

From: Philippine Stock Exchange <no-reply@pse.com.ph>
Sent: Thursday, May 9, 2024 4:06 PM

Subject: Quarterly Report

Dear Sir/Madam:

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

Company Name: Pacific Online Systems Corporation
Reference Number: 0015908-2024
Date and Time: Thursday, May 09, 2024 16:06 PM
Template Name: Quarterly Report
Report Number: CR03100-2024

Best Regards,
PSE EDGE

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended
Mar 31, 2024
2. SEC Identification Number
AS093-008809
3. BIR Tax Identification No.
003-865-392-000
4. Exact name of issuer as specified in its charter
Pacific Online Systems Corporation
5. Province, country or other jurisdiction of incorporation or organization
Metro Manila, Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
28F East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center,
Pasig City
Postal Code
1605
8. Issuer's telephone number, including area code
+632-8584-1700
9. Former name or former address, and former fiscal year, if changed since last report
N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

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

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

☒ Yes ☐ No

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

The Philippine Stock Exchange Inc.

12. Indicate by check mark whether the registrant:

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

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

☒ Yes ☐ No

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

☒ Yes ☐ No

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



Pacific Online Systems Corporation LOTO

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

For the period ended	Mar 31, 2024
Currency (indicate units, if applicable)	Philippine Peso

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Mar 31, 2024	Dec 31, 2023
Current Assets	891,150,762	948,422,045
Total Assets	1,883,370,994	1,901,779,220
Current Liabilities	323,047,408	314,098,180
Total Liabilities	735,020,609	726,071,382
Retained Earnings/(Deficit)	461,136,174	530,917,448
Stockholders' Equity	1,148,350,385	1,175,707,838
Stockholders' Equity - Parent	1,144,678,728	1,171,568,842
Book Value per Share	1.37	1.39

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	138,910,714	146,513,635	138,910,714	146,513,635
Gross Expense	116,780,178	71,168,921	116,780,178	71,168,921
Non-Operating Income	4,279,124	40,946,067	4,279,124	40,946,067
Non-Operating Expense	11,973,644	1,490,025	11,973,644	1,490,025
Income/(Loss) Before Tax	14,436,016	114,800,756	14,436,016	114,800,756
Income Tax Expense	1,000,633	21,281,370	1,000,633	21,281,370

Net Income/(Loss) After Tax	13,435,383	93,519,386	13,435,383	93,519,386
Net Income Attributable to Parent Equity Holder	13,902,722	93,166,149	13,902,722	93,166,149
Earnings/(Loss) Per Share (Basic)	0.02	0.11	0.02	0.11
Earnings/(Loss) Per Share (Diluted)	0.02	0.11	0.02	0.11

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	0.02	0.11
Earnings/(Loss) Per Share (Diluted)	0.02	0.11

Other Relevant Information
None

Filed on behalf by:

Name	Irene Bautista
Designation	Controller

COVER SHEET

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SEC Registration Number

[illegible]

(Company's Full Name)

[illegible]

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

Maria Neriza C. Banaria	8584-1700
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(Contact Person)

(Company Telephone Number)

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

1	7	-	Q	
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(Form Type)

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Month Day
(Annual Meeting)

(Secondary License Type, If Applicable)

CFD

Dept. Requiring this Doc.

Amended Articles Number/Section

61

Total No. of Stockholders

Total Amount of Borrowings	
P441.2M	n/a

Domestic

Foreign

To be accomplished by SEC Personnel concerned

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File Number

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **March 31, 2024**
2. SEC Identification Number: **AS093-008809**
3. BIR Tax Identification No. **003-865-392-000**
4. Exact name of registrant as specified in its charter: **PACIFIC ONLINE SYSTEMS CORPORATION**
5. **Metro Manila, Philippines**
Province, Country or other jurisdiction of Industry Classification Code
Incorporation or organization
6. _____ (SEC Use Only)
7. **28/F, East Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City**
Address of principal office **1605**
Postal Code
8. **(632) 8584-1700**
Registrant's telephone number, including area code
9. **Not applicable**
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of Each Class
Common Stock, £1.00 par value

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

Amount of Debt Outstanding
Php441.2M

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

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

- a.) Consolidated Statements of Income for the three (3) months ended March 31, 2024 and March 31, 2023;
- b.) Consolidated Statements of Comprehensive Income for the three (3) months ended March 31, 2024 and March 31, 2023;
- c.) Consolidated Statements of Financial Position as of March 31, 2024 and Audited Statements of Financial Position as of December 31, 2023;
- d.) Consolidated Statements of Changes in Equity for the three (3) months ended March 31, 2024 and March 31, 2023; and
- e.) Consolidated Statements of Cash Flows for the three (3) months ended, March 31, 2024 and March 31, 2023.

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

Results of Operations for the Period Ended March 31, 2024 vs. March 31, 2023

Revenues

Pacific Online Systems Corporation (the "Company") consolidated with its subsidiaries (the "Group"), earned total revenues of P138.9 million for the three months ended March 31, 2024. Revenues decreased by P7.6 million (5%) from revenues of the same period in 2023 amounting to P146.5 million mainly due to the transition from the legacy system to the nationwide lottery system under its joint operation, PinoyLotto Technologies Corp.

Cost and expenses

Costs and expenses increased by P45.6 million (64%) to P116.8 million for the period ended March 2024 from P71.2 million for the same period in 2023 due to higher variable costs such as personnel cost, depreciation, communication, and repairs and maintenance, which increased due to nationwide operations of Pinoylotto's Philippine Lottery System (PLS) for Philippine Charity Sweepstakes Office effective October 1, 2023.

Operating income

Due to the foregoing, the Group realized an operating income of P22.1 million for the three months ended March 31, 2024, which is lower compared to the P75.3 million operating income for the same period in 2023.

Other income (expenses)

Other income (expense) decreased by P47.2 million (120%) to P7.7 million other expenses as of March 31, 2024 compared to P39.5 million other income for the period ended March 31, 2023. The decrease is mainly due to the following: the Company recorded dividend income of P18.9 million in 2023 as well as a one-off other income of P20.4M pertaining to collection of deficiency claims. In 2024, the Company incurred other expenses pertaining to interest expense in relation to the loans availed by PinoyLotto to fund its capital expenditures and nationwide operations.

Net income

As a result, the Group recognized net income amounting to P13.4 million for the three months ended March 31, 2024, lower by P80.1 million (86%) from the P93.5 million for the same period in 2023.

Other comprehensive income and Total comprehensive income

Other comprehensive income of the Group pertains to the unrealized valuation gains and losses on its financial assets at fair value through other comprehensive income. The Group posted a gain of P75.4 million during the three months period ended March 31, 2024 versus P1.9 million for the same period in 2023.

Because of this, total comprehensive income for the first quarter ended March 31, 2024 is at P88.9 million, lower by P6.5 million (7%) from the P95.4 million other comprehensive income for the same period in 2023.

Financial Condition as of March 31, 2024 vs. December 31, 2023

TOTAL ASSETS

The Group's total assets of P1,883.4 million as of March 31, 2024 decreased by P18.4 million or 1% from P1,901.8 million as of December 31, 2023. The main movements in the asset accounts are as follows:

Cash and cash equivalents

Cash and cash equivalents decreased by P28.2 million (8%) to P315.8 million as at March 31, 2024 from P343.9 million as at December 31, 2023 due to the payment of cash dividend to shareholders for the quarter and payment of loan amortization for the period, offset by collections made.

Investments held for trading

As at March 31, 2024, 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 P52.9 million (63%) as at March 31, 2024 due to mark to market valuations as well as disposals of marketable securities for the period.

Trade and other receivables

Trade and other receivables decreased by P5.7 million (2%) to P278.7 million as at March 31, 2024 from P284.4 million as at December 31, 2023 due to collection of trade receivables from PCSO.

Creditable withholding taxes (CWTs)

Creditable withholding taxes increased by P24.1 million (24%) to P125.8 million as at March 31, 2024 from P101.8 million as at December 31, 2023 due to additional creditable withholding tax as a result of collection of receivable.

Other current assets

Other current assets of the Group are composed of spare parts and supplies, prepayments and input taxes. This account increased by P5.4 million (5%) to P123.7 million as at March 31, 2024 from P118.3 million as at December 31, 2023 due mainly to the additional input taxes 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 increased by P75.4 million (32%) to P313.0 million as at March 31, 2024 from P237.6 million as at December 31, 2023 due to unrealized valuation gains for 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 P35.7 million (5%) to P670.5 million as at March 31, 2024 from P706.2 million as at December 31, 2023 mainly due to depreciation expense recognized for the period.

Net retirement asset

Net retirement asset decreased by P0.9 million (21%) to P3.2 million as at March 31, 2024 from P4.1 million as at December 31, 2023 because of retirement expense accrued for the period.

LIABILITIES

The Group recorded total liabilities at P735.0 million as at March 31, 2024, higher by P8.90 million (1%) compared to the total liabilities of P726.1 million as at December 31, 2023.

Trade and other current liabilities

Trade and other current liabilities increased by P38.4 million (15%) to P293.3 million as at March 31, 2024 coming from P255.0 million as at December 31, 2023. The increase is due to the withholding taxes from the cash dividend declaration and the VAT payables from collection of receivables.

Loans Payable

Loans payable of the Company amounted to P441.2 million as at March 31, 2024, decreasing by P29.4 million (6%) from the balance of P470.6 million as at December 31, 2023. Loans payable were availed by PinoyLotto to fund its capital expenditures for the nationwide lottery system. The decrease in the loan balance pertains to the payment of principal for the period.

EQUITY

Total equity of the Company decreased by P27.4 million (2%) to P1,148.4 million as at March 31, 2024 from P1,175.7 million as at December 31, 2023. The decrease is mainly brought the cash dividends declared and paid during the first quarter of the year, offset with unrealized valuation gains for the period.

Cash Flows for the Three Months Ended March 31, 2024 vs. March 31, 2023

The Group's cash balance as of March 31, 2024 of P315.8 million was lower by P72.4 million (19%) compared to the cash balance of P388.2 million in March 31, 2023, due to lower net income and payment of loan amortization for the period.

Discussion and Analysis of Material Events and Uncertainties Known to Management

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

On August 30, 2023, Pacific Online signed a Memorandum of Agreement (MOA) PCSO in connection with the latter's implementation of a One (1)-Year Trial Run for a Web-Based Application Betting Platform (WABP). Through the WABP, the PCSO aims to develop and promote more marketable, adaptable, resilient, and trendy betting platforms, considering the evolution of the gaming market and the advancements in technology. The MOA will cover a trial period for the WABP for one (1) year, subject to renewal, during which Pacific Online will be acting as PCSO's exclusive agent. The trial period commenced on December 15, 2023.

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

1. Known trends, demands, commitments, events or uncertainties that would have a material impact on the Group;
2. Material commitments for capital expenditures that are reasonably expected to have a material impact on the Group's short-term or long-term liquidity;
3. Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations;
4. Significant elements of income or loss that did not arise from the Group's continuing operations;
5. Seasonal aspects that had a material impact on the Group's results of operations;
6. Material changes in the financial statements of the Group for the periods ended December 31, 2023 to March 31, 2024;
7. Any events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation; and

8. Any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period.

Key Performance Indicators

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

Liquidity & Financial Leverage Ratios	The manner by which the Company calculates the performance indicators	31 March 2024	31 December 2023
Current ratio	Current assets over current liabilities	2.76:1	3.02:1
Debt to equity ratio	Total interest-bearing debt over total equity	0.38:1	0.40:1
Asset-to-equity ratio	Total assets over total equity	1.64:1	1.62:1
Solvency ratio	Total assets over total liabilities	2.56:1	2.62:1
Operating income margin	Operating income over revenues	15.93%	53.42%
Net profit (loss) margin	Net income over revenues	9.67%	52.19%
Return on equity	Net income over total equity	1.17%	7.95%
Return on assets	Net income over total assets	0.71%	4.92%

PART II - OTHER INFORMATION

Financial Instruments

Financial Risk Management Objectives and Policies

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

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

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

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

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

	March 31, 2024						
	Neither Past Due nor Impaired	Past Due but not impaired					
		Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Impaired	Total
Cash and cash equivalents*	₱ 315,337,907	₱—	₱—	₱—	₱—	₱—	₱ 315,337,907
Trade and other receivables**	272,493,677	—	—	—	—	115,825,004	388,318,681
Refundable deposit***	2,860,759	—	—	—	—	—	2,860,759
Guarantee bonds***	91,000,000	—	—	—	—	—	91,000,000
	₱ 681,692,343	₱—	₱—	₱—	₱—	₱115,825,004	₱ 797,517,347

*Excluding cash on hand.

**Excluding advances to suppliers, officers and employees.

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

December 31, 2023							
	Neither 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*	P343,548,614	P–	P–	P–	P–	P–	P343,548,614
Trade and other receivables**	281,668,641	–	–	–	–	115,825,004	397,163,645
Refundable deposit***	3,036,529	–	–	–	–	–	3,036,529
Guarantee bonds***	91,000,000	–	–	–	–	–	91,000,000
	P718,923,784	P–	P–	P–	P–	P115,825,004	P834,748,788

*Excluding cash on hand.

**Excluding advances to suppliers, officers and employees.

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

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

Credit Quality of Financial Assets

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

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

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

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

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

	March 31, 2024			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Financial Assets at Amortized Cost				
Cash and cash equivalents*	₱ 315,337,907	₱–	₱–	₱ 315,337,907
Trade and other receivables-net**	272,493,677	–	115,825,004	388,318,681
Refundable deposit ***	2,860,759	–	–	2,860,759
Guarantee bonds***	91,000,000	–	–	91,000,000
Gross Carrying Amount	₱ 681,692,343	₱–	₱115,825,004	₱ 797,517,347

*Excluding cash on hand.

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

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

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

*Excluding cash on hand.

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

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

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

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

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

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

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

Increase (Decrease) in Equity Price	Mar. 31, 2024	Dec. 31, 2023
Impact in profit or loss		
5%	P2,354,821	P5,022,327
(5%)	(2,354,821)	(5,022,327)
Impact in comprehensive income		
8%	25,042,295	19,008,007
(8%)	(25,042,295)	(19,008,007)

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

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

March 31, 2024					
	Less than 3 months	3-6 months	6-12 months	More than 12 months	Total
Trade payables and other current liabilities*	₱215,754,227	₱ 1,172,500	₱-	₱ 42,362,353	₱259,289,080
Loan payable	9,803,922	9,803,922	9,803,922	411,764,706	441,176,472
Lease liabilities	73,576	73,756	146,971	208,495	502,798
	₱ 225,631,725	₱11,050,178	₱ 9,950,893	₱454,335,554	₱700,968,350

*excluding statutory payables

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

*excluding statutory payables

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

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

	Mar. 31, 2024		Dec. 31, 2023	
	USD	Peso Equivalent	USD	Peso Equivalent
Cash and cash equivalents	\$20,006	₱1,122,947	\$989,831	₱54,608,951
Software license fee payable*	-	-	(160,700)	(8,865,861)
Net foreign currency-denominated assets (liabilities)	\$20,006	₱1,122,947	\$829,131	₱45,743,090

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

In translating the foreign currency-denominated financial liabilities into peso amounts, the exchange rate used was ₱56.13 to US\$1.0 and ₱55.17 to US\$1.0, as at March 31, 2024 and December 31, 2023, respectively.

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

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

	Mar. 31, 2024		Dec. 31, 2023	
	Increase in US\$ Rate	Decrease in US\$ Rate	Increase in US\$ Rate	Decrease in US\$ Rate
Change in US\$ rate*	5%	(5%)	5%	(5%)

	Mar. 31, 2024		Dec. 31, 2023	
	Increase in US\$ Rate	Decrease in US\$ Rate	Increase in US\$ Rate	Decrease in US\$ Rate
Effect on income before income tax	₱56,147	(₱56,147)	₱2,287,155	(₱2,287,155)

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

Capital Management

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

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

The Group considers the following as its capital:

	Mar. 31, 2024	Dec. 31, 2023
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	(317,804,998)	(285,267,558)
	₱832,166,271	₱864,703,711

Fair Value of Assets and Financial Liabilities

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

	Mar. 31, 2024		Dec. 31, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
At amortized cost:				
Cash and cash equivalents	₱315,786,309	₱315,786,309	₱343,945,679	₱343,945,679
Trade and other receivables*	272,493,677	272,493,677	281,338,641	281,338,641
Refundable security deposits**	2,860,759	2,860,759	3,036,529	3,036,529
Guaranteed deposits**	91,000,000	91,000,000	91,000,000	91,000,000
At FVPL				
Investment held for trading	47,096,430	47,096,430	100,012,769	100,012,769
At FVOCI				
Financial assets at FVOCI	313,028,690	313,028,690	237,600,090	237,600,090
	₱1,042,265,865	₱1,042,265,865	₱1,056,933,708	₱1,056,933,708
Financial Liabilities				
At amortized cost:				
Trade payables and other current liabilities***	₱259,289,080	₱259,289,080	₱236,261,749	₱236,261,749
Loan payable	441,176,472	441,176,472	470,588,236	463,882,778
Lease liabilities	502,798	502,798	502,798	502,798
	₱700,968,350	₱700,968,350	₱707,352,783	₱700,673,788

*Excluding advances to suppliers, officers and employees.

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

***Excluding statutory payables

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

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

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

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

Loan Payable and Lease Liabilities. The fair values are based on the discounted value of expected future cash flows using the applicable interest rate for similar types of instruments. Discount rate used for loan payable is 5.31% in 2023 and 5.78% to 5.25% for lease liabilities in 2024 and 2023.

Other Required Disclosures

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

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

2. Except as reported in the Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD & A"), there were no unusual items affecting assets, liabilities, equity, net income or cash flows for the interim period.
3. There were no material changes in estimates of amounts reported in prior periods that have material effects in the current interim period.
4. Except as disclosed in the MD & A, there were no other issuance, repurchases and repayments of debt and equity securities.
5. Except as disclosed in the MD & A, there were no material events that occurred subsequent to March 31, 2024 and up to the date of this report that need disclosure herein.
6. Except as disclosed in the MD & A, there were no changes in the composition of the Group since March 31, 2024, such as business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructuring, and discontinued operations.
7. There were no changes in contingent liabilities or contingent assets since March 31, 2024.
8. Except as disclosed in the MD & A, there exist no material contingencies and other material events or transactions affecting the current interim period.

SIGNATURES

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

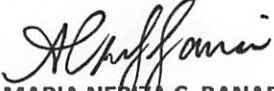
Issuer: **PACIFIC ONLINE SYSTEMS CORPORATION**



WILLY N. OSIER
Chairman of the Board
Date: May 9, 2024



JACKSON T. ONGSIP
President and Chief Executive Officer
Date: May 9, 2024



MARIA NERIZA C. BANARIA
Chief Financial Officer and Treasurer
Date: May 9, 2024

PACIFIC ONLINE SYSTEMS CORPORATION AND SUBSIDIARIES
Consolidated Statements of Financial Position

	Mar. 31, 2024	Dec. 31, 2023
ASSETS		
Current Assets		
Cash and cash equivalents	P315,786,309	P343,945,679
Investments held for trading	47,096,430	100,012,769
Trade and other receivables	278,717,265	284,426,917
Creditable withholding taxes (CWTs)	125,819,010	101,764,077
Other current assets	123,731,748	118,272,603
Total Current Assets	891,150,762	948,422,045
Noncurrent Assets		
Financial assets at fair value through other comprehensive income (FVOCI)	313,028,690	237,600,090
Property and equipment	670,491,702	706,208,497
Right-of-use (ROU) assets	541,486	541,486
Net retirement asset	3,223,616	4,098,008
Net deferred tax assets	426,979	426,979
Other noncurrent assets	4,507,759	4,482,115
Total Noncurrent Assets	992,220,232	953,357,175
	P1,883,370,994	P1,901,779,220
LIABILITIES AND EQUITY		
Current Liabilities		
Trade payables and other current liabilities	P293,341,340	P254,980,348
Current portion of loan payable	29,411,765	58,823,529
Current portion of lease liabilities	294,303	294,303
Total Current Liabilities	323,047,408	314,098,180
Noncurrent Liabilities		
Loan payable - net of current portion	411,764,706	411,764,707
Lease liabilities - net of current portion	208,495	208,495
Total Noncurrent Liabilities	411,973,201	411,973,202
Total Liabilities	735,020,609	726,071,382

(Forward)

	Mar. 31, 2024	Dec. 31, 2023
Equity Attributable to Equity Holders of the Parent Company		
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	(317,804,998)	(285,267,558)
Other equity reserves	(148,623,717)	(224,052,317)
Retained earnings	461,136,174	530,917,448
	1,144,678,728	1,171,568,842
Non-controlling Interest	3,671,657	4,138,996
Total Equity	1,148,350,385	1,175,707,838
	₱1,883,370,994	₱1,901,779,220

PACIFIC ONLINE SYSTEMS CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income (Unaudited)
For the three months ended March 31, 2024 and 2023

	Three Months Ended Mar 31		This Quarter	
	2024	2023	2024	2023
REVENUES				
Equipment rentals	P138,910,714	P146,513,635	P138,910,714	P146,513,635
Total Revenues	P138,910,714	P146,513,635	P138,910,714	P179,188,478
COSTS AND EXPENSES				
Personnel costs	19,336,161	16,831,656	19,336,161	16,831,656
Software and license fees	14,978,156	19,488,093	14,978,156	19,488,093
Operating supplies	1,424,067	694,490	1,424,067	694,490
Depreciation and amortization	37,315,764	1,496,157	37,315,764	1,496,157
Communications	16,648,971	9,036,378	16,648,971	9,036,378
Travel and accommodation	4,415,438	4,353,086	4,415,438	4,353,086
Rent and utilities	7,516,921	5,969,455	7,516,921	5,969,455
Repairs and maintenance	10,908,339	3,487,030	10,908,339	3,487,030
Taxes and licenses	1,810,672	1,238,684	1,810,672	1,238,684
Entertainment and representation	1,030,909	33,576	1,030,909	33,576
Professional fees	725,368	1,198,053	725,368	1,198,053
Marketing and promotion	-	-	-	-
Pre-operating expenses	-	6,887,548	-	6,887,548
Directors fees	373,856	489,330	373,856	489,330
Others	295,556	10,387	295,556	10,387
Total Costs and Expenses	116,780,178	71,168,921	116,780,178	71,168,921
OPERATING INCOME	22,130,536	75,344,714	22,130,536	75,344,714
OTHER INCOME (CHARGES)				
Dividend income	-	18,947,664	-	18,947,664
Interest income	852,091	724,774	852,091	724,774
Finance charges	(11,973,644)	(19,896)	(11,973,644)	(19,896)
Mark-to-market gain (loss) on marketable securities	2,279,905	(1,470,129)	2,279,905	(1,470,129)
Others – net	1,147,128	21,273,629	1,147,128	21,273,629
Total Other Income (Charges)	(7,694,520)	39,456,042	(7,694,520)	39,456,042
INCOME BEFORE INCOME TAX	14,436,016	114,800,756	14,436,016	114,800,756
INCOME TAX EXPENSE (BENEFIT)				
Current	1,000,633	21,281,370	1,000,633	21,281,370
Deferred	-	-	-	-
	1,000,633	21,281,370	1,000,633	21,281,370
NET INCOME (LOSS)	P13,435,383	P93,519,386	P13,435,383	P93,519,386
Attributable to:				
	13,902,722	93,166,149	13,902,722	93,166,149
Equity holders of the Parent Company				
Non-controlling interests	(467,339)	353,237	(467,339)	353,237
	P13,435,383	P93,519,386	P13,435,383	P93,519,386
Attributable to Equity Holders of the Parent Company				
Basic / diluted earnings (loss) per share	P0.0166	P0.1103	P0.0166	P0.1103

PACIFIC ONLINE SYSTEMS CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income (Unaudited)
For the three months ended March 31, 2024 and 2023

	Three Months Ended Mar 31		This Quarter	
	2024	2023	2024	2023
NET INCOME (LOSS)	P13,435,383	P93,519,386	P13,435,383	P93,519,386
OTHER COMPREHENSIVE INCOME				
Items that will never be reclassified to profit or loss				
Fair value gain (loss) on investment in shares of stock	75,428,600	1,885,715	75,428,600	1,885,715
Remeasurements of retirement benefits, net of tax	-	-	-	-
	75,428,600	1,885,715	75,428,600	1,885,715
TOTAL COMPREHENSIVE INCOME (LOSS)	P88,863,983	P95,405,101	P88,863,983	P95,405,101
Attributable to:				
Equity holders of the Parent Company	89,331,322	95,051,864	89,331,322	95,051,864
Non-controlling interests	(467,339)	353,237	(467,339)	353,237
	P88,863,983	P95,405,101	P88,863,983	P95,405,101

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

	Mar. 31, 2024	Mar. 31, 2023
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY:		
CAPITAL STOCK	₱895,330,946	₱895,330,946
ADDITIONAL PAID-IN CAPITAL	254,640,323	254,640,323
COST OF PARENT COMPANY SHARES HELD BY SUBSIDIARIES	(317,804,998)	(285,267,558)
OTHER EQUITY RESERVES		
Cumulative Unrealized Valuation Losses on Financial Assets at FVOCI		
Balance at beginning of year	(234,391,670)	(292,848,835)
Unrealized valuation gains (losses)	75,428,600	1,885,715
Realized portion of the fair value reserve	-	-
Balance at end of period	(158,963,070)	(290,963,120)
Cumulative Remeasurement Gains (Losses) On Retirement Benefits		
Balance at beginning of year	7,728,999	16,962,065
Net remeasurement gains (losses)	-	-
Balance at end of period	7,728,999	16,962,065
Other Reserves	2,610,354	2,610,354
	(148,623,717)	(271,390,701)
RETAINED EARNINGS		
Balance at beginning of year	530,917,448	342,701,848
Net income (loss)	13,902,722	93,166,149
Dividends declared	(83,683,996)	(84,486,396)
Balance at end of period	461,136,174	351,381,601
NON-CONTROLLING INTEREST		
Balance at beginning of year	4,138,996	1,976,176
Share in net income (loss)	(467,339)	353,237
Balance at end of period	3,671,657	2,329,413
	₱1,148,350,385	₱947,024,024

PACIFIC ONLINE SYSTEMS CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Unaudited)
For the three months ended March 31, 2024 and 2023

	For the three months ended March 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (Loss) before income tax	₱14,436,016	₱114,800,756
Adjustments for:		
Depreciation and amortization	37,315,764	1,528,652
Retirement benefits	874,392	1,725,350
Finance charges	11,973,644	19,896
Unrealized foreign exchange loss (gain)	(22,987)	(221,874)
Interest income	(852,091)	(724,774)
Marked-to-market losses (gains) on investments held for trading	(2,279,905)	1,470,129
Dividend income	-	(18,947,664)
Gain on sale of property and equipment	14,333	140,321
Gain on sale of investments held for trading	-	-
Operating income (loss) before working capital changes	61,459,166	99,790,792
Decrease (increase) in:		
Trade and other receivables	5,709,653	(10,639,795)
Other current assets	(5,459,145)	(1,453,125)
Other noncurrent assets	(25,644)	(140,520,212)
Increase (decrease) in:		
Trade and other payables	38,360,991	4,328,060
Net cash generated from (used for) operations		
Retirement contributions	-	-
Interest received	852,091	724,774
Income tax paid	(25,055,566)	(13,780,073)
Net cash provided by (used in) operating activities	75,841,546	(61,549,579)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	-	18,947,664
Proceeds from sale of:		
Investments held for trading	55,196,244	-
Property and equipment	69,000	21,800
Acquisitions of:		
Treasury Shares	(32,537,440)	-
Property and equipment	(1,682,301)	-
Net cash flows provided by (used in) investing activities	21,045,503	18,969,464
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (payment of) loan	(29,411,766)	214,500,000
Cash dividend paid	(83,683,996)	(84,486,396)
Payment of lease liabilities	-	(1,129,908)
Finance charges paid	(11,973,644)	(19,896)
Net cash flows provided by (used in) financing activities	(125,069,406)	128,863,800
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(28,182,357)	86,283,687
CASH AT BEGINNING OF YEAR	343,945,679	301,656,383
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	22,987	221,874
CASH AND CASH EQUIVALENTS AT END OF PERIOD	₱315,786,309	₱388,161,944

PACIFIC ONLINE SYSTEMS CORPORATION
Attachments to Unaudited Financial Statements
Trade and Other Receivables
As of March 31, 2024

1.) Schedule of Trade and Other Receivables

	Amount
a.) Trade and Nontrade Receivables	
1.) Trade receivables	P127,384,924
2.) Nontrade receivable	138,500,000
	265,884,924
b.) Other Receivables	
1.) Advances to officers and employees	1,261,429
2.) Advances to contractors and suppliers	2,814,767
3.) Other receivables	8,756,145
	12,832,341
Total	P278,717,265

2.) Description of other receivables

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

3.) Normal operating cycle: 365 days

PACIFIC ONLINE SYSTEMS CORPORATION
Attachments to Unaudited Financial Statements
Segment Information
For the period ended March 31, 2024

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

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


End of Report

Certification

We, **Willy N. Ocier**, Chairman of the Board, **Jackson T. Ongsip**, President and Chief Executive Officer, and **Maria Neriza C. Banaria**, Chief Financial Officer and Treasurer of **PACIFIC ONLINE SYSTEMS CORPORATION**, a corporation duly registered under and by virtue of the laws of the Republic of the Philippines, with SEC registration number **AS93008809** and with principal office address at **28th Floor East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City**, on oath state:

- 1) That we have caused this **SEC Form 17-Q (Quarterly Report)** for the period ended **March 31, 2024** to be prepared on behalf of **Pacific Online Systems Corporation**;
- 2) That we have read and understood its contents which are true and correct based on our own personal knowledge and/or authentic records;
- 3) That the company, **Pacific Online Systems Corporation**, will comply with the requirements set forth in SEC Notice dated May 12, 2021 to effect a complete and official submission of reports and/or documents through electronic mail;
- 4) That we are fully aware that submitted documents which will require pre-evaluation and/or payment of processing fee shall be considered complete and officially received only upon payment of a filing fee; and
- 5) That the e-mail account designated by the company pursuant to SEC Memorandum Circular No. 28, s.2020 shall be used by the company in its submission to CGFD.

IN WITNESS WHEREOF, we have hereunto set our hands this 9th day of May 2024.


WILLY N. OCIER


JACKSON T. ONGSIP


MARIA NERIZA C. BANARIA

SUBSCRIBED AND SWORN to before me this 9th day of May 2024, In Pasig City, Philippines.

Doc. No. 496 ;
Page No. 12 ;
Book No. 14 ;
Series of 2024.

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