Held by a Subsidiary.* Parent Company's shares which are held by a subsidiary are treated similar to treasury shares and recognized and deducted from equity at cost. No gain or loss is recognized in the consolidated statements of comprehensive income on the purchase, sale, issue, or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in other reserves.

*Other Equity Reserves.* Other equity reserves primarily comprise of items of income and expenses that are not recognized in profit or loss for the year in accordance with PFRS. Other equity reserves of the Group mainly pertain to cumulative remeasurement gains of retirement benefits and cumulative unrealized valuation losses of financial assets at FVOCI.

*Retained Earnings.* Retained earnings represent the cumulative balance of the Group's results of operations and reclassification of realized equity reserves, net of dividends declared.

### **Revenue Recognition**

Revenue from contracts with customers is recognized when the control of the services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services.

The Group has generally concluded that it is the principal in its revenue arrangements. The following specific recognition criteria must also be met before revenue from contracts with customers is recognized.

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

*Equipment Rental.* Revenue from lease agreements with variable lease payments is recognized based on a certain percentage of gross sales of the lessee's online lottery operations, as computed by the lessee in accordance with the agreement. For lease agreements with fixed payments and is classified as operating lease, revenue is recognized on a straight-line basis over the term of the lease.

*Commission Income.* Commission income from WABP is recognized at a point in time when the related services are provided and is computed based on a certain percentage of gross sales of the web-based lottery operations.

*Interest Income.* Revenue is recognized as the interest accrues taking into account the effective yield on the asset.

*Dividend Income.* Revenue is recognized when the Group's right to receive the payment is established.

*Service Income.* Revenue is recognized at a point in time when the service to the customer is performed.

*Other Income.* Income from other sources is recognized when earned.

The related contract balances are the trade receivables which represent the Group's right to an amount of consideration that is unconditional i.e., only the passage of time is required before payment of the consideration is due.

#### **Contract Costs**

*Costs to Obtain a Contract.* The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

*Costs Incurred to Fulfil a Contract.* Costs incurred to fulfil a contract are recognized as an asset if they are (a) directly related to a contract or to an anticipated contract that can be specifically identified by the Group, (b) generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) future performance obligations, and (c) are expected to be recovered.

*Amortization, Derecognition and Impairment of Contract Costs.* Costs recognized as an asset is amortized on a systematic basis consistently with the transfer of services related to the asset.

A capitalized contract cost is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Group determines whether there is an indication that contract costs maybe impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract.

#### **Cost and Expense Recognition**

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants.

*Cost of Services.* Cost of services is recognized as expense when the related services are rendered.

*General and Administrative Expenses.* General and administrative expenses constitute cost of administering the business. These expenses are recognized in profit or loss when incurred.

*Finance Cost.* Finance cost is recognized in profit or loss using the effective interest method.

### **Leases**

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

*Group as a Lessor.* Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income under operating leases are recognized on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rent income. Contingent rents are recognized as revenue in the period in which these are earned.

*Group as a Lessee.* At the commencement date, the Group recognizes ROU assets and lease liabilities.

*ROU Assets.* ROU assets are initially measured at cost, which comprises the initial amount of lease liabilities adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred, less any incentives received. ROU assets are subsequently amortized using the straight-line method from the commencement date to the end of the lease term. In addition, ROU assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities.

*Lease Liabilities.* Lease liabilities are initially measured at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the fixed payments, including in-substance fixed payments, and if applicable:

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

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

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

When the lease liabilities are remeasured, a corresponding adjustment is made to the carrying amount of the ROU assets, or is recorded in profit or loss if the carrying amount of the ROU assets has been reduced to zero.

*Short-term Leases and Leases of Low-value Assets.* The Group has elected not to recognize ROU assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### **Employee Benefits**

*Short-term Benefits.* The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

*Retirement Benefits.* The Group has a funded, non-contributory defined benefit plan covering all qualified employees. Retirement benefit costs are actuarially determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

Retirement benefits cost recognized in profit or loss include: (a) the service cost of the defined benefit plan, i.e., current service costs, past service costs (including curtailment gains or losses) and any gain or loss on settlement; and (b) net interest on the retirement liability or asset.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on the retirement liability or asset) are recognized immediately in other comprehensive income in the period in which these arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

The retirement liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Actuarial valuations are made with sufficient regularity that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting period.

#### **Foreign Currency Denominated Transactions**

Transactions denominated in foreign currencies are initially recorded in Peso using the exchange rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are restated at the functional currency using the rate of exchange prevailing at the reporting date. Foreign exchange differences between the rate at transaction date and settlement date or reporting date are credited to or charged against profit or loss. Nonmonetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rate at the dates of initial transactions.

#### **Income Taxes**

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

Current income tax relating to item recognized directly in equity is recognized in equity and not in the profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

*Deferred Tax.* Deferred tax is provided on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes except for:

- When it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

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

*Offsetting.* Current tax assets and current tax liabilities are offset, or deferred tax assets and deferred tax liabilities are offset if, and only if, an enforceable right exists to set off the amounts and it can be demonstrated without undue cost or effort that the Group plans either to settle on a net basis or to realize the asset and settle the liability simultaneously.

#### **Related Parties and Transactions**

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

Related party transactions consist of transfers of resources, services or obligations between the Group and its related parties.

Related party transactions are considered material and/or significant if i) these transactions amount to 10% or higher of the Group's total assets, or ii) there are several transactions or a series of transactions over a 12-month period with the same related party amounting to 10% or higher of the Group's total assets. Details of transactions entered into by the Group with related parties are reviewed in accordance with the Group's related party transactions policy.

#### **Earnings per Share**

Basic earnings per share is computed by dividing net income for the year attributable to common equity holders of the Parent Company by the weighted average number of issued and outstanding common shares during the year, after giving retroactive effect to any stock dividends declared during the year.

Diluted earnings per share is computed by dividing net income for the year attributable to common equity holders of the parent by the weighted average number of issued and outstanding common shares during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential common shares that would have an anti-dilutive effect on earnings per share.

As the Group has no dilutive potential common shares outstanding, basic and diluted earnings per share are stated at the same amount.

### **Operating Segments**

For management purposes, the Group is organized into business units based on the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and services.

### **Provisions**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are made using the best estimates of the amount required to settle the obligation and are discounted to present values using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Changes in estimates are reflected in profit or loss in the period these arise.

### **Contingencies**

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

### **Events after the Reporting Date**

Post year-end events that provide additional information about the Group's financial position at reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

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## **3. Significant Judgments, Accounting Estimates and Assumptions**

The preparation of the consolidated financial statements in accordance with PFRS requires management to exercise judgment, make estimates and use assumptions that affect amounts of assets, liabilities, income and expenses reported in the consolidated financial statements. The judgment, accounting estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. While management believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

### **Judgments**

In the process of applying the Group's accounting policies, management has made the following judgment, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements.

*Assessing Joint Control and Determining Proper Classification of a Joint Arrangement.* Management used judgment in classifying the Parent Company's interest in PinoyLotto as a joint operation. PinoyLotto is 50% owned by the Parent Company and is assessed to be controlled jointly with the parties to the agreement because the parties have equal number of board representatives and the



relevant activities that significantly affect the return on the investment requires approval of representatives from both parties. In classifying the interest as a joint operation, management's considerations include, but are not limited to, determining if the arrangement is structured through a separate vehicle and whether the legal form and contractual arrangements give the entity direct rights to the assets and obligations for the liabilities within the normal course of business. Other facts and circumstances are also assessed by management, including the entity's rights to the economic benefits of assets and its involvement and responsibility for settling liabilities associated with the arrangement.

*Evaluating Lease Commitments.* The evaluation of whether an arrangement contains a lease is based on its substance. An arrangement is, or contains a lease when the fulfillment of the arrangement depends on specific asset or assets and the arrangement conveys a right to use the asset.

Relevant details of the lease commitments are disclosed in Note 17.

*Determining the Classification of Lease.* The Group leases to PCSO the lottery equipment it uses for its nationwide on-line lottery operations. The Group has determined that it has retained substantially all the risks and benefits of ownership of the lottery equipment being leased to PCSO. The ownership of the asset is not transferred to the lessee by the end of the lease term, the lessee has no option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option is exercisable, the lease term is not for the major part of the asset's economic life, and, certain features of the arrangement does not transfer substantially all risk and rewards to the lessee. Accordingly, the lease is accounted for as an operating lease.

Revenue from equipment rental is disclosed in Notes 17 and 20.

*Determining Capitalizable Contract Costs.* Assessing whether costs to obtain a contract will be recognized as an asset depends on the Group's judgment which costs are considered as incremental, i.e., those expenditures which would not have been incurred if the contract had not been secured. On the other hand, the primary focus when deciding on the capitalization of costs incurred to fulfil a contract is determining which costs generate or enhance resources that will be used in satisfying (or in continuing to satisfy) performance obligations in the future

The carrying amount of capitalized contract costs is disclosed in Note 9.

*Determining the Fair Value of Financial Instruments.* PFRS requires certain financial assets and liabilities to be carried at fair value, which requires extensive use of accounting estimates. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group utilized different valuation methodologies. Any changes in fair value of these financial assets would affect profit and loss and equity.

The fair value of the Group's financial assets and liabilities are disclosed in Note 22.

### **Accounting Estimates and Assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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

The Group's cash and cash equivalents are maintained at reputable financial institutions with good industry rating and score.

The Group maintains allowance for impairment losses on trade and other receivables at a level considered adequate to provide for potential uncollectible accounts. The level of this allowance is evaluated by the management on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, the age and status of receivables, the length of relationship with the customers, the customer's payment behavior and known market factors. The Group reviews the allowance on a continuous basis.

For other financial assets at amortized cost, the Group has applied the general approach and calculated the ECL by considering the consequences and probabilities of possible defaults only for the next 12 months, rather than the life of the asset. It continues to apply this method until a significant increase in credit risk has occurred, at which point the loss allowance is measured based on lifetime ECL.

In 2024, the Group recognized a provision for impairment loss amounting to ₱1.4 million (see Note 8). No provision for impairment losses on trade and other receivables was recognized by the Group in 2023 and 2022. The allowance for impairment losses on financial assets at amortized cost are disclosed in Note 8.

The carrying amounts and credit quality of financial assets at amortized cost that were subjected to impairment assessment are disclosed in Note 22.

*Determining the Impairment of Significant Nonfinancial Assets.* The Group assesses whether there are any indicators of the impairment for significant nonfinancial assets at each reporting date. Significant nonfinancial assets are reviewed for impairment when there are indicators that the carrying amounts may not be recoverable. Determining the recoverable amount of these nonfinancial assets requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets which will necessitate the Group to make estimates and assumptions that can materially affect the consolidated financial statements.

While it is believed that the assumptions used in the estimation of recoverable values are appropriate and reasonable, future events could cause the Group to conclude that such nonfinancial assets are impaired. Any resulting impairment loss could have a material adverse impact on the Group's consolidated financial statements.

No provision for impairment losses on nonfinancial assets was recognized in 2024, 2023 and 2022 (see Note 9).

The carrying amounts of nonfinancial assets and related allowance for impairment for losses, if any, are disclosed in the following notes:

	Note
Property and equipment	11
CWTs	9
Other current assets*	9
Other noncurrent assets*	9
ROU assets	17

\*Excluding guarantee and/or refundable deposits.

*Estimating the Useful Lives of Property and Equipment and ROU Assets.* The Group estimates the useful lives of the property and equipment and ROU assets based on the period over which these assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of these assets. In addition, estimation of the useful lives is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

There were no changes in the estimated useful lives of property and equipment and ROU assets in 2024, 2023 and 2022. The carrying amount of property and equipment and ROU assets are disclosed in Notes 11 and 17, respectively.

*Assessing the Realizability of Deferred Tax Assets.* The Group reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The amount of deferred tax assets that are recognized is based upon the likely timing and level of future taxable profits together with future tax planning strategies to which the deferred tax assets can be utilized.

Details of recognized and unrecognized deferred tax assets are disclosed in Note 16.

*Evaluating Contingencies.* The Group recognizes provision for possible claims when it is determined that an unfavorable outcome is probable and the amount of the claim can be reasonably estimated. The determination of reserves required, if any, is based on analysis of such individual issue, often with the assistance of outside legal counsel. Management believes that any potential claims against the Group arising from the normal course of business will not have any material adverse effect on its consolidated financial position and consolidated financial performance.

#### 4. Segment Information

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.

Performance is measured based on segment income before income tax, as included in the internal management reports that are reviewed by the Group's President. Segment net income is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

In 2024, 2023, and 2022 the Group's segment pertains solely to equipment leasing and other related services.

#### 5. Interest in Joint Operation

Interest in joint operation pertains to the Group's 50% ownership in PinoyLotto. As discussed in Note 1, PinoyLotto was awarded a five-year lease of the customized PCSO Lottery System, also known as '2021 PLS Project' at a contract price of ₱5,800.0 million.

The contractual arrangements give the joint operators direct rights to the assets and obligations for the liabilities within the normal course of business.

PinoyLotto started nationwide operations on October 1, 2023. Pursuant to the contract, 6,500 terminals were installed and are in operation nationwide. Pre-operating expenses amounted to nil, ₱14.4 million and ₱14.0 million in 2024, 2023 and 2022, respectively (see Note 14).

##### Share in Assets, Liabilities, Revenues, Cost, and Expenses

	2024	2023
Cash and cash equivalents	<b>₱54,993,770</b>	₱72,608,057
Trade and other receivables	<b>49,737,037</b>	99,395,044
CWTs	<b>16,680,804</b>	—
Other current assets	<b>72,724,507</b>	26,759,374
Total Current Assets	<b>194,136,118</b>	198,762,475
Property and equipment	<b>652,001,130</b>	706,091,820
Deferred tax assets	<b>428,878</b>	—
ROU assets	<b>54,149</b>	541,486
Advances to suppliers	—	68,850
Total Noncurrent Assets	<b>652,484,157</b>	706,702,156
Total Assets	<b>₱846,620,275</b>	₱905,464,631

	2024	2023
Trade payables and other current liabilities	<b>(P131,845,610)</b>	(P110,782,832)
Current portion of loans payable	<b>(138,980,392)</b>	(58,823,529)
Current portion of lease liabilities	<b>(57,445)</b>	(294,303)
Nontrade payable	–	(67,500,000)
Total Current Liabilities	<b>(270,883,447)</b>	(237,400,664)
Loan payables - net of current portion	<b>(277,960,784)</b>	(411,764,706)
Net retirement liability	<b>(662,330)</b>	–
Lease liabilities - net of current portion	–	(208,495)
Total Noncurrent Liabilities	<b>(278,623,114)</b>	(411,973,201)
Total Liabilities	<b>(P549,506,561)</b>	(P649,373,865)
Revenue from equipment rental	<b>P517,857,143</b>	P129,464,286
Cost of services	<b>(264,209,114)</b>	(57,535,027)
General and administrative expenses	<b>(130,901,005)</b>	(46,366,911)
Finance cost	<b>(36,577,881)</b>	(17,878,309)
Interest income	<b>158,808</b>	84,322
Other charges	<b>(960,463)</b>	(2,312,579)
Provision for income taxes	<b>(13,098,869)</b>	–
Net income	<b>P72,268,619</b>	P5,455,782

#### Loan Agreement

On October 15, 2022, PinoyLotto entered into a long-term loan agreement with a local bank for a loan facility with a maximum aggregate principal amount of P1.0 billion, the proceeds of which shall be used to partially finance the capital expenditure requirements of the PLS Project. The loan has a term of five years, payable in equal quarterly installments beginning on the second year from initial drawdown up to the maturity. The loan bears an annual interest ranging from 6.54% to 7.45% in 2024 and 2023.

In 2024, PinoyLotto obtained additional bank loan amounting to P160.0 million from the same local bank for the same purpose. The additional loan has a term of four years, payable in equal quarterly installments and bears an annual interest of 8.63%.

Interest expense on loan payable which was recognized as “Finance charges” amounted to P36.5 million and P17.9 million in 2024 and 2023, respectively. The related accrued interest as at December 31, 2024 amounting to P4.0 million was presented as “Accrued expenses” under “Trade payables and other current liabilities” account in the consolidated statements of financial position (see Note 12).

The loan is secured by a continuing surety of the Parent Company and PGMC and maintenance of a debt service reserve account (see Note 6).

The movements in the loans payable recognized in the consolidated statements of financial position are presented below:

	2024	2023
Balance at beginning of year	<b>₱470,588,235</b>	₱67,500,000
Availments	<b>80,000,000</b>	432,500,000
Repayments	<b>(133,647,059)</b>	(29,411,765)
Balance at end of year	<b>₱416,941,176</b>	₱470,588,235

Pursuant to the terms of these loan agreements, PinoyLotto is required to comply with certain financial covenants starting June 30, 2024 which includes (a) bank debt to equity ratio not exceeding 3.0x, (b) debt-to-equity ratio not exceeding 3.5x and (c) debt service coverage ratio not falling below 1.2x. PinoyLotto is also restricted from performing certain corporate acts including declaration of dividends, material change in business and ownership, among others, without prior consent of the bank and must adhere to all financial and funding requirements. As at December 31, 2024 and 2023, PinoyLotto is compliant with the financial covenants and agreements.

#### Surety Bond

As at December 31, 2024, PinoyLotto has an existing surety bond agreement with Milestone Guaranty and Assurance Corp. to ensure compliance with its obligations related to the 2021 PLS Project. The surety bond agreement is valid until September 30, 2028.

## **6. Cash and Cash Equivalents**

This account consists of:

	2024	2023
Cash on hand	<b>₱354,730</b>	₱397,065
Cash in banks	<b>96,575,560</b>	281,705,944
Cash equivalents	<b>451,444,854</b>	61,842,670
Restricted cash	<b>43,822,597</b>	–
	<b>₱592,197,741</b>	₱343,945,679

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

Cash equivalents are made for varying periods of up to three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Under its loan agreement, PinoyLotto is required to maintain a debt service reserve account for the security of interest and/or principal repayments to the lenders. PinoyLotto is required to deposit cash to the debt service reserve account equivalent to the upcoming interest and/or principal repayment (see Note 5).

Interest income earned from cash and cash equivalents amounted to ₱13.8 million, ₱5.8 million and ₱437,289 in 2024, 2023 and 2022, respectively.

## 7. Investments Held for Trading

This account consists of investments in quoted shares of stock of Vantage Equities, Inc., APC Group, Inc. and DigiPlus Interactive Corp.

Movements in this account are as follows:

	2024	2023
Balance at beginning of year	<b>₱100,012,769</b>	₱71,288,577
Disposals	<b>(56,316,244)</b>	(25,354,454)
Marked-to-market gains (losses)	<b>(952,007)</b>	54,078,646
Balance at end of year	<b>₱42,744,518</b>	₱100,012,769

Proceeds from disposal of investment held for trading amounted to ₱57.2 million and ₱27.6 million resulting to a gain of ₱885,410 and ₱2.2 million in 2024 and 2023, respectively (see Note 15).

The fair values of these securities are based on closing quoted market prices on the last market day of the year (see Note 22).

## 8. Trade and Other Receivables

This account consists of:

	2024	2023
Trade	<b>₱48,333,333</b>	₱126,533,972
Nontrade receivables:		
Lucky Circle Corporation (LCC) Group	<b>131,464,214</b>	133,583,193
Third parties	<b>109,043,400</b>	127,594,421
Advances to:		
Contractors and suppliers	<b>2,404,797</b>	2,742,545
Officers and employees	<b>1,792,047</b>	872,035
Other receivables	<b>10,455,217</b>	9,452,059
	<b>303,493,008</b>	400,778,225
Less allowance for impairment loss	<b>117,765,218</b>	116,351,308
	<b>₱185,727,790</b>	₱284,426,917

Trade receivables are generally on a 30-to-60 day credit terms. The risks associated on this account are disclosed in Note 22.

Nontrade receivables from the LCC Group are amounts due from former investees which are substantially provided with allowance for impairment, because of the delayed payments and disposal of ownership interest in LCC Group.

Nontrade receivables from third parties primarily pertain to noninterest-bearing advances to a consultant intended for exploration of projects and business opportunities. As at report date, the Group decided to discontinue the project and has ongoing negotiations with the consultant to immediately finalize the terms and manner of recovery of the outstanding receivables.

Advances to contractors, suppliers, officers and employees are noninterest-bearing and are generally subject to liquidation.

Other receivables primarily arise from shared services rendered in 2024 and disposal of trademark in 2023 which are collectible in the following financial period (see Note 15).

The movements in allowance for impairment loss on trade and other receivables are as follows:

	Note	2024	2023
Balance at beginning of year		<b>₱116,351,308</b>	₱116,351,308
Provision	14	<b>1,413,910</b>	–
Balance at end of year		<b>₱117,765,218</b>	₱116,351,308

## 9. CWTs and Other Assets

### CWTs

This account consists of:

	2024	2023
CWTs	<b>₱125,878,754</b>	₱102,297,243
Less allowance for impairment loss	<b>533,166</b>	533,166
	<b>₱125,345,588</b>	₱101,764,077

### Current Assets

This account consists of:

	Note	2024	2023
Guarantee deposits	20	<b>₱79,000,000</b>	₱91,000,000
Prepayments		<b>46,541,898</b>	3,499,269
Spare parts and supplies		<b>8,170,480</b>	606,075
Input VAT		<b>411,344</b>	22,965,845
Current portion of refundable deposits		–	201,414
Others		<b>2,038,631</b>	–
		<b>₱136,162,353</b>	₱118,272,603

Guarantee deposits include cash bonds held in escrow account as part of the agreement with PCSO (see Note 20).

Prepayments represent mainly insurance and rent. It also includes prepaid technical training, advisory and maintenance services. As at December 31 2024, prepayments also include contract costs amounting to ₱30.7 million, which pertains to costs incurred to fulfil the obligations under the five-year lease of WABP (see Note 20).

Spare parts and suppliers are generally used for providing maintenance and repair services on the leased lottery equipment to PCSO.



### Noncurrent Assets

This account consists of:

	Note	2024	2023
Refundable deposits - net of current portion		<b>₱2,291,727</b>	₱2,835,115
ROU assets	17	<b>54,148</b>	541,486
Others		—	1,647,000
		<b>₱2,345,875</b>	₱5,023,601

Refundable deposits are subject to adjustments every year if rent rates increase and shall be returned to the lessee without interest.

## 10. Financial Assets at FVOCI

As at December 31, 2023, the financial assets at FVOCI pertains to the Group's investment in shares of the Parent Company (see Note 19). The movements in this account are as follows:

	2024	2023
Balance at beginning of year	<b>₱237,600,090</b>	₱179,142,925
Disposal	<b>(320,571,550)</b>	—
Unrealized valuation gains	<b>82,971,460</b>	58,457,165
Balance at end of year	<b>₱—</b>	₱237,600,090

The fair values of these securities are based on the quoted prices on the last market day of the year (see Note 22).

In 2024, the Group sold its investment in shares of the Parent Company for ₱320.6 million as a result of the tender offer conducted by the Ultimate Parent Company for the purpose of voluntary delisting the Parent Company shares from the Main Board of PSE.

Movements in cumulative unrealized valuation losses on financial asset at FVOCI are as follows:

	2024	2023
Balance at beginning of year	<b>(₱234,391,670)</b>	(₱292,848,835)
Realized portion	<b>151,420,210</b>	—
Unrealized valuation gain	<b>82,971,460</b>	58,457,165
Balance at end of year	<b>₱—</b>	(₱234,391,670)

Dividend income from the financial assets at FVOCI amounted to nil in 2024 and ₱18.9 million in 2023 and 2022.

## 11. Property and Equipment

The movement in this account is as follows:

	2024				
	Lottery Equipment	Office Furniture, Fixtures and Equipment	Leasehold Improvements	Transportation Equipment	Total
<b>Cost</b>					
Balance at beginning of year	₱716,564,344	₱40,505,187	₱3,537,822	₱12,557,629	₱773,164,982
Additions	98,304,976	1,434,879	57,004	728,634	100,525,493
Disposals and retirement	–	(311,607)	–	(2,059,610)	(2,371,217)
Balance at end of year	814,869,320	41,628,459	3,594,826	11,226,653	871,319,258
<b>Accumulated Depreciation and Amortization</b>					
Balance at beginning of year	35,833,622	18,497,817	176,890	12,448,156	66,956,485
Depreciation and amortization	149,001,119	4,829,654	713,266	105,488	154,649,527
Disposals and retirement	–	(311,607)	–	(1,976,286)	(2,287,893)
Balance at end of year	184,834,741	23,015,864	890,156	10,577,358	219,318,119
<b>Carrying Amount</b>	<b>₱630,034,579</b>	<b>₱18,612,595</b>	<b>₱2,704,670</b>	<b>₱649,295</b>	<b>₱652,001,139</b>

	2023				
	Lottery Equipment	Office Furniture, Fixtures and Equipment	Leasehold Improvements	Transportation Equipment	Total
<b>Cost</b>					
Balance at beginning of year	₱501,864,242	₱16,108,222	₱6,732,232	₱16,360,639	₱541,065,335
Additions	716,564,344	24,396,965	3,537,822	–	744,499,131
Disposals and retirement	(501,864,242)	–	(6,732,232)	(3,803,010)	(512,399,484)
Balance at end of year	716,564,344	40,505,187	3,537,822	12,557,629	773,164,982
<b>Accumulated Depreciation and Amortization</b>					
Balance at beginning of year	501,864,242	16,108,222	5,576,547	15,502,773	539,051,784
Disposals and retirement	(501,864,242)	–	(5,576,547)	(3,635,493)	(511,076,282)
Depreciation and amortization	35,833,622	2,389,595	176,890	580,876	38,980,983
Balance at end of year	35,833,622	18,497,817	176,890	12,448,156	66,956,485
<b>Carrying Amount</b>	<b>₱680,730,722</b>	<b>₱22,007,370</b>	<b>₱3,360,932</b>	<b>₱109,473</b>	<b>₱706,208,497</b>

Advances made to suppliers in 2023 and 2022 amounting to ₱68,850 and ₱207.1 million were reclassified to property and equipment in 2024 and 2023, respectively.

The Group sold certain equipment with a carrying amount of ₱83,324, ₱1.3 million and ₱3.5 million for a total consideration of ₱373,591, ₱1.4 million and ₱3.9 million in 2024, 2023 and 2022, respectively, resulting to a gain on sale amounting to ₱290,267, ₱38,845 and ₱395,719 in 2024, 2023 and 2022, respectively (see Note 15).

Since the ELA was terminated on September 30, 2023, the Group retired fully depreciated lottery equipment with an aggregate cost of ₱501.9 million in 2023.

Depreciation and amortization recognized in the consolidated statements of comprehensive income arises from:

	Note	2024	2023	2022
Property and equipment		₱154,649,527	₱38,980,983	₱17,946,924
ROU assets	17	510,325	1,815,399	4,645,028
Software development		–	–	11,136,364
		<b>₱155,159,852</b>	<b>₱40,796,382</b>	<b>₱33,728,316</b>

Depreciation and amortization are allocated as follows (see Note 14):

	2024	2023	2022
Cost of services	<b>₱149,001,119</b>	₱37,901,647	₱29,217,792
General and administrative expenses	<b>6,158,733</b>	2,894,735	4,510,524
	<b>₱155,159,852</b>	₱40,796,382	₱33,728,316

## 12. Trade Payables and Other Current Liabilities

This account consists of:

	Note	2024	2023
Accounts payable		<b>₱159,248,509</b>	₱144,505,658
Accrued expenses:			
Communications and outside services		<b>31,495,378</b>	1,039,126
Salaries and other employee benefits		<b>7,151,885</b>	3,245,706
Interest	5	<b>4,011,566</b>	—
Professional fees		<b>3,104,262</b>	2,656,000
Software and license fees payable	20	—	8,865,861
Statutory payables		<b>6,450,827</b>	18,718,599
Advances from joint operators	5	—	67,500,000
Others		<b>3,033,141</b>	8,449,398
		<b>₱214,495,568</b>	₱254,980,348

Accounts payable generally has a 30-to-45 day credit terms.

Accrued expenses are normally settled in the following month.

Statutory payables mainly pertain to statutory contributions, withholding taxes, VAT payable and other liabilities to the government agencies, which are payable within the next financial year.

Others primarily pertain to dividends payable

### 13. Equity

#### Capital Stock and Additional Paid-in Capital

The composition and movements of the Parent Company's capital stock consisting of common shares as at December 31 are as follows:

	2024		2023	
	Shares	Amount	Shares	Amount
<b>Authorized - ₱1 par value</b>	<b>2,288,000,000</b>	<b>₱2,288,000,000</b>	2,288,000,000	₱2,288,000,000
<b>Issued</b>	<b>895,330,946</b>	<b>₱895,330,946</b>	895,330,946	₱895,330,946
<b>Cost of Parent Company Common Shares</b>				
<b>Held by a Subsidiary:</b>				
Balance at beginning of year	(50,466,984)	(285,267,558)	(50,466,984)	(285,267,558)
Additions	(22,224,200)	(99,327,616)	—	—
Balance at end of year	(72,691,184)	(384,595,174)	(50,466,984)	(285,267,558)
<b>Outstanding</b>	<b>822,639,762</b>	<b>₱510,735,772</b>	844,863,962	₱610,063,388

Additional paid-in capital amounted to ₱254.6 million as at December 31, 2024 and 2023.

#### Cost of Parent Company Common Shares Held by Subsidiary

As at December 31, 2023, TGTI holds Parent Company common shares totaling 50,466,984 equivalent to ₱285.3 million. In 2024, TGTI acquired additional 22,224,200 Parent Company shares for a consideration of ₱99.3 million. These are presented as "Cost of Parent Company common shares held by subsidiary" account in the consolidated statements of financial position. Related other reserves amounted to ₱2.6 million as at December 31, 2024 and 2023.

The Parent Company listed its shares in the PSE on April 12, 2007. As at December 31, 2024 and 2023, all issued shares are listed in the PSE.

Pursuant to the PSE's rules on minimum public ownership, at least 10% of the issued and outstanding shares of a listed company must be owned and held by the public. As at December 31, 2024 and 2023, public ownership over the Parent Company is 34.83% and 35.75%, respectively.

As at December 31, 2024 and 2023, the Parent Company has 61 stockholders of record.

#### Retained Earnings

On February 28, 2024, the Parent Company's BOD approved the declaration of cash dividends of ₱0.10 per share amounting to approximately ₱89.5 million to shareholders of record as at March 14, 2024. Total dividends are inclusive of dividends payable to a subsidiary which holds Parent Company shares amounting to ₱5.8 million. POSC paid dividends to shareholders of record on March 26, 2024.

On February 28, 2023, the Parent Company's BOD approved the declaration of cash dividends of ₱0.10 per share amounting to approximately ₱89.5 million to shareholders of record as at March 15, 2023. Total dividends are inclusive of dividends payable to a subsidiary which holds Parent Company shares amounting to ₱5.0 million. POSC paid dividends to shareholders of record on March 28, 2023.

#### 14. Costs and Expenses

##### Cost of Services

This account consists of:

	Note	2024	2023	2022
Depreciation and amortization	11	<b>₱149,001,119</b>	₱37,901,647	₱29,217,792
Communication		<b>67,316,596</b>	35,853,495	52,106,865
Software and license fees	20	<b>43,447,330</b>	65,552,553	60,508,456
Personnel costs		<b>13,046,949</b>	47,840,647	45,774,005
Service charge		<b>6,679,913</b>	—	—
Repairs and maintenance		<b>4,963,355</b>	36,253,335	6,236,267
Rent and utilities		<b>4,772,410</b>	15,954,914	17,432,832
Travel and accommodation		<b>4,764,921</b>	15,998,823	11,348,845
Operating supplies		<b>66,070</b>	2,633,609	21,621,140
Professional fees		—	1,531,173	3,231,886
Taxes and licenses		—	799,920	—
Others		<b>170,389</b>	350,081	69,495
		<b>₱294,229,052</b>	₱260,670,197	₱247,547,583

##### General and Administrative Expenses

This account consists of:

	Note	2024	2023	2022
Personnel costs		<b>₱66,124,666</b>	₱38,246,725	₱36,848,072
Rent and utilities	17	<b>24,898,221</b>	14,813,288	8,266,557
Other external services		<b>19,414,987</b>	7,792,285	—
Travel and accommodation		<b>15,806,927</b>	9,314,153	8,575,837
Taxes and licenses		<b>12,358,002</b>	8,607,318	4,712,080
Professional fees		<b>6,667,189</b>	5,015,570	4,451,336
Depreciation and amortization	11	<b>6,158,733</b>	2,894,735	4,510,524
Entertainment and representation		<b>4,328,438</b>	415,045	342,917
Repairs and maintenance		<b>3,023,139</b>	1,598,131	2,695,171
Communication		<b>2,907,889</b>	10,103,445	2,598,167
Operating supplies		<b>2,642,886</b>	1,703,393	1,266,847
Director's fee		<b>1,994,118</b>	4,849,346	5,049,020
Provision for impairment losses	8	<b>1,413,910</b>	—	61,744
Pre-operating expenses	5	—	14,362,121	13,993,257
Others		<b>9,892,516</b>	4,429,093	2,401,548
		<b>₱177,631,621</b>	₱124,144,648	₱95,773,077

Other external services primarily pertain to outsourcing of contractual and logistics personnel and janitorial services.

Other general and administrative expenses include non-incremental contract costs and other miscellaneous expenses.

Pre-operating expenses of PinoyLotto is as follows:

	2023	2022
Taxes and licenses	₱4,360,942	₱2,740,990
Professional fees	4,255,645	6,221,510
Rent and utilities	3,283,261	920,890
Entertainment and representation	535,557	398,094
Bank charges	2,976	3,266,241
Depreciation and amortization	2,224	7,200
Others	1,921,516	438,332
	<b>₱14,362,121</b>	<b>₱13,993,257</b>

Personnel costs are as follows:

	Note	2024	2023	2022
Salaries and wages		<b>₱56,183,099</b>	₱61,265,423	₱57,272,452
Post-employment benefits	18	<b>3,937,534</b>	2,718,689	5,920,800
Other short-term employee benefits		<b>19,050,982</b>	22,103,260	19,428,825
		<b>₱79,171,615</b>	<b>₱86,087,372</b>	<b>₱82,622,077</b>

#### 15. Other Income (Charges)

This account consists of:

	Note	2024	2023	2022
Foreign exchange loss - net		<b>(₱996,948)</b>	(₱2,351,019)	(₱1,833,336)
Gain on disposal of:				
Investments held for trading	7	<b>885,410</b>	2,200,087	–
Property and equipment	11	<b>290,267</b>	38,845	395,719
Scrap items		<b>365,126</b>	–	2,892,120
Sale of trademark		–	26,785,714	–
Net claims		–	20,218,195	–
Accreted interest income		–	–	3,680,915
Service income		–	–	2,035,056
Gain on deconsolidation		–	–	542,645
Others		<b>(870,428)</b>	7,153,859	2,866,189
		<b>(₱326,573)</b>	<b>₱54,045,681</b>	<b>₱10,579,308</b>

In November 2023, the Parent Company entered into a Trademark Assignment agreement with Diamond Powerwinners Corp. (DPC) where the Parent Company conveys the subject trademarks and assigns all of its rights, title and interest therein to DPC for a total consideration of ₱30.0 million (inclusive of VAT) payable in ten equal monthly installments. Gain on trademark assignment amounted to ₱26.8 million. All outstanding receivable was collected in 2024.

Net claims pertain to TGTI's claims over lost revenues during the pandemic from PCSO net of related costs incurred.

Accreted interest income recognized in 2022 arise from Brand and Trademark License Agreement which was accounted for as sale of right to use the brand and trademark.

Others mainly consist of miscellaneous income, bank charges and others.

## 16. Income Taxes

The components of income taxes as reported in the consolidated statements of comprehensive income are as follows:

	2024	2023	2022
Current	<b>₱16,334,608</b>	₱54,676,728	₱3,576,689
Deferred	<b>(1,766,480)</b>	2,119,557	20,457,202
	<b>₱14,568,128</b>	₱56,796,285	₱24,033,891

Current income tax expense pertains to RCIT of POSC and PinoyLotto and MCIT of TGTI.

The components of the net deferred tax assets (liabilities) of the Group are as follows:

	2024	2023
<b>Items recognized in profit or loss</b>		
Costs incurred to fulfil a contract	<b>(₱7,665,028)</b>	₱—
Retirement benefits	<b>4,655,694</b>	1,771,374
Unamortized past service costs	<b>1,941,191</b>	2,049,004
Temporary differences attributable to joint operation	<b>428,878</b>	—
Unrealized foreign exchange gain	<b>(7,210)</b>	(587,851)
Others	—	(9,672)
	<b>(646,475)</b>	3,222,855
<b>Items recognized in other comprehensive income</b>		
Remeasurement of retirement liability	<b>(4,236,326)</b>	(2,795,876)
Net deferred tax assets (liabilities)	<b>(₱4,882,801)</b>	₱426,979

The components of the unrecognized deferred tax assets are as follows:

	2024	2023
NOLCO	<b>₱44,683,570</b>	₱35,756,921
Excess MCIT over RCIT	<b>1,410,786</b>	312,034
Allowance for impairment losses on receivables	<b>819,630</b>	819,630
Unamortized past service costs	<b>589,776</b>	979,844
	<b>₱47,503,762</b>	₱37,868,429

On September 30, 2020, the Bureau of Internal Revenue issued RR No. 25-2020 to implement Section 4 of the Republic Act No. 11494, *Bayanihan to Recover as One Act* allowing the net operating loss of a business or enterprise incurred for the taxable years 2020 and 2021 to be carried over as a deduction from gross income for the next five consecutive taxable years following the year of such loss.

The details of the Group's NOLCO are as follows:

Year Incurred	Beginning Balance	Incurred	Expired	Applied	Ending Balance	Valid Until
2024	P—	P88,904,536	P—	P—	P88,904,536	2027
2023	106,351	—	—	—	106,351	2026
2022	13,937,584	—	—	—	13,937,584	2025
2021	52,946,908	—	—	—	52,946,908	2026
2020	77,708,405	—	—	(53,165,750)	24,542,655	2025
	<b>P144,699,248</b>	<b>P88,904,536</b>	<b>P—</b>	<b>(P53,165,750)</b>	<b>P180,438,034</b>	

The reconciliation between the provision for (benefit from) income tax computed at statutory tax rate and the provision for income tax shown in the consolidated statements of comprehensive income is as follows:

	2024	2023	2022
Provision for (benefit from) income tax at statutory income tax rate	<b>(P26,881,616)</b>	P82,915,275	P53,783,351
Income tax effects of:			
Marked-to-market losses (gains) on securities	<b>39,364,889</b>	(13,519,662)	1,874,923
Nontaxable income	<b>(9,926,631)</b>	(6,100,862)	(4,736,916)
Nondeductible expenses and others	<b>5,781,667</b>	689,145	3,982,839
Interest income subjected to final tax	<b>(3,405,514)</b>	(1,438,376)	(4,846,202)
Changes in unrecognized deferred tax assets	<b>9,635,333</b>	(5,749,235)	(26,024,104)
Provision for income tax at effective tax rate	<b>P14,568,128</b>	P56,796,285	P24,033,891

Under the Corporate Recovery and Tax Incentives for Enterprises ("CREATE"), the RCIT of domestic corporations was reduced from 30% to 25% or 20% depending on the amount of total assets or total amount of taxable income. MCIT was changed from 2% to 1% of gross income for a period of three years up to June 30, 2023.

## 17. Lease Commitments

### Group as Lessor

POSC leased online lotto equipment and accessories to PCSO starting July 31, 2021 as provided in the 2020 Amended ELA, with a series of extensions until September 30, 2023 in time for the commencement of PinoyLotto's nationwide operations.

Rental income amounted to P9.6 million, P469.8 million and P512.7 million in 2024, 2023 and 2022, respectively, (see Note 20). The rental income in 2023 and 2022 is based on a percentage of gross sales of lotto tickets from PCSO's Luzon and VISMINT operations while the rental income in 2024 is primarily due to continuing costs incurred from ticket validations.

On October 1, 2023, PinoyLotto commenced its commercial operations for a five year-lease of the customized PCSO Lottery System at a contract price of P5,800.0 million. Pursuant to the contract, 6,500 terminals were installed and are in operation nationwide.

Rental income amounted to P517.9 million and P129.5 million in 2024 and 2023, respectively (see Note 5).

TGTI leased "Online KENO" equipment and accessories to PCSO until April 1, 2022 and was not renewed. Rental payment by PCSO was based on certain percentage of the gross amount of "Online KENO" games from the operation of all TGTI's KENO terminals.



Rental income amounted to nil in 2024 and 2023 and ₱6.3 million in 2022 (see Note 20).

Group as Lessee

POSC and TGTI leases office space and warehouses. The leases typically run for a period of two to five years, with an option to renew the lease after expiration date upon mutual agreement of the parties.

Amounts recognized in the consolidated statements of comprehensive income follow:

	Note	2024	2023	2022
Rent expense		<b>₱17,266,475</b>	₱18,092,195	₱12,592,852
Amortization on ROU assets	11	<b>510,325</b>	1,815,399	4,645,028
Interest expense on lease liabilities		<b>30,797</b>	24,897	220,505
		<b>₱17,807,597</b>	₱19,932,491	₱17,458,385

Interest expense on lease liabilities is recognized under “Finance charges” account in the consolidated statements of comprehensive income.

Rent expense pertains to low-value asset leases on storage and short-term leases on warehouses.

The movements in the ROU assets are presented below:

	2024	2023
Balance at beginning of year	<b>₱541,486</b>	₱1,815,399
Amortization	<b>(510,325)</b>	(1,815,399)
Modification	<b>22,987</b>	—
Addition	—	541,486
Balance at end of year	<b>₱54,148</b>	₱541,486

The movements in the lease liabilities are presented below:

	2024	2023
Balance at beginning of year	<b>₱502,798</b>	₱1,891,442
Payments	<b>(499,137)</b>	(1,955,027)
Interest expense	<b>30,797</b>	24,897
Modification	<b>22,987</b>	—
Additions	—	541,486
	<b>57,445</b>	502,798
Current portion	<b>57,445</b>	294,303
Noncurrent portion	<b>₱—</b>	₱208,495

Refundable deposits amounted to ₱2.3 million and ₱3.0 million as at December 31, 2024 and 2023, respectively.

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

	2024	2023
Within one year	<b>₱114,890</b>	₱294,303
After one year but not more than five years	–	208,495
	<b>₱114,890</b>	<b>₱502,798</b>

## 18. Retirement Benefits

The Group have funded, noncontributory defined benefit pension plans covering all regular and permanent employees. The benefits are based on employees' projected salaries and number of years of service. Costs are determined in accordance with the actuarial study, the latest of which is dated December 2024.

Changes in the retirement benefits of the Group are as follows:

	2024		
	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Retirement Liability (Asset)
Balance at beginning of year	<b>₱68,930,669</b>	<b>₱73,028,677</b>	<b>(₱4,098,008)</b>
Net retirement costs (income) in profit or loss:			
Current service cost	<b>3,998,240</b>	–	<b>3,998,240</b>
Past service income	<b>(383,673)</b>	–	<b>(383,673)</b>
Interest expense	<b>2,402,859</b>	–	<b>2,402,859</b>
Interest income	–	<b>2,079,892</b>	<b>(2,079,892)</b>
	<b>6,017,426</b>	<b>2,079,892</b>	<b>3,937,534</b>
Benefits paid	<b>(35,555,580)</b>	<b>(44,939,459)</b>	<b>9,383,879</b>
Remeasurement gain recognized in other comprehensive income:			
Actuarial changes due to experience adjustment	<b>(5,841,880)</b>	–	<b>(5,841,880)</b>
Actuarial changes arising from changes in financial assumptions	<b>(153,801)</b>	–	<b>(153,801)</b>
Actual return excluding amount included in net interest cost	–	<b>887,923</b>	<b>(887,923)</b>
	<b>(5,995,681)</b>	<b>887,923</b>	<b>(6,883,604)</b>
Balance at end of year	<b>₱33,396,834</b>	<b>₱31,057,033</b>	<b>₱2,339,801</b>

	2023		
	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Retirement Asset
Balance at beginning of year	₱51,053,812	₱50,611,659	₱442,153
Net retirement costs (income) in profit or loss:			
Current service cost	4,306,251	–	4,306,251
Past service income	(1,940,828)	–	(1,940,828)
Interest expense	3,572,295	–	3,572,295
Interest income	–	3,219,029	(3,219,029)
	5,937,718	3,219,029	2,718,689
Contributions	–	19,569,605	(19,569,605)
Remeasurement loss recognized in other comprehensive income:			
Actuarial changes due to experience adjustment	7,263,106	–	7,263,106
Actuarial changes arising from changes in financial assumptions	4,676,033	–	4,676,033
Actual return excluding amount included in net interest cost	–	(371,616)	371,616
	11,939,139	(371,616)	12,310,755
Balance at end of year	₱68,930,669	₱73,028,677	(₱4,098,008)

The following table presents the fair values of the plan assets of the Group as at December 31:

	2024	2023
Cash and cash equivalents	<b>₱7,266</b>	₱651,170
Debt instruments - government bonds	<b>16,560,599</b>	39,659,754
Debt instruments - other bonds	<b>4,529,172</b>	4,317,196
Unit investment trust funds	<b>9,763,744</b>	21,424,722
Others	<b>196,252</b>	6,975,835
	<b>₱31,057,033</b>	₱73,028,677

The Group's plan assets are administered by a Trustee. The Group and the retirement plan have no specific matching strategies between the retirement plan assets and define benefit asset or obligation under the retirement plan.

Movements in retirement benefit reserve consist of the following:

	2024		
	Retirement Benefits Reserve	Deferred Tax (see Note 16)	Total
Balance at beginning of year	<b>₱10,524,875</b>	<b>(₱2,795,876)</b>	<b>₱7,728,999</b>
Remeasurement gain	<b>6,883,604</b>	<b>(1,720,901)</b>	<b>5,162,703</b>
Reversal of deferred tax	–	<b>280,451</b>	–
Balance at end of year	<b>₱17,408,479</b>	<b>(₱4,236,326)</b>	<b>₱12,891,702</b>

	2023		
	Retirement Benefits Reserve	Deferred Tax (see Note 16)	Total
Balance at beginning of year	₱22,835,630	(₱5,873,565)	₱16,962,065
Remeasurement gain	(12,310,755)	3,077,689	(9,233,066)
Balance at end of year	₱10,524,875	(₱2,795,876)	₱7,728,999

The principal assumptions used to determine retirement plan assets as at December 31 are as follows:

	2024	2023
Discount rates	<b>6.15%</b>	6.11%
Future salary increases	<b>8.00%</b>	8.00%

The Group is not expected to contribute to the plan in 2024.

The retirement benefits expose the Group to the following risks:

- *Salary risk* - any increase in the qualified employees' salary will increase the net retirement liability.
- *Longevity risk* – any increase in the qualified employees' life expectancy will increase the net retirement liability.
- *Interest rate risk* - a decrease in the bond interest rate will increase the present value of the net retirement liability.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at December 31, 2024 and 2023 assuming all other assumptions were held constant:

	2024		2023	
	Increase (Decrease)	Increase (Decrease) in Defined Benefit Obligation	Increase (Decrease)	Increase (Decrease) in Defined Benefit Obligation
Discount rate	-1.00%	₱36,686,128	-1.00%	₱73,532,250
	+1.00%	(29,512,371)	+1.00%	(64,864,095)
Salary increase rate	+1.00%	36,760,480	+1.00%	73,605,475
	-1.00%	(29,387,653)	-1.00%	(65,003,908)

The average duration of the Group's defined benefit obligation is 14.64 years in 2024.

The maturity analysis of the undiscounted benefit payments follows:

	2024	2023
Within one year	<b>₱1,833,197</b>	₱30,074,267
More than one year to five years	<b>3,528,693</b>	8,297,618
More than five years to ten years	<b>170,662,201</b>	199,462,807

## 19. Related Party Transaction and Balances

The financial assets at FVOCI pertains to the Group's investment in shares of the Parent Company totaling nil and ₱237.6 million as at December 31, 2024 and 2023, respectively (see Note 10).

As the primary supplier of the lottery equipment, the Group has transactions with ILTS, a party to the joint operation as follows:

	Nature of Transactions	Amount of Transactions		Outstanding Balance	
		2024	2023	2024	2023
<b>Accounts Payable</b>	Acquisition of lottery equipment	<b>₱420,733,620</b>	₱112,249,750	<b>₱82,635,722</b>	₱80,043,978

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

	2024	2023	2022
Salaries and wages	<b>₱15,050,945</b>	₱9,817,230	₱9,319,577
Retirement benefits	<b>795,704</b>	881,108	1,565,098
	<b>₱15,846,649</b>	₱10,698,338	₱10,884,675

## 20. Significant Contracts and Commitments

### Agreements with PCSO

POSC. The Parent Company had 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. The ELA was concluded on September 30, 2023.

PCSO is a principal government agency for raising and providing funds for health programs, medical assistance and services, and charities of national character through holding and conducting charity sweepstakes, races, and lotteries.

Pursuant to the amended ELA, the Parent Company was required to deposit cash bond to guarantee the unhampered use and operation of the lottery system, including equipment, servers, network communication and terminals. The cash bond under the ELA, included under "Other current assets" account in the consolidated statements of financial position as at December 31, 2023 amounting to ₱12.0 million was refunded in 2024 (see Note 9).

The rental fee presented as "Equipment rental" in the consolidated statements of comprehensive income is disclosed in Note 17.

On August 30, 2023, POSC was granted a one-year trial period to provide a WABP for PCSO. Under the arrangement, POSC will be acting as PCSO's exclusive agent and generated fees based on a certain percentage of revenues. This was launched on December 15, 2023 and ended on July 12, 2024 upon the instruction of PCSO as it gears toward making the E-lotto services better and as it transitions to a new platform (see Note 1).

Cash bond for the e-lottery system, included under “Other current assets” account in the consolidated statements of financial position as at December 31, 2024 and 2023 amounted to ₱79.0 million (see Note 9).

Fees presented as “Commission income” in the consolidated statements of comprehensive income amounted to ₱2.3 million in 2023 which is based on 14.0% of e-lotto sales. In 2024, the terms of arrangement were revised to indicate that the Parent Company, instead of receiving commission, shall be reimbursed for reasonable actual costs as may be determined by the PCSO BOD, but in no case, shall it exceed 8.0% of the generated sales less any taxes due. In relation to this, the Parent Company billed PCSO ₱35.4 million, net of taxes, in September 2024. Upon request of PCSO, the Parent Company has already submitted the supporting documentations for the amount billed. As at December 31, 2024, these documents are still under the review by the PCSO, accordingly, no revenue was recognized in 2024.

On June 19, 2024, POSC received a Notice of Award from PCSO after a bidding process for a five-year lease of its WABP. With the issuance of the Notice of Award, the Parent Company will now have to comply with the post-Notice of Award requirements of the PCSO; thereafter, the contract between the Company and PCSO covering the terms and conditions of the WABP project will be executed. The commercial operation will commence 76 days from the receipt of the Notice to Proceed. As at December 31, 2024, PCSO has not yet issued the Notice to Proceed. The related costs incurred to fulfill a contract amounting to ₱30.7 million included under “Other current assets” account in the consolidated statements of financial position will be amortized over the term of the lease (see Note 9).

*TGTI.* TGTI had an ELA with PCSO for the lease of equipment and accessories for PCSO’s Online KENO games. 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 ELA concluded and was not renewed in 2022.

Cash bond and performance security bond required under the ELA of ₱2.5 million is included under “Other current assets” in the consolidated statements of financial position (see Note 9).

The number of installed online KENO terminals totaled 57 as at December 31, 2022. Pinoylotto’s revenue from equipment rental amounted to ₱129.4 million in 2023. TGTI’s revenue from equipment rental nil, nil and ₱6.3 million in 2024, 2023 and 2022, respectively (see Note 17).

#### **Contracts with Scientific Games and Intralot and Management Agreement**

*Scientific Games.* POSC had 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.

*Intralot.* POSC and TGTI have contracts with Intralot Inc., a company 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 contracts with Scientific Games and Intralot shall continue as long as POSC's and TGTI's ELA with PCSO are in effect. The ELA between the Parent Company and PCSO expired last September 30, 2023 while the ELA between TGTI and PCSO ended on March 31, 2022.

Software and license fee recognized arising from Scientific Games contract and Intralot contracts above amounted to nil, ₱59.6 million and ₱60.5 million in 2024, 2023, and 2022 respectively (see Note 14).

## 21. Basic/Diluted Earnings per Share

As at December 31, 2024, 2023 and 2022, the basic/diluted earnings per share was computed as follows:

	2024	2023	2022
Income attributable to Equity holders of the Parent (a)	<b>₱18,146,553</b>	₱272,701,996	₱191,117,272
Weighted average number of outstanding common shares (b)	<b>829,396,616</b>	844,863,962	844,863,962
Basic/diluted earnings per share (a/b)	<b>₱0.0219</b>	₱0.3228	₱0.2262

The weighted average number of common shares outstanding are computed as follows:

	2024	2023	2022
Number of outstanding shares at beginning of year	<b>844,863,962</b>	844,863,962	844,863,962
Weighted average number of Parent Company shares acquired by a subsidiary during the year	<b>(15,467,346)</b>	—	—
	<b>829,396,616</b>	844,863,962	844,863,962

There are no common stock equivalents that would have a dilutive effect on the basic earnings per share.

## 22. Financial Instruments

### Financial Risk Management Objectives and Policies

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

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) 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.

2024							
	Neither Past Due nor Impaired	Past Due but not Impaired				Impaired	Total
		Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days		
Cash and cash equivalents*	₱591,843,011	₱—	₱—	₱—	₱—	₱—	₱591,843,011
Trade and other receivables**	181,530,946	—	—	—	—	117,765,218	299,296,164
Guarantee deposits***	79,000,000	—	—	—	—	—	79,000,000
Refundable deposit***	2,291,727	—	—	—	—	—	2,291,727
	₱854,665,684	₱—	₱—	₱—	₱—	₱117,765,218	₱972,430,902

\*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 statements of financial position.

2023							
	Neither Past Due nor Impaired	Past Due but not Impaired				Impaired	Total
		Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days		
Cash and cash equivalents*	₱343,548,614	₱—	₱—	₱—	₱—	₱—	₱343,548,614
Trade and other receivables**	280,812,337	—	—	—	—	116,351,308	397,163,645
Refundable deposit***	3,036,529	—	—	—	—	—	3,036,529
Guarantee deposits***	91,000,000	—	—	—	—	—	91,000,000
	₱718,397,480	₱—	₱—	₱—	₱—	₱116,351,308	₱834,748,788

\*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 statements 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:

	2024			
	ECL Staging			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
<b>Financial Assets at Amortized Cost</b>				
Cash and cash equivalents*	₱591,843,011	₱-	₱-	₱591,843,011
Trade and other receivables**	181,530,946	-	117,765,218	299,296,164
Guarantee deposit***	79,000,000	-	-	79,000,000
Refundable deposit***	2,291,727	-	-	2,291,727
<b>Gross Carrying Amount</b>	<b>₱854,665,684</b>	<b>₱-</b>	<b>₱117,765,218</b>	<b>₱972,430,902</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.

	2023			
	ECL Staging			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
<b>Financial Assets at Amortized Cost</b>				
Cash and cash equivalents*	₱343,548,614	₱-	₱-	₱343,548,614
Trade and other receivables**	280,812,337	-	116,351,308	397,163,645
Refundable deposit***	3,036,529	-	-	3,036,529
Guarantee deposit***	91,000,000	-	-	91,000,000
<b>Gross Carrying Amount</b>	<b>₱718,397,480</b>	<b>₱-</b>	<b>₱116,351,308</b>	<b>₱834,748,788</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:

	2024		2023	
	Increase (Decrease in Equity Price)	Financial Impact	Increase (Decrease in Equity Price)	Financial Impact
Impact in profit or loss	30.61% (30.61%)	₱13,084,249 (13,084,249)	28.02% (28.02%)	₱28,021,381 (28,021,381)
Impact in comprehensive income	30.61% (30.61%)	₱— —	28.02% (28.02%)	₱66,570,326 (66,570,326)

**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.

	2024				Total
	Less than 3 months	3-6 months	6-12 months	More than 12 months	
Trade payables and other current liabilities*	₱208,044,741	₱—	₱—	₱—	₱208,044,741
Loan payable	—	—	138,980,392	277,960,784	416,941,176
Lease liabilities	57,445	—	—	—	57,445
	₱208,102,186	₱—	₱138,980,392	₱277,960,784	₱625,043,362

\*Excluding statutory payables

	2023				Total
	Less than 3 months	3-6 months	6-12 months	More than 12 months	
Trade payables and other current liabilities*	₱168,761,750	₱—	₱67,500,000	₱—	₱236,261,750
Loan payable	—	—	58,823,529	411,764,707	470,588,236
Lease liabilities	73,576	73,756	146,971	208,495	502,798
	₱168,835,326	₱73,756	₱126,470,500	₱411,973,202	₱707,352,784

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

	2024		2023	
	USD	Peso Equivalent	USD	Peso Equivalent
Cash and cash equivalents	<b>\$1,088,814</b>	<b>₱63,162,106</b>	\$989,831	₱54,608,951
Accounts payable and other current liabilities	<b>(2,180,257)</b>	<b>(126,127,922)</b>	(160,700)	(8,865,861)
Net foreign currency-denominated assets (liabilities)	<b>(\$1,091,443)</b>	<b>(₱62,965,816)</b>	\$829,131	₱45,743,090

In translating the foreign currency-denominated financial liabilities into peso amounts, the exchange rate used was ₱57.85 to US\$1.0 and ₱55.17 to US\$1.0, as at December 31, 2024 and 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 December 31, 2024 and 2023. There is no other impact on the Group's equity other than those already affecting the profit or loss in the consolidated statements of comprehensive income.

	2024		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	<b>(₱3,331,160)</b>	<b>₱3,331,160</b>	₱2,287,155	(₱2,287,155)

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

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

### **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:

	2024		2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets</b>				
<b>At amortized cost:</b>				
Cash and cash equivalents	<b>₱592,197,741</b>	<b>₱592,197,741</b>	₱343,945,679	₱343,945,679
Trade and other receivables*	<b>181,530,946</b>	<b>181,530,946</b>	280,812,337	280,812,337
Refundable security deposits**	<b>2,291,727</b>	<b>2,291,727</b>	3,036,529	3,036,529
Guaranteed deposits**	<b>79,000,000</b>	<b>79,000,000</b>	91,000,000	91,000,000
<b>At FVPL</b>				
Investments held for trading	<b>42,744,518</b>	<b>42,744,518</b>	100,012,769	100,012,769
<b>At FVOCI</b>				
Financial assets at FVOCI	—	—	237,600,090	237,600,090
	<b>₱897,764,932</b>	<b>₱897,764,932</b>	₱1,056,407,404	₱1,056,407,404
<b>Financial Liabilities</b>				
<b>At amortized cost:</b>				
Trade payables and other current liabilities***	<b>₱208,044,741</b>	<b>₱208,044,741</b>	₱236,261,750	₱236,261,750
Loans payable	<b>416,941,176</b>	<b>404,355,763</b>	470,588,236	463,882,778
Lease liabilities	<b>57,445</b>	<b>113,257</b>	502,798	529,261
	<b>₱625,043,362</b>	<b>₱612,513,761</b>	₱707,352,784	₱700,673,789

\*Excluding advances to contractors, 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 December 31, 2024 and 2023. There were no transfers between fair value measurements in 2024 and 2023.

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

*Cash and Cash Equivalents, Trade and Other Receivables (excluding Advances to Contractors, Suppliers, Officers and Employees), Guaranteed Deposits, Refundable Deposits, 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.

*Loans 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.

As at December 31, the discount rates used in determining the fair value of financial instruments for which fair values are disclosed are as follows:

	2024	2023
<b>Liabilities for which fair values are disclosed</b>		
Loans payable	6.05%	5.31%
Lease liabilities	5.89%	5.78%

## 23. Supplemental Disclosures of Cash Flow Information

### Changes in Liabilities Arising from Financing Activities

	Balance at	Noncash Changes		Cash Flows		Balance at
	Beginning of Year	Modifications	Accretion of Interest	Receipts	Payments	End of Year
<b>2024</b>						
Lease liabilities	P502,798	P22,987	P30,797	P-	(P499,137)	P57,445
Loan payable	470,588,235	-	-	80,000,000	(133,647,059)	416,941,176
Interest on loan payable	-	-	36,547,084	-	(32,535,518)	4,011,566
Total liabilities from financing activities	P471,091,033	P22,987	P36,577,881	P80,000,000	(P166,681,714)	P421,010,187
	Balance at	Noncash Changes		Cash Flows		Balance at
	Beginning of Year	Additions	Accretion of Interest	Receipts	Payments	End of Year
<b>2023</b>						
Lease liabilities	P1,891,442	P541,486	P24,897	P-	(P1,955,027)	P502,798
Loan payable	67,500,000	-	-	432,500,000	(29,411,765)	470,588,235
Interest on loan payable	-	-	17,878,309	-	(17,878,309)	-
Total liabilities from financing activities	P69,391,442	P541,486	P17,903,206	P432,500,000	(P49,245,101)	P471,091,033
	Balance at	Additions	Finance Costs	Cash Outflows		Balance at
	Beginning of Year	(Reversals)				End of Year
<b>2022</b>						
Lease liabilities	P6,872,952	(P212,143)	P220,505	(P4,989,872)		P1,891,442
Loans payable	-	67,500,000	-	-		67,500,000
Total liabilities from financing activities	P6,872,952	P67,287,857	P220,505	(P4,989,872)		P69,391,442

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**24. Events After the Reporting Period**

On January 29, 2025, the Parent Company entered into an Investment Agreement with HHR Philippines, Inc. (HHRPI) together with the latter's principal shareholders. Pursuant to the agreement, the Parent Company shall subscribe to 81,000 common shares translating to 37.50% of the total issued and outstanding capital stock of HHRPI for the amount of ₱150.0 million, which shall be paid in three tranches.

The proceeds of the Parent Company's capital infusion will be utilized by HHRPI primarily to fund its expansion program.

HHRPI, a software and professional service provider of electronic gaming platforms for land-based and online gaming operators, is licensed and accredited by the Philippine Amusement and Gaming Corporation (PAGCOR). At the same time, it is a holder of a PAGCOR Gaming License for online gaming (e-Casino) under the brand "Buenas".



**REPORT OF INDEPENDENT AUDITORS  
ON SUPPLEMENTARY SCHEDULES FOR FILING WITH THE  
SECURITIES AND EXCHANGE COMMISSION**

The Stockholders and the Board of Directors  
Pacific Online Systems Corporation and Subsidiaries  
28th Floor East Tower, Philippine Stock Exchange Centre  
Exchange Road, Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Pacific Online Systems Corporation and Subsidiaries (the Group) as at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022 and have issued our report thereon dated February 20, 2025. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole.

The following supplementary schedules are the responsibility of the Group's management. These are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 Part II, and are not part of the basic consolidated financial statements:

- Reconciliation of the Parent Company's Retained Earnings Available for Dividend Declaration as at December 31, 2024
- Schedules required by Annex 68-J as at December 31, 2024
- Conglomerate Map as at December 31, 2024
- Schedule of Financial Soundness Indicators as at and for the years ended December 31, 2024 and 2023

The supplementary schedules have been subjected to the audit procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

The Schedule of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management.



The financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2024 and 2023.

**REYES TACANDONG & Co.**

BELINDA B. FERNANDO

Partner

CPA Certificate No. 81207

Tax Identification No. 102-086-538-000

BOA Accreditation No. 4782/P-005; Valid until June 6, 2026

BIR Accreditation No. 08-005144-004-2022

Valid until October 16, 2025

PTR No. 10467126

Issued January 2, 2025, Makati City

February 20, 2025

Makati City, Metro Manila



**PACIFIC ONLINE SYSTEMS CORPORATION AND SUBSIDIARIES**

**SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS**

**DECEMBER 31, 2024 AND 2023**

<b>Ratio</b>	<b>Formula</b>	<b>2024</b>	<b>2023</b>
<b>Current Ratio</b>	<b>Total Current Assets divided by Total Current Liabilities</b>		
	Total current assets	<b>₱1,082,177,990</b>	₱948,422,045
	Divide by: Total current liabilities	<b>353,533,405</b>	314,098,180
	Current Ratio	<b>3.06</b>	3.02
<b>Acid Test Ratio</b>	<b>Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities</b>		
	Total current assets	<b>₱1,082,177,990</b>	₱948,422,045
	Less: CWTs and other current assets	<b>261,507,941</b>	220,036,680
	Quick assets	<b>820,670,049</b>	728,385,365
	Divide by: Total current liabilities	<b>353,533,405</b>	314,098,180
	Acid Test Ratio	<b>2.32</b>	2.32
<b>Debt-to-Equity Ratio</b>	<b>Total Interest-Bearing debt divided by Total Equity</b>		
	Total interest-bearing debt	<b>₱416,941,176</b>	₱470,588,236
	Total equity	<b>1,097,808,213</b>	1,175,707,838
	Debt to Equity Ratio	<b>0.38</b>	0.40
<b>Asset-to-Equity Ratio</b>	<b>Total Assets divided by Total Equity</b>		
	Total assets	<b>₱1,736,525,004</b>	₱1,901,779,220
	Total equity	<b>1,097,808,213</b>	1,175,707,838
	Asset to Equity Ratio	<b>1.58</b>	1.62
<b>Interest Rate Coverage Ratio</b>	<b>Income Before Interest and Taxes divided by Total Interest Expense</b>		
	Net income before income tax	<b>₱31,545,953</b>	₱331,661,101
	Less: Interest income	<b>13,780,944</b>	5,753,505
	Add: Interest expense	<b>36,577,881</b>	17,903,206
	Income before interest and taxes	<b>54,342,890</b>	343,810,802
	Divide by: Interest expense	<b>36,577,881</b>	17,903,206
	Interest Rate Coverage Ratio	<b>1.49</b>	19.20

Ratio	Formula	2024	2023
<b>Return on Equity</b>	<b>Net Income divided by Average Total Equity</b>		
	Net income	<b>₱16,977,825</b>	₱274,864,816
	Average Total Equity	<b>1,136,758,026</b>	1,055,906,579
	Return on Equity	<b>0.01</b>	0.26
<b>Return on Assets</b>	<b>Net Income divided by Average Total Assets</b>		
	Net income	<b>₱16,977,825</b>	₱274,864,816
	Average total assets	<b>1,819,152,112</b>	1,508,868,327
	Return on Assets	<b>0.01</b>	0.18
<b>Solvency Ratio</b>	<b>Net Income Before Non-Cash Expenses divided by Total Liabilities</b>		
	Net income	<b>₱16,977,825</b>	₱274,864,816
	Add: Non-cash expenses	<b>156,573,762</b>	40,796,382
	Net income before non-cash expenses	<b>173,551,587</b>	315,661,198
	Total liabilities	<b>638,716,791</b>	726,071,382
	Solvency Ratio	<b>0.27</b>	0.43
<b>Net Profit Margin</b>	<b>Net Income divided by Total Revenue</b>		
	Net income	<b>₱16,977,825</b>	₱274,864,816
	Total revenue	<b>527,482,143</b>	601,553,656
	Net profit margin	<b>0.03</b>	0.46

**PACIFIC ONLINE SYSTEMS CORPORATION AND SUBSIDIARIES**

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**PARENT COMPANY'S RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR  
DIVIDEND DECLARATION**

**DECEMBER 31, 2024**

	Amount
Unappropriated retained earnings, beginning of reporting period	₱263,282,179
Less: <u>Category B</u> : Items that are directly debited to unappropriated retained earnings	
Cumulative valuation losses reclassified to retained earnings upon disposal of financial assets at FVOCI	(151,420,210)
Dividend declaration during the reporting period	(89,533,095)
	(240,953,305)
Unappropriated retained earnings, as adjusted	22,328,874
Add: Net loss for the current year	(31,703,031)
Less: <u>Category C.1</u> : Unrealized income recognized in the profit or loss during the reporting period (net of tax)	
Share in net income of a joint operation	(72,268,619)
	(72,268,619)
Add: <u>Category C.2</u> Unrealized income recognized in profit or loss in prior periods but realized in the current reporting period (net of tax)	
Realized fair value adjustment (mark-to-market gains) of financial instruments at FVPL	18,594,471
	18,594,471
Add/less: <u>Category F</u> : Other items that should be excluded from the determination of the amount of available for dividends distribution	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(528,110)
	(528,110)
Total deficit, end of the reporting period	(₱63,576,415)

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**PACIFIC ONLINE SYSTEMS CORPORATION AND SUBSIDIARIES**  
**SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR. 6**  
**PART II OF REVISED SRC RULE 68**  
**DECEMBER 31, 2023**

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**Table of Contents**

<i>Schedule</i>	<i>Description</i>	<i>Page</i>
A	Financial Assets	<u>1</u>
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)	<u>N/A</u>
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	<u>2</u>
D	Long-Term Debt	<u>2</u>
E	Indebtedness to Related Parties	<u>N/A</u>
F	Guarantees of Securities of Other Issuers	<u>N/A</u>
G	Capital Stock	<u>2</u>

*Schedule A. Financial Assets*

(In Thousands)				
Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Value based on market quotations at balance sheet date	Interest received and accrued
<b>Financial assets at fair value through profit or loss</b>				
Vantage Equities, Inc.	43,337	₱34,268	₱34,268	₱–
APC Group, Inc.	45,821	8,477	8,477	–
	89,198	₱42,745	₱42,745	₱–

*Schedule C. Amounts Receivable from Related Parties which are eliminated during the Consolidation of Financial statements*

Name and Designation of debtor	Balance of Beginning of Period	Additions	Amounts Collected	Allowance for Doubtful Accounts	Current	Not Current	Balance at end of period
Total Gaming Technologies Inc.	₱19,981,090	₱53,523,061	₱—	₱—	₱73,504,151	₱—	₱73,504,151

*Schedule D. Long-term debt*

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-term debt" in related balance sheet
Loan Payable Unionbank of the Philippines	₱580,000,000	₱138,980,392	₱277,960,784

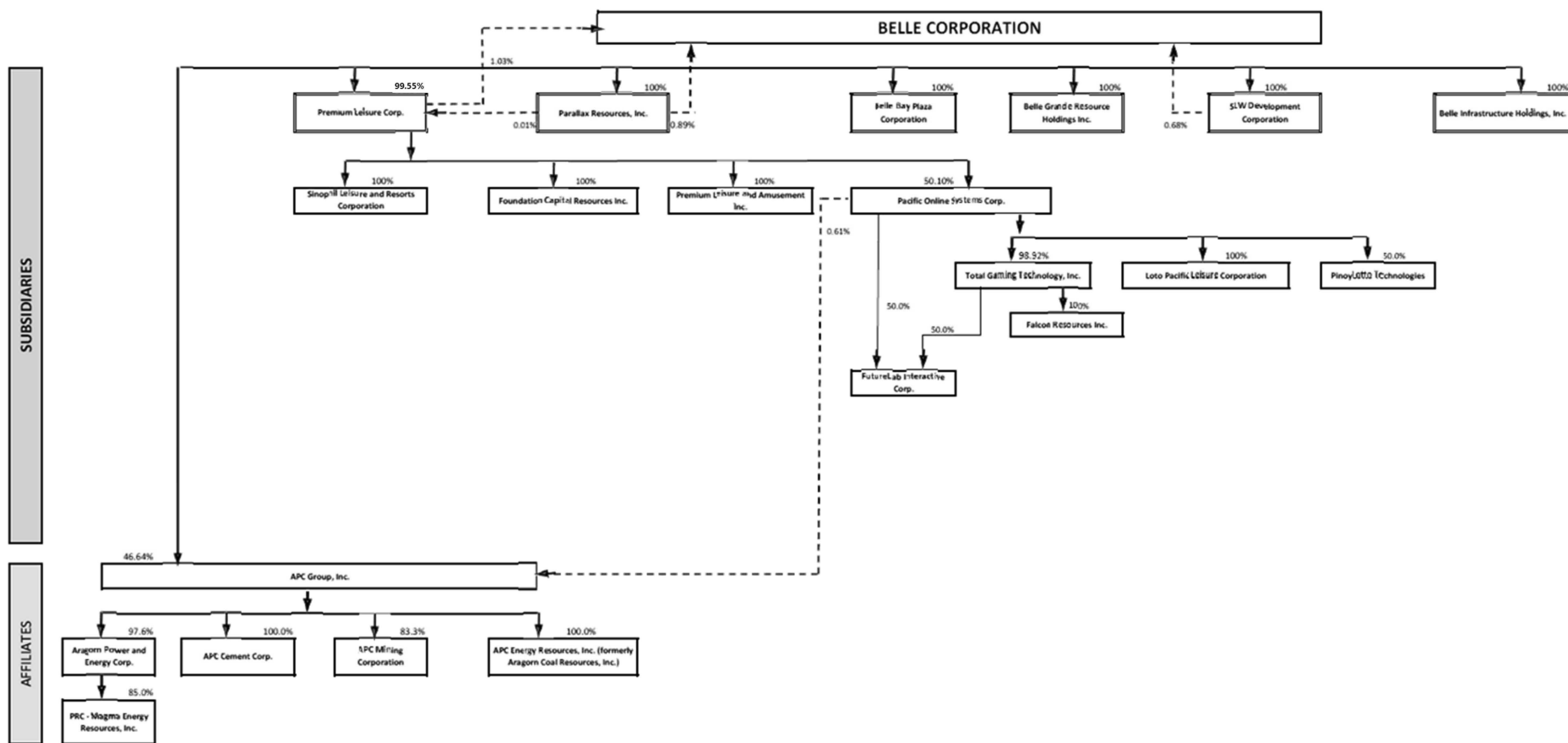
*Schedule G. Capital Stock*

Title of Issue	Number of Shares authorized	Number of shares issued and outstanding as shown under statement of financial position	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common stock	2,288,000,000	895,330,946	—	72,691,184	91,208,050	731,431,712

# PACIFIC ONLINE SYSTEMS CORPORATION AND SUBSIDIARIES

## CONGLOMERATE MAP

DECEMBER 31, 2024



**PACIFIC ONLINE SYSTEMS CORPORATION AND SUBSIDIARIES**

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**SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION**

**DECEMBER 31, 2024 AND 2023**

	2024	2023
<b>Total Audit Fees</b>	<b>₱900,000</b>	<b>₱1,050,000</b>
Non-audit services fees:		
Other assurance services	—	—
Tax services	—	—
All other services	—	—
<b>Total Non-Audit Fees</b>	<b>—</b>	<b>—</b>
<b>Total Audit and Non-audit Fees</b>	<b>₱900,000</b>	<b>₱1,050,000</b>
<b>Audit and Non-audit Fees of Other Related Entities</b>		
	2024	2023
Audit Fees	<b>₱200,000</b>	<b>₱250,000</b>
Non-audit services fees:		
Other assurance services	—	—
Tax services	—	—
All other services	—	—
<b>Total Audit and Non-audit Fees of Other Related Entities</b>	<b>₱200,000</b>	<b>₱250,000</b>



**"STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR ANNUAL INCOME TAX RETURN"**

The Management of **Pacific Online Systems Corporation** (the Company) is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2024. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2024 and the accompanying Annual Income Tax Return are in accordance with the books and records of the Company, complete and correct in all material respects. Management likewise affirms that:

- (a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards (i.e. Philippine Financial Reporting Standards, or those applicable to Non-Publicly Accountable Entities) and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- (c) the Company has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

Signature: WILLY N. OCIER

Chairman of the Board

Signature: ARMIN ANTONIO B. RAQUEL SANTOS

President

Signature: DIOVILLE M. VILLARIAS

Chief Financial Officer

Signed this 20<sup>th</sup> day of February 2025

**GAUDENCIO A. BARBOZA, JR.**  
NOTARY PUBLIC

Cities of Pasig, San Juan and  
In the Municipality of Pateros, Metro Manila  
Until December 31, 2025

PTR No. 2863281 / 01/02/2025 Pasig City  
BP No. 461377/10/04/2024 for the year 2025/RSM  
Roll No. 41969

MCLE Comp. VII-0028557 / April 19, 2023  
No. 11, Unit J, Freemont Arcade Bldg.

Shaw Blvd. Brgy. San Antonio, Pasig City

Appointment No. 29 (2025-2026)

[www.loto.com.ph](http://www.loto.com.ph)



Posc Accounting &lt;posc.acctg@gmail.com&gt;

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**eaafs@bir.gov.ph** <eaafs@bir.gov.ph>

Thu, Apr 10, 2025 at 12:43 PM

To: POSC.ACCTG@gmail.com

Cc: POSC.ACCTG@gmail.com

Hi PACIFIC ONLINE SYSTEMS CORPORATION,

**Valid files**

- EAFS003865392ITRTY122024.pdf
- EAFS003865392TCRTY122024-01.pdf
- EAFS003865392RPPTY122024.pdf
- EAFS003865392AFSTY122024.pdf

**Invalid file**

- <None>

Transaction Code: **AFS-0-2Y32ZMWQ08EB595C8QVYP2SN40BACAB69C**Submission Date/Time: **Apr 10, 2025 12:43 PM**Company TIN: **003-865-392**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.



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Transaction Code:  
AFS-0-2Y32ZMWQ08EB595C8QVYP2SN40BACAB69C

Submission Date/Time:  
Apr 10, 2025 12:43 PM

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Republic of the Philippines



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REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
**BUREAU OF INTERNAL REVENUE**

**FILING REFERENCE NO.**

TIN	: 003-865-392-000
Name	: PACIFIC ONLINE SYSTEMS CORPORATION
RDO	: 126
Form Type	: 1702
Reference No.	: 462500065234096
Amount Payable (Over Remittance)	: -75,809,125.00
Accounting Type	: C - Calendar
For Tax Period	: 12/31/2024
Date Filed	: 04/10/2025
Tax Type	: IT

[ BIR Main | eFPS Login | User Menu | Help ]



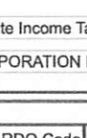


Reference No : 462500065234096  
Date Filed : April 10, 2025 12:01 PM  
Batch Number : 0



Republic of the Philippines  
Department of Finance  
Bureau of Internal Revenue

For BIR Use Only: BCS/Item:

BIR Form No. <b>1702-RT</b> January 2018(ENCS) Page 1		<b>Annual Income Tax Return</b> For Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate <i>Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X".          Two Copies MUST be filed with the BIR and one held by the taxpayer.</i>			 1702-RT 01/18ENCS P	
1 For <input checked="" type="radio"/> Calendar <input type="radio"/> Fiscal		3 Amended Return? <input type="radio"/> Yes <input checked="" type="radio"/> No		4 Short Period Return? <input type="radio"/> Yes <input checked="" type="radio"/> No		
2 Year Ended (MM/20YY) 12/2024				5 Alphanumeric Tax Code (ATC) IC055 Minimum Corporate Income Tax (MCIT) <input checked="" type="checkbox"/> IC010 <input checked="" type="checkbox"/> DOMESTIC CORPORATION IN GENERAL		

Part I - Background Information					
6 Taxpayer Identification Number (TIN) 003 - 865 - 392 - 000				7 RDO Code 126	
8 Registered Name (Enter only 1 letter per box using CAPITAL LETTERS) PACIFIC ONLINE SYSTEMS CORPORATION					
9A Registered Address (Indicate complete registered address) UNIT 2803 A & B EAST TOWER PSEC EXCHANGE ROAD, ORTIGAS CE SAN ANTONIO CITY OF PASIG					
9B Zipcode 1600					
10 Date of Incorporation/Organization (MM/DD/YYYY)				11/16/1993	
11 Contact Number 6361657			12 Email Address ilbautista@pacificonline.com.ph		
13 Method of Deductions <input checked="" type="radio"/> Itemized Deductions [Section 34 (A-J), NIRC] <input type="radio"/> Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L), NIRC as amended by RA No. 9504]					

Part II - Total Tax Payable (Do NOT enter Centavos)	
14 Total Income Tax Due (Overpayment) (From Part IV Item 43)	0
15 Less: Total Tax Credits/Payments (From Part IV Item 55)	75,809,125
16 Net Tax Payable (Overpayment) (Item 14 Less Item 15) (From Part IV Item 56)	(75,809,125)
<b>Add Penalties</b>	
17 Surcharge	0
18 Interest	0
19 Compromise	0
20 Total Penalties (Sum of Items 17 to 19)	0
21 TOTAL AMOUNT PAYABLE (Overpayment) (Sum of Item 16 and 20)	(75,809,125)
If Overpayment, mark "X" one box only (Once the choice is made, the same is irrevocable)	
<input type="radio"/> To be refunded <input type="radio"/> To be issued a Tax Credit Certificate (TCC) <input checked="" type="radio"/> To be carried over as tax credit next year/quarter	


We declare under the penalties of perjury, that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief, is true and correct pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. (If Authorized Representative, attach authorization letter and indicate TIN)					
Signature over printed name of President/Principal Officer/Authorized Representative				Signature over printed name of Treasurer/Assistant Treasurer	
Title of Signatory		TIN	Title of Signatory		TIN
				22 Number of Attachments 4	


  


Part III - Details of Payment				
Particulars	Drawee Bank/Agency	Number	Date (MM/DD/YYYY)	Amount
23 Cash/Bank Debit Memo				0
24 Check				0
25 Tax Debit Memo				0
26 Others (Specify Below)				
				0

Machine Validation/Revenue Official Receipts Details (if not filed with an Authorized Agent Bank)	Stamp of receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)

BIR Form No. <b>1702-RT</b> January 2018(ENCS) Page 2		<b>Annual Income Tax Return</b> Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate		 1702-RT 01/18ENCS P2	
Taxpayer Identification Number (TIN)			Registered Name		
003 - 865 - 392 - 000			PACIFIC ONLINE SYSTEMS CORPORATION		
Part IV - Computation of Tax (Do NOT enter Centavos)					
27 Sales/Receipts/Revenues/Fees				9,625,000	
28 Less: Sales Returns, Allowances and Discounts				0	
29 Net Sales/Receipts/Revenues/Fees (Item 27 Less Item 28)				9,625,000	
30 Less: Cost of Sales/Services				30,012,743	
31 Gross Income from Operation (Item 29 Less Item 30)				(20,387,743)	
32 Add: Other Taxable Income Not Subjected to Final Tax				10,808,979	
33 Total Taxable Income (Sum of Items 31 and 32)				(9,578,764)	
Less: Deductions Allowable under Existing Law					
34 Ordinary Allowable Itemized Deductions (From Part VI Schedule I Item 18)				79,164,824	
35 Special Allowable Itemized Deductions (From Part VI Schedule II Item 5)				0	
36 NOLCO (only for those taxable under Sec. 27(A to C); Sec. 28(A)(1) & (A)(6)(b) of the tax Code) (From Part VI Schedule III Item 8)				0	
37 Total Deductions (Sum of Items 34 to 36)				79,164,824	
OR [in case taxable under Sec 27(A) & 28(A)(1)]					
38 Optional Standard Deduction (40% of Item 33)				0	
39 Net Taxable Income/(Loss) (If Itemized: Item 33 Less Item 37; If OSD: Item 33 Less Item 38)				(88,743,588)	
40 Applicable Income Tax Rate				25 %	
41 Income Tax Due other than Minimum Corporate Income Tax (MCIT) (Item 39 x Item 40)				0	
42 MCIT Due (2% of Item 33)				0	
43 Tax Due (Normal Income Tax Due in Item 41 OR the MCIT Due in Item 42, whichever is higher) (To Part II Item 14)				0	
Less: Tax Credits/Payments (attach proof)					
44 Prior Year's Excess Credits Other Than MCIT				74,422,687	
45 Income Tax Payment under MCIT from Previous Quarter/s				0	
46 Income Tax Payment under Regular/Normal Rate from Previous Quarter/s				0	
47 Excess MCIT Applied this Current Taxable Year (From Part VI Schedule IV Item 4)				0	
48 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307				1,193,463	
49 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter				192,975	
50 Foreign Tax Credits, if applicable				0	
51 Tax Paid in Return Previously Filed, if this is an Amended Return				0	
52 Special Tax Credits (To Part V Item 58)				0	
Other Credits/Payments (Specify)					
53				0	
54				0	
55 Total Tax Credits/Payments (Sum of Items 44 to 54) (To Part II Item 15)				75,809,125	
56 Net Tax Payable / (Overpayment) (Item 43 Less Item 55) (To Part II Item 16)				(75,809,125)	
Part V - Tax Relief Availment					
57 Special Allowable Itemized Deductions (Item 35 of Part IV x Applicable Income Tax Rate)				0	
58 Add: Special Tax Credits (From Part IV Item 52)				0	
59 Total Tax Relief Availment (Sum of Items 57 and 58)				0	

BIR Form No. <b>1702-RT</b> January 2018(ENCS) Page 3		<b>Annual Income Tax Return</b> Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate		 1702-RT 01/18ENCS P3	
Taxpayer Identification Number (TIN)			Registered Name		
003 - 865 - 392 - 000			PACIFIC ONLINE SYSTEMS CORPORATION		
<b>Schedule I - Ordinary Allowable Itemized Deductions</b> (Attach additional sheet/s, if necessary)					
1 Amortizations				0	
2 Bad Debts				0	
3 Charitable Contributions				0	
4 Depletion				0	
5 Depreciation				33,336	
6 Entertainment, Amusement and Recreation				204,340	
7 Fringe Benefits				0	
8 Interest				0	
9 Losses				0	
10 Pension Trust				0	
11 Rental				5,736,680	
12 Research and Development				0	
13 Salaries, Wages and Allowances				20,624,127	
14 SSS, GSIS, Philhealth, HDMF and Other Contributions				0	
15 Taxes and Licenses				4,795,194	
16 Transportation and Travel				6,363,158	
17 Others (Deductions Subject to Withholding Tax and Other Expenses) (Specify below; Add additional sheet(s), if necessary)					
a Janitorial and Messengerial Services				0	
b Professional Fees				5,891,755	
c Security Services				0	
d COMMUNICATIONS				697,117	
e REPAIRS AND MAINTENANCE				1,308,361	
f OPERATING SUPPLIES				740,456	
g ADVERTISING AND PROMOTION				149,000	
h BANK GUARANTEE				30,660,110	
i OTHERS				1,961,190	
18 Total Ordinary Allowable Itemized Deductions (Sum of Items 1 to 17i) (To Part IV Item 34)				79,164,824	
<b>Schedule II - Special Allowable Itemized Deductions</b> (Attach additional sheet/s, if necessary)					
Description		Legal Basis		Amount	
1				0	
2				0	
3				0	
4				0	
5 Total Special Allowable Itemized Deductions (Sum of Items 1 to 4) (To Part IV Item 35)				0	

BIR Form No. <b>1702-RT</b> January 2018(ENCS) Page 4		<b>Annual Income Tax Return</b> Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate		 1702-RT 01/18ENCS P4			
Taxpayer Identification Number (TIN) 003 - 865 - 392 - 000			Registered Name PACIFIC ONLINE SYSTEMS CORPORATION				
<b>Schedule III - Computation of Net Operating Loss Carry Over (NOLCO)</b>							
1 Gross Income (From Part IV Item 33)				(9,578,764)			
2 Less: Ordinary Allowable Itemized Deductions (From Part VI Schedule I Item 18)				79,164,824			
3 Net Operating Loss (Item 1 Less Item 2) (To Schedule IIIA, Item 7A)				(88,743,588)			
<b>Schedule IIIA - Computation of Available Net Operating Loss Carry Over (NOLCO)</b> (DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)							
Net Operating Loss				B) NOLCO Applied Previous Year			
Year Incurred		A) Amount					
4 2024		88,743,588		0			
5		0		0			
6		0		0			
7		0		0			
Continuation of Schedule IIIA (Item numbers continue from table above)							
C) NOLCO Expired		D) NOLCO Applied Current Year		E) Net Operating Loss (Unapplied) (E = A Less (B + C + D))			
4 0		0		88,743,588			
5 0		0		0			
6 0		0		0			
7 0		0		0			
8 Total NOLCO (Sum of Items 4D to 7D) (To Part IV, Item 36)		0					
<b>Schedule IV - Computation of Minimum Corporate Income Tax (MCIT)</b>							
Year		A) Normal Income Tax as adjusted		B) MCIT		C) Excess MCIT over Normal Income Tax	
1		0		0		0	
2		0		0		0	
3		0		0		0	
Continuation of Schedule IV (Item numbers continue from table above)							
D) Excess MCIT Applied/Used in Previous Years		E) Expired Portion of Excess MCIT		F) Excess MCIT Applied this Current Taxable Year		G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s (G = C Less (D + E + F))	
1 0		0		0		0	
2 0		0		0		0	
3 0		0		0		0	
Total Excess MCIT Applied (Sum of Items 1F to 3F) (To Part IV Item 47)				0			
<b>Schedule V - Reconciliation of Net Income per Books Against Taxable Income (attach additional sheet/s, if necessary)</b>							
1 Net Income/(Loss) per books						(31,703,031)	
Add: Non-deductible Expenses/Taxable Other Income							
2 NON-DEDUCTIBLE EXPENSES						50,178,060	
3 OTHERS						24,488,897	
3.1 MARKET-TO-MARKET LOSS ON INVESTMENTS						952,007	
3.2 FOREIGN EXCHANGE GAIN						38,252	
3.3 RETIREMENT BENEFITS						3,275,204	
3.4 PROVISION FOR INCOME TAX						20,233,434	
4 Total (Sum of Items 1 to 3)						42,973,926	
Less: A) Non-Taxable Income and Income Subjected to Final Tax							
5 INTEREST INCOME						13,612,897	
6 OTHERS						118,104,617	
6.1 SHARE IN INCOME OF JOINT OPERATION						85,367,488	
6.2 AMORTIZATION OF PAST SERVICE COST						1,162,769	
6.3 UNREALIZED FOREIGN EXCHANGE GAIN						28,840	
6.4 BANK GUARANTEE CONSIDERED AS COST TO FULFILL A CON						30,660,110	
6.5 GAIN ON DISPOSAL OF INVESTMENTS HELD FOR TRADING						885,410	
B) Special Deductions							
7						0	
8						0	
9 Total (Sum of Items 5 to 8)						131,717,514	
10 Net Taxable Income/(Loss) (Item 4 Less Item 9)						(88,743,588)	



**John Francis T. Bagadiong**

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**From:** esubmission@bir.gov.ph  
**Sent:** Thursday, 10 April 2025 12:18 pm  
**To:** John Francis T. Bagadiong  
**Subject:** Re: ALPHALIST ATTACHMENT(S)

The BIR has received your data file(s). Please be informed that you will receive another email on the file structure validation results of your submission, but no further email will be received on the TIN validation results. Hence, please ensure that the TIN of the Withholding Agent is valid for a successful submission of your Alphalist (or SLSP, as the case may be).

Thank you.



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
**BUREAU OF INTERNAL REVENUE**

**FILING REFERENCE NO.**

TIN	: 003-865-392-000
Name	: PACIFIC ONLINE SYSTEMS CORPORATION
RDO	: 126
Form Type	: 1702Q
Reference No.	: 132400062382143
Amount Payable (Over Remittance)	: -75,616,150.00
Accounting Type	: C - Calendar
For Tax Period	: 09/30/2024
Quarter	: 3
Date Filed	: 10/30/2024
Tax Type	: IT



PSOC: PSIC: 7123

BIR Form No. <b>1702Q</b> January 2018 (ENCS) Page 1		Quarterly Income Tax Return For Corporations, Partnerships and Other Non-Individual Taxpayers		 1702Q 01/18ENCS P1	
1 For <input checked="" type="radio"/> Calendar <input type="radio"/> Fiscal		3 Quarter <input type="radio"/> 1st <input type="radio"/> 2nd <input checked="" type="radio"/> 3rd		4 Amended Return? <input type="radio"/> Yes <input checked="" type="radio"/> No	
2 Year Ended 12 ▾ 2024				5 Alphanumeric Tax Code(ATC) IC 055 Minimum Corporate Income Tax (MCIT) <input checked="" type="checkbox"/> IC010 DOMESTIC CORPORATION IN GENE <input checked="" type="checkbox"/>	
Part 1 - Background Information					
6 Taxpayer Identification Number (TIN) 003 865 392 000				7 RDO Code 126	
8 Registered Name PACIFIC ONLINE SYSTEMS CORPORATION					
9 Registered Address (Indicate complete address. If the registered address is different from the current address, go to the RDO to update registered address by using BIR Form No. 1905) UNIT 2803 A & B EAST TOWER PSEC EXCHANGE ROAD, ORTIGAS CE SAN ANTONIO CITY OF PASIG					9A Zip Code 1600
10 Contact Number (Landline/Cellphone No.) 6361657		11 Email Address ilbautista@pacificonline.com.ph			
12 Method of Deduction <input checked="" type="radio"/> Itemized Deductions [Section 34 (A-J), NIRC] <input type="radio"/> Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L) NIRC, as amended]					
13 Are you availing of tax relief under Special Law or International Tax Treaty? <input type="radio"/> Yes <input checked="" type="radio"/> No					
13A If yes, specify ▾					
Part II - Total Tax Payable (DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)					
14 Income Tax Due - Regular/Normal Rate (From Part IV - Schedule 2, Item 13)				0	
15 Less: Unexpired Excess of Prior Year's MCIT over Regular/Normal Income Tax Rate (deductible only if the quarterly's tax due is the regular/normal rate)				0	
16 Balance/Income Tax Still Due - Regular/Normal Rate (Item 14 Less item 15)				0	
17 Add: Income Tax Due - Special Rate (From Part IV - Schedule 1, Item 13)				0	
18 Aggregate Income Tax Due (Sum of Items 16 and 17)				0	
19 Less: Total Tax Credits/Payments (From Part IV - Schedule 4, Item 7)				75,616,150	
20 Net Tax Payable / (Overpayment) (Item 18 Less Item 19)				-75,616,150	
Add: Penalties 21 Surcharge				0	
22 Interest				0	
23 Compromise				0	
24 Total Penalties (Sum of items 21 to 23)				0	
25 TOTAL AMOUNT PAYABLE / (Overpayment) (Sum of Items 20 and 24)				-75,616,150	
We declare under the penalties of perjury, that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief is true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. (If Authorized Representative, attach authorization letter and indicate TIN)					
Signature over printed name of President/Principal Officer/Authorized Representative				Signature over printed name of Treasurer/Assistant Treasurer	
Title of Signatory		TIN		26 Number of Attachments 0	
Part III - Details of Payment					
Details of Payment		Drawee Bank/ Agency		Number	
26 Cash/Bank Debit Memo					
27 Check					
28 Tax Debit Memo					
29 Others (Specify Below)					

Machine Validation/Revenue Official Receipt Details (If not filed with an Authorized Agent Bank)			Stamp of Receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)	

Attachments

		Add Attachment
		Remove Attachment
Prev	Page: 1 of 2	Next
Print	Payment Details	Proceed to Payment



PSOC: PSIC: 7123

BIR Form No.

1702Q


January 2018 (ENCs)

Page 1

Quarterly Income Tax Return

For Corporations, Partnerships and

Other Non-Individual Taxpayers



1702Q 01/18ENCs P1

Taxpayer Identification Number (TIN)	Registered Name
003 865 392 000	PACIFIC ONLINE SYSTEMS CORPORATION

Part IV - Schedules (DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

Schedule 1 Declaration This Quarter	A. EXEMPT	B. SPECIAL
1 Sales/Revenues/Receipts/Fees	0	0
2 Less: Cost of Sales/Services	0	0
3 Gross Income from Operation (Item 1 less Item 2)	0	0
4 Add : Non-Operating and Other Taxable Income	0	0
5 Total Gross Income (Sum of Items 3 and 4)	0	0
6 Less : Deductions	0	0
7 Taxable Income This Quarter (Item 5 less Item 6)	0	0
8 Add : Taxable Income from Previous Quarter(s)	0	0
9 Total Taxable Income to Date (Sum of Items 7 and 8)	0	0
10 Applicable Income Tax Rate [except minimum corporate income (MCIT) rate]	0.00 %	0.00 %
11 Income Tax Due Other than MCIT (Item 9 x Item 10)	0.00	0
12 Less: Share of Other Agencies, if remitted directly		0
13 Net Income Tax Due to National Government (Item 11 Less Item 12) (To Part II Item 17)		0

Schedule 2 Declaration This Quarter REGULAR/NORMAL RATE	
1 Sales/Revenues/Receipts/Fees	9,625,000
2 Less: Cost of Sales/Services	59,485,312
3 Gross Income from Operation (Item 1 less Item 2)	-49,860,312
4 Add : Non-Operating and Other Taxable Income	1,082,634
5 Total Gross Income (Sum of Items 3 and 4)	-48,777,678
6 Less: Deductions	0
7 Taxable Income This Quarter (Item 5 Less Item 6)	-48,777,678
8 Add: Taxable Income Previous Quarters	0
9 Total Taxable Income to Date (Sum of Items 7 and 8)	-48,777,678
10 Applicable Income Tax Rate (Except MCIT rate)	25.00 %
11 Income Tax Due Other than MCIT (Item 9 multiply by Item 10)	0
12 Minimum Corporate Income Tax (MCIT) ( From Schedule 3 Item 6)	0
13 Income Tax Due (Normal Income Tax in Item 11 or MCIT in Item 12 whichever is higher) (To Part II Item 14)	0

Schedule 3 - Computation of Minimum Corporate Income (MCIT) Tax for the Quarter/s	
1 Gross Income Regular/Normal Rate - 1st Quarter	
2 Gross Income Regular/Normal Rate - 2nd Quarter	
3 Gross Income Regular/Normal Rate - 3rd Quarter	
4 Total Gross Income (Sum of Items 1 to 3)	
5 MCIT Rate	%
6 Minimum Corporate Income Tax (To Schedule 2 Item 12)	

Schedule 4 - Tax Credits/Payments (attach additional sheet/s, if necessary)	
1 Prior Year's Excess Credits	74,422,687
2 Tax payment/s for the previous quarter/s of the same taxable year other than MCIT	0
3 MCIT payment/s for the previous quarter/s of the same taxable year	0
4 Creditable Tax Withheld for the previous quarter/s	1,189,143
5 Creditable Tax Withheld per BIR Form No. 2307 for this quarter	4,320
6 Tax paid in return previously filed if this is an amended return	0

Other Tax Credits/Payments (specify below)	
a	0
b	0
7 Total Tax Credits/Payments (Sum of Items 1 to 6b) <i>(To Part II Item 19)</i>	75,616,150



**John Francis T. Bagadiong**

---

**From:** eSubmission <esubmission@bir.gov.ph>  
**Sent:** Wednesday, 20 November 2024 11:07 am  
**To:** ftbagadiong@pacificonline.com.ph  
**Subject:** eSubmission Validation Report

**ACKNOWLEDGEMENT RECEIPT NUMBER: 20241120-H193184**

This is to confirm receipt of the file(s) as stated below:

Total attachment/file(s) received : 1

No. of valid file(s) : 1

No. of invalid file(s) : 0

We have validated your submission in compliance with existing BIR regulations.

Find below the details of your submission:

Date of Submission: 10/30/2024 4:49:36 PM

Filename(s):

1. Attachment : 00386539200000920241702Q.ZIP

A. 00386539200000920241702Q.DAT - VALID

CONFIRMATION RECEIPT NUMBER - 2024-0000466486

**VALIDATION REPORT:**

1. Attachment : 00386539200000920241702Q.ZIP

A. Attachment (zipped): 00386539200000920241702Q.DAT

TIN of Withholding Agent TIN: 003865392-0000

Alphalist Form : 1702Q

Taxable Month : 09/2024

LINE NUM	SCHEDULE	ERROR DESCRIPTION
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0000000000		No Errors Encountered
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PLEASE BE INFORMED THAT THIS IS THE FINAL EMAIL ON THE VALIDATION PROCESS OF YOUR SUBMISSION.  
HOWEVER, A VALIDATION OF THE TIN OF THE WITHHOLDING AGENT WILL STILL BE UNDERTAKEN.



ACCORDINGLY, PLEASE ENSURE THAT THE TIN IS VALID FOR A SUCCESSFUL SUBMISSION OF YOUR ALPHALIST (OR SLSP, AS THE CASE MAY BE).

Thank You.

This is a system generated report. For inquiries, please email us at [contact\\_us@bir.gov.ph](mailto:contact_us@bir.gov.ph) or call us at (2) 8538-3200





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REPUBLIC OF THE PHILIPPINES

DEPARTMENT OF FINANCE

BUREAU OF INTERNAL REVENUE

FILING REFERENCE NO.

TIN	: 003-865-392-000
Name	: PACIFIC ONLINE SYSTEMS CORPORATION
RDO	: 126
Form Type	: 1702Q
Reference No.	: 132400062381731
Amount Payable (Over Remittance)	: -75,611,830.00
Accounting Type	: C - Calendar
For Tax Period	: 06/30/2024
Quarter	: 2
Date Filed	: 10/30/2024
Tax Type	: IT

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PSOC: PSIC: 7123

BIR Form No. <b>1702Q</b> January 2018 (ENCS) Page 1		Quarterly Income Tax Return For Corporations, Partnerships and Other Non-Individual Taxpayers		 1702Q 01/18ENCS P1	
1 For <input checked="" type="radio"/> Calendar <input type="radio"/> Fiscal 2 Year Ended 12 ▾ 2024		3 Quarter <input type="radio"/> 1st <input checked="" type="radio"/> 2nd <input type="radio"/> 3rd		4 Amended Return? <input checked="" type="radio"/> Yes <input type="radio"/> No	
				5 Alphanumeric Tax Code(ATC) IC 055 Minimum Corporate Income Tax (MCIT) <input checked="" type="checkbox"/> IC010 DOMESTIC CORPORATION IN GENE <input checked="" type="checkbox"/>	
Part 1 - Background Information					
6 Taxpayer Identification Number (TIN) 003 865 392 000				7 RDO Code 126	
8 Registered Name PACIFIC ONLINE SYSTEMS CORPORATION					
9 Registered Address (Indicate complete address. If the registered address is different from the current address, go to the RDO to update registered address by using BIR Form No. 1905) UNIT 2803 A & B EAST TOWER PSEC EXCHANGE ROAD, ORTIGAS CE SAN ANTONIO CITY OF PASIG					9A Zip Code 1600
10 Contact Number (Landline/Cellphone No.) 6361657		11 Email Address ilbautista@pacificonline.com.ph			
12 Method of Deduction <input checked="" type="radio"/> Itemized Deductions [Section 34 (A-J), NIRC] <input type="radio"/> Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L) NIRC, as amended]					
13 Are you availing of tax relief under Special Law or International Tax Treaty? <input type="radio"/> Yes <input checked="" type="radio"/> No					
13A If yes, specify ▾					
Part II - Total Tax Payable (DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)					
14 Income Tax Due - Regular/Normal Rate (From Part IV - Schedule 2, Item 13)				0	
15 Less: Unexpired Excess of Prior Year's MCIT over Regular/Normal Income Tax Rate (deductible only if the quarterly's tax due is the regular/normal rate)				0	
16 Balance/Income Tax Still Due - Regular/Normal Rate (Item 14 Less item 15)				0	
17 Add: Income Tax Due - Special Rate (From Part IV - Schedule 1, Item 13)				0	
18 Aggregate Income Tax Due (Sum of Items 16 and 17)				0	
19 Less: Total Tax Credits/Payments (From Part IV - Schedule 4, Item 7)				75,611,830	
20 Net Tax Payable / (Overpayment) (Item 18 Less Item 19)				-75,611,830	
Add: Penalties 21 Surcharge				0	
22 Interest				0	
23 Compromise				0	
24 Total Penalties (Sum of items 21 to 23)				0	
25 TOTAL AMOUNT PAYABLE / (Overpayment) (Sum of Items 20 and 24)				-75,611,830	
We declare under the penalties of perjury, that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief is true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. (If Authorized Representative, attach authorization letter and indicate TIN)					
Signature over printed name of President/Principal Officer/Authorized Representative				Signature over printed name of Treasurer/Assistant Treasurer	
Title of Signatory		TIN		Title of Signatory	
				TIN	
				26 Number of Attachments 0	
Part III - Details of Payment					
Details of Payment		Drawee Bank/ Agency		Number	
26 Cash/Bank Debit Memo					
27 Check					
28 Tax Debit Memo					
29 Others (Specify Below)					

Machine Validation/Revenue Official Receipt Details (if not filed with an Authorized Agent Bank)			Stamp of Receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)	

Attachments

	Add Attachment
	Remove Attachment

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Print	Payment Details	Proceed to Payment



PSOC: PSIC: 7123

BIR Form No.

1702Q

January 2018 (ENCS)

Page 1

Quarterly Income Tax Return

For Corporations, Partnerships and

Other Non-Individual Taxpayers

1702Q 01/18ENCS P1

Taxpayer Identification Number (TIN)	Registered Name
003 865 392 000	PACIFIC ONLINE SYSTEMS CORPORATION

Part IV - Schedules (DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

Schedule 1 Declaration This Quarter	A. EXEMPT	B. SPECIAL
1 Sales/Revenues/Receipts/Fees	0	0
2 Less: Cost of Sales/Services	0	0
3 Gross Income from Operation (Item 1 less Item 2)	0	0
4 Add : Non-Operating and Other Taxable Income	0	0
5 Total Gross Income (Sum of Items 3 and 4)	0	0
6 Less : Deductions	0	0
7 Taxable Income This Quarter (Item 5 less Item 6)	0	0
8 Add : Taxable Income from Previous Quarter(s)	0	0
9 Total Taxable Income to Date (Sum of Items 7 and 8)	0	0
10 Applicable Income Tax Rate [except minimum corporate income (MCIT) rate]	0.00 %	0.00 %
11 Income Tax Due Other than MCIT (Item 9 x Item 10)	0.00	0
12 Less: Share of Other Agencies, if remitted directly		0
13 Net Income Tax Due to National Government (Item 11 Less Item 12) (To Part II Item 17)		0

Schedule 2 Declaration This Quarter REGULAR/NORMAL RATE	
1 Sales/Revenues/Receipts/Fees	9,625,000
2 Less: Cost of Sales/Services	45,728,167
3 Gross Income from Operation (Item 1 less Item 2)	-36,103,167
4 Add : Non-Operating and Other Taxable Income	831,778
5 Total Gross Income (Sum of Items 3 and 4)	-35,271,389
6 Less: Deductions	0
7 Taxable Income This Quearter (Item 5 Less Item 6)	-35,271,389
8 Add: Taxable Income Previous Quarters	0
9 Total Taxable Income to Date (Sum of Items 7 and 8)	-35,271,389
10 Applicable Income Tax Rate (Except MCIT rate)	25.00 %
11 Income Tax Due Other than MCIT (Item 9 multiply by Item 10)	0
12 Minimum Corporate Income Tax (MCIT) ( From Schedule 3 Item 6)	0
13 Income Tax Due (Normal Income Tax in Item 11 or MCIT in Item 12 whichever is higher) (To Part II Item 14)	0

Schedule 3 - Computation of Minimum Corporate Income (MCIT) Tax for the Quarter/s	
1 Gross Income Regular/Normal Rate - 1st Quarter	
2 Gross Income Regular/Normal Rate - 2nd Quarter	
3 Gross Income Regular/Normal Rate - 3rd Quarter	
4 Total Gross Income (Sum of Items 1 to 3)	
5 MCIT Rate	%
6 Minimum Corporate Income Tax (To Schedule 2 Item 12)	

Schedule 4 - Tax Credits/Payments (attach additional sheet/s, if necessary)	
1 Prior Year's Excess Credits	74,422,687
2 Tax payment/s for the previous quarter/s of the same taxable year other than MCIT	0
3 MCIT payment/s for the previous quarter/s of the same taxable year	0
4 Creditable Tax Withheld for the previous quarter/s	1,175,894
5 Creditable Tax Withheld per BIR Form No. 2307 for this quarter	13,249
6 Tax paid in return previously filed if this is an amended return	0

Other Tax Credits/Payments (specify below)	
a	0
b	0
7 Total Tax Credits/Payments (Sum of Items 1 to 6b) <i>(To Part II Item 19)</i>	
75,611,830	

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efps

REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
BUREAU OF INTERNAL REVENUE

## FILING REFERENCE NO.

TIN	: 003-865-392-000
Name	: PACIFIC ONLINE SYSTEMS CORPORATION
RDO	: 126
Form Type	: 1702Q
Reference No.	: 132400060878156
Amount Payable (Over Remittance)	: -74,903,648.00
Accounting Type	: C - Calendar
For Tax Period	: 06/30/2024
Quarter	: 2
Date Filed	: 07/29/2024
Tax Type	: IT

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Reference No: 132400060878156

Date Filed: July 29, 2024 03:02 PM

Batch Number : 0

PSOC:  PSIC: 7123

BIR Form No.

1702Q

January 2018 (ENCS)

Page 1

Quarterly Income Tax Return

For Corporations, Partnerships and

Other Non-Individual Taxpayers

1702Q 01/18ENCS P1

1 For 

Calendar

Fiscal

2 Year Ended 

12

2024

3 Quarter

1st

2nd

3rd

4 Amended Return?

Yes

No

5 Alphanumeric Tax Code(ATC)

IC 055

Minimum Corporate Income Tax (MCIT)

IC010

DOMESTIC CORPORATION IN GENEI

Part 1 - Background Information

6 Taxpayer Identification Number (TIN) 

003

865

392

000

7 RDO Code 

126

8 Registered Name

PACIFIC ONLINE SYSTEMS CORPORATION

9 Registered Address (Indicate complete address. If the registered address is different from the current address, go to the RDO to update registered address by using BIR Form No. 1905)

UNIT 2803 A & B EAST TOWER PSEC EXCHANGE ROAD, ORTIGAS CE SAN ANTONIO CITY OF PASIG

9A Zip Code 

1600

10 Contact Number (Landline/Cellphone No.) 

6361657

11 Email Address 

ilbautista@pacificonline.com.ph

12 Method of Deduction

Itemized Deductions [Section 34 (A-J), NIRC]

Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L) NIRC, as amended]

13 Are you availing of tax relief under Special Law or International Tax Treaty?

Yes

No

13A If yes, specify

Part II - Total Tax Payable (DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

14 Income Tax Due - Regular/Normal Rate (From Part IV - Schedule 2, Item 13)	0
15 Less: Unexpired Excess of Prior Year's MCIT over Regular/Normal Income Tax Rate (deductible only if the quarterly's tax due is the regular/normal rate)	0
16 Balance/Income Tax Still Due - Regular/Normal Rate (Item 14 Less item 15)	0
17 Add: Income Tax Due - Special Rate (From Part IV - Schedule 1, Item 13)	0
18 Aggregate Income Tax Due (Sum of Items 16 and 17)	0
19 Less: Total Tax Credits/Payments (From Part IV - Schedule 4, Item 7)	74,903,648
20 Net Tax Payable / (Overpayment) (Item 18 Less Item 19)	-74,903,648
Add: Penalties <div>21 Surcharge</div>	0
<div>22 Interest</div>	0
<div>23 Compromise</div>	0
24 Total Penalties (Sum of items 21 to 23)	0
25 TOTAL AMOUNT PAYABLE / (Overpayment) (Sum of Items 20 and 24)	-74,903,648

We declare under the penalties of perjury, that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief is true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. (If Authorized Representative, attach authorization letter and indicate TIN)

Signature over printed name of President/Principal Officer/Authorized Representative

Title of Signatory  TIN

Signature over printed name of Treasurer/Assistant Treasurer

Title of Signatory  TIN

26 Number of Attachments 

0

Part III - Details of Payment

Details of Payment	Drawee Bank/ Agency	Number	Date (MM/DD/YYYY)	Amount
26 Cash/Bank Debit Memo				
27 Check				
28 Tax Debit Memo				
29 Others (Specify Below)				

29/07/2024, 3:09 PM



Machine Validation/Revenue Official Receipt Details (If not filed with an Authorized Agent Bank)			Stamp of Receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)	

Attachments

Add Attachment

Remove Attachment

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Guidelines and Instructions | Help  
Reference No: 132400060878156  
Date Filed: July 29, 2024 03:02 PM  
Batch Number : 0

PSOC: PSIC: 7123

BIR Form No.

1702Q

January 2018 (ENCs)

Page 1

Quarterly Income Tax Return

For Corporations, Partnerships and

Other Non-Individual Taxpayers

Taxpayer Identification Number (TIN)	Registered Name
003 865 392 000	PACIFIC ONLINE SYSTEMS CORPORATION

Part IV - Schedules (DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

Schedule 1 Declaration This Quarter	A. EXEMPT	B. SPECIAL
1 Sales/Revenues/Receipts/Fees	0	0
2 Less: Cost of Sales/Services	0	0
3 Gross Income from Operation (Item 1 less Item 2)	0	0
4 Add : Non-Operating and Other Taxable Income	0	0
5 Total Gross Income (Sum of Items 3 and 4)	0	0
6 Less : Deductions	0	0
7 Taxable Income This Quarter (Item 5 less Item 6)	0	0
8 Add : Taxable Income from Previous Quarter(s)	0	0
9 Total Taxable Income to Date (Sum of Items 7 and 8)	0	0
10 Applicable Income Tax Rate [except minimum corporate income (MCIT) rate]	0.00 %	0.00 %
11 Income Tax Due Other than MCIT (Item 9 x Item 10)	0.00	0
12 Less: Share of Other Agencies, if remitted directly		0
13 Net Income Tax Due to National Government (Item 11 Less Item 12) (To Part II Item 17)		0

Schedule 2 Declaration This Quarter REGULAR/NORMAL RATE	
1 Sales/Revenues/Receipts/Fees	9,625,000
2 Less: Cost of Sales/Services	19,616,013
3 Gross Income from Operation (Item 1 less Item 2)	-9,991,013
4 Add : Non-Operating and Other Taxable Income	831,778
5 Total Gross Income (Sum of Items 3 and 4)	-9,159,235
6 Less: Deductions	26,112,154
7 Taxable Income This Quarter (Item 5 Less Item 6)	-35,271,389
8 Add: Taxable Income Previous Quarters	0
9 Total Taxable Income to Date (Sum of Items 7 and 8)	-35,271,389
10 Applicable Income Tax Rate (Except MCIT rate)	25.00 %
11 Income Tax Due Other than MCIT (Item 9 multiply by Item 10)	0
12 Minimum Corporate Income Tax (MCIT) ( From Schedule 3 Item 6)	0
13 Income Tax Due (Normal Income Tax in Item 11 or MCIT in Item 12 whichever is higher) (To Part II Item 14)	0

Schedule 3 - Computation of Minimum Corporate Income (MCIT) Tax for the Quarter/s	
1 Gross Income Regular/Normal Rate - 1st Quarter	
2 Gross Income Regular/Normal Rate - 2nd Quarter	
3 Gross Income Regular/Normal Rate - 3rd Quarter	
4 Total Gross Income (Sum of Items 1 to 3)	
5 MCIT Rate	%
6 Minimum Corporate Income Tax (To Schedule 2 Item 12)	

Schedule 4 - Tax Credits/Payments (attach additional sheet/s, if necessary)	
1 Prior Year's Excess Credits	74,422,687
2 Tax payment/s for the previous quarter/s of the same taxable year other than MCIT	0
3 MCIT payment/s for the previous quarter/s of the same taxable year	0
4 Creditable Tax Withheld for the previous quarter/s	476,641
5 Creditable Tax Withheld per BIR Form No. 2307 for this quarter	4,320
6 Tax paid in return previously filed if this is an amended return	0

Other Tax Credits/Payments (specify below)	
a	0
b	0
7 Total Tax Credits/Payments (Sum of Items 1 to 6b). (To Part II Item 19)	
74,903,648	

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## File Upload



**All files successfully uploaded**


**Transaction Code:**

**AFS-0-42Y1NX4Z07559998CQYMZZ14406JJ5JC9**

**Submission Date/Time:**

**Aug 21, 2024 04:03 PM**

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REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
BUREAU OF INTERNAL REVENUE

FILING REFERENCE NO.

TIN	: 003-865-392-000
Name	: PACIFIC ONLINE SYSTEMS CORPORATION
RDO	: 126
Form Type	: 1702Q
Reference No.	: 132400062380882
Amount Payable (Over Remittance)	: -75,598,581.00
Accounting Type	: C - Calendar
For Tax Period	: 03/31/2024
Quarter	: 1
Date Filed	: 10/30/2024
Tax Type	: IT

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Reference No: 132400062380882

Date Filed: October 30, 2024 03:53 PM

Batch Number : 0

PSOC:

PSIC: 7123

BIR Form No.  
**1702Q**  
January 2018 (ENCS)  
Page 1

Quarterly Income Tax Return  
For Corporations, Partnerships and  
Other Non-Individual Taxpayers

1702Q 01/18ENCS P1

1 For  
☒ Calendar ☐ Fiscal

2 Year Ended 12 2024

3 Quarter  
☒ 1st ☐ 2nd ☐ 3rd

4 Amended Return?  
☒ Yes ☐ No

5 Alphanumeric Tax Code(ATC)  
IC 055 Minimum Corporate Income Tax (MCIT) ☒  
IC010 DOMESTIC CORPORATION IN GENEI ☒

Part 1 - Background Information

6 Taxpayer Identification Number (TIN) 003 865 392 000

7 RDO Code 126

8 Registered Name  
PACIFIC ONLINE SYSTEMS CORPORATION

9 Registered Address (Indicate complete address. If the registered address is different from the current address, go to the RDO to update registered address by using BIR Form No. 1905)  
UNIT 2803 A & B EAST TOWER PSEC EXCHANGE ROAD, ORTIGAS CE SAN ANTONIO CITY OF PASIG

9A Zip Code  
1600

10 Contact Number (Landline/Cellphone No.)  
6361657

11 Email Address  
ilbautista@pacificonline.com.ph

12 Method of Deduction  
☒ Itemized Deductions [Section 34 (A-J), NIRC] ☐ Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L) NIRC, as amended]

13 Are you availing of tax relief under Special Law or International Tax Treaty?  
☐ Yes ☒ No

13A If yes, specify

Part II - Total Tax Payable (DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

14 Income Tax Due - Regular/Normal Rate (From Part IV - Schedule 2, Item 13)	0
15 Less: Unexpired Excess of Prior Year's MCIT over Regular/Normal Income Tax Rate (deductible only if the quarterly's tax due is the regular/normal rate)	0
16 Balance/Income Tax Still Due - Regular/Normal Rate (Item 14 Less item 15)	0
17 Add: Income Tax Due - Special Rate (From Part IV - Schedule 1, Item 13)	0
18 Aggregate Income Tax Due (Sum of Items 16 and 17)	0
19 Less: Total Tax Credits/Payments (From Part IV - Schedule 4, Item 7)	75,598,581
20 Net Tax Payable / (Overpayment) (Item 18 Less Item 19)	-75,598,581
Add: Penalties 21 Surcharge	0
22 Interest	0
23 Compromise	0
24 Total Penalties (Sum of items 21 to 23)	0
25 TOTAL AMOUNT PAYABLE / (Overpayment) (Sum of Items 20 and 24)	-75,598,581

We declare under the penalties of perjury that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief is true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. (If Authorized Representative, attach authorization letter and indicate TIN)

Signature over printed name of President/Principal Officer/Authorized Representative

Signature over printed name of Treasurer/Assistant Treasurer

Title of Signatory

TIN

Title of Signatory

TIN

26 Number of Attachments  
0

Part III - Details of Payment

Details of Payment	Drawee Bank/ Agency	Number	Date (MM/DD/YYYY)	Amount
26 Cash/Bank Debit Memo				
27 Check				
28 Tax Debit Memo				
29 Others (Specify Below)				

Machine Validation/Revenue Official Receipt Details (if not filed with an Authorized Agent Bank)			Stamp of Receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)	

Attachments

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Reference No: 132400062380882

Date Filed: October 30, 2024 03:53 PM

Batch Number : 0

PSOC:

PSIC: 7123

BIR Form No.

1702Q

January 2018 (ENCS)

Page 1

Quarterly Income Tax Return

For Corporations, Partnerships and

Other Non-Individual Taxpayers

Taxpayer Identification Number (TIN)	Registered Name
003 865 392 000	PACIFIC ONLINE SYSTEMS CORPORATION

Part IV - Schedules

(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

Schedule 1 Declaration This Quarter	A. EXEMPT	B. SPECIAL
1 Sales/Revenues/Receipts/Fees	0	0
2 Less: Cost of Sales/Services	0	0
3 Gross Income from Operation (Item 1 less Item 2)	0	0
4 Add : Non-Operating and Other Taxable Income	0	0
5 Total Gross Income (Sum of Items 3 and 4)	0	0
6 Less : Deductions	0	0
7 Taxable Income This Quarter (Item 5 less Item 6)	0	0
8 Add : Taxable Income from Previous Quarter(s)	0	0
9 Total Taxable Income to Date (Sum of Items 7 and 8)	0	0
10 Applicable Income Tax Rate [except minimum corporate income (MCIT) rate]	0.00 %	0.00 %
11 Income Tax Due Other than MCIT (Item 9 x Item 10)	0.00	0
12 Less: Share of Other Agencies, if remitted directly		0
13 Net Income Tax Due to National Government (Item 11 Less Item 12) (To Part II Item 17)		0

Schedule 2 Declaration This Quarter REGULAR/NORMAL RATE	
1 Sales/Revenues/Receipts/Fees	9,446,429
2 Less: Cost of Sales/Services	9,618,634
3 Gross Income from Operation (Item 1 less Item 2)	-172,205
4 Add : Non-Operating and Other Taxable Income	243,298
5 Total Gross Income (Sum of Items 3 and 4)	71,093
6 Less: Deductions	10,996,136
7 Taxable Income This Quearter (Item 5 Less Item 6)	-10,925,043
8 Add: Taxable Income Previous Quarters	0
9 Total Taxable Income to Date (Sum of Items 7 and 8)	-10,925,043
10 Applicable Income Tax Rate (Except MCIT rate)	25.00 %
11 Income Tax Due Other than MCIT (Item 9 multiply by Item 10)	0
12 Minimum Corporate Income Tax (MCIT) ( From Schedule 3 Item 6)	0
13 Income Tax Due (Normal Income Tax in Item 11 or MCIT in Item 12 whichever is higher) (To Part II Item 14)	0

Schedule 3 - Computation of Minimum Corporate Income (MCIT) Tax for the Quarter/s	
1 Gross Income Regular/Normal Rate - 1st Quarter	
2 Gross Income Regular/Normal Rate - 2nd Quarter	
3 Gross Income Regular/Normal Rate - 3rd Quarter	
4 Total Gross Income (Sum of Items 1 to 3)	
5 MCIT Rate	%
6 Minimum Corporate Income Tax (To Schedule 2 Item 12)	

Schedule 4 - Tax Credits/Payments (attach additional sheet/s, if necessary)	
1 Prior Year's Excess Credits	74,422,687
2 Tax payment/s for the previous quarter/s of the same taxable year other than MCIT	0
3 MCIT payment/s for the previous quarter/s of the same taxable year	0
4 Creditable Tax Withheld for the previous quarter/s	0
5 Creditable Tax Withheld per BIR Form No. 2307 for this quarter	1,175,894
6 Tax paid in return previously filed if this is an amended return	0



Other Tax Credits/Payments (specify below)	
a	0
b	0
7 Total Tax Credits/Payments (Sum of Items 1 to 6b) <i>(To Part II Item 19)</i>	75,598,581

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REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
BUREAU OF INTERNAL REVENUE

FILING REFERENCE NO.

TIN	: 003-865-392-000
Name	: PACIFIC ONLINE SYSTEMS CORPORATION
RDO	: 126
Form Type	: 1702Q
Reference No.	: 132400059887263
Amount Payable (Over Remittance)	: -74,899,328.00
Accounting Type	: C - Calendar
For Tax Period	: 03/31/2024
Quarter	: 1
Date Filed	: 05/17/2024
Tax Type	: IT

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Reference No: 132400059887263  
Date Filed: May 17, 2024 04:16 PM  
Batch Number : 0

PSOC: PSIC: 7123

BIR Form No.

1702Q

January 2018 (ENCS)

Page 1

Quarterly Income Tax Return

For Corporations, Partnerships and

Other Non-Individual Taxpayers

1702Q 01/18ENCS P1

1 For <div><div>Calendar</div><div>Fiscal</div></div>	3 Quarter <div><div>1st</div><div>2nd</div><div>3rd</div></div>	4 Amended Return? <div><div>Yes</div><div>No</div></div>	5 Alphanumeric Tax Code(ATC) IC 055 Minimum Corporate Income Tax (MCIT) <input checked="" type="checkbox"/> IC010 DOMESTIC CORPORATION IN GENEI <input checked="" type="checkbox"/>
2 Year Ended 12 2024			

Part 1 - Background Information

6 Taxpayer Identification Number (TIN) 003 865 392 000	7 RDO Code 126
8 Registered Name PACIFIC ONLINE SYSTEMS CORPORATION	
9 Registered Address (Indicate complete address. If the registered address is different from the current address, go to the RDO to update registered address by using BIR Form No. 1905) UNIT 2803 A & B EAST TOWER PSEC EXCHANGE ROAD, ORTIGAS CE SAN ANTONIO CITY OF PASIG	
9A Zip Code 1600	
10 Contact Number (Landline/Cellphone No.) 6361657	11 Email Address ilbautista@pacificonline.com.ph
12 Method of Deduction <div><div>Itemized Deductions [Section 34 (A-J), NIRC]</div><div>Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L) NIRC, as amended]</div></div>	
13 Are you availing of tax relief under Special Law or International Tax Treaty? <div><div>Yes</div><div>No</div></div>	
13A If yes, specify	

Part II - Total Tax Payable

(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

14 Income Tax Due - Regular/Normal Rate (From Part IV - Schedule 2, Item 13)	0
15 Less: Unexpired Excess of Prior Year's MCIT over Regular/Normal Income Tax Rate (deductible only if the quarterly's tax due is the regular/normal rate)	0
16 Balance/Income Tax Still Due - Regular/Normal Rate (Item 14 Less item 15)	0
17 Add: Income Tax Due - Special Rate (From Part IV - Schedule 1, Item 13)	0
18 Aggregate Income Tax Due (Sum of Items 16 and 17)	0
19 Less: Total Tax Credits/Payments (From Part IV - Schedule 4, Item 7)	74,899,328
20 Net Tax Payable / (Overpayment) (Item 18 Less Item 19)	-74,899,328
Add: Penalties 21 Surcharge	0
22 Interest	0
23 Compromise	0
24 Total Penalties (Sum of items 21 to 23)	0
25 TOTAL AMOUNT PAYABLE / (Overpayment) (Sum of Items 20 and 24)	-74,899,328

We declare under the penalties of perjury, that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief is true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. (If Authorized Representative, attach authorization letter and indicate TIN)

Signature over printed name of President/Principal Officer/Authorized Representative		Signature over printed name of Treasurer/Assistant Treasurer		26 Number of Attachments 0
Title of Signatory	TIN	Title of Signatory	TIN	

Part III - Details of Payment

Details of Payment	Drawee Bank/ Agency	Number	Date (MM/DD/YYYY)	Amount
26 Cash/Bank Debit Memo				
27 Check				
28 Tax Debit Memo				
29 Others (Specify Below)				

Machine Validation/Revenue Official Receipt Details (if not filed with an Authorized Agent Bank)			Stamp of Receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)	

Attachments

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Reference No: 132400059887263  
Date Filed: May 17, 2024 04:16 PM  
Batch Number : 0

PSOC: PSIC: 7123

BIR Form No.

1702Q

January 2018 (ENCS)

Page 1

Quarterly Income Tax Return

For Corporations, Partnerships and

Other Non-Individual Taxpayers

1702Q 01/18ENCS P1

Taxpayer Identification Number (TIN)	Registered Name
003 865 392 000	PACIFIC ONLINE SYSTEMS CORPORATION

Part IV - Schedules (DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

Schedule 1 Declaration This Quarter	A. EXEMPT	B. SPECIAL
1 Sales/Revenues/Receipts/Fees	0	0
2 Less: Cost of Sales/Services	0	0
3 Gross Income from Operation (Item 1 less Item 2)	0	0
4 Add : Non-Operating and Other Taxable Income	0	0
5 Total Gross Income (Sum of Items 3 and 4)	0	0
6 Less : Deductions	0	0
7 Taxable Income This Quarter (Item 5 less Item 6)	0	0
8 Add : Taxable Income from Previous Quarter(s)	0	0
9 Total Taxable Income to Date (Sum of Items 7 and 8)	0	0
10 Applicable Income Tax Rate [except minimum corporate income (MCIT) rate]	0.00 %	0.00 %
11 Income Tax Due Other than MCIT (Item 9 x Item 10)	0.00	0
12 Less: Share of Other Agencies, if remitted directly		0
13 Net Income Tax Due to National Government (Item 11 Less Item 12) (To Part II Item 17)		0

Schedule 2 Declaration This Quarter REGULAR/NORMAL RATE	
1 Sales/Revenues/Receipts/Fees	9,446,429
2 Less: Cost of Sales/Services	9,618,634
3 Gross Income from Operation (Item 1 less Item 2)	-172,205
4 Add : Non-Operating and Other Taxable Income	243,298
5 Total Gross Income (Sum of Items 3 and 4)	71,093
6 Less: Deductions	10,996,136
7 Taxable Income This Quarter (Item 5 Less Item 6)	-10,925,043
8 Add: Taxable Income Previous Quarters	0
9 Total Taxable Income to Date (Sum of Items 7 and 8)	-10,925,043
10 Applicable Income Tax Rate (Except MCIT rate)	25.00 %
11 Income Tax Due Other than MCIT (Item 9 multiply by Item 10)	0
12 Minimum Corporate Income Tax (MCIT) ( From Schedule 3 Item 6)	0
13 Income Tax Due (Normal Income Tax in Item 11 or MCIT in Item 12 whichever is higher) (To Part II Item 14)	0

Schedule 3 - Computation of Minimum Corporate Income (MCIT) Tax for the Quarter/s	
1 Gross Income Regular/Normal Rate - 1st Quarter	
2 Gross Income Regular/Normal Rate - 2nd Quarter	
3 Gross Income Regular/Normal Rate - 3rd Quarter	
4 Total Gross Income (Sum of Items 1 to 3)	
5 MCIT Rate	%
6 Minimum Corporate Income Tax (To Schedule 2 Item 12)	

Schedule 4 - Tax Credits/Payments (attach additional sheet/s, if necessary)	
1 Prior Year's Excess Credits	74,422,687
2 Tax payment/s for the previous quarter/s of the same taxable year other than MCIT	0
3 MCIT payment/s for the previous quarter/s of the same taxable year	0
4 Creditable Tax Withheld for the previous quarter/s	0
5 Creditable Tax Withheld per BIR Form No. 2307 for this quarter	476,641
6 Tax paid in return previously filed if this is an amended return	0

Other Tax Credits/Payments (specify below)	
a	0
b	0
7 Total Tax Credits/Payments (Sum of Items 1 to 6b). <i>(To Part II Item 19)</i>	
74,899,328	



## File Upload



All files successfully uploaded

Transaction Code:

**AFS-0-KF9DGEF0QRV1VZ4PNTT132MX0MVSSVWPM**

Submission Date/Time:

**May 24, 2024 03:52 PM**

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## John Francis T. Bagadiong

---

**From:** eSubmission <esubmission@bir.gov.ph>  
**Sent:** Wednesday, 22 May 2024 10:38 pm  
**To:** ftbagadiong@pacificonline.com.ph  
**Subject:** eSubmission Validation Report

ACKNOWLEDGEMENT RECEIPT NUMBER: 20240522-K073606

This is to confirm receipt of the file(s) as stated below:

Total attachment/file(s) received : 1

No. of valid file(s) : 1

No. of invalid file(s) : 0

We have validated your submission in compliance with existing BIR regulations.

Find below the details of your submission:

Date of Submission: 05/22/2024 1:44:43 PM

Filename(s):

1. Attachment : 00386539200000320241702Q.ZIP

A. 00386539200000320241702Q.DAT - VALID

CONFIRMATION RECEIPT NUMBER - 2024-0000184776

### VALIDATION REPORT:

1. Attachment : 00386539200000320241702Q.ZIP

A. Attachment (zipped): 00386539200000320241702Q.DAT

TIN of Withholding Agent TIN: 003865392-0000

Alphalist Form : 1702Q

Taxable Month : 03/2024

LINE NUM	SCHEDULE	ERROR DESCRIPTION
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0000000000		No Errors Encountered
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PLEASE BE INFORMED THAT THIS IS THE FINAL EMAIL ON THE VALIDATION PROCESS OF YOUR SUBMISSION. HOWEVER, A VALIDATION OF THE TIN OF THE WITHHOLDING AGENT WILL STILL BE UNDERTAKEN. ACCORDINGLY, PLEASE ENSURE THAT THE TIN IS VALID FOR A SUCCESSFUL SUBMISSION OF YOUR ALPHALIST (OR SLSP, AS THE CASE MAY BE).

Thank You.



This is a system generated report. For inquiries, please email us at [contact\\_us@bir.gov.ph](mailto:contact_us@bir.gov.ph)  
or call us at (2) 8538-3200

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Pacific Online Systems Corporation (the Company)** is responsible for the preparation and fair presentation of the separate financial statements including the schedules attached therein, for the years ended **December 31, 2024 and 2023**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The Board of Directors reviews and approves the financial statements including the schedules attached therein and submits the same to the stockholders.

**Reyes Tacandong & Co.**, the independent auditor appointed by the stockholders for the periods December 31, 2024 and 2023, has audited the separate financial statements of the Company in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

Signature:  **WILLY N. OCIER**

Chairman of the Board

Signature:  **ARMIN ANTONIO B. RAQUEL SANTOS**

President

Signature:  **DIOVILLE M. VILLARIAS**


Chief Financial Officer

Signed this 20th day of February 2025

SUBSCRIBED AND SWORN to before me this 20<sup>th</sup> day of February 2025 at Pasig City, Metro Manila, affiants exhibiting to me their competent evidences of identity, as follows:

Name	Competent Evidence of Identity
Willy N. Ocier	Philippine Passport No. issued on 20 August 2021 at DFA Manila, valid until 19 August 2031
Armin Antonio B. Raquel Santos	Philippine Passport No. P7348024B issued on 5 August 2021 at DFA Manila, valid until 4 August 2031
Dioville M. Villarias	Philippine Passport No. P7277214B issued on 27 July 2021 at DFA NCR South, valid until 26 July 2031

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Page No. 57 ;  
Book No. 85 ;  
Series of 2025

  
**GAUDENCIO A. BARBOZA, JR.**  
NOTARY PUBLIC  
Cities of Pasig, San Juan and  
In the Municipality of Pateros, Metro Manila  
Until December 31, 2025  
PTR No 2863281 / 01/ 02/ 2025 Pasig City  
BP No 461377/10/04/2024 for the year 2025/RSM  
Roll No. 41969  
MCLE Comp. VII-0028557 / April 19, 2023  
No. 11, Unit J. Freemont Arcade Bldg.  
Shaw Blvd. Brgy. San Antonio, Pasig City  
Appointment No. 29 (2025-2026)



**REPORT OF INDEPENDENT AUDITORS  
TO ACCOMPANY SEPARATE FINANCIAL STATEMENTS FOR FILING WITH THE  
BUREAU OF INTERNAL REVENUE**

The Board of Directors and Stockholders  
Pacific Online Systems Corporation  
28th Floor, East Tower, Philippine Stock Exchange Centre  
Exchange Road, Ortigas Center, Pasig City

We have audited the accompanying separate financial statements of Pacific Online Systems Corporation (the Company), as at and for the years ended December 31, 2024 and 2023, on which we have rendered our report dated February 20, 2025.

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

**REYES TACANDONG & Co.**

**BELINDA B. FERNANDO**

Partner

CPA Certificate No. 81207

Tax Identification No. 102-086-538-000

BOA Accreditation No. 4782/P-005; Valid until June 6, 2026

BIR Accreditation No. 08-005144-004-2022

Valid until October 16, 2025

PTR No. 10467126

Issued January 2, 2025, Makati City

February 20, 2025  
Makati City, Metro Manila



## INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors  
Pacific Online Systems Corporation  
28th Floor, East Tower, Philippine Stock Exchange Centre  
Exchange Road, Ortigas Center, Pasig City

### Report on the Audit of the Separate Financial Statements

#### *Opinion*

We have audited the accompanying separate financial statements of Pacific Online Systems Corporation (the Company), which comprise the separate statements of financial position as at December 31, 2024 and 2023, and the separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years then ended, and notes to separate financial statements, including a summary of material accounting policy information.

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of the Company as at December 31, 2024 and 2023, and its separate financial performance and its separate cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

#### *Basis for Opinion*

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

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

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

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



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

*Auditors' Responsibilities for the Audit of the Separate Financial Statements*

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, these could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

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

- Identify and assess risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

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

**Report on the Supplementary Information Required under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue**

Our audits were conducted for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The supplementary information for the year ended December 31, 2024 required by the Bureau of Internal Revenue under Revenue Regulations No. 15-2010 as disclosed in Note 25 to the separate financial statements is presented for purposes of additional analysis and is not a required part of the basic separate financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of the management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic separate financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic separate financial statements taken as a whole.

**REYES TACANDONG & Co.**

**BELINDA B. FERNANDO**

Partner

CPA Certificate No. 81207

Tax Identification No. 102-086-538-000

BOA Accreditation No. 4782/P-005; Valid until June 6, 2026

BIR Accreditation No. 08-005144-004-2022

Valid until October 16, 2025

PTR No. 10467126

Issued January 2, 2025, Makati City

February 20, 2025

Makati City, Metro Manila

**PACIFIC ONLINE SYSTEMS CORPORATION**  
**SEPARATE STATEMENTS OF FINANCIAL POSITION**

		December 31	
	Note	2024	2023
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	P588,889,626	P316,804,959
Investments held for trading	6	42,744,518	100,012,769
Trade and other receivables	7	109,340,684	201,630,473
Creditable withholding taxes (CWTs)	8	92,489,929	74,422,688
Other current assets	8	139,000,244	121,979,579
Total Current Assets		972,465,001	814,850,468
<b>Noncurrent Assets</b>			
Property and equipment	10	652,001,139	706,208,498
Investments in and advances to subsidiaries	11	137,031,270	74,616,492
Refundable deposits	18	2,291,727	2,447,984
Right-of-use (ROU) assets	18	54,148	541,486
Financial assets at fair value through other comprehensive income (FVOCI)	9	–	237,600,090
Advances to suppliers	4	–	68,850
Net deferred tax assets	17	–	3,543,787
Total Noncurrent Assets		791,378,284	1,025,027,187
		<b>P1,763,843,285</b>	<b>P1,839,877,655</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Accounts payable and other current liabilities	12	P217,554,285	P208,331,010
Current portion of:			
Loans payable	4	138,980,392	58,823,529
Lease liabilities	18	57,445	294,303
Total Current Liabilities		356,592,122	267,448,842
<b>Noncurrent Liabilities</b>			
Loans payable - net of current portion	4	277,960,784	411,764,706
Net retirement liability	19	2,339,801	5,285,871
Net deferred tax liabilities	17	4,882,801	–
Lease liabilities - net of current portion	18	–	208,495
Total Noncurrent Liabilities		285,183,386	417,259,072
Total Liabilities		641,775,508	684,707,914
<b>Equity</b>			
	13		
Capital stock		895,330,946	895,330,946
Additional paid-in capital		254,640,323	254,640,323
Other equity reserves		12,708,977	(226,845,395)
Retained earnings (deficit)		(40,612,469)	232,043,867
Total Equity		1,122,067,777	1,155,169,741
		<b>P1,763,843,285</b>	<b>P1,839,877,655</b>

See accompanying Notes to Separate Financial Statements.



**PACIFIC ONLINE SYSTEMS CORPORATION**  
**SEPARATE STATEMENTS OF COMPREHENSIVE INCOME**

		<b>Years Ended December 31</b>	
	<b>Note</b>	<b>2024</b>	<b>2023</b>
<b>REVENUES</b>			
Equipment rental	18	<b>₱527,482,143</b>	₱599,221,042
Commission income	20	–	2,332,616
		<b>527,482,143</b>	601,553,658
<b>COST OF SERVICES</b>			
	14	<b>(294,221,857)</b>	(271,838,825)
<b>GROSS INCOME</b>			
		<b>233,260,286</b>	329,714,833
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>			
	14	<b>(231,696,213)</b>	(114,080,141)
<b>OPERATING INCOME</b>			
		<b>1,564,073</b>	215,634,692
<b>OTHER INCOME (CHARGES)</b>			
Finance cost	4	<b>(36,577,881)</b>	(17,878,309)
Interest income	5	<b>13,771,705</b>	5,724,721
Marked-to-market gain (loss) on investments held for trading	6	<b>(952,007)</b>	54,078,646
Dividend income	9	–	18,947,664
Others - Net	15	<b>10,724,513</b>	24,307,068
		<b>(13,033,670)</b>	85,179,790
<b>INCOME (LOSS) BEFORE INCOME TAX</b>			
		<b>(11,469,597)</b>	300,814,482
<b>PROVISION FOR INCOME TAX</b>			
	17	<b>20,233,434</b>	48,616,738
<b>NET INCOME (LOSS)</b>			
		<b>(31,703,031)</b>	252,197,744
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Unrealized valuation gain on financial assets at FVOCI	9	<b>82,971,460</b>	58,457,165
Remeasurement gain (loss) on retirement plan, net of deferred tax	19	<b>5,162,702</b>	(9,233,066)
		<b>88,134,162</b>	49,224,099
<b>TOTAL COMPREHENSIVE INCOME</b>			
		<b>₱56,431,131</b>	₱301,421,843
<b>Basic/Diluted Earnings (Loss) per Common Share</b>			
	21	<b>(₱0.0354)</b>	₱0.2817

See accompanying Notes to Separate Financial Statements.

**PACIFIC ONLINE SYSTEMS CORPORATION**  
**SEPARATE STATEMENTS OF CHANGES IN EQUITY**

	Note	Years Ended December 31	
		2024	2023
<b>CAPITAL STOCK</b>	13	<b>₱895,330,946</b>	₱895,330,946
<b>ADDITIONAL PAID-IN CAPITAL</b>	13	<b>254,640,323</b>	254,640,323
<b>OTHER EQUITY RESERVES</b>	13		
<b>Cumulative Remeasurement Gains on</b>			
<b>Net Retirement Liability</b>	19		
Balance at beginning of year		<b>7,546,275</b>	16,779,341
Net remeasurement gains (losses)		<b>5,162,702</b>	(9,233,066)
Balance at end of year		<b>12,708,977</b>	7,546,275
<b>Cumulative Unrealized Valuation Losses on Financial</b>			
<b>Asset at FVOCI</b>	9		
Balance at beginning of year		<b>(234,391,670)</b>	(292,848,835)
Unrealized valuation gain		<b>82,971,460</b>	58,457,165
Realized portion of the fair value reserve		<b>151,420,210</b>	–
Balance at end of year		<b>–</b>	(234,391,670)
		<b>12,708,977</b>	(226,845,395)
<b>RETAINED EARNINGS (DEFICIT)</b>			
Balance at beginning of year		<b>232,043,867</b>	69,379,218
Net income (loss)		<b>(31,703,031)</b>	252,197,744
Dividend declared	13	<b>(89,533,095)</b>	(89,533,095)
Realized portion of the fair value reserve	9	<b>(151,420,210)</b>	–
Balance at end of year		<b>(40,612,469)</b>	232,043,867
		<b>₱1,122,067,777</b>	₱1,155,169,741

See accompanying Notes to Separate Financial Statements.

**PACIFIC ONLINE SYSTEMS CORPORATION**  
**SEPARATE STATEMENTS OF CASH FLOWS**

		Years Ended December 31	
	Note	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income (loss) before income tax		(P11,469,597)	P300,814,482
Adjustments for:			
Depreciation and amortization	10	155,152,657	40,602,765
Finance cost	4	36,577,881	17,878,309
Interest income	5	(13,771,705)	(5,724,721)
Retirement benefits cost	19	3,937,534	2,718,689
Unrealized foreign exchange loss	15	1,021,044	2,352,135
Marked-to-market loss (gain) on investments held for trading	6	952,007	(54,078,646)
Gain on sale of investments held for trading	15	(885,410)	(2,200,087)
Provision for impairment loss	11	116,051	–
Gain on sale of property and equipment	10	(40,267)	(179,167)
Interest expense on lease liabilities	18	30,797	24,897
Dividend income	9	–	(18,947,664)
Operating income before working capital changes		171,620,992	283,260,992
Decrease (increase) in:			
Trade and other receivables		92,289,789	(80,337,920)
Other current assets		(17,020,665)	(106,607,885)
Refundable deposits		156,257	120,359
Advances to subsidiaries		459,481	22,877,668
Increase in accounts payable and other current liabilities		5,524,209	145,363,396
Net cash generated from operations		253,030,063	264,676,610
Income taxes paid		(31,594,989)	(23,042,726)
Interest received		13,771,705	5,724,721
Retirement contributions paid	19	–	(10,185,726)
Net cash flows provided by operating activities		235,206,779	237,172,879
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of:			
Financial assets at FVOCI	9	320,571,550	–
Investments held for trading	6	57,201,654	27,554,541
Property and equipment	10	123,591	299,640
Acquisitions of property and equipment	10	(100,449,447)	(536,296,321)
Advances to subsidiaries	16	(62,990,310)	–
Payment of subscription payable	11	(312,500)	–
Dividends received	9	–	18,947,664
Advances for acquisition of property and equipment	4	–	(68,850)
Net cash flows provided by (used in) investing activities		214,144,538	(489,563,326)

(Forward)

		Years Ended December 31	
	Note	2024	2023
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Loan payments	4	(P133,647,059)	(P29,411,765)
Cash dividends paid	13	(89,533,095)	(89,533,095)
Loan availments	4	80,000,000	432,500,000
Finance charges paid	23	(32,566,315)	(17,878,309)
Payment of lease liabilities	18	(499,137)	(1,955,027)
Net cash flows provided by (used in) financing activities		(176,245,606)	293,721,804
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>273,105,711</b>	<b>41,331,357</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>316,804,959</b>	<b>277,825,737</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		<b>(1,021,044)</b>	<b>(2,352,135)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	5	<b>P588,889,626</b>	<b>P316,804,959</b>

See accompanying Notes to Separate Financial Statements.

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**PACIFIC ONLINE SYSTEMS CORPORATION**

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**NOTES TO SEPARATE FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

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**1. General Information**

**Corporate Information**

Pacific Online Systems Corporation (“POSC” or the “Company”) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on November 11, 1993. POSC is a public company under Section 17.2 of the Securities Regulation Code (SRC) and its shares are listed on the Philippine Stock Exchange, Inc. (PSE).

The Company is engaged in the development, design and management of online computer systems, terminals and software for the gaming industry. The 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 Company is a 50.1% owned subsidiary of Premium Leisure Corp. (PLC or the “Immediate Parent Company”) and its ultimate parent company is Belle Corporation (Belle). Both Belle and PLC are incorporated and domiciled in the Philippines with shares that are listed in the PSE. On July 9, 2024, PLC’s shares were delisted from the PSE after a successful tender offer by Belle.

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

**Status of Operations**

The Company’s primary source of revenue was the Equipment Lease Agreement (ELA) with the Philippine Charity Sweepstakes Office (PCSO) for the lease of lotto terminals, which includes central computers, communications equipment and the right to use the application software and manuals for the central computer system and draw equipment. The ELA was concluded on September 30, 2023.

POSC remains committed to looking for opportunities in the industry. These opportunities include the lease of Web-based Application Betting Platform (WABP). On August 30, 2023, the Company signed a Memorandum of Agreement with PCSO in connection with the latter’s implementation of a trial run for a WABP during which the Company will be acting as PCSO’s exclusive agent.

On June 19, 2024, POSC received a Notice of Award from PCSO after a bidding process for a five-year lease of its WABP. With the issuance of the Notice of Award, the Company will now have to comply with the post-Notice of Award requirements of the PCSO; thereafter, the contract between the Company and PCSO covering the terms and conditions of the WABP project will be executed. The commercial operation will commence 76 days from the receipt of the Notice to Proceed.

On July 12, 2024, the trial period for WABP ended upon the instruction of PCSO as it gears toward making the E-lotto services better and as it transitions to a new platform.

As at December 31, 2024, PCSO has not yet issued the Notice to Proceed (see Note 20).

The Company also holds 50% ownership in PinoyLotto Technologies Corp. (PinoyLotto), a joint operation with Philippine Gaming Management Corp. and (PGMC) and International Lottery & Totalizator Systems, Inc (ILTSI). PinoyLotto was awarded with the five year-lease of the customized PCSO Philippine Lottery System (PLS Project) at a contract price of ₱5,800.0 million. PinoyLotto commenced its commercial operations on October 1, 2023, and pursuant to the contract, 6,500 terminals have been installed and are in operation nationwide (see Note 4).

#### **Approval of the Separate Financial Statements**

The separate financial statements as at and for the years ended December 31, 2024 and 2023 were approved and authorized for issuance by the Board of Directors (BOD) on February 20, 2025.

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## **2. Summary of Material Accounting Policy Information**

### **Basis of Preparation and Statement of Compliance**

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

### **Measurement Bases**

The separate financial statements are presented in Philippine Peso (Peso), the Company's functional currency. All amounts are rounded to the nearest Peso unless otherwise stated.

The separate financial statements of the Company have been prepared on a historical cost basis, except for:

- investments held for trading which are measured at fair value;
- financial assets at fair value through other comprehensive income (FVOCI); and
- net retirement liability which is measured as the difference between the present value of defined benefit obligation and the fair value of plan assets.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company uses market observable data to a possible extent when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 6 - *Investments Held for Trading*;
- Note 9 - *Financial Assets at FVOCI*; and
- Note 22 - *Financial Instruments*.

#### **Adoption of Amendments to PFRS**

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following relevant amendments to PFRS effective January 1, 2024:

- Amendments to PFRS 16, *Leases - Lease Liability in a Sale and Leaseback* – The amendments clarify that the liability that arises from a sale and leaseback transaction, that satisfies the requirements in PFRS 15, *Revenue from Contracts with Customers*, to be accounted for as a sale, is a lease liability to which PFRS 16 applies and give rise to a right-of-use (ROU) asset. For the subsequent measurement, the seller-lessee shall determine ‘lease payments’ or ‘revised lease payments’ in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying this subsequent measurement does not prevent the seller-lessee from recognizing any gain or loss relating to the partial or full termination of a lease. Any gain or loss relating to the partial or full termination of the lease does not relate to the right of use retained but to the right of use terminated.
- Amendments to PAS 1, *Presentation of Financial Statements - Noncurrent Liabilities with Covenants* – The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the financial statements.
- Amendments to PAS 7, *Statement of Cash Flows* and PFRS 7, *Financial Instruments: Disclosures - Supplier Finance Arrangements* – The amendments introduced new disclosure requirements to enable users of the financial statements assess the effects of supplier finance arrangements on the liabilities, cash flows and exposure to liquidity risk. The amendments also provide transitional relief on certain aspects, particularly on the disclosures of comparative information.

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

### **Amendments to PFRS in Issue But Not Yet Effective**

Relevant amendments to PFRS, which are not yet effective as at December 31, 2024 and have not been applied in preparing the separate financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2025:

- Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability* – The amendments clarify when a currency is considered exchangeable into another currency and how an entity determines the exchange rate for currencies that lack exchangeability. The amendments also introduce new disclosure requirements to help users of financial statements assess the impact when a currency is not exchangeable. An entity does not apply the amendments retrospectively. Instead, an entity recognizes any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings when the entity reports foreign currency transactions. When an entity uses a presentation currency other than its functional currency, it recognizes the cumulative amount of translation differences in equity. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2026:

- Amendments to PFRS 9, *Financial Instruments*, and PFRS 7, *Classification and Measurement of Financial Assets* – The amendments clarify that a financial liability is derecognized when the related obligation is discharged, cancelled, expires or otherwise qualifies for derecognition (e.g. settlement date), and introduces a policy option to derecognize financial liabilities settled through an electronic payment system before settlement date if the required conditions are met. The amendments also clarify the assessment of contractual cash flow characteristics of financial assets, the treatment of non-recourse loans and contractually linked instruments, as well as require additional disclosure requirements for financial assets and liabilities with contingent features and equity instruments classified at FVOCI. Earlier application is permitted.
- Annual Improvements to PFRS Accounting Standards Volume 11:
  - Amendments to PFRS 7 – The amendments update and remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure. Earlier application is permitted.
  - Amendments to PFRS 9, *Financial Instruments – Transaction Price and Lessee Derecognition of Lease Liabilities* – The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee must apply the derecognition criteria for a financial liability which requires recognition of a gain or loss in profit or loss. The amendments also replace the reference to ‘transaction price as defined by PFRS 15’ to ‘the amount determined by applying PFRS 15’ to remove potential confusion. Earlier application is permitted.
  - Amendments to PAS 7, *Cost Method* – The amendments replace the term ‘cost method’ with ‘at cost’ following the deletion of the definition of ‘cost method’. Earlier application is permitted.



Effective for annual periods beginning on or after January 1, 2027:

- **PFRS 18, *Presentation and Disclosure in Financial Statements*** – This standard replaces PAS 1 and sets out the requirements for the presentation and disclosure of information to help ensure that the financial statements provide relevant information that faithfully represents the entity's assets, liabilities, equity, income and expenses. The standard introduces new categories and sub-totals in the statements of comprehensive income, disclosures on management-defined performance measures, and new principles for grouping of information, which the entity needs to apply retrospectively. Earlier application is permitted.

Under prevailing circumstances, the adoption of the foregoing amendments to PFRS is not expected to have any material effect on the separate financial statements of the Company. Additional disclosures will be included in the separate financial statements, as applicable.

### **Joint Arrangements**

Joint arrangements represent activities where the Company has joint control established by a contractual agreement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing the control. A joint arrangement is either a joint operation, whereby the parties have rights to the assets and obligations for the liabilities, or a joint venture, whereby the parties have rights to the net assets.

The Company accounted for its interest in PinoyLotto as a joint operation. Accordingly, the Company recognizes (i) its assets, including its share of any assets held jointly, (ii) its liabilities, including its share of any liabilities incurred jointly, (iii) its revenues and share in revenues from the output of the joint operation, and (iv) its expenses, including its share of any expenses incurred jointly. The Company reports items of a similar nature to those on the financial statements of the joint arrangement, on a line-by-line basis, from the date that joint control commences until the date that joint control ceases.

The financial statements of PinoyLotto with a fiscal period ended June 30, are incorporated in the separate financial statements as at December 31. Adjustments and disclosures are made for the effects of significant transactions or events that occurred between the date of PinoyLotto's financial statements and the date of the separate financial statements. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

### **Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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

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

*“Day 1” Difference.* Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a “Day 1” difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transactions price as the best estimate of fair value and recognizes “Day 1” difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the “Day 1” difference.

*Classification of Financial Instruments.* The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and, (c) financial assets at FVOCI. The classification of a financial asset largely depends on its contractual cash flow characteristics and the Company’s business model for managing them.

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

Equity securities that have been designated to be measured at FVOCI may not be reclassified to a different category.

There were no reclassifications of financial assets in 2024 and 2023.

Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost.

As at December 31, 2024 and 2023, the Company does not have financial liabilities at FVPL and debt instruments measured at FVOCI.

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

Financial assets are classified as held for trading if these are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless these are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are measured at fair value at each reporting date, with any fair value gains or losses recognized in profit or loss to the extent these are not part of a designated hedging relationship.

Classified under this category are the Company’s investments in listed equity securities included under “Investments Held for Trading” account.

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Classified under this category are the Company's cash and cash equivalents, trade and other receivables (excluding advances to officers and employees), guarantee deposits (presented as part of "Other current assets" account), advances to subsidiaries and refundable deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of placement and are subject to an insignificant risk of changes in value.

*Financial Assets at FVOCI.* On initial recognition, equity securities which are not held for trading may be irrevocably designated as a financial asset to be measured at FVOCI.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, financial assets at FVOCI are measured at fair value with unrealized valuation gains or losses recognized in other comprehensive income and are accumulated under "Other equity reserves" account in the equity section of the separate statements of financial position. These fair value changes are not reclassified to profit or loss in subsequent periods. On disposal of these equity securities, any cumulative unrealized valuation gains or losses will be reclassified to retained earnings.

Classified under this category are the Company's investments in equity securities issued by the Parent Company.

*Financial Liabilities at Amortized Cost.* Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

Classified under this category are the Company's accounts payable and other current liabilities (excluding statutory payables and subscription payable), loans payable and lease liabilities.

### **Impairment of Financial Assets at Amortized Cost**

The Company records an allowance for expected credit loss (ECL) on financial assets at amortized cost based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognized in profit or loss to the extent that the carrying amount of the asset does not exceed its amortized cost at reversal date.

A financial asset is written off when there is no reasonable expectation of recovering the financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

*Trade Receivables.* The Company has applied the simplified approach in measuring the ECL on trade receivables. Simplified approach requires that ECL should always be based on the lifetime ECL. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date.

The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

*Other Financial Instruments Measured at Amortized Cost.* For these financial assets, the Company applies the general approach in determining ECL. The Company recognizes an allowance based on either the 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at reporting date with the risk of a default occurring on the financial instrument on the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort. In addition, the Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

### **Derecognition of Financial Assets and Liabilities**

*Financial Assets.* A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

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

*Financial Liabilities.* A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

### **Offsetting Financial Assets and Liabilities**

Financial assets and liabilities are offset and the net amount is reported in the separate statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the separate statements of financial position.

### **Creditable Withholding Taxes (CWTs)**

CWTs represent the amount withheld by the Company’s customers in relation to its income. CWTs can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation. CWTs are stated at its net realizable amount.

### **Prepayments**

Prepayments are expenses not yet incurred but paid in advance. Prepayments are apportioned over the period covered by the payment and charged to the appropriate account in profit or loss when incurred.

**Spare Parts and Accessories**

Spare parts and accessories are valued at the lower of cost and net realizable value (NRV). Cost is determined using the weighted average method and includes expenditures incurred in acquiring the supplies and bringing them to their existing location and condition. NRV is the current replacement cost.

**Property and Equipment**

Property and equipment are stated at cost less accumulated depreciation and amortization, and accumulated impairment losses, if any.

The initial cost of property and equipment consists of its purchase price, including import duties, nonrefundable taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred if the recognition criteria are met. Software or intangible assets that is an integral part of the related hardware are treated as property and equipment.

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to profit or loss in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of property and equipment.

Each part of the property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of the depreciable assets.

The depreciation and amortization periods for property and equipment, based on the above policies, are as follows:

Asset Type	Number of Years
Lottery equipment	5 or the term of the lease, whichever is shorter
Office furniture, fixtures and equipment	4-5
Leasehold improvements	4 or the term of the lease, whichever is shorter
Transportation equipment	4-5

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

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

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

### **Investments in Subsidiaries**

Investments in subsidiaries are accounted for using the cost method. A subsidiary is an entity controlled by the Company. The Company controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Under the cost method, the Company recognizes income from the investment only to the extent that the Company received distributions from accumulated profits of the investee arising after the date of acquisition. Distributions received in excess of such profits are regarded as a reduction of the cost of the investment.

An assessment of the carrying amount of the investment is performed when there is an indication that the investment has been impaired.

### **Impairment of Nonfinancial Assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

### **Equity**

*Capital Stock and Additional Paid-in Capital.* Capital stock is measured at par value for all shares issued. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as additional paid-in capital.

Incremental costs directly attributable to the issue of new capital stock are recognized as a deduction, net of tax, from the equity.

*Other Equity Reserves.* Other equity reserves comprise of items of income and expenses that are not recognized in profit or loss for the year in accordance with PFRS. Other equity reserves of the Company pertain to cumulative remeasurement gains on net retirement liability and cumulative unrealized valuation losses on financial assets at FVOCI.

*Retained Earnings (Deficit).* Retained earnings (deficit) represent the cumulative balance of the Company's results of operations and realized portion of the fair value reserve, net of dividends declared to date.

#### **Revenue Recognition**

Revenue from contracts with customers is recognized when control of the services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

The Company has generally concluded that it is the principal in its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

*Equipment Rental.* Revenue from lease agreements with variable lease payments is recognized based on a certain percentage of gross sales of the lessee's online lottery operations, as computed by the lessee in accordance with the agreement. For lease agreement with fixed payments and is classified as operating lease, revenue is recognized on a straight-line basis over the term of the lease.

*Commission Income.* Commission income from WABP is recognized at a point in time when the related services are provided and is computed based on a certain percentage of gross sales of the web-based lottery operations.

*Interest Income.* Interest income is recognized as the interest accrues taking into account the effective yield on the asset.

*Dividend Income.* Dividend income is recognized when the Company's right to receive the payment is established.

*Other Income.* Income from other sources is recognized at a point in time when earned.

#### **Contract Balances**

*Costs to Obtain a Contract.* The incremental costs of obtaining a contract with a customer are recognized as an asset if the Company expects to recover them. Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

*Costs Incurred to Fulfil a Contract.* Costs incurred to fulfil a contract are recognized as an asset if they are (a) directly related to a contract or to an anticipated contract that can be specifically identified by the Company, (b) generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) future performance obligations, and (c) are expected to be recovered.

*Amortization, Derecognition and Impairment of Contract Costs.* Costs recognized as an asset is amortized on a systematic basis consistently with the transfer of services related to the asset.

A capitalized contract cost is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Company determines whether there is an indication that contract costs maybe impaired. If such indication exists, the Company makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Company expects to receive less the costs that relate to providing services under the relevant contract.



### **Cost and Expense Recognition**

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants.

*Cost of Services.* Cost of services is recognized as expense when the related services are rendered.

*General and Administrative Expenses.* General and administrative expenses constitute cost of administering the business. These expenses are recognized in profit or loss when incurred.

*Finance Cost.* Finance cost is recognized in profit or loss using the effective interest method.

### **Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified assets for a period of time, the Company assesses whether, throughout the period of use, it has both of the following:

- a) the right to obtain substantially all of the economic benefits from the use of the identified asset; and
- b) the right to direct the use of the identified asset.

*Company as a Lessee.* At the commencement date, the Company recognizes ROU assets and lease liabilities for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value, in which case the lease payments associated with those leases are recognized as an expense in profit or loss on a straight-line basis. For leases with lease terms of 12 months or less but with an option to extend the lease, the management assesses whether there is reasonable certainty that the Company will extend the lease, by considering all relevant facts and circumstances that create an economic incentive for the lessee to extend or terminate the lease, to determine the appropriate lease term.

*ROU Assets.* At commencement date, the Company measures ROU assets at cost which is comprised of the following:

- a) the amount of the initial measurement of lease liabilities;
- b) any lease payments made at or before the commencement date less any lease incentives received;
- c) any initial direct costs; and
- d) an estimation of costs to be incurred by the Company in dismantling and removing the underlying asset, when applicable.

After the commencement date, the ROU assets are carried at cost less any accumulated amortization and accumulated impairment losses and adjusted for any remeasurement of the related lease liabilities. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the ROU assets are amortized over the shorter of the lease terms or the useful lives of the underlying assets.

*Lease Liabilities.* At commencement date, the Company measures a lease liability at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of a lease liability consist of the following:

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

A lease liability is subsequently measured at amortized cost. Interest on the lease liability and any variable lease payments not included in the measurement of lease liability are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liability are recognized in profit or loss when the event or condition that triggers those payments occurs.

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liability is remeasured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option. The lease liability is also remeasured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

*Company as a Lessor.* Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income under operating leases are recognized on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rent income. Contingent rents are recognized as revenue in the period in which these are earned.

### **Employee Benefits**

*Short-term Benefits.* The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

*Retirement Benefits.* The retirement liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, difference between interest income and return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which these arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in the profit or loss on the earlier of the date of the plan amendment or curtailment, and the date that the Company recognize related restructuring costs.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Actuarial valuations are made with sufficient regularity that the amounts recognized in the separate financial statements do not differ materially from the amounts that would be determined at the reporting period.

### **Foreign Currency-Denominated Transactions**

Transactions denominated in foreign currencies are initially recorded in Peso using the exchange rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are restated at the functional currency using the rate of exchange prevailing at the reporting date. Foreign exchange differences between the rate at transaction date and settlement date or reporting date are credited to or charged against profit or loss. Nonmonetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rate at the dates of initial transactions.

### **Valued-Added Tax (VAT)**

Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of VAT payable to the taxation authority and the amount of VAT on revenue not yet collected is included as part of "Statutory payables" under "Accounts payable and other current liabilities" account in the separate statements of financial position.

### **Income Taxes**

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

*Deferred Tax.* Deferred tax is provided on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes except for:

- When it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

Deferred tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity as other comprehensive income.

*Offsetting.* Current tax assets and current tax liabilities are offset, or deferred tax assets and deferred tax liabilities are offset if, and only if, an enforceable right exists to set off the amounts and it can be demonstrated without undue cost or effort that the Company plans either to settle on a net basis or to realize the asset and settle the liability simultaneously.

### **Related Parties and Transactions**

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

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Related party transactions are considered material and/or significant if i) these transactions amount to 10% or higher of the total assets, or ii) there are several transactions or a series of transactions over a 12-month period with the same related party amounting to 10% or higher of the total assets. Details of transactions entered into by the Company with related parties are reviewed in accordance with its related party transactions policy.

### **Earnings (Loss) per Share**

Basic earnings (loss) per share is computed by dividing net income (loss) for the year attributable to common equity holders of the Company, after recognition of the dividend requirement of preferred shares, as applicable, by the weighted average number of issued and outstanding common shares during the year, after giving retroactive effect to any stock dividends declared during the year.

Diluted earnings (loss) per share is computed by dividing net income (loss) for the year attributable to common equity holders of the Company by the weighted average number of issued and outstanding common shares during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential common shares that would have an anti-dilutive effect on earnings per share.

As the Company has no dilutive potential common shares outstanding, basic and diluted earnings (loss) per share are stated at the same amount.

### **Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are made using the best estimates of the amount required to settle the obligation and are discounted to present values using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Changes in estimates are reflected in profit or loss in the period these arise.

#### **Contingencies**

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

#### **Events after the Reporting Date**

Post year-end events that provide additional information about the Company's financial position at reporting date (adjusting events) are reflected in the separate financial statements. Post year-end events that are not adjusting events are disclosed in the notes to separate financial statements when material.

#### **Comparatives**

When necessary, comparative figures have been reclassified to conform to the changes in the presentation of the current year.

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### **3. Significant Judgments, Accounting Estimates and Assumptions**

The preparation of the separate financial statements in accordance with PFRS requires management to exercise judgment, make estimates and use assumptions that affect amounts of assets, liabilities, income and expenses reported in the separate financial statements. The judgment, estimates and assumptions used in the separate financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the separate financial statements. While management believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

#### **Judgments**

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

*Assessing Joint Control and Determining Proper Classification of a Joint Arrangement.* Management used judgment in classifying the Company's interest in PinoyLotto as a joint operation. PinoyLotto is 50% owned by the Company and is assessed to be controlled jointly with the parties to the agreement because the parties have equal number of board representatives and the relevant activities that significantly affect the return on the investment requires approval of the representatives from both parties. In classifying the interest as a joint operation, management's considerations include, but are not limited to, determining if the arrangement is structured through a separate vehicle and whether the legal form and contractual arrangements give the entity direct rights to the assets and obligations for the liabilities within the normal course of business. Other facts and circumstances are also assessed by management, including the entity's rights to the economic benefits of assets and its involvement and responsibility for settling liabilities associated with the arrangement.

The nature, extent, financial impact and risks associated with interest in joint operation are disclosed in Note 4.

*Evaluating Lease Commitments.* The evaluation of whether an arrangement contains a lease is based on its substance. An arrangement is, or contains a lease when the fulfillment of the arrangement depends on specific asset or assets and the arrangement conveys a right to use the asset.

Relevant details of the lease commitments are disclosed in Note 18.

*Determining the Classification of Lease – Company as a Lessor.* The Company leases to PCSO the lottery equipment it uses for its nationwide on-line lottery operations. The Company has determined that it has retained substantially all the risks and benefits of ownership of the lottery equipment being leased to PCSO. The ownership of the asset is not transferred to the lessee by the end of the lease term and the lessee has no option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option is exercisable. Accordingly, the lease is accounted for as an operating lease.

Relevant details of the lease agreement and the amount of revenue from equipment rental are disclosed in Notes 18 and 20.

*Determining Capitalizable Contract Costs.* Assessing whether costs to obtain a contract will be recognized as an asset depends on the Company's judgment which costs are considered as incremental, i.e., those expenditures which would not have been incurred if the contract had not been secured. On the other hand, the primary focus when deciding on the capitalization of costs incurred to fulfil a contract is determining which costs generate or enhance resources that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

The carrying amount of capitalized contract costs is disclosed in Note 8.

*Determining the Fair Value of Financial Instruments.* PFRS requires certain financial assets and liabilities to be carried at fair value, which requires extensive use of accounting estimates. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Company utilized different valuation methodologies. Any changes in fair value of these financial assets would affect profit and loss and equity.

The fair value of the Company's financial assets and liabilities are disclosed in Note 22.

### **Estimates and Assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*Assessing Impairment Losses on Financial Assets at Amortized Cost.* Impairment losses on financial assets are determined based on ECL. The Company uses judgment in making the assumptions about risk of default and ECL rates and selected inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Company's cash in banks and cash equivalents are considered to have minimal risk of default because these are maintained at reputable financial institutions with good industry rating and score.

The Company maintains allowance for impairment losses on trade and other receivables at a level considered adequate to provide for potential uncollectible accounts. The level of this allowance is evaluated by the management on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, the age and status of receivables, the length of relationship with the customers, the customer's payment behavior and known market factors. The Company reviews the allowance on a continuous basis.

As at December 31, 2024 and 2023, allowance for impairment losses on trade and other receivables amounted to ₱113.7 million (see Note 7).

For other financial assets at amortized cost, the Company has applied the general approach and calculated the ECL by considering the consequences and probabilities of possible defaults only for the next 12 months, rather than the life of the asset. It continues to apply this method until a significant increase in credit risk has occurred, at which point the loss allowance is measured based on lifetime ECL.

In 2024, the Company recognized provision for impairment loss on advances to subsidiaries amounting to ₱116,051. As at December 31, 2024 and 2023, allowance for impairment losses on advances to subsidiaries amounted to ₱22.4 million and ₱22.3 million, respectively (see Note 11).

The carrying amounts and credit quality of financial assets at amortized cost that were subjected to impairment assessment are disclosed in Note 22.

*Assessing the Impairment of Significant Nonfinancial Assets.* The Company assesses whether there are any indicators of impairment for significant nonfinancial assets at each reporting date. Significant nonfinancial assets are reviewed for impairment when there are indicators that the carrying amounts may not be recoverable. Determining the recoverable amount of these nonfinancial assets requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets which will necessitate the Company to make estimates and assumptions that can materially affect the separate financial statements.

While it is believed that the assumptions used in the estimation of recoverable values are appropriate and reasonable, future events could cause the Company to conclude that such nonfinancial assets are impaired. Any resulting impairment loss could have a material adverse impact on the Company's separate financial statements.

Management has considered the external and internal sources of impairment including the review of useful lives of the Company's property and equipment.

No provision for impairment loss was recognized on nonfinancial assets in 2024 and 2023.

The carrying amounts of significant nonfinancial assets as at December 31, 2024 and 2023 are disclosed in Notes 8, 10 and 11.

*Estimating the Useful Lives of Property and Equipment.* The Company estimates the useful lives of the property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of these assets. In addition, estimation of the useful lives is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned.



The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

There were no changes in the estimated useful lives of property and equipment in 2024 and 2023. The carrying amounts of property and equipment are disclosed in Note 10.

*Assessing the Realizability of Deferred Tax Assets.* The Company reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The amount of deferred tax assets that are recognized is based upon the likely timing and level of future taxable profits together with future tax planning strategies to which the deferred tax assets can be utilized.

Details of recognized and unrecognized deferred tax assets are disclosed in Note 17.

#### 4. Interest in Joint Operation

Interest in joint operation pertains to the Company's 50% ownership in PinoyLotto, a jointly controlled entity with PGMC and ILTSI, and was incorporated and registered with the SEC on June 21, 2021 primarily to provide software support and online lottery equipment service.

As discussed in Note 1, PinoyLotto was awarded a five-year lease of the customized PCSO Lottery System, also known as '2021 PLS Project' at a contract price of ₱5,800.0 million.

The contractual arrangements give the joint operators direct rights to the assets and obligations for the liabilities within the normal course of business.

PinoyLotto started nationwide operations on October 1, 2023. Pursuant to the contract, 6,500 terminals were installed and are in operation nationwide. Pre-operating expenses charged to profit or loss amounted to nil and ₱14.4 million in 2024 and 2023, respectively (see Note 14).

The Company's share in assets, liabilities, revenues, cost and expenses of PinoyLotto are presented below:

	Note	2024	2023
Cash and cash equivalents	5	<b>₱98,816,366</b>	₱72,608,057
Trade and other receivables	7	<b>49,737,037</b>	99,395,044
CWTs	8	<b>16,680,804</b>	—
Other current assets	8	<b>28,901,911</b>	26,759,374
Total Current Assets		<b>194,136,118</b>	198,762,475
Property and equipment	10	<b>₱652,001,130</b>	₱706,091,820
Net deferred tax assets	17	<b>428,878</b>	—
ROU assets	18	<b>54,149</b>	541,486
Advances to suppliers	10	—	68,850
Total Noncurrent Assets		<b>652,484,157</b>	706,702,156
Total Assets		<b>₱846,620,275</b>	₱905,464,631

	Note	2024	2023
Account payables and other current liabilities	12	<b>(P131,845,610)</b>	(P178,282,832)
Current portion of loans payable		<b>(138,980,392)</b>	(58,823,529)
Current portion of lease liabilities	18	<b>(57,445)</b>	(294,303)
<b>Total Current Liabilities</b>		<b>(270,883,447)</b>	(237,400,664)
Loans payable - net of current portion		<b>(277,960,784)</b>	(411,764,706)
Retirement liability	19	<b>(662,330)</b>	–
Lease liabilities - net of current portion	18	–	(208,495)
<b>Total Noncurrent Liabilities</b>		<b>(278,623,114)</b>	(411,973,201)
<b>Total Liabilities</b>		<b>(P549,506,561)</b>	(P649,373,865)
Revenue from equipment rental	18	<b>P517,857,143</b>	P129,464,286
Cost of services	14	<b>(264,209,114)</b>	(57,535,027)
General and administrative expenses	14	<b>(130,901,005)</b>	(46,366,911)
Finance cost		<b>(36,577,881)</b>	(17,878,309)
Interest income	5	<b>158,808</b>	84,322
Other charges	15	<b>(960,463)</b>	(2,312,579)
Provision for income taxes	17	<b>(13,098,869)</b>	–
<b>Net income</b>		<b>P72,268,619</b>	P5,455,782

#### Loan Agreement

On October 15, 2022, PinoyLotto entered into a long-term loan agreement with a local bank for a loan facility with a maximum aggregate principal amount of P1.0 billion, the proceeds of which shall be used to partially finance the capital expenditure requirements of the PLS Project. The loan has a term of five years, payable in equal quarterly installments beginning on the second year from initial drawdown up to the maturity. The loan bears an annual interest ranging from 6.5% to 8.6% and 6.5% to 7.5% in 2024 and 2023, respectively.

In 2024, PinoyLotto obtained additional bank loan amounting to P160.0 million from the same local bank for the same purpose. The additional loan has a term of four years, payable in equal quarterly installments and bears an annual interest of 8.6%.

Interest expense on loan payable which was recognized as “Finance cost” amounted to P36.6 million and P17.9 million in 2024 and 2023, respectively. The related accrued interest as at December 31, 2024 amounting to P4.0 million was presented as “Accrued expenses” under Accounts payable and other current liabilities account in the separate statements of financial position (see Note 12).

The loan is secured by a continuing surety of POSC and PGMC and maintenance of a debt service reserve account (see Note 5).

The movements in the loans payable recognized in the separate statements of financial position are presented below:

	2024	2023
Balance at beginning of year	<b>P470,588,235</b>	P67,500,000
Availments	<b>80,000,000</b>	432,500,000
Repayments	<b>(133,647,059)</b>	(29,411,765)
<b>Balance at end of year</b>	<b>P416,941,176</b>	P470,588,235

Pursuant to the terms of these loan agreements, PinoyLotto is required to comply with certain financial covenants starting June 30, 2024 which includes (a) bank debt to equity ratio not exceeding 3.0x, (b) debt-to-equity ratio not exceeding 3.5x and (c) debt service coverage ratio not falling below 1.2x. PinoyLotto is also restricted from performing certain corporate acts including declaration of dividends, material change in business and ownership, among others, without prior consent of the bank and must adhere to all financial and funding requirements. As at December 31, 2024 and 2023, PinoyLotto is compliant with the financial covenants and agreements.

#### Surety Bond

As at December 31, 2024, PinoyLotto has an existing surety bond agreement with Milestone Guaranty and Assurance Corp. to ensure compliance with its obligations related to the 2021 PLS Project. The surety bond agreement is valid until September 30, 2028.

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## 5. Cash and Cash Equivalents

This account consists of:

	2024	2023
Cash on hand	<b>₱354,730</b>	₱397,066
Cash in banks	<b>93,267,445</b>	262,991,926
Cash equivalents	<b>451,444,854</b>	53,415,967
Restricted cash	<b>43,822,597</b>	–
	<b>₱588,889,626</b>	₱316,804,959

Out of the above cash and cash equivalents, amounts attributable to the share in joint operation are as follows (see Note 4):

	2024	2023
Cash on hand	<b>₱349,730</b>	₱307,066
Cash in banks	<b>54,644,039</b>	72,300,991
Restricted cash	<b>43,822,597</b>	–
	<b>₱98,816,366</b>	₱72,608,057

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

Cash equivalents are made for varying periods of up to three months, depending on the immediate cash requirements of the Company, and earn interest at the respective deposit rates.

Under its loan agreement, PinoyLotto is required to maintain a debt service reserve account for the security of interest and/or principal repayments to the lenders. PinoyLotto is required to deposit cash to the debt service reserve account equivalent to the upcoming interest and/or principal repayment (see Note 4).

Interest income from cash and cash equivalents amounted to ₱13.8 million and ₱5.7 million in 2024 and 2023, respectively (see Note 15).

Out of the above interest income, amounts attributable to the share in joint operation amounted to ₱158,808 and ₱84,322 in 2024 and 2023, respectively (see Note 4).

## 6. Investments Held for Trading

This account consists of investments in quoted shares of stock of Vantage Equities, Inc., APC Group, Inc. and DigiPlus Interactive Corp.

Movements in investments held for trading are as follows:

	2024	2023
Balance at beginning of year	<b>₱100,012,769</b>	₱71,288,577
Disposals	<b>(56,316,244)</b>	(25,354,454)
Marked-to-market gain (loss)	<b>(952,007)</b>	54,078,646
Balance at end of year	<b>₱42,744,518</b>	₱100,012,769

Proceeds from disposal of investments held for trading amounted to ₱57.2 million and ₱27.6 million, resulting to a gain of ₱885,410 and ₱2.2 million in 2024 and 2023, respectively (see Note 15).

The fair values of these securities are based on closing quoted market prices on the last market day of the year (see Note 22).

## 7. Trade and Other Receivables

This account consists of:

	2024	2023
Trade	<b>₱48,333,333</b>	₱99,279,197
Nontrade receivables	<b>162,964,005</b>	201,359,337
Advances to officers and employees	<b>1,265,743</b>	872,036
Other receivables	<b>10,455,217</b>	13,797,517
	<b>223,018,298</b>	315,308,087
Less allowance for impairment losses	<b>113,677,614</b>	113,677,614
	<b>₱109,340,684</b>	₱201,630,473

Out of the above trade and other receivables, amounts attributable to the share in joint operation are as follows (see Note 4):

	2024	2023
Trade	<b>₱48,333,333</b>	₱96,666,667
Advances to officers and employees	<b>1,117,312</b>	508,177
Others	<b>286,392</b>	2,220,200
	<b>₱49,737,037</b>	₱99,395,044

Trade receivables are generally on a 30 to 60 day credit term. The risks associated to this account are disclosed in Note 22.

Nontrade receivables include amounts due from former investees amounting to ₱113.7 million which are provided with allowance for impairment, because of the delayed payments and disposal of ownership interest in the former investees. Nontrade receivables also include noninterest-bearing advances to a consultant amounting to ₱49.0 million and ₱63.5 million as at December 31, 2024 and 2023, respectively, which are intended for exploration of projects and business opportunities. As at report date, the Company decided to discontinue the project and has ongoing negotiations with the consultant to immediately finalize the terms and manner of recovery of the outstanding receivables.

Other receivables primarily arise from external services rendered in 2024 and disposal of trademark in 2023 which are collectible in the following financial period (see Note 15).

## 8. CWTs and Other Current Assets

### CWTs

This account pertains to CWTs of:

	2024	2023
POSC	<b>₱75,809,125</b>	₱74,422,688
PinoyLotto	<b>16,680,804</b>	—
	<b>₱92,489,929</b>	₱74,422,688

### Other Current Assets

This account consists of:

	Note	2024	2023
Guarantee deposits	20	<b>₱79,000,000</b>	₱91,000,000
Prepayments		<b>49,589,300</b>	30,373,504
Spares and accessories		<b>8,170,480</b>	606,075
Others		<b>2,240,464</b>	—
		<b>₱139,000,244</b>	₱121,979,579

Out of the above other current assets, amounts attributable to the share in joint operation are as follows (see Note 4):

	2024	2023
Prepayments	<b>₱18,490,967</b>	₱26,153,299
Spare parts and accessories	<b>8,170,480</b>	606,075
Others	<b>2,240,464</b>	—
	<b>₱28,901,911</b>	₱26,759,374

Guarantee deposits include cash bonds held in escrow account as part of the agreement with PCSO (see Note 20).

Prepayments represent mainly insurance and rent. It also includes prepaid technical training, advisory and maintenance services. As at December 31 2024, prepayments also include contract costs amounting to ₱30.7 million, which pertains to costs incurred to fulfil the obligations under the five-year lease of WABP (see Note 20).

Spare parts and accessories are generally used for providing maintenance and repair services on the leased lottery equipment to PCSO.

## 9. Financial Assets at FVOCI

The financial assets at FVOCI pertains to the Company's investment in shares of the Parent Company (see Note 16).

Movements in this account are as follows:

	2024	2023
Balance at beginning of year	<b>₱237,600,090</b>	₱179,142,925
Unrealized valuation gain	<b>82,971,460</b>	58,457,165
Disposal	<b>(320,571,550)</b>	—
Balance at end of year	<b>₱—</b>	₱237,600,090

In May 2024, the Company sold its investment in shares of the Parent Company for ₱320.6 million as a result of the tender offer conducted by the Ultimate Parent Company for the purpose of voluntary delisting the Parent Company shares from the Main Board of PSE.

The fair values of these securities are based on the quoted prices on the last market day of the year (see Note 22).

Movements in cumulative unrealized valuation losses on financial asset at FVOCI are as follows (see Note 13):

	2024	2023
Balance at beginning of year	<b>(₱234,391,670)</b>	(₱292,848,835)
Unrealized valuation gain	<b>82,971,460</b>	58,457,165
Realized portion	<b>151,420,210</b>	—
Balance at end of year	<b>₱—</b>	(₱234,391,670)

Dividend income from the financial assets at FVOCI amounted to nil and ₱18.9 million in 2024 and 2023, respectively.

## 10. Property and Equipment

The movements in this account are as follows:

	2024				
	Lottery Equipment	Office Furniture, Fixtures and Equipment	Leasehold Improvements	Transportation Equipment	Total
<b>Cost</b>					
Balance at beginning of year	<b>₱716,564,344</b>	<b>₱57,296,215</b>	<b>₱3,537,822</b>	<b>₱6,801,996</b>	<b>₱784,200,377</b>
Additions	<b>98,304,976</b>	<b>1,434,888</b>	<b>57,004</b>	<b>721,429</b>	<b>100,518,297</b>
Disposals	<b>—</b>	<b>(311,607)</b>	<b>—</b>	<b>(1,000,000)</b>	<b>(1,311,607)</b>
Balance at end of year	<b>814,869,320</b>	<b>58,419,496</b>	<b>3,594,826</b>	<b>6,523,425</b>	<b>883,407,067</b>
<b>Accumulated Depreciation and Amortization</b>					
Balance at beginning of year	<b>35,840,817</b>	<b>35,288,854</b>	<b>176,890</b>	<b>6,685,318</b>	<b>77,991,879</b>
Depreciation and amortization	<b>148,993,924</b>	<b>4,829,654</b>	<b>713,266</b>	<b>105,488</b>	<b>154,642,332</b>
Disposals	<b>—</b>	<b>(311,607)</b>	<b>—</b>	<b>(916,676)</b>	<b>(1,228,283)</b>
Balance at end of year	<b>184,834,741</b>	<b>39,806,901</b>	<b>890,156</b>	<b>5,874,130</b>	<b>231,405,928</b>
<b>Carrying Amount</b>	<b>₱630,034,579</b>	<b>₱18,612,595</b>	<b>₱2,704,670</b>	<b>₱649,295</b>	<b>₱652,001,139</b>

2023					
	Lottery Equipment	Office Furniture, Fixtures and Equipment	Leasehold Improvements	Transportation Equipment	Total
<b>Cost</b>					
Balance at beginning of year	₱504,007,200	₱46,148,353	₱—	₱8,828,791	₱558,984,344
Additions	716,564,344	23,248,487	3,537,822	—	743,350,653
Disposals and retirement	(504,007,200)	(12,100,625)	—	(2,026,795)	(518,134,620)
Balance at end of year	716,564,344	57,296,215	3,537,822	6,801,996	784,200,377
<b>Accumulated Depreciation and Amortization</b>					
Balance at beginning of year	504,007,200	44,992,671	—	8,218,789	557,218,660
Disposals and retirement	(504,007,200)	(11,987,338)	—	(2,019,609)	(518,014,147)
Depreciation and amortization	35,840,817	2,283,521	176,890	486,138	38,787,366
Balance at end of year	35,840,817	35,288,854	176,890	6,685,318	77,991,879
<b>Carrying Amount</b>	<b>₱680,723,527</b>	<b>₱22,007,361</b>	<b>₱3,360,932</b>	<b>₱116,678</b>	<b>₱706,208,498</b>

Out of the above property and equipment, amounts attributable to the share in joint operation are as follows (see Note 4):

2024					
	Lottery Equipment	Office Furniture, Fixtures and Equipment	Leasehold Improvements	Transportation Equipment	Total
<b>Cost</b>					
Balance at beginning of year	₱716,564,344	₱23,262,887	₱3,537,822	₱—	₱743,365,053
Additions	98,304,976	1,434,888	57,004	721,429	100,518,297
Balance at end of year	814,869,320	24,697,775	3,594,826	721,429	843,883,350
<b>Accumulated Depreciation and Amortization</b>					
Balance at beginning of year	35,840,817	1,255,526	176,890	—	37,273,233
Depreciation and amortization	148,993,924	4,829,654	713,266	72,143	154,608,987
Balance at end of year	184,834,741	6,085,180	890,156	72,143	191,882,220
<b>Carrying Amount</b>	<b>₱630,034,579</b>	<b>₱18,612,595</b>	<b>₱2,704,670</b>	<b>₱649,286</b>	<b>₱652,001,130</b>

2023					
	Lottery Equipment	Office Furniture, Fixtures and Equipment	Leasehold Improvements	Total	
<b>Cost</b>					
Balance at beginning of year	₱—	₱14,400	₱—	₱14,400	
Additions	716,564,344	23,248,487	3,537,822	743,350,653	
Balance at end of year	716,564,344	23,262,887	3,537,822	743,365,053	
<b>Accumulated Depreciation and Amortization</b>					
Balance at beginning of year	—	—	—	—	
Depreciation and amortization	35,840,817	1,255,526	176,890	37,273,233	
Balance at end of year	35,840,817	1,255,526	176,890	37,273,233	
<b>Carrying Amount</b>	<b>₱680,723,527</b>	<b>₱22,007,361</b>	<b>₱3,360,932</b>	<b>₱706,091,820</b>	

Advances made to suppliers in 2023 and 2022 amounting to ₱68,850 and ₱207.1 million were reclassified to property and equipment in 2024 and 2023, respectively.

The Company sold certain equipment with a carrying amount of ₱83,324 and ₱120,473 for a total consideration of ₱123,591 and ₱299,640 in 2024 and 2023, respectively, resulting to a gain on sale amounting to ₱40,267 and ₱179,167 in 2024 and 2023, respectively (see Note 15).

Since the ELA was terminated on September 30, 2023, the Company retired fully depreciated lottery equipment with cost of ₱504.0 million in 2023.

Depreciation and amortization recognized in the separate statements of comprehensive income arises from:

	Note	2024	2023
Property and equipment		<b>₱154,642,332</b>	₱38,787,366
ROU assets	18	<b>510,325</b>	1,815,399
		<b>₱155,152,657</b>	₱40,602,765

Depreciation and amortization are allocated as follows (see Note 14):

	2024	2023
Cost of services	<b>₱148,993,924</b>	₱39,097,946
General and administrative expenses	<b>6,158,733</b>	1,504,819
	<b>₱155,152,657</b>	₱40,602,765

## 11. Investments in and Advances to Subsidiaries

As at December 31, 2024 and 2023, the Company has investments in the following subsidiaries:

Subsidiaries	Principal Activity	Principal Place of Business	Percentage of Ownership
Total Gaming Technologies, Inc. (TGTI)	Gaming Business	Pasig City	98.9%
Loto Pacific Leisure Corporation (LotoPac)	Gaming Business	Pasig City	100%
Futurelab Interactive Corp. (FIC)	Gaming Business	Pasig City	50%

The movements in this account are as follows:

Subsidiaries	Note	2024	2023
Acquisition cost:			
TGTI		<b>₱164,640,809</b>	₱164,640,809
FIC		<b>1,250,000</b>	1,250,000
LotoPac		<b>625,000</b>	625,000
		<b>166,515,809</b>	166,515,809
Less allowance for impairment loss:			
TGTI		<b>100,089,236</b>	100,089,236
LotoPac		<b>625,000</b>	625,000
FIC		<b>312,500</b>	312,500
		<b>101,026,736</b>	101,026,736
		<b>65,489,073</b>	65,489,073
Advances to subsidiaries:	16		
TGTI		<b>71,542,197</b>	9,127,419
LotoPac		<b>22,398,338</b>	22,282,287
		<b>93,940,535</b>	31,409,706
Less allowance for impairment loss		<b>22,398,338</b>	22,282,287
		<b>71,542,197</b>	9,127,419
		<b>₱137,031,270</b>	₱74,616,492



The movements in allowance for impairment loss on advances to subsidiaries are as follows:

	Note	2024	2023
Balance at beginning of year		<b>₱22,282,287</b>	₱22,282,287
Provision	14	<b>116,051</b>	—
Balance at end of year		<b>₱22,398,338</b>	₱22,282,287

*TGTI.* TGTI has an ELA with PCSO for the latter's Online Keno Lottery operations. The ELA expired last April 1, 2022, and was no longer renewed. The Company is still evaluating its future operating plans. In the meantime, management continues to actively look for viable opportunities within the gaming industry.

In 2024 and 2023, the Company performed impairment testing of its investment in TGTI and assessed that an additional allowance for impairment loss should be recognized if TGTI's net assets become substantially lower than the carrying amount of the investments.

*FIC.* FIC was incorporated 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.

As at December 31, 2024 and 2023, the Company has subscription payable to FIC as follows (see Note 12):

	2024	2023
Balance at beginning of year	<b>₱937,500</b>	₱937,500
Payment	<b>(312,500)</b>	—
Balance at end of year	<b>₱625,000</b>	₱937,500

Reclassification of the 2023 separate financial statements was made to present the subscription payable separately from investments in subsidiaries.

In 2024 and 2023, the Company performed impairment testing of its investment in FIC and assessed that an additional allowance for impairment loss should be recognized if FIC's net assets become substantially lower than the carrying amount of the investments.

As at December 31, 2024 and 2023, FIC has not started its commercial operations.

*LotoPac.* LotoPac was incorporated primarily to acquire, establish, own, hold, lease, sell, conduct, operate and manage amusement, recreational, and gaming equipment facilities, and enterprise of every kind and nature, as well as places for exhibitions, recreation, gaming amusement and leisure of the general public, and 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 and as a result, LotoPac ceased its operations as an investment holding entity.

The investment was fully provided with allowance for impairment losses as at December 31, 2024 and 2023.

Presented below are financial information of the subsidiaries as at and for the years ended December 31:

	2024	2023
Current assets	<b>₱237,019,339</b>	₱311,382,588
Noncurrent assets	<b>937,500</b>	937,500
Current liabilities	<b>102,093,770</b>	79,949,600
Equity	<b>135,863,069</b>	232,370,488
Expenses	<b>322,036</b>	1,312,629
Other income (charges)	<b>(95,711,631)</b>	191,973,087
Net income (loss)/total comprehensive income (loss)	<b>(97,132,419)</b>	189,061,544

## 12. Accounts Payable and Other Current Liabilities

This account consists of:

	Note	2024	2023
Accounts payable		<b>₱159,248,509</b>	₱110,792,962
Accrued expenses			
Communications and outside services		<b>31,493,021</b>	4,265,677
Salaries and other employee benefits		<b>9,389,539</b>	3,245,706
Interest	4	<b>4,011,566</b>	—
Professional fees		<b>2,821,260</b>	2,656,000
Statutory payables		<b>6,450,698</b>	18,717,692
Nontrade payable		<b>2,857,459</b>	67,500,000
Subscription payable	11	<b>625,000</b>	937,500
Others		<b>657,233</b>	215,473
		<b>₱217,554,285</b>	₱208,331,010

Out of the above accounts payable and other current liabilities, amounts attributable to the share in joint operation are as follows (see Note 4):

	2024	2023
Accounts payable	<b>₱82,676,217</b>	₱98,518,793
Accrued expenses	<b>43,452,138</b>	—
Statutory payables	<b>5,276,180</b>	12,264,039
Nontrade payable	—	67,500,000
Other payables	<b>441,075</b>	—
	<b>₱131,845,610</b>	₱178,282,832

Accounts payable generally has a 30 to 45 day credit term.

Accrued expenses are normally settled in the following month.

Statutory payables mainly pertain to statutory contributions, withholding taxes, VAT payable and other liabilities to the government agencies, which are payable within the next financial year.

In 2023, nontrade payable primarily pertains to the Company's share in other liabilities of the joint operation that was initially shouldered by the co-operator. This was settled in 2024.

### 13. Equity

#### Capital Stock and Additional Paid-in Capital

Details of capital stock are as follows:

	Number of Shares	Amount
Authorized - ₱1 per share:		
Common shares	2,288,000,000	₱2,288,000,000
Issued and outstanding:		
Balance at beginning and end of year	895,330,946	₱895,330,946

Additional paid-in capital amounted to ₱254.6 million as at December 31, 2024 and 2023.

#### Other Equity Reserves

Details of other equity reserves shown in the separate statements of financial position follow:

	Note	2024	2023
Cumulative remeasurement gains on net retirement liability	19	₱12,708,977	₱7,546,275
Cumulative unrealized valuation losses on financial asset at FVOCI	9	–	(234,391,670)
		₱12,708,977	(₱226,845,395)

#### Retained Earnings (Deficit)

On February 28, 2024, the Company's BOD approved the declaration of cash dividends of ₱0.10 per share amounting to approximately ₱89.5 million to shareholders of record as at March 14, 2024. The Company paid the dividends on March 26, 2024.

On February 28, 2023, the Company's BOD approved the declaration of cash dividends of ₱0.10 per share amounting to approximately ₱89.5 million to shareholders of record as at March 15, 2023. The Company paid the dividends on March 28, 2023.

### 14. Cost and Expenses

#### Cost of Services

This account consists of:

	Note	2024	2023
Depreciation and amortization	10	₱148,993,924	₱39,097,946
Communication		67,316,596	48,178,783
Software and license fees	20	43,447,330	65,552,553
Personnel costs		13,046,949	50,601,961
Service charge		6,679,913	–
Repairs and maintenance		4,963,355	25,825,873
Rent and utilities		4,772,410	19,301,052
Travel and accommodation		4,764,921	18,279,575
Operating supplies		66,070	2,633,609
Professional fees		–	1,481,173
Taxes and licenses		–	799,920
Others		170,389	86,380
		₱294,221,857	₱271,838,825

Out of the above cost of services, amounts attributable to the share in joint operation are as follows (see Note 4):

	2024	2023
Depreciation and amortization	<b>₱148,993,924</b>	₱35,965,036
Communication	<b>67,093,717</b>	14,087,796
Software and license fees	<b>43,447,330</b>	5,903,994
Repairs and maintenance	<b>4,674,143</b>	1,578,201
	<b>₱264,209,114</b>	<b>₱57,535,027</b>

#### General and Administrative Expenses

This account consists of:

	Note	2024	2023
Personnel costs		<b>₱66,124,666</b>	₱35,320,868
Other external services		<b>32,297,870</b>	7,792,285
Rent and utilities		<b>24,898,223</b>	11,467,229
Travel and accommodation		<b>15,805,802</b>	7,033,320
Taxes and licenses		<b>12,340,517</b>	8,610,182
Professional fees		<b>6,196,205</b>	4,376,789
Depreciation and amortization	10	<b>6,158,733</b>	1,504,819
Representation and entertainment		<b>4,328,438</b>	6,300,339
Repairs and maintenance		<b>3,023,138</b>	4,629,532
Communication		<b>2,907,891</b>	5,570,441
Operating supplies		<b>2,641,886</b>	—
Director's fee		<b>1,994,118</b>	4,849,346
Provision for impairment loss	11	<b>116,051</b>	—
Pre-operating expenses	4	—	14,362,121
Others		<b>52,862,675</b>	2,262,870
		<b>₱231,696,213</b>	<b>₱114,080,141</b>

Out of the above general and administrative expenses, amounts attributable to the share in joint operation are as follows (see Note 4):

	2024	2023
Personnel costs	<b>₱43,388,104</b>	₱2,998,294
Other external services	<b>32,297,870</b>	7,792,285
Rent and utilities	<b>19,161,541</b>	5,993,118
Travel and accommodation	<b>9,442,644</b>	2,341,400
Taxes and licenses	<b>7,545,306</b>	1,421,477
Depreciation and amortization	<b>6,125,397</b>	1,308,197
Representation and entertainment	<b>3,946,038</b>	5,798,913
Communication	<b>2,210,773</b>	1,530,154
Operating supplies	<b>1,901,430</b>	—
Repairs and maintenance	<b>1,714,777</b>	1,236,085
Professional fees	<b>304,450</b>	260,500
Pre-operating expenses	—	14,362,121
Others	<b>2,862,675</b>	1,324,367
	<b>₱130,901,005</b>	<b>₱46,366,911</b>

Other external services primarily pertain to outsourcing of contractual and logistics personnel and janitorial services.

Other general and administrative expenses primarily include non-incremental contract costs incurred in 2024 amounting to ₱50.0 million.

Pre-operating expenses of PinoyLotto pertain to:

	2023
Taxes and licenses	₱4,360,942
Professional fees	4,255,645
Rent and utilities	3,283,261
Entertainment and representation	535,557
Bank charges	2,976
Depreciation	2,224
Others	1,921,516
	<b>₱14,362,121</b>

Personnel costs are as follows:

	Note	2024	2023
Salaries and wages		<b>₱56,183,099</b>	₱56,706,519
Post-employment benefits	19	<b>3,937,534</b>	2,718,689
Other short-term employee benefits		<b>19,050,982</b>	26,497,621
		<b>₱79,171,615</b>	₱85,922,829

#### 15. Other Income - Net

This account consists of:

	Note	2024	2023
Income from external services		<b>₱10,296,743</b>	₱—
Foreign exchange gains (losses) - net:			
Unrealized		<b>(1,021,044)</b>	(2,352,135)
Realized		<b>1,073</b>	383
Gain on disposal of:			
Investment held for trading	6	<b>885,410</b>	2,200,087
Scrap items		<b>365,126</b>	—
Property and equipment	10	<b>40,267</b>	179,167
Trademark		—	26,785,714
Interest expense on lease liabilities	18	<b>(30,797)</b>	(24,897)
Others		<b>187,735</b>	(2,481,251)
		<b>₱10,724,513</b>	₱24,307,068

Out of the above other income (charges), amounts attributable to the share in joint operation are as follows (see Note 4):

	Note	2024	2023
Unrealized foreign exchange losses		<b>(₱1,049,884)</b>	(₱2,390,383)
Interest expense on lease liabilities	18	<b>(30,797)</b>	(24,897)
Others		<b>120,218</b>	102,701
		<b>(₱960,463)</b>	(₱2,312,579)

Income from external services primarily arise from shared services rendered to a third party covering the functional areas of business development, internal audit, treasury and finance, procurement and human resources, among others.

In November 2023, the Company entered into a Trademark Assignment Agreement with Diamond Powerwinners Corp. (DPC) where the Company conveys the subject trademarks and assigns all of its rights, title and interest therein to DPC for a total consideration of ₱30.0 million (inclusive of VAT) payable in ten equal monthly installments. Gain on trademark assignment amounted to ₱26.8 million. All outstanding receivable was collected in 2024.

Others mainly consist of miscellaneous income and bank charges.

## 16. Related Party Transactions and Balances

In the normal course of business, the Company has transactions and balances with its related parties. Details are as follows:

	Note	Nature of Transactions	Related Party	Year	Transactions for the Year	Outstanding Balance	Terms and Conditions
Financial assets at FVOCI	9	Investment in equity securities	Parent Company	2024	₱—	₱—	
				2023	—	237,600,090	
	9	Dividend income	Parent Company	2024	—	—	
				2023	18,947,664	—	
Advances to subsidiaries	11	Cash advances	Subsidiaries	2024	₱62,990,310	₱62,990,310	Unsecured and noninterest-bearing, on demand
				2023	—	—	
		Reimbursable charges and transfer of retirement plan	Subsidiaries	2024	—	30,950,225	
				2023	—	31,409,706	
	11	Less allowance for impairment losses	Subsidiaries	2024	—	(22,398,338)	
				2023	—	(22,282,287)	
				2024		₱71,542,197	
				2023		9,127,419	
Accounts payable and other current liabilities	12	Acquisition of lottery equipment	Joint operator	2024	₱420,733,620	₱82,635,722	Unsecured, noninterest-bearing, 30 to 45 day credit term
				2023	112,249,750	80,043,978	

Compensation of key management personnel are as follows:

	2024	2023
Salaries and wages	₱15,050,945	₱9,187,230
Post-employment benefits	795,704	881,108
	₱15,846,649	₱10,068,338

## 17. Income Taxes

The components of provision for income tax are as follows:

	2024	2023
Current income tax expense - RCIT:		
PinoyLotto	<b>₱13,527,746</b>	₱—
POSC	—	53,246,695
	<b>13,527,746</b>	53,246,695
Deferred income tax expense (benefit):		
POSC	<b>7,134,566</b>	(4,629,957)
PinoyLotto	<b>(428,878)</b>	—
	<b>6,705,688</b>	(4,629,957)
	<b>₱20,233,434</b>	₱48,616,738

The Company's deferred tax assets (liabilities) consist of:

	Note	2024	2023
<b>Items recognized in profit or loss</b>			
Costs incurred to fulfil a contract		<b>(₱7,665,028)</b>	₱—
Net retirement liability		<b>4,655,695</b>	3,836,893
Unamortized past service costs		<b>1,941,190</b>	2,231,881
Temporary differences attributable to the joint operation		<b>428,878</b>	—
Unrealized foreign exchange gain		<b>(7,210)</b>	(9,563)
		<b>(646,475)</b>	6,059,211
<b>Item recognized in other comprehensive income</b>			
Cumulative remeasurement gains on net retirement liability	19	<b>(4,236,326)</b>	(2,515,424)
Net deferred tax assets (liabilities)		<b>(₱4,882,801)</b>	₱3,543,787

In 2024, the Company incurred a NOLCO of ₱88.7 million which can be claimed as deduction against future taxable income until 2027. The related deferred tax asset amounting to ₱22.2 million was not recognized because management has assessed that it is not probable that sufficient taxable profit will be available to allow the unrecognized deferred tax asset to be utilized.

The reconciliation between the provision for (benefit from) income tax computed at statutory tax rate and the provision for income tax shown in the separate statements of comprehensive income is as follows:

	2024	2023
Income tax (benefit) at statutory income tax rate	(P2,867,399)	P75,203,621
Change in unrecognized deferred tax asset	22,185,897	—
Income tax effects of:		
Nondeductible expense	12,544,514	754,701
Income attributable to joint operation	(21,341,872)	(1,363,946)
Provision for income tax attributable to joint operation	13,098,869	—
Interest income subjected to final tax	(3,403,224)	(1,390,649)
Marked-to-market loss (gain) on investments held for trading	238,002	(13,519,662)
Nontaxable income from disposal of investments held for trading	(221,353)	(550,022)
Nontaxable dividend income	—	(4,736,916)
Applied MCIT	—	(4,595,966)
Applied NOLCO	—	(1,184,423)
Provision for income tax	P20,233,434	P48,616,738

## 18. Lease Commitments

### Company as Lessor

POSC leased online lotto equipment and accessories to PCSO starting July 31, 2021 as provided in the 2020 Amended ELA, with a series of extensions until September 30, 2023 in time for the commencement of PinoyLotto's nationwide operations.

Rental income amounted to P9.6 million and P469.7 million in 2024 and 2023, respectively. The rental income in 2023 is based on a percentage of gross sales of lotto tickets from PCSO's Luzon and VISMIN operations while the rental income in 2024 is primarily due to continuing costs incurred from ticket validations.

On October 1, 2023, PinoyLotto, joint operation entity, commenced its commercial operations for the five year-lease of the customized PCSO Lottery System at a contract price of P5,800.0 million. Pursuant to the contract, 6,500 terminals were installed and are in operation nationwide.

Rental income attributable to the joint operation amounted to P517.9 million and P129.5 million in 2024 and 2023, respectively (see Note 4).

### Company as Lessee

The Company leases office space and warehouses. The leases typically run for a period of two to five years, with an option to renew the lease after expiration date upon mutual agreement of the parties.

As at December 31, 2024 and 2023, refundable deposits from lease agreements amounted to P2.3 million and P2.4 million, respectively. These are subject to adjustments every year if rent rates increase and shall be returned to the lessee without interest.



Amounts recognized in the separate statements of comprehensive income follow:

	Note	2024	2023
Rent expense		<b>₱17,266,475</b>	₱18,092,195
Amortization of ROU assets	10	<b>510,325</b>	1,815,399
Interest expense on lease liabilities	15	<b>30,797</b>	24,897
		<b>₱17,807,597</b>	₱19,932,491

Rent expense pertains to low-value asset leases on storage and short-term leases on warehouses.

The movements in the ROU assets are presented below:

	Note	2024	2023
Balance at beginning of year		<b>₱541,486</b>	₱1,815,399
Amortization	10	<b>(510,325)</b>	(1,815,399)
Modification		<b>22,987</b>	—
Addition	4	—	541,486
Balance at end of year		<b>₱54,148</b>	₱541,486

The movements in the lease liabilities are presented below:

	2024	2023
Balance at beginning of year	<b>₱502,798</b>	₱1,891,442
Payments	<b>(499,137)</b>	(1,955,027)
Interest expense	<b>30,797</b>	24,897
Modification	<b>22,987</b>	—
Additions	—	541,486
	<b>57,445</b>	502,798
Current portion	<b>57,445</b>	294,303
Noncurrent portion	<b>₱—</b>	₱208,495

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

	2024	2023
Within one year	<b>₱114,890</b>	₱315,330
After one year but not more than five years	—	226,156
	<b>₱114,890</b>	₱541,486

## 19. Retirement Benefits

The Company has funded, noncontributory defined benefit pension plan covering all regular and permanent employees. The benefits are based on employees' projected salaries and number of years of service. Costs are determined in accordance with the actuarial study, the latest of which is dated December 2024.

Changes in the retirement benefits of the Company are as follows:

	2024		
	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Retirement Liability
Balance at beginning of year	₱68,930,669	₱63,644,798	₱5,285,871
Net retirement costs recognized in profit or loss:			
Current service cost	3,998,240	—	3,998,240
Interest expense	2,402,859	—	2,402,859
Interest income	—	2,079,892	(2,079,892)
Past service income	(383,673)	—	(383,673)
	6,017,426	2,079,892	3,937,534
Benefits paid from retirement fund	(35,555,580)	(35,555,580)	—
Remeasurement gain recognized in other comprehensive income:			
Actuarial changes due to experience adjustment	(5,841,880)	—	(5,841,880)
Actual return excluding amount included in net interest cost	—	887,923	(887,923)
Actuarial changes arising from changes in financial assumptions	(153,801)	—	(153,801)
	(5,995,681)	887,923	(6,883,604)
Balance at end of year	₱33,396,834	₱31,057,033	₱2,339,801

	2023		
	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Retirement Liability
Balance at beginning of year	₱51,053,813	₱50,611,660	₱442,153
Net retirement costs recognized in profit or loss:			
Current service cost	4,306,251	—	4,306,251
Interest expense	3,572,295	—	3,572,295
Interest income	—	3,219,029	(3,219,029)
Past service income	(1,940,828)	—	(1,940,828)
	5,937,718	3,219,029	2,718,689
Contributions	—	10,185,726	(10,185,726)
Remeasurement loss recognized in other comprehensive income:			
Actuarial changes due to experience adjustment	7,263,106	—	7,263,106
Actuarial changes arising from changes in financial assumptions	4,676,032	—	4,676,032
Actual return excluding amount included in net interest cost	—	(371,617)	371,617
	11,939,138	(371,617)	12,310,755
Balance at end of year	₱68,930,669	₱63,644,798	₱5,285,871

Retirement benefits cost and liability attributable to the share in joint operation amounted to ₱662,330 as at and for the year ended December 31, 2024 (see Note 4).

Movements in cumulative remeasurement gains on net retirement liability consist of the following:

	<b>2024</b>		
	<b>Cumulative Remeasurement Gains on Net Retirement Liability</b>	<b>Deferred Tax (see Note 17)</b>	<b>Total</b>
Balance at beginning of year	<b>₱10,061,699</b>	<b>(₱2,515,424)</b>	<b>₱7,546,275</b>
Remeasurement gain	<b>6,883,604</b>	<b>(1,720,902)</b>	<b>5,162,702</b>
Balance at end of year	<b>₱16,945,303</b>	<b>(₱4,236,326)</b>	<b>₱12,708,977</b>

	<b>2023</b>		
	<b>Cumulative Remeasurement Gains on Net Retirement Liability</b>	<b>Deferred Tax (see Note 17)</b>	<b>Total</b>
Balance at beginning of year	<b>₱22,372,454</b>	<b>(₱5,593,113)</b>	<b>₱16,779,341</b>
Remeasurement loss	<b>(12,310,755)</b>	<b>3,077,689</b>	<b>(9,233,066)</b>
Balance at end of year	<b>₱10,061,699</b>	<b>(₱2,515,424)</b>	<b>₱7,546,275</b>

The following table presents the fair values of the plan assets of the Company as at December 31:

	<b>2024</b>	<b>2023</b>
Cash	<b>₱7,266</b>	₱651,170
Debt instruments - government bonds	<b>16,560,599</b>	39,659,754
Debt instruments - other bonds	<b>4,529,172</b>	4,317,196
Unit investment trust funds	<b>9,763,744</b>	18,478,901
Others	<b>196,252</b>	537,777
	<b>₱31,057,033</b>	₱63,644,798

The Company's plan assets are administered by a Trustee. The Company and the retirement plan have no specific matching strategies between the retirement plan assets and define benefit asset or obligation under the retirement plan.

The Company is not expected to contribute to the plan in 2024.

The principal assumptions used to determine retirement liability or defined benefit obligation as at December 31 are as follows:

	<b>2024</b>	<b>2023</b>
Discount rates	<b>6.15%</b>	6.11%
Future salary increases	<b>8.00%</b>	8.00%

The retirement benefits expose the Company to the following risks:

- *Salary risk* - any increase in the qualified employees' salary will increase the net retirement liability.
- *Longevity risk* – any increase in the qualified employees' life expectancy will increase the net retirement liability.
- *Interest rate risk* - a decrease in the bond interest rate will increase the present value of the net retirement liability.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at December 31, 2024 and 2023 assuming all other assumptions were held constant:

	2024		2023	
	Increase (Decrease)	Increase (Decrease) in Defined Benefit Obligation	Increase (Decrease)	Increase (Decrease) in Defined Benefit Obligation
Discount rate	-1.00%	₱36,686,128	-1.00%	₱73,532,250
	+1.00%	(29,512,371)	+1.00%	(64,864,095)
Salary increase rate	+1.00%	36,760,480	+1.00%	73,605,475
	-1.00%	(29,387,653)	-1.00%	(65,003,908)

The average duration of the Company's defined benefit obligation is 14.64 years as at December 31, 2024.

The maturity analysis of the undiscounted benefit payments follows:

	2024	2023
Less than one year	₱1,833,197	₱30,074,267
More than one to five years	3,528,693	8,297,618
More than five to ten years	170,662,201	199,462,807

## 20. Significant Contracts and Commitments

### Agreements with PCSO

*ELA.* The Company entered into 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. The ELA was concluded on September 30, 2023.

PCSO is a principal government agency for raising and providing funds for health programs, medical assistance and services, and charities of national character through holding and conducting charity sweepstakes, races, and lotteries.

Pursuant to the amended ELA, the Company was required to deposit cash bond to guarantee the unhampered use and operation of the lottery system, including equipment, servers, network communication and terminals. The cash bond under the ELA, included under “Other current assets” account in the separate statements of financial position as at December 31, 2023 amounting to ₱12.0 million was refunded in 2024 (see Note 8).

The rental fee presented as “Equipment rental” in the separate statements of comprehensive income is disclosed in Note 18.

*WABP.* On August 30, 2023, POSC was granted a one-year trial period to provide a WABP for PCSO. Under the arrangement, POSC will be acting as PCSO’s exclusive agent and generate fees based on a certain percentage of revenues. This was launched on December 15, 2023 and ended on July 12, 2024 upon the instruction of PCSO as it gears toward making the E-lotto services better and as it transitions to a new platform (see Note 1).

Cash bond for the E-lottery system, included under “Other current assets” account in the separate statements of financial position as at December 31, 2024 and 2023 amounted to ₱79.0 million (see Note 8).

Fees presented as “Commission income” in the separate statements of comprehensive income amounted to ₱2.3 million in 2023 which is based on 14.0% of E-lotto sales. In 2024, the terms of arrangement were revised to indicate that the Company, instead of receiving commission, shall be reimbursed for reasonable actual costs as may be determined by the PCSO BOD, but in no case, shall it exceed 8.0% of the generated sales less any taxes due. In relation to this, the Company billed PCSO ₱35.4 million, net of taxes, in September 2024. Upon request of PCSO, the Company has already submitted the supporting documentations for the amount billed.

As at December 31, 2024, these documents are still under the review by the PCSO, accordingly, no revenue was recognized in 2024.

On June 19, 2024, POSC received a Notice of Award from PCSO after a bidding process for a five-year lease of its WABP. With the issuance of the Notice of Award, the Company will now have to comply with the post-Notice of Award requirements of the PCSO; thereafter, the contract between the Company and PCSO covering the terms and conditions of the WABP project will be executed. The commercial operation will commence 76 days from the receipt of the Notice to Proceed.

As at December 31, 2024, PCSO has not yet issued the Notice to Proceed. The related costs incurred to fulfill a contract amounting to ₱30.7 million included under “Other current assets” account in the separate statements of financial position will be amortized over the term of the lease (see Note 8).

#### **Contracts with Scientific Games and Intralot**

*Scientific Games.* POSC had 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.

*Intralot.* POSC had contract with Intralot Inc., a company 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 shall pay Intralot a pre-agreed percentage of the revenue generated by the terminals from PCSO's conduct of online lottery operations.

The contracts with Scientific Games and Intralot shall continue as long as POSC's ELA with PCSO are in effect. The ELA between the Company and PCSO expired last September 30, 2023

Software and license fee recognized arising from Scientific Games contract and Intralot contracts above amounted to nil and ₱59.6 million in 2024 and 2023, respectively (see Note 14).

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## 21. Basic/Diluted Earnings (Loss) Per Share

As at December 31, 2024 and 2023, earnings (loss) per share was computed as follows:

	2024	2023
Net income (loss) (a)	(₱31,703,031)	₱252,197,744
Number of issued and outstanding common shares (b)	895,330,946	895,330,946
Earnings (loss) per common share (a/b)	(₱0.0354)	₱0.2817

The Company has no dilutive potential common shares outstanding, therefore basic earnings (loss) per share is the same as diluted earnings (loss) per share.

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## 22. Financial Instruments

### **Financial Risk Management Objectives and Policies**

The financial instruments mainly comprise cash and cash equivalents, trade and other receivables (excluding advances to officers and employees), guarantee deposits (presented as part of "Other current assets" account), advances to subsidiaries, refundable deposits, investments held for trading, financial assets at FVOCI, accounts payable and other current liabilities (excluding statutory payables and subscription payable), loans payable and lease liabilities. The main purpose of these financial instruments is to finance the Company's projects and operations.

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 Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. It is the Company'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 Company's exposure to bad debts is not significant. The Company 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 Company, which comprise of trade and other receivables (excluding advances to officers and employees), guarantee deposits (presented as part of "Other current assets" account), advances to subsidiaries and refundable deposits, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying value of these financial assets.

Except for nontrade receivables from former investees and advances to subsidiaries which are provided with allowance for impairment losses, the Company's financial assets at amortized cost are neither past due nor impaired as at December 31, 2024 and 2023.

#### 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 Company's financial assets are as follows:

	2024			
	ECL Staging			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
<b>Financial Assets at Amortized Cost</b>				
Cash and cash equivalents*	P588,534,896	P-	P-	P588,534,896
Trade and other receivables**	108,074,941	-	113,677,614	221,752,555
Advances to subsidiaries	71,542,197	-	22,398,338	93,940,535
Guarantee deposits***	79,000,000	-	-	79,000,000
Refundable deposits	2,291,727	-	-	2,291,727
<b>Gross Carrying Amount</b>	<b>P849,443,761</b>	<b>P-</b>	<b>P136,075,952</b>	<b>P985,519,713</b>

\*Excluding cash on hand.

\*\*Excluding advances to officers and employees.

\*\*\*Presented under "Other current assets" account.

	2023			
	ECL Staging			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
<b>Financial Assets at Amortized Cost</b>				
Cash and cash equivalents*	P316,407,893	P-	P-	P316,407,893
Trade and other receivables**	200,758,437	-	113,677,614	314,436,051
Advances to subsidiaries	9,127,419	-	22,282,287	31,409,706
Guarantee deposits***	91,000,000	-	-	91,000,000
Refundable deposits	2,447,984	-	-	2,447,984
<b>Gross Carrying Amount</b>	<b>P619,741,733</b>	<b>P-</b>	<b>P135,959,901</b>	<b>P755,701,634</b>

\*Excluding cash on hand.

\*\*Excluding advances to officers and employees.

\*\*\*Presented under "Other current assets" account.

Cash and cash equivalents are deposited and invested with the top ten banks in the Philippines and are considered to have low credit risk. Trade receivables which are always subject to lifetime ECL, and guarantee and refundable deposits have low credit risk since PCSO and other counterparties are not expected to default in settling its obligation.

Nontrade receivables and advances to subsidiaries with high probability of delinquency and default were provided with allowance for impairment losses.

**Equity Price Risk.** Equity price risk is the risk that the fair value of quoted investments decreases as a result of changes in the value of individual stock. The Company's exposure to equity price risk relates primarily to the Company's investments held for trading and financial assets at FVOCI. The Company 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 Company's 2024 and 2023 total comprehensive income before income tax:

	2024		2023	
	Increase (Decrease in Equity Price)	Financial Impact	Increase (Decrease in Equity Price)	Financial Impact
Impact in profit or loss	30.61% (30.61%)	₱13,084,249 (13,084,249)	28.02% (28.02%)	₱28,021,381 (28,021,381)
Impact in comprehensive income	30.61% (30.61%)	₱— —	28.02% (28.02%)	₱66,570,326 (66,570,326)

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

The Company considers obtaining borrowings as the need arises.

The following table summarizes the maturity profile of the Company's financial liabilities as at December 31, 2024 and 2023 based on contractual undiscounted cash flows.

	2024				Total
	Less than three months	Three to six months	More than six-to 12 months	More than 12 months	
Accounts payable and other current liabilities*	₱210,478,587	₱—	₱—	₱—	₱210,478,587
Loans payable	—	69,490,196	69,490,196	277,960,784	416,941,176
Lease liabilities	114,890	—	—	—	114,890
	₱210,593,477	₱69,490,196	₱69,490,196	₱277,960,784	₱627,534,653

\*Excluding statutory payables and subscription payable.

	2023				Total
	Less than three months	Three to six months	More than six-to 12 months	More than 12 months	
Accounts payable and other current liabilities*	₱188,675,818	₱—	₱—	₱—	₱188,675,818
Loans payable	—	—	58,823,529	411,764,706	470,588,235
Lease liabilities	78,833	78,833	157,664	226,156	541,486
	₱188,754,651	₱78,833	₱58,981,193	₱411,990,862	₱659,805,539

\*Excluding statutory payables and subscription payable.



**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 December 31, 2024 and 2023, the Company's foreign currency-denominated financial assets (liabilities) in United States Dollars (US\$), translated into Peso at the closing rate are as follows:

	2024		2023	
	US\$	Peso	US\$	Peso Equivalent
Cash and cash equivalents	\$1,080,984	₱62,534,951	\$981,004	₱54,121,986
Accounts payable and other current liabilities*	(2,180,257)	(126,127,922)	—	—
Net foreign currency-denominated liabilities	(\$1,099,273)	(₱63,592,971)	\$981,004	₱54,121,986

In translating the foreign currency-denominated financial instruments into Peso amounts, the exchange rate used was ₱57.85 to US\$1.0 and ₱55.17 to US\$1.0, as at December 31, 2024 and 2023, respectively.

It is the Company's policy to ensure that capabilities exist for active but conservative management of its foreign currency risk. The Company 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 US\$ exchange rates, with all other variables held constant, of the Company's income before tax as at December 31, 2024 and 2023. There is no other impact on the Company's equity other than those already affecting the profit or loss in the separate statements of comprehensive income.

	2024		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	(₱3,179,649)	₱3,179,649	₱2,706,099	(₱2,706,099)

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

### **Capital Management**

The primary objective of the Company'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 Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company 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 Company considers the following as its capital:

	2024	2023
Common stock	<b>₱895,330,946</b>	₱895,330,946
Additional paid-in capital	<b>254,640,323</b>	254,640,323
Retained earnings (deficit)	<b>(40,612,469)</b>	232,043,867
	<b>₱1,109,358,800</b>	₱1,382,015,136

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

The following table presents the carrying amounts and fair values of the Company's assets and liabilities measured at fair value and for which fair values are disclosed, and the corresponding hierarchy:

		2024		
		Fair Value Measurement		
	Carrying Amount	Quoted Prices in Active Markets (Level 1)	Significant Observable inputs (Level 2)	Significant Unobservable inputs (Level 3)
Asset measured at fair value				
Investments held for trading -				
Quoted equity securities	₱42,744,518	₱42,744,518	₱—	₱—
Liabilities for which fair values are disclosed:				
Loans payable	₱416,941,176	₱—	₱404,355,763	₱—
Lease liabilities	57,445	—	113,257	—
	₱416,998,621	₱—	₱404,469,020	₱—
		2023		
		Fair Value Measurement		
	Carrying Amount	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets measured at fair value				
Investments held for trading -				
Quoted equity securities	₱100,012,769	₱100,012,769	₱—	₱—
Financial assets at FVOCI -				
Quoted equity securities	237,600,090	237,600,090	—	—
	₱337,612,859	₱337,612,859	₱—	₱—
Liabilities for which fair values are disclosed:				
Loans payable	₱470,588,235	₱—	₱463,882,778	₱—
Lease liabilities	502,798	—	529,261	—
	₱471,091,033	₱—	₱464,412,039	₱—

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

*Investments Held for Trading and Financial Assets at FVOCI.* The fair values of investments held for trading and financial assets at FVOCI are based on quoted prices in the PSE.

*Loans 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.

As at December 31, the discount rates used in determining the fair value of financial instruments for which fair values are disclosed are as follows:

	2024	2023
<b>Liabilities for which fair values are disclosed</b>		
Loans payable	6.05%	5.31%
Lease liabilities	5.89%	5.78%

There were no transfers between fair value measurements in 2024 and 2023.

The table below presents the financial assets and liabilities of the Company whose carrying amounts approximate the fair values due to the short-term maturities or demand feature of the instruments.

	2024	2023
<b>Financial Assets at Amortized Cost</b>		
Cash and cash equivalents	₱588,889,626	₱316,804,959
Trade and other receivables*	108,074,941	200,758,437
Guarantee deposits**	79,000,000	91,000,000
Advances to subsidiaries	71,542,197	9,127,419
Refundable deposits	2,291,727	2,447,984
	<b>₱849,798,491</b>	<b>₱620,138,799</b>
<b>Financial Liabilities at Amortized Cost</b>		
Accounts payable and other current liabilities***	₱210,478,587	₱188,675,818

\*Excluding advances to officers and employees.

\*\*Presented under "Other current assets" account.

\*\*\*Excluding statutory payables and subscription payable.

## 23. Supplemental Disclosures of Cash Flow Information

### Changes in Liabilities Arising from Financing Activities

	Balance at Beginning of Year	Noncash Changes		Cash Flows		Balance at End of Year
		Dividends Declared	Lease Modification/ Accretion of Interest	Receipts	Payments	
<b>2024</b>						
Loan payable	₱470,588,235	₱—	₱—	₱80,000,000	(₱133,647,059)	₱416,941,176
Finance cost	—	—	36,577,881	—	(32,566,315)	4,011,566
Lease liabilities	502,798	—	53,784	—	(499,137)	57,445
Dividends payable	—	89,533,095	—	—	(89,533,095)	—
Total liabilities from financing activities	₱471,091,033	₱89,533,095	₱36,631,665	₱80,000,000	(₱256,245,606)	₱421,010,187

	Balance at Beginning of Year	Noncash Changes		Cash Flows		Balance at End of Year
		Dividends Declared	Additions/ Accretion of Interest	Receipts	Payments	
<b>2023</b>						
Loan payable	₱67,500,000	₱—	₱—	₱432,500,000	(₱29,411,765)	₱470,588,235
Lease liabilities	1,891,442	—	566,383	—	(1,955,027)	502,798
Dividends payable	—	89,533,095	—	—	(89,533,095)	—
Finance cost	—	—	17,878,309	—	(17,878,309)	—
Total liabilities from financing activities	₱69,391,442	₱89,533,095	₱18,444,692	₱432,500,000	(₱138,778,196)	₱471,091,033

Other noncash financial information affecting the Company's investing activities includes:

- Reclassification of advances to suppliers to property and equipment amounting to ₱68,850 and ₱207.1 million in 2024 and 2023, respectively (see Note 10);
- Impact of lease modification in 2024 amounting to ₱22,987 on ROU assets (see Note 18); and
- Recognition of ROU assets amounting to ₱541,486 in 2023 (see Note 18).

## 24. Events After the Reporting Period

On January 29, 2025, the Company entered into an Investment Agreement with HHR Philippines, Inc. (HHRPI) together with the latter's principal shareholders. Pursuant to the agreement, the Company shall subscribe to 81,000 common shares translating to 37.5% of the total issued and outstanding capital stock of HHRPI for the amount of ₱150.0 million, which shall be paid in three tranches.

The proceeds of the Company's capital infusion will be utilized by HHRPI primarily to fund its expansion program.

HHRPI, a software and professional service provider of electronic gaming platforms for land-based and online gaming operators, is licensed and accredited by the Philippine Amusement and Gaming Corporation (PAGCOR). At the same time, it is a holder of a PAGCOR Gaming License for online gaming (e-Casino) under the brand "Buenas".

**25. Supplementary Information Required by the Bureau of Internal Revenue (BIR) under Revenue Regulations No. 15-2010**

Output VAT

Output VAT declared by the Company for the year ended December 31, 2024 and the revenues upon which the same was based consist of:

	Gross Amount of Revenue	Output VAT
Revenue subject to 12% VAT	₱31,797,314	₱3,815,678
Sales to government	14,286,686	1,714,402
	46,084,000	5,530,080
Applied input VAT		(2,969,598)
Payments made during the year		(1,160,848)
VAT withheld on sales to government		(714,334)
Balance at end of year		₱685,300

The gross revenues shown above are based on gross receipts of the Company for VAT purposes while gross revenues presented in the separate statement of comprehensive income are measured in accordance with PFRS.

Input VAT

The movements in input VAT claimed by the Company for the year ended December 31, 2024 are shown below:

Beginning balance	₱333,018
Current year's domestic purchases/payments for:	
Services	2,581,900
Domestic purchases of goods	54,680
	2,969,598
Applied against output VAT	2,969,598
Balance at end of year	₱—

Taxes and Licenses

All other local and national taxes paid for the year ended December 31, 2024 consist of:

License and permit fees	₱4,314,621
Registration fees	19,719
Others	460,871
	₱4,795,211

The foregoing were included as part of "Taxes and licenses" account under "General and administrative expenses" accounts in the separate statement of comprehensive income.

Withholding Taxes

Details of withholding taxes paid and accrued as at and for the year ended December 31, 2024 are as follows:

	Paid	Accrued	Total
Final withholding taxes	₱3,219,636	₱—	₱3,219,636
Withholding taxes on compensation	2,232,730	147,832	2,380,562
Expanded withholding taxes	968,465	98,925	1,067,390
	₱6,420,831	₱246,757	₱6,667,588

Tax Assessments and Tax Cases

The Company has no pending tax assessments from the BIR and tax cases in courts or other regulatory bodies outside of the BIR as at December 31, 2024.



# SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City  
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/lmessagemo@sec.gov.ph



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## Company Information

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**SEC Registration No.:** AS93008809

**Company Name:** PACIFIC ONLINE SYSTEMS CORP.

**Industry Classification:** G51000

**Company Type:** Stock Corporation

## Document Information

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# COVER SHEET

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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

62

Total No. of Stockholders

Total Amount of Borrowings

P382.2M

Domestic

n/a

Foreign

To be accomplished by SEC Personnel concerned

\_\_\_\_\_

File Number

LCU

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Cashier

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## 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 **March 31, 2025**
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 Industry Classification Code  
Incorporation or organization
6. \_\_\_\_\_ (SEC Use Only)
7. **28/F, East Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City**  
Address of principal office **1605**  
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**  
**Php382.2M**

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 three (3) months ended March 31, 2025 and March 31, 2024;
- b.) Consolidated Statements of Comprehensive Income for the three (3) months ended March 31, 2025 and March 31, 2024;
- c.) Consolidated Statements of Financial Position as of March 31, 2025 and Audited Statements of Financial Position as of December 31, 2024;
- d.) Consolidated Statements of Changes in Equity for the three (3) months ended March 31, 2025 and March 31, 2024; and
- e.) Consolidated Statements of Cash Flows for the three (3) months ended, March 31, 2025 and March 31, 2024.

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

#### **Results of Operations for the Period Ended March 31, 2025 vs. March 31, 2024**

##### **Revenues**

Pacific Online Systems Corporation (the "Company") consolidated with its subsidiaries (the "Group"), earned total revenues of P129.5 million for the three months ended March 31, 2025. Revenues in 2025 are the same with revenues of the same period in 2024 amounting to P129.5 due to the fixed income received from the nationwide lottery system under its joint operation, PinoyLotto Technologies Corp. (PinoyLotto).

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

Costs and expenses decreased by P2.2 million (2%) to P114.6 million for the period ended March 31, 2025 from P116.8 million for the same period in 2024 due to the concluded operation of the legacy system.

##### **Operating income**

Due to the foregoing, the Group realized an operating income of P14.9 million for the three months ended March 31, 2025, which is lower compared to the P12.7 million operating income for the same period in 2024.

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

Other income (expense) increased by P14.2 million (809%) to P15.9 million other income as of March 31, 2025 compared to P1.8 million other income for the period ended March 31, 2024. The increase is mainly due to dividend income of P11.7 million and lower interest expense in 2025.

##### **Net income**

As a result, the Group recognized net income amounting to P25.3 million for the three months ended March 31, 2025, compared to the P13.4 million net income for the same period in 2024.

##### **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. In 2024, the Group posted a gain of P75.4 million during the three months period ended March 31, 2024. Thus, total other comprehensive loss for the three months ended March 31, 2025 is at P25.3 million, lower by P63.5 million (72%) from the P88.9 million other comprehensive income for the same period in 2024.

## **Financial Condition as of March 31, 2025 vs. December 31, 2024**

### **TOTAL ASSETS**

The Group's total assets of P1,724.3 million as of March 31, 2025 decreased by P12.3 million or 0.7% from P1,736.5 million as of December 31, 2024. The main movements in the asset accounts are as follows:

#### **Cash and cash equivalents**

Cash and cash equivalents decreased by P10.6 million (2%) to P581.6 million as at March 31, 2025 from P592.2 million as at December 31, 2024 mainly due to the payment of 1<sup>st</sup> tranche of investment in shares of HHRPI.

#### **Investments held for trading**

As at March 31, 2025, 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 increased by P3.1 million (7%) as at March 31, 2025 mainly due the sale of its marked-to-market gain for the period.

#### **Trade and other receivables**

Trade and other receivables decreased by P2.4 million (1%) to P183.4 million as at March 31, 2025 from P2185.7 million as at December 31, 2024 due to collection of other receivables.

#### **Creditable withholding taxes (CWTs)**

Creditable withholding taxes increased by P18.1 million (14%) to P143.4 million as at March 31, 2025 from P125.3 million as at December 31, 2024 due to additional creditable withholding taxes as a result of collection of trade receivables.

#### **Other current assets**

Other current assets of the Group are composed of supplies, prepayments and input taxes. This account decreased by P25.0 million (18%) to P111.1 million as at March 31, 2025 from P136.2 million as at December 31, 2024 due mainly to the prepayments recognized as expense for the current 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 P607.1 million as at March 31, 2025 from P652.0 million as at December 31, 2024 mainly due to depreciation expense recognized for the period.

#### **Investment in HHRPI**

On January 29, 2025, the Parent Company entered into an Investment Agreement with HHR Philippines, Inc. (HHRPI) together with the latter's principal shareholders. Pursuant to the agreement, the Company shall subscribe to 81,000 common shares translating to 37.50% of the total issued and outstanding capital stock of HHRPI for the amount of P150.0 million, which shall be paid in three tranches.

#### **Other noncurrent assets**

Other noncurrent assets is composed of refundable deposit, it decreased by P0.4 million to P1.9 million as at March 31, 2025 from P2.3 million as at December 31, 2024 mainly due to refund of rental deposit from nonrenewal of warehouse contract.

**LIABILITIES**

The Group recorded total liabilities at P698.4 million as at March 30, 2025, lower by P27.7 million (4%) compared to the total liabilities of P726.1 million as at December 31, 2024.

**Trade and other current liabilities**

Trade and other current liabilities decreased by P37.6 million (6%) to P601.1 million as at March 31, 2025 coming from P638.7 million as at December 31, 2024. The decrease is mainly due to the payment of advances from joint operators under PinoyLotto.

**Loans Payable**

Loans payable of the Company amounted to P382.2 million as at March 31, 2025, decreased by P34.7 million (8%) from the balance of P416.9 million as at December 31, 2024. 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.

**Net retirement liability**

Net retirement liability increased by P0.6 million (26%) to P2.9 million net retirement liability as at March 31, 2025 from P2.3 million net retirement liability as at December 31, 2024 because of retirement expense accrued for the period.

**EQUITY**

Total equity of the Company increased by P25.3 million (2%) to P1,123.1 million as at March 31, 2025 from P1,097.8 million as at December 31, 2024. The increase is mainly due to the net income earned during the period.

**Cash Flows for the Three Months Ended March 31, 2025 vs. March 31, 2024**

The Group's cash balance as of March 31, 2025 of P581.6 million was higher by P265.8 million (84%) compared to the cash balance of P399.9 million in March 31, 2024, due to collection of other receivables and the proceeds from sale of PLC and Digiplus shares in 2024. The cash was retained until 2025 earning interest income.

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

Pacific Online ended its trial run for its PCSO Web-based Application Betting Platform (WABP) or "E-Lotto" last July 12, 2024 to give way to the procurement of an E-Lotto platform which was to run for a period of 5 years. The Company participated in the bidding and on June 19, 2024, it received the PCSO Notice of Award. As at March 31, 2025, PCSO has not yet issued the Notice to Proceed.

On January 29, 2025, the Parent Company entered into an Investment Agreement with HHR Philippines, Inc. (HHRPI) together with the latter's principal shareholders. Pursuant to the agreement, the Company shall subscribe to 81,000 common shares translating to 37.50% of the total issued and outstanding capital stock of HHRPI for the amount of P150.0 million, which shall be paid in three tranches.

The proceeds of the Parent Company's capital infusion will be utilized by HHRPI primarily to fund its expansion program.

HHRPI, a software and professional service provider of electronic gaming platforms for land-based and online gaming operators, is licensed and accredited by the Philippine Amusement and Gaming Corporation (PAGCOR). At the same time, it is a holder of a PAGCOR Gaming License for online gaming (e-Casino) under the brand "Buenas".

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, 2024 to March 31, 2025;
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>31 March 2025</b>	<b>31 December 2024</b>
Current ratio	Current assets over current liabilities	<b>2.99:1</b>	3.06:1
Debt to equity ratio	Total interest-bearing debt over total equity	<b>0.34:1</b>	0.38:1
Asset-to-equity ratio	Total assets over total equity	<b>1.54:1</b>	1.58:1
Solvency ratio	Total assets over total liabilities	<b>2.87:1</b>	2.72:1
Operating income margin	Operating income over revenues	<b>7.19%</b>	42.19%
Net profit (loss) margin	Net income (loss) over revenues	<b>11.99%</b>	15.93%
Return on equity	Net income (loss) over total equity	<b>2.26%</b>	1.22%
Return on assets	Net income (loss) over total assets	<b>1.47%</b>	0.77%

## 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.

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.

	Neither Past Due nor Impaired	March 31, 2025 Past Due but not Impaired				Impaired	Total
		Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days		
Cash and cash equivalents*	P581,192,856	P-	P-	P-	P-	P-	P581,192,856
Trade and other receivables**	179,341,738	-	-	-	-	117,765,217	297,106,955
Guarantee bonds***	79,000,000	-	-	-	-	-	79,000,000
Refundable deposit***	1,881,809	-	-	-	-	-	1,881,809
	P841,416,403	P-	P-	P-	P-	P117,765,217	P959,181,620

\*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, 2024							
	Neither Past Due nor Impaired	Past Due but not Impaired				Impaired	Total
		Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days		
Cash and cash equivalents*	₱591,843,011	₱–	₱–	₱–	₱–	₱–	₱591,843,011
Trade and other receivables**	181,530,946	–	–	–	–	117,765,218	299,296,164
Guarantee bonds***	79,000,000	–	–	–	–	–	79,000,000
Refundable deposit***	2,291,727	–	–	–	–	–	2,291,727
	₱854,665,684	₱–	₱–	₱–	₱–	₱117,765,218	₱972,430,902

\*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:

	March 31, 2025			
	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*	₱581,192,856	₱–	₱–	₱581,192,856
Trade and other receivables-net**	179,341,738	–	117,765,217	297,106,955
Guarantee bonds***	79,000,000	–	–	79,000,000
Refundable deposit ***	1,881,809	–	–	1,881,809
Gross Carrying Amount	₱841,416,403	₱–	₱117,765,217	₱959,181,620

\*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, 2024				
	ECL Staging			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
<b>Financial Assets at Amortized Cost</b>				
Cash and cash equivalents*	P591,843,011	P—	P—	P591,843,011
Trade and other receivables-net**	181,530,946	—	117,765,218	299,296,164
Guarantee bonds***	79,000,000	—	—	79,000,000
Refundable deposit ***	2,291,727	—	—	2,291,727
<b>Gross Carrying Amount</b>	<b>P854,665,684</b>	<b>P—</b>	<b>P117,765,218</b>	<b>P972,430,902</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 2025 and 2024 consolidated total comprehensive income before income tax:

Increase (Decrease) in Equity Price	Mar. 31, 2025	Dec. 31, 2024
Impact in profit or loss		
5%	P2,291,182	P2,137,226
(5%)	(2,291,182)	(2,137,226)

**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.



March 31, 2025					
	Less than 3 months	3-6 months	6-12 months	More than 12 months	Total
Trade payables and other current liabilities*	₱187,341,511	₱ -	₱ -	₱ -	₱ 187,341,511
Loan payable	-	-	69,490,197	312,705,882	382,196,078
	₱187,341,511	₱ -	₱ 69,490,197	₱312,705,882	₱ 569,537,589

\*excluding statutory payables

December 31, 2024					
	Less than 3 months	3-6 months	6-12 months	More than 12 months	Total
Trade payables and other current liabilities*	₱208,044,741	₱ -	₱ -	₱ -	₱208,044,741
Loan payable	-	-	138,980,392	277,960,784	416,941,176
Lease liabilities	57,445	-	-	-	57,445
	₱208,102,186	₱ -	₱138,980,392	₱277,960,784	₱625,043,362

\*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 March 31, 2025 and December 31, 2024, foreign currency-denominated financial asset and financial liability in US dollars, translated into Philippine peso at the closing rate:

	Mar. 31, 2025		Dec. 31, 2024	
	USD	Peso Equivalent	USD	Peso Equivalent
Cash and cash equivalents	\$24,028	₱1,374,619	\$1,088,814	₱63,162,106
Accounts payable and other current liabilities	-	-	(2,180,257)	(126,127,922)
Net foreign currency-denominated assets (liabilities)	\$24,028	₱1,374,619	(\$1,091,443)	(₱62,965,816)

\*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 ₱57.21 to US\$1.0 and ₱57.85 to US\$1.0, as at March 31, 2025 and December 31, 2024, 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 March 31, 2025 and December 31, 2024. 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.

	Mar. 31, 2025		Dec. 31, 2024	
	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	P 68,731	(P68,731)	(P3,331,160)	P3,331,160

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 2025 and 2024.

The Group considers the following as its capital:

	Mar. 31, 2025	Dec. 31, 2024
Common stock	P895,330,946	P895,330,946
Additional paid-in capital	254,640,323	254,640,323
Cost of Parent Company common shares held by a subsidiary	(384,595,174)	(384,595,174)
	P765,376,095	P765,376,095

### **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:

	Mar. 31, 2025		Dec. 31, 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets</b>				
<b>At amortized cost:</b>				
Cash and cash equivalents	P581,562,586	P581,562,586	P592,197,741	P592,197,741
Trade and other receivables*	179,341,738	179,341,738	181,530,946	181,530,946
Refundable security deposits**	1,881,809	1,881,809	2,291,727	2,291,727
Guaranteed deposits**	79,000,000	79,000,000	79,000,000	79,000,000
<b>At FVPL</b>				
Investment held for trading	45,823,647	45,823,647	42,744,518	42,744,518
	P887,609,780	P887,609,780	P897,764,932	P897,764,932
<b>Financial Liabilities</b>				
<b>At amortized cost:</b>				
Trade payables and other current liabilities***	P187,341,511	P187,341,511	P208,044,741	P208,044,741
Loan payable	382,196,078	382,196,078	416,941,176	404,355,763
Lease liabilities	-	-	57,445	113,257
	P569,537,589	P569,537,589	P625,043,362	P612,513,761

\*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 March 31, 2025 and December 31, 2024. There were no transfers between fair value measurements as at March 31, 2025 and December 31, 2024.

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

*Cash and Cash Equivalents, Trade and Other Receivables (excluding Advances to Suppliers, Officers and Employees), Restricted Cash, Guaranteed Deposits, Refundable Deposits, 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.

*Loans 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.

As at March 31, 2025 and December 31, 2024, the discount rates used in determining the fair value of financial instruments for which fair values are disclosed are as follows:

	Mar. 31, 2025	Dec. 31, 2024
<b>Liabilities for which fair values are disclosed</b>		
Loans payable	6.05%	6.05%
Lease liabilities	5.89%	5.89%

#### **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 March 31, 2025 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 March 31, 2025, 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 March 31, 2025.
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 M. OCIER**  
Chairman of the Board  
Date: April 25, 2025



**ARMIN ANTONIO B. RAQUEL SANTOS**  
President and Chief Executive Officer  
Date: April 25, 2025



**DIOVILLE M. VILLARIAS**  
Chief Financial Officer and Treasurer  
Date: Date: April 25, 2025

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

	Mar. 31, 2025	Dec. 31, 2024
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	P581,562,586	P592,197,741
Investments held for trading	45,823,647	42,744,518
Trade and other receivables	183,351,896	185,727,790
Creditable withholding taxes (CWTs)	143,397,699	125,345,588
Other current assets	111,132,223	136,162,353
Total Current Assets	1,065,268,051	1,082,177,990
<b>Noncurrent Assets</b>		
Property and equipment	607,115,285	652,001,139
Investment in associate	50,000,000	-
Other noncurrent assets	1,881,809	2,345,875
Total Noncurrent Assets	658,997,094	654,347,014
	<b>P1,724,265,145</b>	<b>P1,736,525,004</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Trade payables and other current liabilities	P211,095,064	P214,495,568
Current portion of loan payable	69,490,196	138,980,392
Current portion of lease liabilities	-	57,445
Total Current Liabilities	280,585,260	353,533,405
<b>Noncurrent Liabilities</b>		
Loan payable - net of current portion	312,705,882	277,960,784
Net retirement liability	2,947,364	2,339,801
Net deferred tax liabilities	4,882,801	4,882,801
Total Noncurrent Liabilities	320,536,047	285,183,386
Total Liabilities	601,121,307	638,716,791

(Forward)

	Mar. 31, 2025	Dec. 31, 2024
<b>Equity Attributable to Equity Holders of the Parent Company</b>		
Capital 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>(384,595,174)</b>
Other equity reserves	<b>15,502,056</b>	<b>15,502,056</b>
Retained earnings	<b>338,460,549</b>	<b>313,959,794</b>
	<b>1,119,338,696</b>	<b>1,094,837,945</b>
<b>Non-controlling Interest</b>	<b>3,805,142</b>	<b>2,970,268</b>
<b>Total Equity</b>	<b>1,123,143,838</b>	<b>1,097,808,213</b>
	<b>₱1,724,265,145</b>	<b>₱1,736,525,004</b>

**PACIFIC ONLINE SYSTEMS CORPORATION AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income (Unaudited)**  
**For the three months ended March 31, 2025 and 2024**

	Three Months Ended Mar 31		This Quarter	
	2025	2024	2025	2024
<b>REVENUES</b>				
Equipment rentals	P129,464,286	P129,464,286	P129,464,286	P129,464,286
<b>Total Revenues</b>	<b>P129,464,286</b>	<b>P129,464,286</b>	<b>P129,464,286</b>	<b>P129,464,286</b>
<b>COSTS AND EXPENSES</b>				
Depreciation and amortization	42,204,203	37,315,764	42,204,203	37,315,764
Personnel costs	18,983,600	19,336,161	18,983,600	19,336,161
Communications	13,540,381	16,648,971	13,540,381	16,648,971
Software and license fees	12,745,738	14,978,156	12,745,738	14,978,156
Repairs and maintenance	12,243,369	10,908,339	12,243,369	10,908,339
Rent and utilities	6,192,635	7,516,921	6,192,635	7,516,921
Travel and accommodation	4,232,342	4,415,438	4,232,342	4,415,438
Taxes and licenses	1,601,729	1,810,672	1,601,729	1,810,672
Operating supplies	1,018,724	1,424,067	1,018,724	1,424,067
Entertainment and representation	648,042	1,030,909	648,042	1,030,909
Professional fees	544,485	725,368	544,485	725,368
Directors fees	433,333	373,856	433,333	373,856
Others	179,209	295,557	179,209	295,557
<b>Total Costs and Expenses</b>	<b>114,567,791</b>	<b>116,780,178</b>	<b>114,567,791</b>	<b>116,780,178</b>
<b>OPERATING INCOME</b>	<b>14,896,495</b>	<b>12,684,107</b>	<b>14,896,495</b>	<b>12,684,107</b>
<b>OTHER INCOME (CHARGES)</b>				
Dividend income	11,711,723		11,711,723	
Interest income	5,223,899	852,091	5,223,899	852,091
Finance charges	(6,968,671)	(11,973,644)	(6,968,671)	(11,973,644)
Marked-to-market gain (loss) on marketable securities	3,079,130	2,279,905	3,079,130	2,279,905
Others – net	2,881,948	10,593,557	2,881,948	10,593,557
<b>Total Other Income (Charges)</b>	<b>15,928,027</b>	<b>1,751,909</b>	<b>15,928,027</b>	<b>1,751,909</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>30,824,522</b>	<b>14,436,016</b>	<b>30,824,522</b>	<b>14,436,016</b>
<b>INCOME TAX EXPENSE (BENEFIT)</b>				
Current	5,488,900	1,000,633	5,488,900	1,000,633
Deferred	-	-	-	-
	5,488,900	1,000,633	5,488,900	1,000,633
<b>NET INCOME (LOSS)</b>	<b>P25,335,622</b>	<b>P13,435,383</b>	<b>P25,335,622</b>	<b>P13,435,383</b>
<b>Attributable to:</b>				
Equity holders of the Parent Company	24,500,751	13,902,722	24,500,751	13,902,722
Non-controlling interests	834,871	(467,339)	834,871	(467,339)
	P25,335,622	P13,435,383	P25,335,622	P13,435,383
<b>Attributable to Equity Holders of the Parent Company</b>				
Basic / diluted earnings (loss) per share	P0.0298	P 0.0165	P0.0298	P 0.0165



**PACIFIC ONLINE SYSTEMS CORPORATION AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income (Unaudited)**  
**For the three months ended March 31, 2025 and 2024**

	Three Months Ended Mar 31		This Quarter	
	2025	2024	2025	2024
<b>NET INCOME (LOSS)</b>	<b>P25,335,622</b>	<b>P13,435,383</b>	<b>P25,335,622</b>	<b>P13,435,383</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	-	75,428,600	-	75,428,600
Remeasurements of retirement benefits, net of tax	-	-	-	-
	-	75,428,600	-	75,428,600
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>P25,335,622</b>	<b>P88,863,983</b>	<b>P25,335,622</b>	<b>P88,863,983</b>
<b>Attributable to:</b>				
Equity holders of the Parent Company	24,500,751	89,331,322	24,500,751	89,331,322
Non-controlling interests	834,871	(467,339)	834,871	(467,339)
	<b>P25,335,622</b>	<b>P88,863,983</b>	<b>P25,335,622</b>	<b>P88,863,983</b>

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

	Mar. 31, 2025	Mar. 31, 2024
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS 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>(317,804,998)</b>
<b>OTHER EQUITY RESERVES</b>		
<b>Cumulative Unrealized Valuation Losses on Financial Assets at FVOCI</b>		
Balance at beginning of year	-	(234,391,670)
Unrealized valuation gains (losses)	-	75,428,600
Realized portion of the fair value reserve	-	-
Balance at end of period	-	(158,963,070)
<b>Cumulative Remeasurement Gains (Losses) On Retirement Benefits</b>		
Balance at beginning of year	12,891,702	7,728,998
Net remeasurement gains (losses)	-	-
Balance at end of period	12,891,702	7,728,998
<b>Other Reserves</b>	<b>2,610,354</b>	<b>2,610,354</b>
	<b>15,502,056</b>	<b>(148,623,717)</b>
<b>RETAINED EARNINGS</b>		
Balance at beginning of year	313,959,798	530,917,448
Net income (loss)	24,500,751	13,902,722
Dividends declared	-	(83,683,996)
Balance at end of period	338,460,549	461,136,174
<b>NON-CONTROLLING INTEREST</b>		
Balance at beginning of year	2,970,271	4,138,999
Share in net income (loss)	834,871	(467,339)
Balance at end of period	3,805,142	3,671,660
	<b>₱1,123,143,842</b>	<b>₱1,148,350,387</b>

**PACIFIC ONLINE SYSTEMS CORPORATION AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows (Unaudited)**  
**For the three months ended March 31, 2025 and 2024**

	For the three months ended March 31	
	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (Loss) before income tax	₱30,824,522	₱14,436,016
Adjustments for:		
Depreciation and amortization	42,258,351	37,315,764
Retirement benefits	607,563	874,392
Finance charges	6,968,671	11,973,644
Unrealized foreign exchange loss (gain)	(159,313)	22,987
Interest income	(5,223,899)	(852,091)
Marked-to-market losses (gains) on investments held for trading	(3,079,130)	(2,279,905)
Dividend income	(11,711,723)	-
Gain on sale of property and equipment	(290,000)	14,333
Gain on sale of investments held for trading	-	(875,410)
Operating income (loss) before working capital changes	60,195,044	60,629,730
Decrease (increase) in:		
Trade and other receivables	2,375,895	5,709,653
Other current assets	25,030,129	(5,459,144)
Other noncurrent assets	409,918	(25,644)
Increase (decrease) in:		
Trade and other payables	(3,400,503)	38,360,992
Net cash generated from (used for) operations	84,610,483	99,215,586
Interest received	5,223,899	852,091
Income tax paid	(23,541,009)	(25,055,566)
Net cash provided by (used in) operating activities	66,293,372	75,012,111
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends received	11,711,723	-
Proceeds from sale of:		
Investments held for trading	-	56,071,653
Property and equipment	2,971,652	69,000
Investment in HHRPI	(50,000,000)	-
Acquisitions of:		
Treasury Shares	-	(32,537,440)
Property and equipment	-	(1,682,301)
Net cash flows provided by (used in) investing activities	(35,316,626)	21,920,912
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loan payments	(34,745,098)	(29,411,765)
Cash dividend paid	-	(83,683,996)
Payment of lease liabilities	(57,445)	-
Finance charges paid	(6,968,671)	(11,973,644)
Net cash flows provided by (used in) financing activities	(41,771,214)	(125,069,405)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(10,794,468)</b>	<b>(28,136,382)</b>
CASH AT BEGINNING OF YEAR	592,197,740	343,945,679
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	159,313	(22,987)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>₱581,562,586</b>	<b>₱315,768,309</b>

**PACIFIC ONLINE SYSTEMS CORPORATION**  
**Attachments to Unaudited Financial Statements**  
**Trade and Other Receivables**  
**As of March 31, 2025**

1.) Schedule of Trade and Other Receivables

	<b>Amount</b>
<b>a.) Trade and Nontrade Receivables</b>	
1.) Trade receivables	P48,333,333
2.) Nontrade receivable	115,470,377
	<b>163,803,710</b>
<b>b.) Other Receivables</b>	
1.) Advances to officers and employees	991,206
2.) Advances to contractors and suppliers	345,257
3.) Other receivables	18,211,723
	<b>19,548,186</b>
<b>Total</b>	<b>P183,351,896</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 March 31, 2025**

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 2025.


**End of Report**

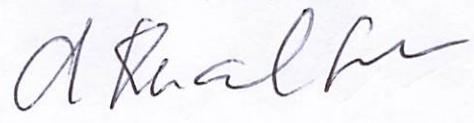
## Certification

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 **March 31, 2025** 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 25<sup>th</sup> day of April 2025.

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


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

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

SUBSCRIBED AND SWORN to before me this 25<sup>th</sup> day of April 2025, In Pasig City, Philippines.

NOTARY PUBLIC

Doc. No. 358 ;  
Page No. 72 ;  
Book No. 11 ;  
Series of 2025.

  
**GAUDENCIO A. BARBOZA, JR.**  
NOTARY PUBLIC  
Cities of Pasig, San Juan and  
In the Municipality of Pateros, Metro Manila  
Until December 31, 2025  
PTR No. 2863251 / 01/02/ 2025 Pasig City  
BP No. 461377/10/04/2024 for the year 2025/RSM  
Roll No. 41969  
MCLE Comp. VII-0028557 / April 19, 2023  
No. 11, Unit J, Freemont Arcade Bldg.  
Shaw Blvd. Brgy. San Antonio, Pasig City  
Appointment No. 29 (2025-2026)