

**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. Exact name of the Registrant as specified in its charter: **PHILWEB CORPORATION**

Province, Country or other jurisdiction of Industry Classification Code Incorporation or Organization: **Philippines**

4. SEC Identification Number: **39121**

5. BIR Tax Identification Number: **000-141-527-000**

6. Address of principal office: **41<sup>st</sup> Floor, One San Miguel Avenue Condominium, San Miguel Avenue corner Shaw Boulevard, Ortigas Center, Pasig City, Philippines**

7. Registrant's Telephone No.: **(632) 82365577**

8. Date, time and place of the meeting of security holders: **May 26, 2021 at 10:00 a.m. and shall be conducted by remote communication via Zoom at [https://us02web.zoom.us/w/86703910422?tk=JdzfA7rrslhTlnZU7Z66mSNIMPYrvnP0Sgm7n5jClrM.DQIAAAAUL\\_SuFhZqQ1RLVTZOS1EwYW0wM3IVNkdIVHdRAAAAAAAAAAAAAAAAAAAAAAAAAAAAAA](https://us02web.zoom.us/j/86703910422?tk=JdzfA7rrslhTlnZU7Z66mSNIMPYrvnP0Sgm7n5jClrM.DQIAAAAUL_SuFhZqQ1RLVTZOS1EwYW0wM3IVNkdIVHdRAAAAAAAAAAAAAAAAAAAAAAAAAAAAAA). Thus, the stockholders may only attend by remote communication or by appointing the Chairman as proxy.**

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **May 3, 2021**

10. Securities registered pursuant to Sections 4 and 8 of the RSA:

Title of Each Class	Number of Shares of Common Stock Outstanding
<b>Common Stock P1.00 par value</b>	<b>1,435,776,680 common shares (net of treasury shares of 81,380,938)</b>

11. Are any or all these securities listed on the Philippine Stock Exchange:

- Yes  No

**WE ARE NOT ASKING YOU FOR A PROXY  
AND YOU ARE REQUESTED NOT TO SEND US A PROXY**

**INFORMATION STATEMENT**

**GENERAL INFORMATION**

**Date, Time and Place of Meeting of Security Holders**

The annual stockholders' meeting will be held on May 26, 2021 at 10:00 a.m. by remote communication via Zoom at [https://us02web.zoom.us/j/86703910422?tk=JdzfA7rrslhTLnZU7Z66mSNIMPYrvnP0Sgm7n5jClrM.DQIAAAAUl\\_SuFhZqQ1RLVTZOS1EwYW0wM3lVNkdIVHdRAAAAAAAAAAAAAA](https://us02web.zoom.us/j/86703910422?tk=JdzfA7rrslhTLnZU7Z66mSNIMPYrvnP0Sgm7n5jClrM.DQIAAAAUl_SuFhZqQ1RLVTZOS1EwYW0wM3lVNkdIVHdRAAAAAAAAAAAAAA). Due to the COVID-19 pandemic, the Corporation will dispense with the physical attendance of the stockholders at the meeting. Thus, the stockholders may only attend by remote communication or by appointing the Chairman as proxy.

The complete mailing address of the principal office of the Corporation is 41<sup>st</sup> Floor, One San Miguel Avenue Condominium, San Miguel Avenue corner Shaw Boulevard, Ortigas Center, Pasig City, Philippines.

The approximate date when the information statement will be first sent to security holders will be on May 3, 2021.

**Participation by Remote Communication**

The 2021 Annual Stockholders' Meeting will be conducted by remote communication via Zoom at [https://us02web.zoom.us/j/86703910422?tk=JdzfA7rrslhTLnZU7Z66mSNIMPYrvnP0Sgm7n5jClrM.DQIAAAAUl\\_SuFhZqQ1RLVTZOS1EwYW0wM3lVNkdIVHdRAAAAAAAAAAAAAA](https://us02web.zoom.us/j/86703910422?tk=JdzfA7rrslhTLnZU7Z66mSNIMPYrvnP0Sgm7n5jClrM.DQIAAAAUl_SuFhZqQ1RLVTZOS1EwYW0wM3lVNkdIVHdRAAAAAAAAAAAAAA). The stockholders may attend and participate at the meeting by following the instructions below:

- a. Stockholders should notify the Corporation by sending an email to [corpsec@philweb.com.ph](mailto:corpsec@philweb.com.ph) on or before 12 May 2021.
- b. All successfully registered stockholders will receive an invitation by email containing the link to the meeting and password and the meeting procedures.
- c. Stockholders who have notified the Corporation and were registered will be included in the determination of the existence of a quorum.
- d. Stockholders who intend to attend and vote by proxy should submit their proxies to the Office of the Corporate Secretary at 41<sup>st</sup> Floor, One San Miguel Avenue

Condominium, San Miguel Avenue corner Shaw Boulevard, Ortigas Center, Pasig City, Philippines or email to corpsec@philweb.com.ph not later than 12 May 2021 at 5:00 p.m.

- e. The meeting shall be recorded in audio and video formats and copies thereof shall be retained by the Corporation.

### **Dissenters' Right of Appraisal**

There are no matters to be taken up during the annual stockholders' meeting with respect to which the law allows the exercise of appraisal right by any dissenting stockholder. The Corporation Code limits the exercise of the appraisal right to the following instances:

- a. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of share, or of authorizing preferences in respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
- b. In case of the sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets;
- c. In case of merger or consolidation;
- d. In case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

Since the matters to be taken up do not include any of the foregoing, the appraisal right will not be available.

However, 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 stockholder who voted against the proposed action and who wishes to exercise such right must make a written demand, within thirty (30) days after the date of the meeting or when the vote was taken, for the payment of the fair market value of his shares. Upon payment, he must surrender his certificates of stock. No payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment.

### **INTEREST OF CERTAIN PERSONS IN OR OPPOSITION TO MATTERS TO BE ACTED UPON**

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The directors, officers, nominees for directors and their associates do not have a substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon, other than election to office.

No person has informed the Corporation in writing that he intends to oppose any action to be taken by the Corporation at the meeting.

**CONTROL AND COMPENSATION INFORMATION**

**Voting Securities and Principal Holders Thereof**

There are 1,435,776,680 outstanding common shares (net of treasury shares of 81,380,938) as of March 31, 2021 entitled to notice and to vote during the meeting. Each common share is entitled to one vote, except with respect to the election of directors where the stockholders are entitled to cumulative voting. There is no classification of voting securities.

The record date to determine the stockholders entitled to notice and to vote at the meeting is on April 30, 2021.

The election of the members of the board of directors for the current fiscal year will be taken up and all stockholders have the right to cumulate their votes in favor of their chosen nominees for director in accordance with Section 24 of the Revised Corporation Code. Section 24 provides that a stockholder, may vote such number of shares registered in his name as of the record date for as many person as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit. The total number of votes cast by such stockholders should not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected.

No person has informed the Corporation in writing that he intends to oppose any action to be taken by the Corporation at the meeting.

**Security Ownership of Certain Record and Beneficial Owners and Management**

**(1) Security Ownership of Certain Record and Beneficial Owners**

As of March 31, 2021, the Corporation knows of no one who beneficially owns more than 5% of its common stock except as set forth in the table below:

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<i>Title of Class</i>	<i>Name and Address of Record Owner and Relationship with Issuer</i>	<i>Name of Beneficial Owner and Relationship with Record Owner</i>	<i>Citizenship</i>	<i>Amount and Nature of Record / Beneficial Ownership (indicate "r" or "b")</i>	<i>Percent Held</i>
Common	Gregorio Araneta, Incorporated 21/F Citibank Tower, Paseo de Roxas, Makati City Stockholder	Gregorio Araneta III Proxy/Representative	Filipino	829,574,354 (r&b - direct)	57.78%
Common	PhilWeb Casino Corporation 6/F Adamson Centre, 121 L.P. Leviste Street, Salcedo Village, Makati City Stockholder	Edgar Brian K. Ng Proxy/Representative	Filipino	157,044,156 (r&b - direct)	10.94%
Common	Palmary Corporation 1466 General Luna Street, Paco, City of Manila Stockholder	Perry Weinne S. Lato Proxy/Representative	Filipino	72,466,333 (r&b - direct)	5.05%

**(2) Security Ownership of Management**

As of March 31, 2021, the following are the details of the security ownership of Management based on total outstanding shares of 1,435,776,680:

<i>Title of Class</i>	<i>Name of Beneficial Owner</i>	<i>Citizenship</i>	<i>Number of Shares and Nature of Beneficial Ownership</i>	<i>Percentage of Ownership</i>
Common	Gregorio Ma. Araneta III Chairman/CEO	Filipino	100 (direct) 829,574,254 (indirect)	0.00% 57.78%
Common	Crisanto Roy B. Alcid Vice Chairman	Filipino	100 (direct)	0.00%
Common	Edgar Brian K. Ng Director/President	Filipino	326,500 (direct)	0.02%
Common	Edgar N. Ang Director	Filipino	50,000 (direct)	0.00%
Common	Luis M. Araneta Director	Filipino	100 (direct)	0.00%

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Common	Mario A. Oreta Independent Director	Filipino	1 (direct)	0.00%
Common	Rafael B. Ortigas Independent Director	Filipino	1,200 (direct)	0.00%
Common	Philip S. Tuazon Independent Director	Filipino	371,500 (direct)	0.00%
Common	William M. Valtos, Jr. Independent Director	Filipino	100 (direct)	0.00%
Common	Alexius D. Coliat. CFO/Treasurer	Filipino	0 (direct)	0.00%
Common	Ricky e. Rosario CFO/Comptroller	Filipino	0 (direct)	0.00%
Common	Mona Liza I. Navarro Vice President	Filipino	11,500 (direct)	0.00%
Common	Raymund S. Aquino Corporate Secretary/Vice President	Filipino	117,866 (direct)	0.01%
Aggregate Ownership of Directors and Officers as a Group			830,453,221	57.84%

There are no voting trust agreements or any other similar agreement that may result in a change in control of the Company of which the Company has any knowledge. No change in control of the Corporation has occurred since the beginning of its last fiscal year.

**Directors and Executive Officers**

PhilWeb's Board of Directors is composed of 9 members elected by and from among the Company's stockholders. The Board is responsible for providing overall management and direction to the Company.

The present directors and executive officers of the Company and a brief description of their business experience for the past five years are discussed below:

Name	Age	Position/Citizenship/Period Served/Term of Office
Gregorio Araneta III	73	Director & Chairman/Filipino/7 years/1 year
Crisanto Roy B. Alcid	51	Director & Vice-Chairman/Filipino/6 years/1 year
Edgar Brian K. Ng	51	Director & President/Filipino/1 year/1 year
Edgar N. Ang	69	Director/Filipino/4 years/1 year
Luis M. Araneta	36	Director/Filipino/4 years/1 year
Mario A. Oreta	74	Director/Filipino/4 years/1 year
Rafael B. Ortigas	60	Director/Filipino/19 years/1 year
Philip S. Tuazon	69	Director/Filipino/4 years/1 year
William M. Valtos, Jr.	60	Director/Filipino/4 years/1 year
Ricky E. Rosario	33	CFO & Comptroller/Filipino/1 year/1 year
Alexius D. Coliat	45	CFO & Treasurer/Filipino/1 year/1 year
Mona Liza I. Navarro	41	Vice President/Filipino/4 years/1 year

Raymund S. Aquino                      52                      Corporate Secretary/Filipino/4 years/1 year

**Gregorio Araneta III** was elected Chairman of the Company in September 2016. He was elected Director of the Company in May 2014. He is the Chairman and Chief Executive Officer of Araneta Properties, Inc. since 2010. He is the Chairman and President of Gregorio Araneta, Inc., ARAZA Resources Corporation, H. E. Heacocks Resources Corp., Gregorio Araneta Management Corporation, Gamma Properties Inc. and Carmel Development Inc. He is also the Chairman of Energy and Gas Holdings Inc. Mr. Araneta attended the University of San Francisco and the Ateneo de Manila University, where he received his degree in Bachelor of Arts in Economics.

**Crisanto Roy B. Alcid** was elected Vice-Chairman of the Company in September 2017. He was elected Director of the Company in April 2015. He is the President and Chief Operating Officer of Araneta Properties, Inc. while concurrently serving as Director and Executive Vice President of Gregorio Araneta, Inc., Carmel Development Corp., Gregorio Araneta Management Corporation, and Araza Resources Corporation. Before joining the Araneta Group, he was formerly connected with Ayala Land, Inc., Asiatrust Development Bank, and Citibank N.A. Mr. Alcid holds a Bachelor of Science Degree in Management Engineering from the Ateneo de Manila University and has completed the General Management Program at the Harvard Business School.

**Edgar Brian K. Ng** was elected Director of the Company in February 2020. He is the President of the Company. In the past, he served as Managing Director/Country Manager of Affinity Express Philippines, Inc., Vice President & Country Manager of RR Donnelley Global Outsourcing, Director for Operations of OfficeTiger Philippines Corporation, and Director of Special Projects (Global Operations Support) for SPi. He also spent six years with The Print Town Group starting as a Prepress Manager for FEP Printing Corp and ending as Senior Vice President of LexMedia Digital. Aside from the corporate world, Mr. Ng was an instructor at both the undergraduate and graduate levels of Ateneo Universities. He has a Bachelor of Arts degree from the Ateneo de Manila University and an MBA from the Ateneo Graduate School of Business.

**Edgar N. Ang** was elected Director of the Company in September 2017. He is the Chairman and President of both The Angcore Group of Companies and AB&T Resources, Inc., which are engaged in Automotive Distribution. He is also the President of Rubiken Trading Corporation, a fertilizer-chemical company. Previously, he was the founder and managing director of Davao Cable World Network and Filipino Cable Corporation prior to its sale. He is also currently serving as Honorary Consul of the Republic of Korea to Davao City. He studied at the Ateneo de Manila University and Sophia University in Tokyo, graduating with Bachelor of Science degrees in Economics & Business Administration.

**Luis M. Araneta** was elected Director of the Company in September 2017. He is a Director and the Business Development Manager of Araneta Properties, Inc. He is the

President of Estancias Holdings, Inc. and Cerros Corp, Vice-President and Treasurer of ARAZA Resources Corporation, Director and Corporate Secretary of Carmel Development, Inc., Director of PAGREL, Inc. He is a Director of Belisama Hydropower Corporation and Gregorio Araneta Energy Holdings, Inc. and Corporate Secretary of Gamma Properties, Inc. He studied at the Pace University in New York City where he earned his degree in Business Administration in Management.

**Mario A. Oreta** was elected Director of the Company in May 2016. He is also a former President and Vice-Chairman of Alphaland Development, Inc., Alphaland Balesin Island Resort Corporation, Alphaland Makati Place, Inc., The City Club at Alphaland Makati Place, Inc., Alphaland Balesin Island Club, Inc., and Alphaland Property Management Corporation. He is also a Director of Atok-Big Wedge Co., Inc. Mr. Oreta graduated with honors from the Ateneo De Manila University with a degree of Bachelor of Laws and immediately joined the law firm of Siguion Reyna, Montecillo and Ongsiako. He was also the founder and managing partner of Tanjuatco Oreta and Factoran Law Offices.

**Rafael B. Ortigas** was elected Director of the Company in April 2002. He is the Chairman and President of Leafar Commercial Corporation, a Director of Sagitro, Inc. and ISM Communications Corporation. He was a director of Itogon-Suyoc Resources, Inc., and OCLP Holdings, Inc. and former General Partner of Ortigas and Company Ltd. Partnership. He is also a Trustee and President of Leafar Foundation, Inc. and a Trustee of the Ortigas Foundation, Inc. He has a Bachelor of Science degree in Computer Science from De La Salle University and an MBA from Ateneo de Manila Graduate School of Business.

**Philip S. Tuazon** was elected Director of the Company in September 2017. He is currently a Director of the Philippine Ports Authority as Private Sector Representative, which position he also held in 1993 to 1999. Concurrently he is also a Director of JYT Investment and Vice President/Director of Fairwind Harbor Services, Incorporated. He was formerly connected with New Filipino Maritime Agencies, Incorporated as Executive Vice President/Director and Director/President of Dolomite Mining Corporation. He was appointed as Administrator of Maritime Industry Authority (MARINA) where he served for almost seven years. He attended his collegiate years in Ateneo De Manila University, where he received his degree in Bachelor of Arts in Economics.

**William M. Valtos, Jr.** was elected Director of the Company in September 2017. He is Managing Director of Tao Corporation. He is also an Independent Director of Investree Philippines, Phizzle Inc., Transweath Fleet Management Corp. and Transweath Parking Services Corp. Prior to joining Tao Corporation, Mr. Valtos held a number of senior executive and Director positions in the ICCP Group over 24 years, including being a Director and CEO of Investment & Capital Corporation of the Philippines and a Director and Senior Managing Director of ICCP SBI Venture

Partners. Prior to joining the ICCP Group, Mr. Valtos was Managing Director of Strategic Asset Management, Inc., a Chicago-based private direct investment firm. Mr. Valtos is a former Director of the Investment House Association of the Philippines. He is an Executive-in-Residence at the Asian Institute of Management. Mr. Valtos holds an MBA from the Kellogg School of Management at Northwestern University. He earned a BA in Economics and Political Science from the University of Illinois, where he was a Rhodes Scholar Candidate.

**Ricky E. Rosario** was elected as the CFO and Comptroller of the Company in August 2019. Mr. Rosario is a certified public accountant. His previous work experience includes being senior auditor of SGV & Co. He is an accredited tax practitioner and accredited CPA in public practice, commerce and industry. He is a member of the Philippine Institute of Certified Public Accountants and registered as an ASEAN Chartered Professional Accountant.

**Alexius D. Coliat** was elected as the CFO and Treasurer of the Company in August 2019. Mr. Coliat is a certified public accountant. His previous work experience includes being the Global Internal Audit Manager of Tyche Consulting Limited Phils. and a senior risk consultant of Hill & Associates Risk Consulting Philippines, Inc. He is a member of the Philippine Institute of Certified Public Accountants.

**Mona Liza I. Navarro** is currently a Vice President of the Company. She has been an IT practitioner for over 17 years with experience in Software Development, Project Management and IT Operations. She has a degree of Bachelor of Science in Computer Science from the University of the Philippines. She is an ITIL certified professional and a Certified IT Manager.

**Raymund Nonato S. Aquino** was elected Corporate Secretary of the Company in September 2017. He was a director of SGV & Co. He has a Juris Doctor Degree from the Ateneo de Manila University College of Law and a Bachelor of Arts degree major in Legal Management from the Ateneo de Manila University. He is a member of the Integrated Bar of the Philippines.

As of the date of this information statement, the foregoing will be nominated for re-election to the Board of Directors at the meeting. None of the above mentioned directors have declined to stand for re-election to the Board of Directors since the date of the last annual stockholders' meeting because of a disagreement with the Company on any matter relating to the Company's operations, policies, or practices.

New nominees for directors:

**Alfonso M. Araneta** is a Filipino and 36 years old. He is a Director of Araneta Properties, Inc. ARAZA Resources Corp., ATSI PETC, Inc., Pagrel, Inc., Gamma Properties, Inc., Securicor Security Investigation Services, Inc., Alumma Foods, Inc.,

Belisama Hydropower Corporation and Gregorio Araneta Energy Holdings, Inc. He is currently the Executive Vice-President and Director of Envirotest, Inc., Vice President and Director of Carmel Development, Inc., and Vice-President and Director of Gregorio Araneta, Inc. Mr. Araneta graduated at De La Salle-College of St. Benilde, Manila where he earned his degree in Bachelor of Science in Business Administration.

**Perry Weinne S. Lato** is a Filipino and 37 years old. He currently operates a Business Process Outsourcing service company catering to licensed online gaming operators. His previous experience includes executive positions in the fields of finance, accounting, property management and leasing, running the following types of business: rice trading, dormitory and apartment leasing, e-bingo shops, manufacturing, marketing, and distribution of slot machines and gaming software, and offshore gaming. He is also a licensed real estate broker and is engaged in real estate subdivision and housing development. Mr. Lato graduated from the University of Southern California, Marshall School of Business, major in Accounting.

### **Independent Directors / Nomination Committee**

Under its Manual on Corporate Governance submitted with the Securities and Exchange Commission (SEC), the Board of Directors created a Corporate Governance Committee, which may have at least three voting members. It shall pre-screen and shortlist all candidates nominated to become a member of the Board of Directors including the Independent Directors in accordance with the guidelines provided in the Manual on Corporate Governance and conformably with SRC Rule 38.

The following are the Company's incumbent Independent Directors:

1. Mario A. Oreta
2. Rafael B. Ortigas
3. Philip S. Tuazon
4. William M. Valtos, Jr.

In compliance with SRC Rule 38 and the Company's Manual on Corporate Governance, the following are the incumbent members of the Corporate Governance Committee:

1. Rafael B. Ortigas (Chairman/Independent Director)
2. Philip S. Tuazon (Member/Independent Director)
3. William M. Valtos, Jr. (Member/Independent Director)

### **Procedures for the Nomination of the Independent Directors**

The Corporate Governance Committee prior to a stockholders' meeting shall conduct the nomination of independent directors. The nominating stockholders together with the

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acceptance and conformity by the would-be nominees shall sign all the recommendations. The Corporate Governance Committee shall pre-screen the qualification and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent directors. After the nomination, the Corporate Governance Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors, as required under Part IV (A) and (C) of Annex "C" of SRC Rule 12, which list, shall be made available to the SEC and to all stockholders through the filing and distribution of the Information Statement, in accordance with SRC Rule 20, or in such other reports the Company is required to submit to the SEC. The name of the independent director shall be identified in such report including any relationship with the nominee.

Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Independent Directors. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders' meeting.

The SEC approved the amendment of the Company's By-Laws, which include among others, the procedure for the nomination and election of independent directors on November 10, 2005.

As of the date of this Information Statement, the Corporate Governance Committee has received and approved the following nominations for independent director:

Nominee for Independent Director (a)	Person/Group recommending nomination (b)	Relation of (a) and (b)
Mario A. Oreta	Edgar Brian K. Ng	None
Rafael B. Ortigas	Edgar Brian K. Ng	None
Philip S. Tuazon	Edgar Brian K. Ng	None
William M. Valtos, Jr.	Edgar Brian K. Ng	None

#### **Family Relationship of Directors and Officers**

Messrs. Alfonso M. Araneta and Luis M. Araneta are the sons of Mr. Gregorio Araneta III.

The Company does not know any other family relationship of directors and officers other than the ones provided.

#### **Certain Relationships and Related Transactions**

Please refer to Schedule C of SEC Supplementary Schedule as Required by Part II of SRC Rule 68 as Amended, on Related Party Transactions of the enclosed Consolidated Financial Statements for the year 2020.

Other than the foregoing, there has been no transaction outside of the ordinary course of business during the last two years, nor is any transaction presently proposed, to which the Company was or is to be a party in which any Director or Executive Officer of the Company, or owner of more than 10% of the Company's voting securities or any member of the immediate family of any of the foregoing persons had or is to have a direct or indirect material interest. In the ordinary and regular course of business, the Company had or may have had transactions with other companies in which some of the foregoing persons may have an interest.

Mr. Gregorio Araneta III directly and indirectly owns at least 57.78% of the Company's voting securities. No person, natural or juridical, owns more than 50% of the Company's voting securities.

### **Significant Employees**

There are no persons other than the executive officers that are expected by the Company to make a significant contribution to the business.

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

The Company is not aware that any of its directors and officers is involved during the past five years and up to the date of the filing of this report in any bankruptcy proceedings. Neither have they been convicted by final judgment in any criminal proceeding or been subject to any order, judgment or decree by a court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, nor found in action by any court or administrative body to have violated a securities or commodities law.

### **Legal Proceedings**

1. Rodrigo R. Gacionco, Jr. vs. PhilWeb (CA G.R. CV-No. 01519) – Rescission of Lease Purchase Agreement.

The parties entered into a Lease Agreement with Option to Purchase on 22 November 2000. For alleged non-fulfillment of its obligation, Gandionco filed a case in the RTC to rescind the contract. PhilWeb stated that it never entered into such agreement for it was not signed by any of PhilWeb's authorized representatives. The Court Ruled in favor of Gandionco and declared the agreement between the parties as rescinded and ordered PhilWeb to pay Gacionco P 20,533.00 in litigation expenses, P20,000 in moral damages, P20,000 in exemplary damages and P50,000 in attorney's fees, in the total amount of P110,533.00. Gacionco was likewise ordered by the court to return to PhilWeb 10 IBM

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Computers, amounting to approximately P200,000.00 and 5000 pieces of ZOOM cards. PhilWeb appealed the case to the Court of Appeals. The appeal is submitted for decision by the Court of Appeals.

2. PhilWeb vs Sonia K. Pamatmat  
I.S. No. 07-J-8470  
Qualified Theft

The respondent is a former employee of PhilWeb. During her tenure as a former employee of PhilWeb, she took a company vehicle and did not return the same upon termination of her employment. PhilWeb demanded the return of its vehicle. Despite said demand, she failed to return the said property. PhilWeb then filed a complaint charging the respondent of Qualified Theft.

PhilWeb filed a Petition for Certiorari to annul the Resolution of the Department of Justice dismissing the criminal case against Sonia K. Pamatmat. The case is pending resolution by the Court of Appeals.

3. PhilWeb Corporation vs. BOS (Antigua) Ltd.  
Civil Case No. 06 - 712  
For Damages with Attachment  
Makati RTC Branch 139

The parties entered into a Memorandum of Agreement on November 20, 2005 for the operation of sports betting facility. BOS (Antigua) Ltd. (BOS) allegedly violated provisions in the MOA prompting PhilWeb to file a complaint for damages in the amount of P24,000,000.00 against BOS. The case will be litigated upon service of summons to BOS. BOS did not file a counterclaim or a separate complaint.

4. PhilWeb Corporation vs. Commission on Audit  
Decision No. 2015-097 (CGS-C Decision No. 2012-009) (ND No. 2011-001-(06/07))

On 18 July 2011, the Commission on Audit ("COA"), through its resident auditor, Atty. Resurreccion C. Quieta, ("Atty. Quieta") issued a Notice of Disallowance ("ND") against PhilWeb regarding the payment of PAGCOR of 10% Software License Fee ("SLF") to PhilWeb effective on 6 July 2006. According to Atty. Quieta, there was an excess in the remittance of the SLF during the period 6 July 2006 to 31 August 2007 in the total amount of Php57,926,133.63 since the amended Intellectual Property License and Management Agreement which was entered into by PhilWeb and PAGCOR, and which specified the payment of the 10% SLF, took effect only on 13 September 2007. This Php57,926,133.63 amount has been paid by PAGCOR and COA is claiming its return.

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PhilWeb challenged this ND and filed its Appeal Memorandum on 12 December 2011 maintaining that the increase and the payment of the 10% SLF was agreed upon by PAGCOR and PhilWeb to take effect on 6 July 2006. On 6 December 2012, PhilWeb, received a copy of the Decision of the COA through Honorable Rufina S. Laquindanum dated 16 November 2012 denying its appeal and affirming the Notice of Disallowance. Thereafter, PhilWeb filed its Petition for Review with the COA on 8 January 2013. On 8 May 2015, PhilWeb received a copy of the Decision of the COA dated 1 April 2015 dismissing its Petition for Review. On 19 May 2015, PhilWeb seasonably filed its Motion for Reconsideration. This Motion for Reconsideration is now pending resolution by the COA.

### **Compensation of Directors and Executive Officers**

A director's compensation consists solely of a per diem of P40,000.00 for every meeting of the Board of Directors.

The aggregate amount of compensation paid by the Company to all of its directors and management as a group for fiscal years 2019 and 2020 were P35,028,000.00 and P16,927,538.00, respectively. The estimated aggregate compensation for 2021 is P22,284,000.00.

#### Annual Compensation of Five Most Highly-Paid Executives including the CEO

(a) Name and Principal Position	(b) Year	(c) Salary	(d) Bonus	(e) Other Annual Comp.
1. Edgar Brian K. Ng President (elected February 2020)				
2. Mona Liza I. Navarro Vice President (effective March 2014)				
3. Raymund S. Aquino Vice President (effective August 2015)				
4. Ronald M. Cuevas Vice President (effective January 2014)				
5. Alexander C. Manabal Assistant Vice President				

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(effective August 2009)

Aggregate Compensation of the CEO  
& Five Most Highly-Paid Executives

2019	17,688,000	-	1,474,000
2020 <sup>1</sup>	8,820,869	-	718,769
2021 <sup>2</sup>	13,248,000	-	1,040,000

All Officers and Directors as a Group  
Unnamed

2019	35,028,000	-	2,839,000
2020 <sup>3</sup>	16,927,538	-	1,250,492
2021 <sup>4</sup>	22,284,000	-	1,857,000

There are no standard arrangements with regard to election, bonus, profit sharing, pension/retirement plan granting or extension of any option, warrant or right to purchase any securities. The Company has a stock option plan, which is administered by a stock options committee.

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

The abovementioned executive officers have employment contracts with the Company.

There has been no change in control arrangements with the present management.

**Warrants and Options Outstanding**

On February 16, 2001, the SEC approved the exemption of 4,447,134,695 common shares (equivalent to 44,471,347 shares based on the new par value, effective September 14, 2009) under the Company's Stock Option Plan from the registration requirements under the Securities Regulation Code (SEC Resolution No. 005, Series of 2001).

On November 18, 2003, the Stock Option Committee approved the awarding to selected individuals who have helped develop the business of the Company over the past two years

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<sup>1</sup> Figures reflected were an effect of voluntary salary reductions made by officers in 2020.

<sup>2</sup> Estimate figures

<sup>3</sup> Figures reflected were an effect of voluntary salary reductions made by officers in 2020.

<sup>4</sup> Estimate figures

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options to subscribe to a total of One Billion Three Hundred Million (1,300,000,000) common shares at a price of P0.01 per share (the then prevailing market price was P0.012 per share).

On October 14, 2004, the Stock Option Committee of the Company approved the awarding to selected individuals who have helped develop the business of the Company over the past two years options to subscribe to 500,000,000 common share, at a price of P0.01 per share (the then prevailing market price was P0.012 per share).

On March 2, 2005 the Board of Directors of PhilWeb Corporation approved the recommendation of the Stock Option Committee for additional option grants totaling 1,391,000,000 shares to its officers and employees at a price equivalent to a twenty percent (20%) discount over the average closing price of the Company during the past 30 trading days.

On January 20, 2006, the Stock Option Committee of the Company approved the award to selected officers and employees options to subscribe to total of 1,786,500,000 common shares, at a price of P0.013 per share (the then prevailing market price was P0.016 per share).

On November 29, 2006, the Stock Option Committee of the Company approved the award to selected officers options to subscribe to total of 1,156,000,000 common shares, at a price of P0.0248 (the then prevailing market price was P0.031 per share).

On April 9, 2008, the PSE approved the Company's application for the listing of additional 1,982,399,858 common shares with a par value of P0.01 per share, to cover the Stock Option Plan of PhilWeb Corporation.

On April 19, 2012, the Stock Option Committee of the Company approved the award to selected officers and employees of options to subscribe to a total of 8,900,000 common shares, at a price of P14.00 per share.

On 29 May 2014, the Stock Option Committee of the Company approved the award to selected officers and employees of options to subscribe to a total of 1,500,000 common shares, at a price of P4.15 per share.

### **Independent Public Accountants**

The independent public accountant recommended for election for the current year is Reyes Tacandong & Co.

The Company has not had any disagreements on accounting and financial disclosures with its current external auditors for the same period or any subsequent interim period.

Representatives of Reyes Tacandong & Co. shall be present at the meeting. They will have the opportunity to make a statement if they choose to do so and will be available to respond to appropriate questions.

The 2020 audit of the Company by Reyes Tacandong & Co. is in compliance with Securities Regulation Code Rule 68, paragraph 3(b)(iv) and SEC Memorandum Circular No. 8, Series of 2003 that provides that the external auditor should be rotated every five (5) years or earlier or the handling partner shall be changed.

The following are the members of the Audit Committee of the Company:

Mario A. Oreta	-	Independent Director/Chairman
Rafael B. Ortigas	-	Independent Director/Member
William M. Valtos, Jr.	-	Independent Director/Member

## **OTHER MATTERS**

### **Action with Respect to Reports**

The Management Report and 2020 Audited Financial Statements, as set forth in the accompanying Annual Report, will be submitted for stockholders' ratification.

Approval of the Annual Report constitutes a ratification of the Company's performance during the previous fiscal year.

Approval of the Minutes of the Stockholders' Meeting held on August 12, 2020 constitutes a ratification of the accuracy and faithfulness of the Minutes to the events, which transpired during the meeting.

During the said meeting, the following significant matters were approved: (i) minutes of the annual stockholder's meeting held on May 21, 2019; (ii) Management Report and Audited Financial Statements for the Year Ended December 31, 2019; (iii) ratification and approval of corporate acts; (iv) election of directors; (v) appointment of external auditor; (vi) amendment of Seventh Article of the Articles of Incorporation to reclassify some unissued common shares to preferred shares, as follows: "SEVENTH: That the capital stock of said Corporation is TWO BILLION SIX HUNDRED MILLION PESOS (P2,600,000,000.00), Philippine Currency, consisting of One Billion Eight Hundred Fifty Million (1,850,000,000) common shares with a par value of One Peso (P1.00) per share and Seven Hundred Fifty Million (750,000,000) preferred shares with a par value of One Peso (P1.00) per share. The preferred shares shall have the following features, rights and privileges:

- a) Issue value to be determined by the Board of Directors at the time of issuance of shares;
- b) Dividend rate to be determined by the Board of Directors at the time of the issuance of the shares;

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- c) Cumulative in payment of current dividends as well as any unpaid back dividends;
- d) Convertible into common shares;
- e) Preferences over holders of common stock in the distribution of corporate assets in the event of dissolution and liquidation of the Corporation and in the payment of the dividend at the rate specified at the time of issuance;
- f) Participating in any other or further dividends beyond those specifically payable on the shares;
- g) Non-voting except in those cases specifically provided by law; and
- h) Redeemable at the option of the Corporation under such terms that the Board of Directors may approve at the time of the issuance of the shares."

(vii) amendment of Article II, Section 4 of the By-laws to allow distribution of notice of meeting by electronic mail, as follows: "Section 4. Notice of Meeting - Notices for regular or special meetings of stockholders may be sent by the Corporate Secretary by personal delivery, mail, electronic mail or such other manner as may be allowed by the Securities and Exchange Commission at least ten (10) days prior to the date of the meeting to each stockholder of record at his last known post office address or by publication in a newspaper of general circulation. The notice shall state the place, date and hour of the meeting, and the purpose or purposes for which the meeting is called. In case of a special meeting, only matters stated in the notice may be the subject of motions or deliberate at such meeting.

When the meeting of stockholders is adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken except when the meeting is adjourned for lack of quorum, in which case, the provisions of Section 5 of this Article shall govern. At the reconvened meeting, any business may be transacted which might have been transacted on the original date of the meeting.

The notice of any regular or special meeting of the stockholders shall be deemed to have been given at the time when delivered personally or received via registered mail, or sent electronically or by e-mail and addressed as herein provided."

(viii) amendment of Article II, Section 5 of the By-laws to allow participation in meeting through remote communication, as follows: "Section 5. Quorum- Unless otherwise provided by law, in all regular or special meetings of stockholders, a majority of the outstanding capital stock must be present or represented in order to constitute a quorum. If no quorum is constituted, the meeting shall be adjourned by those present and a notice of such adjourned meeting shall be sent to all stockholders with a statement that the previous meeting failed for lack of a quorum and that a new meeting is being set on such time, date and place indicated in the notice. Then at such adjourned meeting, except as may be otherwise required by law, any number of stockholders present in person or proxy shall constitute a quorum. A stockholder who participates through remote communication or in absentia shall be deemed present for purposes of quorum."

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(ix) amendment of Article II, Section 7 of the By-laws to allow voting in meeting through remote communication, as follows: “Section 7. Manner of Voting – At all meetings of stockholders, a stockholder may vote in person or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact or by remote communication or in absentia subject to compliance with rules and regulations as may be issued by the Securities and Exchange Commission.”

(x) amendment of Article III, Section 8, of the By-laws by replacing “conference call” with “remote communication”, as follows: “Section 8. Quorum – A majority of the number of directors as fixed in the Articles of Incorporation shall constitute a quorum for the transaction of corporate business, and every decision of at least a majority of the directors present at a meeting at which there is a quorum shall be valid as a corporate act, except for the election of officers which shall require the vote of a majority of all members of the Board. Directors may participate in board meetings by remote communication.”

and (xi) the power to amend, modify, repeal or adopt new by-laws is delegated to the Board of Directors.

For the approval of the amendment to the Articles of Incorporation and By-laws and the delegation of the power to amend, modify, repeal or adopt new by-laws to the Board of Directors, the favorable vote by stockholders owning or representing at least two-thirds (2/3) of the outstanding capital stock is necessary.

Voting was done *viva voce* and no one objected to the amendments presented to the stockholders. There being present, in person or by proxy, stockholders owning 966,365,582 shares representing at least 67.31% of the capital stock, these amendments to the Articles of Incorporation and By-laws and the delegation of the power to amend, modify, repeal or adopt new by-laws to the Board of Directors were duly approved unanimously by the stockholders present in the meeting.

The stockholders who attended the 2020 annual stockholders’ meeting were given the opportunity to ask questions and none propounded any questions.

There were no self-dealing and related party transactions by the directors in accordance with the Material Related Party Transaction Policy of the Company and SEC Memorandum Circular No. 10, Series of 2019.

During the Regular Meeting of the Board of Directors held on March 3, 2020, the following matters were discussed/approved: (i) minutes of the board meetings held on October 14, 2019 and December 31, 2019; (ii) minutes of the executive committee meeting held on October 21, 2019 and January 22, 2020; (iii) Management Report for 2019; (iv) strategic plans for 2020 and (v) Audited Financial Statements as at and for the year ended December 31, 2019 of the Company.

During the Organizational Meeting of the Board of Directors held on August 12, 2020, the following matters were discussed/approved: (i) minutes of the board meeting held on March 3, 2020; (ii) minutes of the executive committee meeting held on February 3, 2020, March 3, 2020, March 10, 2020 and May 28, 2020; (iii) election of officers; (iii) election of members of the Executive Committee; and (iv) election of members to the Corporate Governance, Audit and Stock Option committees.

Copies of the minutes will be made available for review by the stockholders present in the annual meeting.

The affirmative vote of a majority of the votes cast on this matter is necessary for approval of the minutes.

### **Other Proposed Actions**

The acts of Management from the last annual stockholders' meeting to the present will be presented for stockholders' ratification at the meeting.

### **Voting Procedures**

For the election of directors, the eleven (11) nominees receiving the most number of votes will be elected to the Board of Directors. Cumulative voting will apply.

For all other matters to be taken up, majority vote of the outstanding capital stock present and represented at the meeting where a quorum exists shall be sufficient.

Voting shall be done *viva voce* or by raising of hands and the votes for or against the matter submitted shall be tallied by the Corporate Secretary in case of a division of the house.

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***UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY WILL PROVIDE, WITHOUT CHARGE, A COPY OF THE COMPANY'S SEC FORM 17-A (ANNUAL REPORT) DULY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE STOCKHOLDER MAY BE CHARGED A REASONABLE COST FOR PHOTOCOPYING THE EXHIBITS.***

***ALL REQUESTS MAY BE SENT TO THE FOLLOWING ADDRESS:***

**PhilWeb Corporation**  
41<sup>st</sup> Floor, One San Miguel Avenue Condominium  
San Miguel Avenue corner Shaw Boulevard

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Ortigas Center, Pasig City, Philippines  
Attention: Mr. Alexius D. Coliat  
Treasurer/Chief Finance Officer

**SIGNATURE**

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 April 12, 2021.

Issuer: **PHILWEB CORPORATION**

Date: April 28, 2021

A handwritten signature in black ink, appearing to read "Edgar B. K. Ng".

Signature and Title:

**Edgar Brian K. Ng**  
President

**PHILWEB CORPORATION**

**MANAGEMENT REPORT**

for the  
2021 Annual Meeting of Stockholders  
Pursuant to SRC Rule 20 (4) (A)

**A. *Audited Financial Statements for Fiscal Year Ended December 31, 2020***

Please see attached audited consolidated financial statements as of December 31, 2020.

**B. *There were no disagreements with the accountants***

**C. *Management's Discussion and Analysis or Plan of Operations***

**Plan of Operations**

The current capitalization of the Company, and expected future revenues from its various Internet gaming activities are projected to sufficiently meet the Company's operating cash requirements. Acquisition of computers and other equipment, which are not expected to be of material amount, shall be funded from internally generated funds.

No extraordinary purchase or sale of plant and equipment are expected beyond those in the regular course of the Company's operations. All purchases will be financed through internally generated funds and existing capitalization.

Hiring of employees will continue in the regular course of business.

**Results of Operation**

	For the Period Ended December 31 2020	For the Year Ended December 31 2019	For the Year Ended December 31 2018	For the Year Ended December 31 2017
<b>Income Statement</b>				
Revenues	264,881,733	539,862,792	424,566,647	160,750,753
Costs and Expenses	312,465,901	544,176,264	506,202,842	498,698,748
Other Income (Loss) - Net	(29,575,847)	(29,687,837)	(11,033,255)	3,059,204
Net Loss	(59,506,366)	(85,522,377)	(78,066,237)	(294,425,152)
Retained Earnings at Beginning of Period	915,975,595	1,485,794,383	1,563,374,351	1,856,644,010
Retained Earnings at End of Period	856,469,229	915,975,595	1,485,794,383	1,563,374,351

<b>Balance Sheet</b>				
Current Assets	435,459,545	412,575,368	129,947,380	161,202,593
Total Assets	759,675,306	793,771,386	386,045,369	438,257,162
Total Liabilities	560,891,899	533,887,650	379,886,037	364,034,542
Total Equity	198,783,407	259,883,736	6,159,332	74,222,620

Performance for the Period Ended December 31, 2020

*Cash and Cash Equivalents*

The cash and cash equivalents increased by P3.4 million or 9.1% versus last year. The Company generated cash from operation and obtained working capital advances of P9.0 million and used P3.3 million to pay loans and P2.3 million to acquire fixed assets.

*Receivables (net)*

The receivables increased by P21.8 million or 6.5% versus last year, mainly due to the loans extended to operators and increase in trade receivables.

*Prepayments and Other Current Assets*

Prepayments and other current assets decreased by P2.3 million or 5.7% versus last year mainly due to the amortization of prepayments.

*Property and Equipment*

The decreased in property and equipment of P41.4 million or 36.3% represents the total acquisitions of P2.3 million less depreciation and amortization amounting to P43.7 million.

*Right-of-use (ROU) Assets*

ROU assets decreased by P37.4 million or 33.7% mainly due to the amortization recognized during the year as a result of the adoption of new accounting standard, PFRS 16.

*Net Deferred Tax Assets*

Net Deferred tax assets increased by P18.3 million or 57.3% mainly due to the recognition of temporary difference arising from Net Operating Losses.

*Other Noncurrent Assets*

Other noncurrent assets increased by P3.5 million or 2.8% mainly due to the increase in noncurrent input VAT.

*Accounts Payable and other current liabilities*

The increased in accounts payable and other current liabilities by P56.2 million or 32.9% was mainly due to the increase in trade payables and accruals.

*Notes Payable*

Notes payable decreased by P3.3 million or 1.6% due to the payment of loans.

*Lease Liabilities*

Lease liabilities current and noncurrent decreased by P33.2 million or 29.1% mainly due to the payment of lease liabilities as a result of the adoption of new accounting standard, PFRS 16.

*Retirement Benefits Liability*

The increased in retirement benefits liability of P7.3 million or 24.0% represents additional provision for employees' retirement benefits, net of actuarial gain.

*Other Noncurrent Liability*

Other noncurrent liability decreased by P0.1 million or 0.3% due to refund of operators' deposit.

*Capital stock*

There is no movement for capital stock during the year.

*Additional paid in capital*

There is no movement for additional paid in capital during the year.

*Retained earnings*

The decreased in retained earnings of P59.5 million or 6.5% was attributable to the net loss during the year.

*Treasury stock*

There is no movement for treasury stock during the year.

*Income and Expenses*

Net loss decreased by P26.0 million or 30.4%, from P85.5 million last year to P59.5 million this year. The decreased is mainly due to the recognition of income tax benefits from the deferred tax assets on net operating loss carryover.

For the year ended December 31, 2020, the Company's EBITDA decreased by 123.2% or P71.9 million, from P58.4 million last year to (P13.5 million) mainly due to the suspension of gaming operation starting Mid-March 2020. However, with the improvements of revenues in the second half of the year and continues management of cost, the Group generated the highest quarterly EBITDA and Net Income in Q4 2020 since the restart of operation in 2017 amounting to P29.7 million and P7.3 million, respectively.

*Revenues*

Total revenues decreased by P275.0 million or 50.9%, to P264.9 million for the year ended December 31, 2020 from P539.9 million registered last year. The decreased was mainly due to the suspension of gaming operation as a result of the strict community quarantine protocols implemented by the government which started on the second half of March 2020. However, some sites have been gradually reopen starting mid of June 2020 resulting to improvements in revenue. Revenue generated in fourth quarter of 2020

amounts to P105.4 million, better by 235.7% as compared to P31.4 million in third quarter of 2020.

*Costs and Expenses*

To lessen the impact of the foregone revenue during the strict community quarantine period, cost reduction and saving measures are implemented. This results to reduction of costs and expenses by P231.7 million or 42.6% from P544.2 million in 2019 to P312.5 million in 2020.

*Other Income (Charges)*

Other charges slightly decreased by P0.1 million or 0.4% mainly due to the gain on sale of property and equipment.

Performance for the Period Ended December 31, 2019

*Cash and Cash Equivalents*

The cash and cash equivalents decreased by P16.7 million or 30.7% versus last year. The Company generated cash from operation of P58.4 million and borrowed additional loan and collected subscription receivables of P100.3 million, and used P44.4 million to pay off aging payables and P114.3 million to acquire fixed assets and pay performance cash deposit to PAGCOR.

*Receivables (net)*

The receivables increased by P295.8 million or 770.8% versus last year, mainly due to receivable from sale of treasury share.

*Prepayments and Other Current Assets*

Prepayments and other current assets increased by P3.6 million or 9.5% versus last year mainly due to increase in input VAT.

*Property and Equipment*

The increased in property and equipment of P14.7 million or 14.8% represents the total acquisitions of P79.3 million less depreciation and amortization amounting to P64.6 million.

The acquisitions mainly pertain to the fair value of property and equipment acquired from existing operators.

*Right-of-use (ROU) Assets*

ROU assets amounting to P111.0 million are recognized as a result of the adoption of new accounting standard, PFRS 16. These represent the right to use the underlying assets during the lease term.

*Net Deferred Tax Assets*

Net Deferred tax assets decreased by P48.3 million or 60.2% mainly due to expiration of temporary difference arising from Net Operating Losses.

*Other Noncurrent Assets*

Other noncurrent assets increased by P47.8 million or 62.4% mainly due to increase in performance cash deposit paid to PACGOR.

*Accounts Payable and other current liabilities*

The decreased in accounts payable and other current liabilities by P32.2 million or 15.9% was mainly due to payment of aging payables.

*Notes Payable*

Notes payable increased by P57.4 million or 39.3% due to availment of loans.

*Lease Liabilities*

Lease liabilities are recognized as a result of the adoption of new accounting standard, PFRS 16. These pertain to the current and noncurrent portion of lease payment amounting to P35.8 million and P78.5 million, respectively.

*Retirement Benefits Liability*

The increased in retirement benefits liability of P15.4 million or 102.1% represents additional provision for employees' retirement benefits, net of actuarial gain.

*Other Noncurrent Liability*

Other noncurrent liability decreased by P1.0 million or 6.4% due to refund of operators' deposit.

*Capital stock*

The increased in capital stock of P11.2 million or 0.7% was due to issuance of shares and collection of unpaid subscribed capital.

*Additional paid in capital*

The decreased in additional paid in capital of P353.6 million or 35.0% was due to issuance of treasury shares at a price lower than cost.

*Retained earnings*

The decreased in retained earnings of P569.8 million, or 38.4% was attributable to issuance of treasury shares at a price lower than cost and net loss during the period.

*Treasury stock*

The decreased in treasury stock of P1,171.0 million or 29.3% was due to reissuance of shares.

*Income and Expenses*

For the year ended December 31, 2019, the Company's EBITDA increased by 529.4% or P49.1 million, from P9.3 million last year to P58.4 million this year. Loss before income tax decreased by 63.3% or P58.7 million, from P92.7 million last year to P34.0 million this year mainly due to expansion of company's operation at the same time maintaining the

level of costs and expenses. However, due to increase in provision for income tax deferred arising from reversal of deferred tax assets on net operating loss carryover, Net loss increased by P7.6 million or 9.6%, from P78.1 million last year to P85.5 million this year.

*Revenues*

Total revenues increased by P115.3 million or 27.2%, to P539.9 million for the year ended December 31, 2019 from P424.6 million registered last year. The increase was mainly due to the increase in number of operating sites.

*Costs and Expenses*

Cost and expenses in 2019 increased by P38.0 million or 7.5% as compared last year mainly due to expansion and increase in number of operating locations.

*Other Income (Charges)*

Other charges increased by P18.7 million or 169.1% mainly due to increase in interest expense.

Performance for the Period Ended December 31, 2018

*Cash and Cash Equivalents*

The cash and cash equivalents decreased by P57.7 million or 51.5% versus last year. The Company generated cash from operation of P12.7 million and borrowed additional loan and collected subscription receivables of P17.3 million, and used P47.7 million to pay off aging payables and P40.0 million to acquire fixed assets and pay performance cash deposit to PAGCOR.

*Receivables (net)*

The receivables increased by P15.7 million or 69.2% versus last year, mainly due to increase in trade receivables.

*Prepayments and Other Current Assets*

Prepayments and other current assets increased by P10.8 million or 40.6% versus last year mainly due to increase in input VAT and prepaid taxes.

*Property and Equipment*

The decreased in property and equipment of P44.7 million or 31.1% represents the total acquisitions of P19.6 million less depreciation and amortization amounting to P64.3 million.

The acquisitions mainly pertain to the fair value of property and equipment acquired from existing operators.

*Net Deferred Tax Assets*

Net Deferred tax assets increased by P15.9 million or 24.7% mainly due to recognition of income taxes recoverable in future periods arising from Net Operating Losses.

*Other Noncurrent Assets*

Other noncurrent assets increased by P7.8 million or 11.3% mainly due to increase in performance cash deposit paid to PACGOR.

*Accounts Payable and other current liabilities*

The decreased in accounts payable and other current liabilities by P1.3 million or 0.6% was mainly due to payment of aging payables.

*Notes Payable*

Notes payable increased by P6.2 million or 4.4% due to availment of loans.

*Retirement Benefits Liability*

The increased in retirement benefits liability of P7.9 million or 111.1% represents additional provision for employees' retirement benefits, net of actuarial gain.

*Other Noncurrent Liability*

Other noncurrent liability increased by P3.1 million or 23.9% due to increase in cash deposits as a result of the increase in the number of sites serviced by PhilWeb EGS.

*Capital stock*

The increased in capital stock of P7.6 million or 0.5% was due to issuance of shares and collection of unpaid subscribed capital.

*Additional paid in capital*

The decreased in additional paid in capital of P3.4 million or 0.3% was due to issuance of treasury shares at a price lower than cost.

*Retained earnings*

The decreased in retained earnings of P77.6 million, or 5.0% was attributable to the net loss during the period.

*Treasury stock*

The decreased in treasury stock of P10.1 million or 0.3% was due to reissuance of shares.

*Income and Expenses*

For the year ended December 31, 2018, the Company's EBITDA increased by 106.1% or P161.8 million, from (P152.5 million) last year to P9.3 million this year. Net loss decreased by 73.5% or P216.4 million, from P294.4 million last year to P78.1 million this year mainly due to expansion of company's operation at the same time maintaining the level of costs and expenses.

*Revenues*

Total revenues increased by P263.8 million or 164.1%, to P424.6 million for the year ended December 31, 2018 from P160.8 million registered last year. The increase was mainly due to the increase of operating sites from 16 to 60 locations at the end of the year.

*Costs and Expenses*

Cost and expenses in 2018 slightly increased by P7.5 million or 1.5% compared last year as a result of the increase in number of operating sites. The increased is mitigated by the decreased in noncash expenses and the impact of the implementation of several cost reduction measures despite expansion of operations.

*Other Income (Charges)*

Other charges increased by P14.1 million or 460.7% mainly due to increase in interest expense.

### **The Company's Key Performance Indicators**

For the year 2020, the Company's key performance indicators are the following:

- 1.) The Company's Earnings Before Interest, Taxes, and Depreciation and Amortization (EBITDA) was (P13,532,636) or 123.2% lower compared last year.
- 2.) Revenues decreased in 2020 by 50.9% from P539,862,792 to P264,881,733.
- 3.) Operating loss margin was 18.0%. Operating loss of (P47,584,168) divided by Net Revenues of P264,881,733.
- 4.) Current ratio was at 0.94:1.00. Current Assets of 435,459,545 divided by Current Liabilities of P463,385,755.
- 5.) Asset to equity ratio was at 3.82:1.00. Total Assets of P759,675,306 divided by Total Equity of P198,783,407.
- 6.) Debt to equity ratio was at 2.82:1.00. Total Liabilities of P560,891,899 divided by Total Equity of P198,783,407.

For the year 2019, the Company's key performance indicators are the following:

- 1.) The Company's Earnings Before Interest, Taxes, and Depreciation and Amortization (EBITDA) was P58,400,676 or 529.4% higher compared last year.
- 2.) Revenues increased in 2019 by 27.2% from P424,566,647 to P539,862,792.
- 3.) Operating loss margin was 0.8%. Operating loss of (P4,313,472) divided by Net Revenues of P539,862,792.
- 4.) Current ratio was at 1.01:1.00. Current Assets of P412,642,890 divided by Current Liabilities of P410,078,388.
- 5.) Asset to equity ratio was at 3.05:1.00. Total Assets of P793,771,386 divided by Total Equity of P259,883,736.

- 6.) Debt to equity ratio was at 2.05:1.00. Total Liabilities of P533,887,650 divided by Total Equity of P259,883,736.

For the year 2018, the Company's key performance indicators are the following:

- 1.) The Company's Earnings Before Interest, Taxes, and Depreciation and Amortization (EBITDA) was P9,278,305 or 106.1% higher compared last year.
- 2.) Revenues increased in 2018 by 164.1% from P160,750,753 to P424,566,647.
- 3.) Operating loss margin was 19.2%. Operating loss of (P81,636,195) divided by Net Revenues of P424,566,647.
- 4.) Current ratio was at 0.37:1.00. Current Assets of P129,947,381 divided by Current Liabilities of P349,006,437.
- 5.) Asset to equity ratio was at 62.68:1.00. Total Assets of P386,045,369 divided by Total Equity of P6,159,332.
- 6.) Debt to equity ratio was at 61.68:1.00. Total Liabilities of P379,886,037 divided by Total Equity of P6,159,332.

### **Key Variable and Other Qualitative and Quantitative Factors**

There were no known trends, events or uncertainties that will have material impact on the Company's liquidity.

There were no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

There were 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.

The current capitalization of the Company and expected future revenues from its various activities are projected to sufficiently meet the Company's operating cash requirements.

No extraordinary purchase of plant and equipment are expected beyond those in the regular course of the Company's operations.

There were no known trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the Company's revenues or continuing operations.

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

There were no known causes for any material changes from period to period of financial statements, which shall include vertical and horizontal analyses of any material item.

There are no seasonal aspects that have material effect on the Company's financial condition or results of operation.

#### **Audit and Audit Related Fees**

Audit fees in relation with the services rendered for the examination and preparation of the Company's financial statements. The following table sets out the aggregate fees billed for each of the last three years for professional services rendered by the independent public accountant.

	2020	2019	2018
Audit and Audit-Related Fees	P540,000	P600,000	P600,000
Tax Fees	None	None	None
Other Fees	None	None	None
Total	P540,000	P600,000	P600,000

The auditor of the Company conducted its audit in accordance with the auditing standards generally accepted in the Philippines with the objective of expressing an opinion as to whether the presentation of the financial statements, taken as a whole conforms with the accounting principles generally accepted in the Philippines. They performed tests of the accounting records and such other procedures, as they considered necessary in the circumstances to provide a reasonable basis for an opinion on the financial statements. They also assessed the accounting principles used and significant estimates made by the management and evaluated overall financial statements presentation.

The auditor also considered the Company's internal control in order to determine the nature, timing and extent of the audit procedures for the purpose of expressing an opinion on the financial statements. There were no additional fees related to this.

There were no products and services provided by the external auditor other than the services reported under the above items.

The Audit Committee approved the policies and procedures in relation to the services of the external auditor.

#### **D. General Nature and Scope of Business**

PhilWeb Corporation, the Company, was originally a mining and exploration company incorporated in August 20, 1969 under the name "South Seas Oil and Mineral Exploration Co. Inc." with an authorized capital stock of P50 million divided into five billion shares with a par value of P0.01 per share. On March 29, 1984, the stockholders authorized the change in the

Company's name to "South Seas Natural Resources, Inc." which was approved by the SEC. The stockholders subsequently authorized on September 22, 1987 an increase in the Company's authorized capital stock to P200 million divided into 20 billion shares with a par value of P0.01 each share, 60% of which were classified as Class "A" shares which may be held only by Filipino citizens, and 40% of which were classified as Class "B" shares which may be held by non-Filipinos. The SEC approved the increase in capital and classification of shares of stock.

The Company became an Internet company in January 18, 2000 upon the stockholders' approval of a restructuring plan which involved changes in the Company's name, primary purpose, increase in capital stock, declassification of shares, increase in the number of directors, and adoption of new by-laws, among other matters. At the same meeting, the stockholders likewise authorized the Board of Directors to sell all or substantially all of the assets of the Company and approved the sale of the mining properties and tangible mining assets.

On January 18, 2000, the Parent Company entered into a Deed of Assignment with All-Acacia Resources, Inc. whereby the Parent Company transferred all its rights over its mining claims located in the Provinces of Samar and Surigao and all of its mining assets, both tangible and intangible, used in the Parent Company's mining operations. In consideration therefore, All-Acacia agreed to assume all liabilities and obligations of the Parent Company, including those relating to the assignment of advances from stockholders and/or deposits on subscriptions in excess of P18 million which had been agreed to be converted to equity of the Parent Company, and arrange for the resignation, retirement or termination of all the Parent Company's personnel relating to the mining business and pay their corresponding separation or retirement pay, as well as hold the Parent Company free and harmless from any expense, liability or obligation arising from the operation of the Parent Company as of the date of the Agreement.

The change in the Company's corporate name to "PhilWeb.Com, Inc.", its primary purpose from a mining and oil exploration company to that of an Internet company, increase in the number of directors to 15, and adoption of new By-laws became effective upon their approval by the SEC on February 8, 2000. The SEC subsequently approved the increase in the Company's authorized capital stock to P2.6 Billion and the declassification of its common shares to one class on March 6, 2000.

At the annual stockholders' meeting on May 31, 2002, the stockholders approved the change in corporate name from "PhilWeb.com, Inc." to "PhilWeb Corporation". The SEC approved these changes on November 5, 2002.

At the annual stockholders' meeting on May 29, 2003, the stockholders approved the amendment of the Company's Articles of Incorporation by changing the primary purpose to that of application service provider for gaming and including the current internet business activities as an additional secondary purpose of the Company. The SEC approved these amendments on November 10, 2005.

At the annual stockholders' meeting on May 28, 2009, the stockholders approved the amendment to the Company's Articles of Incorporation changing the par value of the Company's common stock from P0.01 per share to P1.00 per share, with the authorized capital stock unchanged at P2.6 Billion but with a concurrent decrease in the number of shares from 260

Billion shares to 2.6 Billion shares. On September 22, 2009, the Securities and Exchange Commission approved the said amendment.

### **1.1 PAGCOR e-Games cafés**

e-Games was licensed by the Philippine Amusement and Gaming Corporation (PAGCOR) in 2003 to launch e-Games Stations, which are Internet cafés exclusively dedicated to casino games. With technology provided by PhilWeb, patrons can choose from more than 300 casino games, including baccarat, blackjack, various slot machine games, video poker and sports betting. Most e-Games cafés operate on a 24/7 basis.

There were 288 operating e-Games cafés across the country, majority of which are owned and operated by independent operators. These e-Games Operators handle day-to-day operations and get a commission based on the casino winnings of the café.

On August 11, 2016, PAGCOR decided not to renew the Intellectual Property License and Management Agreement (IPLMA) with PhilWeb. Following the expiration of the said IPLMA with PAGCOR for the e-Games service, PhilWeb has was unable to provide services to the e-Games operators.

On August 14, 2017, PAGCOR published guidelines for the Accreditation of Electronic Gaming System Service Provider. PAGCOR issued its first Electronic Gaming System accreditation to PhilWeb on October 30, 2017. On December 1, 2017, the first 16 electronic gaming locations were allowed to operate under PhilWeb's Electronic Gaming System platform.

On February 20, 2018, PAGCOR then allowed the Company to offer its services to an additional 21 e-Games Stations. On March 7, 2018, PAGCOR issued a memorandum accepting and processing applications of new and existing operators to resume the use of the Company's Electronic Gaming System platform, thereby allowing the Company to fully resume its operations.

#### ***Operator Partnerships***

As of the preparation of this report, there are 85 locations across the country that are operating under PhilWeb.

#### ***Content and Services***

PhilWeb's Electronic Gaming System platform resumed with the Magic Macau suite of casino games. These games include wide-area progressive slots, video poker, and electronic table games such as Blackjack and Baccarat. The Company implemented two more gaming softwares containing various games during the year. This gives more variety and options for the customers of eGaming locations.

Apart from these, PhilWeb also resumed support services being provided to Operators, such as Accounting and Reporting, jackpot fund management, remittance management, technical support, marketing and customer service.

### *Marketing*

At the resumption of its Electronic Gaming service, PhilWeb launched a number of marketing initiatives to build awareness of the return of its platform. Operating sites were provided with support collaterals covering regulatory announcements, branded content and promotional activities. PhilWeb also provided financial and logistical support for relaunch activities under the new platform.

PhilWeb also conducted customer experience enhancement activities such as the daily "Power Hour" draw and the weekly "Platinum Customer" draw which rewarded customers for playing and staying loyal to the PhilWeb gaming platform.

### **1.2 BigGame, Inc.**

From 10 operating locations at the start of 2017, BigGame ended 2020 with 32 operating locations across the country. This was achieved partly through the acquisition of electronic gaming sites in different parts of the country.

BigGame's network of cafés functions as the Company's "R&D laboratory" where new games, strategies and other innovative ideas are first tested. Results, whether positive or negative, are reported to e-Games operators during the quarterly General Assemblies. If a new game or idea delivers positive results and is approved unanimously by the operators, the BigGame café in question becomes the standard by which all other BigGame and e-Games cafés will follow. Because of this rigorous process, BigGame continues to bring in improved gaming configurations and upgrades for the Company's various services and amenities

### *Best Gaming Experience*

BigGame continues to provide the Best Gaming Experience to its customers. Continuous daily food service has become a mainstay at the BigGame locations since its introduction in 2016.

BigGame continues its site expansion, renovation and refurbishment activities in 2018. The year ahead will also see more innovations and improvements in player experience. Player acquisition efforts will also be a focus through activation activities in various entertainment establishments. BigGame remains committed to increasing customer service levels, as well as adding site amenities and creating an ambiance that extends the best gaming experience for our target market.

### **1.3 e-Bingo**

In an effort to expand and diversify operation, PhilWeb, thru Easy e-Bingo, Inc. (a wholly-owned subsidiary) acquired two electronic bingo sites located in the National Capital Region. This provides PhilWeb with valuable insights into another segment of the gaming industry.

Easy e-Bingo, Inc. is currently operating six e-Bingo locations.

## **1.4 Corporate Services**

### *Finance*

The PhilWeb Finance Department continued to provide its unwavering support to the growth of the business through the sound implementation of financial systems, processes and internal control policies that safeguard the Company assets and resources.

Finance developed the reporting process and reconciliations of progressive jackpot contributions and actual payouts for slot machine games. This paved the way for PAGCOR to approve the introduction of new games with large progressive payouts, such as Happy Golden Ox, Three Stooges and Rudolf's Revenge. The introduction and implementation of new games was successful not only in creating excitement for our players, but also in delivering additional revenue to all our stakeholders.

Another milestone was the implementation of our closed-loop e-wallet which we branded "e-SAFE". The keys to the implementation of e-SAFE were the internal controls and security measures that we established to ensure that the client's money is safe and secure. Coupled with the introduction of new gaming platforms such as MSW, the e-SAFE will now allow players to place bets to these games using the wallet balance. This will also allow players to receive payouts through their wallets, which they can keep or withdraw any time they want. The Company is looking of re-launching this wallet in the near future.

Finance continues to ensure that all cash from the nationwide network of e-Games are collected on a timely and accurate manner. Through our company-proprietary POS system and 24/7 operation of our Cash Centers, we are able to monitor cash exposure and thereby enabling us to collect or replenish the cash needs of each site almost immediately. Our arrangements with banks, also allow us to replenish the operator and pay the player of the provincial sites on a real-time basis. The strict implementation of collection policies enables us to manage our cash with very minimal risk to the Company and to the operator.

Finance continuously provides financial reports, reconciliations in a timely manner to management and stakeholders to support key business decisions.

### *Legal*

The Legal Department ensures that the interests of the Company as well as its subsidiaries and affiliates are fully protected. Likewise, it makes certain that the Company observes all laws, rules and regulations relevant to the operation of its business and that it complies with all the reportorial requirements of various government offices and agencies such as, but not limited to, the Securities and Exchange Commission, the Philippine Stock Exchange, the Board of Investments and the Philippine Economic Zone Authority. In the same manner, the Legal Department manages and oversees the Company's dealings with concerned local government units with respect to the issuances of permits and licenses.

The Legal Department is also responsible for the registration of trademarks, patents and copyrights that are aimed to protect the intellectual property rights of the Company. Moreover, it is in-charge of reviewing all the contracts that the Company enters into thereby guaranteeing that the terms of every agreement are beneficial to the interests of the Company. Further, the Legal Department handles all cases brought by or against the Company whether these cases involve civil, criminal or administrative matters. In all, the Legal Department serves as the legal adviser and consultant of the Company, ever vigilant and protective of the Company's rights and interests.

### ***Customer Support***

In our continued drive to provide fast and reliable support to all e-Games members, operators and site staff, as well as customers of MegaSportsWorld 365 days a year, 24 hours a day, several changes were introduced in the Customer Support department. New channels were opened from the traditional hotline and email, to include SMS and chat support through the Viber app. A new Customer Relationship Management system was likewise implemented giving the team and other key customer facing groups a real time, single source of client engagements and interactions. With such improvements in place, over 250,000 transactions were handled last year across all PhilWeb products and the different channels. Customer Support has maintained a 92% average answer rate for all inbound calls and written customer correspondences (email, SMS and chat) were responded to within 30 minutes. On top of all inbound transactions from various stakeholders, the group has carried out continuous outbound support for other departments: Marketing - for promo related activities; Information Technology - for maintenance advisories; and Finance - for cash collection and replenishment.

The group aims to enrich and further improve customer experience by providing more options for individuals to communicate and interact with us, streamline processes to shorten resolution times, and targeted staff training to reinforce the culture of service in every member of the Customer Support team.

### **1.5 Information Technology**

PhilWeb's Information Technology group is composed of four functional departments, namely: Infrastructure, Software Development, Service Delivery and Service Support. Each department's functions are aligned with PhilWeb's operational requirements as well as its corporate needs.

The Infrastructure Department's primary role is to provide all the components - hardware, software, network resources, facilities and services - needed to deliver IT services for PhilWeb's casino and corporate operations. The team is also responsible for the monitoring and maintenance of these components, providing level two support to ensure that operations are available 24/7.

The Software Development Department is in charge of creating and implementing software vital to PhilWeb's casino operations. As of this writing, a number of home grown applications are in production which will allow PhilWeb to provide a better experience to its operators by

providing a point-of-sales system through which they can record and track member transactions in the site. Members are provided a better gaming experience by providing members a facility to manage their membership information as well as loyalty points. Internally, the group has also developed tools to provide the operational teams such as Customer Support, Finance Operations, and Casino Operations with the information they need for their day-to-day activities.

The Service Delivery Department is responsible for the implementation and management of quality IT services. Guided by industry best practices, the group manages delivery of services through the disciplines of Project Management and Service Management. In line to its vision to ensure quality, the team also has a Quality Assurance unit which conducts testing on home grown software prior to customer endorsement in order to ensure that business requirements are met.

The Service Support Department is in-charge of providing first level technical support and service monitoring to ensure that IT services are always available to both internal and external customers of the Company. There are two groups under this department: a) the Technical Support team, which monitors and performs first level troubleshooting on services pertaining to PhilWeb's corporate & casino infrastructure and B) Field Support, which is tasked to provide first level troubleshooting for e-Games sites. Tickets reported by site personnel and operators are first escalated to this team for validation and resolution.

### *Information Security*

PhilWeb transformed the Security and Compliance Group into the Information Security Group. The Group provides guidance on securing and protecting the privacy of information, and ensures that the institution maintains appropriate operational controls, standards, processes and Information security policies. The Information Security Group reports directly to the Office of the President.

After the establishment of the Information Security Group, IT network security was transferred from The Information Technology Group to Information Security in order to provide a better alignment and direction with regards to PhilWeb Security. The IT Network Security team focuses on PhilWeb's perimeter security, on the design and implementation of security appliances, and on ensuring a secured gaming environment.

Information Security Engineering was also established to provide application security, endpoint security and access control management for PhilWeb Corporation.

The Information Security Group is composed of two teams, namely the Information Security Engineering Team and IT Network Security.

## **1.6 Human Resources and Administration**

### *Organization Structure*

PhilWeb's Human Resources and Administration Departments were re-structured in January of 2016 and became one division, Human Resources and Administration. Merging the two departments was effective and cost efficient maximizing the combined competencies of the former 2 departments that gave more solid support for the Company.

### *The Human Resources Department (HR)*

#### *Recruitment & Selection*

Recruitment and Selection in PhilWeb continued to follow stringent procedures to ensure that we are hiring only qualified and competent workforce.

New Hires Orientation covering the Company's Vision, Mission and Core Values, Culture and History of PhilWeb, the Organization Chart, Product Training, Policies and Procedures and Code of Conduct as well as explanation on their Employment Contract – comprise the outline of the Induction Program and is given prior to turnover to the requesting department. Technical orientation is handled by the respective department.

As of December 31, 2020, the Company has total of 154 employees.

#### *Compensation and Benefits*

The HR Department ensured timely delivery of compensation and benefits to the workforce and their professional and personal growth were charted through based Performance Evaluation/Appraisal.

#### *Employee Engagement*

In addition to workplace learning and development interventions as tool for workforce retention and engagement, regular general assemblies and other means of communication are undertaken to get the workforce pulse as regards the company's business developments.

#### *Corporate Social Responsibility (CSR)*

PhilWeb reaffirms its commitment and responsibility to its stakeholders through sound and efficient fiscal management of its business from top to departmental level. While this is foremost in our minds, the responsibility to our constituents and community and the environment we work in cannot be undermined.

PhilWeb continues to share our resources and propagates its advocacy to bring computer literacy and education to the less privileged of our society even to the farthest and remote areas. Consistent with the government's endeavor of inclusive growth, the donation does not only end

in the delivery of the hardware but comes with related trainings and applications on the use of computers and applications.

***The Administration Department***

The Administration Team continued to place great effort in cost-effective measures to support the company's goal to achieve economy and efficiency in its operations without sacrificing the quality of support they render to PhilWeb.

The Administration Team continued to do their share in the timely delivery of their services, ensured that needs of the company were met and repairs and preventive maintenance on the equipment were planned and executed with the least downtime to the Company.

The Human Resources and Administration Division will continue to be a strategic partner of the different business units of PhilWeb and will continue to contribute to innovation for excellence in all our endeavors.

**Subsidiaries**

The following are the subsidiaries of the Company:

<u>Subsidiaries</u>	<u>Line of Business</u>
1. BigGame, Inc. ("BGI")	Operates internet gaming and bingo stations.
2. Premyo sa Resibo, Inc. ("PSR") (g)	Develops and markets computer systems, applications, programs and operate gaming platforms in relation to Premyo Sa Resibo program of the BIR and Philippine Amusement and Gaming Corporation (PAGCOR).
3. PhilWeb Casino Corporation ("PCC") (a)	Develops, engages and maintains gaming systems and applications for all types of casino operations whether land-based, internet-based or virtual.
4. e-Magine Gaming Corporation (b)	Develops technology for the gaming industry.
5. PhilWeb Leisure & Tourism Corporation ("PLTC") (a)	Establishes, operates, and maintains leisure and tourism-oriented activities.
6. PhilWeb Tourism and Entertainment Corporation ("PTEC") (a)	Establishes, operates and maintains leisure-oriented activities, except in the travel agency business, and facilities such as but not limited to hotels, courts, stadiums and other facilities for the conduct of any and all kinds of sports and games.

7. PhilWeb International Gaming Corporation ("PIGC") (c)	Engages in international gaming ventures including all forms of gaming which are legal in the countries in which it will operate.
8. Easy e-Bingo, Inc. (e)	Engage in the business of setting up internet bingo stations and its operations.
9. PhilWeb Mobile Lottery Corp. ("PMLC") (a)	Operate, as may be permitted by law, either alone or in partnership with others, mobile-based lottery games and other related mobile game offerings.
10. PhilWeb Asia-Pacific Corporation	Engage in international gaming ventures including all forms of gaming which are legal in the countries in which it will operate.
11. PhilWeb (Cambodia) Ltd.	Incorporated under the laws of Kingdom of Cambodia, and shall engage in the business of operating internet-based and mobile-based games of chance including but not limited to lottery, internet casino café and other games of chance as they become legally available in the Kingdom of Cambodia.
12. PhilWeb Lorosae, Lda. (h)	The Company was incorporated under the laws of Timor Leste and is engaged in the business of operating instant Scratch n' Win.
13. Guam Sweepstakes Corp.	Incorporated in the Territory of Guam and entered into a Memorandum of Agreement with a prominent local family.
14. Gold Scratch and Win Co., Ltd. (h)	Incorporated under the laws of the Kingdom of Cambodia and engaged in the business of operating instant Scratch n' Win.
15. Best Choice Holdings, Inc.	Engages to purchase, own, and hold stocks of other corporations and to do every act and thing covered generally by the denomination "holding corporation".
<b>30% owned with control:</b> 16. Major Games and Amusement Corporation (d)	Establishes, operates and provides consultancy services with regards to amusement, recreational, gaming and gaming equipment facilities and enterprises of every kind and nature.
<b>Special Purpose Entity:</b> 17. Pure Corporate Investments Ltd. (f)	Holds 50% ownership in Host Union International Limited

(a) Not in commercial operations as at December 31, 2018.

(b) Formerly PhilWeb Gaming Solutions Corporation (PGSC), change in registered business activity and name were approved

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by the SEC on July 17, 2012 and December 17, 2012, respectively.

(c) Currently the parent company of PhilWeb Asia-Pacific Corporation.

(d) Became a subsidiary effective January 1, 2012.

(e) Formerly PhilWeb Homeplay Inc, change in name was approved by the SEC on April 7, 2014.

(f) Acquired in 2012, 100% owned in 2012.

(g) Ceased commercial operations effective October 1, 2014.

(h) Dissolution of PhilWeb Lorosae, Lda and Gold Scratch and Win Co., Ltd. was approved by the Board of Directors on December 19, 2014 and January 16, 2015, respectively.

## Directors and Executive Officers

PhilWeb's present Board of Directors is composed of 9 members elected by and from among the Company's stockholders. The Board is responsible for providing overall management and direction to the Company.

The directors and executive officers of the Company and a brief description of their business experience for the past five years are discussed below:

Name	Age	Position/Citizenship/Period Served/Term of Office
Gregorio Araneta III	73	Director & Chairman/Filipino/7 years/1 year
Crisanto Roy B. Alcid	51	Director & Vice-Chairman/Filipino/6 years/1 year
Edgar Brian K. Ng	51	Director & President/Filipino/1 year/1 year
Edgar N. Ang	69	Director/Filipino/4 years/1 year
Luis M. Araneta	36	Director/Filipino/4years/1 year
Mario A. Oreta	74	Director/Filipino/4 years/1 year
Rafael B. Ortigas	60	Director/Filipino/19 years/1 year
Philip S. Tuazon	69	Director/Filipino/4 years/1 year
William M. Valtos, Jr.	60	Director/Filipino/4 years/1 year
Ricky E. Rosario	33	CFO & Comptroller/Filipino/1 year /1 year
Alexius D. Coliat	45	CFO & Treasurer/Filipino/1 year /1 year
Mona Liza I. Navarro	41	Vice President/Filipino/4 years/1 year
Raymund S. Aquino	52	Corporate Secretary/Filipino/4 years/1 year

**Gregorio Ma. Araneta III** was elected Chairman of the Company in September 2016. He was elected Director of the Company in May 2014. He is the Chairman and Chief Executive Officer of Araneta Properties, Inc. since 2010. He is the Chairman and President of Gregorio Araneta, Inc., ARAZA Resources Corporation, H. E. Heacocks Resources Corp., Gregorio Araneta Management Corporation, Gamma Properties Inc. and Carmel Development Inc. He is also the Chairman of Energy and Gas Holdings Inc. Mr. Araneta attended the University of San Francisco and the Ateneo de Manila University, where he received his degree in Bachelor of Arts in Economics.

**Crisanto Roy B. Alcid** was elected Vice-Chairman of the Company in September 2017. He was elected Director of the Company in April 2015. He is the President and Chief Operating Officer of Araneta Properties, Inc. while concurrently serving as Director and Executive Vice President of Gregorio Araneta, Inc., Carmel Development Corp., Gregorio Araneta Management Corporation, and Araza Resources Corporation. Before

joining the Araneta Group, he was formerly connected with Ayala Land, Inc., Asiatrust Development Bank, and Citibank N.A. Mr. Alcid holds a Bachelor of Science Degree in Management Engineering from the Ateneo de Manila University and has completed the General Management Program at the Harvard Business School.

**Edgar Brian K. Ng** was elected Director of the Company in February 2020. He is the President of the Company. In the past, he served as Managing Director/Country Manager of Affinity Express Philippines, Inc., Vice President & Country Manager of RR Donnelley Global Outsourcing, Director for Operations of OfficeTiger Philippines Corporation, and Director of Special Projects (Global Operations Support) for SPi. He also spent six years with The Print Town Group starting as a Prepress Manager for FEP Printing Corp and ending as Senior Vice President of LexMedia Digital. Aside from the corporate world, Mr. Ng was an instructor at both the undergraduate and graduate levels of Ateneo Universities. He has a Bachelor of Arts degree from the Ateneo de Manila University and an MBA from the Ateneo Graduate School of Business.

**Edgar N. Ang** was elected Director of the Company in September 2017. He is the Chairman and President of both The Angcore Group of Companies and AB&T Resources, Inc., which are engaged in Automotive Distribution. He is also the President of Rubiken Trading Corporation, a fertilizer-chemical company. Previously, he was the founder and managing director of Davao Cable World Network and Filipino Cable Corporation prior to its sale. He is also currently serving as Honorary Consul of the Republic of Korea to Davao City. He studied at the Ateneo de Manila University and Sophia University in Tokyo, graduating with Bachelor of Science degrees in Economics & Business Administration.

**Luis M. Araneta** was elected Director of the Company in September 2017. He is a Director and the Business Development Manager of Araneta Properties, Inc. He is the President of Estancias Holdings, Inc. and Cerros Corp, Vice-President and Treasurer of ARAZA Resources Corporation, Director and Corporate Secretary of Carmel Development, Inc., Director of PAGREL, Inc. He is a Director of Belisama Hydropower Corporation and Gregorio Araneta Energy Holdings, Inc. and Corporate Secretary of Gamma Properties, Inc. He studied at the Pace University in New York City where he earned his degree in Business Administration in Management.

**Mario A. Oreta** was elected Director of the Company in May 2016. He is also a former President and Vice-Chairman of Alphaland Development, Inc., Alphaland Balesin Island Resort Corporation, Alphaland Makati Place, Inc., The City Club at Alphaland Makati Place, Inc., Alphaland Balesin Island Club, Inc., and Alphaland Property Management Corporation. He is also a Director of Atok-Big Wedge Co., Inc. Mr. Oreta graduated with honors from the Ateneo De Manila University with a degree of Bachelor of Laws and immediately joined the law firm of Siguion Reyna, Montecillo and Ongsiako. He was also the founder and managing partner of Tanjuatco Oreta and Factoran Law Offices.

**Rafael B. Ortigas** was elected Director of the Company in April 2002. He is the Chairman and President of Leafar Commercial Corporation, a Director of Sagitro, Inc.

and ISM Communications Corporation. He was a director of Itogon-Suyoc Resources, Inc., and OCLP Holdings, Inc. and former General Partner of Ortigas and Company Ltd. Partnership. He is also a Trustee and President of Leafar Foundation, Inc. and a Trustee of the Ortigas Foundation, Inc. He has a Bachelor of Science degree in Computer Science from De La Salle University and an MBA from Ateneo de Manila Graduate School of Business.

**Philip S. Tuazon** was elected Director of the Company in September 2017. He is currently a Director of the Philippine Ports Authority as Private Sector Representative, which position he also held in 1993 to 1999. Concurrently he is also a Director of JYT Investment and Vice President/Director of Fairwind Harbor Services, Incorporated. He was formerly connected with New Filipino Maritime Agencies, Incorporated as Executive Vice President/Director and Director/President of Dolomite Mining Corporation. He was appointed as Administrator of Maritime Industry Authority (MARINA) where he served for almost seven years. He attended his collegiate years in Ateneo De Manila University, where he received his degree in Bachelor of Arts in Economics.

**William M. Valtos, Jr.** was elected Director of the Company in September 2017. He is Managing Director of Tao Corporation. He is also an Independent Director of Investree Philippines, Phizzle Inc., Transweath Fleet Management Corp. and Transweath Parking Services Corp. Prior to joining Tao Corporation, Mr. Valtos held a number of senior executive and Director positions in the ICCP Group over 24 years, including being a Director and CEO of Investment & Capital Corporation of the Philippines and a Director and Senior Managing Director of ICCP SBI Venture Partners. Prior to joining the ICCP Group, Mr. Valtos was Managing Director of Strategic Asset Management, Inc., a Chicago-based private direct investment firm. Mr. Valtos is a former Director of the Investment House Association of the Philippines. He is an Executive-in-Residence at the Asian Institute of Management. Mr. Valtos holds an MBA from the Kellogg School of Management at Northwestern University. He earned a BA in Economics and Political Science from the University of Illinois, where he was a Rhodes Scholar Candidate.

**Ricky E. Rosario** was elected as the CFO and Comptroller of the Company in August 2019. Mr. Rosario is a certified public accountant. His previous work experience includes being senior auditor of SGV & Co. He is an accredited tax practitioner and accredited CPA in public practice, commerce and industry. He is a member of the Philippine Institute of Certified Public Accountants and registered as an ASEAN Chartered Professional Accountant.

**Alexius D. Coliat** was elected as the CFO and Treasurer of the Company in August 2019. Mr. Coliat is a certified public accountant. His previous work experience includes being the Global Internal Audit Manager of Tyche Consulting Limited Phils. and a senior risk consultant of Hill & Associates Risk Consulting Philippines, Inc. He is a member of the Philippine Institute of Certified Public Accountants.

**Mona Liza I. Navarro** is currently a Vice President of the Company. She has been an IT practitioner for over 17 years with experience in Software Development, Project

Management and IT Operations. She has a degree of Bachelor of Science in Computer Science from the University of the Philippines. She is an ITIL certified professional and a Certified IT Manager.

**Raymund Nonato S. Aquino** was elected Corporate Secretary of the Company in September 2017. He was a director of SGV & Co. He has a Juris Doctor Degree from the Ateneo de Manila University College of Law and a Bachelor of Arts degree major in Legal Management from the Ateneo de Manila University. He is a member of the Integrated Bar of the Philippines.

As of the date of this information statement, the foregoing will be nominated for re-election to the Board of Directors at the meeting. None of the above mentioned directors have declined to stand for re-election to the Board of Directors since the date of the last annual stockholders' meeting because of a disagreement with the Company on any matter relating to the Company's operations, policies, or practices.

New nominees for directors:

**Alfonso M. Araneta** is a Filipino and 36 years old. He is a Director of Araneta Properties, Inc. ARAZA Resources Corp., ATSI PETC, Inc., Pagrel, Inc., Gamma Properties, Inc., Securicor Security Investigation Services, Inc., Alumma Foods, Inc., Belisama Hydropower Corporation and Gregorio Araneta Energy Holdings, Inc. He is currently the Executive Vice-President and Director of Envirotest, Inc., Vice President and Director of Carmel Development, Inc., and Vice-President and Director of Gregorio Araneta, Inc. Mr. Araneta graduated at De La Salle-College of St. Benilde, Manila where he earned his degree in Bachelor of Science in Business Administration.

**Perry Weinne S. Lato** is a Filipino and 37 years old. He currently operates a Business Process Outsourcing service company catering to licensed online gaming operators. His previous experience includes executive positions in the fields of finance, accounting, property management and leasing, running the following types of business: rice trading, dormitory and apartment leasing, e-bingo shops, manufacturing, marketing, and distribution of slot machines and gaming software, and offshore gaming. He is also a licensed real estate broker and is engaged in real estate subdivision and housing development. Mr. Lato graduated from the University of Southern California, Marshall School of Business, major in Accounting.

## ***F. Market Price, Dividends and Related Stockholder Matters***

### **Market Information**

PhilWeb Corporation's stocks are listed with the Philippine Stock Exchange.

The following table sets forth the high and low closing sales prices of the Common Shares listed on the PSE during the respective periods indicated according to published financial sources.

	Price per Share	
	High	Low
2018		
First Quarter (ending March 2018)	7.76	6.11
Second Quarter (ending June 2018)	6.50	5.16
Third Quarter (ending September 2018)	5.82	4.39
Fourth Quarter (ending December 2018)	4.28	2.92
2019		
First Quarter (ending March 2019)	3.82	2.54
Second Quarter (ending June 2019)	3.71	2.61
Third Quarter (ending September 2019)	4.38	3.00
Fourth Quarter (ending December 2019)	3.22	2.35
2020		
First Quarter (ending March 2020)	4.12	1.12
Second Quarter (ending June 2020)	2.75	1.55
Third Quarter (ending September 2020)	2.40	1.80
Fourth Quarter (ending December 2020)	3.36	2.06
2021		
First Quarter (ending March 2021)	3.08	2.58
April 27, 2021	2.72	2.55

### Dividends

PhilWeb declared a cash dividend of P0.10 per share which was paid on September 15, 2014 to the holders of common stock as of September 1, 2014. PhilWeb declared a cash dividend of P0.10 per share which was paid on December 5, 2014 to the holders of common stock as of November 21, 2014. PhilWeb declared a cash dividend of P0.15 per share which was paid on February 16, 2015 to the holders of common stock as of January 30, 2015. PhilWeb declared a cash dividend of P0.15 per share which was paid on May 21, 2015 to the holders of common stock as of May 7, 2015. PhilWeb declared a cash dividend of P0.15 per share which was paid on August 28, 2015 to the holders of common stock as of August 14, 2015. PhilWeb declared a cash dividend of P0.15 per share which was paid on November 26, 2015 to the holders of common stock as of November 12, 2015. PhilWeb declared a cash dividend of P0.20 per share which was paid on March 4, 2016 to the holders of common stock as of February 19, 2016. PhilWeb declared a cash dividend of P0.20 per share which was paid on June 24, 2016 to the holders of common stock as of June 14, 2016.

The Company's future retained earnings corresponding to undistributed equity in net earnings are not available for dividend distribution until declared by the affiliates. There is no restriction that limits the payment of dividend on common shares.

### Holders

There were 1,439 shareholders of record holding the Company's outstanding capital stock of 1,435,776,680 common shares as of March 31, 2021 net of treasury shares of 81,380,938. There is only one class of common shares.

### Top 20 Stockholders

The top 20 stockholders of record of common shares as of March 31, 2021 (based on total outstanding capital stock of 1,435,776,680 common shares, net of treasury shares of 81,380,938) were:

	No. of Subscribed Common Shares	% to Total Outstanding
1. PCD Nominee Corporation: Filipino – 1,171,692,933 Non-Filipino - 33,140,895	1,204,833,828	83.92%
2. PhilWeb Casino Corporation	156,899,853	10.93%
3. Evermore Trading Limited	24,558,303	1.71%
4. HKPirate Holdings, Inc.	21,223,565	1.48%
5. Gregorio Araneta, Inc.	13,043,478	0.91%
6. Elkhound Resources, Inc.	6,482,549	0.45%
7. Umali, Amparo Cordial	835,400	0.06%
8. Tan, Enrique	473,782	0.03%
9. Filipino Pest Control & General Services, Inc.	420,000	0.03%
10. Valdes, Dennis O.	399,999	0.03%
11. Tan, Tiong	354,328	0.02%
12. Manalo, Josephine A.	250,000	0.02%
13. Ng, Edgar Brian K.	150,000	0.01%
14. Pacheco, Juancho	144,000	0.01%
15. Cabarrus, Estate of Jesus S.	139,304	0.01%
16. Secor Holdings, Inc.	120,000	0.01%
17. Bautista, Jose	93,981	0.01%
18. Santos, Alfredo	93,981	0.01%
19. Tan, Evelina	84,583	0.01%
20. Tenchavez, Roberto S. &/or Betsy B.	84,000	0.01%

### Recent Sales of Unregistered/Exempt Securities

There has been no sale in the past three years of any unregistered securities of the Company.

**G. Compliance with Corporate Governance Practices**

The Company through its Compliance Officer, Ms. Mona Liza I. Navarro, has monitored the Company's compliance with SEC Memorandum Circular No. 2 dated April 15, 2002, SEC Memorandum Circular No. 19 Series of 2016 and the relevant SEC Circulars on Corporate Governance and noted that no substantive or major deviations occurred. The Company's directors and officers have complied with the practice and policies contained in the Company's Manual on Corporate Governance. All of the Company's directors and officers attended a seminar on corporate governance.

The Company's Board of Directors and officers have been properly briefed on their specific responsibilities as embodied on the Manual on Corporate Governance. The compliance officer monitors the Company's compliance with the provisions and requirements of the manual and determines violations if any.

The Company used the following criteria in assessing the board of directors and the individual directors:

1. Fulfillment of the key responsibilities by the board
2. Quality of relationship of the board and management
3. Effectiveness of board processes and meetings
4. Quality of board structure
5. Knowledge and practice of company policies
6. Attendance and participation in meetings
7. Performance of duties and obligations

**Rating Range**

The Company provided a rating range of: "5" being excellent, "4" being above average, "3" being average, "2" being below average, and "1" being poor.

**Procedure**

After the scheduled seminar on corporate governance attended by the directors of the Company, the directors accomplished self-assessment questionnaires for individual directors, board of directors as a whole assessment and the executive committee, corporate governance committee and audit committee assessment.

**Appraisal Results and Performance Report**

The results of the appraisal were as follows: the individual directors earned an average of 4.9; the executive committee, corporate governance committee, and audit committee earned an average of 4.8; and the board as a whole earned an average of 4.88.

There were no deviations made from the adopted Manual on Corporate Governance.

The Company's management considers its Manual on Corporate Governance sufficient and believes that there is no need to amend it. It ensures that the provisions of the manual are properly implemented.

- H. UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY WILL PROVIDE, WITHOUT CHARGE, A COPY OF THE COMPANY'S SEC FORM 17-A (ANNUAL REPORT) DULY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE STOCKHOLDER MAY BE CHARGED A REASONABLE COST FOR PHOTOCOPYING THE EXHIBITS.**

**ALL REQUESTS MAY BE SENT TO THE FOLLOWING ADDRESS:**

**PhilWeb Corporation  
41<sup>st</sup> Floor, One San Miguel Avenue Condominium  
San Miguel Avenue corner Shaw Boulevard  
Ortigas Center, Pasig City, Philippines**

**Attention: Mr. Alexius D. Coliat  
Treasurer/Chief Finance Officer**