

**COVER SHEET**

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**COMPANY NAME**

N O W C O R P O R A T I O N

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

U N I T 5 - I , 5 T H F L O O R , O P L B U I L D  
I N G , 1 0 0 C . P A L A N C A S T R E E T , L E  
G A S P I V I L L A G E , M A K A T I C I T Y

Form Type **2 0 - I S** Department requiring the report **S E C** Secondary License Type, If Applicable **N / A**

**COMPANY INFORMATION**

Company's Email Address <b>info@now-corp.com</b>	Company's Telephone Number <b>(632)750-0461 (632) 750-0211</b>	Mobile Number <b>N/A</b>
No. of Stockholders <b>70</b>	Annual Meeting (Month / Day) <b>First Thursday of June</b>	Fiscal Year (Month / Day) <b>12/31</b>

**CONTACT PERSON INFORMATION**

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

Name of Contact Person <b>Angeline L. Macasaet</b>	Email Address <b>angeline.macasaet@now-corp.com</b>	Telephone Number/s <b>(632) 7750-0211</b>	Mobile Number <b>N/A</b>
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**CONTACT PERSON'S ADDRESS**

**Unit 5-I, 5th Floor, OPL Building 100 C. Palanca Street, Legaspi Village, Makati 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 of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

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 NOW CORPORATION

3. METRO MANILA, PHILIPPINES

Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number A199600179

5. BIR Tax Identification Code 004-668-224

6. Unit 5-I, 5<sup>th</sup> Floor, OPL Building, 100 C. Palanca Street, Legaspi Village, Makati City, Philippines  
Address of principal office Postal Code 1229

7. Registrant's telephone number, including area code +632 7750-0211

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

**04 June 2020; 10:00 AM via Remote Zoom Application**

9. Approximate date on which the Information Statement is first to be sent or given to security holders  
13 May 2020

10. In case of Proxy Solicitations: Not Applicable

**Name of Person Filing the Statement/Solicitor:**

Address and Telephone No.:

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

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
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<b>COMMON STOCK</b>	<b>1,672,572,468</b>
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12. Are any or all of registrant's securities listed in a Stock Exchange?

Yes  No

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

PHILIPPINE STOCK EXCHANGE COMMON STOCK

*INFORMATION REQUIRED IN INFORMATION STATEMENT*

**A. GENERAL INFORMATION**

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

The Annual Stockholders' Meeting of NOW Corporation (the "Company") will be held on 04 June 2020, at 10:00A.M. via Remote Zoom Application. The Record Date for the Annual Stockholders' meeting is set on 04 May 2020.

The complete mailing address of the Company is Unit 5-I, 5<sup>th</sup> Floor, OPL Building, 100 C. Palanca Street corner Dela Rosa and Gil Streets, Legaspi Village, Makati City 1229.

The approximate date when this information statement is first to be sent to the Company's stockholders is 13 May 2020.

**Item 2. Dissenters' Right of Appraisal**

In the event that any security holder shall vote against any corporate action enumerated under Section 81 of the Corporation Code on Appraisal Rights, such security holder may exercise his appraisal rights, in accordance with the procedures and requirements under Sections 82 to 86 of the Corporation Code. Any security holder shall have the right to dissent and demand payment of the fair value of his shares in the following instances:

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 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 Code; and
3. In case of merger or consolidation.

The matters to be acted upon at the Annual Stockholders' meeting as specified in the attached Notice of Annual Stockholders' Meeting are not such as will entitle a dissenting stockholder to exercise his appraisal right.

If, at any time after this Information Statement has been sent out, an action which may give rise to the right of appraisal is proposed at the meeting, any security holder who voted against the proposed action and who wishes to exercise such right must make 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 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 security holder, upon surrender of the certificate or certificates 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. No payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment: and Provided, further, That upon payment by the Corporation of the agreed or awarded price, the security holder shall forthwith transfer his shares to the Corporation.

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

Any holder of substantial interest, direct or indirect, or person who has been a director or officer of the registrant at any time since the beginning of the last fiscal year, or each nominee for election as a director of the registrant, or each associate of any of the foregoing persons, shall be properly heard and noted.

The registrant is not aware of any substantial interest, direct or indirect, by security holdings or otherwise, of each of the following persons in any matter to be acted upon, other than election to office:

1. Each person who has been a director or officer of the registrant at any time since the beginning of the last fiscal year;
2. Each nominee for election as a director of the registrant;
3. Each associate of any of the foregoing persons.

No director of the registrant has informed the registrant in writing that he/she intends to oppose any action to be taken by the registrant at the meeting.

### B. CONTROL AND COMPENSATION INFORMATION

#### Item 4. Voting Securities and Principal Holders Thereof

- a. Number of Common Shares Outstanding as of 31 March 2020: 1,672,572,468 shares.
- b. As of 31 March 2020, there are 459,810.542 common shares owned by foreigners, or 30.30%.
- c. Stockholders of record of the Company as of 04 May 2020 shall be entitled to notice of, and to vote at the Annual Stockholders' Meeting, on a one-share-one vote basis. No director has cumulative voting rights. No discretionary authority for solicitation of cumulative voting may be exercised.

Attached hereto as **ANNEX "A"** is the Notice of the Annual Stockholders' Meeting.

- d. Security Ownership of Certain Record and Beneficial Owners and Management

#### i. Security Ownership of Certain Record and Beneficial Owners (More than 5% as of 31 March 2019)

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with the Record Owner	Citizenship	No. of Shares Held	Percentage
Common	PDC Nominee Corporation *	-	Filipino	905,083,223	54.11
Common	Top Mega Enterprises Limited Room 503 Fu Fai Commercial Centre, Hillier St., Sheungwan, Hong Kong	<b>Romeo Escobar, Jr.</b> - stockholder	C. Chinese	341,046,855	20.39
Common	Velarde, Inc. Unit 5-I, 5 <sup>th</sup> Floor, OPL Building, 100 C. Palanca St., Legaspi Village, Makati City	<b>Amparo Velarde,</b> - Stockholder	V. Filipino	355,865,668	21.28

Common	Emerald Investments, Inc. Unit 5-I, 5 <sup>th</sup> Floor, OPL Building, 100 C. Palanca St., Legaspi Village, Makati City	<b>Amelito V. Velarde</b> - <b>stockholders</b>	Filipino	277,154,360	16.21
Common	Joyce Link Holdings Limited Room 503 Fu Fai Commercial Centre, Hillier Street, Sheungwan, Hong Kong	<b>Jonah Kasthen V. Rosero</b> - <b>stockholder</b>	British VI	86,208,552	5.15
Common	Gamboa Holdings, Inc. Unit 5-I, 5 <sup>th</sup> Floor, OPL Building, 100 C. Palanca St., Legaspi Village, Makati City	<b>Winnita V. Ysog</b> - <b>stockholder</b>	Filipino	217,875,577	13.03

Shares held by PCD Nominee Corporation includes 200,000,000 shares of Velarde, Inc.

The shares of the above shareholders will be voted by the following people during the special shareholders meeting of the Company:

Gamboa Holdings, Inc. -- Mel V. Velarde  
Emerald Investments, Inc. -- Jose S. Alejandro  
Top Mega Enterprises Limited -- Romeo C. Escobar, Jr.  
Joyce Link Holdings Limited -- Kristian Noel A. Pura  
Velarde, Inc. – Jonah Kasthen V. Rosero

ii. Security Ownership of Directors and Management as of 31 March 2020:

The directors and officers of the Company have no security ownership in the capital stock of the Company other than the qualifying shares recorded in the names of the directors but beneficially owned by Velarde, Inc. or Gamboa Holdings, Inc.:

<b>Title Class</b>	<b>Name of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Ownership</b>	<b>Citizenship</b>	<b>Percent of class</b>
Common	Thomas G. Aquino	1 (Direct)	Filipino	<.01
Common	Jose S. Alejandro	1,000,010 (Direct)	Filipino	<.01
Common	Mel V. Velarde	10 (Direct)	Filipino	<.01
Common	Vicente Martin W. Araneta III	1 ((Direct)	Filipino	<.01
Common	Gerard Bnn R. Bautista	1 (Direct)	Filipino	<.01
Common	Ramon Guillermo R. Tuazon	1 (Direct)	Filipino	<.01
Common	Marlou B. Ubano	1 (Direct)	Filipino	<.01
Common	Domingo B. Bonifacio	1 (Direct)	American	<.01
Common	Winnita V. Ysog	1 (Direct)	Filipino	<.01
Common	Jesus Pedro S. Adan III	1 (Direct)	Filipino	<.01
Common	Angeline L. Macasaet	10 (Direct)	Filipino	<.01
	Diana M. Luna (Treasurer and Chief Finance Officer)	0	Filipino	0

None of the members of the Company's directors and management owns 2.0% or more of the outstanding capital stock of the Company.

iii. Voting Trust Holders of 5% or More

The Company knows of no person holding more than 5% of common shares under a voting trust or similar agreement.

iv. Changes in Control

There are no arrangements which may result in a change in control of the Company.

- e. No proxy solicitation is being made. No change in control of the Company has occurred since the beginning of the last fiscal year.

**Item 5. Directors and Executive Officers**

**a. Information Required of Directors and Executive Officers**

**i. Directors and Officers**

**Thomas G. Aquino**, age 70, Filipino, Chairman of the Board of Directors. He is a Senior Fellow at the Center for Research and Communication, a multidisciplinary policy group of the University of Asia and the Pacific (UA&P). He is currently the President of NOW Telecom Company, Inc. (formerly Next Mobile, Inc.). He is also a member of the Board of Directors of Philippines National Construction Corporation, Zamboanga Development and Management Corporation, and iCollege of the Philippines, Inc. Dr. Aquino served as Senior Undersecretary of the Philippine Department of Trade and Industry and supervised the country's international trade promotion, trade negotiations under the World Trade Organization (WTO) and the ASEAN Free Trade Area (AFTA), as well as bilateral trade talks with the country's major economic trading partners. He also served as overall lead country negotiator for the Philippines in the Japan-Philippines Economic Partnership Agreement and was country representative to the High Level Task Force on Asean Economic Integration. For his government service, Dr. Aquino was conferred the Presidential Service Award (or Lingkod Bayan) for extraordinary contribution of national impact on public interest, security and patrimony and was a recipient of the Gawad Mabini Award with the rank of Grand Cross (or Kamanong) for distinguished service to the country both at home and abroad. Dr. Aquino obtained a Doctorate in Business Administration in 1980 from the IESE Business School University of Navarre in Spain, an MS in Industrial Economics in 1972 from the University of Asia and the Pacific, and an AB in Economics in 1970 from the School of Economics of the University of the Philippines.

**Mel V. Velarde**, age 55, Filipino, President, Chief Executive Officer and Member of the Board of Directors, was elected Vice-Chairman of the Company's Board of Directors on June 2, 2006 and served as such until March 22, 2007 when he was elected as Chairman of the Board of Directors. On January 21, 2008, he resigned his chairmanship and was again elected as Vice Chairman of the Board until June 2, 2011. He was elected as President of the Company on June 13, 2011. Mr. Velarde is the Vice-Chairman and the Chairman of the Executive Committee of NOW Telecom Company Inc. (formerly Next Mobile, Inc.), and Chairman and President of The Velarde Group, Inc., and its affiliates. He served as Philippine Commissioner to the United Nations Educational, Scientific and Cultural Organizations (UNESCO) and Chairperson of the Committee on Science and Technology. Mr. Velarde has built a career in broadcasting, cable TV, telecommunications and information communications technology. He was former Executive Vice President and General Manager of Sky Cable, a cable TV company that became the largest in the Philippines. Mr. Velarde pursued his masteral studies in Business Economics at the University of Asia and the Pacific, and has taken Strategic Planning, Marketing and Finance at the Asian Institute of Management and at the University of Michigan. He completed the Owner/President Management Program at the Harvard Business School, Harvard University, Cambridge, Massachusetts.

**Jose S. Alejandro**, age 84, Filipino, Vice Chairman and member of the Board of Directors, served as Chairman of the Board of Directors of the Company on June 2, 2006 until March 22, 2007 when he resigned from said position and was elected as the Company's President. He served as President until January 21, 2008. Mr. Alejandro has also been a Member of the Board of Directors of NOW Telecom Company, Inc. (formerly Next Mobile, Inc.) since 1989 and he now serves as the Board's Chairman. He is a business and management professional and leader with over 25 years of corporate experience. He was the former

President and CEO of East Asia Power Resources, a local publicly-listed independent power producer during the period of local economic crisis (1997-1999), Country Manager for the Power Systems Business of General Electric Co. (1987-1995), and Vice President - Marketing at GE Philippines, Inc. and General Manager of GE Appliance Co. In these capacities, he led the growth and success of this leading U.S. global diversified corporation in the Philippines. He holds a Bachelor of Arts and Bachelor of Law degrees from the Ateneo de Manila University and had taken post graduate courses leading to Master in Business Administration in the same school and Business Policies, Manpower and Marketing Strategies at the GE Management Institute in NY, USA. He is a member of the Philippine Bar.

**Vicente Martin W. Araneta III, age 55, Filipino, Director,** He also serves as Director and President of Facilities, Inc. and as Chairman of Real Properties, Inc., the holding company of Facilities, Inc. and owner of the Palladium Subdivision. He is also a member of the Board of Directors and Chief Financial Officer of ActivAsia, Inc., a 360-degree marketing services company specializing in Out-of-Home, events, point-of-sale and channel activation, tourism marketing, sports marketing and creative services. He is an incorporator, founding member, Treasurer and Director of the Philippine Chamber of Commerce and Industry – Pasig City, Inc.. He serves as director and chief financial officer of Algo-Rhythm Communications, Inc., Arribadigital, Inc. and ActivCare Home Health Solutions, Inc. He is currently the chief financial officer of Awesome Lab, Inc.. He is also a member (on-leave) of the Management Association of the Philippines and of the Chamber of Real Estate and Builders Associations, Inc. Mr. Araneta is a member of the Ateneo Alumni Association, Inc. and served as a member of its Board of Directors for the period 2005-2007 and 2009-2012. He is also the President of Ateneo, Inc. and a member since 2011 of the Philippine Association of Congress Exhibitors/ Organizers & Suppliers, Inc. (PACEOS). He is the incorporator of the Mandaluyong Business Foundation. Mr. Araneta also served as Director for the period 2004 to 2005 of the Philippine Science High School Foundation.

**Gerard Bnn R. Bautista, age 55 Filipino, Director,** was elected as a member of the Board of Directors on June 2, 2016. He is also currently the Chairman of the University of Baguio Foundation. He is a partner in Bnn Bautista Associates, an Architecture & Planning firm. He is also a Charter Member of the Rotary Club of Makati, Greenbelt. He is a member of various associations, namely, the Harvard Architectural and Urban Society, the Harvard Club of the Phils., the Harvard Alumni Alliance for the Environment, the Harvard Alumni Entrepreneurs, the Philippine Jaycees Senate, Rockwell Club, Porsche Club Philippines, and the Baguio Country Club. He served as President of the Makati Jaycees. He also obtained a degree in BS Architecture at the University of the Philippines. Thereafter, he studied Information Technology at the Ateneo Grad School of Business and Financial Forecasting at the University of Asia and the Pacific. He also studied Finance for Senior Executives and Management of Family Corporations at the Asian Institute of Management. Moreover, he studied Actuarial Planning at the Kennedy School of Government at Harvard and School Planning and Design in the Graduate School of Design of Harvard as well.

**Marlou Buenafe Ubano, 46 years old, Filipino, Independent Director,** has been in practice of law for fifteen years. He is the Founding Partner of the Ubano Sianghio & Lozada Law Offices which was established in June 2002. He is currently a Governor of Integrated Bar of the Philippines – Western Visayas Region. He served as Assistant Secretary for Legal Affairs of the Philippine Department of Transportation and Communications from 2011 to 2013. He was the Commissioner of the Commission on Bar Discipline, Integrated Bar of the Philippines from 2005 to 2007. He also served as President of the Integrated Bar of the Philippines - Capiz Chapter from 2007 to 2009 and again in 2011, and as Deputy Governor of the Integrated Bar of the Philippines – Western Visayas Region from 2011 to 2013. Atty. Ubano was awarded the Presidential Plaque of Merit from the IBP National President in 2007, and a Plaque of Recognition as the Most Outstanding IBP Capiz President in 2009. Atty. Ubano is a Member of the Asean Law Association and the Intellectual Property Association of the Phils., Inc. He obtained his Bachelor's Degree in Law and Political Science in the University of the Philippines.

**Ramon Guillermo R. Tuazon, age 60, Filipino, Director,** is also the president of the Asian Institute of Journalism and Communication (AIJC) and secretary general of Asian Media Information and Communication Centre (AMIC). Mr. Tuazon is chairman of the Philippines Commission on Higher Education (CHED) Technical Committee for Communication (TCC) and member of the CHED Technical Panel for Social

Sciences and Communication. He is also a member of the CHED NCR Regional Quality Assurance Team (RQAT). He has served UNESCO in various capacities including Media Development Specialist for UNESCO Myanmar (November 2012- January 2014). Mr. Tuazon served as consultant/team leader to over 30 public information and communication programs and projects. He also participated in 15 international and about 40 national research projects in diverse areas such as mass media, communication, formal and non-formal education, literacy, children's rights, judicial reform and rule of law, etc. He has provided research and consultancy services in other countries including Maldives, Lao PDR, Myanmar, Bhutan, Indonesia, and France. He has co-authored six books, co-edited 15 books/monographs, written over 10 handbooks/modules, published numerous articles in international and national books, journals, and monographs. Mr. Tuazon completed his Master in Communication Management from the AIJC and Bachelor of Science in Commerce from University of Santo Tomas where he also took graduate work in advertising.

**Winnita V. Ysog, age 54, Filipino, Director**, was elected as member of the Board of Directors on 02 September 2016. She served as Marketing Manager of Wizard Academy, a school which offered preparatory education. She also served as Managing Director of Altimax Broadcasting, Inc. In 2004, she served as Vice-Chairman of the Executive Committee and Vice-President of the Human Resource and Quality Administration of Next Mobile, Inc. In 2009, she ventured into the beauty and wellness business and set-up Vanilla Spice. She is the President of Jonahs and Seths Holdings, Inc. She obtained her Bachelor of Science, Major in Tourism degree from the University of the Philippines, Diliman, where she received an award of Proficiency in French. She also obtained her Masters in Management from the Asian Institute of Management, Makati City. She is now the owner and founder of Mabuhay Ako - Bag of Life 360 and currently, the President of Rotary Club of Kamuning East, Rotary International District 3780.

**Domingo B. Bonifacio, age 65, American, Independent Director**, was elected as Independent Director on 20 January 2017. He is currently the Executive Vice President & General Manager of Automated Technology (Phil) Inc. (ATEC) Connectivity Division. From 2014-2015, he was President of Cirtex Advanced Technologies and Solutions, Inc. From 2005-2014, he served as President and CEO of REMEC Broadband Wireless International, Inc. and from 2005-2014, was the President and CEO of REMEC Manufacturing Philippines, Inc. He obtained his B.S. Electronics and Communications degree from the University of Santo Tomas and passed the Electronics and Communication Engineering Licensure Examination in 1977. He continued his education in 1978-1979 by enrolling in the University of California, Berkeley, CA.

**Jesus Pedro S. Adan II, age 68, Filipino, Independent Director Nominee**, He was Vice President and Chief Finance Officer, Chief Audit Executive and Risk Officer Marsman Drysdale Group, Chief Audit Executive and Risk; Compliance Officer of Camarines Minerals, Inc., Mr. Adan worked as Chief Financial Officer for the International Operations of the Birladin Group of Companies in Los Angeles, California from 1985 to 1994 and in 1995 was employed with Steel Corporation of the Philippines as Vice President for Finance and Administration at Philnico Mining. He was Director for Manufacturing Services for Pepsi Cola International in New York, USA, MIS and Budget Director for Richardson-Vicks Corporation and Director at the Development Academy of the Philippines. Mr. Adan received his B.S. in Accounting and Political Science from the Manuel L. Quezon University and the University of the Philippines, and went on to pursue his Master in Business Administration, also at UP. He took up EMBA at I/AME – Warnborough University and graduated with highest distinction and has double doctorate degrees in Strategic Management and Political Economy. He is a professorial lecturer at I/AME and the University of London, a Fellow at the Institute of Strategic and International Studies and a Harvard-trained case facilitator. He has also published numerous professional articles in various magazines and was the Editor-in-Chief of the Philippine Management Magazine

**Angeline L. Macasaet, age 46, Filipino, Corporate Secretary and Member of the Board of Directors**, is a member of the Philippine Bar. She is also currently the Corporate Secretary and Chief Information Officer of the Company. She is also the Corporate Secretary of the various companies under the Velarde Group such as Velarde, Inc., Gamboa Holdings, Inc., Food Camp Industries and Marketing, Inc., Emerald Investments, Inc., as well as enfranchised companies such as NOW Telecom Company, Inc., GHT Network, Inc., News and Entertainment Network, Inc., among many others. She ensures the compliance of these companies with all regulatory requirements as well as the legal requirements involving specific transactions. Her extensive engagement involves all forms of litigation and in all fora. She also has extensive practice in the Securities and Exchange Commission, Philippine Stock Exchange, and the National Telecommunications Commission. In addition to litigation, Ms. Macasaet has corporate practice all the way to the more complex engagements of management buy-outs, corporate mergers and share swap.



**Diana M. Luna**, age 55, Filipino, Treasurer and Chief Finance Officer. Ms. Diana Luna was appointed as the Treasurer and Chief Finance Officer of Now Corporation on September 16, 2019. Ms. Luna has a master's degree in Business Management from the Asian Institute of Management and has a Bachelor of Arts degree in Economics from the Ateneo de Manila University. She is a seasoned banker, starting her career at Citibank N.A. Manila branch. She established the operations of the Treasury and Securities Services of JP Morgan Chase in the Philippines in 2009. She is an experienced operations, treasury, and finance manager with global and local experience

**D. Enrique O. Co**, age 50, Filipino, Legal Counsel, is the Legal Counsel of the Company from January 2002 up to the present. He also served as the Corporate Secretary of the Company from 10 June 2004 until 30 August 2005 and from 01 November 2006 up to 21 January 2008. He is currently serving as Director and/or Corporate Secretary of several Philippine corporations. He is also the Managing Partner of Co Ferrer & Ang-Co Law Offices and an Associate Professorial Lecturer at Kalayaan College. Atty. Co obtained his BS Business Administration (*cum laude*) and Law Degrees from the University of the Philippines.

**Jozolly O. Ramos**, age 34, Filipino, Chief Audit Executive. She was appointed as Chief Audit Executive of Now Corporation on June 18, 2018. Ms. Ramos has 12 years experience in Corporate Finance, Risk Management and Compliance. She started as the Junior Accountant of HDI Securities, Inc. She steps up her career in HDI Securities when she became a Certified Associated Person by passing the Five Module Exam given by the Securities and Exchange Commission. In 2010, She became the Associated Person for Operation of Nieves Securities, Inc and in 2013 of Luys Securities Co., Inc. She imparts her knowledge in her profession as a part time faculty in Emilio Aguinaldo College since 2008. She is a Certified Public Accountant. She graduated Cum Laude from the Eastern Visayas State University in 2005 and Finished her Masters in Business Administration with specialization in Capital Markets in Lyceum of the Philippines University in 2012.

## **Nominations to the Board**

There will be a regular election of directors and officers for the term 2020-2021. The Nomination Committee shall pre-screen and shortlist all candidates nominated to become a member of the Board of Directors in accordance with the qualifications and disqualification under Sec. 2.2.2.1 of the Revised Manual on Corporate Governance.

The nomination procedure is in accordance with SRC Rule 38 on the requirements on nomination and election of independent directors.

## **Nomination Committee**

The Chairman and Members of the Nomination and Election Committee are as follows:

Vicente Martin W. Araneta III - Chairman  
Jose S. Alejandro - Member  
Marlou B. Ubano - Member (Independent Director)

Mr. Mel V. Velarde, President and CEO of the Company, will nominate the candidates for independent directors. None of the Company's directors and executive officers is related up to the fourth civil degree of consanguinity or affinity, except for Mr. Mel V. Velarde, President and Chief Executive Officer, whose sibling, Ms. Winnita V. Ysog was elected as a regular director during the Annual Stockholders' Meeting held on 06 June 2019. The term of office of elected directors will be one (1) year.

The following were nominated as the regular Directors of the Company for the ensuing year:

Thomas G. Aquino  
Jose S. Alejandro

Mel V. Velarde  
Vicente Martin W. Araneta III  
Gerard Bnn R. Bautista  
Ramon Guillermo R. Tuazon  
Winnita V. Ysog  
Angeline L. Macasaet

Marlou B. Ubano, Domingo B. Bonifacio and Hesús Pedro S. Adán II will be nominated for re-election as Independent Directors for the ensuing year.

## **Officers**

**Thomas G. Aquino, Chairman of the Board** (See above)  
**Jose S. Alejandro, Vice Chairman** (See above)  
**Mel V. Velarde, President and Chief Executive Officer** (See above)  
**Angeline L. Macasaet, Corporate Secretary** (See above)  
**Diana M. Luna, Treasurer and Chief Finance Officer** (See above)  
**Jozolly O. Ramos, Chief Audit Executive** (See above)

### **ii. Involvement in Certain Legal Proceedings of Directors and Officers**

There are no pending legal proceedings involving Bankruptcy Petition, Conviction by Final Judgment or being subject to any Order, Judgment or Decree, or Violation of a Securities commodities Law to which any director, any nominee for election as director, executive officer, underwriter or control person of the Company is a party or of which any of their property is the subject thereof have occurred during the past five (5) years up to the latest date that are material to evaluation.

### **iii. Identity of Significant Employees**

There is no person who is not an executive officer who is expected to make a significant contribution to the business of the Company.

### **iv. Family Relationship**

None of the Directors, Advisors and Executive Officers is related up to the fourth civil degree of consanguinity or affinity, except for Mel V. Velarde and Winnita V. Ysog who are siblings.

### **v. Involvement in Certain Legal Proceedings of the Registrant or its Subsidiaries/Affiliates**

On 17 November 2017, the Company filed an administrative case against Mr. Jose P. Dormido, Sheriff IV, Regional Trial Court, Branch 154, of Pasig City. In a Letter dated 08 January 2018, the Supreme Court notified the Company that the copy of the Verified Complaint forwarded to the Supreme Court on 18 December 2017 by the Office of the Chief Justice.

### **b. Certain Relationships and Related Transactions** (See Note 9 of 2018 Consolidated Financial Statements)

None of the Advisors, Executive Officers and Management employees are related by affinity or consanguinity, except for Mel V. Velarde and Winnita V. Ysog who are siblings. In the normal course of business, the following transactions have been entered into with related parties affecting consolidated statements of income:

<b>Related parties</b>	<b>Category</b>	<b>Year</b>	<b>Revenues</b>	<b>Cost of sales and services</b>	<b>General and administrative expenses</b>	
Velarde, Inc.	<b>Management Fee</b>	<b>2018</b>	<b>₱240,000</b>	<b>₱–</b>	<b>₱–</b>	
		<b>2017</b>	₱240,000	₱–	₱–	
		<b>2016</b>	₱240,000	₱–	₱–	
NOW Telecom Company, Inc.	<b>Management Fee</b>	<b>2018</b>	<b>32,800,000</b>	–	–	
		<b>2017</b>	7,800,000	–	–	
		<b>2016</b>	–	–	–	
	<b>Services</b>	<b>2018</b>	–	–	–	
		<b>2017</b>	–	–	–	
		<b>2016</b>	7,500,000	–	–	
	<b>Cost of Data Services</b>	<b>2018</b>	–	<b>3,922,957</b>	–	
		<b>2017</b>	–	1,757,720	–	
		<b>2016</b>	–	779,715	–	
	<b>Lease</b>	<b>2018</b>	–	–	<b>120,000</b>	
		<b>2017</b>	–	–	120,000	
	News and Entertainment Network Corporation	<b>Services</b>	<b>2018</b>	<b>10,000,000</b>	–	–
<b>2017</b>			25,600,000	–	–	
<b>2016</b>			15,450,000	–	–	
<b>Cost of Data Services</b>		<b>2018</b>	–	<b>10,041,776</b>	–	
		<b>2017</b>	–	1,364,054	–	
		<b>2016</b>	–	1,696,912	–	
GHT Network, Inc.		<b>Services</b>	<b>2018</b>	<b>10,000,000</b>	–	–
			<b>2017</b>	20,600,000	–	–
			<b>2016</b>	15,450,000	–	–
		<b>Management Fee</b>	<b>2018</b>	<b>12,000,000</b>	–	–
			<b>2017</b>	–	–	–
			<b>2016</b>	–	–	–
	<b>Cost of Data Services</b>	<b>2018</b>	–	<b>1,699,561</b>	–	
		<b>2017</b>	–	–	–	
		<b>2016</b>	–	–	–	
	IMX Broadband, Inc.	<b>Interest</b>	<b>2018</b>	<b>333,409</b>	–	–
			<b>2017</b>	467,033	–	–
			<b>2016</b>	467,033	–	–
Knowledge Professionals Service Cooperative	<b>Outside Services</b>	<b>2018</b>	–	<b>24,343,211</b>	<b>2,306,929</b>	
		<b>2017</b>	–	39,355,462	2,642,857	
		<b>2016</b>	–	43,226,619	7,489,693	
Softweb Consulting, Inc.	<b>Sales</b>	<b>2018</b>	–	–	–	
		<b>2017</b>	–	–	–	
		<b>2016</b>	5,412,232	–	–	
Asian Institute of Journalism and Communication	<b>Management Fee</b>	<b>2018</b>	<b>240,000</b>	–	–	
		<b>2017</b>	–	–	–	
		<b>2016</b>	–	–	–	
Joyce Link Holdings Limited	<b>Interest</b>	<b>2018</b>	<b>980,802</b>	–	–	

Related parties	Category	Year	Revenues	Cost of sales and services	General and administrative expenses
		2017	–	–	–
		2016	–	–	–
(Forward)					
Paradiso Verde, Inc.	Revenue	2018	₱11,700,000	₱–	₱–
		2017	–	–	–
		2016	–	–	–
I-College of the Philippines, Inc.	Lease	2018	–	–	930,313
		2017	–	–	930,313
		2016	–	–	930,313
		2018	₱78,294,211	₱40,007,505	₱3,357,242
		2017	₱54,707,033	₱42,477,236	₱3,693,170
		2016	₱44,519,265	₱45,703,246	₱8,420,006

The Group entered into transactions with related parties, principally consisting of the following:

- a. In 2018, the Group Company entered into a deed of sale with Joyce Link to sell the following advances and receivables to the latter in exchange for a one-year 8% convertible promissory note at the option of the holder amounting to ₱91,521,581 which corresponds to the total carrying amount of the advances and receivables. Accordingly, no gain or loss was recognized on the transaction.

Related Party	Category	Amount
Thumbmob Philippines Inc.	Advances	₱14,344,369
Holy Cow Animation, Inc.	Advances, Loans and Interest	11,616,220
Softweb Consulting, Inc.	Trade receivables	34,372,311
	Loans and Interest	714,000
	Advances - net	483,228
IMX Broadband, Inc.	Advances	15,567,752
	Interest	12,263,401
Porteon SEA, Inc.	Loans	2,160,300

Interest income earned from the promissory note amounted to ₱980,802 in 2018 and recognized as part of the advances to Joyce Link.

- b. On August 30, 2005, the Parent Company entered into a Loan Agreement with IBI for research and development purposes in connection with IBI's plan to expand its IT platform and introduce IT-related products and services. The loan is subject to 9.0% interest per annum and is payable no later than August 30, 2010. Partial pre-payments on the principal may be made prior to this date. The interest is due and demandable only on maturity date. Interest was reduced by the parties to 5.5% per annum in 2007 and shall be subject to annual repricing subsequent to 2007.

On June 25, 2010, both parties agreed to extend the maturity of the loan from August 30, 2010 to August 30, 2012. On August 31, 2012, both parties agreed to further extend the maturity of the loan up to August 30, 2015, with the interest rate further reduced to 3% per annum starting January 1, 2013. On August 31, 2015, both parties agreed to extend the maturity of the loan to five (5) years ending August 30, 2020. Interest was retained at 3% per annum.

On September 27, 2018, the loan and the corresponding interest was transferred to Joyce Link which effectively terminated the loan agreement between the parties.

Interest income amounted to ₱333,409, ₱467,033 and ₱467,033 in 2018, 2017 and 2016, respectively, is reflected as part of "Others Income". As of December 31, 2018, 2017 and 2016, amounts owed by IBI, including interest, amounted nil, ₱27,497,744 and ₱27,030,711, respectively. IBI is an entity under common control.

- c. As of December 31, 2018, 2017 and 2016 the Group has outstanding liabilities to Emerald Investment, Inc. (EII) amounting to ₱2,902,918 which arose from the Group's sub-lease agreement with EII that ended in 2011.
- d. On January 1, 2013, the Parent Company renewed its service agreement with KPSC for a period of four (4) years beginning January 1, 2013 to December 31, 2016. On January 3, 2017, the Parent Company renewed its service agreement with KPSC for a period of five (5) years beginning January 3, 2017 up to January 2, 2022.

Under the service agreement, KPSC shall provide consultancy and manpower services depending on the services specifically required by the Group. Amounts owed to KPSC, in relation to the service agreement, amounted to ₱8,819,096, ₱13,038,492 and ₱15,450,244 as of December 31, 2018, 2017 and 2016, respectively.

Previously, the Group's administrative and management functions, including key management personnel, are being handled by personnel of KPSC. Outside services incurred by the Group for the provision of key management personnel services that are provided by the KPSC amounted to nil, ₱2,863,646, and ₱6,176,177 in 2018, 2017 and 2016, respectively. In February 2017, the administrative and management functions, including key management personnel, were transferred from KPSC to the Parent Company.

Compensation of identified key management personnel both from the Group and under KPSC, classified as short-term and post-employment benefits, amounted to ₱10,916,783, ₱9,124,721, ₱6,176,177 in 2018, 2017 and 2016, respectively.

- e. Due to related parties include interest bearing advances from Velarde, Inc. for working capital and investment requirements.

On January 22, 2015, Velarde, Inc. agreed to convert its advances amounting to ₱200,000,000 into equity interest in the Parent Company for 200,000,000 common shares with a par value of ₱1. It was further agreed that the remaining balances and subsequent advances from Velarde, Inc. shall no longer be subject to interest and shall be due on demand (see Note 13).

On April 29, 2016, the Parent Company's BOD approved the conversion into equity of the advances from Velarde, Inc. amounting to ₱264,000,000 at a conversion price of ₱1.22 per share computed on the volume-weighted average price of the Parent Company's shares for a 30-day trading period ended April 14, 2016. On June 2, 2016, the stockholders of the Parent Company approved the said increase in the Parent Company's authorized capital stock.

On June 20, 2016, additional advances were incurred from Velarde Inc., through the latter's payment of the loans payable to bank on behalf of the Parent Company amounting to ₱44,500,000 (see Notes 11 and 19). On October 11, 2018, the Parent Company's BOD approved the conversion into equity of the advances from Velarde, Inc. amounting to ₱209,000,000 at a conversion price of ₱6.50 per share computed on the volume-weighted average price of the Parent Company's shares for a 30-day trading period ended October 11, 2018. The conversion is approved by the shareholders on March 8, 2019 and is yet to be filed in SEC as of April 12, 2019. Outstanding accrued interest presented as part of the "Accounts payable and accrued expenses" amounted to ₱59,903,586 as of December 31, 2018, 2017 and 2016 (see Notes 8 and 19).

Due to Velarde, Inc. presented as part of "Due to related parties" amounted to ₱254,613,559, ₱141,326,966 and ₱68,322,816 as of December 31, 2018, 2017 and 2016, respectively.

- f. On January 1, 2011, the Group entered into a sublease contract with I-College Philippines, Inc. (I-College) for the period November 1, 2011 to May 31, 2012 with a monthly rental fee of ₱77,526. The term of the lease can be renewed upon mutual consent of both parties. The most recent renewal of this sublease agreement is for a period of three (3) years from

November 1, 2017 to October 31, 2020. All other terms and conditions of the sublease agreement dated January 1, 2011 remain in full force.

Rent expense incurred by the Group amounted to ₱930,313 in 2018, 2017 and 2016. In connection with this, the related due to I-College amounted to ₱6,667,238, ₱5,736,925 and ₱4,806,612 as of December 31, 2018, 2017 and 2016, respectively.

- g. The Group sells IBM licenses to Softweb, an associate. Sales of IBM license to Softweb amounted to nil in 2018 and 2017 and ₱5,412,232 in 2016.

Trade receivables from Softweb totalling to ₱34,372,311 was transferred to Joyce Link during 2018. The Group has outstanding receivables from Softweb amounting to nil as of December 31, 2018 and ₱34,372,311 as of December 31, 2017 and 2016. The Group also transferred to Joyce Link its loans and net advances to Softweb amounting to ₱714,000 and ₱483,228, respectively.

- h. *Infrastructure build-up*

In January 2015, the Parent Company entered into two (2) separate one-year service agreements with GHT Network, Inc. (GHT) and News and Entertainment Network, Inc. (Newsnet) to provide bandwidth services to its customers. The Parent Company provided the infrastructure build-up and technology design and consultancy.

In 2016, the Parent Company amend its contracts with GHT and Newsnet, and includes NOW Telecom whereas the Parent Company will provide project management services, design and planning services and installation services covering up to 10 major network hubs for a contract price of ₱45,000,000 each. Right to receive payments arise upon acceptance of GHT, Newsnet and NOW Telecom of completed hubs. Payments are due upon receipt of invoice. In 2018, the contracts were amended to include an additional one (1) and two (2) network hubs for Newsnet and GHT, respectively, with the same terms and conditions as the one entered in 2016.

A total of four (4), nine (9) and 10 network hubs were completed in 2018, 2017 and 2016, respectively. Service revenue recognized related to infrastructure build-up amounted to ₱10,000,000 each for GHT and Newsnet in 2018, ₱20,000,000 for GHT and ₱25,000,000 for Newsnet in 2017 and ₱15,000,000 each for GHT and Newsnet in 2016.

- i. *Technical services*

Included in the contract entered in 2016, the Parent Company will provide technology consultancy services for a period of ten (10) years with a monthly fee of ₱50,000 each for GHT and Newsnet. The parties mutually agreed to defer this arrangement in 2018 since no technical services related to the project was provided to GHT and Newsnet during the year. Service revenue recognized amounted to ₱600,000 and ₱450,000 each for GHT and Newsnet in 2017 and 2016, respectively. No such revenue was recognized in 2018.

In 2016, the Parent Company provided technical service related to NOW Telecom for a service revenue amounting to ₱7,500,000.

- j. *Value-added services (VAS)*

In 2015, the Parent Company entered into three (3) separate agreements with NOW Telecom, GHT and Newsnet (the Parties), wherein the Parties mutually agreed to collaborate and interconnect their respective networks in order for the Parent Company to provide VAS to the public such as cloud hosting services, virtual private network, multimedia content and program services, online game services, cloud-based multimedia conferencing services, web hosting and cloud-based mail and messaging services (VAS contracts).

On December 5, 2016, the Parties agreed to amend Chapter 5 of their VAS contracts to add provision on revenue sharing from the broadband revenue.

On December 23, 2016, the Parties further agreed to amend their VAS contracts to include additional fees from actual usage of bandwidth and other provision on charging to the Parent Company on a cost-plus margin arrangement.

In January 2018, the Parties further agreed to amend their VAS contracts to include additional fees for the use of the network equipment of NOW telecom, GHT and Newsnet.

Total cost of data services charged to cost of services amounted to ₱15,664,294, ₱3,121,774 and ₱1,696,912 in 2018, 2017 and 2016, respectively.

k. *Management fees*

The Parent Company entered into a contract with Asian Institute of Journalism and Communication (AIJC) to provide management services commencing from January 1, 2018 to December 31, 2020 with an agreed monthly fee of ₱20,000. Service revenue related to management consultancy services to AIJC amounted to ₱240,000 in 2018.

The Parent Company also entered into a contract with GHT for the management of the latter's renewal of franchise in 2018 in exchange for an amount totalling to ₱12,000,000 in 2018. The contract was finalized in September 2018 after the approval of renewal of franchise of GHT.

In March 2018, Parent Company also entered into a contract with NOW Tel for the services rendered in relation to the latter's renewal of franchise in 2018 amounting to ₱10,000,000. The contract was finalized in March 2018 after the approval of renewal of franchise of NOW Tel.

Another management service contract was entered into by the parties in January 2018 for NOW Tel's bidding on the selection of new major player (NMP) in the public telecommunications market as spearheaded by NTC. Revenue recognized in 2018 from the contract amounted to ₱15,000,000 after the completion of the selection of NMP in October 2018.

Parent Company also entered into a contract with NOW Telecom to provide management consultancy services commencing from January 2017 to January 2020 with an agreed monthly fee of ₱650,000. Service revenue related to management consultancy services to NOW Telecom amounted to ₱7,800,000 each in 2018 and 2017.

The Group charges Velarde, Inc. management fees for the administration and operations of the companies. Payments are due within five (5) days upon receipt of invoice. Management fees charged to Velarde, Inc. amounted to ₱240,000 in 2018, 2017 and 2016. Outstanding trade receivables from Velarde, Inc. amounting to ₱1,920,000, ₱1,680,000 and ₱1,440,000 as of December 31, 2018, 2017 and 2016, respectively.

l. The Group has various advances to and from its related parties which pertain to working capital and administrative requirements.

The Group entered into a non-interest bearing loan agreement with Porteon Electric Vehicles, Inc. (Porteon). The loan was sold to Joyce Link during the year which effectively terminated the loan agreement between the two (2) parties. Outstanding amount due from Porteon Electric Vehicles, Inc. amounted to nil as of December 31, 2018 and ₱2,160,300 as of December 31, 2017 and 2016 which is due on demand.

The Group made various advances to NOW Telecom, Paradiso Verde, GHT, Newsnet, AIJC, KPSC and EII for working capital requirements. The Group also has outstanding liabilities to NOW Telecom and Paradiso Verde.

**Item 6. Compensation of Directors and Executive Officers**

The aggregate compensation of executive officers and directors of the Company for the last 2 years and for the current year (2019) are as follows:

ACTUAL	2018			2017
	COMPENSATION	OTHERS	TOTAL	TOTAL

A. Five (5) most highly compensated Executive Officers	8,459,041.00	6,896,672.00	15,355,713.00	11,678,877.00
All directors and executive officers as a Group unnamed	300,000.00		300,000.00	295,000.00

Projected	2019		
	COMPENSATION	OTHERS	TOTAL
A. Five (5) most highly compensated Executive Officers	8,719,100.00	7,098,000.00	15,817,100.00
All directors and executive officers as a Group unnamed	300,000.00		300,000.00

The following are the 5 highest compensated directors / executive officers of the Company for the year 2018: 1. Thomas G. Aquino, 2. Mel V. Velarde, 3. Angeline L. Macasaet, 4. Diana M. Luna 5. Neil Tumagan.

Standard arrangements or other arrangements pursuant to which directors of the Corporation are compensated

#### **Standard Arrangement**

Other than payment of reasonable per diem, there are no standard arrangements pursuant to which directors of the Corporation are compensated, or are to be compensated, directly or indirectly, for any services provided as a director for the last completed fiscal year and the ensuing year.

#### **Other Arrangements**

There are no other arrangements pursuant to which any director of the Corporation was compensated, or is to be compensated, directly or indirectly, during the Corporation's last completed fiscal year, and the ensuing year, for any service provided as a director.

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

There are no special employment contracts between the Corporation and the named executive officers.

There are no compensatory plan or arrangement with respect to a named executive officer.

#### **Warrants and Options Outstanding**

There are no outstanding warrants or options held by the Corporation's Chief Executive Officer, the named executive officers, and all officers and directors as a group.

#### **Item 7. Independent Public Accountants**

The auditing firm of Reyes Tacandong & Co. has been the external auditor of the Company for the calendar 2019. The Company is in compliance with SRC Rule 68, paragraph 3(b)(IV) regarding compliance with the 5-year rotation of external auditors. There had been no disagreements with Reyes Tacandong & Co with regard to accounting policies and financial disclosures of the Company.



## **Audit Fees**

The aggregate fees billed for the calendar year 2019 for professional services rendered by the Reyes Tacandong & Co. for the audit of the of the parent Company and i-Resource Consulting International, Inc. (subsidiary) annual financial statements amounted to Php700,000.00 for 2019.

The external auditor does not render any other assurance and services related to the performance of the audit nor does it render any professional service for tax accounting, advice, planning and any other form of tax services.

## **Audit and Risk Management Committee**

The Chairman and Members of the Audit and Risk Management Committee are:

Marlou B. Ubano – Chairperson  
Ramon Guillermo R. Tuazon – Member  
Gerard Bnn R. Bautista – Member

## **Item 8. Compensation Plans**

No action is to be taken by the Company with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

## **C. ISSUANCE AND EXCHANGE OF SECURITIES**

### **Item 9. Authorization or Issuance of Securities Other than for Exchange**

There is none.

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

There are no matters or actions to be taken up in the meeting with respect to the modification of any class of the Company's securities or the issuance of authorization for issuance of one class of the Company's securities in exchange for outstanding securities of another class.

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

Other data related to the Company's financial information such as the Consolidated Audited Financial Statements as of 31 December 2018 together with the Statement of Management Responsibility; the Certification on Appointment or Employment in Government Entity, and the 3<sup>rd</sup> Quarter Report for period ended 30 September 2019 (SEC Form 17-Q) will be submitted as soon as they become available at the appropriate time.

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

No action will be taken with respect to any transaction involving the following:

- a. the merger or consolidation of the registrant into or with any other person or of any other person into or with the registrant;
- b. the acquisition by the registrant or any of its security holders of securities of another person;
- c. the acquisition by the registrant of any other going business or of the assets thereof;
- d. the sale or other transfer of all or any substantial part of the assets of the registrant; or
- e. the liquidation or dissolution of the registrant.

#### **Item 13. Acquisition or Disposition of Property**

There are no matters or actions to be taken up with respect to acquisition or disposition of any property by the Company.

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

None.

### **D. OTHER MATTERS**

#### **Item 15. Action with Respect to Reports**

The following are included in the agenda of the Annual Stockholders' Meeting for approval of the Stockholders:

1. Minutes of the Annual Stockholders' Meeting held on 06 June 2019;
2. Other proposed Actions:

Action will be taken to approve and ratify the acts of the Board of Directors and Management of the Company from the Regular Meeting of the Board of Directors held on 06 June 2019 up to the date of the annual meeting of stockholders on 04 June 2020. These acts were adopted in the ordinary course of business.

3. Appointment of an External Auditor; and
4. Approval of Share for Share Swap Transaction

#### **Item 16. Matters Not Required to be Submitted**

All matters or actions to be submitted in the meeting will require the vote of the security holders.

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

None.

#### **Item 18. Other Proposed Actions**

Other than the matters indicated in the Notice and Agenda, there are no other actions proposed to be taken at the meeting.

#### **Item 19. Voting Procedures**

At least a majority of the outstanding capital stock of the Company shall be sufficient to carry the vote for matters submitted to a vote at the Annual Stockholders' Meeting, except for the amendment of the Articles

of Incorporation that will require two-thirds votes. The manner of voting and counting votes will be as follows:

1. All outstanding stockholders as of record date of 04 May 2020 are entitled to vote, one to one, and shall have the right to vote. Atty. Angeline L. Macasaet, the Corporate Secretary, will count the votes cast.
2. For purposes of electing directors, cumulative voting shall be followed. The stockholders may have the option to cast all his/her/its votes in favor of one or distribute his/her/its votes among nominees. Only candidates nominated during the meeting shall be entitled to be voted.
3. Consistent with the provisions of the By-Laws of the Company, voting need not be by ballot and will be done by show of hands, unless required by law, or upon motion by any of the stockholders.

## UNDERTAKING TO PROVIDE ANNUAL REPORT

THE REGISTRANT UNDERTAKES TO PROVIDE WITHOUT CHARGE TO EACH STOCKHOLDER A COPY OF THE COMPANY'S ANNUAL REPORT OR SEC FORM 17-A UPON WRITTEN REQUEST TO THE COMPANY ADDRESSED TO:

**ANGELINE L. MACASAET**  
Corporate Secretary  
NOW CORPORATION  
Unit 5-I, 5<sup>th</sup> Floor, OPL Building, 100 C. Palanca Street corner Dela Rosa and Gil Streets,  
Legaspi Village, Makati City

### **PART II.**

There are no proxy solicitations.

### **PART III.**

## SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on this 30<sup>th</sup> day of April 2020.

### **NOW CORPORATION**

Issuer

By:

### **MEL V. VELARDE**

President and CEO

(Signed)

### **DIANA M. LUNA**

Chief Finance Officer and Treasurer

(Signed)

### **ANGELINE L. MACASAET**

Corporate Secretary

(Signed)

## **PART I - BUSINESS AND GENERAL INFORMATION**

### **General Information**

NOW Corporation (the "Company") was originally incorporated on June 5, 1996 as MF Schroder & Co., Inc., initially to engage in the purchase and sale of securities. MF Schroder & Co., Inc. was then a wholly-owned subsidiary of Amalgamated Investment Bancorporation (AIB), a full-fledged and duly licensed investment house.

In January 2002, MF Schroder & Co., Inc. was renamed Cashrounds, Inc. (Cashrounds), with the primary purpose to engage in the business of securities brokerage relating to the sale, transfer or exchange of every description of shares of stock and bonds, and to execute such transactions with the use of information technology.

On March 22, 2005, a Memorandum of Agreement was executed by AIB and Gamboa Holdings, Inc. (Gamboa), whereby AIB agreed to sell and Gamboa agreed to purchase 18,171,286 or 2/3 of the shares of stock of Cashrounds at an agreed purchase price of Php74,395,000.00.

The sale of Cashrounds shares to Gamboa was made on June 3 and August 30, 2005 which resulted in Gamboa owning 66.67% of Cashrounds.

On April 28, 2006, Cashrounds entered into a Memorandum of Agreement (MOA) with NOW Telecom Company, Inc., formerly known as Next Mobile, Inc. (NOW Telecom) and five controlling shareholders of NOW Telecom namely, Top Mega Enterprises Limited, Joyce Link Holdings Limited, Gamboa Holdings, Inc., Emerald Investments Inc., Food Camp Industries and Marketing, Inc. (the five companies collectively known as NOW Telecom Shareholders) whereby existing shares of NOW Telecom owned by the NOW Telecom Shareholders were swapped with new shares issued by Cashrounds pursuant to an increase in authorized capital stock.

As a result of the above-mentioned exchange of shares of stock, the NOW Telecom Shareholders acquired 97% equity interest of Cashrounds, while Cashrounds acquired 19% of NOW Telecom.

On September 19, 2006, the Securities and Exchange Commission (SEC) approved the increase in the authorized capital stock of Cashrounds to Php1.320 billion with corresponding increase of its paid-up capital to Php1,317,278,350 as well as the change of the corporate name from Cashrounds, Inc. to Information Capital Technology Ventures, Inc.

On July 24, 2008, the SEC approved the amendment of Article II of the Articles of Incorporation of the Company's Primary Purpose to read as follows:

*To engage in the business of providing telecommunications, media and information technology products and services, such as but not limited to the research, development, production, management, marketing, and operation of the following: telecommunications value added services through companies duly licensed to engage in wired and wireless, fixed and mobile communications; software and hardware technology, business process outsourcing, call center and other information technology applications; digital media and other media except mass media; and to do all activities directly or indirectly connected therewith or incident thereto.*

On December 10, 2008, the Philippine Stock Exchange (PSE) approved the application of the Company to list additional shares to cover its share-for-share swap transactions with the shareholders of NOW Telecom. In addition, PSE likewise approved the Company's transfer from the SME Board to the Second Board of the Exchange.

On February 20, 2009, the PSE issued a circular informing the investing public of the Company's listing of additional 1,289,278,350 common shares effective February 24, 2009. This is to cover the share-for-share swap transactions with the shareholders of NOW Telecom, namely, Top Mega Enterprises Limited, Gamboa Holdings, Inc., Emerald Investments, Inc., Joyce Link Holdings Limited and Food Camp Industries and Marketing, Inc., at a swap price of ₱1.00 per share.

The transfer of the Company from the SME to the Second Board finally took effect on June 29, 2009.

On March 12, 2010, the Board of Directors of the Company (BOD) approved the Company's transfer from the Second board to the First Board of the Exchange. In addition, the BOD approved the Company's increase in authorized capital stock from P1.32 billion to P5 billion as well as the listing of the additional shares from the increase. Finally, the BOD approved the amendment of the Company's By-Laws that will allow waiver of pre-emptive rights.

On August 3, 2010, the SEC approved the Amendment of the Seventh Article of the Articles of Incorporation of the Company to read as follows:

*No stockholder shall have any pre-emptive right of subscription to any class of shares of stock of this Corporation, whether to the present authorized capital stock or any future increases thereof.*

On September 1, 2010, the Company entered into an agreement with Softrigger Interactive, Inc. and Mr. Carlos C. Sevilla whereby the Company shall subscribe to new shares of stock of Softrigger Interactive, Inc. totaling 34,134 which will be equivalent to 50% equity interest in Softrigger Interactive, Inc. post investment.

On October 1, 2010, the Company entered into an agreement with Holy Cow Animation, Inc., Ms. Marilyn D.L. Montano and Mr. Danilo F. Montano whereby the Company shall subscribe to new shares of stock of Holy Cow Animation, Inc. totaling 53,937 shares which will be equivalent to 50% equity interest in Holy Cow Animation, Inc. post investment.

Holy Cow Animation, Inc. is engaged in the business of providing computerized animation services for film and/or television, including conceptualization, production and execution of shows, programs and advertising campaigns using animation.

On December 20, 2010, the Company entered into an agreement with Softweb Consulting, Inc., Ms. Rhennie T. Vilorio, Mr. James Michael V. Santiago and Ms. Angel Madonna V. Santiago whereby the Company shall purchase/subscribe to shares of stock of Softweb Consulting, Inc. totaling 5,050 which will be equivalent to 50% equity interest in Softweb Consulting, Inc. post investment.

Softweb Consulting, Inc. is engaged in the business of IT consulting services and reseller of software and hardware and other related products.

On December 21, 2010, the Company entered into a subscription agreement with Thumbmob Philippines, Inc. (Thumbmob) to subscribe to new shares of stock of Thumbmob totaling 145,834 shares which will be equivalent to 50% equity interest in Thumbmob, post investment. The Investment and Subscription Agreement with Thumbmob is subject to the confirmation by the Board of Directors of the Company.

On March 8, 2011, the Company filed with PSE its application for transfer from the Second Board to the First Board of the Exchange.

The amendment of the Company's Secondary Purposes to include the following was ratified by the stockholders of the Company during the June 2, 2011 Annual Stockholders' Meeting.

- a. To provide professional services and manpower in the field of telecommunications, media and information technology.
- b. To buy, sell, lease, assemble, import, export, process and deal in any and all classes of materials, merchandise, supplies and commodities of every kind and nature;
- c. To act as commission agent, manufacturer's representative, or principal for the purchase, sale distribution, manufacture, assembly, import or export of any and all classes of materials, merchandise, supplies and commodities of every kind and nature; and
- d. To engage in and carry on the business of general and retail merchants, traders, factors, agents, manufacturers, processors, dealing in or with any and all classes of materials, merchandise, supplies and commodities of every kind and nature.

On March 17, 2011, the Company's Board of Directors confirmed/ratified the establishment of the Company's wholly-owned subsidiary named J-Span IT Services, Inc. in Tokyo, Japan. The Board likewise

approved the establishment in the Philippines of a wholly-owned subsidiary to be named I-Resource Consulting International, Inc.

On May 25, 2011, the SEC approved the incorporation of I-Resource Consulting International, Inc. as a wholly owned subsidiary of the Company. The primary purpose of I-Resource Consulting International, Inc. is to provide consulting, technical advice and professional advisory services to persons, firms, association, corporations, partnerships and other entities.

On June 10, 2011, the SEC approved the incorporation of Porteon SEA, Inc., a wholly-owned subsidiary of the Company with the primary purpose of engaging in the business of manufacturing, marketing and selling of vehicles of all types, including but not limited to electric vehicles.

The amendment of the Secondary Purposes was approved by the SEC on August 25, 2011.

On September 02, 2011, the Company entered into a Memorandum of Understanding with Huawei International Pte., Ltd., Huawei Technologies Phils., Inc. and NOW Telecom. The parties desire to explore the possibility of entering into a business relationship which will allow each party to provide its respective contribution in order to attain the common purpose of implementing NOW Telecom's nationwide build-up plans. The milestone agreement is expected to enhance the information capabilities of the Company and NOW Telecom in partnership with the world's largest information technology company Huawei.

On August 25, 2012, the SEC approved the incorporation of I-Professional Search Network, Inc., a wholly-owned subsidiary of the Company. The primary purpose of I-Professional Search Network, Inc. is the recruitment and placement of workers domestically. This is aimed at broadening the Company's base in the area of service-related business as well as to complement the Company's other wholly-owned subsidiary, I-Resource Consulting International, Inc., which provides consulting, technical advice and professional advisory services to persons, firms, association, corporations, partnerships and other entities.

The Board of Directors and Stockholders of the Company approved the name change from Information Capital Technology Ventures, Inc. to Now Corporation on 02 July 2013 and 06 June 2013, respectively. On 16 August 2013, the SEC issued the Certificate of Filing of Amended Articles of Incorporation and the Certificate of Revision of the Title of Amended By-Laws certifying the said name change.

On December 27, 2013, the Company paid the amount of Php3,000,000.00 for the Company's subscription to 110,000 shares (at Php100.00 per share) on the proposed increase in the authorized capital stock of I-Resource from Php1,000,000.00 to Php12,000,000 or increase from 10,000 shares to 120,000 shares. The proposed increase in the authorized capital stock of i-Resource was approved by the SEC on April 2, 2014.

During the Special Stockholders' Meeting held on January 22, 2015, the shareholders approved the following: 1) increase of the capital stock of the Company from Php1.32B to Php2.120B or an increase of Php800M; 2) conversion of advances made by a shareholder, Velarde, Inc., in the amount of Php200M; 3) application for listing with the PSE of the additional 200M shares to be issued from the increase in authorized capital; and 4) waiver by a majority vote representing the outstanding shares held by the minority shareholders present of the conduct of a rights or public offering of the shares to be subscribed by Velarde, Inc. The Company's Board of Directors had previously approved a higher increase of Php2.7B during its November 27, 2014 meeting. However, upon further study and discussion, a lower amount was recommended and approved by the Board during a special meeting held on 22 January 2015 prior to the Special Stockholders' Meeting scheduled on the same day.

On 17 December 2015, the Securities and Exchange Commission approved the Company's increase in authorized capital from Php1,320,000,000.00 divided into 1,320,000,000 shares of the par value of Php1.00 each to Php2,120,000,000.00 divided into 2,120,000,000 shares of the par value of Php1.00 each.

At the 29 April 2016 Special Meeting of the Board of Directors, the Board approved the increase of the authorized capital stock of the Company from Php2.120B to Php3.0B. The Board likewise approved the conversion into equity of the 264M advances accumulated since year 2011 from a shareholder, Velarde, Inc., at a conversion price of Php1.22/share computed/ based on the daily average of the volume-weighted average price of NOW shares for a 30-day trading period ending 14 April 2016; Finally, the Board approved the listing of 216M shares that will be issued out of the said conversion and increase in authorized capital stock.

In its 02 September 2016 Special Meeting, the Board of Directors approved the amendment of the Seventh Article of Incorporation to authorize the creation of Sixty Million (60,000,000) Redeemable, Convertible, Non-Participating and Non-Voting Preferred Shares with or without Detachable Warrants with a par value of One Peso (Php1.00) per share. The Board likewise approved the setting of the special stockholders' meeting on 08 November 2016 with the record date of 28 September 2016.

During the 08 November 2016 Special Stockholders' Meeting, the shareholders present, by a unanimous vote, approved the following: 1) Minutes of the Annual Stockholders' Meeting held on 02 June 2016; 2) Amendment to the Seventh Article of Incorporation (creation of 60M Redeemable, Convertible, Non-Participating, and Non-Voting Preferred Shares with or without Detachable Warrants with a par value of One Peso (Php1.00) per share; 3) Approval for listing of 60M Redeemable, Convertible, Non-Participating, and Non-Voting Preferred Shares with or without Detachable Warrants with a par value of One Peso (Php1.00) per share; 4) Approval for issuance and public offering of 60M Redeemable, Convertible, Non-Participating, and Non-Voting Preferred Shares with or without Detachable Warrants with a par value of One Peso (Php1.00) per share.

The Shareholders likewise expressly granted the authority to the Board of Directors to determine: (1) whether the issuance of the Preferred Shares shall be with or without warrants; (2) the actual number of warrants to be issued in connection thereto, which shall in no case be more than two (2) times the total number of Preferred Shares to be issued; (3) the total number of underlying common shares to be issued in connection with such warrant, which shall in no case be more than the number of warrants to be issued; and (4) to determine all other terms and conditions of the warrant including the strike price.

In its 21 December 2016 Regular Meeting, the Board of Directors approved the filing of the Registration Statement, Listing Application and the terms and conditions and such other relevant acts in connection with the intended public offering of shares of the Company.

On 10 January 2017, the Securities and Exchange Commission issued to the Company a Certificate of Filing of Amended Articles of Incorporation (Amending Article VII reclassification of P60,000,000.00 Common Shares to Preferred Shares thereof).

At the 20 January 2017 Special Meeting of the Board, a resolution was passed approving the issuance of detachable warrants in connection with the public offering of the Company's preferred shares;

On 20 February 2017, NOW Corporation received from the Supreme Court Bids and Awards Committee for Goods and Services the Notice of Award for the Installation of the Judiciary Email System of the Supreme Court (the "Project"). The Project, which includes the email and collaboration of 7,000 users, is being undertaken by the Company together with its joint venture partner, Accent Micro Technologies, Inc., utilizing the Integrated Business Machine (IBM) Collaboration Solution portfolio. NOW Corporation is a premier business partner of IBM, having received for two consecutive years the Top IBM Social Collaborations Partner Award for the years 2014 and 2015, for being instrumental in the digital transformation of enterprises across industries including banking, retail, logistics and government institutions.

On 13 March 2017, NOW Corporation signed with Tata Communications a Global Partner Programme Agreement. The Agreement allows NOW to provide to its existing and future enterprise clients access to Tata Communications' international portfolio of global managed network services, managed security services and unified communications and collaboration offering. Tata Communications is a leading global provider of A New World of Communications to multinational enterprises and service providers. The company leads from the front to create an open infrastructure, partner ecosystem and platforms for businesses to stay competitive in this digital age.

At the 07 August 2017 Regular Meeting of the Board of Directors, the following resolutions were approved: 1) Acceptance of disengagement of SB Capital Investment Corporation ("SB Capital") as one of the Joint Issue Managers, Joint Bookrunners and Joint Lead Underwriters. 2) Appointment of SB Capital as the Company's Financial Advisor; 3) Grant of authority to the Chairman and President and CEO to negotiate and engage the services of an Issue Manager, Bookrunner, Lead Underwriter for its proposed public offer of preferred shares; 4) Reduction of the Company's proposed public offering of its preferred shares from 15M preferred shares with 30M warrants to 5M preferred shares with 30M warrants thus resulting in the reduction of the offer size from Php 1.5B to Php 500M.

On 25 September 2017, the Company mandated Unicapital, Incorporated ("Unicapital") to replace Philippine Commercial Capital Inc. ("PCCI") as Issue Manager, Lead Underwriter, and Bookrunner for the Company's planned offer and sale of Convertible Preferred Shares with Detachable Warrants in the



Philippines by way of a follow-on public offering and the listing of the same with the Exchange (the "Offer"), applications for which were filed before the Securities and Exchange Commission and the Exchange, respectively. The Company shall continue with the Offer, subject to certain amendments pursuant to new discussions between Unicapital and the Company, the terms of which shall be disclosed at the appropriate time.

In its 20 December 2017 Regular Meeting, the Board approved, in relation to its conduct of Public Offering by way of a Follow-On Offering ("FOO") of its Preferred Shares of stocks, the offer and sale of up to 10,000,000 out of the 60,000,000 redeemable, convertible, non-participating and non-voting preferred share with detachable warrants out of the unissued portion of the authorized capital stock of the Corporation (the "Offer Shares") and up to 20,000,000 Detachable Subscription Warrants to be issued free of charge with 20,000,000 underlying common shares (collectively, the "Warrant").

On 22 December 2017, NOW Corporation filed its Registration Statement and Prospectus with the Securities and Exchange Commission ("SEC") pursuant to the Company's application for the Follow-On Offering of 5,000,000 redeemable, convertible, cumulative, non-participating, non-voting, Peso-denominated, preferred shares with an Oversubscription Option of 5,000,000 with a par value of one peso (₱1.00) per share, with 10,000,000 detachable subscription warrants to be issued free of charge with 10,000,000 underlying common shares, with an Oversubscription Option of 10,000,000 Warrants and 10,000,000 underlying common shares of NOW Corporation.

NOW Corporation also has a pending application with the Philippine Stock Exchange ("PSE") for the listing of 200M additional shares. On 20 February 2018, the PSE issued its initial comment and inquiries. The Company is currently in the process of providing the information and documents requested by the PSE.

In its 15 March 2018 Regular Meeting, the Board resolved to delegate to the Executive Committee the setting of the final conversion price related to the conversion into equity of the Php264,000,000.00 advances from a shareholder. Said conversion into equity was previously approved in 2017 by both the Board and the Stockholders, respectively, and was likewise promptly disclosed to the Philippine Stock Exchange.

The shareholders present by a unanimous vote likewise affirmed / confirmed their approval, made at the 02 June 2016 Annual Stockholders' Meeting, of the increase in authorized capital stock of the Company as well as the conversion into equity of the Php264M advances from a shareholder, Velarde, Inc., at the conversion price computed based on the daily average of the Volume-Weighted Average Price of NOW Corporation shares for a 30 day trading period ending 14 April 2016 as well as the listing of corresponding shares that will be issued out of the said conversion. The conversion price shall be set between Php1.50 per share to Php1.70 per share range. The Board of Directors is given the delegated authority to finalize the terms and other details pertaining to such increase and conversion price within the respective ranges herein set forth.

On 22 June 2018, the Securities and Exchange Commission issued the Certificate of Filing of Enabling Resolution in relation to the Company's offer of 5,000,000 Redeemable Convertible Cumulative Non-Participating Non-Voting Peso-denominated Preferred Shares and designate the series as the Preferred "A" Shares with an Oversubscription Option of 5,000,000 Preferred A Shares, with 25,000,000 underlying Common Shares and an additional 25,000,000 Common Shares upon the exercise of the Oversubscription Option, which Common Shares shall be issued upon conversion of the Preferred Shares, with Detachable Warrants, under the terms and conditions thereof.

At the Special Meeting of the Board of Directors of NOW Corporation held on 11 October 2018, the Board approved the conversion into equity by its shareholder Velarde, Inc. in the amount of Two Hundred Nine Million Pesos (Php209,000,000.00) with the conversion price computed based on the Volume Weighted Average Price (VWAP) of the 30-day trading period ending 11 October 2018. The Board

At the special meeting of the Board of Directors of NOW Corporation held on 28 December 2018, the Board approved the Company's equity restructuring plan by reducing the par value of the common shares of stock of the Company and by applying the resulting additional paid-in capital to eliminate its accumulated deficit. For this purpose, the Board approved the amendment of Article Seventh of NOW's Articles of Incorporation to reduce the par value of common shares from One Peso (Php1.00) per share to Seventy Centavos (Php0.70) per share, and the resulting decrease of NOW's authorized capital stock from Php2,120,000,000.00 divided into 2,060,000,000 common shares with par value of One Peso (Php1.00)

each to Php1,442,000,000 divided into 2,060,000,000 common shares with par value of Seventy Centavos (Php0.70) each.

At the Special Stockholders' Meeting of NOW Corporation held on 08 March 2019, the stockholders unanimously approved Company's equity restructuring plan by reducing the par value of the common shares of stock of the Company and by applying the resulting additional paid-in capital to eliminate its accumulated deficit. The Php1.00 par value per share of the existing preferred shares will not change. For this purpose, the stockholders unanimously approved the amendment of Article Seventh of NOW's Articles of Incorporation to reduce the par value of common shares from One Peso (Php1.00) per share to Seventy Centavos (Php0.70) per share, and the resulting decrease of NOW's authorized capital stock from Php2,120,000,000.00 divided into 2,060,000,000 common shares with par value of One Peso (Php1.00) each to Php1,442,000,000 divided into 2,060,000,000 common shares with par value of Seventy Centavos (Php0.70) each.

Likewise, the stockholders unanimously approved the conversion of advances into equity of its shareholder Velarde, Inc. in the amount of Two Hundred Nine Million Pesos (Php209,000,000.00) with the conversion price computed based on the Volume Weighted Average Price (VWAP) of the 30-day trading period ending 11 October 2018 or at Php6.50 per share, and the listing of additional shares resulting from the said conversion. The waiver by a majority vote representing the outstanding shares held by the minority shareholders present of the conduct of a Rights or Public Offering of the Shares to be subscribed to by Velarde, Inc. was likewise affirmed/confirmed.

Finally, the stockholders approved the revision of the earlier approval made during the Annual Stockholders' Meeting held on 07 June 2018 to increase the authorized capital stock of the Company within a range between Php600M and Php700M in connection with the earlier conversion of another tranche of advances made by Velarde, Inc. to NOW Corporation in the amount of Php264 Million. Only the conversion into equity of Velarde, Inc.'s advances in the amount of Php264M based on the adjusted conversion price range between Php1.50 and Php1.70 per share as well as the listing of additional shares resulting from the said conversion are approved and affirmed for implementation. The contemplated increase in authorized capital stock is deemed set aside.

On September 6, 2019 The Securities and Exchange Commission approved NOW Corporation's application for equity restructuring and the decrease in its authorized capital and par value per share, wiping out the deficit as of 31 December 2018 in the amount of PhpPhp402,105,543.00 against the reduction surplus of Php455,183,505.00.

With the amendment of Article Seventh of NOW's Articles of Incorporation, the resulting authorized capital stock of the Company is One Billion Five Hundred Two Million Pesos (Php1,502,000,000.00), Philippine Currency, and said capital stock is divided into Two Billion Sixty Million (2,060,000,000) common shares, with a par value of SEVENTY CENTAVOS (Php0.70) each and Sixty Million (60,000,000) Redeemable, Convertible, Non-Participating, and Non-Voting Preferred Shares with or without Detachable Warrants with a par value of One Peso (Php1.00) per share.

The equity restructuring will not reduce the number of issued, outstanding and listed shares and will not change a stockholder's interest in NOW. Furthermore, the Php1.00 par value per share of the existing preferred shares will not change.

The Securities and Exchange Commission issued a Certificate of Approval of Valuation confirming the valuation of shareholder Velarde, Inc.'s advances in the amount of Php264M as payment for the additional issuance of 155,294,118 common shares worth Php108,705,882.60 (with par value of Php 0.70 per share) out of the unissued portion of the present authorized capital stock of NOW Corporation, based on the conversion price of Php1.70 per share as approved by at least majority of the stockholders and Board of Directors at their respective meetings held on 08 March 2019.

## **(2) Business of the Company**

Pursuant to its new primary purpose, the Company has recently shifted its operations into Telecommunications, Media and Technology (TMT). Its new primary purpose is primarily engaged in the business of providing telecommunications, media and information technology products and services under its four key operating business segments, namely: (i) Software Licenses and Services; (ii) IT Manpower

and Resource Augmentation; and (iii) Broadband and Wireless Cable TV Services, and (iv) Business Partnership for internet connectivity solutions.

The Company's diverse products and services portfolio include software application development and maintenance, collaboration software solutions, web integration, web and mobile applications development, technical and maintenance services, IT manpower and resource augmentation, project implementation and management, managed services outsourcing, and fixed wireless broadband services, among others. The Company also offers value-added services through partnerships with companies licensed to provide wired and wireless, fixed and mobile communications and cable TV services.

Among the programs that the Company is currently offering would be TMT services such as broadband networks worldwide, cloud hosting service, virtual private networks, multimedia content, online gaming, web hosting, cloud-based multimedia conference, cloud-based mail and messaging service, electronic communications network and services.

In 2016, the Company expanded its service offerings with the introduction of its "Fiber-in-the-Air" fixed wireless broadband service with a CIR of up to 700 Mbps, a first of its kind in the Philippines. Through its partnership with NOW Telecom and Newsnet, a wireless telecommunications operator and a cable TV service provider, respectively, the Company offers an affordable, alternative and high-speed broadband service of up to 700 Mbps and wireless cable TV services to the underserved and unserved large enterprises such as schools, hospitals, hotels, high-end residential buildings, and commercial buildings with multiple BPO locators. Currently, the Company's client broadband subscription ranges from 5 Mbps to 100 Mbps, which may be further increased to up to 700 Mbps, depending on the clients' bandwidth requirements. The Company positions its fixed wireless broadband service either as primary, alternative or as an auxiliary link to existing broadband service providers.

The Company's Fiber-in-the-Air fixed wireless broadband service allows its subscribers to download, upload, stream and share files simultaneously without compromising performance. The Company deploys competitively priced high-speed broadband bandwidth resources with high availability through its Point-to-Point and Point-to-Multipoint Radios. From providing Software Licenses and Services to adding IT Manpower and Resource Augmentation and Broadband Wireless Cable TV Services, the Company intends to deliver high-speed broadband services with a CIR of up to 700 Mbps which may be bundled with enterprise collaborations solution, wireless cable television and interactive multi-media applications.

In 2018, The Company, along with its affiliate NOW Telecom launched the "Network ng Mamamayang Pilipino," (NOW NMP) aimed at democratizing the Philippine Telecommunications business by providing internet connectivity solutions across the Philippines through exclusive-distributorship agreements with business partner. NOW prides itself to be a pro-Filipino company with a vision of empowering Filipino enterprises operate businesses that will shape the country's digital landscape.

### Business Partners

**NOW Telecom Company, Inc. ("NOW Telecom")**, is a business partner which is in a unique position to meet the unabated increase in demands for high speed broadband connectivity of large and medium enterprises, government organizations, educational and medical institutions, financial institutions, multi-tenant/ multi-level commercial and residential buildings, clustered urban residential communities and special economic zones. This company is at the forefront in employing the latest state-of-the art wireless technologies to address the demands of clients for customized solutions yet cutting-edge broadband technology.

The **International Business Machines Corporation ("IBM")**, is an American multinational technology and consulting corporation. Since establishing its presence in the Philippines in 1937, it has evolved to become the leader in information technology, providing hardware, software and IT-enabled services to both local and global clients. IBM is known for the quality of its products and services in a long-standing tradition of excellence, customer satisfaction, and commitment to business ethics and integrity.

The **Asian Institute of Journalism and Communication, Inc. ("AIJC")**, is a Knowledge Management Center organized in 1980 as a graduate school of journalism, founded on the philosophy that communication is a vital development resource to be used to advance the common good. It has a solid record of more than 30 years in the communication field – as a graduate school for communicators and journalists, a center for continuing education in journalism, communication, and knowledge management, and a research and consulting firm advocating policies and implementing programs and projects that

address development issues and concerns both at the levels of national decision making and community-based initiatives.

## Brands

**WebsiteExpress.Biz (“WebsiteExpress.Biz”)** is a one-stop shop website development service - providing micro, small and medium sized enterprises affordable, professional websites in as fast as 5 days.

## Products and Services

### **A. Software Licenses and Services**

- IBM Collaboration Solutions (now called HCL)<sup>1</sup>

In partnership with IBM, the Company provides IBM collaborations solutions such as provision of software and IT-enabled services aimed at developing business solutions and applications to ease business operations and boost productivity of business enterprises. The Company has been categorized as a premier business partner of IBM as an affirmation of its superior skills and market success. The Company resells essential IBM tools and products that are designed to enable new capabilities that improve business processes and help engage clients and employees in new ways. These IBM tools and products include software for instant messaging that facilitates integrated team collaboration accessible by the client's employees across all applications and devices; file sharing and enterprise electronic mails which the client can integrate in its business application allowing enterprises to have easy use real-time connections and communication within their office space; and IBM Ustream video platform which can be utilized by enterprises to distribute content via video.

Aside from these, the Company also resells at a competitive price IBM smartcloud services which include tools for social business in the cloud. The Company also offers a wide array of IT software services including: (i) software application development, maintenance and support; (ii) data analytics; (iii) e-forms; and (iv) portal, all aimed to enhance the client's overall experience. These services simplify business operations through integrating digital technologies and functionality into a system.

The Company's services also include technical services namely: migration, network administrator services, technical support and other services related to the maintenance of IBM products.

From 2014 to 2015, the Company was hailed as the “Number One Software Collaboration Business Partner in the Philippines” by IBM, a Fortune 500 multinational IT and consulting company, and one of the world's top providers of computer products and services. IBM has been the Company's partner in delivering its collaboration software solutions since 2010.

- Microsoft Services

The Company is a Silver Partner of Microsoft Philippines and is a reseller of Microsoft Office 365 and Microsoft Azure. The Company has served small to medium enterprises and provides technical services to SMEs can pursue its digital transformation activities.

- Cloud Hosting Services

Cloud hosting services cover the virtualization of the IT infrastructure to mitigate the rapid pace of technology obsolescence. These services are available to individual, small medium enterprises and corporate users in two primary space categories: (i) dedicated; and (ii) shared.

In a dedicated space arrangement, clients are allocated dedicated hardware for their exclusive use. Shared set-up are for clients with processing requirements that are not fixed, and which are clustered into a shared hosting server with pre-defined performance commitments.

- Virtual Private Networks

VPN is an end-to-end protection and encryption services on network connectivity that ensures secured data transport. The Company's VPN service provides anonymity on the client's connection to the internet by using thousands of IP addresses and various server connections worldwide. VPN services passes

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<sup>1</sup> In 2019, HCL Technologies acquired IBM Collaboration Solutions.

internet filters allowing secure internet access. It also routes all data transport traffic with new IP address through affiliated secured servers located in various locations. This provides tracking difficulty and ensures a slim probability that data transmission will be compromised.

- **Cloud-based Multimedia Conferencing Services**

Cloud-based multimedia conferencing services consist of cloud-based server and applications capable of hosting multimedia conferencing application that will visually connect people in different physical locations in the virtual space. This service is ideal for conducting classes, presentations, events, meetings, and lectures for participants from multiple locations. This service provides a cost-effective participation of more individuals from multiple locations.

- **Web Hosting, Cloud-based Mail and Messaging Services**

Web hosting services vary from personal to corporate with e-commerce application development, content management, database and search engine optimization support. Cloud-based mail services carry a variety of mail services ranging from electronic mail, facsimile mail, voice mail and video mail. Cloud-based mail services also include storage, calendar, contact and task management, and virus protection. These are available to individual, small medium enterprises and corporate clients.

- **Digital Media Production**

The Company also offers services such as website development, mobile application development, and animation that can be used by business enterprises to create, manage and sustain their marketing and communications through digital channels that are simple, functional and effective across multiple market segments. These services allow business enterprises to increase their engagement with potential customers and to create an online presence in order to capture a wider base market. One of the Company's notable projects is the "It's More Fun in the Philippines" website and mobile application that supported the campaign of the Department of Tourism.

The Company offers its web development through WebsiteExpress.Biz. The Company has established the brand WebsiteExpress.Biz as its vehicle in delivering quality and globally compliant websites catering to micro and medium-sized enterprises. WebsiteExpress.Biz is a one-stop website development service operator that provides development, domain, hosting, secure sockets layer certificates, shopping cart, electronic mail, among others, without engaging multiple service providers. It operates at a subscription model, providing micro and medium-sized enterprises and individual subscribers quality, affordable and efficient websites in a span of five (5) days. One of the key features of WebsiteExpress.Biz is its responsive web design which allows a website to be responsive in all mobile devices without developing a dedicated mobile application for each kind of device.

Under its mobile application development, the Company offers customized mobile applications such as cinematic three-dimensional, game-based learning, rich media, html5 animation and gestures to allow businesses to enhance customer experience and increase brand loyalty. Through its competencies in digital media production, the Company can cater to the requirements and specifications of each client in order to deliver quality mobile applications for their businesses.

## ***B. IT Manpower and Resource Augmentation***

The Company, through its subsidiaries i-Resource and i-Professional, is engaged in the business of providing consulting, technical advice and professional advisory services to persons, firms, association, corporations, partnerships and other entities.

i-Resource is an information technology resource management company that provides IT knowledge professionals to its clients. i-Resource principally deploys IT knowledge professionals to assist its clients in managing the IT operations of their businesses ranging from short to long-term and mission-critical projects, including data center management, network infrastructure maintenance and software management. This is done through i-Resource's dedicated sourcing group and business development managers.

The services of i-Resource can be further categorized into three sub-business segments, namely:

- **IT Staff Augmentation**

Under this sub-segment, i-Resource provides IT knowledge professionals for the IT-related needs of its clients. Skilled personnel are deployed to provide additional IT knowledge professionals to the client's current roster or to provide additional support to the client's existing project team, for a limited period. Specifically, i-Resource offers the following services:

a) *Resource Management Outsourcing* – Resource management outsourcing pertains to the provision of IT knowledge professionals by i-Resource to a client for a specific duration ranging from three (3) months to one (1) year, some of which are renewable thereafter. The IT knowledge professionals deployed remain to be employees of i-Resource during the period of engagement.

b) *Assignment of Staff* – Assignment of staff pertains to the deployment of resource personnel by i-Resource for a client in order to augment client manpower requirements.

c) *Project Team Outsourcing* – Project team outsourcing ensures enterprises of available project teams that will be assigned to their project without the need to hire them directly. The assigned personnel may include project managers, developers, business analytics and quality assurance testers.

- **Managed Services**

Aside from providing IT knowledge professionals, the Company, through i-Resource also services its clients by allowing them to outsource certain business process to i-Resource. This managed services also include trainings of IT candidates and team development for its clients. In addition, this sub-segment covers:

a) *Managed Service Outsourcing* - Clients may outsource a portion of their business processes such as testing & quality assurance services, applications development, applications maintenance, disaster recovery, desktop services, technology help desk services, call center help desk services and network services (broadband internet) to i-Resource, in order for them to focus on their core business activities. i-Resource services regular or critical projects based on targeted outcomes and service level agreements.

b) *Train and Deploy* - i-Resource develops the skills of fresh graduates based on client requirements through boot camps. This is carried out in collaboration with iCollege, which is a center for continuing education established by the Company in partnership with the Asian Institute for Journalism and Communication, a knowledge management center organized in 1980 as a graduate school for journalism.

c) *Offsite Team Development* – i-Resource develops a dedicated team of IT knowledge professionals specifically for the client requirement, which are housed outside the client's office.

- **Search and Select**

i-Professional serves as the recruitment arm of its clients by providing the following add-on services:

a) *Contract to Hire* – This allows enterprises to try and test IT knowledge professionals before actually hiring by outsourcing them for a probationary period of six (6) months. The IT knowledge professionals become employees of the client at the end of the probationary period should they qualify with the standards of the client. The Company charges a one-time absorption fee.

b) *Recruitment Process Outsourcing* – This provides an end to end recruitment process for companies with huge IT knowledge professional requirements. It also allows enterprises to outsource the recruitment process of IT knowledge professionals for regular placements.

### **C. Broadband and Wireless Cable TV Services**

An addition to the Company's service portfolio is the Broadband and Wireless Cable TV Services. The Company offers high-speed broadband service of up to 700 Mbps CIR to the underserved and unserved large enterprises such as schools, hospitals, high-end residential buildings, and commercial buildings with multiple BPO locators. The Company was the first to market the Fiber-in-the-Air fixed wireless broadband service of up to 700 Mbps in the Philippines, which allows the Company's subscribers to download, upload, stream and share files simultaneously without compromising performance.

The Company deploys high-speed broadband bandwidth resources with high availability through its Point-to-Point and Point-to-Multipoint Radios. The Point-to-Point and Point-to-Multipoint connectivity work through network radio antennas that are installed atop strategically selected high-rise buildings and establishments around metropolis. The building's rooftop where the radio antennas are installed must have a line of sight basis from the Company's nearest hub. This allows the user to send data over much greater distances while maintaining speed and has the advantage of connecting users even in remote areas

without the need for cables. To further enhance its clients' experience, the Company maintains a team of engineers and technical support available on a 24/7 basis to keep its subscribers connected.

In 2018, the Company upgraded its equipment to increase its capacity to 400% since it started its broadband business. This upgrade was done as preparation for the huge demand of that will come from future and existing customers. From the 700Mbps the new equipment upgrade is now able to service up to 2.4Gbps.

The Company also expanded its network coverage to new areas of Alabang, Filinvest, Muntinlupa, Taguig City, Pasay City, Caloocan, Navotas and East side of Pasig City. These areas were chosen because of its potential growth and demand of broadband internet.

#### **D. Business Partnership Program**

In 2018, The Company, along with its affiliate NOW Telecom launched the "Network ng Mamayang Pilipino," (NOW NMP) aimed at democratizing the Philippine Telecommunications business by providing broadband internet connectivity solutions across the Philippines through exclusive-distributorship agreements with local business partners. NOW prides itself to be a pro-Filipino company with a vision of empowering Filipino enterprises operate businesses that will shape the country's digital landscape.

The company is partnering with local entrepreneurs and local government units to bring NOW's technology to a particular area whether for horizontal deployment such as for barangays and wide area network, or for vertical deployment such as for office buildings.

The Company successfully launched the Network Ng Mamayang Pilipino program in Pasig City and in Carmona, Laguna.

## **PART II – MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS**

On February 7, 2002, the Board of Directors approved the increase in the number of shares of the authorized capital stock of the Company from 4,000,000 shares to 40,000,000 shares and the reduction of par value from Php10 per share to Php1 per share.

On July 23, 2002, the Board of Directors and stockholders approved the offer of up to 28,000,000 shares from the Company's unissued common stock through initial public offering (IPO). The application for the IPO of the Company was approved by the PSE and the Securities and Exchange Commission (SEC), on June 11 and July 30, 2003, respectively. The Company was listed in the PSE on July 23, 2003. Issue manager and underwriter was Abacus Capital & Investment Company. The market price is at high of Php1.08 and low of Php.34. The following table is the summary of the Company's stock prices from first quarter of 2014 up to the 1<sup>st</sup> quarter of 2020:

Year	Quarter	High	Low	Close
2014	1 <sup>st</sup>	0.405	0.360	0.380
	2 <sup>nd</sup>	1.040	0.370	0.710
	3 <sup>rd</sup>	0.910	0.610	0.630
	4 <sup>th</sup>	0.720	0.540	0.570
2015	1 <sup>st</sup>	0.670	0.400	0.495
	2 <sup>nd</sup>	0.630	0.430	0.465
	3 <sup>rd</sup>	0.610	0.400	0.500
	4 <sup>th</sup>	1.290	0.470	0.750
2016	1 <sup>st</sup>	1.140	0.580	1.100
	2 <sup>nd</sup>	3.000	2.900	2.900
	3 <sup>rd</sup>	3.490	3.400	3.440
	4 <sup>th</sup>	2.540	2.430	2.490
2017	1 <sup>st</sup>	2.980	2.900	2.900

	2 <sup>nd</sup>	2.630	2.580	2.610
	3 <sup>rd</sup>	2.370	2.300	2.340
	4 <sup>th</sup>	2.880	2.800	2.820
2018	1 <sup>st</sup>	8.200	7.560	8.190
	2 <sup>nd</sup>	12.160	6.850	9.030
	3 <sup>rd</sup>	9.970	7.000	7.310
	4 <sup>th</sup>	8.150	1.850	3.440
2019	1 <sup>st</sup>	4.300	2.440	2.550
	2 <sup>nd</sup>	2.830	1.960	2.530
	3 <sup>rd</sup>	4.780	2.060	2.710
	4 <sup>th</sup>	3.700	2.300	2.490
2020	1 <sup>st</sup>	2.680	1.000	1.410

During the 02 June 2006 Annual Shareholders Meeting of the Company, the shareholders approved the Memorandum of Agreement dated April 28, 2006 (MOA) entered into by the Company with NOW Telecom and five other companies namely, Top Mega Enterprises Limited, Joyce Link Holdings Limited, Gamboa Holdings, Inc., Emerald Investments, Inc., Food Camp Industries and Marketing, Inc. (the five companies collectively known as NOW Telecom Shareholders).

However, certain amendments were made to the MOA in view of the fact that upon further consultation with the PSE, it was determined that the Company could not revise its primary purpose at that time. Hence, the stockholders approved the amendment in the MOA that there will be no change in the primary purpose of the Company. In addition, the stockholders also approved the proposal that the Company shall acquire only nineteen percent (19%) equity interest in NOW Telecom and not 97%, as originally intended. It was agreed that the acquisition shall be based on the same terms and valuation stated in the MOA in the event that additional equity in NOW Telecom will be acquired by the Company in the future.

The amendment in the MOA was approved by the stockholders such that the shareholders of NOW Telecom will transfer to the Company shares of NOW Telecom in the aggregate number of 2,656,580 shares constituting 19% equity interest in NOW Telecom in exchange for new shares of the Company with an aggregate value of Php1,289,278,350.00 for 19% of NOW Telecom, or effectively at a price of Php485.315085.00 per NOW Telecom share.

In accordance with the amendment in the MOA, the needed increase in authorized capital stock of the Company to accommodate the foregoing transaction is Php1,280,000,000 at Php1.00 par value per share. Accordingly, the stockholders approved the proposal to increase the authorized capital of the Company by Php1,280,000,000.

On September 19, 2006, the SEC approved the increase in the authorized (to Php1.320 Billion) and paid-up capital (to Php1,317,278,350) of the Company as well as the change of the corporate name from Cashrounds, Inc. to Information Capital Technology Ventures, Inc.

On September 27, 2006, the Company submitted to the PSE a listing application of additional 1,289,278,350 common shares to cover its share-for-share swap transaction with NOW Telecom shareholders. Following the Company's re-application for listing of the same shares in October 2008, the PSE approved the same and were listed on February 24, 2009.

On December 10, 2008, the PSE approved the transfer of the listing of the shares of the Company from the SME Board to the Second Board of the PSE, and the transfer finally took effect on June 29, 2009.

On March 12, 2010, the Board approved the Company's increase in authorized capital stock from P1.32 billion to P5 billion as well as the listing of the additional shares from the increase.

On March 16, 2011, the Company filed with PSE its application for transfer from the Second Board to the First Board of the Exchange.

The movement in the number of shares and capital stock amount for the year ended December 31, 2019, 2018 and 2017 are as follows:

	2018	2017
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	2019					
Balance at beginning of year	Number of Shares	Amount	Number of shares	Amount	Number of shares	Amount
	1,517,278,350	1,517,278,350	1,517,278,350	1,517,278,350	1,517,278,350	1,517,278,350
Increase in number of shares as a result of reduction in par value	0	-	-	-	-	-
Issuance during the year	155,294,118	-	-	-	-	-
	1,672,572,468	1,170,800,727.60	<b>1,517,278,350</b>	<b>1,517,278,350</b>	<b>1,517,278,350</b>	<b>1,517,278,350</b>

No party or person holds any voting trust over any of the Company's shares. There are approximately 70 Holders of Common Stock as of 31 March 2020. The Top Twenty (20) Holders of Common Stock as of 31 March 2020 are as follows:

Name	Nationality	No. of shares	Percentage
PCD Nominee Corporation	Filipino	905,083,223	54.11%
Top Mega Enterprises Limited	Chinese	341,046,855	20.39%
Velarde, Inc.	Filipino	355,865,668	21.28%
Emerald Investments, Inc	Filipino	271,154,360	16.21%
Joyce Link Holdings Limited	British V.I.	86,208,552	5.15%
Food Camp Industries and Marketing, Inc.	Filipino	72,361,472	4.27%
Gamboa Holdings, Inc.	Filipino	217,875,577	13.03%
Alejandro , Jose S.	Filipino	1,000,010	0.0598%
Chua Co Kiong, William N.	Filipino	145,000	0.0087%
Cuan, Rowell D.	Filipino	26,000	0.0016%
Arias, Ma. Purificacion Bugho	Filipino	10,000	0.0006%
Bulaag, Ernesto V.	Filipino	10,000	0.0006%
Chua, Paul Vincent	Filipino	10,000	0.0006%
Cometa, Roel B.	Filipino	10,000	0.0006%
Bocabil, Alben B.	Filipino	10,000	0.0006%
De Leon, Jose Mari	Filipino	10,000	0.0006%
Dela Cuesta, Karlo S.	Filipino	10,000	0.0006%
Atienza, Ma. Nenita Robosa	Filipino	10,000	0.0006%
Alvarez Jr., Servando B.	Filipino	10,000	0.0006%
Dela Cruz, Melanio C.	Filipino	10,000	0.0006%
Harvey, Sarah Jean	Filipino	10,000	0.0006%

### Dividends

No cash dividend was declared in the past three (3) years. There are no restrictions that limit the ability to pay dividends on common equity or that are likely to do so in the future.

### **Reconciliation of Parent's Retained Earnings Available for Cash Dividend**

<b>Deficit</b> , as adjusted to available for dividend distribution, beginning	(₱402,105,543)
<b>Quasi-Reorganization Adjustment</b>	402,105,543
Net income during the period (2019 Q3)	7,643,277

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**Retained Earnings**7,643,277

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**Recent Sale of Unregistered Securities**

There was neither sale of unregistered securities nor issuance of securities constituting an exempt transaction within the last three years.

**PART III - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND PLANS OF OPERATION****Registrant's Financial Condition, Changes in Financial Condition and Results of Operations****Plans and Prospects for 2020***Expansion of Fiber Air for Business*

The Company continues to expand its Fiber in the Air business as it continues to penetrate enterprises, commercial and residential buildings. The Company continues to also utilize new technologies in order to provide more capacity to its current and prospective customers. The Company has cemented its position as the largest fixed wireless access provider in the country providing guaranteed broadband internet to enterprises, commercial buildings, and residential buildings. The Company's portfolio of clients include industries such as hospitality, banking, government agencies, media, education, e-sports, and business process outsourcing companies.

*Expansion to New Geographical Areas*

The Company continues to expand its Fiber in the Air business to new geographical areas in order to penetrate enterprises, commercial and residential buildings. The geographic areas are considered priority areas due to the growth of broadband internet requirement.

*Expansion of the Business Partnership Program*

Through the Business Partnership Program tagged as Network ng Mamamayang Pilipino (NOW NMP) program, NOW Corporation's affiliate NOW Telecom will leverage on business partnership opportunities with local government and entrepreneurs to provide better internet connection to the country by democratizing telecommunications.

*Expansion to Special Economic Clusters*

The Company shall expand its Fiber in the Air service to special economic clusters such ecozones, industrial parks, and other economic clusters perfect for broadband connectivity service to be provided by the Company.

*Expansion of Existing Software Licenses and Services and IT Manpower*

The Company continues to aggressive sell software solutions, technical services and IT Manpower. The Company aims to maintain its position as the number one social collaborations solutions provider of IBM. In addition, it continues to market and to sell Microsoft software products and licenses. This allows the firm to broaden its customer base in the industry and increase the Company's recurring revenues.

*Preferred Shares Offering*

With the quasi-reorganization approved by the Securities and Exchange Commission on September 6, 2019, NOW aims to continue the public issuance of up to 10 Million Preferred Shares as part of its Follow-On Offering, a continuing effort since 2017.

**Plans and Prospects for 2019**

### *Expansion of Fiber Air for Business*

The Company continues to expand its Fiber in the Air business as it continues to penetrate enterprises, commercial and residential buildings. The Company continues to also utilize new technologies in order to provide more capacity to its current and prospective customers.

### *Expansion of the Business Partnership Program*

Through the Business Partnership Program tagged as Network ng Mamamayang Pilipino (NOW NMP) program, NOW Corporation's affiliate NOW Telecom will leverage on business partnership opportunities with local government and entrepreneurs to provide better internet connection to the country by democratizing telecommunications.

### *Expansion of Existing Software Licenses and Services and IT Manpower*

The Company continues to aggressive sell software solutions, technical services and IT Manpower. The Company aims to maintain its position as the number one social collaborations solutions provider of IBM. In addition, it continues to market and to sell Microsoft software products and licenses. This allows the firm to broaden its customer base in the industry and increase the Company's recurring revenues.

### *Quasi-Reorganization*

At the special meeting of the Board of Directors of NOW Corporation held on 28 December 2018, the Board approved the Company's equity restructuring plan by reducing the par value of the common shares of stock of the Company and by applying the resulting additional paid-in capital to eliminate its accumulated deficit.

For this purpose, the Board approved the amendment of Article Seventh of NOW's Articles of Incorporation to reduce the par value of common shares from One Peso (Php1.00) per share to Seventy Centavos (Php0.70) per share, and the resulting decrease of NOW's authorized capital stock from Php2,120,000,000.00 divided into 2,060,000,000 common shares with par value of One Peso (Php1.00) each to Php1,442,000,000 divided into 2,060,000,000 common shares with par value of Seventy Centavos (Php0.70) each.

With the quasi-reorganization plan, NOW aims to continue the public issuance of up to 10 Million Preferred Shares as part of its Follow-On Offering, a continuing effort since 2017.

## **Plans and Prospects for 2018**

### *Partnership with Global Technology, Media and Information Technology Companies*

The Company aims to maintain its position as the number one social solutions business partner of IBM to further strengthen the Company's brand. The Company believes that new collaborations will further improve the Company's technical competencies and enhance its reputation as a trustworthy and dependable provider of diversified IT-related products and services. The Company also believes that this will broaden the Company's customer base in the IT industry and ultimately, increase the Company's recurring revenues.

### *High-Speed Broadband Internet Connection*

The Company intends to start the build-up of its fiber optic underground network. Fiber optic cable is expected to be equipped to have a minimum capacity of 100 Gbps. It is also expected to serve as the backbone of the Company's broadband business to complement its existing Fiber-in-the-Air technology. With Fiber-in-the-Air, the Company can provide up to 700 Mbps CIR per client enterprise, which can be further increased by installing another radio antenna with the same capacity. On the other hand, with fiber optic underground, the Company can provide up to 1 Gbps per connection. With these two technologies combined, the Company believes that it can provide better broadband services to the growing market for fast and reliable internet connection

### *Broadband Services to Medium and Large Enterprises*

The Company intends to offer its broadband service to medium and large enterprises and residential subscribers by 2018. The Company is undertaking research and development activities with its suppliers in order to deliver a more cost-effective and higher throughput of bandwidth for this market segment. The Company believes that this will broaden the Company's customer base and ultimately, increase the Company's recurring revenues from its Broadband Service business.

### *Quasi-Reorganization*

At the special meeting of the Board of Directors of NOW Corporation held on 28 December 2018, the Board approved the Company's equity restructuring plan by reducing the par value of the common shares of stock of the Company and by applying the resulting additional paid-in capital to eliminate its accumulated deficit.

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With the quasi-reorganization plan, NOW aims to continue the public issuance of up to 10 Million Preferred Shares as part of its Follow-On Offering, a continuing effort since 2017.

### **Plans and Prospects for 2017**

- *Expansion of the Fiber Air for Business and Fiber Air for Homes*

The Company intends to expand its Fiber Air network coverage in order to cover more areas including increase of capacity in central business districts as well as areas that are unserved and underserved. This would cover southern and northern part of Metro Manila. The Company has thus far cemented its positioning as one of the preferred enterprise broadband of choice as it continues to win enterprise clients ranging from hospitals, hotels, government agencies, schools, broadcasting companies and commercial buildings.

In addition, the Company intends to start offering its Fiber Air for Homes to subdivisions and villages where fiber optic or high data capacity is not available.

- *Continue to Bundle High-Value IT Services with Broadband Connectivity*

On top of its Broadband connectivity service, the Company intends to continue bundling high-value TMT services such as cloud hosting service, virtual private networks, multimedia content, online gaming, web hosting, cloud-based multimedia conference, cloud-based mail and messaging service, electronic communications network and services. This is the Company's forward looking strategy whereby it shall capitalize in using new technologies that will cater to the changing needs of the sophisticated enterprise and consumer market.

- *Preferred Share Offering and Quasi-Reorganization in order to Eliminate Retained Deficit*

NOW Corporation filed its Registration Statement and Prospectus with the Securities and Exchange Commission ("SEC") pursuant to the Company's application for the Follow-On Offering of 5,000,000 redeemable, convertible, cumulative, non-participating, non-voting, Peso-denominated, preferred shares with an Oversubscription Option of 5,000,000 with a par value of one peso (₱1.00) per share, with 10,000,000 detachable subscription warrants to be issued free of charge with 10,000,000 underlying common shares, with an Oversubscription Option of 10,000,000 Warrants and 10,000,000 underlying common shares of NOW Corporation.

The conversion ratio of common shares to preferred shares is five-is-to-one (5:1) at a conversion price of ₱20.00. Therefore, assuming that all holders of the Offer Shares exercise the convertibility option in full, converted Offer Shares will result into 25,000,000 primary common shares without the oversubscription option, or result into 50,000,000 primary common shares with oversubscription.

Moreover, For every one (1) Preferred Share held, the holder is entitled to receive two (2) Warrants. The issuance will have a maximum of 10,000,000 warrants without oversubscription, and maximum of 20,000,000 warrants with full exercise of the oversubscription, or two (2) warrants per Preferred Share. The Warrants will have a Strike Price of ₱10.00 for the duration of the Exercise Period.

The Company intends to use the proceeds of the share issuance to acquire assets for the expansion of the Fiber-in-the-Air broadband network consisting primarily of purchase of core network facilities, point-to-point and point-to-multi-point radios and the corresponding installation services. This additional funding shall expand the Company's reach in order to connect more buildings at greater distances via radio antennas.

The company intends to undergo an equity restructuring, in order to meet capital requirements for the issuance of securities, such as the aforementioned preferred equity issuance, by applying the additional paid in capital created by the Offer, to wipe out the company's retained deficit which may be currently impairing the ability of the Company to declare and pay dividends.

## Plans and Prospects for 2016

The Company plans to expand its service offerings with the introduction of its “Fiber-in-the-Air” fixed wireless broadband service with a committed information rate (“CIR”) of up to 700 Mbps, a first of its kind in the Philippines. Through its partnership with NOW Telecom Inc. (“NOW Telecom”) and News and Entertainment Network Inc., (“Newsnet”), a wireless telecommunications operator and a cable TV service provider, respectively, the Company offers an affordable, alternative and high-speed broadband service of up to 700 Mbps and wireless cable TV services to the underserved and unserved large enterprises such as schools, hospitals, hotels, high-end residential buildings, and commercial buildings with multiple BPO locators. Currently, the Company’s client broadband subscription ranges from 5 Mbps to 100 Mbps, which may be further increased to up to 700 Mbps, depending on the clients’ bandwidth requirements. The Company positions its fixed wireless broadband service either as primary, alternative or as an auxiliary link to existing broadband service providers.

The Company’s Fiber-in-the-Air fixed wireless broadband service shall allow its subscribers to download, upload, stream and share files simultaneously without compromising performance. The Company shall deploy competitively priced high-speed broadband bandwidth resources with high availability through its Point-to-Point and Point-to-Multipoint Radios. From providing Software Licenses and Services to adding IT Manpower and Resource Augmentation and Broadband Wireless Cable TV Services, the Company shall deliver high-speed broadband services with a CIR of up to 700 Mbps which may be bundled with enterprise collaborations solution, wireless cable television and interactive multi-media applications.

## Results of Operations

### September 30, 2019

- Total consolidated revenues in the first three quarters of 2019 is Php151.361 Million, increased by 19% or Php23.789 Million from last year’s first three quarters revenue of Php127.572 Million. Service revenue increased by Php40.943 Million from last year figure of Php105.376 Million to Php146.318 Million in the first three quarters of 2019. Service revenues mainly pertain to broadband services and income earned from the deployment by the Company of professionals to its clients to render IT-related solutions and services. The increase in service revenue was due to a 75% increase in broadband revenue.
- Cost of Sales and Services and Operating Expenses for the first three quarters of 2019 is Php139.342 Million, which is a Php21.475 Million or 18% increase from last year’s Cost of Sales and Services and Operating Expenses of Php117.867 Million. This was brought about by an increase in Cost of Sales and Services of Php18.661 Million or 31.95% from Php58.409 Million in 2018 to Php77.070 Million in 2019. Operating expenses that has a significant increase are Interest and Other Charges which has a Php5.919 Million or 355% increase, Professional Fees which has an increase of Php3.941 Million or 709% increase. The increase in Professional Fees was brought by the engagement with Multinational Investment Bancorporation (MIB) for their fairness opinion on the conversion of advances to equity and various legal consultation.
- As of September 30, 2019, the total consolidated assets of the Company stood at Php1.981 Billion compared with last year’s Php1.798 Billion or an increase of Php182.680 Million or 10%. Current Assets increased by Php152.727 Million or 32% from Php477.934 Million in 2018 to Php630.662 Million in 2019. This was due to the increase in Trade and other receivables by Php14.635 Million, from last year’s Php231.603 Million to this year’s Php246.238 Million, Due from related parties increased by Php160.705 Million from last year’s Php167.558 Million to this year’s Php328.263 Million. Other current assets decreased by Php19.808 Million, while non-current assets increased to Php1.350 Billion from last year’s Php 1.320 Billion.
- Current liabilities decreased by Php115.123 Million or 26% from Php433.615 Million in 2018 to Php318.491 Million in 2019. This was caused by various factors including the increase of accounts payable and accrued expenses by Php15.078 Million or 11%, from Php132.742 Million in 2018 to Php147.821 Million in 2019. Due to related parties decreased by 58% from Php250.732 Million in 2018 to Php104.519Million in 2019 as a result of the reclassification of the P209M advances as Deposit for future subscription as approved during the march 8, 2019 Stockholder’s meeting. Loans payable – current portion increased by 32% due to a short-term loan with a private investor that was received in March, 2019.
- Non-current Liabilities increased from Php1.670 Million to Php260.979 million, which was due to the Php50.000 million term loan availed from a local bank and the reclassification of the P209M advances to noncurrent liabilities. Deposit for future subscription amounting to Php264.000 million was classified

back as part of equity since as at the Special Meeting of the Board of Directors held on April 23, 2019, the Board finalized and approved the conversion price at Php1.70 per share of the conversion of advances into equity of the amount of Php264.000 million and was filed to the Securities and Exchange Commission for approval.

- On December 22, 2016, the Company availed of a chattel mortgage amounting to Php564K from a local universal bank for the purchase of a vehicle, which serves as the property mortgage. The new loan requires 60 monthly repayments until November 23, 2021.
- In January 2018, the Company availed a short-term loan amounting to Php50 million with an initial interest rate of 4.80% subject to monthly repricing from a local universal bank to be used in operations. The loan was renewed on October 18, 2019 with maturity for both interest and principal payments in April, 2020.
- In October 2018, the Company obtained a term loan of Php50 Million with 8% fixed interest rate from a local universal bank for use in acquisition of capital assets. The loan requires monthly repayments of principal and interest until October 2023.
- As of September 30, 2019, the total Assets stood at Php1.981 Billion, Liabilities at Php579.470 Million and Equity at Php1.401 Billion.
- Current assets Increased by 31.96% and current liabilities decreased by 26.55% resulting to an increase of the Company's Liquidity Ratio wherein Current Ratio stood at 1.9802:1 and 1.1022:1, while Acid Test Ratio stood at 1.8194 and 0.9419 as of September 30, 2019 and 2018 respectively.
- The Company's Return on Equity for the period September 30, 2019 and 2018 was at 0.60% and 0.49% respectively, due to 25.5% increase in Net Income from Php6.7Million to Php 8.4 Million.

#### Year 2018

- The consolidated revenue for the year 2018 is Php217.862 million, there is an increase of Php69.497 million or 46.84% from last year's Php148.364 million. The increase is mainly due to the increase in revenue from broadband services which amounted to Php47.211 million in 2018, representing an increase of 92.60% from Php24.513 million in 2017. Company's sales from IT manpower and resource augmentation has decreased by Php7.023 million or 16.61% from Php42.274 million in 2017. Revenue from Software Licenses and services for 2018 amounted to Php135.399 million for 2018 which has an increase of Php53.822 million or 65.98% from revenue in 2017 which amounted to Php81.577 million.
- Cost of sales and services during the year amounted to ₱148.326 million, higher by 72.86% or Php62.521 million compared to the Php85.803 million cost of sales and services level posted for the year ended December 31, 2017. This was primarily attributed to the increase of cost data services during the year amounting to Php46.278 million compared to the amount last year of Php7.386 million. Cost for Software collaboration services also increased by Php31.060 million from Php46.636 Million in 2017. Costs relating to sales decreased from Php31.981 million to Php24.549 million when comparing amounts from those of December 31, 2017 to those of December 31, 2018. The General and administrative expenses for the year 2018 slightly increased to Php57.829 million or 6.94% increase from last year's Php54.078 million. This slight increase in 2018 was mainly due to increase in advertising and promotion amounting to Php8.350 million as compared to Php2.368 million in 2017.
- The Net income for the year ended December 31, 2018 is Php8.137 million or Php1.847 million higher compared with last year's Net Income of Php6.290 million. This was brought about by a higher increase in revenue during the year as compared to the increase in cost of sales and services and operating expenses.
- As of December 31, 2018, the total consolidated assets of the Company stood at Php1.914 billion compared with last year's Php1.672 billion, an increase by Php242.152 million or 14.48%. Current Assets increased by Php240.182 million or 74.60%, from Php321.958 million in 2017 to Php562.140 million in 2018. The increase in Current assets was mainly due to the increase in trade receivables from Php167.943 million in 2017 to Php207.414 million in 2018 and an increase also in Due from Related Parties from Php95.955 million in 2017 to Php287.567 million in 2018. Non-current Assets slightly increased by Php1.970 million in 2018.
- Current liabilities increased by Php158.765 million or 50.30%, from Php315.619 million in 2017 to Php474.384 million in 2018. The increase was due to Php50.000M short term loan payable from Land Bank of the Philippines.

Noncurrent Liabilities increased from Php0.351 million in 2017 to P310.854 million in 2018. The increase was due to a Php50 Million Term loan agreement with Producers bank and to the reclassification of the Php264M deposit for future stock subscription to Liability account.

- On December 9, 2013, the bank has approved the conversion of the short-term loans in the amount of Php44.5M into a two-year term loan. The principal balance of the loan is payable on January 19, 2016. This was paid in June 2016.
- On December 22, 2016, the Company availed a chattel mortgage amounting to Php564K from a local universal bank for the purchase of a vehicle, which serves as the property mortgage. The new loan requires 60 monthly repayments until November 23, 2021.
- On January 30, 2018, the Parent Company secured a short-term loan agreement with Land Bank of the Philippines amounting to ₱50,000,000 with an interest rate of 4.80% per annum. The loan, including the interests incurred, will mature on July 27, 2018. On the maturity date, the loan was renewed for six (6) months with the same terms and conditions with maturity date of January 23, 2019. On the maturity date, the loan was renewed for another six (6) months with the same terms and conditions with latest maturity date of July 23, 2019.
- On October 31, 2018, the Parent Company signed a five-year ₱50,000,000 loan agreement with PSBC maturing on October 31, 2023. The loan is secured by a real estate and carries an interest rate of 12.23% per annum. Total consolidated assets as of December 31, 2018 stood at Php1.914 billion, with Liabilities at Php785.239 million and Equity at Php1.129 billion
- Current assets and Current Liabilities Increased by 74.60% and 50.30% respectively resulting to a minimal increase of the Company's Liquidity Ratio wherein Current Ratio stood at 1.1850:1 and 1.0201:1, while Acid Test Ratio stood at 1.1011 and 0.8700 for the years 2018 and 2017 respectively.
- The Company's Return on Equity for the year ended, 2018 and 2017 was at 0.72% and 0.046% respectively.
- A further analysis indicates that NOW Corp.'s Asset to Debt Ratio stood at 2.4374x and 5.2909x; while its Debt to Asset Ratio stood at 0.4103x and 0.189x for the year 2018 and 2017 respectively.

### **Year 2017**

The consolidated revenue for the year 2017 is Php148.364 million, there is an increase of Php44.692million or 43.11% from last year's Php103.672million. The increase is mainly due to the increase in revenue from software licenses and services which amounted to Php81.577 million in 2017, representing an increase of 50.29% from Php54.279million in 2016. Company's sales from IT manpower and resource augmentation slightly decreased to Php42.274 million from Php43.412 million in 2016. Revenue from Broadband services for 2017 amounted to Php24.513 million for 2017 which has an increase of Php18.532 million or 309.84% from revenue in 2016 which amounted to Php5.981 million.

Cost of services during the year amounted to Php85.80 million, higher by 51.47% or Php29.156 million compared to the Php56.65 million cost of sales and services level posted for the year ended December 31, 2016. The increase was primarily attributed to the higher cost of outside services and data services during the year amounting to Php53.822 million compared to the amount last year of Php46.431 million. Costs relating to sales increased from Php10.22 million to Php31.98 million when comparing amounts from those of December 31, 2016 to those of December 31, 2017.

The Operating Expenses is Php53.600 million in 2017 and Php42.334million in 2016. There is an increase by Php11.266million or 26.61% in 2017 as compared to 2016 and was mainly due to salaries and wages expense, transportation and travel and also taxes and licenses amounting to Php18.823million.

The Net income for the year ended December 31, 2017 is Php6.290 million or Php3.791 million higher compared with last year's Net Income of Php2.499 million. This was brought about by a higher increase in revenue during the year as compared to the increase in cost of sales and services and operating expenses.

As of December 31, 2017, the total consolidated assets of the Company stood at Php1.672 billion compared with last year's Php1.547 billion, an increase by Php124.742million or 8.06%. Current Assets increased by Php121.874 million or 60.91%%, from Php200.084 million in 2016 to Php321.958 million in 2017. The increase in Current assets was mainly due to the increase in trade receivables from Php115.532 million in

2016 to Php167.943 million in 2017 and an increase also in Amounts Owed by Related Parties from Php72.496 million in 2016 to Php95.955 million in 2017. Non-current Assets slightly decreased by Php2.868 million due to increase in Property and Equipment.

Current liabilities increased by Php118.368 million or 60.01%, from Php197.251 million in 2016 to Php315.619 million in 2017. The increase was due to the increase in accounts payable and accrued expenses which has an increase of Php44.425 million and due from related parties which has an increase of Php73.934 million. Total consolidated assets as of December 31, 2017 stood at Php1.672 billion, with Liabilities at Php315.971 million and Equity at Php1.356 billion.

### **Year 2016**

The consolidated revenue for the year 2016 is Php103.672million, there is a slight decrease of Php10.767 million or 9.41% from last year's Php114.439million. The decrease is mainly due to the shifting of the Company's main business from software licenses to broadband. Revenue from software licenses and services decreased to Php54.279million in 2016 from Php75.018 million in 2015. Company's sales from IT manpower and resource augmentation increased to Php43.412 million in 2016 from Php39.421 million in 2015. Broadband sales for 2016 amounted toPhp5.981 million.

The Operating Expenses is Php42.334million in 2016 and Php32.095million in 2015. There is a significant increase by Php10.239 million or 31.90% in 2016 as compared to 2015 was mainly due to impairment of advances by the Company to one of its affiliates amounting to Php5.000 million and also due to an increase in advertising and promotion expense amounting to Php4.524 million.

The Net income for the year ended December 31, 2016 is Php2.499 million or Php2.736 million lower compared with last year's Net Income of Php5.235 million. This year's slight decrease in revenue was due to the shifting of the Company's main business to broadband services from software licenses.

As of December 31, 2016, the total consolidated assets of the Company stood at Php1.547 billion compared with last year's Php1.498 billion, an increase by Php48.683 million or 3.25%. Current Assets increased by Php49.751 million or 33.09%, from Php150.333 million in 2015 to Php200.084 million in 2016. The increase in Current assets was mainly due to the increase in trade receivables from Php81.788 million in 2015 to Php115.532 million in 2016 and an increase also in Amounts Owed by Related Parties from Php48.387 million in 2015 to Php72.496 million in 2016. Non-current Assets slightly decreased by Php1.068 million due to decrease in due from related party non-current portion.

Current liabilities decreased by Php218.255 million or 52.53%, from Php415.505 million in 2015 to Php197.251 million for 2016. The decrease was due to the conversion of advances from an affiliate into equity during the year which amounted to Php264.000 million and payment of loan amounting to Php44.500 million. Accounts Payable and accrued expenses also decrease from Php132.927 million to Php119.643 million. Amounts Owed to Related Parties decrease by Php160.558 million. Non-current Liabilities on the other hand increased by Php0.449 million due to loan availment made by the Company during the year.

Total consolidated assets as of December 31, 2016 stood at Php1.547 billion, with Liabilities at Php197.700 million and Equity at Php1.349 billion.

### **Receivables and Payables with Related Parties Eliminated During Consolidation**

The amount eliminated with related parties on trade receivables and payables are:

J-Span IT Services, Inc.	<u>₱4,700,917</u>
Porteon Sea, Inc.	3,443
i-Resource Consulting International, Inc.	434,185
i-Professional Search Network, Inc.	6,147,298
Softrigger Interactive, Inc.	7,187,488



## Key Variable and Other Qualitative and Quantitative Factors

The performance indicators are the (1) Gross revenues earned for the period, (2) Profit Margin, (3) Net Income. Deals in process are monitored and discussed on a monthly basis, including a review of the possible income that may arise from the deals that may close for a certain period.

## Financial Soundness Indicators

Financial Soundness Indicators		September 30	December 31	
		2019	2018	2017
Liquidity	Current Ratio	1.9802	1.1850	1.0201
	Acid Test Ratio	1.8194	1.1011	0.8700
Solvency	Debt to Equity Ratio	0.4136	0.6957	0.2330
	Asset to Debt Ratio	3.4179	2.4374	5.2909
	Debt to Asset Ratio	0.2926	0.4103	0.1890
Equity	Asset to Equity Ratio	1.4136	1.6957	1.2330
Interest	Interest Rate Coverage Ratio	2.5846	3.9795	173.2806
Profitability	Profit Margin	49.08%	31.92%	42.17%
	Return on Assets	0.42%	0.43%	0.38%
	Return on Equity	0.60%	0.72%	0.46%
	Book Value per share	0.9234	0.7439	0.8936
	Earnings per share	0.0055	0.0052	0.0045

The Financial Indicators are computed as follows:

Liquidity:                    Current Ratio = Current Assets/Current Liabilities  
                                   Acid Test= (Current Assets- Inventory- Prepayments) / Current Liabilities

Solvency:                    Debt to Equity Ratio = Total Liabilities/Total Stockholders' Equity  
                                   Debt to Asset Ratio = Total Liabilities/Total Assets  
                                   Asset to Debt Ratio= Total Assets / Total Liabilities

Equity:                        Asset to Equity Ratio = Total Assets/Total Stockholders' Equity

Interest:                     Interest Rate Coverage Ratio = Earnings Before Interest and Taxes/Interest Expense

Profitability:                Profit Margin %: Profit margin = Gross Profit/Total Revenue x 100  
                                   Return on Assets %: Return on assets = Net Income/Total Assets x 100  
                                   Return on Equity % = Net Income/Total Stockholders' Equity x 100  
                                   Book Value per share = Total Stockholders' Equity/Average Outstanding Shares  
                                   Earning per share = Net Income/Average Outstanding Shares

## Any Known Trends, Events or Uncertainties

There are no known trends, demand, commitments, events or uncertainties that will have a material impact on the Company's liquidity, nor any events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation. No 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.

#### *Events that will trigger Direct or Contingent Financial Obligation*

There are no 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.

There are no significant elements of income or loss that did not arise from the Company's continuing operations.

#### *Material Off-Balance Sheet Transactions*

There are no 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.

#### *Material Commitment for Capital Expenditures*

As the business volume builds up progressively, the Company also plans to beef up its organization by engaging the right talents particularly to join the telecommunications, media, information technology and product development and marketing teams.

#### **Trends, Events or Uncertainties (Material Impact on Sales)**

There is no seasonality or cyclicity of the interim operations of the Company.

#### **Compliance with Corporate Governance**

Compliance with the principles of good corporate governance starts with the Board of Directors. It is the Board's responsibility to foster the long-term success of the Company and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Company, its shareholders and other stakeholders. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

The Company has complied with the requirements of the Revised Manual on Corporate Governance for the completed year, and no deviation was made in any form as provided for in the Compliance System of the Model Manual. The Company has undertaken measures in adopting the leading practices on good corporate governance by regularly reviewing and discussing compliance with the said manual. Any plan to improve the Company's corporate governance will be discussed in the coming annual stockholders' meeting.

On 19 December 2013, the Board adopted and ratified the Audit and Risk Committee Charter in accordance with SEC Memorandum Circular No. 4, Series of 2012.

During the third quarter of 2014, the Company adopted the following: Conflict of Interest Policy, Insider Trading Policy, Related Party Transaction Policy, and the Whistle-Blowing Policy.

## **SIGNATURES**

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on this 30<sup>th</sup> day of April 2020.

### **NOW CORPORATION**

By:

**MEL V. VELARDE**  
President and CEO  
(Signed)

**DIANA M. LUNA**  
Chief Finance Officer and Treasurer  
(Signed)

**ANGELINE L. MACASAET**  
Corporate Secretary  
(Signed)