

From: Philippine Stock Exchange <no-reply@pse.com.ph>
Sent: Monday, 9 March 2026 2:30 pm

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: 0008712-2026
Date and Time: Monday, March 09, 2026 14:30 PM
Template Name: Information Statement
Report Number: CR01394-2026

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

Unit 1902-C West Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City
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

April 27, 2026, 10:00 a.m., to be conducted virtually/electronically

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

Mar 20, 2026

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
Common Stock	895,330,946

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

- ☒ Yes ☐ No

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

Philippine Stock Exchange, Inc./Common Stock

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



Pacific Online Systems Corporation LOTO

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

Date of Stockholders' Meeting	Apr 27, 2026
Type (Annual or Special)	Annual
Time	10:00 am
Venue	Via Zoom Webinar
Record Date	Mar 20, 2026

Inclusive Dates of Closing of Stock Transfer Books

Start Date	N/A
End date	N/A

Other Relevant Information

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Filed on behalf by:

Name	Michelle Angeli Hernandez
Designation	Compliance Officer

COVER SHEET

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S.E.C. Registration Number

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

(Company's Full Name)

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

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Contact Person

8	6	3	2	-	0	9	-	0	5
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Company Telephone Number

1	2
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Month

3	1
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Day

Fiscal Year

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Month

Day

Annual Meeting

Preliminary Information Statement

FORM TYPE

Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be Accomplished by SEC Personnel concerned

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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 April 27, 2026 (Monday), at 10:00 a.m. The meeting will be conducted virtually via Zoom Webinar and more information regarding the meeting, registration and voting can be accessed at the link provided in the Company's website at <https://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 2025 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 2026-2027
8. Appointment of External Auditors
9. Other Matters
10. Adjournment

The close of business on March 20, 2026 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 conduct of the meeting will be streamed live, and stockholders may attend the meeting by registering online at <https://asmregister.loto.com.ph> on or before 5:00 p.m. of April 17, 2026. All information submitted will be verified and validated by the Corporate Secretary.

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

- (i) by submitting duly accomplished proxies to the Office of the Corporate Secretary at 2704 East Tower, Tektite Towers, Ortigas Center, Pasig City or via electronic copy by emailing corporatesecretary@pacificonline.com.ph on or before 5:00 p.m. on April 17, 2026.

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 5:00 p.m. of April 24, 2026.

Validation of proxies is set on April 23, 2026 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 receiving a link which will grant them online 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, March 9, 2026.

✓

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 27, 2025

Copy of the Minutes of the June 27, 2025 Annual Stockholders' Meeting is currently posted on the Corporation's website (please see link here: <https://www.loto.com.ph/wp-content/uploads/2025-06-27-POSC-ASM-Minutes-2025-Draft.pdf>) and can be viewed at any time. Stockholders will be asked to approve the Minutes of the 2025 Annual Stockholders' Meeting.

Agenda Item No. 5. Approval of 2025 Operations and Results (and AFS 2025)

A report on the highlights of the financial performance of the Corporation for the year ended December 31, 2025 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 29 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 2025 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 27, 2025 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 the Corporation's business, with those of significance having been covered by the appropriate disclosures.

Agenda Item No. 7. Election of Directors for 2026 to 2027

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 April 27, 2026 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 2026. The Stockholders will also be requested to delegate to the Board the authority to approve the appropriate audit fee for 2026.

Stockholders will be given the opportunity to raise questions regarding the operations and report of the Corporation as well as other concerns, by emailing corporatesecretary@pacificonline.com.ph (Subject: Questions for ASM 2026) on or before 5:00 p.m. on April 24, 2026. Questions will be responded to during the question and answer portion of the annual stockholders' meeting before the proceedings will be concluded. Due to time limitations, 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.

Agenda Item 9. Other Matters

The Chairman will open the floor for matters that the shareholders may want to take up. Questions raised by the stockholders on matters taken up at the meeting will be responded to at this stage of the meeting.

Agenda Item 10. Adjournment

After all business has been considered and resolved, the Chairman shall declare the meeting adjourned.

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 April 2026 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 following nominees:

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

___ Yes ___ No ___ Abstain

3. Approval of 2025 Operations and Results (including the 2025 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 April 27, 2026.

___ 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 April 17, 2026 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 2026.



PACIFIC ONLINE SYSTEMS CORPORATION 2026 ANNUAL STOCKHOLDERS' MEETING

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

The 2026 Annual Stockholders' Meeting (**ASM**) of Pacific Online Systems Corporation (the "**Company**") will be held on April 27, 2026 at 10:00 A.M. and the Board of Directors of the Corporation has fixed the end of trading hours of the Philippine Stock Exchange, Inc. on March 20, 2026 ("**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 April 17, 2026, 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, or its designated representatives', 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 2026" to corporatesecretary@pacificonline.com.ph on or before 5:00 pm on April 24, 2026. A section for stockholder comments/questions or a "chatbox" shall also be provided in the livestreaming platform.

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

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

For complete information on the annual meeting, please visit <https://www.loto.com.ph/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: **1902-C West 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 : **April 27, 2026 (Monday)**
 Time : **10:00 o'clock in the morning**
 Place/Platform : **Videoconferencing via Zoom Webinar**
 To vote at and attend the 2026 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:
 March 20, 2026
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<u>Common Stock</u>	<u>P1.00 par value</u> <u>895,330,946 shares (as of</u> <u>February 28, 2026)</u>

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

Yes ☒ No ☐

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

**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 - **April 27, 2026 (Monday)**

While the Company's By-Laws states that the annual meeting shall be scheduled every 2nd Friday of April, Pacific Online scheduled its 2026 annual meeting on April 27, 2026. This is in adherence to its policy and in compliance with the SEC's recommended practice that ASM notices and annual financial reports shall be distributed at least 28 days prior to the meeting date. This is also in consideration of the Company's inability to come up with its Annual Report (on SEC Form 17A) and the Sustainability Report, which are required to be in place in relation to the holding of an annual shareholders' meeting, way ahead of the ASM date prescribed by the Corporation's By-Laws. .

Time - **10:00 o'clock in the morning**

Place/Platform - **Videoconferencing via Zoom Webinar**

To vote at and attend the 2026 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 March 20, 2026.

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

1902-C, West 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 April 27, 2026 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 2026-2027.
- (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 February 28, 2026, 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 March 20, 2026.
- (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 February 28, 2026:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	PREMIUM LEISURE CORP. ⁽¹⁾ 5/F Tower A, Two E-Com Center, Palm Coast Avenue, Mall of Asia Complex, Pasay City	PREMIUM LEISURE CORP.	Filipino	448,560,806	50.10

Parent Company					
Common	PCD NOMINEE CORPORATION ⁽²⁾ G/F Makati Stock Exchange 6767 Ayala Avenue, Makati City Filipino/Non-Filipino N/A	Various	Filipino and Non-Filipino	328,489,276	36.69
Common	WILLY N. OCIER 28/F East Tower, Tektite Towers Exchange Road, Ortigas Center, Pasig City Filipino Chairman	Willy N. Ocier	Filipino	71,819,550 (direct)	8.02

⁽¹⁾ The majority shareholder of Premium Leisure Corp. is Belle Corporation.

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

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

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

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

(2) Security Ownership of Directors and Management

The following table shows the shares beneficially owned by the directors and executive officers of the Company as of February 28, 2026:

RANK	NAME	TOTAL SHARES	PERCENTAGE (%)
1	PREMIUM LEISURE CORP.	448,560,806	50.10
2	PCD NOMINEE CORPORATION Filipino - 286,938,055 Non-Filipino - 41,551,221	328,489,276	36.69
3	OCIER, WILLY N.	71,819,350	8.02
4	ABACORE CAPITAL HOLDINGS, INC.	43,761,630	4.89
5	SY, HANS TAN	800,000	0.09
6	OCIER, WILLY &/OR GERALDINE E.Y.	719,500	0.08
7	OCIER, MISCHEL GABRIELLE E.Y.	390,000	0.04
8	KILAYKO, GREGORIO U.	200,000	0.02
9	LIM, MAURICE D.	100,000	0.01
10	BENITEZ, ALFREDO B.	68,200	0.01
11	CHAN, CARMELITA	66,000	0.01
12	GREGORIO, ANTONIO VICTORIANO III F. OR VENUS LIQUE GREGORIO	50,000	0.01
13	VILLANUEVA, MYRA P.	23,400	0.00
14	CHAN, CARMELITA D.L.	33,300	0.00
15	TAGUBA, LUCILA A.	20,000	0.00
16	SY, CAROLINE TANCUAN	20,000	0.00
17	SY, HANS JR. TANCUAN	20,000	0.00
18	SY, HARVEY CHRISTOPHER TANCUAN	20,000	0.00
19	SY, HOWARD CONRAD TANCUAN	20,000	0.00
20	PEREZ, JOSE DEXTER F.	18,000	0.00

(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 February 28, 2026:

Shareholder	Number of Shares	Percent	Beneficial Owner
PREMIUM LEISURE CORP. 5/F Tower A, Two E-Com Center, Palm Coast Avenue, Mall of Asia Complex, Pasay City	448,560,806	50.10	PREMIUM LEISURE CORP.
PCD NOMINEE CORPORATION	328,489,276	36.69	VARIOUS
WILLY N. OCIER 28/F East Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City	71,819,550	8.02	WILLY N. OCIER

Changes in Control

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

Item 5. Directors and Executive Officers

Directors and Executive Officers

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

Name	Position with the Company
Willy N. Ocier	Chairman / 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 ¹	Chief Audit Executive
Allan D. Aldea	Data Protection Officer
Michelle T. Hernandez	Compliance Officer

¹ 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 27, 2025. The term of the current members of the BOD shall be until the next stockholders’ meeting on April 27, 2026.

Willy N. Ocier, Filipino, 69, 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, Filipino, 58, is the Executive Director, and the President and Chief Executive Officer of the Company since May 2024. He was the Company’s Non-Executive Director effective May 2017. 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, 77, is a non-executive director of the Company since December 2001. 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, 68, 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, Filipino, 53, 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., Philippine Regional Investment Development Corp., Harpy Eagle Holdings Inc. and others. He graduated from the Ateneo de Manila University (ADMU) with two degrees: Bachelor of Science Major in Management Engineering (Honorable 7 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, Filipino, 39, became a director in May 2024 and was appointed the Head of Risk Management and Corporate Planning starting 2025. Apart from strategic planning and business development, she is in charge of monitoring the Company's sustainability efforts and corporate image. Prior to this, she served as Marketing, Corporate Planning Specialist, Administration Division Head, then Business Development 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 in Tsinghua University in China, Josai International University in Japan, and Asian Institute of Management.

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, 70, 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, 64, is an independent director of the Company since September 2022. He is the 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, 69, 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, ChangeMe Corporation, Foodmunch Corporation, Sunhill Holdings and Heavenly Foods Inc. in Guam. 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	Topic
1	Willy N. Ocier	Good Governance Advocates and Practitioners of the Philippines (GGAPP)	11/04/2025	Corporate Governance
2	Armin Antonio B. Raquel Santos			
3	Tarcisio M. Medalla	Risks, Opportunities, Assessment and Management, Inc.	8/08/2025	Corporate Governance
4	Antonio Victoriano F. Gregorio III	Center for Global Best Practices	11/06/2025	Environmental, Social and Governance
5	Mischel Gabrielle O. Mendoza	Institute of Corporate Directors (ICD)	10/03/2025	Global Economic and Local Economic Outlook / Artificial Intelligence / Technology Trends Update
6	Henry N. Ocier			
7	Maria Gracia P. Tan			
8	Roberto V. Antonio			
9	Joseph T. Chua			

Executive Officers

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

Dioville M. Villarias, Filipino, 36, 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, Premium Leisure and Amusement, Inc. She is also the CFO of Pinoy Lotto Technologies Corporation and HHR Philippines, Inc. A CFO APAC Regional Awardee, with 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, 54, 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.

Atty. Ann Margaret K. Lorenzo, Filipino, 36, 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 Ban 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. 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. Villaflor, Filipino, 50, 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. Villaflor has extensive experience in the area of system design, development, and testing on both the UNIX (OpenVMS, SunOS/Solaris) environment and Microsoft Windows. He has a formal 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.

Michelle Angeli T. Hernandez, Filipino, 54, 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, Filipino, 50, 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 2026-2027

The nomination, pre-screening and election of the Corporation's regular and independent directors for 2026-2027 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 2026-2027:

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. Roberto V. Antonio, and Ms. Gina Abo-Hamda nominated Atty. Maria Gracia M. Pulido 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

No director or executive officer or any member of their immediate family has, during the last two years, had a direct or indirect, material interest in a transaction or proposed transaction to which the Company was a party.

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.

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

	2025	2024	2023
Salaries and wages	₱12,159,211	₱15,050,945	₱9,817,230
Retirement benefits	839,342	795,704	881,108
	₱12,998,553	₱15,846,649	₱10,698,338

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 2025 and 2024, as well as the estimated aggregate compensation for calendar year 2026.

Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation
Armin Antonio B. Raquel Santos President & CEO				
Christopher C. Villaflor Chief Operating Officer				
Mischel O. Mendoza Business Dev't Head & Risk Officer				
Dioville M. Villarias CFO and Treasurer				
Total for President and 4 most highly compensated Executive Officers	2026 (Estimate)			Php 7,462,180
	2025			7,115,684
	2024			8,986,947
All other executive officers and directors as a Group	2026 (Estimate)			Php 1,833,333
	2025			1,822,222
	2024			3,332,251

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

	2025	2024	2023
Salaries and wages	₱12,159,211	₱15,050,945	₱9,817,230
Retirement benefits	839,342	795,704	881,108
	₱12,998,553	₱15,846,649	₱10,698,338

The compensation of the Group's key management personnel is included in the "Personnel costs" as disclosed in 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 2025, 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 Ten Thousand Pesos (₱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 2025 and 2024:

NAME	POSITION	2025	2024
Willy N. Ocier	Chairman	102,778	113,889
Armin Antonio B. Raquel Santos	President and Executive Director	102,778	113,889
Mischel Gabrielle O. Mendoza	Executive Director	102,778	91,667
Tarcisio M. Medalla	Non-Executive Director	325,000	325,000
Henry N. Ocier	Non-Executive Director	91,667	113,889
Ma. Gracia M. Pulido Tan	Lead Independent Director	325,000	313,889
Roberto V. Antonio	Independent Director	325,000	313,889
Joseph T. Chua	Independent Director	325,000	325,000
Antonio Victoriano F. Gregorio III ¹	Independent Director	47,222	-
Jackson T. Ongsip ²	President and Executive Director	-	44,118
Raul B. De Mesa ³	Non-Executive Director	-	80,556
	TOTAL	1,747,222	P1,835,786

*Notes:

¹. appointed on Feb. 20, 2025

². term ended on May 15, 2024

³. 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:

	2025	2024	2023
Salaries and wages	₱12,159,211	₱15,050,945	₱9,817,230
Retirement benefits	839,342	795,704	881,108
	₱12,998,553	₱15,846,649	₱10,698,338

The compensation of the Group's key management personnel is included in the "Personnel costs" as disclosed in 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, 2025, 2024 and 2023, 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 2026. The Stockholders will also be requested to delegate to the Board the authority to approve the appropriate audit fee for 2026.

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.

In compliance with SRC Rule 68, paragraph 3 (b) and (ix) (Rotation of External Auditors), the Company beginning audit year 2021 engaged the services of a new external auditor, Reyes Tacandong and Co., to replace the former external auditor RG Manabat & Co.

Reyes, Tacandong & Co. audited the Company's statement of financial position as at December 31, 2025 and 2024, respectively, and the statement of comprehensive income, statement of changes in stockholders' equity and statement of cash flows for the year ended December 31, 2025 and 2024 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. Grace M. Albunian.

The Company's Board of Directors in the annual shareholders' meeting on June 27, 2025 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, 2025.

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:

	2025	2024	2023
Total audit and non-audit fees	P1,100,000	P1,100,000	P1,300,000

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. Roberto V. Antonio (Chairman), Atty. Maria Gracia M. Pulido Tan, Mr. Joseph T. Chua, 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 26, 2026.

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 2026 ASM with respect to this item.

Item 10. Modification or Exchange of Securities

No action is to be taken during the 2026 ASM with respect to this item.

Item 11. Financial and Other Information

No action is to be taken during the 2026 ASM with respect to this item.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

No action is to be taken during the 2026 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 2026 ASM with respect to this item.

Item 14. Restatement of Accounts

No action is to be taken during the 2026 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 27, 2025 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) Amendment of the Articles of Incorporation, (8) Election of Directors, (9) Appointment of External Auditors, (10) Other Matters, and (11) Adjournment.

The Company will also seek approval by the stockholders of the 2025 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 April 27, 2026, shareholders will be asked to approve and ratify the following:

1. Minutes of the Annual Stockholders' Meeting (ASM) held on June 27, 2025 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/2025-06-27-POSC-ASM-Minutes-2025-Draft.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 27, 2025 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 27, 2025 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 27, 2025 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. 2025 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, 2025, 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 April 27, 2026 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 is to be taken during the 2026 ASM with respect to this item.

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 27, 2025;
2. 2025 Operations and Results (with AFS 2025);
3. Ratification of All Acts of the Board of Directors, Board Committees and Officers;
4. Election of Directors for 2026-2027;
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 2025 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 April 27, 2026, 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 on or before 5:00 p.m. on April 17, 2026.

For corporate stockholders, the proxies should be accompanied by a Secretary's Certification on the appointment of the corporation's authorized signatory.
 - ii. by registering your votes on the matters to be taken up during the meeting through the e-voting platform set up for the purpose which can be accessed at asmregister.loto.com.ph. The e-voting portal will be open until 5:00 in the afternoon of April 24, 2026.
- (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 March 9, 2026.

PACIFIC ONLINE SYSTEMS CORPORATION

By:

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.

In 2025, the Parent Company amended its articles of incorporation to amend its registered office address from 28th Floor East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City to 19th Floor West Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City.

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	2025	2024	2023
Subsidiaries				
Total Gaming Technologies, Inc. (TGTI)	Gaming	98.9	98.9	98.9
Loto Pacific Leisure Corporation (LotoPac)	Gaming	100.0	100.0	100.0
Falcon Resources Inc. (FRI) ^(a)	Gaming	100.0	100.0	100.0
Futurelab Interactive Corp. (FIC) ^(b)	Gaming	100.0	100.0	100.0
Interest in Joint Operation				
Pinoylotto Technologies Corp. (PinoyLotto)	Gaming	50.0	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 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.

In 2024 and 2023, the Parent Company participated in initiatives related to a web-based application betting platform (E-Lotto Project) with PCSO. However, in 2025, the national government adopted a policy discontinuing the licensing of online gaming and online betting platforms by state gaming agencies. As a result, the implementation of the E-Lotto Project did not proceed.

In light of these developments, the BOD approved the unwinding of the Parent Company's involvement in the E-Lotto Project and directed management to pursue other business opportunities within the industry.

On November 18, 2025, the Parent Company, together with PinoyLotto and Philippine Gaming Management Corp. (PGMC), formed an unincorporated joint operation to participate in PCSO's procurement for the supply, installation, and maintenance of Radio Frequency Identification (RFID)-enabled draw machines and related accessories. The joint operation was awarded the project at a contract price of ₱559.0 million in December 2025.

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.

In 2022, ceased its operation as lessor of PCSO's Online KENO games. 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 in March 2007, primarily to acquire, establish, operate and manage amusement, recreational and gaming equipment facilities.

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.

In 2020, FRI ceased its scratch ticket distribution operations with the intention 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 operate and manage amusement, recreational, and gaming equipment facilities.

As at December 31, 2025, FIC has not started 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 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 ₱5,800.0 million. PinoyLotto commenced commercial operations on October 1, 2023. In accordance with the contract, terminals are being installed and operated nationwide, with a maximum capacity up to 6,500 terminals.

The Group'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

Elotto

On June 19, 2024, the Company received the Notice of Award from the Philippine Charity Sweepstakes Office (PCSO) for its participation in the bidding for the Procurement of 5 Years Lease for Web-based Application Betting Platform (E-Lotto). Subsequently, however, issues were raised regarding online gaming, in general; and eventually, the national government adopted, as matter of policy, that the state gaming agencies (i.e. Philippine Amusement Gaming Corporation, PCSO, etc.) will no longer be issuing gaming licenses that involve online gaming. This eventually led to the implementation of the E-Lotto being placed in limbo. More recently, the Corporation's Board of Directors, recognizing that the national government's policy against online gaming will no longer be retracted, ordered that the Corporation's involvement in E-Lotto be already unwinded.

HHRPI

On January 29, 2025, the Company entered into an Investment Agreement with HHR Philippines, Inc. (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) together with the latter's principal shareholders. Pursuant to the agreement, the Company was to acquire about 37.5% of HHRPI's resulting issued and outstanding capital, or a total of 81,000 shares consisting of 15,000 shares purchased on a secondary basis from the principal shareholders and 66,000 shares to be issued from unissued capital stock. However, also because of the change in the national government's policy with respect to online gaming, the Company, with the conformity of HHRPI and the latter's principal shareholders, entered into a Memorandum of Agreement with a third party through which, upon the execution of the relevant implementing agreements, the Company shall divest of all its rights and obligations arising from the Investment Agreement and transferred the same to the third party.

Agreements with the PCSO

Equipment Lease Agreement. The Parent Company previously entered into an ELA with the PCSO for the lease of lotto terminals, including the central computer system, communications equipment, related application software and manuals, and the supply of betting slips and ticket paper rolls.

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.

The ELA expired on September 30, 2023. Upon its expiration, the operations were transferred to PinoyLotto pursuant to a separate agreement with PCSO.

Web-Based Application Betting Platform (WABP or E-Lotto Project). On August 30, 2023, POSC was granted a one-year trial period to provide a WABP for PCSO., under which it acted as PCSO's exclusive agent. The platform was launched on December 15, 2023 and operated until July 12, 2024 upon PCSO's instruction.

In 2023, the Group recognized commission income of ₱2.3 million, representing 14.0% of e-lotto sales. In 2024, the arrangement was revised such that the Parent Company was reimbursed for reasonable actual costs, subject to a ceiling of 8.0% of generated sales less applicable taxes. The Parent Company billed PCSO ₱35.4 million, net of taxes, in September 2024, which was fully collected in 2025.

On June 19, 2024, the Parent Company received a Notice of Award from PCSO for the five year lease of the WABP following a competitive bidding process. Preparatory activities were undertaken pending contract execution.

Subsequently, the national government adopted a policy discontinuing the licensing of online gaming and online betting platforms by state gaming agencies. As a result, the implementation of the E-Lotto Project did not proceed. The BOD approved the unwinding of the Parent Company's involvement in the project.

Costs incurred to fulfill a contract amounting to ₱30.7 million were recognized under “Other current assets” account in 2024. Following the discontinuation of the project, ₱22.0 million of these costs were reimbursed in 2025, while the remaining ₱8.7 million was recognized in profit or loss during the year.

A cash bond related to the WABP trial run amounting to ₱79.0 million was posted in favor of PCSO and is presented under “Other current assets” account in the consolidated statements of financial position as at December 31, 2024.

Following the termination of the trial run in July 2024, the Parent Company initiated the refund process. During 2025, a substantial portion of the bond was refunded, resulting in the remaining balance of ₱5.4 million as at December 31, 2025. The outstanding balance is expected to be collected upon completion of the refund process.

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

In connection with the ELA with PCSO, the Parent Company entered into separate agreements with Scientific Games and Intralot Inc. for the supply of lottery system hardware, software, terminals and related support services.

Under these arrangements, POSC paid the suppliers a pre-agreed percentage of revenues generated from PCSO’s online lottery operations using the supplied systems and equipment.

These agreements were co-terminus with the ELA and effectively ceased upon the expiration of the ELA on September 30, 2023.

Software and license fees recognized in relation to these agreements amounted to ₱59.6 million in 2023.

The Philippine Lottery Sector

The Philippine lottery sector has undergone a significant transformation as of early 2026. The landscape is currently defined by the Philippine Charity Sweepstakes Office (PCSO) aggressively modernizing its operations to maintain its monopoly, while the private sector sees a major shift in digital strategy.

PCSO's Aggressive Growth Strategy has moved from a defensive to an offensive market position. To combat the rise of other forms of gambling and unauthorized games, the PCSO implemented a massive structural overhaul in February 2026:

- **Price and Jackpot Hike:** Ticket prices were increased to ₱25 (from ₱20). To balance this, minimum jackpot prizes were raised significantly.
- **Result:** This "higher stakes" strategy led to a 38.3% surge in sales in the first week of February 2026 alone, proving that the local market is highly responsive to larger starting pots.

Digital Disruption and Pivot in the "E-Lotto" space, once thought to be the next major battlefield for private-public partnerships, has hit a regulatory and corporate wall:

- In February 2026, Pacific Online Systems Corporation, announced its exit from the E-Lotto project. This move was triggered by a stricter government stance on online betting platforms and prolonged regulatory delays.
- Government Consolidation has tightened its grip on online lottery licensing, placing a moratorium on new online gaming licenses to assess social impacts. This has effectively stalled private tech firms' attempts to "Uber-ize" the lottery.

New technology is being integrated to improve "game integrity," which is the primary competitive edge against illegal "Jueteng" or unauthorized online draws:

- **Lotto Bilyonaryo:** A new game is currently being teased, supported by PinoyLotto Technologies Corp. (PLTC), a joint venture of Pacific Online System Corporation (POSC) and Philippine Gaming Management Corporation (PGMC). In January 2026, they turned over new RFID-enabled air-mix draw machines to the PCSO, signaling a push toward high-tech, transparent draws to win back public trust.
- **International Standing:** In January 2026, PCSO achieved WLA Level 3 Accreditation for Responsible Gaming. This is a competitive move to align with global standards (like those in the US and Italy), making it harder for "grey market" operators to claim legitimacy.

New Lotto Games Prize Table Summary:

Feature	2025 status	2026 Status (Present)
Ticket Price	P20	P25
6/58 Min. Jackpot	P50 Million	P75 Million
6/55 Min. Jackpot	P30 Million	P45 Million
6/49 Min. Jackpot	P16 Million	P25 Million
6/45 Min. Jackpot	P9 Million	P15 Million
6/42 Min. Jackpot	P6 Million	P10 Million

Competitive Outlook

The competition is no longer just "Lotto vs. STL" (Small Town Lottery). It is now a battle of Value Proposition. By raising starting jackpots, the PCSO is successfully attracting "casual" bettors who previously only played when jackpots reached the hundreds of millions.

Organization and Manpower

As of December 31, 2025, the Group had a total of 14 employees, of which, 3 belong to Operations and 11 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, through its joint venture corporation Pinoylotto, 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. Furthermore, business interruption may also be caused by phishing or ransomware attacks on the system or on its corporate website and communication platforms.

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.

d. Data Privacy Risk

The Company holds and processes some sensitive personal information of management and employees in its regular business operations. Any breach in confidentiality may lead to an information security incident

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 150 sqm for the year ended Dec. 31, 2025, from the previous 323 sqm by year end 2024.

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

2025 Compared to 2024

Revenues

Pacific Online Systems Corporation (the "Company") consolidated with its subsidiaries (the "Group"), generated total revenues of P524.2 million for the year ended December 31, 2025. Revenues decreased by P3.3 million (6%) from revenues of the same period in 2024 amounting to P527.5 million mainly due one time collection from PCSO for the operational cost of legacy system and use of draw machines in 2024.

Cost of services

Cost of services increased by P11.0 million (4%) to P305.2 million in 2025 from P294.2 million in 2024 mainly due to depreciation expense of additional fixed assets purchased and payment for software cost.

General and administrative expenses

General and administrative expenses increased by P16.1 million (9%) to P193.7 million in 2025 from P177.6 million in 2024 mainly due to the higher cost of other external services, professional fees and other administrative expenses.

Finance charges

Finance charges decreased by P11.9 million (33%) due to reduction of outstanding balance of loan for the year 2025.

Interest income

Interest income increased by P7.3 million (53%) due interest income of money market placements as a result of better cash management in 2025.

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

Marked-to-market gains on investments held for trading increased by P1.7 million (175%) due to higher stock prices of investment held for trading in 2025.

Dividend income

The Company received dividend income from its investments held for trading amounting to P15.2 million in 2025. No dividend income was received in 2024.

Other Income (Charges) - net

The Company's other income - net increased by P25.3 million (7761%), from other net charges of P0.3 million in 2024 mainly due to the collected reimbursable charges from the WABP project.

Financial Condition

2025 Compared to 2024

TOTAL ASSETS

The Group's total assets of P1,647.1 million as at December 31, 2025 decreased by P89.4 million or 5% from P1,736.5 million as at December 31, 2024.

Cash and cash equivalents

Cash and cash equivalents increased by P127.4 million (22%) from P592.2 million as at December 31, 2024 to P719.6 million as at December 31, 2025 due to the collection of cash bond for the WABP project, refund of unexpired portion of bank guarantee fees, interest income from money market placements, dividend income from investment held for trading and collection of other receivables. This was offset by advances for discontinued investment and payment of loan amortizations for 2025.

Investments held for trading

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 P0.7 million (2%) as at December 31, 2025 mainly due to the marked-to-market gain for the year 2025.

Trade and other receivables

Trade and other receivables increased by P23.6 million (13%) to P209.3 million as at December 31, 2025 from P185.7 million as at December 31, 2024 due to the receivable arising from the discontinued investment.

Creditable withholding taxes (CWTs)

Creditable withholding taxes increased by P15.4 million (12%) to P140.7 million as at December 31, 2025 from P125.3 million as at December 31, 2024 due additional creditable withholding tax from collected revenues.

Other current assets

Other current assets of the Group decreased by P104.4 million (77%) to P31.7 million as at December 31, 2025 from P136.2 million as at December 31, 2024 due mainly to the collection of cash bond and refund of bank guarantee fees.

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 P154.0 million (24%) to P498.0 million as at December 31, 2025 from P652.0 million as at December 31, 2024 mainly due to the depreciation expense recognized for the period.

Other noncurrent assets

Other noncurrent assets increased by P2.0 million (87%) to P4.4 million as at December 31, 2025 from P2.3 million as at December 31, 2024 mainly due to the net retirement asset.

LIABILITIES

The Group recorded total liabilities at P487.9 million as at December 31, 2025, lower by P150.8 million (24%) compared to the total liabilities P638.7 million as at December 31, 2024. The decrease was mainly due to payment of loan amortizations for 2025.

EQUITY

Total equity of the Company increased by P61.4 million (6%) to P1,159.2 million as at December 31, 2025 from P1,097.8 million as at December 31, 2024 mainly due to the net income earned for year 2025.

As of December 31, 2025, 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, 2025	Dec. 31, 2024
Current Ratio	3.29:1.00	3.06:1.00
Asset-to-Equity Ratio	1.42:1.00	1.58:1.00
Return on Equity	5%	1%
Return on Assets	3%	1%
Solvency Ratio	0.47:1.00	0.27:1.00

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

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, 2023. 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	3.01:1.00
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	$\frac{\text{Net Income} + \text{Depreciation}}{\text{Total Liabilities}}$

Results of Operations

2023 Compared to 2022

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

2026 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. In addition, Pinoylotto will service the PCSO also through its new contract on draw machines in support of its main lottery operations.

Pacific Online is actively seeking opportunities for growth through profitable investments in the entertainment industry 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, 2025 listed in the accompanying index to Financial Statements and Supplementary Schedules are filed as part of this Form 20-IS.

MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

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

Dividends

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

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.

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 March 6, 2026, the stocks of the Company closed at to ₱1.66 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:

<u>2025</u>	<u>High</u>	<u>Low</u>
First Quarter	5.15	2.56
Second Quarter	3.99	3.09
Third Quarter	3.66	1.85
Fourth Quarter	2.49	1.60
<u>2024</u>	<u>High</u>	<u>Low</u>
First Quarter	4.80	3.69
Second Quarter	5.15	3.18
Third Quarter	5.24	3.60
Fourth Quarter	3.82	2.50

As of March 6, 2026, the Company's market capitalization amounted to ₱1,486,249,370.36 based on the closing price of to ₱1.66 per share.

Security Holders

As of February 28, 2026, Pacific Online had 63 shareholders, corresponding to total common shares outstanding of 895,330,946. The top 20 stockholders as of the same date are listed below:

	NAME	TOTAL SHARES	PERCENTAGE (%)
1	PREMIUM LEISURE CORP.	448,560,806	50.10
2	PCD NOMINEE CORPORATION Filipino - 286,938,055 Non-Filipino - 41,551,221	328,489,276	36.69
3	OCIER, WILLY N.	71,819,350	8.02
4	ABACORE CAPITAL HOLDINGS, INC.	43,761,630	4.89
5	SY, HANS TAN	800,000	0.09
6	OCIER, WILLY &/OR GERALDINE E.Y.	719,500	0.08
7	OCIER, MISCHEL GABRIELLE E.Y.	390,000	0.04
8	KILAYKO, GREGORIO U.	200,000	0.02
9	LIM, MAURICE D.	100,000	0.01
10	BENITEZ, ALFREDO B.	68,200	0.01
11	CHAN, CARMELITA	66,000	0.01
12	GREGORIO, ANTONIO VICTORIANO III F. OR VENUS LIQUE GREGORIO	50,000	0.01
13	VILLANUEVA, MYRA P.	23,400	0.00
14	CHAN, CARMELITA D.L.	33,300	0.00
15	TAGUBA, LUCILA A.	20,000	0.00
16	SY, CAROLINE TANCUAN	20,000	0.00
17	SY, HANS JR. TANCUAN	20,000	0.00
18	SY, HARVEY CHRISTOPHER TANCUAN	20,000	0.00
19	SY, HOWARD CONRAD TANCUAN	20,000	0.00
20	PEREZ, JOSE DEXTER F.	18,000	0.00

Recent Sale of Unregistered Securities

There have been no sales of unregistered securities since 2012.

Voting Rights

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

Dividend Rights of Common Shares

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

Appraisal Rights

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

1. In case any amendment of the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the 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 2025 Meetings

Board of Directors		27-Jan-25	29-Jan-25	20-Feb-25	23-Apr-25	14-May-25	27-Jun-25 ¹	27-Jun-25 ²	24-Jul-25	23-Oct-25	30-Oct-25	4-Dec-25	% of Attendance
Ocier, Willy N.	Chairman (NED)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%
Raquel Santos, Armin Antonio B.	Director (ED)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%
Medalla, Tarcisio M.	Director (NED)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%
Ocier, Henry N.	Director (NED)	✓	✓	✓	✓	✓	✓	✓	✓	x	✓	✓	91%
Mendoza, Mischel O.	Director (ED)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%
Tan, Maria Gracia P.	Director (NED-ID)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%
Antonio, Roberto V.	Director (NED-ID)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%
Chua, Joseph T.	Director (NED-ID)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%
Antonio Victoriano F. Gregorio III ³	Director (NED)	n/a	n/a	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%

¹ - Annual Stockholders' Meeting

² - Board Organizational Meeting

³ - elected as Director effective February 20, 2025

In adherence to good governance practice, the schedule of meetings of the Board and Board Committees for the full year of 2025 was discussed and approved during the October 2024 Board of Directors meeting. On the other hand, the schedules of the Board and Board Committee Meetings in 2026 were discussed and approved by the Board of Directors in October 2025.

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 2025 was conducted in February 2026. 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 2025 attended by the members of our Board of Directors.

	Name of Participants	Training Provider	Date	Topic
1	Willy N. Ocier	Good Governance Advocates and Practitioners of the Philippines (GGAPP)	11/04/2025	Corporate Governance
2	Armin Antonio B. Raquel Santos			
3	Tarcisio M. Medalla	Risks, Opportunities, Assessment and Management, Inc.	8/08/2025	Corporate Governance
4	Antonio Victoriano F. Gregorio III	Center for Global Best Practices	11/06/2025	Environmental, Social and Governance
5	Mischel Gabrielle O. Mendoza	Institute of Corporate Directors (ICD)	10/03/2025	Global Economic and Local Economic Outlook / Artificial Intelligence / Technology Trends Update
6	Henry N. Ocier			
7	Maria Gracia P. Tan			
8	Roberto V. Antonio			
9	Joseph T. Chua			

A review of the various established Board level committees and its respective charters were done for the year 2025. 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 - ensures compliance with, and proper observance of, corporate governance principles and practices; promotes cooperation among other committees to integrate sustainability into corporate strategies; oversees sustainability-related risks by having processes in place, and that the Company capitalizes on significant opportunities; 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 2025.

Attendance of Audit Committee in 2025

Audit Committee		19-Feb-25	23-Apr-25	23-Jul-25	22-Oct-25	% 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 2025

Corporate Governance Committee		19-Feb-25	22-Oct-25	% 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 2025

Related Party Transactions Committee		19-Feb-25	23-Oct-25	% of Attendance
Antonio, Roberto V.	Chairman (ID)	✓	✓	100%
Chua, Joseph T.	Member (ID)	✓	✓	100%
Ocier, Henry N.	Member	x	x	0%
Tan, Maria Gracia P.	Member (ID)	✓	✓	100%

Attendance of Board Risk Oversight Committee in 2025

Risk Oversight Committee		19-Feb-25	23-Jul-25	% 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 2025 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 2025.

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.

Board Diversity and Skills Matrix									
	Willy N. Ocier	Armin Antonio B. Raquel Santos	Mischel Gabrielle O. Mendoza	Tarcisio M. Medalla	Henry N. Ocier	Antonio Victoriano F. Gregorio III	Maria Gracia P. Tan	Joseph T. Chua	Roberto V. Antonio
	Chairman/ Non-Executive	President & CEO/ Executive	Executive Director	Non-Executive Director	Non-Executive Director	Non-Executive Director	Lead Independent Director	Independent Director	Independent Director
Course/ Degree	Bachelor of Arts in Economics	Bachelor of Science in Business Administration Major in Finance and Master of Arts in Liberal Studies	Bachelor of Science Degree in Management Engineering	Bachelor of Science in Commerce; Major in Accounting Advance Management Program Certified Public Accountant	Bachelor of Science in Business Economics	Bachelor of Arts in Business Strategic Business Economics Bachelor of Laws	Bachelor of Science Business Administration and Accounting, and Bachelor of Laws	AB Economics Degree and BS Business Management Degree, and Masters in Business Administration	Bachelor of Science in Economics Major in Marketing Management Masters in Business Economics
Age (years old)	69	58	39	77	68	53	70	68	64
Gender Diversity	M	M	F	M	M	M	F	M	M
Accounting/ Audit		✓		✓			✓	✓	
Internal Control		✓	✓	✓			✓	✓	✓
Anti-Money Laundering	✓	✓					✓	✓	
Banking						✓	✓	✓	
Economics	✓	✓	✓			✓		✓	✓
Investments	✓	✓				✓	✓	✓	
Construction	✓	✓		✓			✓		
Corporate Governance	✓	✓	✓	✓	✓	✓	✓	✓	✓
Finance	✓	✓	✓			✓	✓	✓	
Hospitality/ Leisure	✓	✓			✓				✓
Management	✓	✓	✓	✓	✓	✓	✓	✓	✓
Real Estate	✓	✓			✓	✓	✓	✓	
Risk Management	✓	✓	✓	✓			✓	✓	✓
Sales/ Marketing	✓	✓	✓		✓		✓		✓
Law						✓	✓		

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 February 28, 2026 is shown below:

Names of Directors and Officers	Position	Number of shares held as of 12.31.2024	Acquisition (+)	Disposition (-)	Total	% of Ownership
			as of 2.28.2026			
Willy N. Ocier	Chairman	89,103,500	0	0	89,103,500	9.95
Armin Antonio B. Raquel Santos	Director/ President & CEO	200	0	0	200	0
Tarcisio M. Medalla	Director	300	0	0	300	0
Henry N. Ocier	Director	1,209,000	0	0	1,209,000	0.13
Maria Gracia P. Tan	Independent Director	1,000	0	0	1,000	0.00
Roberto V. Antonio	Independent Director	20,000	0	0	20,000	0.00
Antonio Victoriano F. Gregorio III ¹	Director	0	50,000	0	50,000	0.01
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
	TOTAL	91,208,050	50,000	0	91,258,050	10.19

¹ elected on February 20, 2025 to replace Mr. Raul B. Demesa (+)

Directors' disclosures on self-dealing and related party transactions.

All business decisions and actions must be based on the best interests of the Company and not motivated by personal considerations or relationships which may interfere with the exercise of independent judgment.

The Company aims to conduct business in accordance with the highest standards of business ethics. To this end, all business dealings should be compliant with all applicable laws and must not in any way compromise the good name and reputation of the Company.

All Directors, Officers and Employees shall act with utmost integrity and shall not engage in unfair dealing practices. The Company prohibits any conflict of interest, unfair competition, breach of trust, insider trading, or any other act inimical to the Company's interest.

All Directors, Officers and Employees are required to disclose in writing to the Management, within forty-eight (48) hours, any financial or personal interest in any transaction involving the Company to ensure that potential conflicts of interest are brought to the attention of Management.

Directors shall inhibit themselves from participating in any discussion, deliberation and decision-making concerning any issue or transaction where they may be conflicted.

The Company shall not extend loans to Directors and Officers unless these grants are conducted at arms-length basis and at prevailing market rates.

Directors, Officers and Employees are prohibited from buying or selling (trading) shares of stock of Belle Corp. using material non-public information and obtained by reason of position, contact within or other relationship with the Company. They are also prohibited from passing on such information to someone else who then buys or sells the Company's shares of stock.

Trading Restriction Period – Directors, Officers and Employees and covered persons mentioned above are prohibited from trading in LOTO shares within the period five (5) trading days before and two (2) trading days after the disclosure of quarterly and annual financial results and any other material information.

Directorships of Non-Executive Directors in Other Listed Companies

The Board of Directors has approved the setting of a maximum limit of five (5) publicly-listed corporations, including Pacific Online, for Non-Executive Directors to simultaneously hold at any given time.

Tenure of Independent Directors

Further, the Board has approved the setting of maximum tenure of nine (9) years with year 2012, or the commencements of their term assuming it is later than January 2012, as reckoning date. The Independent Director (ID) may serve as a Non-Executive Director after his term as an ID.

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
Chief Risk Officer & Corporate Planning Head
1902-C West Tower, Tektite Towers, Ortigas Center, Pasig City 1605
Tel. No.: (632) 8584-1700
Email: momendoza@pacificonline.com.ph

Representative for Investor Relations and Gaming, stakeholders may contact:

Carlo R. Climaco
5th Floor, Two ECom Center, Tower A, Palm Coast Avenue, Mall of Asia Complex, Pasay City
Tel. No.: (632) 8662-8888
Email: 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
28th FLOOR EAST TOWER, PSE CENTRE
EXCHANGE ROAD, ORTIGAS CENTER, PASIG CITY
Fax. No. : 85717464
Email Address : contactus@pacificonline.com.ph

REPUBLIC OF THE PHILIPPINES)
PASIG CITY) S.S.

CERTIFICATION

JASON C. NALUPTA, of legal age, Filipino, with office address at 2704 East Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City, being the duly elected and qualified Corporate Secretary of **PACIFIC ONLINE SYSTEMS CORPORATION** (the "Corporation"), a corporation organized and existing under the laws of the Philippines, after having been duly sworn, do hereby certify that, to the best of my knowledge and belief, the information set forth in the Corporation's Preliminary Information Statement is true, complete, and correct.

IN WITNESS WHEREOF, this Certificate has been signed this 6th day of March 2026 at Pasig City.

FURTHER, I hereby attest that I have received an original copy of this document and, in accordance with A.M. No. 02-8-13-SC or the 2004 Rules on Notarial Practice as amended by the Supreme Court En Banc Resolution dated 04 March 2025, I hereby waive my right to receive a transmittal of the electronic copy of this document through electronic mail or other electronic file-sharing mechanisms, and any objections to the completeness of the reproduction of this document, in accordance with A.M. No. 02-8-13-SC or the 2004 Rules on Notarial Practice as amended by the Supreme Court En Banc Resolution dated 04 March 2025.

JASON C. NALUPTA
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 6th day of March 2026 at Pasig City, affiant exhibiting to me his Philippine Passport No. _____ issued at _____ on _____ which expires on _____ as his competent evidence of identity.

Doc. No. 69 ;
Page No. 15 ;
Book No. I ;
Series of 2026.



[DST No. _____ of P30.00 affixed on original of document, paid and cancelled]

ALTHEA DOMINIQUE B. MALIWANAG

Notary Public for Cities of Pasig
and in the Municipality of Pateros
Appointment No. 132 (2026-2027)
Commission Expires on December 31, 2027
2704 East Tower, Tektite Towers, Exchange Road
Ortigas Center, 1605 Pasig City
PTR No. 3986121/01.14.26/Pasig City
IBP No. 576298/12.29.25/Quezon
Roll of Attorneys No. 86401
MCLEC No. VIII-0039127/06.27.25
ULAS Compliance No. N/A

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)

U	n	i	t		1	9	0	2	-	C		W	e	s	t		T	o	w	e	r	,		T	e	k	t	i	t	e		T	o	w	e	r	s	,

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

62

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

Mischel Gabrielle O. Mendoza

Email Address

momendoza@pacificonline.com.ph

Telephone Number/s

(02) 8584-1700

Mobile Number

0918-906-0138

CONTACT PERSON'S ADDRESS

Unit 1902-C West Tower, Tektite Towers, 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, 2025 and 2024**, 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, 2025 and 2024, 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 26th day of February 2026

SUBSCRIBED AND SWORN to before me this 26th day of February 2026 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.
Armin Antonio B. Raquel Santos	Philippine Passport No.
Dioville M. Villarias	Philippine Passport No.

Doc No. 10;
Page No. 13;
Book No. 8;
Series of 2026

FERDINAND D. AYAHAO

Notary Public

For and in Pasig City and the Municipality of Pateros
Commission No. 122 (2026-2027) valid until 12/31/2027
MCLE Exemption No. VII-BHP003234, until 04/14/28
Roll No. 46377; IBP LRN 02459; OF 535886; 06/21/2001
TIN 123-011-785; PTR 4918763AA; 01/09/26; Pasig City
Unit 5, West Tower PSE, Exchange Road
Ortigas Center, Pasig City, NCR, 1605 Philippines



INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Pacific Online Systems Corporation and Subsidiaries
Unit 1902-C West Tower, Tektite Towers,
Exchange Road, Ortigas Center, Pasig City

Opinion

We have audited the accompanying consolidated financial statements of Pacific Online Systems Corporation and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, 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, 2025, 2024 and 2023, 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, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2025, 2024 and 2023 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

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), as applicable to audits of consolidated financial statements of public interest entities, together with the ethical requirements that are relevant to the audit of the consolidated financial statements of public interest entities in the Philippines. We have also 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, 2025. 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 jointly controlled 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. The proper accounting and recognition of interest in the 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 intervening transactions to align 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, and completeness of liabilities, among others.

In accordance with the audit instructions that we communicated to the component auditors, we discussed with them our identified key audit risk areas that they covered in their audit, including the significant areas of estimation and judgment, planning and execution of audit procedures, and results of their work for the relevant fiscal year. We reviewed the audit procedures they performed and related conclusion statements. We evaluated the sufficiency and appropriateness of audit evidences obtained and concluded that there are no inconsistencies with the information and representations provided by the management of PinoyLotto.

We also reviewed the related disclosures in Notes 2, 3 and 5 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, 2025, but does not include the consolidated 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, 2025 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 Accounting Standards, 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 consolidated 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 Grace M. Albunian.

REYES TACANDONG & Co.



GRACE M. ALBUNIAN

Partner

CPA Certificate No. 0144364

Tax Identification No. 410-858-879-000

BOA Accreditation No. 4782/P-024; Valid until June 6, 2026

SEC Accreditation No. 144364-SEC Group A

Issued October 21, 2025

Valid for Financial Periods 2025 to 2029

BIR Accreditation No. 08-005144-018-2024

Valid until November 25, 2027

PTR No. 10764003

Issued January 2, 2026, Makati City

February 26, 2026

Makati City, Metro Manila

PACIFIC ONLINE SYSTEMS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2025	2024
ASSETS			
Current Assets			
Cash and cash equivalents	6	₱719,569,465	₱592,197,741
Investments held for trading	7	43,462,334	42,744,518
Trade and other receivables	8	209,311,438	185,727,790
Creditable withholding taxes (CWT)	9	140,714,366	125,345,588
Other current assets	9	31,732,624	136,162,353
Total Current Assets		1,144,790,227	1,082,177,990
Noncurrent Assets			
Property and equipment	11	497,951,256	652,001,139
Other noncurrent assets	9	4,389,571	2,345,875
Total Noncurrent Assets		502,340,827	654,347,014
		₱1,647,131,054	₱1,736,525,004
LIABILITIES AND EQUITY			
Current Liabilities			
Trade payables and other current liabilities	12	₱208,428,424	₱214,495,568
Current portion of:			
Loans payable	5	138,980,392	138,980,392
Lease liabilities	17	333,767	57,445
Total Current Liabilities		347,742,583	353,533,405
Noncurrent Liabilities			
Loans payable - net of current portion	5	138,980,392	277,960,784
Lease liabilities - net of current portion	17	444,791	–
Net retirement liability	18	–	2,339,801
Net deferred tax liabilities	16	718,655	4,882,801
Total Noncurrent Liabilities		140,143,838	285,183,386
Total Liabilities		487,886,421	638,716,791

(Forward)

		December 31	
	Note	2025	2024
Equity Attributable to Equity Holders of the Parent Company	13		
Capital stock		₱895,330,946	₱895,330,946
Additional paid-in capital		254,640,323	254,640,323
Cost of Parent Company common shares held by a subsidiary		(384,595,174)	(384,595,174)
Other equity reserves		20,076,965	15,502,056
Retained earnings		371,568,278	313,959,794
		1,157,021,338	1,094,837,945
Non-controlling Interest		2,223,295	2,970,268
Total Equity		1,159,244,633	1,097,808,213
		₱1,647,131,054	₱1,736,525,004

See accompanying Notes to Consolidated Financial Statements.

PACIFIC ONLINE SYSTEMS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	2025	2024	2023
REVENUES				
Equipment rental	17	₱524,171,429	₱527,482,143	₱599,221,040
Commission income	20	—	—	2,332,616
		524,171,429	527,482,143	601,553,656
COST OF SERVICES	14	(305,166,653)	(294,229,052)	(260,670,197)
GROSS PROFIT		219,004,776	233,253,091	340,883,459
GENERAL AND ADMINISTRATIVE EXPENSES	14	(193,676,424)	(177,631,621)	(124,144,648)
FINANCE CHARGES	5, 17	(24,654,742)	(36,577,881)	(17,903,206)
INTEREST INCOME	6	21,105,971	13,780,944	5,753,505
DIVIDEND INCOME	7, 10	15,181,863	—	18,947,664
MARKED-TO-MARKET GAINS (LOSSES) ON INVESTMENTS HELD FOR TRADING	7	717,816	(952,007)	54,078,646
OTHER INCOME (CHARGES) - Net	15	25,019,257	(326,573)	54,045,681
INCOME BEFORE INCOME TAX		62,698,517	31,545,953	331,661,101
PROVISION FOR INCOME TAX	16	5,837,006	14,568,128	56,796,285
NET INCOME		56,861,511	16,977,825	274,864,816
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>				
Remeasurement gains (losses) on retirement benefits, net of deferred tax	18	4,574,909	5,162,703	(9,233,066)
Unrealized valuation gains on financial assets at fair value through other comprehensive income (FVOCI)	10	—	82,971,460	58,457,165
		4,574,909	88,134,163	49,224,099
TOTAL COMPREHENSIVE INCOME		₱61,436,420	₱105,111,988	₱324,088,915

		Years Ended December 31		
	Note	2025	2024	2023
Net income (loss) attributable to:				
Equity holders of the Parent Company		₱57,608,484	₱18,146,553	₱272,701,996
Non-controlling interest		(746,973)	(1,168,728)	2,162,820
		₱56,861,511	₱16,977,825	₱274,864,816
Total comprehensive income (loss) attributable to:				
Equity holders of the Parent Company		₱62,183,393	₱106,280,716	₱321,926,095
Non-controlling interest		(746,973)	(1,168,728)	2,162,820
		₱61,436,420	₱105,111,988	₱324,088,915
Basic/Diluted Earnings per Share	21	₱0.0700	₱0.0219	₱0.3228

See accompanying Notes to Consolidated Financial Statements.

PACIFIC ONLINE SYSTEMS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31		
	Note	2025	2024	2023
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY				
CAPITAL STOCK	13	₱895,330,946	₱895,330,946	₱895,330,946
ADDITIONAL PAID-IN CAPITAL	13	254,640,323	254,640,323	254,640,323
COST OF PARENT COMPANY SHARES HELD BY A SUBSIDIARY				
	13			
Balance at beginning of year		(384,595,174)	(285,267,558)	(285,267,558)
Additions		–	(99,327,616)	–
Balance at end of year		(384,595,174)	(384,595,174)	(285,267,558)
OTHER EQUITY RESERVES				
Cumulative Remeasurement Gains on Retirement Asset / Liability				
	18			
Balance at beginning of year		12,891,702	7,728,999	16,962,065
Net remeasurement gains (losses), net of deferred tax		4,574,909	5,162,703	(9,233,066)
Balance at end of year		17,466,611	12,891,702	7,728,999
Other Reserves	13	2,610,354	2,610,354	2,610,354
Cumulative Unrealized Valuation Losses on Financial Assets at FVOCI				
	10			
Balance at beginning of year		–	(234,391,670)	(292,848,835)
Realized portion of the fair value reserve		–	151,420,210	–
Unrealized valuation gains		–	82,971,460	58,457,165
Balance at end of year		–	–	(234,391,670)
		20,076,965	15,502,056	(224,052,317)
RETAINED EARNINGS				
Balance at beginning of year		313,959,794	530,917,448	342,701,848
Net income		57,608,484	18,146,553	272,701,996
Realized portion of the fair value reserve	10	–	(151,420,210)	–
Dividends declared	13	–	(83,683,997)	(84,486,396)
Balance at end of year		371,568,278	313,959,794	530,917,448
		1,157,021,338	1,094,837,945	1,171,568,842
NON-CONTROLLING INTEREST				
Balance at beginning of year		2,970,268	4,138,996	1,976,176
Share in net income (loss)		(746,973)	(1,168,728)	2,162,820
Balance at end of year		2,223,295	2,970,268	4,138,996
		₱1,159,244,633	₱1,097,808,213	₱1,175,707,838

See accompanying Notes to Consolidated Financial Statements

PACIFIC ONLINE SYSTEMS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		₱62,698,517	₱31,545,953	₱331,661,101
Adjustments for:				
Depreciation and amortization	11	171,121,563	155,159,852	40,796,382
Finance charges	5, 17	24,654,742	36,577,881	17,903,206
Interest income	6	(21,105,971)	(13,780,944)	(5,753,505)
Dividend income	7, 10	(15,181,863)	—	(18,947,664)
Share in net loss of investment in an associate	8	6,185,271	—	—
Gain on disposal of:				
Investment in an associate	8	(6,185,271)	—	—
Property and equipment	11	(750,340)	(290,267)	(38,845)
Investments held for trading	15	—	(885,410)	(2,200,087)
Retirement benefits cost	18	907,380	3,937,534	2,718,689
Marked-to-market losses (gains) on investments held for trading	7	(717,816)	952,007	(54,078,646)
Unrealized foreign exchange loss (gain)		118,277	996,948	(2,351,403)
Provision for impairment loss	8	—	1,413,910	—
Operating income before working capital changes		221,744,489	215,627,464	309,709,228
Decrease (increase) in:				
Trade and other receivables		44,886,492	106,669,096	(83,228,786)
Other current assets		110,144,729	(17,889,750)	(98,861,209)
Increase (decrease) in trade payables and other current liabilities		(4,616,087)	(39,140,988)	145,492,981
Net cash generated from operations		372,159,623	265,265,822	273,112,214
Income taxes paid		(28,517,218)	(39,916,119)	(26,833,821)
Interest received		21,105,971	13,780,944	5,753,505
Contributions to the retirement plan		—	—	(19,569,605)
Net cash flows provided by operating activities		364,748,376	239,130,647	232,462,293

(Forward)

Years Ended December 31				
	Note	2025	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES				
Receivable arising from discontinued investment	8	(P65,000,000)	P–	P–
Acquisitions of property and equipment	11	(22,447,321)	(100,456,643)	(537,444,800)
Dividends received	7, 10	11,711,723	–	18,947,664
Decrease (increase) in other noncurrent assets		3,118,719	2,121,538	(1,712,356)
Proceeds from disposal of:				
Property and equipment	11	750,340	373,591	1,362,047
Financial assets at FVOCI	10	–	320,571,550	–
Investments held for trading	7	–	57,201,654	27,554,541
Net cash flows provided by (used in) investing activities		(71,866,539)	279,811,690	(491,292,904)
CASH FLOWS FROM FINANCING ACTIVITIES				
Loan payments	5	(138,980,392)	(133,647,059)	(29,411,765)
Finance charges paid	23	(26,050,319)	(32,535,518)	(17,878,309)
Payments of lease liabilities	17	(361,125)	(499,137)	(1,955,026)
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
Net cash flows provided by (used in) financing activities		(165,391,836)	(269,693,327)	298,768,504
NET INCREASE IN CASH AND CASH EQUIVALENTS				
		127,490,001	249,249,010	39,937,893
EFFECTS OF EXCHANGE RATE CHANGES ON CASH				
		(118,277)	(996,948)	2,351,403
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
		592,197,741	343,945,679	301,656,383
CASH AND CASH EQUIVALENTS AT END OF YEAR				
	6	P719,569,465	P592,197,741	P343,945,679
NONCASH FINANCIAL INFORMATION				
Reclassification from property and equipment to other current assets	11	P5,715,000	P–	P–
Recognition of right-of-use (ROU) assets and lease liabilities	17	1,026,758	–	541,486
Reclassification from advances to suppliers to property and equipment		–	68,850	207,054,331
Impact of lease modification on ROU 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, 2025 AND 2024

AND FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023

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 11, 1993. POSC 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.

In 2025, the Board of Directors (BOD) approved the amendments of the Parent Company’s Articles of Incorporation to change its registered office address from 28th Floor East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City to 19th Floor West Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City. The amendment was approved by the SEC on September 12, 2025.

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, 2025 and 2024. 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	2025	2024	2023
Subsidiaries				
Total Gaming Technologies, Inc. (TGTI)	Gaming	98.9	98.9	98.9
Loto Pacific Leisure Corporation (LotoPac)	Gaming	100.0	100.0	100.0
Falcon Resources Inc. (FRI) ^(a)	Gaming	100.0	100.0	100.0
Futurelab Interactive Corp. (FIC) ^(b)	Gaming	100.0	100.0	100.0
Interest in Joint Operation				
Pinoylotto Technologies Corp. (PinoyLotto)	Gaming	50.0	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 on 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 and related equipment. The ELA expired on September 30, 2023 (see Notes 17 and 20).

In 2024 and 2023, the Parent Company participated in initiatives related to a web-based application betting platform (E-Lotto Project) with PCSO. However, in 2025, the national government adopted a policy discontinuing the licensing of online gaming and online betting platforms by state gaming agencies. As a result, the implementation of the E-Lotto Project did not proceed (see Note 20).

In light of these developments, the BOD approved on February 12, 2026, the unwinding of the Parent Company's involvement in the E-Lotto Project and directed management to pursue other business opportunities within the industry.

On November 18, 2025, the Parent Company, together with PinoyLotto and Philippine Gaming Management Corp. (PGMC), formed an unincorporated joint operation to participate in PCSO's procurement for the supply, installation, and maintenance of Radio Frequency Identification (RFID)-enabled draw machines and related accessories. The joint operation was awarded the project at a contract price of ₱559.0 million in December 2025 (see Note 5).

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.

In 2022, TGTI ceased its operations as lessor of PCSO's Online Keno games. 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.

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.

In 2020, FRI ceased its scratch ticket distribution operations with the intention 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 operate and manage amusement, recreational, and gaming equipment facilities.

As at December 31, 2025, FIC has not started its commercial operations.

PinoyLotto

On June 21, 2021, PinoyLotto, a jointly controlled corporation owned by POSC, 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. In accordance with the contract, terminals are being installed and operated nationwide, with a maximum capacity of up to 6,500 terminals.

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, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023 were endorsed by the Audit Committee to the BOD on February 25, 2026 and were approved and authorized by the BOD for issuance on February 26, 2026.

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) Accounting Standards issued by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC) 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 Parent Company'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);
- lease liabilities which are measured at the present value of future lease payments; 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 Accounting Standards

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*, effective for annual periods beginning on or after January 1, 2025.

The amendments clarify when a currency is considered exchangeable and how the exchange rate should be determined when exchangeability is lacking. They also introduce additional disclosure requirements. The amendments are applied prospectively, with any effect of initial application recognized as an adjustment to opening retained earnings, as applicable.

The adoption of these amendments did not have a material impact on the Group's consolidated financial statements, except for additional disclosures, where applicable.

Amendments to PFRS Accounting Standards in Issue But Not Yet Effective or Adopted

Relevant amendments to PFRS Accounting Standards, which are not yet effective as at December 31, 2025 and have not been applied in preparing the consolidated financial statements, are summarized below:

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

- Amendments to PFRS 9, *Financial Instruments*, and PFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Assets* – The amendment clarify certain requirements relating to the recognition and derecognition of financial instruments, the assessment of contractual cash flow characteristics of financial assets, and related disclosures.
- Annual Improvements to PFRS Accounting Standards Volume 11 – These amendments provide clarifications to PFRS 7, PFRS 9, PFRS 10, *Consolidated Financial Statements* and PAS 7, *Statement of Cash Flows*, including guidance on derecognition, consolidation assessments, and cash flow presentation.

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

- PFRS 18, *Presentation and Disclosure in Financial Statements* – This standard replaces PAS 1, *Presentation of Financial Statements*, and sets out requirements for the presentation and disclosure of information in general purpose financial statements. The standard introduces new categories and sub-totals in the statements of comprehensive income, additional disclosures on management-defined performance measures, and enhanced requirements for grouping information. Full retrospective application is required. Earlier application is permitted.

The Group expects the adoption of PFRS 18 to result in changes in presentation and additional disclosures in the consolidated financial statements. The standard is not expected to have an impact on the recognition or measurement of the Group's assets, liabilities, income or expenses.

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 Accounting Standards 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 represents 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 represents 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 CGUs 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 and its unincorporated joint arrangement with PinoyLotto and PGMC as 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.

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 deposits (presented as part of "Other current assets" account) and refundable deposits (presented as part of "Other noncurrent assets" account).

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 Intermediate 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.

Except for trade receivables in which the simplified approach was applied, 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.

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 (CWT)

CWT represents the amount withheld by the Group's customers in relation to its income. CWT 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. CWT is stated at its net realizable amount.

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.

Software Development Costs

Software development costs represent expenditures incurred by the Group in connection with the development of software and applications for a customer. Research costs are expensed as incurred. Development costs are capitalized when the recognition criteria are met, including technical feasibility, intention and ability to complete the asset for sale, probability of future economic benefits, and reliable measurement costs.

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.

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.

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
Office furniture, fixtures and equipment	4 - 5
Leasehold improvements	4 or 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.

Investment in an Associate

An associate is an entity in which the Group has significant influence but not control or joint control. Investment in an associate is accounted for using the equity method.

Under the equity method, the investment is initially recognized at cost and subsequently adjusted for the Group's share in the associate's post-acquisition profit or loss and other comprehensive income.

Upon disposal or loss of significant influence, the Group derecognizes the investment in the associate. The difference between the carrying amount of investment at the date significant influence is lost and the consideration from disposal including the fair value of retained interest, if any, is recognized in profit or loss.

Impairment of Nonfinancial Assets

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 Accounting Standards. 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 is 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 except for commission income. 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 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.

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 be applicable 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 relating to items recognized outside profit or loss is recognized outside profit or loss. In such case, 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.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS Accounting Standards 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 applied judgment in assessing whether the Parent Company's interest in PinoyLotto constitutes joint control and in determining the appropriate classification of the joint arrangement under PFRS 11, *Joint Arrangements*. PinoyLotto is 50% owned by the Parent Company and is considered jointly controlled as the parties to the agreement have equal board representation and decisions about the relevant activities require unanimous consent of both parties.

In determining whether the arrangement is a joint operation or a joint venture, management considered the requirements of PFRS 11, including: whether the arrangement is structured through a separate vehicle; the legal form of the separate vehicle; the terms of the contractual arrangements; and other facts and circumstances, including the design and purpose of the arrangement. This assessment required significant judgment, particularly in evaluating the substance of the rights and obligations conveyed by the arrangement, including the parties' exposure to the economic benefits of assets used in the activities and their responsibility for settling liabilities arising from those activities. Based on this assessment, management classified the arrangement as a joint operation.

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 the Fair Value of Financial Instruments. PFRS Accounting Standards 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 values 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 at Amortized Cost. 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 (excluding advances to contractors, suppliers, officers and employees) 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 financial assets at amortized cost was recognized by the Group in 2025 and 2023. 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 significant nonfinancial assets for impairment when there are indicators that the carrying amounts may not be recoverable. If there are any impairment indicators, management determines whether the recoverable amount is lower than the carrying amount which may result to impairment. Determining the recoverable amount of these nonfinancial assets requires the estimation of future cash flows expected to be generated from the continued use and ultimate disposition of such assets.

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 2025, 2024 and 2023.

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
CWT	9
Other current assets*	9
Other noncurrent assets**	9

*Excluding guarantee deposits.

**Excluding 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 2025, 2024 and 2023. 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 2025, 2024, and 2023 the Group's segment pertains solely to equipment leasing and other related services.

5. Joint Arrangements

Joint Operation in PinoyLotto

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 and other facts and circumstances 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. The Group's share in assets, liabilities, revenues, costs and expenses of PinoyLotto is presented below:

	2025	2024
Cash and cash equivalents	₱122,084,700	₱54,993,770
Trade and other receivables	56,480,134	49,737,037
CWTs	32,416,183	16,680,804
Other current assets	28,588,368	72,724,507
Total Current Assets	239,569,385	194,136,118
Property and equipment	497,951,256	652,001,130
Other noncurrent assets	741,547	483,026
Total Noncurrent Assets	498,692,803	652,484,156
Total Assets	₱738,262,188	₱846,620,274

	2025	2024
Trade payables and other current liabilities	(₱123,684,459)	(₱131,845,610)
Current portion of:		
Loans payable	(138,980,392)	(138,980,392)
Lease liabilities	(333,767)	(57,445)
Total Current Liabilities	(262,998,618)	(270,883,447)
Loan payables - net of current portion	(138,980,392)	(277,960,784)
Net retirement liability	(1,903,499)	(662,330)
Net deferred tax liabilities	(1,200,688)	–
Lease liabilities - net of current portion	(444,791)	–
Total Noncurrent Liabilities	(142,529,370)	(278,623,114)
Total Liabilities	(₱405,527,988)	(₱549,506,561)

	2025	2024	2023
Revenue from equipment rental	₱523,457,143	₱517,857,143	₱129,464,286
Cost of services	(291,393,024)	(264,209,114)	(57,535,027)
General and administrative expenses	(159,594,925)	(130,901,005)	(46,366,911)
Finance charges	(24,654,742)	(36,577,881)	(17,878,309)
Interest income	178,092	158,808	84,322
Other charges	(137,779)	(960,463)	(2,312,579)
Provision for income taxes	(12,024,365)	(13,098,869)	–
Net income	₱35,830,400	₱72,268,619	₱5,455,782

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 ₱1.0 billion, the proceeds of which was 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 8.63% and 6.54% to 7.45% in 2025 and 2024, respectively.

In 2024, PinoyLotto obtained an additional bank loan amounting to ₱160.0 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 ₱24.6 million, ₱36.5 million, and ₱17.9 million in 2025, 2024, and 2023, respectively. The related accrued interest as at December 31, 2025 and 2024 amounting to ₱2.6 million and ₱4.0 million, respectively, 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 are presented below:

	2025	2024
Balance at beginning of year	₱416,941,176	₱470,588,235
Repayments	(138,980,392)	(133,647,059)
Availments	—	80,000,000
Balance at end of year	277,960,784	416,941,176
Current portion	138,980,392	138,980,392
Noncurrent portion	₱138,980,392	₱277,960,784

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, 2025 and 2024, PinoyLotto is compliant with the financial covenants and agreements.

Surety Bond

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.

Unincorporated Joint Operation between the Parent Company, PinoyLotto, and PGMC

As discussed in Note 1, in 2025, the Parent Company, PinoyLotto, and PGMC formed an unincorporated joint operation to participate in the procurement by the PCSO for the supply, installation, and maintenance of RFID-enabled draw machines and related accessories.

On December 19, 2025, the Unincorporated Joint Operation was awarded with the Project at a contract price of ₱559.0 million as the bidder with the single calculated and responsive bid and received a Notice to Proceed for the Project on December 26, 2025.

Under the joint operation agreement, PinoyLotto holds a 90% participating interest and is primarily responsible for the implementation and execution of the project while PGMC and the Parent Company each hold a 5% participating interest and provides funding support.

Each party recognizes its proportionate share of assets, liabilities, revenues, and expenses arising from the Project.

6. Cash and Cash Equivalents

This account consists of:

	2025	2024
Cash on hand	₱409,730	₱354,730
Cash in banks	93,746,996	96,575,560
Cash equivalents	581,554,214	451,444,854
Restricted cash	43,858,525	43,822,597
	₱719,569,465	₱592,197,741

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 ₱21.1 million, ₱13.8 million and ₱5.8 million in 2025, 2024 and 2023, respectively.

7. Investments Held for Trading

This account consists of investments in quoted shares of stock of Vantage Equities, Inc. and APC Group, Inc.

Movements in this account are as follows:

	2025	2024
Balance at beginning of year	₱42,744,518	₱100,012,769
Marked-to-market gains (losses)	717,816	(952,007)
Disposals	—	(56,316,244)
Balance at end of year	₱43,462,334	₱42,744,518

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).

Dividend income from investments held for trading amounted to ₱15.2 million in 2025. The related dividend receivable amounted to ₱3.5 million.

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:

	2025	2024
Trade	₱49,117,333	₱48,333,333
Nontrade	193,677,614	240,507,614
Receivable from disposal of investment	65,000,000	—
Advances to:		
Contractors and suppliers	13,169,006	2,404,797
Officers and employees	2,501,734	1,792,047
Others	3,610,969	10,455,217
	327,076,656	303,493,008
Less allowance for impairment loss	117,765,218	117,765,218
	₱209,311,438	₱185,727,790

Trade Receivables

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

Nontrade receivables include amounts due from third parties representing noninterest-bearing advances made to a consultant for the exploration of potential projects and business opportunities. The Group has discontinued the related project, and recovery efforts are ongoing. The Group has already begun receiving payments from the consultant and continues to finalize the remaining terms and manner of collection of the outstanding receivables.

Nontrade receivables also include amounts due from former investees which are substantially provided with allowance for impairment, because of the delayed payments and disposal of ownership interest in the former investees.

Receivable from Disposal of Investment

On January 29, 2025, the Parent Company entered into an Investment Agreement for the acquisition of 37.5% ownership of HHR Philippines, Inc. (HHRPI) for a consideration of ₱150.0 million, out of which ₱65.0 million was paid in 2025. On December 29, 2025, due to tightening of government policy toward online gaming, the Parent Company sold its investments for a consideration of ₱65.0 million. The buyer assumes the remaining subscription payable amounting to ₱85.0 million.

Upon acquisition, the investment qualifies as an investment in associate. Upon disposal within the same year, share in net loss of HHRPI of ₱6.2 million also translates to gain on disposal of the same amount (see Note 15).

Other Receivables

Other receivables are primarily dividend income in 2025 and shared services rendered in 2024 which are collectible in the following financial period.

The movements in allowance for impairment loss on trade and other receivables are as follows:

	Note	2025	2024
Balance at beginning of year		₱117,765,218	₱116,351,308
Provision	14	–	1,413,910
Balance at end of year		₱117,765,218	₱117,765,218

9. CWT and Other Assets

CWT

This account consists of:

	2025	2024
CWT	₱141,247,532	₱125,878,754
Less allowance for impairment loss	533,166	533,166
	₱140,714,366	₱125,345,588

Other Current Assets

This account consists of:

	Note	2025	2024
Spare parts and supplies		₱9,495,203	₱8,170,480
Software development costs		7,573,167	–
Prepayments		6,667,121	46,541,898
Guarantee deposits	20	5,355,837	79,000,000
Input VAT		843,269	411,344
Others		1,798,027	2,038,631
		₱31,732,624	₱136,162,353

Spare parts and suppliers are generally used for providing maintenance and repair services on the leased lottery equipment to PCSO.

Software development costs pertain to charges incurred by the Group for the development of software and applications for PCSO. The Group expects the turnover of asset and realization of economic benefits to occur in 2026. The total costs include the amount reclassified from property and equipment amounting to ₱5.7 million (see Note 11).

Prepayments represent mainly insurance and rent. It also includes prepaid technical training, advisory and maintenance services. In 2024, prepayments also include contract costs amounting to ₱30.7 million which pertain to costs incurred to fulfil the obligations under E-Lotto Project (see Note 20).

Guarantee deposits include cash bonds held in escrow account as part of the agreement with PCSO (see Note 20).

Other Noncurrent Assets

This account consists of:

	Note	2025	2024
Net retirement asset	18	₱2,852,698	₱–
Refundable deposits		795,326	2,291,727
ROU assets	17	741,547	54,148
		₱4,389,571	₱2,345,875

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

Financial assets at FVOCI pertain to the Group's investment in shares of the Intermediate Parent Company which were sold in 2024 for ₱320.6 million as a result of the tender offer conducted by the Ultimate Parent Company for the purpose of voluntary delisting the Intermediate Parent Company shares from the Main Board of PSE.

The movements in this account are as follows:

	2024
Balance at beginning of year	₱237,600,090
Disposal	(320,571,550)
Unrealized valuation gains	82,971,460
Balance at end of year	₱—

The fair values were determined based on the quoted prices on the last market day of the year (Level 1).

Movements in cumulative unrealized valuation losses on financial asset at FVOCI are as follows:

	2024
Balance at beginning of year	(₱234,391,670)
Realized portion	151,420,210
Unrealized valuation gain	82,971,460
Balance at end of year	₱—

Dividend income from the financial assets at FVOCI amounted to ₱18.9 million in 2023.

11. Property and Equipment

The movement in this account is as follows:

	2025				
	Lottery Equipment	Office Furniture, Fixtures and Equipment	Leasehold Improvements	Transportation Equipment	Total
Cost					
Balance at beginning of year	₱814,869,320	₱41,628,459	₱3,594,826	₱11,226,653	₱871,319,258
Additions	20,958,237	533,281	232,142	723,661	22,447,321
Disposals and retirement	—	(19,152,632)	—	(1,652,459)	(20,805,091)
Reclassification	(5,715,000)	—	—	—	(5,715,000)
Balance at end of year	830,112,557	23,009,108	3,826,968	10,297,855	867,246,488
Accumulated Depreciation and Amortization					
Balance at beginning of year	184,834,741	23,015,864	890,156	10,577,358	219,318,119
Depreciation and amortization	164,853,567	4,987,013	743,221	198,403	170,782,204
Disposals and retirement	—	(19,152,632)	—	(1,652,459)	(20,805,091)
Balance at end of year	349,688,308	8,850,245	1,633,377	9,123,302	369,295,232
Carrying Amount	₱480,424,249	₱14,158,863	₱2,193,591	₱1,174,553	₱497,951,256

	2024				
	Lottery Equipment	Office Furniture, Fixtures and Equipment	Leasehold Improvements	Transportation Equipment	Total
Cost					
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
Accumulated Depreciation and Amortization					
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
Carrying Amount	₱630,034,579	₱18,612,595	₱2,704,670	₱649,295	₱652,001,139

The Group sold certain equipment with a carrying amount of nil, ₱83,324 and ₱1.3 million for a total consideration of ₱750,340, ₱373,591 and ₱1.4 million in 2025, 2024 and 2023, respectively, resulting to a gain on sale amounting to ₱750,340, ₱290,267 and ₱38,845 in 2025, 2024 and 2023 respectively (see Note 15).

In 2025, a lottery equipment with carrying value of ₱5.7 million was reclassified to other assets from property and equipment in preparation for its delivery to PCSO as part of the first phase of deliverables of their new project.

Depreciation and amortization recognized in the consolidated statements of comprehensive income arises from:

	Note	2025	2024	2023
Property and equipment		₱170,782,204	₱154,649,527	₱38,980,983
ROU assets	17	339,359	510,325	1,815,399
		₱171,121,563	₱155,159,852	₱40,796,382

Depreciation and amortization are allocated as follows (see Note 14):

	2025	2024	2023
Cost of services	₱170,782,195	₱149,001,119	₱37,901,647
General and administrative expenses	339,368	6,158,733	2,894,735
	₱171,121,563	₱155,159,852	₱40,796,382

The cost of fully depreciated property and equipment still in use amounted to ₱23.1 million in 2025 and 2024.

12. Trade Payables and Other Current Liabilities

This account consists of:

	2025	2024
Accounts payable	₱115,337,254	₱159,248,509
Accrued expenses	82,238,233	45,763,091
Statutory payables	7,613,460	6,450,827
Others	3,239,477	3,033,141
	₱208,428,424	₱214,495,568

Accounts payable generally has a 30-to-45 day credit terms.

Accrued expenses primarily include communications, outside services, software support fees, professional fees, salaries and other employee benefits, and interests, among others. These are normally settled in the following financial year.

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:

	2025		2024	
	Shares	Amount	Shares	Amount
Authorized - ₱1 par value	2,288,000,000	₱2,288,000,000	2,288,000,000	₱2,288,000,000
Issued	895,330,946	₱895,330,946	895,330,946	₱895,330,946
Cost of Parent Company Common Shares				
Held by a Subsidiary:				
Balance at beginning of year	(72,691,184)	(384,595,174)	(50,466,984)	(285,267,558)
Additions	—	—	(22,224,200)	(99,327,616)
Balance at end of year	(72,691,184)	(384,595,174)	(72,691,184)	(384,595,174)
Outstanding	822,639,762	₱510,735,772	822,639,762	₱510,735,772

Additional paid-in capital amounted to ₱254.6 million as at December 31, 2025 and 2024.

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, 2025 and 2024.

The Parent Company listed its shares in the PSE on April 12, 2007. As at December 31, 2025 and 2024, 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, 2025 and 2024, public ownership over the Parent Company is 34.82%.

As at December 31, 2025 and 2024, the Parent Company has 62 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	2025	2024	2023
Depreciation and amortization	11	₱170,782,195	₱149,001,119	₱37,901,647
Software and license fees		59,770,173	43,447,330	65,552,553
Communication		55,347,565	67,316,596	35,853,495
Personnel costs		8,116,025	13,046,949	47,840,647
Repairs and maintenance		5,571,667	4,963,355	36,253,335
Travel and accommodation		3,483,374	4,764,921	15,998,823
Rent and utilities		2,032,886	4,772,410	15,954,914
Others		62,768	6,916,372	5,314,783
		₱305,166,653	₱294,229,052	₱260,670,197

General and Administrative Expenses

This account consists of:

	Note	2025	2024	2023
Personnel costs		₱59,142,420	₱66,124,666	₱38,246,725
Other external services		39,187,965	19,414,987	7,792,285
Rent and utilities		17,994,720	24,898,221	14,813,288
Professional fees		16,846,947	6,667,189	5,015,570
Travel and accommodation		14,102,172	15,806,927	9,314,153
Taxes and licenses		11,667,287	12,358,002	8,607,318
Operating supplies		9,576,736	2,642,886	1,703,393
Research and development		7,500,000	—	—
Entertainment and representation		4,805,220	4,328,438	415,045
Repairs and maintenance		3,499,037	3,023,139	1,598,131
Dues and subscription		1,954,362	1,692,794	—
Director's fee		1,869,444	1,994,118	4,849,346
Communication		1,652,398	2,907,889	10,103,445
Depreciation and amortization	11	339,368	6,158,733	2,894,735
Provision for impairment losses	8	—	1,413,910	—
Pre-operating expenses		—	—	14,362,121
Others		3,538,348	8,199,722	4,429,093
		₱193,676,424	₱177,631,621	₱124,144,648

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 pertain to PinoyLotto. Details are as follows:

	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 and amortization	2,224
Others	1,921,516
	₱14,362,121

Personnel costs are as follows:

	Note	2025	2024	2023
Salaries and wages		₱53,011,333	₱56,183,099	₱61,265,423
Post-employment benefits	18	907,380	3,937,534	2,718,689
Other short-term employee benefits		13,339,732	19,050,982	22,103,260
		₱67,258,445	₱79,171,615	₱86,087,372

15. Other Income (Charges)

This account consists of:

	Note	2025	2024	2023
Reimbursable charges		₱24,382,494	₱—	₱—
Share in net loss of an associate	8	(6,185,271)	—	—
Gain on disposal of:				
Investment in an associate	8	6,185,271	—	—
Property and equipment	11	750,340	290,267	38,845
Investments held for trading	7	—	885,410	2,200,087
Scrap items		—	365,126	—
Foreign exchange loss - net		(118,277)	(996,948)	(2,351,019)
Sale of trademark		—	—	26,785,714
Net claims		—	—	20,218,195
Others		4,700	(870,428)	7,153,859
		₱25,019,257	(₱326,573)	₱54,045,681

Reimbursable charges pertain to amounts collected from PCSO in relation to the E-Lotto trial run, net of additional expenses incurred in 2025 (see Note 20).

In November 2023, the Parent Company assigned certain trademarks to Diamond Powerwinners Corp. for ₱30.0 million (inclusive of VAT), resulting in a gain of ₱26.8 million. The consideration was fully collected in 2024.

Net claims pertain to TGTI's claims over lost revenues during the pandemic from PCSO net of related costs incurred.

Others mainly consist of miscellaneous income, bank charges, among others.

16. Income Taxes

The components of income taxes as reported in the consolidated statements of comprehensive income are as follows:

	2025	2024	2023
Current	₱13,148,440	₱16,334,608	₱54,676,728
Deferred	(7,311,434)	(1,766,480)	2,119,557
	₱5,837,006	₱14,568,128	₱56,796,285

In 2025, current income tax expense pertains to RCIT of PinoyLotto and MCIT of POSC and TGTI. In 2024, it pertains to RCIT of POSC and PinoyLotto and MCIT of TGTI while in 2023 current income tax expense represents RCIT of POSC and MCIT of TGTI.

The components of the net deferred tax assets (liabilities) of the Group are as follows:

	2025	2024
Items recognized in profit or loss		
Retirement benefits	₱4,564,998	₱4,655,694
Unamortized past service costs	1,671,082	1,941,191
Temporary differences attributable to joint operation	(912,988)	709,329
Costs incurred to fulfil a contract	—	(7,665,028)
Unrealized foreign exchange loss	—	(7,210)
	5,323,092	(366,024)
Items recognized in other comprehensive income		
Remeasurement of retirement liability	(6,041,747)	(4,516,777)
Net deferred tax assets (liabilities)	(₱718,655)	(₱4,882,801)

The components of the unrecognized deferred tax assets are as follows:

	2025	2024
NOLCO	₱33,372,195	₱44,683,570
Excess MCIT over RCIT	2,534,861	1,410,786
Allowance for impairment losses on receivables	819,630	819,630
Unamortized past service costs	199,707	589,776
	₱36,926,393	₱47,503,762

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
2025	₱—	₱1,587,029	₱—	₱—	₱1,587,029	2028
2024	88,904,536	—	—	(9,883,098)	79,021,438	2027
2023	106,351	—	—	—	106,351	2026
2022	13,937,584	—	(13,937,584)	—	—	2025
2021	52,946,908	—	—	—	52,946,908	2026
2020	24,542,655	—	(24,542,655)	—	—	2025
	₱180,438,034	₱1,587,029	(₱38,480,239)	(₱9,883,098)	₱133,661,726	

The details of the Group's MCIT are as follows:

Year Incurred	Beginning Balance	Incurred	Expired	Applied	Ending Balance	Valid Until
2025	₱—	₱1,124,075	₱—	₱—	₱1,124,075	2028
2024	1,098,752	—	—	—	1,098,752	2027
2023	312,034	—	—	—	312,034	2026
	₱1,410,786	₱1,124,075	₱—	₱—	₱2,534,861	

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:

	2025	2024	2023
Provision for (benefits from) income tax at statutory income tax rate	(P1,702,259)	(P26,881,616)	P82,915,275
Income tax effects of:			
Marked-to-market losses (gains) on securities	17,084,702	39,364,889	(13,519,662)
Expired NOLCO	9,229,625	—	—
Interest income subjected to final tax	(5,231,946)	(3,405,514)	(1,438,376)
Dividend income subjected to final tax	(3,795,466)	—	—
Nondeductible expenses and others	815,765	5,781,667	689,145
Attributable to joint operation	13,954	(9,926,631)	(6,100,862)
Changes in unrecognized deferred tax assets	(10,577,369)	9,635,333	(5,749,235)
Provision for income tax at effective tax rate	P5,837,006	P14,568,128	P56,796,285

The Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

Under the CREATE Act which took effect on July 1, 2020, domestic corporations are subject to 25% or 20% RCIT depending on the amount of total assets or total amount of taxable income. In addition, MCIT is computed at 1% of gross income for a period of three years up to June 30, 2023 and reverted to 2% of gross income effective July 1, 2023 under Revenue Memorandum Circular No. 69-2023.

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 P714,286, P9.6 million and P469.8 million in 2025, 2024, and 2023, respectively, (see Note 20). The rental income in 2023 and is based on a percentage of gross sales of lotto tickets from PCSO's Luzon and VISMIN operations while the rental income is primarily due to continuing costs incurred from ticket validations in 2024 and lease of draw machines in 2025.

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.

Rental income amounted to P523.4 million, P517.9 million, and P129.5 million in 2025, 2024, and 2023, respectively (see Note 5).

Group as Lessee

The Group 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	2025	2024	2023
Rent expense		P14,410,474	P17,266,475	P18,092,195
Amortization of ROU assets	11	339,359	510,325	1,815,399
Interest expense on lease liabilities		55,480	30,797	24,897
		P14,805,313	P17,807,597	P19,932,491

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:

	2025	2024
Balance at beginning of year	₱54,148	₱541,486
Addition	1,026,758	–
Amortization	(339,359)	(510,325)
Modification	–	22,987
Balance at end of year	₱741,547	₱54,148

The movements in the lease liabilities are presented below:

	2025	2024
Balance at beginning of year	₱57,445	₱502,798
Additions	1,026,758	–
Payments	(361,125)	(499,137)
Interest expense	55,480	30,797
Modification	–	22,987
	778,558	57,445
Current portion	333,767	57,445
Noncurrent portion	₱444,791	₱–

Refundable deposits amounted to ₱795,326 and ₱2.3 million as at December 31, 2025 and 2024, respectively (see Note 9).

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

	2025	2024
Within one year	₱379,181	₱114,890
After one year but not more than five years	465,028	–
	₱844,209	₱114,890

18. Retirement Benefits

The Group has 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 for the year ended December 31, 2025.

Changes in the retirement benefits of the Group are as follows:

	2025		
	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Retirement Liability (Asset)
Balance at beginning of year	₱33,396,834	₱31,057,033	₱2,339,801
Net retirement costs (income) in profit or loss:			
Current service cost	3,552,413	—	3,552,413
Past service income	(2,833,770)	—	(2,833,770)
Interest expense	2,042,374	—	2,042,374
Interest income	—	1,853,637	(1,853,637)
	2,761,017	1,853,637	907,380
Benefits paid	(3,528,122)	(3,528,122)	—
Remeasurement loss (gain) recognized in other comprehensive income:			
Actuarial changes due to experience adjustment	(3,086,287)	—	(3,086,287)
Actuarial changes arising from changes in financial assumptions	(5,100,140)	—	(5,100,140)
Actual return excluding amount included in net interest cost	—	(2,086,548)	2,086,548
	(8,186,427)	(2,086,548)	(6,099,879)
Balance at end of year	₱24,443,302	₱27,296,000	(₱2,852,698)

	2024		
	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Retirement Liability (Asset)
Balance at beginning of year	₱68,930,669	₱73,028,677	(₱4,098,008)
Net retirement costs (income) in profit or loss:			
Current service cost	3,998,240	—	3,998,240
Past service income	(383,673)	—	(383,673)
Interest expense	2,402,859	—	2,402,859
Interest income	—	2,079,892	(2,079,892)
	6,017,426	2,079,892	3,937,534
Benefits paid	(35,555,580)	(44,939,459)	9,383,879
Remeasurement gain recognized in other comprehensive income:			
Actuarial changes due to experience adjustment	(5,841,880)	—	(5,841,880)
Actuarial changes arising from changes in financial assumptions	(153,801)	—	(153,801)
Actual return excluding amount included in net interest cost	—	887,923	(887,923)
	(5,995,681)	887,923	(6,883,604)
Balance at end of year	₱33,396,834	₱31,057,033	₱2,339,801

The following table presents the fair values of the plan assets of the Group as at December 31:

	2025	2024
Cash and cash equivalents	₱3,708	₱7,266
Debt instruments - government bonds	14,970,093	16,560,599
Unit investment trust funds	8,269,419	9,763,744
Debt instruments - other bonds	3,895,306	4,529,172
Others	157,474	196,252
	₱27,296,000	₱31,057,033

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 defined benefit asset or obligation under the retirement plan.

Movements in retirement benefit reserve consist of the following:

	2025		
	Retirement Benefits Reserve	Deferred Tax (see Note 16)	Total
Balance at beginning of year	₱17,408,479	(₱4,516,777)	₱12,891,702
Remeasurement gain	6,099,879	(1,524,970)	4,574,909
Balance at end of year	₱23,508,358	(₱6,041,747)	₱17,466,611

	2024		
	Retirement Benefits Reserve	Deferred Tax (see Note 16)	Total
Balance at beginning of year	₱10,524,875	(₱2,795,876)	₱7,728,999
Remeasurement gain	6,883,604	(1,720,901)	5,162,703
Balance at end of year	₱17,408,479	(₱4,516,777)	₱12,891,702

The principal assumptions used to determine retirement plan assets as at December 31 are as follows:

	2025	2024
Discount rates	6.28%	6.11%
Future salary increases	6.00%	8.00%

The Group is not expected to contribute to the plan in 2026.

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, 2025 and 2024 assuming all other assumptions were held constant:

	2025		2024	
	Increase (Decrease)	Increase (Decrease) in Defined Benefit Obligation	Increase (Decrease)	Increase (Decrease) in Defined Benefit Obligation
Discount rate	-1.00%	₱25,553,319	-1.00%	₱36,686,128
	+1.00%	(21,139,583)	+1.00%	(29,512,371)
Salary increase rate	+1.00%	25,680,057	+1.00%	36,760,480
	-1.00%	(20,991,698)	-1.00%	(29,387,653)

The average duration of the Group's defined benefit obligation is 10.93 years and 14.64 years in 2025 and 2024, respectively.

The maturity analysis of the undiscounted benefit payments follows:

	2025	2024
Within one year	₱432,410	₱1,833,197
More than one year to five years	3,475,486	3,528,693
More than five years to ten years	76,076,785	170,662,201

19. Related Party Transactions and Balances

In the normal course of business, the Group has transactions with a party to the joint operation as follows:

	Nature of Transactions	Amount of Transactions		Outstanding Balance	
		2025	2024	2025	2024
Trade Payables and Other Current Liabilities	Acquisition of lottery equipment and maintenance fees	₱37,995,780	₱76,674,243	₱37,352,128	₱82,635,722
<i>Joint Operator</i>					

Compensation of Key Management Personnel

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

	2025	2024	2023
Salaries and wages	₱12,159,211	₱15,050,945	₱9,817,230
Retirement benefits	839,342	795,704	881,108
	₱12,998,553	₱15,846,649	₱10,698,338

20. Significant Contracts and Commitments

Agreements with PCSO

Equipment Lease Agreement. The Parent Company previously entered into an ELA with the PCSO for the lease of lotto terminals, including the central computer system, communications equipment, related application software and manuals, and the supply of betting slips and ticket paper rolls.

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.

The ELA expired on September 30, 2023. Upon its expiration, the operations were transferred to PinoyLotto pursuant to a separate agreement with PCSO (see Note 17).

The rental fee presented as “Equipment rental” in the consolidated statements of comprehensive income is disclosed in Note 17.

Web-Based Application Betting Platform (WABP or E-Lotto Project). On August 30, 2023, POSC was granted a one-year trial period to provide a WABP for PCSO., under which it acted as PCSO’s exclusive agent. The platform was launched on December 15, 2023 and operated until July 12, 2024 upon PCSO’s instruction.

In 2023, the Group recognized commission income of ₱2.3 million, representing 14.0% of e-lotto sales. In 2024, the arrangement was revised such that the Parent Company was reimbursed for reasonable actual costs, subject to a ceiling of 8.0% of generated sales less applicable taxes. The Parent Company billed PCSO ₱35.4 million, net of taxes, in September 2024, which was fully collected in 2025.

On June 19, 2024, the Parent Company received a Notice of Award from PCSO for the five year lease of the WABP following a competitive bidding process. Preparatory activities were undertaken pending contract execution.

Subsequently, the national government adopted a policy discontinuing the licensing of online gaming and online betting platforms by state gaming agencies. As a result, the implementation of the E-Lotto Project did not proceed. The BOD approved the unwinding of the Parent Company’s involvement in the project.

Costs incurred to fulfill a contract amounting to ₱30.7 million were recognized under “Other current assets” account in 2024 (see Note 9). Following the discontinuation of the project, ₱22.0 million of these costs were reimbursed in 2025, while the remaining ₱8.7 million was recognized in profit or loss during the year.

A cash bond related to the WABP trial run amounting to ₱79.0 million was posted in favor of PCSO and is presented under “Other current assets” account in the consolidated statements of financial position as at December 31, 2024 (see Note 9).

Following the termination of the trial run in July 2024, the Parent Company initiated the refund process. During 2025, a substantial portion of the bond was refunded, resulting in the remaining balance of ₱5.4 million as at December 31, 2025. The outstanding balance is expected to be collected upon completion of the refund process (see Note 9).

Contracts with Scientific Games and Intralot and Management Agreement

In connection with the ELA with PCSO, the Parent Company entered into separate agreements with Scientific Games and Intralot Inc. for the supply of lottery system hardware, software, terminals and related support services.

Under these arrangements, POSC paid the suppliers a pre-agreed percentage of revenues generated from PCSO's online lottery operations using the supplied systems and equipment.

These agreements were co-terminus with the ELA and effectively ceased upon the expiration of the ELA on September 30, 2023.

Software and license fees recognized in relation to these agreements amounted to ₱59.6 million in 2023.

21. Basic/Diluted Earnings per Share

As at December 31, 2025, 2024 and 2023, the basic/diluted earnings per share was computed as follows:

	2025	2024	2023
Income attributable to Equity holders of the Parent (a)	₱57,608,484	₱18,146,553	₱272,701,996
Weighted average number of outstanding common shares (b)	822,639,762	829,396,616	844,863,962
Basic/diluted earnings per share (a/b)	₱0.0700	₱0.0219	₱0.3228

The weighted average number of common shares outstanding are computed as follows:

	2025	2024	2023
Number of outstanding shares at beginning of year	822,639,762	844,863,962	844,863,962
Weighted average number of Parent Company shares acquired by a subsidiary during the year	—	(15,467,346)	—
	822,639,762	829,396,616	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 deposits (presented as part of "Other current assets" account) and refundable deposits (presented as part of "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 and cash equivalents (excluding cash on hand) trade and other receivables (excluding advances to contractors, suppliers, officers and employees) and guarantee deposits (presented as part of "Other current assets" account) and refundable deposits (presented as part of "Other noncurrent assets" account), 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.

	2025						
	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*	₱719,159,735	₱—	₱—	₱—	₱—	₱—	₱719,159,735
Trade and other receivables**	193,640,698	—	—	—	—	117,765,218	311,405,916
Guarantee deposits***	5,355,837	—	—	—	—	—	5,355,837
Refundable deposit****	795,326	—	—	—	—	—	795,326
	₱918,951,596	₱—	₱—	₱—	₱—	₱117,765,218	₱1,036,716,814

*Excluding cash on hand.

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

***Presented under "Other current assets" account.

****Presented under "Other noncurrent assets" account.

	2024						Total
	Neither Past Due nor Impaired	Past Due but not Impaired				Impaired	
		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" account.

****Presented under "Other noncurrent assets" account.

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:

	2025			
	ECL Staging			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Financial Assets at Amortized Cost				
Cash and cash equivalents*	₱719,159,735	₱–	₱–	₱719,159,735
Trade and other receivables**	193,640,698	–	117,765,218	311,405,916
Guarantee deposit***	5,355,837	–	–	5,355,837
Refundable deposit****	795,326	–	–	795,326
Gross Carrying Amount	₱918,951,596	₱–	₱117,765,218	₱1,036,716,814

*Excluding cash on hand.

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

***Presented under "Other current assets" account.

****Presented under "Other noncurrent assets" account.

	2024			
	ECL Staging			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Financial Assets at Amortized Cost				
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
Gross Carrying Amount	₱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" account.

****Presented under "Other noncurrent assets" account.

Equity Price Risk. Equity price risk is the risk that the fair value of quoted marketable securities 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:

	2025		2024	
	Increase (Decrease in Equity Price)	Financial Impact	Increase (Decrease in Equity Price)	Financial Impact
Impact in profit or loss	27.12% (27.12%)	₱15,512,513 (15,512,513)	30.61% (30.61%)	₱13,084,249 (13,084,249)

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.

c	2025				
	Less than 3 months	3-6 months	6-12 months	More than 12 months	Total
Trade payables and other current liabilities*	₱200,814,964	₱-	₱-	₱-	₱200,814,964
Loan payable	34,745,098	34,745,098	69,490,196	138,980,392	277,960,784
Lease liabilities	94,795	94,795	189,591	465,028	844,209
	₱235,654,857	₱34,839,893	₱69,679,787	₱139,445,420	₱479,619,957

*Excluding statutory payables

	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	34,745,098	34,745,098	69,490,196	277,960,784	416,941,176
Lease liabilities	57,445	-	-	-	57,445
	₱242,847,284	₱34,745,098	₱69,490,196	₱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 December 31, 2025 and 2024, foreign currency-denominated financial asset and financial liability in US dollars, translated into Philippine peso at the closing rate:

	2025		2024	
	USD	Peso Equivalent	USD	Peso Equivalent
Cash and cash equivalents	\$24,027	₱1,413,020	\$1,088,814	₱62,987,917
Accounts payable and other current liabilities	(1,270,696)	(74,729,216)	(2,180,257)	(126,127,922)
Net foreign currency-denominated assets (liabilities)	(\$1,246,669)	(₱73,316,196)	(\$1,091,443)	(₱63,140,005)

In translating the foreign currency-denominated financial liabilities into peso amounts, the exchange rate used was ₱58.81 to US\$1.0 and ₱57.85 to US\$1.0, as at December 31, 2025 and 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 December 31, 2025 and 2024. 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.

	2025		2024	
	Increase in US\$ Rate	Decrease in US\$ Rate	Increase in US\$ Rate	Decrease in US\$ Rate
Change in US\$ rate*	2%	(2%)	5%	(5%)
Effect on income before income tax	(₱1,034,439)	₱1,034,439	(₱3,331,160)	₱3,331,160

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 2025 and 2024.

The Group considers the following as its capital:

	2025	2024
Common stock	₱895,330,946	₱895,330,946
Additional paid-in capital	254,640,323	254,640,323
Cost of Parent Company common shares held by a subsidiary	(384,595,174)	(384,595,174)
	₱765,376,095	₱765,376,095

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:

	2025		2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
At amortized cost:				
Cash and cash equivalents	₱719,569,465	₱719,569,465	₱592,197,741	₱592,197,741
Trade and other receivables*	193,640,698	193,640,698	181,530,946	181,530,946
Guaranteed deposits**	5,355,837	5,355,837	79,000,000	79,000,000
Refundable security deposits**	795,326	795,326	2,291,727	2,291,727
At FVPL				
Investments held for trading	43,462,334	43,462,334	42,744,518	42,744,518
	₱962,823,660	₱962,823,660	₱897,764,932	₱897,764,932
Financial Liabilities				
At amortized cost:				
Trade payables and other current liabilities***	₱200,814,964	₱200,814,964	₱208,044,741	₱208,044,741
Loans payable	277,960,784	294,035,746	416,941,176	404,355,763
Lease liabilities	778,558	823,703	57,445	113,257
	₱479,554,306	₱495,674,413	₱625,043,362	₱612,513,761

*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, 2025 and 2024. There were no transfers between fair value measurements in 2025 and 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 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.

Investments Held for Trading. The fair values of investments 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.

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:

	2025	2024
Liabilities for which fair values are disclosed		
Loans payable	5.78%	6.05%
Lease liabilities	5.80%	5.89%

23. Supplemental Disclosures of Cash Flow Information

Changes in Liabilities Arising from Financing Activities

2025	Balance at Beginning of Year	Noncash Changes		Cash Flows		Balance at End of Year
		Additions	Accretion of Interest	Receipts	Payments	
Lease liabilities	₱57,445	₱1,026,758	₱55,480	₱—	(₱361,125)	₱778,558
Loan payable	416,941,176	—	—	—	(138,980,392)	277,960,784
Interest on loan payable	4,011,566	—	24,599,262	—	(26,050,319)	2,560,509
Total liabilities from financing activities	₱421,010,187	₱1,026,758	₱24,654,742	₱—	(₱165,391,836)	₱281,299,851

2024	Balance at Beginning of Year	Noncash Changes		Cash Flows		Balance at End of Year
		Modifications	Accretion of Interest	Receipts	Payments	
Lease liabilities	₱502,798	₱22,987	₱30,797	₱—	(₱499,137)	₱57,445
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	₱471,091,033	₱22,987	₱36,577,881	₱80,000,000	(₱166,681,714)	₱421,010,187

2023	Balance at Beginning of Year	Noncash Changes		Cash Flows		Balance at End of Year
		Additions	Accretion of Interest	Receipts	Payments	
Lease liabilities	₱1,891,442	₱541,485	₱24,897	₱—	(₱1,955,026)	₱502,798
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	₱69,391,442	₱541,485	₱17,903,206	₱432,500,000	(₱49,245,100)	₱471,091,033



**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
Unit 1902-C West Tower, Tektite Towers,
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, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023 and have issued our report thereon dated February 26, 2026. 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, 2025
- Schedules required by Annex 68-J as at December 31, 2025
- Conglomerate Map as at December 31, 2025
- Schedule of Financial Soundness Indicators as at and for the years ended December 31, 2025 and 2024

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) Accounting Standards 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, 2025 and 2024.

REYES TACANDONG & Co.

GRACE M. ALBUNIAN

Partner

CPA Certificate No. 0144364

Tax Identification No. 410-858-879-000

BOA Accreditation No. 4782/P-024; Valid until June 6, 2026

SEC Accreditation No. 144364-SEC Group A

Issued October 21, 2025

Valid for Financial Periods 2025 to 2029

BIR Accreditation No. 08-005144-018-2024

Valid until November 25, 2027

PTR No. 10764003

Issued January 2, 2026, Makati City

February 26, 2026

Makati City, Metro Manila

PACIFIC ONLINE SYSTEMS CORPORATION AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2025 AND 2024

Ratio	Formula	2025	2024
Current Ratio	Total Current Assets divided by Total Current Liabilities		
	Total current assets	₱1,144,790,227	₱1,082,177,990
	Divide by: Total current liabilities	347,742,583	353,533,405
	Current Ratio	3.29	3.06
Acid Test Ratio	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities		
	Total current assets	₱1,144,790,227	₱1,082,177,990
	Less: CWTs and other current assets	172,446,990	261,507,941
	Quick assets	972,343,237	820,670,049
	Divide by: Total current liabilities	347,742,583	353,533,405
	Acid Test Ratio	2.80	2.32
Debt-to-Equity Ratio	Total Interest-Bearing debt divided by Total Equity		
	Total interest-bearing debt	₱277,960,784	₱416,941,176
	Total equity	1,159,244,633	1,097,808,213
	Debt to Equity Ratio	0.24	0.38
Asset-to-Equity Ratio	Total Assets divided by Total Equity		
	Total assets	₱1,647,131,054	₱1,736,525,004
	Total equity	1,159,244,633	1,097,808,213
	Asset to Equity Ratio	1.42	1.58
Interest Rate Coverage Ratio	Income Before Interest and Taxes divided by Total Interest Expense		
	Income before income tax	₱62,698,517	₱31,545,953
	Less: Interest income	21,105,971	13,780,944
	Add: Interest expense	24,654,742	36,577,881
	Income before interest and taxes	66,247,288	54,342,890
	Divide by: Interest expense	24,654,742	36,577,881
	Interest Rate Coverage Ratio	2.69	1.49

Ratio	Formula	2025	2024
Return on Equity	Net Income divided by Average Total Equity		
	Net income	₱56,861,511	₱16,977,825
	Average Total Equity	1,128,526,423	1,136,758,026
	Return on Equity	0.05	0.01
Return on Assets	Net Income divided by Average Total Assets		
	Net income	₱56,861,511	₱16,977,825
	Average total assets	1,691,828,029	1,819,152,112
	Return on Assets	0.03	0.01
Solvency Ratio	Net Income Before Non-Cash Expenses divided by Total Liabilities		
	Net income	₱56,861,511	₱16,977,825
	Add: Non-cash expenses	171,121,563	156,573,762
	Net income before non-cash expenses	227,983,074	173,551,587
	Total liabilities	487,886,421	638,716,791
	Solvency Ratio	0.47	0.27
Net Profit Margin	Net Income divided by Total Revenue		
	Net income	₱56,861,511	₱16,977,825
	Total revenue	524,171,429	527,482,143
	Net profit margin	0.11	0.03

PACIFIC ONLINE SYSTEMS CORPORATION AND SUBSIDIARIES

**PARENT COMPANY'S RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR
DIVIDEND DECLARATION**

DECEMBER 31, 2025

	Amount
Deficit, beginning of reporting period	(P63,576,415)
Add: <u>Category A:</u> Items that are directly credited to unappropriated retained earnings	
Reversal of retained earnings appropriation/s	P—
Effect of restatements or prior-period adjustments	—
Others	—
Less: <u>Category B:</u> Items that are directly debited to unappropriated retained earnings	
Dividend declaration during the reporting period	—
Retained earnings appropriated during the reporting period	—
Effect of restatements or prior-period adjustments	—
Others (describe nature)	—
Deficit, as adjusted	(63,576,415)
Add/less: Net income (loss) for the current year	56,869,962
Less: <u>Category C.1:</u> Unrealized income recognized in the profit or loss during the reporting period (net of tax)	
Equity in net income of associate/joint venture, net of dividends declared	—
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	—
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVPL)	—
Unrealized fair value gain of Investment property	—
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (Share in net income of a joint operation)	35,830,400
Sub-total	35,830,400

	Amount
Add: <u>Category C.2: Unrealized income recognized in profit or loss in prior periods but realized in the current reporting period (net of tax)</u>	
Realized foreign exchange gain, except those attributable to cash and cash equivalents	₱—
Realized fair value adjustment (mark-to-market gains) of financial instruments at FVPL	—
Realized fair value of investment property	—
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	—
Sub-total	—
Add: <u>Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)</u>	
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	—
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at FVPL	—
Reversal of previously recorded fair value of investment property	—
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	—
Sub-total	—
Adjusted net income (loss)	21,039,562
Add: <u>Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)</u>	
Depreciation on revaluation increment (after tax)	—
Sub-total	—
Add/less: <u>Category E: Adjustments related to relief granted by the SEC</u>	
Amortization of the effect of reporting relief	—
Total amount of reporting relief granted during the year	—
Others	—
Sub-total	—

	Amount
Add/less: <u>Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution</u>	
Net movement of treasury shares (except for reacquisition of redeemable shares)	—
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	360,802
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right-of-use of asset and lease liability, set up of asset and asset retirement obligation, and set up of service concession asset and concession payable	—
Adjustment due to deviation from PFRS/GAAP - gain (loss)	—
Others	—
Subtotal	360,802
Total deficit, end of the reporting period	(P42,176,052)

PACIFIC ONLINE SYSTEMS CORPORATION AND SUBSIDIARIES
SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR. 6
PART II OF REVISED SRC RULE 68
DECEMBER 31, 2025

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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
Financial assets at fair value through profit or loss				
Vantage Equities, Inc.	43,337	₱38,605	₱38,605	₱—
APC Group, Inc.	45,821	4,857	4,857	—
	89,158	₱43,462	₱43,462	₱—

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.	₱73,504,151	₱—	₱8,106,770	₱—	₱65,397,381	₱—	₱65,397,381

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-net of current portion" in related balance sheet
Loan Payable Unionbank of the Philippines*	₱580,000,000	₱138,980,392	₱138,980,392

The loans are repayable in quarterly installments, bear interest rates ranging from 6.54% to 8.63%, and mature on November 12, 2027.

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	—	565,013,620	91,258,050	239,059,276

PACIFIC ONLINE SYSTEMS CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION

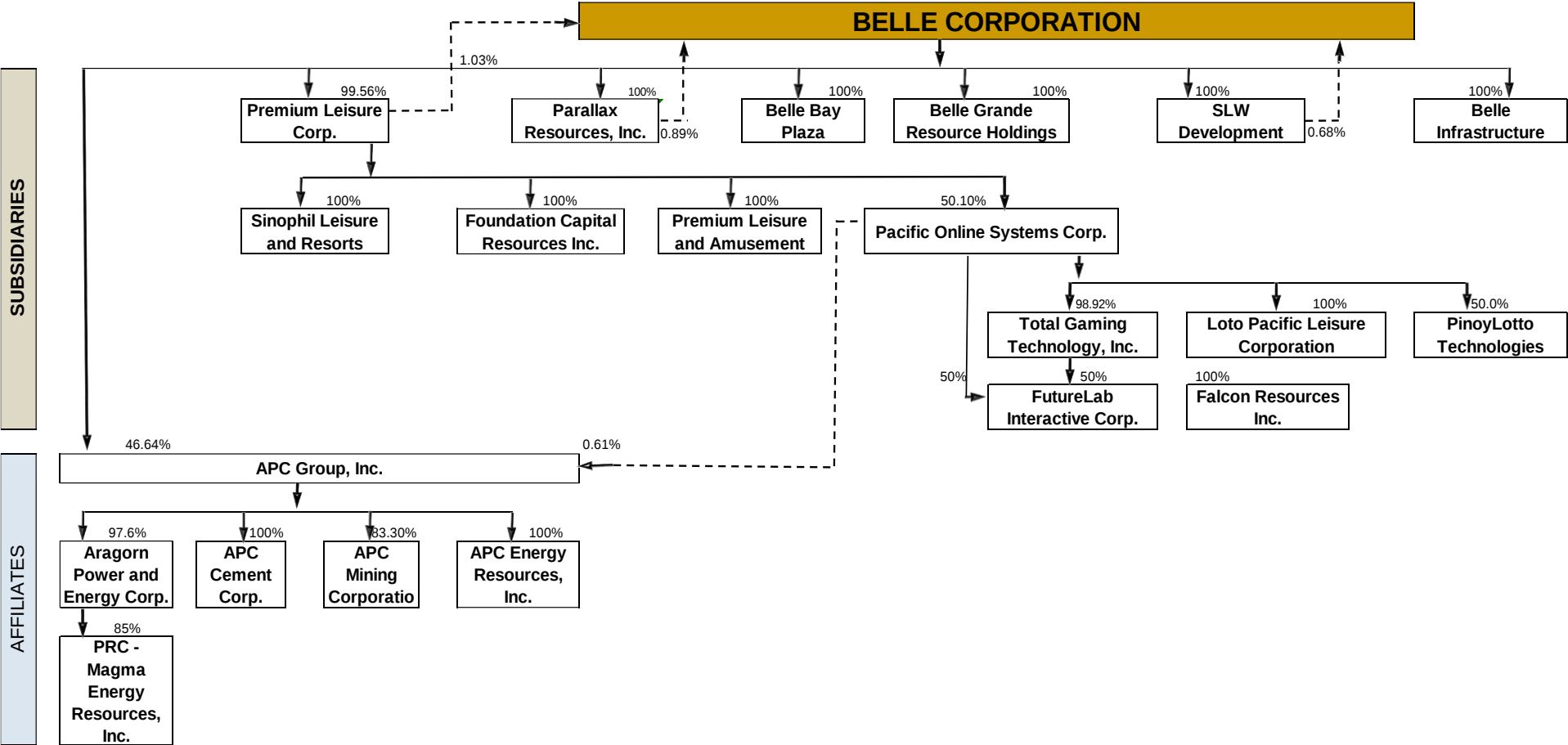
DECEMBER 31, 2025 AND 2024

	2025	2024
Total Audit Fees	₱900,000	₱900,000
Non-audit services fees:		
Other assurance services	—	—
Tax services	—	—
All other services	—	—
Total Non-Audit Fees	—	—
Total Audit and Non-audit Fees	₱900,000	₱900,000

Audit and Non-audit Fees of Other Related Entities

	2025	2024
Audit Fees	₱200,000	₱200,000
Non-audit services fees:		
Other assurance services	—	—
Tax services	—	—
All other services	—	—
Total Audit and Non-audit Fees of Other Related Entities	₱200,000	₱200,000

Pacific Online Systems Corporation and Subsidiaries
Conglomerate Map
As of December 31, 2025



DRAFT ONLY

To be presented for approval at the next shareholders' meeting.

MINUTES OF THE ANNUAL MEETING OF THE STOCKHOLDERS OF PACIFIC ONLINE SYSTEMS CORPORATION

Held on 27 June 2025, 2:00 PM
via Zoom Webinar
(in accordance with SEC regulations on Meetings by Remote Communication)

TOTAL NUMBER OF SHARES OUTSTANDING	895,330,946
TOTAL NUMBER OF SHARES PRESENT/ REPRESENTED AND ENTITLED TO VOTE	689,642,928

Before the start of the meeting, the following members of the Board of Directors present were introduced:

WILLY N. OCIER
ARMIN ANTONIO B. RAQUEL SANTOS
ANTONIO VICTORIANO F. GREGORIO III
TARCISIO M. MEDALLA
MISCHEL GABRIELLE O. MENDOZA
HENRY N. OCIER
MARIA GRACIA M. PULIDO TAN (Lead Independent Director)
ROBERTO V. ANTONIO (Independent Director)
JOSEPH T. CHUA (Independent Director)

The presence of the following officers of the Corporation was likewise acknowledged:

JASON C. NALUPTA (Corporate Secretary)
ANN MARGARET K. LORENZO (Assistant Corporate Secretary)
CHRISTOPHER C. VILLAFLOR (Chief Operating Officer)
DIOVILLE M. VILLARIAS (Chief Financial Officer and Treasurer)
MICHELLE T. HERNANDEZ (Compliance Officer)

Other executive officers of the Corporation and representatives of Reyes Tacandong & Co., the Corporation's External Auditor, were likewise in attendance.

Stockholder Mr. Julius Sanvictores also attending today's meeting.

CALL TO ORDER

The Chairman, Mr. Willy N. Ocier, called the meeting to order and presided over the same. The Chairman welcomed the stockholders who joined in the live broadcast and also acknowledged the shareholders who have opted to participate in the meeting by sending their proxies. The Corporate Secretary, Jason C. Nalupta, recorded the minutes of the proceedings.

PROOF OF NOTICE OF MEETING

Upon the request of the Chairman, the Corporate Secretary certified that notices of the meeting were sent to all shareholders of record as of 28 May 2025, in accordance with the provisions of the By-Laws. The Corporate Secretary likewise confirmed that the notice of meeting, the Definitive Information, and the Corporation's "Guidelines for Participation via Remote Communication and Voting in Absentia" were posted and made accessible electronically on the Corporation's website and disclosed in the online disclosure system of the Philippine Stock Exchange.

CERTIFICATION OF QUORUM

The Corporate Secretary then certified that, based on the register of attendees and proxies as tabulated with the assistance of a third-party auditor, Ms. Cristina Castro Naguit, out of the Eight Hundred Ninety-Five Million Three Hundred Thirty Thousand Nine Hundred Forty-Six (895,330,946) shares of the total outstanding capital stock of the Corporation, Six Hundred Eighty-Nine Million Six Hundred Forty Two Thousand Nine Hundred Twenty-Eight (689,642,928) shares, representing 77.03% of the total outstanding capital stock of the Corporation were present in person or otherwise represented by proxy. Accordingly, the Secretary certified that a quorum existed for the transaction of the business at hand.

RULES OF CONDUCT AND VOTING PROCEDURES

The Chairman then informed the Body that, while the meeting is being held in a virtual format, the Corporation has strived to provide the shareholders the opportunity to maximize their participation in the meeting. He then requested that the rules of conduct and procedures for the meeting be presented.

The Host explained as follows:

- 1. The rules of conduct and procedures are set forth in the Information Statement and in the Notice of Annual Stockholders’ Meeting, in accordance with the rules of the Securities and Exchange Commission (SEC).
- 2. Stockholders’ questions on matters to be taken up during the meeting were sent to the email address set up for the purpose. Questions can still be sent to the same address during the course of the proceedings.
- 3. Management will reply via e-mail to questions and comments received but not taken up during the meeting.
- 4. Stockholders’ questions on matters to be taken up during the meeting were sent to: corporatesecretary@pacificonline.com.ph
- 5. Management will reply via e-mail to questions and comments received but not taken up during the meeting.
- 6. For each agenda item to be taken up, resolutions will be proposed for adoption by the stockholders. Each proposed resolution will be shown on the screen as the same is being taken up.

APPROVAL OF MINUTES OF 2024 ASM

The Chairman informed the Body that the first item in the agenda is the reading and approval of the minutes of the last Annual Stockholders’ Meeting held on 28 June 2024.

Upon request by the Chairman, the Secretary explained that the minutes of the last stockholders’ meeting was immediately made available for the stockholders to view soon after the last meeting when it was posted on the Corporation’s website. A link to the said Minutes was included in the Information Statement sent to the stockholders prior to the meeting.

The Corporate Secretary then presented the Resolution as proposed by Management, and based on the votes received, reported the approval by the stockholders of the following Resolution:

“**RESOLVED**, that the Minutes of the Annual Meeting of the Stockholders of **PACIFIC ONLINE SYSTEMS CORPORATION** held on 28 June 2024 is hereby approved.”

The votes for the Resolution on the approval of the Minutes of the 2024 Annual Stockholders’ Meeting are as follows:

AGENDA ITEM	VOTES IN FAVOR	VOTES AGAINST	ABSTAIN
Approval of Minutes of the Previous Meeting of Stockholders	689,642,928 (100% of Total Voting Shares Present)	0	0

2024 RESULTS OF OPERATIONS AND PRESENTATION OF AUDITED FINANCIAL STATEMENTS

The Chairman then informed the Body that the next item in the agenda is the approval of the operations and results for the year 2024. He explained that copies of the Information Statement with the Annual Report were sent to the stockholders prior to the meeting and posted in the Corporation's website. He further noted that the Annual Report contains summaries of operations and the Audited Financial Statements for Year 2024.

Upon the request of the Chairman, the Corporation's President and Chief Executive Officer, Mr. Armin Antonio B. Raquel Santos, presented the Report to the Shareholders as follows:

“xxx Pacific Online aspired to become the gaming partner of choice and explored opportunities in the Philippine lottery industry in 2024.

“Total revenues of Pacific Online's group of companies reached Php527.5 million for the year ended December 31, 2024, which was a decrease of Php74.1 million or (12%) from revenues of the same period in 2023 amounting to Php601.6 million. This was mainly due to the transition from the legacy system to the nationwide lottery system under its joint operation, PinoyLotto Technologies Corp. or PinoyLotto. The new contract with the Philippine Charity Sweepstakes Office or PCSO entitles Pinoylotto a fixed revenue over a period of 5 years versus previous arrangements that have an equipment lease agreement based on percentage of sales.

“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. Pacific Online owns 50% of this joint venture operation.

“Cost of services of Pacific Online increased by Php33.5 million or (13%) to Php294.2 million in 2024 from Php260.7 million in 2023 mainly due to depreciation expense and communication costs in relation to the new lottery system. Similarly, general and administrative expenses increased by Php53.5 million or (43%) to Php177.6 million in 2024 from Php124.1 million in 2023 mainly due to higher expenses in relation to the full of operations of PinoyLotto in 2024.

“Pacific Online is actively seeking opportunities for growth through profitable investments in the entertainment industry that will increase shareholder value and protect the interests of stakeholders. Furthermore, our team continues to maintain relationships with technology partners and payment gateways in order to be ready for any new ventures and businesses.

“Our Company also remains committed to upholding good governance and corporate best practices. In 2024, Pacific Online was once again the recipient of a 3-Golden Arrow Award by the Institute of Corporate Governance in its annual ASEAN Corporate Governance Scorecard Awards. We also maintained our ISO certification for Information Security Management.

“Pacific Online continues to strive for excellence in all endeavors as we pursue new markets and areas of growth in the years ahead. We remain optimistic that our Company will remain relevant in the online lottery and gaming sphere in the near and distant future.”

The Chairman then thanked Mr. Raquel Santos and reminded the stockholders that all questions raised on the presentation, including the financial reports and results for 2024, if any, would be read and answered in the latter part of the proceedings.

Then, upon request of the Chairman, the Corporate Secretary presented the Resolution, as proposed by Management, and based on the votes received, reported the approval of the stockholders of the following Resolution:

“**RESOLVED**, that the 2024 Annual Report on the operations of **PACIFIC ONLINE SYSTEMS CORPORATION**, together with the Audited Financial Statements and accompanying notes thereto for the year ended 31 December 2024, be approved.”

The votes for the adoption of the Resolution for the approval of the Annual Report for the year ended 31 December 2024, together with the Audited Financial Statements for the Fiscal Year ended 31 December 2024, are as follows:

AGENDA ITEM	VOTES IN FAVOR	VOTES AGAINST	ABSTAIN
Approval of 2024 Operations and Results and 2024 Audited Financial Statements	689,642,928 (100% of Total Voting Shares Present)	0	0

RATIFICATION OF CORPORATE ACTS

The next item in the agenda was the ratification of all acts of the Board of Directors, Board Committees, and Officers of the Corporation, from the date of the last Annual Stockholders’ Meeting up to the date of the present meeting.

Upon the Chairman’s request, the Corporate Secretary explained that the Board and Management sought the stockholders’ ratification for all the acts of the Board of Directors, Board Committees, and Officers of the Corporation, from 28 June 2024 until the present date. The corporate acts include those items entered into in the ordinary course of business and with those of significance having been covered by appropriate disclosures.

The Corporate Secretary also explained that ratification is also sought for all the acts of Management performed in accordance with the resolutions of the Board, the Board Committees and the By-Laws from 28 June 2024 up to the date of the present meeting.

The Corporate Secretary then presented the Resolution, as proposed by Management, and based on the votes received, reported the approval by the stockholders of the following resolution:

“**RESOLVED**, that all acts of the Board of Directors, Board Committees, and Officers of **PACIFIC ONLINE SYSTEMS CORPORATION** from the date of the last stockholders’ meeting on 28 June 2024 up to the date of this meeting, are hereby confirmed, ratified and approved.”

The votes for the adoption of the Resolution for the ratification of the acts and resolutions of the Board of Directors and Officers of the Corporation are as follows:

AGENDA ITEM	VOTES IN FAVOR	VOTES AGAINST	ABSTAIN
Ratification of Corporate Acts	689,642,928 (100% of Total Voting Shares Present)	0	0

AMENDMENT OF ARTICLES OF INCORPORATION

The Body next considered the proposed amendments to the Third and Fourth Articles of the Corporation’s Articles of Incorporation.

At the request of the Chairman, the Corporate Secretary explained the proposed amendments as follows:

- (i) the Third Article is proposed to be amended to indicate the new principal office of the Corporation; and,
- (ii) the Fourth Article is proposed to be amended to adopt the perpetual term of

corporate existence which is now allowed under the Revised Corporation Code.

The Corporate Secretary then presented the proposed resolution on the amendment of the Third Article of the Articles of Incorporation, and based on the votes received, reported the approval by shareholders representing at least two-thirds (2/3) of the outstanding capital stock of the following resolution:

“**RESOLVED**, that the proposal to change the principal office of **PACIFIC ONLINE SYSTEMS CORPORATION** (the ‘Corporation’) be approved, and, for this purpose, the Third Article of the Articles of Incorporation be amended to read as follows:

‘**THIRD** : That the place where the principal office of the corporation is to be established or located is at Unit 1902-C West Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City, 1605 PH.’”

The votes for the proposal to amend the Third Article of the Corporation’s Articles of Incorporation are as follows:

AGENDA ITEM	VOTES IN FAVOR	VOTES AGAINST	ABSTAIN
Amendment of the Third Article of the Articles of Incorporation	689,642,928 (77.03% of Total Outstanding Shares)	0	0

The Corporate Secretary next presented the proposed resolution on the amendment of the Fourth Article of the Articles of Incorporation, and based on the votes received, reported the approval by shareholders representing at least two-thirds (2/3) of the outstanding capital stock of the following resolution:

“**RESOLVED**, that the proposal for **PACIFIC ONLINE SYSTEMS CORPORATION** (the ‘Corporation’) to adopt a perpetual term of corporate existence be approved, and, for this purpose, the Fourth Article of the Articles of Incorporation be amended to read as follows:

‘**FOURTH** : That the term for which said corporation is to exist shall be perpetual.’”

The votes for the proposal to amend the Fourth Article of the Corporation’s Articles of Incorporation are as follows:

AGENDA ITEM	VOTES IN FAVOR	VOTES AGAINST	ABSTAIN
Amendment of the Fourth Article of the Articles of Incorporation	689,642,928 (77.03% of Total Outstanding Shares)	0	0

ELECTION OF DIRECTORS

The Chairman announced that the next item in the agenda is the election of the members of the Board of Directors for the ensuing year and until the next election. He explained that as disclosed in the Information Statement, the Board of Directors is composed of nine (9) members.

The Corporate Secretary explained that the Corporate Governance Committee deliberated on and approved the list of nominees for election to the Board and that said list, with the nominees’ business experience, qualifications, and affiliations were presented in the Information Statement. The Corporate Secretary then went on to present the nominees to the Body for their consideration.

Upon request of the Chairman, the Secretary reported that each nominee garnered the votes as presented on the resolution below. He further certified that the votes garnered by each of the nominees are sufficient to elect them. He then presented the Resolution on the election of the

nominees to the Board, as proposed by Management, and based on the votes received, reported the approval of the following Resolution:

“**RESOLVED**, to elect the following nominees, receiving the votes indicated opposite their names, as directors of **PACIFIC ONLINE SYSTEMS CORPORATION** for the year 2025-2026, to serve as such until their successors shall have been duly elected and qualified:

Nominees	No. of Votes Received
Mr. Willy N. Ocier	689,642,928
Mr. Armin Antonio B. Raquel Santos	689,642,928
Atty. Antonio Victoriano F. Gregorio III	689,642,928
Mr. Tarcisio M. Medalla	689,642,928
Ms. Mischel Gabrielle O. Mendoza	689,642,928
Mr. Henry N. Ocier	689,642,928
Atty. Maria Gracia M. Pulido Tan (<i>Independent Director</i>)	689,642,928
Mr. Roberto V. Antonio (<i>Independent Director</i>)	689,642,928
Mr. Joseph T. Chua (<i>Independent Director</i>)	689,642,928

The Chairman then thanked the shareholders for their continued trust and support in the Board of Directors.

APPOINTMENT OF EXTERNAL AUDITOR

The Chairman announced that the next item in the agenda is the appointment of the Corporation’s external auditor for Year 2025.

The Corporate Secretary announced that the Audit Committee has pre-screened and recommended, and the Board of Directors has endorsed for the consideration of the stockholders, the re-appointment of Reyes Tacandong & Co. as the Corporation’s external auditor for Year 2025. He explained that Reyes Tacandong & Co. is one of the leading auditing firms in the country and is accredited by the Securities and Exchange Commission to act as external auditor for publicly-listed companies.

The Corporate Secretary, upon the request of the Chairman, presented the Resolution as proposed by Management, and based on the votes received, reported the approval by the stockholders of the following Resolution:

“**RESOLVED**, that **PACIFIC ONLINE SYSTEMS CORPORATION** (the ‘Corporation’) hereby approves the appointment of Reyes Tacandong & Co. as the Corporation’s external auditor for Year 2025.”

The votes for the adoption of the Resolution for the re-appointment of Reyes Tacandong & Co. as the Corporation’s external auditor for Year 2025 are as follows:

AGENDA ITEM	VOTES IN FAVOR	VOTES AGAINST	ABSTAIN
Appointment of Reyes Tacandong & Co. as External Auditor for Year 2025	689,642,928 (100% of Total Voting Shares Present)	0	0

OTHER MATTERS

After confirming with the Corporate Secretary that there are no other remaining matters on the agenda, the Chairman requested the Host to read aloud the questions and comments sent by the stockholders if there were any.

The Host noted that the only question received thus far was sent in by one of the early registrants. The question was: “What can the stockholders expect in the coming years?” Mr. Raquel Santos responded to that question as requested by the Chairman: “The Company continues to

maintain a healthy and stable relationship with the PCSO, our partner for over 30 years now, as we proactively pursue expansion opportunities in the industry.”

ADJOURNMENT

There being no other matter to discuss, the meeting was thereupon adjourned.

ATTESTED BY:

WILLY N. OCIER

Chairman of the Annual Stockholders’ Meeting


JASON C. NALUPTA
Corporate Secretary

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REPUBLIC OF THE PHILIPPINES)
PASIG CITY) S.S.

SECRETARY'S CERTIFICATE

JASON C. NALUPTA, of legal age, Filipino, with office address at 2704 East Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City, Metro Manila, under oath, does hereby certify that:

1. I am duly elected and incumbent Corporate Secretary of **PACIFIC ONLINE SYSTEMS CORPORATION** (the "Corporation"), a corporation organized and existing under the laws of the Philippines with office address at 1902-C West Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City, Metro Manila;

2. Based on the information provided to the Corporation by the members of its Board of Directors and its principal executive officers, none of said members of the Board of Directors and principal executive officers of the Corporation are presently employed by any office or agency of the Philippine Government.

IN WITNESS WHEREOF, this Certificate has been signed this 24th day of February 2026 at Pasig City.

FURTHER, I hereby attest that I have received an original copy of this document and, in accordance with A.M. No. 02-8-13-SC or the 2004 Rules on Notarial Practice as amended by the Supreme Court En Banc Resolution dated 04 March 2025, I hereby waive my right to receive a transmittal of the electronic copy of this document through electronic mail or other electronic file-sharing mechanisms, and any objections to the completeness of the reproduction of this document, in accordance with A.M. No. 02-8-13-SC or the 2004 Rules on Notarial Practice as amended by the Supreme Court En Banc Resolution dated 04 March 2025.

JASON C. NALUPTA
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 24th day of February 2026 at Pasig City, affiant exhibiting to me his Philippine Passport No. _____ issued at _____ which expires on _____ as his competent evidence of identity.

Doc. No. 73;
Page No. 16;
Book No. I;
Series of 2026.

[DST No. _____
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AARON CRAIG EMMANUEL D. TOLENTINO
Notary Public for
Pasig City and Municipality of Pateros
Appointment No. 118 (2026-2027)
Commission Expires on December 31, 2027
2704 East Tower, Tektite Towers
Exchange Road, Ortigas Center, 1605 Pasig City
PTR No. 3986122/01.14.26/Pasig City
IBP No. 583867/01.02.26/RSM
Roll of Attorneys No. 94844
Admitted to the Bar on January 2025

CERTIFICATION OF INDEPENDENT DIRECTOR

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

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

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Belle Corporation	Lead Independent Director	June 2021 to present
Premium Leisure Corp.	Lead Independent Director	June 2021 to present
Palm Concepcion Power Corporation	Director	December 2024 to present
Peak Power Energy, Inc.	Director	December 2024 to present
Justice George A. Malcolm Foundation, Inc.	Trustee	2017 to present
Trifels, Inc.	Director	May 2016 to present
Construction Industry Arbitration Commission	Arbitrator	2016 to present
Philippine Judicial Academy	Member, Tax Faculty	
Philippine Center for Dispute Resolution	Arbitrator	
UP Women Lawyers Circle	General Counsel	
University of the Philippines College of Law	Professorial Lecturer, Mandatory Continuing Legal Education	On call

3. I possess all the qualifications and none of the disqualifications to serve as an ID of the Corporation, as provided for in Section 38 of the Securities Regulation Code (SRC), its Implementing Rules and Regulations (IRR) and other Securities and Exchange Commission (SEC) issuances.
4. I am not related to any director/officer/substantial shareholder of the Corporation.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I am not connected with any government agency or its instrumentalities.
7. I shall faithfully and diligently comply with my duties and responsibilities as ID under the SRC and its IRR, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five (5) days from its occurrence.

Done, this 06 FEB 2026 day of PASIG CITY, at PASIG CITY.

Maria Gracia M. Pulido-Tan

SUBSCRIBED AND SWORN to before me this 06 FEB 2026 day of PASIG CITY, affiant personally appeared before me and exhibited to me her Tax Identification Number (TIN) Card with

Doc. No. 394;
Page No. 80;
Book No. 111;
Series of 20 2016

CHARMAINE S. TANCASIS

Notary Public for

Pasig City, Pateros
Appointment No. 177 (2025-2026)
Commission Expires on December 31, 2026
2704 East Tower, Tektite Towers
Exchange Road, Ortigas Center, 1605 Pasig City
PTR No. 388018 / 1.14.21 / Pasig City
IBP No. 536272 / 12.29.25/RSM
Roll of Attorneys No. 80822
Admitted to the Bar on May 2022

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Roberto V. Antonio**, Filipino, of legal age and a resident of No. _____
after having been duly sworn to in accordance with law do hereby
declare that:

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

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Premium Leisure Corp.	Independent Adviser to the Board	April 22, 2024 to Present
Planters Products Inc.	Chief Operating Officer	March 1, 2024 to Present
Development Bank of the Philippines	Board Member	September 2022 to June 2025
Kalimera, Inc.	President	June 12 2010 to Present
RVA and Sons, Inc.	President	April 23 1997 to Present
RVA International Trading Corporation	President	June 12 1994 to Present
La Salle Greenhills Foundation	President	Year 2003 to Present
Right Eight Security Agency, Inc.	Vice Chairman	January 31 2001 to Present
Mustang Holdings, Inc.	Consultant	January 3 2022 to Present
La Salle Greenhills Alumni	Board Member	Year 2003 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an ID of the Corporation, as provided for in Section 38 of the Securities Regulation Code (SRC), its Implementing Rules and Regulations (IRR) and other SEC issuances.
4. I am related not to any director/officer/substantial shareholder of the Company (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the SRC. (where applicable)
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I am not connected with any government agency or its instrumentalities.
7. I shall faithfully and diligently comply with my duties and responsibilities as ID under the SRC and its IRR, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five (5) days from its occurrence.

Done, this 13 FEB 2026 day of _____, at PASIG CITY.

~~Roberto V. Antonio~~

13 FEB 2026

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

Doc. No. 490 ;
Page No. 99 ;
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CHARMAINE S. TANCASIS

Notary Public for
Pasig City and Municipality of Pateros
Appointment No. 177 (2025-2026)
Commission Expires on December 31, 2026
2704 East Tower, Tektite Towers
Exchange Road, Ortigas Center, 1605 Pasig City
PTR No. 3986118/1.14.26/Pasig City
IBP No. 576272/12.29.25/RSM
Roll of Attorneys No. 80822
Admitted to the Bar on May 2022
MCLE No. VIII 0033013/05.09.25

CERTIFICATION OF INDEPENDENT DIRECTOR

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

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

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
JF Rubber Philippines Corporation	Chairman	November 1999-Present
ChangeMe Corporation	Chairman	2021-Present
Foodmunch Corporation	Chairman	2021-Present
Sunhill Holdings	Chairman	2021-Present

3. I possess all the qualifications and none of the disqualifications to serve as an ID of the Corporation, as provided for in Section 38 of the Securities Regulation Code (SRC), its Implementing Rules and Regulations (IRR) and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of the Corporation.
5. To the best of my knowledge, I disclose that I am not the subject of any criminal/administrative investigation or proceeding.
6. I am not connected with any government agency or its instrumentalities.
7. I shall faithfully and diligently comply with my duties and responsibilities as ID under the SRC and its IRR, Code of Corporate Governance and other SEC issuances.

I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this 10 FEB 2026 day of _____, at PASIG CITY.

Joseph T. Chua

SUBSCRIBED AND SWORN to before me this 10 FEB 2026 day of _____ at PASIG CITY,
affiant personally appeared before me and exhibited to me his Tax Identification Number (TIN) Card
with TIN _____

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Series of 2026;

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