

SEC Number: 1177
File Number: _____

GLOBE TELECOM, INC.

**27th Floor, The Globe Tower
32nd Street corner 7th Avenue,
Bonifacio Global City, Taguig 1634
(632) 7797-2000**

SEC Form 17-A

FOR THE FISCAL YEAR ENDED

31 DECEMBER 2022

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE REVISED SECURITIES ACT AND
SECTION 141 OF CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended: **31 December 2022**
2. SEC Identification Number: **1177**
3. BIR Tax Identification No. **000-768-480-000**
4. Exact name of registrant as specified in its charter: **Globe Telecom, Inc.**
5. Province, Country or other jurisdiction of incorporation or organization: **Philippines**
6. Industry Classification Code: _____(SEC Use Only)
7. Address of principal office: **27th Floor, The Globe Tower 32nd Street corner 7th Avenue,
Bonifacio Global City, Taguig City** Postal Code: **1634**
8. Registrant's telephone number: **(632) 7797-2000**
9. Former name, former address, and former fiscal year: **N/A**
10. Securities registered pursuant to Sections 4 and 8 of the RSA

<u>Title of Each Class</u>	<u>Par Value</u>	<u>No. of Shares</u>	<u>Amount</u>
Common	₱ 50	144,060,544	₱ 7,203,027,200
Voting Preferred	5	158,515,021	792,575,105
		<u>302,575,565</u>	<u>₱ 7,995,602,305</u>

11. Are any or all of these securities listed on the Philippine Stock Exchange? Yes [] No []
12. Check whether the registrant:
 - (a) has filed all reports required to be filed by Section 11 of the Revised Securities Act (RSA) and RSA Rule 11(a)-1 thereunder and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports): Yes [] No []
 - (b) has been subject to such filing requirements for the past 90 days: Yes [] No []
13. Aggregate market value of the voting stock held by non-affiliates of the registrant as of 31 December 2022: **₱68.11 billion**

TABLE OF CONTENTS

PART I – BUSINESS AND GENERAL INFORMATION.....	4
ITEM 1. BUSINESS.....	4
ITEM 2. PROPERTIES	42
ITEM 3. LEGAL PROCEEDINGS	45
ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.....	49
PART II – OPERATIONAL AND FINANCIAL INFORMATION	49
ITEM 5. ISSUER’S EQUITY, MARKET PRICE, DIVIDENDS AND RELATED STOCKHOLDER MATTERS	49
ITEM 6. MANAGEMENT’S DISCUSSION AND ANALYSIS OF OPERATIONS.....	56
<i>For the Financial Year Ended 2022</i>	56
<i>For the Financial Year Ended 2021</i>	82
PART III – CONTROL AND COMPENSATION INFORMATION	99
ITEM 7. DIRECTORS AND KEY OFFICERS	112
ITEM 8. EXECUTIVE COMPENSATION.....	112
ITEM 9. SECURITY OWNERSHIP OF CERTAIN RECORD, BENEFICIAL OWNERS & MANAGEMENT	114
ITEM 10. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS	115
PART IV – CORPORATE GOVERNANCE AND SUSTAINABILITY.....	118
ITEM 11. CORPORATE GOVERNANCE	118
ITEM 12. SUSTAINABILITY REPORT	120
SIGNATURES	122
PART V – EXHIBITS AND SCHEDULES	122
INDEX TO EXHIBITS	125

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

Globe Telecom, Inc. is a leading digital platform in the Philippines, with major interests in telecommunications, financial technology, digital marketing solutions, venture capital funding for startups, entertainment, and virtual healthcare. The company serves the telecommunications and technology needs of consumers and businesses across an entire suite of products and services including mobile, fixed, broadband, data connectivity, internet and managed services. Globe currently has 86.7 million mobile subscribers (including fully mobile broadband), 2.6 million Home Broadband customers, and around 974 thousand landline subscribers. The company is supported by over 8,100 employees and over 700 thousand AutoloadMax (AMAX) retailers nationwide.

Globe is one of the largest companies in the country, and has been consistently recognized both locally and internationally for its corporate governance practices. It is listed on the Philippine Stock Exchange under the ticker symbol GLO and had a market capitalization of US\$5.6 billion as of the end of December 2022.

The Company's principal shareholders are Ayala Corporation and Singapore Telecom, both acknowledged industry leaders in the country and in the region. Aside from providing financial support, this partnership has created various synergies and has enabled the sharing of best practices in the areas of purchasing, technical operations, and marketing, among others.

Sustainability at Globe is anchored on The Globe Purpose, "In everything we do, we treat people right to do a Globe of Good." As a purpose-led organization, the Company aims to contribute to the UN Sustainable Development Goals by promoting innovation and technology for greater social impact. Together with business growth, Globe actively participates in nation-building through an engaged and empowered workforce that strives to achieve inclusive and sustainable development for all. In 2019, Globe became a signatory to the United Nations Global Compact, committed to implement universal sustainability principles.

Globe Bridging Communities (GlobeBridgeCom) is the corporate social responsibility arm of the company, which leads various programs that promote quality education, environmental conservation, social innovation, active citizenship through volunteerism and responsible use of information and communications technology to enrich the lives of our key stakeholders.

The Globe Group is composed of the following companies:

- Globe Telecom, Inc. (Globe) provides digital wireless communications services in the Philippines under the Globe Postpaid and Prepaid, and Touch Mobile (TM). Globe provides digital mobile communication and internet-on-the-go services nationwide using a fully digital network based on the Global System for Mobile Communication (GSM), 3G, HSPA+, 4G, LTE and 5G technologies. It provides voice, SMS, data and value-added services to its mobile subscribers. It also offers domestic and international long distance communication services or carrier services;
- Innove Communications Inc. (Innove), a wholly-owned subsidiary, holds a license to provide digital wireless communication services in the Philippines. Innove also has a license to establish, install, operate and maintain a nationwide local exchange carrier (LEC) service, particularly integrated local telephone service with public payphone facilities and public calling stations, and to render and provide international and domestic carrier and leased line services.

On November 2, 2015, Innove and Techzone Philippines incorporated TechGlobal Data Center, Inc. (TechGlobal), a joint venture company formed for the purpose of operating and managing all kinds of data centers, and providing information technology-enabled, knowledge-based and computer-enabled support services. Innove and Techzone hold ownership interest of 49% and 51%, respectively. TechGlobal started commercial operations in August 2017;

- GTI Business Holdings, Inc. (GTI) is a wholly-owned subsidiary with authority to provide VOIP services. GTI was incorporated and registered under the laws of the Philippines, on November 25, 2008, as a holding company;

GTI Corporation (GTIC)

In July 2009, GTI incorporated a wholly owned subsidiary, GTI Corporation (GTIC), a company organized under the General Corporation Law of the United States of America, State of Delaware as a wireless and data communication services provider;

Globe Telecom HK Limited (GTHK)

In December 2011, GTI incorporated a wholly owned subsidiary, Globe Telecom HK Limited (GTHK), a limited company organized under the Companies Ordinance of Hong Kong as a marketing and distribution company. On March 17, 2015, GTHK applied for a services-based operator license (SBO) with the Office of the Communications Authority in Hong Kong (OFCA) which was subsequently approved on May 7, 2015. As of June 1, 2020, the SBO was cancelled and surrendered to the OFCA. GTHK is engaged in the marketing and selling of telecommunication products and services in the international market, except the United States of America and the Philippines, under a distributor arrangement;

Globetel European Limited (GTEU)

On May 10, 2013, GTI incorporated a wholly owned subsidiary, Globetel European Limited (GTEU) as holding company for the operating companies of the Globe Group located in the United Kingdom, Spain and Italy;

Globetel Singapore Pte. Ltd. (GTSG)

On November 12, 2014, GTI incorporated GTSG, a wholly owned subsidiary, for the purpose of offering full range of international data services in Singapore under a facilities-based operations license (FBO) with Infocomm Media and Development Authority (IMDA) in Singapore which was granted on January 7, 2015;

Third Pillar Business Applications, Inc. (TPBAI) and Subsidiaries

On August 17, 2020, GTI entered into a Share Purchase Agreement for the acquisition of 67% of TPBAI. TPBAI, a corporation organized under the laws of the Philippines, is engaged in systems integration, license reselling, and data management services. TPBAI previously owns 11% of Third Pillar Global Delivery Center Inc. (TPGDC). GTI's acquisition of TPBAI also mandated TPBAI's acquisition of the remaining 89% ownership of TPGDC making TPBAI the sole owner of TPGDC. TPGDC is engaged in software implementation and maintenance services and the outsourcing arm of TPBAI.

On January 1, 2022, TPBAI incorporated Third Pillar Asia Pacific Pte. Ltd. (TPAPPL), a wholly owned subsidiary organized under the laws of Singapore, as part of TPBAI's expansion to Asia Pacific;

On December 15, 2022, the ownership of TPBAI and Subsidiaries was transferred from GTI to Yondu, Inc., a wholly-owned subsidiary of Globe Telecom.;

CaelumPacific Corp. (CaelumPacific) and Subsidiaries

On July 30, 2020, GTI incorporated CaelumPacific, a wholly owned subsidiary organized under the laws of the Philippines for the purpose of providing technical consulting and IT related services.

On July 31, 2020, Caelum US Holdings Inc. (Caelum US), a wholly owned subsidiary of CaelumPacific, was incorporated under the laws of the state of Delaware as holding company.

On August 3, 2020, Caelum Northwest Corp. (Caelum Northwest), a wholly owned subsidiary of Caelum US, was incorporated under the laws of the state of Washington for the purpose of customized cloud software development and providing cloud consulting services.

On November 3, 2020, the definitive agreements between Caelum Group and Cascadeo have been signed and executed following the completion of all relevant conditions relating to the sale of assets of Cascadeo in the Philippines and the US. Cascadeo is a group of companies in the Philippines and US which offers cloud-native consulting and managed services capabilities for enterprises and small and medium business customers. The asset purchase agreement entered into by Caelum Group and Cascadeo entities also mandated a holding company established by

the sellers in 16.67% of CaelumPacific's capital, effectively reducing GTIBH's ownership to 83.33%.

On May 30, 2021, the Board of Directors approved GTIBH's additional capital infusion amounting to \$500,000, effectively increasing GTIBH's ownership to 85%.

On February 11, 2022, the Board of Directors approved GTI's additional capital infusion amounting to \$2.00 million, which further increased GTI's ownership to 88%.

On December 15, 2022, the ownership of CaelumPacific and Subsidiaries was transferred from GTI to Yondu, Inc., a wholly-owned subsidiary of Globe Telecom.;

Globe STT GDC, Inc. (GSG, formerly known as KarmanEdge)

On October 15, 2021, GTI incorporated KarmanEdge Inc. as a wholly owned subsidiary in the Philippines for the purpose of installing, building, owning, operating, maintaining and managing data centers and other related infrastructure, information technology equipment and facilities.

On March 31, 2022, the Globe Group formed a joint venture partnership with Ayala Corporation (AC), and ST Telemedia Global Data Centres (STT GDC). Under the agreement, both STT GDC and AC shall subscribe to new shares in KarmanEdge, Inc., a wholly owned subsidiary of the Globe Group that houses its carved-out data center business. This resulted to a dilution of GTI's ownership interest to 50% as disclosed in Note 15.11 of the attached Notes to Financial Statements.

On May 19, 2022, the SEC approved the amendment of KarmanEdge's articles of incorporation which effectively changes its corporate name to Globe STT GDC, Inc.;

- Kickstart Ventures, Inc. (Kickstart), a wholly-owned subsidiary and is the Philippines' most active Corporate Venture Capital firm investing in Seed to Series D digital startups. On March 28, 2012, Globe Telecom incorporated Kickstart, a stock corporation organized under the laws of the Philippines and formed for the purpose of investing in individual, corporate, or start-up businesses, and to do research, technology development and commercializing of new business ventures.

In February 2014, Kickstart acquired 40% equity interest in Flipside Publishing Services, Inc. (FPSI). Since Kickstart was able to demonstrate control over FPSI despite of less than 50% ownership interest, FPSI was assessed to be a subsidiary of Kickstart and is included in the consolidation of Globe Group. FPSI is engaged primarily to acquire publishing rights, produce, publish, market, and sell printed and electronic books (e-books) and other electronic documents and content for international and domestic sales. FPSI ceased operations in July 2016. FPSI remains a dormant company as of reporting date.

In February 2020, Kickstart registered three Cayman Islands exempted companies with limited liabilities, namely (1) Kickstart Capital Co. Ltd. (KCCL), a wholly owned subsidiary of Kickstart; (2) AG Active Associated I, Limited, a wholly owned subsidiary of KCCL; and, (3) Kickstart Ventures Co. Ltd., a 65% owned subsidiary of KCCL. These entities were formed as a platform for the management of third-party venture capital investment funds;

- Asticom Technology, Inc. a wholly-owned subsidiary is primarily engaged in providing business process and shared service support, as well as IT system integration and consultancy services.

On August 20, 2020, Asticom incorporated its wholly owned subsidiary, Asti Business Services, Inc. (ABSI). ABSI was incorporated to leverage Asticom's business growth, particularly its full-BPO services offering.

On January 26, 2021, Asticom incorporated its wholly owned subsidiary, Fiber Infrastructure and Network Services Inc. (FINSI). FINSI was incorporated to provide end-to-end services and industry-specific solutions to telecommunications and telecommunications-related companies. In March 2021, FINSI started its commercial operation.

On April 12, 2021, Asticom incorporated its wholly owned subsidiary, BRAD Warehouse and Logistics Services Inc. (BRAD). BRAD was incorporated to engage in the business of transporting, shipping, receiving, storing and managing products and services using technology platforms for third-party providers.

On November 29, 2021, ABSI acquired 100% of HCX Technology Partners, Inc., a full-fledged systems integration company offering human capital, customer relationship management and digital solutions to its clients.

On July 27, 2022, Asticom incorporated its wholly owned subsidiary, Acquiro Solutions and Tech Inc. (ACQR) to provide manpower services for support and shared services of administrative functions, information technology including consultancy services for offshore development services and other related services.;

- Globe Capital Venture Holdings, Inc. (GCVHI), a wholly-owned subsidiary incorporated on June 29, 2015. GCVHI as an investing and holding company primarily engaged in purchasing, subscribing, owning, holding, assigning real and personal property, shares of stock and other securities. In August 2019, GCVHI was rebranded to “917 Ventures” and will house Globe Telecom’s non-telco incubated products.

On October 13, 2015, GCVHI incorporated its wholly owned subsidiary Adspark Holdings, Inc. (AHI), a holding company established for the acquisition of additional investment in Globe Telecom’s non-core business. AHI holds 100% of Adspark Inc. (AI), an advertising company. AI holds 100% of Socialytics Inc. (Socialytics), a social media marketing firm. On September 1, 2021, AHI acquired 100% of Techgrowers, Inc., a company engaged in data- and software-related services through the utilization of telecommunications facilities. On March 22, 2022, the SEC approved the amendment of Techgrowers’ articles of incorporation which effectively changes its corporate name to M360, Inc., as well as its primary purpose which is to engage in the business of application-to-person (A2P) messaging.

On February 4, 2020, GCVHI incorporated 917Ventures, Inc. as a holding company for GCVHI’s business incubators.

On December 1, 2022, AHI acquired 49% and 51% of outstanding shares of Inquiro from 917Ventures, Inc. and Jerusalem Ventures Holdings Inc. (JVHI), respectively. The acquisition increased Globe Group’s ownership interest from 49% to 100% and was accounted for as an acquisition of a subsidiary.

Inquiro was incorporated to provide data management and other data-related services, through the utilization of telecommunication facilities.;

- Bayan Telecommunications, Inc. (Bayan) is a provider of data and communications services such as dedicated domestic and international leased lines, frame relay services, Internet access, and other managed data services like Digital Subscriber Lines (DSL). Globe Telecom owns approximately 99% of BTI.

BTI’s subsidiaries are: Radio Communications of the Philippines, Inc. (RCPI), Telecoms Infrastructure Corp. of the Philippines (Telicphil), Sky Internet, Incorporated (Sky Internet), GlobeTel Japan (formerly BTI Global Communications Japan, Inc.), and NDTN Land, Inc. (NLI), (herein collectively referred to as “BTI Group”).;

- TaoDharma (Tao), 67% owned by Globe Telecom. Tao was established to operate and maintain retail stores in strategic locations within the Philippines that will sell telecommunications or internet-related services, and devices, gadgets and accessories.;
- GTowers Inc. (GTowers), a fully owned subsidiary of Globe Telecom incorporated. On August 17, 2018, GTowers was incorporated and registered under the laws of the Philippines. GTowers is still under pre-operating stage as of reporting date.;
- Yondu, Inc, is engaged in the development and creation of wireless products and services accessible through mobile devices or other forms of communication devices. It also provides

internet and mobile value-added services, information technology and technical services including software development and related services. Yondu is registered with the Department of Transportation and Communication (DOTC) as a content provider.

Yondu holds 100% of Rocket Search, Inc. (formerly Yondu Software Labs, Inc.), a company primarily engaged in providing information technology (IT) products and services and engaged in IT placement services.

On December 15, 2022, Yondu acquired the ownership of TPBAI and Subsidiaries and CaelumPacific and Subsidiaries from GTI, a wholly-owned subsidiary of Globe Telecom.;

- Electronic Commerce Payments, Inc. (ECPay), is primarily engaged in the business of providing IT and e-commerce solutions, including, but not limited to, prepaid phone and internet products, bills payments and others. On October 25, 2019, Globe Telecom signed and executed an agreement with third parties to complete its transaction to acquire 77% ownership of ECPay.

The Company is a grantee of various authorizations and licenses from the National Telecommunications Commission (NTC) as follows: (1) license to offer and operate facsimile, other traditional voice and data services and domestic line service using Very Small Aperture Terminal (VSAT) technology; (2) license for inter-exchange services; and (3) Certificate of Public Convenience and Necessity (CPCN) for: (a) international digital gateway facility (IGF) in Metro Manila, (b) nationwide digital cellular mobile telephone system under the GSM standard (CMTS-GSM), (c) nationwide local exchange carrier (LEC) services after being granted a provisional authority in June 2005, and (d) international cable landing stations located in Nasugbu, Batangas, Ballesteros, Cagayan and Brgy. Talomo, Davao City.

Globe is organized along two key customer facing units (CFUs) tasked to focus on the integrated mobile, Fixed Line and international voice and roaming needs of specific market segments. The Company has a Consumer CFU with dedicated marketing and sales groups to address the needs of retail customers, and a Business CFU (Globe Business) focused on the needs of big and small businesses. Globe Business provides end-to-end mobile and Fixed Line solutions and is equipped with its own technical and customer relationship teams to serve the requirements of its client base. Globe Business also caters to the international voice and roaming needs of overseas Filipinos, whether transient or permanent. Moreover, it is tasked to grow the Company's international revenues by leveraging on Globe's product portfolio and developing and capitalizing on regional and global opportunities.

A. Business Development and Corporate History

In 1928, Congress passed Act No. 3495 granting the Robert Dollar Company, a corporation organized and existing under the laws of the State of California, a franchise to operate wireless long distance message services in the Philippines. Subsequently, Congress passed Act No. 4150 in 1934 to transfer the franchise and privileges of the Robert Dollar Company to Globe Wireless Limited which was incorporated in the Philippines on 15 January 1935.

Globe Wireless Limited was later renamed as Globe-Mackay Cable and Radio Corporation ("Globe-Mackay"). Through Republic Act ("RA") 4630 enacted in 1965 by Congress, its franchise was further expanded to allow it to operate international communications systems. Globe-Mackay was granted a new franchise in 1980 by Batasan Pambansa under Batas Pambansa 95.

In 1974, Globe-Mackay sold 60% of its stock to Ayala Corporation, local investors and its employees. It offered its shares to the public on 11 August 1975.

In 1992, Globe-Mackay merged with Clavecilla Radio Corporation, a domestic telecommunications pioneer, to form GMCR, Inc. ("GMCR"). The merger gave GMCR the capability to provide all forms of telecommunications to address the international and domestic requirements of its customers. GMCR was subsequently renamed Globe Telecom, Inc. ("Globe").

In 1993, Globe welcomed a new foreign partner, Singapore Telecom, Inc. (STI), a wholly-owned subsidiary of Singapore Telecommunications Limited (“SingTel”), after Ayala and STI signed a Memorandum of Understanding.

In 2001, Globe acquired Isla Communications Company, Inc. (“Islacom”) which became its wholly-owned subsidiary effective 27 June 2001. In 2003, the National Telecommunications Commission (“NTC”) granted Globe’s application to transfer its fixed line business assets and subscribers to Islacom, pursuant to its strategy to integrate all of its fixed line services under Islacom. Subsequently, Islacom was renamed as Innove Communications, Inc. (“Innove”).

In 2004, Globe invested in G-Xchange, Inc. (“GXI”), a wholly-owned subsidiary, to handle the mobile payment and remittance service marketed under the *GCash* brand using Globe’s network as transport channel. GXI started commercial operations on 16 October 2004.

In November 2004, Globe and seven other leading Asia Pacific mobile operators (‘JV partners’) signed an agreement (‘JV agreement’) to form Bridge Alliance. The joint venture company operates through a Singapore-incorporated company, Bridge Mobile Pte. Limited (BMPL) which serves as a commercial vehicle for the JV partners to build and establish a regional mobile infrastructure and common service platform to deliver different regional mobile services to their subscribers. The Bridge Alliance currently has a combined customer base of over 250 million subscribers among its partners in India, Thailand, Hong Kong, South Korea, Macau, Philippines, Malaysia, Singapore, Australia, Taiwan and Indonesia.

In 2005, Innove was awarded by the NTC with a nationwide franchise for its fixed line business, allowing it to operate a Local Exchange Carrier service nationwide and expand its network coverage. In December 2005, the NTC approved Globe’s application for third generation (3G) radio frequency spectra to support the upgrade of its cellular mobile telephone system (“CMTS”) network to be able to provide 3G services. The Company was assigned with 10-Megahertz (MHz) of the 3G radio frequency spectrum.

On May 19, 2008, following the approval of the NTC, the subscriber contracts of *Touch Mobile* or *TM* prepaid service were transferred from Innove to Globe which now operates all wireless prepaid services using its integrated cellular networks.

In August 2008, and to further grow its mobile data segment, Globe acquired 100% ownership of Entertainment Gateway Group (“EGG”), a leading mobile content provider in the Philippines. EGG offers a wide array of value-added services covering music, news and information, games, chat and web-to-mobile messaging.

On 25 November 2008, Globe formed GTI Business Holdings, Inc. (GTIBH) primarily to act as an investment company.

On October 30, 2008, Globe, the Bank of the Philippine Islands (BPI) and Ayala Corporation (AC) signed a memorandum of agreement to form a joint venture that would allow rural and low-income customers’ access to financial products and services. Last October 2009, the Bangko Sentral ng Pilipinas (BSP) approved the sale and transfer by BPI of its shares of stock in Pilipinas Savings Bank, Inc. (PSBI), formalizing the creation of the venture. Globe’s and BPI’s ownership stakes in PSBI is at 40% each, while AC’s shareholding is at 20%. The partners plan to transform PSBI (now called BPI Globe BankKO, Inc.) into the country’s first mobile microfinance bank. The bank’s initial focus will be on wholesale lending to other microfinance institutions but will eventually expand to include retail lending, deposit-taking, and micro-insurance. BPI Globe BankKO opened its first branch in Metro Manila in the first quarter of 2011.

On March 2012, Globe launched Kickstart Ventures, Inc. (Kickstart) to help, support and develop the dynamic and growing community of technopreneurs in the Philippines. Kickstart is a business incubator that is focused on providing aspiring technopreneurs with the efficient environment and the necessary mechanisms to start their own business. Since its launch, Kickstart has 10 companies in its portfolio covering the digital media and technology, and web/mobile platform space.

In October 2013, following the court's approval of the Amended Rehabilitation Plan (jointly filed by Globe and Bayantel in May 2013), Globe acquired a 38% interest in Bayantel by converting

Bayantel's unsustainable debt into common shares. This follows Globe's successful tender offer for close to 97% of Bayantel's outstanding indebtedness as of December 2012. As part of the amended rehab plan and pending regulatory approvals, Globe would further convert a portion of its sustainable debt into common shares of Bayantel, bringing up its stake to around 56%. On October 2014, Globe Telecom received a copy of the temporary restraining order (TRO) issued by the Court of Appeals (CA) stopping the National Telecommunications Commission's (NTC) proceedings in connection with the bid of Globe Telecom Inc. to take over Bayan Telecommunications Inc. (Bayantel). Despite the lapse of the Temporary Restraining Order (TRO) last December 9, 2014, the Court of Appeals has advised the NTC to refrain from conducting any proceedings in connection with the bid of Globe assume majority control of Bayantel.

On June 3, 2014, Globe signed an agreement with Azalea Technology, Inc. and SCS Computer Systems, acquiring the entire ownership stake in Asticom, a systems integrator and information technology services provider to domestic and international markets.

On July 20, 2015, Globe Telecom, Inc. ("Globe") has agreed to purchase from Bayan Telecommunications Holdings, Corporation ("BTHC") and Lopez Holdings, Corporation ("LHC") all the equity in the capital stock of Bayan Telecommunications, Inc. ("Bayan") that is held by BTHC and LHC. The transaction involved up to 70,763,707 Bayan shares and increased Globe's equity interests in Bayan from 56.87% to 98.57% of outstanding capital stock.

On November 12, 2015, Globe received the resolution from the rehabilitation court granting its motion for the termination of the rehabilitation proceedings involving Bayan. The resolution sets a key milestone for Bayan, wherein it successfully exits rehabilitation and provides key steps for Globe to continue to unlock opportunities for synergies with Bayan.

Globe Telecom, Inc. (Globe), Ayala Corporation (AC) and Bank of the Philippine Islands (BPI) signed an agreement on August 27, 2015 to turn over full ownership of BPI Globe BankKO (BankKO) to BPI, one of the majority owners of the joint venture. Despite the change in shareholder structure, BankKO will continue to provide broader and more competitive access to funds and critical financial services to the underbanked. Globe and AC sold their respective 40% and 20% stakes in BankKO to BPI, which already owned 40% of BankKO.

Xurpas Inc. signed an agreement with Globe Telecom on September 1, 2015, investing Php900 Million for a 51% equity stake in Yondu Inc. The investment solidifies the Globe and Xurpas partnership in the internet and digital space and will transform Yondu into a regional arm for digital content distribution and other technology driven services. The strategic alliance of Globe and Xurpas in Yondu bolsters Globe's track record of partnering with leading digital players to strengthen its position as the purveyor of the Filipino digital lifestyle.

On September 1, 2015, Yondu Inc. and GCVHI entered into a Deed of Assignment to assign the former's interest in Global Telehealth, Inc. ("GTHI") to GCVHI for a total consideration of ₱15 million.

On September 15, 2015, Globe Telecom sold its controlling interest in Yondu for a total consideration of ₱670 million. On the same date, Yondu issued additional 5,000 common shares from its unissued authorized capital stock to a third party which further dilutes Globe Telecom's ownership interest to 49% as of September 2015.

On May 30, 2016, the Board of Directors of Globe, through its Executive Committee, approved the acquisition and signing of a sale and share purchase agreement and other related definitive agreements for the following entities:

- 50% of the issued and outstanding capital stock of Vega Telecom, Inc. ("VTI") from San Miguel Corporation ("SMC") (PSE: SMC);
- 50% of the issued and outstanding capital stock of Bow Arken Holdings Company Inc. ("BAHC"); and,
- 50% of the issued and outstanding capital stock of Brightshare Holdings Corporation ("BHC").

VTI owns an equity stake in Liberty Telecom Holdings, Inc., a publicly listed company in the Philippine Stock Exchange. It also owns, directly and indirectly, equity stakes in various enfranchised companies,

including Bell Telecommunication Philippines, Inc., Eastern Telecom Philippines, Inc., Express Telecom, Inc., and Tori Spectrum Telecom, Inc., among others.

The remaining 50% equity stake in VTI, BAHC and BHC was acquired by Philippine Long Distance Telephone Company (PLDT) under similar definitive agreements.

The acquisition provided Globe access to certain frequencies assigned to Bell Tel in the 700 Mhz, 900 Mhz, 1800 Mhz, 2300 Mhz and 2500 Mhz bands through a co-use arrangement approved by the NTC on May 27, 2016. NTC's approval is subject to the fulfilment of certain conditions including roll out of telecom infrastructure covering at least 90% of the cities and municipalities in three years to address the growing demand for broadband infrastructure and internet access.

On June 21, 2016, Globe Telecom exercised its rights as holder of 50% equity interest of VTI to cause VTI to propose the conduct of a tender offer on the common shares of Liberty Telecom Holdings, Inc. (LIB) held by minority shareholders as well as the voluntary delisting of LIB. At the completion of the tender offer and delisting of LIB, VTI's ownership of LIB is at 99.1%.

On August 17, 2018, Globe Telecom incorporated GTowers, Inc., a fully owned subsidiary aimed at the building and deployment of cellular towers in the country. GTowers is still under pre-operating stage as of reporting date.

On September 11, 2019, the BOD of Globe Telecom approved the acquisition of 51% of the outstanding shares of Yondu, equivalent to 22,950 shares. The acquisition increased Globe Telecom's ownership interest from 49% to 100% and was accounted for as an acquisition of a subsidiary.

On October 25, 2019, Globe Telecom signed and executed an agreement with third parties to complete its transaction to acquire 77% ownership of ECPay. ECPay is a company engaged in the provision of information technology and electronic commerce related solutions in the Philippines.

On August 2020, Globe Telecom, through its wholly-owned subsidiary GTI Business Holdings, Inc. entered into a share purchase agreement for the acquisition of 67% of Third Pillar Business Applications, Inc. (TPBAI). Third Pillar is a Business Application Consulting and Systems Integration company. It focuses on delivering innovative enterprise solutions that help organizations boost sales, improve customer intimacy, ensure data integrity, and reduce annual spending.

On November 2020, Globe Telecom, through its wholly-owned subsidiary GTI Business Holdings, Inc., acquired substantially all of Cascadeo's assets. Cascadeo is a group of companies in the Philippines and US which offers cloud-native consulting and managed services capabilities for enterprises and small and medium business customers. The asset purchase agreement entered into by Caelum Group and Cascadeo entities also mandated a holding company established by the sellers in 16.67% of CaelumPacific's capital, effectively reducing GTIBH's ownership to 83.33%. On December 15, 2022, the ownership of CaelumPacific and Subsidiaries was transferred from GTI to Yondu, Inc., a wholly-owned subsidiary of Globe Telecom.

In September 2021, AHI acquired 100% of Techgrowers Inc. ("Techgrowers"), a company engaged in data- and software-related services through the utilization of telecommunications facilities. On March 22, 2022, the Philippine SEC approved the amendment of the articles of incorporation of Techgrowers, changing its corporate name to M360, Inc. ("M360") and its primary purpose to engaging in the business of application-to-person ("A2P") messaging.

On October 15, 2021, Globe Telecom, through its wholly-owned subsidiary GTI Business Holdings, Inc. incorporated KarmanEdge Inc. as a wholly owned subsidiary in the Philippines for the purpose of installing, building, owning, operating, maintaining and managing data centers and other related infrastructure, information technology equipment and facilities. On May 19, 2022, the SEC approved the amendment of KarmanEdge's articles of incorporation which effectively changes its corporate name to Globe STT GDC, Inc..

On December 1, 2021, 917Ventures, Inc. and JVHI incorporated Rush Technologies, Inc. (Rush), a Joint Venture company engaged in the business of business-to-business (B2B) and business-to-consumer (B2C) cloud-based platforms and software solutions that are necessary for, but not limited

to, loyalty and e-commerce management systems. The Globe Group owns 49% of Rush. The Globe Group infused ₱57.40 million and nil of additional capital in 2022 and 2021, respectively.

On December 22, 2021, 917Ventures, Inc. and Entenso Equities Incorporated formed Pure Commerce, Inc. (PureGo), a Joint Venture company established to engage in the buying, selling, distribution and marketing of grocery items through an online e-commerce platform. The Globe Group owns 50% of PureGo. The Globe Group infused ₱62.50 million and nil of additional capital in 2022 and 2021, respectively.;

On January 1, 2022, TPBAI incorporated Third Pillar Asia Pacific Pte. Ltd. (TPAPPL), a wholly owned subsidiary organized under the laws of Singapore, as part of TPBAI's expansion to Asia Pacific.

On December 1, 2022, AHI acquired 49% and 51% of outstanding shares of Inquiro from 917Ventures, Inc. and Jerusalem Ventures Holdings Inc. (JVHI), respectively. The acquisition increased Globe Group's ownership interest from 49% to 100% and was accounted for as an acquisition of a subsidiary. Inquiro was incorporated to provide data management and other data-related services, through the utilization of telecommunication facilities.;

On December 15, 2022, the ownership of TPBAI and Subsidiaries was transferred from GTI to Yondu, Inc., a wholly-owned subsidiary of Globe Telecom.

There was no bankruptcy, receivership or similar proceedings initiated during the past four years.

B. Business Segments

1. Mobile Business

Globe provides digital Mobile communication and internet-on-the-go services nationwide using a fully digital network based on the Global System for Mobile Communication (GSM), 3G, HSPA+, 4G, LTE and 5G technologies. It provides voice, SMS, data and value-added services to its mobile subscribers through three major brands: Globe Postpaid, Globe Prepaid (including fully Mobile, internet-on-the-go service and GOMO) and TM.

Postpaid

Globe Postpaid is the leading brand in the postpaid market, with various plan offerings. Over the years, these plans have evolved in order to cater to the changing needs, lifestyles and demands of its customers. Globe highlights its portfolio of postpaid plans featuring the all-new "GPlan". Mobile and life essentials are combined in any GPlan type - GPlan with Device, new GPlan SIM-Only, GPlan Sim-Only All-Data, GPlan with GCash and GPlan Plus. Aside from generous data allocations, customers receive unlimited all-network calls & texts, and free 3GB GoWiFi. GPlan with GCash offers maximum flexibility for customers by giving them GCash (one-time credit only), which they can spend for home essentials, gaming consoles, shopping vouchers, and more. GPlan with Device offers discounted or free mobile phones with the chosen Globe Postpaid plan (from GPlan 599 to GPlan 2499). The new GPlan SIM-Only offers higher data allocation from 6GB to 100GB. GPlan with GCash, GPlan with Device, and the new GPlan SIM-Only are subject to a 24-month contract period. Meanwhile, GPlan SIM-Only All-Data is packed with big data allocation which ranges from 10GB to 80GB, available for a 6-month contract period. (see <https://www.globe.com.ph/postpaid.html> for more details.

Experience a different Globe Postpaid with ONEPlan, Globe's newest plan that comes with GFiber to complement your mobile data use, and always be connected wherever you are: OnePlan1,799/month (13GB data; Globe at home 25Mbps -300 GB Gfiber flex; Unlike call, text, landline to all network ; with free 3GB GoWifi every month; Free KonsultaMD ; contract period of 24months); OnePlan1,999/month (15GB data; Globe at home 150Mbps - GFiber Unlimited; Unlike call, text, landline to all network ; with free 3GB GoWifi every month; Free KonsultaMD ; Free 3-months access to HBO GO, discovery+, Prime Video and Viu, contract period of 24months)

In addition, Platinum OnePlan also come with a Globe plan with unlimited Fiber connection at home and priority network experience on mobile, so you can continue creating a life made greater: Platinum

One Plan 3,799 (cash out 7,200 or 300 per month; Globe at home 150Mbps - GFiber Unlimited; all-month mobile data surfing, Unlimited call, text, Unlimited to DUO and landline (nationwide); with free 3GB GoWifi every month; Free KonsultaMD ; Free 3-months access to HBO GO, discovery+, Prime Video and Viu, Free one service visit from the Platinum Home Squad, contract period of 24months); Platinum One Plan 4,999 (cash out 1,200 or Php50/mo.; Globe at home 150Mbps - GFiber Unlimited; all-month mobile data surfing, Unlimited call, text, Unlimited to DUO and landline (nationwide); 2 days data roaming; consumable allowance 1,500; with free 3GB GoWifi every month; Free KonsultaMD; Free 3-months access to HBO GO, discovery+, Prime Video and Viu, Free one service visit from the Platinum Home Squad, contract period of 24 months).

Moreover, Globe simplified the renewal of mobile postpaid plans (once the subscriber gets past their contract period of 24 months or 6 months) via online. Subscriber can simply go to www.globe.com.ph/shop/plan-renewal and follow these simple steps (1) Choose the preferred plan or device, and click "My Plan Renewal" (2) Verify the account details (3) Check the account qualifications (4) Accomplish the checkout form (5) Upon submitting the form, subscriber will receive a confirmation email regarding their order.

Prepaid

Globe Prepaid (including GOMO*) and TM are the prepaid brands of Globe. Globe Prepaid is focused on the mainstream market while TM caters to the value-conscious segment of the market. Each brand is positioned at different market segments to address the needs of the subscribers by offering affordable innovative products and services.

**GOMO is a fully digital service brand of Globe created to address the needs of the underserved digitally savvy yuppie segment. Simply buy the sim from gomo.ph or through the GOMO PH mobile app.*

Globe Prepaid and TM subscribers can reload airtime value or credits using various reloading channels including prepaid call and text cards, gcash, bank channels such as ATMs, credit cards, through internet banking and the GlobeOne app. Subscribers can also top-up via AutoLoadMax retailers nationwide, all at affordable denominations and increments. A consumer-to-consumer top-up facility, Share-A-Load, is also available to enable subscribers to share prepaid load credits via SMS.

Globe Prepaid's GoSakto is a self-service menu that provides its subscribers easy access to avail of the latest promos and services of Globe by simply dialing *143# or through the GoSakto Mobile app (available on Android and iOS). This menu also allows the subscribers to build their own promos (call, text and surf promos) that are best suited for their needs and lifestyle. Globe Prepaid customers can personalize their call, text and surfing needs for 1 day, 2 days, 3 days, 7 days, 15 days or even for 30 days. They can also select the type and number of call minutes and texts they need and adjust data allocation (in MBs) of Mobile surfing the way they want it.

See also <https://www.globe.com.ph/prepaid/gosakto.html> for more details.

Loyalty & Rewards Program

The Globe Rewards Program - "MyRewards MyGlobe" is the Company's way of granting special treats to its active customers for their continued loyal use of Globe's products and services. Awesome rewards await its loyal customers in exchange for the points earned -- more rewards points mean more wonderful perks. All customers with active Globe/TM SIMs are automatically members of the program. No registration required. Subscribers can:

- *Earn Points from Prepaid reloads or monthly Postpaid usage*
- *Redeem Rewards in the form of Mobile promos, bill rebates, gadgets and gift certificates, and more or use the earned points as cash at partner stores. Subscribers have the option to redeem rewards instantly, or accumulate points to avail of higher value rewards. Redeemed points in the form of telecom services are netted out against revenues whereas points redeemed in the form of non-telco services such as gift certificates and other products are reflected as marketing expense. At the end of each period, Globe estimates and records the amount of probable future liability for unredeemed points.*
- *Enjoy Perks through special discounts, exclusive treats, and more wonderful surprises*

Globe Rewards is also a service that supports customers and extends their buying power even beyond telco services such as food, medicine, and retail products. Customers can use their earned Rewards points to buy the products they need.

In 2021, Globe unveiled its first-in-market innovation, GBs (gigabytes) to Points, during the first Globe Innovation Fest. This feature is available to Globe mobile and broadband customers, allowing unused gigabytes of customers' data to be converted into Globe Rewards points. Prepaid customers can get 1 point for every GB converted; Postpaid customers will be able to convert 1GB to 10 Globe Rewards points. Likewise, Globe At Home Prepaid WiFi customers can convert 3GBs to 3 Rewards points. The Globe Rewards points can be used at over 13,000 stores for shopping, dining, entertainment, travel, and Globe products nationwide. Customers can also use Globe Rewards points to shop in Lazada, order meals from GrabFood, watch Korean movies using Viu, or even play games through Razer Gold pins.

(a) Mobile Voice

Globe's voice services include local, national and international long-distance call services. It has one of the most extensive local calling options designed for multiple calling profiles. In addition to its standard, pay-per-use rates, subscribers can choose from bulk and unlimited voice offerings for all-day, and in several denominations to suit different budgets.

Globe keeps Filipinos connected wherever they may be in the world, through its tie-up with 782 roaming partners in 237 calling destinations worldwide. Globe also offers roaming coverage on-board selected shipping lines and airlines, via satellite. Globe also provides an extensive range of international call and text services to allow OFWs (Overseas Filipino Workers) to stay connected with their friends and families in the Philippines. This includes prepaid reloadable call cards and electronic PINs available in popular OFW destinations worldwide.

(b) Mobile SMS

Globe's Mobile SMS service includes local and international SMS offerings. Globe also offers various bucket and unlimited SMS packages to cater to the different needs and lifestyles of its postpaid and prepaid subscribers.

(c) Mobile Data

Globe's Mobile Data services allow subscribers to access the internet using their internet-capable handsets, devices, laptops with USB modems, a plug-and-play USB modem/Mobile Wifi. Data access can be made using various technologies including LTE, HSPA+, 5G, 4G, 3G with HSDPA, EDGE and GPRS or Wi-Fi. The Company spearheaded the shift from unlimited time-based data plans to volume-based consumable plans, geared towards improving the Mobile data experience of its subscribers and ensures the most appropriate pricing of data. Globe and TM subscribers can choose from a variety of GoSurf consumable data plans, ranging from Php15 for 100 MB to Php2,499 for 50 GB per month. Globe's Value-Added Services offers a full range of downloadable content covering multiple topics including news, information, and entertainment through its web portal. Subscribers can purchase or download music, movie pictures and wallpapers, games, Mobile advertising, applications or watch clips of popular TV shows and documentaries as well as participate in interactive TV, do Mobile chat, and play games, among others. Additionally, Globe subscribers can send and receive Multimedia Messaging Service (MMS) pictures and video, or do local and international video calling.

2. Fixed Line and Broadband Business

Globe offers a full range of fixed line communications services, wired and wireless Broadband access, and end-to-end connectivity solutions customized for consumers, SMEs (Small & Medium Enterprises), large corporations and businesses.

(a) Fixed Line Voice

Globe's fixed line voice services include local, national and international long-distance calling services in postpaid and prepaid packages through its Globelines brand. Subscribers get to enjoy toll-free rates for national long-distance calls with other Globelines subscribers nationwide. Additionally, postpaid fixed line voice consumers enjoy free unlimited dial-up internet from their Globelines subscriptions. Low-MSF (monthly service fee) fixed line voice services bundled with internet plans are available nationwide and can be customized with value-added services including multi-calling, call waiting and forwarding, special numbers and voice mail. For corporate and enterprise customers, Globe offers voice solutions that include regular and premium conferencing, enhanced voice mail, IP-PBX solutions and domestic or international toll-free services. With the Company's cutting-edge Next Generation Network (NGN), Globe Business Voice solutions offer enterprises a bevy of fully-managed traditional and IP-based voice packages that can be customized to their needs.

(b) Corporate Data

Corporate Data services include end-to-end data solutions customized according to the needs of businesses. Globe's product offerings include international and domestic leased line services, wholesale and corporate internet access, data center services and other connectivity solutions tailored to the needs of specific industries.

Globe's international data services provide corporate and enterprise customers with the most diverse international connectivity solutions. Globe's extensive data network allows customers to manage their own virtual private networks, subscribe to wholesale internet access via managed international private leased lines, run various applications, and access other networks with integrated voice services over high-speed, redundant and reliable connections. In addition to bandwidth access from multiple international submarine cable operators, Globe also has two international cable landing stations situated in different locales to ensure redundancy and network resiliency.

The Company's domestic data services include data center solutions such as business continuity and data recovery services, 24x7 monitoring and management, dedicated server hosting, maintenance for application-hosting, managed space and carrier-class facilities for co-location requirements and dedicated hardware from leading partner vendors for off-site deployment. Other Corporate Data services include premium-grade access solutions combining voice, Broadband and video offerings designed to address specific connectivity requirements. These include Broadband Internet Zones (BIZ) for Broadband-to-room internet access for hotels, and Internet Exchange (GiX) services for bandwidth-on-demand access packages based on average usage.

Globe Business knows that success is made up of different elements: effective products, streamlined processes, and reliable manpower, and that is why Globe's business solutions are a fusion of all three. Among the products and solutions are as follows:

- Mobility - mobility solutions that increase productivity within and beyond the workplace. The Group's enterprise mobility solutions include: (1) Postpaid – leveraging on flexible postpaid plans that suit companies of every scale; (2) Enterprise Mobile Management – allows customers to gain more control over enterprise mobile devices while simultaneously maximizing workforce productivity; and (3) IsatPhone Pro – a satellite phone that lets users call, text, and avail of other services from remote places around the globe.
- Voice - The Group's wide range of cost-efficient voice solutions simplifies communications infrastructure and tailors services to fit business needs. Globe's voice products for business include Globelines; ISDN-PRI; Toll-Free Services; Enhanced Managed Voice Solution (EMVS); Managed IP-PBX; SIP Trunk; Hosted PBX System & Services; and Collaboration Solutions.
- Connectivity - Globe Business offers a fast and resilient connection powered by dedicated and reliable technologies (comprising Domestic Data; International Data; Internet Services; Managed Services).
- Cloud - Improve efficiency and agility in the face of evolving business environments while keeping costs low with Globe's range of cloud services: Infrastructure-as-a-Service (IaaS); Backup-as-a-Service (BaaS); Disaster-Recovery-as-a-Service (DRaaS); Amazon Web Services; AWS Direct Connect.

- Data Center - Globe Data Center provides a superior experience that goes beyond technology. Allows customers to outsource data center hosting and management. The services offered include the following:
 - Co-location - managed space for customer's servers and IT equipment that run mission critical systems and applications;
 - Cross Connect - provides direct connection from customer racks to its service provider;
 - LAN-Based Internet - provides a redundant, stable, secure and high-speed connection to hosted environments within the Globe Data Center;
 - Media Storage - physical off-site data storage in a clean, controlled, safe and secure environment within the Data Center; and
 - Disaster Recovery ("DR") Seats - Provides a DR facility and workstations for customers in the event of a disaster or a business interruption
- Cybersecurity - Globe Business' Cybersecurity allows customers to handle security threats and IT infrastructure cost-effectively, and allows management of tasks and functions efficiently. The platform allows access to the best-in-class tool sets, hardware, software, and even niche technology experts.
- Business Applications - a diverse range of solutions to streamline and enhance business operations, and raise efficiency, productivity, and customer satisfaction (G Suite; Go Canvas, Office 365; Learning Management Solutions, HR Solutions, M2M)r what you need, when you need it.
- Business Continuity - Enable enterprises with the right digital solutions for uninterrupted business operations for their customers. Ensure seamless connectivity (Prepaid Mobile Wifi and Corporate Managed Broadband), Empower remote workforce (Amazon Chime, Amazon Workdocs, Office 365 and Zoom), and Safeguard business operations (Amazon WorkSpaces, Amazon Appstream 2.0).
- Virtualized Solutions - Network Function Virtualization (NFV) virtualizes entire network functions using vendor-neutral hardware and IT infrastructure, facilitating improved communications services. It promotes business agility by replacing a single physical network appliance with flexible, virtualized network functions.

(c) Home Broadband

Globe offers wired and fixed wireless broadband services, across various technologies and connectivity speeds for its residential and business customers. Globe Home Broadband consists of wired or DSL broadband packages bundled with voice, or broadband data-only services. For fixed wireless, the Globe offers LTE @Home and Globe At Home Prepaid WiFi, backed by Globe's 4G network. Globe also offers The Globe At Home AirFiber 5G postpaid plans, a fixed wireless home broadband service making use of Globe's 5G network to provide fiber-like speeds.

Globe At Home Broadband Plans provides the best connectivity to your home with fast & affordable Unli Plans which ensures smooth connection to online classes, meetings, and experience better viewing of movies in high-definition. Globe At Home Broadband's new GFiber plans range from Php1699 per month for up to 150 Mbps to as high as 1 Gbps for Php7,499 per month. The GFiber 1699 plan includes a up to 150Mbps speed unlimited GB of internet. Meanwhile, Plans GFiber 2499 and up includes free landline with unli call to Globe/TM; 3-month access to Viu Premium, HBO GO, Prime Video, Discovery+ and 3-months access to KonsultaMD. In addition to these existing plans, an online-exclusive GFiber Flex Plan 899 with speeds of up to 25Mbps and 300GB data limit was recently added, giving its customers a faster speed internet at a lower price. See also [New GFiber broadband-plans](#) for more details

Moreover, Globe At Home Prepaid WiFi offers reliable prepaid internet for the entire family, that is not just easy to install but also easy on the budget. Customers may choose from FamSurf and HomeSurf promo that is suitable for their needs while staying safe at home with 25 GB of data that can be used for online schooling, working from home, or watching and playing their favorite movies and games. See also [broadband/prepaid-wifi](#) for the latest Home Prepaid WiFi offers; [broadband/help/home-prepaid-wifi-set-up](#) on how to get started with Home Prepaid Wifi.

Globe continues to respond to the unfilled need for fiber connection in communities and to make fiber internet affordable and accessible to the masses, with the launch of TMBayan Fiber WiFi. It's a service especially designed for the prepaid market looking for better connectivity at a more affordable cost. The

unlimited prepaid fiber (TMBayan Fiber WiFi) was launched in August 2022 for as low as ₱5 for a minimum of one hour of internet access, ₱20 for 12 hours and ₱50 for unlimited of high-speed internet connection for three days. TMBayan Fiber WiFi taps sari-sari stores and similar “tambayans” as community WiFi hubs. TMBayan Fiber WiFi is now available in over 600 hubs in the National Capital Region; Luzon, including Bulacan, Pampanga, Cavite, and Laguna; Visayas, specifically in Cebu and Tacloban; and Mindanao, including Davao del Norte, Davao del Sur, and Zamboanga.

See also <https://www.globe.com.ph/broadband/prepaid-wifi.html> for the latest Home Prepaid Wifi offers; <https://www.globe.com.ph/broadband/help/home-prepaid-wifi-set-up.html> on how to get started with Home Prepaid Wifi.

C. Sales and Distribution

Globe has various sales and distribution channels to address the diverse needs of its subscribers.

1. Independent Dealers

Globe utilizes a number of independent dealers throughout the Philippines to sell and distribute its prepaid wireless services. This includes major distributors of wireless phone handsets who usually have their own retail networks, direct sales force, and sub-dealers. Dealers are compensated based on the type, volume and value of reload made in a given period. This takes the form of fixed discounts for prepaid airtime cards and SIM packs, and discounted selling price for phonekits. Additionally, Globe also relies on its distribution network of over 700 thousand *AutoloadMax* retailers nationwide who offer prepaid reloading services to *Globe* and *TM* subscribers.

2. Globe Stores

As of December 31, 2022, the Company has a total of 152 Globe Stores all over the country where customers are able to inquire and subscribe to wireless, broadband and fixed line services, reload prepaid credits, make *GCASH* transactions, purchase handsets and accessories, request for handset repairs, try out communications devices, and pay bills. The Globe Stores are also registered with the Bangko Sentral ng Pilipinas (BSP) as remittance outlets.

In line with the Company’s thrust to become a more customer-focused and service-driven organization, Globe departed from the traditional store concept which is transactional in nature and launched the redesigned Globe Store which carries a seamless, semi-circular, two-section design layout that allows anyone to easily browse around the product display as well as request for after sales support. It boasts of a wide array of mobile phones that the customers can feel, touch and test. There are also laptops with high speed internet broadband connections for everyone to try. The Globe store has an Express Section for fast transactions such as modification of account information and subscription plans; a Full-Service Section for more complex transactions and opening of new accounts; and a Cashier Section for bill payments. The store also has a self-help area where customers can, among others, print a copy of their bill, and use interactive touch screens for easy access to information about the different mobile phones and Globe products and services. Globe stores also include *NegoStore* areas, which serve as additional sales channels for current and prospective Globe customers. Moreover, select stores also have ‘Tech Coaches’ or device experts that can help customers with their concerns on their smartphones. The Company opened the first concept store in Greenbelt 4 in 2010.

In 2012, Globe introduced other store formats in response to the need for more customer service channels to accommodate more subscribers availing of Globe postpaid, prepaid and internet services. The new store formats - the premium dealership store, pop-up store, microstore, kiosk, and store-on-the-go – were carefully designed based on demographics, lifestyle and shopping behaviors of its customers, each providing a different retail mix and experience to subscribers.

In 2013, Globe opened 50 concept stores as part of its commitment to a wonderful customer service experience.

In 2014, Globe simultaneously unveiled its Generation 3 flagship stores in SM North EDSA, Quezon City, Manila and in Limketkai Mall, Cagayan de Oro. Designed by Tim Kobe, the founder and CEO of

Eight, Inc. and designer of Apple Stores, the Globe Gen3 stores features reconfigurable and interactive elements, all designed to empower the growing digital lifestyle of customers. The stores feature four lifestyle zones – music, entertainment, productivity, and life – each with their own interactive kiosks.

Continuing with its journey of transforming customer experience, Globe opened two more Gen3 stores in 2015. On July 2015, Globe opened its third Gen3 store in Ayala Center, Cebu and on August 2015, opened its fourth Gen3 and first two-storey store in Greenbelt, Makati.

In 2016, Globe opened its Flagship ICONIC store in Bonifacio Global City Central Square Taguig. Designed by Tim Kobe of Eight Inc., the same designer of the Globe GEN3 stores, the Globe ICONIC store is the first all-in-one retail and entertainment space and was launched in two phases. Phase 1 was completed in the June 2016 and featured the entertainment space that will house shows, concerts, and a variety of on-ground events and activities. Phase 2, completed in December 2016 features the complete Globe ICONIC Store with a glass bridge that links two Globe stores from opposite sides of the BGC Central Square.

In October 2021, Globe introduced the Globe EasyHub, a new store concept that combines traditional brick-and-mortar stores with a digital retail format. The Globe EasyHub aims to create a better experience for Filipinos looking for safe and convenient ways to make transactions during the pandemic. There are currently 26 Globe EasyHubs in operation as of December 31, 2022.

3. Others

Globe also distributes its prepaid products SIM packs, prepaid call cards and credits through consumer distribution channels such as convenience stores, gas stations, drugstores and bookstores.

D. Operating Revenues

Gross Operating Revenues by Business Segment (in Php Mn)	Year Ended December 31			
	2022	% of total	2021	% of total
Service Revenues				
Mobile*	107,520	61%	104,392	62%
Voice ¹	14,917	9%	17,228	10%
SMS ²	8,845	5%	9,350	6%
Data ³	83,758	48%	77,813	46%
Fixed Line and Home Broadband**	46,281	26%	45,842	27%
Home Broadband ⁴	27,094	15%	29,392	17%
Corporate Data ⁵	17,198	10%	14,170	8%
Fixed Line Voice ⁶	1,989	1%	2,280	1%
Others***	4,179	2%	2,029	1%
Service Revenues	157,979	90%	152,263	90%
Non Service Revenues	17,061	10%	16,234	10%
Operating Revenues	175,040	100%	168,497	100%

*Mobile business includes mobile and fully mobile broadband

**Home Broadband includes fixed wireless and wired broadband

***Others include non-telco revenues from subsidiaries

¹ Mobile voice service revenues include the following:

- Prorated monthly service fees on consumable minutes of postpaid plans;
- Subscription fees on unlimited and bucket voice promotions including the expiration of the unused value of denomination loaded;
- Charges for intra-network and outbound calls in excess of the consumable minutes for various Globe Postpaid plans, including currency exchange rate adjustments, or CERA, net of loyalty discounts credited to subscriber billings;
- Airtime fees for intra network and outbound calls recognized upon the earlier of actual usage of the airtime value or expiration of the unused value of the prepaid reload denomination (for Globe Prepaid and TM) which occurs between 3 and 120 days after activation depending on the prepaid value reloaded by the subscriber net of (i) bonus credits and (ii) prepaid reload discounts; and revenues generated from inbound international and national long distance calls and international roaming calls; and
- Mobile service revenues of GTI and MVNO.

Revenues from (a) to (e) are reduced by any payouts to content providers.

² Mobile SMS revenues consist of revenues from value-added services such as inbound and outbound SMS and MMS, infotext, and subscription fees on unlimited and bucket prepaid SMS services, net of any interconnection or settlement payouts to international and local carriers and content providers.

³ Mobile Data service revenues consist of revenues from Mobile internet browsing and content downloading, Mobile commerce services, other add-on value added services (VAS), and service revenues of GXI and MVNO, net of any interconnection or settlement payouts to international and local carriers and content providers, except where Globe is acting as principal to the contract where revenues are presented at gross billed to subscriber and settlement pay-out are classified as part of costs and expenses. Revenues from premium content services (where Globe is acting as principal to the contract) is reported gross of licensors' fees.

⁴ Home broadband service revenues consist of the following:

- a) Monthly service fees of wired, fixed wireless, bundled voice and data subscriptions;
- b) Browsing revenues from all postpaid and prepaid wired, fixed wireless Broadband packages in excess of allocated free browsing minutes and expiration of unused value of prepaid load credits;
- c) Value-added services such as games; and
- d) Installation charges and other fees associated with the service.
- e) Revenues from premium content services (where Globe is acting as principal to the contract) are reported gross of the licensors' fees. The latter is reflected as part of maintenance expenses.

⁵ Corporate data (previously called Fixed line data) service revenues consist of the following:

- a) Monthly service fees from international and domestic leased lines;
- b) Other wholesale transport services;
- c) Revenues from value-added services and ICT; and
- d) Connection charges associated with the establishment of service.

⁶ Fixed Line voice service revenues consist of the following:

- a) Monthly service fees;
- b) Revenues from local, international and national long-distance calls made by postpaid, prepaid fixed line voice subscribers and payphone customers, as well as Broadband customers who have subscribed to data packages bundled with a voice service. Revenues are net of prepaid and payphone call card discounts;
- c) Revenues from inbound local, international and national long-distance calls from other carriers terminating on Globe's network;
- d) Revenues from additional landline features such as caller ID, call waiting, call forwarding, multi-calling, voice mail, duplex and hotline numbers and other value-added features;
- e) Installation charges and other fees associated with the establishment of the service; and
- f) Revenues from DUO and SUPERDUO (Fixed line portion) service consisting of monthly service fees for postpaid and subscription fees for prepaid.

Globe's mobile business contributed ₱107.5 billion in 2022 accounting for 61% of total operating revenues, 3% above last year's level of ₱104.4 billion. Mobile voice service revenues amounted to ₱14.9 billion in 2022, contributing 9% of operating revenues. Mobile SMS service revenues contributed ₱8.8 billion or 5% of operating revenues. Mobile data service revenues contributed ₱83.8 billion or 48% of operating revenues.

Accounting for 26% of total operating revenues, Globe's fixed line and broadband business grew 1%, registering ₱46.3 billion in 2022, compared to ₱45.8 billion in 2021. Home broadband contributed revenues of ₱27.1 billion, or 15% of operating revenues. Corporate data contributed 10%, at ₱17.2 billion while fixed line voice and other revenue contributed ₱2.0 billion and ₱4.2 billion, accounting for 1% and 2% of operating revenues, respectively.

E. Competition

1. Industry, Competitors and Methods of Competition

(a) Mobile Market

The Philippine mobile market has a total industry SIM base of more than 168 million with an industry penetration rate of 132% as of December 31, 2022. With the growing penchant of Filipinos for smartphones, the mobile data business in the Philippines presents more opportunities for revenue growth. Mobile data usage of both prepaid and postpaid subscribers continues to grow.

Today, with the high level of mobile penetration, driven by the prevalence of multi-SIMming (i.e., individuals having two SIMs), and the emergence of a third player, DITO Telecommunity, the competition in the mobile market remains intense, albeit in a more rational environment. Since its

commercial launch in March 2021, DITO has gained over 13.1 million subscribers as of September 2022.

	Mobile Subscribers (Mn)	Penetration Rates (%)	Growth Rate
2011	93.74*	98.7	9%
2012	102.99*	106.4	10%
2013	108.52*	110.0	5%
2014	113.89*	116.0	5%
2015	124.79	115.2	10%
2016 ¹	125.56	120.4	1%
2017 ²	118.98	111.9	-5%
2018 ³	134.59	124.3	13%
2019	167.32	151.8	24%
2020	149.58	133.3	-11%
2021	157.48	137.9	5%
2022	153.00	132.2	-3%

Source: National Telecommunications Commission, publicly available information and Company estimates

¹ Starting 2016, nomadic subscribers are included in mobile subscribers (previously reported under broadband subscribers)

² In 2017, the industry has excluded in their reporting the prepaid subscribers who do not reload within 90 days of the second expiry period, versus the previous cut-off of 120 days

³ In 2018, under Joint Memorandum Circular No. 05-12-2017, all prepaid load now carries a one-year expiration period

Since 2000, the mobile communications industry has experienced a number of consolidations and ushered in new entrants, namely:

- In 2000, Philippine Long Distance and Telephone Company (“PLDT”) acquired and consolidated Smart and Piltel, complementing the former’s fixed line businesses with the latter’s wireless businesses. Subsequently in 2008, PLDT, through Smart, purchased CURE, one of the four recipients of 3G licenses awarded by the NTC.

- In 2003, Sun Cellular, Digitel’s mobile brand, entered the market and introduced value-based unlimited call and text propositions which allowed it to build subscriber scale over time.

In October 2011, PLDT acquired 99.4% of the outstanding common stock of Digitel, thereby allowing it to control over two-thirds of the industry subscribers. As a condition of PLDT’s acquisition of Digitel, PLDT returned to the NTC the 3G license in CURE.

- In 2008, San Miguel Corporation (“SMC”), partnering with Qatar Telecom, bought interests in Liberty Telecom Holdings, Inc. (“Liberty”) and announced plans to enter the mobile and broadband businesses.

In 2010, SMC acquired 100% stake in Bell Telecommunication Philippines, Inc. (“BellTel”), after acquiring shares in three companies that own the shares of BellTel. Also in 2010, SMC purchased a 40% stake in Eastern Telecommunications Philippines, Inc. (“ETPI”) to expand its telecommunications services. SMC subsequently gained a majority stake of ETPI in 2011, owning 77.7% of the telecommunications company.

In 2012, NTC granted BellTel, San Miguel Corporation’s mobile telephony arm, an extension to its operating license to provide cellular mobile telephone system (CMTS) service in the country for another three years.

- In 2001, Globe acquired Islacom (now Innove). Globe, likewise, acquired approximately 96.5% of the total debt of Bayantel, in December 2012. On October 2013, Globe converted a portion of the debt it holds in Bayantel into a 38% interest in the latter, based on the Amended Rehabilitation Plan approved by the Rehabilitation Court in August of the same

year. Upon obtaining relevant and regulatory approvals, Globe would further convert debt into a total 56.6% share of the common stock of Bayantel.

- In May 2013, ABS-CBN Convergence, Inc. (“ABS-C”, formerly Multimedia Telephony, Inc.) announced the launch of its mobile brand, ABS-CBN Mobile. The launch of the new mobile brand was being supported through a network sharing agreement with Globe, wherein the latter provides network capacity and coverage to ABS-C on a nationwide basis. ABS-C formally launched the brand in November 26, 2013. On November 30, 2018, ABS-C discontinued its mobile phone services business and terminated the mobile network sharing arrangement with Globe Telecom.
- In November 2015, Cherry Mobile, a leading mobile phone company in the Philippines, entered into a co-branding partnership with Globe to launch the Cherry Prepaid SIM that also comes bundled with a Cherry Mobile phone. The Cherry Prepaid SIM will operate through a network sharing agreement with Globe.
- In November 2018, the Department of Information and Communications Technology (DICT) and the National Telecommunications Commission (NTC) declared Mislattel a new major telco player, a consortium composed of Mindanao Islamic Telephone Inc., Udenna Corporation, Chelsea Logistics Holdings, and China Telecom. In 2019, Mislattel was renamed to DITO Telecommunity Corporation. DITO launched commercial operations on March 2021.
- In October 2020, Globe launched the fully digital telecom brand GOMO aimed towards digitally savvy Filipinos.

(b) Fixed Line Market

Fixed Line Voice

The number of lines in service in the fixed line voice market is estimated at 4.7 million lines as of December 31, 2022 with PLDT’s subscriber market share at 81% and Globe subscriber market share at 19%.

The fixed line voice market is currently in decline as the country continues to shift towards alternative communication solutions like VoIP and chat messaging applications.

Corporate Data

The fixed line data business is a growing segment of the fixed line industry. As the Philippine economy grows, businesses are increasingly utilizing new networking technologies and the internet for critical business needs such as sales and marketing, intercompany communications, database management and data storage. The expansion of the local IT Enabled Service (ITES) industry which includes call centers and Business Process Outsourcing (BPO) companies has also helped drive the growth of the corporate data business.

Dedicated business units have been created and organized within the Company to focus on the mobile and fixed line needs of specific market segments and customers – be they residential subscribers, wholesalers and other large corporate clients or smaller scale industries. This structure has also been driven by Globe’s corporate clients’ preferences for integrated mobile and fixed line communications solutions.

(c) Home Broadband Market

Home broadband continues to be a major growth area for the local telecom industry. In a 3-player market, industry home broadband subscribers are now at 8.5 million, down 9% versus 2021 with Globe’s subscriber market share at 30.3% as of December 31, 2022. PLDT’s subscriber market share is at 47% while Converge’s market share is 21.7%. The aggressive network roll-out of the

various operators, the wider availability of affordable prepaid broadband packages, as well as lower PC and tablet prices were the main drivers of subscriber growth. Operators used both wired and wireless technologies to serve the growing demand for internet connectivity.

While household penetration rate remains low, competition continues to intensify as telecom operators aim to capture the market by accelerating the rollout of broadband network to provide subscribers with faster internet connection and introducing more affordable and bundled offerings.

2. Principal Competitive Strengths of the Company

(a) Market Leadership Position

Globe is a major provider of telecommunications services in the Philippines. It is a strong player in the market and operates one of the largest and most technologically-advanced mobile, fixed line and broadband networks in the country, providing reliable, superior communications services to individual customers, small and medium-sized businesses, and corporate and enterprise clients. Globe's distinct competitive strengths include its technologically advanced mobile, fixed line and broadband network, a substantial subscriber base, high quality customer service, a well-established brand identity and a solid track record in the industry.

(b) Strong Brand Identity

The Company has some of the best-recognized brands in the Philippines. This strong brand recognition is a critical advantage in securing and growing market share, and significantly enhances Globe's ability to cross-sell and push other product and service offerings in the market.

(c) Financial Strength and Prudent Leverage Policies

Globe's financial position remains strong with ample liquidity, and gearing comfortably within bank covenants. At the end of 2022, Globe had total interest bearing debt of ₱233 billion representing 60% of total book capitalization. As of December 31, 2022, consolidated gross debt to equity ratio is at 1.53x, well within the 3:1 debt to equity limit. Additionally, debt to EBITDA is also well within the 3.5:1 covenant level, currently at 2.35x. Before taking into account any swap and hedges, approximately 24% of debt is denominated in US dollars. After swaps, effectively none of the total debt is denominated in US dollars.

Globe intends to maintain its strong financial position through prudent fiscal practices including close monitoring of its operating expenses and capital expenditures, debt position, investments, and currency exposures.

(d) Proven Management Team

Globe has a strong management team with the proven ability to execute on its business plan and achieve positive results. With its continued expansion, it has been able to attract and retain senior managers from the telecommunications, consumer products and finance industries with experience in managing large scale and complex operations.

(e) Strong Shareholder Support

The Company's principal shareholders are Ayala Corporation (AC) and Singapore Telecom (STI), both industry leaders in the country and in the region. Apart from providing financial support, this partnership has created various synergies and has enabled the sharing of best practices in the areas of purchasing, technical operations, and marketing, among others.

F. Suppliers

Globe works with both local and foreign suppliers and contractors. Equipment and technology required to render telecommunications services are mainly sourced from foreign countries. Its principal suppliers, among others, are as follows:

The Company's suppliers of mobile equipment include Huawei Technologies Co., Ltd. (China) and Nokia Corporation (Finland); and for transmission and IP equipment, Company has partnered with Huawei Technologies Co., Ltd. (China), Nokia Corporation (Finland), Aviat Networks (USA), and Coriant (USA). For providing cell site backhaul via Very Small Aperture Terminal (VSAT), Globe partnered with Gilat Satellite Networks, Inc. (Israel). For small cell access solutions for residential and enterprise, Globe partnered with IP Access Inc, (UK).

For Fixed Line and Fixed Broadband Service, Globe's principal equipment suppliers include Huawei Technologies Co., Ltd. (China), FiberHome Telecom Tech (China), Nokia Corporation (Finland), Juniper Networks (USA), ZTE Corporation, and Tellabs (USA/Singapore).

For WiFi service, Company partnered with Aruba Networks (USA) and Ruckus Networks (USA).

For Network Management and Operational Support Systems, Globe's primary solution provider includes IBM (USA), Mycom OSI (United Kingdom), Incognito (Canada), Netcracker (USA), Radcom (Israel) among others.

For the Company's IT systems and infrastructure, Globe also engaged Amdocs for continuous enhancement of its Services and Operations. Amdocs Intelligent Operations will assist Globe in managing third-party systems and cloud management solutions. This includes modernizing and running IT operations for multiple lines of businesses, including prepaid and postpaid mobile services, fixed-line broadband, and enterprise services. Globe has also invested in a new digital infrastructure leveraging best-of-breed technologies from Cisco, Dell, EMC and Palo Alto. The new Globe cloud computing capabilities will host various platforms and systems in support of Globe's modernization program.

G. Customers

Globe has a large subscriber base across the country, ending 2022 with 86.7 million mobile subscribers, comprised of 2.5 million postpaid and 84.2 million prepaid subscribers. Globe also has 2.6 million home broadband subscribers and 974 thousand fixed line voice subscribers.

No single customer and contract accounted for more than 20% of the Company's total sales in 2022.

H. Licenses, Patents, and Trademarks

1. Licenses

Globe currently holds the following major licenses:

Service	Type of License	Date Issued or Last Extended	Expiration Date
Globe			
Wireless	CPCN ⁽¹⁾	July 22, 2002	December 24, 2030
Local Exchange Carrier	CPCN ⁽¹⁾	July 22, 2002	December 24, 2030
International Long Distance	CPCN ⁽¹⁾	July 22, 2002	December 24, 2030
Interexchange Carrier	CPCN ⁽¹⁾	February 14, 2003	December 24, 2030
VSAT	CPCN ⁽¹⁾	February 6, 1996	February 6, 2021 ⁽²⁾
International Cable Landing Station & Submarine Cable System (Nasugbu, Batangas)	CPCN ⁽¹⁾	October 19, 2007	December 24, 2030
International Cable Landing Station & Submarine Cable System (Ballesteros, Cagayan)	CPCN ⁽¹⁾	June 29, 2010	December 24, 2030

Innové	Type of License	Date Issued or Last Extended	Expiration Date
Wireless	CPCN ⁽¹⁾	December 14, 2018	January 29, 2044
Local Fixed line	CPCN ⁽¹⁾	December 14, 2018	January 29, 2044

International Long Distance	CPCN ⁽¹⁾	December 14, 2018	January 29, 2044
Interexchange Carrier	CPCN ⁽¹⁾	December 14, 2018	January 29, 2044

Bayantel	Type of License	Date Issued or Last Extended	Expiration Date
Local Exchange Carrier			
(a) <i>Quezon City, Malabon & Valenzuela, all in M.M., Albay, Camarines Norte, Camarines Sur, Catanduanes, Sorsogon & Masbate, all in Bicol Region</i>	CPCN ⁽¹⁾	(a) July 19, 1999	(a) July 18, 2024
(b) <i>Manila, Caloocan, Navotas</i>	CPCN ⁽¹⁾	(b) January 27, 2021	(b) August 9, 2046 ⁽³⁾
(c) <i>Tacloban City, Tanauan and Palo, Leyte & Sogod, Southern Leyte</i>	CPCN ⁽¹⁾	(c) January 27, 2021	(c) August 9, 2046 ⁽³⁾
(d) <i>Leyte (Abuyog, Baybay, Burauen, Carigara, Dulag, Hilongos, Isabel, Palompon & Hilaga) Eastern Samar (Guiuan & Borongan) Western Samar (Catbalogan & Basey) Southern Leyte (Maasin)</i>	CPCN ⁽¹⁾	(d) January 27, 2021	(d) August 9, 2046 ⁽³⁾
(e) <i>Antique, Iloilo, Bohol (except Tagbilaran City), Bukidnon, Misamis Occidental, Misamis Oriental (except Cagayan de Oro City), Zamboanga del Sur, Davao del Norte (except Tagum City), Davao del Sur, Davao Oriental, Sarangani, South Cotabato and Surigao del Sur</i>	PA	(e) November 18, 2004	(e) July 25, 2006 ⁽⁴⁾
(f) <i>Aklan, Capiz (including Roxas City), Guimaras, Negros Occidental (including cities of Bacolod and Bago), Negros Oriental (including Dumaguete City), Cebu (including cities of Cebu, Lapu-Lapu and Mandaue), Zamboanga del Norte, Surigao del Norte (including Surigao City), Tagbilaran City, Cagayan de Oro City and Tagum City</i>	PA	(f) November 18, 2004	(f) May 18, 2006 ⁽⁴⁾
(g) <i>Butuan City, Agusan del Norte & Agusan del Sur</i>	PA	(g) June 27, 2002	(g) June 14, 2005 ⁽⁴⁾
VSAT	CPCN ⁽¹⁾	January 11, 2001	January 10, 2026
International Gateway Facility	CPCN ⁽¹⁾	April 19, 1996	April 18, 2021 ⁽⁵⁾
Trunked Mobile Radio System	CPCN ⁽¹⁾	April 2, 1998	April 1, 2023
Domestic Data and Voice Communications	CPCN ⁽¹⁾	January 27, 2021	August 9, 2046 ⁽³⁾

¹Certificate of Public Convenience and Necessity.

² Motion to Extend the Effectivity/Lifespan of the CPCN was filed on January 20, 2021 and is still pending with the NTC.

³ CPCN automatically extended upon the effectivity of Republic Act 11503 (Bayantel franchise renewal) pursuant to Section 16 of Republic Act 7925.

⁴ Motion for Extension of PA still pending with the NTC.

⁵ Ex-Parte Motion to Extend the Effectivity/Lifespan of CPCN was filed on 13 April 2021 and is still pending with the NTC.

In July 2002, the NTC issued CPCNs to Globe and Innove which allow the Company to operate respective services for a term co-terminus with the congressional franchise under RA 7229 (Globe) and RA 11151 (amending RA 7372; Innove). Globe was granted permanent licenses after having demonstrated legal, financial and technical capabilities in operating and maintaining wireless telecommunications systems, local exchange carrier services and international gateway facilities. Additionally, Globe and Innove have exceeded the 80% minimum roll-out compliance requirement for coverage of all provincial capitals, including all chartered cities within a period of seven years.

2. Trademarks

Globe has the following registered trademarks in the Philippines: 0917, Area 917, Atin Ang Mundo, Bawa't Bahay, Better Days, Easy Watch, Elements Music Camp, EZ Extend, FunAliw, FunKwentuhan, FunPinoy Packs, FunRaket, FunSagad, Game sa Lahat, GG30, GG50, Globe, Globe At Home Air Globe At Home Air fiber 5G, Globe At Home Unli Fiber Up, Globe At Home Prepaid Wifi LTE-Advanced with Doble Bilis Boosters, Globe Business, Globe Connected Home, Globe Switch, GMovies, GOMO, Good Games, GoUnli, GoSakto, GoSurf, GSurveyPH, Homemade Awesome, Kapit Wifi, K-Mmunity PH, Lifetech, May WIFI, Moments Na FunPinoy, Midnight Surf, Recreate. Right At Home, Republika ng TM, Sagad Surf, Secret Surf, SuperSurf, The World, The World Right At Home., Ticket Hub, TM, TM All-In, TM EasyMyFi, TM Easy Plan, TM Easy MyWifi, TM Secret, TM Tambayan, Viash, Wonder, Xtreme Prepaid, Globe EasyHub, FamSurf, Globe Gamer Rounds, KTUnli, Ugnay,GFiber, Mindhive, Globe Virtual Hangouts Metaverse, Globe At Home Prepaid Wifi, Globe Quest, and GFiber Prepaid.

Globe and Saga Events, Inc. own the registered trademark "Stylefestph".

Further, Globe also applied and registered the following brand names: **Globe Telecom** (Taiwan, Canada, Singapore, Macau), **Globe**: Bahrain, Kuwait, Malaysia, Singapore, Macau, Italy, Japan, Taiwan, **Globe and Globe Life Device** (Hong Kong, Malaysia, Taiwan, Singapore, Japan, EU (Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Great Britain, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden) United Kingdom, Kuwait, Macau, Qatar, UAE, Canada, USA, Saudi Arabia), **Globe Life Device** (Australia, Hong Kong, Malaysia, Taiwan, Singapore, Japan, EU (Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Great Britain, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden) United Kingdom, Kuwait, Macau, Qatar, UAE, Canada, USA, Saudi Arabia), **Globe GCash** (United Kingdom, Taiwan, Japan, Macau, Qatar, Korea, UAE, Ireland, Lebanon, Sweden, China), **Globe Kababayan** (Taiwan, United Kingdom, Japan, Austria, UAE, Korea, Taiwan), **GCash Remit and Logo** (Japan, Taiwan, New Zealand, China), **GCash Remit (Bilis-Murang Pera Padala)**: Brunei and New Zealand, **Globe Load and Logo** (Canada, Korea, Japan).

Globe subsidiaries and affiliates have applied/registered their respective marks with the Intellectual Property Office, namely:

- a) Innove Communications, Inc. has registered the trademark GoWifi.
- b) Globe Capital Venture Holdings, Inc. has filed the following trademarks: Area917V, FreebieMNL, and HealthNow.
- a) GXchange, Inc. has the following registered trademarks: Powerpay+, G-Xchange, GCash Remit, GCash Logo, #WhatCantYouDo, What Can't You Do?, #WCYD, GCash App logo, GCash Forest, GCash Forest Logo, GCash Forest & Logo, GForest, GForest & Logo, G Logo, GCash & G Logo, GCat, GSave, GCredit, GInvest, GInvest Logo, GInsure, GCash Loan, GInvestment, GLife,, Send Ang Pao & Logo, KKB & Logo, GCash Pera Outlet Logo, GCredit Logo, GCash Padala Logo, GLife Logo, GSafe Logo, GSave Logo, GCash Jr., GCash Youth, GScore, GZGives, GPondo, GInstallment, GLite, GGives, GPadala, GCash PO, GCash Pera Outlet, GProtect, GSafe, GPO,

GScan, GCoins, GPoints, GRewards, GDeals, GCash for Good, GCash Padalal; and a trademark application for GEnergy.

- b) Globe Fintech Innovations, Inc. has registered trademarks for the Mynt Logos and for Mynt A Fresh Look At Money & Logo and trademark applications for mynt finance for all (logo marks) and MYNT.
- c) Fuse Lending, Inc. has the following registered trademarks: Fuse Lending Logo, Installoan, Go Loan, Spark Loan, Fuse Business Loan, Power Payday Advance, Fuse Business Loan Logo, Power Payday Advance Logo, House with P Logo, Plane with P Logo, Installoan Logo, GLoans, GLoan, GLoan Logo.
- c) Asticom Technology, Inc. has registered the trademark, Asticom Bridging People, Fueling Passions.

3. Patents

Gxchange, Inc. and UTIBA Pty Ltd. have registered the following patents in the Philippines:

1. A Method of Switching the Billing Mode of a Subscriber's Mobile Phone Services from Postpaid to Prepaid and Vice Versa Using One Subscriber Identity Module (SIM) Card Having One Mobile Phone Number;
2. Person-to-Person Virtual Cash Transfer Transaction Using Mobile Phones;
3. A Method of Converting Virtual Cash into Cash and Deducting from a Mobile Phone Cash Account.
4. A Method of Cashless, Cardless Purchase Transaction Using Mobile Phones; and
5. A Method of Converting Cash into Virtual Cash and Loading it to Mobile Phone Cash Account

Gxchange, Inc. and UTIBA Pty Ltd. have likewise registered the following patents in the United States:

1. Person-to-Person Virtual Cash Transfer Transaction Using Mobile Phones; and
2. A Method of Converting Cash into Virtual Cash and Loading It To A Mobile Phone Cash Account

Gxchange, Inc. and UTIBA Pty Ltd. have likewise registered the following patents in Indonesia:

1. Person-to-Person Virtual Cash Transfer Transaction Using Mobile Phones; and
2. A Method of Converting Virtual Cash to Cash and Deducting from a Mobile Phone Cash Account

I. Government approvals/regulations

The Globe Group is regulated by the NTC under the provisions of the Public Service Act (CA 146), Executive Order (EO) 59, EO 109, and RA 7925. Under these laws, Globe is required to do the following:

- a) To secure a CPCN/PA from the NTC for those services it offers which are deemed regulated services, as well as for those rates which are still deemed regulated, under RA 7925.
- b) To observe the regulations of the NTC on interconnection of public telecommunications networks.
- c) To observe (and has complied with) the provisions of EO 109 and RA 7925 which impose an obligation to rollout 700,000 fixed lines as a condition to the grant of its provisional authorities for the cellular and international gateway services.
- d) Globe remains under the supervision of the NTC for other matters stated in CA 146 and RA 7925 and pays annual supervision fees and permit fees to the NTC.

On October 19, 2007, the NTC granted Globe a CPCN to operate and maintain an International Cable Landing Station and submarine cable system in Nasugbu, Batangas.

On May 19, 2008, Globe Telecom, Inc. announced that the National Telecommunications Commission (NTC) has approved the assignment by its wholly-owned subsidiary Innove Communications (Innove) of its Touch Mobile (TM) consumer prepaid subscriber contracts in favor of Globe. Globe would be managing all migrated consumer mobile subscribers of TM, in addition to existing Globe subscribers in its integrated cellular network.

On September 11, 2008, the NTC granted Globe a CPCN to operate and maintain an International Cable Landing Station in Ballesteros, Cagayan Province.

J. Research and Development

Globe incurred market research costs amounting to ₱150.53 million in 2022, a 3% increase versus 2021 spend of ₱146 million.

K. Compliance with Environmental Laws

The Globe Group complies with the Environmental Impact Statement (‘EIS’) system of the Department of Environment and Natural Resources (‘DENR’) and pays nominal filing fees required for the submission of applications for Environmental Clearance Certificates (‘ECC’) or Certificates of Non-Coverage (‘CNC’) for its cell sites and certain other facilities, as well as miscellaneous expenses incurred in the preparation of applications and the related environmental impact studies. The Globe Group does not consider these amounts material.

Globe has not **been subject to any significant legal or regulatory action regarding non-compliance to relevant environmental regulations.**

L. Employees

The Globe Group has 8,149 active regular employees as of December 31, 2022, of which 3% or 247 are covered by a Collective Bargaining Agreement (CBA) through the Globe Telecom Employee’s Union (GTEU).

Breakdown of employees by main category of activity from 2020 to 2022 are as follows:

Employee Type	2022	2021	2020
Rank & File, CBU	1,321	1,564	1,835
Supervisory	4,048	3,979	3,896
Managerial	2,195	2,146	2,043
Executives	585	596	565
Total	8,149	8,285	8,339

In conformance with the Department of Labor and Employment’s (DOLE) Collective Bargaining Agreement (CBA), the Globe Telecom Employees Union-Federation of Free Workers (GTEU-FFW) remains active to pledge the right of every Ka-Globe to form a collective bargaining unit. All employees are allowed to participate in CBA and through GTEU-FFW, everyone is informed and made aware of the mandates.

Globe has a long-standing, healthy, and constructive relationship with the GTEU characterized by healthy and constructive discussions and industrial peace. Both have shared goals such as enhancing productivity levels and ensuring consistent quality of service to customers across various segments.

Globe and GTEU-FFW renewed their collective bargaining agreement on March 2021. This is a testament to the strong partnership built between them and the alignment in their advocacies.

M. Risk Management

Globe believes that effective Risk Management (RM) practices play a crucial role in ensuring sustainable company growth and building resiliency towards future risk scenarios. Hence, Globe ensures that RM remains a core capability and an integral part of how decisions are made in the organization to deliver value to shareholders. The company's thrust is to embed RM in the daily lives of employees, empowering them to make intelligent choices when confronted by risks and opportunities.

Globe lives out its RM philosophy via three key pillars - Structure, Process and Culture.

Structure	Process	Culture
We strive to cultivate an organizational structure that supports strong corporate governance, clearly defines risk taking responsibility and authority, facilitates ownership and accountability for risk taking, and ensures proper segregation of duties.	We strive to sustain sound processes that facilitate the identification, assessment, quantification, mitigation, management, monitoring and communication of risks at the enterprise and operational level. We also regularly review our RM processes and policies on a continuing basis and stay abreast of current developments to ensure that we remain robust and relevant, through benchmarking against industry and global best practices.	We strive to nurture a risk aware culture by setting the appropriate tone at the top, defining clear accountability for risks, espousing transparency and timeliness in sharing risk information, enabling risk-adjusted decisions, recognizing appropriate risk-taking attitudes, and embedding the right risk skills across the organization.

Board of Directors

The Board of Directors oversees and conducts an annual review of Globe's material controls, covering operational, financial and compliance areas and overall RM systems. The overall responsibility and accountability for RM oversight rests with the Board. To enable the Board to effectively discharge Globe's RM function, various Board committees have been designated to provide RM oversight for specific risk areas.

Board Risk Oversight Committee

A Board Risk Oversight Committee (BROC) was created to provide focus and effectively consolidate the decentralized and overlapping risk oversight duties performed by various Board sub-committees. The establishment of the BROC will ensure an integrated and holistic oversight on RM at the Board level.

The BROC is mandated to assist the Board in fulfilling its oversight responsibilities in relation to Risk Governance in Globe. This ensures that the Board and Globe's Management will be able to make well-informed and intelligent decisions based on thorough assessment of risks and opportunities. This includes:

- Ensuring that there is an effective, efficient and integrated risk management process working in place;
- Enabling the identification, analysis, and assessment of key risk exposures its impact to Globe's strategic and business objectives, as well as the formulation of an effective RM strategy. This includes exposures related to Environmental, Social, and Governance (ESG) risks, as well as climate-related risks and opportunities;
- Cultivating a sound organizational structure with an effective Enterprise Risk Management ("ERM") framework working in place;
- Establishing clear definitions of risk-taking authority, ownership, accountability, and proper segregation of duties; and
- Fostering a risk-aware culture that is pervasive throughout Globe, and ensures transparency in reporting of key risks to relevant stakeholders.

The BROC is led by a Chairperson who must be an independent, non-executive director. At present, it is composed of four (4) directors, three (3) of which are independent, non-executive directors. The Board appoints all members of the committee.

The BROC meets on a quarterly basis or as frequently as needed. The BROC also submits and presents a report to the Board at least two (2) times a year containing updates on all actions initiated by the committee at the board meeting following the BROC meetings, as well as a year end report outlining the committee's actions for the year, confirmation of how its responsibilities were discharged, assessment performed on the effectiveness of the committee, and recommendations for improvement.

Management

With guidance provided by the BOD and sub-committees, Management is fully responsible for decision-making over the day-to-day affairs of Globe including the design, development and implementation of the RM strategies, policies and systems intended to address the identified risks.

Chief Executive Officer

The President and Chief Executive Officer (CEO) is ultimately accountable for RM priorities, including strategies, tolerances and policies which he recommends to the Board for approval. The CEO:

- Acts as the final enforcer of the RM process;
- Establishes organizational structure, assigns authority and designates management of key risks to risk owners to ensure that the RM activities are carried out effectively;
- Reviews the continuing effectiveness and relevance of the RM framework, processes, organization and tolerances, as assisted by the Chief Risk Officer;
- Ensures that RM activities are linked to the risk owners' Key Result Areas.

Chief Risk Officer

The Chief Finance Officer (CFO) and concurrent Chief Risk Officer (CRO) enables the CEO in fulfilling his role in RM. The CRO ensures that:

- There is adequate supervision and guidance over the development, implementation, maintenance and continuous improvement of RM policies, processes and documentation;
- Risk Management processes and activities are embedded within the organization's policies, business cycles, and operational decisions;
- Responsibilities for managing specific risks by Senior Management are clear;
- The level of risk accepted by the company is appropriate;
- An effective control environment exists for the company as a whole; and
- In collaboration with Senior Management, BOD and its sub-committees, and other stakeholders, provide periodic information on the results of the annual risk assessment exercise and updates on the status of top risks, key risk mitigation activities, key risk and performance indicators and emerging risks that could impact the attainment of Globe's objectives.

Enterprise Risk Management Department

The Enterprise Risk Management Department (ERMD) supports the CRO in undertaking her role. Key functions of the ERMD include:

- Facilitating Management Team's annual risk assessment exercise and reporting the results thereof;
- Coordinating with risk owners to gather information and updates on Risk, the status of and its management/mitigation activities;
- Facilitating the execution of Line Management's risk assessment exercise;
- Developing and implementing risk culture building programs to drive and embed the RM discipline across the organization;
- Serve as the BROC secretariat to support the discharge of the BROC's risk oversight functions;
- Enable the BROC to effectively exercise oversight and guidance over Globe's risk management and governance structure at the operating level.

On a quarterly basis, the Board, through the BROCC, is apprised of the company's critical risks, control issues and key mitigation plans by the CRO and ERMD. Insights on the following are provided:

- Risk management processes are working as intended;
- Risk measures and mitigation plans are reported and continuously reviewed by risk owners for effectiveness; and
- Established risk policies and procedures are being complied with.

The CRO and ERMD can schedule executive sessions outside the scheduled BROCC meetings with the BROCC Chairwoman on an as-needed basis to discuss new or emerging risks, as well as critical risk updates that need immediate attention.

To ensure that the competencies of the ERMD team remain up-to-date, all ERMD team members are trained in the ISO 31000:2018 standard and are holders of certifications related to RM. The team also actively participates in various training programs, summits, and professional organization events related to RM throughout the year.

Internal Audit

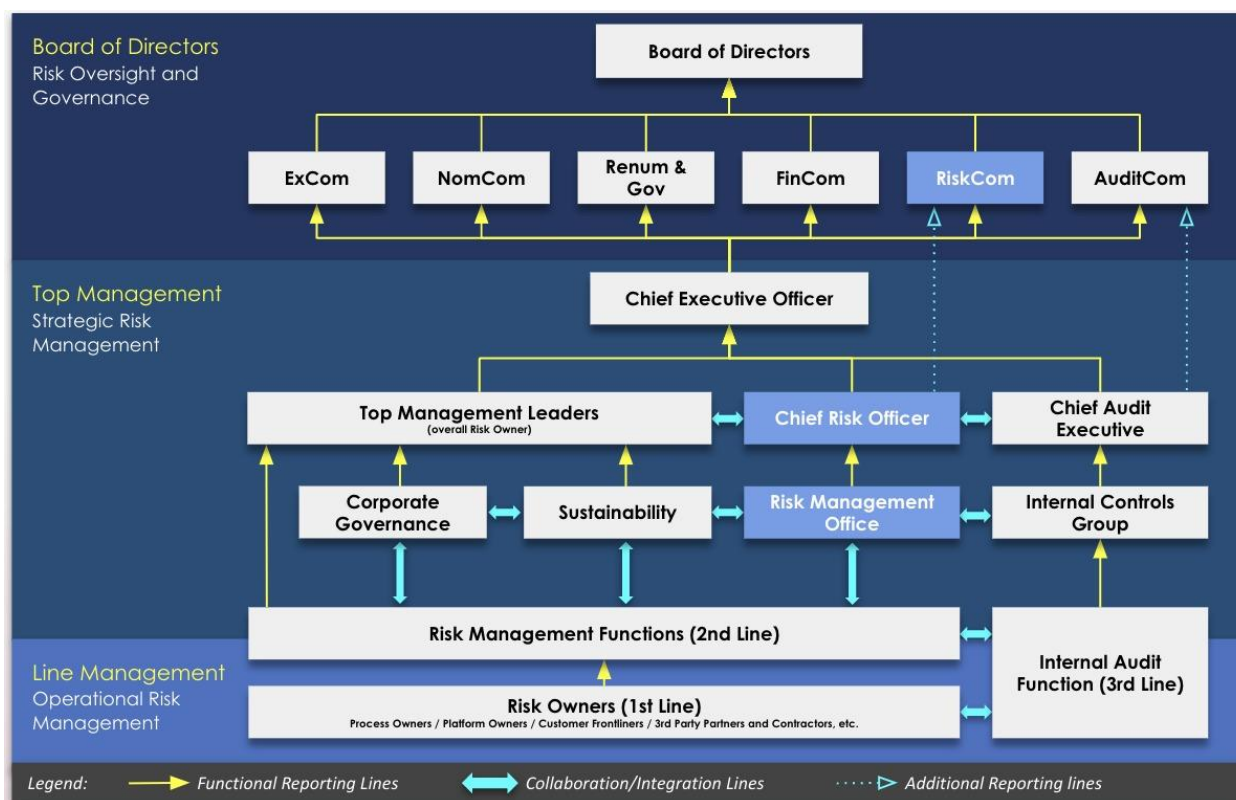
The Internal Audit Team provides independent assurance on the effectiveness of RM systems and processes. Internal Audit's examinations cover a regular evaluation of adequacy and effectiveness of RM and control processes encompassing the company's governance, operations, information systems, reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets and compliance with laws, rules and regulations.

Risk Owner

The Risk owner is primarily responsible and accountable for the assigned risk/s and is granted authority to enable effective management of a particular risk. The Risk Owner's function also includes:

- Understanding the risk/s and determining its drivers;
- Planning for and executing appropriate RM strategies and mitigation plans for key risks identified, including the adoption of the necessary RM framework/s and standard/s;
- Securing required resources needed to effectively manage the risks;
- Monitoring and reviewing the level of risk exposures and continuing relevance of RM strategies and plans; and
- Providing timely updates on the status of RM activities to concerned stakeholders.

Risk Management Approach



Globe's overall RM framework and policy is anchored on the ISO 31000:2018 framework for Risk Management. Given the complexities of the telecommunications sector, Globe is inherently exposed to a diverse set of risks from both internal and external factors. To ensure that these sets of risks are effectively and efficiently managed, Globe adopts a decentralized, 3-lines-of-defense model approach to effectively manage its risks.

- Risk Owners, having first hand experience and expertise in managing risks on a daily basis, are given primary responsibility and accountability to address risks, including the adoption of one or more specialized frameworks and best practices that enable sound RM practices. Risk owners report timely updates on its risks and emerging threats to management.
- The CRO, enabled by the ERMD, provides oversight of critical enterprise-wide, and operational risks to ensure that the individual RM practices of risk owners are designed in accordance with the overall RM framework and policy, and managed appropriately in accordance with the company's set risk appetites and tolerance levels.
- The CAE, enabled by the Internal Audit team, provides independent assurance that the RM policies and practices are both designed effectively and operating as intended.

Both the CRO and CAE report to the board via the BROC and Audit and Related Party Transactions (ARC) committees respectively. Through the BROC and ARC, in conjunction with other board sub-committees, the board discharges and maintains its oversight role on the company's risks.

To ensure that our RM approach remains effective, efficient, and relevant, the ERMD continues to iterate and improve upon the company's RM policies and ways of working throughout the year. In 2021, the team embarked on the process of adopting the COSO ERM Framework to improve its overall RM approach.

RISK MANAGEMENT PROCESS

Globe's RM cycle starts with an enterprise-wide assessment of risks is performed by the Management Team as part of the annual planning and budgeting process. This process starts with the identification of key risks that threaten the achievement of Globe's business and strategic objectives at the corporate and business unit level. These risks are then identified, analyzed, evaluated to identify the company's top risks for the next fiscal year. These risks are approved up to the BROCC level, and are assigned to the appropriate risk owner/s for the development of plans to manage said risks.

To ensure effective risk oversight and governance over the company's risks, Globe through the CRO and ERMD has institutionalized a process to monitor the status of risks through monitoring key risk indicators, key performance indicators, status of mitigation plans, and identification of any emerging risks. On a periodic basis, the ERMD, together with the risk owners, provide reports on the status of said risks to the CRO, management, and to the board via the BROCC and other board committees. A summary of the risk topics discussed throughout the year can be found in the BROCC report to the BOD.

At the operational level, risk owners ensure that the established strategies and mitigation plans to address the risks are continuously developed, updated, improved, and reviewed for effectiveness throughout the year as part of their BAU activities. The examinations performed by internal audit over internal controls, which include the review of established risk mitigation plans, provide independent assurance that said plans are in place.

Throughout the year, management through the ERMD also conducts various coordinated, end-to-end risk assessment studies on identified critical risk areas and emerging risks. Management believes that these studies are essential for a strong RM process as it reinforces the lines of defense while providing relevant insights both decision making and the management of Globe's top enterprise-wide risks. When necessary, the company seeks external technical support from 3rd party experts to aid management and the board in the performance of their RM duties and responsibilities.

FOSTERING THE RIGHT RISK CULTURE

Globe believes that fostering a culture of risk awareness and intelligence across the organization is essential in embedding and ensuring consistent application of sound RM practices in every decision point by every Globe employee.

The ERMD partners with various risk owners to ensure that RM advocacies are effectively cascaded to every employee through various culture building activities. Learning sessions, summits, and information drives are organized throughout the year by risk owners. These activities provide every Globe employee with opportunities to understand the latest technologies, solutions, and trends in various fields, and learn about the risks, both at present and in the future and how they are effectively managed.

RISK AND SUSTAINABILITY

Given the accelerated pace of change in the business landscape brought about by business disruptions, global megatrends, and stakeholder priorities, Globe's management looks into various Environmental (which include climate-related risks and opportunities), Social, and Governance (ESG) risks and how these interact with the company's principal risks. Globe has started integrating specific requirements of the Task Force on Climate-related Financial Disclosures (TCFD) Framework into its RM programs to further strengthen the climate-related risk oversight function of the BROCC. This was done through a climate-scenario analysis to contextualize the company's short-term, medium-term, and long-term climate-related risks (Physical and Transition) and opportunities as an input for financial and strategic decision-making. Globe also supports the Ayala vision of integrating RM and Sustainability practices as the way forward towards long-term sustainable business growth.

The ERMD, together with the Sustainability team, continue to work towards synergizing both practices to ensure that the company's ESG risks are appropriately managed and in line with the company's sustainability commitments. Synergies include:

- Semi-annual reporting on ESG risks and its management by the sustainability team to the BROC;
- Integration of Sustainability risks into the company's annual enterprise-level risk assessment exercise; and
- Fulfilling sustainability disclosure requirements, particularly on the requirements of the Task Force on Climate-related Financial Disclosures (TCFD) framework as it relates to RM.

RISK MANAGEMENT OFFICE

The Risk Management Office (RMO) espouses the right risk management culture across the company and its subsidiaries. The ERMD is part of RMO alongside the following RM functions:

Operational Risk Management and Business Continuity (ORB)

ORB is responsible for overseeing the company's implementation, review, and certification for the following management systems:

- *ISO 22301: Business Continuity*
The program aims to achieve a constant state of readiness to respond to disruptions through proactive and responsive teams, effective and efficient processes, and a resilient network, ensuring continued delivery of critical products and services.
- *ISO 14001: Environmental Management*
The program aims to ensure that the company's environmental impact is at a minimum, as a result of effective and efficient use of resources, pollution prevention, and waste management programs.
- *ISO 45001: Occupational Health and Safety*
The program aims to achieve a workplace with prime consideration for the safety and well-being of its employees, partners, and the public.

ORB is also responsible for the development, implementation, activation, and review of the company's disaster response and recovery frameworks. This includes operationalizing the company's disaster response capabilities to enable rapid, coordinated response towards various natural and man-made disasters.

Stakeholder Communications and Advocacy (SCA)

SCA is responsible for two key functions:

- *During Crisis time*
SCA serves as the overall PMO between the disaster response capability teams and management. SCA is also responsible for maintaining and improving Globe's disaster response capability processes and capabilities.
- *During Peacetime*
SCA is responsible for ensuring that internal and external RM stakeholder needs are met. This includes developing programs and campaigns to ensure that the right risk culture is espoused across the organization, and a common risk language is established across all stakeholders.

Risk Governance and Compliance (RGC)

RGC facilitates the company's annual re-certification to the management systems under its scope, and performs periodic reviews to help risk owners prepare for the re-certification audit. RGC, alongside ORB, works with risk owners to ensure compliance with the requirements of various government and regulatory bodies as it relates to the management systems under its scope. These include National Disaster Risk Reduction and Management Council (NDRRMC), Department of Labor and Employment (DOLE), Department of Health (DOH), the Department of Environment and Natural Resources (DENR), National Telecommunications Commission (NTC), among others.

Risk Automation Services (RAS)

RAS is RMO's internal application development team, and is responsible for improving ways of working through technological innovation. This includes tools and systems development, pilot testing and maintenance. RAS also handles project management and microservices design to help deliver automation requirements for RMO, Revenue Assurance and other teams within their scope.

GLOBE PRINCIPAL RISKS

The achievement of Globe's key business objectives can be affected by a wide array of internal and external risk factors. Some of these risk factors are universal while some are unique to the telecommunications industry. The risks vary widely in occurrence and severity, some of which are beyond the company's control. There may also be risks that are either presently unknown or not currently assessed as significant, which may later prove to be material.

Globe aims to manage these exposures through developing appropriate RM strategies, establishing strong internal controls and capabilities, risk transfer methodologies (e.g., insurance covers) and close monitoring of risks (including emerging risks) and mitigation plans. This section outlines the various principal risks that impact Globe, listed in no particular order of significance:

Political and Socio-Economic Risks (External)

Globe's growth and financial health is influenced by the nation's political and socio-economic structures and conditions. The uncertainties in the political, geopolitical, and social environment may have an adverse impact on the Philippine economy which in turn directly impacts the company's business, financial condition or results of operations, including the ability to sustain and enhance the growth of its customer base, improve its revenue base, and implement its business strategies.

Globe is also susceptible to regional and geo-political shifts, which can lead to:

- International and regional conflicts, trade wars,
- Protectionism and deglobalization,
- Supply chain disruption, and
- Threats to national security, such as terrorism, nation sponsored cyber attacks, pandemics, among others.

Mitigation:

- Perform regular environmental scanning exercise to ensure the identification of any uncertainties arising from global and local political and socio-economic factors
- Create fall-back policies in cases of supply chain disruptions due to international trade ban and territorial lockdown
- Maintain a healthy relationship with various government sectors including dialog with regulators and legislators
- Strengthen tie-ups with government programs and initiatives

Regulatory Risk (External)

Globe is regulated by the National Telecommunications Commission (NTC), an attached agency of the Department of Information and Communications Technology (DICT), for its telecommunications business, and by the Securities and Exchange Commission (SEC) for other aspects of the business as well as the Philippine Stock Exchange (PSE) as one of its capital market regulators, to name a few. On the other hand, the Philippine Competition Commission (PCC) has oversight on the company's mergers, acquisitions, and other similar transactions as it is tasked to effectively level the playing field among businesses and penalize anti-competitive agreements and abuse of market dominance.

Globe is also working with the government in implementing key laws and regulations that affect the telecommunications industry. These include, but not limited to:

- Continuous improvements on the country's telecom network,
- Sharing of network/facilities across operators,
- Number portability,

- Regulations on service pricing, tariffs,
- Spectrum reallocations by regulators, and
- National roaming capabilities.

Some of the recent key legislation and regulations implemented by the government and the regulators, which impact Globe are listed below. Globe is closely monitoring the developments in relation to laws and regulations and has taken the necessary steps to ensure compliance:

- Common Tower Policy (DICT Ruling) - A policy promulgated by the DICT to ensure more access to cost-efficient ICT infrastructure in areas not adequately served, via common towers.
- Mobile Number Portability (RA 11202) - A law that allows subscribers to switch from one network operator to another without having the need to change their mobile telephone numbers.
- Public Service Act (SB 2094) - A proposed law that amends the Commonwealth Act No. 146 or the Public Service Act of 1936. Changes include relaxing existing restrictions on foreign company ownership of industries deemed critical infrastructure by the government.
- SIM Card Registration Act (RA 11934) - An Act requiring the registration of Subscriber Identity Module (SIM). It aims to promote responsibility in the use of SIM and provide law enforcement agencies the tools to resolve crimes which involve its utilization and a platform to deter the commission of wrongdoings.
- Extended Producer Responsibility (EPR) Act (RA 11898)- A law that aims to institutionalize the EPR mechanism as a practical approach for efficient waste management, particularly for plastic packaging wastes of obliged enterprises. This can be done through reduction and recovery programs.
- Electric Vehicle Industry Development Act (EVIDA) (RA 11697)- A law requiring that at least 5% of owned or leased fleets be EV within the prescribed timeframe of the Comprehensive Roadmap for the Electric Vehicle Industry (CREVI)

Compliance to new laws or regulations may significantly affect the company's operations and increase compliance costs.

Mitigation

- Maintains strong lines of communication with our government at the local and national levels, ensuring compliance with regulations set by the government
- Partner with the government in improving communities and contribute to nation building
- Quarterly reporting to the Board of Directors on updates on upcoming laws and regulations and the current implementation status of new laws and regulations
- Enhance compliance effectiveness of Globe by/through:
 - Proactive internal compliance assessments
 - Enhancing internal controls on processes impacted by specific laws and regulations
 - Training the required staff and management on new laws and regulations
 - Programs that will establish and enhance the culture of compliance

Competition Risk (External)

a) Traditional Competition (External)

b) Competition remains intense in the Philippine telecommunications industry amidst a mature mobile market and high growth data business, as new and incumbent competitors seek to regain market share with aggressive offerings. These factors are seen to further heighten the competitive dynamics amidst a mature mobile market.

Mitigation

- Assert Globe's market position through offering of personalized plans and launching of innovative products and services that are relevant and responsive to the need of the customers, focusing on superior customer experience,
- Continuously invest, build, and improve the Globe network to deliver superior network experience to customers

- Launch programs that aim to maintain high value customers and improve customer loyalty for both consumer and business segments
- Leverage synergies within the Globe Group to deliver superior customer service.

c) Substitute and Alternative Competition (External)

The competitiveness of the industry is further underscored by cheap alternatives to communication such as instant messaging, social network services and voice over internet protocol (VOIP). These alternatives are also driven by the proliferation of affordable smartphones and internet-capable mobile devices. The entry of Satellite Internet providers, using the Low Earth Orbit (LEO) technology, also poses a threat in disrupting the telecom sector as a whole, with their promise of a high-speed broadband internet service available to areas unserved by local internet providers.

As customers move towards an “everything on demand” lifestyle, there is an increased demand for telecom operators to be more than just service providers, opening the door for companies to offer content, media, and other services bundled with internet services at competitive prices as substitute products and services as compared with traditional telecom data services.

As new technology and innovations emerge, such as 5G, Internet of Things (IoT), Smart Cities, exploration towards Satellite Internet Access, among others, potential new substitutes and alternatives to existing telecom services may arise in the future that can impact the company’s growth and sustainability should it fail to respond well.

Mitigation

- Partner with leading providers of content, mobile messaging, social media and other popular applications in order to provide products and services that anticipate and cater to shifting customer preferences
- Enable swift response to new market developments and customer preferences by implementing an agile organization and open technologies
- Develop innovative services with new business and pricing models that will cater to the changing needs of the customers, as well as adopt new technologies that improve overall service delivery
- Develop a monitoring program that will identify key changes and developments in market environment, supply chain management, technological advancements and customer preferences.

Talent and Succession Risks (Internal)

Globe believes that its greatest asset is its people, thus ensuring that the company is able to acquire and retain competent, purpose-driven, and future-thinking talents is crucial to the company’s continued success. Succession planning is also a critical area in order to build a Globe that lasts, developing the next generation of leaders ensures that there will always be people who can, and will, lead Globe into the future.

Increasing need for specialized talent that is in short supply, the threat of talent poaching both from competition and other industries that aim to acquire talents with telecom exposure, the allure of working abroad versus working locally due to better compensation and opportunities are the key risks that Globe faces in securing talent. On the other hand, the lack of ready-now talents for key leadership positions, as well as the inability to provide the right work environment, office culture, and development opportunities where high potential talents can thrive and develop into the next generation of leaders and where the entire people of the organization remains engaged and productive, are the key risks that Globe faces in retaining and developing talent.

While the threat level in the country is now low, COVID-19 continues to place our current talent bench at risk, as not only it places the physical health of employees at risk, thereby potentially leaving talent and leadership gaps that can hamper the achievement of Globe’s business objectives, but also places employee mental health at risk due to the protracted community quarantines, working from home arrangement, and general anxiety and fear of the virus.

Mitigation

- Development of robust talent succession development program that identifies high potential talents and ensure a healthy supply of ready-now talents to key leadership positions
- Implementation of various people engagement and development programs and activities that boost employee morale, including programs that promote workplace psychological safety and fostering purpose-driven mindset to all Globe employees
- Robust internal training programs for continuous learning and development, including specialized courses that upskill the workforce to new technologies and disciplines that would otherwise be not readily available on traditional learning channels
- Strict compliance monitoring for accredited third-party vendor partners on pertinent labor laws and regulations
- Adopting protocols and safety measures to ensure minimal risk of contracting COVID-19 for employees, whether working from home or working on-site, extending to critical 3rd party partners' personnel.
- Implementing measures to enable employees to conduct health screenings and options to care for their mental health, as well as providing medical assistance to those infected by the virus wherever possible
- Continuous monitoring of new COVID variants of concern and maintaining the minimum health protocols as well as community quarantine guidelines in all our offices

Financial Risks (External/Internal)

- a) Foreign Exchange Risk (External)
- b) Globe is exposed to two types of Foreign Exchange (FOREX) risks - transaction exposures and translation exposure. FOREX transaction exposures results from inflows of US Dollar (USD) from operations during a peso appreciation. The company's FOREX translation exposures result primarily from movements of the Philippine peso against the USD with respect to USD-denominated financial assets, liabilities, revenues and expenditures.

There are no assurances that declines in the value of the peso will not occur in the future or that the availability of foreign exchange will not be limited. Recurrence of these conditions may adversely affect the company's financial condition and results of operations.

Mitigation:

Manage FOREX risks in such a way that transaction exposures will offset translation exposures. This is done by:

- Assessing FOREX risk through sensitivity analysis estimating the Profit & Loss (P&L) impact of a change in the USD/PHP rate
- Entering into forward contracts to hedge against peso appreciation in the case of a FOREX transaction exposure
- Entering into short-term foreign currency forwards and long-term foreign currency swaps in the case of a FOREX translation exposure
- Entering into principal-only swaps to hedge FOREX risk exposure to principal repayments on USD debts

- c) Interest Rate Risk (External)
- d) In order to fund the company's major expenditures, Globe has entered into various short and long-term debt obligations, which exposes the company to the risk of changes in interest rates.

Mitigation:

- Manage interest rate risk in such a way that levels of debt can achieve a balance between cost and volatility. This is achieved through:
 - Assessing interest rate risk through sensitivity analysis estimating the P&L impact of an indicated movement in interest rates

- Setting a target level of fixed and variable debt mix
- Entering into interest rate swaps to reduce volatility related to interest rate movements

e) Liquidity Risk (Internal)

Globe revolves in an industry where there are rapid technological advances. This puts a great pressure on the company's financial structure to generate sufficient cash flows to finance its capital investments and refinance its outstanding debts.

Mitigation

- Evaluate Globe's projected and actual cash flows and continuously assess conditions in the financial markets for opportunities to pursue fund raising activities
- Strengthen Capital Expenditure (CAPEX) planning supported by data-driven decision making process
- Ensure stable access to the capital market by maintaining an investment grade credit rating, strong liquidity position and balance in resource allocation between CAPEX and Operational Expenditures (OPEX).

Information and Communications Technology Risk (Internal)

The transformation of Globe's product portfolio from traditional telecom services to a data driven ecosystem of product and service offerings is enabled by the right systems and technologies. Mobile data applications and the rising popularity of smartphones, social media platforms as enabled by mobile and connected devices continue to drive the exponential surge in data traffic. Consequently, this leads to a clamor for fast, reliable, yet affordable data services. In response, Globe's Network infrastructure and Information Technology platforms and systems undergo constant change and improvement to remain robust and anticipate and meet future demands. This ensures improved network quality, enhanced customer service and experience, optimized total cost of ownership.

Globe considers the following factors as its key risks in this area:

- Anticipating and selecting the right mix of technologies to adopt and implement
- Constant change and improvement leading to disruption of customer service and experience
- Technology ecosystems not working harmoniously with one another
- Total cost of ownership and operation are not optimized
- The right technologies are not implemented at the right place at the right time.

Mitigation

- Continuous environmental scanning for the latest innovations and trends in telecom technologies, devices, and gadgets to determine the right information and communication technologies needed to both support new products and services, and for future-proofing both from a technology and cost to maintain and operate perspective.
- Adoption of best practice frameworks and standards to ensure that Network and IT transformation programs meet global standards in execution, efficiency, and security.
- Institutionalize appropriate program governance organizations with Management oversight to ensure that key Network and IT transformation programs are on track, its risks managed, integrates harmoniously with the overall technology ecosystem, and does not result in unintended disruptions that negatively impact customer experience.

Business Disruptions (External/Internal)

The quality and continued delivery of Globe's services are highly dependent on Globe's network/IT infrastructure and a well-functioning work force, which are vulnerable to threats caused by extreme weather disturbances, natural calamities, fire, acts of terrorism, intentional damage, malicious acts, pandemic and other similar events which could negatively impact the attainment of revenue targets and the company's reputation.

While the threat level in the country is now low, COVID-19 continues to pose the risk of business disruption brought by city-wide or country-wide lockdowns as a result of uncontrolled spread of new variants in the country.

Mitigation

- Enhance Globe's incident and crisis management plans and capabilities and incorporate disaster risk reduction and response objectives in the company's business continuity planning
- Regular exercising of established plans to ensure that they stay relevant and effective, updating the plans as needed.
- Continuous partnerships with local and national government, as well as non-government organizations, in responding to natural and man-made crises.

Cybersecurity Risk (External/Internal)

The cyber security landscape is rapidly evolving and users are heavily relying on digitized information and sharing vast amounts of data across complex and inherently vulnerable networks. As Globe continues to introduce personalized products and services and customized transactions to its customers, it stores personal information through product and service preferences and transaction history. This exposes Globe to various forms of cyber attacks which could result in disruption of business operations, damage to reputation, legal and regulatory fines and customer claims.

New technologies and systems being installed in the name of advanced capabilities and processing efficiencies may introduce new risks which could outpace the organization's ability to properly identify, assess and address such risks. Further, new business models that rely heavily on global digitization, use of cloud, big data, mobile and social media expose the organization to even more cyber-attacks.

The COVID-19 created an additional layer of risk from the increased demand for digital services and connectivity. By expanding our vulnerabilities and attack surface, Globe becomes a greater target for threat actors as Globe processes large amounts of sensitive data.

Mitigation

- Strengthening and enhancement of Globe's existing security detection, vulnerability and patch management, configuration management, identity access management, event monitoring, data loss prevention and network/end-user perimeter capabilities to ensure that cyber threats are effectively managed
- Implementing programs that enhance information security awareness among the organization
- Conducting information security reviews on outsourced processes and systems from Globe's third party suppliers
- Educating the youth to better understand the impact of their online behavior so they can be responsible digital citizens, thereby lessening cyber threats to Globe

Data Privacy (External/Internal)

In the course of regular business, Globe acquires personal information of its customers and retains the same either electronically or via hard copies. Existing laws require that information, especially customer information, must be adequately protected against unauthorized access and or/disclosure. The risk of data leakage is high with the level of empowerment granted to in-house and outsourced employees handling sales and after sales support transactions to enable the efficient discharge of their functions.

A Chief Information Security Officer ensures the adequacy of information/cyber security capabilities and controls. On the other hand, a Data Protection Officer manages programs and initiatives to address the risks relating to the confidentiality and integrity of customer information while ensuring compliance with the Data Privacy Act of 2012 (Republic Act 10173).

Mitigation

- Promote employee awareness on data protection and loss prevention through regular corporate communication channels
- Enforce employee accountability on maintaining confidentiality of data handled, including disclosures and information shared in various social media platforms
- Strengthen controls over processes that require handling of customers' personal information and existing security capabilities to prevent compromise of customer data.

- Conduct regular compliance reviews of third party suppliers handling customer information to Data Privacy Act of 2012 (Republic Act 10173)

Digital Transformation Risk (Internal)

In the age of Digital, Globe strives to be an agile organization - in the technologies it uses, in its day-to-day processes, and in its people and how the company is organized, to keep up with the needs and demands of its customers. Failure to drive the entire organization to quickly adapt to new ways of working, to new technologies that reduce complexity and increase efficiency, and make the right shift in skills and competencies necessary for Globe to lead in the digital space and forge into adjacent spaces, may lead to missed business opportunities, ineffective and bureaucratic processes and systems, and inefficient use of limited resources.

Mitigation

- Implement cultural change programs and adoption of new ways of working, focusing on customer centricity, innovation, and agile.
- Opportunistic hiring of talents required for innovation and new investment areas.
- Build the right leadership structures and systems that will support an agile, future-ready, and customer centric organization.

Reputation and Customer Experience Risk (External)

Globe is recognized as one of the Philippines' top companies providing innovative and superior products and services, creating wonderful experiences and constantly striving to delight its customers at every corner. Globe is also recognized as a company that commits its purpose of creating a Globe of Good by helping build a Digital Nation, caring for the Environment, as well as treating people right and leaving a Positive Societal Impact to the nation.

These promises and commitments expose the company to reputational risks. Damage to Globe's reputation and erosion of brand equity could also be triggered by several factors such as the inability to swiftly and adequately handle customer complaints, negative social media sentiments, adverse public perceptions, failure to deliver on customer promises, inability to understand customer preferences and overall service experience, among others.

Mitigation

- Frequent reviews of existing processes influenced by customers to identify and address existing gaps, minimizing exposure from risk areas
- Training front line staff to enhance customer handling and dispute resolution
- Implement comprehensive programs that farm customer feedbacks effectively and analyze them to create customer centric strategies
- Closely monitor customer online sentiments to immediately address customer issues before it surface to mainstream online platforms

Revenue Leakage Risk (Internal)

The telecommunications industry is inherently vulnerable to revenue leakage, with the continuing innovations in Telecom Technologies, Network and IT systems and the multitude of its service/bundle/plan offerings accompanying such advancements. The pace at which new offers are launched in the market and the speed of technological innovations being adopted by Globe, coupled with the ongoing Network and IT transformation programs heightens the need to identify and plug revenue leakages becomes an even more important capability in maximizing revenues and returns.

Mitigation

- Identify and embed appropriate revenue assurance controls into new products and services
- Ensure solid internal controls on existing revenue-impacting processes through periodic controls review exercises, controls discovery and review of critical processes
- Implement Revenue Assurance tool that would increase efficiency in its operations through automated execution of controls

Fraud (Internal/External)

Globe runs the risk of falling victim to fraud perpetrated by unscrupulous persons or syndicates either to avail of “free” services, to take advantage of device offers or defraud Globe’s customers. With the increased complexity of technologies, network elements and IT infrastructure, new types of fraud that are more difficult to detect or combat could also arise. This risk also involves irregularities in transactions or activities executed by employees for personal gain.

Mitigation

- Institutionalize processes and build capabilities that enable the early detection, investigation, resolution and enforcement of sanctions and legal options, close monitoring and timely reporting of various instances of fraudulent activities
- Increase organizational awareness of fraud policies and its consequences through regular communication channels of the company. The company promotes a positive work environment through clear organizational structure, written policies and fair employment practices, effectively preventing employee fraud and theft.
- Strengthen internal controls on processes with high vulnerability on fraud risks
- Implement various programs to equip its customers with the right information so that they do not fall victim to fraudsters
- Closely coordinates with law enforcement agencies to help protect its customers from activities meant to defraud them

3rd Party Risk (External)

In an increasingly globalized and interconnected world, Globe seeks out various 3rd party providers who play significant roles in delivering superior products and services, managing total cost to operate to remain competitive. Globe banks on the partners’ industry expertise and wealth of experience to extend the reach and expand the capabilities of the company. Currently, Globe engages 3rd party partners across key aspects of the company’s operations - from supply chain and procurement, managed services, billing and collection, facilities management and security, call center services, store operations, among others.

As a result, these partners indirectly carry the Globe brand. Thus, this exposes the company to 3rd party risks on business continuity, cybersecurity, legal and regulatory compliance, supply chain management, and responsible business operations to name a few.

Mitigation

- Implementation of strict vendor accreditation, selection/award and retention process. Vendors are also closely monitored for compliance with agreed-upon quality and service level standards as a means for retention, and imposition of rewards and penalties.
- Vendor trainings and indoctrination on Globe’s processes, policies, quality standards and targets
- Conduct 3rd party partner audits on key standards and best practices such as business continuity management, information security management system, environmental compliance, among others.
- Identification of alternative suppliers for key network components, devices, services, etc.

Environmental, Social, and Governance (ESG)-linked Risks (Internal/External)

Globe conducts a materiality study every two years to determine sustainability-linked or ESG-linked risks. Stakeholders are requiring companies to report on ESG risks as a means of determining the companies’ sustainable practices. These risks can cause not just financial and reputational damage but also negative impacts to the environment and society if left unguarded. Investors and creditors in particular are looking into how companies address ESG risks as part of their investment decisions. Customers are increasingly becoming aware of issues concerning ESG, and have been seen to give less preference to companies that do not incorporate sustainable practices into their businesses. Governments and regulators around the world, including here in the Philippines, have also begun setting up regulations that will require companies to report on ESG-linked risks as part of ensuring good corporate governance practices. ESG-linked risks include, but not limited to:

- a) Environmental Risks - responsible use of natural resources, biodiversity conservation, responsible handling and disposal of waste, management and control of pollution, reduction of

carbon and resource consumption footprint, assessment of vulnerability to climate-related risk and opportunities, adoption of green technologies and other opportunities.

- b) Social Risks - human rights, adherence to labor standards, equal opportunities, employee health, safety, and welfare, transparency and accountability over products and services, privacy and data security, unfair and unethical sourcing of resources and labor, and delivering positive impact to the communities served.
- c) Governance Risks - responsible business operations, commitment to good corporate governance practices, board management practices, transparency and accountability at the top management level, transparent and responsible reporting of financial and tax information, compliance with prevailing laws and regulations, stand against corruption and unethical business practices.

Mitigation

- Institutionalize an enterprise-wide sustainability program that oversees Globe's programs and initiatives as well as ensure delivery of commitments made to various sustainability targets (e.g., UN SDG commitments, carbon reduction commitments, GSMA commitments, among others).
- Institutionalize capabilities, processes, and frameworks that address one or more ESG risks, which include 3rd party audit and certification of said capabilities wherever possible to ensure that practices are up to international and/or generally accepted standards as well as seek 3rd party consultants' help and expertise to build capabilities whenever applicable.
- Commitments by management towards sustainability frameworks and principles that tackles one or more ESG Risks (e.g., UN SDGs, UN Global Compact, TCFD framework adoption, among others).
- Establish board oversight over the management of environmental, social, and governance (ESG) risks.
- Monitor ESG-linked trends to anticipate risks and opportunities
- Regularly report on progress on sustainability-related targets and initiatives
- Regular awareness campaigns and training across the company to continuously build support for and raise appreciation on sustainable practices and how they contribute to the creation of value for the company.

O. Debt Issues

For details on Globe Group's Loans Payable see Note 18 of the attached Notes to Consolidated Financial Statements.

Item 2. Properties

A. Buildings and Leasehold Improvements

Globe Telecom's Corporate Office is located at The Globe Tower, 32nd Street corner 7th Avenue, Bonifacio Global City, Taguig.

Globe also owns several floors of condominium corporation Pioneer Highlands Towers 1 and 2, located at Pioneer Street in Mandaluyong City. In addition, the Company also owns host exchanges in the following areas: Bacoor, Batangas, Ermita, Iligan, Makati, Mandaluyong, Marikina, Cubao-Aurora, among others.

The Company leases office spaces in W City Center, located at 7th Avenue corner 30th Street, Bonifacio Global City, Taguig, for its Network Technical Group. It also leases office spaces in Limketkai Gateway Tower located in Cagayan de Oro City and in Abreeza Technohub located in Davao City. It

also leases the space for most of its Globe Stores, as well as the Company's base stations and cell sites scattered throughout the Philippines.

Globe's existing business centers and cell sites located in strategic locations all over the country are generally in good condition and are covered by specific lease agreements with various lease payments, expiration periods and renewal options. As the Company continues to expand its network, Globe intends to lease more spaces for additional cell sites, stores, and support facilities with lease agreements, payments, expiration periods and renewal options that are undeterminable at this time. *(For additional details see Note 11 of the attached Notes to the Consolidated Financial Statements)*

B. Telecommunications Equipment

As of end December 2022, the Company has nationwide 3G and 4G-LTE providing nationwide voice, SMS, and mobile broadband services. In addition, Globe has also launched 5G which provides fixed wireless broadband services & mobile broadband in selected areas.

Globe's wireless network has a Circuit Switched Core Network to provide voice service via 3G and 4G (using Circuit Switch Fallback or Voice over LTE). In addition, it has a nationwide network of Packet Gateway to support its mobile broadband data services. Globe's wireless core network also includes an IP Multimedia Subsystem (IMS) for its VoLTE (Voice over LTE) and VoWiFi (Voice over WiFi) services which were commercially launched in 2020. The rest of Globe's nationwide core network includes Home Location Register / Home Subscriber Server (HLR/HSS), Signaling Gateways, and mobile broadband backend equipment. It also utilizes a number of Short Messaging Service Centers, and other Value Added Services application platforms to cater of Globe's rich portfolio of Value Added Service which includes an Emergency Cell Broadcast Messaging system to provide for emergency alert messaging in compliance to Republic Act 10639 other known as "AN ACT MANDATING THE TELECOMMUNICATIONS SERVICE PROVIDERS TO SEND FREE MOBILE ALERTS IN THE EVENT OF NATURAL AND MAN-MADE DISASTERS AND CALAMITIES".

The infrastructure for Innove's fixed telephone service includes a Nationwide Virtual IP Multimedia System (vIMS) infrastructure, an advanced Next Generation Network (NGN) International Gateway Facility that supports both traditional international long distance calls and international Voice Over IP Service. For Fixed Broadband service, Globe leverages on a combination of copper (ADSL, VDSL 35B), fiber (FTTx) technologies as well as fixed wireless broadband technologies based on massive MIMO 4G- LTE and 5G.

As part of its continuous network modernization program, Globe has also introduced Software Defined Network and Network Function Virtualization (NFV) technologies in the core network layer of its network. Network function virtualization leverages on commercial off-the-shelf hardware and the capabilities of cloud computing thus providing flexibility in deployment, capacity efficiency, better scalability, resiliency and ultimately lower total cost of ownership for Globe's network. As part of the deployment of SDN-NFV, Globe has deployed, in both its wireless and fixed broadband core network virtualized network elements including virtual unified service nodes (vUSN), and virtual unified packet gateways (vUGW), virtual IP Multimedia Subsystem (vIMS), virtual DNS (vDNS), virtual Session Border Controller (vSBC), and virtual Home Subscriber Server (vHSS) node which stores and manages identities, authentication data, subscription information, and location information about our subscribers. At the same time, Globe's 5G services utilizes a virtual 5G core network to deliver both Fixed Wireless Broadband and mobile broadband service in areas where fiber deployment is challenged by various permit and right of way issues.

Globe also has a national transmission network Globe established, operates and maintains three (3) geo-redundant and complementary Fiber Optic Backbone Network (FOBN) linking the Luzon, Visayas and Mindanao island groups. These three (3) FOBNs are now the primary national transmission backbone for Globe backbone to support all of the different telecommunication services and Value Added Service offered by Globe to its customers. In addition to these two (3) FOBNs, Globe also operates and maintains a fiber optic backbone linking the island of Luzon to the province of Palawan. Complementing this fiber optic backbone is the Digital Microwave (MW) Terrestrial network employing Next Generation Internet Protocol (IP) MW supplemented by an extensive fiber optic networks in the key urban areas. Globe also leverages on the Philippine Domestic Submarine Cable Network (PDSCN)

which enables fiber network connectivity towards other major islands currently connected by MW radio. Aside from upgrade in capacity, this also helps improve the level of resiliency by providing alternate physical route diversity. To serve very remote rural areas, Globe leverages on Very Small Aperture Satellite (VSAT) technology to deliver 3G and LTE services.

Of note also is Globe's successful commercial launch of 5G technology for Fixed Wireless Access in selected towns in June 20, 2019 and 5G enhanced Mobile Broadband in February 6, 2020 initially in Metro Manila in line with its commitment to deliver 1st World Internet Access Service to the Filipino consumers.

C. Investments in Cable Systems

To provide resiliency and geographic diversity, Globe Group has also invested in several submarine cable systems, which the Company either owns or has rights of use on, a share of the systems' total capacity. Investments in cable systems include the cost of the Globe Group's ownership share in the capacity of certain cable systems under Construction & Maintenance Agreements; or infeasible rights of use (IRUs) under Capacity Purchase Agreements.

To date, Globe has investments in the following cable systems (shown below with their major connectivity paths):

- APCN2 – Asia Pacific Cable Network-2 (Trans-Asian region);
- C2C – City-to-City (Trans-Asian region);
- SEA-ME-WE3 – Southeast Asia-Middle East-Western Europe 3;
- SJC – Southeast Asia Japan Cable System – connects Singapore, Brunei, Hong Kong, China Mainland, Japan and the Philippines;
- TGN-IA – Tata Global Network–Intra Asia cable system - connects the Philippines to Japan, Hong Kong, and Singapore with onward connectivity via the TGN-P (Tata Global Network-Pacific) network to the United States; and
- SEA-US (Southeast Asia-United States) – connects Philippines, Indonesia, Guam, Hawaii and the mainland United States
- AAG – Asia-America Gateway – connects Singapore, Malaysia, Thailand, Vietnam, Brunei, Hong Kong, and Philippines to Guam, Hawaii and California (investment thru Globe's subsidiary Bayan Communications)

The Company opened its first international cable landing station located in Nasugbu, Batangas that directly accessed the C2C cable network, a 17,000 kilometer long submarine cable network linking the Philippines to Hong Kong, Taiwan, China, Korea, Japan and Singapore. Globe had separately purchased capacity in the C2C cable network which it subsequently transferred to its subsidiary, Innove Communications, Inc.

Additionally, Globe has acquired capacities, either through lease or IRU, in selected cable systems where the Company is not a consortium member or a private cable partner. These include capacities in East Asia Crossing (EAC).

On 17 March 2009, Globe formally opened its second international cable landing station in Ballesteros, Cagayan with the Company being the exclusive landing party in the Philippines to the Tata Global Network – Intra Asia (TGN-IA) cable system. TGN-IA is a 6,700 kilometer trans-Asian submarine cable system that links the Ballesteros, Cagayan cable landing station in the Philippines to Japan, Hong Kong, and Singapore with onward connectivity via the TGN-Pacific network to Guam and the United States.

On 30 September 2013, the Southeast Asia-Japan Cable (SJC) System was formally launched where Globe is the exclusive landing party in the Philippines. At the time, the SJC System was one of the highest capacity systems in the world (supporting an initial design capacity of 28 terabits per second, the fastest speed an undersea cable system can provide). This enhanced the Company's global links to support businesses and consumers' increasing demand for high-speed internet and connectivity., Globe joined some of the biggest names in the industry including Unified National Networks Sdn Bhd. (UNN, *formerly* Brunei International Gateway Sendirian Berhad) of Brunei, Google Singapore, SingTel, KDDI, PT Telekomunikasi Indonesia International (Telin), China Mobile, China Telecom, China

Telecom Global Limited (an affiliate of China Telecom), Donghwa Telecom Co., Ltd., and National Telecom Public Company Limited (NT, *formerly* TOT) of Thailand, in this consortium.

On August 2014, Globe Group joined a consortium of international telecommunications companies to build a \$250 million cable system directly connecting Southeast Asia and United States, the SEA-US. Completed in August 2017, the SEA-US undersea cable system provides superior latency, delivering an additional 20 terabits per second capacity, utilizing the latest 100 gigabits per second transmission equipment. Such additional capacity will cater to the exponential growth of bandwidth between the two continents. The SEA-US cable system is connected to the Globe cable landing station in Brgy. Talomo, Davao City which also houses the Power Feed Equipment necessary to run the system. Outside of Luzon, the undersea cable is the first direct connection of Globe to the United States via Guam, Hawaii, and California, offering faster transmission of data to the U.S.

The \$150-million Philippine Domestic Submarine Cable Network (PDSCN), the longest of its kind in the country, is on track for completion in April 2023 to further boost digitalization in the countryside. Globe partnered with Eastern Communications and InfiniVAN Inc. for the project to provide equitable and reliable connectivity across the country, including previously unserved and underserved areas across the Philippines. The project kicked off in Subic Bay, Zambales in July 2022 and has already completed 2015 segments across the country, including key cities and tourism destinations.

Furthermore, Globe, together with Eastern Communications and Japan-affiliated telco InfiniVAN Inc, has commissioned NTT World Engineering Marine Corp. (NTT WE Marine) of Japan for the last leg of the \$150-million Philippine Domestic Submarine Cable Network (PDSCN) project. NTT WE Marine will land and lay cables in the project's nine remaining segments covering 13 sites until April this year through cable ship Subaru. In 2021, PDSCN tapped state-of-the-art ship Cable Infinity from Japanese vendor Kokusai Cable Ship Co. Ltd. to connect 15 segments across the country via fiber

Meanwhile, Globe also partnered with 5 of the biggest Asian carriers to invest about \$300 million for a new international submarine cable system, named Asia Link Cable System (ALC). Once completed by the Q4 of 2025, the 6,000-km ALC system will add at least 18Tbps of capacity to Globe's existing network for its internal and customer requirements through Singapore and Hong Kong, the two main Asian hubs for internet traffic. Connecting to these nodes will boost Globe's capacity to service the growing connectivity needs of its customers. ALC will also help prepare the Philippines as a new major information and communications technology hub in the region, as the country's strategic location is already attracting the interest of hyperscalers, such as companies offering big data or cloud computing on a massive scale.

For more information on the Company's properties and equipment, refer to Note 11 of the attached Notes to Consolidated Financial Statements.

Item 3. Legal Proceedings

Interconnection Charges for Short Messaging Service

On October 10, 2011, the NTC issued Memorandum Circular (MC) No. 02-10-2011 titled Interconnection Charge for Short Messaging Service requiring all public telecommunication entities to reduce their interconnection charge to each other from ₱0.35 to ₱0.15 per text, which Globe Telecom complied as early as November 2011. On December 11, 2011, the NTC One Stop Public Assistance Center (OSPAC) filed a complaint against Globe Telecom, Smart and Digitel alleging violation of the said MC No. 02-10-2011 and asking for the reduction of SMS off-net retail price from ₱1.00 to ₱0.80 per text. Globe Telecom filed its response maintaining the position that the reduction of the SMS interconnection charges does not automatically translate to a reduction in the SMS retail charge per text.

On November 20, 2012, the NTC rendered a decision directing Globe Telecom to:

- Reduce its regular SMS retail rate from P1.00 to not more than ₱0.80;
- Refund/reimburse its subscribers the excess charge of ₱0.20; and
- Pay a fine of ₱200.00 per day from December 1, 2011 until date of compliance.

On May 7, 2014, NTC denied the Motion for Reconsideration (MR) filed by Globe Telecom last December 5, 2012 in relation to the November 20, 2012 decision. Globe Telecom's assessment is that Globe Telecom is in compliance with the NTC Memorandum Circular No. 02-10-2011. On June 9, 2014, Globe Telecom filed petition for review of the NTC decision and resolution with the Court of Appeals (CA).

The CA granted the petition in a resolution dated September 3, 2014 by issuing a 60-day temporary restraining order on the implementation of Memorandum Circular 02-10-2011 by the NTC. On October 15, 2014, Globe Telecom posted a surety bond to compensate for possible damages as directed by the CA.

On June 27, 2016, the CA rendered a decision reversing the NTC's abovementioned decision and resolution requiring telecommunications companies to cut their SMS rates and return the excess amount paid by subscribers. The CA said that the NTC order was baseless as there is no showing that the reduction in the SMS rate is mandated under MC No. 02-10-2011; there is no showing, either that the present P1.00 per text rate is unreasonable and unjust, as this was not mandated under the memorandum. Moreover, under the NTC's own MC No. 02-05-2008, SMS is a value-added service (VAS) whose rates are deregulated. The respective motions for reconsideration filed by NTC and that of intervenor Bayan Muna Party List (Bayan Muna) Representatives Neri Javier Colmenares and Carlos Isagani Zarate were both denied.

The NTC thus elevated the CA's ruling to the Supreme Court (SC) via a Petition for Review on Certiorari dated September 15, 2017.

For its part, Bayan Muna filed its own Petition for Review on Certiorari of the CA's Decision. On January 4, 2018, Globe received a copy of the SC's Resolution dated November 6, 2017, requiring it to comment on said petition of Bayan Muna. Subsequently, on February 21, 2018, Globe received a copy of the SC's Resolution dated December 13, 2017 consolidating the Petitions for Review filed by Bayan Muna and NTC, and requiring Globe to file its comment on the petition for review filed by NTC. Thus, on April 2, 2018, Globe filed its Consolidated Comment on both Bayan Muna and the NTC's petitions for review. On September 18, 2018, Globe received a copy of Bayan Muna's Consolidated Reply to Globe's Consolidated Comment and Digitel and Smart's Comment.

Globe Telecom believes that it did not violate NTC MC No. 02-10-2011 when it did not reduce its SMS retail rate from Php 1.00 to Php 0.80 per text, and hence, would not be obligated to refund its subscribers. However, if it is ultimately decided by the Supreme Court (in case an appeal is taken thereto by the NTC from the adverse resolution of the CA) that Globe Telecom is not compliant with said circular, Globe may be contingently liable to refund to its subscribers the ₱0.20 difference (between ₱1.00 and ₱0.80 per text) reckoned from November 20, 2012 until said decision by the SC becomes final and executory. Management does not have an estimate of the potential claims currently.

Guidelines on Unit of Billing of Mobile Voice Service

On July 23, 2009, the NTC issued NTC MC No. 05-07-2009 (Guidelines on Unit of Billing of Mobile Voice Service). The MC provides that the maximum unit of billing for the Cellular Mobile Telephone System (CMTS) whether postpaid or prepaid shall be six (6) seconds per pulse. The rate for the first two (2) pulses, or equivalent if lower period per pulse is used, may be higher than the succeeding pulses to recover the cost of the call set-up. Subscribers may still opt to be billed on a one (1) minute per pulse basis or to subscribe to unlimited service offerings or any service offerings if they actively and knowingly enroll in the scheme.

On December 28, 2010, the Court of Appeals (CA) rendered its decision declaring null and void and reversing the decisions of the NTC in the rates applications cases for having been issued in violation of Globe Telecom and the other carriers' constitutional and statutory right to due process. However, while the decision is in Globe Telecom's favor, there is a provision in the decision that NTC did not violate the right of petitioners to due process when it declared via circular that the per pulse billing scheme shall be the default.

On January 21, 2011, Globe Telecom and two other telecom carriers, filed their respective Motions for Partial Reconsideration (MR) on the pronouncement that "the Per Pulse Billing Scheme shall be the default". The petitioners and the NTC filed their respective Motion for Reconsideration, which were all denied by the CA on January 19, 2012.

On March 12, 2012, Globe and Innove elevated to the Supreme Court the questioned portions of the Decision and Resolution of the CA dated December 28, 2010 and its Resolution dated January 19, 2012. The other service providers, as well as the NTC, filed their own petitions for review. The adverse parties have filed their comments on each other's petitions, as well as their replies to each other's comments. Parties were required to file their respective Memoranda and Globe filed its Memorandum on May 25, 2018. The case is now submitted for resolution.

Right of Innove to Render Service and Build Telecommunications Infrastructure in BGC

- PLDT and its affiliate, Bonifacio Communications Corporation (BCC) and Innove and Globe Telecom are in litigation over the right of Innove to render services and build telecommunications infrastructure in the Bonifacio Global City (BGC). In the case filed by Innove before the NTC against BCC, PLDT and the Fort Bonifacio Development Corporation (FBDC), the NTC has issued a Cease and Desist Order preventing BCC from performing further acts to interfere with Innove's installations in the BGC.

On January 21, 2011, BCC and PLDT filed with the CA a Petition for Certiorari and Prohibition against the NTC, et al. seeking to annul the Order of the NTC dated October 28, 2008 directing BCC, PLDT and FBDC to comply with the provisions of NTC MC 05-05-02 and to cease and desist from performing further acts that will prevent Innove from implementing and providing telecommunications services in the Fort Bonifacio Global City pursuant to the authorization granted by the NTC. On April 25, 2011, Innove Communications, filed its comment on the Petition.

On August 16, 2011, the CA ruled that the petition against Innove and the NTC lacked merit, holding that neither BCC nor PLDT could claim the exclusive right to install telecommunications infrastructure and providing telecommunications services within the BGC. Thus, the CA denied the petition and dismissed the case. PLDT and BCC filed their motions for reconsideration thereto, which the CA denied.

On July 6, 2012, PLDT and BCC assailed the CA's rulings via a petition for review on certiorari with the Supreme Court. Innove and Globe filed their comment on said petition on January 14, 2013, to which said petitioners filed their reply on May 21, 2013. On 22 December 2021, Innove filed its Memorandum with the Supreme Court in compliance with said Court's Resolution dated 06 October 2021.

Meanwhile, a complaint filed by PLDT against the NTC, with Innove as intervenor, to annul NTC M.C. No. 05-05-2002 on the ground of unconstitutionality awaits pre-trial proceedings in the RTC in Quezon City. In a Motion to Dismiss dated January 8, 2021, however, a copy of which was received by Innove on January 12, 2021, PLDT informed the trial court that "upon re-evaluation of intervening events since PLDT filed its complaint, it no longer intends to pursue its complaint and prays for its dismissal without prejudice." The Motion to Dismiss awaits the trial court's resolution.

- In a case filed by BCC against FBDC, Globe Telecom, and Innove before the RTC in Taguig, which case sought to enjoin Innove from making any further installations in the BGC and claimed damages from all the parties for the breach of the exclusivity of BCC in the area, the court did not issue a TRO and has instead scheduled several hearings on the case. The defendants filed their respective motions to dismiss the complaint on the grounds of forum shopping and lack of jurisdiction, among others. On March 30, 2012, the RTC, as prayed for, dismissed the complaint on the aforesaid grounds. On April 27, 2015, the trial court denied BCC's motion for reconsideration. Thereafter, or on November 3, 2020, BCC filed a notice of appeal with said court. However, in a Notice of Withdrawal of Appeal dated January 7, 2021 which was received by Globe and Innove on January 12, 2021, BCC informed the trial court that it was no longer pursuing its appeal "after careful consideration of the intervening events since the filing of the Complaint" and asked that it be allowed to withdraw its appeal. The motion for withdrawal of appeal remains pending with the trial court.

Acquisition by Globe Telecom and PLDT of the Entire Issued and Outstanding Shares of VTI

In a letter dated June 7, 2016 issued by Philippine Competition Commission (PCC) to Globe Telecom, PLDT, SMC and VTI regarding the Joint Notice filed by the aforementioned parties on May 30, 2016, disclosing the acquisition by Globe Telecom and PLDT of the entire issued and outstanding shares of

VTI, the PCC claims that the Notice was deficient in form and substance and concludes that the acquisition cannot be claimed to be deemed approved.

On June 10, 2016, Globe Telecom formally responded to the letter reiterating that the Notice, which sets forth the salient terms and conditions of the transaction, was filed pursuant to and in accordance with MC No. 16-002 issued by the PCC. MC No. 16-002 provides that before the implementing rules and regulations for RA No. 10667 (the Philippine Competition Act of 2015) come into full force and effect, upon filing with the PCC of a notice in which the salient terms and conditions of an acquisition are set forth, the transaction is deemed approved by the PCC and as such, it may no longer be challenged. Further, Globe Telecom clarified in its letter that the supposed deficiency in form and substance of the Notice is not a ground to prevent the transaction from being deemed approved. The only exception to the rule that a transaction is deemed approved is when a notice contains false material information. In this regard, Globe Telecom stated that the Notice does not contain any false information.

On June 17, 2016, Globe Telecom received a copy of the second letter issued by PCC stating that notwithstanding the position of Globe Telecom, it was ruling that the transaction was still subject for review.

On July 12, 2016, Globe Telecom asked the CA to stop the government's anti-trust body from reviewing the acquisition of SMC's telecommunications business. Globe Telecom maintains the position that the deal was approved after Globe Telecom notified the PCC of the transaction and that the anti-trust body violated its own rules by insisting on a review. On the same day, Globe Telecom filed a Petition for Mandamus, Certiorari and Prohibition against the PCC, docketed as CA-G.R. SP No. 146538. On July 25, 2016, the CA, through its 6th Division issued a resolution denying Globe Telecom's application for TRO and injunction against PCC's review of the transaction. In the same resolution, however, the CA required the PCC to comment on Globe Telecom's petition for certiorari and mandamus within 10 days from receipt thereof. The PCC filed said comment on August 8, 2016. In said comment, the PCC prayed that the ₱70.00 billion deal between PLDT-Globe Telecom and San Miguel be declared void for PLDT and Globe Telecom's alleged failure to comply with the requirements of the Philippine Competition Act of 2015. The PCC also prayed that the CA direct Globe Telecom to: cease and desist from further implementing its co-acquisition of the San Miguel telecommunications assets; undo all acts consummated pursuant to said acquisition; and pay the appropriate administrative penalties that may be imposed by the PCC under the Philippine Competition Act for the illegal consummation of the subject acquisition.

Meanwhile, PLDT filed a similar petition with the CA, docketed as CA G.R. SP No. 146528, which was raffled off to its 12th Division. On August 26, 2016, PLDT secured a TRO from said court. Thereafter, Globe Telecom's petition was consolidated with that of PLDT, before the 12th Division. The consolidation effectively extended the benefit of PLDT's TRO to Globe Telecom. The parties were required to submit their respective Memoranda, after which, the case shall be deemed submitted for resolution.

On February 17, 2017, the CA issued a Resolution denying PCC's Motion for Reconsideration dated September 14, 2016 for lack of merit. In the same Resolution, the Court granted PLDT's Urgent Motion for the Issuance of a Gag Order and ordered the PCC to remove the offending publication from its website and also to obey the sub judice rule and refrain from making any further public pronouncements regarding the transaction while the case remains pending. The Court also reminded the other parties, PLDT and Globe, to likewise observe the sub judice rule. For this purpose, the Court issued its gag order admonishing all the parties "to refrain, cease and desist from issuing public comments and statements that would violate the sub judice rule and subject them to indirect contempt of court. The parties were also required to comment within ten days from receipt of the Resolution, on the Motion for Leave to Intervene, and Admit the Petition-in Intervention dated February 7, 2017 filed by Citizenwatch, a non-stock and non-profit association.

On April 18, 2017, PCC filed a petition before the SC docketed as G.R. No. 230798, to lift the CA's order that has prevented the review of the sale of San Miguel Corp.'s telecommunications unit to PLDT Inc. and Globe Telecom. On April 25, 2017, Globe filed before the SC a Motion for Intervention with Motion to Dismiss the petition filed by the PCC.

As of June 30, 2017, the SC did not issue any TRO on the PCC's petition to lift the injunction issued by the CA. Hence, the PCC remains barred from reviewing the SMC deal.

On July 26, 2017, Globe received the SC en banc Resolution granting Globe's Extremely Urgent Motion to Intervene. In the same Resolution, the Supreme Court treated as Comment, Globe's Motion to Dismiss with Opposition Ad Cautelam to PCC's Application for the Issuance of a Writ of Preliminary Injunction and/or TRO.

On August 31, 2017, Globe received another Resolution of the SC en banc, requiring the PCC to file a Consolidated Reply to the Comments respectively filed by Globe and PLDT, within ten (10) days from notice. Globe has yet to receive the Consolidated Reply of PCC since the latter requested for extension of time to file the same.

In the meantime, in a Decision dated October 18, 2017, the CA, in CA-G.R. SP No. 146528 and CA-G.R. SP No. 146538, granted Globe and PLDTs Petition to permanently enjoin and prohibiting PCC from reviewing the acquisition and compelling the PCC to recognize the same as deemed approved. PCC elevated the case to the SC via Petition for Review on Certiorari.

Co-use of frequencies by PLDT/Smart and Globe Telecom as a result of the acquisition of controlling shares in VTI

On January 21, 2019, Globe filed its Comment to a petition filed by lawyers Joseph Lemuel Baligod and Ferdinand Tecson before the Supreme Court, against the NTC, PCC, Liberty Broadcasting Network, Inc.,(LBNI), Bell Telecommunications Inc. (BellTel), Globe, PLDT and Smart, docketed as G.R. No. 242353. The petition sought to, among others, enjoin PLDT/Smart and Globe from co-using the frequencies assigned to LBNI and BellTel in view of alleged irregularities in NTC's assignment of these frequencies to these entities. In its Comment, Globe argued that the frequencies were assigned in accordance with existing procedures prescribed by law and that to prevent the use of the frequencies will only result to its being idle and unutilized. Moreover, in view of the substantial investments made by Globe, for the use of these frequencies, enjoining its use will cause grave and irreparable injury not only to Globe but to subscribers who will be deprived of the benefits of fast and reliable telecommunications services. The other Respondents have likewise filed their respective Comments to the petition.

Details on these transactions have been extensively discussed in the disclosures filed with the SEC and PSE and may be accessed from the PSE and Company websites.

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

Except for matters taken up during the annual meeting of stockholders, there was no other matter submitted to a vote of security holders during the period covered by this report.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Issuer's Equity, Market Price, Dividends and Related Stockholder Matters

A. Capital Stock

	2022		2021	
	Shares	Amount	Shares	Amount
	<i>(In Thousand Pesos and Number of Shares)</i>			
Voting Preferred stock - 5 per share	160,000	800,000	160,000	800,000
Non-Voting Preferred stock - 50 per share	40,000	2,000,000	40,000	2,000,000
Common stock - 50 per share	168,934	8,446,719	148,934	7,446,719

Globe Telecom's issued and subscribed capital stock consists of:

	2022		2021	
	Shares	Amount	Shares	Amount
	<i>(In Thousand Pesos and Number of Shares)</i>			
Voting Preferred stock - 5 per share	158,515	792,575	158,515	792,575
Non-Voting Preferred stock - 50 per share	20,000	1,000,000	20,000	1,000,000
Common stock - 50 per share	144,060	7,203,027	133,619	6,680,960
Total capital stock		8,995,602		8,473,535

1. Preferred Stock

Non-Voting Preferred Stock

On February 10, 2014, the Globe Telecom's BOD approved the amendment of Articles of Incorporation (AOI) to reclassify 31 million of unissued common shares with par value of ₱50 per share and 90 million of unissued voting preferred shares with par value of ₱5 per share into a new class of 40 million non-voting preferred shares with par value of ₱50 per share.

On April 8, 2014, the stockholders approved the issuance, offer and listing of up to 20 million non-voting preferred shares, with an issue volume of up to ₱10 billion. The non-voting preferred shares shall be redeemable, non-convertible, non-voting, cumulative and may be issued in series.

On June 5, 2014, the Securities and Exchange Commission (SEC) approved the amendment of AOI to implement the foregoing reclassification of shares.

On August 8, 2014, the SEC approved the offer of non-voting preferred perpetual shares and on August 15, 2014, the 20 million non-voting preferred shares were fully subscribed and issued. Subsequently, the shares were listed at the Philippines Stock Exchange (PSE) on August 22, 2014.

Non-voting preferred stock has the following features:

- (a) Issued at ₱50 par;
- (b) Dividend rate to be determined by the BOD at the time of issue;
- (c) Redemption - at Globe's option at such times and price(s) as may be determined by the BOD at the time of issue, which price may not be less than the par value thereof plus accrued dividends;
- (d) Eligibility of investors - Any person, partnership, association or corporation regardless of nationality wherein at least 60% of the outstanding capital stock shall be owned by Filipino
- (e) No voting rights;
- (f) Cumulative and non-participating;
- (g) No pre-emptive rights over any sale or issuance of any share in Globe Telecom's capital stock; and
- (h) Shares shall rank ahead of the common shares and equally with the voting preferred shares in the event of liquidation.

On August 22, 2021, Globe Telecom redeemed the 20 million non-voting preferred shares for ₱10,000.00 million which were recognized as treasury shares in the consolidated statements of financial position

Voting Preferred Stock

Voting Preferred stock has the following features:

- (a) Issued at ₱5 par;
- (b) Dividend rate to be determined by the BOD at the time of issue;
- (c) One preferred share is convertible to one common share starting at the end of the 10th year of the issue date at a price to be determined by the Globe Telecom's BOD at

- the time of issue which shall not be less than the market price of the common share less the par value of the preferred share;
- (d) Call option - Exercisable any time by Globe Telecom starting at the end of the 5th year from issue date at a price to be determined by the BOD at the time of issue;
 - (e) Eligibility of Investors - Only Filipino citizens or corporations or partnerships wherein 60% of the voting stock or voting power is owned by Filipino;
 - (f) With voting rights;
 - (g) Cumulative and non-participating;
 - (h) Preference as to dividends and in the event of liquidation; and
 - (i) No preemptive right to any share issue of Globe Telecom, and subject to yield protection in case of change in tax laws.

The dividends for preferred shares are declared upon the sole discretion of the Globe Telecom's BOD.

2. Common Stock

The roll forward of outstanding common shares is as follows:

	2022		2021	
	Shares	Amount	Shares	Amount
	(in Thousand Pesos and Number of Shares)			
At beginning of year	133,619	₱6,680,960	133,432	₱6,671,636
Issuance of shares by way of stock rights	10,119	505,952	-	-
Issuance of shares under share-based compensation plan and exercise of stock options	322	16,115	187	9,324
At end of year	144,060	₱7,203,027	133,619	₱6,680,960

Holders of fully paid common stock are entitled to voting and dividends rights.

Stock Rights Offering

On June 20, 2022, the board of directors of Globe Telecom approved the offer and issuance of common shares by way of stock rights to eligible shareholders of record, and the subsequent listing of said shares. The common shares for this offer will be issued out of the increase in the Company's authorized capital stock, which was approved by Globe's board of directors and stockholders on April 25, 2022 and April 26, 2022, respectively.

On October 28, 2022, Globe Telecom formally listed 10,119,047 common shares newly issued to stockholders that participated in the recently concluded Rights Offer (the "Offer") on the Philippine Stock Exchange. The common shares were sold in the Offer at ₱1,680.00 per share, raising net proceeds of ₱16,804.48 million.

B. Market Information

The Company's common equity is traded at the Philippine Stock Exchange (PSE) under the ticker symbol GLO.

On August 2014, the Company issued Series A Non-Voting Perpetual Preferred shares which were being traded in the Philippine Stock Exchange under the ticker GLOPP. On August 2021, the Company redeemed the 20 million non-voting preferred shares. Trading of GLOPP was suspended beginning July 23, 2021.

Below are the quarterly high and low prices in the last two (2) fiscal years.

COMMON SHARES		
	Price Per Share (PHP)	
Calendar Period	High	Low
2021		
First Quarter	2,130	1,870
Second Quarter	1,920	1,796
Third Quarter	3,200	1,860
Fourth Quarter	3,630	2,972
2022		
First Quarter	3,396	2,240
Second Quarter	2,588	2,080
Third Quarter	2,366	2,010
Fourth Quarter	2,478	1,998
NON-VOTING PREFERRED SHARES		
	Price Per Share (PHP)	
Calendar Period	High	Low
2021		
First Quarter	519	500
Second Quarter	510	502
Third Quarter	505.5	504
Fourth Quarter*	-	-
2022		
First Quarter	-	-
Second Quarter	-	-
Third Quarter	-	-
Fourth Quarter	-	-

* GLOPP entered into voluntary trading suspension effective July 23, 2021 following the announcement of redemption of Non-Voting Preferred Shares

The price information as of latest practicable trading date as of April 11, 2023 is ₱1,792 per common share.

C. Holders

There are approximately 3,894 holders of common shares and 6 holders of voting preferred shares as of 31 December 2022.

The following are the top 20 registered holders of the Company's securities:

Common Stock:

	Stockholder Name	No. of Common Shares	Percentage owned out of total outstanding common shares
1	Singapore Telecom Int'l. Pte. Ltd.	62,646,487	43.49%
2	Ayala Corporation	44,266,630	30.73%
3	PCD Nominee Corp. (Non-Filipino)	18,737,599	13.01%
4	PCD Nominee Corp. (Filipino)	16,132,070	11.20%
5	Social Security System	952,900	0.66%
6	Social Security System Assigned to Employees Compensation Fund	143,400	0.10%
7	Renato Manuel M Jiao	31,125	0.02%
8	Anna Irminda B. Navarrete	24,538	0.02%
9	Guillermo D. Luchangco	24,000	0.02%
10	Social Security System Assigned to Mandatory Provident Fund	22,500	0.02%

11	Ernest L. Cu	22,309	0.02%
12	Rebecca V. Eclipse	22,230	0.02%
13	The First National Investment Co., Inc.	21,001	0.01%
14	Rosemarie M. Eala	19,140	0.01%
15	Joseph Caliro	17,205	0.01%
16	Vicente Froilan M. Castelo	13,195	0.01%
17	Cedar Commodities, Inc.	12,900	0.01%
18	Carmina Delfina J. Herbosa	12,470	0.01%
19	Stella Christine A. Dizon	12,470	0.01%
20	Donald James Rae	12,180	0.01%

Voting Preferred Stock:

	Stockholder Name	No. of Preferred Shares	Percentage (of Voting Preferred Shares)
1	Asiacom Philippines, Inc.	158,515,016	100.00%
2	Rex Ma. A. Mendoza	1	0.00%
3	Cirilo P. Noel	1	0.00%
4	Ernest Lawrence Cu	1	0.00%
5	Saw Phaik Hwa	1	0.00%
6	Romeo L. Bernardo	1	0.00%

D. Dividends

1. Cash Dividends

The dividend policy of Globe Telecom as approved by the Company's Board of Directors is to declare cash dividends to its common stockholders on a regular basis as may be determined by the BOD. The current policy, as approved by the Company's BOD in 2018, is to distribute cash dividends at the rate of 60% to 75% of prior year's core net income.

The dividend distribution policy is reviewed annually and subsequently each quarter of the year, taking into account the Company's operating results, cash flows, debt covenants, capital expenditure levels, and liquidity.

Total cash dividends distributed per common share for the past 3 years are listed below.

a. Common shares

CASH DIVIDEND (Per Share)			
AMOUNT (Php)	DECLARATION DATE	RECORD DATE	PAYMENT DATE
27.00	February 3, 2020	February 17, 2020	March 4, 2020
24.83	May 5, 2020	May 18, 2020	June 3, 2020
24.83	August 3, 2020	August 17, 2020	September 2, 2020
31.33	November 3, 2020	November 17, 2020	December 3, 2020
27.00	February 9, 2021	February 24, 2021	March 11, 2021
27.00	May 6, 2021	May 21, 2021	June 4, 2021
27.00	August 5, 2021	August 19, 2021	September 3, 2021
27.00	November 11, 2021	November 25, 2021	December 10, 2021
27.00	February 8, 2022	February 22, 2022	March 10, 2022
27.00	May 4, 2022	May 19, 2022	June 3, 2022
27.00	August 11, 2022	August 25, 2022	September 9, 2022
27.00	November 11, 2022	November 25, 2022	December 9, 2022

b. Voting Preferred shares

AMOUNT (Php)	DECLARATION DATE	RECORD DATE	PAYMENT DATE
0.32	November 3, 2020	November 17, 2020	December 3, 2020
0.32	November 11, 2021	November 25, 2021	December 10, 2021
0.32	November 11, 2022	November 25, 2022	December 9, 2022

c. Non-Voting Preferred shares

AMOUNT (Php)	DECLARATION DATE	RECORD DATE	PAYMENT DATE
13.00	May 5, 2020	July 28, 2020	August 24, 2020
13.00	December 11, 2020	January 27, 2021	February 22, 2021
13.00	May 6, 2021	July 28, 2021	August 23, 2021

Cash Dividends Declared After Balance Sheet Date

On February 6, 2023, Globe's Board of Directors approved the declaration of the first quarter cash dividend of ₱25.00 per common share payable on March 8, 2023 to shareholders on record as of February 20, 2023.

2. Restrictions on Retained Earnings

The total unrestricted retained earnings available for dividend declaration amounted to ₱20,566.57 million as of December 31, 2022. This amount excludes the undistributed net earnings of consolidated subsidiaries, accumulated equity in net earnings of joint ventures accounted for under the equity method, and unrealized gains recognized on asset and liability, currency translations and unrealized gains on fair value adjustments. The Globe Group is also subject to loan covenants that restrict its ability to pay dividends (see Note 18 of the attached Notes to Consolidated Financial Statements).

E. Recent Sale of Unregistered or Exempt Securities, including recent issuance of securities constituting an exempt transaction

There were no private placements undertaken in the past three years.

On October 12, 2022, Globe announced the results of the Stock Rights Offering held during the offer period from 3 October 2022 to 7 October 2022. A total of 10,119,047 Common Shares were sold at an Offer Price of ₱1,680.00 per Entitlement Right with the following results. Accordingly, the Company's Offer was fully subscribed. On October 28, 2022, Globe formally listed the 10,119,047 common shares newly issued to shareholders that participated in the recently concluded Rights Offer, on the Philippine Stock Exchange. The common shares were sold in the Offer at ₱1,680.00 per share, raising gross proceeds of approximately ₱17.0 billion.

F. Minimum Public Ownership

GLOBE TELECOM, INC.		
Computation of Public Ownership as of December 31, 2022		
		Number of Shares Common
Number of Issued Shares		144,060,544
Less: Number of Treasury Shares (if any)		-
Number of Issued and Outstanding Shares		144,060,544
Less:		
	% to total	
	I/O Shares	Common
Directors		
Sub-total	0.0909 %	275,147
Officers		
Sub-total	0.0613 %	185,569
Principal Stockholders		
Asiacom Phils., Inc.		
Direct	52.3886 %	-
Singapore Telecom Int'l. Pte Ltd		
Direct	22.2686 %	67,379,310
Ayala Corporation		
Direct	14.6299 %	44,266,630
Sub-total	89.2871 %	111,645,940
Others		
Sub-total	0.2350 %	710,950
TOTAL	89.6743 %	112,817,606
Total Number of Shares Owned by the Public		31,242,938

PUBLIC OWNERSHIP PERCENTAGE		
Total Number of Shares Owned by the Public		
31,242,938 shares	=	<u>10.33%</u>
302,575,565 shares		

Number of Issued and Outstanding Shares	=	302,575,565
Number of Outstanding Shares	=	302,575,565
Number of Treasury Shares	=	0
Number of Listed Shares		
Common Shares	=	142,520,630
Preferred "A" Shares	=	158,515,021
Number of Foreign-Owned Shares		
Common Shares	=	81,454,115
Preferred "A" Shares	=	1
Non-Voting Preferred Shares	=	0
Foreign Ownership Level (%) - on voting shares	=	26.92%
Foreign Ownership Level (%) - on all Outstanding s	=	26.92%
Foreign Ownership Limit (%)	=	40%

Item 6. Management's Discussion and Analysis of Operations

For The Financial Year Ended 2022

GROUP FINANCIAL HIGHLIGHTS

Results of Operations (Php Mn)	Globe Group		
	Year on Year		
	31-Dec 2022	31-Dec 2021	YoY Change (%)
Operating Revenues	175,040	168,497	4%
Service Revenues*	157,979	152,263	4%
Mobile**	107,520	104,392	3%
Home Broadband***	27,094	29,392	-8%
Corporate Data	17,198	14,170	21%
Fixed line Voice	1,989	2,280	-13%
Others	4,178	2,029	106%
Non-Service Revenues	17,061	16,234	5%
Costs and Expenses	95,948	93,575	3%
Cost of Sales	18,749	18,073	4%
Operating Expenses*	77,199	75,502	2%
EBITDA	79,092	74,922	6%
Normalized EBITDA	75,996	74,752	2%
EBITDA Margin	50%	49%	
Depreciation	45,653	41,133	11%
EBIT	33,439	33,789	-1%
EBIT Margin	21%	22%	
Non-Operating Charges	(10,662)	4,749	-324%
Net Income After Tax (NIAT)	34,604	23,724	46%
Normalized Net Income After Tax	19,973	17,730	13%
Core Net Income	19,169	21,246	1%

Note: 2020 Service revenues was restated to reclassify telco products coming from subsidiaries; 2020 Normalized NIAT was also restated to include the CREATE impact

* Mobile business includes Mobile and fully Mobile Broadband

**Home Broadband includes fixed wireless and wired Broadband

***Others includes non-telco revenues from subsidiaries

- Full-year consolidated service revenues grew 4% to a record ₱158.0 billion from the ₱152.3 billion reported in 2021, due to the stellar performance of the mobile and corporate data business as complimented by the sustained growth from non-telco services. The significant increase in data revenues, which accounts for 81% of total service revenues mainly fueled this year's performance, given the accelerated digital adoption among Filipinos.
 - Mobile business revenues registered a 3% increase from a year ago at ₱107.5 billion from last year's revenue of ₱104.4 billion largely contributed by prepaid brands on the strength of an 8% year-on-year increase in mobile data revenue.
 - Home Broadband service revenues for the full year 2022 reached only ₱27.1 billion or down 8% from 2021. This was mainly attributed to lower acquisitions of Globe At Home Prepaid WiFi offsetting the increase in Home Broadband Postpaid, particularly on fiber which grew by 35% and 84% year-on-year in terms of postpaid fiber subscribers and revenues, respectively.
 - Corporate Data full-year revenues posted an all-time high ₱17.2 billion, or up 21% from a year ago largely from information and communication technology (ICT) revenues. Higher ICT revenues this period was mainly contributed by business application, cloud, and data center services.

- Fixed line voice revenues likewise declined year-on-year by 13%, coming from lower outbound usages and monthly service fees (MSF).
 - Non-telco products and services generated a total of P4.2 billion revenues as of end-December 2022, or up by 106% from last year due to expansion in subsidiaries revenues mostly from ECPay, Yondu, and Asticom.
 - Total operating expenses and subsidy as of end-December 2022 amounted to ₱78.9 billion from ₱77.3 billion in 2021, or up by 2% due mainly to the increases coming from several expense line items except for lease, services, marketing and subsidy, as the company faced several macroeconomic challenges in the year, including natural disasters (Typhoon Odette), hyperinflation, high interest rate environment and weakened Philippine peso.
- Total depreciation and amortization expenses for the year rose to ₱45.7 billion from ₱41.1 billion reported in 2021, given Globe's continued massive network investments and higher amortization for capitalized leases.
 - Overall, Globe ended the year 2022 with total costs and expenses of ₱124.5 billion or 5% higher from ₱118.5 billion a year ago. Higher expenses for the year were mainly to support management strategies, business, and data-network expansion.
 - Globe's consolidated EBITDA, which totaled ₱79.1 billion, was up 6% from last year's level of ₱74.9 billion due to healthy topline figures this period. EBITDA margin likewise grew to 50% from last year's 49%.
 - Non-operating income as of end-December 2022 stood at ₱10.7 billion, owing to the one-time net gain of ₱8.4 billion (post-tax) on the partial sale of Globe's data center business reported in the first quarter of 2022 and the net gain of ₱6.2 billion (post-tax) from the sale and leaseback of its tower assets.
 - The Globe Group ended 2022 with ₱34.6 billion consolidated net income, up by 46% from the reported net income in 2021. This was primarily from the 6% increase in EBITDA, and the one-time gains booked this year which fully offset the 11% increase in depreciation expenses. Excluding the impact of the one-time gains, normalized net income would have been ₱20.0 billion, up by 13% from 2021.
 - Globe's core net income, which excludes the impact of non-recurring charges, one-time gain, foreign exchange gains and mark-to-market charges, stood at ₱19.2 billion, down by 10% year-on-year. Similarly, normalized core net income was 1% higher than last year.
 - Total cash capex as of end-December 2022 peaked at ₱101.4 billion, higher by 4% from last year's level of ₱92.8 billion. This marked the highest investment in its mobile and broadband network to provide world-class internet experience for Globe customers nationwide. About 86% of the total capex for the period was spent on the data network with the Company's continued focus on increasing capacity, cell site upgrades, expanding 5G in more areas in the country and fast-track fiberization of Filipino homes nationwide for a better internet experience.

GROUP OPERATING REVENUES BY SEGMENT

Operating Revenues By Business (Php Mn)	Globe Group		
	Year on Year		
	31-Dec 2022	31-Dec 2021	YoY Change (%)
Mobile*	124,085	119,592	4%
Service Revenues	107,520	104,392	3%
Non-Service Revenues	16,565	15,200	9%
Fixed Line and Broadband**	46,671	46,806	-

Service Revenues	46,281	45,842	1%
Non-Service Revenues	390	964	-60%
Others***	4,284	1,349	104%
Service Revenues	4,178	1,280	106%
Non-Service Revenues	106	69	53%
Total Operating Revenues	175,040	167,748	4%

* Mobile business includes Mobile and fully Mobile Broadband

** Home Broadband includes fixed wireless and wired Broadband; Fixed line and Home Broadband includes corporate data, fixed line voice, and Home Broadband

***Others includes non-telco revenues from subsidiaries

The Globe Group ended the year with total operating revenues of ₱175.0 billion, up by 4% from the ₱168.5 billion recorded last year. This was driven by the 4% year-on-year improvement in the topline to reach ₱158.0 billion in 2022 from ₱152.3 billion in 2021. Corporate data and mobile services, complemented by the continuous growth from non-telco services, mainly drove the topline expansion as more Filipinos adopt the digital lifestyle.

Mobile service revenues accounted for 68% of Globe's consolidated service revenues for the year just ended. The mobile business sustained its upward performance, ending the year with ₱107.5 billion compared to ₱104.4 billion reported the previous year and the second highest in company history. The revenue improvement came mostly from prepaid with greater public mobility and the resumption of face-to-face classes and work.

Globe Group's Fixed line and Home Broadband full year 2022 revenues stood at ₱46.3 billion, 1% higher year-on-year from ₱45.8 billion in 2021, bolstered by the solid contributions of Corporate Data which fully covered for the decline in Home Broadband and Fixed line voice.

Mobile non-service revenues increased year-on-year by 9%. Fixed Line and Home Broadband non-service revenues, however, declined significantly by 60% compared to the previous year. Meanwhile, non-service revenues from non-telco products and services improved from ₱70 million in 2021 vs. ₱106 million in 2022.

MOBILE BUSINESS

Mobile Service Revenue (Php Mn)	For the Year Ended		
	31-Dec 2022	31-Dec 2021	YoY Change (%)
Service			
Mobile Voice ¹	14,917	17,229	-13%
Mobile SMS ²	8,845	9,350	-5%
Mobile Data ³	83,758	77,813	8%
Mobile Service Revenues	107,520	104,392	3%

¹ Mobile voice service revenues include the following:

- Prorated monthly service fees on consumable minutes of postpaid plans;
- Subscription fees on unlimited and bucket voice promotions including the expiration of the unused value of denomination loaded;
- Charges for intra-network and outbound calls in excess of the consumable minutes for various Globe Postpaid plans, including currency exchange rate adjustments, or CERA, net of loyalty discounts credited to subscriber billings;
- Airtime fees for intra network and outbound calls recognized upon the earlier of actual usage of the airtime value or expiration of the unused value of the prepaid reload denomination (for Globe Prepaid and TM) which occurs between 3 and 120 days after activation depending on the prepaid value reloaded by the subscriber net of (i) bonus credits and (ii) prepaid reload discounts; and revenues generated from inbound international and national long distance calls and international roaming calls; and
- Mobile service revenues of GTI and MVNO.

² Mobile SMS revenues consist of revenues from value-added services such as inbound and outbound SMS and MMS, infotext, and subscription fees on unlimited and bucket prepaid SMS services, net of any interconnection or settlement payouts to international and local carriers and content providers.

³ Mobile Data service revenues consist of revenues from Mobile internet browsing and content downloading, Mobile commerce services, other add-on value added services (VAS), and service revenues of GXI and MVNO, net of any interconnection or settlement payouts to international and local carriers and content providers, except where Globe is acting as principal to the contract where revenues are presented at gross billed to subscriber and settlement pay-out are classified as part of costs and expenses. Revenues from premium content services (where Globe is acting as principal to the contract) is reported gross of licensors' fees.

Over the years, Globe has pioneered efforts in introducing products and services that cater to the customer's digital preferences, enabling Globe to be the preferred brand for Filipinos' digital lifestyle choices. This was done through collaborative partnerships with global giants in the world of content. The Company partnered with internet giant Google to provide free access to Google Mobile services and to provide its subscribers the ability to charge purchases of applications to their postpaid bill or prepaid load, bypassing the need for credit cards and enhancing the convenience for Globe and TM customers. Likewise, the Company was able to tailor-make lifestyle packages for all its subscribers to meet their social networking needs and crowd-sourced content (via Facebook and Wattpad), chatting and digital communication (Viber), music (Spotify), sports (NBA) and media. Moreover, Globe's array of content partners including premium online streaming platforms like Netflix, iflix, Prime, HBO GO, VIU; social media networks such as YouTube; online shopping sites; and mobile games usher in a whole new entertainment experience.

Globe introduced the GlobeOne app which is the new digital companion to help customers to manage their accounts. With the new GlobeOne app, Globe customers can monitor their Globe Postpaid, Globe Prepaid/TM, Home Prepaid WiFi, and Rewards. The New GlobeOne is available via App Store and Google Play Store.

Mobile Data

Mobile Browsing, Internet-on-the-Go, and Other Data

Mobile data, the biggest contributor to the mobile business, accounted for 78% of total mobile service revenues (vs. 75% in 2021). As of end-December 2022 mobile data revenues posted a record ₱83.8 billion, or 8% above than the ₱77.8 billion reported last year. The sustained growth momentum in mobile data revenues was driven by the increasing data consumption as mobility of Filipinos are now back to pre-pandemic levels with the resumption of face-to-face work and school.

Globe Prepaid customers can enjoy "Go promos" with the biggest GBs for ALL sites and apps. These promos were made to help everyone ease into the new normal without the worry of running out of data and being limited by a list of apps. Customers can choose from different "Go promos" for as low as Php 50 with the biggest GBs, unlimited texts to all networks, and more. See [prepaid/go-promos](#) for more details.

In addition, Globe further gave its customers more options to level up their connection with Go+ promos for as low as Php99 valid for 7 days up to Php 400 valid for 15 days. Customers can have more GBs to use to address everything they need with open-access data, unli calls and texts, and now with more freebies to choose from—GBs for content apps, GoSave, and GoHealth. See also [prepaid/go-promos/plus](#) for more details.

Meanwhile, Globe "Surf4All" is the Philippines' first-ever data-sharing promo. This offers users a high data allowance that's usable on all sites and can be shared with up to four (4) users for one week. Customers get to enjoy up to 20GB (15GB base data allocation + limited-time 5GB bonus data) of shareable data at an affordable ₱249. This new Globe data promo allows its customers to share data with Prepaid, Postpaid, Platinum, Globe At Home Prepaid WiFi, MyFi and TM users. See also [surf4all](#) for more details.

Globe's Mobile browsing services also include the consumable mobile internet plan "GoSurf", which gives its subscribers bulk megabytes of mobile data consumable per kilobyte for as low as ₱15 for 2 days. See also [prepaid/gosurf](#) for more details. Globe Prepaid customers may also choose to

subscribe to “GoSakto” to create their own prepaid combo with a mix of calls, text, and surf promos, select a duration, assign their own promo name, which can also be shared with friends (see [prepaid/gosakto](#) for details). Prepaid customers may also choose to subscribe to “GoUnli” offers to get unlimited calls and texts with Free data for their favorite apps for as low as ₱20 per day (see [prepaid/gounli](#) for more details).

Meanwhile, TM customers can subscribe to the following EasySurf promos for as low as ₱10: EasySurf10 give customers 40MB valid for 1 day; EasySurf15 give customers 100MB plus 30MB for Instagram valid for 2 day; EasySurf30 give customers 300MB plus 50MB for Facebook, Viber, or Snapchat valid for 2 day; EasySurf50 give customers 1GB plus 1GB/day for choice of app bundle: Watch & Play, Share & Shop or Listen & Discover, 1 GB GoWiFi access and Unli allnet texts valid for 3 day. 30-day validity offers for TM are also available (EasySurf 299 for 2GB, EasySurf599 for 5GB, EasySurf999 for 10GB, EasySurf 1299 for 15GB, EasySurf1999 for 30 GB and EasySurf2499 for 50GB) plus 10GB for choice of app bundle: Watch & Play, Share & Shop or Listen & Discover, and 1 GB GoWifi access. SuperSurf for unlimited mobile internet are likewise available for ₱50 for 1-day unli internet and ₱200 for 5 days unli internet subject to fair use policy. In addition, exclusive to the GlobeOne App, TM customers can check out EZ90 for Allnet Calls as well as Allnet Doble FunAliw20 and 70 that comes with free content offers from apps like Facebook, Mobile Legends, YouTube, and TikTok. Globe Prepaid on the other hand can register to their favorite Go50, Go90, and Go+99 or try Unligo. Unligo gives users unlimited access to their favorite apps whether for videos, games, or social media. Check <https://www.tmtambayan.ph/promos/a20.html> for more details on TM’s latest offers.

Likewise, the Company continued to offer *Roam Surf Data and App* packs to its prepaid and postpaid customers. Prepaid subscribers can choose from all-access data roaming packs for as low as ₱150 or their favorite apps (Facebook, Instagram, viber, WhatsApp, WeChat) for as low as ₱100. This offer allows prepaid customers to access the internet abroad, making their data connectivity experience more seamless and worry-free ([roam-surf-data-app-packs-prepaid](#) for more details). Meanwhile, *Globe Postpaid* customers can enjoy all-day or 24 hours all-access data roaming packs for as low as ₱149 or their favorite apps Facebook or viber with *Roam Facebook 299* and *Roam Viber 199* ([roam-surf-data-app-packs-postpaid](#) for more details). Globe also introduced the discounted data roaming called *Roam Surf Longer Stay*. Subscribers can enjoy more gigabytes for more days while spending less - choose from 3, 5, 7, 15 or 30-day offers which come with 3GB up to 20GB data, and get up to 50% off (vs. the daily Roam Surf rate). In addition, Globe Postpaid and Prepaid subscribers can now experience 5G roaming. For Postpaid subscribers, simply turn on your mobile data and set your data roaming settings to 5G. For Prepaid subscribers, get your favorite Roam Surf promo via the GlobeOne app, GCash, or dial *143# and select MyAccount > Roaming & Intl.

With Globe’s commitment to enrich its lineup of content partners to cater to its customers’ evolving digital lifestyle, Filipinos can now catch the Korean wave on Viu, the localized digital platform providing online Asian video content. Simply text VIU99 to 8080, click on the activation link that will be sent via text, confirm the Mobile number, and download the Viu app to start enjoying your 30-day subscription to Viu Premium. The worldwide hit app **TikTok** is also included in the affordable data promos for Globe Mobile users for as low as Php15 per day with **TIKTOK15**. For hardcore video creators, there are bigger data promos such as **TIKTOK50** with 600MB for 7 days and **TIKTOK199** with 1GB for 30 days. Customers can register to their preferred promo by texting the keyword to 8080.

Mobile Voice

Mobile voice revenues, which accounted for 14% of total mobile service revenues, ended the year at ₱14.9 billion, down by 13% from ₱17.2 billion in 2021. Consistent with global trends, voice revenues declined given the continued migration of voice traffic to alternative internet-based applications.

To support the revenue stream, the Company continues to provide attractive and affordable bulk voice offers such: (1) *Tawag 236*¹ for 20-minute consumable calls for only ₱20 - *Globe Postpaid* and *Globe Prepaid* subscribers by simply replacing the 0 at the start of the number with 236 (dial 236 + 10-digit Globe number); (2) *Super Sakto Calls*¹ - calls to Globe and TM numbers for only ₱0.15 per second by

¹*With at least Php7.50 load requirement

just replacing the zero at the beginning of the Globe or TM number with 232 (dial 232 + 10-digit Globe number) for the special rate to apply; (3) *GoCall100* provides *Globe Prepaid* subscribers 500 minutes of on-net calls to Globe/TM for only ₱100 for 7 days. Meanwhile, *TM* subscribers may choose *UnliTawag15* which gives its subscribers unlimited calls to all Globe and TM subscribers for as low as ₱15 valid for 1 day. Through the *Extend all-you-can promo*, *TM* subscribers can extend for another 24 hours their favorite *TM* promo for only ₱5 up to 365 times by simply texting “EXTEND” to 8888 before their current promo expires.

Filipinos who wish to stay connected with their loved ones abroad, Globe continues to offer its pioneering per-second charging for international voice calls, IDD Sakto Calls for both Globe Postpaid and Globe Prepaid subscribers. Globe Prepaid’s GoTipIDD service remains to be the lowest per-minute IDD rates in the market (Go tipIDD30 for as low as Php2.50 per minute valid for three (3) days; Go tipIDD50 valid for seven (7) days; Go tipIDD100 valid for 15 days). For TM customers, they may opt to subscribe to TM TipIDD30 which offers four (4) minutes of international calls to Saudi, UAE, Kuwait, Bahrain, Italy, UK, Australia and Japan for only ₱30 a day. Globe also provides unlimited calls to 49 countries for as low as Php99 to select destinations worldwide with Globe’s Unli IDD. *Unli IDD99* provides for one day unlimited calls to three (3) unique international numbers for only Php99; *Unli IDD499* for unlimited calls to 5 unique international numbers for 7 days and *Unli IDD 999* for unlimited calls to 10 unique international numbers for 30 days. In addition, Globe also provides a bucket IDD service to popular and selected overseas destinations with *Go IDD*. Globe Prepaid customers can make IDD calls for as low as ₱1.50 per minute to the U.S. Mainland, Canada, China, Hawaii, Hong Kong, Singapore, and Thailand for only ₱200, valid for 30 days. Meanwhile, *GoCallIDD* is an IDD promo with the lowest rates to the Middle East at ₱5 per minute. It also allows customers to call Europe for only ₱5 per minute and North America and Asia Pacific for only ₱2.50 per minute. *GoCallIDD* comes in four variants. See [promos/GoCallIDD](#) for more details and [Call-and-Text-Abroad](#) for international voice and SMS promos.

Roam Unli Call & Text is likewise available for Globe Postpaid customers for them to enjoy all-day calls and texts while roaming ([promos/roam-unli-call-text](#) for more variants under this promo). Also, Roam Saver is a pay-per-use promo that lets Globe Postpaid customers enjoy discounted calls and texts while roaming in over 60 international destinations worldwide, for a fixed registration fee of ₱199 ([promos/roam-saver](#) for more details).

The Company also provides its subscribers with the best possible mix of voice, SMS, and Mobile browsing services through its combo packages. For *Globe Prepaid*, subscribers have the choice to avail of *Go AllNet* or *GoUnli* promos. *Go AllNet* promos provide unlimited SMS to all networks, plus calls to Globe/TM and calls to all networks and consumable mobile browsing ([prepaid/GoAllNet](#)).

Meanwhile, *GoUnli* promos provide unlimited calls and texts with Free data for your favorite apps for as low as ₱20 per day (see [prepaid/GoUnli](#) for more details). *GoAll20* is Globe Prepaid’s promo available in selected areas in the Philippines which offers unlimited texts to all networks, 30 minutes of calls to Globe/TM numbers and Free access to Facebook.

Mobile SMS

Mobile SMS revenues, which accounted for 8% of total mobile service revenues, closed the year at ₱8.8 billion or 5% lower against the ₱9.4 billion reported in 2021. Similar to voice, mobile SMS declined, with traffic moving to over-the-top (OTT) messaging apps.

Globe continues to showcase a comprehensive line up of mobile SMS value offers ranging from unlimited and bucket text services. Globe continues to provide its prepaid subscribers with all-day unlimited on-net SMS with Unli Text promos: UnliTxt20 valid for 1 day for ₱20; UnliTxt40 valid for 2 days for ₱40 and UnliTxt80 valid for 5 days for ₱80. GoUnlitxt49 was also made available in the market which offers its subscribers unlimited on-net texts to Globe/TM for only ₱49 valid for 7 days. For budget conscious customers, SuliTxt15 provides its subscribers with 100 text messages to Globe/TM for one day. With the use of the GoSakto, Globe Prepaid subscribers can create a promo exactly how they want it based on their lifestyle and budget.

With TM’s continued dedication of giving its subscribers wonderful and value-for-money offers, TM customers can get to choose from a wide array of promo offers ranging from bucket or unlimited SMS.

With SuliTxt5, TM subscribers can send 25 texts to TM/Globe, valid for 1 day for only ₱5. UnliAllNet10 which provides its subscribers with unlimited texts to all networks for ₱10 a day or subscribe to Txt10 for unlimited text to TM/Globe, valid for 2 days. Also available is AstigTxt30 which gives TM subscribers 5 days of unlimited text to TM/Globe for ₱30. Dagdagtxt was likewise introduced to the market which provides additional 100 all-network texts as an add-on to an UnliCall promo for only ₱5 a day. Moreover, TM subscribers can also enjoy unlimited one day text to TM/Globe as an add-on to their UnliTawag15 subscription for just a minimal price of ₱5.

Meanwhile, for Filipinos who wish to send messages to their family and friends in the USA Mainland, Canada, Kuwait, Guam, Greece, and Mexico, they can subscribe to Unli iTXT 20 for only ₱20 a day. To register, text UNLI ITXT 20 to 8080 or dial *143# and select Roaming & Int'l > Call and Text Abroad.

GoWiFi²

In support of national development by providing access to user-friendly and cost-effective internet connectivity to more Filipinos. GoWiFi continues its expansion plans nationwide, particularly in high-traffic areas like malls, hospitals, and schools to make high-quality internet connection accessible and affordable to more Filipinos. GoWiFi is currently accessible in over 3,700 locations nationwide, enabling users to get connected with up to 100Mbps of high-speed internet within the coverage of a GoWiFi site, regardless of network provider.

GoWiFi services are available in 2 modes: regular (free) GoWiFi and premium (paid) GoWiFi Auto. Both are open to all users with WiFi-enabled devices, regardless of network service provider (local or while roaming in the Philippines). To connect to free GoWiFi, just open the Wi-Fi-enabled device's WiFi settings and connect to the "@FreeGoWiFi" hotspot, register, choose from the different WiFi package and start surfing. To connect to premium wifi, connect to "@<site>_FreeGoWiFi SSID, register, then select a WiFi offer.

For more information, visit the [GoWiFi](#) page and <https://www.globe.com.ph/gowifi.html> for the latest GoWiFi offers.

VoLTE and VoWiFi

VoLTE stands for voice over LTE. It's a technology that lets you make voice calls over the LTE network, rather than the 2G and 3G networks which we normally use. VoWiFi, or voice over Wi-Fi, stands for Wi-Fi Calling which is a complementary technology to VoLTE and lets you make voice calls over a Wi-Fi network. VoLTE or VoWiFi can be used even if the called party doesn't have a VoLTE-capable device. Calls between VoLTE/VoWiFi - VoLTE/VoWiFi will have a long-beep ringtone, similar to IDD calls. For calls between VoLTE or VoWiFi and 3G/2G, the call will have the normal ringtone. VoLTE and VoWiFi are being implemented in phases and are now available in key areas starting December 18, 2020.

See also <https://www.globe.com.ph/help/postpaid/volte.vowifi> for more details.

Globe's efforts to provide a better mobile experience to its customers have made it possible to have Voice Over LTE (VoLTE) service available to postpaid customers. Globe has also fully activated VoLTE in all cities in Metro Manila and nearby provinces. This development has made it possible for more postpaid customers to access the service, improving voice call experience. Postpaid customers are encouraged to check if their mobile phone is VoLTE-capable, read about new VoLTE-ready locations or find what they need to know about VoLTE through these [Online FAQs](#).

Key Mobile Drivers

	For the Year Ended		
	31-Dec 2022	31-Dec 2021	YoY Change (%)
Cumulative Subscribers (or SIMs) Net (End of period).....	86,746,672	86,784,662	-

² GoWiFi is Globe Telecom's premium public WiFi service

<i>Globe Postpaid</i>	2,529,694	2,496,867	1%
Prepaid	84,216,978	84,287,795	-
<i>Globe Prepaid</i>	44,536,976	42,525,667	5%
<i>TM</i>	39,680,002	41,762,128	-5%
Net Subscriber (or SIM) Additions	(37,990)	10,139,095	-100%
<i>Globe Postpaid</i>	32,827	(16,680)	-297%
Prepaid	(70,817)	10,155,775	-101%
<i>Globe Prepaid</i>	2,011,309	4,416,565	-54%
<i>TM</i>	(2,082,126)	5,739,210	-136%
<u>Average Revenue Per Subscriber (ARPU)</u>			
ARPU¹			
<i>Globe Postpaid</i>	839	821	2%
Prepaid			
<i>Globe Prepaid</i>	98	99	-1%
<i>TM</i>	63	66	-4%
<u>Average Monthly Churn Rate (%)</u>			
<i>Globe Postpaid</i>	1.6%	1.6%	
Prepaid			
<i>Globe Prepaid</i>	2.8%	2.9%	
<i>TM</i>	4.0%	3.5%	

¹*Globe Prepaid include GOMO subscribers*

²ARPU is computed by dividing recurring gross service revenues (gross of interconnect expenses) segment by the average number of the segment's subscribers and then dividing the quotient by the number of months in the period.

Globe closed 2022 with a total mobile subscriber base of 86.7 million, or slightly lower from last year due to lower acquisitions and increase in churn. Combined, Globe Prepaid (including GOMO) and TM gross acquisitions comprised 99% of acquired SIMs during the year. Net reduction in subscribers stood at 37,990 in 2022 from the 10.1 million net acquisition last year due mainly to 15% reduction in acquisition and 13% higher churn volume in 2022 compared to the previous year.

The succeeding sections cover the key segments and brands of the Mobile business – Globe Postpaid, Globe Prepaid (including fully-mobile broadband subscribers and GOMO) and TM.

Globe Postpaid

Globe Postpaid had a total of over 2.5 million cumulative subscribers as of the end of December 2022, up by 1% from 2021. *Globe Postpaid*'s gross acquisitions for the period stood at 517,208 or 9% higher than last year. With this improvement in acquisition for the year, total net incremental in postpaid subscribers stood at 32.8 thousand versus last year's net reduction of 16.7 thousand.

Full-year 2022 *Globe Postpaid* ARPU registered at ₱839, which was higher versus 2021 by 2%.

Prepaid

Globe's prepaid segment, which includes the *Globe Prepaid* and *TM* brands, accounts for 97% of its total cumulative mobile subscriber base. As of end-December 2022, cumulative prepaid subscribers stood at about 84.2 million, or slightly lower than last year's 84.3 million.

Based on the National Telecommunications Commission (NTC) Memorandum Circular 03-07-2009, the first expiry periods ranging from 3 days for P10 or below to 120 days for reloads amounting to P300 and above. The second expiry remains at 120 days from the date of the new first expiry periods. The first expiry is reset based on the longest expiry period among current and previous reloads. Under this policy, subscribers are included in the subscriber count until churned. Under the new pronouncement based on the National Telecommunications Commission (NTC), Department of Information and Communications Technology (DICT), and Department of Trade and Industry (DTI) Joint Memorandum Circular No. 05-12-2017 all prepaid load will now carry a one-year expiration period regardless of amount. In compliance with this regulation, effective January 6, 2018, Globe implemented a one-year expiration period for prepaid load worth 300 pesos and above. Then on July 5, 2018, Globe expanded the implementation to all Globe prepaid load, including those with denominations below 300 pesos.

Republic Act No. 11934, or the SIM Card Registration Act, was signed into law on October 10, 2022. The Philippines' SIM Registration Act is envisioned to address escalating cybercrime in the country, including the proliferation of smishing and other forms of scam and spam messaging aided by the anonymity afforded by prepaid SIMs. All prepaid customers have until April 26, 2023 to register. New Globe SIM users have up to 72 hours from December 27 to get their SIMs registered to activate call, text and data services. For existing Globe Postpaid customers, all their data and information are deemed included in the platform and Globe shall get in touch with each postpaid customer to confirm and complete their registration details to align it with the requirements of the law. Registration via the GlobeOne app started last January 2023, while on-site assisted registration will start in February 2023 for Globe customers facing challenges using digital or online platforms, using feature or basic phones, or have no internet access.

The SIM Registration is expected to result in a lower subscriber base for the company, as non-active SIMs are churned out of the system. The company does not expect any impact to its topline due to this exercise and therefore, will result in a much better view of Globe's ARPU and active subscriber base levels.

The succeeding sections discuss the performance of the Globe Prepaid and TM brands in more detail.

a. Globe Prepaid

Globe Prepaid gross acquisitions (including GOMO) registered at 16.8 million as of end-December 2022 or 9% down year-on-year. Despite improvement in Prepaid churn rate from last year's 2.9% to only 2.8% this period, total net incremental subscribers ended the year at over 2.0 million versus last year's 4.4 million mainly due to lower acquisitions in 2022. Total cumulative *Globe Prepaid* subscribers stood at 44.5 million as of end-December of 2022, or 5% up from the 42.5 million as of end-December of 2021.

Globe Prepaid ARPU stood at ₱98, which slightly lower by 1% from a year ago.

b. TM

TM's gross acquisitions declined year-on-year by 20% to only 17.5 million subscribers in 2022 from 22.0 million reported in 2021. *TM* churn rate for the period increased to 4.0% from last year's 3.5% bringing total net reduction in *TM* subscribers in 2022 to 2.1 million versus net incremental of 5.7 million in 2021. Total cumulative *TM* subscribers stood at 39.7 million as of end-December of 2022, or 5% lower from the 41.8 million reported in 2021.

TM ARPU dropped year-on-year by 4%.

FIXED LINE AND BROADBAND BUSINESS

	Globe Group		
	Year on Year		
	31-Dec 2022	31-Dec 2021	YoY Change (%)
Service Revenues (Php Mn)			
Service			

Home Broadband ¹	27,094	29,392	-8%
Corporate Data ²	17,198	14,170	21%
Fixed line Voice ³	1,989	2,280	-13%
Fixed Line & Home Broadband Service Revenues	46,281	45,842	1%

¹ Home Broadband service revenues consist of the following:

- Monthly service fees of wired, fixed wireless, bundled voice and data subscriptions;
- Browsing revenues from all postpaid and prepaid wired, fixed wireless Broadband packages in excess of allocated free browsing minutes and expiration of unused value of prepaid load credits;
- Value-added services such as games; and
- Installation charges and other fees associated with the service.
- Revenues from premium content services (where Globe is acting as principal to the contract) are reported gross of the licensors' fees. The latter is reflected as part of maintenance expenses.

² Corporate data (previously called Fixed line data) service revenues consist of the following:

- Monthly service fees from international and domestic leased lines;
- Other wholesale transport services;
- Revenues from value-added services and ICT;
- Connection charges associated with the establishment of service.

³ Fixed line voice service revenues consist of the following:

- Monthly service fees;
- Revenues from local, international and national long-distance calls made by postpaid, prepaid fixed line voice subscribers and payphone customers, as well as Broadband customers who have subscribed to data packages bundled with a voice service. Revenues are net of prepaid and payphone call card discounts;
- Revenues from inbound local, international and national long-distance calls from other carriers terminating on Globe's network;
- Revenues from additional landline features such as caller ID, call waiting, call forwarding, multi-calling, voice mail, duplex and hotline numbers and other value-added features;
- Installation charges and other fees associated with the establishment of the service; and
- Revenues from DUO and SUPERDUO (Fixed line portion) service consisting of monthly service fees for postpaid and subscription fees for prepaid

Home Broadband

	Globe Group		
	Year on Year		
	31-Dec 2022	31-Dec 2021	YoY Change (%)
Cumulative Home Broadband Subscribers			
Fixed Wireless	1,434,413	2,721,130	-47%
Wired	1,128,124	964,784	17%
Total (end of period)	2,562,537	3,685,914	-30%

Globe Group's *Fixed line and Home Broadband* full-year 2022 revenues stood at ₱46.3 billion, slightly above by 1% year-on-year from ₱45.8 billion in 2021, bolstered by the solid contributions of Corporate Data.

Globe Home Broadband revenues fell by 8% year-on-year with the continued decline in @Home Broadband Prepaid WiFi as partly offset by the higher @Home Broadband Postpaid, particularly on Fiber. Postpaid fiber subscribers and revenues posted a year-on-year increase of 35% and 84%, respectively.

Total *Home Broadband* subscriber base now stands at 2.6 million, a 30% dip from the year earlier with the 47% decline from fixed wireless. As of end-December of 2022, *Home Prepaid Wi-Fi (HPW)* data traffic further slipped to only 450 petabytes from 808 petabytes in 2021.

Corporate Data

Corporate Data ended the year with ₱17.2 billion revenues, or 21% higher from a year ago, largely coming from information and communication technology (ICT) revenues. Step up in ICT revenues was mostly from business application services, cloud solutions and data center services.

Fixed Line Voice

Globe's total *Fixed line Voice* revenues however, declined year-on-year by 13%.

OTHER GLOBE GROUP REVENUES

International Long Distance (ILD) Services

Both Globe and Innove offer ILD voice services which cover international call services between the Philippines to 237 destinations with 782 roaming partners. This service generates revenues from both inbound and outbound international call traffic, with pricing based on agreed international termination rates for inbound traffic revenues and NTC-approved ILD rates for outbound traffic revenues.

Globe's ILD voice revenues from the mobile and fixed line businesses declined year-on-year by 19% (from ₱2.3 billion in 2021 to only ₱1.9 billion in 2022). This is attributed to the continued migration of international traffic through other internet-based applications.

Meanwhile, Globe sustained its promotion on OFW SIM packs and the discounted call rate offers.

Non-telco products and services

As Globe continues to expand its beyond telco initiatives with a growing portfolio of digital companies in spaces such as fintech, healthtech, adtech, and entertainment, its non-telco revenues jumped to ₱4.2 billion in 2022 from ₱2.0 billion last year. The substantial revenue contributions from ECPay, Yondu, and Asticom led to its outstanding performance in 2022.

ECPay

Electronic Commerce Payments (EC Pay) Inc., reported a significant growth in digital merchant partners as many Filipinos now shifted to digital channels. ECPay now has a general trade retail base of 423,761, exceeding their target of 400 thousand.

Kickstart

Globe's corporate venture capital arm, Kickstart Ventures, is one of the most active venture capital firms in the Philippines. Kickstart manages two funds for Globe and advises the \$180M Ayala Corporation Technology Innovation Venture (ACTIVE) Fund, the largest fund to come out of the Philippines. Out of these three funds, Kickstart now has 61 investments in 8 countries, backing 130 founders.

Asticom

Globe's wholly owned subsidiary, Asticom Technology, Inc., a shared services and outsourcing company, now manages more than 5,200 employees from five employees in 2015, and serves more than 150 clients from all over the country.

917Ventures

917Ventures include telehealth service platforms *KonsultaMD* and *HealthNow*. 917Ventures also has adtech company *AdSpark*; loyalty, and e-commerce solutions provider *RUSH*; online grocery shopping platform *Rappit*; a cloud based multi-channel communications platform *M360*; *INQUIRO* which offers suite of data-driven products and solutions designed to create value for enterprises and their customers; *DeepSea* which is an adtech company focused on enabling programmatic advertising capabilities that power agencies, advertisers, and publishers; *EdVenture* which is an online tutorial platform that connects vetted tutors with K-10 students for private one-hour sessions for Math, English, Filipino, and more; and *KodeGo* which is a study now, pay later tech school offering bootcamps on different IT courses to equip beginners and career shifters with critical and highly sought-after skills.

- *KonsultaMD*, *HealthNow* and *AIDE*, the three largest players in the digital healthcare industry, consolidate to uplift the healthcare journey, providing easy, reliable, and affordable end-to-end patient care. Now with more than 2 million users across over 50 thousand retail outlets nationwide. To further expand its reach, *KonsultaMD* is now also partnering with over 95 brands and utilizing social media app Tik Tok with over 60 million views. *HealthNow (including AIDE)* has 1 million customers served by over one thousand healthcare providers across more than 45 specialties.
- *AdSpark*, the award-winning and largest locally ad-based data powered digital media and creative agency launched more than 3,100 digital campaigns.

- *Rappit* previously known as *PureGo* has been quickly expanding its reach and has over 10 thousand products available in 18 stores in NCR and GMM areas serving 38 cities.
- *M360*, largest A2P multi-channel messaging platform, capable of sending messages to over 700 partner network operators in 190 countries via SMS or chat apps. Generates over 1.1 billion average monthly traffic with access to over 150 million mobile SMS users and over 45 million OTT users in the Philippines.
- *Rush*, the loyalty and ecommerce arm of Globe's 917Ventures made it to the Top 10 ecommerce solutions companies for 2022 of APAC CIO Outlook – the only Philippine firm on the index. *Rush* has over 5 million registered users and over 1,200 merchant partners for its e-commerce solutions.
- *Edventure*, the online tutorial platform now has over 1 thousand active tutors onboarded, around 5 thousand paid learning sessions and around 10 thousand registered parents.
- *KodeGo*, tech bootcamp offering online IT programs and company matching support with almost 500 graduates with over 100 placements. Winner of Ayala Innovation Excellence Awards (AIXA) 2022.

Globe, together with Ayala Corporation and Gogoro has announced their entry into the climatech space with the launch of a strategic partnership which will bring global two-wheel electric vehicle and battery-swapping technology leader Gogoro to the Philippines (see article on [Gogoro](#) for more details).

Yondu

Yondu is a top-notch IT solutions company providing cloud services and software development, among other innovative technology solutions, for Philippine businesses.

GROUP OPERATING EXPENSES

Globe ended the year with total costs and expenses at ₱124.5 billion or 5% higher from ₱ 118.5 billion a year ago, due to increases on most cost line items except for marketing & subsidy, lease and services. Higher expenses for the period were mainly to support management strategies, business, and data-network expansion.

(Php Mn)	Globe Group		
	Year on Year		
	31-Dec 2022	31-Dec 2021	YoY Change (%)
Interconnect	1,362	1,182	15%
Marketing and Subsidy	8,073	9,295	-13%
Staff Costs	19,136	18,248	5%
Utilities, Supplies, & Other Administrative Expenses	10,309	7,522	37%
Rent	2,794	4,274	-35%
Repairs & Maintenance	11,657	10,194	14%
Provisions	4,907	4,411	11%
Services and Others	20,649	22,215	-7%
Operating Expenses & Subsidy	78,887	77,341	2%
Depreciation and Amortization	45,653	41,133	11%
Cost and Expenses	124,540	118,474	5%

Interconnect

Globe group's full year interconnect charges grew by 15%, posting ₱1.4 billion in 2022 from ₱1.2 billion last year. The growth in interconnection fees was largely due to higher Application to Person (A2P) domestic SMS payout, partly offset by outbound IDD.

Marketing & Subsidy

Marketing and Subsidy expenses declined by 13% year-on-year to only ₱8.1 billion from ₱9.3 billion reported a year ago due to this year's lower spending for event ads, TV airtime, merchandising materials and production cost, coupled with lower subsidy.

Staff Costs

Staff costs were up 5% at ₱19.1 billion in 2022 from ₱18.2 billion in 2021.

Utilities, Supplies and Other Administrative Expenses

Utilities, supplies, and other administrative expenses, which contribute 13% of total operating expenses and subsidy, rose by 37%, totaling to ₱10.3 billion from ₱7.5 billion reported in 2021. Bulk of the increase was mainly from higher electricity rate/KwH and usage than last year, coupled with higher costs related to powergen.

Lease

Lease expenses in 2022 dropped by 35% to reach only ₱2.8 billion this period from ₱4.3 billion a year ago, mainly from cell sites following the assessment on accounting for leases, which moved the expense from opex to capitalized lease or depreciation. Lease expenses account for 4% of total operating expenses and subsidy.

Repairs and Maintenance

Repairs and maintenance costs for the year stood at ₱11.7 billion, up by 14% from the ₱10.2 billion reported a year ago. This was largely coming from business application services (BAS) payout and communication equipment maintenance.

Provisions

This account includes provisions related to trade, non-trade and traffic receivables and inventory obsolescence. Globe group's provisions increased year-on-year by 11% due mostly to higher trade provisions.

Services and Others

Accounting for 26% of total operating expenses and subsidy, services and other expenses declined by 7% from ₱22.2 billion reported in 2021. This was largely from coming from professional and advisory fees, and other contracted services.

Depreciation and Amortization

Total depreciation and amortization expenses for the year rose to ₱45.7 billion from ₱41.1 billion reported in 2021. Bulk of the increase in depreciation charges was largely to the continuous capex investments and higher amortization for capitalized leases.

OTHER INCOME STATEMENT ITEMS

Other income statement items include net financing costs, net foreign exchange gain (loss), interest income, and net property and equipment-related income (charges) as shown below:

(Php Mn)	Globe Group		
	Year on Year		
	31-Dec 2022	31-Dec 2021	YoY Change (%)
Financing Costs			
Interest Expense	(8,951)	(7,318)	22%
Swap costs and other financing costs	(1,140)	(1,423)	-20%
Foreign Exchange Loss (net)	(5,343)	(3,656)	46%
	(15,434)	(12,397)	25%
Other Income			
Gain (Loss) on derivative instruments	5,798	3,215	80%
Interest Income	340	150	127%
Others	19,958	4,283	366%
<i>Equity share from Affiliates (net)</i>	1,395	1,190	17%
<i>Frequency Amortization</i>	(312)	(309)	1%
<i>Others – net</i>	18,875	3,402	455%
Total Income (Other Expenses)	10,662	(4,749)	-324%

The Globe Group's full year 2022 non-operating income stood at ₱10.7 billion versus last year's reported non-operating charges of ₱4.7 billion. This was attributed to the one-time net gain of ₱8.4 billion (post-tax) on the partial sale of Globe's data center business reported in the first quarter of 2022 and the net gain of ₱6.2 billion (post-tax) from the sale and leaseback of the first few tranches of its tower assets, as partly offset by higher interest expense.

(See related discussion on derivative instruments and swap costs in the Foreign Exchange and Interest Rate Exposure section).

Liquidity and Capital Resources

	Globe Group		
	31-Dec 2022	31-Dec 2021	YoY Change (%)
Balance Sheet Data (Php Mn)			
Total Assets	555,677	458,460	21%
Total Debt	233,205	210,054	11%
Total Stockholders' Equity	152,533	114,396	33%
Financial Ratios (x)			
Total Debt to EBITDA (gross)	2.35	2.65	
Total Debt to EBITDA (net)	2.20	2.38	
Debt Service Coverage	3.82	4.54	
Interest Coverage (Gross)	7.81	8.84	
Debt to Equity (Gross)	1.53	1.84	
Debt to Equity (Net) ¹	1.43	1.65	
Total Debt to Total Capitalization (Book)	0.43	0.32	

* Net debt is calculated by subtracting cash, cash equivalents and short term investments from total debt.

Globe's balance sheet and cash flows remain strong with ample liquidity and gearing comfortably within bank covenants.

Globe Group's consolidated assets as of 31 December 2022 amounted to ₱555.7 billion compared to ₱458.5 billion as of December 31, 2021. Consolidated cash, cash equivalents and short-term investments (including investments in assets available for sale and held to maturity investments) was at ₱18.0 billion as of end-December of 2022 compared to ₱24.2 billion as of end-December of 2021.

Globe closed 2022 with gross debt to equity ratio on a consolidated basis at 1.53:1 and is still within the 3.0:1 debt to equity limit dictated by Globe's debt covenants. Meanwhile, net debt to equity ratio was at 1.43:1 as of end-December 2022 and 1.65:1 as of end December 2021. Globe's current ratio stood at 0.66:1 as of 31 December 2022 and 0.56:1 as of 31 December 2021 which are at par with industry standards. While Globe's average current ratio was below the SEC's minimum of 1:1, Globe believes it has more than sufficient cash flows from operations to meet its debt maturities, currently and prospectively.

The financial tests under Globe's loan agreements include compliance with the following ratios:

- Total debt* to equity not exceeding 3.0:1;
- Total debt to EBITDA not exceeding 3.5:1;
- Total Debt service coverage¹ exceeding 1.3 times; and
- Secured debt ratio² not exceeding 0.2 times.

*Composed of notes payable, current portion long-term debt, long term debt and net derivative liabilities

As of 31 December 2022, Globe is well within the ratios prescribed under its loan agreements.

On July 23, 2020, Globe Telecom issued a USD 300 million 10-year and USD 300 million 15-year US dollar denominated senior notes with a coupon rate of 2.5% and 3.0%, respectively. The notes are unrated and have been listed on the Singapore Exchange Securities Trading Limited on July 24, 2020. The net proceeds from the issue of the notes will be used to finance Globe's capital expenditures, maturing and/or existing obligations, and for general corporate requirements.

On November 2, 2021, Globe Telecom successfully issued US\$600 million senior perpetual capital securities with an initial distribution rate of 4.20% payable semi-annually and callable on or after August 2, 2026. The distribution rate is subject to a step up on the fifth-year anniversary and shall be recalculated every five years thereafter. The Perpetual Capital security shall account for as an equity instrument. On November 3, 2021, the capital securities were listed in Singapore Exchange Securities Trading Limited

Distributions to holders of capital securities amounted to ₱1,306.73 million in 2022.

¹ Debt service coverage ratio is defined as the ratio of EBITDA to required debt service, where debt service includes subordinated debt but excludes shareholder loans.

² Secured debt ratio is defined as the ratio of the total amount for the period of all present consolidated obligations for payment, which are secured by Permitted Security Interest as defined in the loan agreement to the total amount of consolidated debt.

Consolidated Net Cash Flows

(Php Mn)	Globe Group		
	31-Dec 2022	31-Dec 2021	YoY change (%)
Net Cash from Operating Activities.....	62,879	65,141	-3%
Net Cash from Investing Activities.....	(71,575)	(96,562)	-26%
Net Cash from Financing Activities.....	2,203	36,062	-94%

Net cash flows provided by operating activities in 2022 was at ₱62.9 billion, or 3% lower versus the previous year.

Meanwhile, net cash used in investing activities amounting to ₱71.6 billion, was 26% lower from last year. Consolidated cash capital expenditures as of end-December 2022 amounted to ₱101.4 billion, or 9% higher from last year's ₱92.8 billion.

(Php Mn)	Globe Group		
	31-Dec 2022	31-Dec 2021	YoY change (%)
Cash Capital Expenditures¹	101,367	92,808	9%
Total Additions to Property and equipment and Intangible assets ²	90,084	123,473	-27%
Cash Capital Expenditures¹ / Service Revenues (%)	64%	61%	

¹ Cash capital expenditures-property & equipment and intangibles as of report date

² Includes property and equipment, intangibles and capitalized borrowing costs acquired as of report date regardless of whether payment has been made or not.

Consolidated net cash provided by financing activities amounted to ₱2.2 billion in 2022, lower versus last year's ₱36.1 billion. Consolidated total debt, likewise increased by 11% from ₱210.1 billion at the end of December 2021 to ₱233.2 billion at the end of December of 2022.

100% of US\$ consolidated loans have been effectively converted to PHP via US\$994 million in currency hedges. After swaps, effectively none of the total debt is denominated in US\$. Below is the schedule of debt maturities for Globe for the years stated below based on total outstanding debt as of December 31, 2022:

Year Due	Principal* (US\$ Mn)
2023	831.13
2024	328.36
2025	334.10
2026 through 2035	2,706.91
Total	4,200.50

* Principal amount before debt issuance costs.

The Globe Group has available uncommitted short-term credit facilities of ₱44,188 million and USD 94 million, ₱43,577 million and USD 134 million as of December 31, 2022 and December 31, 2021, respectively.

The Globe Group also has available ₱3,000 million committed short-term credit facilities as of December 31, 2022 and December 31, 2021. There are nil and ₱8,000 million long term committed credit facilities as of December 31, 2022 and December 31, 2021, respectively.

There are ₱26 billion and ₱335 million outstanding short-term loans as of December 31, 2022 and December 31, 2021, respectively.

Stockholders' equity as of end-December 2022 was higher by 33% from ₱152,533 million to ₱114,396 million this period. Globe's capital stock consists of the following:

Voting Preferred Shares

Voting Preferred stock at a par value of ₱5 per share of which 158.5 million shares are outstanding out of a total authorized of 160 million shares.

The dividends for voting preferred stock are declared upon the sole discretion of the Globe Telecom's BOD.

To date, none of the voting preferred shares have been converted to common shares.

Non-Voting Preferred stock

Non-Voting Preferred stock at a par value of ₱50 per share of which 20 million shares are issued out of a total authorized of 40 million shares.

On August 22, 2021, Globe telecom redeemed the 20 million non-voting preferred shares for ₱10 billion.

Treasury Shares

The Globe Group's treasury shares pertain to the 20 million non-voting preferred shares that were redeemed on August 22, 2021 for ₱10 billion.

Common Stock

Common stock at par value of ₱50 per share of which 144.1 million are issued and outstanding out of a total authorized of 168.1 million shares.

On April 26, 2022, the stockholders of Globe Telecom approved the amendments to the articles of incorporation to increase Globe Telecom's authorized common capital stock by 20,000,000 shares from 148,934,373 shares to 168,934,373 shares with par value being retained at ₱50.00 per share.

On June 20, 2022, the board of directors of Globe Telecom approved the offer and issuance of common shares by way of stock rights to eligible shareholders of record, and the subsequent listing of said shares. The common shares for this offer were issued out of the increase in the Company's authorized capital stock, which was approved by Globe's board of directors and stockholders on April 25, 2022 and April 26, 2022, respectively.

On October 24, 2022, the Securities and Exchange Commission approved the amendments to the articles of incorporation to increase Globe Telecom's authorized common capital stock from ₱7,446,719 to ₱8,446,719 consisting of 168,934,373 shares with par value being retained at ₱50.00 per share.

On October 28, 2022, Globe Telecom formally listed 10,119,047 common shares newly issued to stockholders that participated in the Rights Offer (the "Offer") on the Philippine Stock Exchange. The common shares were sold in the Offer at ₱1,680.00 per share, raising gross proceeds of approximately ₱17.00 billion.

Cash Dividends

The dividend policy of Globe as approved by the Board of Directors is to declare cash dividends to its common stockholders on a regular basis as may be determined by the Board. The dividend payout rate is reviewed annually and subsequently each quarter of the year, to take into consideration Globe Telecom's operating results, cash flows, debt covenants, capital expenditure levels and liquidity.

Globe distributes cash dividends to its shareholders at the rate of 60% to 75% of prior year's core net income, and is committed to a sustainable dividend policy in line with earnings and cash flow generation.

The Board of Directors of Globe approved in separate approvals the declaration of the quarterly distributions of cash dividends of ₱27 per share, paid each last March 10, 2022, June 3, 2022, and September 9, 2022. On November 11, 2022, the Board of Directors approved the declaration of the fourth quarter cash dividend of ₱25 per share paid last December 9, 2022. Each cash dividend payment total to about ₱3.6 billion, bringing total distribution by end of December 2022 to ₱14.4 billion.

Also, on November 11, 2022, the Board of Directors of Globe approved the declaration of the cash dividend for holders of its voting preferred shares paid last December 9, 2022 to shareholders on record as of November 25, 2022. The amount of the cash dividend is based on the 2019 Benchmark rate of the 3-day average of the 5-year BVAL* (i.e. average of October 24, 25, 28, 2019) plus 2%. The aggregate dividend payment for the voting preferred shares was about ₱50.0 million.

Return on Average Equity (ROE)

Consolidated Return on Average Equity (ROE) registered at 25.9% as of end-December 2022, compared to 24.1% in 2021 using trailing 12 months net income and based on average equity balances for the year ended. Using trailing 12 months core net income, which excludes the effects of non-

recurring expenses on net income, return on average equity as of end-December 2022 and 2021 were 17.0% and 20.9% respectively.

Earnings Per Share (EPS)

Accordingly, consolidated basic earnings per common share were ₱245.44 and ₱173.18, while consolidated diluted earnings per common share were ₱244.25 and ₱172.25 as of end-December 2022 and 2021, respectively.

Financial Risk Management

FOREIGN EXCHANGE EXPOSURE

Foreign exchange risks are managed such that USD inflows from operations (transaction exposures) are balanced or offset by the net USD liability position of the company (translation exposures). Globe Group's objective is to maintain a position which results in, as close as possible, a neutral effect to the P&L relative to movements in the foreign exchange market.

Transaction exposures

Globe has natural net US\$ inflows arising from its operations. Consolidated foreign currency-linked revenues¹ were at 6% of total gross service revenues for the periods ended 31 December 2022 and 2021, respectively. In contrast, Globe's foreign-currency linked expenses were at 18% and 17% of total operating expenses for the same periods ended.

The US\$ flows are as follows:

	Dec. 31, 2022
US\$ and US\$ Linked Revenues	₱8.9 billion
US\$ Operating Expenses	₱14.1 billion
US\$ Net Interest Expense	₱1.8 billion

Due to these net US\$ inflows, an appreciation of the Peso has a negative impact on Globe's Peso EBITDA. Globe occasionally enters into forward contracts to hedge against a peso appreciation.

Includes the following revenues:

- (1) billed in foreign currency and settled in foreign currency, and
- (2) billed in Pesos at rates linked to a foreign currency tariff and settled in Pesos

Translation Exposures

Globe's foreign exchange translation exposures result primarily from movements of the Philippine Peso (Php) against the U.S. Dollars (USD) with respect to USD-denominated financial assets, USD-denominated financial liabilities and certain USD-denominated revenues. Majority of revenues are generated in Php, while bulk of capital expenditures are in USD. In addition, 24% of debt as of December 31, 2022 are denominated in USD before taking into account any swap and hedges. After swaps, effectively none of the total debt is denominated in US\$.

Information on Globe's foreign currency-denominated monetary assets and liabilities as of December 31, 2022 are as follows:

	Dec. 31, 2022
US\$ Assets	US\$ 144 million
US\$ Liabilities	US\$ 1,592 million
Net US\$ Liability Position	US\$ 1,447 million

As of end-December 2022, the Globe Group posted a total of ₱5,343 million net foreign exchange losses.

The Globe Group's foreign exchange risk management policy is to maintain a hedged financial position, after taking into account expected USD flows from operations and financing transactions. Globe Telecom enters into short-term foreign currency forwards and long-term foreign currency swap contracts in order to achieve this target.

As of end-December 2022, Globe has US\$294 million in cross currency swap contracts which are hedges of the interest and foreign exchange risks of some of our US\$ loans maturing in December 2023, August 2024, March 2025, March 2027 and August 2027. The MTM of the outstanding swap contracts stood at a gain of ₱1,920 million as of end-December 2022.

As of end-December 2022, Globe has US\$700 million in principal only swap contracts which are hedges of the foreign exchange risks of some of our US\$ loans maturing in May 2023, July 2025, May 2027, July 2027 and July 2030. The MTM of the swap contracts stood at a gain of ₱2,732 million as of end-December 2022.

Globe has US\$237 million short-term FX swap contracts which remain outstanding as of end-December 2022. The mark-to-market of the outstanding FX swap contracts stood at a loss of ₱111 million as of end-December 2022.

Globe has US\$18 million in outstanding forward USD purchase contracts which remain outstanding as of end-December 2022. The mark-to-market of the outstanding forward USD purchase contracts stood at a loss of ₱20 million as of end-December 2022.

INTEREST RATE EXPOSURE

Interest rate exposures are managed via targeted levels of fixed versus floating rate debt that are meant to achieve a balance between cost and volatility. Globe's policy is to maintain between 44-88% of its peso debt in fixed rate, and between 31-62% of its US\$ debt in fixed rate.

As of end-December 2022, Globe has a total of US\$294 million in cross currency swaps that were entered into contracts to achieve these targets. The US\$ swaps fixed some of the Company's outstanding floating rate debts with quarterly payment intervals up to December 2023, August 2024, March 2025, March 2027 and August 2027.

As of end-December 2022, 86% (excluding short-term debt) of peso debt is fixed, while 86% of USD debt is fixed after swaps.

In 2020, the Globe Group's USD fixed rate loans ratio increased to 91% as a result of the issuance of the USD 600 million fixed rate notes.

CREDIT EXPOSURES FROM FINANCIAL INSTRUMENTS

Outstanding credit exposures from financial instruments are monitored daily and allowable exposures are reviewed quarterly.

For investments, the Globe Group does not have investments in foreign securities (bonds, collateralized debt obligations (CDO), collateralized mortgage obligations (CMO), or any instruments linked to the mortgage market in the US). Globe's excess cash is invested in short term bank deposits.

The Globe Group also does not have any investments or hedging transactions with investment banks. Derivative transactions as of the end of the period are with large foreign and local banks. Furthermore, the Globe Group does not have instruments in its portfolio which became inactive in the market nor does the company have any structured notes which require use of judgment for valuation purposes.

VALUATION OF DERIVATIVE TRANSACTIONS

The company uses valuation techniques that are commonly used by market participants and that have been demonstrated to provide reliable estimates of prices obtained in actual market transactions. The company uses readily observable market yield curves to discount future receipts and payments on the

transactions. The net present value of receipts and payments are translated into Peso using the foreign exchange rate at time of valuation to arrive at the mark to market value. For derivative instruments with optionality, the company relies on valuation reports of its counterparty banks, which are the company's best estimates of the close-out value of the transactions.

Gains (losses) on derivative instruments represent the net mark-to-market (MTM) gains (losses) on derivative instruments. As of December 31, 2022, the MTM value of the derivatives of the Globe Group amounted to P4,520.0 million while net gain on derivative instruments arising from changes in MTM reflected in the consolidated income statements as of end-December 2022 amounted to ₱5,797.8 million.

To measure riskiness, the Company provides a sensitivity analysis of its profit and loss from financial instruments resulting from movements in foreign exchange and interest rates. The interest rate sensitivity estimates the changes to the following P&L items, given an indicated movement in interest rates: (1) interest income, (2) interest expense, (3) mark-to-market of derivative instruments. The foreign exchange sensitivity estimates the P&L impact of a change in the USD/PHP rate as it specifically pertains to the revaluation of the net unhedged liability position of the company, and foreign exchange derivatives.

LEGAL, REGULATORY, AND CORPORATE DEVELOPMENTS

The Globe Group is contingently liable for various claims arising in the ordinary conduct of business and certain tax assessments which are either pending decisions by the courts or are being contested, the outcome of which are not presently determinable. In the opinion of management and legal counsel, the possibility of outflow of economic resources to settle the contingent liability is remote.

Interconnection Charge for Short Messaging Service

On October 10, 2011, the NTC issued Memorandum Circular (MC) No. 02-10-2011 titled Interconnection Charge for Short Messaging Service requiring all public telecommunication entities to reduce their interconnection charge to each other from ₱0.35 to ₱0.15 per text, which Globe Telecom complied as early as November 2011. On December 11, 2011, the NTC One Stop Public Assistance Center (OSPAC) filed a complaint against Globe Telecom, Smart and Digitel alleging violation of the said MC No. 02-10-2011 and asking for the reduction of SMS off-net retail price from ₱1.00 to ₱0.80 per text. Globe Telecom filed its response maintaining the position that the reduction of the SMS interconnection charges does not automatically translate to a reduction in the SMS retail charge per text.

On November 20, 2012, the NTC rendered a decision directing Globe Telecom to:

- Reduce its regular SMS retail rate from P1.00 to not more than ₱0.80;
- Refund/reimburse its subscribers the excess charge of ₱0.20; and
- Pay a fine of ₱200.00 per day from December 1, 2011 until date of compliance.

On May 7, 2014, NTC denied the Motion for Reconsideration (MR) filed by Globe Telecom last December 5, 2012 in relation to the November 20, 2012 decision. Globe Telecom's assessment is that Globe Telecom is in compliance with the NTC Memorandum Circular No. 02-10-2011. On June 9, 2014, Globe Telecom filed petition for review of the NTC decision and resolution with the Court of Appeals (CA).

The CA granted the petition in a resolution dated September 3, 2014 by issuing a 60-day temporary restraining order on the implementation of Memorandum Circular 02-10-2011 by the NTC. On October 15, 2014, Globe Telecom posted a surety bond to compensate for possible damages as directed by the CA.

On June 27, 2016, the CA rendered a decision reversing the NTC's abovementioned decision and resolution requiring telecommunications companies to cut their SMS rates and return the excess amount paid by subscribers. The CA said that the NTC order was baseless as there is no showing that the reduction in the SMS rate is mandated under MC No. 02-10-2011; there is no showing, either that the present P1.00 per text rate is unreasonable and unjust, as this was not mandated under the memorandum. Moreover, under the NTC's own MC No. 02-05-2008, SMS is a value-added service

(VAS) whose rates are deregulated. The respective motions for reconsideration filed by NTC and that of intervenor Bayan Muna Party List (Bayan Muna) Representatives Neri Javier Colmenares and Carlos Isagani Zarate were both denied.

The NTC thus elevated the CA's ruling to the Supreme Court (SC) via a Petition for Review on Certiorari dated September 15, 2017.

For its part, Bayan Muna filed its own Petition for Review on Certiorari of the CA's Decision. On January 4, 2018, Globe received a copy of the SC's Resolution dated November 6, 2017, requiring it to comment on said petition of Bayan Muna. Subsequently, on February 21, 2018, Globe received a copy of the SC's Resolution dated December 13, 2017 consolidating the Petitions for Review filed by Bayan Muna and NTC, and requiring Globe to file its comment on the petition for review filed by NTC. Thus, on April 2, 2018, Globe filed its Consolidated Comment on both Bayan Muna and the NTC's petitions for review. On September 18, 2018, Globe received a copy of Bayan Muna's Consolidated Reply to Globe's Consolidated Comment and Digital and Smart's Comment.

Globe Telecom believes that it did not violate NTC MC No. 02-10-2011 when it did not reduce its SMS retail rate from Php 1.00 to Php 0.80 per text, and hence, would not be obligated to refund its subscribers. However, if it is ultimately decided by the Supreme Court (in case an appeal is taken thereto by the NTC from the adverse resolution of the CA) that Globe Telecom is not compliant with said circular, Globe may be contingently liable to refund to its subscribers the ₱0.20 difference (between ₱1.00 and ₱0.80 per text) reckoned from November 20, 2012 until said decision by the SC becomes final and executory. Management does not have an estimate of the potential claims currently.

Guidelines on Unit of Billing of Mobile Voice Service

On July 23, 2009, the NTC issued NTC MC No. 05-07-2009 (Guidelines on Unit of Billing of Mobile Voice Service). The MC provides that the maximum unit of billing for the Cellular Mobile Telephone System (CMTS) whether postpaid or prepaid shall be six (6) seconds per pulse. The rate for the first two (2) pulses, or equivalent if lower period per pulse is used, may be higher than the succeeding pulses to recover the cost of the call set-up. Subscribers may still opt to be billed on a one (1) minute per pulse basis or to subscribe to unlimited service offerings or any service offerings if they actively and knowingly enroll in the scheme.

On December 28, 2010, the Court of Appeals (CA) rendered its decision declaring null and void and reversing the decisions of the NTC in the rates applications cases for having been issued in violation of Globe Telecom and the other carriers' constitutional and statutory right to due process. However, while the decision is in Globe Telecom's favor, there is a provision in the decision that NTC did not violate the right of petitioners to due process when it declared via circular that the per pulse billing scheme shall be the default.

On January 21, 2011, Globe Telecom and two other telecom carriers, filed their respective Motions for Partial Reconsideration (MR) on the pronouncement that "the Per Pulse Billing Scheme shall be the default". The petitioners and the NTC filed their respective Motion for Reconsideration, which were all denied by the CA on January 19, 2012.

On March 12, 2012, Globe and Innove elevated to the Supreme Court the questioned portions of the Decision and Resolution of the CA dated December 28, 2010 and its Resolution dated January 19, 2012. The other service providers, as well as the NTC, filed their own petitions for review. The adverse parties have filed their comments on each other's petitions, as well as their replies to each other's comments. Parties were required to file their respective Memoranda and Globe filed its Memorandum on May 25, 2018. The case is now submitted for resolution.

Right of Innove to Render Service and Build Telecommunications Infrastructure in BGC

- PLDT and its affiliate, Bonifacio Communications Corporation (BCC) and Innove and Globe Telecom are in litigation over the right of Innove to render services and build telecommunications infrastructure in the Bonifacio Global City (BGC). In the case filed by Innove before the NTC against BCC, PLDT and the Fort Bonifacio Development Corporation (FBDC), the NTC has issued a Cease and Desist Order preventing BCC from performing further acts to interfere with Innove's installations in the BGC.

On January 21, 2011, BCC and PLDT filed with the CA a Petition for Certiorari and Prohibition against the NTC, et al. seeking to annul the Order of the NTC dated October 28, 2008 directing

BCC, PLDT and FBDC to comply with the provisions of NTC MC 05-05-02 and to cease and desist from performing further acts that will prevent Innove from implementing and providing telecommunications services in the Fort Bonifacio Global City pursuant to the authorization granted by the NTC. On April 25, 2011, Innove Communications, filed its comment on the Petition.

On August 16, 2011, the CA ruled that the petition against Innove and the NTC lacked merit, holding that neither BCC nor PLDT could claim the exclusive right to install telecommunications infrastructure and providing telecommunications services within the BGC. Thus, the CA denied the petition and dismissed the case. PLDT and BCC filed their motions for reconsideration thereto, which the CA denied.

On July 6, 2012, PLDT and BCC assailed the CA's rulings via a petition for review on certiorari with the Supreme Court. Innove and Globe filed their comment on said petition on January 14, 2013, to which said petitioners filed their reply on May 21, 2013. On 22 December 2021, Innove filed its Memorandum with the Supreme Court in compliance with said Court's Resolution dated 06 October 2021.

Meanwhile, a complaint filed by PLDT against the NTC, with Innove as intervenor, to annul NTC M.C. No. 05-05-2002 on the ground of unconstitutionality awaits pre-trial proceedings in the RTC in Quezon City. In a Motion to Dismiss dated January 8, 2021, however, a copy of which was received by Innove on January 12, 2021, PLDT informed the trial court that "upon re-evaluation of intervening events since PLDT filed its complaint, it no longer intends to pursue its complaint and prays for its dismissal without prejudice." The Motion to Dismiss awaits the trial court's resolution.

- In a case filed by BCC against FBDC, Globe Telecom, and Innove before the RTC in Taguig, which case sought to enjoin Innove from making any further installations in the BGC and claimed damages from all the parties for the breach of the exclusivity of BCC in the area, the court did not issue a TRO and has instead scheduled several hearings on the case. The defendants filed their respective motions to dismiss the complaint on the grounds of forum shopping and lack of jurisdiction, among others. On March 30, 2012, the RTC, as prayed for, dismissed the complaint on the aforesaid grounds. On April 27, 2015, the trial court denied BCC's motion for reconsideration. Thereafter, or on November 3, 2020, BCC filed a notice of appeal with said court. However, in a Notice of Withdrawal of Appeal dated January 7, 2021 which was received by Globe and Innove on January 12, 2021, BCC informed the trial court that it was no longer pursuing its appeal "after careful consideration of the intervening events since the filing of the Complaint" and asked that it be allowed to withdraw its appeal. The motion for withdrawal of appeal remains pending with the trial court.

Acquisition by Globe Telecom and PLDT of the Entire Issued and Outstanding Shares of VTI

In a letter dated June 7, 2016 issued by Philippine Competition Commission (PCC) to Globe Telecom, PLDT, SMC and VTI regarding the Joint Notice filed by the aforementioned parties on May 30, 2016, disclosing the acquisition by Globe Telecom and PLDT of the entire issued and outstanding shares of VTI, the PCC claims that the Notice was deficient in form and substance and concludes that the acquisition cannot be claimed to be deemed approved.

On June 10, 2016, Globe Telecom formally responded to the letter reiterating that the Notice, which sets forth the salient terms and conditions of the transaction, was filed pursuant to and in accordance with MC No. 16-002 issued by the PCC. MC No. 16-002 provides that before the implementing rules and regulations for RA No. 10667 (the Philippine Competition Act of 2015) come into full force and effect, upon filing with the PCC of a notice in which the salient terms and conditions of an acquisition are set forth, the transaction is deemed approved by the PCC and as such, it may no longer be challenged. Further, Globe Telecom clarified in its letter that the supposed deficiency in form and substance of the Notice is not a ground to prevent the transaction from being deemed approved. The only exception to the rule that a transaction is deemed approved is when a notice contains false material information. In this regard, Globe Telecom stated that the Notice does not contain any false information.

On June 17, 2016, Globe Telecom received a copy of the second letter issued by PCC stating that notwithstanding the position of Globe Telecom, it was ruling that the transaction was still subject for review.

On July 12, 2016, Globe Telecom asked the CA to stop the government's anti-trust body from reviewing the acquisition of SMC's telecommunications business. Globe Telecom maintains the position that the deal was approved after Globe Telecom notified the PCC of the transaction and that the anti-trust body

violated its own rules by insisting on a review. On the same day, Globe Telecom filed a Petition for Mandamus, Certiorari and Prohibition against the PCC, docketed as CA-G.R. SP No. 146538. On July 25, 2016, the CA, through its 6th Division issued a resolution denying Globe Telecom's application for TRO and injunction against PCC's review of the transaction. In the same resolution, however, the CA required the PCC to comment on Globe Telecom's petition for certiorari and mandamus within 10 days from receipt thereof. The PCC filed said comment on August 8, 2016. In said comment, the PCC prayed that the ₱70.00 billion deal between PLDT-Globe Telecom and San Miguel be declared void for PLDT and Globe Telecom's alleged failure to comply with the requirements of the Philippine Competition Act of 2015. The PCC also prayed that the CA direct Globe Telecom to: cease and desist from further implementing its co-acquisition of the San Miguel telecommunications assets; undo all acts consummated pursuant to said acquisition; and pay the appropriate administrative penalties that may be imposed by the PCC under the Philippine Competition Act for the illegal consummation of the subject acquisition.

Meanwhile, PLDT filed a similar petition with the CA, docketed as CA G.R. SP No. 146528, which was raffled off to its 12th Division. On August 26, 2016, PLDT secured a TRO from said court. Thereafter, Globe Telecom's petition was consolidated with that of PLDT, before the 12th Division. The consolidation effectively extended the benefit of PLDT's TRO to Globe Telecom. The parties were required to submit their respective Memoranda, after which, the case shall be deemed submitted for resolution.

On February 17, 2017, the CA issued a Resolution denying PCC's Motion for Reconsideration dated September 14, 2016 for lack of merit. In the same Resolution, the Court granted PLDT's Urgent Motion for the Issuance of a Gag Order and ordered the PCC to remove the offending publication from its website and also to obey the sub judice rule and refrain from making any further public pronouncements regarding the transaction while the case remains pending. The Court also reminded the other parties, PLDT and Globe, to likewise observe the sub judice rule. For this purpose, the Court issued its gag order admonishing all the parties "to refrain, cease and desist from issuing public comments and statements that would violate the sub judice rule and subject them to indirect contempt of court. The parties were also required to comment within ten days from receipt of the Resolution, on the Motion for Leave to Intervene, and Admit the Petition-in Intervention dated February 7, 2017 filed by Citizenwatch, a non-stock and non-profit association.

On April 18, 2017, PCC filed a petition before the SC docketed as G.R. No. 230798, to lift the CA's order that has prevented the review of the sale of San Miguel Corp.'s telecommunications unit to PLDT Inc. and Globe Telecom. On April 25, 2017, Globe filed before the SC a Motion for Intervention with Motion to Dismiss the petition filed by the PCC.

As of June 30, 2017, the SC did not issue any TRO on the PCC's petition to lift the injunction issued by the CA. Hence, the PCC remains barred from reviewing the SMC deal.

On July 26, 2017, Globe received the SC en banc Resolution granting Globe's Extremely Urgent Motion to Intervene. In the same Resolution, the Supreme Court treated as Comment, Globe's Motion to Dismiss with Opposition Ad Cautelam to PCC's Application for the Issuance of a Writ of Preliminary Injunction and/or TRO.

On August 31, 2017, Globe received another Resolution of the SC en banc, requiring the PCC to file a Consolidated Reply to the Comments respectively filed by Globe and PLDT, within ten (10) days from notice. Globe has yet to receive the Consolidated Reply of PCC since the latter requested for extension of time to file the same.

In the meantime, in a Decision dated October 18, 2017, the CA, in CA-G.R. SP No. 146528 and CA-G.R. SP No. 146538, granted Globe and PLDTs Petition to permanently enjoin and prohibiting PCC from reviewing the acquisition and compelling the PCC to recognize the same as deemed approved. PCC elevated the case to the SC via Petition for Review on Certiorari.

Co-use of frequencies by PLDT/Smart and Globe Telecom as a result of the acquisition of controlling shares in VTI

On January 21, 2019, Globe filed its Comment to a petition filed by lawyers Joseph Lemuel Baligod and Ferdinand Tecson before the Supreme Court, against the NTC, PCC, Liberty Broadcasting Network, Inc.,(LBNI), Bell Telecommunications Inc. (BellTel), Globe, PLDT and Smart, docketed as G.R. No. 242353. The petition sought to, among others, enjoin PLDT/Smart and Globe from co-using

the frequencies assigned to LBII and BellTel in view of alleged irregularities in NTC's assignment of these frequencies to these entities. In its Comment, Globe argued that the frequencies were assigned in accordance with existing procedures prescribed by law and that to prevent the use of the frequencies will only result to its being idle and unutilized. Moreover, in view of the substantial investments made by Globe, for the use of these frequencies, enjoining its use will cause grave and irreparable injury not only to Globe but to subscribers who will be deprived of the benefits of fast and reliable telecommunications services. The other Respondents have likewise filed their respective Comments to the petition.

CORPORATE DEVELOPMENTS:

- ***SIM Registration Update***

As of 4 p.m. of December 28, 2022, a total of 1,528,735 Globe and TM SIM users have completed their registration.

All Globe Prepaid, TM, Globe At Home Prepaid WiFi, Globe Mobile WiFi and Globe Business prepaid customers have until April 26, 2023 to register. New Globe SIM users have up to 72 hours from December 27 to get their SIMs registered to activate call, text and data services.

For existing Globe Postpaid, Globe Platinum, Globe LTE@Home, and Globe Business Postpaid customers, your data and information are deemed included in our platform and we shall get in touch with you to confirm and complete your registration details to align it with the requirements of the law.

Registration via the GlobeOne app started last January 2023, while on-site assisted registration will start in February 2023 for Globe customers facing challenges using digital or online platforms, using feature or basic phones, or have no internet access.

- ***Tower Sale***

Globe announced last September 23, 2022, that it has achieved the first closing with 800 towers out of the 3,529 towers to be acquired by Frontier Tower Associates Philippines Inc. (Frontier Towers) for a cash consideration of ₱10 billion. This deal was accomplished after just over a month from the signing of the milestone sale and leaseback transactions for the first two tower portfolios last August.

On the same date, Globe announced the signing of the sale and leaseback agreement with Phil-Tower Consortium, Inc. (PhilTower) for the third portfolio composed of 1,350 towers. The tower assets up for sale consist of 90% ground-based towers and 10% rooftop towers. Globe expects to raise total proceeds of ₱20.0 billion from executing this transaction. The towers, which are located primarily in Visayas and Mindanao, will be leased back to Globe for an initial period of 15 years.

On October 14, 2022, Globe disclosed the first closing with 701 towers out of the 2,180 telco tower and related passive telecom infrastructure to be acquired by MIESCOR Infrastructure Development Corporation (MIDC) for a cash consideration of ₱8.4 billion.

On December 9, 2022, the Company announced the second closing of 750 towers to be transferred to Frontier Tower Associates Philippines Inc. (Frontier Towers) for a cash consideration of ₱9.5 billion.

On December 16, 2022, Globe received ₱1.9 billion for the second closing of 159 towers to be transferred to MIESCOR Infrastructure Development Corporation (MIDC). With this latest closing a total of 860 out of the 2,180 towers have been successfully turned over to MIDC. Cumulatively, Globe has already completed 34% of the sale or a total of 2,410 towers out of 7,059 have been transferred to the tower companies.

- ***Stock Rights Offer***

On October 12, 2022, Globe announced the results of the Stock Rights Offering held during the offer period from 3 October 2022 to 7 October 2022. A total of 10,119,047 Common Shares were

sold at an Offer Price of ₱1,680.00 per Entitlement Right with the following results. Accordingly, the Company's Offer was fully subscribed.

On October 28, 2022, Globe formally listed the 10,119,047 common shares newly issued to shareholders that participated in the recently concluded Rights Offer (the "Offer"), on the Philippine Stock Exchange. The common shares were sold in the Offer at ₱1,680.00 per share, raising gross proceeds of approximately ₱17.0 billion. The Offer marks the triumphant return of Globe to equity capital markets after more than two decades since it last raised equity from its shareholders. The warm reception of the investing public to Globe's Rights Offer was achieved despite tumultuous financial market conditions, solidifying the status of Globe as an outperformer despite market headwinds.

Details on these transactions have been extensively discussed in the disclosures filed with the SEC and PSE and maybe accessed from the PSE and Company websites.

2. Causes of any material change from period to period: 2022 vs. 2021

Below are the items in the consolidated financial position with material movements from 2021 to 2022.

Assets

- A** Decrease in cash and cash equivalents of ₱6.2 billion was primarily due to the net effect of (₱71.6 billion) net cash flows used in investing activities, ₱62.9 billion cash flows generated from operating activities and ₱2.2 billion net cash provided by financing activities.
- B** Trade Receivable – ₱6.9 billion increase was mainly attributable to the increase in receivables of non-telco subsidiaries which are primarily driven by the increase in non-telco revenues.
- C** Contract assets – Increase of ₱646 million was mainly due to the net effect of ₱7.9 billion new contract assets recognized during the year arising from the sales of mobile devices bundled with wireless postpaid plans, (₱6.6 billion) reduction in contract assets representing the amounts that were billed to the subscribers during the year and (₱0.7 billion) impairment loss on contract assets that were recognized during the year.
- D** Inventories and Supplies – No material movements noted from the previous year
- E** Assets Held for Sale – Increase of ₱28 billion mainly due to the property and equipment and ROU assets that were reclassified as assets held for sale in relation to the sale and leaseback transaction of telecom towers.
- F** Net Derivative Assets – Increase of ₱2.7 billion is due to changes in fair values of forwards, interest and currency swaps.
- G** Property and equipment – Increase of ₱11.2 billion due to the net effect of ₱86.7 billion additions during the year due to the continuous network expansion; (₱34.1 billion) depreciation recognized during the year; (₱31.7 billion) assets reclassified as assets held for sale as a result of the tower sale and leaseback transaction; (₱7.3 billion) assets under construction that were completed during the year and reclassified as intangible assets; and net disposals amounting to (₱2.6 billion) largely due to the sale of controlling interest on data center business.
- H** Intangible Assets – Increase of ₱4.3 billion is mostly due to the additions to application software licenses and other intangible assets which were offset by the regular annual amortizations.

- I Right of use assets – Increase of ₱17.4 billion is due to the net effect of the ₱33.9 billion additional long-term leases of network sites acquired during the year and new tower leases as a result of the tower sale and leaseback transaction; (₱11.1 billion) ROU assets that were reclassified to assets held for sale as a result of the tower sale and leaseback transaction and (₱5.3 billion) amortization during the year.
- J Investment in Joint Venture – Increase of ₱9.6 billion was primarily due to gain recognized on fair value adjustment on retained interest on investment in Globe STT GDC, Inc. (GSG), coupled with the share in net income of joint ventures recognized during the year.
- K Prepayments and Other Assets – The ₱23.4 billion increase is mostly due to the higher amount of advance payments made to contractors and suppliers that remained outstanding at the end of the year, acquisition of investment properties consisting of land and building, and prepayments among others.

Liabilities

- L Trade Payables – ₱3.8 billion increase is mostly due to the higher balance of payable to suppliers, contractors, other creditors and taxes partially offset by lower accrued project costs and accrued expenses.
 - M Contract liabilities and other deferred revenues – Decrease of ₱612 million is mainly attributable to lower deferred revenue from prepaid load and contingent liability rewards.
 - N Provisions – No material movements noted from the previous year.
 - O Income Taxes Payable – Increase of ₱2.6 billion is primarily due to higher income tax before tax and benefit of CREATE in 2021.
 - P Loans payable - Increase of ₱23.2 billion is due to drawn term loans from various banks which was partially offset by settlements of other bank loans.
 - Q Lease liabilities – Increase of ₱34.4 billion was primarily due to the additional long-term leases of network sites acquired during the year and new tower leases as a result of the tower sale and leaseback transaction which were partially offset by lease payments during the year.
 - R Pension liabilities – Decrease of ₱3.1 billion was mainly due to the net effect of (₱3.7 billion) remeasurement gain charged to other comprehensive income (OCI) as a result of change in actuarial assumptions, (₱800 million) employer contributions during the year and ₱1.4 billion pensions expense recognized in profit or loss during the year.
- 3. Description of material commitments and general purpose of such commitments. Material off-balance sheet transactions, arrangements, obligations and other relationships with unconsolidated entities or other persons created during the period.**

For details on material commitments and arrangements, see Note 34 and Note 35 for contingent obligations in the attached Notes to Consolidated Financial Statements.

4. Seasonal Aspects that have a material effect on the FS

No seasonal aspects that have a material effect on the financial statements.

For The Financial Year Ended 2021

GROUP FINANCIAL HIGHLIGHTS

Results of Operations (Php Mn)	Globe Group		
	Year on Year		
	31-Dec 2021	31-Dec 2020	YoY Change (%)
Operating Revenues	167,748	160,519	5%
Service Revenues [†]	151,514	146,388	4%
<i>Mobile</i> ^{**}	104,392	103,732	1%
<i>Home Broadband</i> ^{***}	29,392	26,798	10%
<i>Corporate Data</i>	14,170	12,613	12%
<i>Fixed line Voice</i>	2,280	2,620	-13%
<i>Others</i>	1,280	625	105%
Non-Service Revenues	16,234	14,131	15%
Costs and Expenses	92,826	87,007	7%
Cost of Sales	18,073	16,406	10%
Operating Expenses*	74,753	70,601	6%
EBITDA	74,922	73,512	2%
Normalized EBITDA	75,996	74,752	2%
EBITDA Margin	49%	50%	
Depreciation	41,133	35,412	16%
EBIT	33,789	38,100	-11%
EBIT Margin	22%	26%	
Non-Operating Charges	4,749	10,961	-57%
Net Income After Tax (NIAT)	23,724	18,623	27%
Normalized Net Income After Tax	19,402	22,742	-15%
Core Net Income	21,246	19,523	9%

Note: 2020 Service revenues was restated to reclassify telco products coming from subsidiaries; 2020 Normalized NIAT was also restated to include the CREATE impact

* Mobile business includes Mobile and fully Mobile Broadband

**Home Broadband includes fixed wireless and wired Broadband

***Others includes non-telco revenues from subsidiaries

- Full-year consolidated service revenues grew 4% to a record ₱151.5 billion from the ₱146.4 billion reported in 2020, due to the sustained outstanding performance of Home Broadband as well as Corporate Data. The significant growth in data revenue, which accounts for 80% of total service revenues mainly fueled this year's performance, given the growing demand for high-speed, reliable and affordable internet connectivity for work, business, education, entertainment, telehealth and other online services.
 - Mobile business revenues registered a 1% increase year-on-year at ₱104.4 billion from last year's revenue of ₱103.7 billion given higher prepaid top ups and acquisitions for the year. Revenues in the fourth quarter was also softened by the destruction of the super typhoon that hit the country last December, directly through its impact on subscribers and businesses in the affected areas.
 - Home Broadband service revenues in the fourth quarter stood at ₱7.0 billion, 11% lower than last quarter due to lower HPW top up and the impact of the rebates given to the affected subscribers in the Visayas and Mindanao region caused by the recent Typhoon. Despite the decline in the fourth quarter, Home Broadband revenues ended 2021 with a new record-high revenues of ₱29.4 billion or up a strong 10% from 2020. The sustained growth of the Home Broadband business was largely driven by stronger demand for reliable and high-speed broadband connectivity due to the prolonged effects of the pandemic. The aggressive fiber rollout in 2021 likewise resulted to an increased take up of FTTH lines of 208% and fiber revenues growing by 183% against a year ago.

- Corporate Data revenues for the full-year 2021 remain high at ₱14.2 billion, or up 12% year-on-year. This was mainly attributed to higher domestic services, coupled with increase coming from information and communication technology (ICT) revenues. Higher ICT revenues this period was largely from business application services and cloud solutions.
 - Fixed line Voice revenues was lower year-on-year by 13%, coming from lower outbound usages and monthly service fees (MSF).
 - Non-telco products and services, on the other hand, generated a total of ₱1.3 billion revenues as of end-December 2021, or up by 105% from last year mostly coming from ECPay.
- Total operating expenses and subsidy as of end-December 2021 amounted to ₱76.6 billion from ₱72.9 billion in 2020, or up by 5% due mainly to the increases coming from many expense line items except for subsidy, lease and provisions.
 - Combined with the rebates given to broadband customers and the impairment costs from network related damages, Typhoon Odette's pre-tax impact on fourth quarter operations totaled ₱2.2 billion.
 - Total depreciation and amortization expenses for the year rose to ₱41.1 billion from ₱35.4 billion reported in 2020, given Globe's continued massive network investments despite the pandemic.
 - Overall, Globe ended the year 2021 with total costs and expenses of ₱117.7 billion or 9% higher from ₱108.3 billion a year ago. Higher expenses for the year were mainly to support management strategies, business, and data-network expansion as well as the restoration efforts due to typhoon Odette's onslaught.
 - Globe's consolidated EBITDA, which totaled ₱74.9 billion, improved by 2% from last year's level of ₱73.5 billion mainly due to healthy topline figures this period. EBITDA margin on the other hand, slightly declined to 49% from last year's 50%. However, adjusted for the effects of Typhoon Odette on revenues and operating expenses, EBITDA margin would have remained at 50%.
 - Non-operating charges dropped year-on-year by 57%, owing to the one-time gain of ₱4.3 billion from the deemed sale of investment in Mynt, upside impact of CREATE law in Vega, and higher equity share in affiliates. This was partly offset by the impairment costs amounting to ₱1.2 billion from the network related damages due to typhoon Odette.
 - The Globe Group ended the year 2021 with consolidated net income of ₱23.7 billion, jumping by 27% from the reported net income in 2020. This was mainly attributed to the 2% increase in EBITDA, and the 57% decline in non-operating charges which fully offset the 16% increase in depreciation expenses. Excluding the impact of the extraordinary items booked this year, including the CREATE³ impact, normalized net income would have been ₱19.4 billion, or down by 15% from 2020.
 - Globe's core net income, which excludes the impact of non-recurring charges, one-time gain, foreign exchange gains and mark-to-market charges, stood at ₱21.2 billion, up by 9% year-on-year.
 - Total capex as of end-December 2021 stood at ₱92.8 billion, significantly higher by 54% from last year's level of ₱60.3 billion. About 86% of the total capex for the period was spent on the data network with the Company's continued focus on increasing capacity, cell site upgrades and fast-track fiberization of Filipino homes nationwide for a better internet experience.

³ The CREATE bill was signed into law on March 26, 2021 which reduces corporate income tax rate effective July 1, 2020.

GROUP OPERATING REVENUES BY SEGMENT

Operating Revenues By Business (Php Mn)	Globe Group		
	Year on Year		
	31-Dec 2021	31-Dec 2020	YoY Change (%)
Mobile*	119,592	115,792	3%
Service Revenues	104,392	103,732	1%
Non-Service Revenues	15,200	12,059	26%
Fixed Line and Broadband**	46,806	44,073	6%
Service Revenues	45,842	42,031	9%
Non-Service Revenues	964	2,042	-53%
Others***	1,349	654	106%
Service Revenues	1,280	625	105%
Non-Service Revenues	69	31	136%
Total Operating Revenues	167,748	160,519	5%

Note: 2020 Service revenues was restated to reclassify telco products coming from subsidiaries

* Mobile business includes Mobile and fully Mobile Broadband

** Fixed line and Home Broadband includes corporate data, fixed line voice and Home Broadband.

***Others includes non-telco revenues from subsidiaries

The Globe Group ended the year with total operating revenues of ₱167.7 billion, up by 5% from the ₱160.5 billion recorded last year. This was driven by the 4% year-on-year improvement in the topline to reach ₱151.5 billion in 2021 from ₱146.4 billion in 2020. Home Broadband and Corporate Data drove the topline expansion given the increased data consumption among the Filipinos for work, education, health care, daily commercial transactions, entertainment and essential social interactions.

Mobile service revenues, which accounted for 69% of Globe's consolidated service revenues for the year just ended, was relatively stable versus last year, improving by 1% at ₱104.4 billion largely from higher prepaid top ups and higher acquisitions for the year.

Globe Group's *Fixed line and Home Broadband* full year 2021 revenues stood at ₱45.8 billion, 9% higher year-on-year from ₱42.0 billion in 2020, bolstered by the solid contributions of Home Broadband and Corporate Data.

Mobile non-service revenues increased year-on-year by 26%. Fixed Line and Home Broadband non-service revenues, however, declined significantly compared to last year's ₱2.0 billion. Meanwhile, non-service revenues from non-telco products and services likewise improved from ₱31 million in 2020 vs. ₱69 million in 2021.

MOBILE BUSINESS

Mobile Service Revenues (Php Mn)	For the Year Ended		
	31-Dec 2021	31-Dec 2020	YoY Change (%)
Service			
Mobile Voice ¹	17,228	20,250	-15%
Mobile SMS ²	9,351	11,098	-16%

Mobile Data ³	77,813	72,384	7%
Mobile Service Revenues	104,392	103,732	1%

¹ Mobile voice service revenues include the following:

- f) Prorated monthly service fees on consumable minutes of postpaid plans;
- g) Subscription fees on unlimited and bucket voice promotions including the expiration of the unused value of denomination loaded;
- h) Charges for intra-network and outbound calls in excess of the consumable minutes for various Globe Postpaid plans, including currency exchange rate adjustments, or CERA, net of loyalty discounts credited to subscriber billings;
- i) Airtime fees for intra network and outbound calls recognized upon the earlier of actual usage of the airtime value or expiration of the unused value of the prepaid reload denomination (for Globe Prepaid and TM) which occurs between 3 and 120 days after activation depending on the prepaid value reloaded by the subscriber net of (i) bonus credits and (ii) prepaid reload discounts; and revenues generated from inbound international and national long distance calls and international roaming calls; and
- j) Mobile service revenues of GTI and MVNO.

Revenues from (a) to (e) are reduced by any payouts to content providers.

² Mobile SMS revenues consist of revenues from value-added services such as inbound and outbound SMS and MMS, infotext, and subscription fees on unlimited and bucket prepaid SMS services, net of any interconnection or settlement payouts to international and local carriers and content providers.

³ Mobile Data service revenues consist of revenues from Mobile internet browsing and content downloading, Mobile commerce services, other add-on value added services (VAS), and service revenues of GXI and MVNO, net of any interconnection or settlement payouts to international and local carriers and content providers, except where Globe is acting as principal to the contract where revenues are presented at gross billed to subscriber and settlement pay-out are classified as part of costs and expenses. Revenues from premium content services (where Globe is acting as principal to the contract) is reported gross of licensors' fees.

Over the years, Globe has pioneered efforts in introducing products and services that cater to the customer's digital preferences, enabling Globe to be the preferred brand for Filipinos' digital lifestyle choices. This was done through collaborative partnerships with global giants in the world of content. The Company partnered with internet giant Google to provide free access to Google Mobile services and to provide its subscribers the ability to charge purchases of applications to their postpaid bill or prepaid load, bypassing the need for credit cards and enhancing the convenience for Globe and TM customers. Likewise, the Company was able to tailor-make lifestyle packages for all its subscribers to meet their social networking needs and crowd-sourced content (via Facebook and Wattpad), chatting and digital communication (Viber), music (Spotify), sports (NBA) and media. Moreover, Globe's array of content partners including premium online streaming platforms like Netflix, iflix, HBO GO; social media networks such as YouTube; online shopping sites; and mobile games usher in a whole new entertainment experience, made more relevant at this time when most Filipinos are staying at home.

In order to cater to the changing needs of its customers with the new normal, Globe introduced the GlobeOne app which is the new digital companion to help customers to manage their accounts. Then last August 2021 the new GlobeOne app was initially launched to Globe Prepaid, TM and Home Prepaid WiFi customers. The New GlobeOne app is still a work in progress as other features are still being built. For features and concerns that are not yet available in the New GlobeOne app, customers may still continue to use the old GlobeOne, TM app or Globe At Home app.

Mobile Data

Mobile Browsing, Internet-on-the-Go, and Other Data

Mobile data, the biggest contributor to the mobile business, accounted for 75% of total mobile service revenues (vs. 70% in 2020). As of end-December 2021 mobile data revenues reached ₱77.8 billion, or 7% higher than last year. The sustained growth momentum in mobile data revenues was driven by the increasing data consumption as the health crisis persisted, boosted by Globe's recalibrated data offers that provided better value to serve the changing needs of its customers.

Globe Prepaid launched "Go promos" in 2020 with the biggest GBs for ALL sites and apps. These promos were made to help everyone ease into the new normal without the worry of running out of data and being limited by a list of apps. Customers you choose from different "Go promos" with the biggest GBs, unlimited texts to all networks, and more.

PROMO	DATA	GoWIFI	SMS	CALLS	VALIDITY
Go50	5GB	1GB			3 days

Go90	8GB	1GB	Unlimited to all networks	Unlimited to Globe/ TM	7 days
Go120	10GB	2GB			
Go140	11GB	2GB			

At the same time, Globe prepaid subscribers can further amplify its internet connectivity with the “GoBooster” add-ons to get more GBs, more app access, or even longer validity.

GoBOOSTERS	INCLUSIONS
GoBOOST15	+1GB for all sites and apps, valid for 1 day
GoWATCH10	+1GB for Youtube, Netflix and other video streaming apps, valid for 1 day
GoPLAY10	+1GB for Mobile Legends, Call of Duty, and other gaming apps, valid for 1 day
GoSHARE10	+1GB for Facebook, Tiktok and other social media apps, valid for 1 day
GoSHOP10	+1GB for Lazada, ZALORA and other shopping apps, valid for 1 day
GoKOREAN10	+1GB for Viu, V Live and other K-apps, valid for 1 day
GoLONGER10	+1 day validity
and more!	

In addition, Globe further gave its customers more option to level up their connection with Go+ promos. Customers can have more GBs to use, as each promo comes with extra home-only GBs. Home-only GBs are the same as their usual mobile data (can be used for all sites and apps) but can only be used in one (1) location -- which is in their nominated address: (1) Go+120 - 3GB for all sites + 8GB home-only data, unli allnet texts, 1GB GoWiFi access, valid for 7 days (2) Go+160 - 3GB for all sites + 12GB home-only data, unli allnet texts, 2GB GoWiFi access, valid for 7 days (3) Go+190 - 3GB for all sites + 15GB home-only data, unli allnet texts, 2GB GoWiFi access, valid for 7 days. See also <https://www.globe.com.ph/prepaid/go-plus.html> for more details.

Meanwhile, Globe “Surf4All” is the Philippines’ first-ever data-sharing promo. This offers users a high data allowance that’s usable on all sites and can be shared with up to four (4) users for one week. Customers get to enjoy up to 20GB (15GB base data allocation + limited-time 5GB bonus data) of shareable data at an affordable ₱249. This new Globe data promo allows its customers to share data with Prepaid, Postpaid, Platinum, Globe At Home Prepaid WiFi, MyFi and TM users. See also <https://www.globe.com.ph/surf4all.html> for more details.

Globe’s Mobile browsing services also include the consumable mobile internet plan “GoSurf” which gives its subscribers bulk megabytes of mobile data consumable per kilobyte for as low as ₱15 for 2 days. See also <https://www.globe.com.ph/prepaid/gosurf.html> for more details. Globe Prepaid customers may also choose to subscribe to “GoSakto” to create their own prepaid combo with mix of calls, text, and surf promos, select a duration, assign their own promo name, which can also be shared with friends (see <https://www.globe.com.ph/prepaid/gosakto.html> for details). Prepaid customers may also choose to subscribe to “GoUnli” offers to get unlimited calls and texts with Free data for their favorite apps for as low as ₱20 per day (see <https://www.globe.com.ph/prepaid/gounli.html> for more details).

Meanwhile, TM customers can subscribe to the following EasySurf promos for as low as ₱10: EasySurf10 give customers 40MB valid for 1 day; EasySurf15 give customers 100MB plus 30MB for Instagram valid for 2 day; EasySurf30 give customers 300MB plus 50MB for Facebook, Viber, or Snapchat valid for 2 day; EasySurf50 give customers 1GB plus 1GB/day for choice of app bundle: Watch & Play, Share & Shop or Listen & Discover, 1 GB GoWiFi access and Unli allnet texts valid for 3 day. 30-day validity offers for TM are also available (EasySurf 299 for 2GB, EasySurf599 for 5GB, EasySurf999 for 10GB, EasySurf 1299 for 15GB, EasySurf1999 for 30 GB and EasySurf2499 for 50GB) plus 10GB for choice of app bundle: Watch & Play, Share & Shop or Listen & Discover, and 1 GB GoWiFi access. SuperSurf for unlimited mobile internet are likewise available for ₱50 for 1-day unli internet and ₱200 for 5 days unli internet subject to fair use policy. In addition, exclusive to the GlobeOne App, TM customers can check out EZ90 for ALLNET CALLS as well as ALLNET Doble FunAliw20 and 70 that comes with free content offers from apps like Facebook, Mobile Legends, YouTube, and Tiktok. Globe Prepaid on the other hand can register to their favorite Go50, Go90, and Go+99 or try UNLIGO. UNLIGO gives users unlimited access to their favorite apps whether for videos, games, or social media.

Check <https://www.tmtambayan.ph/promos/a20.html> for more details on TM's latest offers.

In addition to these, the Company continues to offer *ChatPlus*, an all-in-one bundle that not only gives customers access to their favorite messaging apps but to a generous amount of IDD minutes to the US Mainland and Canada for as low as ₱25 per day. Customers can enjoy free access to messaging apps (such as *Facebook Messenger*, *Viber*, *WhatsApp*, *Google Messenger*, *Kakao Talk*, *WeChat*, and *LINE*) plus 15 IDD minutes for calls from the Philippines to the US Mainland and Canada. For those opting for a longer subscription and free IDD minutes, there is also the *ChatPlus 299*, valid for 30 days with 60 IDD minutes. Likewise, the Company continued to offer *Globe Prepaid Roam Surf*, a flat rate for unlimited data roaming service to its prepaid customers. This offer allows prepaid customers to access the internet abroad for an entire 24-hour cycle, making their data connectivity experience more seamless and worry-free. *Roam Surf* for Globe Prepaid is available in three variants, ₱599 for 24 hours, ₱1,797 for 3 full days and ₱2,995 for 5 full days.

With Globe's commitment to enrich its lineup of content partners to cater to its customers' evolving digital lifestyle, Filipinos can now catch the Korean wave on Viu, the localized digital platform providing online Asian video content. K-Drama fans with a Globe Postpaid *ThePLAN* or *ThePLAN PLUS* subscription can enjoy unlimited downloads, priority viewing as fast as 8 hours after its telecast, full HD resolution up to 1080p, and access to Asian blockbuster movies with Viu Premium! Simply text VIU99 to 8080, click on the activation link that will be sent to you via text, confirm your Mobile number, and download the Viu app to start enjoying your 30-day subscription to Viu Premium.

The worldwide hit app *TikTok* is also included in the affordable data promos for Globe Mobile users for as low as ₱15 per day with *TIKTOK15*. For hardcore video creators, there are bigger data promos such as *TIKTOK50* with 600MB for 7 days and *TIKTOK199* with 1GB for 30 days. Customers can register to their preferred promo by texting the keyword to 8080.

Mobile Voice

Mobile voice revenues, which accounted for 16% of total mobile service revenues, ended the year at ₱17.2 billion, down by 15% from ₱20.2 billion in 2020. Consistent with global trends, voice revenues declined given the continued migration of voice traffic to alternative internet-based applications.

To support the revenue stream, the Company continues to provide attractive and affordable bulk voice offers such: (1) *Tawag 236* for 20-minute consumable calls for only ₱20 - *Globe Postpaid* and *Globe Prepaid* subscribers by simply replacing the 0 at the start of the number with 236 (dial 236 + 10-digit Globe number); (2) *Super Sakto Calls** - calls to Globe and TM numbers for only ₱0.15 per second by just replacing the zero at the beginning of the Globe or TM number with 232 (dial 232 + 10-digit Globe number) for the special rate to apply; (3) *GoCall100* provides *Globe Prepaid* subscribers 500 minutes of on-net calls to Globe/TM for only ₱100 for 7 days. Meanwhile, *TM* subscribers may choose *UnliTawag15* which gives its subscribers unlimited calls to all Globe and TM subscribers for as low as ₱15 valid for 1 day. Through the *Extend all-you-can promo*, *TM* subscribers can extend for another 24 hours their favorite *TM* promo for only ₱5 up to 365 times by simply texting "EXTEND" to 8888 before their current promo expires.

Filipinos who wish to stay connected with their loved ones abroad, Globe continues to offer its pioneering per-second charging for international voice calls, *IDD Sakto Calls* for both *Globe Postpaid* and *Globe Prepaid* subscribers. *Globe Prepaid's GoTipIDD* service remains to be the lowest per-minute IDD rates in the market (*Go tipIDD30* for as low as ₱2.50 per minute valid for three (3) days; *Go tipIDD50* valid for seven (7) days; *Go tipIDD100* valid for 15 days). For *TM* customers, they may opt to subscribe to *TM TipIDD30* which offers four (4) minutes of international calls to Saudi, UAE, Kuwait, Bahrain, Italy, UK, Australia and Japan for only ₱30 a day. Globe also provides unlimited calls to 49 countries for as low as ₱99 to select destinations worldwide with Globe's *Unli IDD*. *Unli IDD99* provides for one day unlimited calls to three (3) unique international numbers for only ₱99; *Unli IDD499* for unlimited calls to 5 unique international numbers for 7 days and *Unli IDD 999* for unlimited calls to 10 unique international numbers for 30 days. In addition, Globe also provides a bucket IDD service to popular and selected overseas destinations with *Go IDD*. *Globe Prepaid* customers can make IDD calls for as low as ₱1.50 per minute to U.S. Mainland, Canada, China, Hawaii, Hong Kong, Singapore, and Thailand for only ₱200, valid for 30 days.

Meanwhile, *GoCallIDD* is an IDD promo with the lowest rates to the Middle East at ₱5 per minute. It also allows customers to call Europe for only ₱5 per minute and North America and Asia Pacific for only ₱2.50 per minute. *GoCallIDD* comes in four variants (see <https://www.globe.com.ph/help/international/promos/gocallidd.html> for more details). *Roam Unli Call & Text* is likewise available for Globe Postpaid customers for them to enjoy all-day calls and texts while roaming (see <https://www.globe.com.ph/help/international/promos/roam-unli-call-text.html> for variants under this promo). *Roam Saver* is a pay-per-use promo that lets Globe Postpaid customers enjoy discounted calls and texts while roaming in over 60 international destinations worldwide, for a fixed registration fee of ₱199 (see <https://www.globe.com.ph/help/international/promos/roam-saver.html> for more details).

In addition, Filipinos or OFWs abroad can likewise spend more talk time with their loved ones in the Philippines with *Globe Duo International*. It is a subscription service that assigns a virtual international number to a registered *Globe Prepaid*, *Postpaid* or *TM Mobile* number. This service allows their friends and family members from abroad to call that virtual number, giving them a 'local' calling experience, which is more affordable compared to the standard IDD call rates to the Philippines. *DUO International* number is designed to receive incoming calls only. This service is currently available in 24 countries including USA, Canada, UK, Japan, Korea, Spain, Malaysia, Australia, Hong Kong, New Zealand, Israel, Norway, Sweden, Denmark, South Africa, Portugal, Finland, Italy, Greece, Netherlands, Switzerland, Austria, Ireland and Belgium. Promo packages from 7-days up to 180-days subscription are available for all *Globe Postpaid/Prepaid* and *TM* subscribers in the Philippines. Filipinos abroad may also avail of the promo by registering the *Globe Postpaid/Prepaid* or *TM Mobile* numbers of their family members in the Philippines via website: duo.globe.com.ph.

The Company also provides its subscribers with the best possible mix of voice, SMS, and Mobile browsing services through its combo packages. For *Globe Prepaid*, subscribers have the choice to avail of *Go AllNet* or *GoUnli* promos. *Go AllNet* promos provide unlimited SMS to all networks, plus calls to Globe/TM and calls to all networks and consumable Mobile browsing (see <https://www.globe.com.ph/prepaid/goallnet.html> for more details). Meanwhile, *GoUnli* promos provides for unlimited calls and texts with Free data for your favorite apps for as low as ₱20 per day (see <https://www.globe.com.ph/prepaid/gounli.html> for more details). *GoAll20* is Globe Prepaid's promo available in selected areas in the Philippines which offers unlimited texts to all networks, 30 minutes of calls to Globe/TM numbers and Free access to Facebook.

Mobile SMS

Mobile SMS revenues, which accounted for 9% of total mobile service revenues, closed the year at ₱9.4 billion or 16% lower against the ₱11.1 billion reported last year. Similar to voice, mobile SMS declined, with traffic moving to over-the-top (OTT) messaging apps.

Globe continues to showcase a comprehensive line up of Mobile SMS value offers ranging from unlimited and bucket text services. Globe continues to provide its prepaid subscribers with all-day unlimited on-net SMS with *UnliTxt* promos: *UnliTxt20* valid for 1 day for ₱20; *UnliTxt40* valid for 2 days for ₱40 and *UnliTxt80* valid for 5 days for ₱80. *GoUnlitxt49* was also made available in the market which offers its subscribers unlimited on-net texts to *Globe/TM* for only ₱49 valid for 7 days. For budget conscious customers, *Sulitxt15* provides its subscribers with 100 text messages to *Globe/TM* for one day. With the use of the *GoSakto*, *Globe Prepaid* subscribers can create a promo exactly how they want it based on their lifestyle and budget.

With *TM*'s continued dedication of giving its subscribers wonderful and value-for-money offers, *TM* customers can get to choose from a wide array of promo offers ranging from bucket or unlimited SMS. With *Sulitxt5*, *TM* subscribers can send 25 texts to *TM/Globe*, valid for 1 day for only ₱5. *UnliAllNet10* which provides its subscribers with unlimited texts to all networks for ₱10 a day or subscribe to *Txt10* for unlimited text to *TM/Globe*, valid for 2 days. Also available is *Astigtxt30* which gives *TM* subscribers 5 days of unlimited text to *TM/Globe* for ₱30. *Dagdagtxt* was likewise introduced to the market which provides additional 100 all-network texts as an add-on to an *UnliCall* promo for only ₱5 a day. Moreover, *TM* subscribers can also enjoy unlimited one day text to *TM/Globe* as an add-on to their *UnliTawag15* subscription for just a minimal price of ₱5.

Meanwhile, for Filipinos who wish to send messages to their family and friends abroad, Globe continues to offer *iTxtAll30*, for 100 SMS to over 40 countries and all networks in the Philippines for only Php30 a day. Also available is *Unli iSMS USA299* for unlimited texts to the US Mainland* valid for 30 days and *Unli IDD and iSMS USA599* for unlimited calls and texts to the US Mainland* valid for 30 days (*Excluding Alaska, Guam, Hawaii, American Samoa, Northern Mariana Islands, Puerto Rico and U.S. Virgin Islands).

GoWiFi⁴

In support of national development by providing access to user-friendly and cost-effective internet connectivity to more Filipinos. GoWiFi continues its expansion plans nationwide, particularly in high-traffic areas like malls, hospitals, and schools to make high-quality internet connection accessible and affordable to more Filipinos. GoWiFi is currently accessible in over 3,700 locations nationwide, enabling users to get connected with up to 100Mbps of high-speed internet within the coverage of a GoWiFi site, regardless of network provider.

GoWiFi services are available in 2 modes: regular (free) GoWiFi and premium (paid) GoWiFi Auto. Both are open to all users with WiFi-enabled devices, regardless of network service provider (local or while roaming in the Philippines). To connect to free GoWiFi, just open the Wi-Fi-enabled device's WiFi settings and connect to the "@FreeGoWiFi" hotspot, register, choose from the different WiFi package and start surfing. To connect to premium wifi, connect to "@<site>_FreeGoWiFi SSID, register, then select a WiFi offer.

For more information, visit the [GoWiFi](#) page and <https://www.globe.com.ph/gowifi.html> for the latest GoWiFi offers.

VoLTE and VoWiFi

VoLTE stands for voice over LTE. It's a technology that lets you make voice calls over the LTE network, rather than the 2G and 3G networks which we normally use. VoWiFi, or voice over Wi-Fi, stands for Wi-Fi Calling which is a complementary technology to VoLTE and lets you make voice calls over a Wi-Fi network.

VoLTE or VoWiFi can be used even if the called party doesn't have a VoLTE-capable device. Calls between VoLTE/VoWiFi - VoLTE/VoWiFi will have a long-beep ringtone, similar to IDD calls. For calls between VoLTE or VoWiFi and 3G/2G, the call will have the normal ringtone. VoLTE and VoWiFi are being implemented in phases and is now available in key areas starting December 18, 2020. See also <https://www.globe.com.ph/help/postpaid/volte.vowifi> for more details.

Globe's efforts to provide a better mobile experience to its customers have made it possible to have Voice Over LTE (VoLTE) service available to postpaid customers. In 2021, Globe has fully activated VoLTE in all cities in Metro Manila and nearby provinces. This development has made it possible for more postpaid customers to access the service, improving voice call experience. Postpaid customers are encouraged to check if their mobile phone is VoLTE-capable, read about new VoLTE-ready locations or find what they need to know about VoLTE through these [Online FAQs](#).

Key Mobile Drivers

	For the Year Ended		
	31-Dec 2021	31-Dec 2020	YoY Change (%)
Cumulative Subscribers (or SIMs) Net (End of period).....	86,784,662	76,645,567	13%
<i>Globe Postpaid</i>	2,496,867	2,513,547	-1%
Prepaid	84,287,795	74,132,020	14%
<i>Globe Prepaid</i>	42,525,667	38,109,102	12%

⁴ GoWiFi is Globe Telecom's premium public WiFi service

TM	41,762,128	36,022,918	16%
Net Subscriber (or SIM) Additions.....	10,139,095	(17,558,710)	-158%
<i>Globe Postpaid</i>	(16,680)	(177,030)	-91%
Prepaid	10,155,775	(17,381,680)	-158%
<i>Globe Prepaid</i>	4,416,565	(6,706,288)	-166%
TM	5,739,210	(10,675,392)	-154%
<u>Average Revenue Per Subscriber (ARPU)</u>			
ARPU¹			
<i>Globe Postpaid</i>	821	850	-3%
Prepaid			
<i>Globe Prepaid</i>	99	93	6%
TM.....	66	60	8%
<u>Average Monthly Churn Rate (%)</u>			
<i>Globe Postpaid</i>	1.6%	1.8%	
Prepaid	2.9%	4.8%	
<i>Globe Prepaid</i>	3.5%	6.2%	
TM.....			

¹Globe Prepaid include GOMO subscribers

²ARPU is computed by dividing recurring gross service revenues (gross of interconnect expenses) segment by the average number of the segment's subscribers and then dividing the quotient by the number of months in the period.

Globe closed 2021 with a total mobile subscriber base of 86.8 million, up by 13% from last year coming mostly from the increase in acquisitions, coupled with the decline in churn. Combined, *Globe Prepaid* (including GOMO) and *TM* gross acquisitions comprised 99% of acquired SIMs during the year. With the decrease in overall churn rates for 2021 of 3.1% from 5.4% a year ago, net addition in subscribers totaled 10.1 million this period from the 17.6 million net reduction last year.

The succeeding sections cover the key segments and brands of the Mobile business – *Globe Postpaid*, *Globe Prepaid* and *TM* including fully-Mobile Broadband subscribers.

Globe Postpaid

Globe Postpaid had a total of 2.5 million cumulative subscribers as of the end of December 2021, lower by 1% from 2020. *Globe Postpaid*'s gross acquisitions for the period stood at 472,560 or 24% higher than last year. With the decline in churn rate (from 1.8% a year ago to only 1.6% this period) total net reduction in postpaid subscribers stood at 16.7 thousand versus last year's net reduction of 177.0 thousand.

Globe Postpaid ARPU registered at ₱821, which was 3% lower from a year ago.

Prepaid

Globe's prepaid segment, which includes the *Globe Prepaid*⁵ and *TM* brands, accounts for 97% of its total cumulative Mobile subscriber base. As of end-December 2021, cumulative prepaid subscribers stood at about 84.3 million, 14% higher than the 74.1 million subscribers reported in 2020.

⁵ *Globe Prepaid* subscribers include GOMO subscribers. GOMO is a fully digital service brand of Globe created to address the needs of the underserved digitally savvy yuppie segment. Simply buy the sim from gomo.ph or thru the GOMO PH mobile app.

Based on the National Telecommunications Commission (NTC) Memorandum Circular 03-07-2009, the first expiry periods ranges from 3 days for ₱10 or below to 120 days for reloads amounting to ₱300 and above. The second expiry remains at 120 days from the date of the new first expiry periods. The first expiry is reset based on the longest expiry period among current and previous reloads. Under this policy, subscribers are included in the subscriber count until churned. Under the new pronouncement based on the National Telecommunications Commission (NTC), Department of Information and Communications Technology (DICT), and Department of Trade and Industry (DTI) Joint Memorandum Circular No. 05-12-2017 all prepaid load will now carry a one-year expiration period regardless of amount.

In compliance with this new regulation, effective January 6, 2018, Globe implemented a one-year expiration period for prepaid load worth 300 pesos and above. Then on July 5, 2018, Globe expanded the implementation to all Globe prepaid load, including those with denominations below 300 pesos.

The succeeding sections discuss the performance of the *Globe Prepaid* and *TM* brands in more detail.

a. Globe Prepaid

Globe Prepaid gross acquisitions (including GOMO) registered at 18.4 million as of end-December 2021 or 7% growth year-on-year despite the lingering impact of the pandemic. Prepaid churn rate likewise declined from last year's 4.8% to only 2.9% this period leading to net incremental subscribers to end at 4.4 million versus last year's net reduction of 6.7 million. Total cumulative *Globe Prepaid* subscribers stood at 42.5 million as of end-December of 2021, or 12% up from the 38.1 million as of end-December of 2020.

Globe Prepaid ARPU stood at ₱99, which was 6% higher from a year ago

b. TM

TM's gross acquisitions grew year-on-year by 10% at 22.0 million subscribers in 2021 from 19.9 million reported in 2020 despite the lingering effects of the COVID-19 pandemic. Total cumulative *TM* subscribers stood at 41.8 million as of end-December of 2021, or 16% improvement from the 36.0 million reported in 2020. *TM* churn rate for the period stood at 3.5%, a significant decline from last year's 6.2% as the churn rates continue to revert to historical levels.

TM ARPU showed improvement year-on-year by 8%.

FIXED LINE AND BROADBAND BUSINESS

Service Revenues (Php Mn)	Globe Group		
	Year on Year		
	31-Dec 2021	31-Dec 2020	YoY Change (%)
Service			
Home Broadband ¹	29,392	26,798	10%
Corporate Data ²	14,170	12,613	12%
Fixed line Voice ³	2,280	2,620	-13%
Fixed Line & Home Broadband Service Revenues	45,842	42,031	9%

¹ Home Broadband service revenues consist of the following:

- f) Monthly service fees of wired, fixed wireless, bundled voice and data subscriptions;
- g) Browsing revenues from all postpaid and prepaid wired, fixed wireless Broadband packages in excess of allocated free browsing minutes and expiration of unused value of prepaid load credits;
- h) Value-added services such as games; and
- i) Installation charges and other fees associated with the service.
- j) Revenues from premium content services (where Globe is acting as principal to the contract) are reported gross of the licensors' fees. The latter is reflected as part of maintenance expenses.

² Corporate data (previously called Fixed line data) service revenues consist of the following:

- e) Monthly service fees from international and domestic leased lines;
- f) Other wholesale transport services;

- g) Revenues from value-added services and ICT;
- h) Connection charges associated with the establishment of service.

³Fixed line voice service revenues consist of the following:

- g) Monthly service fees;
- h) Revenues from local, international and national long-distance calls made by postpaid, prepaid fixed line voice subscribers and payphone customers, as well as Broadband customers who have subscribed to data packages bundled with a voice service. Revenues are net of prepaid and payphone call card discounts;
- i) Revenues from inbound local, international and national long-distance calls from other carriers terminating on Globe's network;
- j) Revenues from additional landline features such as caller ID, call waiting, call forwarding, multi-calling, voice mail, duplex and hotline numbers and other value-added features;
- k) Installation charges and other fees associated with the establishment of the service; and
- l) Revenues from DUO and SUPERDUO (Fixed line portion) service consisting of monthly service fees for postpaid and subscription fees for prepaid

Home Broadband

	Globe Group		
	Year on Year		
	31-Dec 2021	31-Dec 2020	YoY Change (%)
Cumulative Home Broadband Subscribers			
Fixed Wireless	2,721,130	3,057,933	-11%
Wired	964,784	739,112	31%
Total (end of period)	3,685,914	3,797,045	-3%

Globe Group's *Fixed line and Home Broadband* full-year 2021 revenues stood at ₱45.8 billion, 9% higher year-on-year from ₱42.0 billion in 2020, bolstered by the solid contributions of Home Broadband and Corporate Data.

Globe Home Broadband maintained its momentum by posting a 10% year-on-year revenue growth to reach a new record high of ₱29.4 billion this period, from ₱26.8 billion last year. Total home broadband subscriber base now stands at 3.7 million. As of end-December of 2021, Home Prepaid Wi-Fi (HPW) data traffic soared to 808 petabytes from 545 petabytes in 2020. The outstanding performance of the Home Broadband business was propelled by the need for reliable and high-speed broadband connectivity due to the prolonged effects of the global health crisis. This stellar performance was also achieved notwithstanding the fourth quarter was partly muted by the impact of rebates given to the affected subscribers in the Typhoon Odette-stricken areas, coupled with lower spending on telco products on these areas as most customers reserved their money for contingencies.

Corporate Data

Corporate Data ended the year with ₱14.2 billion revenues, or 12% higher from a year ago, largely coming from domestic services coupled with higher information and communication technology (ICT) revenues. Higher ICT revenues was mainly from business application services and cloud solutions.

Fixed Line Voice

Globe's total *Fixed line Voice* revenues however, declined year-on-year by 13%.

OTHER GLOBE GROUP REVENUES

International Long Distance (ILD) Services

Both Globe and Innove offer ILD voice services which cover international call services between the Philippines to 237 destinations with 781 roaming partners. This service generates revenues from both

inbound and outbound international call traffic, with pricing based on agreed international termination rates for inbound traffic revenues and NTC-approved ILD rates for outbound traffic revenues.

Globe's ILD voice revenues from the mobile and fixed line businesses declined year-on-year by 28% (from ₱3.2 billion in 2020 to only ₱2.3 billion in 2021). This is attributed to the continued migration of international traffic through other internet-based applications.

GROUP OPERATING EXPENSES

Globe ended the year with total costs and expenses at ₱117.7 billion or 9% higher from ₱ 108.3 billion a year ago, due to increases across many expense line items except for subsidy, lease and provisions. Higher expenses for the period were mainly to support management strategies, business, and data-network expansion as well as the restoration efforts due to typhoon Odette's onslaught.

(Php Mn)	Globe Group		
	Year on Year		
	31-Dec 2021	31-Dec 2020	YoY Change (%)
Interconnect	1,182	1,007	17%
Marketing and Subsidy	8,770	8,674	1%
Staff Costs	18,248	15,957	14%
Utilities, Supplies, & Other Administrative Expenses	7,522	6,296	19%
Rent	4,274	6,209	-31%
Repairs & Maintenance	10,194	9,587	6%
Provisions	4,411	6,058	-27%
Services and Others	21,991	19,088	15%
Operating Expenses & Subsidy	76,592	72,876	5%
Depreciation and Amortization	41,133	35,412	16%
Cost and Expenses	117,725	108,288	9%

Interconnect

Globe group's full year interconnect charges grew by 17%, posting ₱1.2 billion in 2021 from ₱1.0 billion last year. The increase came mostly from Application to Person (A2P) domestic SMS payout and outbound roaming usages and VOIP.

Marketing & Subsidy

Marketing and Subsidy expenses slightly increased by 1% year-on-year to reach ₱8.8 billion from ₱8.7 billion reported a year ago due to this year's increase in merchandising materials, events, airtime & place time ads, and direct marketing expenses. Lower 2020 marketing spending was driven by deferral of marketing programs and campaigns due to the pandemic.

Staff Costs

Staff costs were up 14% at ₱18.2 billion in 2021 from ₱16.0 billion in 2020 due to higher average headcount.

Utilities, Supplies and Other Administrative Expenses

Utilities, supplies, and other administrative expenses, which contribute 10% of total operating expenses and subsidy, rose by 19%, totaling to ₱7.5 billion from ₱6.3 billion reported in 2020. Higher electricity usage was mainly due to new sites and powergen consumption.

Lease

Lease expense in 2021 dropped by 31% to reach only ₱4.3 billion this period from ₱6.2 billion a year ago, due to lower cell site leases on short term non-cancellable lease contracts now accounted for using right-of-use (ROU) model. Lease expenses accounts for 6% of total operating expenses and subsidy.

Repairs and Maintenance

Repairs and maintenance costs for the year stood at ₱10.2 billion, up by 6% from the ₱9.6 billion reported a year ago. This was largely coming from subscriber line maintenance, national transmission maintenance as well as increased spending on preventive and corrective maintenance.

Provisions

This account includes provisions related to trade, non-trade and traffic receivables and inventory obsolescence. Globe group's provisions significantly dropped year-on-year by 27% largely from trade provisions. Last year's higher trade provisions was mainly due to accumulated uncollected receivables from subscribers affected by the pandemic.

Services and Others

Accounting for 29% of total operating expenses and subsidy, services and expenses went up by 15% from ₱19.1 billion reported in 2020. This was largely from subscriber line installation services, cloud and security services, partly offset by lower professional/advisory fees. Other expenses also showed an increase mostly from merchant discount charges, miscellaneous bank charges, NTC spectrum fees and other taxes and licenses.

Depreciation and Amortization

Total depreciation and amortization expenses for the year rose to ₱41.1 billion from ₱35.4 billion reported in 2020, given Globe's massive network rollout, upgrades/modernization and cell site acquisition.

OTHER INCOME STATEMENT ITEMS

Other income statement items include net financing costs, net foreign exchange gain (loss), interest income, and net property and equipment-related income (charges) as shown below:

(Php Mn)	Globe Group		
	Year on Year		
	31-Dec 2021	31-Dec 2020	YoY Change (%)
Financing Costs			
Interest Expense	(7,318)	(6,369)	15%
Loss on derivative instruments (net)	-	(1,580)	-100%
Swap costs and other financing costs	(1,423)	(742)	92%
Foreign Exchange Loss (net)	(3,656)	-	-
	(12,397)	(8,691)	43%
Other Income			
Gain on derivative instruments (net)	3,215	-	-
Foreign Exchange gain (net)	-	1,691	-100%
Interest Income	150	195	-23%
Others	4,283	(4,156)	-203%
Equity share from Affiliates (net)	1,190	(2,076)	-157%
Frequency Amortization	(309)	(291)	6%
Others – net	3,402	(1,789)	-290%

Total Income (Other Expenses)	(4,749)	(10,961)	-57%
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The Globe Group's full year 2021 non-operating charges, declined by 57% from the ₱11.0 billion reported last year to only ₱4.7 billion this period. Lower non-operating expenses this period was mainly due to the gain of ₱4.3 billion from the deemed sale of investment in Mynt, coupled with the upside impact of CREATE law in Vega and higher equity share in affiliates. This was partly offset by the impairment costs amounting to ₱1.2 billion from the network related damages caused by typhoon Odette.

(See related discussion on derivative instruments and swap costs in the Foreign Exchange and Interest Rate Exposure section).

Liquidity and Capital Resources

	Globe Group		
	31-Dec 2021	31-Dec 2020	YoY Change (%)
Balance Sheet Data (Php Mn)			
Total Assets	458,460	339,780	35%
Total Debt	210,054	167,673	25%
Total Stockholders' Equity	114,396	82,804	38%
Financial Ratios (x)			
Total Debt to EBITDA (gross)	2.65	2.42	
Total Debt to EBITDA (net)	2.35	2.14	
Debt Service Coverage	4.54	3.31	
Interest Coverage (Gross)	8.84	9.07	
Debt to Equity (Gross)	1.84	2.02	
Debt to Equity (Net) ¹	1.62	1.79	
Total Debt to Total Capitalization (Book)	0.65	0.67	

* Net debt is calculated by subtracting cash, cash equivalents and short term investments from total debt.

Globe's balance sheet and cash flows remain strong with ample liquidity and gearing comfortably within bank covenants.

Globe Group's consolidated assets as of 31 December 2021 amounted to ₱458.5 billion compared to ₱339.8 billion as of December 31, 2020. Consolidated cash, cash equivalents and short-term investments (including investments in assets available for sale and held to maturity investments) was at ₱24.2 billion as of end-December of 2021 compared to ₱19.5 billion as of end-December of 2020.

Globe closed 2021 with gross debt to equity ratio on a consolidated basis at 1.84:1 and is still within the 3.0:1 debt to equity limit dictated by Globe's debt covenants. Meanwhile, net debt to equity ratio was at 1.62:1 as of end-December 2021 and 1.79:1 as of end December 2020. Globe's current ratio stood at 0.58:1 as of 31 December 2021 and 0.80:1 as of 31 December 2020 which are at par with industry standards. While Globe's average current ratio was below the SEC's minimum of 1:1, Globe believes it has more than sufficient cash flows from operations to meet its debt maturities, currently and prospectively.

The financial tests under Globe's loan agreements include compliance with the following ratios:

- Total debt* to equity not exceeding 3.0:1;
- Total debt to EBITDA not exceeding 3.5:1;
- Total Debt service coverage¹ exceeding 1.3 times; and
- Secured debt ratio² not exceeding 0.2 times.

*Composed of notes payable, current portion long-term debt, long term debt and net derivative liabilities

As of 31 December 2021, Globe is well within the ratios prescribed under its loan agreements.

On July 23, 2020, Globe Telecom issued a USD 300 million 10-year and USD 300 million 15-year US dollar denominated senior notes with a coupon rate of 2.5% and 3.0%, respectively. The notes are unrated and have been listed on the Singapore Exchange Securities Trading Limited on July 24, 2020. The net proceeds from the issue of the notes will be used to finance Globe's capital expenditures, maturing and/or existing obligations, and for general corporate requirements.

On November 2, 2021, Globe Telecom successfully issued US\$600 million senior perpetual capital securities with an initial distribution rate of 4.20% payable semi-annually and callable on or after August 2, 2026. The distribution rate is subject to a step up on the fifth-year anniversary and shall be recalculated every five years thereafter. The Perpetual Capital security shall account for as an equity instrument. On November 3, 2021, the capital securities were listed in Singapore Exchange Securities Trading Limited

¹ Debt service coverage ratio is defined as the ratio of EBITDA to required debt service, where debt service includes subordinated debt but excludes shareholder loans.

² Secured debt ratio is defined as the ratio of the total amount for the period of all present consolidated obligations for payment, which are secured by Permitted Security Interest as defined in the loan agreement to the total amount of consolidated debt.

Consolidated Net Cash Flows

(Php Mn)	Globe Group		
	31-Dec 2021	31-Dec 2020	YoY change (%)
Net Cash from Operating Activities.....	65,141	65,160	-
Net Cash from Investing Activities.....	(96,562)	(61,574)	57%
Net Cash from Financing Activities.....	36,062	8,489	325%

Net cash flows provided by operating activities in 2021 was at ₱65.1 billion, or flat versus the previous year.

Meanwhile, net cash used in investing activities amounting to ₱96.6 billion, was 57% higher from last year. Consolidated cash capital expenditures as of end-December 2021 amounted to nearly ₱92.8 billion, or 54% higher from last year's ₱60.3 billion.

(Php Mn)	Globe Group		
	31-Dec 2021	31-Dec 2020	YoY change (%)
Cash Capital Expenditures¹	92,808	60,302	54%
Total Additions to Property and equipment and Intangible assets ²	123,473	46,969	163%
Cash Capital Expenditures¹ / Service Revenues (%)	61%	31%	54%

¹ Cash capital expenditures-property & equipment and intangibles as of report date

² Includes property and equipment, intangibles and capitalized borrowing costs acquired as of report date regardless of whether payment has been made or not.

Consolidated net cash provided by financing activities amounted to ₱36.1 billion in 2021, higher versus last year's ₱8.5 billion. This was mainly driven by higher proceeds from borrowings and issuance of capital securities as partly offset by increase in repayment of borrowings, dividends, redemption of preferred shares and interest payments, coupled with the lease liability payments this period. Consolidated total debt, likewise increased by 25% from ₱167.7 billion at the end of December 2020 to ₱210.1 billion at the end of December of 2021.

100% of US\$ consolidated loans have been effectively converted to PHP via US\$1,091 million in currency hedges. After swaps, effectively none of the total debt is denominated in US\$.

Below is the schedule of debt maturities for Globe for the years stated below based on total outstanding debt as of December 31, 2021:

Year Due	Principal* (US\$ Mn)
2022	316.11
2023	390.42
2024	352.21
2025 through 2035	3,091.87
Total	4,150.61

* Principal amount before debt issuance costs.

The Globe Group has available uncommitted short-term credit facilities of ₱43,577 million and USD 134 million, ₱16,224 million and USD 84 million as of December 31, 2021 and December 31, 2020, respectively.

The Globe Group also has available ₱3,000 million committed short-term credit facilities as of December 31, 2021 and December 31, 2020. There are ₱8,000 million and ₱3,500 million long term committed credit facilities as of December 31, 2021 and December 31, 2020, respectively.

There are ₱335 million and ₱700 million outstanding short-term loans as of December 31, 2021 and December 31, 2020, respectively

Stockholders' equity as of end-December 2021 was higher by 38% from ₱82,804 million to ₱114,396 million this period. Globe's capital stock consists of the following:

Voting Preferred Shares

Voting Preferred stock at a par value of ₱5 per share of which 158.5 million shares are outstanding out of a total authorized of 160 million shares.

The dividends for voting preferred stock are declared upon the sole discretion of the Globe Telecom's BOD.

To date, none of the voting preferred shares have been converted to common shares.

Non-Voting Preferred stock

Non-Voting Preferred stock at a par value of ₱50 per share of which 20 million shares are issued out of a total authorized of 40 million shares.

On August 22, 2021, Globe telecom redeemed the 20 million non-voting preferred shares for ₱10 billion.

Treasury Shares

The Globe Group's treasury shares pertain to the 20 million non-voting preferred shares that were redeemed on August 22, 2021 for ₱10 billion.

Common Shares

Common stock at par value of ₱50 per share of which 133.6 million are issued and outstanding out of a total authorized of 149 million shares.

Cash Dividends

The dividend policy of Globe Telecom as approved by the Board of Directors is to declare cash dividends to its common stockholders on a regular basis as may be determined by the Board. The dividend payout rate is reviewed annually and subsequently each quarter of the year, to take into consideration Globe Telecom's operating results, cash flows, debt covenants, capital expenditure levels and liquidity.

On November 8, 2011, the Board of Directors approved the current dividend policy of Globe Telecom to distribute cash dividend at the rate of 75% to 90% of prior year's core net income.

On August 6, 2013, the Board of Directors further approved the change in distribution from semi-annual dividend payments to quarterly dividend distributions. On December 10, 2013, the BOD approved to defer the implementation of the quarterly dividend payout to the third quarter of 2014.

On November 5, 2018, the Board of Directors likewise approved the proposed change in the dividend policy from 75% to 90% of prior year's core net income to 60% to 75% of prior year's core net income, to be applied to the 2019 dividend declaration. The amended policy will provide Globe with increased flexibility with respect to capital management. This adjustment will also ensure the sustainability of the operations in this investment-heavy environment, while protecting future dividends, once planned expansion yields beneficial results.

The Board of Directors of Globe approved in separate approvals the declaration of the quarterly distributions of cash dividends of ₱27 per share, paid each last March 11, 2021, June 4, 2021, September 3, 2021 and December 10, 2021. Each cash dividend payment total to about ₱3.6 billion, bringing total distribution by end of December 2021 to ₱14.4 billion.

On May 6, 2021, the Globe Board of Directors also approved the declaration of the second semi-annual cash dividend for holders of its non-voting preferred shares on record as of July 28, 2021. The amount of the cash dividend was at a fixed rate of 5.2006% per annum calculated in respect of each share by reference to the offer price of ₱500.00 per share on a 30/360-day basis for the six-month dividend period. Total amount of the cash dividend was paid last August 23, 2021. Likewise, on the same date, the Board of Directors ratified the resolutions of Globe's Finance Committee approving the Company's redemption of Series A Non-Voting Perpetual Preferred Shares (GLOPP). The redemption was made last August 22, 2021 (the 7th year anniversary from the issue date of the shares) by payment in cash of the redemption price equal to the issue price of the shares plus accrued and unpaid dividends up until August 22, 2021 based on the dividend rate of 5.2006% per annum. As the redemption date falls on a Sunday, the payment of the redeemed shares was made last August 23, 2021 to shareholders on record as of July 28, 2021. Trading suspension of GLOPP was July 23, 2021, which was also the ex-date. The shares were recorded as treasury stock of Globe until the shares are retired.

Also, on November 11, 2021, the Board of Directors of Globe approved the declaration of the cash dividend for holders of its voting preferred shares paid last December 10, 2021 to shareholders on record as of November 25, 2021. The amount of the cash dividend is based on the 2019 Benchmark rate of the 3-day average of the 5-year BVAL* (i.e. average of October 24, 25, 28, 2019) plus 2%. The aggregate dividend payment for the voting preferred shares was about ₱50 million.

Return on Average Equity (ROE)

Consolidated Return on Average Equity (ROE) registered at 24.1% as of end-December 2021, compared to 22.7% in 2020 using trailing 12 months net income and based on average equity balances for the year ended. Using trailing 12 months core net income, which excludes the effects of non-recurring expenses on net income, return on average equity as of end-December 2021 and 2020 were 21.5% and 23.8% respectively.

Earnings Per Share (EPS)

Accordingly, consolidated basic earnings per common share were ₱173.18 and ₱135.04, while consolidated diluted earnings per common share were ₱172.25 and ₱134.40 as of end-December 2021 and 2020, respectively.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 7. Directors and Key Officers

A. Board of Directors

As of December 31, 2022

Name	Position
Jaime Augusto Zobel de Ayala	Chairman (NED)
Lew Yoong Keong Allen	Co-Vice Chairman (NED)
Cezar P. Consing	Co-Vice Chairman (NED) ¹
Ernest L. Cu	Executive Director, President and Chief Executive Officer
Jaime Alfonso Antonio Zobel de Ayala ²	Director (NED)
Delfin L. Lazaro	Director (NED)
Ng Kuo Pin	Director (NED)
Romeo L. Bernardo	Director (NED)
Rex Ma. A. Mendoza	Lead Independent Director (NED, ID)
Saw Phaik Hwa	Independent Director (NED, ID)
Cirilo P. Noel	Independent Director (NED, ID)

Note: Non-Executive Director (NED), Independent Director (ID)

¹Mr. Fernando Zobel de Ayala tendered his resignation as member and Co-Vice Chairman of the Board of Directors effective immediately as stated in a disclosure dated September 12, 2022. In an earlier disclosure dated September 1, 2022, Mr. Fernando Zobel de Ayala tendered his resignation as member of the Executive Committee and the Compensation and Remuneration Committee while Mr. Cezar P. Consing was elected to serve the unexpired term in the said Committees ([Corporate Disclosure regarding Board of Directors](#)). On November 11, 2022, Globe Board of Directors ratified the appointment of Mr. Cezar P. Consing as member of the Executive Committee and the Co-Vice Chair of the Board of Directors ([Corporate Disclosure on Board of Directors-PSESECREceived11Nov2022](#)).

²Mr. Jaime Alfonso Antonio Zobel de Ayala was elected Director and appointed member of the Compensation and Remuneration Committee vice Mr. Cezar P. Consing effective November 11, 2022, as stated in a disclosure dated November 11, 2022 ([Corporate Disclosure on Board of Directors](#)).

Jaime Augusto Zobel de Ayala Chairman, Non-Executive Director

Committee memberships:

- Executive Committee (Chairman)

Filipino, 63, has been the Chairman of the Board since December 1996 and Director since March 1989. Among other current positions, he is also the Chairman of Ayala Corporation since April 2006; Chairman of Integrated Micro-Electronics, Inc. and Bank of the Philippines Islands; and Vice Chairman of Ayala Land, Inc., and AC Energy Corporation (formerly AC Energy Philippines, Inc.); Chairman of AC Industrial Technology Holdings, Inc., AC Infrastructure Holdings Corporation, and Asiacom Philippines, Inc.; Co-Chairman of Ayala Foundation, Inc; Director of AC Ventures Holding Corp., Alabang Commercial Corporation, AC Energy and Infrastructure Corporation (formerly AC Energy, Inc.), Ayala Healthcare Holdings, Inc., Light Rail Manila Holdings, Inc. and AG Holdings Ltd.

Skills and experience:

Outside the Ayala group, he is a Director of Temasek Holdings (Private) Limited. He is a member of various business and socio-civic organizations in the Philippines and abroad, including the JP Morgan International Council, JP Morgan Asia Pacific Council, and Mitsubishi Corporation International Advisory Council. He is a member of the Board of Governors of the Asian Institute of Management, the Advisory Board of Asia Global Institute (University of Hong Kong) and of various advisory boards of Harvard University, including the Global Advisory Council and Asia Center Advisory Committee, HBS Board of Dean's Advisors, and HBS Asia Advisory Committee. He sits on the Board of Singapore Management University (SMU) and is the Chairman of SMU International Advisory Council in the Philippines. He is a member of the Asia Business Council, Asean Business Club Advisory Council, Leapfrog Investment Global Leadership Council, The Council for Inclusive Capitalism, and World

Wildlife Philippines National Advisory Council. He is Co-Vice Chairman of the Makati Business Club, Chairman of Endeavor Philippines, and Trustee Emeritus of Eisenhower Fellowships.

Mr. Zobel was awarded the Presidential Medal of Merit in 2009, the Philippine Legion of Honor with rank of Grand Commander in 2010, and the Order of Mabini with rank of Commander in 2015 by the President of the Philippines in recognition of his outstanding public service. In 2017, he was recognized as a United Nations Sustainable Development Goals Pioneer by the UN Global Compact for his work in sustainable business strategy and operations. The first recipient of the award from the Philippines, he was one of 10 individuals recognized for championing sustainability and the pursuit of the 17 SDGs in business.

He graduated with B.A. in Economics (Cum Laude) from Harvard College in 1981 and obtained an MBA from the Harvard Graduate School of Business in 1987.

Directorship in other publicly listed companies:

Ayala Corporation, Ayala Land, Inc., Integrated Micro-Electronics, Inc., Bank of the Philippine Islands, and AC Energy Corporation (formerly AC Energy Philippines, Inc.). All of which are listed on the Philippine Stock Exchange.

Lew Yoong Keong Allen

Co-Vice Chairman, Non-Executive Director

Committee memberships:

- *Executive Committee*
- *Compensation and Remuneration Committee*

Singaporean, 67 years old, has served as Director since May 2021. Mr. Lew Yoong Keong Allen was elected by the Globe board to serve for the unexpired term of Lang Tao Yih, Arthur (who resigned from the Globe Board, effective May 6, 2021) or until the next annual stockholders' meeting. Mr. Lew Yoong Keong Allen is a Senior Advisor at Singapore Telecommunications Limited, and a board member and Chairman of the Executive Committee of Advanced Info Service Public Company Limited (AIS). He is also a member of the Board and the Chairman of the Audit and Risk Committee of Raffles Medical Group.

Skills and experience:

He was Chief Executive Officer, Group Strategy and Business Development, and Country Chief Officer Thailand of Singtel from April 2020 to April 2021. He was Chief Executive Officer for Consumer Australia and Optus where he led Optus to be the go-to operator in Australia for great connectivity, innovative services and exciting content. Prior to this, Mr. Lew was Country Chief Officer in Singapore and CEO, Group Digital Life. His career in Singtel began in November 1980, and he has served in various senior management roles, both in Singapore and overseas.

Mr. Lew holds a Bachelor of Electrical Engineering degree from the University of Western Australia under a Colombo Plan Scholarship and a Master of Science (Management) from the Massachusetts Institute of Technology.

Directorship in other publicly listed companies:

Raffles Medical Group listed on the Singapore Stock Exchange and Advanced Info Service Public Company Limited (AIS) listed on the Stock Exchange of Thailand.

Ernest L. Cu

Executive Director, President and Chief Executive Officer

Committee memberships:

- *Executive Committee*

Filipino, 62, has served as Director since April 2009. He served as a Director since April 2009 as a Board's Executive Committee Member. Cu was officially appointed President and CEO on April 2, 2009, less than a year after he joined Globe in October 2008. Since then, Mr. Cu has been passionately driving a sweeping transformation across the company, including modernizing its network and IT

infrastructure, developing a strong collaborative and service-oriented culture, and creating product innovations in its core business segments. Globe has since outperformed industry growth, with the company breaking records across all key product groups, brands and market segments, catapulting Globe as the number 1 mobile brand in the country.

Mr. Cu is a director of LivePerson, Inc. from April 2021 to January 2023. LivePerson, Inc. is a global leader in conversation AI and is listed on the Nasdaq. Mr. Cu is a trustee of Ayala Foundation, Inc. and Hero Foundation, Inc. He holds Chairmanship of Globe Capital Venture Holdings, Inc., 917Ventures Inc., Globe Fintech Innovations, In., and Techglobal Data Center, Inc. He is a Director of Asiacom Philippines Inc., CaelumPacific Corp., GTI Business Holdings, Inc., Innove Communications Inc., Kickstart Ventures, Inc., Bridge Mobile Alliance, and GLOBE STT GDC, INC. People BPO Inc. Mr. Cu is also a member of the Private Sector Advisory Council (PSAC).

Skills and experience:

Prior to Globe, he was President and CEO of SPi Technologies from 1997 to 2008. At the cusp of the new millennium, he spurred the beginning of the BPO business model for the Philippines, earning him recognition as one of the founding fathers of BPO in the country. Lauding his pioneering spirit, Ernst & Young named him ICT Entrepreneur of the Year in 2003.

Under Mr. Cu's visionary leadership, Globe embarked on a purpose-led transformation in 2016 to create a more sustainable organization. With its renewed mission, vision, and core values, collectively embodied in the new Globe Purpose, the company is now setting its sights on catalyzing and driving the nation forward. In 2019, Globe became a signatory to the United Nations Global Compact, committing to implement universal sustainability business principles.

After only two years in the telco industry, he was hailed as the Philippines' Best CEO by Finance Asia and received the award again in 2017. Mr. Cu was also named CEO of the year in 2012 by Frost & Sullivan Asia Pacific and CEO of the Year at the Asia Communications Awards in 2017. For five years (2013 to 2017), he was included in the list of 100 most influential telecom leaders worldwide by London-based Global-Telecoms Business Magazine Power 100. Mr. Cu was named the Best Telecommunications CEO at the 2021 International Finance Awards, Asia's Best CEO by Corporate Governance Asia at their 10th Asian Excellence Awards in 2020, and was recently hailed as the Best Telco CEO by London-based business magazine, The Global Economics in its 2022 Awards.

Mr. Cu earned a degree in BS Industrial Management Engineering from De La Salle University in 1982 and completed his Master's in Business Administration at Kellogg in 1984.

Directorship in other publicly listed company:

LivePerson, Inc. from April 2021 to January 2023, which is listed on the Nasdaq.

Jaime Alfonso Antonio Zobel de Ayala

Non-Executive Director

Committee memberships:

- *Compensation and Remuneration Committee*

Mr. Zobel, Filipino, 32, was elected as Director on November 11, 2022. He is the Head of Business Development and Digital Innovation Group of Ayala Corporation. He is a member of the Board of Directors of Globe STT GDC, Inc., Mynt, BPI Capital Corporation, BPI BanKO, MCT Berhad (Malaysia), Ayala Land Logistics, ACEN Corporation, AC Energy International Inc., AC Enexor, Inc. and AC Ventures Holdings Corp. He is the Chairman of Global Ideas Committee of the Makati Business Club and a member of the Investment Committee of Kickstart Ventures Inc. and 917Ventures.

Skills and experience:

Prior to the above, he was previously the Head of Fixed-Mobile Convergence (Product Management) and Head of Business Development (Prepaid Division) of Globe Telecom, Inc.

Mr. Zobel graduated at Harvard University, Cambridge, Massachusetts, USA with a Bachelor of Arts Degree, Primary Concentration in Government in 2013, and his Masters of Business Administration from Columbia Business School in New York in 2019.

Directorship in another publicly listed company:

He also holds directorship in MCT Berhard (Malaysia), AyalaLand Logistics Holdings Corp., and AC Enexor, Inc.

Delfin L. Lazaro

Non-Executive Director

Committee memberships:

- *Finance Committee*

Filipino, 76, has served as Director since January 1997 and a member of the Finance Committee. His other significant positions include: Chairman of Atlas Fertilizer & Chemicals Inc.; Chairman and President of A.C.S.T. Business Holdings, Inc.; Vice Chairman and President of Asiacom Philippines, Inc.; Director of AYC Holdings, Ltd., AC International Finance, Ltd., Purefoods International Limited and Probe Productions, Inc. He is an Independent Adviser to the Board of Directors of Ayala Land, Inc. Mr. Lazaro is also a member of the BPI Advisory Council.

Skills and experience:

He graduated with BS Metallurgical Engineering at the University of the Philippines in 1967 and took his MBA (with Distinction) at Harvard Graduate School of Business in 1971.

Directorship in other publicly listed companies:

Ayala Corporation, Integrated Micro-Electronics, Inc., and Monde Nissin Corporation. All of which are listed on the Philippine Stock Exchange.

Ng Kuo Pin

Non-Executive Director

Committee memberships:

- *Executive Committee*
- *Finance Committee*

Singaporean, 54, has served as Director since October 2021. Mr. Ng Kuo Pin was elected by the Globe board to serve for the unexpired term of Samba Natarajan (who resigned from the Globe Board, effective October 8, 2021) or until the next annual stockholders' meeting. Mr. Ng Kuo Pin is the Chief Executive Officer of NCS beginning August 2019. In January 2021, he was appointed to Singtel's Management Committee. He leads NCS in executing its new vision, one that is committed to advancing communities by partnering with governments and enterprises to harness technology and bringing people together to make the extraordinary happen. As a leading technology services firm, NCS aims to accelerate growth and build up a strategic presence in the Asia Pacific region.

Skills and experience:

Prior to joining NCS, he had a 25-year career at Accenture and spent nine years living and working in Beijing and Sydney. He started as an analyst in 1994 and was made partner in 2006. Between 2006 and 2018, he held senior leadership roles within the global Communications, Media and Technology (CMT) operating group as Head of CMT Singapore, Head of CMT Greater China, and finally as Head of Consulting for CMT Asia Pacific, Africa and the Middle East.

Mr. Ng holds an Honours Degree in Engineering (Electrical and Electronics) from the Nanyang Technological University.

Mr. Ng is not a Director in any other publicly listed company.

Cezar P. Consing

Non-Executive Director

Committee memberships:

- *Executive Committee*
- *Finance Committee*

Filipino, 63, has served as Director since 20 April 2021. Mr. Consing serves as Member of the Finance Committee. He has been a Director of Ayala Corporation since December 2020. He was the President and CEO of BPI, one of the Ayala Group's publicly listed companies, from April 2013 to April 2021. He is a Director of Bank of the Philippine Islands, and AC Energy Corporation. His other significant positions are: Chairman of Philippine Dealing System Holdings Corp. and its operating subsidiaries namely, Philippine Dealing & Exchange Corporation, Philippine Securities Settlement Corp., and Philippine Depository & Trust Corporation; and Director of Filgifts.com. He is also a Director of the Singapore-listed Yoma Strategic Holdings Ltd. and the Myanmar-listed First Myanmar Investment Public Company Ltd., US-Philippines Society, and the Philippine-American Educational Foundation, a member of the Trilateral Commission, and a trustee of the Manila Golf Club Foundation, College of St. Benilde and La Salle Greenhills. He served as an Independent Director of Jollibee Foods Corporation from 2010 to 2021, CIMB Group Holdings from 2006 to 2013 and First Gen Corporation from 2005 to 2013, Sqreem Technologies from 2010 to 2021 and as Chairman of National Reinsurance Corporation from 2018 to 2019. He served as Chairman and President of the Bankers Association of the Philippines from 2019 to 2021 and was President of Bancnet, Inc. from 2017 to 2021.

Skills and experience:

Prior to being President of BPI, Mr. Consing first worked for BPI's corporate planning and corporate banking divisions from 1980 to 1985. He worked for J.P. Morgan & Co. in Hong Kong and Singapore from 1985 to 2004 and headed the firm's investment banking business in Asia Pacific from 1997 to 2004 and President of J.P. Morgan Securities (Asia Pacific) Ltd. As a senior Managing Director of J.P. Morgan, he served as a member of the firm's global investment banking management committee and its Asia Pacific management committee. He was a partner at The Rohatyn Group from 2004 to 2013, headed its Hong Kong office and its private investing business in Asia, and was a board director of its real estate, and energy and infrastructure private equity investing subsidiaries.

He has also served on the board of the Hong Kong based Asian Youth Orchestra. He is a board director of the US-Philippines Society and the Philippine-American Educational Foundation, and a trustee of the College of St. Benilde and the Manila Golf Club Foundation.

Mr. Consing graduated with a degree of A.B. (Accelerated Program) Economics (Magna Cum Laude) from De LaSalle University in 1979 and M.A. Applied Economics from the University of Michigan, Ann Arbor, in 1980.

Directorship in other publicly listed companies:

Ayala Corporation, AC Energy Corporation and Bank of the Philippine Islands. All of which are listed on the Philippine Stock Exchange. He is also a Director of the Singapore-listed Yoma Strategic Holdings Ltd. and the Myanmar-listed First Myanmar Investment Public Company Ltd.

Romeo L. Bernardo

Non-Executive Director

Committee memberships:

- *Audit and Related Party Transactions Committee*
- *Finance Committee*
- *Board Risk Oversight Committee*

Mr. Bernardo, Filipino, 68, has served as a Director since September 2001 and is a member of the Finance, Board Risk Oversight and Audit, and Related Party Transactions Committees. He is also the Managing Director of Lazaro Bernardo Tiu and Associates (LBT), a financial advisory firm based in Manila. He is a GlobalSource economist in the Philippines. He is also the Chairman of ALFM Family of Funds.

Skills and experience:

He is a member of the Philippine World Bank Advisory Group. He previously served as Undersecretary of Finance and as Alternate Executive Director of the Asian Development Bank. He was also an Advisor of the World Bank and the IMF (Washington D.C.).

Mr. Bernardo holds a degree in Bachelor of Science in Business Economics from the University of the Philippines (magna cum laude) and a Master's Degree in Development Economics at Williams College from Williams College in Williamstown, Massachusetts.

Directorship in other publicly listed companies:

He also holds directorship in Aboitiz Equity Ventures Corporation, Bank of the Philippine Islands, and RFM Corporation, Monde Nissin Corporation. All of which are listed on the Philippine Stock Exchange.

Rex Ma. A. Mendoza

Non-Executive and Lead Independent Director

Committee memberships:

- *Nomination and Governance Committee (Chairman)*
- *Compensation and Remuneration Committee (Chairman)*
- *Audit and Related Party Transactions Committee*
- *Board Risk Oversight Committee*

Mr. Mendoza, Filipino, 60, has served as Independent Director since April 2014. He is the Chairman of Rampver Financials, a financial services firm and the leading mutual funds distributor in the country. He is also Chairman of Singapore Life Philippines, and the lead Independent Director of AyalaLand Logistics Holdings Corporation and a Director of Ayala Land, Inc., National Reinsurance Corporation of the Philippines, Esquire Financing, Inc., Seedbox Technologies, Inc., The Cullinan Group, Seven Tall Trees Events Company, Inc. and Mobile Group, Inc. He is the author of two books, "Trailblazing Success" and "Firing on All Cylinders", both certified national bestsellers.

Skills and experience:

Mr. Mendoza was previously the Senior Adviser to the AIA Group CEO for Marketing and Distribution. AIA Group Limited is the leading Pan-Asian insurance company and is the parent firm of the Philippine American Life and General Insurance Company (PhilamLife). Prior to this position, he was the President and CEO of Philam Life, Chairman of The Philam Foundation, Inc. and Vice Chairman of BPI Philam Life Assurance Company. Prior to rejoining Philam Life, he was Senior Vice President and Chief Marketing and Sales Officer of Ayala Land, Inc. He was also Chairman of Ayala Land International Sales, Inc., President of Ayala Land Sales, Inc. and Avida Sales Corporation.

Mr. Mendoza was awarded Most Distinguished Alumnus of the University of the Philippines' Cesar E.A. Virata School of Business last December 2013. He is also a fellow with distinction at the Life Management Institute of Atlanta, Georgia, U.S.A., a Registered Financial Planner and a four-time member of the Million Dollar Round Table.

Mr. Mendoza was a professor of Marketing and Computational Finance at the De La Salle University Graduate School of Business. He taught strategic marketing, services marketing and services strategy. He has served as Chairman of the Marketing Department and was awarded as one of the University's most outstanding professors.

He earned his Master's Degree in Business Management with distinction from the Asian Institute of Management in 1986 and was one of the 10 Outstanding Graduates of his batch at the University of the Philippines where he obtained a BSBA degree with a double major in marketing and finance in 1983.

Directorship in another publicly listed company:

He also holds directorship in Ayala Land, Inc., AyalaLand Logistics Holdings Corporation and National Reinsurance Corporation of the Philippines. All of which are listed on the Philippine Stock Exchange.

Saw Phaik Hwa

Non-Executive and Independent Director

Committee memberships:

- *Nomination and Governance Committee*
- *Compensation and Remuneration Committee*
- *Audit and Related Party Transactions Committee*

- *Board Risk Oversight Committee (Chairman)*

Ms. Saw, Singaporean, 68, has been an Independent Director since 7 April 2015. Ms. Saw was the Group CEO of Auric Pacific Group, listed on the Mainboard of the Singapore Exchange, which has diverse business interests ranging from distribution of fast-moving consumer food, food manufacturing and retailing, management of restaurant and food court operations to other strategic investments including fund investment. The Group operates in various countries throughout Asia including Singapore, Malaysia, Indonesia, Hong Kong and China. Ms. Saw retired as its CEO on 1 May 2015.

Skills and experience:

Prior to this, Ms. Saw was the President and CEO of SMRT Corporation Ltd between December 2002 to January 2012, Singapore's first multi-modal public transport service provider. During her tenure, she enhanced the public travel experience in Singapore by introducing commuter-centric initiatives and adding lifestyle conveniences at stations to make public transport a choice mode of travel for all. She was also instrumental in broadening SMRT's geographical footprint as well as establishing SMRT's presence overseas with the opening of offices in the Middle East and China, which serve as springboards to opportunities in those regions. From 1984 to 2002, she was the Regional President in charge of businesses in Singapore, Indonesia, and Malaysia for DFS Venture Singapore.

Ms. Saw holds a Second Upper Class Honours in Biochemistry from the University of Singapore and attended the Advanced Management Programme at the University of Hawaii.

Directorship in another publicly listed company:

Ms. Saw is not a Director in any other publicly listed company.

Cirilo P. Noel

Non-Executive and Independent Director

Committee memberships:

- *Nomination and Governance Committee*
- *Compensation and Remuneration Committee*
- *Audit and Related Party Transactions Committee (Chairman)*
- *Board Risk Oversight Committee*

Filipino, 65, has been an Independent Director since 17 April 2018. Mr. Noel is a lawyer and certified public accountant (CPA). He holds Chairman's position at Palm Concepcion Power Corporation (since June 2018); Juxtapose Ergo Consultus, Inc (since May 2019) and Confiar Land Corp. (since September 2021). He is also a member of the Board of Directors of Security Bank Corporation (since April 2018) and appointed Vice Chairman in April 2020. He is likewise a Board member of San Miguel Foods and Beverage, Inc. (since September 2018); Robinsons Retail Holdings, Inc. (since August 2020); and First Philippine Holdings Corporation (since May 2021). He also sits as a Board member of Amber Kinetics Holdings Co. PTE Ltd. (since March 2018); LH Paragon Group, Golden ABC (since April 2018); Eton Properties, Inc. (since April 2019); and Transnational Diversified Corporation (since August 2020). He is a member of the Board of St. Luke's Medical Center-Global City (since August 2018). He is also a member of the Board of Trustees of St. Luke's Medical Center-Quezon City (since August 2018); St. Luke's Medical Center Foundation, Inc. (from August 2018); and St. Luke's Medical Center College of Medicine (since September 2018). He is also currently affiliated with Makati Business Club, Harvard Law Alumni Association of the Philippines, Harvard Club of the Philippines and a fellow of the Harvard International Tax Program.

Mr. Noel was a member of the Board of Directors of Philippine Airlines (from 2018 to 2019); PAL Holdings, Inc. (from 2018 to 2019); Cal Comp Technology (Philippines) Inc. (from 2018 to 2020); Transnational Diversified Group Inc (from 2019 to 2020); and JG Summit Holdings (from 2018 to 2021).

Skills and experience:

As a certified public accountant (CPA) and lawyer, Mr. Noel's areas of expertise include international tax for inbound and outbound investments, tax advisory and planning, tax advocacy, litigation, investment and trade laws. He held various positions in SGV & Co. Including Chairman (from 2010 to 2017), Managing Partner (from 2009 to 2016), Vice Chairman & Deputy Managing Director (from 2004 to 2009), Head of Tax Division (from 2001 to 2008), and Partner, Tax Services (from 1993 to 2017).

He was also Ernst & Young (EY) ASEAN Tax Head and Far East Area Tax Leader (from 2004 to 2009). From 2004 to 2009, he was a Member of the E&Y Global Advisory Council and a Presiding Partner of the Asia Pacific Council.

He was also recognized as the Outstanding Professional of the Year by the Professional Regulation Commission (PRC) in 2019 for his distinguished contributions to the fields of accountancy, tax and law.

Mr. Noel graduated from the University of the East with a Bachelor of Science degree in Business Administration and obtained his Bachelor of Laws degree from the Ateneo de Manila University Law School. He has a Master's degree in Law from the Harvard Law School. He attended the AIM Management Development Program.

Directorship in another publicly listed company:

Security Bank Corporation, First Philippine Holdings Corporation, Robinsons Retail Holdings, Inc., and San Miguel Food and Beverage, Inc. All of which are listed on the Philippine Stock Exchange.

Nominees to the Board of Directors (2023-2024)

- **Jaime Augusto Zobel de Ayala**
(Please see profile under Board of Directors as of December 31, 2022 above)
- **Cezar P. Consing**
(Please see profile under Board of Directors as of December 31, 2022 above)
- **Ernest L. Cu**
(Please see profile under Board of Directors as of December 31, 2022 above)
- **Jaime Alfonso Antonio Zobel de Ayala**
(Please see profile under Board of Directors as of December 31, 2022 above)
- **Delfin L. Lazaro**
(Please see profile under Board of Directors as of December 31, 2022 above)
- **Ng Kuo Pin**
(Please see profile under Board of Directors as of December 31, 2022 above)
- **Cirilo P. Noel – Nominee for Independent Director**
(Please see profile under Board of Directors as of December 31, 2022 above)
- **Tan Mee Ling Aileen**

Ms. Tan, Singaporean, 55, is Singtel Group's Chief People and Sustainability Officer and responsible for Singtel Group's overall strategic people and sustainability agenda. She has over 30 years of experience in various leadership roles spanning multiple industries and geographies. She joined Singtel in 2008 as the Group Director, Human Resources. In 2009, she built and spearheaded the group's sustainability function. In her current role, she focuses on developing a purpose-led organization, championing sustainability, creating an inspiring culture, and making Singtel Group a place for amazing people to deliver extraordinary impact. Under her leadership, Singtel has won numerous global and regional accolades for its leading people and sustainability practices. She is a member of the Institute for Human Resource Professionals (IHRP) Board, Singapore University of Social Sciences Board of Trustees, Health Sciences Authority Board, NTUC-U Care Fund Board of Trustees, Ministry of Finance's VITAL's Advisory Panel and MOM's Workplace Safety & Health Council in Singapore.

Ms. Tan holds a Bachelor of Arts from the National University of Singapore and a Master of Science in Organisational Behaviour from the California School of Professional Psychology, Alliant International University, USA. She is likewise a pioneer IHRP Master Professional, for being a role model for the HR profession. She is also a Certified Professional Corporate Coach. Ms. Tan received the Medal of Commendation (Gold) at the NTUC May Day Awards 2022 and the Public Service Medal in 2018 for her significant contributions to Singapore's workforce and human resources sector.

- **Natividad N. Alejo**

Ms. Alejo, Filipino, 66, is an experienced Mergers and Acquisitions professional supporting clients in achieving transformational initiatives in her current role as Managing Director of AlphaPrimus Advisors Inc. as well as in her previous role as the main M & A professional in BPI leading the bank's various acquisitions and mergers from 1994 through 2006.

She is a seasoned senior banker with 30+ years of key leadership roles in Retail Banking, Microfinance, Investment Banking and Corporate Finance, and Strategic Planning in one of the largest Philippine banks. Ms. Alejo is an advisor to the board of microfinance-oriented rural bank, CARD MRI Rizal Bank, Inc. She has also held several leadership positions in the past including President of BPI Family Savings Bank and BPI Capital Corporation.

Ms. Alejo likewise serves as an independent director of Singlife Phils., Inc. and Grand Plaza Hotel Corporation. She is also a member of the Board of Directors of the Filipina CEO Circle and a member of the Management Association of the Philippines.

Ms. Alejo graduated with a Bachelor of Arts degree in Economics (Summa Cum Laude and Gansewinkle Scholastic Trophy Award) from the Divine World University and completed her Master's Degree in Economics at the University of the Philippines. She also took advanced management program at Harvard Business School in 2015.

- **Ramon L. Jocson**

Mr. Jocson, Filipino, 63, is the Lead Director for Meliora Consulting Pte. Ltd., a Singapore-based boutique consulting group focused on Digital Transformation services for Banks and Financial Institutions. He is a Member of the National University of Singapore- Institute of Systems Science (NUS-ISS) Management Board; he is also a Member of Yoma Bank's (Myanmar) Technology Advisory Committee.

Mr. Jocson was most recently the Chief Operating Officer of the Bank of the Philippine Islands (BPI). As COO and Executive Vice President for Enterprise Services, he led multiple divisions within BPI, which included Human Resources, Centralized Operations, Information Systems, Digital Channels, Business Transformation & Data Analytics, and Facilities Services from 2015 to 2022.

Mr. Jocson began his career as a Systems Analyst with IBM Philippines in 1982. Throughout his 33 years in IBM, he occupied different leadership positions, including that of Managing Director of IBM Philippines (1996-1999, Manila), General Manager of Global Services in ASEAN/South Asia (2000-2006, Singapore), General Manager of Applications Services for IBM's Growth Market Unit (2007-2009, Singapore), General Manager of Integrated Technology Services for Asia Pacific (2009-2012, Singapore), General Manager of IBM Global Services for Central and Eastern Europe (2013-2014, Prague), and General Manager of Strategic Outsourcing for Asia Pacific (2015, Singapore). He has worked extensively in various industries, primarily in Financial Services, Industrial, Manufacturing and Telecommunications Sectors. While at IBM, he was a member of IBM's Growth & Transformation Team, which is composed of the top senior leaders in IBM Asia-Pacific, working directly with the Chairman on key/strategic initiatives. Mr. Jocson has also served on external advisory boards, such as the Economic Development Board of Singapore from 2000 to 2002; the Cyber-Security Committee of the Bankers Association of the Philippines, where he was Vice-Chairman from 2017 to 2022; and the Digital Infrastructure sector of the Private Sector Advisory Council (PSAC) from 2022 to the present.

Mr. Jocson graduated from the University of the Philippines in 1982 with a degree in B.S. Industrial Engineering. He obtained his Masters in Business Administration from the Ateneo Graduate School of Business in 1997.

- **Antonio Jose U. Periquet, Jr.**

Mr. Periquet, Filipino, 61, is the Executive Chairman of AB Capital & Investment Corporation, and Chairman of the Campden Hill Group, Inc. Mr. Periquet is also an independent director of the Max's Group of Companies, Philippine Seven Corporation, Semirara Mining and Power Corporation, Universal Robina Corporation and a Board Advisor to the Bank of the Philippine

Islands, DMCI Holdings Corporation, ABS-CBN Corporation, Tech for Good Institute (Singapore) and SEA Advisory Committee to British International Investment. He is a trustee of Lyceum University of the Philippines and a member of the Dean's Global Advisory Council at the University of Virginia's Darden School of Business.

Mr. Periquet holds a Bachelor of Arts in Economics degree from the Ateneo de Manila University, a Master of Science degree in Economics from Oxford University and a MBA from the Darden School of Business, University of Virginia.

B. Key Officers as of 31 December 2022

The key officers and consultants of the Company are appointed by the Board of Directors and their appointment as officers may be terminated at will by the Board of Directors. The table below shows the name and position of Globe Telecom's key officers as of 31 December 2022.

Key Officers – Globe

Name	Position
Ernest L. Cu ¹	President and Chief Executive Officer (CEO)
Rosemarie Maniego-Eala	Chief Finance Officer (CFO), Treasurer, and Chief Risk Officer (CRO)
Renato M. Jiao	Chief Human Resources Officer (CHRO)
Rebecca V. Eclipse	Chief Transformation and Operations Officer (CTOO) and Chief Customer Experience Officer (CCEO)
Vicente Froilan M. Castelo	General Counsel (GC)
Bernard P. Llamzon ²	Executive Vice President
Solomon M. Hermosura	Corporate Secretary
Marisalve Ciocson-Co	Chief Compliance Officer, Senior Vice President - Law and Compliance, and Assistant Corporate Secretary
Rosalin E. Palacol	Chief Audit Executive (CAE)
Maria Louisa Guevarra-Cabreira	Chief Commercial Officer (CCO)
Maria Yolanda C. Crisanto ²	Chief Sustainability and Corporate Communications Officer
Raul M. Macatangay ³	Chief Information Officer (CIO)

¹ Member, Board of Directors

² In a disclosure dated 1 December 2022, the designations of Mr. Bernard P. Llamzon and Ms. Maria Yolanda C. Crisanto were updated ([Corporate Disclosure on Key Officers](#)).

³ The appointment of Mr. Raul M. Macatangay as Chief Information Officer became effective on 01 May 2022, as disclosed on 18 April 2022 ([Corporate Disclosure-Change in Key Officer](#)).

Rosemarie Maniego-Eala

Filipino, 52, Globe's Chief Finance Officer, Treasurer and Chief Risk Officer. She joined Globe in February 1998. Her previous positions in the company were Assistant Vice President for Financial Planning and Analysis, President of G-Xchange Inc. (Fintech subsidiary owning GCash), and Senior Vice President for International Business. She has had extensive experience in financial planning and analysis, capital markets fund raising, joint ventures, mergers and acquisitions, investor relations, strategic planning, business development, and setting up and managing start-ups. Prior to joining Globe, she was Deputy Research Head for Natwest Markets.

Ms. Maniego-Eala earned her Bachelor of Arts in Management Economics from the Ateneo de Manila University.

Renato M. Jiao

Filipino, 66, Globe's Chief Human Resources Officer (CHRO). As CHRO, Mr. Jiao is responsible for developing and executing human resource strategies in support of the overall business plan and strategic direction of the organization, specifically in the areas of succession planning, talent management, change management, organizational and performance management, employee experience and culture, and most importantly, people and organizational transformation.

He joined Globe in June 2010. Mr. Jiao has over 30 years of experience in general management and leveraging leading-edge technologies, processes and human capital for competitive advantage. He is a seasoned HR Practitioner with 20 years of experience in multi-functional HR practice areas. Mr. Jiao also held various significant positions in Procter & Gamble (Philippines), Inc. and Procter & Gamble Asia Pte Ltd. Prior to joining Globe, he was President of IBM Business Services, Inc.

He earned his Bachelor of Science degree in Mechanical Engineering from the University of the Philippines.

Rebecca V. Eclipse

Filipino, 60, Globe's Chief Transformation and Operations Officer (CTOO) and concurrently the Chief Customer Experience Officer (CCEO) and Head of the Office of Strategy Management. Ms. Eclipse was appointed CCEO in 2015 and has since led the company's CX transformation programs, improving the experience across all touch points, amidst digital transformation while instilling a company culture centered on treating customers right. In her newly appointed role as CTOO, she will be driving end-to-end customer experience delivery further, integrating the technical teams of Information Systems and Network Technical Group towards improved processes and ways of working.

Globe has been recognized in the International CX community winning various categories in customer service in the Stevie Awards in the same year, including Gold Stevie for Best Use of Technology (All Industries), Silver Stevie in Innovation and Customer Service Team of the Year (Telecommunications), among other accolades. She has also earned their Gold accolade as Customer Service Executive of the Year. In 2016, she was cited by Global Telecoms Business as one of the Top 50 Women to Watch in the industry.

Under her leadership, Globe made great strides in CX with digital innovation and proactive care. She drives strategic programs that improve customer experience and eliminate customer pain points to live out Globe's Purpose of treating people right: customers, frontliners, employees, and partners.

Ms. Eclipse joined Globe in March 1995 and heralds over 25 years of experience in the telecommunications industry, holding key leadership roles in internal audit, financial and risk management, revenue assurance and fraud, covering areas that include strategy management, process and quality management and customer experience transformation. She draws from her consulting, risk management, financial management and auditing experience from SGV & Co, as well as Oceanic Wireless Network, Inc. and Eastern Telecommunications, Inc.

Ms. Eclipse graduated magna cum laude from the Central Colleges of the Philippines with a Bachelor's Degree in Business Administration. She is a Certified Public Accountant registered with the Professional Regulation Commission, and she is a member of the Philippine Institute of Certified Public Accountants (PICPA), Institute of Internal Auditors (IIA), and Information Systems and Control Auditors Association (ISACA).

Vicente Froilan M. Castelo

Filipino, 58, Globe's General Counsel and Head of the Corporate and Legal Services Group (CLSG) since April 2011. He is a veteran in the practice of law, and is one of the pioneers in the practice of law in the telecommunications and information communication technology field. He joined Globe Telecom as the Head of Regulatory Affairs in July 1998. He is also an alternate member of the Private Sector Advisory Council (PSAC).

He earned his Bachelor of Laws from San Beda College and is the President of the Philippine Chamber of Telecommunication Operators and President of the Telecommunications and Broadcast Attorneys of the Philippines.

Bernard P. Llamzon

Mr. Llamzon, Filipino, 62, is Globe's Executive Vice President of Channel Management Group from April 2017 until December 31, 2022. He remains to be Globe's Executive Vice President. He joined Globe in October 2006 to handle Sales and Distribution for wireless products and has since then created a track record of operational excellence and effective execution.

Mr. Llamzon is a veteran in the field of Sales and Distribution with significant contributions in the

beverage, tobacco and telecommunications industries. Deriving from 27 years of experience, he possesses broad and deeply-applied knowledge on all sales channel types, practices the disciplines of a global company, has a well-developed local network, and has tested leadership over a large sales organization.

He holds a Bachelor's degree in Commerce, major in Business Management from De La Salle University, and attended the Management Development Program of the Asian Institute of Management and INSEAD's World Class Business Manager Program.

Solomon M. Hermosura

Mr. Hermosura, Filipino, 60, Globe's Corporate Secretary since July 2010. He is a Senior Managing Director and the Group Head of Corporate Governance, Chief Legal Officer, Corporate Secretary, Compliance Officer and Data Protection Officer of Ayala Corporation. He has been a member of the Ayala Corporation Management Committee since 2009 and the Ayala Group Management Committee since 2010. He also serves as Corporate Secretary and Group General Counsel of ALI; Corporate Secretary of Integrated Micro-Electronics, Inc., ACEN Corporation, AREIT, Inc. and Ayala Foundation, Inc., and as Corporate Secretary and member of the Boards of Directors of a number of companies in the Ayala Group.

Mr. Hermosura is currently a member of the faculty of the College of Law of San Beda University. He graduated valedictorian with Bachelor of Laws degree from San Beda College in 1986 and placed third in the 1986 Bar Examination.

Marisalve Ciocson-Co

Ms. Ciocson-Co, Filipino, 52, is Globe's Chief Compliance Officer and Senior Vice President for Law and Compliance of Globe CLSG since April 2017. She is also the Company's Assistant Corporate Secretary.

Ms. Ciocson-Co graduated cum laude with a degree in Bachelor of Arts in Political Science from the University of the Philippines-Diliman and received her Juris Doctor (Law) degree from Ateneo de Manila University College of Law.

Rosalin E. Palacol

Ms. Palacol, Filipino, 47, is Globe's Chief Audit Executive (CAE) since November 2020. As CAE, Ms. Palacol is responsible for all of Globe's audit activities including oversight over internal and external audit functions. She is also the head of Globe's Internal Controls Division. She joined Globe in June 2000 as Auditor. Ms. Palacol is an audit and internal controls executive who has held multiple leadership positions in audit and risk management including revenue assurance and fraud risk management, business analysis and strategies. Her 21 years at Globe has been valuable to the risk management and audit teams.

Ms. Palacol graduated with a Bachelor of Science in Accountancy from De La Salle University, a Certified Public Accountant, and finished her MBA at DLSU Professional Schools, Inc.

Maria Louisa Guevarra-Cabreira

Ms. Cabreira, Filipino, 49, is Globe's Chief Commercial Officer (CCO) since April 2021. Ms. Cabreira has more than 20 years solid experience growing new and existing businesses. She has been with Globe since 2008 and has held various senior leadership roles in Consumer Mobile Business and the Consumer Business Group. Under her watch, Globe rose to its No.1 position beginning 4Q of 2016, through optimum portfolio management across two key categories, postpaid and prepaid mobile.

In August 2019, Globe announced the creation of 917Ventures, now the largest corporate incubator in the country. Ms. Cabreira was appointed Managing Partner of 917Ventures, tasked to create new businesses beyond telco and to oversee its current portfolio of non-telco brands such as GCash, KonsultaMD, and AdSpark. She established a strong foundation for 917Ventures and positioned it for growth by securing approval and funding from key shareholders of Globe, assembling the best team, and building the right infrastructure and processes. In October 2020, Ms. Cabreira was assigned back to Globe to Head the Consumer Business Group.

Prior to Globe, Ms. Cabreira was Category Marketing Manager for the Beverages Category in Kraft

Foods, Philippines (now known as Mondelez), looking after global brands Tang, Maxwell House, and Kool-Aid. She was responsible for driving the brand Tang to brand leadership, ousting long-time local player Eight O'Clock. Prior to this, she was head for the Cheese Category where she brought local brand Eden to the No. 1 position. These brands remain to be leaders today in their respective categories.

Ms. Cabreira has a Bachelor of Science Degree in Legal Management from the Ateneo de Manila University

Maria Yolanda C. Crisanto

Ms. Crisanto, Filipino, 56, is Globe's Chief Sustainability and Corporate Communications Officer and joined Globe in 2009. She is a Corporate Communications and Sustainability executive with over 34 years of solid experience in Sustainability and Integrated Marketing Communications, with specialization in Strategic Communications for Corporate, Brand, and Crisis Communications.

Ms. Crisanto is currently a Board Member of AdSpark, Inc., the Asia Video Industry Association (AVIA) and a member of The Conference Board Asia Sustainability Leaders Council. She has served as a president of the Public Relations Society of the Philippines.

She is a multi-awarded professional and executive recognized by both local and international institutions in her fields of expertise, specifically, communications, sustainability and corporate social responsibility.

Ms. Crisanto earned her Master's in Business Administration degree from the Ateneo Graduate School of Business and Bachelor of Arts major in Communication Arts from the University of Santo Tomas.

Raul M. Macatangay

Filipino, 50, is Globe's Chief Information Officer (CIO) since May 1, 2022. As CIO, he leads Globe's Information Services group managing information technology, infrastructure technology, and enterprise architecture.

Prior to his appointment as CIO, Mr. Macatangay was the Vice President of the Financial Control team. A Globe rehire five years ago, he has more than 25 years in Leadership roles in Information Technology, Technology Risk Consulting, System Implementation, Business Transformation, Customer Intelligence and Analytics, Marketing, Research, Finance and Enterprise Risk Management.

He is a graduate of the University of Santo Tomas with a degree in Commerce major in Accounting, Magna Cum Laude.

C. Family Relationships

The Chairman, Jaime Augusto Zobel de Ayala and a Director, Jaime Alfonso Zobel de Ayala, are father and son.

There are no known family relationships between the current members of the Board of Directors and key officers other than the above.

D. Significant Employee

The Company considers all its employees to be significant partners and contributors to the business.

E. Involvement in Certain Legal Proceedings

(1) Directors, Officers - None of the directors, officers or members of the Company's senior management have during the last five years, been subject to any of the following:

- (a) any bankruptcy, petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to the time;
- (b) any conviction by final judgment of any offense in any pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

- (c) any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities, or banking activities; and
- (d) found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, to have violated a securities or commodities law, and the judgment has not been reversed, suspended or vacated.

Item 8. Executive Compensation

A. Standard Arrangements

Directors

Article II Section 7 of the Company's By-Laws provides:

"Section 7. Compensation of Directors - Directors as such may receive, pursuant to a resolution of the stockholders, fees and other compensation for their services as directors, including, without limitation, their services as members of committees of the Board of Directors. (As amended on 12 April 2011)

The Compensation and Remuneration Committee of the Board of Directors shall have the responsibility of recommending to the Board of Directors the fees and other compensation for directors. In discharging this duty, the committee shall be guided by the objective of ensuring that the level of compensation should fairly pay directors for work required in a company of the Corporation's size and scope. No director shall be involved in deciding his own remuneration during his incumbent term. (As amended on 13 November 2020)"

The stockholders ratified a resolution at its meeting held on 8 April 2014 authorizing the increase in the compensation of Directors, except executive directors, from ₱100,000.00 to ₱200,000.00 for every Board meeting and Stockholders' meeting attended. The compensation of Directors will remain at ₱100,000.00 for every committee meeting attended or such meetings other than those mentioned above. Additionally, the Company's executive director does not receive per diem remuneration in addition to his role as an executive director. The Company has no other arrangement with regard to the remuneration of its existing directors and officers aside from the compensation herein stated. The following non-executive directors of the Board received gross per diem remuneration for attending seven (7) Board meetings and their respective Committee meetings in 2022:

Director	Gross Per diem Remuneration (in Php)*
Jaime Augusto Zobel de Ayala	1,700,000.00
Lew Yoong Keong Allen	1,800,000.00
Fernando Zobel de Ayala ¹	1,300,000.00
Jaime Alfonso Antonio Zobel de Ayala ²	400,000.00
Delfin L. Lazaro	2,100,000.00
Ng Kuo Pin	2,500,000.00
Cezar P. Consing ¹	2,300,000.00
Romeo L. Bernardo	2,900,000.00
Rex Ma. A. Mendoza	3,000,000.00
Saw Phaik Hwa	3,000,000.00
Cirilo P. Noel	3,000,000.00
TOTAL	24,000,000.00

*Represents Board and respective Committee meetings held in 2022 and attended during the incumbency of the director.

¹ Mr. Fernando Zobel de Ayala tendered his resignation as member and Co-Vice Chairman of the Board of Directors effective immediately as stated in a disclosure dated September 12, 2022. In an earlier disclosure dated September 1, 2022, Mr. Fernando Zobel de Ayala tendered his resignation as member

of the Executive Committee and the Compensation and Remuneration Committee while Mr. Cezar P. Consing was elected to serve the unexpired term in the said Committees.

²Mr. Jaime Alfonso Antonio Zobel de Ayala was elected Director and appointed member of the Compensation and Remuneration Committee vice Mr. Cezar P. Consing effective November 11, 2022, as stated in a disclosure dated November 11, 2022.

Key Officers

The total annual compensation (salary and other variable pay) of the CEO and other senior officers of the Company (excluding its subsidiaries) amounted to ₱279 million in 2022 and ₱231 million in 2021. The projected total annual compensation for 2023 is ₱252 million.

The total annual compensation paid to all senior personnel (Executives) of the Company (excluding its subsidiaries) amounted to ₱3,991 million in 2022 and ₱3,452 million in 2021. The projected total annual compensation for 2023 is ₱3,430 million.

The total annual compensation for key officers and senior personnel of the Company includes basic salaries, guaranteed bonuses and variable pay (performance-based annual incentive) are shown below.

Name and Principal Position	Year	Salary (in ₱ Millions)	Bonus (in ₱ Millions)	Other Annual Compensation (in ₱ Millions)
Ernest L. Cu ¹ President & Chief Executive Officer				
Rosemarie Maniego-Eala ¹ Chief Finance Officer and Treasurer, and Chief Risk Officer				
Renato M. Jiao ¹ Chief Human Resource Officer				
Rebecca V. Eclipse ¹ Chief Transformation and Operations Officer and Chief Customer Experience Officer				
Maria Louisa Guevarra-Cabreira ¹ Chief Commercial Officer				
CEO & Most Highly Compensated Executive Officers	Actual 2021	129	102	0
	Actual 2022	148	131	0
	Projected 2023	158	94	0
All other officers ² as a group unnamed	Actual 2021	2,092	1,360	0
	Actual 2022	2,240	1,751	0
	Projected 2023	2,261	1,169	0

¹CEO & Most Highly Compensated Executive Officers

²All Other Executives

B. Other Arrangements

The Globe Group also has stock-based compensation, pension and benefit plans.

Stock Option Plans

The Globe Group has stock plans for its employees. The number of shares allocated under these plans shall not exceed the aggregate equivalent of 6% of the authorized capital stock.

Long-Term Incentive Plan (LTIP)

See Note 28.2.1 of the attached Notes to Consolidated Financial Statements for the discussion of the Company's Long-Term Incentive Plan (LTIP).

Item 9. Security Ownership of Certain Record, Beneficial Owners & Management

A. Security Ownership of Certain Record and Beneficial Owners (of more than 5%) as of 31 December 2022

Title of Class	Name, address of Record Owner and Relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner	Citizenship	No. of Shares Held	% of total o/s shares ⁶
Voting Preferred	Asiacom Philippines, Inc. ¹ 34/F Tower 1 Bldg., Ayala Ave., Makati City	Asiacom Philippines, Inc. (hereafter, "Asiacom")	Filipino	158,515,016	52.39%
Common	Singapore Telecom Int'l. Pte. Ltd. (STI) ² 31 Exeter Road, Comcentre, Singapore	Singapore Telecom Int'l. Pte. Ltd.	Singaporean	67,379,310	22.27%
Common	Ayala Corporation ³ 34/F Tower 1 Bldg., Ayala Ave., Makati City	Ayala Corporation ("AC")	Filipino	44,266,630	14.63%
Common	PCD Nominee Corp. (Non-Filipino) ⁴ G/F Makati Stock Exch. Bldg., Ayala Avenue, Makati City	PCD Participants acting for themselves or for their customers ⁵	Various Non-Filipino	18,737,599	6.19%
Common	PCD Nominee Corp. (Filipino) ⁴ G/F Makati Stock Exch. Bldg., Ayala Avenue, Makati City	PCD Participants acting for themselves or for their customers ⁵	Various Filipino	16,132,070	5.33%

¹ *Asiacom Philippines, Inc. is a significant shareholder of the Company. As per the Asiacom By-laws and the Corporation Code, the Board of Directors of Asiacom has the power to decide how the Asiacom shares in Globe are to be voted. Mr. Jaime Augusto Zobel de Ayala has been named and appointed to exercise the voting power.*

² *STI, a wholly-owned subsidiary of Singtel (Singapore Telecom), is a significant shareholder of the Company. As per its By-laws, STI, through its appointed corporate representatives, has the power to decide how the STI shares in Globe are to be voted. Mr. Lew Yoong Keong, Allen and Mr. Ng Kuo Pin have been appointed by Singtel as the authorized Corporate Representatives of the company to exercise all powers on behalf of the company at all General Meetings of Globe Telecom, Inc.*

³ *Ayala Corporation is a significant shareholder of the Company. As per the AC By-laws & the Corporation Code, the Board of Directors of AC has the power to decide how AC shares in Globe are to be voted. Mr. Jaime Augusto Zobel de Ayala has been named and appointed to exercise the voting power.*

⁴ *The PCD Nominee Corporation is a wholly-owned subsidiary of Philippine Central Depository, Inc. and is not related to the Company. It is the registered owner in the Company's books and holds shares on behalf of PCD participants and their clients.*

⁵ *Each beneficial owner of shares through a PCD participant will be the beneficial owner to the extent of the number of shares in his account with the PCD participant. None of the 34,869,669 common shares registered in the name of PCD Nominee Corporation beneficially owns more than 5% of the Company's outstanding shares.*

⁶ *Total outstanding shares includes common and voting preferred.*

B. Security Ownership of Directors and Key Officers as of 31 December 2022

Title of Class and Nature of Beneficial Ownership	Name of Beneficial Owner	Amount	Citizenship	% of Total Outstanding Shares
Common (direct)	Jaime Augusto Zobel de Ayala	2	Filipino	0.00%
Common (indirect)		1		0.00%
Common (direct)	Delfin L. Lazaro	1	Filipino	0.00%
Common (direct)	Lew Yoong Keong, Allen	2	Singaporean	0.00%
Common (direct)	Cezar P. Consing	1	Filipino	0.00%
Common (direct)	Jaime Alfonso E. Zobel de Ayala	1	Filipino	0.00%
Common (direct)	Romeo L. Bernardo	1,799	Filipino	0.00%
Common (indirect)		500		0.00%
Voting Preferred (indirect)		1		0.00%
Common (direct)	Ng Kuo Pin	2	Singaporean	0.00%
Voting Preferred (direct)	Cirilo P. Noel	1	Filipino	0.00%
Voting Preferred (direct)	Rex Ma. A. Mendoza	1	Filipino	0.00%

Voting Preferred (direct)	Saw Phaik Hwa	1	Singaporean	0.00%
Common (direct)	Ernest L. Cu	172,334	Filipino	0.06%
Common (indirect thru PCD)		98,643		0.03%
Common (indirect thru spouse)		1,688		0.00%
Voting Preferred (direct)		1		0.00%
Officers				
Common (direct)	Rebecca V. Eclipse	20,658	Filipino	0.01%
Common (indirect thru PCD)		22,230		0.01%
Common (direct)	Marisalve Ciocon-Co	1,600	Filipino	0.00%
Common (indirect thru PCD)		10,869		0.00%
Common (direct)	Vicente Froilan M. Castelo	14,009	Filipino	0.00%
Common (indirect thru PCD)		1,992		0.00%
Common (direct)	Bernard P. Llamzon	5,940	Filipino	0.00%
Common (indirect thru PCD)		1,918		0.00%
Common (direct)	Renato M. Jiao	31,255	Filipino	0.01%
Common (indirect thru PCD)		2,883		0.00%
Common (direct)	Rosemarie Maniego-Eala	31,167	Filipino	0.01%
Common (indirect thru PCD)		6,371		0.00%
Common	Raul M. Macatangay	3,690	Filipino	0.00%
Common (indirect thru PCD)		1,467		0.00%
Common (direct)	Rosalin E. Palacol	2,010	Filipino	0.00%
Common (indirect thru PCD)		188		0.00%
Common (direct)	Maria Louisa G. Cabreira	14,010	Filipino	0.00%
Common (indirect thru PCD)		6,768		0.00%
Common (direct)	Maria Yolanda C. Crisanto	2,574	Filipino	0.00%
Common (indirect)		3,950		0.00%
Common (direct)	Solomon M. Hermosura	20	Filipino	0.00%
All Directors and Officers as a group (Common)		460,716		0.15%
All Directors and Officers as a group (Voting Preferred)		5		0.00%

None of the members of the Company's directors and management own 2% or more of the outstanding capital stock of the Company.

Item 10. Certain Relationships and Related Transactions

Parties are considered to be related to the Globe Group if they have the ability, directly or indirectly, to control the Globe Group or exercise significant influence over the Globe Group in making financial and operating decisions, or vice versa, or where the Globe Group and the party are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or entities and include entities which are under the significant influence of related parties of the Globe Group where those parties are individuals, and post-employment benefit plan which are for the benefit of employees of the Globe Group or of any entity that is a related party of the Globe Group.

The Globe Group, in their regular conduct of business, enter into transactions with their major stockholders, AC and Singtel, associates, joint ventures and certain related parties.

For a summary of balances arising from related party transactions, please see Note 20 of the attached Notes to Consolidated Financial Statements.

Entities with joint control over Globe Group – AC and Singtel

(See Note 20.1 of the attached Notes to Consolidated Financial Statements)

Singtel

Interconnection agreements

Globe Telecom has interconnection agreements with Singtel. The interconnection revenues recognized in relation to the agreements amounted to ₱561.59 million, ₱463.33 million and ₱466.40 million in 2021, 2020 and 2019, respectively. The interconnection costs recognized in relation to the agreements amounted to ₱29.53 million, ₱61.97 million and ₱42.18 million in 2021, 2020 and 2019, respectively.

Technical assistance agreement

Globe Telecom and Singtel have a technical assistance agreement whereby Singtel will provide consultancy and advisory services, including those with respect to the construction and operation of Globe Telecom's networks and communication services, equipment procurement and personnel services. In addition, Globe Telecom has software development, supply, license and support arrangements, lease of cable facilities, maintenance and restoration costs and other transactions with Singtel. General and administrative expenses charged to profit or loss in relation to the agreement amounted to ₱264.68 million, ₱207.23 million and ₱291.53 million in 2021, 2020 and 2019, respectively.

AC

Subscription receivable

Globe Telecom, Innove and BTI earn subscriber revenues from AC. Service revenues recognized from AC amounted to ₱10.18 million, ₱13.93 million and ₱14.41 million in 2021, 2020 and 2019, respectively.

Cost Reimbursements

Globe Telecom reimburses AC for certain operating expenses. Total expense recognized by the Globe Group from the transaction amounted to ₱443.93 million, ₱54.44 million and ₱64.37 million in 2021, 2020 and 2019, respectively.

Joint Ventures in which the Globe Group is a Venturer

(see Note 20.2 of the attached Notes to Consolidated Financial Statements)

BMPL

Globe Telecom has preferred roaming service contract with BMPL. Under this contract, Globe Telecom will pay BMPL for services rendered by the latter which include, among others, coordination and facilitation of preferred roaming arrangement among JV partners, and procurement and maintenance of telecommunications equipment necessary for delivery of seamless roaming experience to customers. Globe Telecom also incurs commission from BMPL for regional top-up service provided by the JV partners. The net outstanding liabilities to BMPL related to these transactions amounted to ₱1.53 million and ₱1.33 million as of December 31, 2021 and 2020, respectively. Total expenses recognized related to these transactions amounted to ₱15.45 million, ₱21.82 million and ₱21.46 million in 2021, 2020, and 2019, respectively.

Mynt

Management support service

The Globe Group renders certain management support services to GXI. The management services also include the use of the Globe Group's network and facilities to conduct GXI's operations. Management fee income amounted to ₱165.43 million and ₱51.79 million in 2021 and 2020, respectively (see Note 23 of the attached Notes to Consolidated Financial Statements).

Service agreement

Mynt offers over-the-air reloading to the mobile prepaid subscribers of the Globe Group using the Gcash mobile application. This entitles Mynt to a certain percentage share of the prepaid load sales through the Gcash platform.

Mynt also provides virtual GCash wallet to the Globe Group and functions as an Internet Payment Gateway. This enables the subscribers of the Globe Group to purchase Globe products and settle postpaid bills using the GCash platform.

Expense charged to profit or loss in relation to these arrangements amounted to ₱2,437.20 million, 1,184.85 million and ₱322.05 million in 2021, 2020 and 2019, respectively.

Outstanding Gcash wallet balance as of December 31, 2021 and 2020 amounted to ₱191.59 million and ₱194.99 million, respectively.

Transactions with other related parties

(see Note 20.3 of the attached Notes to Consolidated Financial Statements)

Globe Retirement Plan (GRP)

The Globe Group granted various loans to the GRP at an interest rate of 5.50%, which matured on September 11, 2020. Upon maturity, the loan was extended until September 11, 2023 with the interest rate reduced to 4.25% per annum. On May 5, 2021, The Globe Group granted additional loans to the GRP at an interest rate of 6%, which will mature on May 26, 2026. Interest income amounted to ₱120.29 million, ₱25.65 million and ₱31.09 million in 2021, 2020 and 2019, respectively (see Note 22 of the attached Notes to Consolidated Financial Statements). As of December 31, 2021 and 2020, the outstanding balance of loan receivable from GGRP amounted to ₱2,955.94 million and ₱478.00 million, respectively (see Note 10 of the attached Notes to Consolidated Financial Statements).

BHI

GRP owns 100% of BHI, a domestic corporation organized to invest in media ventures. BHI has controlling interest in Altimax Broadcasting Co., Inc. (Altimax) and Broadcast Enterprises and Affiliated Media Inc. (BEAM), respectively.

The Globe Group granted loans amounting ₱45.00 million to BHI at 5.75% interest which was settled in full on October 16, 2020. The loan is fully secured by a chattel mortgage agreement between Globe Group and BEAM.

Interest income amounted to nil, ₱4.79 million and ₱6.47 million in 2021, 2020, and 2019, respectively (see Note 22 of the attached Notes to Consolidated Financial Statements).

BEAM

On February 1, 2009, the Globe Group entered into a memorandum of agreement (MOA) with BEAM for the latter to render mobile television broadcast service to Globe subscribers using the mobile TV service. The Globe Group recognized expense amounting to ₱215.00 million, ₱220.17 million and ₱175.60 million in 2021, 2020 and 2019, respectively.

Altimax

On October 1, 2009, the Globe Group entered into a MOA with Altimax for the Globe Group's co-use of specific frequencies of Altimax's for the rollout of broadband wireless access to the Globe Group's subscribers. The Globe Group recognized expense amounting to ₱7.28 million, ₱3.89 million and ₱11.77 million in 2021, 2020 and 2019, respectively.

Others

The Globe Group earns service revenues, maintains money market placements and cash in bank balances, acquires transportation equipment and incurs general, selling and administrative expenses such as rentals, utilities and customer contract services, from entities which are either controlled, jointly controlled or significantly influenced by AC.

Transactions with Key Management Personnel of the Globe Group

(see Note 20.4 of the attached Notes to Consolidated Financial Statements)

The Globe Group's compensation of key management personnel by benefit type are as follows:

(In Thousand Pesos)	2022	2021
Short-term employee benefits	₱279,000	₱231,100
Share-based payments	73,400	213,900
Post-employment benefits	19,800	18,075
	₱372,200	₱463,075

There are no agreements between the Globe Group and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Globe Group's retirement plans.

PART IV – CORPORATE GOVERNANCE AND SUSTAINABILITY

Item 11. Corporate Governance

In compliance with pertinent regulations, the Integrated Annual Corporate Governance Report (i-ACGR) replaced the CG section of the company's Securities and Exchange Commission (SEC) Form 17-A, the previous SEC Form ACGR and PSE's CGR-1, and shall be submitted by the Company to pertinent regulatory agencies on or before May 30 of every year or on another date set forth by the SEC.

The i-ACGR will also be available on the company website, through the i-ACGR page (<https://www.globe.com.ph/about-us/corporate-governance/annual-corporate-governance-report.html>), upon completion of submission to pertinent regulatory agencies. Globe Telecom also continues to adopt Integrated Reporting in accordance with the International Integrated Reporting Framework advocated by the International Integrated Reporting Council (IIRC) and in reference to the Global Reporting Initiative (GRI) Sustainability Reporting Standards, the Sustainability Accounting Standards Board (SASB) Sustainability Accounting Standards, and the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. This is in line with the Securities and Exchange Commission's Memorandum Circular No. 4, series of 2019 which mandates publicly-listed companies to submit a sustainability report. Beyond these frameworks and standards, Globe also aligns its Integrated Report with the United Nations Sustainable Development Goals (SDGs) and the United Nations Global Compact principles (UNGC), and has adopted the GSMA ESG Metrics for Mobile, the first-of-its-kind mobile sector ESG reporting framework aiming to drive consistency and comparability across the industry. The Report is also in reference to the ASEAN Corporate Governance Scorecard (ACGS) Principles, and the SEC i-ACGR. The Report undergoes external party assurance, which was conducted by DNV for 2022. It reviews Globe's operational performance, including its strategy, business model, risks and opportunities, sustainability and corporate governance for the financial year January 01, 2022 to December 31, 2022. As done in previous years, the Report will also be available on the company website on or before the Company's Annual Stockholders' Meeting (ASM), which will be held on April 25, 2023. The Company encourages stakeholders to refer to the Integrated Report for a more in-depth and detailed presentation and discussion not only of Globe Telecom's annual financial results, CG and sustainability initiatives, but also of the company's strategies, governance and performance in the context of its external environment and how these create value. The Integrated Report is also available on the company website through the Investor Relations page (<https://www.globe.com.ph/about-us/investor-relations.html>).

Globe's CG practices are principally contained in the Articles of Incorporation (AOI) and By-Laws, complemented by the Manual of Corporate Governance (MCG), company policies, Committee charters, the Board's charter, and the Code of Conduct and Ethics (CoC). The AOI and By-Laws maintain the basic structure of CG while the MCG, charters, policies and CoC act as supplements. These legal documents outline the core of Globe's operational framework including the principal duties of the members of the Board with emphasis on the governance structure, composition, and diversity in the Board, ensuring that duties and responsibilities are performed in a manner that safeguards the interests of the company and protects Globe's stakeholders amidst an increasingly competitive environment. The same are likewise aligned with pertinent rules and regulations, and undergo regular review and enhancement in accordance with applicable guidelines and regulatory issuances. Amendments to the By-Laws and AOI received SEC approval in February 2021 and October 2022, respectively. Globe's corporate documents are also publicly available on the Company website.

Globe is likewise dedicated to maintaining the organization's compliance with the SEC Code of Corporate Governance, all listing rules of the Philippine Stock Exchange (PSE), and other regulations issued by the SEC, among other regulatory agencies. An annual Certification of Compliance with the Company's MCG is issued and signed by the Chief Compliance Officer with the President and CEO. An annual Certification of Compliance with the CoC is issued and signed by the Chief Human Resource Officer (CHRO). These Certifications are also posted on the Company website's CG page and included in the Integrated Report.

Globe also continues to align the Company's policies and practices with the ASEAN Corporate Governance Scorecard (ACGS), which adopts international CG best practices and standards including the CG principles of the Organisation for Economic Co-operation and Development (OECD). The company website is maintained to ensure investor-friendliness and the convenient access of

information for all of Globe's shareholders and various stakeholders. The Company website contains comprehensive information about Globe's business, products and services, disclosures and reports, CG scorecard, surveys and reports, press releases and an archive thereof, as well as the corporate policies, charters and manuals, vision, mission, core values, investor relations program, sustainability and corporate social responsibility activities, among others. Globe ensures that all information included in the company website are accurate, relevant and up-to-date.

Through keeping these CG structures effectively working and updated in place, coupled with continuous regulatory compliance, the CG culture enables Globe business to operate aggressively while ensuring the interests of the Company's customers – internal and external stakeholders – are protected and addressed.

Apart from the Sustainability page (<https://www.globe.com.ph/about-us/sustainability.html>), dedicated pages in the website were created for the posting of reports and corporate documents for the easy reference of all customers and all stakeholders. These pages include, but are not limited to, the following:

- i. IR page (<https://www.globe.com.ph/about-us/investor-relations.html>)
 - a. Various SEC and PSE Disclosures including the Annual Report (SEC Form 17-A), Audited Financial Statements, Annual Information Statement (SEC Form 20-IS) and the General Information Sheet (GIS), among others:
<https://www.globe.com.ph/about-us/investor-relations/sec-pse-disclosures.html>
 - b. Dividend Policy and Historical Dividends:
<https://www.globe.com.ph/about-us/investor-relations/stock-information/dividend-policy.html>
- ii. CG page (<https://www.globe.com.ph/about-us/corporate-governance.html>)
 - a. Integrated Annual Corporate Governance Report (i-ACGR):
<https://www.globe.com.ph/about-us/corporate-governance/annual-corporate-governance-report.html>
 - b. Integrated Reports:
<https://www.globe.com.ph/about-us/sustainability.html>
 - c. ASEAN Corporate Governance Scorecard (ACGS):
<https://www.globe.com.ph/about-us/corporate-governance/asean-corporate-governance-scorecard.html>
 - d. Annual Stockholders' Meetings (ASMs):
<https://www.globe.com.ph/about-us/corporate-governance/annual-stockholders-meetings.html>
 - e. Certificates of Compliance:
<https://www.globe.com.ph/about-us/corporate-governance/certificate-of-compliance.html>
 - f. Related Party Transactions (RPTs):
<https://www.globe.com.ph/about-us/corporate-governance/related-party-transactions.html>
 - g. Company Policies:
<https://www.globe.com.ph/about-us/corporate-governance/company-policies.html>
 - h. Board of Directors:
<https://www.globe.com.ph/about-us/corporate-governance/board-of-directors.html>
 - i. Conglomerate Map
<https://www.globe.com.ph/about-us/corporate-governance/conglomerate-map.html>

- j. Enterprise Risk Management
<https://www.globe.com.ph/about-us/corporate-governance/enterprise-risk-management.html>

Item 12. Sustainability Report


Please refer to the Sustainability Report embodied in the 2022 Integrated Report to be posted in the Company's official website on or before April 15, 2023 at the following link:
<https://www.globe.com.ph/about-us/sustainability/integrated-report.html>

SIGNATURES

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

QUEZON CITY _____

By: **MAR 29 2023**

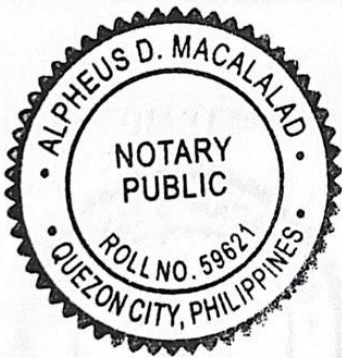
1. 

Ernest L. Cu
President and Chief Executive Officer


MAR 29 2023

SUBSCRIBED AND SWORN to before me this ____ day of _____ 2023, affiants who are personally known to me or identified through competent evidence of identity, to wit

Name	Passport or ID No.	Date of Issue	Expiry Date
Ernest L. Cu			



Doc. No. **102**
Page No. **22**
Book No. **E**
Series of 2023


ALPHEUS D. MACALALAD
Notary Public
Quezon City, Appointment No. NP-264 (2022-2023)
Valid until 31 December 2023
Roll of Attorneys No. 59621
PTR No. 3984791 – 01/03/2023 – Quezon City
IBP No. 259271 – 01/03/2023 – Quezon City
MCLE Compliance No. VII - 0017580
24 First Street, St. Ignatius Village
Quezon City, Metro Manila

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the **QUEZON CITY** on _____.

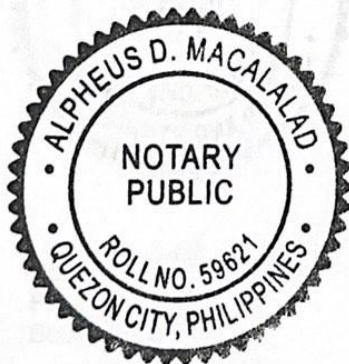
By: **APR 11 2023**

2. _____
Rosemarie Maniego-Eala
Chief Finance Officer

APR 11 2023

SUBSCRIBED AND SWORN to before me this ____ day of _____ 2023, affiants who are personally known to me or identified through competent evidence of identity, to wit

Name	Passport or ID No.	Date of Issue	Expiry Date
Rosemarie Maniego-Eala			



Doc. No. **122**
Page No. **26**
Book No. **I**
Series of 2023

ALPHEUS D. MACALALAD
Notary Public
Quezon City, Appointment No. NP-264 (2022-2023)
Valid until 31 December 2023
Roll of Attorneys No. 59621
PTR No. 3984791 - 01/03/2023 - Quezon City
IBP No. 259271 - 01/03/2023 - Quezon City
MCLE Compliance No. VII - 0017580
24 First Street, St. Ignatius Village
Quezon City, Metro Manila

SIGNATURES

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

QUEZON CITY on APR 03 2023.

By:

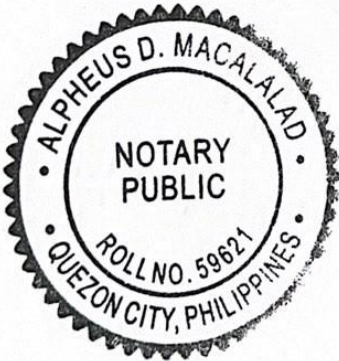
nn |

3. _____
Atty. Solomon M. Hermosura
Corporate Secretary

APR 03 2023

SUBSCRIBED AND SWORN to before me this ___ day of _____ 2023 , affiants who are personally known to me or identified through competent evidence of identity, to wit

Name	Passport or ID No.	Date of Issue	Expiry Date
Solomon M. Hermosura			



Doc. No. *108*
Page No. *23*
Book No. *I*
series of 2023

/ /

ALPHEUS D. MACALALAD
Notary Public
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Quezon City, Metro Manila

PART V – EXHIBITS AND SCHEDULES

- A. Exhibits** – Please see accompanying Index to Exhibits in the following pages
- B. Reports on SEC Form 17-C** - The Company regularly files various reports on SEC Form 17-C relative to various company disclosures. Of these, the more significant ones are as follows:

Date	Title
February 24, 2022	Corporate Disclosure – Amendments to Articles of Incorporation
March 1, 2022	2021 Audited Consolidated Financial Statements
March 4, 2022	Corporate Disclosure – Globe STT GDC and Ayala Enter into \$350m Venture to Expand Current Data Center Footprint in the Philippines
April 18, 2022	Corporate Disclosure - Change in Key Officer
April 26, 2022	Results of Annual or Special Stockholders' Meeting and Organizational Meeting of Board of Directors
May 23, 2022	Additional Issuance of Shares under Long-Term Incentive Plan (LTIP 2019-2021)
May 31, 2022	Integrated Annual Corporate Governance Report
June 20, 2022	Approval of the Board of Directors of the Stock Rights Offering
August 12, 2022	Press Release - Globe to Sell Over 7,000 Towers; The Largest Ever Tower Sale and Leaseback Transaction in the Philippines
August 16, 2022	Disposition of tower assets
September 2, 2022	Corporate Disclosure – Resignation of Director
September 27, 2022	Corporate Disclosure - Board of Directors
November 14, 2022	Corporate Disclosure on Results of GLOPP Shares Redemption
December 2, 2022	Corporate Disclosure – Change in Key Officers
December 9, 2022	Press Release - Globe Board Approved 30% Lower Capex for 2023 at US\$1.3 Billion, Back to Pre-pandemic Levels; Cash Capex to Peak for Globe in 2022 From Opportunistic Network Investments; Capex Intensity Easing Moving Forward
December 9, 2022	Globe 2023 Annual Stockholders' Meeting Notice
December 12, 2022	Press Release - Globe Achieves 32% Closing of Its Landmark Tower Initiative With Another 750 Towers Transferred to Frontier Towers
December 19, 2022	Press Release - Philippines' Largest Ever Tower Sale and Leaseback Deal Progressing as Planned; Raised ~P30 Billion With The Closing of a Total of 2,410 Towers out of 7,059 in 2022
January 17, 2023	Annual Summary Report of the application of the proceeds from the Stock Rights Offering (SRO)
February 13, 2023	Press Release - Globe Closes 42% of the Philippines' Largest Ever Tower Sale And Leaseback Deal; First Closing of 578 Towers Transferred To PhilTower For Php8.6 Billion

INDEX TO EXHIBITS

Description of Exhibit	Remarks/Attachment
Statement of Management's Responsibility for Consolidated Financial Statements	√
Independent Auditor's Report on the Consolidated Financial Statements and Notes to Consolidated Financial Statements	√
Consolidated Financial Statements and Notes to Consolidated Financial Statements	√
Independent Auditors' Report on the Supplementary Schedules	√
Schedule of Financial Soundness Indicators	√
Reconciliation of Retained Earnings Available for Dividend Declaration	√
Map of the relationship of the companies within the group	√
Schedule for Listed Companies with a Recent Offering of Securities to the Public	√
Financial Assets	*
Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)	√
Trade & Other Receivables Eliminated During Consolidation	√
Long-term Debt	√
Indebtedness to Related Parties (Long-term loans from related parties)	*
Guarantees of Securities of Other Issuers	*
Capital Stock	√
Aging Analysis of Accounts Receivable	√
BIR ITR Filing Reference of Parent Company Financial Statements	√

*Note: * The exhibits are either Not Applicable to the Company or require No Answer.*



Globe Telecom, Inc.
The Globe Tower
32nd Street corner 7th Avenue,
Bonifacio Global City,
Taguig, Philippines 1634

www.globe.com.ph

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FINANCIAL STATEMENTS**

The management of Globe Telecom, Inc. ("Globe Group") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as at December 31, 2022, and 2021 and for each of the three years in the period ended December 31, 2022, in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Isla Lipana & Co., the independent auditors appointed by the stockholders, has audited the consolidated financial statements of the Globe Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

JAIME AUGUSTO ZOBEL DE AYALA
Chairman of the Board

Signed this 6th day of February 2023

SUBSCRIBED AND SWORN to before me this FEB 06 2023 at QUEZON CITY City, affiants who are personally known to me or identified through competent evidence of identity, to wit:

Name	Passport or ID No.	Date of Issue	Expiry Date
Jaime Augusto Zobel De Ayala			

Doc. No. : G2
Page No. : 14
Book No. :
Series of 2023



ALPHEUS D. MACALALAD
Notary Public
Quezon City, Appointment No. NP-264 (2022-2023)
Valid until 31 December 2023
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IBP No. 259271 – 01/03/2023 – Quezon City
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Quezon City, Metro Manila



Globe Telecom, Inc.
The Globe Tower
32nd Street corner 7th Avenue,
Bonifacio Global City,
Taguig, Philippines 1634

www.globe.com.ph

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR CONSOLIDATED FINANCIAL STATEMENTS**

The management of Globe Telecom, Inc. and Subsidiaries ("Globe Group") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as at December 31, 2022, and 2021 and for each of the three years in the period ended December 31, 2022, in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Isla Lipana & Co., the independent auditors appointed by the stockholders, has audited the consolidated financial statements of the Globe Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

ERNEST L. CU
President and Chief Executive Officer

Signed this 6th day of February 2023

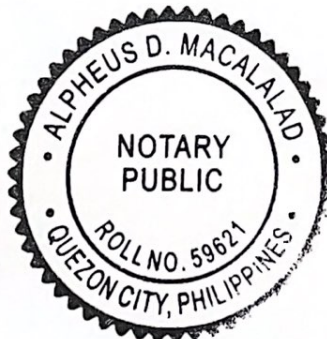
FEB 06 2023

QUEZON CITY

SUBSCRIBED AND SWORN to before me this _____ at _____ City, affiants who are personally known to me or identified through competent evidence of identity, to wit:

Name	Passport or ID No.	Date of Issue	Expiry Date
Ernest L. Cu			

Doc. No. ; 60
Page No. ; 13
Book No. ; 1
Series of 2023.



ALPHEUS D. MACALALAD
Notary Public
Quezon City, Appointment No. NP-264 (2022-2023)
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Taguig, Philippines 1634

www.globe.com.ph

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR CONSOLIDATED FINANCIAL STATEMENTS**

The management of Globe Telecom, Inc. and Subsidiaries ("Globe Group") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as at December 31, 2022, and 2021 and for each of the three years in the period ended December 31, 2022, in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Isla Lipana & Co., the independent auditors appointed by the stockholders, has audited the consolidated financial statements of the Globe Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

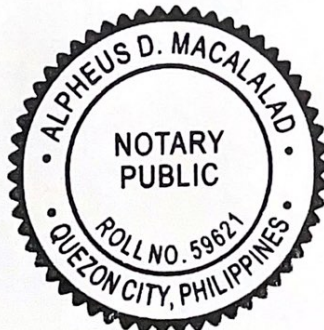
ROSEMARIE MANIEGO-EALA
Chief Finance Officer and Treasurer

Signed this 6th day of February 2023

SUBSCRIBED AND SWORN to before me this FEB 06 2023 at **QUEZON CITY** City, affiants who are personally known to me or identified through competent evidence of identity, to wit:

Name	Passport or ID No.	Date of Issue	Expiry Date
Rosemarie Maniego-Eala			

Doc. No. : 61
Page No. : 14
Book No. : 5
Series of 2023.



ALPHEUS D. MACALALAD
Notary Public
Quezon City, Appointment No. NP-264 (2022-2023)
Valid until 31 December 2023
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IBP No. 259271 – 01/03/2023 – Quezon City
MCLE Compliance No. VII - 0017580
24 First Street, St. Ignatius Village
Quezon City, Metro Manila



Independent Auditor's Report

To the Board of Directors and Shareholders of
Globe Telecom, Inc.
The Globe Tower, 32nd Street corner 7th Avenue
Bonifacio Global City, Taguig City

Our Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Globe Telecom, Inc. and its subsidiaries (together, the "Group") as at December 31, 2022 and 2021, and their consolidated financial performance and their consolidated cash flows for each of the three years in the period ended December 31, 2022 in accordance with Philippine Financial Reporting Standards (PFRS).

What we have audited

The consolidated financial statements of the Group comprise:

- the consolidated statements of financial position as at December 31, 2022 and 2021;
- the consolidated statements of total comprehensive income for each of the three years in the period ended December 31, 2022;
- the consolidated statements of changes in equity for each of the three years in the period ended December 31, 2022;
- the consolidated statements of cash flows for each of the three years in the period ended December 31, 2022; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

Isla Lipana & Co., 29th Floor, Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
T: +63 (2) 8845 2728, F: +63 (2) 8845 2806, www.pwc.com/ph



Independent Auditor's Report
To the Board of Directors and Shareholders of
Globe Telecom, Inc.
Page 2

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter identified in our audit is revenue recognition.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Revenue recognition</p> <p>Refer to notes 2.15 and 33 to the consolidated financial statements.</p> <p>Revenue recognition has been identified as a key audit matter primarily due to the significant volume of transactions processed through various systems which heavily relies on automated processes and controls from account activation to termination, recording of usage, billing and ultimate revenue recognition. In particular, the Group's revenue streams include a significant amount of postpaid service revenues which are billed under various cycles, hence, timing of revenue recognition requires significant audit attention.</p>	<p>We addressed the matter by understanding the Group's revenue recognition policies in accordance with PFRS 15, <i>Revenue from Contracts with Customers</i>, and the related business processes and information technology (IT) environment. We also evaluated the design and tested the operating effectiveness of automated and manual controls surrounding revenue recognition. In particular, we tested controls from account activation to termination, provisioning, call data capture, billing interface and revenue recording covering all assertions with respect to revenue.</p> <p>Moreover, we evaluated the design and tested the operating effectiveness of IT general controls over the relevant IT systems, including the interface controls between IT systems and applications.</p>



Independent Auditor's Report
To the Board of Directors and Shareholders of
Globe Telecom, Inc.
Page 3

Key Audit Matter	How our audit addressed the Key Audit Matter
	<p>To ensure that postpaid revenues are recognized in proper period, we performed a combination of controls and substantive testing approach as follows:</p> <ul style="list-style-type: none">• We tested the design and operating effectiveness of key controls over charging, billing and recording of revenue transactions.• We tested the reliability of key system-generated reports and reconciliations which serve as basis for accruing unbilled postpaid revenue at the end of reporting period.• We performed substantive audit procedures over unbilled revenue, which include independent recalculation of accrued revenue per subscriber on a sampling basis.

Other Information

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

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

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



Independent Auditor's Report
To the Board of Directors and Shareholders of
Globe Telecom, Inc.
Page 4

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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



Independent Auditor's Report
To the Board of Directors and Shareholders of
Globe Telecom, Inc.
Page 5

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Roderick M. Danao.



Isla Lipana & Co.

Independent Auditor's Report
To the Board of Directors and Shareholders of
Globe Telecom, Inc.
Page 6

Isla Lipana & Co.

A handwritten signature in black ink, appearing to read "R. Danao", with a long horizontal stroke extending to the right.

Roderick M. Danao
Partner

CPA Cert. No. 88453

P.T.R. No. 0011280, issued on January 9, 2023, Makati City

SEC A.N. (individual) as general auditors 88453-SEC, Category A;
valid to audit 2022 financial statements

SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements

TIN 152-015-078

BIR A.N. 08-000745-042-2020, issued on December 14, 2020; effective until December 13, 2023

BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
February 6, 2023



Statement Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Globe Telecom, Inc.
The Globe Tower, 32nd Street corner 7th Avenue
Bonifacio Global City, Taguig City

We have audited the consolidated financial statements of Globe Telecom, Inc. (the “Parent Company”) as at and for the year ended December 31, 2022, on which we have rendered the attached report dated February 6, 2023.

In compliance with SRC Rule 68 and based on the certification received from the Parent Company’s corporate secretary and the results of our work done, the Parent Company has 1,088 shareholders owning one hundred (100) or more shares each as at December 31, 2022.

Isla Lipana & Co.

Roderick M. Danao
Partner

CPA Cert. No. 88453

P.T.R. No. 0011280, issued on January 9, 2023, Makati City

SEC A.N. (individual) as general auditors 88453-SEC, Category A;
valid to audit 2022 financial statements

SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements

TIN 152-015-078

BIR A.N. 08-000745-042-2020, issued on December 14, 2020; effective until December 13, 2023

BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
February 6, 2023

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T: +63 (2) 8845 2728, F: +63 (2) 8845 2806, www.pwc.com/ph



Statement Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Globe Telecom, Inc.
The Globe Tower, 32nd Street corner 7th Avenue
Bonifacio Global City, Taguig City

We have audited the consolidated financial statements of Globe Telecom, Inc. (the "Parent Company") and its subsidiaries as at and for the year ended December 31, 2022, on which we have rendered the attached report dated February 6, 2023. The supplementary information shown in the *Reconciliation of Parent Company's Retained Earnings Available for Dividend Declaration, Map of Relationships of the Companies within the Group*, and Schedules A, B, C, D, E, F, and G, as additional components required by the Revised SRC Rule 68, are presented for purposes of filing with the Securities and Exchange Commission and are not required parts of the basic consolidated financial statements. Such supplementary information is the responsibility of management and has been subjected to auditing procedures applied in the audit of the basic consolidated financial statements.

In our opinion, the supplementary information has been prepared in accordance with Revised SRC Rule 68.

Isla Lipana & Co.

Roderick M. Danao
Partner

CPA Cert. No. 88453

P.T.R. No. 0011280, issued on January 9, 2023, Makati City

SEC A.N. (individual) as general auditors 88453-SEC, Category A;
valid to audit 2022 financial statements

SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements

TIN 152-015-078

BIR A.N. 08-000745-042-2020, issued on December 14, 2020; effective until December 13, 2023

BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
February 6, 2023

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Statement Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Globe Telecom, Inc.
The Globe Tower, 32nd Street corner 7th Avenue
Bonifacio Global City, Taguig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Globe Telecom, Inc. and its subsidiaries (the “Group”) as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated February 6, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The *Supplementary Schedule on Financial Soundness Indicators*, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group’s management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised SRC Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group’s consolidated financial statements as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 and no material exceptions were noted.

Isla Lipana & Co.

Roderick M. Danao
Partner

CPA Cert. No. 88453

P.T.R. No. 0011280, issued on January 9, 2023, Makati City

SEC A.N. (individual) as general auditors 88453-SEC, Category A;
valid to audit 2022 financial statements

SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements

TIN 152-015-078

BIR A.N. 08-000745-042-2020, issued on December 14, 2020; effective until December 13, 2023

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Makati City
February 6, 2023

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GLOBE TELECOM, INC. AND SUBSIDIARIES

Consolidated Financial Statements
December 31, 2022, 2021 and 2020





GLOBE TELECOM, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	December 31	
		2022	2021
<i>(In Thousand Pesos)</i>			
ASSETS			
Current Assets			
Cash and cash equivalents	5	₱18,033,785	₱24,239,195
Trade receivables – net	6	23,563,414	16,696,542
Contract assets – net	7.1	6,891,455	6,245,711
Inventories and supplies – net	9	3,881,682	4,045,049
Derivative assets – current	8	502,332	262,805
Prepayments and other current assets	10	19,706,142	13,956,867
		72,578,810	65,446,169
Assets classified as held-for-sale	11, 13.1	27,948,915	-
		100,527,725	65,446,169
Noncurrent Assets			
Property and equipment – net	11	281,899,060	270,747,147
Intangible assets and goodwill – net	12	25,082,572	20,761,388
Right of use assets – net	13	37,108,116	19,687,012
Investments in joint ventures	15	52,137,978	42,569,217
Deferred income tax assets – net	29	2,228,042	2,033,968
Derivative assets – net of current portion	8	4,627,002	2,769,472
Other noncurrent assets	10	52,066,929	34,445,474
		455,149,699	393,013,678
TOTAL ASSETS		₱555,677,424	₱458,459,847
LIABILITIES AND EQUITY			
Current Liabilities			
Trade payables and accrued expenses	16	₱88,380,797	₱84,576,156
Contract liabilities and deferred revenues – current	7.2	7,576,050	8,410,954
Loans payable – current	18	46,172,043	16,018,505
Derivative liabilities – current	8	609,338	1,114,610
Lease liabilities - current	13.2	4,522,438	3,664,344
Provisions	17	2,583,476	2,768,719
Income tax payable	29	3,621,671	973,719
		153,465,813	117,527,007
Noncurrent Liabilities			
Loans payable – net of current portion	18	187,032,616	194,035,062
Contract liabilities – net of current portion	7.2	296,533	73,503
Deferred income tax liabilities – net	29	6,446,284	6,062,606
Derivative liabilities – net of current portion	8	-	111,909
Lease liabilities – non current	13.2	49,709,159	16,215,004
Pension liability	28.1	1,963,490	5,043,691
Other long-term liabilities	19	4,230,659	4,995,199
		249,678,741	226,536,974
Total Liabilities		403,144,554	344,063,981
Equity			
Capital Stock	21	8,995,602	8,473,535
Additional paid in capital		53,944,871	37,226,626
Cost of share-based compensation		848,890	843,826
Capital securities	21.3	29,977,639	29,977,845
Other reserves	21.8	(116,306)	(2,195,128)
Treasury shares	21.4	(10,000,000)	(10,000,000)
Retained earnings		68,539,651	49,775,474
Equity attributable to equity holders of the Parent		152,190,347	114,102,178
Non-controlling interest		342,523	293,688
Total Equity		152,532,870	114,395,866
TOTAL LIABILITIES AND EQUITY		₱555,677,424	₱458,459,847

See accompanying Notes to Consolidated Financial Statements.



GLOBE TELECOM, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF TOTAL COMPREHENSIVE INCOME

	Notes	For the Years Ended December 31		
		2022	2021	2020
<i>(In Thousand Pesos, Except Per Share Figures)</i>				
REVENUES				
Service revenues		₱157,979,335	₱152,262,833	₱146,388,134
Nonservice revenues		17,061,388	16,233,625	14,131,408
	33	175,040,723	168,496,458	160,519,542
INCOME (LOSSES)				
Gain on sale of controlling interest on data center business	15.11	10,511,945	-	-
Gain on sale and leaseback of telecom towers - net	11	8,260,927	-	-
Equity share in net income (losses) of joint ventures	15	1,083,202	881,535	(2,367,440)
Interest income	22	340,109	149,508	194,938
Gain on disposal of property and equipment – net		321,354	152,565	33,244
Other income – net	23	2,474,814	4,656,647	3,817,211
		22,992,351	5,840,255	1,677,953
COSTS AND EXPENSES				
General, selling and administrative expenses	24	73,170,327	70,601,309	64,913,355
Depreciation and amortization	25	45,653,296	41,132,992	35,412,038
Cost of inventories sold	9	18,748,656	18,072,557	16,406,196
Interconnect costs	33, 34.1	1,362,309	1,182,381	1,007,234
Financing costs	26	10,091,289	8,740,763	7,111,410
Impairment and other losses	27	4,906,747	5,566,939	10,207,599
		153,932,624	145,296,941	135,057,832
INCOME BEFORE INCOME TAX		44,100,450	29,039,772	27,139,663
PROVISIONS (BENEFIT) FOR INCOME TAX				
Current		9,696,533	4,903,568	8,139,602
Deferred		(200,132)	412,347	377,016
	29	9,496,401	5,315,915	8,516,618
NET INCOME		34,604,049	23,723,857	18,623,045
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will be reclassified into profit or loss in subsequent periods:				
Transactions on cash flow hedges – net		(1,379,590)	1,188,210	(725,684)
Exchange differences arising from translations of foreign investments		698,533	31,416	(3,385)
	21.8	(681,057)	1,219,626	(729,069)
Item that will not be reclassified into profit or loss in subsequent periods:				
Changes in fair value of financial assets at fair value through other comprehensive income		29,104	378,610	1,362
Remeasurement gain (loss) on defined benefit plan		2,740,701	600,124	(1,817,274)
	21.8	2,769,805	978,734	(1,815,912)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)		2,088,748	2,198,360	(2,544,981)
TOTAL COMPREHENSIVE INCOME		₱36,692,797	₱25,922,217	₱16,078,064

(Forward)



GLOBE TELECOM, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF TOTAL COMPREHENSIVE INCOME

	Notes	For the Years Ended December 31		
		2022	2021	2020
<i>(In Thousand Pesos, Except Per Share Figures)</i>				
Total net income attributable to:				
Equity holders of the Parent		₱34,563,011	₱23,652,811	₱18,578,322
Non-controlling interest		41,038	71,046	44,723
		34,604,049	23,723,857	18,623,045
Total other comprehensive income (loss) attributable to:				
Equity holders of the Parent	21.8	2,078,822	2,200,527	(2,544,981)
Non-controlling interest	21.8	9,926	(2,167)	-
		2,088,748	2,198,360	(2,544,981)
Total comprehensive income attributable to:				
Equity holders of the Parent		36,641,833	25,853,338	16,033,341
Non-controlling interest		50,964	68,879	44,723
		₱36,692,797	₱25,922,217	₱16,078,064
Earnings Per Share				
Basic	30	₱245.44	₱173.18	₱135.04
Diluted	30	₱244.25	₱172.25	₱134.40
Cash dividends declared per common share	21.5	₱106.00	₱108.00	₱107.99

See accompanying Notes to Consolidated Financial Statements.



GLOBE TELECOM, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Year Ended December 31, 2022										
Notes	Capital Stock (Note 21)	Additional Paid-in Capital	Cost of Share-Based Compensation	Capital Securities (Note 21.3)	Other Reserves (Note 21.8)	Retained Earnings	Treasury Shares (Note 21.4)	Total Equity Attributable to Parent	Non-controlling Interest	Total
<i>(In Thousand Pesos)</i>										
As of January 1, 2022	₱8,473,535	₱37,226,626	₱843,826	₱29,977,845	(₱2,195,128)	₱49,775,474	(₱10,000,000)	₱114,102,178	₱293,688	₱114,395,866
Total comprehensive income for the year	-	-	-	-	2,078,822	34,563,011	-	36,641,833	50,964	36,692,797
Dividends on:	21.5	-	-	-	-	(14,442,073)	-	(14,442,073)	-	(14,442,073)
Common Stock		-	-	-	-	(50,027)	-	(50,027)	-	(50,027)
Preferred Stock - voting		-	-	-	-	(1,306,734)	-	(1,306,734)	-	(1,306,734)
Distributions on Capital Securities	21.3	-	-	-	-	-	-	-	-	-
Share-based compensation	28	-	-	440,894	-	-	-	440,894	-	440,894
Issue of shares under share-based compensation plan	21.2	16,115	419,715	(435,830)	-	-	-	-	-	-
Issuance cost of capital securities		-	-	-	(206)	-	-	(206)	-	(206)
Issuance of shares by way of stock rights		505,952	16,298,530	-	-	-	-	16,804,482	-	16,804,482
Non-controlling interest adjustment arising from increase in ownership share		-	-	-	-	-	-	-	(2,129)	(2,129)
As of December 31, 2022		₱8,995,602	₱53,944,871	₱848,890	₱29,977,639	(₱116,306)	₱68,539,651	(₱10,000,000)	₱152,190,347	₱342,523

(Forward)



GLOBE TELECOM, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Year Ended December 31, 2021											
Notes	Capital Stock (Note 21)	Additional Paid-in Capital	Cost of Share-Based Compensation	Capital Securities (Note 21.3)	Other Reserves (Note 21.8)	Retained Earnings	Treasury Shares (Note 21.4)	Total Equity Attributable to Parent	Non-controlling Interest	Total	
<i>(In Thousand Pesos)</i>											
As of January 1, 2021	₱8,464,211	₱37,001,626	₱638,323	₱-	(₱4,219,590)	₱40,682,494	₱-	₱82,567,064	₱237,406	₱82,804,470	
Total comprehensive income for the period	-	-	-	-	2,200,527	23,652,811	-	25,853,338	68,879	25,922,217	
Dividends on:	21.5	-	-	-	-	(14,425,839)	-	(14,425,839)	-	(14,425,839)	
Common Stock		-	-	-	-	(50,027)	-	(50,027)	-	(50,027)	
Preferred Stock - voting		-	-	-	-	(260,030)	-	(260,030)	-	(260,030)	
Preferred Stock – non-voting		-	-	-	-	-	-	-	-	-	
Share-based compensation	28	-	-	439,827	-	-	-	439,827	-	439,827	
Issue of shares under share-based compensation plan	21.2	9,324	225,000	(234,324)	-	-	-	-	-	-	
Issuance of capital securities		-	-	-	29,977,845	-	-	29,977,845	-	29,977,845	
Reclassification of fair value gain on investment in equity securities at FVOCI	21.8	-	-	-	-	(176,065)	176,065	-	-	-	
Redemption of preference share		-	-	-	-	-	(10,000,000)	(10,000,000)	-	(10,000,000)	
Dividends declared by subsidiary attributable to NCI		-	-	-	-	-	-	-	(20,582)	(20,582)	
Non-controlling interest arising from business combination	14.2	-	-	-	-	-	-	-	8,874	8,874	
Non-controlling interest adjustment arising from increase in ownership share		-	-	-	-	-	-	-	(889)	(889)	
As of December 31, 2021		₱8,473,535	₱37,226,626	₱843,826	₱29,977,845	(₱2,195,128)	₱49,775,474	(₱10,000,000)	₱114,102,178	₱293,688	₱114,395,866

(Forward)



Globe

GLOBE TELECOM, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Year Ended December 31, 2020									
	Notes	Capital Stock (Note 21)	Additional Paid-in Capital	Cost of Share-Based Compensation	Other Reserves (Note 21.8)	Retained Earnings	Total Equity Attributable to Parent	Non-controlling Interest	Total
<i>(In Thousand Pesos)</i>									
As of January 1, 2020		₱8,452,995	₱36,808,776	₱447,656	(₱1,766,610)	₱37,169,604	₱81,112,421	₱134,576	₱81,246,997
Total comprehensive income for the period		-	-	-	(2,544,981)	18,578,322	16,033,341	44,723	16,078,064
Dividends on:	21.5								
Common Stock		-	-	-	-	(14,403,344)	(14,403,344)	-	(14,403,344)
Preferred Stock - voting		-	-	-	-	(50,027)	(50,027)	-	(50,027)
Preferred Stock – non-voting		-	-	-	-	(520,060)	(520,060)	-	(520,060)
Share-based compensation	28	-	-	394,733	-	-	394,733	-	394,733
Issue of shares under share-based compensation plan	21.2	11,216	192,850	(204,066)	-	-	-	-	-
Reclassification of fair value gain on investment in equity securities at FVOCI	21.8	-	-	-	92,001	(92,001)	-	-	-
Non-controlling interest arising from business combination		-	-	-	-	-	-	58,107	58,107
As of December 31, 2020		₱8,464,211	₱37,001,626	₱638,323	(₱4,219,590)	₱40,682,494	₱82,567,064	₱237,406	₱82,804,470

See accompanying Notes to Consolidated Financial Statements.



GLOBE TELECOM, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	For the Years Ended December 31		
		2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		<i>(In Thousand Pesos)</i>		
Income before income tax		₱44,100,450	₱29,039,772	₱27,139,663
Adjustments for:				
Depreciation and amortization	25	45,653,296	41,132,992	35,412,038
Impairment and other losses	27	4,906,747	5,566,939	10,207,599
Financing cost	26	10,091,289	8,740,763	7,111,410
Equity share in net (income) losses of associates and joint ventures	15	(1,083,202)	(881,535)	2,367,440
Gain on sale of controlling interest on data center business	15	(10,511,945)	-	-
Gain on deemed sale of investment in Mynt	15	-	(4,344,037)	(2,042,441)
Foreign exchange losses (gains) – net	23	5,343,019	3,656,218	(1,690,842)
(Gain) loss on derivative instruments	23	(5,797,800)	(3,214,633)	1,579,746
Pension expense	28	1,089,723	1,172,467	898,536
Share-based compensation	28	440,894	439,827	394,733
Gain on debt renegotiation	23	-	-	(343,122)
Interest income	22	(340,109)	(149,508)	(194,938)
Gain on settlement and rereasurement of ARO	19, 23	(2,629)	(74,433)	(34,845)
Gain on sale and leaseback of telecom towers - net	11	(8,260,927)	-	-
Gain on disposal of property and equipment		(321,354)	(152,565)	(33,244)
Gain on deemed sale of investment in Konsulta	15, 23	(26,410)	-	-
Gain on sale of investment in HealthNow	15, 23	(75,245)	-	-
Operating income before working capital changes		85,205,797	80,932,267	80,771,733
Changes in operating assets and liabilities:				
Decrease (Increase) in:				
Trade receivables – net		(10,142,232)	(103,992)	(4,949,952)
Inventories and supplies		(82,149)	1,441,224	(1,560,116)
Contract assets		(616,657)	(2,028,853)	1,316,067
Prepayments and other current assets		(5,013,014)	(2,161,170)	15,611,495
Other noncurrent assets		(288,404)	(26,000)	(21,339,684)
Increase (Decrease) in:				
Trade payables and accrued expenses		3,091,976	(6,061,786)	2,600,560
Other long-term liabilities		(990,006)	(343,493)	(1,441,720)
Contract liabilities and deferred revenues		(611,873)	(777,163)	446,948
Cash generated from operations		70,553,438	70,871,034	71,455,331
Income taxes paid		(7,674,316)	(5,730,531)	(6,295,333)
Net cash flows from operating activities		62,879,122	65,140,503	65,159,998
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Property and equipment	11	(97,983,036)	(92,750,679)	(60,268,935)
Investment properties		(5,622,764)	-	-
Investment in joint ventures	15	(585,530)	(1,591,856)	(1,532,500)
Intangible assets	12	(3,383,869)	(57,661)	(32,586)
Release of loans receivable to related parties	10	(681,000)	(2,547,935)	-
Proceeds from sale and leaseback of telecom towers	11	30,005,000	-	-
Collections of loans receivable from related party	10	408,000	70,000	358,620
Net cash outflow from acquisition of subsidiaries, net of cash acquired	14	-	-	(385,181)
Interest received		311,379	136,152	193,249
Proceeds from sale of property and equipment		750,716	179,998	93,154
Net cash received from sale of data center business	15	5,030,000	-	-
Proceeds from sale of investment in HealthNow	15	175,725	-	-
Net cash flows used in investing activities		(71,575,379)	(96,561,981)	(61,574,179)

(Forward)



GLOBE TELECOM, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	For the Years Ended December 31		
		2022	2021	2020
<i>(In Thousand Pesos)</i>				
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings:				
Long-term	18	₱8,000,000	₱50,733,809	₱43,998,820
Short-term	18	82,020,167	41,894,040	18,440,000
Repayments of borrowings:				
Long-term	18	(15,934,168)	(8,009,757)	(12,928,496)
Short-term	18	(56,175,000)	(42,258,800)	(17,740,000)
Payments of dividends to stockholders:	21.5			
Common		(14,442,073)	(14,425,839)	(14,403,344)
Preferred		(50,027)	(570,087)	(570,087)
Redemption of non-voting preference share	21.4	-	(10,000,000)	-
Distributions to holders of capital securities	21.3	(1,306,734)	-	-
Issuance of capital securities	21.3	-	29,977,845	-
Issuance of shares by way of stock rights	21.2	16,804,482	-	-
Payments of lease liabilities	13.2	(6,878,960)	(3,566,395)	(1,536,853)
Interest paid		(9,834,409)	(7,692,594)	(6,770,877)
Dividend paid by subsidiary attributable to NCI		-	(20,582)	-
Net cash provided by financing activities		2,203,278	36,061,640	8,489,163
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(6,492,979)	4,640,162	12,074,982
NET FOREIGN EXCHANGE DIFFERENCE ON CASH AND CASH EQUIVALENTS		287,569	90,919	(864,960)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		24,239,195	19,508,114	8,298,092
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	5	₱18,033,785	₱24,239,195	₱19,508,114

See accompanying Notes to Consolidated Financial Statements.



GLOBE TELECOM, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 Corporate Information

1.1 *Globe Telecom, Inc.*

Globe Telecom, Inc. (hereafter referred to as “Globe Telecom” or the “Parent Company”) is a stock corporation organized under the laws of the Philippines on January 16, 1935, and enfranchised under Republic Act (RA) No. 7229 and its related laws to render any and all types of domestic and international telecommunications services. Globe Telecom is one of the leading providers of digital wireless communications services in the Philippines under the Globe Postpaid and Prepaid, and Touch Mobile (TM). Globe provides digital mobile communication and internet-on-the-go services nationwide using a fully digital network based on the Global System for Mobile Communication (GSM), 3G, HSPA+, 4G, LTE and 5G technologies. It provides voice, SMS, data and value-added services to its mobile subscribers. It also offers domestic and international long distance communication services or carrier services. Globe Telecom’s head office is located at The Globe Tower, 32nd Street corner 7th Avenue, Bonifacio Global City, Taguig, Metropolitan Manila, Philippines. Globe Telecom is listed in the Philippine Stock Exchange (PSE) and has been included in the PSE composite index since September 17, 2001. Major stockholders of Globe Telecom include Ayala Corporation (AC), Singapore Telecom International Pte Ltd. (Singtel) and Asiacom Philippines, Inc. None of these companies exercise control over Globe Telecom.

1.2 *Innove Communications, Inc. (Innove)*

Globe Telecom owns 100% of Innove, a stock corporation organized under the laws of the Philippines and enfranchised under RA No. 11151 and its related laws to render any and all types of domestic and international telecommunications services. Innove holds a license to provide digital wireless communication services in the Philippines. Innove also has a license to establish, install, operate and maintain a nationwide local exchange carrier (LEC) service, particularly integrated local telephone service with public payphone facilities and public calling stations, and to render and provide international and domestic carrier and leased line services.

On November 2, 2015, Innove and Techzone Philippines incorporated TechGlobal Data Center, Inc. (TechGlobal), a joint venture company formed for the purpose of operating and managing all kinds of data centers, and providing information technology-enabled, knowledge-based and computer-enabled support services. Innove and Techzone hold ownership interest of 49% and 51%, respectively. TechGlobal started commercial operations in August 2017.

1.3 *GTI Business Holdings, Inc. (GTI) and Subsidiaries*

Globe Telecom owns 100% of GTI. GTI was incorporated and registered under the laws of the Philippines, on November 25, 2008, as a holding company.

1.4 *GTI Corporation (GTIC)*

In July 2009, GTI incorporated a wholly owned subsidiary, GTIC, a company organized under the General Corporation Law of the United States of America, State of Delaware as a wireless and data communication services provider.



1.5 Globe Telecom HK Limited (GTHK)

In December 2011, GTI incorporated a wholly owned subsidiary, GTHK, a limited company organized under the Companies Ordinance of Hong Kong as a marketing and distribution company. On March 17, 2015, GTHK applied for a services-based operator license (SBO) with the Office of the Communications Authority in Hong Kong (OFCA) which was subsequently approved on May 7, 2015. As of June 1, 2020, the SBO was cancelled and surrendered to the OFCA and GTHK has been winding down its operations. GTHK was previously engaged in the marketing and selling of telecommunication products and services in the international market, except the United States of America and the Philippines, under a distributor arrangement.

1.6 Globetel European Limited (GTEU)

On May 10, 2013, GTI incorporated a wholly owned subsidiary, GTEU as holding company for the operating companies of the Globe Group located in the United Kingdom, Spain and Italy.

1.7 Globetel Singapore Pte. Ltd. (GTSG)

On November 12, 2014, GTI incorporated GTSG, a wholly owned subsidiary, for the purpose of offering full range of international data services in Singapore under a facilities-based operations license (FBO) with Infocomm Media and Development Authority (IMDA) in Singapore which was granted on January 7, 2015.

1.8 Third Pillar Business Applications, Inc. (TPBAI) and Subsidiaries

On August 17, 2020, GTI entered into a Share Purchase Agreement for the acquisition of 67% of TPBAI. TPBAI, a corporation organized under the laws of the Philippines, is engaged in systems integration, license reselling, and data management services. TPBAI owns 100% of Third Pillar Global Delivery Center Inc. (TPGDC), a corporation engaged in software implementation and maintenance services and the outsourcing arm of TPBAI.

On January 1, 2022, TPBAI incorporated Third Pillar Asia Pacific Pte. Ltd. (TPAPPL), a wholly owned subsidiary organized under the laws of Singapore, as part of TPBAI's expansion to Asia Pacific.

On December 15, 2022, the ownership of TPBAI and Subsidiaries was transferred from GTI to Yondu, Inc., a wholly-owned subsidiary of Globe Telecom.

1.9 CaelumPacific Corp.(CaelumPacific) and Subsidiaries

On July 30, 2020, GTI incorporated CaelumPacific, a wholly owned subsidiary organized under the laws of the Philippines for the purpose of providing technical consulting and IT related services.

On July 31, 2020, Caelum US Holdings Inc. (Caelum US), a wholly owned subsidiary of CaelumPacific, was incorporated under the laws of the state of Delaware as holding company.

On August 3, 2020, Caelum Northwest Corp. (Caelum Northwest), a wholly owned subsidiary of Caelum US, was incorporated under the laws of the state of Washington for the purpose of customized cloud software development and providing cloud consulting services.

On November 3, 2020, the definitive agreements between Caelum Group and Cascadeo have been signed and executed following the completion of all relevant conditions relating to the sale of assets of Cascadeo in the Philippines and the US. Cascadeo is a group of companies in the Philippines and US which offers cloud-native consulting and managed services capabilities for enterprises and small and medium business customers. The asset purchase agreement entered into by Caelum Group and Cascadeo entities also mandated a holding company established by the sellers in 16.67% of CaelumPacific's capital, effectively reducing GTIBH's ownership to 83.33%.



On May 30, 2021, the Board of Directors approved GTIBH's additional capital infusion amounting to \$500,000, effectively increasing GTIBH's ownership to 85%

On February 11, 2022, the Board of Directors approved GTI's additional capital infusion amounting to \$2.00 million, which further increased GTI's ownership to 88%.

On December 15, 2022, the ownership of CaelumPacific and Subsidiaries was transferred from GTI to Yondu, Inc., a wholly-owned subsidiary of Globe Telecom.

1.10 Globe STT GDC, Inc. (GSG, formerly known as KarmanEdge)

On October 15, 2021, GTI incorporated KarmanEdge Inc. as a wholly owned subsidiary in the Philippines for the purpose of installing, building, owning, operating, maintaining and managing data centers and other related infrastructure, information technology equipment and facilities.

On March 31, 2022, the Globe Group formed a joint venture partnership with Ayala Corporation (AC), and ST Telemedia Global Data Centres (STT GDC). Under the agreement, both STT GDC and AC shall subscribe to new shares in KarmanEdge, Inc., a wholly owned subsidiary of the Globe Group that houses its carved-out data center business. This resulted to a dilution of GTI's ownership interest to 50% as disclosed in [Note 15.11](#).

On May 19, 2022, the SEC approved the amendment of KarmanEdge's articles of incorporation which effectively changes its corporate name to Globe STT GDC, Inc.

1.11 Kickstart Ventures, Inc. (Kickstart) and Subsidiaries

On March 28, 2012, Globe Telecom incorporated Kickstart, a stock corporation organized under the laws of the Philippines and formed primarily for the purpose of investing in individual, corporate, or start-up businesses, and to do research, technology development and commercializing of new business ventures.

In February 2014, Kickstart acquired 40% equity interest in Flipside Publishing Services, Inc. (FPSI). Since Kickstart was able to demonstrate control over FPSI despite having less than 50% ownership interest, FPSI was assessed to be a subsidiary of Kickstart and is included in the consolidation of Globe Group. FPSI is engaged in acquiring publishing rights to produce, publish, market, and sell printed and electronic books (e-books) and other electronic documents and content for international and domestic sales. FPSI ceased operations in July 2016. FPSI remains a dormant company as of reporting date.

In February 2020, Kickstart registered three Cayman Islands exempted companies with limited liabilities, namely (1) Kickstart Capital Co. Ltd. (KCCL), a wholly owned subsidiary of Kickstart; (2) AG Active Associated I, Limited (AAL), a wholly owned subsidiary of KCCL; and, (3) Kickstart Ventures Co. Ltd. (KVCL), a 65% owned subsidiary of KCCL. These entities were formed as a platform for the management of third party venture capital investment funds.

1.12 Asticom Technology, Inc. (Asticom) and Subsidiaries

On June 3, 2014, Globe Telecom acquired 100% of Asticom, a corporation primarily engaged in providing business process and shared service support, as well as IT system integration and consultancy services.



On August 20, 2020, Asticom incorporated its wholly owned subsidiary, Asti Business Services, Inc. (ABSI). ABSI was incorporated to leverage Asticom's business growth, particularly its full-BPO services offering.

On January 26, 2021, Asticom incorporated its wholly owned subsidiary, Fiber Infrastructure and Network Services Inc. (FINSI). FINSI was incorporated to provide end-to-end services and industry-specific solutions to telecommunications and telecommunications-related companies. On March 2021, FINSI started its commercial operation.

On April 12, 2021, Asticom incorporated its wholly owned subsidiary, BRAD Warehouse and Logistics Services Inc. (BRAD). BRAD was incorporated to engage in the business of transporting, shipping, receiving, storing and managing products and services using technology platforms for third-party providers.

On November 29, 2021, ABSI acquired 100% of HCX Technology Partners, Inc., a full-fledged systems integration company offering human capital, customer relationship management and digital solutions to its clients.

On July 27, 2022, Asticom incorporated its wholly owned subsidiary, Acquiro Solutions and Tech Inc. (ACQR) to provide manpower services for support and shared services of administrative functions, information technology including consultancy services for offshore development services and other related services.

1.13 Globe Capital Venture Holdings Inc. (GCVHI) and Subsidiaries

On June 29, 2015, Globe Telecom incorporated its wholly owned subsidiary, GCVHI as an investing and holding company primarily engaged in purchasing, subscribing, owning, holding, assigning real and personal property, shares of stock and other securities. In August 2019, GCVHI was rebranded to "917 Ventures" to house Globe Telecom's non-telco incubated products.

On October 13, 2015, GCVHI incorporated its wholly owned subsidiary Adspark Holdings, Inc. (AHI), a holding company established for the acquisition of additional investment in Globe Telecom's non-core business. AHI holds 100% of Adspark Inc. (AI), an advertising company. AI holds 100% of Socialytics Inc. (Socialytics), a social media marketing firm. On September 1, 2021, AHI acquired 100% of Techgrowers, Inc., a company engaged in data- and software-related services through the utilization of telecommunications facilities. On March 22, 2022, the SEC approved the amendment of Techgrowers' articles of incorporation which effectively changes its corporate name to M360, Inc., as well as its primary purpose which is to engage in the business of application-to-person (A2P) messaging.

On February 4, 2020, GCVHI incorporated 917Ventures, Inc. as a holding company for GCVHI's business incubators.

On December 1, 2022, AHI acquired 49% and 51% of outstanding shares of Inquiro from 917Ventures, Inc. and Jerusalem Ventures Holdings Inc. (JVHI), respectively. The acquisition increased Globe Group's ownership interest from 49% to 100% and was accounted for as an acquisition of a subsidiary.

Inquiro was incorporated to provide data management and other data-related services, through the utilization of telecommunication facilities



1.14 Bayan Telecommunications Inc. (BTI) and Subsidiaries

Globe owns 99% of BTI, a stock corporation organized under the laws of the Philippines and enfranchised under RA No. 11503 and its related laws to render domestic and international telecommunications services. BTI is a facilities-based provider of data services and fixed-line telecommunications.

BTI's subsidiaries are: Radio Communications of the Philippines, Inc. (RCPI), Telecoms Infrastructure Corp. of the Philippines (Telicphil), Sky Internet, Incorporated (Sky Internet), GlobeTel Japan (formerly BTI Global Communications Japan, Inc.), and NDTN Land, Inc. (NLI), (herein collectively referred to as "BTI Group").

1.15 TaoDharma Inc. (Tao)

Globe Telecom owns 67% of Tao, an entity incorporated and registered under the laws of the Philippines. Tao operates and maintains retail stores in strategic locations within the Philippines that sells telecommunications or internet-related services, and devices, gadgets and accessories.

1.16 GTowers Inc (GTowers)

On August 17, 2018, GTowers was incorporated as a wholly owned subsidiary of Globe Telecom. GTowers is still under pre-operating stage as of reporting date.

1.17 Yondu, Inc. and Subsidiaries

Globe Telecom owns 100% of Yondu an entity engaged in the development and creation of wireless products and services accessible through mobile devices or other forms of communication devices. It also provides internet and mobile value-added services, information technology and technical services including software development and related services. Yondu is registered with the Department of Transportation and Communication (DOTC) as a content provider.

Yondu holds 100% of Rocket Search, Inc. (formerly Yondu Software Labs, Inc.), a company primarily engaged in providing information technology (IT) products and services and engaged in IT placement services.

On December 15, 2022, Yondu acquired the ownership of TPBAI and Subsidiaries and CaelumPacific and Subsidiaries from GTI, a wholly-owned subsidiary of Globe Telecom.

1.18 Electronic Commerce Payments, Inc. (ECPay)

On October 25, 2019, Globe Telecom acquired 77% ownership of ECPay. ECPay is primarily engaged in the business of providing IT and e-commerce solutions, including, but not limited to, prepaid phone and internet products, bills payments and others.

2 Summary of Significant Accounting Policies

2.1 Basis of Preparation and Presentation

The consolidated financial statements of Globe Telecom, Inc. and its subsidiaries, collectively referred to as the "Globe Group", have been prepared under the historical cost convention method, except for:

- certain financial instruments carried at fair value;
- certain financial instruments and lease liabilities carried at amortized cost;
- inventories carried at net realizable value;



- investments in associates and joint ventures in which equity method of accounting is applied; and,
- retirement benefit obligation measured at the present value of the defined benefit obligation net of the fair value of the plan assets.

The consolidated financial statements of the Globe Group are presented in Philippine Peso (₱), which is Globe Telecom's functional currency, and rounded to the nearest thousands, except when otherwise indicated.

On February 6, 2023, the BOD approved and authorized the release of the consolidated financial statements of Globe Telecom, Inc. and its subsidiaries as of December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022.

2.2 Statement of Compliance

The consolidated financial statements of the Globe Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), which includes all applicable PFRS, Philippine Accounting Standards (PAS), and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC), and Standing Interpretations Committee (SIC) as approved by the Financial Reporting Standards Council (FRSC) and the Board of Accountancy, and adopted by the Securities and Exchange Commission (SEC).

2.3 Composition of the Group

The accompanying consolidated financial statements include the accounts of Globe Telecom and the following subsidiaries:

Name of Subsidiary	Place of Incorporation	Principal Activity	Parent Company's Percentage of Ownership	
			2022	2021
Innove	Philippines	Wireline voice and data communication services	100%	100%
GTI	Philippines	Holding company	100%	100%
GTIC	United States	Wireless and data communication services	100%	100%
GTHK	Hong Kong	Marketing and distribution company	100%	100%
GTSG	Singapore	Wireless and data communication services	100%	100%
GTEU	United Kingdom	Holding company	100%	100%
TPBAI ⁷	Philippines	Data management services	-	67%
TPGDC ⁷	Philippines	Support and shared services provider	-	100%
TPAPPL ^{4,7}	Singapore	Data management services	-	100%
CaelumPacific ⁷	Philippines	Technical consulting and IT related services	-	85%
Caelum US ⁷	United States	Holding company	-	100%
Caelum Northwest ⁷	United States	Cloud software development and consulting services	-	100%
Globe STT GDC ^{2,5}	Philippines	Data center management	50%	100%
KVI	Philippines	Venture capital company	100%	100%
FPSI ¹	Philippines	E-book solutions	40%	40%
KCCL	Cayman Islands	Management of capital investment funds	100%	100%
KVCL	Cayman Islands	Management of capital investment funds	65%	65%
AAAL	Cayman Islands	Management of capital investment funds	100%	100%
Asticom	Philippines	Support and shared services provider	100%	100%
ABSI	Philippines	Support and shared services provider	100%	100%
HCX ³	Philippines	Human capital management services	100%	100%
FINSI ²	Philippines	Support and industry specific solutions	100%	100%
BRAD ²	Philippines	Warehouse and logistics	100%	100%
ACQR ⁴	Philippines	Support and shared services provider	100%	-
GCVHI	Philippines	Holding Company	100%	100%
917V	Philippines	Venture capital company	100%	100%
AHI	Philippines	Holding company	100%	100%
AI	Philippines	Advertising company	100%	100%
Socialytics	Philippines	Advertising company	100%	100%
M360 ³	Philippines	A2P messaging	100%	100%
Inquiro ⁶	Philippines	Data management services	100%	49%
BTI	Philippines	Wireline voice and data communication services	99%	99%
RCPI	Philippines	Wireline communication services	91%	91%
Telicphil ¹	Philippines	Telco equipment administration and maintenance	58%	58%
Sky Internet	Philippines	Data communication services	100%	100%
GlobeTel Japan	Japan	Wireless and data communication services	100%	100%
NLI	Philippines	Land holding company	70%	70%
Tao	Philippines	Distribution company	67%	67%
GTowers Inc.	Philippines	Tower company	100%	100%
Yondu	Philippines	Information technology and software development	100%	100%
Rocket Search	Philippines	Information technology and software development	100%	100%
TPBAI	Philippines	Data management services	67%	-
TPGDC	Philippines	Support and shared services provider	100%	-
TPAPPL ⁴	Singapore	Data management services	100%	-
CaelumPacific	Philippines	Technical consulting and IT related services	88%	-
Caelum US	United States	Holding company	100%	-
Caelum Northwest	United States	Cloud software development and consulting services	100%	-
EC Pay	Philippines	Information technology and electronic services	77%	77%

¹ Ceased operations

² Incorporated in 2021

³ Consolidated in 2021

⁴ Incorporated in 2022

⁵ Deconsolidated in 2022

⁶ Consolidated in 2022

⁷ Transferred to Yondu in 2022

2.4 Business Combination and Goodwill

Acquisitions of businesses are accounted for using the purchase method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Globe Group, liabilities incurred by the Globe Group to the former owners of the acquiree and the equity interest issued by the Globe Group in exchange for control of the acquiree. Acquisition related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with PAS 12, Income Taxes and PAS 19, Employee Benefits, respectively;
- liabilities and equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangement of the Globe Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with PFRS 2, Share-based Payment, at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with PFRS 5, Non-current assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in the consolidated profit or loss as bargain purchase gain.

Goodwill is not amortized but is reviewed for impairment at least annually. For purposes of impairment testing, goodwill is allocated to each of the Globe Group's cash-generating units (CGU) that are expected to benefit from the synergies of the combination. In certain circumstances where it is not possible to complete the initial allocation of the goodwill to a CGU or group of CGUs for impairment purposes before the end of the annual period in which the combination is effected, the goodwill (or part of it) is left unallocated for that period. Goodwill must then be allocated before the end of the first annual period beginning after the acquisition date.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interest are measured at fair value or, when applicable, on the basis specified in another PFRS.

When the consideration transferred by the Globe Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify

as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the changes in fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with PFRS 9, Financial Instruments, or PAS 37, Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Globe Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amount arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Globe Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

2.4.1 Consolidation procedures

The assets, liabilities, income and expense of subsidiaries are consolidated from the date on which control is transferred to the Parent Company and ceases to be consolidated from the date on which control is transferred out of the Parent Company.

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company as well as accounting policies for like transactions and other events in similar circumstances. When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with the Globe Group's accounting policies.

All significant intercompany balances and transactions, including intercompany profits and losses, were eliminated in full during consolidation.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Globe Group's foreign operations are translated into Philippine Peso using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising from the translation, if any, are recognized in other comprehensive income and accumulated in other equity reserves.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity reserves in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

2.4.2 Determination of control

The Parent Company controls an investee if and only if the Parent Company has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

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

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

The Globe Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

2.4.3 Non-controlling interest

Non-controlling interests pertain to the equity in a subsidiary not attributable, directly or indirectly to the Globe Group. Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not wholly-owned and are presented in the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of financial position, separately from the equity attributable to the Parent Company.

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

2.4.4 Changes in ownership without loss of control

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. The carrying amounts of the Globe Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interest in the subsidiaries. Any difference between the amount by which the non-controlling interest are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the equity holders of the Parent Company.

2.4.5 Changes in ownership with loss of control

If the Globe Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resulting gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

2.5 *Financial Instruments*

2.5.1 *Initial Recognition*

Financial instruments are recognized in the Globe Group's consolidated statements of financial position when the Globe Group becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date, i.e., the date that the Globe Group commits to purchase or sell the asset.

Financial instruments are recognized initially at fair value. Transaction costs are included in the initial measurement of the Group's financial instruments, except for financial instruments classified at fair value through profit or loss (FVPL).

2.5.2 *Classification and Subsequent Measurement of Financial Assets*

The Globe Group classifies its financial assets into the following categories: financial assets at FVPL, financial assets at amortized cost and financial assets at fair value through other comprehensive income (FVOCI).

2.5.2.1 *Financial assets at FVPL*

The Globe Group classifies the following investments as financial assets at FVPL:

- investments in equity securities unless irrevocably elected at initial recognition to be measured at FVOCI;
- investments in debt instruments held within a business model whose objective is to sell prior to maturity or has contractual terms that does not give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, unless designated as effective hedging instruments under a cash flow hedge;
- investments that contain embedded derivatives; and
- investment in debt instruments designated as financial assets at FVPL at initial recognition.

Financial assets at FVPL are carried at fair value at the end of each reporting period with any resultant gain or loss recognized in profit or loss.

Financial assets classified under this category are disclosed in [Note 32.1](#).

2.5.2.2 *Financial assets at amortized cost*

Investments in debt instrument, loans, trade and other receivables that are held within a business model whose objective is to collect the contractual cash flows and has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding are classified as financial assets at amortized cost, unless the asset is designated at FVPL under the fair value option.

Subsequent to initial recognition, financial assets classified under this category are measured at amortized cost using effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is not material.

Financial assets classified under this category are disclosed in [Note 32.1](#).

2.5.2.3 *Financial assets at fair value through other comprehensive income*

The Globe Group classifies the following investments as financial assets at FVOCI:

- Investments in debt instrument that is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and has contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, unless the asset is designated at FVPL under the fair value option;
- Investments in equity securities irrevocably elected to be measured at FVOCI; and
- Derivative designated as effective hedging instruments under cash flow hedges.

Financial assets at FVOCI are carried at fair value at the end of each reporting period. Changes in the carrying amount financial assets at FVOCI arising from movements in fair value are recognized in other comprehensive income and accumulated in other equity reserves. When the investment is disposed of, the cumulative gain or loss previously accumulated in equity reserves is reclassified directly to retained earnings.

Financial assets classified under this category are disclosed in [Notes 32.1](#).

2.5.3 *Impairment of Financial Assets and Contract Assets at amortized cost*

The Globe Group assesses at end of the reporting date whether a financial asset or group of financial assets is impaired.

The Globe Group recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost, loans, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Globe Group applies the simplified ECL approach and always recognizes lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated based on the characteristics of the product and payment behavior of the subscriber at the reporting date.

For all other financial instruments, the Globe Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Globe Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Globe Group measures ECL on an individual basis, or on a collective basis for portfolios of receivables that share similar economic risk characteristics.

Significant increase in credit risk

In assessing whether the credit risk on non-trade receivables has increased significantly since initial recognition, the Globe Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Globe Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information. The forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Despite the foregoing, the Globe Group assumes that the credit risk on non-trade receivables has not increased significantly since initial recognition if the instrument is determined to have low credit risk at the reporting date. The Globe Group considers a financial asset to have low credit risk when the counterparty has a strong financial position and there is no past due amounts. An instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default,
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Globe Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

For subscribers receivable and contract assets, the Globe Group considers that default has occurred when the subscriber has been permanently disconnected.

For all other receivables, The Globe Group considers the following as constituting an event of default as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Globe Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Globe Group considers that default has occurred when a financial asset is more than 90 days past due unless the Globe Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, (e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the Group has effectively exhausted all collection efforts). Financial assets written off may still be subject to enforcement activities under the Globe Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, this is represented by the assets' gross carrying amount at the reporting date.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Globe Group in accordance with the contract and all the cash flows that the Globe Group expects to receive, discounted at the original effective interest rate.

If the Globe Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Globe Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets such as trade receivables and contract assets for which simplified approach was used.

The Globe Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

2.5.4 Classification of financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and equity instrument.

2.5.4.1 Classification and Subsequent Measurement of Financial liabilities

The Globe Group further classifies its financial liabilities into financial liabilities at FVPL and financial liabilities at amortized cost. The classification depends on the nature and purpose of the financial liability and is determined at the time of initial recognition.

2.5.4.1.1 Financial liabilities at FVPL

This category consists of financial liabilities that were designated by management as FVPL on initial recognition and derivative financial liabilities not designated as effective hedging instruments under cash flow hedges.

Financial liabilities at FVPL are carried in the consolidated statements of financial position at fair value, with changes in fair value recognized in profit or loss.

Financial liabilities classified under this category are disclosed in [Note 32](#).

2.5.4.1.2 Financial liabilities at amortized cost

Loans, trade and other payables which are not designated as financial liabilities at FVPL are classified as financial liabilities at amortized cost. Financial liabilities classified under this category are subsequently measured at amortized cost using the effective rate method. Financial liabilities classified under this category are disclosed in [Note 32](#).

2.5.4.1.3 Equity instruments

Capital Stock

Capital stock is recognized as issued when the stock is paid for or subscribed under a binding subscription agreement and is measured at par value. The transaction costs incurred as a necessary part of completing an equity transaction are accounted for as part of that transaction and are deducted from additional paid-in capital, net of related income tax benefits.

Additional Paid-in Capital

Additional paid-in capital includes any premium received in excess of par value on the issuance of capital stock.



Capital Securities

Capital Securities are perpetual securities in respect of which there is no fixed redemption date and the redemption is at the option of the Globe Group. The Globe Group also has the sole and absolute discretion to defer payment of any or all of the distribution.

The proceeds received from the issuance of the securities are credited to capital securities account under the equity section of the consolidated statements of financial position. Incremental costs directly attributable to the issuance of capital securities are recognized as a deduction from equity, net of tax.

Treasury Shares

Own equity instruments which are reacquired are carried at cost and deducted from equity. No gain or loss is recognized on the purchase, sale, reissuance or cancellation of the Parent Company's own equity instruments. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Retained Earnings

Retained earnings represent accumulated profit attributable to equity holders of the Parent Company after deducting dividends declared. Retained earnings may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

2.5.5 Derivative Instruments

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedge of an identified risk and qualifies for hedge accounting treatment. The objective of hedge accounting is to match the impact of the hedged item and the hedging instrument in the consolidated profit or loss. To qualify for hedge accounting, the hedging relationship must comply with requirements such as the designation of the derivative as a hedge of an identified risk exposure, hedge documentation, probability of occurrence of the forecasted transaction in a cash flow hedge, assessment (both prospective and retrospective bases) and measurement of hedge effectiveness, and reliability of the measurement bases of the derivative instruments.

Upon inception of the hedge, the Globe Group documents the relationship between the hedging instrument and the hedged item, its risk management objective and strategy for undertaking various hedge transactions, and the details of the hedging instrument and the hedged item. The Globe Group also documents its hedge effectiveness assessment methodology, both at the hedge inception and on an ongoing basis, as to whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Hedge effectiveness is likewise measured, with any ineffectiveness being reported immediately in the consolidated profit or loss.

2.5.5.1 Types of Hedges

The Globe Group designates derivatives which qualify as accounting hedges as either:

- a hedge of the fair value of a recognized fixed rate asset, liability or unrecognized firm commitment (fair value hedge); or
- a hedge of the cash flow variability of recognized floating rate asset and liability or forecasted sales transaction (cash flow hedge).

Fair Value Hedges

Fair value hedges are hedges of the exposure to variability in the fair value of recognized assets, liabilities or unrecognized firm commitments. The gain or loss on a derivative instrument designated as a fair value hedge, as well as the offsetting loss or gain on the hedged item attributable to the hedged risk, are recognized in the consolidated profit or loss in the same accounting period. Hedge effectiveness is determined based on the hedge ratio of the fair value changes of the hedging instrument and the underlying hedged item. When the hedge ceases to be highly effective, hedge accounting is discontinued.

Cash Flow Hedges

A cash flow hedge is a hedge of the exposure to variability in future cash flows related to a recognized asset, liability or a forecasted sales transaction. Changes in the fair value of a hedging instrument that qualifies as a highly effective cash flow hedge are recognized in other comprehensive income and accumulated in other equity reserves. Any hedge ineffectiveness is immediately recognized in the consolidated profit or loss.

If the hedged cash flow results in the recognition of a nonfinancial asset or liability, gains and losses previously recognized in other comprehensive income are transferred from equity and included in the initial measurement of the cost or carrying value of the asset or liability. Otherwise, for all other cash flow hedges, gains and losses initially recognized in equity are transferred to consolidated profit or loss in the same period or periods during which the hedged forecasted transaction or recognized asset or liability affect earnings.

Hedge accounting is discontinued prospectively when the hedge ceases to be highly effective. When hedge accounting is discontinued, the cumulative gains or losses on the hedging instrument that has been recognized in OCI is retained in other equity reserves until the hedged transaction impacts consolidated profit or loss. When the forecasted transaction is no longer expected to occur, any net cumulative gains or losses previously recognized in other equity reserves is immediately reclassified in the consolidated profit or loss.

2.5.6 Other Derivative Instruments Not Accounted for as Accounting Hedges

Certain freestanding derivative instruments that provide economic hedges under the Globe Group's policies either do not qualify for hedge accounting or are not designated as accounting hedges. Changes in the fair values of derivative instruments not designated as hedges are recognized immediately in the consolidated profit or loss.

2.5.7 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.5.8 Derecognition of Financial Instruments

2.5.8.1 Financial Asset

The Globe Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when the Globe Group transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Globe Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Globe Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Globe Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Globe Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable are recognized in the consolidated profit or loss.

2.5.8.2 Financial Liability

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. On derecognition of financial liabilities, the difference between the carrying amount of the financial liability derecognized and the sum of consideration paid and payable is recognized in the consolidated profit or loss.

Modification of Debt Terms in a Financial Liability

A modification of debt terms may include changes to stated interest rate for the remaining original life of the debt, maturity date or dates, currency denomination, and face amount of the debt, among others.

A substantial modification of the terms in a financial liability is accounted for as an extinguishment of the original liability and recognition of a new liability.

When the modification of debt terms in a financial liability is not substantial, the revised cash flows as a result of the modification should be discounted at the date of the modification at the original effective interest rate. The difference between the carrying amount of the liability immediately before the modification and the sum of the present value of the cash flows of the modified liability discounted at the original EIR should be recognized in profit or loss as a modification gain or loss.

A modification is deemed to be substantial if the net present value of the cash flows under the modified terms, including fees paid or received between the borrower and the lender and fees paid or received by either the borrower or lender on the other's behalf, is at least 10 per cent different from the net present value of the remaining cash flows of the liability prior to the modification, both discounted at the original effective interest rate of the liability prior to the modification.

2.6 Inventories

Inventories are initially measured at cost. Subsequently, inventories are stated at the lower of cost and net realizable value. The costs of inventories are calculated using the moving average method. Net realizable value represents the estimated selling price less all costs necessary to make the sale.

When the net realizable value of the inventories is lower than the cost, the Globe Group provides for an allowance for the decline in the value of the inventory and recognizes the write-down as an



expense in the consolidated profit or loss. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

2.7 Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Prepayments are classified in the consolidated statement of financial position as current assets when the cost of goods or services related to the prepayments are expected to be incurred within one year. Otherwise, prepayments are classified as non-current assets.

2.8 Value Added Tax (VAT)

Input VAT is recognized when the Globe Group purchases goods or services from a VAT registered supplier or vendor.

2.9 Property and Equipment

Property and equipment are initially measured at cost. The cost of an item of property and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- the initial estimate of the future costs of dismantling and removing the item and restoring the site on which it is located.

The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

Major spare parts and stand-by equipment qualify as property and equipment when the Globe Group expects to use them during more than one period. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of property and equipment, they are accounted for as property and equipment.

At the end of each reporting period, items of property and equipment are carried at cost less any subsequent accumulated depreciation and impairment losses.

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Globe Group. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Depreciation is computed on the straight-line method based on the estimated useful lives (EUL) of the assets as follows:

	Years
Telecommunications equipment:	
Tower	20
Switch	7-10
Outside plant, cellsite structures and improvements	10-20
Distribution dropwires and other wireline asset	2-10
Cellular equipment and others	3-10
Buildings	20-25
Cable systems (including IRUs)	5-20
Office equipment	3-7
Transportation equipment	3-5

Leasehold improvements are amortized over the shorter of their EUL or the corresponding lease terms.

The EUL of property and equipment are reviewed annually based on expected asset utilization or expected future technological developments and market behavior including shift in subscribers' requirements.

Assets in the course of construction are carried at cost, less any recognized impairment loss. These are transferred to the related property and equipment account when the construction or installation and the related activities necessary to prepare the property and equipment for their intended use are complete, and the property and equipment are ready for service. Depreciation of these assets, on the same basis as other property and equipment, commences at the time the assets are ready for their intended use.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated profit or loss.

Assets Held for Sale (AHFS)

An assets is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

A sale is considered highly probable if:

- the appropriate level of management is committed to a plan to sell the asset;
- an active program to locate a buyer and complete the plan have been initiated;
- the asset is actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- the sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Certain events or circumstances may extend the period to complete the sale beyond one year. Provided that the delay is caused by events or circumstances beyond the Globe Group's control

and there is sufficient evidence that the Globe Group remains committed to its plan to sell the asset, such extension does not preclude an asset from being classified as held for sale.

Assets classified as held for sale are not depreciated. Instead, these are measured at lower of carrying amount and fair value less cost to sell.

The Globe Group assesses whether the disposal group is a discontinued operation and presents it separately in the profit or loss. A discontinued operation is a component that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations,
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or
- is a subsidiary acquired exclusively with a view to resale.

2.10 Intangible Assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially recognized at cost. Subsequent to initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their EUL. The EUL and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following conditions have been demonstrated:

- technical feasibility of completing the intangible asset so that it will be available for use or sale;
- intention to complete the intangible asset and use or sell it;
- ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in the consolidated profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are recognized initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Amortization of intangible asset is computed based on the EUL of the assets below:

	Years
Software	3-10
Spectrum and franchise	10-59
Customer contracts	4
Merchant networks	4-21

Derecognition of Intangible assets

Intangible assets are derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated profit or loss.

2.11 Investments in Joint Venture

A joint venture (JV) is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

Investments in JV are measured initially at cost. Subsequent to initial recognition, the Globe Group's investments in its JV are accounted for using the equity method. Under the equity method, the investments in JV are carried in the consolidated statements of financial position at cost plus post-acquisition changes in the Globe Group's share in net assets of the JV, less any allowance for impairment losses. The consolidated profit or loss includes the Globe Group's share in the results of operations of its JV. Any change in OCI of those investees is presented as part of the Globe Group's OCI. In addition, where there has been a change recognized directly in the equity of the JV, the Globe Group recognizes its share of any changes and presents this, when applicable, directly in equity.

When the share of losses recognized under the equity method has reduced the investment to zero, the Globe Group shall discontinue recognizing its share of further losses and apply it to other interests that, in substance, form part of the Globe Group's net investment in the JV. If the JV subsequently reports profits, the Globe Group will resume recognizing its share of those profits only after its share of the profits equal the share in losses not recognized.

The financial statements of the joint venture are prepared for the same reporting period as the Globe Group.

The Globe Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture. When the Globe Group retains an interest in the former joint venture and the retained interest is a financial asset, the Globe Group measures the retained interest at fair value at that date and the fair value is regarded as its new carrying amount. The difference between the carrying amount of the joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is recognized in the consolidated profit or loss. In addition, the Globe

Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities.

When the Globe Group reduces its ownership interest in a joint venture but the Globe Group continues to use the equity method, the Globe Group derecognizes the portion of the carrying amount of the investment that was disposed of. The difference between the amount of investment derecognized and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture.

The Globe Group's interest in a joint venture may also be reduced other than by an actual disposal. Such a reduction in interest, which is commonly referred to as a deemed disposal, may arise for a number of reasons, including:

- the investor does not take up its full allocation in a rights issue by the joint venture;
- the joint venture declares scrip dividends which are not taken up by the investor so that its proportional interest is diminished;
- another party exercises its options or warrants issued by the joint venture; or
- the joint venture issues shares to third parties.

The Globe Group accounts for a deemed disposal on the same basis as a regular disposal. Any resulting gain or loss on deemed disposal is recognized in the consolidated profit or loss.

2.12 Impairment of Nonfinancial Assets

At the end of each reporting period, the Globe Group assesses whether there is any indication that any of its tangible and intangible assets with finite useful lives may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

At the time of impairment testing a cash-generating unit to which goodwill has been allocated, there may be an indication of an impairment of an asset within the unit containing the goodwill. In such circumstances, the asset is tested for impairment first, and an impairment loss is recognized for that asset before testing for impairment the cash-generating unit containing the goodwill.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized as an expense. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill

allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized as income. Impairment losses relating to goodwill cannot be reversed in future periods.

2.13 Provisions

Provisions are recognized when the Globe Group has a present obligation, either legal or constructive, as a result of a past event and it is probable that the Globe Group will be required to settle the obligation through an outflow of resources embodying economic benefits, and the amount of the obligation can be estimated reliably.

The amount of the provision recognized is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. A provision is measured using the cash flows estimated to settle the present obligation; its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are reviewed at end of each reporting period and adjusted to reflect the current best estimate.

If it is no longer probable that a transfer of economic benefits will be required to settle the obligation, the provision should be reversed.

2.13.1 Asset Retirement Obligation (ARO)

The net present value of legal obligations associated with the retirement of an item of property and equipment that resulted from the acquisition, construction or development and the normal operation of property and equipment is recognized in the period in which it is incurred. The retirement obligation is initially measured at the present value of the estimated future dismantlement or restoration cost using current market borrowing rates. Subsequently, the discount is amortized as interest expense.

Changes in Existing Decommissioning, Restoration and Similar Liabilities

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, are accounted as follows:

- changes in the liability are added to, or deducted from, the cost of the related asset in the current period, except that the amount deducted from the cost of the asset must not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognized immediately in the consolidated profit or loss; and
- if the adjustment results in an addition to the cost of an asset, the entity should consider whether this may indicate that the new carrying amount of the asset may not be fully recoverable. If so, the asset should be tested for impairment.

2.14 Contingent liabilities and contingent assets

Contingent liabilities and assets are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Globe Group.

Contingent liabilities are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are disclosed only if an inflow of economic benefits is probable. Contingent assets are recognized only if an inflow of economic benefits is virtually certain.

2.15 Revenue Recognition

Revenue is measured based on the consideration specified in an arrangement with the customer, net of any amounts collected on behalf of third parties. The Globe Group recognizes revenue upon transfer of control of a product or service to a customer.

In arrangements where another party is involved in providing the services, the Globe Group assesses whether the nature of its promise in the arrangement is to provide the specified services itself or to arrange for those services to be provided by the other party. If the promise in an arrangement is to provide the services itself, the Globe Group recognizes the service revenue at gross amount of consideration, with the amount remitted to the other party being recognized as expense. However, if the promise is to simply arrange for those services to be provided by the other party, the Globe Group recognizes service revenues equivalent only to the extent of fees or commission to which it expects to be entitled in exchange for arranging the services.

The Globe Group recognizes revenues from the following sources:

- Mobile services provided to subscribers at prepaid or postpaid arrangements such as Short Messaging Services (SMS), voice, data communication, and other value added services ([Note 2.15.1](#));
- Wireline services provided to subscribers under subscription arrangements such as, voice, corporate communication, and home broadband internet ([Note 2.15.1](#));
- Inbound traffic originating from other telecommunications providers that terminates at Globe Group's network ([Note 2.15.2](#));
- Inbound roaming due from foreign carriers ([Note 2.15.3](#));
- Postpaid wireless communication services bundled with sale of handsets and other devices ([Note 2.15.4](#));
- Postpaid wireline communication services bundled with equipment installation services ([Note 2.15.5](#));
- Leases, interests and management fees ([Note 2.15.7](#)).

2.15.1 Mobile, broadband and corporate data services

Monthly service fees from mobile and wireline services under postpaid subscriptions are recognized as service revenues throughout the subscription period.

Proceeds from over-the-air reloading channels and sale of prepaid cards are initially recognized as deferred revenues. These are eventually credited to service revenues upon actual usage of load value. Any unused remaining load value after the prescribed validity period are immediately recognized as service revenue.

Subscription to promotional offer of SMS, voice, data communication, broadband internet, and other services, are recognized as service revenue over the promotional period.



The Globe Group also provides corporate data services which include end-to-end data solutions customized according to the needs of businesses to various customers. Similarly, monthly service fees from corporate data services are recognized as revenues over time in the period the services are rendered.

2.15.2 Inbound traffic

Inbound traffic originating from other telecommunications providers that terminates at the Globe Group's network are recognized as service revenues in the period the inbound traffic occurred based on agreed rates with the other telecommunication providers.

2.15.3 Inbound roaming services

Service revenues from foreign carriers for inbound roaming transactions at the Globe Group's network are recognized in the period the inbound roaming connection is provided.

2.15.4 Postpaid mobile services and sale of mobile handsets and other devices

The Globe Group provides postpaid wireless communication services which are bundled with sale of mobile handsets and other devices. The postpaid wireless communication services and the sale of devices are considered two separate performance obligations which are capable of being distinct and separately identifiable. The Globe Group allocates the contract consideration between the two performance obligations based on their corresponding relative stand-alone selling prices (SSP). The stand-alone selling prices are determined based on the expected cost plus margin or adjusted market approach. The amount allocated to the postpaid wireless communication service is recognized as service revenue over the period of subscription. Any amount allocated to the sale of device is immediately recognized as non-service revenue upon delivery of the item. Contract assets are recognized for the unbilled portion of the consideration allocated to the sale of devices which are subsequently reduced as the monthly service fees are billed to the subscribers.

2.15.5 Postpaid subscription to wireline services and equipment installation services

The Globe Group provides equipment installation services which are bundled with postpaid wireline services. The promise to install the equipment is not considered as a distinct service from the postpaid wireline service since the subscriber may not be able to benefit from the installation services without the availability of the postpaid wireline services. Accordingly, the two services are deemed as one performance obligation.

Service revenues from the equipment installation and postpaid wireline services are recognized over time throughout the period of subscription. Outright payments received from the installation services are initially recognized as contract liabilities and subsequently credited to service revenues over the period of subscription.

2.15.6 Globe Rewards

The Globe Group operates Globe Rewards Program through which subscribers accumulate points upon purchase of certain products and services. The Globe Rewards points may be redeemed in the form of mobile promos, bill rebates, gadgets and gift certificates, or use the earned points as cash at partner stores. The promise to provide free products and rebates to the subscribers give rise to a performance obligation that is distinct and separately identifiable. Accordingly, the Globe Group allocates a portion of the transaction price from its service revenues to Globe Rewards points awarded to subscribers based on its relative stand-alone selling price and the estimated number of points that will be eventually redeemed. The stand-alone selling price per point is estimated based on the discount or free products to be

given when the points are redeemed by the subscriber. Amounts allocated to Globe Rewards points are initially recognized as deferred revenues and subsequently credited as service revenues either upon redemption of points or upon expiration.

2.15.7 Other income

2.15.7.1 Interest

Interest income is recognized as it accrues using the effective interest rate method.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

2.15.7.2 Lease

Lease income from operating lease is recognized on a straight-line basis over the lease term.

2.15.7.3 Management fees

Management fee is recognized when services are provided.

2.15.8 Deferred contract costs

Costs to obtain contracts with customers that would not have been incurred if the contracts were not obtained are recognized as deferred contract costs. Deferred contract costs are subsequently recognized as expense on a straight-line basis over the contract period.

Costs to obtain contracts with customers that would have been incurred irrespective of whether the contract were obtained are immediately recognized as expense.

Costs incurred to fulfill a contract are capitalized as deferred contract costs if all of the following conditions are met:

- The costs relate directly to a contract or to an anticipated contract that the Globe Group can specifically identify;
- The costs generate or enhance resources of the Globe Group that will be used in satisfying performance obligation in the future; and
- The costs are expected to be recovered.

2.16 Expense recognition

Expenses are recognized in the consolidated profit or loss when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in the consolidated profit or loss on the basis of: (i) a direct association between the costs incurred and the earning of specific items of income; (ii) systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or (iii) immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the consolidated statements of financial position as an asset.

Expenses in the consolidated statements of comprehensive income are presented using the nature of expense method.

2.17 *Staff Costs*

2.17.1 *Short-term benefits*

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

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

2.17.2 *Post Employment benefits*

The Globe Group has a funded non-contributory defined benefit retirement plan. For the defined benefit retirement plan, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurements, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statements of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Past service cost is recognized in the consolidated profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements)
- Net interest expense or income
- Remeasurement

The Globe Group presents service cost and interest in the consolidated profit or loss in the line item pension costs and finance cost, respectively. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the consolidated statements of financial position represents the present value of the defined benefit obligation as reduced by the fair value of plan assets.

Plan assets are assets held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Globe Group, nor can they be paid directly to the Globe Group. Fair value of plan assets is based on market price information.

2.18 *Share-based Payment Transactions*

The cost of equity-settled transactions with employees and directors is measured by reference to the fair value at the date at which they are granted. In valuing equity-settled transactions, vesting conditions, including performance conditions, other than market conditions (conditions linked to share prices), shall not be taken into account when estimating the fair value of the shares or share options at the measurement date. Instead, vesting conditions are taken into account in estimating the number of equity instruments that will vest.

The cost of equity-settled transactions is recognized in the consolidated profit or loss, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award

('vesting date'). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the management of the Globe Group at that date, based on the best available estimate of the number of equity instruments, will ultimately vest. Costs of exercised awards plus the corresponding strike amount are reclassified to the appropriate capital accounts.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognized as if the terms had not been modified. In addition, an expense is recognized for any increase in the value of the transaction as a result of the modification, measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share (EPS).

2.19 Borrowing Costs

Borrowing costs are capitalized if these are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalization of borrowing costs commences when the activities for the asset's intended use are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are ready for their intended use. Borrowing costs include interest charges and other related financing charges incurred in connection with the borrowing of funds, as well as exchange differences arising from foreign currency borrowings used to finance these projects to the extent that they are regarded as an adjustment to interest costs.

Other borrowing costs are recognized as expense in the period in which these are incurred.

2.20 Leases

2.20.1 Globe Group as Lessee

The Globe Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

Short-term leases and leases of low value assets

For short-term leases and leases of low value assets, the Globe Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

In identifying the lease term, the Globe Group takes into account the non-cancellable period for which it has the right to use the underlying asset, together with all of the following:

- the periods covered by an enforceable option to extend the lease (if the Globe Group is reasonably certain to exercise that option); and

- the periods covered by an enforceable option to terminate the lease (if the Globe Group is reasonably certain not to exercise that option).

The lease terms in arrangements wherein both the lessor and the lessee has the right to terminate the lease without incurring significant amount of penalty are excluded as part of the non-cancellable period of the lease.

Lease Liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Globe Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Globe Group remeasures the lease liability (and makes a corresponding adjustment to the related right of use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Globe Group reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that:

- Is within the control of the Globe Group; and
- Affects whether the Globe Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

The Globe Group revises the lease term if there is a change in the non-cancellable period of a

lease.

Right of Use Assets

The right of use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right of use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right of use assets are presented as a separate line in the consolidated statement of financial position.

The Globe Group applies its accounting policy on impairment of non-financial assets in determining whether a right of use asset is impaired and in accounting for any identified impairment loss.

Sale and Leaseback

If the Globe Group (the seller-lessee) transfers the control of an asset to another entity (the buyer-lessor) and leases that asset back from the buyer-lessor, the Globe Group accounts for the transaction as sale and leaseback. Accordingly, the Globe Group derecognizes the carrying amount of the asset sold; measures the lease liabilities arising from the leaseback at the present value of the future lease payments discounted using the Globe Group's incremental borrowing rate; measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee; and recognizes only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

2.21 Foreign Currency Transactions

Transactions in currencies other than functional currency of the entities included in the Globe Group are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in currencies other than the functional currencies of the entities in the Globe Group are retranslated at the rates prevailing at the end of the reporting period. Gains and losses arising on retranslation are included in the consolidated profit or loss for the year. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated.

2.22 Income Tax

Income tax expense represents the sum of the current tax expense and deferred tax.

2.22.1 Current Income Tax

The current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

2.22.2 Deferred Income Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the

computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

Current tax and deferred tax for the year are recognized in the consolidated profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.23 EPS

Basic EPS is computed by dividing net income attributable to common stock by the weighted average number of common shares outstanding, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the period.

Diluted EPS is computed by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding during the period, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the period, and adjusted for the effect of dilutive options and dilutive convertible preferred shares. Outstanding stock options will have a dilutive effect under the treasury stock method only when the average market price of the underlying common share during the period exceeds the exercise price of the option. If the required dividends to be declared on convertible preferred shares divided by the number of equivalent common shares, assuming such shares are converted, would decrease the basic EPS, then such convertible preferred shares would be deemed dilutive. Where the effect of the assumed conversion of the preferred shares and the exercise of all outstanding options have anti-dilutive effect, basic and diluted EPS are stated at the same amount.

2.24 Fair Value Measurement

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



measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Globe Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Globe Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For the purpose of fair value disclosures, the Globe Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above (see [Note 32.3](#)).

2.25 Operating Segment

The Globe Group's major operating business units are the basis upon which the Globe Group reports its primary segment information. The Globe Group's business segments consist of: (1) mobile communication services and (2) wireline communication services.

All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Globe Group generally accounts for intersegment revenues and expenses at agreed transfer prices.

2.26 Events after the Reporting Period

Any post period-end event up to the date of approval of the BOD of the consolidated financial statements that provides additional information about the Globe Group's position at the end of reporting period (adjusting event) is reflected in the consolidated financial statements. Any post period-end event that is not an adjusting event is disclosed in the consolidated financial statements when material.

3 Adoption of New Standards, Amendments to Standards and Interpretations

The accounting policies adopted in the preparation and presentation of the consolidated financial statements are consistent with prior years, except for the effects of the adoption of new and revised accounting standards set out below.

3.1 Adoption of New and Revised Standards Effective January 1, 2022

In the current year, the Globe Group has applied a number of amendments to PFRS and Interpretations issued by IASB that are effective for the annual period that begins on January 1, 2022. The adoption has not had any material impact on the disclosures or on the amounts reported in the consolidated financial statements.

3.1.1 Reference to the Conceptual Framework – Amendments to PFRS 3

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of PFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the amendments clarified the existing guidance in PFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

3.1.2 Property, Plant and Equipment: Proceeds before Intended Use – Amendments to PAS 16

The amendments prohibit entities to deduct from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

3.1.3 Onerous Contracts – Costs of Fulfilling a Contract – Amendments to PAS 37

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022.

3.1.4 PFRS 9 Financial Instruments – Fees in 10% Test for Derecognition of Financial Liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

3.2 New and Revised Standards Not Yet Effective

At the date of authorization of these consolidated financial statements, the Globe Group has not applied the following new and revised PFRS that have been issued but are not yet effective. The Globe Group anticipates that the application of these new and revised standards will not have a material impact on the Globe Group's consolidated financial statements in future periods.

3.2.1 Amendments to PAS 1: Classification of Liabilities as Current or Non-current

Amendments to paragraphs 69 to 76 of PAS 1 were issued to specify the requirements for classifying liabilities as current or non-current. The amendments clarify the following:

- the definition of right to defer settlement;
- that a right to defer must exist at the end of the reporting period;
- that classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively.

3.2.2 Amendments to PAS 1 Presentation of Financial Statements and PFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies

The amendments change the requirements in PAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in PAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

Further amendments issued in October 2022 clarify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required

to comply with on or before the reporting date would affect classification as current or non-current, even if the covenant is only assessed after the entity's reporting date.

The amendments are effective for annual periods January 1, 2024 which shall be applied retrospectively.

3.2.3 Amendments to PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The amendments are effective for annual periods beginning on or after January 1, 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

3.2.4 Amendments to PAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. Following the amendments to PAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in PAS 12.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted.

3.2.5 Amendments to PFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or

a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted.

4 Management's Significant Accounting Judgments and Use of Estimates and Assumptions

The preparation of the consolidated financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The judgments, estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such judgments, estimates and assumptions.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical Accounting Judgments

4.1.1 Contract Assets on Bundled Products

The Globe Group provides wireless communication services to subscribers which are bundled with handset sales. Based on the Globe Group's assessment, the performance obligations from the wireless communication services and the sale of handsets are both capable of being distinct and separately identifiable. Accordingly, the Globe Group allocates the total contract consideration to the two performance obligations based on their corresponding relative SSP. Contract asset is recognized for any unbilled amount allocated to the revenue from handset sales.

4.1.2 Contract Liabilities on Installation Services

The Globe Group provides equipment installation services bundled together with wireline communication services. Based on the Globe Group's assessment, the installation services are not distinct from the wireline communication services and thus, deemed as one performance obligation. Accordingly, revenues from the installation and wireline communication services are recognized over time throughout the period of the subscription contract.

4.1.3 Deferred Contract Costs

The Globe Group incurs certain commissions and installation costs in relation to the service provided to its subscribers. Based on the Globe Group's assessment, these costs are incremental in obtaining and fulfilling its performance obligations. Accordingly, the Globe Group recognizes deferred contracts costs which are amortized as expense throughout the period of the subscription contract.

4.1.4 Determination of SSP in arrangements with multiple performance obligations

In revenue arrangements involving multiple performance obligations, the transaction price is allocated to each separate performance obligation based on the relative SSP of the goods or services being provided to the customer. The best evidence of SSP is the price an entity charges for that good or service when the entity sells it separately in similar circumstances to similar

customers. However, goods or services are not always sold separately. In such case, the SSP needs to be estimated or derived by other means.

The Globe Group maximized the use of all available observable inputs and applied the expected cost plus margin or adjusted market approach as the estimation method in determining the SSP of the goods and services in arrangements with multiple performance obligations.

4.1.5 Determination of Whether the Globe Group is Acting as a Principal or an Agent

The Globe Group offers a full range of value-added services (VAS) such as mobile commerce services, and content streaming and downloading, among others wherein another party is involved in providing such services. In such case, the Globe Group assesses each arrangement and determines whether the nature of its promise is to provide the specified services itself or to arrange for those services to be provided by the other party.

If the promise in an arrangement is to provide the services itself, the Globe Group recognizes the service revenue at gross amount of consideration. Otherwise, the Globe Group recognizes service revenues equivalent only to the extent of fees or commission to which it expects to be entitled in exchange for arranging the services.

4.2 Key Estimation Uncertainties

4.2.1 ECL Impairment on Subscribers Receivables and Contract Assets

When measuring ECL the Globe Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

An increase in ECL rates on subscribers receivables and contract assets would increase the loss allowance recognized in the consolidated profit or loss.

Impairment loss recognized using ECL in 2022 and 2021 on subscribers receivable amounted to ₱3,945.10 million and ₱3,424.54 million (see [Note 6](#)), and contract assets amounted to ₱723.17 million and ₱346.97 million, respectively (see [Notes 7.1](#) and [27](#)).

4.2.2 Inventory Obsolescence and Market Decline

The Globe Group, in determining the NRV, considers any adjustment necessary for obsolescence which is generally provided for nonmoving items after a certain period. The Globe Group adjusts the cost of inventory to the recoverable value at a level considered adequate to reflect market decline in the value of the recorded inventories. The Globe Group reviews the classification of the inventories and generally provides adjustments for recoverable values of new, actively sold and slow-moving inventories by reference to prevailing values of the same inventories in the market. In assessing the recoverability of inventories that are bundled with mobile services, the Globe Group also takes into account the total cash flows from the bundled goods and services.

The amount and timing of recorded expenses for any period would differ if different estimates were utilized. An increase in allowance for inventory obsolescence and market decline would decrease the profit for the period, and decrease current assets.

Inventory obsolescence and market decline in 2022, 2021 and 2020 amounted to ₱245.52 million, ₱502.63 million and ₱284.79 million, respectively (see [Notes 9](#) and [27](#)).

Inventories and supplies, net of allowances, amounted to ₱3,881.68 million and ₱4,045.05 million as of December 31, 2022 and 2021, respectively (see [Note 9](#)).

4.2.3 EUL of Property and Equipment, Intangible Assets and Right of Use Assets

The useful life of each of the item of property and equipment, intangible assets and right of use assets with finite useful lives is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets and expected asset utilization based on future technological developments, market behavior and limits on legal rights.

It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the EUL of property and equipment, intangible assets and right of use assets would increase the recorded depreciation and amortization expense and decrease noncurrent assets.

The table below presents the carrying values of the Globe Group's property and equipment, intangible assets and right of use assets with finite useful lives as of December 31, 2022 and 2021:

	Notes	2022	2021
		<i>(In Thousand Pesos)</i>	
Property and equipment - net	11	₱201,752,135	₱207,494,365
Intangible assets - net		21,790,971	17,469,787
Right of use assets – net	13	37,108,116	19,687,012
		₱260,651,222	₱244,651,164

4.2.4 Impairment of Non-financial Assets Other Than Goodwill

The Globe Group performs an impairment review when certain impairment indicators are present.

Determining the recoverable amounts of non-financial assets requires the Globe Group to make estimates and assumptions on the cash flows expected to be generated from those assets. While the Globe Group believes that the assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to impairment charges. Any resulting impairment loss could have a material adverse impact on the financial position and results of operations.

The table below presents the carrying values of the Globe Group's non-financial assets as of December 31, 2022 and 2021:

	Notes	2022	2021
		<i>(In Thousand Pesos)</i>	
Property and equipment - net	11	₱281,899,060	₱270,747,147
Investments in joint ventures	15	52,137,978	42,569,217
Intangible assets - net (excluding Goodwill)	12	21,975,205	17,654,021
Right of use assets – net	13	37,108,116	19,687,012
		₱393,120,359	₱350,657,397

Impairment loss recognized on property and equipment amounted to nil, ₱1,155.69 million and ₱4,149.34 million in 2022, 2021 and 2020, respectively (see [Note 27](#)).

4.2.5 Impairment of Goodwill

The Globe Group's impairment test for goodwill is based on value in use calculations that use a discounted cash flow model. The cash flows of the CGU are derived from the business plan for the next five years and do not include restructuring activities that the Globe Group is not yet committed to or significant future investments that will enhance the asset base of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. As of December 31, 2022 and 2021, the carrying value of goodwill amounted to ₱3,107.37 million (see [Note 12](#)).

No impairment loss on goodwill was recognized in 2022, 2021 and 2020.

4.2.6 Deferred Income Tax Assets

The carrying amounts of deferred income tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax assets to be utilized.

As of December 31, 2022 and 2021, the combined gross deferred tax assets of the Globe Group amounted to ₱12,363.64 million and ₱9,801.38 million, respectively (see [Note 29](#)).

4.2.7 Pension Benefits

The determination of the retirement obligation cost and retirement benefits is dependent on the selection of certain assumptions used by independent actuaries in calculating such amounts. Those assumptions include among others, discount rates and rates of compensation increase. Actual results that differ from the assumptions are charged to other comprehensive income and therefore, generally affect the equity and recorded obligation. While the Globe Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension and other retirement obligations.

The net pension liability as of December 31, 2022 and 2021 amounted to ₱1,963.49 million and ₱5,043.69 million, respectively (see [Note 28.1](#)).

4.2.8 Provisions and Contingencies

The Globe Group is currently involved in various legal proceedings and disputes in the ordinary course of business. The estimate of the probable costs for the resolution of these claims has been developed in consultation with internal and external counsel handling the Globe Group's defense in these matters and is based upon an analysis of potential results. The Globe Group believes that sufficient provision has been recognized in the consolidated statements of financial position in relation to these proceedings. It is possible, however, that future financial performance could be materially affected by changes in the estimates or in the strategies relating to these proceedings.

The Globe Group's provisions as of December 31, 2022 and 2021 amounted to ₱2,583.48 million and ₱2,768.72 million, respectively (see [Note 17](#)).

5 Cash and Cash Equivalents

Cash equivalents are short term highly liquid investments with insignificant risk of changes in value. The cash and cash equivalents account consists of the following as of December 31:

	2022	2021
	<i>(In Thousand Pesos)</i>	
Cash on hand and in banks	₱12,699,740	₱12,319,019
Short-term money market placements	5,334,045	11,920,176
	₱18,033,785	24,239,195

Included in the Globe Group's cash and cash equivalents are bank deposits maintained by ECPay amounting to ₱2,283.99 million and ₱2,606.25 million as of December 31, 2022 and December 31, 2021, respectively, which are restricted for specific purposes to meet obligations with merchants and partners. Total cash and cash equivalents of the Globe Group net of the portion restricted for specific purposes amounted to ₱15,749.79 million and ₱21,632.94 million as of December 31, 2022 and December 31, 2021, respectively.

Cash in banks earn interest at respective bank deposit rates.

Interest income from cash and cash equivalents are as follows (see [Note 22](#)):

	2022	2021	2020
	<i>(In Thousand Pesos)</i>		
Short-term money market placements	₱130,153	₱13,810	₱125,597
Cash in banks	9,650	5,946	19,408
	₱139,803	₱19,756	₱145,005

The ranges of interest rates of the above placements are as follows:

	2022	2021	2020
Placements:			
PHP	0.001% to 5.50%	0.001% to 1.65%	0.01% to 3.5%
USD	0.001% to 3.85%	0.001% to 0.40%	0.0010% to 1.75%

6 Trade receivables - net

This account consists of receivables from:

	Notes	2022	2021
<i>(In Thousand Pesos)</i>			
Subscribers		P24,563,706	P22,323,973
Partners and merchants		4,127,405	1,773,156
Traffic settlements - net	32.2, 34.1	1,490,163	1,425,695
Dealers		390,847	326,662
Others		4,088,275	1,566,468
		34,660,396	27,415,954
Less allowance for impairment losses:			
Subscribers		9,902,748	9,674,895
Traffic settlements and others		1,194,234	1,044,517
		11,096,982	10,719,412
		P23,563,414	P16,696,542

Trade receivables are noninterest-bearing and are generally due within 30 to 60 days.

Subscriber receivables arise from wireless and wireline voice, data communications and broadband internet services provided by the Globe Group under postpaid arrangements.

Receivable from partners and merchants is composed mainly of advances to partners for use as pre-funding to other payment platform providers to support the transactions processed by ECPay and receivables from wallets which pertains to advances made by ECPay to several merchants' wallet as part of contractual terms.

Traffic settlement receivables are presented net of traffic settlement payables from the same carrier (see [Notes 32.2](#) and [34.1](#)).

Others include trade receivables of non-telco subsidiaries and receivables from credit card companies.

The following is a reconciliation of the changes in the allowance for impairment losses for trade receivables as of December 31:

	Consumer	Key Corporate Accounts	Other Corporations and SME	Traffic Settlements and Others	Total
<i>(In Thousand Pesos)</i>					
2022					
December 31, 2021	P5,807,651	P2,866,506	P1,000,738	P1,044,517	P10,719,412
Charges for the period (Note 27)	3,922,361	(221,476)	244,218	163,601	4,108,704
Recoveries and write-offs – net	(3,182,004)	(227,192)	(308,054)	(13,884)	(3,731,134)
December 31, 2022	P6,548,008	P2,417,838	P936,902	P1,194,234	P11,096,982
2021					
December 31, 2020	P6,142,752	P2,787,598	P658,248	P940,926	P10,529,524
Charges for the period (Note 27)	2,945,997	186,925	291,622	120,451	3,544,995
Recoveries and write-offs – net	(3,281,098)	(108,017)	50,868	(16,860)	(3,355,107)
December 31, 2021	P5,807,651	P2,866,506	P1,000,738	P1,044,517	P10,719,412

7 Contract Assets and Liabilities

7.1 Contract Assets – net

The following table provides information about contract assets with customers:

	2022	2021
	<i>(In Thousand Pesos)</i>	
Contract assets	₱6,951,923	₱6,532,530
Allowance for impairment loss	(60,468)	(286,819)
	₱6,891,455	₱6,245,711

Movements in the contract assets for the periods are as follows:

	Note	2022	2021
		<i>(In Thousand Pesos)</i>	
Contract assets			
Balance at beginning of the year		₱6,532,530	₱6,037,542
Additions during the year		7,944,131	7,592,051
Billed to subscribers during the year		(6,575,220)	(6,397,202)
Write-off		(949,518)	(699,861)
Balance at end of year		₱6,951,923	₱6,532,530
Allowance for impairment loss			
Balance at beginning of the year		(286,819)	(639,713)
Impairment loss	27	(723,167)	(346,967)
Write-off		949,518	699,861
Balance at end of year		(60,468)	(286,819)
Contract assets - net		₱6,891,455	₱6,245,711

The Globe Group provides wireless communication services to subscribers which are bundled with sale of handsets and other devices. The Globe Group allocates the revenue based on the SSP of each performance obligation. Contract assets are recognized for the unbilled portion of revenue allocated to the sale of handset and other devices which will be reduced as the monthly service fees are billed to the subscribers.

7.2 Contract Liabilities and Other Deferred Revenues

The following table provides information about the contract liabilities and other deferred revenues:

	2022	2021
	<i>(In Thousand Pesos)</i>	
Deferred revenue from wireless subscribers under prepaid arrangements	₱3,455,120	₱4,129,752
Advance monthly service fees	3,289,783	3,238,640
Deferred revenue rewards	318,302	763,400
Contract liability from wireline services	395,009	313,552
Others	414,369	39,113
	7,872,583	8,484,457
Less current portion	7,576,050	8,410,954
Non current portion	₱296,533	₱73,503

The following table shows the roll forward analysis of contract liabilities from wireline services:

	2022	2021
	<i>(In Thousand Pesos)</i>	
Contract liabilities		
Balance at beginning of the year	₱313,552	₱315,631
Additions during the year	585,288	487,997
Recognized as revenue during the year	(503,831)	(490,076)
Balance at end of year	₱395,009	₱313,552

Deferred revenues from wireless subscribers under prepaid arrangements are recognized as revenues upon actual usage of airtime value, consumption of prepaid subscription fees or upon expiration of the unused load value.

Advance monthly service fees represent advance collections from postpaid subscribers.

Deferred revenue rewards represent unredeemed customer award credit under customer loyalty program.

Deferred revenues from wireless subscribers under prepaid arrangements, deferred revenue rewards and advance monthly service fees are recognized as revenues within 12 months.

Contract liability from wireline services represents collected upfront fees for equipment installation for which revenues are recognized over the subscription period.

8 Derivative Financial Instruments

The table below sets out information about the Globe Group's derivative financial instruments and the related fair values as of December 31:

2022

	USD Notional Amount	PHP Notional Amount	Derivative Assets	Derivative Liabilities
<i>(In Thousands)</i>				
Derivative instruments designated as hedges				
<i>Cash flow hedges</i>				
Cross currency swaps	\$293,900	₱ -	₱1,919,832	₱-
Principal only swaps	700,000	-	3,180,050	447,955
Interest rate swaps	-	-	-	-
Derivative instruments not designated as hedges				
<i>Freestanding</i>				
Deliverable forwards	244,750	-	28,901	161,383
Non-deliverable forwards	10,000	-	551	-
			₱5,129,334	₱609,338
Less current portion			502,332	609,338
Non current portion			₱4,627,002	₱-

2021

	USD Notional Amount	PHP Notional Amount	Derivative Assets	Derivative Liabilities
<i>(In Thousands)</i>				
Derivative instruments designated as hedges				
<i>Cash flow hedges</i>				
Cross currency swaps	\$299,350	₱ -	₱490,213	₱605,188
Principal only swaps	752,500	-	2,342,749	493,878
Interest rate swaps	32,500	-	-	14,050
Derivative instruments not designated as hedges				
<i>Freestanding</i>				
Deliverable forwards	443,700	-	199,315	113,403
			₱3,032,277	₱1,226,519
Less current portion			262,805	1,114,610
Non current portion			₱2,769,472	₱111,909

The subsequent sections will discuss the Globe Group's derivative financial instruments according to the type of financial risk being managed and the details of derivative financial instruments that are categorized into those accounted for as hedges and those that are not designated as hedges.

8.1 *Derivative Instruments Accounted for as Hedges*

The following sections discuss in detail the derivative instruments accounted for as cash flow hedges.

- *Currency Swaps and Cross Currency Swaps*

The Globe Group entered into cross currency swap contracts and principal only swaps contract to hedge the foreign exchange and interest rate risk on dollar loans. The cross currency swaps have a notional amount of USD293.90 million and USD299.35 million as of December 31, 2022 and 2021, respectively. Principal only swaps have a notional amount of USD700.00 million and USD752.50 million as of December 31, 2022 and 2021, respectively. The fair values of the currency swaps as of December 31, 2022 and 2021 amounted to net asset of ₱4,651.93 million and ₱1,733.90 million, respectively, of which ₱1,181.50 million and ₱208.69 million (net of tax), respectively is included in "Other reserves" in the equity section of the consolidated statements of financial position (see [Note 21.8](#)).

- *Interest Rate Swaps*

As of December 31, 2022 and 2021, the Globe Group has nil and USD32.50 million in notional amount of USD interest rate swap that have been designated as cash flow hedge of interest rate risk from USD loans. The interest rate swap effectively fixed the benchmark rate of the hedged USD loan at 2.5% over the duration of the agreement, which involves quarterly payment intervals up to April 2022 and October 2022.

As of December 31, 2022 and 2021, the fair value of the outstanding swap amounted to nil and net liability of ₱14.05 million, respectively, of which nil million and ₱10.60 million (net of tax), respectively, is included in "Other reserves" in the equity section of the consolidated statements of financial position (see [Note 21.8](#)).

Swap costs arising from both cross currency and interest rate swaps recognized as financing cost amounted to ₱1,140.45 million, ₱1,422.74 million, and ₱742.06 million in 2022, 2021 and 2020, respectively (see [Note 26](#)).

8.2 *Freestanding Derivatives*

Freestanding derivatives that are not designated as hedges consist of currency forwards entered into by the Globe Group. Fair value changes on these instruments are accounted for directly in consolidated profit or loss.

As of December 31, 2022 and 2021, the Globe Group has USD244.75 million deliverable and USD10.00 million non-deliverable currency forward contracts and USD443.70 million deliverable currency forward contracts not designated as hedges, respectively.

8.3 *Hedge Effectiveness Results*

As of December 31, 2022 and 2021, the effective fair value changes on the Globe Group's cash flow hedges that were deferred in equity amounted to loss of ₱1,181.50 million and gain of ₱198.09 million, net of tax, respectively (see [Note 21.8](#)). Derivatives designated as cash flow hedges for the years ended December 31, 2022, 2021 and 2020 are fully effective with a hedge ratio of 1:1. Accordingly, no hedge ineffectiveness was recognized in the consolidated profit or loss.

The distinction of the results of hedge accounting into "Effective" or "Ineffective" represent designations based on PFRS 9 and are not necessarily reflective of the economic effectiveness of the instruments.

8.4 Fair Value Changes on Derivatives

The net movements in fair value changes of all derivative instruments are as follows:

	2022	2021
	<i>(In Thousand Pesos)</i>	
At beginning of year	₱1,805,758	(₱2,881,258)
Net changes in fair value of derivatives:		
Designated as cash flow hedges (Note 21.8)	1,791,710	3,130,910
Not designated as cash flow hedges	1,026,186	339,565
	4,623,654	589,217
Fair value of settled instruments	(103,658)	1,216,541
At end of period	₱4,519,996	₱1,805,758

Details of amounts reclassified from cash flow hedge reserve to profit or loss in relation to hedge accounting transactions are shown below.

	Notes	2022	2021	2020
		<i>(In Thousand Pesos)</i>		
Gain (loss) on derivative instruments – net		₱4,771,614	₱2,875,068	(₱1,455,525)
Swap costs	26	(1,140,451)	(1,422,735)	(742,059)
	21.8	₱3,631,163	₱1,452,333	(₱2,197,584)

9 Inventories and Supplies - net

This account consists of:

	2022	2021
	<i>(In Thousand Pesos)</i>	
Handsets, devices and accessories	₱1,820,147	₱1,756,056
Supplies	897,956	1,102,035
SIM cards and SIM packs	419,394	136,070
Broadband device	367,398	562,109
Modem and accessories	278,304	438,391
Call cards and others	98,483	50,388
	₱3,881,682	₱4,045,049

Breakdown of cost of inventories recognized as expense are as follows:

	Note	2022	2021	2020
		<i>(In Thousand Pesos)</i>		
Cost of inventories sold		₱18,748,656	₱18,072,557	₱16,406,196
Repairs and maintenance		2,454,267	2,695,892	5,883,827
Inventory obsolescence	27	245,516	502,627	284,788
		₱21,448,439	₱21,271,076	₱22,574,811

Cost of inventories sold and services consists of:

	2022	2021	2020
	<i>(In Thousand Pesos)</i>		
Handsets, devices and accessories	₱15,998,636	₱14,981,788	₱11,271,066
Broadband device	975,646	1,658,903	4,129,544
SIM cards and SIM packs	444,163	379,689	393,342
Modems and accessories	117,358	176,996	200,382
Call cards and supplies	145,269	49,248	68,777
Others	1,067,584	825,933	343,085
	₱18,748,656	₱18,072,557	₱16,406,196

10 Prepayment and Other Assets

This account consists of:

	Notes	2022	2021
<i>(In Thousand Pesos)</i>			
Advance payments to suppliers and contractors	34.2	₱36,209,346	₱24,923,927
Investment property		5,628,399	8,991
Prepayments		5,419,247	3,900,470
Input VAT – net		4,913,168	4,024,683
Investments in debt and equity securities		3,278,498	2,974,208
Loans receivable from related parties	20.3	3,228,935	2,955,935
Deferred contract costs		3,066,871	3,095,958
Non-trade receivables – net		2,307,681	1,405,722
Creditable withholding tax		2,037,171	1,411,436
Security deposits		1,481,582	1,420,490
Others		4,202,173	2,280,521
		71,773,071	48,402,341
Less current portion		19,706,142	13,956,867
Non current portion		₱52,066,929	₱34,445,474

Investment properties consist of land and building which are held to earn rentals and for capital appreciation. Depreciation and amortization of investment properties amounted to ₱4.75 million, ₱5.38 million and ₱5.56 million in 2022, 2021 and 2020, respectively. (see [Note 25](#)).

The “Prepayments” account includes prepaid insurance, rent, maintenance, and licenses fees among others.

Fair value gain (loss) from investment in equity securities recognized in consolidated OCI amounted to ₱2.49 million, ₱409.19 million and (₱56.69) million in 2022, 2021 and 2020, respectively.(see [Note 21.8](#)).

Non-trade receivables – net consists of:

	Note	2022	2021
<i>(In Thousand Pesos)</i>			
Due from related parties	20	₱833,227	₱333,477
Advances to employees		199,715	179,137
Others		1,364,754	983,123
		2,397,696	1,495,737
Allowance for impairment loss		(90,015)	(90,015)
		₱2,307,681	₱1,405,722

Impairment loss related to non-trade receivable amounted to nil, nil and ₱1.12 million in 2022, 2021 and 2020, respectively (see [Note 27](#)).

10.1.1 Deferred Contract Costs

Deferred contract costs pertain to incremental costs incurred in the effort to obtain and fulfill the contract with subscribers. Details are as follows:

	2022	2021
	<i>(In Thousand Pesos)</i>	
Cost to obtain contracts with customers:		
Commissions	₱1,301,607	₱1,352,849
Cost to fulfill contracts with customers		
Installation costs	1,765,264	1,743,109
	₱3,066,871	₱3,095,958

Deferred contract costs are capitalized and subsequently amortized on a straight-line basis over the term of the subscription contract. Movements in the deferred contract costs for the period are as follows:

	2022	2021
	<i>(In Thousand Pesos)</i>	
Balance at beginning of the year	₱3,095,958	₱1,914,987
Amounts capitalized during the period	3,581,678	3,962,290
Amounts recognized as expense	(3,610,765)	(2,781,319)
Balance at the end of the year	₱3,066,871	₱3,095,958



11 Property and Equipment – net

The rollforward analysis of this account follows:

2022

	Telecommunication Equipment	Buildings, Land and Leasehold Improvement	Cable System	Office Equipment	Transportation Equipment	Assets Under Construction	Total
<i>(In Thousand Pesos)</i>							
Cost							
At January 1, 2022	₱378,911,917	₱83,578,587	₱25,123,841	₱17,849,482	₱3,564,802	₱63,775,627	₱572,804,256
Additions	914,780	57,929	116,404	214,937	617,706	84,778,001	86,699,757
Retirements/disposals	(5,607,971)	(277,042)	(78,360)	(156,418)	(7,623)	(47,827)	(6,175,241)
Sale of data center business (Note 15.11)	(853,740)	(2,441,643)	-	(435,623)	-	-	(3,731,006)
Reclassifications	44,085,939	15,290,415	-	827,494	-	(60,203,848)	-
Transferred to assets held for sale	(26,164,153)	(34,193,056)	-	(497,965)	-	(403,312)	(61,258,486)
Transferred to intangible assets (Note 12)	-	-	-	-	-	(7,336,027)	(7,336,027)
Others	59,480	-	703,481	(50)	-	5,863	768,774
At December 31, 2022	391,346,252	62,015,190	25,865,366	17,801,857	4,174,885	80,568,477	581,772,027
Accumulated Depreciation and Amortization							
At January 1, 2022	223,562,540	36,479,160	17,246,980	15,440,689	2,328,748	-	295,058,117
Depreciation and amortization (Note 25)	28,047,361	3,347,426	970,707	1,236,217	486,675	-	34,088,386
Retirements/disposals	(4,673,933)	(185,553)	(35,371)	(88,772)	(7,623)	-	(4,991,252)
Sale of data center business (Note 15.11)	(438,113)	(326,096)	-	(360,000)	-	-	(1,124,209)
Reclassifications	212,271	(214,991)	-	2,720	-	-	-
Transferred to assets held for sale	(13,815,924)	(15,435,317)	-	(350,485)	-	-	(29,601,726)
Others	25,014	-	174,263	10	-	-	199,287
At December 31, 2022	232,919,216	23,664,629	18,356,579	15,880,379	2,807,800	-	293,628,603
Accumulated Impairment Losses							
At January 1, 2022	6,309,344	163,451	-	3,352	-	522,845	6,998,992
Write-off	(596,293)	(57,042)	-	-	-	(101,293)	(754,628)
At December 31, 2022	5,713,051	106,409	-	3,352	-	421,552	6,244,364
Carrying amount at December 31, 2022	₱152,713,985	₱38,244,152	₱7,508,787	₱1,918,126	₱1,367,085	₱80,146,925	₱281,899,060

2021

	Telecommunication Equipment	Buildings, Land and Leasehold Improvement	Cable System	Office Equipment	Transportation Equipment	Assets Under Construction	Total
<i>(In Thousand Pesos)</i>							
Cost							
At January 1	₱312,878,920	₱68,599,333	₱24,507,127	₱16,475,921	₱3,036,645	₱33,275,659	₱458,773,605
Additions	4,885,377	24,695	287,355	341,635	593,697	117,282,686	123,415,445
Retirements/disposals	(326,533)	(24,723)	-	(140,541)	(124,277)	(53,893)	(669,967)
Reclassifications	60,706,551	14,979,282	329,359	1,172,467	58,737	(77,246,396)	-
Transferred to intangible assets (Note 12)	-	-	-	-	-	(9,482,429)	(9,482,429)
ARO Remeasurements	767,602	-	-	-	-	-	767,602
At December 31	378,911,917	83,578,587	25,123,841	17,849,482	3,564,802	63,775,627	572,804,256
Accumulated Depreciation and Amortization							
At January 1	196,846,296	33,146,768	16,241,389	14,359,544	1,978,499	-	262,572,496
Depreciation and amortization (Note 25)	26,155,975	3,395,334	1,005,591	1,297,026	467,130	-	32,321,056
Retirements/disposals	(297,073)	(23,802)	-	(134,490)	(121,754)	-	(577,119)
Reclassification	115,658	(39,140)	-	(81,391)	4,873	-	-
ARO Remeasurements	741,684	-	-	-	-	-	741,684
At December 31	223,562,540	36,479,160	17,246,980	15,440,689	2,328,748	-	295,058,117
Accumulated Impairment Losses							
At January 1	5,307,117	25,173	-	128	-	576,298	5,908,716
Impairment loss (Note 27)	1,014,189	138,278	-	3,224	-	-	1,155,691
Write-off	(11,962)	-	-	-	-	(53,453)	(65,415)
At December 31	6,309,344	163,451	-	3,352	-	522,845	6,998,992
Carrying amount at December 31	₱149,040,033	₱46,935,976	₱7,876,861	₱2,405,441	₱1,236,054	₱63,252,782	₱270,747,147

Assets under construction include intangible components of a network system which are reclassified to depreciable intangible assets only when assets become available for use (see [Note 12](#)).

Investments in cable systems include the cost of the Globe Group's ownership share in the capacity of certain cable systems under a joint undertaking or a consortium or private cable set-up and indefeasible rights of use (IRUs) which represents ownership share over various cable systems. It also includes the cost of cable landing station and transmission facilities where the Globe Group is the landing party.

The Globe Group uses its borrowed funds to finance self-constructed property and equipment. Borrowing costs incurred relating to these qualifying assets were included in the cost of property and equipment using 4.34% and 4.12% capitalization rates in 2022 and 2021, respectively. The Globe Group's total capitalized borrowing costs amounted to ₱3,734.10 million and ₱1,640.44 million in 2022 and 2021, respectively (see [Note 18](#)).

In 2020, the Globe Group recognized full impairment loss on telecommunications equipment amounting to ₱4,088.11 million in relation to the modernization of network facilities. The network modernization includes the replacement of existing fixed line broadband facilities with fiber technology and change out of 3G equipment to give way for 5G deployment and 4G/LTE capacity expansion (see [Note 27](#)).

In 2021, the Globe Group recognized ₱1,014.19 million impairment loss on telecommunications equipment damaged by super typhoon Odette that hit southeastern Philippines in December 2021 (see [Note 27](#)).

The reconciliation of total additions to property and equipment and actual cash flows from acquisition of property and equipment are shown below:

	2022	2021	2020
	<i>(In Thousand Pesos)</i>		
Additions to property and equipment	₱86,699,757	₱123,415,445	₱46,936,011
Effect of movements in liabilities and prepayments	15,019,856	(28,568,249)	14,647,764
Capitalized ARO (Note 19)	(2,477)	(456,077)	(34,875)
Capitalized interest (Note 18)	(3,734,100)	(1,640,440)	(1,279,965)
Cash flows from acquisition of property and equipment	₱97,983,036	₱92,750,679	₱60,268,935

Sale and Leaseback of Telecom Towers

On August 11, 2022, the Globe Group signed two sale and leaseback agreements with two tower companies consisting of 5,709 telecom towers and related passive telecom infrastructure.

On September 23, 2022, the Globe Group signed another sale and leaseback agreement with a third tower company for the last portfolio composed of 1,350 telecom towers and related passive telecom infrastructure. The closing of the agreements will be on a staggered basis depending on the satisfaction of closing conditions, according to the number of towers transferred.

As of December 31, 2022, the Globe Group completed the sale of 2,410 telecom towers representing 34% of the total towers portfolio subject to sale with a total net book value of ₱10,496.12 million, and received the corresponding cash consideration of ₱30,005.00 million. The leaseback arrangements for those telecom towers sold took effect at the date of sale.



The Globe Group recognized gain on sale and leaseback of telecom towers, net of direct costs, amounting to ₱8,260.93 million. The gain recognized from the sale and leaseback transaction represents only the amount relating to the rights in the underlying assets that were transferred to the buyer-lessor after considering the lease liabilities recognized from the leaseback (see [Note 13](#)).

Telecom towers with net book value of ₱31,656.76 million which are expected to be realized through asset sale subject to the sale and leaseback agreement were reclassified from "Property and Equipment" to "Assets classified as held-for-sale" under the current assets section in the Globe Group's consolidated statement of financial position as at December 31, 2022.

As of December 31, 2022, property and equipment with net book value of ₱21,337.98 million were continued to be classified as assets-held-for-sale as the Globe Group remains committed to its plan to sell the telecom towers.

12 Intangible Assets and Goodwill - net

The rollforward analysis of this account follows:

2022

	Application Software and Licenses	Goodwill	Other Intangible Assets	Total Intangible Assets and Goodwill
Cost				
At January 1	₱56,978,365	₱3,107,367	₱3,296,732	₱63,382,464
Additions	233,869	-	3,150,000	3,383,869
Retirements/disposals	(137,377)	-	-	(137,377)
Transferred from property equipment (Note 11)	7,336,027	-	-	7,336,027
Others	(2,260)	-	-	(2,260)
At December 31	64,408,624	3,107,367	6,446,732	73,962,723
Accumulated Amortization				
At January 1	40,943,022	-	1,678,054	42,621,076
Amortization (Note 25)	6,122,580	-	161,280	6,283,860
Retirements/disposals	(24,675)	-	-	(24,675)
Others	(110)	-	-	(110)
At December 31	47,040,817	-	1,839,334	48,880,151
Carrying Amount at December 31, 2022	₱17,367,807	₱3,107,367	₱4,607,398	₱25,082,572

2021

	Application Software and Licenses	Goodwill	Other Intangible Assets	Total Intangible Assets and Goodwill
<i>(In Thousand Pesos)</i>				
Cost				
At January 1	₱47,415,455	₱3,150,684	₱3,276,846	₱53,842,985
Additions	57,661	-	-	57,661
Retirements/disposals	(880)	-	-	(880)
Transferred from property equipment (Note 11)	9,482,429	-	-	9,482,429
Adjustment (Note 14.2)	23,700	(43,317)	19,886	269
At December 31	56,978,365	3,107,367	3,296,732	63,382,464
Accumulated Amortization				
At January 1	35,338,170	-	1,451,902	36,790,072
Amortization (Note 25)	5,605,732	-	226,152	5,831,884
Retirement/disposal	(880)	-	-	(880)
At December 31	40,943,022	-	1,678,054	42,621,076
Carrying Amount at December 31	₱16,035,343	₱3,107,367	₱1,618,678	₱20,761,388

Application software licenses and other intangible assets

Other intangible assets consist of customer contracts, franchise, spectrum and merchant networks. As of December 31, 2022 and 2021, there was no indication that the application software licenses and other intangible assets are impaired.

Goodwill

The Globe Group recognized goodwill from business combination. Details of the Globe Group's goodwill are as follows:

	2022	2021	2020
	<i>(In Thousand Pesos)</i>		
BTI	₱1,140,248	₱1,140,248	₱1,140,248
EC Pay	1,218,548	1,218,548	1,218,548
Yondu	540,523	540,523	540,523
Caelum	154,614	154,614	197,931
Third Pillar Group	53,434	53,434	53,434
	₱3,107,367	₱3,107,367	₱3,150,684

The Globe Group conducts its annual impairment test of goodwill in the third fiscal quarter of each year. The table below presents the Globe Group's allocation of goodwill to the relevant CGUs for impairment testing purposes:

	2022	2021
Mobile communications CGU	BTI and EC Pay	BTI, EC Pay and Yondu
Standalone CGU	Caelum, Third Pillar and Yondu*	Caelum and Third Pillar

*Yondu has been identified as a standalone CGU in 2022

The recoverable amount of the CGUs are determined based on value in use calculations using cash flow projections from business plans covering a five-year period. Based on the Goodwill impairment testing performed in the third fiscal quarter of 2022, the recoverable amounts of the CGUs where the goodwill were allocated were substantially in excess of their carrying amounts.

Sensitivity Analysis

The Globe Group has determined that the recoverable amount calculations are most sensitive to changes in assumptions on cash flow projections, discount rate, and verifiable industry growth rates. The pre-tax discount rates applied to cash flow projections were 10.7% for mobile communications CGU and 14.00% for Yondu standalone CGU. The cash flows beyond the five-year period were extrapolated using the average terminal growth rate for telecommunication industry of 2.20%.

The Globe Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount of the CGU. Management believes that any reasonably possible change in the key assumptions on which the recoverable amount of the CGU is based would not result in impairment loss due to the substantial headroom.

13 Lease Commitments

13.1 Right of use assets – net

The rollforward analysis of this account follows:

2022

	Network Sites	Transportation Equipment	Corporate Office	Stores	Leased lines and Data Centers	Total
Cost						
<i>(In Thousand Pesos)</i>						
At January 1	₱22,295,418	₱1,473,558	₱1,079,839	₱321,962	₱2,666	₱25,173,443
Additions	29,527,878	721,907	1,263	32,825	3,642,977	33,926,850
Terminations	(332,500)	-	-	(1,987)	-	(334,487)
Transferred to assets held for sale	(14,367,095)	-	-	-	-	(14,367,095)
At December 31	37,123,701	2,195,465	1,081,102	352,800	3,645,643	44,398,711
Accumulated Amortization						
At January 1	3,485,219	1,092,872	646,815	258,859	2,666	5,486,431
Depreciation (Note 25)	3,987,410	460,325	234,027	48,095	546,447	5,276,304
Terminations	(124,371)	-	-	-	-	(124,371)
Transferred to assets held for sale	(3,347,769)	-	-	-	-	(3,347,769)
At December 31	4,000,489	1,553,197	880,842	306,954	549,113	7,290,595
Carrying Amount at December 31	₱33,123,212	₱642,268	₱200,260	₱45,846	₱3,096,530	₱37,108,116

2021

	Network Sites	Transportation Equipment	Corporate Office	Stores	Leased lines and Data Centers	Total
Cost						
<i>(In Thousand Pesos)</i>						
At January 1	₱4,800,797	₱1,079,189	₱671,067	₱261,510	₱2,666	₱6,815,229
Additions	2,956,410	395,508	408,772	60,452	-	3,821,142
Reassessment of lease terms	14,547,453	-	-	-	-	14,547,453
Pre-terminations	(9,242)	(1,139)	-	-	-	(10,381)
At December 31	22,295,418	1,473,558	1,079,839	321,962	2,666	25,173,443
Accumulated Depreciation						
At January 1	1,205,466	710,607	415,100	180,739	2,482	2,514,394
Depreciation (Note 25)	2,281,647	383,008	231,715	78,120	184	2,974,674
Pre-terminations	(1,894)	(743)	-	-	-	(2,637)
At December 31	3,485,219	1,092,872	646,815	258,859	2,666	5,486,431
Carrying Amount at December 31	₱18,810,199	₱380,686	₱433,024	₱63,103	₱-	₱19,687,012

In 2021, the lease terms of certain network sites previously classified as short-term leases were revised as a result of the Globe Group's reassessment of the non-cancellable periods of those leases.

Sale and Leaseback of Telecom Towers

As disclosed in Note 11 – Property and Equipment, the Globe Group and the portfolio companies signed a sale and leaseback agreements consisting of 7,059 telecom towers and related passive telecom infrastructure and has agreed to leaseback the telecom towers sold in the transaction for an initial period of 15 years with option to extend as agreed by the parties.

As of December 31, 2022, the leaseback arrangements of 2,410 telecom towers became effective. As a result, the Globe Group recognized additional lease liabilities amounting to ₱24,765.72 million and additional ROU assets representing only the rights retained by the Globe Group over the telecom towers leased back from the tower companies amounting to ₱14,730.84 million.

The ROU assets related to the ground leases where the telecom towers are situated with net book value of ₱11,019.33 million which are expected to be realized through asset sale were reclassified to “Assets classified as held-for-sale” under current assets section in the Globe Group’s consolidated statement of financial position as at December 31, 2022.

As of December 31, 2022, ROU assets with remaining net book value of ₱6,610.93 million were continued to be classified as assets-held-for-sale as the Globe Group remains committed to its plan to sell the telecom towers.

13.2 Lease liabilities

The following table provides the lease liabilities in relation to leased assets:

	2022	2021
	<i>(In Thousand Pesos)</i>	
Network sites	₱50,200,277	₱19,039,104
Transportation Equipment	595,458	347,678
Corporate Office	173,041	423,384
Stores	53,670	69,182
Leased lines and Data Centers	3,209,151	-
	54,231,597	19,879,348
Less current portion	4,522,438	3,664,344
Non current portion	₱49,709,159	₱16,215,004

Network sites consist of telecom towers and ground leases.

The rollforward analysis of this account follows:

2022

	Network Sites	Transportation Equipment	Corporate Office	Stores	Leased Lines and Data Centers	Total
<i>(In Thousand Pesos)</i>						
At January 1, 2022	₱19,039,104	₱347,678	₱423,384	₱69,182	₱-	₱19,879,348
Additions	39,562,755	721,907	1,263	32,825	3,642,977	43,961,727
Interests (Note 26)	1,492,604	22,651	9,819	4,226	139,672	1,668,972
Settlements	(5,497,169)	(496,778)	(261,425)	(50,090)	(573,498)	(6,878,960)
Terminations	(4,397,017)	-	-	(2,473)	-	(4,399,490)
At December 31, 2022	₱50,200,277	₱595,458	₱173,041	₱53,670	₱3,209,151	₱54,231,597

2021

	Network Sites	Transportation Equipment	Corporate Office	Stores	Leased lines and Data Centers	Total
<i>(In Thousand Pesos)</i>						
At January 1	₱3,780,215	₱381,968	₱274,396	₱87,855	₱238	₱4,524,672
Additions	2,956,410	395,508	408,772	60,452	-	3,821,142
Reassessment of lease terms	14,547,453	-	-	-	-	14,547,453
Interests (Note 26)	520,481	22,499	12,649	5,132	3	560,764
Payments	(2,757,584)	(451,880)	(272,433)	(84,257)	(241)	(3,566,395)
Pre-terminations	(7,871)	(417)	-	-	-	(8,288)
At December 31	₱19,039,104	₱347,678	₱423,384	₱69,182	₱-	₱19,879,348

The table below presents the maturity profile of the Globe Group's lease liabilities using undiscounted cash flows of future lease payments.

2022

	1 year	More than 1 year but not more than 5 years	More than 5 years	Total
<i>(In Thousand Pesos)</i>				
Network Sites	₱5,191,506	₱18,632,208	₱37,680,548	₱61,504,262
Transportation equipment	347,752	265,994	-	613,746
Corporate office	68,148	8,967	113	77,228
Stores	27,022	19,656	5,228	51,906
Leased lines and Data Centers	853,580	2,737,669	-	3,591,249
	₱6,488,008	₱21,664,494	₱37,685,889	₱65,838,391

2021

	1 year	More than 1 year but not more than 5 years	More than 5 years	Total
	<i>(In Thousand Pesos)</i>			
Network Sites	₱3,825,810	₱11,181,324	₱7,272,247	₱22,279,381
Transportation equipment	251,153	106,678	-	357,831
Corporate office	260,152	176,784	246	437,182
Stores	34,658	35,596	7,297	77,551
Leased lines and Data Centers	-	-	-	-
	₱4,371,773	₱11,500,382	₱7,279,790	₱23,151,945

As of December 31, 2022, the portion of the lease liabilities related to ROU assets that are reclassified to assets classified as held-for-sale amounted to ₱6.37 billion. Such liabilities will remain to be the Globe Group's liability until the closing conditions on the transfer of assets are met, on which date, these liabilities will be pre-terminated.

13.3 Short-term Leases and Leases of Low Value Assets

Short-term leases and leases of low-value assets charged as operating expenses in the consolidated profit or loss amounted to ₱2,794.32 million, ₱4,274.33 million and ₱6,208.75 million as of December 31, 2022, 2021 and 2020, respectively (see [Note 24](#)).

14 Business Combinations

14.1 *Investment in Third Pillar Business Applications Inc. and a Subsidiary (Third Pillar Group)*

On August 17, 2020, Globe Telecom through GTI Business Holdings, Inc. acquired 67% of equity interest in Third Pillar Business Applications Inc. (TPBAI) for a total amount of ₱171.58 million. Third Pillar is the Philippines' largest Gold Partner of Salesforce, a CRM solutions provider. Third Pillar has been instrumental in the growth of Salesforce in the Philippines, with a client roster which includes the country's largest companies. It is also the exclusive local partner and reseller of Syniti (formerly BackOffice Associates), a US-based company that has been solving the world's most complex data challenges for over 20 years. TPBAI previously owned 11% of TPGDC, a domestic corporation engaged in software implementation and maintenance services and the outsourcing arm of TPBAI. GTI's acquisition of TPBAI also mandated TPBAI's acquisition of the remaining 89% ownership interest of TPGDC making TPBAI a sole owner of TPGDC.

Globe's acquisition of Third Pillar Group forms part of Globe's strategy to be the trusted advisor of enterprise customers in the Information and Communications Technology space by way of introduction and implementation of efficient, reliable and leading-edge technologies.

Goodwill recognized on acquisition amounted to ₱53.43 million.

14.2 *Investment in Cascadeo*

On April 16, 2020, Globe Telecom, through GTI Business Holdings, Inc., entered into an agreement to acquire substantially all of the assets of US-based Cloud Consulting Companies, Cascadeo Corporation and Cascadeo Partners, and Philippine subsidiary Cascadeo, Inc. (collectively referred to as Cascadeo) for \$4M. Globe shall incorporate new entities through which the acquisition will be made. As part of the transaction, Globe, along with Cascadeo, will make follow up investments into the entities for growth capital to fund the company's expansion strategies.

Cascadeo is a Premier Partner of Amazon Web Services and Google Cloud and is also an expert in Microsoft Azure, with Cloud Centers of Excellence in both the US and the Philippines. With the completion of the investment, Globe—one of the largest cloud users in the country—now has the highest level of professional and managed service capabilities for multi-cloud operations. This guarantees businesses that Globe holds extensive experience and knowledge in designing, architecting, building, migrating, and managing workloads and applications on the Cloud.

On November 3, 2020, all the definitive agreements relating to the transaction have been signed and executed, and all closing conditions have been met.

In 2020, the initial accounting for the asset acquisition of Cascadeo has only been provisionally determined pending the finalization of necessary market valuations and determined based on management's best estimate of the likely values. As allowed under the relevant standard, the Globe Group will recognize any adjustment to those provisional values as an adjustment to goodwill upon determining the final fair values of identifiable assets and liabilities within 12 months from the acquisition date.

On March 26, 2021, the management completed the assessment of the fair values of the net assets of Cascadeo. The provisional and final fair values of the identifiable assets of Cascadeo as at the date of acquisition are shown in the following table:

	Provisional Fair value	Adjustment	Final Fair value
	<i>(In Thousand Pesos)</i>		
Purchase consideration transferred	₱198,971	₱-	₱198,971
Assets acquired	(1,040)	(8,605)	(9,645)
Intangible assets arising from acquisition			
Customer contracts (Note 12)	-	19,886	19,886
Application software and licenses (Note 12)	-	23,700	23,700
	-	(43,586)	(43,586)
Non-controlling interest	-	8,874	8,874
Goodwill arising on acquisition (Note 12)	₱197,931	(₱43,317)	₱154,614

The goodwill comprises the fair value of expected synergies arising from the acquisition and presented under Goodwill and other intangible assets in the statements of the financial position, as disclosed in [Note 12](#). None of the goodwill recognized is expected to be deductible for income tax purposes.

15 Investments in joint ventures

This account consists of the following as of December 31:

	2022	2021
	<i>(In Thousand Pesos)</i>	
Vega	₱34,079,880	₱33,892,484
Mynt	9,164,732	8,356,481
Globe STT GDC, Inc. (GSG)	8,282,539	-
TechGlobal	258,083	207,711
Konsulta	136,877	22,827
Purego	62,500	-
Rush	57,404	-
Bridge Mobile Pte. Ltd (BMPL)	55,501	50,828
Telecommunications Connectivity, Inc. (TCI)	40,462	38,886
	₱52,137,978	₱42,569,217

Details of the Globe Group's investments in joint venture and the related percentages of ownership as of December 31, 2022 and 2021 are shown below:

	Country of Incorporation	Principal Activities	2022	2021
Joint Ventures				
VTI	Philippines	Telecommunications	50%	50%
BAHC	Philippines	Holding company	50%	50%
BHC	Philippines	Holding company	50%	50%
Konsulta	Philippines	Health hotline facility	46%	50%
TechGlobal	Philippines	Installation and management of data centers	49%	49%
Mynt	Philippines	Holding company	36%	36%
BMPL	Singapore	Mobile technology infrastructure and common service	10%	10%
TCI	Philippines	Telecommunications	33%	33%
HealthNow*	Philippines	IT services for telehealth	-	50%
Inquiro**	Philippines	Data management services	100%	49%
Rush	Philippines	Cloud-based solutions	49%	49%
PureGo	Philippines	E-commerce platform	50%	50%
GSG***	Philippines	Data centers management	50%	100%

* Subsidiary of Konsulta starting August 18, 2022 (See Note 15.5)

** A joint venture of Globe Group until December 1, 2022 (See Note 15.8)

*** A subsidiary of Globe Group until March 31, 2022 (See Note 15.11)

Equity share in net (loss) income from investment in joint ventures are as follows:

	2022	2021	2020
	<i>(In Thousand Pesos)</i>		
Investments in joint ventures:			
Mynt	₱808,251	(₱173,966)	(₱2,450,671)
GSG	214,419	-	-
Vega	169,542	1,040,322	26,315
TechGlobal	50,372	57,099	59,719
TCI	1,576	(1,114)	-
BMPL	(603)	1,025	(2,162)
HealthNow	(46,625)	(28,620)	-
Konsulta	(113,730)	(13,211)	(641)
	₱1,083,202	₱881,535	(₱2,367,440)

Investment in joint ventures share in other comprehensive income are as follows:

	Note	2022	2021	2020
		<i>(In Thousand Pesos)</i>		
Investments in joint ventures:				
Vega		₱17,854	₱42,349	₱28,035
BMPL		5,276	2,980	(2,941)
	21.8	₱23,130	₱45,329	₱25,094

The movement in investments in joint ventures are as follows:

	Notes	2022	2021
<i>(In Thousand Pesos)</i>			
Costs			
At January 1		₱48,891,949	₱42,956,056
Additional capital contributions during the year			
Investment in Konsulta	15.5	201,371	25,076
Investment in HealthNow	15.7	147,105	28,620
Investment in GSG	15.11	100,000	-
Investment in Purego	15.10	62,500	-
Investment in Rush	15.9	57,404	-
Investment in Inquiro	15.8	17,150	-
Investment in Mynt	15.2	-	1,508,160
Investment in TCI	15.6	-	30,000
Gain on deemed sale of investment in Mynt	15.2	-	4,344,037
Fair value adjustment on retained interest on investment in GSG	15.11	7,968,120	-
Gain on deemed sale of investment in Konsulta	15.5	26,410	-
Disposal		(192,876)	-
At December 31		57,279,133	48,891,949
Accumulated Equity in Net Losses			
At January 1		(6,689,946)	(7,571,481)
Equity share in net income		1,083,202	881,535
Disposal		75,245	-
At December 31		(5,531,499)	(6,689,946)
Other Comprehensive Income			
At January 1		367,214	321,885
Equity share in currency translation adjustment	21.8	5,276	2,980
Equity share in investment in equity securities	21.8	27,235	57,571
Equity share in retirement obligation	21.8	(9,381)	(15,222)
At December 31		390,344	367,214
Carrying Value at December 31		₱52,137,978	₱42,569,217

The table below presents the summarized financial information lifted from the unaudited statutory financial statements of the Globe Group's investments in joint ventures:

2022

	Vega	Mynt	TechGlobal	BMPL	Konsulta	TCI	Globe STT GDC
<i>(In Thousand Pesos)</i>							
Statements of Financial Position:							
Current assets	₱4,681,213	₱90,973,050	₱418,251	₱738,281	₱279,621	₱110,492	₱4,623,042
Noncurrent assets	43,396,208	1,921,715	161,757	28,438	330,651	46,664	6,643,275
Current liabilities	2,260,029	71,584,820	32,533	192,897	257,424	35,771	1,007,637
Noncurrent liabilities	9,649,824	104,692	20,774	18,815	-	-	391,643
Equity attributable to Parent Company	32,510,271	21,205,252	526,701	555,008	352,848	121,385	9,867,037
Statements of Comprehensive Income:							
Revenue	4,033,429	24,517,108	255,180	401,868	376,455	96,300	1,366,167
Costs and expenses	(2,637,676)	(22,098,153)	(128,204)	(407,899)	(618,012)	(91,120)	(796,031)
Income before tax	1,395,753	2,418,955	126,976	(6,031)	(241,557)	5,180	570,136
Income tax	(381,608)	(144,087)	(24,177)	-	-	(453)	(141,298)
Profit (Loss) for the period	1,014,145	2,274,868	102,799	(6,031)	(241,557)	4,727	428,838
Other comprehensive income (loss)	35,706	-	-	52,760	-	-	-
Total comprehensive income	₱1,049,851	₱2,274,868	₱102,799	₱46,729	(₱241,557)	₱4,727	₱428,838

2021

	Vega	Mynt	TechGlobal	BMPL	Konsulta	TCI	HealthNow
<i>(In Thousand Pesos)</i>							
Statements of Financial Position:							
Current assets	₱4,835,505	₱60,435,152	₱350,752	₱609,872	₱292,626	₱79,470	₱9,594
Noncurrent assets	42,796,313	1,478,289	199,632	13,304	16,164	58,315	64,378
Current liabilities	2,154,774	42,895,123	30,592	114,437	263,137	21,127	46,684
Noncurrent liabilities	9,832,485	87,933	95,891	459	-	-	47,081
Equity attributable to Parent Company	32,135,479	18,930,385	423,901	508,280	45,653	116,658	(19,793)
Statements of Comprehensive Income:							
Revenue	3,771,774	25,655,856	219,057	294,936	200,353	23,014	50,703
Costs and expenses	(2,369,134)	(26,007,493)	(86,624)	(284,686)	(226,775)	(26,379)	(127,736)
Income before tax	1,402,640	(351,637)	132,433	10,250	(26,422)	(3,365)	(77,033)
Income tax	(387,902)	(86,014)	(15,904)	-	-	(11)	-
Profit (Loss) for the period	1,014,738	(437,651)	116,529	10,250	(26,422)	(3,376)	(77,033)
Other comprehensive income (loss)	84,698	-	-	29,800	-	-	-
Total comprehensive income	₱1,099,436	(₱437,651)	₱116,529	₱40,050	(₱26,422)	(₱3,376)	(₱77,033)

15.1 Investment in Vega

On May 30, 2016, Globe Telecom's BOD, through its Executive Committee, approved the signing of a Sale and Purchase Agreement (SPA) and other related definitive agreements for acquisition of 50% equity interest in the telecommunications business of San Miguel Corporation (SMC), Schutzengel Telecom, Inc. and Grace Patricia W. Vilchez-Custodio (the "Sellers"; SMC being the major seller) through their respective subsidiaries namely, VTI, BAHC and BHC, respectively (the Acquirees). The

remaining 50% equity stake in VTI, BAHC and BHC was acquired by Philippine Long Distance Telephone Company (PLDT) under similar definitive agreements.

VTI owns an equity stake in Liberty Telecom Holdings, Inc. (LIB), a publicly-listed company in the Philippine Stock Exchange. It also owns, directly and indirectly, equity stakes in various enfranchised companies, including Bell Telecommunication Philippines, Inc. (Bell Tel), Eastern Telecom Philippines, Inc. (Eastern Telecom), Cobaltpoint Telecommunication, Inc (formerly Express Telecom, Inc.), and Tori Spectrum Telecom, Inc., among others.

The acquisition provided Globe Telecom an access to certain frequencies assigned to Bell Tel in the 700 Mhz, 900 Mhz, 1800 Mhz, 2300 Mhz and 2500 Mhz bands through a co-use arrangement approved by the NTC on May 27, 2016.

The memorandum of agreement between Globe and PLDT provides for both parties to pool resources and share in the profits and losses of the companies on a 50%-50% basis with a view to being financially self-sufficient and able to operate or borrow funds without recourse to the parties.

Notional goodwill recognized as part of investment in Vega amounted to ₱17.8 billion as of December 31, 2022 and 2021.

The table below presents the additional financial information of Vega:

	2022	2021
	<i>(In Thousand Pesos)</i>	
Items in the Statements of Financial Position		
Cash and cash equivalents	₱2,732,729	₱3,182,824
Current financial liabilities, excluding trade and other payables and provisions	-	-
Non-current financial liabilities, excluding trade and other payables and provisions	-	-
Items in the Statements of Comprehensive Income		
Depreciation and amortization	₱755,076	₱675,695
Interest income	45,381	16,431
Interest expense	-	-

15.2 Investment in Mynt

Mynt is engaged in purchasing, subscribing, owning, holding and assigning real and personal property, shares of stock and other securities. Mynt holds 100% ownership interest on Fuse Lending Inc. (Fuse) and G-Xchange, Inc. (GXI). Fuse operates as a lending company. GXI is registered with Bangko Sentral ng Pilipinas (BSP) as a remittance agent and electronic money issuer. GXI handles the electronic payment and remittance service using the Globe Group's network as platform under GCash brand.

The Globe Group made an additional investment to Mynt amounting to nil, ₱1,508.16 million and ₱1,522.50 million in 2022, 2021 and 2020, respectively.

In 2020, Mynt has attracted fresh capital investment from ASP Philippines LP, a limited partnership fund managed by investment firm Bow Wave Capital Management ("Bow Wave"), to further spur the growth of financial inclusion and the digitization of payments and financial services in the Philippines. Mynt raised over \$175 million in fresh capital from Bow Wave and its existing shareholders in multiple tranches, with post-money valuation of the final tranches at close to \$1 billion.

Bow Wave's capital infusion resulted in dilution of Globe Group's ownership in Mynt from 46% to 40%. Accordingly, gain on deemed sale amounting to ₱2,042.44 million was recognized in profit or loss

(see [Note 23](#))

In 2021, Mynt has raised over \$300 million in funding, valuing Mynt at over \$2 billion. The investment round was led by global investment giant Warburg Pincus, New York-based global private equity and venture capital firm Insight Partners, and Bow Wave, one of Mynt's existing investors. The round also includes participation from Itai Tsiddon and Amplo Ventures as well as capital from Globe and Ayala.

The investment round resulted in dilution of Globe Group's ownership in Mynt from 40% to 36%. Accordingly, gain on deemed sale amounting to ₱4,344.04 million was recognized in profit or loss (see [Note 23](#))

Notional goodwill recognized as part of investment in Mynt amounted to ₱1,630.59 million as of December 31, 2022 and 2021.

The table below presents the additional financial information of Mynt:

	2022	2021
	<i>(In Thousand Pesos)</i>	
Items in the Statements of Financial Position		
Cash and cash equivalents	₱51,703,515	₱40,489,947
Current financial liabilities, excluding trade and other payables and provisions	51,573,579	32,674,714
Non-current financial liabilities, excluding trade and other payables and provisions	-	-
Items in the Statements of Comprehensive Income		
Depreciation and amortization	₱117,229	₱254,898
Interest income	298,036	46,789
Interest expense	6,545	48,170

15.3 Investment in TechGlobal

On November 2, 2015, Innove and Techzone Philippines incorporated TechGlobal, a Joint Venture Company, formed to install, own, operate, maintain and manage all kinds of data centers and to provide information technology-enabled services and computer-enabled support services. Innove and Techzone hold ownership interest of 49% and 51%, respectively. TechGlobal started commercial operations in August 2017.

15.4 Investment in BMPL

Globe Telecom and other leading Asia Pacific mobile operators (JV partners) signed an Agreement in 2004 (JV Agreement) to form a regional mobile alliance, which will operate through a Singapore-incorporated company, BMPL. The JV company is a commercial vehicle for the JV partners to build and establish a regional mobile infrastructure and common service platform and deliver different regional mobile services to their subscribers.

15.5 Investment in Konsulta

On October 23, 2014, Yondu and Salud Interactiva (SI) signed a shareholder's agreement to enter into a joint venture through a Philippine corporation. The Joint Venture (JV) Company was registered with the Securities and Exchange Commission on June 3, 2015 under the name GTHI as a stock corporation with 50% foreign equity formed to establish, operate, manage and provide a health hotline facility, including ancillary Information Technology services with intent to operate as a domestic market



enterprise. Konsulta started commercial operations in July 2015. On September 1, 2015, Yondu assigned its interest to GCVHI.

The Globe Group infused ₱201.37 million and ₱25.08 million of additional capital in 2022 and 2021, respectively.

On August 18, 2022, Globe Telecom through GCVHI, entered into an agreement with Vigos Ventures Inc. and Salud Interactiva to consolidate Konsulta, HealthNow and Aide. The consolidation will integrate the three applications into one superapp, bringing together Konsulta's expertise in on-demand consultations, HealthNow's strength in medicine delivery, storage of medical records, and implementation of vaccination and other health programs, and Aide's mastery of providing health services in the home.

As part of the consolidation agreement, GCVHI, Salud and Vigos invested additional capital to Konsulta, which resulted in dilution of Globe Group's ownership from 50% to 46%. Accordingly, gain on deemed sale amounting to ₱26.41 million was recognized in profit or loss (see [Note 23](#)).

Subsequently, Konsulta purchased from Vigos and 917Ventures all the shares comprising the outstanding capital stock of HealthNow for a total consideration of ₱175.73 million. Accordingly, gain on sale from investment in HealthNow amounting to ₱75.25 million was recognized in profit or loss (see [Note 23](#)).

Notional goodwill recognized as part of investment in Konsulta amounted to ₱35.08 million as of December 31, 2022.

15.6 Investment in TCI

On January 17, 2020, Globe Telecom, Dito Telecommunity and Smart Communications incorporated a joint venture company, Telecommunications Connectivity, Inc. (TCI) in line with the new mobile number portability initiative of the government under RA 11202 also known as the "Mobile Number Portability Act" ("the MNP Act"). As committed to the National Telecommunications Commission, TCI commenced commercial operations on September 30, 2021 through the implementation of MNP services.

TCI is expected to bring in the technical infrastructure to fulfill its primary function as a clearing house for the three mobile operators to ensure the smooth implementation of number porting services.

The Globe Group invested nil and ₱30.00 million in 2022 and 2021, respectively, for 33.33% ownership of TCI.

15.7 Investment in HealthNow

On December 9, 2020, 917Venture, Inc., a venture capital company, and Vigos Ventures Inc. incorporated HealthNow, Inc., a Joint Venture company to provide online applications and IT services and facilities for telehealth, video-health consultation and other telehealth-related business.

In February 2022, HealthNow acquired 100% of Aide, provider of a variety of home care services which ranged from personalized care and treatment solutions.

The Globe Group invested ₱147.10 million and ₱28.62 million in 2022 and 2021, respectively, for 50% ownership of HealthNow.

As disclosed in Note 15.5 - Globe Telecom through GCVHI, entered into an agreement with Vigos Ventures Inc. and Salud Interactiva to consolidate Konsulta, HealthNow and Aide. As part of the consolidation agreement, Konsulta purchased from Vigos and 917Ventures all the shares comprising

the outstanding capital stock of HealthNow for a total consideration of ₱175.73 million. Accordingly, gain on sale from investment amounting to ₱75.25 million was recognized in profit or loss (see [Note 23](#)).

15.8 Investment in Inquiro

On September 16, 2021, 917Venture, Inc and JVHI incorporated Inquiro, Inc., a Joint Venture company to provide data management and other data-related services, through the utilization of telecommunication facilities. The Globe Group owns 49% of Inquiro.

The Globe Group infused ₱17.15 million and nil of additional capital in 2022 and 2021, respectively.

On December 1, 2022, AHI acquired 49% and 51% of outstanding shares of Inquiro from 917Ventures, Inc. and JVHI, respectively. The acquisition increased Globe Group's ownership interest from 49% to 100% and was accounted for as an acquisition of a subsidiary.

15.9 Investment in Rush

On December 1, 2021, 917Ventures, Inc. and JVHI incorporated Rush Technologies, Inc. (Rush), a Joint Venture company engaged in the business of *business-to-business* (B2B) and *business-to-consumer* (B2C) cloud-based platforms and software solutions that are necessary for, but not limited to, loyalty and e-commerce management systems. The Globe Group owns 49% of Rush.

The Globe Group infused ₱57.40 million and nil of additional capital in 2022 and 2021, respectively.

15.10 Investment in PureGo

On December 22, 2021, 917Ventures, Inc. and Entenso Equities Incorporated formed Pure Commerce, Inc. (PureGo), a Joint Venture company established to engage in the buying, selling, distribution and marketing of grocery items through an online e-commerce platform. The Globe Group owns 50% of PureGo.

The Globe Group infused ₱62.50 million and nil of additional capital in 2022 and 2021, respectively.

15.11 Investment in Globe STT GDC, Inc. (GSG, formerly known as KarmanEdge)

Globe Group previously owned 100% interest in KarmanEdge and consolidated its net assets in the consolidated financial statements. KarmanEdge is engaged in installing, building, owning, operating, maintaining and managing data centers and other related infrastructure, information technology equipment and facilities. Initial investment infused by the Globe Group amounted to ₱100.00 million.

On May 19, 2022, the SEC approved the amendment of KarmanEdge's articles of incorporation which effectively changes its corporate name to Globe STT GDC, Inc.

Sale of data center business

On March 31, 2022, The Globe Group formed a joint venture partnership with Ayala Corporation (AC), and ST Telemedia Global Data Centres (STT GDC). Under the agreement, both STT GDC and AC shall subscribe to new shares in KarmanEdge, Inc., a wholly owned subsidiary of the Globe Group that houses its carved-out data center business. The capital infusion by the new partners resulted in a post-money valuation of ₱16,136.24 million. Subsequent to the execution of the share subscription agreement, Globe remained the largest shareholder with a 50% ownership, followed by STT GDC with 40% and AC taking up the balance. As part of the deal, The Globe Group received cash proceeds amounting to ₱5,030.00 million.

The dilution of ownership interest resulted in a loss of control in KarmanEdge. Thereafter, the investment in KarmanEdge was accounted for as an investment in joint venture since no single party controls the arrangement and approvals of all parties are required before a decision can be passed.

The Globe Group accounted for this transaction as a sale of controlling interest of its data center business which resulted in a gain amounting to ₱10,511.95 million. The initial carrying amount of the Globe Group's investment in KarmanEdge was measured at fair value amounting to ₱8,068.12 million, equivalent to 50% of the post-money valuation.

The final fair values of the identifiable assets and liabilities of Globe STT GDC, Inc. as of the date of the acquisition are as follows:

		Amount recognized on acquisition
		<i>(In Million Pesos)</i>
ASSETS		
Current assets		₱9,056
Property and equipment		5,156
Other noncurrent assets		19
		14,231
LIABILITIES		
Current Liabilities		5,807
Noncurrent Liabilities		256
		6,063
Total net assets at fair value		₱8,168
Intangible assets arising on acquisition		
Customer relationship	₱1,689	
Supplier relationship	5	
	1,694	
Deferred tax liabilities	(423)	1,271
		₱9,439
Purchase consideration transferred		₱8,068
Share in identifiable assets and liabilities (50%)		(4,720)
Notional goodwill arising on acquisition		₱3,348

The fair value amounts of supplier and customer relationship were determined by an independent appraiser using multi period excess earnings method and replacement cost method.

The goodwill comprises the fair value of the expected synergies arising from the acquisition. For goodwill impairment assessment, the cash generating unit is the wireline communications segment of Globe Group.

The table below presents the additional financial information of Globe STT GDC, Inc.:

April 1 to December 31, 2022	
<i>(In Thousand Pesos)</i>	
Items in the Statements of Financial Position	
Cash and cash equivalents	₱747,835
Current financial liabilities, excluding trade and other payables and provisions	-
Non-current financial liabilities, excluding trade and other payables and provisions	-
<hr/>	
Items in the Statements of Comprehensive Income	
Depreciation and amortization	₱272,873
Interest income	4,945
Interest expense	-
<hr/>	

16 Trade Payables and Accrued Expenses

This account consists of:

	Notes	2022	2021
<i>(In Thousand Pesos)</i>			
Accrued project costs	34.2	₱34,857,379	₱37,691,916
Accrued expenses		23,660,696	25,492,771
Taxes payable		9,194,944	6,290,774
Trade payable		8,565,445	6,036,659
Liabilities to partners and merchants		6,478,838	4,466,366
Traffic settlements - net	32.2, 34.1	734,750	637,234
Other creditors		4,888,745	3,960,436
		₱88,380,797	₱84,576,156

Traffic settlements payable are presented net of traffic settlements receivable from the same carrier (see [Note 32.2](#)).

Accrued expenses consists of the following:

	2022	2021
<i>(In Thousand Pesos)</i>		
Professional and other contracted services	₱4,884,272	₱4,534,312
Repairs and maintenance	3,614,101	4,986,521
Staff costs	3,467,481	3,316,620
Selling, advertising and promotions	2,227,550	3,002,532
Lease	2,204,491	2,835,353
Taxes and licenses	2,031,222	2,219,181
Utilities, supplies and other administrative expenses	1,385,497	1,531,266
Others	3,846,082	3,066,986
	₱23,660,696	₱25,492,771

17 Provisions

The rollforward analysis of this account follows:

	Notes	2022	2021
<i>(In Thousand Pesos)</i>			
At beginning of year		₱2,768,719	₱2,784,521
Provisions for claims	27	457,545	710,369
Payments and reversals for claims	27	(642,788)	(726,171)
At end of year		₱2,583,476	₱2,768,719

Provisions pertain to probable liabilities related to various pending unresolved claims over the Globe Group's businesses such as provision for taxes and various labor cases.

The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed as it may prejudice the outcome of these on-going claims and assessments. As of December 31, 2022, the remaining claims are still being resolved.

18 Loans Payable

The Globe Group's loans payable consists of the following:

	2022	2021
<i>(In Thousand Pesos)</i>		
Term Loans:		
Peso	₱175,220,081	₱152,018,093
Dollar	21,911,676	24,917,025
	197,131,757	176,935,118
Retail bonds:		
Peso	2,993,904	2,983,268
Dollar	33,078,998	30,135,181
	36,072,902	33,118,449
	233,204,659	210,053,567
Less current portion	46,172,043	16,018,505
Net of current portion	₱187,032,616	₱194,035,062

The rollforward analysis of this account follows:

	Note	2022	2021
<i>(In Thousand Pesos)</i>			
At beginning of year		₱210,053,567	₱164,792,150
Cash items			
Proceeds from long term borrowings		8,000,000	50,733,809
Proceeds from short term borrowings		82,020,167	41,894,040
Repayments of long term borrowings		(15,934,168)	(8,009,757)
Repayments of short borrowings		(56,175,000)	(42,258,800)
		17,910,999	42,359,292
Non-cash items			
Debt issuance cost		(219,072)	(399,864)
Amortization of debt issue cost		492,624	291,758
Foreign exchange loss (gain)		4,966,541	3,010,231
		5,240,093	2,902,125
At end of year		₱233,204,659	₱210,053,567

The maturities of loans payable at nominal values as of December 31, 2022 follow (in thousands):

Due in:	
2023	₱46,389,521
2024	18,327,248
2025	18,648,001
2026	22,026,043
2027 and thereafter	129,060,113
	₱234,450,926

The interest rates and maturities of the above debts are as follows:

	Maturities	Interest Rates
Term Loans:		
Peso	2023-2033	1.63% to 7.11% in 2022
	2022-2033	1.61% to 7.11% in 2021
Dollar	2023-2027	0.77% to 6.00% in 2022
	2022-2027	0.73% to 6.00% in 2021
Retail bonds		
Peso	2023	5.28% in 2022
	2023	5.28% in 2021
Dollar	2030-2035	3.13% to 3.75% in 2022
	2030-2035	3.13% to 3.75% in 2021

Total interest expense recognized in the consolidated profit or loss related to long-term debt amounted to ₱6,884.49 million, ₱6,372.37 million and ₱5,751.08 million in 2022, 2021 and 2020,

respectively (see [Note 26](#)).

Total interest expenses capitalized as part of property and equipment amounted to ₱3,734.10 million and ₱1,640.44 million in 2022 and 2021, respectively (see [Note 11](#)).

18.1 Term Loans and Corporate Notes

Globe Telecom has unsecured term loans which consist of dollar and peso-denominated term loans subject to fixed and floating interest rates.

In 2020, the terms and condition of certain loans with local banks were modified to reduce the interest rates. Gain amounting to ₱343.12 million on debt renegotiation were recognized in the consolidated profit or loss in 2020 ([Note 23](#)).

18.2 Retail Bonds

On July 17, 2013, Globe Telecom issued ₱7,000.00 million fixed rate bond. The amount comprises ₱4,000.00 million and ₱3,000.00 million bonds due in 2020 and 2023, with interest rate of 4.8875% and 5.2792%, respectively. The net proceeds of the issue were used to partially finance Globe Telecom's capital expenditure requirements in 2013.

The seven-year and ten-year retail bonds may be redeemed in whole, but not in part only, starting two years for the seven-year bonds and three years for the ten-year bonds before the maturity date and on the anniversary thereafter at a price ranging from 101.0% to 100.5% and 102.0% to 100.5%, respectively, of the principal amount of the bonds and all accrued interest depending on the year of redemption. In July 2020, Globe Telecom fully redeemed its ₱4,000.00 million retail bonds.

18.3 Unsecured Fixed Rate Notes

On July 23, 2020, Globe Telecom issued a USD 300 million 10-year and USD 300 million 15-year US dollar denominated senior notes with a coupon rate of 2.5% and 3.0%, respectively. The notes are unrated and have been listed on the Singapore Exchange Securities Trading Limited on July 24, 2020. The net proceeds from the issue of the notes was used to finance Globe's capital expenditures, refinance maturing and/or existing obligations, and for general corporate requirements.

18.4 Loan Covenants

The loan agreements with banks and other financial institutions provide for certain restrictions and requirements with respect to, among others, maintenance of financial ratios and percentage of ownership of specific shareholders, incurrence of additional long-term indebtedness or guarantees and creation of property encumbrances.

The financial tests under Globe Group's loan agreements include compliance with the following ratios:

- Total debt* to equity not exceeding 3.0:1,
- Total debt* to EBITDA not exceeding 3.5:1;
- Debt service coverage exceeding 1.3 times; and
- Secured debt ratio not exceeding 0.2 times.

**Composed of loans payable and net derivative liabilities.*

As of December 31, 2022 and 2021, the Globe Group is not in breach of any loan covenants.

19 Other Long-term Liabilities

This account consists of:

	2022	2021
	<i>(In Thousand Pesos)</i>	
Asset retirement obligation (ARO)	₱2,689,423	₱3,297,839
Others	1,541,236	1,697,360
	₱4,230,659	₱4,995,199

ARO represents Globe Group's estimated dismantling cost of property and equipment and obligation to restore leased properties to their original condition. The rollforward analysis of the Globe Group's ARO follows:

	Notes	2022	2021
		<i>(In Thousand Pesos)</i>	
At beginning of year		₱3,297,839	₱2,852,256
Accretion expense during the year	26	187,760	199,152
Capitalized to property and equipment during the year	11	2,477	456,077
Settlements and reversals		(1,245,143)	(8,255)
Remeasurements		446,490	(201,391)
At end of year		₱2,689,423	₱3,297,839

Gain on settlement and remeasurement of ARO recognized in consolidated profit or loss amounted to ₱2.63 million, ₱74.43 million and ₱34.85 million in 2022, 2021 and 2020, respectively (see [Note 23](#)).

20 Related Party Transactions

Parties are considered to be related to the Globe Group if they have the ability, directly or indirectly, to control the Globe Group or exercise significant influence over the Globe Group in making financial and operating decisions, or vice versa, or where the Globe Group and the party are subject to common control or common joint control. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or entities and include entities which are under the significant influence of related parties exercising control or joint control over the Globe Group, and post-employment benefit plan which are for the benefit of employees of the Globe Group or of any entity that is a related party of the Globe Group.

The Globe Group, in their regular conduct of business, enter into transactions with their major stockholders, AC and Singtel, joint ventures and certain related parties.



The summary of balances arising from related party transactions for the relevant financial year follows (in thousand pesos):

2022

	Note	Amount of transaction			Outstanding Balance			Terms	Conditions
		Revenue and Other Income	Costs and Expenses charged to Profit or Loss	Cost and Expenses capitalized as Asset	Cash and Cash Equivalents	Amounts Owed by Related Parties	Amounts Owed to Related Parties		
Entities with joint control over the Company									
Singtel	20.1	P427,088	P177,202	P-	P-	P46,066	P161,264	Interest-free, settlement in cash	Unsecured, no impairment
AC	20.1	23,269	40,134	-	-	3,924	249	Interest-free, settlement in cash	Unsecured, no impairment
Jointly controlled entities									
BMPL	20.2	-	26,224	16,499	-	-	4,361	Interest-free, settlement in cash	Unsecured, no impairment
Mynt	20.2	165,430	3,327,750	-	437,505	340,041	-	Interest-free, settlement in cash	Unsecured, no impairment
Globe STT GDC, Inc.	20.2	266,930	-	3,096,530	-	514,756	547,843	Interest-free, settlement in cash	Unsecured, no impairment
Other related parties									
GRP	20.3	160,250	-	-	-	2,547,935	-	3-5 years, 4.25-6.00%, settlement in cash	Unsecured, no impairment
BEAM	20.3	-	215,000	-	-	-	-	-	-
Altimax	20.3	-	-	3,150,000	-	-	-	-	-
JVHI	20.3	21,490	-	-	-	681,000	-	6 years, 5.94%, settlement in cash	Unsecured, no impairment
Key management personnel	20.4	-	372,200	-	-	-	-	-	-
Others	20.3	684,131	100,810	57,825	1,270,967	164,577	44,189	Interest-free excluding cash and cash equivalents, settlement in cash	Unsecured, no impairment
		P1,748,588	P4,259,320	P6,320,854	P1,708,472	P4,298,299	P757,906		

2021

	Note	Amount of transaction			Outstanding Balance			Terms	Conditions
		Revenue and Other Income	Costs and Expenses charged to Profit or Loss	Cost and Expenses capitalized as Asset	Cash and Cash Equivalents	Amounts Owed by Related Parties	Amounts Owed to Related Parties		
Entities with joint control over the Company									
Singtel	20.1	₱561,592	₱294,210	₱-	₱-	₱47,702	₱166,123	Interest-free, settlement in cash	Unsecured, no impairment
AC	20.1	10,183	443,934	-	-	1,813	249	Interest-free, settlement in cash	Unsecured, no impairment
Jointly controlled entities									
BMPL	20.2	-	15,452	-	-	-	1,534	Interest-free, settlement in cash	Unsecured, no impairment
Mynt	20.2	165,430	2,437,200	-	191,592	242,690	-	Interest-free, settlement in cash	Unsecured, no impairment
Other related parties									
GRP	20.3	120,292	-	-	-	2,955,935	-	3-5 years, 4.25-6.00%, settlement in cash	Unsecured, no impairment
BHI	20.3	-	-	-	-	-	-	3 years, 5.75%, settlement in cash	
BEAM	20.3	-	215,000	-	-	-	-	-	-
Altimax	20.3	-	7,278	-	-	-	-	-	-
Key management personnel	20.4	-	463,075	-	-	-	-	-	-
Others	20.3	747,309	219,924	81,052	1,968,736	155,990	39,963	Interest-free excluding cash and cash equivalents, settlement in cash	Unsecured, no impairment
		₱1,604,806	₱4,096,073	₱81,052	₱2,160,328	₱3,404,130	₱207,869		

Amounts owed by related parties are presented in the statement of financial position as follows:

	Notes	2022	2021
		<i>(In Thousand Pesos)</i>	
Trade receivables – net		₱236,137	₱114,718
Due from related parties	10	833,227	333,477
Loans to related parties	10	3,228,935	2,955,935
		₱4,298,299	₱3,404,130

Amounts owed to related parties amounting to ₱757.91 million and ₱207.87 million as of December 31, 2022 and 2021, respectively are presented under trade payables and accrued expenses account in the statements of financial position.

As of December 31, 2022 and 2021, total related party trade and other receivables with and among subsidiaries that were eliminated at consolidation against related party trade and other payables amounted to ₱58,946 million and ₱43,002 million, respectively. These are mostly unsecured, interest-free and settled in cash.

20.1 Entities with Joint Control over Globe Group - AC and Singtel

Singtel

Interconnection agreements

Globe Telecom has interconnection agreements with Singtel. The interconnection revenues recognized in relation to the agreements amounted to ₱427.09 million, ₱561.59 million and ₱463.33 million in 2022, 2021 and 2020, respectively. The interconnection costs recognized in relation to the agreements amounted to ₱19.35 million, ₱29.53 million and ₱61.97 million in 2022, 2021 and 2020, respectively.

Technical assistance agreement

Globe Telecom and Singtel have a technical assistance agreement whereby Singtel will provide consultancy and advisory services, including those with respect to the construction and operation of Globe Telecom's networks and communication services, equipment procurement and personnel services. In addition, Globe Telecom has software development, supply, license and support arrangements, lease of cable facilities, maintenance and restoration costs and other transactions with Singtel. General and administrative expenses charged to profit or loss in relation to the agreement amounted to ₱157.85 million, ₱264.68 million and ₱207.23 million in 2022, 2021 and 2020, respectively.

AC

Subscription receivable

Globe Telecom, Innove and BTI earn subscriber revenues from AC. Service revenues recognized from AC amounted to ₱23.27 million, ₱10.18 million and ₱13.93 million in 2022, 2021 and 2020, respectively.

Cost reimbursements

Globe Telecom reimburses AC for certain operating expenses. Total expense recognized by the Globe Group from the transaction amounted to ₱40.13 million, ₱443.93 million and ₱54.44 million in 2022, 2021 and 2020, respectively.

20.2 Joint Ventures in which the Globe Group is a venturer

BMPL

Globe Telecom has preferred roaming service contract with BMPL. Under this contract, Globe Telecom will pay BMPL for services rendered by the latter which include, among others, coordination and facilitation of preferred roaming arrangement among JV partners, and procurement and maintenance of telecommunications equipment necessary for delivery of seamless roaming experience to customers. Globe Telecom also incurs commission from BMPL for regional top-up service provided by the JV partners. The net outstanding liabilities to BMPL related to these transactions amounted to ₱4.36 million and ₱1.53 million as of December 31, 2022 and 2021, respectively. Total expenses recognized related to these transactions amounted to ₱26.22 million, ₱15.45 million and ₱21.82 million in 2022, 2021, and 2020, respectively.

Mynt

Management support services

The Globe Group renders certain management support services to GXI. The management services also include the use of the Globe Group's network and facilities to conduct GXI's operations. Management fee income amounted to ₱165.43 million, ₱165.43 million and ₱51.79 million in 2022, 2021, and 2020, respectively (see [Note 23](#)).

Service agreement

Mynt offers over-the-air reloading to the mobile prepaid subscribers of the Globe Group using the Gcash mobile application. This entitles Mynt to a certain percentage share of the prepaid load sales through the Gcash platform.

Mynt also provides virtual GCash wallet to the Globe Group and functions as an Internet Payment Gateway. This enables the subscribers of the Globe Group to purchase Globe products and settle postpaid bills using the GCash platform.

Expense charged to profit or loss in relation to these arrangements amounted to ₱3,327.75 million, ₱2,437.29 million and ₱1,184.85 million in 2022, 2021 and 2020, respectively.

Outstanding Gcash wallet balance as of December 31, 2022 and 2021 amounted to ₱437.51 million ₱191.59 million, respectively.

Globe STT GDC, Inc.

Management fees

The Globe Group renders certain management support services to Globe STT GDC. Management fees recognized in relation to the services rendered amounted to ₱83.14 million in 2022 (See [Note 23](#)).

Reimbursement of expenses

In the normal course of business, Globe STT GDC reimburse expenses to the Globe Group amounting to ₱121.32 million recognized as other income in 2022.

Leases

The Globe Group has lease arrangements with Globe STT GDC for the use of certain telecommunication and data center facilities. Lease expense capitalized as right of use assets amounted to ₱3,096.53 million in 2022.

The Globe Group has lease arrangements with Globe STT GDC for the use of certain office space. Lease income recognized in relation to the agreement amounted to ₱62.47 million in 2022

20.3 Transactions with the other related parties

Globe Retirement Plan (GRP)

The Globe Group granted various loans to the GRP at an interest rate of 5.50%, which matured on September 11, 2020. Upon maturity, the loan was extended until September 11, 2023 with the interest rate reduced to 4.25% per annum. On May 5, 2021, The Globe Group granted additional loans to the GRP at an interest rate of 6%, which will mature on May 26, 2026. Interest income amounted to ₱160.25 million, ₱120.29 million and ₱25.65 million in 2022, 2021 and 2020, respectively (see [Note 22](#)). As of December 31, 2022 and 2021, the outstanding balance of loan receivable from GGRP amounted to ₱2,547.94 million and ₱2,955.94 million, respectively (see [Note 10](#)).

BHI

GRP owns 100% of BHI, a domestic corporation organized to invest in media ventures. BHI has controlling interest in Altimax Broadcasting Co., Inc. (Altimax) and Broadcast Enterprises and Affiliated Media Inc. (BEAM), respectively.

The Globe Group granted loans amounting ₱45.00 million to BHI at 5.75% interest which was settled in full on October 16, 2020. The loan is fully secured by a chattel mortgage agreement between Globe Group and BEAM.

Interest income amounted to nil, nil and ₱4.79 million in 2022, 2021, and 2020, respectively (see [Note 22](#)).

BEAM

On February 1, 2009, the Globe Group entered into a memorandum of agreement (MOA) with BEAM for the latter to render mobile television broadcast service to Globe subscribers using the mobile TV service. The Globe Group recognized expense amounting to ₱215.00 million, ₱215.00 million and ₱220.17 million in 2022, 2021 and 2020, respectively.

Altimax

On October 1, 2009, the Globe Group entered into a MOA with Altimax for the Globe Group's co-use of specific frequencies of Altimax's for the rollout of broadband wireless access to the Globe Group's subscribers. The Globe Group recognized expense amounting to nil, ₱7.28 million and ₱3.89 million in 2022, 2021 and 2020, respectively.

On March 21, 2022 Altimax's Frequency was reallocated to Globe following the approval of the National Telecommunications Commission (NTC) to reclassify the Frequency to broadband wireless access. Total consideration amounting to ₱3,150.00 million was subsequently paid in April 1, 2022.

JVHI

The Globe Group granted loan to JVHI at an interest rate of 5.94%, which will mature on January 19, 2028. Interest income amounted to ₱21.49 million in 2022 (see [Note 22](#)). As of December 31, 2022, the outstanding balance of loan receivable from JVHI amounted to ₱681.00 million (see [Note 10](#)).

917Ventures Group Retirement Plan owns 99.99% of JVHI's outstanding shares. The Plan was established by GCVHI and registered with the Bureau of Internal Revenue on May 12, 2021 to fund the retirement and separation benefits of the participating and qualified employees of 917Ventures, AHI and AI.

Others

The Globe Group earns service revenues, maintains money market placements and cash in bank balances, acquires transportation equipment and incurs general, selling and administrative expenses such as rentals, utilities and customer contract services, from entities which are either controlled, jointly controlled or significantly influenced by AC.

20.4 Transactions with key management personnel of the Globe Group

The Globe Group's compensation of key management personnel by benefit type are as follows:

	2022	2021
	<i>(In Thousand Pesos)</i>	
Short-term employee benefits	₱279,000	₱231,100
Share-based payments	73,400	213,900
Post-employment benefits	19,800	18,075
	₱372,200	₱463,075

There are no agreements between the Globe Group and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Globe Group's retirement plans.

21 Equity and Other Comprehensive Income

Globe Telecom's authorized capital stock consists of (amounts in thousand pesos and number of shares):

	2022		2021	
	Shares	Amount	Shares	Amount
<i>(In Thousand Pesos and Number of Shares)</i>				
Voting preferred stock -₱5 per share	160,000	₱800,000	160,000	₱800,000
Non-voting preferred stock -₱50 per share	40,000	2,000,000	40,000	2,000,000
Common stock -₱50 per share	168,934	8,446,719	148,934	7,446,719

Approval of the Stockholders to Increase the Authorized Common Capital Stock

On April 26, 2022, the stockholders of Globe Telecom approved the amendments to the articles of incorporation to increase Globe Telecom's authorized common capital stock by 20,000,000 shares from 148,934,373 shares to 168,934,373 shares with par value being retained at ₱50.00 per share.

Approval of the SEC to Increase the Authorized Common Capital Stock

On October 24, 2022, the Securities and Exchange Commission approved the amendments to the articles of incorporation to increase Globe Telecom's authorized common capital stock from ₱7,446,719 to ₱8,446,719 consisting of 168,934,373 shares with par value being retained at ₱50.00 per share.

Globe Telecom's issued, subscribed and fully paid capital stock consists of:

	2022		2021	
	Shares	Amount	Shares	Amount
<i>(In Thousand Pesos and Number of Shares)</i>				
Voting preferred stock	158,515	₱792,575	158,515	₱792,575
Non-voting preferred stock	20,000	1,000,000	20,000	1,000,000
Common stock	144,060	7,203,027	133,619	6,680,960
Total capital stock		₱8,995,602		₱8,473,535

Below is the summary of the Globe Telecom's track record of registration of securities:

	Number of shares registered	Issue/offer price	Date of approval
<i>(In Thousands, Except for Issue/Offer price)</i>			
Voting preferred stock	158,515	₱5.00	June 2001
Non-voting preferred stock	20,000	500.00	August 11, 2014
Common stock*	30,000	0.50	August 11, 1975
Common stock*	10,119	1,680	October 28, 2022

**Initial number of registered shares only*

21.1 Preferred Stock

Non-Voting Preferred Stock

On February 10, 2014, Globe Telecom's BOD approved the amendment of Articles of Incorporation (AOI) to reclassify 31 million of unissued common shares with par value of ₱50 per share and 90 million of unissued voting preferred shares with par value of ₱5 per share into a new class of 40 million non-voting preferred shares with par value of ₱50 per share.

On April 8, 2014, the stockholders approved the issuance, offer and listing of up to 20 million non-voting preferred shares, with an issue volume of up to ₱10 billion. The preferred shares shall be redeemable, non-convertible, non-voting, cumulative and may be issued in series.

On June 5, 2014, the SEC approved the amendment of AOI to implement the foregoing reclassification of shares.

On August 8, 2014, the SEC approved the offer of non-voting preferred perpetual shares and on August 15, 2014, the 20 million non-voting preferred shares were fully subscribed and issued. Subsequently, the shares were listed at the Philippines Stock Exchange (PSE) on August 22, 2014.

Non-voting preferred stock has the following features:

- Issued at ₱50 par;
- Dividend rate to be determined by the BOD at the time of issue;
- Redemption - at Globe Telecom's option at such times and price(s) as may be determined by the BOD at the time of issue, which price may not be less than the par value thereof plus accrued dividends;
- Eligibility of investors - Any person, partnership, association or corporation regardless of nationality wherein at least 60% of the outstanding capital stock shall be owned by Filipino;
- No voting rights;
- Cumulative and non-participating;
- No pre-emptive rights over any sale or issuance of any share in Globe Telecom's capital stock; and
- Stocks shall rank ahead of the common shares and equally with the voting preferred stocks in the event of liquidation.

On August 22, 2021, Globe Telecom redeemed the 20 million non-voting preferred shares for ₱10,000.00 million which were recognized as treasury shares in the consolidated statements of financial position (see [Note 21.4](#)).

Voting Preferred Stock

Voting preferred stock has the following features:

- Issued at ₱5 par;
- Dividend rate to be determined by the BOD at the time of issue;
- One preferred share is convertible to one common share starting at the end of the 10th year of the issue date at a price to be determined by Globe Telecom's BOD at the time of issue which shall not be less than the market price of the common share less the par value of the preferred share;
- Call option - Exercisable any time by Globe Telecom starting at the end of the 5th year from issue date at a price to be determined by the BOD at the time of issue;
- Eligibility of investors - Only Filipino citizens or corporations or partnerships wherein 60% of the voting stock or voting power is owned by Filipino;
- With voting rights;

- Cumulative and non-participating;
- Preference as to dividends and in the event of liquidation; and
- No pre-emptive right to any share issue of Globe Telecom, and subject to yield protection in case of change in tax laws.

The dividends for preferred stocks are declared upon the sole discretion of Globe Telecom's BOD.

21.2 Common Stock

The rollforward of outstanding common shares follows:

	2022		2021	
	Shares	Amount	Shares	Amount
	<i>(In Thousand Pesos and Number of Shares)</i>			
At beginning of year	133,619	₱6,680,960	133,432	₱6,671,636
Issuance of shares by way of stock rights	10,119	505,952	-	-
Issuance of shares under share-based compensation plan and exercise of stock options	322	16,115	187	9,324
At end of year	144,060	₱7,203,027	133,619	₱6,680,960

Holders of fully paid common stock are entitled to voting and dividends rights.

Stock Rights Offering

On June 20, 2022, the board of directors of Globe Telecom approved the offer and issuance of common shares by way of stock rights to eligible shareholders of record, and the subsequent listing of said shares. The common shares for this offer will be issued out of the increase in the Company's authorized capital stock, which was approved by Globe's board of directors and stockholders on April 25, 2022 and April 26, 2022, respectively.

On October 28, 2022, Globe Telecom formally listed 10,119,047 common shares newly issued to stockholders that participated in the recently concluded Rights Offer (the "Offer") on the Philippine Stock Exchange. The common shares were sold in the Offer at ₱1,680.00 per share, raising net proceeds of ₱16,804.48 million.

21.3 Capital Securities

On November 2, 2021, Globe Telecom issued US\$600 million senior perpetual capital securities with an initial distribution rate of 4.20% payable semi-annually and callable on or after August 2, 2026. The distribution rate is subject to step up on the fifth anniversary and shall be recalculated every five years thereafter. The capital securities were classified as equity since there is no fixed redemption date and the redemption is at the option of Globe Telecom. Globe Telecom also has the right to defer payment of any or all of the distribution. On November 3, 2021, the capital securities were listed in Singapore Exchange Securities Trading Limited.

Distributions to holders of capital securities amounted to ₱1,306.73 million in 2022.

21.4 Treasury Shares

The Globe Group's treasury shares pertain to the 20 million non-voting preferred shares that were redeemed on August 22, 2021 for ₱10,000.00 million (see Note 21.1).

The rollforward of treasury shares follows:

	2022		2021	
	Shares	Amount	Shares	Amount
<i>(In Thousand Pesos and Number of Shares)</i>				
At beginning of year	20,000	₱10,000,000	-	₱-
Redemption of shares	-	-	20,000	10,000,000
At end of period	20,000	₱10,000,000	20,000	₱10,000,000

21.5 Cash Dividends

Information on the Globe Telecom's BOD declaration of cash dividends follows:

	Per Share	Amount	Date	
			Record	Payment
<i>(In Thousand Pesos, Except Per Share Figures)</i>				
Dividends on Voting Preferred stock:				
November 3, 2020	0.32	50,027	November 17, 2020	December 3, 2020
November 11, 2021	0.32	50,027	November 25, 2021	December 10, 2021
November 11, 2022	0.32	50,027	November 25, 2022	December 9, 2022
Dividends on Non-voting Preferred stock:				
December 10, 2019	13.00	260,030	January 29, 2020	February 24, 2020
May 5, 2020	13.00	260,030	July 28, 2020	August 24, 2020
December 11, 2020	13.00	260,030	January 27, 2021	February 22, 2021
May 6, 2021	13.00	260,030	July 28, 2021	August 23, 2021
Dividends on Common stock:				
February 3, 2020	27.00	3,596,626	February 17, 2020	March 4, 2020
May 5, 2020	24.83	3,313,135	May 18, 2020	June 3, 2020
August 3, 2020	24.83	3,313,135	August 17, 2020	September 2, 2020
November 3, 2020	31.33	4,180,448	November 17, 2020	December 3, 2020
February 9, 2021	27.00	3,602,685	February 24, 2021	March 11, 2021
May 6, 2021	27.00	3,607,718	May 21, 2021	June 4, 2021
August 5, 2021	27.00	3,607,718	August 19, 2021	September 3, 2021
November 11, 2021	27.00	3,607,718	November 25, 2021	December 10, 2021
February 8, 2022	27.00	3,607,719	February 22, 2022	March 10, 2022
May 4, 2022	27.00	3,616,420	May 19, 2022	June 3, 2022
August 11, 2022	27.00	3,616,420	August 25, 2022	September 9, 2022
November 11, 2022	25.00	3,601,514	November 25, 2022	December 9, 2022

21.6 Common Stock Dividend

The dividend policy of Globe Telecom as approved by the BOD is to declare cash dividends to its common stockholders on a regular basis as may be determined by the BOD.

The dividend distribution policy is reviewed annually and subsequently each quarter of the year, taking into account Globe Telecom's operating results, cash flows, debt covenants, capital expenditure levels and liquidity.

Globe Telecom distributes cash dividends to its shareholders at the rate of 60% to 75% of prior year's core net income, and is committed to a sustainable dividend policy in line with earnings and cash flow generation.

21.7 Retained Earnings Available for Dividend Declaration

The total unrestricted retained earnings available for dividend declaration amounted to ₱20,566.57 million and ₱23,255.54 million as of December 31, 2022 and December 31, 2021, respectively. This amount excludes the undistributed net earnings of consolidated subsidiaries, accumulated equity in net earnings of joint ventures accounted for under the equity method, and unrealized gains recognized on asset and liability, currency translations and unrealized gains on fair value adjustments. The Globe Group is also subject to loan covenants that limits its ability to pay dividends (see [Note 18](#)).

21.8 Other Comprehensive Income

Other Reserves

2022

	Cash flow hedges (Note 8)	Investment in equity securities (Note 10)	Currency translation adjustment	Remeasurement on pension liabilities (Note 28)	Total
<i>(Unaudited and In Thousand Pesos)</i>					
As of January 1	₱198,090	₱956,219	(₱35,365)	(₱3,314,072)	(₱2,195,128)
Fair value changes	1,791,710	2,492	-	-	1,794,202
Share in OCI from investment in joint venture (see Note 15)	-	27,235	5,276	(9,381)	23,130
Remeasurement on pension liabilities	-	-	-	3,666,776	3,666,776
Transferred to profit or loss	(3,631,163)	-	-	-	(3,631,163)
Exchange differences	-	-	693,257	-	693,257
Income tax effect (see Note 29)	459,863	(623)	-	(916,694)	(457,454)
Other comprehensive income for the period	(1,379,590)	29,104	698,533	2,740,701	2,088,748
Other comprehensive income attributable to non-controlling interest	-	-	(113)	(9,813)	(9,926)
Other comprehensive income attributable to equity holders of the Parent	(1,379,590)	29,104	698,420	2,730,888	2,078,822
As of December 31	(₱1,181,500)	₱985,323	₱663,055	(₱583,184)	(₱116,306)

2021

	Cash flow hedges (Note 8)	Investment in equity securities (Note 10)	Currency translation adjustment	Remeasurement on defined benefit plan (Note 28)	Total
<i>(In Thousand Pesos)</i>					
As of January 1	(P990,120)	P753,674	(P66,008)	(P3,917,136)	(P4,219,590)
Other comprehensive income for the year:					
Fair value changes	3,130,910	409,185	-	-	3,540,095
Remeasurement gain on defined benefit plan	-	-	-	1,192,789	1,192,789
Transferred to profit or loss	(1,452,333)	-	-	-	(1,452,333)
Exchange differences	-	-	28,436	-	28,436
Share in OCI from investment in joint venture (Note 15)	-	57,571	2,980	(15,222)	45,329
Income tax adjustment (CREATE) (see Note 29)	(70,723)	14,150	-	(278,511)	(335,084)
Income tax effect (see Note 29)	(419,644)	(102,296)	-	(298,932)	(820,872)
Other comprehensive income for the period	1,188,210	378,610	31,416	600,124	2,198,360
Other comprehensive income attributable to non-controlling interest	-	-	(773)	2,940	2,167
Other comprehensive income attributable to equity holders of the Parent	1,188,210	378,610	30,643	603,064	2,200,527
Reclassification of fair value gain on investment in equity securities at FVOCI	-	(176,065)	-	-	(176,065)
As of December 31	P198,090	P956,219	(P35,365)	(P3,314,072)	(P2,195,128)

2020

	Cash flow hedges (Note 8)	Investment in equity securities (Note 10)	Currency translation adjustment	Remeasurement on defined benefit plan (Note 28)	Total
<i>(In Thousand Pesos)</i>					
As of January 1	(P264,436)	P660,311	(P62,623)	(P2,099,862)	(P1,766,610)
Other comprehensive income for the year:					
Fair value changes	(3,234,275)	(56,686)	-	-	(3,290,961)
Remeasurement loss on defined benefit plan	-	-	-	(2,575,897)	(2,575,897)
Transferred to profit or loss	2,197,584	-	-	-	2,197,584
Exchange differences	-	-	(635)	-	(635)
Share in OCI from investment in joint venture (Note 15)	-	41,042	(2,941)	(13,007)	25,094
Income tax effect	311,007	17,006	191	771,630	1,099,834
Other comprehensive income for the period	(725,684)	1,362	(3,385)	(1,817,274)	(2,544,981)
Reclassification of fair value gain on investment in equity securities at FVOCI	-	92,001	-	-	92,001
As of December 31	(P990,120)	P753,674	(P66,008)	(P3,917,136)	(P4,219,590)

22 Interest Income

Interest income is earned from the following sources:

	Notes	2022	2021	2020
<i>(In Thousand Pesos)</i>				
Short-term placements	5	₱130,153	₱13,810	₱125,597
Loans receivable:				
GRP	20.3	160,250	120,292	25,645
JVHI	20.3	21,490	-	-
BHI	20.3	-	-	4,794
Cash in banks	5	9,650	5,946	19,408
Others		18,566	9,460	19,494
		₱340,109	₱149,508	₱194,938

23 Other Income - net

This account consists of:

	Notes	2022	2021	2020
<i>(In Thousand Pesos)</i>				
Gain (loss) on derivatives instruments – net		₱5,797,800	₱3,214,633	(₱1,579,746)
Foreign exchange gain (loss) - net		(5,343,019)	(3,656,218)	1,690,842
Management fees:				
Mynt	20.2	165,430	165,430	51,786
Globe STT GDC	20.2	83,143	-	-
Konsulta		13,138	-	-
Lease		107,238	49,070	45,503
Gain on sale of investment in HealthNow	15.7	75,245	-	-
Gain on deemed sale of investment in Konsulta	15.5	26,410	-	-
Gain on settlement and remeasurement of ARO	19	2,629	74,433	34,845
Gain on deemed sale of investment in Mynt	15.2	-	4,344,037	2,042,441
Gain on debt renegotiation	18.1	-	-	343,122
Others		1,546,800	465,262	1,188,418
		₱2,474,814	₱4,656,647	₱3,817,211

24 General, Selling and Administrative Expenses

This account consists of:

	Notes	2022	2021	2020
<i>(In Thousand Pesos)</i>				
Staff costs	28	₱19,136,088	₱18,247,670	₱15,957,403
Repairs and maintenance		11,656,701	10,193,836	9,587,216
Professional and other contracted services		10,670,751	12,389,867	11,770,784
Utilities, supplies and other administrative expenses		10,309,303	7,522,027	6,296,354
Selling, advertising and promotions		6,385,740	7,455,850	6,398,713
Taxes and licenses		3,889,035	3,942,678	3,575,873
Platform fees and bank charges		3,633,602	1,735,214	199,419
Lease	13.3	2,794,315	4,274,333	6,208,748
Insurance and security services		2,131,677	2,020,244	1,871,360
Courier and delivery		574,883	668,257	500,017
Others		1,988,232	2,151,333	2,547,468
		₱73,170,327	₱70,601,309	₱64,913,355

25 Depreciation and amortization

The account consists of:

	Notes	2022	2021	2020
<i>(In Thousand Pesos)</i>				
Property and equipment	11	₱34,088,386	₱32,321,056	₱28,195,155
Intangible assets	12	6,283,860	5,831,884	5,849,612
Right of use assets	13	5,276,304	2,974,674	1,361,716
Investment properties	10	4,746	5,378	5,555
		₱45,653,296	₱41,132,992	₱35,412,038

26 Financing Costs

This account consists of:

	Notes	2022	2021	2020
<i>(In Thousand Pesos)</i>				
Loans payable*	18	₱6,884,490	₱6,372,369	₱5,751,079
Lease liabilities	13.2	1,668,972	560,764	301,952
Swap costs	8.4	1,140,451	1,422,735	742,059
Pension cost	28.1.1	198,227	174,300	142,096
ARO accretion expense	19	187,760	199,152	151,460
Others		11,389	11,443	22,764
		₱10,091,289	₱8,740,763	₱7,111,410

*This account is net of the amount capitalized borrowing costs (see [Notes 11](#) and [18](#)).

27 Impairment and other losses

This account consists of:

	Notes	2022	2021	2020
<i>(In Thousand Pesos)</i>				
Impairment loss on				
Trade receivables	6	₱4,108,704	₱3,544,995	₱5,067,140
Property and equipment	11	-	1,155,691	4,149,337
Contract assets	7.1	723,167	346,967	500,673
Non-trade receivables	10	-	-	1,121
Other assets		14,603	32,461	42,337
Provisions for (reversal of):				
Inventory obsolescence	9	245,516	502,627	284,788
Other probable losses - net	17	(185,243)	(15,802)	162,203
		₱4,906,747	₱5,566,939	₱10,207,599

28 Staff Cost

This account consist of:

	Recognized in profit or loss (Note 24)	Recognized in OCI (Note 21.8)
<i>(In Thousand Pesos)</i>		
2022		
Compensation and short-term benefits	₱17,605,471	₱-
Pension benefits	1,089,723	(3,666,776)
Share based compensation	440,894	-
	₱19,136,088	(₱3,666,776)
2021		
Compensation and short-term benefits	₱16,635,376	₱-
Pension benefits	1,172,467	(1,192,789)
Share based compensation	439,827	-
	₱18,247,670	(₱1,192,789)
2020		
Compensation and short-term benefits	₱14,664,134	₱-
Pension benefits	898,536	2,575,897
Share based compensation	394,733	-
	₱15,957,403	₱2,575,897

28.1 Pension Benefits

The details of pension liability recognized in the consolidated statements of financial position are as follows:

	2022	2021
	<i>(In Thousand Pesos)</i>	
Globe Retirement Plan (GRP)	₱1,830,881	₱4,962,536
Other pension benefits	132,609	81,155
	₱1,963,490	₱5,043,691

The details of pension expense recognized in the consolidated statements of comprehensive income are as follows:

	Recognized in profit or loss	Recognized in OCI
	<i>(In Thousand Pesos)</i>	
2022		
GRP	₱1,020,459	(₱3,639,967)
Others	69,264	(26,809)
	₱1,089,723	(₱3,666,776)
2021		
GRP	₱1,149,187	(₱1,219,262)
Others	23,280	26,473
	₱1,172,467	(₱1,192,789)
2020		
GRP	₱873,433	₱2,575,352
Others	25,103	545
	₱898,536	₱2,575,897

28.1.1 Globe Retirement Plan

The Globe Group sponsors Globe Retirement Plan (GRP), a noncontributory defined benefit plan for qualifying employees of Globe Telecom and Innove. GRP is administered by a separate fund that is legally separated from the entity. The Board of Trustees (BOT) of the pension fund are required by law to act in the interest of the fund and of all relevant stakeholders in the plan. The BOT members are unanimously appointed by Globe Telecom acting through its BOD.

The BOT are authorized to appoint one or more fund managers to hold, invest and reinvest the assets of the Plan and execute an Investment Agreement with the said fund managers. The BOT sets the investment policies and limits of the Plan, and appoints fund managers to assist in the investment management of the Plan. The objective of the portfolio is capital preservation by earning higher than regular deposit rates over a long period given a small degree of risk on principal interest.

Asset - liability matching strategies

The investment policy in managing liquidity is to have sufficient liquidity at all times to meet the Plan's maturing liabilities, including benefit payments to qualified employees who are expected to avail of their retirement benefits when due, without incurring unnecessary funding costs.



The Plan's liquidity risk is managed on a daily basis by the Plan's investment managers in accordance with the policies and procedures duly approved by the BOT. The Plan's overall liquidity position for the year is monitored on a regular basis by the BOT.

Funding policy

The plan should have at least 100% solvency levels at all times. If a solvency deficiency exists, the deficit must be immediately funded.

Risks associated with the Plan

The retirement plan typically expose the participants to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on plan asset is below this rate, it will result in remeasurement loss and may create a plan deficit.

Interest rate risk

A decrease in the government bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at December 31, 2022 by an Independent Actuary. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The components of pension expense (included in staff costs under "General, selling and administrative expenses" account) in the consolidated statements of comprehensive income are as follows:

	2022	2021	2020
	<i>(In Thousand Pesos)</i>		
Current service cost	₱1,110,085	₱1,207,909	₱922,795
Past service cost	-	-	-
	1,110,085	1,207,909	922,795
Less: components capitalized as property and equipment	(89,626)	(58,722)	(49,362)
Amount recognized in profit or loss	1,020,459	1,149,187	873,433
Net interest expense (Note 26)	198,227	174,300	142,096
Components of defined benefit costs recognized in profit or loss	1,218,686	1,323,487	1,015,529
Remeasurement on the net defined benefit liability:			
Return on plan assets (excluding amounts included in net interest expense)	(710,521)	(502,949)	549,767
Actuarial gains and losses:			
from changes in assumptions	(3,931,884)	(2,549,710)	1,911,762
from experience adjustments	1,002,438	1,833,397	113,823
Components of defined benefit costs recognized in other comprehensive income	(3,639,967)	(1,219,262)	2,575,352
	(₱2,421,281)	₱104,225	₱3,590,881

The breakdown of pension liability is as follows:

	2022	2021
	<i>(In Thousand Pesos)</i>	
Present value of benefit obligation	₱11,392,648	₱13,216,313
Less: fair value of plan assets	9,561,767	8,253,777
Pension liability	₱1,830,881	₱4,962,536

The following tables present the changes in the present value of defined benefit obligation and fair value of plan assets:

Present value of defined benefit obligation

	2022	2021
	<i>(In Thousand Pesos)</i>	
Balance at beginning of year	₱13,216,313	₱13,316,312
Current service cost	1,110,085	1,207,909
Interest cost	666,981	490,234
Benefits paid	(584,949)	(1,081,829)
Transfer of employees	(86,336)	-
Remeasurements in other comprehensive income:		
Actuarial gains and losses arising from changes in assumptions	(3,931,884)	(2,549,710)
Actuarial gains and losses arising from experience adjustments	1,002,438	1,833,397
Balance at end of year	₱11,392,648	₱13,216,313

Fair value of plan assets

	2022	2021
	<i>(In Thousand Pesos)</i>	
Balance at beginning of year	₱8,253,777	₱7,713,642
Remeasurement (gains)/losses:		
Return on plan assets (excluding amounts included in net interest expense)	710,521	502,949
Contributions from the employer	800,000	803,081
Interest income	468,754	315,934
Benefits paid	(584,949)	(1,081,829)
Transfer payments	(86,336)	-
Balance at end of year	₱9,561,767	₱8,253,777
Actual return on plan assets	₱1,179,275	₱818,883

The recommended contribution for the Globe Group retirement fund for the year 2023 amounted to ₱2,814.75 million. This amount is based on the Globe Group's actuarial valuation report as of December 31, 2022.

The allocation of the fair value of the plan assets of the Globe Group as of December 31 is as follows:

	2022	2021
	<i>(In Thousand Pesos)</i>	
Cash and cash equivalents	₱328,751	₱88,092
Investment in debt securities	3,623,143	2,599,307
Investment in equity shares	5,609,873	5,566,378
	₱9,561,767	₱8,253,777

The assumptions used to determine pension benefits for the Globe Group are as follows:

	2022	2021
Discount rate	7.93%	5.15%
Salary rate increase	4.50%	4.50%

The assumptions regarding future mortality rates which are based on the 2017 Philippine Intercompany Mortality Table which is based on a recent study by the Actuarial Society of the Philippines.

In 2022 and 2021, the Globe Group applied a single weighted average discount rate that reflects the estimated timing and amount of benefit payments.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of December 31, 2022 and 2021, assuming all other assumptions were held constant (in thousand pesos):

December 31, 2022

	Increase (decrease) in basis points	Increase (decrease) on defined benefit obligation
Discount rates	+0.50%	(537,191)
	-0.50%	581,159
Future salary increases	+0.50%	624,242
	-0.50%	(580,348)
Mortality	+10.00%	47,627
	-10.00%	(51,147)

December 31, 2021

	Increase (decrease) in basis points	Increase (decrease) on defined benefit obligation
Discount rates	+0.50%	(766,163)
	-0.50%	837,663
Future salary increases	+0.50%	870,346
	-0.50%	(802,174)
Mortality	+10.00%	248
	-10.00%	(254)

There were no changes from the previous period in the methods and assumptions used in preparing sensitivity analysis.

The objective of the plan's portfolio is capital preservation by earning higher than regular deposit rates over a long period given a small degree of risk on principal and interest. Asset purchases and sales are determined by the plan's investment managers, who have been given discretionary authority to manage the distribution of assets to achieve the plan's investment objectives. The compliance with target asset allocations and composition of the investment portfolio is monitored by the BOT on a regular basis.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the Projected Unit Credit Method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the consolidated statement of financial position.

The plan contributions are based on the actuarial present value of accumulated plan benefits and fair value of plan assets are determined using an independent actuarial valuation.

The average duration of the defined benefit obligation at the end of the reporting period is 14.87 years and 16.66 years in 2022 and 2021, respectively.

Shown below is the maturity analysis of the undiscounted benefit payments as of December 31:

	2022	2021
	<i>(In Thousand Pesos)</i>	
Within 1 year	₱974,927	₱530,441
More than 1 year to 5 years	3,565,350	3,100,882
5 years to 10 years	6,427,008	5,598,761
	₱10,967,285	₱9,230,084

28.1.2 Other Pension Benefits

Other pension benefits pertain to the pension liabilities recognized by the Globe Group's subsidiaries who do not participate in the GRP. Other pension benefits are primarily recognized for the minimum retirement benefits provided by the Philippine Retirement Law under Republic Act 7641.

28.2 Share-based Compensations

The Globe Telecom has stock plans for its employees. The number of shares allocated under these plans shall not exceed the aggregate equivalent of 6% of the authorized capital stock.

28.2.1 Long-Term Incentive Plan

In November 2014, the Globe Group obtained approval from the BOD to implement a Long-Term Incentive Plan (LTIP) also called a Performance Share Plan (PSP) covering key executives and senior management. Under the PSP, the grantees are awarded a specific number of shares at the start of the performance period which vest over a specified performance period and contingent upon the achievement of specified long-term goals.

The following are the stock grants to key executives and senior management personnel of the Globe Group under the LTIP:

Date of Grant	Number of Grants at Grant Date	Settlement Dates	Fair Value of Each Grants	Fair Value Measurement
January 1, 2017	158,687	100% after 3 years subject to attainment of plan targets and subject to stock ownership requirements	1,428.85	Market price
January 1, 2018	146,040	100% after 3 years subject to attainment of plan targets and subject to stock ownership requirements	1,782.80	Market price
July 31, 2019	289,650	100% after 3 years subject to attainment of plan targets and subject to stock ownership requirements	1,997.35	Market price
January 1, 2020	230,360	100% after 3 years subject to attainment of plan targets and	1,970.2	Market price

Date of Grant	Number of Grants at Grant Date	Settlement Dates	Fair Value of Each Grants	Fair Value Measurement
		subject to stock ownership requirements		
January 1, 2021	200,830	100% after 3 years subject to attainment of plan targets and subject to stock ownership requirements	2,027.30	Market price
January 1, 2022	128,260	100% after 3 years subject to attainment of plan targets and subject to stock ownership requirements	3,384.00	Market price

The fair value is based on the average quoted market price for the last 20 trading days preceding the approval date of the stock option grant.

Cost of share-based compensation in 2022, 2021 and 2020 amounted to ₱440.89 million, ₱439.83 million and ₱394.73 million, respectively.

29 Income Tax

Income Tax Expense

Income tax expense charged to profit or loss includes the following:

	2022	2021	2020
	<i>(In Thousand Pesos)</i>		
Current	₱9,696,533	₱4,903,568	₱8,139,602
Deferred	(200,132)	412,347	377,016
	₱9,496,401	₱5,315,915	₱8,516,618

Deferred tax expense (benefit) recognized in the consolidated other comprehensive income amounted to ₱457.45 million, ₱1,155.96 million and (₱1,099.83) million in 2022, 2021 and 2020, respectively. (see [Note 21.8](#)).

The reconciliation of the provision for income tax at statutory tax rate and the actual current and deferred provision for income tax follows:

	2022	2021	2020
	<i>(In Thousand Pesos)</i>		
Income before income tax	₱44,100,450	₱29,039,772	₱27,139,663
Multiplied by statutory income tax rate	25%	25%	30%
Provision at statutory income tax rate	11,025,113	7,259,943	8,141,898
Add (deduct) tax effects of:			
Equity in net (income) losses of associates and joint ventures	(270,801)	(220,384)	710,232
Gain on sale of controlling interest on data center business subjected to lower rate	(796,812)	-	-
Income subjected to lower tax rates	(268,411)	(459,907)	(292,551)
Change in income tax rate (CREATE)			
Current tax expense	-	(695,139)	-
Deferred tax expense	-	(670,969)	-
Others	(192,688)	102,371	(42,961)
Actual provision for income tax	₱9,496,401	₱5,315,915	₱8,516,618

The current provision for income tax includes the following:

	2022	2021	2020
	<i>(In Thousand Pesos)</i>		
RCIT or MCIT, whichever is higher	₱9,599,769	₱4,836,217	₱8,051,157
Final tax	96,764	67,351	88,445
	₱9,696,533	₱4,903,568	₱8,139,602

Deferred Income Tax Assets and Liabilities

Net deferred tax assets and (liabilities) presented in the consolidated statements of financial position on a net basis by entity are as follows:

	2022	2021
	<i>(In Thousand Pesos)</i>	
Net deferred income tax assets	₱2,228,042	₱2,033,968
Net deferred income tax liabilities	(6,446,284)	(6,062,606)
	(₱4,218,242)	(₱4,028,638)

The significant components of the deferred income tax assets and liabilities of the Globe Group represent the deferred income tax effects of the following (In Thousand Pesos):

	2022	2021
	<i>(In Thousand Pesos)</i>	
Deferred tax assets		
Lease liabilities net of ROU	₱2,876,384	₱51,492
Allowance for impairment losses on receivables	2,523,317	2,436,611
Unrealized foreign exchange losses	1,549,919	494,730
Unearned revenues and advances already subjected to income tax	1,217,257	1,596,732
Accrued manpower cost	1,104,647	1,077,936
Accrued pension	887,693	1,720,573
ARO	614,250	720,357
Accumulated impairment losses on property and equipment	527,227	581,068
Provision for claims and assessment	470,637	505,038
Inventory obsolescence and market decline	212,364	217,969
Cost of share-based compensation	212,223	210,957
Others	167,717	187,917
	12,363,635	9,801,380
Deferred tax liabilities		
Excess of accumulated depreciation and amortization of Globe Telecom equipment for (a) tax reporting over (b) financial reporting	(10,119,947)	(9,473,402)
Contract asset	(2,489,582)	(2,335,417)
Unrealized gain on derivative transaction	(1,129,999)	(451,440)
Others	(2,842,349)	(1,569,759)
	(16,581,877)	(13,830,018)
Net deferred income tax (liabilities) assets	(₱4,218,242)	(₱4,028,638)

The rollforward analysis of the Globe Group's net deferred tax assets (liabilities) follows:

	2022	2021
	<i>(In Thousand Pesos)</i>	
At beginning of year	(₱4,028,638)	(₱2,500,281)
Deferred income tax recognized in profit or loss		
Deferred tax relating to temporary difference	200,132	(1,083,316)
Deferred tax relating to change in tax rates	-	670,969
Deferred income tax recognized in comprehensive income		
Deferred tax relating to temporary difference (Note 21.8)	(457,454)	(820,872)
Deferred tax relating to change in tax rates (Note 21.8)	-	(335,084)
Deferred income tax recognized in other equity items	67,718	39,946
At end of year	(₱4,218,242)	(₱4,028,638)

Corporate Recovery and Tax Incentives for Enterprises Act (CREATE)

On March 26, 2021, RA No. 11534, otherwise known as CREATE, was signed into law. Under the CREATE bill, effective July 01, 2020, the existing 30% corporate income tax rate shall be amended as follows:

- reduction of corporate income tax (CIT) rate to 20% applicable to domestic corporations with total net taxable income not exceeding P5,000,000 and with total assets not exceeding P100 Million (excluding land on which the business entity's office, plant and equipment are situated);
- reduction of CIT rate to 25% shall be applicable to all other corporations subject to regular CIT
- Minimum Corporate Income Tax (MCIT) rate shall also be amended to 1%, instead of 2%, for the period beginning July 01, 2020 until June 30, 2023.

Under CREATE, corporate taxpayers shall prepare their annual income tax return for the calendar year 2020 using the pro-rated CIT rate for CY2020 reckoned from July 1, 2020 (retrospective effect).

As a result of the change in CIT rate, the Globe Group remeasured its current and deferred tax assets and liabilities using the new applicable corporate income tax rates.

The application of the reduction in income tax rate resulted in:

- decrease in income tax expense recognized in the consolidated profit or loss by ₱1,366.11 million;
- increase in income tax expense recognized in the consolidated other comprehensive income by ₱335.08 million; and
- decrease in income tax payable and net deferred tax liabilities by ₱695.14 million and ₱335.89 million, respectively.

30 Earnings Per Share

The Globe Group's earnings per share amounts were computed as follows:

	2022	2021	2020
	<i>(In Thousand Pesos and Number of Shares Except per Share Figures)</i>		
Net income attributable to common shareholders	₱34,563,011	₱23,652,811	₱18,578,322
Less dividends on preferred shares:			
Non-voting preferred shares	-	260,030	520,060
Capital securities	1,250,363	214,091	-
Convertible voting preferred shares	50,027	50,027	50,027
Net income attributable to common shareholders for basic earnings per share (a)	33,262,621	23,128,663	18,008,235
Add dividends on convertible voting preferred shares	50,027	50,027	50,027
Net income attributable to common shareholders for diluted earnings per share (b)	33,312,648	23,178,690	18,058,262
Common shares outstanding, beginning	133,619	133,432	133,208
Add Weighted average number of issued shares under share-based compensation	215	124	149
Weighted average number of issued shares by way of stock rights	1,687	-	-
Weighted average number of shares for basic earnings per share (c)	135,521	133,556	133,357
Add Dilutive shares arising from:			
Convertible preferred shares	338	334	390
Share based compensation plans	529	670	611
Adjusted weighted average number of common shares for diluted earnings per share (d)	136,388	134,560	134,358
Basic earnings per share (a/c)	₱245.44	₱173.18	₱135.04
Diluted earnings per share (b/d)	₱244.25	₱172.25	₱134.40

31 Capital and Financial Risk Management and Financial Instruments

The Globe Group adopts an expanded corporate governance approach in managing its business risks. An Enterprise Risk Management Policy was developed to systematically view the risks and to provide a better understanding of the different risks that could threaten the achievement of the Globe Group's mission, vision, strategies, and goals, and to provide emphasis on how management and employees play a vital role in achieving the Globe Group's mission of transforming and enriching lives through communications.

The policies are not intended to eliminate risk but to manage it in such a way that opportunities to create value for the stakeholders are achieved. The Globe Group risk management takes place in the context of the normal business processes such as strategic planning, business planning, operational and support processes.

The application of these policies is the responsibility of the BOD through the Chief Executive Officer. The Chief Finance Officer and concurrent Chief Risk Officer champion oversees the entire risk management function. Risk owners have been identified for each risk and they are responsible for coordinating and continuously improving risk strategies, processes and measures on an enterprise-wide basis in accordance with established business objectives.

The risks are managed through the delegation of management and financial authority and individual accountability as documented in employment contracts, consultancy contracts, letters of authority, letters of appointment, performance planning and evaluation forms, key result areas, terms of reference and other policies that provide guidelines for managing specific risks arising from the Globe Group's business operations and environment.

The Globe Group continues to monitor and manage its financial risk exposures according to its BOD approved policies.

The succeeding discussion focuses on Globe Group's capital and financial risk management.

31.1 Capital Risk Management Objectives and Policies

Capital represents equity attributable to equity holders of the Parent Company.

The primary objective of the Globe Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Globe Group monitors its use of capital using leverage ratios, such as debt to total capitalization and makes adjustments to it in light of changes in economic conditions and its financial position. The ratio of debt to total capitalization for the years ended December 31, 2022 and 2021 was at 60% and 65%, respectively.

The Globe Group's loan agreements include compliance with certain ratios which are also regularly monitored (see [Note 18.4](#)).

31.2 Financial Risk Management Objectives and Policies

The Globe Group's main risks arising from the use of financial instruments are market risk, credit risk and liquidity risk. Globe Telecom's BOD is ultimately responsible for reviewing and approving the policies for managing each of these risks. The Globe Group's risk management policies are summarized below:

31.2.1 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Globe Group is mainly exposed to two types of market risk: interest rate risk and currency risk.

The Globe Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge these risk exposures. The Globe Group uses a combination of natural hedges and derivative hedging to manage its foreign exchange exposure as discussed in [Note 8](#). It uses interest rate derivatives to reduce earnings volatility related to interest rate movements, and principal only swaps to hedge the foreign exchange risk exposure to principal repayments on USD debt.

It is the Globe Group's policy to ensure that capabilities exist for active but conservative management of its foreign exchange and interest rate risks. The Globe Group does not engage in any speculative derivative transactions. Authorized derivative instruments include currency forward contracts, currency swap contracts, interest rate swap contracts and currency option contracts.

The sensitivity analyses in the following sections relate to the position as of December 31, 2022 and 2021. The analyses exclude the impact of movements in market variables on the carrying value of pension, provisions and on the non-financial assets and liabilities of foreign operations.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held as of December 31, 2022 and 2021 including the effect of hedge accounting.
- The sensitivity of equity is calculated by considering the effect of any associated cash flow hedges for the effects of the assumed changes in the underlying.
- The assumed changes in market rates applied in the sensitivity analyses were based on historical information and may not necessarily reflect the actual movements that may occur in the future periods.

31.2.1.1 Interest Rate Risk

The Globe Group's exposure to market risk from changes in interest rates relates primarily to the Globe Group's long-term debt obligations.

Globe Group's policy is to manage its interest cost using a mix of fixed and variable rate debt, targeting a ratio of between 31%-62% fixed rate USD debt to total USD debt, and between 44%-88% fixed rate PHP debt to total PHP debt. To manage this mix in a cost-efficient manner, the Globe Group enters into interest rate swaps, in which Globe Group agrees to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount.

After taking into account the effect of interest rate swaps, the ratio of loans with fixed interest rates to total loans are as follows:

	2022	2021
USD fixed rate loans	86%	80%
PHP fixed rate loans	86%	86%

In 2020, the Globe Group's USD fixed rate loans ratio increased to 91% as a result of the issuance of the USD 600 million fixed rate notes (See [Note 18.3](#)).

The loans receivable from related parties are subject to fixed interest rates and therefore not exposed to market interest rate risk.

Due to the short term maturities of cash and cash equivalents, its exposure to interest rate risk is not considered to be significant.

The following tables demonstrate the sensitivity of income before tax and equity to a reasonably possible change in interest rates after the impact of hedge accounting, with all other variables held constant.

	Increase/ Decrease in basis Points	Effect on income before income tax Increase (Decrease)	Effect on equity Increase (Decrease)
<i>(In Thousand Pesos except changes in bps)</i>			
2022			
USD	+400bps	(P236,553)	(P54,218)
	-400bps	236,553	54,605
PHP	+200bps	511,273	31,321
	-200bps	(511,273)	(31,093)
2021			
USD	+35bps	(P2,645)	(P6,298)
	-35bps	2,645	6,310
PHP	+118bps	292,438	24,662
	-118bps	(292,438)	(24,681)

31.2.1.2 Foreign Exchange Risk

The Globe Group's foreign exchange risk results primarily from movements of the PHP against the USD with respect to USD-denominated financial assets, USD-denominated financial liabilities and certain USD-denominated revenues. Majority of revenues are generated in PHP, while substantially all of capital expenditures are in USD. In addition, 23.67% and 26% of debt as of December 31, 2022 and 2021, respectively, are denominated in USD before taking into account any swap and hedges.

Information on the Globe Group's foreign currency-denominated monetary assets and liabilities and their PHP equivalents are as follows:

	2022		2021	
	US Dollar	Peso Equivalent	US Dollar	Peso Equivalent
<i>(In Thousand)</i>				
Assets				
Cash and cash equivalents	\$57,293	P3,197,834	\$234,088	P11,932,400
Trade Receivables	87,048	4,858,568	69,771	3,556,529
	144,341	8,056,402	303,859	15,488,929
Liabilities				
Trade payable and accrued expenses	597,538	33,351,576	702,068	35,787,234
Loans payable	994,127	55,487,208	1,091,312	55,628,535
	1,591,665	88,838,784	1,793,380	91,415,769
Net foreign currency - denominated liabilities	\$1,447,324	P80,782,382	\$1,489,521	P75,926,840

The following table demonstrates the sensitivity to a reasonably possible change in the PHP to USD exchange rate, with all other variables held constant, of the Globe Group's income before tax (due to changes in the fair value of foreign currency-denominated assets and liabilities).

	Increase/Decrease in Peso to US Dollar exchange rate	Effect on income before income tax Increase (Decrease)	Effect on equity Increase (Decrease)
<i>(In Thousand Pesos except change in bps)</i>			
2022	+.70	(P835,389)	P624,564
	-.70	835,389	(624,564)
2021	+.90	(P1,301,264)	P910,816
	-.90	1,301,264	(910,816)

The movement in equity arises from changes in the fair values of derivative financial instruments designated as cash flow hedges.

The Globe Group's foreign exchange risk management policy is to maintain a hedged financial position, after taking into account expected USD flows from operations and financing transactions. The Globe Group enters into short-term foreign currency forwards and long-term foreign currency swap contracts in order to achieve this target.

31.2.2 Credit Risk

Credit Risk Exposure

The table below details the Globe Group's exposure to credit risk:

	Notes	2022	2021
<i>(In Thousand Pesos)</i>			
Cash and cash equivalents	5	P18,033,785	P24,239,195
Trade receivables – net	6	23,563,414	16,696,542
Contract assets – net	7	6,891,455	6,245,711
Derivative assets	8	5,129,334	3,032,277
Loans receivable from related parties	10	3,228,935	2,955,935
Non-trade receivables	10	2,307,681	1,405,722
Investment in debt securities		128,932	168,442
		P59,283,536	P54,743,824

The Globe Group has not executed any credit guarantees in favor of other parties.

Credit Risk Management

Credit exposures from subscribers are managed closely by the Credit, Billing and Risk Management of the Globe Group. Applications for postpaid service are subjected to standard credit evaluation and verification procedures. The Credit, Billing and Risk Management of the Globe Group continuously reviews credit policies and processes and implements various credit actions, depending on assessed risks, to minimize credit exposure. Receivable balances of postpaid subscribers are being monitored on a regular basis and appropriate credit treatments are applied at various stages of delinquency. Likewise, net receivable balances from carriers of traffic are also being monitored and subjected to appropriate actions to manage credit risk.

The Globe Group analyzes its subscribers' receivables and contract assets based on internal credit risk rating. The table below shows the analysis of the Globe Group's subscribers' receivables and contract assets as of December 31, 2022 and 2021.

	High Quality	Medium Quality	Low Quality	Terminated Accounts	Total
<i>(In Thousand Pesos)</i>					
2022					
Wireless subscribers receivables:					
Consumer	₱4,300,421	₱747,189	₱699,656	₱904,157	₱6,651,423
Key corporate accounts	309,840	425,548	59,857	538,010	1,333,255
Other corporations and SMEs	374,628	56,296	81,039	260,674	772,637
	4,984,889	1,229,033	840,552	1,702,841	8,757,315
Wireline subscribers receivables:					
Consumer	314,179	584,630	432,248	7,101,801	8,432,858
Key corporate accounts	1,300,146	2,443,363	376,066	2,297,624	6,417,199
Other corporations and SMEs	79,080	91,636	13,018	772,600	956,334
	1,693,405	3,119,629	821,332	10,172,025	15,806,391
Total subscribers' receivables	6,678,294	4,348,662	1,661,884	11,874,866	24,563,706
Wireless contract assets					
Consumer	4,503,138	1,019,057	255,969	31,306	5,809,470
Key corporate accounts	478,538	162,875	6,916	4,757	653,086
Other corporations and SMEs	421,249	50,356	9,137	8,625	489,367
	5,402,925	1,232,288	272,022	44,688	6,951,923
Total subscribers' receivables and contracts assets	₱12,081,219	₱5,580,950	₱1,933,906	₱11,919,554	₱31,515,629

	High Quality	Medium Quality	Low Quality	Terminated Accounts	Total
<i>(In Thousand Pesos)</i>					
2021					
Wireless subscribers receivables:					
Consumer	₱3,378,430	₱735,053	₱808,264	₱1,418,407	₱6,340,154
Key corporate accounts	167,272	548,841	96,431	554,061	1,366,605
Other corporations and SMEs	297,693	65,767	30,039	269,179	662,678
	3,843,395	1,349,661	934,734	2,241,647	8,369,437
Wireline subscribers receivables:					
Consumer	247,961	829,905	681,359	5,189,067	6,948,292
Key corporate accounts	766,349	1,955,749	1,281,462	1,881,361	5,884,921
Other corporations and SMEs	98,236	161,618	47,699	813,770	1,121,323
	1,112,546	2,947,272	2,010,520	7,884,198	13,954,536
Total subscribers' receivables	4,955,941	4,296,933	2,945,254	10,125,845	22,323,973
Wireless contract assets					
Consumer	4,302,516	890,204	218,205	23,512	5,434,437
Key corporate accounts	319,239	309,242	14,879	3,749	647,109
Other corporations and SMEs	388,343	48,240	8,311	6,090	450,984
	5,010,098	1,247,686	241,395	33,351	6,532,530
Total subscribers' receivables and contracts assets	₱9,966,039	₱5,544,619	₱3,186,649	₱10,159,196	₱28,856,503

The Globe Group's credit risk rating comprises the following categories:

- High quality accounts are accounts considered to be of good quality, have consistently exhibited good paying habits, and are unlikely to miss payments. High quality accounts primarily include strong corporate and consumer accounts with whom the Globe Group has excellent payment experience.
- Medium quality accounts are accounts that exhibited good paying habits but may require minimal monitoring with the objective of moving accounts to high quality rating. Medium quality accounts primarily include subscribers whose creditworthiness can be moderately affected by adverse changes in economic and financial conditions, but will not necessarily, reduce the ability of the subscriber to fulfill its obligations. It includes customers with whom the Globe Group has limited experience and therefore, creditworthiness needs to be further established over time.
- Low quality accounts are accounts which exhibit characteristics that are identified to have increased likelihood to miss payments. Low quality accounts are subject to closer monitoring and scrutiny with the objective of managing risk and moving accounts to improved rating category. It primarily includes mass consumer, corporate and SME customers whose creditworthiness are easily affected by adverse changes in economic and financial conditions.
- Terminated accounts are accounts in cancelled status. Although there is a possibility that terminated accounts may still be collected by exhausting collection efforts, the probability of recovery has significantly deteriorated.

For traffic settlements and other trade receivables, the Globe Group uses delinquency and past due information to analyze the credit risk. The tables below show the aging analysis of the Globe Group's traffic settlements and other trade receivables as of December 31, 2022 and 2021.

2022

	Current	Less than 30 days past due	31 to 60 days past due	61 to 90 days past due	Over 90 days past due	Total
<i>(In Thousand Pesos)</i>						
Traffic receivables:						
Foreign	₱271,168	₱-	₱48,298	₱75,093	₱349,527	₱744,086
Local	458,103	4,814	772	201	282,187	746,077
	729,271	4,814	49,070	75,294	631,714	1,490,163
Other trade receivables	6,372,416	467,194	263,722	209,095	1,294,100	8,606,527
Total	₱7,101,687	₱472,008	₱312,792	₱284,389	₱1,925,814	₱10,096,690

2021

	Current	Less than 30 days past due	31 to 60 days past due	61 to 90 days past due	Over 90 days past due	Total
<i>(In Thousand Pesos)</i>						
Traffic receivables:						
Foreign	₱23,950	₱-	₱47,821	₱16,756	₱517,948	₱606,475
Local	379,210	9,827	3,580	2,919	423,684	819,220
	403,160	9,827	51,401	19,675	941,632	1,425,695
Other trade receivables	567,758	696,016	426,309	378,294	1,597,909	3,666,286
Total	₱970,918	₱705,843	₱477,710	₱397,969	₱2,539,541	₱5,091,981

With respect to receivables from related parties, the exposure to credit risk is managed on a group basis. Credit risks covering related party balances are reviewed based on credit worthiness of concern related parties. There are no assessed credit risks as of December 31, 2022 and 2021.

For investments with banks and other counterparties, the Globe Group has a risk management policy which allocates investment limits based on counterparty credit rating and credit risk profile. The Globe Group makes a quarterly assessment of the credit standing of its investment counterparties, and allocates investment limits based on size, liquidity, profitability, and asset quality. The usage of limits is regularly monitored.

Non-telco subsidiaries mainly trades with recognized and creditworthy third parties. Non-telco customers who wish to trade on credit terms are subject to credit verification procedures.

For its derivative counterparties, the Globe Group deals only with counterparty banks with investment grade ratings and major universal and commercial local banks. Credit ratings of derivative counterparties are reviewed quarterly.

Following are the Globe Group exposures with its investment counterparties for time deposits as of December 31:

	2022	2021	2020
Local bank deposits	47.96%	99.95%	99.99%
Onshore foreign bank	52.04%	0.05%	0.01%
Offshore bank deposit	-	-	-

31.2.3 Liquidity Risk

The Globe Group seeks to manage its liquidity profile to be able to finance capital expenditures and service maturing debts. To cover its financing requirements, the Globe Group intends to use internally generated funds and available long-term and short-term credit facilities.

The following table shows the Globe Group's available credit facilities (in millions):

	2022	2021
Long-term committed	₱-	₱8,000
Short term		
Committed	₱3,000	₱3,000
Uncommitted		
USD	\$93.95	\$134.26
PHP	₱44,188.40	₱43,577.01

As part of its liquidity risk management, the Globe Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities, in case any requirements arise. Fund raising activities may include bank loans, export credit agency facilities, and capital market issues.

The following tables show comparative information about the Globe Group's financial instruments as of the end of the reporting period presented by maturity profile including forecasted interest payments for the next five years.

Loans Payable

2022

	Less than 1 year	1 to 3 years	Over 3 years
	<i>(In Thousands)</i>		
Loans Payable			
Fixed Rate			
USD notes	\$227	\$-	\$600,000
Philippine peso	₱36,377,298	₱42,137,420	₱77,289,000
Floating rate			
USD notes	\$63,550	\$88,800	\$241,550
Philippine peso	₱6,452,500	₱11,907,500	₱4,800,000
Interest payable*			
PHP debt	₱7,683,453	₱17,379,018	₱14,415,255
USD debt	\$43,356	\$110,093	\$145,717

*Used month-end USD LIBOR and Philippine Dealing and Exchange Corporation (PDEX) rates.

2021

	Less than 1 year	1 to 3 years	Over 3 years
	<i>(In Thousands)</i>		
Loans Payable			
Fixed Rate			
USD notes	\$534	\$227	\$600,000
Philippine peso	₱10,949,658	₱30,456,217	₱91,168,976
Floating rate			
USD notes	\$96,650	\$150,625	\$243,275
Philippine peso	₱210,000	₱18,310,000	₱4,850,000
Interest payable*			
PHP debt	₱7,048,648	₱17,753,999	₱15,529,561
USD debt	\$26,135	\$72,565	\$163,450

*Used month-end USD LIBOR and Philippine Dealing and Exchange Corporation (PDEX) rates.

The following tables present the maturity profile of the Globe Group's other liabilities and derivative instruments (undiscounted cash flows including swap costs payments/receipts except for other long-term liabilities) as of December 31, 2022 and 2021 (in thousand pesos).

2022
Other Financial Liabilities

	Less than 1 year	1 to 5 years	Over 5 years	Total
Trade payables and accrued expenses*	₱79,185,853	₱-	₱-	₱79,185,853
Other long-term liabilities*	-	-	1,085,116	1,085,116
	₱79,185,853	₱-	₱1,085,116	₱80,270,969

*Excludes ARO and taxes payable which are not financial instruments.

Derivative Instrument

	Less than 1 year		1 to 3 years		Over 3 years	
	Receive	Pay	Receive	Pay	Receive	Pay
Projected Swap Coupons:						
Interest Rate Swaps-USD	₱-	₱-	₱-	₱-	₱-	₱-
Cross Currency Swaps	₱999,969	₱739,779	₱1,424,912	₱1,331,827	₱181,695	₱180,434
Principal Only Swaps	₱-	₱787,188	₱-	₱2,030,153	₱-	₱1,015,738

	Less than 1 year		1 to 3 years		Over 3 years	
	Receive	Pay	Receive	Pay	Receive	Pay
Projected Principal Exchanges:						
Forward Purchase of USD	\$18,250	₱1,040,123	\$-	₱-	\$-	₱-
Forward Sale of USD	₱-	\$-	₱-	\$-	₱-	\$-
FX Swap	\$236,500	₱13,326,147	\$-	₱-	\$-	₱-
Cross Currency Swaps- PHP	₱-	₱2,298,221	₱-	₱4,551,442	₱-	₱8,239,331
Cross Currency Swaps- USD	\$43,550	\$-	\$88,800	\$-	\$161,550	\$-
Principal Only Swaps- PHP	₱-	₱1,008,600	₱-	₱13,109,875	₱-	₱20,039,800
Principal Only Swaps- USD	\$20,000	\$-	\$270,000	\$-	\$410,000	\$-

2021

Other Financial Liabilities

	Less than 1 year	1 to 5 years	Over 5 years	Total
Trade payables and accrued expenses*	₱78,285,382	₱-	₱-	₱78,285,382
Other long-term liabilities*	-	-	925,808	925,808
	₱78,285,382	₱-	₱925,808	₱79,211,190

*Excludes ARO and taxes payable which are not financial instruments.

Derivative Instrument

	Less than 1 year		1 to 3 years		Over 3 years	
	Receive	Pay	Receive	Pay	Receive	Pay
Projected Swap Coupons:						
Interest Rate Swaps-USD	₱3,338	₱25,069	₱-	₱-	₱-	₱-
Cross Currency Swaps	₱220,033	₱753,374	₱819,186	₱1,683,529	₱312,060	₱568,511
Principal Only Swaps	₱-	₱821,158	₱-	₱2,344,279	₱-	₱1,488,801

	Less than 1 year		1 to 3 years		Over 3 years	
	Receive	Pay	Receive	Pay	Receive	Pay
Projected Principal Exchanges:						
Forward Purchase of USD	\$38,700	₱1,950,480	\$-	₱-	\$-	₱-
Forward Sale of USD	₱10,090,600	\$200,00	₱-	\$-	₱-	\$-
FX Swap	\$205,000	₱10,290,440	\$-	₱-	\$-	₱-
Cross Currency Swaps- PHP	₱-	₱280,646	₱-	₱6,761,840	₱-	₱8,327,153
Cross Currency Swaps- USD	\$5,450	\$-	\$130,625	\$-	\$163,275	\$-
Principal Only Swaps- PHP	₱-	₱2,633,442	₱-	₱14,118,475	₱-	₱20,039,800
Principal Only Swaps- USD	\$52,500	\$-	\$290,000	\$-	\$410,000	\$-

32 Financial Assets and Liabilities

32.1 Categories of Financial Assets and Financial Liabilities

The table below presents the carrying value of Globe Group's financial instruments by category as of December 31 based on the classification requirements of PFRS 9:

	2022	2021
	<i>(In Thousand Pesos)</i>	
Financial Assets		
Derivative assets:		
Derivative assets designated as cash flow hedges (FVOCI)	₱5,099,882	₱2,832,962
Derivative assets not designated as hedges (FVPL)	29,452	199,315
Financial assets at FVOCI:		
Investment in equity securities	3,149,566	2,805,766
Financial assets at FVPL:		
Investment in debt securities	128,932	168,442
Financial assets at amortized cost		
Cash and cash equivalents	18,033,785	24,239,195
Trade receivables – net	23,563,414	16,696,542
Contract assets – net	6,891,455	6,245,711
Non-trade receivables	2,307,681	1,405,722
Loans receivable from related parties	3,228,935	2,955,935
	₱62,433,102	₱57,549,590
Financial Liabilities:		
Derivative liabilities		
Derivative liabilities designated as cash flow hedges (FVOCI)	₱447,955	₱1,113,116
Derivative liabilities not designated as hedges (FVPL)	161,383	113,403
Financial liabilities at amortized cost		
Trade payables and accrued expenses*	79,185,853	78,285,382
Loans payable	233,204,659	210,053,567
Other long term liabilities**	1,085,116	925,808
	₱314,084,966	₱290,491,276

*Trade payables and accrued expenses do not include taxes payables which are not considered financial liabilities.

**Other long term liabilities do not include ARO and taxes payable which are not considered financial liabilities.

32.2 Offsetting Financial Assets and Financial Liabilities

The Globe Group has financial instruments that have offsetting arrangements as follows:

	Gross amounts	Amounts offset under PAS 32	Reported amounts in the consolidated statements of financial position	Amounts offset under master netting arrangements or other similar contracts	Net exposure
<i>(In Thousand Pesos)</i>					
December 31, 2022					
Derivative assets	₱5,129,334	₱-	₱5,129,334	(₱480,789)	₱4,648,545
Derivative liabilities	609,338	-	609,338	(480,789)	128,549
Traffic settlements receivable (Note 6)	2,589,073	(1,098,910)	1,490,163	-	1,490,163
Traffic settlements payable (Note 16)	1,833,660	(1,098,910)	734,750	-	734,750
December 31, 2021					
Derivative assets	₱3,032,277	₱-	₱3,032,277	(₱1,043,539)	₱1,988,738
Derivative liabilities	1,226,519	-	1,226,519	(1,043,539)	182,980
Traffic settlements receivable (Note 6)	2,269,496	(843,801)	1,425,695	-	1,425,695
Traffic settlements payable (Note 16)	1,481,035	(843,801)	637,234	-	637,234

The Globe Group makes use of master netting agreements with counterparties with whom a significant volume of transactions are undertaken. Such arrangements provide for single net settlement of all financial instruments covered by the agreements in the event of default on any one contract. Master netting arrangements do not normally result in an offset of balance sheet assets and liabilities unless certain conditions for offsetting under PAS 32 apply.

Although master netting arrangements may significantly reduce credit risk, it should be noted that:

- Credit risk is eliminated only to the extent that amounts due to the same counterparty will be settled after the assets are realized; and
- The extent to which overall credit risk is reduced may change substantially within a short period because the exposure is affected by each transaction subject to the arrangement and fluctuations in market factors.

32.3 Fair Values of Financial Assets and Financial Liabilities

The table below presents a comparison of carrying amounts and estimated fair values of all the Globe Group's financial instruments as of December 31:

	2022		2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<i>(In Thousand Pesos)</i>				
Financial Assets				
Derivative assets ¹	₱5,129,334	₱5,129,334	₱3,032,277	₱3,032,277
Investment in debt and equity securities ¹	3,278,498	3,278,498	2,974,208	2,974,208
	₱8,407,832	₱8,407,832	₱6,006,485	₱6,006,485
Financial Liabilities				
Derivative liabilities ¹	₱609,338	₱609,338	₱1,226,519	₱1,226,519
Loans payables ²	233,204,659	229,665,640	210,053,567	221,270,892
	₱233,813,997	₱230,274,978	₱211,280,086	₱222,497,411

¹ Measured at fair value on a recurring basis

² Fair value is disclosed only in the Notes to Financial Statements

The following discussions are methods and assumptions used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value.

32.3.1 Non-Derivative Financial Instrument

The fair values of cash and cash equivalents, trade receivables, contract assets, non-trade receivables, trade payables and accrued expenses are approximately equal to their carrying amounts considering the short-term maturities of these financial instruments.

The fair value of loans receivable from related parties was estimated based on the present value of all future cash flows discounted using the prevailing market rate of interest for a similar instrument. The resulting fair value of loans receivable from related parties approximates the carrying amount.

The fair value of investments in debt and equity securities are based on:

- Level 1 - Quoted prices of similar instruments
- Level 2 - Recent funding round prices of identical or similar instruments
- Level 3 - Sales enterprise value multiple of comparable companies ranging from 1.1x to 13.7x in 2022 and 1.1x to 13.7x in 2021

For variable rate loans payable that reprice every three months, the carrying value approximates the fair value because of recent and regular repricing based on current market rates. For variable rate loans payable that reprice every six months, the fair value is determined by discounting the principal amount plus the next interest payment using the prevailing market rate for the period up to the next repricing date.

For noninterest bearing and fixed rate loans payable, the fair value was estimated as the present value of all future cash flows discounted using the prevailing market rate of interest for a similar instrument.

32.3.2 Derivative Instrument

The fair value of freestanding and embedded forward exchange contracts is calculated by using the interest rate parity concept.

The fair values of interest rate swaps and cross currency swap transactions are determined using valuation techniques with inputs and assumptions that are based on market observable data and conditions and reflect appropriate risk adjustments that market participants would make for credit and liquidity risks existing at the end each of reporting period. The fair value of interest rate swap transactions is the net present value of the estimated future cash flows. The fair values of currency and cross currency swap transactions are determined based on changes in the term structure of interest rates of each currency and the spot rate.

The fair values were tested to determine the impact of credit valuation adjustments. However, the impact is immaterial given that the Globe Group deals its derivatives with large foreign and local banks with very minimal risk of default.

32.3.3 Fair Value Hierarchy

The following tables provide the fair value measurement hierarchy of the Globe Group's assets and liabilities:

	Fair value measurement using			Total
	Level 1	Level 2	Level 3	
2022	<i>(In Thousand Pesos)</i>			
Financial Assets				
Derivative assets	P-	P5,129,334	P-	P5,129,334
Investment in debt and equity securities	528,240	2,363,527	386,731	3,278,498
Financial Liabilities				
Derivative liabilities	-	609,338	-	609,338
Loans payable	-	229,665,640	-	229,665,640
2021				
Financial Assets				
Derivative assets	P-	P3,032,277	P-	P3,032,277
Investment in debt and equity securities	426,240	2,201,322	346,646	2,974,208
Financial Liabilities				
Derivative liabilities	-	1,226,519	-	1,226,519
Loans payable	-	221,270,892	-	221,270,892

There were no transfers from Level 1 and Level 2 fair value measurements for the years ended December 31, 2022 and 2021.

33 Operating Segment Information

The Globe Group's reportable segments consist of: (1) mobile communications services; and (2) wireline communication services; which the Globe Group operates and manages as strategic business units and organize by products and services. The Globe Group presents its various operating segments based on segment net income.

Intersegment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties. Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated in consolidation.

Most of the Globe Group's revenues are derived from operations within the Philippines, hence, the Globe Group does not present geographical information required by PFRS 8, *Operating Segments*. The Globe Group does not have a single customer that will meet the 10% reporting criteria.

The Globe Group also presents the different product types that are included in the report that is regularly reviewed by the chief operating decision maker in assessing the operating segments performance.

Segment assets and liabilities are not measures used by the chief operating decision maker since the assets and liabilities are managed on a group basis.

The Globe Group's segment information is as follows:

	2022			
	Mobile Communications Services	Wireline Communications Services	Others	Consolidated
	(In Thousand Pesos)			
REVENUES:				
Service revenues:				
External customers:				
Data	₱83,758,035	₱17,198,099	₱-	₱100,956,134
Voice	14,916,566	1,989,174	-	16,905,740
SMS	8,845,422	-	-	8,845,422
Broadband	-	27,093,520	-	27,093,520
Others	-	-	4,178,519	4,178,519
	107,520,023	46,280,793	4,178,519	157,979,335
Nonservice revenues:				
External customers	16,564,819	390,033	106,536	17,061,388
Segment revenues	124,084,842	46,670,826	4,285,055	175,040,723
Operating costs and expenses-net	(62,365,084)	(31,770,891)	(1,812,729)	(95,948,704)
EBITDA	61,719,758	14,899,935	2,472,326	79,092,019
Depreciation and amortization	(30,527,076)	(14,949,839)	(176,381)	(45,653,296)
EBIT	31,192,682	(49,904)	2,295,945	33,438,723
Finance cost and non-operating expenses – net	(423,221)	10,966,676	118,272	10,661,727
NET INCOME (LOSS) BEFORE TAX	30,769,461	10,916,772	2,414,217	44,100,450
Provision for income tax	(6,937,464)	(2,040,252)	(518,685)	(9,496,401)
NET INCOME (LOSS)	₱23,831,997	₱8,876,520	₱1,895,532	₱34,604,049
Intersegment revenues	(₱1,041,557)	(₱1,590,256)	(₱12,391,872)	(₱15,023,685)
Core net income after tax				₱19,168,650
Operating costs and expenses - net				
Operating expenses-net ¹	(41,648,138)	(27,585,579)	(1,697,275)	(70,930,992)
Cost of inventories sold	(17,753,776)	(887,733)	(107,147)	(18,748,656)
Impairment/recovery and other losses ²	(2,124,732)	(2,773,708)	(8,307)	(4,906,747)
Interconnect costs	(838,438)	(523,871)	-	(1,362,309)
	(62,365,084)	(31,770,891)	(1,812,729)	(95,948,704)
Finance costs and non-operating charges				
Finance costs	(9,887,855)	(183,339)	(20,095)	(10,091,289)
Equity share in net profit (loss) of JVs	818,411	264,791	-	1,083,202
Interest income	274,617	23,619	41,873	340,109
Other non-operating income-net ³	8,371,606	10,861,605	96,494	19,329,705
	(423,221)	10,966,676	118,272	10,661,727
Cash Flows				
Net cash from (used in):				
Operating activities	₱50,402,655	₱12,200,827	₱275,640	₱62,879,122
Investing activities	(59,167,618)	(12,345,106)	(62,655)	(71,575,379)
Financing activities	3,319,075	(1,113,272)	(2,525)	2,203,278

¹Operating expenses-net primarily includes general, selling and admin expenses net of income from leases, management fees and other operating income

²Impairment and other losses includes impairment loss on receivables, contract assets, inventories, provision for probable losses and other assets

³Other non-operating income primarily includes gain on sale of controlling interest on data center business under wireline communications services, gain on sale and leaseback of telecom towers – net under mobile communications services, net gain (loss) on derivative instruments, net foreign exchange gain (loss), net gain on disposal of property and equipment, net gain (loss) on ARO and other non-operating income/charges

	2021			
	Mobile Communications Services	Wireline Communications Services	Others	Consolidated
<i>(In Thousand Pesos)</i>				
REVENUES:				
Service revenues:				
External customers:				
Data	₱77,812,713	₱14,170,100	₱-	₱91,982,813
Voice	17,228,714	2,280,357	-	19,509,071
SMS	9,350,815	-	-	9,350,815
Broadband	-	29,391,454	-	29,391,454
Others	-	-	2,028,680	2,028,680
	104,392,242	45,841,911	2,028,680	152,262,833
Nonservice revenues:				
External customers	15,199,998	964,199	69,428	16,233,625
Segment revenues	119,592,240	46,806,110	2,098,108	168,496,458
Operating costs and expenses-net	(60,282,880)	(31,619,919)	(1,671,778)	(93,574,577)
EBITDA	59,309,360	15,186,191	426,330	74,921,881
Depreciation and amortization	(27,674,644)	(13,349,087)	(109,261)	(41,132,992)
EBIT	31,634,716	1,837,104	317,069	33,788,889
Finance cost and non-operating expenses – net	(4,429,178)	(336,086)	16,147	(4,749,117)
NET INCOME (LOSS) BEFORE TAX	27,205,538	1,501,018	333,216	29,039,772
Provision for income tax	(4,999,470)	(274,771)	(41,674)	(5,315,915)
NET INCOME (LOSS)	₱22,206,068	₱1,226,247	₱291,542	₱23,723,857
Intersegment revenues	(₱1,363,572)	(₱1,434,280)	(₱16,475,339)	(₱19,273,191)
Core net income after tax				₱21,246,377
Operating costs and expenses - net				
Operating expenses-net ¹	(41,078,947)	(27,222,761)	(1,606,683)	(69,908,391)
Cost of inventories sold	(16,269,707)	(1,738,781)	(64,069)	(18,072,557)
Impairment/recovery and other losses ²	(2,071,436)	(2,338,786)	(1,026)	(4,411,248)
Interconnect costs	(862,790)	(319,591)	-	(1,182,381)
	(60,282,880)	(31,619,919)	(1,671,778)	(93,574,577)
Finance costs and non-operating charges				
Finance costs	(8,644,357)	(61,258)	(35,148)	(8,740,763)
Equity share in net profit (loss) of JVs	824,436	57,099	-	881,535
Interest income	137,391	2,019	10,098	149,508
Other non-operating income-net ³	3,253,352	(333,946)	41,197	2,960,603
	(4,429,178)	(336,086)	16,147	(4,749,117)
Cash Flows				
Net cash from (used in):				
Operating activities	₱46,272,645	₱18,845,757	₱22,101	65,140,503
Investing activities	(76,852,553)	(19,710,568)	1,140	(96,561,981)
Financing activities	36,524,327	(461,636)	(1,051)	36,061,640

¹Operating expenses-net primarily includes general, selling and admin expenses net of income from leases, management fees and other operating income

²Impairment and other losses includes impairment loss on receivables, contract assets, inventories, provision for probable losses and other assets

³Other non-operating income primarily includes net gain (loss) on derivative instruments, net foreign exchange gain (loss), net gain on disposal of property and equipment, net gain (loss) on ARO and other non-operating income/charges

	2020			
	Mobile Communications Services	Wireline Communications Services	Others	Consolidated
<i>(In Thousand Pesos)</i>				
REVENUES:				
Service revenues:				
External customers:				
Data	₱72,384,436	₱12,612,827	₱-	₱84,997,263
Voice	20,249,771	2,620,106	-	22,869,877
SMS	11,097,666	-	-	11,097,666
Broadband	-	26,798,310	-	26,798,310
Others	-	-	625,018	625,018
	103,731,873	42,031,243	625,018	146,388,134
Nonservice revenues:				
External customers	12,058,640	2,041,727	31,041	14,131,408
Segment revenues	115,790,513	44,072,970	656,059	160,519,542
Operating costs and expenses-net	(54,900,586)	(31,354,441)	(752,160)	(87,007,187)
EBITDA	60,889,927	12,718,529	(96,101)	73,512,355
Depreciation and amortization	(23,136,131)	(12,185,559)	(90,348)	(35,412,038)
EBIT	37,753,796	532,970	(186,449)	38,100,317
Finance cost and non-operating expenses – net	(8,892,687)	(1,834,354)	(233,613)	(10,960,654)
NET INCOME (LOSS) BEFORE TAX	28,861,109	(1,301,384)	(420,062)	27,139,663
Provision for income tax	(8,894,001)	262,808	114,575	(8,516,618)
NET INCOME (LOSS)	₱19,967,108	(₱1,038,576)	(₱305,487)	₱18,623,045
Intersegment revenues	(₱1,121,931)	(₱1,019,100)	(₱2,946,105)	(₱5,087,136)
Core net income after tax				₱19,523,157
Operating costs and expenses - net				
Operating expenses-net ¹	(38,560,216)	(24,241,116)	(734,163)	(63,535,495)
Cost of inventories sold	(12,269,954)	(4,121,926)	(14,316)	(16,406,196)
Impairment/recovery and other losses ²	(3,188,094)	(2,866,487)	(3,681)	(6,058,262)
Interconnect costs	(882,322)	(124,912)	-	(1,007,234)
	(54,900,586)	(31,354,441)	(752,160)	(87,007,187)
Finance costs and non-operating charges				
Finance costs	(7,076,628)	(12,631)	(22,151)	(7,111,410)
Equity share in net profit (loss) of JVs	(2,427,159)	59,719	-	(2,367,440)
Interest income	159,060	46,657	(10,779)	194,938
Gain on debt renegotiation	343,122	-	-	343,122
Other non-operating income-net ³	108,918	(1,928,099)	(200,683)	(2,019,864)
	(8,892,687)	(1,834,354)	(233,613)	(10,960,654)
Cash Flows				
Net cash from (used in):				
Operating activities	₱51,452,379	₱13,723,327	(₱15,708)	65,159,998
Investing activities	(48,376,208)	(13,196,777)	(1,194)	(61,574,179)
Financing activities	8,910,234	(419,865)	(1,206)	8,489,163

¹Operating expenses-net primarily includes general, selling and admin expenses net of income from leases, management fees and other operating income

²Impairment and other losses includes impairment loss on receivables, contract assets, inventories, provision for probable losses and other assets

³Other non-operating income primarily includes net gain (loss) on derivative instruments, net foreign exchange gain (loss), net gain on disposal of property and equipment, net gain (loss) on ARO and other non-operating income/charges

The reconciliation of the EBITDA to income before income tax presented in the consolidated statements of comprehensive income is shown below:

	Notes	2022	2021	2020
<i>(In Thousand Pesos)</i>				
EBITDA		₱79,092,019	₱74,921,881	₱73,512,355
Depreciation and amortization	25	(45,653,296)	(41,132,992)	(35,412,038)
Financing costs	26	(10,091,289)	(8,740,763)	(7,111,410)
Impairment of property and equipment		-	(1,155,691)	(4,149,337)
Equity in net income (losses) of joint ventures	15	1,083,202	881,535	(2,367,440)
Gain on deemed sale of investment in Mynt	15, 23	-	4,344,037	2,042,441
Foreign exchange gain (loss) - net	23	(5,343,019)	(3,656,218)	1,690,842
Gain (loss) on derivative instruments	23	5,797,800	3,214,633	(1,579,746)
Gain on debt renegotiation	23	-	-	343,122
Interest income	22	340,109	149,508	194,938
Gain on disposal of property and equipment - net		321,354	152,565	33,244
Gain on sale of controlling interest on data center business	15.11	10,511,945	-	-
Gain on sale and leaseback of telecom towers - net	11	8,260,927	-	-
Gain on sale of investment in HealthNow	15, 23	75,245	-	-
Gain on deemed sale of investment in Konsulta	15, 23	26,410	-	-
Other items		(320,957)	61,277	(57,308)
Income before income tax		₱44,100,450	₱29,039,772	₱27,139,663

The reconciliation of core net income after tax (core NIAT) to NIAT is shown below:

	2022	2021	2020
<i>(In Thousand Pesos)</i>			
Core NIAT	₱19,168,650	₱21,246,377	₱19,523,157
Impairment of property and equipment	-	(866,768)	(2,904,536)
Gain on deemed sale of investment in Mynt	-	3,692,431	1,736,075
Foreign exchange gains (losses)	(4,007,264)	(2,742,164)	1,183,589
Gain (loss) on derivatives instruments	4,348,350	2,410,975	(1,105,822)
Gain on debt renegotiation	-	-	240,185
Gain on sale of controlling interest on data center business	8,680,771	-	-
Gain on sale and leaseback of telecom towers - net	6,195,695	-	-
Gain on deemed sale of investment in Konsulta	22,449	-	-
Others	195,398	(16,994)	(49,603)
NIAT	₱34,604,049	₱23,723,857	₱18,623,045

33.1 Mobile Communications Services

This reporting segment is made up of digital cellular telecommunications services which includes mobile voice, mobile SMS and mobile data.

Globe Telecom offers its mobile communications services to consumers, corporate and small and medium enterprise (SME) clients through the following three (3) brands: Globe Postpaid, Globe Prepaid and Touch Mobile.

33.1.1 Mobile Voice

Mobile voice include local, national and international long-distance call services. In addition to the Globe Group's standard, pay-per-use rates, subscribers can choose from bulk and unlimited voice offerings for all-day, and in several denominations.

33.1.2 Mobile SMS

Mobile SMS consist of local and international revenues from inbound and outbound SMS.

33.1.3 Mobile Data

Mobile Data services allow subscribers to access the internet using their internet-capable mobile devices or laptops with USB modems. Mobile data also includes local and international revenues from value-added services such as content downloading, mobile commerce services, and other add-on VAS.

33.2 Wireline Communications Services

This reporting segment is made up of fixed line voice, corporate data and home broad band services.

Globe offers a full range of fixed line communications services, wired and wireless Broadband access, and end-to-end connectivity solutions customized for consumers, SMEs (Small & Medium Enterprises), large corporations and businesses.

33.2.1 Fixed Line Voice

Globe's fixed line voice services include local, national and international long-distance calling services in postpaid and prepaid packages through its Globelines brand. For corporate and enterprise customers, Globe offers voice solutions that include regular and premium conferencing, enhanced voice mail, IP-PBX solutions and domestic or international toll-free services.

33.2.2 Corporate Data

Corporate data services include end-to-end data solutions customized according to the needs of businesses. Globe's product offerings include international and domestic leased line services, wholesale and corporate internet access, data center services and other connectivity solutions tailored to the needs of specific industries. Among the products and solutions are as follows:

- Connectivity - Globe connectivity services provides an up to speed with a fast and resilient connection powered by dedicated and reliable technologies. This service includes domestic data, international data, and other internet services.
- Cloud computing - Globe's range of cloud computing services provides improved efficiency and agility in the face of evolving business environments while keeping costs low
- Data Centers - Globe Data Center offers outsourced data center hosting and management for a superior experience that goes beyond technology.
- Cybersecurity - Globe cybersecurity provides enterprises the access to the best-in-class tool sets, hardware, software, and even niche technology experts to handle security threats and IT infrastructure in a cost-effective manner.

- Business Continuity - Globe business continuity services provides the right digital solutions for uninterrupted business operations. The product offers seamless connectivity through Prepaid Mobile WiFi or Corporate Managed Broadband, empowered remote workforce using collaboration tools, and security for their business operations with Backup-as-a-Service (BaaS) and Disaster-Recovery-as-a-Service (DRaaS), among others.
- Business Applications - Globe offers a diverse range of business applications solutions to streamline and enhance the business' operations, and raise efficiency, productivity, and customer satisfaction.

33.2.3 Home Broadband

Globe offers wired and fixed wireless Broadband services, across various technologies and connectivity speeds for its residential and business customers. Globe Home Broadband consists of wired or DSL Broadband packages bundled with voice, or Broadband data-only services.

33.3 Others

The Globe Group offers non-telecommunications products and services in e-commerce, adtech and manpower among others.

34 Significant Agreements

34.1 Agreements and Commitments with Other Carriers

Globe Telecom, Innove and BTI have existing international telecommunications service agreements with various foreign administrations and interconnection agreements with local telecommunications companies for their various services. Globe Telecom also has international roaming agreements with other foreign operators, which allow its subscribers access to foreign networks. The agreements provide for sharing of toll revenues derived from the mutual use of telecommunication networks.

The interconnect costs for the period 2022, 2021 and 2020 amounted to ₱1,362.31 million, ₱1,182.38 million and ₱1,007.23 million, respectively.

Net traffic settlement receivables amounted to ₱1,490.16 million and ₱1,425.70 million while net traffic settlement payables amounted to ₱734.75 million and ₱637.23 million as of December 31, 2022 and 2021, respectively (see [Notes 6 and 16](#)).

34.2 Arrangements and Commitments with Suppliers

The Globe Group has entered into agreements with various suppliers for the development or construction, delivery and installation of property and equipment. Under the terms of these agreements, advance payments and down payments are made to suppliers upon submission of required documentation. While the development or construction is in progress, project costs are accrued based on the project status. Billings are based on the progress of the development or construction and advance payments are being applied proportionately to the milestone billings. When development or construction and installation are completed and the property and equipment is ready for service, the value of unbilled but delivered goods or services from the related purchase orders is accrued.

The accrued project costs as of December 31, 2022 and 2021 included in the "Trade payables and accrued expenses" account in the consolidated statements of financial position amounted to ₱34,857.38 million and ₱37,691.92 million, respectively (see [Note 16](#)). The settlement of these liabilities is dependent on the payment terms and project milestones agreed with the suppliers and

contractors. As of December 31, 2022 and 2021, the unapplied advances made to suppliers and contractors relating to purchase orders issued amounted to ₱36,209.35 million and ₱24,923.93 million, respectively (see [Note 10](#)).

35 Contingencies

The Globe Group is contingently liable for various claims arising in the ordinary conduct of business and certain tax assessments which are either pending decision by the courts or are being contested, the outcome of which are not presently determinable. In the opinion of management and legal counsel, the possibility of outflow of economic resources to settle the contingent liability is remote.

Interconnection Charge for Short Messaging Service

On October 10, 2011, the NTC issued Memorandum Circular (MC) No. 02-10-2011 titled Interconnection Charge for Short Messaging Service requiring all public telecommunication entities to reduce their interconnection charge to each other from ₱0.35 to ₱0.15 per text, which Globe Telecom complied as early as November 2011. On December 11, 2011, the NTC One Stop Public Assistance Center (OSPAC) filed a complaint against Globe Telecom, Smart and Digital alleging violation of the said MC No. 02-10-2011 and asking for the reduction of SMS off-net retail price from P1.00 to P0.80 per text. Globe Telecom filed its response maintaining the position that the reduction of the SMS interconnection charges does not automatically translate to a reduction in the SMS retail charge per text.

On November 20, 2012, the NTC rendered a decision directing Globe Telecom to:

- Reduce its regular SMS retail rate from P1.00 to not more than ₱0.80;
- Refund/reimburse its subscribers the excess charge of ₱0.20; and
- Pay a fine of ₱200.00 per day from December 1, 2011 until date of compliance.

On May 7, 2014, NTC denied the Motion for Reconsideration (MR) filed by Globe Telecom last December 5, 2012 in relation to the November 20, 2012 decision. Globe Telecom's assessment is that Globe Telecom is in compliance with the NTC Memorandum Circular No. 02-10-2011. On June 9, 2014, Globe Telecom filed petition for review of the NTC decision and resolution with the Court of Appeals (CA).

The CA granted the petition in a resolution dated September 3, 2014 by issuing a 60-day temporary restraining order on the implementation of Memorandum Circular 02-10-2011 by the NTC. On October 15, 2014, Globe Telecom posted a surety bond to compensate for possible damages as directed by the CA.

On June 27, 2016, the CA rendered a decision reversing the NTC's abovementioned decision and resolution requiring telecommunications companies to cut their SMS rates and return the excess amount paid by subscribers. The CA said that the NTC order was baseless as there is no showing that the reduction in the SMS rate is mandated under MC No. 02-10-2011; there is no showing, either that the present P1.00 per text rate is unreasonable and unjust, as this was not mandated under the memorandum. Moreover, under the NTC's own MC No. 02-05-2008, SMS is a value added service (VAS) whose rates are deregulated. The respective motions for reconsideration filed by NTC and that of intervenor Bayan Muna Party List (Bayan Muna) Representatives Neri Javier Colmenares and Carlos Isagani Zarate were both denied.

The NTC thus elevated the CA's ruling to the Supreme Court (SC) via a Petition for Review on Certiorari dated September 15, 2017.

For its part, Bayan Muna filed its own Petition for Review on Certiorari of the CA's Decision. On January 4, 2018, Globe received a copy of the SC's Resolution dated November 6, 2017, requiring it to comment on said petition of Bayan Muna. Subsequently, on February 21, 2018, Globe received a copy of the SC's Resolution dated December 13, 2017 consolidating the Petitions for Review filed by Bayan Muna and NTC, and requiring Globe to file its comment on the petition for review filed by NTC. Thus, on April 2, 2018, Globe filed its Consolidated Comment on both Bayan Muna and the NTC's petitions for review. On September 18, 2018, Globe received a copy of Bayan Muna's Consolidated Reply to Globe's Consolidated Comment and Digitel and Smart's Comment.

Globe Telecom believes that it did not violate NTC MC No. 02-10-2011 when it did not reduce its SMS retail rate from Php 1.00 to Php 0.80 per text, and hence, would not be obligated to refund its subscribers. However, if it is ultimately decided by the Supreme Court (on the appeal taken thereto by the NTC from the adverse resolution of the CA) that Globe Telecom is not compliant with said circular, Globe may be contingently liable to refund to its subscribers the ₱0.20 difference (between ₱1.00 and ₱0.80 per text) reckoned from November 20, 2012 until said decision by the SC becomes final and executory. Management does not have an estimate of the potential claims currently.

Guidelines on Unit of Billing of Mobile Voice Service

On July 23, 2009, the NTC issued NTC MC No. 05-07-2009 (Guidelines on Unit of Billing of Mobile Voice Service). The MC provides that the maximum unit of billing for the Cellular Mobile Telephone System (CMTS) whether postpaid or prepaid shall be six (6) seconds per pulse. The rate for the first two (2) pulses, or equivalent if lower period per pulse is used, may be higher than the succeeding pulses to recover the cost of the call set-up. Subscribers may still opt to be billed on a one (1) minute per pulse basis or to subscribe to unlimited service offerings or any service offerings if they actively and knowingly enroll in the scheme.

On December 28, 2010, the Court of Appeals (CA) rendered its decision declaring null and void and reversing the decisions of the NTC in the rates applications cases for having been issued in violation of Globe Telecom and the other carriers' constitutional and statutory right to due process. However, while the decision is in Globe Telecom's favor, there is a provision in the decision that NTC did not violate the right of petitioners to due process when it declared via circular that the per pulse billing scheme shall be the default.

On January 21, 2011, Globe Telecom and two other telecom carriers, filed their respective Motions for Partial Reconsideration (MPR) on the pronouncement that "the Per Pulse Billing Scheme shall be the default". The petitioners and the NTC filed their respective Motion for Reconsideration, which were all denied by the CA on January 19, 2012.

On March 12, 2012, Globe and Innove elevated to the SC the questioned portions of the Decision and Resolution of the CA dated December 28, 2010 and its Resolution dated January 19, 2012. The other service providers, as well as the NTC, filed their own petitions for review. The adverse parties have filed their comments on each other's petitions, as well as their replies to each other's comments. Parties were required to file their respective Memoranda and Globe filed its Memorandum on May 25, 2018. The case is now submitted for resolution.

Right of Innove to Render Services and Build Telecommunications Infrastructure in BGC

PLDT and its affiliate, Bonifacio Communications Corporation (BCC) and Innove and Globe Telecom are in litigation over the right of Innove to render services and build telecommunications infrastructure in the Bonifacio Global City (BGC). In the case filed by Innove before the NTC against BCC, PLDT and the Fort Bonifacio Development Corporation (FBDC), the NTC has issued a Cease and Desist Order preventing BCC from performing further acts to interfere with Innove's installations in the BGC.

On January 21, 2011, BCC and PLDT filed with the CA a Petition for Certiorari and Prohibition against the NTC, et al. seeking to annul the Order of the NTC dated October 28, 2008 directing BCC, PLDT and FBDC to comply with the provisions of NTC MC 05-05-02 and to cease and desist from performing further acts that will prevent Innove from implementing and providing telecommunications services in the Fort Bonifacio Global City pursuant to the authorization granted by the NTC. On April 25, 2011, Innove Communications, filed its comment on the Petition.

On August 16, 2011, the CA ruled that the petition against Innove and the NTC lacked merit, holding that neither BCC nor PLDT could claim the exclusive right to install telecommunications infrastructure and providing telecommunications services within the BGC. Thus, the CA denied the petition and dismissed the case. PLDT and BCC filed their motions for reconsideration thereto, which the CA denied.

On July 6, 2012, PLDT and BCC assailed the CA's rulings via a petition for review on certiorari with the Supreme Court. Innove and Globe filed their comment on said petition on January 14, 2013, to which said petitioners filed their reply on May 21, 2013. On December 22, 2021, Innove filed its Memorandum with the Supreme Court in compliance with Court's Resolution dated October 06, 2021. The Supreme Court subsequently issued Resolution dated September 14, 2022, directing the Clerk of Court of the Court of Appeals, Manila to elevate the complete records of CA G.R. SP No. 117535 to Supreme Court within ten (10) days from receipt of said Resolution.

Acquisition by Globe Telecom and PLDT of the Entire Issued and Outstanding Shares of VTI

In a letter dated June 7, 2016 issued by Philippine Competition Commission (PCC) to Globe Telecom, PLDT, SMC and VTI regarding the Joint Notice filed by the aforementioned parties on May 30, 2016, disclosing the acquisition by Globe Telecom and PLDT of the entire issued and outstanding shares of VTI, the PCC claims that the Notice was deficient in form and substance and concludes that the acquisition cannot be claimed to be deemed approved.

On June 10, 2016, Globe Telecom formally responded to the letter reiterating that the Notice, which sets forth the salient terms and conditions of the transaction, was filed pursuant to and in accordance with MC No. 16-002 issued by the PCC. MC No. 16-002 provides that before the implementing rules and regulations for RA No. 10667 (the Philippine Competition Act of 2015) come into full force and effect, upon filing with the PCC of a notice in which the salient terms and conditions of an acquisition are set forth, the transaction is deemed approved by the PCC and as such, it may no longer be challenged. Further, Globe Telecom clarified in its letter that the supposed deficiency in form and substance of the Notice is not a ground to prevent the transaction from being deemed approved. The only exception to the rule that a transaction is deemed approved is when a notice contains false material information. In this regard, Globe Telecom stated that the Notice does not contain any false information.

On June 17, 2016, Globe Telecom received a copy of the second letter issued by PCC stating that notwithstanding the position of Globe Telecom, it was ruling that the transaction was still subject for review.

On July 12, 2016, Globe Telecom asked the CA to stop the government's anti-trust body from reviewing the acquisition of SMC's telecommunications business. Globe Telecom maintains the position that the deal was approved after Globe Telecom notified the PCC of the transaction and that the anti-trust body violated its own rules by insisting on a review. On the same day, Globe Telecom filed a Petition for Mandamus, Certiorari and Prohibition against the PCC, docketed as CA-G.R. SP No. 146538. On July 25, 2016, the CA, through its 6th Division issued a resolution denying Globe Telecom's application for TRO and injunction against PCC's review of the transaction. In the same resolution, however, the CA required the PCC to comment on Globe Telecom's petition for certiorari and mandamus within 10 days from receipt thereof. The PCC filed said comment on August 8, 2016. In said comment, the PCC prayed that the ₱70.00 billion deal between PLDT-Globe Telecom and San Miguel be declared void for PLDT and Globe Telecom's alleged failure to comply with the requirements of the Philippine Competition Act of 2015. The PCC also prayed that the CA direct Globe Telecom to: cease and desist from further implementing its co-acquisition of the San Miguel telecommunications assets; undo all acts consummated pursuant to said acquisition; and pay the appropriate administrative penalties that may be imposed by the PCC under the Philippine Competition Act for the illegal consummation of the subject acquisition.

Meanwhile, PLDT filed a similar petition with the CA, docketed as CA G.R. SP No. 146528, which was raffled off to its 12th Division. On August 26, 2016, PLDT secured a TRO from said court. Thereafter, Globe Telecom's petition was consolidated with that of PLDT, before the 12th Division. The consolidation effectively extended the benefit of PLDT's TRO to Globe Telecom. The parties were required to submit their respective Memoranda, after which, the case shall be deemed submitted for resolution.

On February 17, 2017, the CA issued a Resolution denying PCC's Motion for Reconsideration dated September 14, 2016 for lack of merit. In the same Resolution, the Court granted PLDT's Urgent Motion for the Issuance of a Gag Order and ordered the PCC to remove the offending publication from its website and also to obey the sub judice rule and refrain from making any further public pronouncements regarding the transaction while the case remains pending. The Court also reminded the other parties, PLDT and Globe, to likewise observe the sub judice rule. For this purpose, the Court issued its gag order admonishing all the parties "to refrain, cease and desist from issuing public comments and statements that would violate the sub judice rule and subject them to indirect contempt of court. The parties were also required to comment within ten days from receipt of the Resolution, on the Motion for Leave to Intervene, and Admit the Petition-in Intervention dated February 7, 2017 filed by Citizenwatch, a non-stock and non-profit association.

On April 18, 2017, PCC filed a petition before the SC docketed as G.R. No. 230798, to lift the CA's order that has prevented the review of the sale of San Miguel Corp.'s telecommunications unit to PLDT Inc. and Globe Telecom. On April 25, 2017, Globe filed before the SC a Motion for Intervention with Motion to Dismiss the petition filed by the PCC.

As of June 30, 2017, the SC did not issue any TRO on the PCC's petition to lift the injunction issued by the CA. Hence, the PCC remains barred from reviewing the SMC deal.

On July 26, 2017, Globe received the SC en banc Resolution granting Globe's Extremely Urgent Motion to Intervene. In the same Resolution, the Supreme Court treated as Comment, Globe's Motion to Dismiss with Opposition Ad Cautelam to PCC's Application for the Issuance of a Writ of Preliminary Injunction and/or TRO.

On August 31, 2017, Globe received another Resolution of the SC en banc, requiring the PCC to file a Consolidated Reply to the Comments respectively filed by Globe and PLDT, within ten (10) days from notice. Globe has yet to receive the Consolidated Reply of PCC since the latter requested for extension of time to file the same.

In the meantime, in a Decision dated October 18, 2017, the CA, in CA-G.R. SP No. 146528 and CA-G.R. SP No. 146538, granted Globe and PLDTs Petition to permanently enjoin and prohibiting PCC from reviewing the acquisition and compelling the PCC to recognize the same as deemed approved. PCC elevated the case to the SC via Petition for Review on Certiorari.

Co-use of frequencies by PLDT/Smart and Globe Telecom as a result of the acquisition of controlling shares in VTI

On January 21, 2019, Globe filed its Comment to a petition filed by lawyers Joseph Lemuel Baligod and Ferdinand Tecson before the Supreme Court, against the NTC, PCC, Liberty Broadcasting Network, Inc., (LBNI), Bell Telecommunications Inc. (BellTel), Globe, PLDT and Smart, docketed as G.R. No. 242353. The petition sought to, among others, enjoin PLDT/Smart and Globe from co-using the frequencies assigned to LBNI and BellTel in view of alleged irregularities in NTC's assignment of these frequencies to these entities. In its Comment, Globe argued that the frequencies were assigned in accordance with existing procedures prescribed by law and that to prevent the use of the frequencies will only result to its being idle and unutilized. Moreover, in view of the substantial investments made by Globe, for the use of these frequencies, enjoining its use will cause grave and irreparable injury not only to Globe but to subscribers who will be deprived of the benefits of fast and reliable telecommunications services. The other Respondents have likewise filed their respective Comments to the petition.

36 SIM Registration Act

Republic Act No. 11934, or the SIM Registration Act, was signed into law by President Ferdinand "Bongbong" Marcos Jr. on October 10, 2022. This Act, which is a consolidation of Senate Bill No. 1310 and House Bill No. 14, was passed by the Senate of the Philippines and the House of Representatives on September 28, 2022.

The SIM Registration Act aims to provide accountability for those using SIMs and aid law enforcement in tracking perpetrators of crimes committed through phones. This law is seen as one way to boost government initiatives against scams perpetrated through text and online messages, which have become more prevalent in recent years.

On December 12, 2022, the National Telecommunications Commission released the Implementing Rules and Regulations (IRR) of the SIM Registration Act.

Following the law's passing and effectivity of the IRR, users must register their new SIMs with the relevant Public Telecommunications Entity to activate them. Meanwhile, all existing SIM subscribers must register with PTEs within 180 days of the law's implementation.

Failure to register the SIM within the prescribed period will result in automatic deactivation, and telecommunication companies can only reactivate this after proper registration has been completed. Users must also present valid government-issued IDs or similar documents with a photograph to verify their identity. The law details penalties for violations ranging from ₱100,000 to ₱1 million.

37 Events After Reporting Period

On February 6, 2023, the BOD approved the declaration of the first quarter cash dividend of ₱25 per common share, payable to common stockholders of record as of February 20, 2023. Total dividends amounting to ₱3.6 billion will be payable on March 8, 2023.



GLOBE TELECOM, INC. AND SUBSIDIARIES

Index to the Consolidated Financial Statements and Supplementary Schedules

Schedule 1 - Financial Soundness Indicators

Schedule 2 - Reconciliation of retained earnings available for dividend declaration

Schedule 3 - Map of the relationships of the companies within the Group

Schedule 4 - Schedule for Listed Companies with a Recent Offering of Securities to the Public

Schedule 5 - Supplementary Schedules required by Annex 68-J

Schedule 1

FINANCIAL SOUNDNESS INDICATORS	Formula	December 31 2022	December 31 2021
FINANCIAL RATIOS			
Interest Coverage Ratio	EBITDA	7.81	8.84
	Interest Expense gross of capitalized borrowing costs		
Debt to Equity (D/E Ratio)	Total Debt	1.53	1.84
	Total Equity		
Total Asset to Equity Ratio	Total Assets	3.64	4.01
	Total Equity		
Current Ratio	Current Assets	0.66	0.56
	Current Liabilities		
Solvency Ratio	Net Income + Depreciation and Amortization + Provisions for Doubtful Accounts	0.21	0.20
	Total Liabilities		
Acid test ratio	Current Assets – Inventories and Supplies – net	0.63	0.54
	Current Liabilities		
PROFITABILITY MARGINS			
EBITDA Margins	EBITDA	50%	49%
	Service Revenues		
Net Profit Margin	Net Income	22%	16%
	Service Revenues		
Return on Asset	Net Income	6%	5%
	Total Assets		
Return on Equity	Net Income	26%	24%
	Total Equity		

Schedule 2
**RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
AS OF DECEMBER 31, 2022**

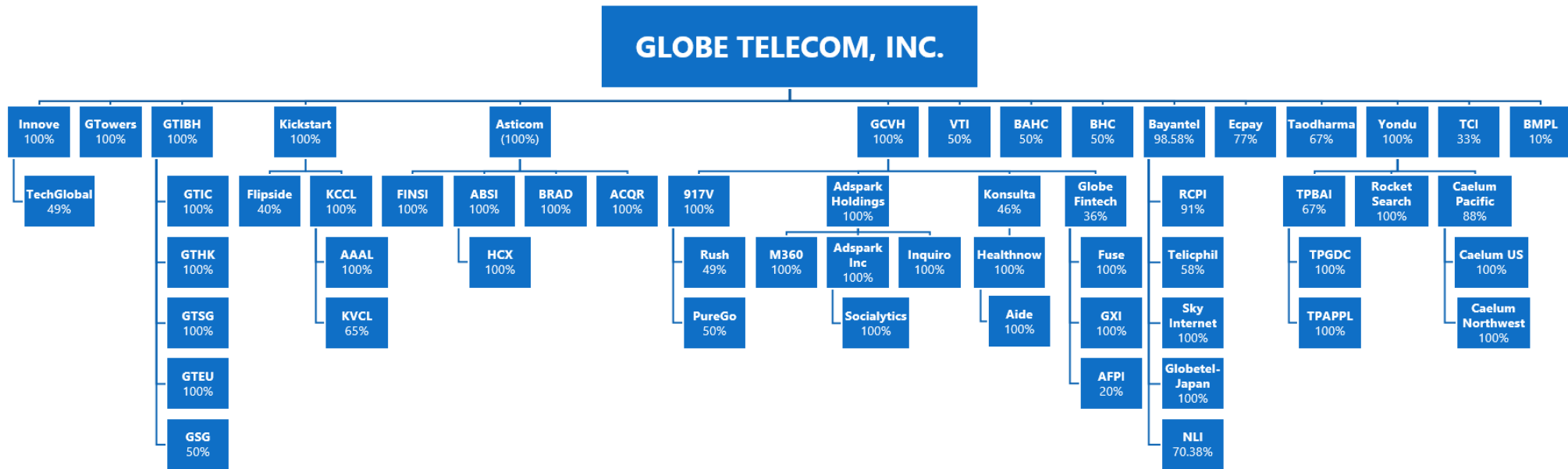
Items	Amount (In thousands)
Unappropriated Retained Earnings, beginning	₱31,154,698
Adjustments	(7,899,158)
Unappropriated Retained Earnings, as adjusted, beginning	23,255,540
Net income during the period closed to Retained Earnings	19,361,052
Less: Non-actual/unrealized income net of tax	
Unrealized fair value gain on derivatives from prior period realized during the year	1,079,500
Unrealized fair value gain on derivatives net of previously recognized accumulated unrealized loss	(4,950,139)
Deferred tax assets realized during the year	(2,380,548)
Net income actually earned/realized during the period	13,109,865
Add (Less):	
Dividend during the period	(14,492,100)
Distributions on capital securities	(1,306,734)
Unappropriated Retained Earnings, as adjusted, ending	₱20,566,571



Schedule 3

MAP OF THE RELATIONSHIP OF THE COMPANIES WITHIN THE GROUP
AS OF DECEMBER 31, 2022

Globe Telecom, Inc. and Subsidiaries





Schedule 4

SCHEDULE FOR LISTED COMPANIES WITH A RECENT OFFERING OF SECURITIES TO THE PUBLIC AS OF DECEMBER 31, 2022

Globe Telecom formally listed 10,119,047 common shares newly issued to stockholders that participated in the recently concluded Rights Offer (the "Offer") on the Philippine Stock Exchange. The common shares were sold in the Offer at ₱1,680.00 per share, raising proceeds of ₱17.00 billion.

Globe Telecom estimates that the net proceeds from the gross amount of ₱17.00 billion shall amount to approximately ₱16.80 billion as disclosed in the final prospectus.

Annual Progress Report on the application of proceeds from the offer for the year ended as at December 31, 2022 are as follows:

Stock Rights Offering Proceeds		₱16,999,998,960
Less: Stock rights offer-related disbursements		
PSE Filing Fee	₱35,840,000	
SEC Processing and Filing Fee	66,660,998	
PDTC Lodgement Fee	141,800	
Documentary Stamp Tax	5,059,524	
Underwriting and Placement Fee	78,593,505	
Professional and Legal Fees	72,529,422	
Other Related Expenses	1,863,516	260,688,765
Net Proceeds		₱16,739,310,195

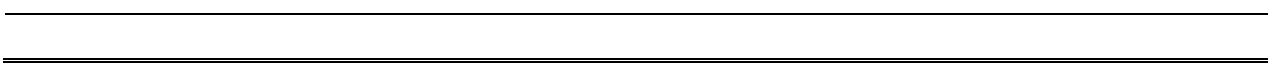
	Planned Application of Proceeds	Actual Disbursement	Balance of Offering Proceeds
Net Proceeds		₱16,739,310,195	
Less: Loan Repayments	6,695,724,078	6,695,724,078	-
Capital Expenditures			
Mobile	4,519,613,753	4,519,613,753	-
Common Infrastructure	3,414,819,280	3,414,819,280	-
Broadband	1,506,537,918	1,506,537,918	-
Enterprise Group	602,615,167	322,938,345	279,676,822
Total Disbursements	16,739,310,196	16,459,633,374	279,676,822
Balance of Proceeds as at December 31, 2022			₱279,676,822



**SCHEDULE 5A – FINANCIAL ASSETS
DECEMBER 31, 2022**

Name of Issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Income received and accrued
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Not Applicable





SCHEDULE 5B – Amounts Receivable from Directors, Officers, Employees, Related Parties and principal Stockholders (Other than Related parties)

Name and Designation of debtor	Balance at the beginning of period (January 1, 2022)	Additions	Amounts collected	Current	Non-current	Balance at the end of period (December 31, 2022)
Education Loan	₱76,369,560	₱77,804,901	₱98,957,402	₱55,217,059	₱-	₱55,217,059
Hospitalization Loan	37,890,669	17,975,351	9,923,757	45,942,263	-	45,942,263
Housing and Renovation Loan	38,106,498	72,536,891	59,693,186	50,950,203	-	50,950,203
Medical and Health Related Loan	973,184	23,761,025	14,229,153	10,505,056	-	10,505,056
Others	4,538,113	30,563,711	19,571,876	15,529,948	-	15,529,948
Total	₱157,878,024	₱222,641,879	₱202,375,374	₱178,144,529	₱-	₱178,144,529



Schedule 5C - Trade & Other Receivables Eliminated During Consolidation

Creditor	Creditor's Relationship	Account Type	Beginning Balance	Net Movement	Outstanding Balance
			(January 1, 2022)		(December 31, 2022)
Globe	Parent	Traffic receivable	628,003,024	246,379,577	874,382,601
	Parent	Trade Receivables	2,782,963	(1,652,086)	1,130,877
	Parent	Other Receivables	24,122,037,626	8,197,873,740	32,319,911,366
Innove	Subsidiary	Traffic receivable	242,345,323	120,116,461	362,461,784
	Subsidiary	Trade Receivables	107,524,866	(1,614,655)	105,910,211
	Subsidiary	Other Receivables	3,998,463,986	6,094,177,189	10,092,641,175
	Co-Subsidiary	Trade Receivables	97,709,613	(23,421,642)	74,287,971
	Co-Subsidiary	Other Receivables	603,703,987	(299,264,765)	304,439,222
	Co-Subsidiary	Traffic receivable	12,895,347	(12,841,480)	53,867
Asticom	Subsidiary	Trade Receivables	1,140,308,815	479,077,291	1,619,386,106
	Co-Subsidiary	Trade Receivables	85,716,532	110,891,678	196,608,210
	Co-Subsidiary	Other Receivables	-	111,946,510	111,946,510
BTI	Subsidiary	Other Receivables	3,050,649,782	502,597,254	3,553,247,036
	Subsidiary	Traffic receivable	151,884,658	(150,357,127)	1,527,531
	Subsidiary	Trade Receivables	4,892,089	(5,791)	4,886,298
	Co-Subsidiary	Trade Receivables	6,286,834	(14,239)	6,272,595
	Co-Subsidiary	Traffic receivable	29,243,717	(29,075,867)	167,850
	Co-Subsidiary	Other Receivables	6,795,178,162	24,650,830	6,819,828,992

(forward)



Creditor	Creditor's Relationship to the Reporting Co. (Subsidiary or Parent)	Account Type	Beginning Balance	Net Movement	Outstanding Balance
			(January 1, 2022)		(December 31, 2022)
GCVH	Subsidiary	Other Receivables	216,453,134	(186,520,690)	29,932,444
	Co-Subsidiary	Other Receivables	14,901,754	114,611,052	129,512,806
	Co-Subsidiary	Trade Receivables	882,070,355	(62,383,791)	819,686,564
GTI	Subsidiary	Other Receivables	1,498,169	(1,498,169)	-
	Co-Subsidiary	Trade Receivables	18,650,258	(3,665,448)	14,984,810
	Co-Subsidiary	Other Receivables	189,039,383	778,025,192	967,064,575
TAOD	Subsidiary	Other Receivables	7,083,943	200,108	7,284,051
	Co-Subsidiary	Other Receivables	72,563	-	72,563
Kickstart	Co-Subsidiary	Other Receivables	92,013,431	31,141,679	123,155,110
	Subsidiary	Other Receivables	10,395,162	(10,395,162)	-
Yondu	Subsidiary	Trade Receivables	250,805,598	(41,802,571)	209,003,027
	Co-Subsidiary	Trade Receivables	222,804,450	(28,936,173)	193,868,277
EC Pay	Subsidiary	Trade Receivables	16,498,986	(14,940,820)	1,558,166
	Co-Subsidiary	Trade Receivables	14,610	1,018,520	1,033,130
TOTAL			43,001,929,120	15,944,316,605	58,946,245,725



**SCHEDULE 5D – LONG TERM DEBT
DECEMBER 31, 2022**

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of Long-Term Debt" in related statement of financial position	Amount shown under caption "Long-Term Debt" in related statement of financial position		
			Amount	Interest rates	Maturity dates
Term Loans:					
Dollar	\$457,970,906	₱3,550,142,376	₱18,361,533,955	0.77% to 6.00%	2023-2027
Peso	₱157,192,000,000	39,627,996,761	135,592,084,681	1.63% to 7.11%	2023-2033
Retail Bonds					
Dollar	\$600,000,000	-	33,078,997,813	3.13% to 3.75%	2030-2035
Peso	₱3,000,000,000	2,993,903,640	-	5.28%	2023
		₱46,172,042,777	₱187,032,616,449		



SCHEDULE 5E – INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)

DECEMBER 31, 2022

Name of Related Party	Balances at beginning of period	Balance at end of period
<h1>Not Applicable</h1>		



**SCHEDULE 5F – GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2022**

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which this statement is filed	Nature of guarantee
<h1>Not Applicable</h1>				



**SCHEDULE 5G - CAPITAL STOCK
DECEMBER 31, 2022**

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common*	168,934,373	144,060,544	10,136,062	111,697,428	1,171,666	31,191,450
Voting preferred stock	160,000,000	158,515,021	-	158,515,016	5	-
Non-voting preferred stock**	40,000,000	-	-	-	-	-

**10,119,047 common shares were issued by way of stock rights*

***Reacquired as treasury shares*

EXHIBIT I : Aging Analysis of Accounts Receivable

The table below shows the aging analysis of the Globe Group's trade receivables as of December 31, 2022.

	Current	Less than 30 days past due	31 to 60 days past due	61 to 90 days past due	Over 90 days past due	Total
<i>(In Thousand Pesos)</i>						
Wireless subscribers receivables:						
Consumer	P3,274,618	P1,598,916	P356,908	P334,285	P1,086,696	P6,651,423
Key corporate accounts	39,994	96,385	111,160	119,648	966,068	1,333,255
Other corporations and SME	223,765	141,642	36,214	21,251	349,765	772,637
	3,538,377	1,836,943	504,282	475,184	2,402,529	8,757,315
Wireline subscribers receivables:						
Consumer	666,793	162,339	72,956	118,708	7,412,062	8,432,858
Key corporate accounts	404,580	569,923	623,155	602,218	4,217,323	6,417,199
Other corporations and SME	73,995	65,068	25,914	11,418	779,939	956,334
	1,145,368	797,330	722,025	732,344	12,409,324	15,806,391
Total subscribers receivables	4,683,745	2,634,273	1,226,307	1,207,528	14,811,853	24,563,706
Traffic receivables:						
Foreign	271,168	-	48,298	75,093	349,527	744,086
Local	458,103	4,814	772	201	282,187	746,077
Total traffic receivables	729,271	4,814	49,070	75,294	631,714	1,490,163
Other trade receivables	6,372,416	467,194	263,722	209,095	1,294,100	8,606,527
	P11,785,432	P3,106,281	P1,539,099	P1,491,917	P16,737,667	P34,660,396

EXHIBIT: BIR ITR Filing Reference of Parent Company Financial Statements

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 **Globe Telecom, Inc.**
The Globe Tower
32nd Street corner 7th Avenue,
Bonifacio Global City,
Taguig, Philippines 1634

 +632.7972000

 www.globe.com.ph

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR STANDALONE FINANCIAL STATEMENTS


The management of Globe Telecom, Inc. ("the Company") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2022 and 2021, in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Isla Lipana & Co., the independent auditors appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.


JAIME AUGUSTO ZOBEL DE AYALA
Chairman of the Board

Signed this 6th day of February 2023



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


Isla Lipana & Co., the independent auditors appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.


ERNEST L. GU
President and Chief Executive Officer

Signed this 6th day of February 2023



 **Globe Telecom, Inc.**
The Globe Tower
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Bonifacio Global City,
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STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR STANDALONE FINANCIAL STATEMENTS

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ROSEMARIE MANIEGO-EALA
Chief Finance Officer and Treasurer

Signed this 6th day of February 2023



Independent Auditor's Report

To the Board of Directors and Shareholders of
Globe Telecom, Inc.
The Globe Tower, 32nd Street corner 7th Avenue
Bonifacio Global City, Taguig City

Report on the Audits of the Financial Statements

Our Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Globe Telecom, Inc. ("the Company") as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

What we have audited

The financial statements of the Company comprise:

- the statements of financial position as at December 31, 2022 and 2021;
- the statements of total comprehensive income for the years ended December 31, 2022 and 2021;
- the statements of changes in equity for the years ended December 31, 2022 and 2021;
- the statements of cash flows for the years ended December 31, 2022 and 2021; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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Independent Auditor's Report
To the Board of Directors and Shareholders of
Globe Telecom, Inc.
Page 2

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



Independent Auditor's Report
To the Board of Directors and Shareholders of
Globe Telecom, Inc.
Page 3

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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



Isla Lipana & Co.

Independent Auditor's Report
To the Board of Directors and Shareholders of
Globe Telecom, Inc.
Page 4

Report on the Bureau of Internal Revenue Requirement

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 35 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Isla Lipana & Co.

A handwritten signature in black ink, appearing to read "R. Danao", with a long horizontal stroke extending to the right.

Roderick M. Danao
Partner
CPA Cert. No. 88453
P.T.R. No. 0011280, issued on January 9, 2023, Makati City
SEC A.N. (individual) as general auditors 88453-SEC, Category A;
valid to audit 2022 financial statements
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
TIN 152-015-078
BIR A.N. 08-000745-042-2020, issued on December 14, 2020; effective until December 13, 2023
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
February 6, 2023



Isla Lipana & Co.

Statement Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Globe Telecom, Inc.
The Globe Tower, 32nd Street corner 7th Avenue
Bonifacio Global City, Taguig City

We have audited the financial statements of Globe Telecom, Inc. (the “Company”) as at and for the year ended December 31, 2022, on which we have rendered the attached report dated February 6, 2023.

In compliance with SRC Rule 68 and based on the certification received from the Company's corporate secretary and the results of our work done, the Company has 1,088 shareholder owning one hundred (100) or more shares as at December 31, 2022.

Isla Lipana & Co.

Roderick M. Danao
Partner

CPA Cert. No. 88453

P.T.R. No. 0011280, issued on January 9, 2023, Makati City

SEC A.N. (individual) as general auditors 88453-SEC, Category A;
valid to audit 2022 financial statements

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valid to audit 2020 to 2024 financial statements

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Makati City
February 6, 2023

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GLOBE TELECOM, INC.

Parent Company's Financial Statements
December 31, 2022 and 2021





GLOBE TELECOM, INC.

PARENT COMPANY'S STATEMENTS OF FINANCIAL POSITION

		December 31	
	Notes	2022	2021
<i>(In Thousand Pesos)</i>			
ASSETS			
Current Assets			
Cash and cash equivalents	5	P5,383,281	P13,329,888
Trade receivables – net	6	9,599,460	7,772,763
Contract assets – net	7.1	6,891,455	6,245,711
Inventories and supplies – net	9	2,519,320	2,396,181
Derivative assets – current	8	502,332	262,805
Prepayments and other current assets	10	38,260,763	30,042,001
		63,156,611	60,049,349
Assets classified as held-for-sale	11, 13	28,287,205	-
		91,443,816	60,049,349
Noncurrent Assets			
Property and equipment – net	11	218,351,871	214,079,887
Intangible assets – net	12	20,432,312	16,126,107
Right of use assets – net	13.1	33,499,216	18,972,913
Investments in subsidiaries and joint ventures	14	73,359,686	71,166,709
Derivative assets – net of current portion	8	4,627,002	2,769,472
Other noncurrent assets	10	39,671,010	22,460,407
		389,941,097	345,575,495
TOTAL ASSETS		P481,384,913	P405,624,844
LIABILITIES AND EQUITY			
Current Liabilities			
Trade payables and accrued expenses	15	P66,508,747	P63,137,157
Deferred revenues	7.2	5,287,104	6,369,850
Loans payable – current	17	45,679,484	15,604,772
Derivative liabilities – current	8	609,338	1,114,610
Provisions	16	1,679,978	1,857,561
Lease liabilities – current	13.2	3,715,061	3,523,483
Income tax payable		2,572,669	438,710
		126,052,381	92,046,143
Noncurrent Liabilities			
Loans payable – net of current portion	17	182,084,722	188,959,492
Derivative liabilities – net of current portion	8	-	111,909
Deferred income tax liability – net	28	3,937,249	4,363,452
Lease liabilities – non current	13.2	46,568,018	15,639,824
Pension liability	21.1	1,828,721	4,954,610
Other long-term liabilities	18	3,906,610	4,738,142
		238,325,320	218,767,429
Total Liabilities		364,377,701	310,813,572
Equity			
Capital stock	20	8,995,602	8,473,535
Additional paid in capital	20	53,944,871	37,226,626
Cost of share-based compensation	21	848,890	843,826
Capital securities	20.3	29,977,639	29,977,845
Other reserves	20.7	(1,385,656)	(2,875,323)
Treasury shares	20.4	(10,000,000)	(10,000,000)
Retained earnings		34,625,866	31,164,763
Total Equity		117,007,212	94,811,272
TOTAL LIABILITIES AND EQUITY		P481,384,913	P405,624,844

See accompanying Notes to Parent Company's Financial Statements.

GLOBE TELECOM, INC.
PARENT COMPANY'S STATEMENTS OF TOTAL COMPREHENSIVE INCOME

		For the Years Ended December 31	
	Notes	2022	2021
<i>(In Thousand Pesos)</i>			
REVENUES			
Service revenues		₱113,383,474	₱112,762,286
Nonservice revenues		17,002,544	16,080,619
		130,386,018	128,842,905
INCOME			
Gain on sale and leaseback of telecom towers - net	11	8,100,235	-
Gain on disposals of property and equipment - net	11	2,540,158	154,383
Dividend income	14	1,700,886	6,496,632
Interest income	22	274,617	141,314
Other income – net	23	10,425,721	8,585,634
		23,041,617	15,377,963
COSTS AND EXPENSES			
General, selling and administrative	24	61,503,128	60,183,600
Depreciation and amortization	25	36,055,007	32,191,485
Cost of inventories sold	9	17,518,108	16,985,146
Financing costs	26	9,885,331	8,683,987
Interconnect costs	31	1,408,499	1,165,065
Impairment losses and others	27	2,078,603	3,056,563
		128,448,676	122,265,846
INCOME BEFORE INCOME TAX		24,978,959	21,955,022
PROVISION FOR INCOME TAX			
Current		6,594,152	3,018,964
Deferred		(875,130)	(676,425)
	28	5,719,022	2,342,539
NET INCOME		19,259,937	19,612,483
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will not be reclassified into profit or loss in subsequent periods:			
Remeasurement gain on defined benefit plan - net	20.7	2,726,369	636,896
Changes in fair value of financial assets at fair value through other comprehensive income	20.7	142,888	9,660
Item that will be reclassified into profit or loss in subsequent periods:			
Transactions on cash flow hedges - net	20.7	(1,379,590)	1,188,210
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)		1,489,667	1,834,766
TOTAL COMPREHENSIVE INCOME		₱20,749,604	₱21,447,249

See accompanying Notes to Parent Company's Financial Statements.



GLOBE TELECOM, INC. PARENT COMPANY'S STATEMENTS OF CHANGES IN EQUITY

For the Year Ended December 31, 2022									
	Notes	Capital Stock (Note 20)	Additional Paid-in Capital	Cost of Share-based Compensation	Capital Securites (Note 20.3)	Other Reserves (Note 20.7)	Treasury Shares (Note 20.4)	Retained Earnings	Total
<i>(In Thousand Pesos)</i>									
As of January 1, 2022		₱8,473,535	₱37,226,626	₱843,826	₱29,977,845	(₱2,875,323)	(₱10,000,000)	₱31,164,763	₱94,811,272
Total comprehensive income for the year		-	-	-	-	1,489,667	-	19,259,937	20,749,604
Dividends on:	20.5								
Common stock		-	-	-	-	-	-	(14,442,073)	(14,442,073)
Preferred stock – voting		-	-	-	-	-	-	(50,027)	(50,027)
Distributions on Capital Securities	20.3	-	-	-	-	-	-	(1,306,734)	(1,306,734)
Share-based compensation	21	-	-	440,894	-	-	-	-	440,894
Issue of shares under share-based compensation plan		16,115	419,715	(435,830)	-	-	-	-	-
Issuance cost of capital securities		-	-	-	(206)	-	-	-	(206)
Issuance of shares by way of stock rights		505,952	16,298,530	-	-	-	-	-	16,804,482
As of December 31, 2022		₱8,995,602	₱53,944,871	₱848,890	₱29,977,639	(₱1,385,656)	(₱10,000,000)	₱34,625,866	₱117,007,212



GLOBE TELECOM, INC. PARENT COMPANY'S STATEMENTS OF CHANGES IN EQUITY

For the Year Ended December 31, 2021									
	Notes	Capital Stock (Note 20)	Additional Paid-in Capital	Cost of Share-based Compensation	Capital Securities (Note 20.3)	Other Reserves (Note 20.7)	Treasury Shares (Note 20.4)	Retained Earnings	Total
<i>(In Thousand Pesos)</i>									
As of January 1, 2021		₱8,464,211	₱37,001,626	₱638,323	₱-	(₱4,710,089)	₱-	₱26,288,176	₱67,682,247
Total comprehensive income for the year		-	-	-	-	1,834,766	-	19,612,483	21,447,249
Dividends on:	20.5								
Common stock		-	-	-	-	-	-	(14,425,839)	(14,425,839)
Preferred stock – voting		-	-	-	-	-	-	(50,027)	(50,027)
Preferred stock – non-voting		-	-	-	-	-	-	(260,030)	(260,030)
Share-based compensation	21	-	-	439,827	-	-	-	-	439,827
Issue of shares under share-based compensation plan		9,324	225,000	(234,324)	-	-	-	-	-
Issuance of capital securities		-	-	-	29,977,845	-	-	-	29,977,845
Redemption of preference share		-	-	-	-	-	(10,000,000)	-	(10,000,000)
As of December 31, 2021		₱8,473,535	₱37,226,626	₱843,826	₱29,977,845	(₱2,875,323)	(₱10,000,000)	₱31,164,763	₱94,811,272

See accompanying Notes to Parent Company's Financial Statements.



GLOBE TELECOM, INC.

PARENT COMPANY'S STATEMENTS OF CASH FLOWS

		For the Years Ended December 31	
	Notes	2022	2021
<i>(In Thousand Pesos)</i>			
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		₱24,978,959	₱21,955,022
Adjustments for:			
Depreciation and amortization	25	36,055,007	32,191,485
Financing costs	26	9,885,331	8,683,987
Impairment losses and others	27	2,078,603	3,056,563
Foreign exchange losses – net	23	5,439,352	3,512,068
Gain on derivative instruments – net	23	(5,797,800)	(3,214,633)
Pension expense	21	1,019,062	1,147,945
Share-based compensation	21	440,894	439,827
Interest income	22	(274,617)	(141,314)
Gain on sale and leaseback of telecom towers - net	11	(8,100,235)	-
Gain on disposals of property and equipment	11	(2,540,158)	(154,383)
Dividend income	14	(1,700,886)	(6,496,632)
Gain on settlement and remeasurement of ARO	23	(2,629)	(74,433)
Operating income before working capital changes		61,480,883	60,905,502
Changes in operating assets and liabilities:			
Decrease (Increase) in:			
Trade receivables		(1,692,438)	872,104
Inventories and supplies		(326,473)	749,111
Prepayments and other current assets		(7,996,549)	(12,127,345)
Contract assets		(1,405,125)	(1,197,447)
Other noncurrent assets		14,271	118,358
Increase (Decrease) in:			
Trade payables and accrued expenses		3,281,575	(7,591,487)
Deferred revenues		(1,082,746)	(819,847)
Other long-term liabilities		(1,074,212)	(261,085)
Cash generated from operations		51,199,186	40,647,864
Income taxes paid		(5,144,772)	(3,534,479)
Net cash flows from operating activities		46,054,414	37,113,385
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Property and equipment	11	(83,889,791)	(72,130,570)
Investment properties		(5,622,764)	-
Intangible assets	12	(3,215,315)	(3,335)
Investments in subsidiaries and joint ventures	14	(2,192,977)	(1,758,154)
Collections of loans receivable from related parties		447,127	119,059
Interest received		276,532	127,440
Dividends received		2,165,400	3,931,232
Release of loans receivable from related parties		-	(2,547,935)
Proceeds from sale and leaseback of telecom towers		30,005,000	-
Proceeds from sale of property and equipment		4,648,353	168,672
Net cash flows used in investing activities		(57,378,435)	(72,093,591)

(Forward)

GLOBE TELECOM, INC.
PARENT COMPANY'S STATEMENTS OF CASH FLOWS

		For the Years Ended December 31	
	Notes	2022	2021
		<i>(In Thousand Pesos)</i>	
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings:			
Long-term	17	(P15,785,371)	(P7,880,006)
Short-term	17	(53,250,000)	(20,516,900)
Proceeds from borrowings:			
Long-term	17	8,000,000	50,539,400
Short-term	17	79,000,000	20,520,590
Payments of dividends to stockholders:	20.5		
Common		(14,442,073)	(14,425,839)
Preferred		(50,027)	(570,087)
Redemption of non-voting preference share	20.4	-	(10,000,000)
Issuance of capital securities	20.3	-	29,977,845
Distributions to holders of capital securities	20.3	(1,306,734)	-
Issuance of shares by way of stock rights	20.2	16,804,482	-
Payment of lease liabilities	13.2	(6,089,664)	(3,450,202)
Interest paid		(9,567,109)	(7,399,645)
Net cash provided by financing activities		3,313,504	36,795,156
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(8,010,517)	1,814,950
NET FOREIGN EXCHANGE DIFFERENCE ON CASH AND CASH EQUIVALENTS		63,910	(28,749)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		13,329,888	11,543,687
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	5	P5,383,281	P13,329,888

See accompanying Notes to Parent Company's Financial Statements.