

COVER SHEET

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G L O B E T E L E C O M , I N C .

(Company's Full Name)

2 7 / F T H E G L O B E T O W E R
 3 2 N D S T R E E T C O R N E R 7 T H A V E N U E
 B O N I F A C I O G L O B A L C I T Y T A G U I G

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

ROSEMARIE MANIEGO-EALA

Contact Person

7797-2000

Company Telephone Number

1 2 3 1
 Month Day
 Fiscal Year

A F S
 FORM TYPE

0 4 2 5
 Month Day
 Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. Of Stockholders

Total Amount of Borrowings

Domestic	Foreign

 To be accomplished by SEC Personnel concerned

File Number

_____ LCU

Document I.D.

_____ Cashier

STAMPS

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATIONS CODE (SRC)
AND SRC RULE 17(a)-1(b)(3) THEREUNDER

1. **February 28, 2023**
Date of Report (Date of earliest event reported)
2. **1177** SEC Identification Number
3. **000-768-480-000**
BIR Tax Identification Number
4. **GLOBE TELECOM, INC.**
Exact Name of registrant as specified in its charter
5. **PHILIPPINES** Province, country or other jurisdiction of incorporation
6. **[REDACTED]** (SEC Use Only)
Industry Classification Code
7. **27/F, The Globe Tower, 32nd Street corner 7th Avenue,
Bonifacio Global City, Taguig** Address of principal office
- 1634** Postal code
8. **(02) 7797-2000**
Registrant's telephone number, including area code
9. **N/A**
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 4 and 8 of the SRC
- | Title of Each Class | Number of Shares of Common Stock
Outstanding and Amount of Debt Outstanding
(as of December 31, 2022) |
|--|---|
| COMMON SHARES | 144,060,544 |
| TOTAL DEBT (in Millions of Pesos) | 233,205 |

Indicate the item numbers reported herein : **Please refer to attached**

Re: Globe Telecom, Inc. and Subsidiaries FY 2022 Consolidated Financial Statements

Pursuant to the requirements of the Securities Regulations Code, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

GLOBE TELECOM, INC.

Registrant

Date : **28 February 2023**

for
ROSEMARIE MANIEGO-EALA
Chief Finance Officer



Globe



Globe Telecom, Inc.
The Globe Tower
32nd Street corner 7th Avenue,
Bonifacio Global City,
Taguig, Philippines 1634



+632.7972000



www.globe.com.ph

28 February 2023

Securities and Exchange Commission

Attn.: Mr. Vicente Graciano P. Felizmenio, Jr.
Director, Markets & Securities Regulation Department

Atty. Rachel Esther J. Gumtang-Remalante
Director, Corporate Governance and Finance Department
7907 Makati Avenue, Barangay Bel-Air,
Makati City

Philippine Stock Exchange

Attn.: Ms. Alexandra D. Tom Wong
OIC, Disclosure Department
6/F PSE Tower, 5th Avenue corner 28th Street
Bonifacio Global City, Taguig City

Philippine Dealing and Exchange Corporation


Attn.: Atty. Marie Rose B. Magallen-Lirio
Head, Issuer Compliance and Disclosure Department (ICDD)
29/F BDO Equitable Tower
8751 Paseo de Roxas, Makati City

Ladies and Gentlemen:

Attached is the audited consolidated financial statements of Globe Telecom, Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the financial years ended December 31, 2022, 2021, and 2020, and a summary of significant accounting policies and other explanatory information.

Thank you.

Very truly yours,


for ROSEMARIE MANIEGO-EALA
Chief Finance Officer



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.

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
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. Ignatus Village
Quezon City, Metro Manila



Globe Telecom, Inc.
The Globe Tower
32nd Street corner 7th Avenue,
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**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR CONSOLIDATED FINANCIAL STATEMENTS**

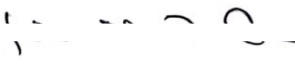
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Isla Lipana & Co., the independent auditors appointed by the stockholders, has audited the consolidated financial statements of the Globe Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.


ROSEMARIE MANIEGO-EALA
Chief Finance Officer and Treasurer

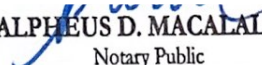
Signed this 6th day of February 2023

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. :
Series of 2023.




ALPHEUS D. MACALALAD
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FOR CONSOLIDATED FINANCIAL STATEMENTS**

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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.

ERNEST L. CU
President and Chief Executive Officer

Signed this 6th day of February 2023

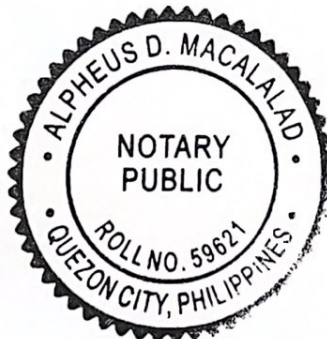
FEB 06 2023

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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24 First Street, St. Ignatus 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.

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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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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

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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										
Common Stock		-	-	-	-	-	(14,425,839)	-	(14,425,839)	-	(14,425,839)
Preferred Stock - voting		-	-	-	-	-	(50,027)	-	(50,027)	-	(50,027)
Preferred Stock – non-voting		-	-	-	-	-	(260,030)	-	(260,030)	-	(260,030)
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
<i>(In Thousand Pesos)</i>				
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

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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**

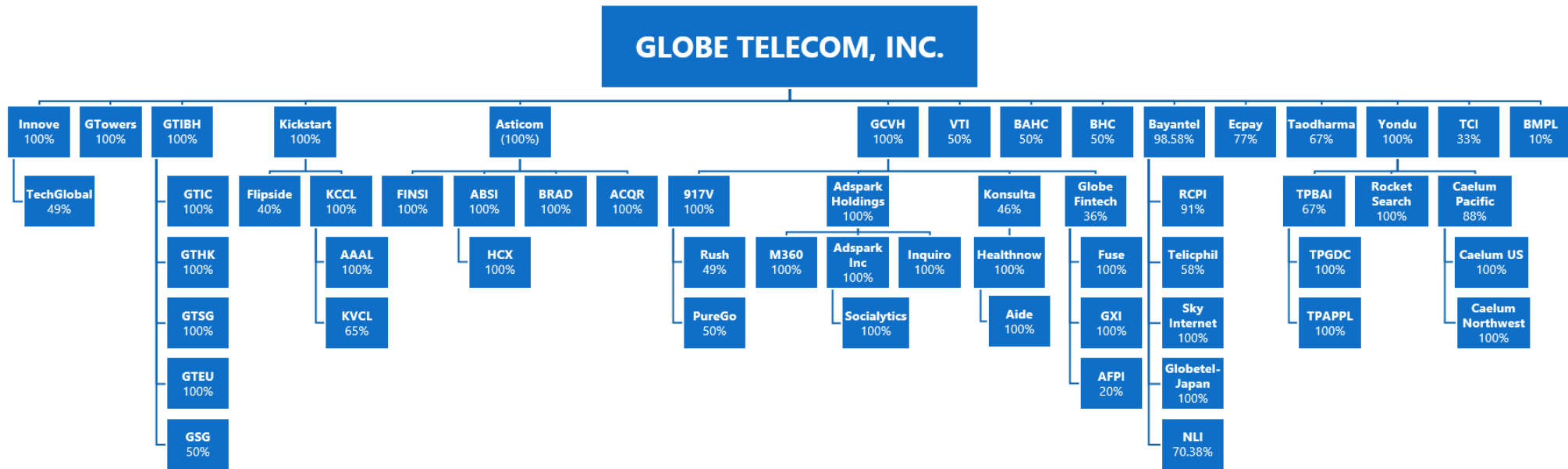
Items	Amount (In thousands)
Unappropriated Retained Earnings, beginning	₱31,154,698
Adjustments	(7,899,158)
Unappropriated Retained Earnings, as adjusted, beginning	23,255,540
Net income during the period closed to Retained Earnings	19,361,052
Less: Non-actual/unrealized income net of tax	
Unrealized 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

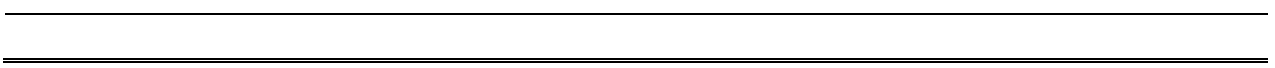
	Planned Application of Proceeds	Actual Disbursement	Balance of Offering Proceeds
Net Proceeds		₱16,739,310,195	
Less: Loan Repayments	6,695,724,078	6,695,724,078	-
Capital Expenditures			
Mobile	4,519,613,753	4,519,613,753	-
Common Infrastructure	3,414,819,280	3,414,819,280	-
Broadband	1,506,537,918	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
	Co-Subsidiary	Other Receivables	-	111,946,510	111,946,510
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