

# 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)

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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)

MARISALVE CIOCSON-CO

Contact Person

7797-4270

Company Telephone Number

1 2 3 1

Month Day  
Fiscal Year

2 0 1 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

Domestic

Foreign

Total Amount of Borrowings

To be accomplished by SEC Personnel concerned

File Number

\_\_\_\_\_  
LCU

Document I.D.

\_\_\_\_\_  
Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes



**GLOBE TELECOM, INC.**

Annual Stockholders' Meeting

<https://www.globe.com.ph/asm2023>

25 April 2023

9:00 A.M.

## **NOTICE OF ANNUAL STOCKHOLDERS' MEETING**

NOTICE IS HEREBY GIVEN that the annual meeting of stockholders of **GLOBE TELECOM, INC.** will be conducted virtually via <https://www.globe.com.ph/asm2023> on **Tuesday, APRIL 25, 2023 at 9:00 o'clock in the morning** with the following

### **AGENDA**

1. Call to Order
2. Notice of Meeting, Determination of Quorum and Rules of Conduct and Procedures
3. Approval of Minutes of the Stockholders' Meeting held on April 26, 2022
4. Annual Report of Officers and Audited Financial Statements
5. Ratification of All Acts and Resolutions of the Board of Directors and Management Adopted During the Preceding Year
6. Election of Directors (Including the Independent Directors)
7. Election of Independent Auditors and Fixing of their Remuneration
8. Consideration of Such Other Business as May Properly Come Before the Meeting
9. Adjournment

Only stockholders of record as of March 10, 2023 are entitled to notice of, and vote at, this meeting.

Given the current circumstances and pursuant to our By-Laws, our Annual Stockholders' Meeting (ASM) will be held in a virtual format, hence, stockholders may only attend the meeting by remote communication, by voting *in absentia* or by appointing the Chairman of the meeting as proxy<sup>1</sup>.

Duly accomplished proxies shall be submitted on or before April 13, 2023 to the Office of the Corporate Secretary at 4/F Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City or by e-mail to [corporatesecretary@globe.com.ph](mailto:corporatesecretary@globe.com.ph). Validation of proxies is set for April 17, 2023, 9:00 a.m. at the Office of the Corporate Secretary. Stockholders intending to participate by remote communication should notify the Corporation by e-mail to [corporatesecretary@globe.com.ph](mailto:corporatesecretary@globe.com.ph) on or before April 13, 2023.

Stockholders may participate through remote communication, or vote *in absentia* subject to validation procedures. The procedures for participating in the meeting through remote communication and for casting their votes remotely or *in absentia* are set forth in the Information Statement<sup>2</sup>.

Bonifacio Global City, Taguig City, Philippines.

February 6, 2023.

  
**SOLOMON M. HERMOSURA**  
Corporate Secretary

<sup>1</sup> The Corporation shall hold a physical meeting if so requested by stockholders holding at least 10% of our outstanding capital stock and provided that the same is allowed by government regulations and issuances. Stockholders have until February 20, 2023 to submit their requests to [corporatesecretary@globe.com.ph](mailto:corporatesecretary@globe.com.ph).

<sup>2</sup> Stockholders preferring to receive physical copies of the Information Statement or ASM materials shall make a written request to the Corporation on or before April 18, 2023.

## EXPLANATION OF AGENDA ITEMS

**1. CALL TO ORDER.** The Chairman of the Board of Directors, Mr. Jaime Augusto Zobel de Ayala, will call the meeting to order.

**2. NOTICE OF MEETING, DETERMINATION OF QUORUM AND RULES OF CONDUCT AND PROCEDURES.**

The Corporate Secretary will certify on the date when written notice of the time, date, place and purpose of the meeting was sent to all stockholders of record as of March 10, 2023. In addition, the Corporate Secretary will certify on the date of publication of the notice in the newspapers of general circulation.

The Corporate Secretary will further certify the presence of a quorum. The holders of record for the time being of a majority of the stock of the Company then issued and outstanding and entitled to vote, present through their appointment of the Chairman as proxy or participating by remote communication or in the live webcast or voting in absentia shall constitute a quorum for the transaction of business.

Pursuant to Sections 57 and 23 of the Revised Corporation Code which allow voting *in absentia* by the stockholders, the Company has set up a designated online web address (uniform resource locator or URL), which may be accessed by the stockholders to register and vote *in absentia* on the matters for resolution at the meeting. A stockholder who votes *in absentia* as well as a stockholder who participates by remote communication shall be deemed present for purposes of quorum.

Unless otherwise amended, the following, are the rules of conduct and procedures at the meeting:

(i) Stockholders may attend the meeting by remote communication through the URL provided. Questions and remarks may be sent via e-mail prior to or during the meeting to [corporatesecretary@globe.com.ph](mailto:corporatesecretary@globe.com.ph), and shall be limited to the items in the Agenda of the meeting.

(ii) Stockholders must notify the Company of their intention to participate in the meeting by remote communication through [corporatesecretary@globe.com.ph](mailto:corporatesecretary@globe.com.ph) to be included in the determination of quorum, together with the stockholders who voted *in absentia* and by proxy.

(iii) In the event that physical attendance will be allowed at the meeting –

- a. Anyone who wishes to make a remark shall identify himself after being acknowledged by the Chairman and shall limit his remarks to the item in the Agenda under consideration;
- b. Stockholders present at the meeting may opt for manual or electronic voting. For manual voting, each stockholder will be given, upon registration, a ballot where he can write his vote on every item in the Agenda or proposed resolution. For electronic voting, there will be computer stations near the registration table where stockholders may cast their votes electronically using a digital version of the ballot.

(iv) Each of the proposed resolutions will be shown on the screen during the livestreaming as the same is taken up at the meeting.

(v) Voting shall only be allowed for stockholders registered in the Company's Voting *in Absentia* & Shareholder (VIASH) System or through the Chairman of the meeting as proxy. Detailed requirements and instructions pertaining to the VIASH System and the use thereof are provided in the Information Statement.

(vi) Stockholders voting *in absentia*, who have previously registered in the VIASH System, may cast their votes electronically at any time using the VIASH System prior to or during the meeting.

(vii) All the items in the Agenda requiring approval by the stockholders will need the affirmative vote of stockholders representing at least a majority of the issued and outstanding voting stock present at the meeting, unless the law requires otherwise.

(viii) Election of directors will be by plurality of votes and every stockholder will be entitled to cumulate his votes. Each outstanding share of stock entitles the registered stockholder to one vote.

(ix) The Office of the Corporate Secretary will tabulate all votes received and a firm selected for this purpose will validate the results. The Corporate Secretary shall report the results of voting during the meeting.

(x) The meeting proceedings shall be recorded in audio and video format.

**3. APPROVAL OF MINUTES OF THE STOCKHOLDERS' MEETING HELD ON APRIL 26, 2022.** Copies of the minutes of the stockholders' meeting held on April 26, 2022 will be made available to the stockholders before the meeting. Likewise, the minutes of the meeting are available at the Company website, [www.globe.com.ph](http://www.globe.com.ph).

**4. ANNUAL REPORT OF OFFICERS AND AUDITED FINANCIAL STATEMENTS.** The Chairman, Mr. Jaime Augusto Zobel de Ayala, and the President and Chief Executive Officer (CEO), Mr. Ernest L. Cu, will deliver a report to the stockholders on the highlights of the Y2022 Company performance as reflected in the audited financial statements (AFS 2022), and the outlook for Y2023. The AFS as of December 31, 2022 will be included in the Information Statement to be sent to the stockholders at least 28 days prior to the meeting. The AFS 2022 will be released by the Company at least 60 days from the financial year end and available at the Company website, [www.globe.com.ph](http://www.globe.com.ph).

A resolution noting the annual report and approving the AFS 2022 will be presented to the stockholders for approval by the affirmative vote of the stockholders representing at least a majority of the outstanding voting stock present at the meeting. Likewise, the stockholders will be given an opportunity to ask questions prior to submitting the AFS 2022 for their approval. Copies of the Information Statement and AFS 2022 will be made available to the stockholders before the meeting.

**5. RATIFICATION OF ALL ACTS AND RESOLUTIONS OF THE BOARD OF DIRECTORS AND MANAGEMENT ADOPTED DURING THE PRECEDING YEAR.** Ratification by the stockholders will be sought for all the acts and resolutions of the Board of Directors, Executive Committee, and other Board Committees and all acts of Management of the Company taken or adopted since the ASM on April 26, 2022 until April 25, 2023. The acts and resolutions of the Board and its Committees were reflected in the minutes of the meetings including approval of contracts and agreements, projects and investments, treasury matters and acts and resolutions covered by disclosures to the Securities and Exchange Commission, the Philippine Stock Exchange and applicable regulatory agencies. The acts of Management were those taken to implement the resolutions of the Board or its Committees or taken in the general conduct of business.

**6. ELECTION OF DIRECTORS (INCLUDING THE INDEPENDENT DIRECTORS).** In accordance with the By-Laws of the Company, the Manual of Corporate Governance as revised, and the SEC Rules, any stockholder including minority stockholders, may submit to the Nomination and Governance Committee the names of nominees to the Board of Directors. The Nomination and Governance Committee, in the exercise of its assigned task, will determine whether the nominees for the Board of Directors including the independent directors, have all the qualifications and none of the disqualifications to sit as members of the Board of Directors of the Company before submitting the nominees for election by the stockholders of the 11 members of the Board of Directors including the 3 independent directors. Copies of the *curriculum vitae* and profiles of the nominees to the Board of Directors will be provided in the Information Statement and on the Company website for examination by the stockholders.

**7. ELECTION OF INDEPENDENT AUDITORS AND FIXING OF THEIR REMUNERATION.** The Audit and Related Party Transactions (ARPT) Committee will endorse to the stockholders the appointment of the Independent Auditor for the ensuing year as well as the proposed remuneration of the Independent Auditor. The profile of the Independent Auditor will be provided in the Information Statement and on the Company website for examination by the stockholders.

**8. CONSIDERATION OF SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE MEETING.** The Chairman will open the floor for comments and questions by the stockholders, and take up items included on the agenda received from stockholders in accordance with existing laws, rules and regulations of the Securities and Exchange Commission<sup>3</sup>.

**9. ADJOURNMENT.** Upon determination by the Corporate Secretary that there are no other matters to be considered, and on motion by a stockholder duly seconded, the Chairman shall declare the meeting adjourned.

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<sup>3</sup> SEC Memorandum Circular No. 14, series of 2020 or "Shareholders' Right to Put items on the Agenda for Regular/Special Stockholders' Meetings": <https://www.sec.gov.ph/mc-2020/mc-no-14-s-2020shareholders-right-to-put-items-on-the-agenda-for-regular-special-stockholders-meetings>.

## PROXY

The undersigned stockholder of **GLOBE TELECOM, INC.** (the “Company”) hereby appoints the Chairman of the meeting, as *attorney-in-fact* and *proxy*, to represent and vote all shares registered in his/her/its name at the annual meeting of stockholders of the Company on April 25, 2023 and at any of the adjournments thereof for the purpose of acting on the following matters:

- |  |   |
|--|---|
| <p>1. Approval of minutes of the stockholders’ meeting held on April 26, 2022<br/> <input type="checkbox"/> For   <input type="checkbox"/> Against   <input type="checkbox"/> Abstain</p> <p>2. Approval of Annual Report of Officers and Audited Financial Statements<br/> <input type="checkbox"/> For   <input type="checkbox"/> Against   <input type="checkbox"/> Abstain</p> <p>3. Ratification of All Acts and Resolutions of the Board of Directors and Management Adopted During the Preceding Year<br/> <input type="checkbox"/> For   <input type="checkbox"/> Against   <input type="checkbox"/> Abstain</p> | <p>5. Election of Independent Auditors and Fixing of their Remuneration<br/> <input type="checkbox"/> For   <input type="checkbox"/> Against   <input type="checkbox"/> Abstain</p> <p>6. At their discretion, the proxies named above authorized to vote upon such other matters may properly come before the meeting.<br/> <input type="checkbox"/> For   <input type="checkbox"/> Against   <input type="checkbox"/> Abstain</p> |
|--|---|

4. Election of Directors (including the Independent Directors)

	No. of Votes
Jaime Augusto Zobel de Ayala	_____
Tan Mee Ling Aileen	_____
Jaime Alfonso Antonio Zobel de Ayala	_____
Ng Kuo Pin	_____
Ernest L. Cu	_____
Delfin L. Lazaro	_____
Cezar P. Consing	_____
Cirilo P. Noel (Independent)	_____
Natividad N. Alejo (Independent)	_____
Ramon L. Jocson (Independent)	_____
Antonio Jose U. Periquet, Jr. (Independent)	_____

\_\_\_\_\_  
**PRINTED NAME OF STOCKHOLDER**

\_\_\_\_\_  
**SIGNATURE OF STOCKHOLDER/  
 AUTHORIZED SIGNATORY**

\_\_\_\_\_  
**DATE**

THIS PROXY SHOULD BE RECEIVED BY THE CORPORATE SECRETARY ON OR BEFORE **APRIL 13, 2023**, THE DEADLINE FOR SUBMISSION OF PROXIES. FOR CORPORATE STOCKHOLDERS, PLEASE ATTACH TO THIS PROXY FORM THE SECRETARY’S CERTIFICATE ON THE AUTHORITY OF THE SIGNATORY TO APPOINT THE PROXY AND SIGN THIS FORM.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT AND/OR AS RECOMMENDED BY MANAGEMENT OR THE BOARD OF DIRECTORS.

A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED. A PROXY IS ALSO CONSIDERED REVOKED IF THE STOCKHOLDER REGISTERS IN THE VOTING *IN ABSENTIA* & SHAREHOLDER (VIASH) SYSTEM.

NOTARIZATION OF THIS PROXY IS NOT REQUIRED.

**SECURITIES AND EXCHANGE COMMISSION**

**Information Statement  
of  
GLOBE TELECOM, INC.  
Pursuant to Section 20 of the Securities Regulation Code**

1. **Check the appropriate box:**

Preliminary Information Sheet

Definitive Information Sheet

5. **Name of Registrant as specified in its Charter:** GLOBE TELECOM, INC.

6. **Province, country or other jurisdiction or incorporation or organization:** REPUBLIC OF THE PHILIPPINES

7. **SEC Identification Number:** 1177

8. **BIR Tax Identification Code:** 000-768-480-000

6. **Address of Principal Office:** 27th Floor, The Globe Tower  
32nd Street corner 7th Avenue,  
Bonifacio Global City, Taguig  
1634

7. **Registrant's telephone number, including area code:** (632) 7797 2000

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

Date - 25 April 2023  
Time - 9:00 AM

Online web addresses/URLs

(for participation by remote communication)- <https://www.globe.com.ph/asm2023>

(for voting in absentia) - <http://www.ayalagroupshareholders.com>

9. **Approximate date on which the Information Statement is to be first sent or given to security holders:**  
28 March 2023

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

10. **Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA:**

**a. Shares of Stock as of 28 February 2023**

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

**b. Amount of Debt Outstanding as of 28 February 2023**

Total Debt \* ₱3.0 billion

\* Retail bond Php7.0 billion registered on 3 June 2013.

**11. Are any or all of the registrant's securities listed in a Stock Exchange**

  ✓  

Yes

No

The shares of the Company have been traded in the Philippine Stock Exchange (PSE) and its predecessors since 1975. As of 28 February 2023, 142,520,630 Common, 20,000,000 Non-voting Preferred Shares and 158,515,021 Voting Preferred shares are listed in the PSE. The 20,000,000 Non-voting Preferred Shares are held in Treasury by the Company.

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## A. GENERAL INFORMATION

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

Date	-	25 April 2023
Time	-	9:00 A.M.
Principal Office	-	27th Floor, The Globe Tower, 32nd Street corner 7th Avenue, Bonifacio Global City, Taguig City
Online web addresses/URLs (for participation by remote communication)	-	<a href="https://www.globe.com.ph/asm2023">https://www.globe.com.ph/asm2023</a>
(for voting in absentia)	-	<a href="http://www.ayalagroupshareholders.com">http://www.ayalagroupshareholders.com</a>

The information statement is expected to be first sent or given to the security holders approximately on or before 28 March 2023.

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

### **2. Dissenter's Right of Appraisal**

There are no proposed corporate actions which may give rise to a possible exercise by security holders of their appraisal rights under Title X of the Revised Corporation Code of the Philippines (Republic Act No. 11232).

### **3. Interest of Certain Persons in or Oppositions to Matters to be Acted Upon**

There is no matter to be acted upon in which any director, officer or nominee for election as director is involved or had a direct, indirect or substantial interest.

No director has informed the Company of his opposition to any matter to be acted upon at the Annual Stockholders' Meeting.

## B. CONTROL AND COMPENSATION INFORMATION

### 1. Voting Securities and Principal Holders Thereof

- a. Number of Shares Outstanding as of 28 February 2023:

Common	144,060,544
Voting Preferred	158,515,021

Security	Issued & Outstanding Shares	Shares Owned by Foreigners	% of total voting & o/s shares
Common	144,060,544	80,560,822	
Voting Preferred	158,515,021	1	
	<b>302,575,565</b>	<b>80,560,823</b>	<b>26.63%</b>

\*Total shares include common shares, and voting preferred shares; Foreign Ownership Level (%) on all Outstanding shares is 26.63% (80,560,823/302,575,565) which is well within the 40% ownership limit.

- b. Number of Votes Entitled: one (1) vote per share
- c. All stockholders of record as of 10 March 2023 are entitled to notice and to vote at the Annual Stockholders' Meeting
- d. Manner of Voting

Article I Section 7 of the By-Laws provides:

"Section 7. Voting - At every meeting of the stockholders of the Company, every stockholder entitled to vote shall be entitled to one vote for each share of stock standing in his name on the books of the Company; provided that the share has not been declared as delinquent. In the case of election of directors, every stockholder entitled to vote shall be entitled to accumulate his votes in accordance with the provision of law in such case made and provided. (As amended on 31 March 1997 and 13 November 2020)

Any stockholder entitled to vote may vote in person, through remote communication, *in absentia*, or be represented by proxy at any regular or special stockholders' meetings, subject to compliance with rules and regulations as may be issued by the Securities and Exchange Commission from time to time. Stockholders casting votes through remote communication or *in absentia*, electronically or otherwise, shall be deemed present for purposes of determining the existence of a quorum. (As amended on 13 November 2020)

Proxies shall be in writing and signed by the stockholder and in accordance with the existing laws, rules and regulations of the Securities and Exchange Commission. Duly accomplished proxies must be submitted to the office of the Corporate Secretary not later than seven (7) business days prior to the date of the stockholders' meeting. Validation of proxies shall be conducted at least five (5) business days prior to the date of the stockholders' meeting. (As amended on 13 November 2020)"

In case of election of directors, each stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many nominees as he shall see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.

Pursuant to Sections 57 and 23 of the Revised Corporation Code which allow voting *in absentia* by the stockholders, the Corporation has set up a designated online web address (uniform resource locator or URL) at <http://www.avalagroupshareholders.com>, which may be accessed by the stockholders to register and vote *in absentia* on the matters for resolution at the meeting. A stockholder who votes *in absentia* as well as a Stockholder who participates by remote communication shall be deemed present for purposes of quorum. The detailed instructions for electronic voting *in absentia* are set forth in Annex F of this Information Statement.

e. Security Ownership of Certain Record and Beneficial Owners and Management as of 28 February 2023

i. Security Ownership of Certain Record and Beneficial Owners (of more than 5%)

Title of Class	Name, address of Record Owner and Relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner	Citizenship	No. of Shares Held	% of Total Voting Shares	% of total o/s shares <sup>6</sup>
Voting Preferred	Asiacom Philippines, Inc. <sup>1</sup> 34/F Tower 1 Bldg. Ayala Ave., Makati City	Asiacom Philippines, Inc. (hereafter, "Asiacom")	Filipino	158,515,016	52.39%	52.39%
Common	Singapore Telecom Int'l. Pte. Ltd. (STI) <sup>2</sup> 31 Exeter Road, Comcentre, Singapore	Singapore Telecom Int'l. Pte. Ltd.	Singaporean	62,646,487	20.70%	20.70%
Common	Ayala Corporation <sup>3</sup> 34/F Tower 1 Bldg. Ayala Ave., Makati City	Ayala Corporation ("AC")	Filipino	44,266,630	14.63%	14.63%
Common	PCD Nominee Corp. (Filipino) G/F MSE Bldg. 6767, Ayala Avenue, Makati City	PCD Participants acting for themselves or for their customers	Various Filipino	17,039,802	5.63%	5.63%
Common	PCD Nominee Corp. (Non-Filipino) <sup>4</sup> G/F MSE Bldg. 6767, Ayala Avenue, Makati City	PCD Participants acting for themselves or for their customers <sup>5</sup>	Various Non-Filipino	17,843,635	5.90%	5.90%

<sup>1</sup> Asiacom Philippines, Inc. is a significant shareholder of the Company. As per the Asiacom By-laws and the Corporation Code, the Board of Directors of Asiacom has the power to decide how the Asiacom shares in Globe are to be voted. Mr. Jaime Augusto Zobel de Ayala has been named and appointed to exercise the voting power.

<sup>2</sup> STI, a wholly-owned subsidiary of Singtel (Singapore Telecom), is a significant shareholder of the Company. As per its By-laws, STI, through its appointed corporate representatives, has the power to decide how the STI shares in Globe are to be voted. Mr. Lew Yoong Keong, Allen and Mr. Ng Kuo Pin have been appointed by Singtel as the authorized Corporate Representatives of the company to exercise all powers on behalf of the company at all General Meetings of Globe Telecom, Inc.

<sup>3</sup> Ayala Corporation is a significant shareholder of the Company. As per the AC By-laws & the Corporation Code, the Board of Directors of AC has the power to decide how AC shares in Globe are to be voted. Mr. Jaime Augusto Zobel de Ayala has been named and appointed to exercise the voting power.

<sup>4</sup> The PCD Nominee Corporation is a wholly-owned subsidiary of Philippine Central Depository, Inc. and is not related to the Company. It is the registered owner in the Company's books and holds shares on behalf of PCD participants and their clients.

<sup>5</sup> Each beneficial owner of shares through a PCD participant will be the beneficial owner to the extent of the number of shares in his account with the PCD participant. None of the 34,883,437 common shares registered in the name of PCD Nominee Corporation beneficially owns more than 5% of the Company's outstanding shares.

<sup>6</sup> Total outstanding shares includes common and voting preferred.

ii. Security Ownership of Directors and Management (Key Officers) as of 28 February 28 2023

Title of Class and Nature of Beneficial Ownership	Name of Beneficial Owner	Amount	Citizenship	% of Total Voting Shares	% of Total Outstanding Shares
<b>Directors</b>					
Common (direct)	Jaime Augusto Zobel de Ayala	2	Filipino	0.00%	0.00%
Common (indirect)		1		0.00%	0.00%
Common (direct)	Delfin L. Lazaro	1	Filipino	0.00%	0.00%
Common (direct)	Lew Yoong Keong Allen	2	Singaporean	0.00%	0.00%

Common (direct)	Jaime Alfonso Antonio E. Zobel de Ayala	1	Filipino	0.00%	0.00%
Common (direct)	Cezar P. Consing	1	Filipino	0.00%	0.00%
Voting Preferred (direct)	Saw Phaik Hwa	1	Singaporean	0.00%	0.00%
Common (direct)	Romeo L. Bernardo	1,799	Filipino	0.00%	0.00%
Common (indirect thru PCD)		673		0.00%	0.00%
Voting Preferred (indirect)		1		0.00%	0.00%
Common (direct)	Ng Kuo Pin	2	Singaporean	0.00%	0.00%
Voting Preferred (direct)	Cirilo P. Noel	1	Filipino	0.00%	0.00%
Voting Preferred (direct)	Rex Ma. A. Mendoza	1	Filipino	0.00%	0.00%
Common (direct)	Ernest L. Cu	172,334	Filipino	0.06%	0.06%
Common (indirect thru PCD)		98,643		0.03%	0.03%
Common (indirect thru spouse)		1,688		0.00%	0.00%
Voting Preferred (direct)		1		0.00%	0.00%
<b>Officers</b>					
Common (direct)	Rosemarie Maniego-Eala	31,167	Filipino	0.01%	0.01%
Common (indirect thru PCD)		6,371		0.00%	0.00%
Common (direct)	Renato M. Jiao	31,255	Filipino	0.01%	0.01%
Common (indirect thru PCD)		2,883		0.00%	0.00%
Common (indirect thru PCD)	Rebecca V. Eclipse	20,658	Filipino	0.01%	0.01%
Common (direct)		22,230		0.01%	0.01%
Common (direct)	Vicente Froilan M. Castelo	14,009	Filipino	0.00%	0.00%
Common (indirect thru PCD)		1,992		0.00%	0.00%
Common (direct)	Bernard P. Llamzon	4,540	Filipino	0.00%	0.00%
Common (indirect thru PCD)		1,918		0.00%	0.00%
Common (direct)	Solomon M. Hermosura	20	Filipino	0.00%	0.00%
Common (direct)	Marisalve Ciocson-Co	1,600	Filipino	0.00%	0.00%
Common (indirect thru PCD)		8,969		0.00%	0.00%
Common (direct)	Rosalin E. Palacol	2,010	Filipino	0.00%	0.00%
Common (indirect thru PCD)		188		0.00%	0.00%
Common (direct)	Maria Louisa G. Cabreira	14,010	Filipino	0.00%	0.00%
Common (indirect thru PCD)		6,768		0.00%	0.00%
Common (direct)	Maria Yolanda C. Crisanto	3,950	Filipino	0.00%	0.00%
Common (indirect thru PCD)		2,574		0.00%	0.00%
Common (direct)	Raul M. Macatangay	3,690	Filipino	0.00%	0.00%
Common (indirect thru PCD)		1,467		0.00%	0.00%
<b>All Directors and Officers as a group (Common)</b>		<b>457,416</b>		<b>0.15%</b>	<b>0.15%</b>
<b>All Directors and Officers as a group (Voting Preferred)</b>		<b>5</b>		<b>0.00%</b>	<b>0.00%</b>

None of the members of the Company's Board of Directors and management owns 2% or more of the outstanding

capital stock of the Company. All directors and key officers are required, within 3 trading days upon change in their ownership of securities, to submit the statement of changes of ownership in Globe securities in relation to their trades to the office of the Chief Compliance Officer for immediate submission and disclosure to the SEC and the PSE, among other pertinent market regulators. Once submission and disclosure to pertinent regulatory agencies are completed, the same is reflected in the Company’s relevant reports and under “Statements of Beneficial Ownership” of the SEC/PSE Disclosures page of the Company website<sup>4</sup>.

### iii. Voting Trust Holders of 5% or More

There are no voting trust holders of 5% or more.

### iv. Changes in Control

No change of control in the Company has occurred since the beginning of last fiscal year.

## 2. Directors and Executive Officers

Article II Section 1 of the Company’s By-Laws provides in part:

“Section 1. Corporate Powers - xxx corporate power of the corporation shall be exercised, its business conducted, and its property controlled by its board of directors, who shall be elected individually by the stockholders entitled to vote at the annual meeting and shall hold office for one year and until their successors are elected and qualified. The number of directors shall be eleven (11).”

Article III Section 2 of the Company’s By-Laws likewise provides:

“Section 2. Election - Officers shall be elected by each new board at the first meeting after its election. Every officer shall be subject to removal at any time by the Board of Directors, but all officers unless removed, shall hold office until their successors are appointed. If any vacancy shall occur among the officers of the Company, such vacancy shall be filled by the Board of Directors.”

#### a. Attendance

Consistent with our corporate governance policy and the SEC’s Memorandum Circular No. 15, Series of 2017 or the Integrated Annual Corporate Governance Report (i-ACGR), we advise pertinent regulators of the summary of attendance of our Board of Directors to Board meetings held for the year. In 2022, a total of seven (7) Board meetings were held by the Board of Directors. The attendance of each Board member is enumerated below:

Directors	No. of Meetings Attended/Held*	Percent Present
Jaime Augusto Zobel de Ayala	7/7	100%
Lew Yoong Keong Allen	6/7	86%
Fernando Zobel de Ayala <sup>1</sup>	5/5	100%
Jaime Alfonso Antonio Zobel de Ayala <sup>2</sup>	2/2	100%
Ng Kuo Pin	7/7	100%
Ernest L. Cu	7/7	100%
Delfin L. Lazaro	7/7	100%
Romeo L. Bernardo	7/7	100%
Cezar P. Consing	7/7	100%
Rex Ma. A. Mendoza	7/7	100%
Saw Phaik Hwa	7/7	100%
Cirilo P. Noel	7/7	100%

\*Represents Board meetings held in 2022 and during the incumbency of the director.

<sup>1</sup> Mr. Fernando Zobel de Ayala tendered his resignation as member and Co-Vice Chairman of the Board of Directors effective immediately as stated in a disclosure dated September 12, 2022.

<sup>2</sup> Mr. Jaime Alfonso Antonio Zobel de Ayala was elected Director effective November 11, 2022.

<sup>4</sup> Company website – “PSE/SEC Disclosures”: <https://www.globe.com.ph/about-us/investor-relations/sec-pse-disclosures.html>.

All members of the Board of Directors attended the regular Annual Stockholders' Meeting (ASM) held on April 26, 2022. Meanwhile, the attendance of each member of the Board of Directors according to their respective Committee meetings is enumerated below:

Total Meetings	Board Committee	Members	Present*	Absent*
4	Executive	Jaime Augusto Zobel de Ayala Lew Yoong Keong Allen Fernando Zobel de Ayala <sup>1</sup> Ernest L. Cu Ng Kuo Pin Cezar P. Consing <sup>1</sup>	3 3 1 4 4 2	1 1 1 - - -
4	Audit and Related Party Transactions	Cirilo P. Noel Saw Phaik Hwa Rex Ma. A. Mendoza Romeo L. Bernardo	4 4 4 4	- - - -
3	Compensation and Remuneration	Rex Ma. A. Mendoza Fernando Zobel de Ayala <sup>1</sup> Lew Yoong Keong Allen Saw Phaik Hwa Cirilo P. Noel Cezar P. Consing <sup>1</sup> Jaime Alfonso Antonio Zobel de Ayala <sup>2</sup>	3 3 3 3 3 - -	- - - - - - -
5	Nomination and Governance	Rex Ma. A. Mendoza Saw Phaik Hwa Cirilo P. Noel	5 5 5	- - -
7	Finance	Delfin L. Lazaro Romeo L. Bernardo Cezar P. Consing Ng Kuo Pin	7 7 7 7	- - - -
4	Board Risk Oversight	Saw Phaik Hwa Rex Ma. A. Mendoza Romeo L. Bernardo Cirilo P. Noel	4 4 4 4	- - - -

\*Represents Board meetings held in 2022 and during the incumbency of the director.

<sup>1</sup>Mr. Fernando Zobel de Ayala tendered his resignation as member and Co-Vice Chairman of the Board of Directors effective immediately as stated in a disclosure dated September 12, 2022. In an earlier disclosure dated September 1, 2022, Mr. Fernando Zobel de Ayala tendered his resignation as member of the Executive Committee and the Compensation and Remuneration Committee while Mr. Cezar P. Consing was elected to serve the unexpired term in the said Committees.

<sup>2</sup>Mr. Jaime Alfonso Antonio Zobel de Ayala was elected Director and appointed member of the Compensation and Remuneration Committee vice Mr. Cezar P. Consing effective November 11, 2022, as stated in a disclosure dated November 11, 2022.

b. Information required of Directors and Executive Officers

i. Directors and Executive Officers – Please refer to Annex “A” for details.

The following have been nominated to the Board of Directors (BOD) for election at the annual meeting of stockholders on 25 April 2023:

Name	Age	Citizenship	Date of First Nomination to BOD
Jaime Augusto Zobel de Ayala	63	Filipino	March 1989
Delfin L. Lazaro	76	Filipino	September 2001

Tan Mee Ling Aileen	55	Singaporean	April 2023
Jaime Alfonso Antonio Zobel de Ayala*	32	Filipino	November 2022
Ernest L. Cu	62	Filipino	April 2009
Cezar P. Consing	63	Filipino	April 2021
Natividad N. Alejo	66	Filipino	April 2023
Ng Kuo Pin	53	Singaporean	October 2021
Ramon L. Jocson	63	Filipino	April 2023
Antonio Jose U. Periquet, Jr.	61	Filipino	April 2023
Cirilo P. Noel	65	Filipino	April 2018

\*Mr. Jaime Alfonso Zobel de Ayala was elected Director effective November 11, 2022.

The nomination for the above nominees was formally submitted to the Nomination and Governance Committee by a minority shareholder, Mr. Melchor S. Latina. Ms. Natividad N. Alejo, Mr. Ramon L. Jocson, Mr. Antonio Jose U. Periquet, Jr., and Mr. Cirilo P. Noel were nominated as independent directors. Mr. Latina is not related to any of the nominees and owns less than 0.01% of the outstanding voting capital stock of the Company.

Please refer to Annex “A” for a summary of their qualifications and the Certificates of Qualification of the nominated Independent Directors for election at the Annual Stockholders’ Meeting on 25 April 2023.

The Company has adopted the SRC Rule 38 (Requirements on Nomination and Election of Independent Directors) and compliance therewith has been made. The Board of Directors approved the amendments to the By-Laws to adopt the requirements of pertinent laws, rules and regulations in the election of independent directors on 13 November 2020 and the Securities and Exchange Commission (SEC) approved the amendments on 23 February 2021. The Board of Directors likewise approved the amendments to the Manual of Corporate Governance to adopt SRC Rule 38 on 9 May 2017 and have since complied with all its provisions.

Only nominees whose names appear on the final list of candidates are eligible for election as directors. No nominations will be entertained or allowed on the floor during the Annual Stockholders’ Meeting.

## ii. Significant Employees

The Company considers all its employees to be significant partners and contributors to the business.

## iii. Family Relationships

The Chairman, Jaime Augusto Zobel de Ayala and a Director, Jaime Alfonso Antonio Zobel de Ayala, are father and son.

There are no known family relationships between the current members of the Board of Directors and key officers other than the above.

## iv. Involvement in Certain Legal Proceedings

(1) Directors, Officers - None of the directors, officers or members of the Company’s senior management had during the last five years, been subject to any of the following:

- (a) any bankruptcy, petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to the time;
- (b) any conviction by final judgment of any offense in any pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- (c) any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities, or banking activities; and

- (d) found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, to have violated a securities or commodities law, and the judgment has not been reversed, suspended or vacated.

(2) Globe Telecom, Inc. – Below are all the significant legal proceedings involving the Company: (see Note 35 of the attached consolidated financial statement)

*Interconnection Charge for Short Messaging Service*

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

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

- Reduce its regular SMS retail rate from ₱1.00 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 ₱1.00 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 ₱1.00 to ₱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.

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

#### **v. Certain Relationships and Related Transactions**

None of the Company's directors have entered into material self-dealing and related party transactions with or involving the Company in 2022 pursuant to the Globe Policy on related party transactions. To date, there have been no complaints received by the Company regarding related party transactions. The Globe Policy on related party transactions is also publicly available on the Company website: <https://www.globe.com.ph/content/dam/globe/brie/About-us/corporate-governance/documents/related-party-transactions/Policy-on-RPTs/GLO-RPT-Policy-2019.pdf>.

The Company, and certain entities within the Globe Group have approval requirements and limits on the amount and extent of related party transactions in compliance with the requirements under Revised SRC Rule 68.

The Globe Group, in their regular conduct of business, enter into transactions with their major stockholders, AC and Singtel, associates, joint ventures and certain related parties. These transactions, which are accounted for at market prices normally charged to unaffiliated customers for similar goods and services, include the following:

**Entities with joint control over Globe Group – AC and Singtel** (see Note 20.1 of the attached consolidated financial statement)

*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.

**Joint Ventures in which the Globe Group is a venturer** (see Note 20.2 of the attached consolidated financial statement)

### BMPL

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 of the attached consolidated financial statement).

#### *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 of the attached consolidated financial statement).

### *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.

### **Transactions with the other related parties** (see Note 20.3 of the attached consolidated financial statement)

#### *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 of the attached consolidated financial statement](#)). As of December 31, 2022 and 2021, the outstanding balance of loan receivable from GRP amounted to ₱2,547.94 million and ₱2,955.94 million, respectively (see [Note 10 of the attached consolidated financial statement](#)).

#### *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 of the attached consolidated financial statement](#)).

#### *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 of the attached consolidated financial statement](#)). As of December 31, 2022, the outstanding balance of loan receivable from JVHI amounted to ₱681.00 million (see [Note 10 of the attached consolidated financial statement](#)).

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.

Transactions with key management personnel of the Globe Group (*see Note 20.4 of the attached consolidated financial statement*)

The Globe Group's compensation of key management personnel by benefit type are as follows:

	Note	2022	2021
		<i>(In Thousand Pesos)</i>	
Short-term employee benefits	28	<b>₱279,000</b>	₱231,100
Share-based payments	28	<b>73,400</b>	213,900
Post-employment benefits	28	<b>19,800</b>	18,075
		<b>₱372,200</b>	<b>₱463,075</b>

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.

For a summary of balances arising from related party transactions for the relevant financial year, please refer to Note 20 of the 2022 Notes to the Audited Financial Statements.

#### vi. Ownership Structure and Parent Company

As of 28 February 2023, Ayala Corporation owns 30.73% of the total outstanding common stock of the Company, while Singtel owns 43.49%. Asiacom beneficially owns all the outstanding voting preferred stock of the Company.

However, on the basis of total outstanding voting shares (total of common and voting preferred shares), Singtel owns 20.70%, which is well within the 40% ownership limit.

#### vii. Resignation of Directors

To date, no director has resigned or declined to stand for re-election to the Board of Directors due to any disagreement with the Company relative to the Company's operations, policies and practices since the Annual Stockholders' Meeting on 25 April 2022.

#### viii. Chairman and Members of the Nomination and Governance Committee

Rex Ma. A. Mendoza is the Chairman of the Nomination and Governance Committee, while Cirilo P. Noel and Saw Phaik Hwa are members. All of whom are Independent Directors.

### **3. Compensation of Directors & Executive Officers**

#### **a. Executive Compensation**

The total annual compensation (salary and other variable pay) of the CEO and other senior officers of the Company (excluding its subsidiaries) amounted to ₱279 million in 2022 and ₱231 million in 2021. The projected total annual compensation for 2023 is ₱252 million.

The total annual compensation paid to all senior personnel (Executives) of the Company (excluding its subsidiaries) amounted to ₱3,991 million in 2022 and ₱3,452 million in 2021. The projected total annual compensation for 2023 is ₱3,430 million.

The total annual compensation for key officers and senior personnel of the Company includes basic salaries, guaranteed bonuses and variable pay (performance-based annual incentive) are shown below.

Name and Principal Position	Year	Salary (in ₱ Millions)	Bonus (in ₱ Millions)	Other Annual Compensation (in ₱ Millions)
Ernest L. Cu <sup>1</sup> President & Chief Executive Officer				
Rosemarie Maniego-Eala <sup>1</sup> Chief Finance Officer and Treasurer, and Chief Risk Officer				
Renato M. Jiao <sup>1</sup> Chief Human Resource Officer				
Rebecca V. Eclipse <sup>1</sup> Chief Transformation and Operations Officer and Chief Customer Experience Officer				
Maria Louisa Guevarra-Cabreira <sup>1</sup> Chief Commercial Officer				
CEO & Most Highly Compensated Executive Officers	Actual 2021	129	102	0
	Actual 2022	148	131	0
	Projected 2023	158	94	0
All other officers <sup>2</sup> as a group unnamed	Actual 2021	2,092	1,360	0
	Actual 2022	2,240	1,751	0
	Projected 2023	2,261	1,169	0

<sup>1</sup> CEO and Most Highly Compensated Executive Officers;

<sup>2</sup> All Other Executives

#### b. Compensation of Directors

Article II Section 7 of the Company's By-Laws provides:

“Section 7. Compensation of Directors - Directors as such may receive, pursuant to a resolution of the stockholders, fees and other compensation for their services as directors, including, without limitation, their services as members of committees of the Board of Directors. (As amended on 12 April 2011)

The Compensation and Remuneration Committee of the Board of Directors shall have the responsibility of recommending to the Board of Directors the fees and other compensation for directors. In discharging this duty, the committee shall be guided by the objective of ensuring that the level of compensation should fairly pay directors for work required in a company of the Corporation's size and scope. No director shall be involved in deciding his own remuneration during his incumbent term. (As amended on 13 November 2020)”

The stockholders ratified a resolution at its meeting held on 8 April 2014 authorizing the increase in the compensation of Directors, except executive directors, from ₱100,000.00 to ₱200,000.00 for every Board meeting and Stockholders' meeting attended. The compensation of Directors will remain at ₱100,000.00 for every committee meeting attended or such meetings other than those mentioned above. Additionally, the Company's executive director does not receive per diem remuneration in addition to his role as an executive director. In a resolution at its meeting held on 26 April 2022, the stockholders approved the increase in Directors' compensation structure in the form of retainer fees, in addition to the current attendance fees for each non-executive director.

Pursuant to paragraph 2 of Section 29 of the Revised Corporation Code, the total yearly compensation of directors does not exceed ten percent (10%) of the net income before income tax of the Company during the preceding year. The Company has no other arrangement with regard to the remuneration of its existing directors and officers aside from the compensation herein stated.

The following non-executive directors of the Board received gross per diem remuneration for attending seven (7) Board meetings and their respective Committee meetings in 2022:

Director	Gross Per Diem Remuneration (in Php)	
	Meetings*	Retainer Fee
Jaime Augusto Zobel de Ayala	1,700,000.00	6,084,000.00
Lew Yoong Keong Allen	1,800,000.00	3,042,000.00
Fernando Zobel de Ayala <sup>1</sup>	1,300,000.00	3,042,000.00
Jaime Alfonso Antonio Zobel de Ayala <sup>2</sup>	400,000.00	
Delfin L. Lazaro	2,100,000.00	3,042,000.00
Ng Kuo Pin	2,500,000.00	3,042,000.00
Cezar P. Consing <sup>1,2</sup>	2,300,000.00	3,042,000.00
Romeo L. Bernardo	2,900,000.00	3,042,000.00
Rex Ma. A. Mendoza	3,000,000.00	3,042,000.00
Saw Phaik Hwa	3,000,000.00	3,042,000.00
Cirilo P. Noel	3,000,000.00	4,576,000.00
<b>TOTAL</b>	<b>24,000,000.00</b>	<b>34,996,000.00</b>

\* Represents Board and respective Committee meetings held in 2022 and attended during the incumbency of the director.

<sup>1</sup>Mr. Fernando Zobel de Ayala tendered his resignation as member and Co-Vice Chairman of the Board of Directors effective immediately as stated in a disclosure dated September 12, 2022. In an earlier disclosure dated September 1, 2022, Mr. Fernando Zobel de Ayala tendered his resignation as member of the Executive Committee and the Compensation and Remuneration Committee while Mr. Cezar P. Consing was elected to serve the unexpired term in the said Committees.

<sup>2</sup>Mr. Jaime Alfonso Antonio Zobel de Ayala was elected Director and appointed member of the Compensation and Remuneration Committee vice Mr. Cezar P. Consing effective November 11, 2022, as stated in a disclosure dated November 11, 2022.

#### c. Employment Contracts and Termination of Employment and Change-in-Control Arrangements

The above-named executive officers are covered by Letters of Appointment with the Company stating therein their respective job functionalities, among others.

#### d. Other Compensation Plan:

Globe requested for exemption from registration under Section 10.2 of the Securities Regulation Code (SRC) for its proposed allocation of an aggregate of six percent (6%) of the authorized capital stock (ACS) for subscription by its executives and employees shares in favor of Globe's eligible employees pursuant to the Company's Executive Stock Option Plan (ESOP) and Employee Stock Ownership Plan (ESOWN) integrated into the Long-Term Incentive Plan (LTIP). The SEC, through SEC Order 674, Series of 1995, authorized to allocate an aggregate of six percent (6%) of Globe's ACS for subscription by the Company's executives and employees shares in favor of its eligible employees.

See Note 28.2.1 in the attached Notes to the Financial Statements for the discussion of the Company's Long-Term Incentive Plan (LTIP).

#### 4. Independent Public Accountants

- a. The principal accountants and independent auditors of the Globe Group is the accounting firm of Isla Lipana & Co. (IL), the Philippine member firm of the PricewaterhouseCoopers (PwC) global network. The same accounting firm is being recommended for re-election at the scheduled annual meeting.
- b. Representatives of IL/PwC for the most recently completed fiscal year are expected to be present at the Annual Stockholders' Meeting (ASM). They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

Pursuant to the General Requirements of SRC Rule 68, Par. 3 (Qualifications and Reports of Independent Auditors), the audit partner principally handling the Globe Group's account shall be rotated every five years or sooner and a two-year cooling off period shall be observed in the reengagement of the same signing partner. The Globe Group has engaged IL/PwC as independent auditor for the calendar year 2022 as approved by the shareholders during the ASM on April 26, 2022 with Roderick Danao as the Partner In-charge from 2020 to 2022.

#### c. **Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

There were no disagreements with IL/PwC on any matter of accounting principles or practices, financial statement disclosures, auditing scope and procedures.

#### d. **Audit and Audit-Related Fees**

The Audit and Related Party Transactions Committee (the Committee) has an existing policy to review and pre-approve the audit and non-audit services rendered by Globe Group's independent auditors. It does not allow the Globe Group to engage the independent auditors for certain non-audit services prohibited expressly by SEC regulations to be performed by independent auditors for its audit clients. This is to ensure that the independent auditors maintain the highest level of independence from the Globe Group, both in fact and appearance.

In its annual stockholders meeting last 26 April 2022, the shareholders appointed the accounting firm of IL/PwC, the Philippine member firm of the PwC global network, as the Independent Auditors of Globe Group for the calendar year 2022.

Fees approved in connection with the audit and audit-related services rendered by IL/PwC pursuant to the regulatory and statutory requirements for the years ended 31 December 2022 and 2021, amount to ₱20.58 million, exclusive of 3% out-of-pocket expenses (OPE) and ₱17.10 million, inclusive of 3%<sup>1</sup> OPE, respectively. In addition to performing the audit of Globe Group's financial statements and audit-related services, IL/PwC was also contracted to provide non-audit services in accordance with established procurement policies. The aggregate fees billed by IL/PwC in 2022 are shown below with comparative figures for 2021:

	2022	2021
	<i>(Amount in millions)</i>	
Audit and Audit Related Fees <sup>2</sup>	₱20.58	₱17.10
Non-Audit Fees	1.53	0.63
<b>Total</b>	<b>₱22.11</b>	<b>₱17.73</b>

<sup>1</sup>Except for subsidiaries of Asticom Technology, Inc. where audit fees are exclusive of OPE and based on actual charges in 2021

<sup>2</sup>Excludes 2022 and 2021 audit fees rendered by external auditors other than IL/PwC:  
GT HK, ₱144K (₱281K in 2021) performed by C.T. SIO Certified Public Accountant  
GT EU, ₱186K (₱362K in 2021) performed by Wellden and Turnbull LLP  
GT SG, ₱405K (₱350K in 2021) performed by Kreston ACA PAC

**Audit Fees** represent the audit of Globe Group's annual financial statements and review of quarterly financial statements in connection with statutory and regulatory filings or engagements for the years ended 2022 and 2021.

***Audit-related Fees*** represent the issuance of the arrangement and comfort letter in relation to Globe's Stock Rights Offering. Audit-related fees in 2021 represent the review of Globe Group's June 30, 2021 and 2020 interim condensed consolidated financial statements in relation to Globe's perpetual capital security issuance.

***Non-Audit Fees*** represent the services rendered for valuation services performed and Globe's whistleblowing reporting programs. Non-audit fees in 2021 pertain to managed services rendered for Globe's whistleblowing reporting programs.

IL/PwC has confirmed to the Committee that the 2022 non-audit services rendered by them are allowed to be provided to an audit client under existing SEC regulations and the Code of Ethics of Professional Accountants in the Philippines and do not conflict with their role as Independent Auditors of the Globe Group.

Cirilo P. Noel is the Chairman of the Audit and Related Party Transactions Committee (ARC) while Saw Phaik Hwa, Rex Ma. A. Mendoza and Romeo L. Bernardo are members. Majority of the members of the ARC are Independent Directors except for Mr. Bernardo. Please refer to Annex "G" for the Company's attestation on sound internal controls and compliance systems in place.

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

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

There are no matters or actions to be taken up in the meeting with respect to authorization or issuance of securities.

### **2. Modification or Exchange of Securities**

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

### **3. Financial and Other Information**

The audited consolidated financial statement as of 31 December 2022 and Management's Discussion and Analysis are attached hereto as Annexes "E" and "C". In addition, market price of shares and dividends and other data related to the Company's financial information are attached hereto as Annex "D". The schedules required under Part IV(e) of Rule 68 Schedules will be included in the Annual Report (SEC Form 17-A).

The consolidated financial statements of the Globe Group have been prepared under the historical cost convention method, except for derivative financial instruments and available-for-sale (AFS) investments that are measured at fair value, certain financial instruments and lease liabilities carried at amortized cost, inventories which are carried at net realizable value, investments in joint ventures in which equity method of accounting is applied and retirement benefit obligation, which is measured as the excess of the present value of the defined benefit obligation over the fair value of the plan assets.

### **4. Mergers, Consolidations, Acquisitions and Similar Matters**

There are no matters or actions to be taken up in the meeting with respect to merger, consolidation, acquisition by, sale or liquidation of the Company.

### **5. Acquisition or Disposition of Property**

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

### **6. Restatement of Accounts**

There are no matters or actions to be taken up in the meeting with respect to restatement of accounts of the Company.

## D. OTHER MATTERS

### 1. Action with Respect to Reports

- a. Approval of the Minutes of the 2022 Annual Meeting of the Stockholders held on 26 April 2022 covering the following matters:
  - i. Annual Report of Officers;
  - ii. Amendments to the Seventh Article of the Articles of Incorporation to increase the Authorized Capital Stock
  - iii. Ratification of All Acts and Resolution of the Board of Directors and Management Adopted During the Preceding Year
  - iv. Election of Directors (including the Independent Directors);
  - v. Increase in Directors' Fees; and
  - vi. Election of External Auditors and Fixing their Remuneration

The Minutes of Stockholders' Meetings are uploaded on the Company's website under the 'Annual Stockholders' Meeting' page within five (5) business days from the date of the Meeting and may be viewed through this link: <https://www.globe.com.ph/content/dam/globe/brie/About-us/corporate-governance/documents/annual-stockholders-meeting/2022/Globe-ASM2022-Minutes.pdf>

- b. Approval of the Annual Report of Management for the year ended 31 December 2022.

### 2. Matters not required to be submitted

All matters or actions to be taken up in the meeting require the vote of the security holders.

### 3. Amendment of Charter, Bylaws or Other Documents

There are no matters or actions to be taken up in the meeting with respect to any amendment of the Articles of Incorporation. The stockholders have delegate to the Board of Directors the power to amend the By-Laws.

### 4. Other Proposed Actions

- a. Ratification of all acts and resolutions of the Board of Directors and Management for the period covering 26 April 2022 through 25 April 2023 adopted in the ordinary course of business involving:
  - i. Approval of projects and investments;
  - ii. Treasury matters including borrowings, opening of accounts and bank transactions; and
  - iii. Appointment of signatories and amendments thereof.
- b. Election of the Members of the Board of Directors, including the independent directors, for the ensuing calendar year.
- c. Election of External Auditors and Fixing their Remuneration.

### 5. Voting Procedures

- a. Vote required

In general, the affirmative vote of stockholders representing at least a majority of the issued and outstanding capital stock entitled to vote and present or represented at the meeting is required for the approval of matters presented to the stockholders. The election of directors is by plurality of votes.

- b. Method of Voting

In all items for approval, each voting share of stock entitles its registered owner as of the Record Date to one vote. In light of the Regulations (as defined in Item 6. below), Stockholders will only be allowed to vote by appointing the Chairman of the meeting as their proxy or electronically *in absentia*.

In the case of election of directors, each stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same

principle among as many nominees as he shall see fit; provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the total number of directors to be elected.

Proxies shall be in writing, signed and filed, by the stockholders, in the form provided in this Information Statement, and shall be received by the Corporate Secretary on or before April 13, 2023.

Stockholders may vote *in absentia* using the Voting *in Absentia* & Shareholder (VIASH) System through the online web address: <http://www.ayalagroupshareholders.com>, subject to validation procedures. Stockholders voting *in absentia*, who have previously registered through the VIASH System at <http://www.ayalagroupshareholders.com>, may cast their votes through the online web address at any time prior to or during the meeting. The detailed instructions pertaining to the VIASH System and the use thereof will be provided to the Stockholders together with this Information Statement through the Annex “F” on Voting *in Absentia* Requirements and Procedure. A Stockholder voting electronically *in absentia* shall be deemed present for purposes of quorum. Both proxies and electronic platform would state the proposed resolutions for consideration by the Stockholders.

The Office of the Corporate Secretary will tabulate all votes received and a firm selected for this purpose will validate the results.

## **6. Participation of Shareholders by Remote Communication**

To comply with applicable regulations pursuant to COVID-19 safety protocols (the “Regulations”) and to ensure the safety and welfare of our shareholders, and pursuant to our By-Laws, the Company will dispense with the physical attendance of shareholders at the meeting and will allow attendance only by remote communication, as set forth below, and by voting *in absentia*, as provided in Item B(1)(d) and Item D(5) above, or voting through the Chairman of the meeting as proxy.

To enable the Company to identify the shareholders participating by remote communication and record their presence for purposes of quorum, the shareholders shall inform the Company by e-mail to [corporatesecretary@globe.com.ph](mailto:corporatesecretary@globe.com.ph) on or before April 13, 2023, of their participation in the meeting by remote communication. Further, shareholders may participate by remote communication by clicking on the Meeting livestreaming access button, which will be available in the Stockholder’s dashboard in the VIASH System on the date set for the Meeting as indicated in the Company’s Notice of the Meeting.

Shareholders may e-mail questions or comments prior to or during the meeting at the following e-mail address: [corporatesecretary@globe.com.ph](mailto:corporatesecretary@globe.com.ph). The detailed instructions for participation through remote communication are included in Annex “F” of this Information Statement.

## CERTIFICATION

Upon the written request of the stockholders, the Company undertakes to furnish said stockholder with a copy of SEC Form 17-A free of charge. Any written request for a copy of SEC Form 17-A shall be addressed to the following:

GLOBE TELECOM, INC.  
27th Floor, The Globe Tower  
32nd Street corner 7th Avenue,  
Bonifacio Global City, Taguig  
1634

Attention: Ms. Rosemarie Maniego-Eala  
Chief Finance Officer

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Taguig on 6<sup>th</sup> day of February 2023.

GLOBE TELECOM, INC.



by: SOLOMON M. HERMOSURA  
Corporate Secretary

## ANNEX “A”- DIRECTORS AND KEY OFFICERS

The write-ups below include positions held as of 31 December 2022 and in the past five years, and personal data as of 31 December 2022, of the directors and executive officers.

The attendance of the Board and key officers to corporate governance training programs and continuing education seminars are properly and timely disclosed through posting of the Certificates of attendance and completion on the Globe website through the Company’s Integrated Annual Corporate Governance Report (i-ACGR)<sup>5</sup>. All training programs and seminars attended by the directors and key officers fulfill compliance with the SEC directive for all key officers and members of the Board of publicly listed companies to attend a program on corporate governance at least annually.

### **BOARD OF DIRECTORS (2022-2023)**

Name	Position
Jaime Augusto Zobel de Ayala	Chairman (NED)
Lew Yoong Keong Allen	Co-Vice Chairman (NED)
Cezar P. Consing	Co-Vice Chairman (NED) <sup>1</sup>
Ernest L. Cu	Executive Director, President and Chief Executive Officer
Jaime Alfonso Antonio Zobel de Ayala <sup>2</sup>	Director (NED)
Delfin L. Lazaro	Director (NED)
Ng Kuo Pin	Director (NED)
Romeo L. Bernardo	Director (NED)
Rex Ma. A. Mendoza	Lead Independent Director (NED, ID)
Saw Phaik Hwa	Independent Director (NED, ID)
Cirilo P. Noel	Independent Director (NED, ID)

Notes: Non-Executive Director (NED), Independent Director (ID)

<sup>1</sup>Mr. Fernando Zobel de Ayala tendered his resignation as member and Co-Vice Chairman of the Board of Directors effective immediately as stated in a disclosure dated September 12, 2022. In an earlier disclosure dated September 1, 2022, Mr. Fernando Zobel de Ayala tendered his resignation as member of the Executive Committee and the Compensation and Remuneration Committee while Mr. Cezar P. Consing was elected to serve the unexpired term in the said Committees.

<sup>2</sup>Mr. Jaime Alfonso Antonio Zobel de Ayala was elected Director and appointed member of the Compensation and Remuneration Committee vice Mr. Cezar P. Consing effective November 11, 2022, as stated in a disclosure dated November 11, 2022.

#### **JAIME AUGUSTO ZOBEL DE AYALA**

Chairman, Non-Executive Director

#### **Committee memberships:**

- Executive Committee (Chairman)

Mr. Zobel, Filipino, 63, has been the Chairman of the Board since December 1996 and Director since March 1989. Among other current positions, he is also the Chairman of Ayala Corporation since April 2006; Chairman of Bank of the Philippine Islands, Ayala Land, Inc., AC Industrial Technology Holdings, Inc., AC Infrastructure Holdings Corporation, AC Energy and Infrastructure Corporation (formerly AC Energy, Inc.), Ayala Healthcare Holdings, Inc., and Asiacom Philippines, Inc.; Co-Chairman of Ayala Foundation, Inc; Director of AC Ventures Holding Corp., Alabang Commercial Corporation, Light Rail Manila Holdings, Inc., and AG Holdings Ltd.

#### **Skills and experience:**

Outside the Ayala group, he is a Director of Temasek Holdings (Private) Limited. He is a member of various business and socio-civic organizations in the Philippines and abroad, including the JP Morgan International Council, JP Morgan Asia Pacific Council, and Mitsubishi Corporation International Advisory Council. He is a member of the Board of Governors of the Asian Institute of Management, the Advisory Board of Asia Global Institute (University of Hong Kong) and of various advisory boards of Harvard University, including the Global Advisory Council and Asia Center Advisory Committee, HBS Board of Dean’s Advisors, and HBS Asia Advisory Committee. He is a member of the

<sup>5</sup> Updates to the Integrated Annual Corporate Governance Report are accessible through the company website: <https://www.globe.com.ph/about-us/corporate-governance/annual-corporate-governance-report.html>.

Board of Trustees of Asia Society Philippine Foundation, Inc. He sits on the Board of Singapore Management University (SMU) and is the Chairman of SMU International Advisory Council in the Philippines. He is a member of the Asia Business Council, Asean Business Club Advisory Council, Leapfrog Investment Global Leadership Council, The Council for Inclusive Capitalism, Advisory Committee of National Economic Development Authority (NEDA) on Filipino 2040, and World Wildlife Philippines National Advisory Council. He is Co-Vice Chairman of the Makati Business Club, Chairman of Endeavor Philippines, and Trustee Emeritus of Eisenhower Fellowships.

Mr. Zobel was awarded the Presidential Medal of Merit in 2009, the Philippine Legion of Honor with rank of Grand Commander in 2010, and the Order of Mabini with rank of Commander in 2015 by the President of the Philippines in recognition of his outstanding public service. In 2017, he was recognized as a United Nations Sustainable Development Goals Pioneer by the UN Global Compact for his work in sustainable business strategy and operations. The first recipient of the award from the Philippines, he was one of 10 individuals recognized for championing sustainability and the pursuit of the 17 SDGs in business.

He graduated with B.A. in Economics (Cum Laude) from Harvard College in 1981 and obtained an MBA from the Harvard Graduate School of Business in 1987.

***Directorship in other publicly listed companies:***

Ayala Corporation, Ayala Land, Inc., and Bank of the Philippine Islands. All of which are listed on the Philippine Stock Exchange.

***LEW YOONG KEONG ALLEN***

Co-Vice Chairman, Non-Executive Director

***Committee memberships:***

- *Executive Committee*
- *Compensation and Remuneration Committee*

Lew Yoong Keong Allen, Singaporean, 67, was elected as Director and Co-Vice Chairman of the Board on May 6, 2021. He is a Senior Advisor at Singapore Telecommunications Limited, and a board member and Chairman of the Executive Committee of Advanced Info Service Public Company Limited (AIS). He is also a member of the Board and the Chairman of the Audit and Risk Committee of Raffles Medical Group. He was Chief Executive Officer, Group Strategy and Business Development, and Country Chief Officer Thailand of Singtel from April 2020 to April 2021. He was Chief Executive Officer for Consumer Australia and Optus where he led Optus to be the go-to operator in Australia for great connectivity, innovative services, and exciting content. Prior to this, Mr. Lew was Country Chief Officer in Singapore and CEO, Group Digital Life.

***Skills and experience:***

Mr. Lew's career in Singtel began in November 1980, and he has served in various senior management roles, both in Singapore and overseas. His first overseas posting was to AIS, Singtel's regional associate, where he was Chief Operating Officer for three years before his posting to Optus as Managing Director of Optus Mobile in late 2001. He was later appointed Managing Director of Optus Consumer Business, and returned to Singapore as CEO Singapore in 2006.

Mr. Lew holds a Bachelor of Electrical Engineering degree from the University of Western Australia under a Colombo Plan Scholarship and a Master of Science (Management) from the Massachusetts Institute of Technology.

***Directorship in other publicly listed companies:***

He holds directorship in Advanced Info Service Public Company Limited (AIS) that is listed on the Stock Exchange of Thailand, and Raffles Medical Group that is listed on the Singapore Stock Exchange.

***CEZAR P. CONSING***

Co-Vice Chairman, Non-Executive Director

***Committee memberships:***

- *Finance Committee*
- *Executive Committee*
- *Compensation and Remuneration Committee*<sup>1,2</sup> (Please see notes under table in Annex "A")

Mr. Consing, Filipino, 63, has served as Director since April 2021 and Co-Vice Chairman of the Board since November 2022. He is President and Chief Executive Officer of Ayala Corporation, a position he has held since August 2022 and has been a board director of Ayala Corporation since 2020. He has been Vice Chairman of Bank of the Philippine Islands (BPI) since 2022 and first joined the BPI board in 1995. He is Vice Chairman and Director of ACEN Corporation (formerly known as AC Energy Corporation) and advisor of the board of Ayala Land Incorporated. Mr. Consing is also vice chairman and board director of AC Energy and Infrastructure Corporation, AC Infrastructure, AC Industrials, AC Health, and Asiacom Philippines Inc. He is also a board director of First Myanmar Investment Public Company Limited (2021 – present). He is Chairman of Philippine Dealing System Holdings and each of its operating subsidiaries, positions he has held since 2019. He is currently a board trustee of the Philippine-American Educational Foundation, which selects the Fulbright scholars, a member of the National Mission Council of De La Salle Philippines, a board trustee of College of St. Benilde, and a board trustee of the Manila Golf Club Foundation. He is a board director of Filgifts.com. He has been a member of the Trilateral Commission since 2014.

***Skills and experience:***

Prior to being President and CEO of Ayala Corporation, Mr. Consing served as President and Chief Executive Officer of Bank of the Philippine Islands (BPI) from 2013 to 2021. He served as chairman of BPI's thrift bank, investment bank, UK-registered bank, microfinance bank, property and casualty insurance joint venture, and leasing and rental joint venture, and board director of its asset management company and its life insurance joint venture. Mr. Consing first worked in BPI's corporate planning and corporate banking divisions from 1981 to 1985. He worked for J.P. Morgan & Co. in Hong Kong and Singapore from 1985 to 2004 and headed the firm's investment banking business in Asia Pacific from 1997 to 2004. As a senior Managing Director of J.P. Morgan, he was a member of the firm's global investment banking management committee and its Asia Pacific management committee. He was a partner at The Rohatyn Group from 2004 to 2013, headed its Hong Kong office and its private investing business in Asia, and was a board director of its real estate, and energy and infrastructure private equity investing subsidiaries.

Mr. Consing has served as an independent board director of four publicly listed companies in Asia: Jollibee Foods Corporation (2010 – 2021), CIMB Group Holdings (2006 – 2013), First Gen Corporation (2005 – 2013), and National Reinsurance Corporation (2014 – 2019), where he also served as Chairman (2018 – 2019). He also served as Chairman and President of the Bankers Association of the Philippines from 2019 to 2021 and was President of Bancnet, Inc. from 2017 to 2021. Mr. Consing has served as a board director of the Singapore-based SQREEM Technologies, the Singapore-listed Yoma Strategic Holdings Ltd (2021 – 2022), the Hongkong-based Asian Youth Orchestra, the US-Philippines Society, Endeavor Philippines and La Salle Greenhills.

Mr. Consing earned an A.B. (Accelerated Program) degree in Economics (Magna Cum Laude) from De La Salle University in 1979 and an M.A. in Applied Economics from the University of Michigan in 1980.

***Directorship in other publicly listed companies:***

He holds directorships in Ayala Corporation, Bank of the Philippine Islands and ACEN Corporation, all of which are listed on the Philippine Stock Exchange. He also holds a directorship in First Myanmar Investment Public Company Limited (Myanmar).

***ERNEST L. CU***

Executive Director, President and Chief Executive Officer

***Committee memberships:***

- *Executive Committee*

Mr. Cu, Filipino, 62, is the President and Chief Executive Officer (“CEO”) of Globe Telecom, Inc. He has served as a Director since April 2009 and as a Board's Executive Committee Member. Mr. Cu was officially appointed President and CEO on April 2, 2009, less than a year after he joined Globe in October 2008. Since then, he has been passionately driving a sweeping transformation across the company, including modernizing its network and IT infrastructure, developing a strong collaborative and service-oriented culture, and creating product innovations in its core business segments. Globe has since outperformed industry growth, breaking records across all key product groups, brands, and market segments, catapulting Globe as the number 1 mobile brand in the country.

Mr. Cu is a director of LivePerson, Inc. from April 2021 to January 2023. LivePerson Inc. is a global leader in conversation AI and is listed on the Nasdaq. Mr. Cu is a trustee of Ayala Foundation, Inc. and Hero Foundation, Inc. He holds the Chairmanship of Globe Capital Venture Holdings, Inc., 917Ventures Inc., Globe Fintech Innovations, Inc., and Techglobal Data Center, Inc. He is a Director of Asiacom Philippines Inc., CaelumPacific Corp., GTI Business

Holdings Inc., Innove Communications Inc., Kickstart Ventures, Inc., Bridge Mobile Alliance, and GLOBE STT GDC, INC. Prople BPO Inc. Mr. Cu is also a member of the Private Sector Advisory Council (PSAC).

***Skills and experience:***

Prior to Globe, he was President and CEO of SPi Technologies from 1997 to 2008. At the cusp of the new millennium, he spurred the beginning of the BPO business model for the Philippines, earning him recognition as one of the founding fathers of BPO in the country. Lauding his pioneering spirit, Ernst & Young named him ICT Entrepreneur of the Year in 2003.

Under Mr. Cu's visionary leadership, Globe embarked on a purpose-led transformation in 2016 to create a more sustainable organization. With its renewed mission, vision, and core values, collectively embodied in the new Globe Purpose, the company is now setting its sights on catalyzing and driving the nation forward. In 2019, Globe became a signatory to the United Nations Global Compact, committing to implement universal sustainability business principles.

After only two years in the telco industry, he was hailed as the Philippines' Best CEO by Finance Asia and received the award again in 2017. Mr. Cu was also named CEO of the year in 2012 by Frost & Sullivan Asia Pacific and CEO of the Year at the Asia Communications Awards in 2017. For five years (2013 to 2017), he was included in the list of 100 most influential telecom leaders worldwide by London-based Global-Telecoms Business Magazine Power 100. Mr. Cu was named the Best Telecommunications CEO at the 2021 International Finance Awards, Asia's Best CEO by Corporate Governance Asia at their 10th Asian Excellence Awards in 2020, and was recently hailed as the Best Telco CEO by London-based business magazine, The Global Economics in its 2022 Awards.

Mr. Cu earned a degree in BS Industrial Management Engineering from De La Salle University in 1982 and completed his Master's in Business Administration at Kellogg in 1984.

***Directorship in other publicly listed company:***

He also held directorship in LivePerson, Inc. from April 2021 to January 2023, which is listed on the Nasdaq.

***JAIME ALFONSO ANTONIO ZOBEL DE AYALA***

Non-Executive Director

***Committee memberships:***

- *Compensation and Remuneration Committee*<sup>2</sup> (Please see notes under table in Annex "A")

Mr. Zobel, Filipino, 32, was elected as Director on November 11, 2022. He is the Head of Business Development and Digital Innovation Group of Ayala Corporation. He is a member of the Board of Directors of Globe STT GDC, Inc., Mynt, BPI Capital Corporation, BPI BanKO, MCT Berhad (Malaysia), Ayala Land Logistics Holdings Corp., ACEN Corporation, AC Energy International Inc., ENEX Energy Corp. (formerly known as ACE Enexor, Inc.) and AC Ventures Holdings Corp. He is the Chairman of Global Ideas Committee of the Makati Business Club and a member of the Investment Committee of Kickstart Ventures Inc. and 917Ventures.

***Skills and experience:***

Prior to the above, he was previously the Head of Fixed-Mobile Convergence (Product Management) and Head of Business Development (Prepaid Division) of Globe Telecom, Inc.

Mr. Zobel graduated at Harvard University, Cambridge, Massachusetts, USA with a Bachelor of Arts Degree, Primary Concentration in Government in 2013, and his Masters of Business Administration from Columbia Business School in New York in 2019.

***Directorship in another publicly listed company:***

He also holds directorship in MCT Berhad (Malaysia), AyalaLand Logistics Holdings Corp., ACEN Corporation and ENEX Energy Corp.

***DELFIN L. LAZARO***

Non-Executive Director

***Committee memberships:***

- *Finance Committee (Chairman)*

Mr. Lazaro, Filipino, 76, has served as Director since January 1997. His other significant positions include: Director and Chairman of the Board of ACEN; Chairman of Atlas Fertilizer & Chemicals Inc.; Chairman and President of A.C.S.T. Business Holdings, Inc.; Vice Chairman and President of Asiacom Philippines, Inc.; Chairman and President

of AYC Holdings, Ltd., Directors of: AC International Finance, Ltd., AC Energy Infrastructure Corporation, Purefoods International Limited and Probe Productions, Inc. He is an Independent Adviser to the Board of Directors of Ayala Land, Inc. Mr. Lazaro is also a member of the BPI Advisory Council.

***Skills and experience:***

He earned his Bachelor of Science in Metallurgical Engineering from the University of the Philippines in 1967 and his Masters of Business Administration (with distinction) from the Harvard Graduate School of Business in 1971.

***Directorship in other publicly listed companies:***

He also holds directorship in Ayala Corporation, ACEN Corporation and Integrated Micro-Electronics, Inc. All of which are listed on the Philippine Stock Exchange.

***NG KUO PIN***

Non-Executive Director

***Committee memberships:***

- *Executive Committee*
- *Finance Committee*

Mr. Ng, Singaporean, 53, was elected as Director on October 8, 2021, and serves as Member of the Executive and Finance Committees. He is the Chief Executive Officer of NCS beginning August 2019. In January 2021, he was appointed to Singtel's Management Committee. He leads NCS in executing its new vision, one that is committed to advancing communities by partnering with governments and enterprises to harness technology and bringing people together to make the extraordinary happen. As a leading technology services firm, NCS aims to accelerate growth and build up a strategic presence in the Asia Pacific region.

***Skills and experience:***

Prior to joining NCS, Mr. Ng had a 25-year career at Accenture and spent nine years living and working in Beijing and Sydney. He started as an analyst in 1994 and was made partner in 2006. Between 2006 and 2018, he held senior leadership roles within the global Communications, Media and Technology (CMT) operating group as Head of CMT Singapore, Head of CMT Greater China, and finally as Head of Consulting for CMT Asia Pacific, Africa, and the Middle East. Mr. Ng currently sits as a Board Member in the National University of Singapore Institute of Systems Science (NUS-ISS).

Mr. Ng holds an Honours Degree in Engineering (Electrical and Electronics) from the Nanyang Technological University.

***Directorship in other publicly listed companies:***

Mr. Ng is not a Director in any other publicly listed company.

***ROMEO L. BERNARDO***

Non-Executive Director

***Committee memberships:***

- *Audit and Related Party Transactions Committee*
- *Finance Committee*
- *Board Risk Oversight Committee*

Mr. Bernardo, Filipino, 68, has served as a Director since September 2001 and is a member of the Finance, Board Risk Oversight and Audit, and Related Party Transactions Committees. He is also the Managing Director of Lazaro Bernardo Tiu and Associates (LBT), a financial advisory firm based in Manila. He is a GlobalSource economist in the Philippines. He is also the Chairman of ALFM Family of Funds.

***Skills and experience:***

He is a member of the Philippine World Bank Advisory Group. He previously served as Undersecretary of Finance and as Alternate Executive Director of the Asian Development Bank. He was also an Advisor of the World Bank and the IMF (Washington D.C.).

Mr. Bernardo holds a degree in Bachelor of Science in Business Economics from the University of the Philippines (magna cum laude) and a Master's Degree in Development Economics at Williams College from Williams College in Williamstown, Massachusetts.

***Directorship in other publicly listed companies:***

He also holds directorship in Aboitiz Equity Ventures Corporation, Bank of the Philippine Islands, and RFM Corporation, Monde Nissin Corporation. All of which are listed on the Philippine Stock Exchange.

***REX MA. A. MENDOZA***

Non-Executive and Lead Independent Director

***Committee memberships:***

- *Nomination and Governance Committee (Chairman)*
- *Compensation and Remuneration Committee (Chairman)*
- *Audit and Related Party Transactions Committee*
- *Board Risk Oversight Committee*

Mr. Mendoza, Filipino, 60, has served as Independent Director since April 2014. He is the Chairman of Rampver Financials, a financial services firm and the leading mutual funds distributor in the country. He is also Chairman of Singapore Life Philippines, and the lead Independent Director of AyalaLand Logistics Holdings Corporation and a Director of Ayala Land, Inc., National Reinsurance Corporation of the Philippines, Esquire Financing, Inc., Seedbox Technologies, Inc., The Cullinan Group, Seven Tall Trees Events Company, Inc. and Mobile Group, Inc. He is the author of two books, "Trailblazing Success" and "Firing on All Cylinders", both certified national bestsellers.

***Skills and experience:***

Mr. Mendoza was previously the Senior Adviser to the AIA Group CEO for Marketing and Distribution. AIA Group Limited is the leading Pan-Asian insurance company and is the parent firm of the Philippine American Life and General Insurance Company (PhilamLife). Prior to this position, he was the President and CEO of Philam Life, Chairman of The Philam Foundation, Inc. and Vice Chairman of BPI Philam Life Assurance Company. Prior to rejoining Philam Life, he was Senior Vice President and Chief Marketing and Sales Officer of Ayala Land, Inc. He was also Chairman of Ayala Land International Sales, Inc., President of Ayala Land Sales, Inc. and Avida Sales Corporation.

Mr. Mendoza was awarded Most Distinguished Alumnus of the University of the Philippines' Cesar E.A. Virata School of Business last December 2013. He is also a fellow with distinction at the Life Management Institute of Atlanta, Georgia, U.S.A., a Registered Financial Planner and a four-time member of the Million Dollar Round Table.

Mr. Mendoza was a professor of Marketing and Computational Finance at the De La Salle University Graduate School of Business. He taught strategic marketing, services marketing and services strategy. He has served as Chairman of the Marketing Department and was awarded as one of the University's most outstanding professors.

He earned his Master's Degree in Business Management with distinction from the Asian Institute of Management in 1986 and was one of the 10 Outstanding Graduates of his batch at the University of the Philippines where he obtained a BSBA degree with a double major in marketing and finance in 1983.

***Directorship in another publicly listed company:***

He also holds directorship in Ayala Land, Inc., AyalaLand Logistics Holdings Corporation and National Reinsurance Corporation of the Philippines. All of which are listed on the Philippine Stock Exchange.

***SAW PHAIK HWA***

Non-Executive and Independent Director

***Committee memberships:***

- *Nomination and Governance Committee*
- *Compensation and Remuneration Committee*
- *Audit and Related Party Transactions Committee*
- *Board Risk Oversight Committee (Chairman)*

Ms. Saw, Singaporean, 68, has been an Independent Director since 7 April 2015. Ms. Saw was the Group CEO of Auric Pacific Group, listed on the Mainboard of the Singapore Exchange, which has diverse business interests ranging from distribution of fast-moving consumer food, food manufacturing and retailing, management of restaurant and food court operations to other strategic investments including fund investment. The Group operates in various countries throughout Asia including Singapore, Malaysia, Indonesia, Hong Kong and China. Ms. Saw retired as its CEO on 1 May 2015.

***Skills and experience:***

Prior to this, Ms. Saw was the President and CEO of SMRT Corporation Ltd between December 2002 to January 2012, Singapore's first multi-modal public transport service provider. During her tenure, she enhanced the public travel experience in Singapore by introducing commuter-centric initiatives and adding lifestyle conveniences at stations to make public transport a choice mode of travel for all. She was also instrumental in broadening SMRT's geographical footprint as well as establishing SMRT's presence overseas with the opening of offices in the Middle East and China, which serve as springboards to opportunities in those regions. From 1984 to 2002, she was the Regional President in charge of businesses in Singapore, Indonesia, and Malaysia for DFS Venture Singapore.

Ms. Saw holds a Second Upper Class Honours in Biochemistry from the University of Singapore and attended the Advanced Management Programme at the University of Hawaii.

***Directorship in another publicly listed company:***

Ms. Saw is not a Director in any other publicly listed company.

***CIRILO P. NOEL***

Non-Executive and Independent Director

***Committee memberships:***

- *Nomination and Governance Committee*
- *Compensation and Remuneration Committee*
- *Audit and Related Party Transactions Committee (Chairman)*
- *Board Risk Oversight Committee*

Mr. Noel, Filipino, 65, has served as Independent Director since April 17, 2018. He is also currently Globe's Chairman of the Audit and Related Party Transactions Committee. Mr. Noel sits on the Board of the following companies: Chairman of Palm Concepcion Power Corporation, Juxtapose Ergo Consultus, Inc., and Cofiar Land Corp; Vice Chairman of Security Bank Corporation. He is also Vice Chairman, Board of Trustees of St. Luke's Medical Center College of Medicine; St. Luke's Foundation Inc.; St. Luke's Medical Center-Global City and St. Luke's Medical Center-Quezon City. He is also a member of the Board of Directors of Eton Properties, Inc., Transnational Diversified Group Holdings, Amber Kinetics Holdings Co., PTE Ltd., LH Paragon Group, Golden ABC as well as companies listed on the Philippine Stock Exchange, namely, San Miguel Foods and Beverage, Inc., Robinsons Retail Holdings, and First Philippine Holdings Corporation.

He is also currently affiliated with the Philippines Institute of Certified Public Accountants (PICPA), Integrated Bar of the Philippines (IBP) and Fraternal Order of Utopia.

He was a member of the Board of Directors of Philippine Airlines, PAL Holdings, Inc., J.G. Summit Holdings, Inc., and Cal Comp Technology (Philippines), Inc. He was also a member of the Board of Trustees of the Makati Business Club, Harvard Club of the Philippines and President of the Harvard Law School Association of the Philippines. He was recognized as the 2019 Outstanding CPA by the Professional Regulations Commission for his distinguished contributions to the fields of accountancy, tax, and law.

***Skills and experience:***

As a certified public accountant (CPA) and lawyer, Mr. Noel's areas of expertise include international tax for inbound and outbound investments, tax advisory and planning, tax advocacy, litigation, investment, and trade laws. He was, for many years, the Head of SGV's Tax Division. He was also a Senior Advisor to the Ernst & Young Global Limited (EY) Global Delivery Services (GDS) Philippines.

He held various positions in SGV & Co., including Chairman, Managing Partner, Vice Chairman & Deputy Managing Director, Head of Tax Division and Partner, Tax Services.

For two terms, he was a member E&Y Global Advisory Council member. He was also Ernst & Young (EY) ASEAN Tax Head and Far East Area Tax Leader from 2004 to 2009 and the Presiding Partner of E&Y Asia Pacific Council.

Mr. Noel graduated from the University of the East with a Bachelor of Science degree in Business Administration and obtained his Bachelor of Laws from the Ateneo Law School. He took Master of Laws at Harvard Law School. He is a Harvard International Tax Program fellow and attended the Asian Institute of Management Program Management Development Program.

***Directorship in another publicly listed company:***

He also holds directorship in Security Bank Corporation, First Philippine Holdings Corporation, San Miguel Food and Beverage Inc. and Robinsons Retail Holdings, Inc. All of which are listed on the Philippine Stock Exchange.

**NOMINEES TO THE BOARD OF DIRECTORS (2023-2024)**

1. ***Jaime Augusto Zobel de Ayala***  
*(Please see profile under Board of Directors (2022-2023) above)*
2. ***Cezar P. Consing***  
*(Please see profile under Board of Directors (2022-2023) above)*
3. ***Ernest L. Cu***  
*(Please see profile under Board of Directors (2022-2023) above)*
4. ***Jaime Alfonso Antonio Zobel de Ayala***  
*(Please see profile under Board of Directors (2022-2023) above)*
5. ***Delfin L. Lazaro***  
*(Please see profile under Board of Directors (2022-2023) above)*
6. ***Ng Kuo Pin***  
*(Please see profile under Board of Directors (2022-2023) above)*
7. ***Cirilo P. Noel – Nominee for Independent Director***  
*(Please see profile under Board of Directors (2022-2023) above)*

8. ***Tan Mee Ling Aileen***

Ms. Tan, Singaporean, 55, is Singtel Group's Chief People and Sustainability Officer and responsible for Singtel Group's overall strategic people and sustainability agenda. She has over 30 years of experience in various leadership roles spanning multiple industries and geographies. She joined Singtel in 2008 as the Group Director, Human Resources. In 2009, she built and spearheaded the group's sustainability function. In her current role, she focuses on developing a purpose-led organization, championing sustainability, creating an inspiring culture, and making Singtel Group a place for amazing people to deliver extraordinary impact. Under her leadership, Singtel has won numerous global and regional accolades for its leading people and sustainability practices. She is a member of the Institute for Human Resource Professionals (IHRP) Board, Singapore University of Social Sciences Board of Trustees, Health Sciences Authority Board, NTUC-U Care Fund Board of Trustees, Ministry of Finance's VITAL's Advisory Panel and MOM's Workplace Safety & Health Council in Singapore.

Ms. Tan holds a Bachelor of Arts from the National University of Singapore and a Master of Science in Organisational Behaviour from the California School of Professional Psychology, Alliant International University, USA. She is likewise a pioneer IHRP Master Professional, for being a role model for the HR profession. She is also a Certified Professional Corporate Coach. Ms. Tan received the Medal of Commendation (Gold) at the NTUC May Day Awards 2022 and the Public Service Medal in 2018 for her significant contributions to Singapore's workforce and human resources sector.

9. ***Natividad N. Alejo***

Ms. Alejo, Filipino, 66, is an experienced Mergers and Acquisitions professional supporting clients in achieving transformational initiatives in her current role as Managing Director of AlphaPrimus Advisors Inc. as well as in her previous role as the main M & A professional in BPI leading the bank's various acquisitions and mergers from 1994 through 2006.

She is a seasoned senior banker with 30+ years of key leadership roles in Retail Banking, Microfinance, Investment Banking and Corporate Finance, and Strategic Planning in one of the largest Philippine banks. Ms. Alejo is an advisor to the board of microfinance-oriented rural bank, CARD MRI Rizal Bank, Inc. She has also held several leadership positions in the past including President of BPI Family Savings Bank and BPI Capital Corporation.

Ms. Alejo likewise serves as an independent director of Singlife Phils., Inc. and Grand Plaza Hotel Corporation. She is also a member of the Board of Directors of the Filipina CEO Circle and a member of the Management Association of the Philippines.

Ms. Alejo graduated with a Bachelor of Arts degree in Economics (Summa Cum Laude and Gansewinkle Scholastic Trophy Award) from the Divine World University and completed her Master's Degree in Economics at the University of the Philippines. She also took advanced management program at Harvard Business School in 2015.

#### **10. Ramon L. Jocson**

Mr. Jocson, Filipino, 63, is the Lead Director for Meliora Consulting Pte. Ltd., a Singapore- based boutique consulting group focused on Digital Transformation services for Banks and Financial Institutions. He is a Member of the National University of Singapore- Institute of Systems Science (NUS-ISS) Management Board; he is also a Member of Yoma Bank's (Myanmar) Technology Advisory Committee.

Mr. Jocson was most recently the Chief Operating Officer of the Bank of the Philippine Islands (BPI). As COO and Executive Vice President for Enterprise Services, he led multiple divisions within BPI, which included Human Resources, Centralized Operations, Information Systems, Digital Channels, Business Transformation & Data Analytics, and Facilities Services from 2015 to 2022.

Mr. Jocson began his career as a Systems Analyst with IBM Philippines in 1982. Throughout his 33 years in IBM, he occupied different leadership positions, including that of Managing Director of IBM Philippines (1996-1999, Manila), General Manager of Global Services in ASEAN/South Asia (2000-2006, Singapore), General Manager of Applications Services for IBM's Growth Market Unit (2007-2009, Singapore), General Manager of Integrated Technology Services for Asia Pacific (2009-2012, Singapore), General Manager of IBM Global Services for Central and Eastern Europe (2013-2014, Prague), and General Manager of Strategic Outsourcing for Asia Pacific (2015, Singapore). He has worked extensively in various industries, primarily in Financial Services, Industrial, Manufacturing and Telecommunications Sectors. While at IBM, he was a member of IBM's Growth & Transformation Team, which is composed of the top senior leaders in IBM Asia-Pacific, working directly with the Chairman on key/strategic initiatives. Mr. Jocson has also served on external advisory boards, such as the Economic Development Board of Singapore from 2000 to 2002; the Cyber-Security Committee of the Bankers Association of the Philippines, where he was Vice-Chairman from 2017 to 2022; and the Digital Infrastructure sector of the Private Sector Advisory Council (PSAC) from 2022 to the present.

Mr. Jocson graduated from the University of the Philippines in 1982 with a degree in B.S. Industrial Engineering. He obtained his Masters in Business Administration from the Ateneo Graduate School of Business in 1997.

#### **11. Antonio Jose U. Periquet, Jr.**

Mr. Periquet, Filipino, 61, is the Executive Chairman of AB Capital & Investment Corporation, and Chairman of the Campden Hill Group, Inc. Mr. Periquet is also an independent director of the Max's Group of Companies, Philippine Seven Corporation, Semirara Mining and Power Corporation, Universal Robina Corporation and a Board Advisor to the Bank of the Philippine Islands, DMCI Holdings Corporation, ABS-CBN Corporation, Tech for Good Institute (Singapore) and SEA Advisory Committee to British International Investment. He is a trustee of Lyceum University of the Philippines and a member of the Dean's Global Advisory Council at the University of Virginia's Darden School of Business.

Mr. Periquet holds a Bachelor of Arts in Economics degree from the Ateneo de Manila University, a Master of Science degree in Economics from Oxford University and a MBA from the Darden School of Business, University of Virginia.

## CERTIFICATION OF INDEPENDENT DIRECTOR

I, Cirilo P. Noel, Filipino, of legal age and a resident of \_\_\_\_\_  
 after having been duly sworn to in accordance with law do hereby  
 declare that:

1. I am an independent director of Globe Telecom, Inc. and have been its independent director since April 17, 2018.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
LH Paragon Group, Golden ABC	Director Chairman, Audit Committee	January 2018 to present
Amber Kinetics Holding Co. PTE LTD	Director Chairman, Audit Committee	March 2018 to present
Eton Properties, Inc.	Director	April 12, 2019 to present
Juxtapose Ergo Consultants Inc.	Chairman of the Board	May 2019 to present
Palm Concepcion Power Corporation	Chairman of the Board	June 2018 to present
St. Luke's Medical Center Global City	Vice Chairman, Board of Trustee	August 2017 to present
St. Luke's Medical Center Quezon City	Vice Chairman, Board of Trustee	August 2017 to present
St. Luke's Medical Center College of Medicine	Vice Chairman, Board of Trustee	September 2018 to present
St. Luke's Foundation, Inc.	Vice Chairman, Board of Trustee	August 2018 to present
Transnational Diversified Group Holdings	Director Chairman, Audit Committee	August 2, 2019 to present
Confiar Land Corp	Chairman of the Board	September 14, 2021 to present
Security Bank Corporation*	Vice Chairman of the Board	April 28, 2020 to present
San Miguel Food and Beverage, Inc.*	Independent Director Chairman, Audit Committee	September 12, 2018 to present
Robinsons Retail Holdings, Inc.*	Independent Director Chairman, Audit & Risk Oversight Committee	August 12, 2020 to present
First Philippine Holdings Corporation*	Independent Director Chairman, Board Risk Oversight Committee	May 21, 2021 to present

\* publicly listed company on the Philippine Stock Exchange

3. I possess all the qualifications and none of the disqualifications to serve as an independent director of Globe Telecom, Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of Globe Telecom, Inc. and its subsidiaries and affiliates other than the relationship provided under Rule 38.23 of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of Globe Telecom, Inc. of any changes in the abovementioned information within five days from its occurrence.

IN WITNESS WHEREOF, I have hereunto set my hand this MAR 23 2023 at QUEZON CITY.

~~CIRILO P. NOEL~~

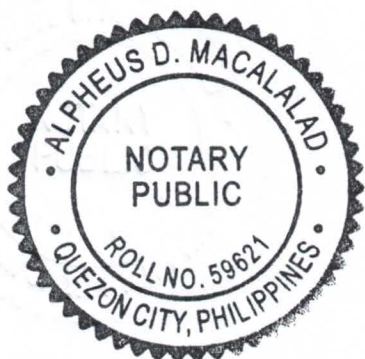
Independent Director

MAR 23 2023

QUEZON CITY

SUBSCRIBED AND SWORN before me this \_\_\_\_\_ at \_\_\_\_\_ by affiant who is presently known to me or identified through competent evidence of identity by means of Passport

Doc. No. 96 ;  
Page No. 24 ;  
Book No. I ;  
Series of 2023 .



ALPHEUS D. MACALALAD

Notary Public

Quezon City, Appointment No. NP-264 (2022-2023);

Valid until 31 December 2023

Roll of Attorneys No. 59621

PTR No. 3984791 - 01/03/2023 - Quezon City

IBP No. 259271 - 01/03/2023 - Quezon City

MCLE Compliance No. VII - 0017580

24 First Street, St. Ignatius Village

Quezon City, Metro Manila

## CERTIFICATION OF INDEPENDENT DIRECTOR

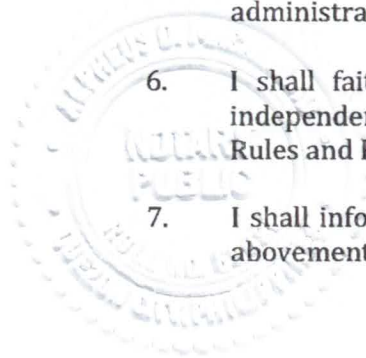
I, Natividad N. Alejo, Filipino, of legal age and a resident of \_\_\_\_\_  
after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Globe Telecom, Inc. to be elected at the 2023 Annual Stockholders' Meeting set on April 25, 2023.
2. I am affiliated with the following companies or organizations:

<b>Company/Organization</b>	<b>Position/Relationship</b>	<b>Period of Service (month and year to month and year)</b>
AlphaPrimus Advisors, Inc.	Managing Director & Co-founder	January 2018 to present
Grand Plaza Hotel Corp. *	Independent Director	March 2022 to present
Singlife Phils. Corp.	Lead Independent Director	2020 to present
CARD MRI Rizal Bank	Advisor to the Board	2018 to present
Filipina CEO Circle	Trustee	2019 to present

\*publicly listed company on the Philippine Stock Exchange

3. I possess all the qualifications and none of the disqualifications to serve as an independent director of Globe Telecom, Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of Globe Telecom, Inc. and its subsidiaries and affiliates other than the relationship provided under Rule 38.23 of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of Globe Telecom, Inc. of any changes in the abovementioned information within five days from its occurrence.



IN WITNESS WHEREOF, I have hereunto set my hand this MAR 23 2023 at QUEZON CITY.

*o*  
**NATIVIDAD N. ALEJO**  
Independent Director

MAR 23 2023

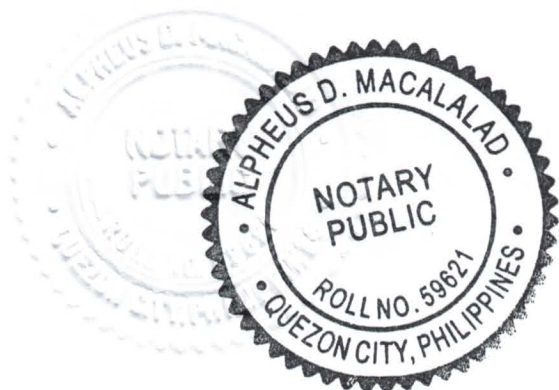
**SUBSCRIBED AND SWORN** before me this \_\_\_\_\_ at QUEZON CITY  
by affiant who is presently known to me or identified through competent evidence of identity by means of Passport

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Page No. 21 ;  
Book No. I ;  
Series of 2023 .

*1 1*

**ALPHEUS D. MACALALAD**

Notary Public  
Quezon City, Appointment No. NP-264 (2022-2023)  
Valid until 31 December 2023  
Roll of Attorneys No. 59621  
PTR No. 3984791 - 01/03/2023 - Quezon City  
IBP No. 259271 - 01/03/2023 - Quezon City  
MCLE Compliance No. VII - 0017580  
24 First Street, St. Ignatius Village  
Quezon City, Metro Manila



## CERTIFICATION OF INDEPENDENT DIRECTOR

I, Ramon L. Jocson, Filipino, of legal age and a resident of \_\_\_\_\_  
after having been duly sworn to in accordance with law do hereby declare

that:

1. I am a nominee for independent director of Globe Telecom, Inc. to be elected at the 2023 Annual Stockholders' Meeting set on April 25, 2023.
2. I am affiliated with the following companies or organizations:

<b>Company/Organization</b>	<b>Position/Relationship</b>	<b>Period of Service</b>
Meliora Consulting, Pte, Ltd	Lead Director	February 2023 – present
NUS-Institute of Systems Science	Non-Executive Director	June 2022 – present
Yoma Bank (Myanmar) Technology Advisory Committee	Member	June 2020 – present
Private Sector Advisory Council	Member	August 2022 – present

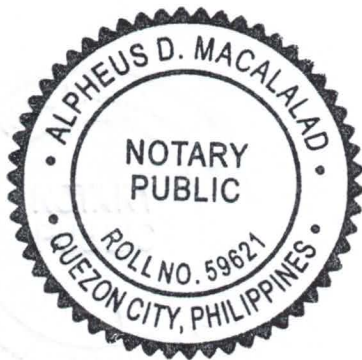
3. I possess all the qualifications and none of the disqualifications to serve as an independent director of Globe Telecom, Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of Globe Telecom, Inc. and its subsidiaries and affiliates other than the relationship provided under Rule 38.23 of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of Globe Telecom, Inc. of any changes in the abovementioned information within five days from its occurrence.



IN WITNESS WHEREOF, I have hereunto set my hand this MAR 24 2023 at QUEZON CITY.

**RAMON L. JOCSON**  
Independent Director

**SUBSCRIBED AND SWORN** before me this MAR 24 2023 at QUEZON CITY by affiant who is presently known to me or identified through competent evidence of identity by means of Passport



Doc. No. 99 ;  
Page No. 21 ;  
Book No. I ;  
Series of 2023 .

**ALPHEUS D. MACALALAD**  
Notary Public  
Quezon City, Appointment No. NP-264 (2022-2023)  
Valid until 31 December 2023  
Roll of Attorneys No. 59621  
PTR No. 3984791 – 01/03/2023 – Quezon City  
IBP No. 259271 – 01/03/2023 – Quezon City  
MCLE Compliance No. VII - 0017580  
24 First Street, St. Ignatius Village  
Quezon City, Metro Manila

## CERTIFICATION OF INDEPENDENT DIRECTOR

I, Antonio Jose U. Periquet, Jr., Filipino, of legal age and a resident of \_\_\_\_\_, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Globe Telecom, Inc. to be elected at the 2023 Annual Stockholders' Meeting set on April 25, 2023.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
AB Capital & Investment Corporation	Chairman and President	September 2021 – Present
Campden Hill Advisors, Inc.	Chairman	October 2014 – Present
Campden Hill Group, Inc.	Chairman	May 2011 – Present
Albizia Asean Tenggara Fund	Independent director	January 2015 – Present
Max's Group of Companies*	Independent director	February 2014 – Present
Philippine Seven Corporation*	Independent director	January 2010 – Present
Semirara Mining and Power Corporation*	Independent director	September 2019 – Present
Sem-Calaca Power Corporation	Independent director	July 2020 – Present
Southwest Luzon Power Generation Corporation	Independent director	July 2020 – Present
Universal Robina Corporation*	Independent director	May 2021 – Present
ABS-CBN Corporation*	Advisory Board Member	July 2022 – Present
Bank of the Philippine Islands*	Advisory Board Member	December 2021 – Present
British International Investments PLC	SEA Advisory Committee	February 2023 – Present
DMCI Holdings, Inc.*	Advisory Board Member	May 2022 – Present
Lyceum University of the Philippines	Trustee	July 2010 – Present
Tech for Good Institute (Singapore)	Advisory Board Member	April 2022 – Present
The Straits Wine Co. Inc.	Director	April 2009 – Present
Darden School of Business, University of Virginia	Global Advisory Council Member	April 2013 – Present

\*publicly listed company on the Philippine Stock Exchange

3. I possess all the qualifications and none of the disqualifications to serve as an independent director of Globe Telecom, Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of Globe Telecom, Inc. and its subsidiaries and affiliates other than the relationship provided under Rule 38.23 of the Securities Regulation Code.

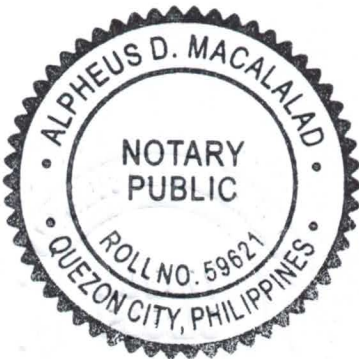
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of Globe Telecom, Inc. of any changes in the abovementioned information within five days from its occurrence.

MAR 23 2023 **QUEZON CITY**

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_\_ at [•] City.

*A J P*  
**ANTONIO JOSE U. PERIQUET, JR.**  
 Independent Director

**SUBSCRIBED AND SWORN** before me this MAR 23 2023 at QUEZON CITY  
 by affiant who is presently known to me or identified through competent evidence of identity by means of Passport



*A J P*  
**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  
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 MCLE Compliance No. VII - 0017580  
 24 First Street, St. Ignatius Village  
 Quezon City, Metro Manila

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 Page No. 21 ;  
 Book No. I ;  
 Series of 2023 .

## **OFFICERS**

The officers and consultants of the Company are appointed by the Board of Directors and their appointment as officers may be terminated at will by the Board of Directors. The table below shows the name and position of Globe Telecom's key officers as of 31 December 2022.

### **Officers – Globe**

<b>Name</b>	<b>Position</b>
Ernest L. Cu <sup>1</sup>	President and Chief Executive Officer (CEO)
Rosemarie Maniego-Eala	Chief Finance Officer (CFO), Treasurer, and Chief Risk Officer (CRO)
Renato M. Jiao	Chief Human Resources Officer (CHRO)
Rebecca V. Eclipse	Chief Transformation and Operations Officer (CTOO) and Chief Customer Experience Officer (CCEO)
Vicente Froilan M. Castelo	General Counsel (GC)
Bernard P. Llamzon <sup>2</sup>	Executive Vice President
Solomon M. Hermosura	Corporate Secretary
Marisalve Ciocon-Co	Chief Compliance Officer, Senior Vice President - Law and Compliance, and Assistant Corporate Secretary
Rosalin E. Palacol	Chief Audit Executive (CAE)
Maria Louisa Guevarra-Cabreira	Chief Commercial Officer (CCO)
Maria Yolanda C. Crisanto <sup>2</sup>	Chief Sustainability and Corporate Communications Officer
Raul M. Macatangay <sup>3</sup>	Chief Information Officer (CIO)

<sup>1</sup>Member, Board of Directors

<sup>2</sup>In a disclosure dated 1 December 2022, the designations of Mr. Bernard P. Llamzon and Ms. Maria Yolanda C. Crisanto were updated ([Corporate Disclosure on Key Officers](#)).

<sup>3</sup>The appointment of Mr. Raul M. Macatangay as Chief Information Officer became effective on 01 May 2022, as disclosed on 18 April 2022 ([Corporate Disclosure-Change in Key Officer](#)).

### ***ROSEMARIE MANIEGO-EALA***

Ms. Maniego-Eala, Filipino, 52, is Globe's Chief Finance Officer, Treasurer and Chief Risk Officer. She joined Globe in February 1998. Her previous positions in the company were Assistant Vice President for Financial Planning and Analysis, President of G-Xchange Inc. (Fintech subsidiary owning GCash), and Senior Vice President for International Business. She has had extensive experience in financial planning and analysis, capital markets fund raising, joint ventures, mergers and acquisitions, investor relations, strategic planning, business development, and setting up and managing start-ups. Prior to joining Globe, she was Deputy Research Head for Natwest Markets.

Ms. Maniego-Eala earned her Bachelor of Arts in Management Economics from the Ateneo de Manila University.

### ***RENATO M. JIAO***

Mr. Jiao, Filipino, 66, is Globe's Chief Human Resources Officer (CHRO). As CHRO, Mr. Jiao is responsible for developing and executing human resource strategies in support of the overall business plan and strategic direction of the organization, specifically in the areas of succession planning, talent management, change management, organizational and performance management, employee experience and culture, and most importantly, people and organizational transformation.

He joined Globe in June 2010. Mr. Jiao has over 30 years of experience in general management and leveraging leading-edge technologies, processes and human capital for competitive advantage. He is a seasoned HR Practitioner with 20 years of experience in multi-functional HR practice areas. Mr. Jiao also held various significant positions in Procter & Gamble (Philippines), Inc. and Procter & Gamble Asia Pte Ltd. Prior to joining Globe, he was President of IBM Business Services, Inc.

He earned his Bachelor of Science degree in Mechanical Engineering from the University of the Philippines.

### ***REBECCA V. ECLIPSE***

Ms. Eclipse, Filipino, 60, is Globe's Chief Transformation and Operations Officer (CTOO) and concurrently the Chief Customer Experience Officer (CCEO) and Head of the Office of Strategy Management. Ms. Eclipse was appointed CCEO in 2015 and has since led the company's CX transformation programs, improving the experience across all touch points, amidst digital transformation while instilling a company culture centered on treating customers right. In her newly appointed role as CTOO, she is driving end-to-end customer experience delivery further, integrating the technical teams of Information Systems and Network Technical Group towards improved processes and ways of working.

Globe has been recognized in the International CX community winning various categories in customer service in the Stevie Awards in the same year, including Gold Stevie for Best Use of Technology (All Industries), Silver Stevie in Innovation and Customer Service Team of the Year (Telecommunications), among other accolades. She has also earned their Gold accolade as Customer Service Executive of the Year. In 2016, she was cited by Global Telecoms Business as one of the Top 50 Women to Watch in the industry.

Under her leadership, Globe made great strides in CX with digital innovation and proactive care. She drives strategic programs that improve customer experience and eliminate customer pain points to live out Globe's Purpose of treating people right: customers, frontliners, employees, and partners.

Ms. Eclipse joined Globe in March 1995 and heralds over 25 years of experience in the telecommunications industry, holding key leadership roles in internal audit, financial and risk management, revenue assurance and fraud, covering areas that include strategy management, process and quality management and customer experience transformation. She draws from her consulting, risk management, financial management and auditing experience from SGV & Co, as well as Oceanic Wireless Network, Inc. and Eastern Telecommunications, Inc.

Ms. Eclipse graduated magna cum laude from the Central Colleges of the Philippines with a Bachelor's Degree in Business Administration. She is a Certified Public Accountant registered with the Professional Regulation Commission, and she is a member of the Philippine Institute of Certified Public Accountants (PICPA), Institute of Internal Auditors (IIA), and Information Systems and Control Auditors Association (ISACA).

### ***VICENTE FROILAN M. CASTELO***

Mr. Castelo, Filipino, 58, is Globe's General Counsel and Head of the Corporate and Legal Services Group (CLSG) since April 2011. He is a veteran in the practice of law, and is one of the pioneers in the practice of law in the telecommunications and information communication technology field. He joined Globe Telecom as the Head of Regulatory Affairs in July 1998.

He earned his Bachelor of Laws from San Beda College. Atty. Castelo is the President of the Philippine Chamber of Telecommunication Operators and President of the Telecommunications and Broadcast Attorneys of the Philippines. He is also an alternate member of the Private Sector Advisory Council (PSAC).

### ***BERNARD P. LLAMZON***

Mr. Llamzon, Filipino, 62, is Globe's Executive Vice President of Channel Management Group from April 2017 until December 31, 2022. He remains to be Globe's Executive Vice President. He joined Globe in October 2006 to handle Sales and Distribution for wireless products and has since then created a track record of operational excellence and effective execution.

Mr. Llamzon is a veteran in the field of Sales and Distribution with significant contributions in the beverage, tobacco and telecommunications industries. Deriving from 27 years of experience, he possesses broad and deeply-applied knowledge on all sales channel types, practices the disciplines of a global company, has a well-developed local network, and has tested leadership over a large sales organization.

He holds a Bachelor's degree in Commerce, major in Business Management from De La Salle University, and attended the Management Development Program of the Asian Institute of Management and INSEAD's World Class Business Manager Program.

### ***SOLOMON M. HERMOSURA***

Mr. Hermosura, Filipino, 60, Globe's Corporate Secretary since July 2010. He is a Senior Managing Director and the Group Head of Corporate Governance, Chief Legal Officer, Corporate Secretary, Compliance Officer and Data Protection Officer of Ayala Corporation. He has been a member of the Ayala Corporation Management Committee since 2009 and the Ayala Group Management Committee since 2010. He also serves as Corporate Secretary and Group General Counsel of ALI; Corporate Secretary of Integrated Micro-Electronics, Inc., ACEN Corporation, AREIT, Inc.

and Ayala Foundation, Inc., and as Corporate Secretary and member of the Boards of Directors of a number of companies in the Ayala Group.

Mr. Hermosura is currently a member of the faculty of the College of Law of San Beda University. He graduated valedictorian with Bachelor of Laws degree from San Beda College in 1986 and placed third in the 1986 Bar Examination.

#### ***MARISALVE CIOCCSON-CO***

Ms. Ciocon-Co, Filipino, 52, is Globe's Chief Compliance Officer and Senior Vice President for Law and Compliance of Globe CLSG since April 2017. She is also the Company's Assistant Corporate Secretary.

Ms. Ciocon-Co graduated cum laude with a degree in Bachelor of Arts in Political Science from the University of the Philippines-Diliman and received her Juris Doctor (Law) degree from Ateneo de Manila University College of Law.

#### ***ROSALINE E. PALACOL***

Ms. Palacol, Filipino, 47, is Globe's Chief Audit Executive (CAE) since November 2020. As CAE, Ms. Palacol is responsible for all of Globe's audit activities including oversight over internal and external audit functions. She is also the head of Globe's Internal Controls Division. She joined Globe in June 2000 as Auditor. Ms. Palacol is an audit and internal controls executive who has held multiple leadership positions in audit and risk management including revenue assurance and fraud risk management, business analysis and strategies. Her 21 years at Globe has been valuable to the risk management and audit teams.

Ms. Palacol graduated with a Bachelor of Science in Accountancy from De La Salle University, a Certified Public Accountant, and finished her MBA at DLSU Professional Schools, Inc.

#### ***MARIA LOUISA GUEVARRA-CABREIRA***

Ms. Cabreira, Filipino, 49, is Globe's Chief Commercial Officer (CCO) since April 2021. Ms. Cabreira has more than 20 years solid experience growing new and existing businesses. She has been with Globe since 2008 and has held various senior leadership roles in Consumer Mobile Business and the Consumer Business Group. Under her watch, Globe rose to its No.1 position beginning 4Q of 2016, through optimum portfolio management across two key categories, postpaid and prepaid mobile.

In August 2019, Globe announced the creation of 917Ventures, now the largest corporate incubator in the country. Ms. Cabreira was appointed Managing Partner of 917Ventures, tasked to create new businesses beyond telco and to oversee its current portfolio of non-telco brands such as GCash, KonsultaMD, and AdSpark. She established a strong foundation for 917Ventures and positioned it for growth by securing approval and funding from key shareholders of Globe, assembling the best team, and building the right infrastructure and processes. In October 2020, Ms. Cabreira was assigned back to Globe to Head the Consumer Business Group.

Prior to Globe, Ms. Cabreira was Category Marketing Manager for the Beverages Category in Kraft Foods, Philippines (now known as Mondelez), looking after global brands Tang, Maxwell House, and Kool-Aid. She was responsible for driving the brand Tang to brand leadership, ousting long-time local player Eight O'Clock. Prior to this, she was head for the Cheese Category where she brought local brand Eden to the No. 1 position. These brands remain to be leaders today in their respective categories.

Ms. Cabreira has a Bachelor of Science Degree in Legal Management from the Ateneo de Manila University

#### ***MARIA YOLANDA C. CRISANTO***

Ms. Crisanto, Filipino, 56, is Globe's Chief Sustainability and Corporate Communications Officer and joined Globe in 2009. She is a Corporate Communications and Sustainability executive with over 34 years of solid experience in Sustainability and Integrated Marketing Communications, with specialization in Strategic Communications for Corporate, Brand, and Crisis Communications.

Ms. Crisanto is currently a Board Member of AdSpark, Inc., the Asia Video Industry Association (AVIA) and a member of The Conference Board Asia Sustainability Leaders Council. She has served as a president of the Public Relations Society of the Philippines.

She is a multi-awarded professional and executive recognized by both local and international institutions in her fields of expertise, specifically, communications, sustainability and corporate social responsibility.

Ms. Crisanto earned her Master's in Business Administration degree from the Ateneo Graduate School of Business and Bachelor of Arts major in Communication Arts from the University of Santo Tomas.

***RAUL M. MACATANGAY***

Filipino, 50, is Globe's Chief Information Officer (CIO) since May 1, 2022. As CIO, he leads Globe's Information Services group managing information technology, infrastructure technology, and enterprise architecture.

Prior to his appointment as CIO, Mr. Macatangay was the Vice President of the Financial Control team. A Globe rehire five years ago, he has more than 25 years in Leadership roles in Information Technology, Technology Risk Consulting, System Implementation, Business Transformation, Customer Intelligence and Analytics, Marketing, Research, Finance and Enterprise Risk Management.

He is a graduate of the University of Santo Tomas with a degree in Commerce major in Accounting, Magna Cum Laude.

## ANNEX “B” – NATURE AND SCOPE OF BUSINESS

### COMPANY OVERVIEW

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

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

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

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

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

#### **The Globe Group is composed of the following companies:**

- **Globe Telecom, Inc. (Globe)** provides digital wireless communications services in the Philippines under the Globe Postpaid and Prepaid, and Touch Mobile (TM). Globe provides digital mobile communication and internet-on-the-go services nationwide using a fully digital network based on the Global System for Mobile Communication (GSM), 3G, HSPA+, 4G, LTE and 5G technologies. It provides voice, SMS, data and value-added services to its mobile subscribers. It also offers domestic and international long distance communication services or carrier services;
- **Innovate Communications Inc. (Innovate)**, a wholly-owned subsidiary, holds a license to provide digital wireless communication services in the Philippines. Innovate 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, Innovate 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. Innovate and Techzone hold ownership interest of 49% and 51%, respectively. TechGlobal started commercial operations in August 2017;

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

### [GTI Corporation \(GTIC\)](#)

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

### [Globe Telecom HK Limited \(GTHK\)](#)

In December 2011, GTI incorporated a wholly owned subsidiary, 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 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.;

### [Globetel European Limited \(GTEU\)](#)

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

### [Globetel Singapore Pte. Ltd. \(GTSG\)](#)

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

### [Third Pillar Business Applications, Inc. \(TPBAI\) and Subsidiaries](#)

On August 17, 2020, GTI entered into a Share Purchase Agreement for the acquisition of 67% of TPBAI. TPBAI, a corporation organized under the laws of the Philippines, is engaged in systems integration, license reselling, and data management services. TPBAI 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.;

### [CaelumPacific Corp. \(CaelumPacific\) and Subsidiaries](#)

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

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

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

On November 3, 2020, the definitive agreements between Caelum Group and Cascadeo have been signed and executed following the completion of all relevant conditions relating to the sale of assets of Cascadeo in the Philippines and the US. Cascadeo is a group of companies in the Philippines and US which offers cloud-native consulting and managed services capabilities for enterprises and small and medium business customers. The asset purchase agreement entered into by Caelum Group and Cascadeo entities also mandated a holding company established by the sellers in 16.67% of CaelumPacific's capital, effectively reducing GTIBH's ownership to 83.33%.

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

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

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

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

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

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

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

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

In February 2014, Kickstart acquired 40% equity interest in Flipside Publishing Services, Inc. (FPSI). Since Kickstart was able to demonstrate control over FPSI despite 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.;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Company is a grantee of various authorizations and licenses from the National Telecommunications Commission (NTC) as follows: (1) license to offer and operate facsimile, other traditional voice and data services and domestic line service using Very Small Aperture Terminal (VSAT) technology; (2) license for inter-exchange services; and (3) Certificate of Public Convenience and Necessity (CPCN) for: (a) international digital gateway facility (IGF) in Metro

Manila, (b) nationwide digital cellular mobile telephone system under the GSM standard (CMTS-GSM), (c) nationwide local exchange carrier (LEC) services after being granted a provisional authority in June 2005, and (d) international cable landing stations located in Nasugbu, Batangas, Ballesteros, Cagayan and Brgy. Talomo, Davao City.

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

## **CORE TELCO: BUSINESS SEGMENTS**

### **Mobile Business**

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

#### **Postpaid**

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

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

In addition, Platinum OnePlan also come with a Globe plan with unlimited Fiber connection at home and priority network experience on mobile, so you can continue creating a life made greater: Platinum One Plan 3,799 (cash out 7,200 or 300 per month; Globe at home 150Mbps - GFiber Unlimited; all-month mobile data surfing, Unlimited call, text, Unlimited to DUO and landline (nationwide); with free 3GB GoWifi every month; Free KonsultaMD ; Free 3-months access to HBO GO, discovery+, Prime Video and Viu, Free one service visit from the Platinum Home Squad, contract period of 24months); Platinum One Plan 4,999 (cash out 1,200 or Php50/mo.; Globe at home 150Mbps - GFiber Unlimited; all-month mobile data surfing, Unlimited call, text, Unlimited to DUO and landline (nationwide); 2 days data roaming; consumable allowance 1,500; with free 3GB GoWifi every month; Free KonsultaMD; Free 3-months access to HBO GO, discovery+, Prime Video and Viu, Free one service visit from the Platinum Home Squad, contract period of 24 months).

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

### Prepaid

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

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

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

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

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

### Loyalty & Rewards Program

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

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

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

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

Redeeming of the Globe Rewards points was made easy via the New GlobeOne app:

Step 1- Download the New GlobeOne app and click on the "Rewards" tab.

Step 2 - Select an offer

Step 3 - Click "Redeem."

Step 4 - Wait for the confirmation notification, along with a message from 4438 containing the unique code.

See also [Globe rewards](#) for more details.

### Mobile Data

Globe's Mobile Data services allow subscribers to access the internet using their internet-capable handsets, devices, laptops with USB modems, a plug-and-play USB modem/Mobile Wifi. Data access can be made using various technologies including LTE, HSPA+, 5G, 4G, 3G with HSDPA, EDGE and GPRS or Wi-Fi. Globe and TM subscribers

can choose from a variety of consumable and unlimited data plans or create their own promo to enjoy bigger data that they can use to access all sites and apps. Also, Globe's Value-Added Services offers a full range of downloadable content covering multiple topics including news, information, and entertainment through its web portal. Subscribers can purchase or download music, movie pictures and wallpapers, games, mobile advertising, applications or watch clips of popular TV shows and documentaries as well as participate in interactive TV, do Mobile chat, and play games, among others. Additionally, Globe subscribers can send and receive Multimedia Messaging Service (MMS) pictures and video, or do local and international video calling.

### **Mobile Voice**

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

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

### **Mobile SMS**

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

### **Fixed Line and Home Broadband Business**

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

### **Fixed Line Voice**

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

### **Corporate Data**

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

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

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

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

- **Mobility** - mobility solutions that increase productivity within and beyond the workplace. The Group's enterprise mobility solutions include: (1) Postpaid – leveraging on flexible postpaid plans that suit companies of every scale; (2) Enterprise Mobile Management – allows customers to gain more control over enterprise mobile devices while simultaneously maximizing workforce productivity; and (3) IsatPhone Pro – a satellite phone that lets users call, text, and avail of other services from remote places around the globe.
- **Voice** - The Group's wide range of cost-efficient voice solutions simplifies communications infrastructure and tailors services to fit business needs. Globe's voice products for business include Globelines; ISDN-PRI; Toll-Free Services; Enhanced Managed Voice Solution (EMVS); Managed IP-PBX; SIP Trunk; Hosted PBX System & Services; and Collaboration Solutions.
- **Connectivity** - Globe Business offers a fast and resilient connection powered by dedicated and reliable technologies (comprising Domestic Data; International Data; Internet Services; Managed Services).
- **Cloud** - Improve efficiency and agility in the face of evolving business environments while keeping costs low with Globe's range of cloud services: Infrastructure-as-a-Service (IaaS); Backup-as-a-Service (BaaS); Disaster-Recovery-as-a-Service (DRaaS); Amazon Web Services; AWS Direct Connect.
- **Data Center** - Globe Data Center provides a superior experience that goes beyond technology. Allows customers to outsource data center hosting and management. The services offered include the following:
  - Co-location - managed space for customer's servers and IT equipment that run mission critical systems and applications;
  - Cross Connect - provides direct connection from customer racks to its service provider;
  - LAN-Based Internet - provides a redundant, stable, secure and high-speed connection to hosted environments within the Globe Data Center;
  - Media Storage - physical off-site data storage in a clean, controlled, safe and secure environment within the Data Center; and
  - Disaster Recovery ("DR") Seats - Provides a DR facility and workstations for customers in the event of a disaster or a business interruption
- **Cybersecurity** - Globe Business' Cybersecurity allows customers to handle security threats and IT infrastructure cost-effectively, and allows management of tasks and functions efficiently. The platform allows access to the best-in-class tool sets, hardware, software, and even niche technology experts.
- **Business Applications** - a diverse range of solutions to streamline and enhance business operations, and raise efficiency, productivity, and customer satisfaction (G Suite; Go Canvas, Office 365; Learning Management Solutions, HR Solutions, M2M).
- **Business Continuity** - Enable enterprises with the right digital solutions for uninterrupted business operations for their customers. Ensure seamless connectivity (Prepaid Mobile Wifi and Corporate Managed Broadband), Empower remote workforce (Amazon Chime, Amazon Workdocs, Office 365 and Zoom), and Safeguard business operations (Amazon WorkSpaces, Amazon Appstream 2.0).
- **Virtualized Solutions** - Network Function Virtualization (NFV) virtualizes entire network functions using vendor-neutral hardware and IT infrastructure, facilitating improved communications services. It promotes business agility by replacing a single physical network appliance with flexible, virtualized network functions.

### **Home Broadband**

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

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

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

Globe continues to respond to the unfilled need for fiber connection in communities and to make fiber internet affordable and accessible to the masses, with the launch of TMBayan Fiber WiFi. It's a service especially designed for the prepaid market looking for better connectivity at a more affordable cost. The unlimited prepaid fiber (TMBayan Fiber WiFi) was launched in August 2022 for as low as ₱5 for a minimum of one hour of internet access, ₱20 for 12 hours and ₱50 for unlimited of high-speed internet connection for three days. TMBayan Fiber WiFi taps sari-sari stores and similar "tambayans" as community WiFi hubs. TMBayan Fiber WiFi is now available in over 600 hubs in the National Capital Region; Luzon, including Bulacan, Pampanga, Cavite, and Laguna; Visayas, specifically in Cebu and Tacloban; and Mindanao, including Davao del Norte, Davao del Sur, and Zamboanga.

## **NON-TELCO PRODUCTS AND SERVICES**

Globe is doubling down on its shift to become a digital solutions platform using the core telco business and spurred by rapid consumer digital adoption. The company currently offers several diverse high-growth enterprises in fintech, healthtech, adtech, and e-commerce, among others.

### **917Ventures**

917Ventures is Globe's corporate venture builder that ideates, launches, accelerates, and scales new business ideas that have the potential to grow. 917Ventures act like a startup factory and have teams, frameworks, infrastructures, and strategies already in place, proven, tested, and backed by Globe, Ayala, and other partner networks, to accelerate the growth of ventures.

#### **GCash**

In February 2017, Ayala Corporation and Ant Financial Services Group ("Ant Financial"), one of the world's leading digital financial services providers and parent company of Alipay of the Alibaba Group, entered into a strategic partnership with Globe Fintech Innovations, Inc. ("Mynt"), to accelerate financial inclusion and upgrade payment services in the Philippines. Mynt's subsidiaries consist of G-Xchange, Inc. ("GXFI") which provides the Group's GCash mobile wallet and e-payment platform, and Fuse Lending, Inc., which is engaged in direct lending.

GCash is the #1 Financial App in the Philippines. Through the GCash App, customers can easily purchase prepaid airtime; pay bills nationwide; send and receive money anywhere in the Philippines, even to other bank accounts; purchase from their partner merchants and social sellers; and get access to savings, credit, insurance and invest money, all at the convenience of their smartphones. GCash has been a wholly owned subsidiary of Mynt (Globe Fintech Innovations, Inc.) since 2015.

GCash is committed to maintain its status as the undisputed leader in the fintech platform by introducing innovative products such as financial and lifestyle services.

#### **Financial Services**

- **Bank Transfer** - experience easy, convenient, and secure fund transfers to over 40 banks instantly anytime, anywhere.
- **GCash Padala** - Affordable, fast and easy way to send money even to non-GCash users.
- **GGives** - Buy now, pay later in affordable installments with GGives. Shop up to Php 30,000 in our partnered merchants and enjoy flexible payments with low interest rates.
- **GInsure** - Stay protected and be financially covered with GInsure. Get affordable insurance in a few taps inside the GCash App.
- **GCash Pera Outlet** - Be a GCash Partner Outlet
- **GCredit** - Extend your budget with GCredit! Gain access to your own credit line.
- **GLoan** - GCash Loan gives you pre-approved access to up to Php 25,000 cash loans instantly. No collateral needed and get the freedom to choose your payment terms.
- **Invest Money (GInvest)** - Grow your money for as low as Php50. Invest in funds managed by our partner providers.
- **Save Money (GSave)** - Save for your future wisely. Make your #IponGoals possible with GSave conveniently in your mobile phone. Open your account, deposit and withdraw all inside the GCash App.

### Lifestyle Services

- [Book Movies](#) – No more lining up at the cinema. Choose your seats and buy tickets in real-time for movies showing at major cinemas.
- [Buy Load](#) - Purchase regular airtime load or load combos anytime, anywhere.
- [Game Credits](#) - Whether it's for powering up or getting an extra life. Purchase Game Credits on GCash with no extra charges.
- [GForest](#) - Collect green energy in GCash Forest by switching to green activities and reducing your carbon footprint.
- [GLife](#) - Shop for everything you want and need from your favorite brands in one super life app, GLife.
- [KKB](#) - Split any bill with friends whether they have GCash or not. Request, track, and send payments with ease.
- [Pay Bills](#) - Skip the lines and pay your bills to over 400+ billers even on-the-go.
- [Pay QR](#) - Shop and dine at over 70,000 stores nationwide with just your phone.
- [Request Money](#) - Whether you're short on cash or need payment from someone, collect any amount by requesting money from anyone on GCash.
- [Send Gift](#) - Send “aguinaldo” to multiple people in one go. Give set or randomized amounts of money as your “pamasko” to your friends and family using GCash.
- [Send Money](#) - Transfer money securely to GCash users for free.
- [Send with a Clip](#) - Send money and attach photos, videos, voice recordings, and themes for that personalized touch.
- [Shop Online](#) - Experience the convenience of online shopping even without a credit card.

GCash, the Philippines’ #1 Finance App and the only Philippine duacorn valued at over \$2 billion, has sustained its market leadership, growing to 76 million registered users, 5.8 million merchants and social sellers, and 855 GLife merchant partners. Amidst its dominance as an e-wallet with over 5x more active users than the nearest e-wallet based on statistics from reputable third-party provider data.ai, GCash has likewise pioneered and scaled digital financial services, across credit, savings, wealth and insurance products. GCash has disbursed over ₱57 billion of loans life-to-date across two million unique borrowers. These milestones were achieved with a suite of products spanning revolving credit lines, cash loans and buy-now-pay-later (BNPL), providing loans to more Filipinos who need it the most, backed by its proprietary credit score.

[KonsultaMD](#) is the largest telehealth company in the Philippines providing affordable healthcare services to Filipinos for the last five years. KonsultaMD helps democratize health for all Filipinos everywhere. As a response to the pandemic, KonsultaMD partnered with DOH to provide free telemedicine consultation to Metro Manila residents and collaborated with LGUs to bring free healthcare services to affected barangays and OFWs. Key features of KonsultaMD are as follows:

- [24/7 Telemedicine Consults](#). Talk to a licensed general physician anytime via voice or video call, no appointment needed.
- [Primary Medical Advice](#). Get primary medical advice on basic healthcare, primary conditions such as cough, fever, cold, allergies, and permissible medication over the phone.
- [General Health Information and/or Diagnostics Interpretation](#). KonsultaMD doctors provide information on any health-related inquiry, which includes the interpretation of laboratory results and diagnostic examinations.
- [Access to e-Medical Documents](#). KonsultaMD doctors may provide important medical documents such as e-prescription, e-laboratory request, and e-medical certificate upon the doctor’s discretion. These are accessible through SMS or the KonsultaMD app.
- [Immediate Access to Doctors](#). You have an option to consult a doctor with a guaranteed wait time of 5 minutes or get your money back.
- [Mental Health Support](#). Receive mental health first-aid support through KonsultaMD’s licensed psychologists, trained to take care of your mental well-being.

[HealthNow](#) is poised to be the largest primary care provider in the Philippines, HealthNow is a collaboration between 917Ventures and AHealth. It enables a simplified way for Filipinos to have seamless access to the most relevant healthcare services, including online consultations, medicine delivery, clinic appointments, and laboratory services.

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. (see Note 15.5 in the attached Notes to the Financial Statements for details).

[AdSpark](#), the award-winning and largest locally-based ad agency. It is a full-service, data-driven agency accelerating digital and mobile advertising in the Philippines. AdSpark helps brands create human connections through digital and more intuitive advertising solutions driven by the company's in-depth understanding of the Filipino consumer.

[RUSH](#), is one of the Philippines' leading SaaS providers and offers solutions that ensure acquisition, customer engagement, and retention for businesses. It powers the loyalty programs of some of the nation's biggest brands, including the Globe Rewards app, The Bistro Group's BFF Card, Shakey's SuperCard+, and Unilever brands. RUSH made it to the Top 10 ecommerce solutions companies for 2022 of APAC CIO<sup>7</sup> Outlook– the only Philippine firm on the index. The companies were selected based on the innovative and user-friendly technological services they render to global enterprises and public sector entities.

[Rappit](#) (previously known as PureGo), a collaboration between the Puregold Group and Globe's 917Ventures is now Rappit, the Filipinos' new grocery shopping sidekick that promises more efficient deliveries and a better shopping experience. With its rebrand, Rappit is embracing a bigger sense of purpose: to continue offering premium quality groceries at affordable prices, provide stellar user experience customization, and reward app users with exclusive perks and freebies. This is how Rappit aims to take delivery service to a whole new level.

[M360](#), empowers businesses to scale up in the global digital economy with multi-channel communication services to support rapid growth with advanced customer campaign solutions and messaging enablement. M360 connects businesses with their customers, drives more people to their business, and boosts brand awareness through innovative business messaging solutions leveraging various communication channels for a frictionless experience.

[Inquiro](#) - every enterprise's success partner in making smarter use of technology, Inquiro's suite of business intelligence-powered products are designed to create exciting value for enterprises and their customers. Inquiro enriches customer data with online and offline data attributes from over 80M anonymized consumer profiles, giving businesses the power to activate their data and make better business decisions.

[KodeGo](#), is a study now, pay later tech school offering bootcamps on different IT courses to equip beginners and career shifters with critical and highly sought-after skills. KodeGo provides career guidance and company matching support to jumpstart and progress the students' IT career.

[EdVenture](#), is an online learning platform that provides support to parents, teachers, and other school stakeholders. It offers online tutorials for students, online consultation for parents, and professional opportunities for Filipino teachers.

[DeepSea](#), is an adtech company focused on enabling programmatic advertising capabilities that power agencies, advertisers, and publishers.

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

#### **Electronic Commerce Payments Inc. (ECPay)**

Globe acquired 77% equity interest in ECPay in October 2019, adding value to Globe's distribution channels and enabling it to provide small business owners with a platform to offer more products and services. This in turn will help stimulate growth in the e-commerce industry and the digital economy, supporting Globe's commitment to the UN Sustainable Development Goals, particularly UN SDG No. 9 on Industry, Innovation, and Infrastructure.

#### **Asticom Technology, Inc.**

Launched in March 2015 as a staffing and managed services solutions company, Asticom has grown extensively over the years. Asticom serves more than 150 clients all over the country with several businesses in the telecom, financial technology, IT, retail, health, logistics, automotive, banking, education, real estate, and aviation industries.

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<sup>7</sup> APAC CIO is a print and digital enterprise technology magazine that helps organizations and business leaders learn about the latest IT trends and companies in the Asia-Pacific region.

**Kickstart Ventures, Inc. (Kickstart)**

Globe's corporate venture capital arm, Kickstart Ventures, on the other hand, now has \$255 million aggregate assets under management from a mere \$2.4 million in 2012, funding 61 investments across 8 countries. Kickstart is also focusing on among others, media, content and advertising, healthtech, and logistics tech.

## ANNEX “C” – MANAGEMENT REPORT

### MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A) OF FINANCIAL CONDITION AND RESULTS OF OPERATION

*The following is a discussion and analysis of Globe Group’s financial performance for the year ended 31 December 2022. The prime objective of this MD&A is to help the readers understand the dynamics of the Company’s business and the key factors underlying its financial results. Hence, Globe’s MD&A is comprised of a discussion of its core business, and analysis of the results of operations for each business segment. This section also focuses on key statistics from the audited consolidated financial statements and pertains to known risks and uncertainties relating to the telecommunications industry in the Philippines where we operate up to the stated reporting period. However, Globe’s MD&A should not be considered all inclusive, as it excludes unknown risks, uncertainties and changes that may occur in the general economic, political and environmental condition after the stated reporting period. The Globe Group has adopted an expanded corporate governance approach in managing its business risks. An Enterprise Risk Management Policy was developed to systematically view the risks and to manage these risks in the context of the normal business processes such as strategic planning, business planning, operational and support processes.*

*The Company’s MD&A should be read in conjunction with its audited consolidated financial statements and the accompanying notes. All financial information is reported in Philippine Pesos (Php) unless otherwise stated.*

## **KEY PERFORMANCE INDICATORS**

Globe is committed to efficiently managing the Company's resources and enhancing shareholder value. The Company regularly reviews its performance against its operating and financial plans and strategies, and use key performance indicators to monitor its progress.

Some of its key performance indicators are set out below. Except for Net Income, these key performance indicators are not measurements in accordance with Philippine Financial Reporting Standards (PFRS) and should not be considered as an alternative to net income or any other measure of performance which are in accordance with PFRS.

### ***AVERAGE REVENUE PER UNIT (ARPU)***

ARPU measures the average monthly gross revenue generated for each subscriber. This is computed by dividing recurring gross service revenues (gross of interconnect charges) for a business segment for the period by the average number of the segment's subscribers and then dividing the quotient by the number of months in the period.

### ***AVERAGE MONTHLY CHURN RATE***

The average monthly churn rate is computed by dividing total disconnections (net of reconnections) for the segment by the average number of the segment's subscribers, and then divided by the number of months in the period. This is a measure of the average number of customers who leave, switch, or change to another type of service or to another service provider and is usually stated as a percentage.

### ***EBITDA***

EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization) is calculated as service revenues less subsidy<sup>1</sup>, operating expenses and other income and expenses<sup>2</sup>. This measure provides useful information regarding a company's ability to generate cash flows, incur and service debt, finance capital expenditures and working capital changes. As the Company's method of calculating EBITDA may differ from other companies, it may not be comparable to similarly titled measures presented by other companies.

### ***EBITDA MARGIN***

EBITDA margin is calculated as EBITDA divided by total service revenues. Total service revenue is equal to total gross operating revenue less non-service revenue. This is useful in measuring the extent to which subsidies and operating expenses (excluding property and equipment-related gains and losses and financing costs), use up revenue.

### ***EBIT AND EBIT MARGIN***

EBIT is defined as earnings before interest, property and equipment-related gains and losses and income taxes. This measure is calculated by deducting depreciation and amortization from EBITDA. The Globe Group's method of calculating EBIT may differ from other companies and, hence, may not be comparable to similar measures presented by other companies. EBIT margin is calculated as EBIT divided by total service revenues.

### ***NET INCOME***

As presented in the unaudited condensed consolidated financial statements for applicable periods, net income provides an indication of how well the Company performed after all costs of the business have been factored in.

### ***CORE NET INCOME***

Core net income is defined as net income after tax (NIAT) but excluding foreign exchange and mark-to-market gains (losses), and non-recurring items.

<sup>1</sup> Computed as non-service revenues less cost of sales, mostly on sale of handsets/SIM packs, accessories & gadgets

<sup>2</sup> Operating expenses do not include any property and equipment-related gains and losses, equity share in net earnings (losses) of associates and joint ventures and financing costs

## 2022 FINANCIAL AND OPERATIONAL RESULTS

### GROUP FINANCIAL HIGHLIGHTS

Results of Operations (Php Mn)	Globe Group		
	Year on Year		
	31-Dec 2022	31-Dec 2021	YoY Change (%)
<b>Operating Revenues</b>	<b>175,040</b>	<b>168,497</b>	<b>4%</b>
Service Revenues	157,979	152,263	4%
<i>Mobile*</i>	107,520	104,392	3%
<i>Home Broadband**</i>	27,094	29,392	-8%
<i>Corporate Data</i>	17,198	14,170	21%
<i>Fixed line Voice</i>	1,989	2,280	-13%
<i>Others***</i>	4,178	2,029	106%
Non-Service Revenues	17,061	16,234	5%
<b>Costs and Expenses</b>	<b>95,948</b>	<b>93,575</b>	<b>3%</b>
Cost of Sales	18,749	18,073	4%
Operating Expenses	77,199	75,502	2%
<b>EBITDA</b>	<b>79,092</b>	<b>74,922</b>	<b>6%</b>
<b>EBITDA Margin</b>	<b>50%</b>	<b>49%</b>	
<b>Depreciation</b>	<b>45,653</b>	<b>41,133</b>	<b>11%</b>
<b>EBIT</b>	<b>33,439</b>	<b>33,789</b>	<b>-1%</b>
<b>EBIT Margin</b>	<b>21%</b>	<b>22%</b>	
<b>Non-Operating Charges</b>	<b>(10,662)</b>	<b>4,749</b>	<b>-324%</b>
<b>Net Income After Tax (NIAT)</b>	<b>34,604</b>	<b>23,724</b>	<b>46%</b>
<b>Core Net Income</b>	<b>19,169</b>	<b>21,246</b>	<b>-10%</b>
<b>Normalized Net Income After Tax</b>	<b>19,973</b>	<b>17,730</b>	<b>13%</b>
<b>Normalized Core Net Income</b>	<b>19,169</b>	<b>18,945</b>	<b>1%</b>

\* Mobile business includes Mobile and fully Mobile Broadband

\*\* Home Broadband includes fixed wireless and wired Broadband

\*\*\* Others includes non-telco revenues from subsidiaries

- Full-year consolidated service revenues grew 4% to a record ₱158.0 billion from the ₱152.3 billion reported in 2021, due to the stellar performance of the mobile and corporate data business as complimented by the sustained growth from non-telco services. The significant increase in data revenues, which accounts for 81% of total service revenues mainly fueled this year's performance, given the accelerated digital adoption among Filipinos.
  - Mobile business revenues registered a 3% increase from a year ago at ₱107.5 billion from last year's revenue of ₱104.4 billion largely contributed by prepaid brands on the strength of an 8% year-on-year increase in mobile data revenue.
  - Home Broadband service revenues for the full year 2022 reached only ₱27.1 billion or down 8% from 2021. This was mainly attributed to lower acquisitions of Globe At Home Prepaid WiFi offsetting the increase in Home Broadband Postpaid, particularly on fiber which grew by 35% and 84% year-on-year in terms of postpaid fiber subscribers and revenues, respectively.
  - Corporate Data full-year revenues posted an all-time high ₱17.2 billion, or up 21% from a year ago largely from information and communication technology (ICT) revenues. Higher ICT revenues this period was mainly contributed by business application, cloud, and data center services.
  - Fixed line voice revenues likewise declined year-on-year by 13%, coming from lower outbound usages and monthly service fees (MSF).
  - Non-telco products and services generated a total of ₱4.2 billion revenues as of end-December 2022, or up by 106% from last year due to expansion in subsidiaries revenues mostly from ECPay, Yondu, and Asticom.
  - Total operating expenses and subsidy as of end-December 2022 amounted to ₱78.9 billion from ₱77.3 billion in 2021, or up by 2% due mainly to the increases coming from several expense line items except

for lease, services, marketing and subsidy, as the company faced several macroeconomic challenges in the year, including natural disasters (Typhoon Odette), hyperinflation, high interest rate environment and weakened Philippine peso.

- Total depreciation and amortization expenses for the year rose to ₱45.7 billion from ₱41.1 billion reported in 2021, given Globe's continued massive network investments and higher amortization for capitalized leases.
- Overall, Globe ended 2022 with total costs and expenses of ₱124.5 billion or 5% higher from ₱118.5 billion a year ago. Higher expenses for the year were mainly to support management strategies, business, and data-network expansion.
- Globe's consolidated EBITDA, which totaled ₱79.1 billion, up 6% from last year's level of ₱74.9 billion due to healthy topline figures this period. EBITDA margin likewise grew to 50% from last year's 49%.
- Non-operating income as of end-December 2022 stood at ₱10.7 billion, owing to the one-time net gain of ₱8.4 billion (post-tax) on the partial sale of Globe's data center business reported in the first quarter of 2022 and the net gain of ₱6.2 billion (post-tax) from the sale and leaseback of its tower assets.
- The Globe Group ended 2022 with ₱34.6 billion consolidated net income, up by 46% from the reported net income in 2021. This was primarily from the 6% increase in EBITDA, and the one-time gains booked this year which fully offset the 11% increase in depreciation expenses. Excluding the impact of the one-time gains, normalized net income would have been ₱20.0 billion, up by 13% from 2021.
- Globe's core net income, which excludes the impact of non-recurring charges, one-time gain, foreign exchange gains and mark-to-market charges, stood at ₱19.2 billion, down by 10% year-on-year. Similarly, normalized core net income was 1% higher than last year.
- Total cash capex as of end-December 2022 peaked at ₱101.4 billion, higher by 4% from last year's level of ₱92.8 billion. This marked the highest investment in its mobile and broadband network to provide world-class internet experience for Globe customers nationwide. About 86% of the total capex for the period was spent on the data network with the Company's continued focus on increasing capacity, cell site upgrades, expanding 5G in more areas in the country and fast-track fiberization of Filipino homes nationwide for a better internet experience.

## GROUP OPERATING REVENUES BY SEGMENT

Operating Revenues By Business (Php Mn)	Globe Group Year on Year		
	31-Dec 2022	31-Dec 2021	YoY Change (%)
<b>Mobile*</b>	<b>124,085</b>	<b>119,592</b>	<b>4%</b>
Service Revenues	107,520	104,392	3%
Non-Service Revenues	16,565	15,200	9%
<b>Fixed Line and Home Broadband**</b>	<b>46,671</b>	<b>46,806</b>	<b>-</b>
Service Revenues	46,281	45,842	1%
Non-Service Revenues	390	964	-60%
<b>Others***</b>	<b>4,284</b>	<b>2,099</b>	<b>104%</b>
Service Revenues	4,178	2,029	106%
Non-Service Revenues	106	70	53%
<b>Total Operating Revenues</b>	<b>175,040</b>	<b>168,497</b>	<b>4%</b>

\* Mobile business includes Mobile and fully Mobile Broadband.

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

\*\*\*Others includes non-telco revenues from subsidiaries

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

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

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

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

## MOBILE BUSINESS

Mobile Service Revenue (Php Mn)	Globe Group		
	Year on Year		
	31-Dec 2022	31-Dec 2021	YoY Change (%)
Service			
Mobile Voice <sup>1</sup>	14,917	17,229	-13%
Mobile SMS <sup>2</sup>	8,845	9,350	-5%
Mobile Data <sup>3</sup>	83,758	77,813	8%
<b>Mobile Service Revenues</b>	<b>107,520</b>	<b>104,392</b>	<b>3%</b>

<sup>1</sup> Mobile Voice service revenues include the following:

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

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

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

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

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

### Mobile Data

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

Mobile data, the biggest contributor to the mobile business, accounted for 78% of total mobile service revenues (vs. 75% in 2021). As of end-December 2022 mobile data revenues posted a record ₱83.8 billion, or 8% above than the ₱77.8 billion reported last year. The sustained growth momentum in mobile data revenues was driven

by the increasing data consumption as mobility of Filipinos are now back to pre-pandemic levels with the resumption of face-to-face work and school.

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

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

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

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

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

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

With Globe’s commitment to enrich its lineup of content partners to cater to its customers' evolving digital lifestyle, Filipinos can now catch the Korean wave on Viu, the localized digital platform providing online Asian video content. Simply text VIU99 to 8080, click on the activation link that will be sent via text, confirm the Mobile number, and download the Viu app to start enjoying your 30-day subscription to Viu Premium. The

worldwide hit app **TikTok** is also included in the affordable data promos for Globe Mobile users for as low as Php15 per day with **TIKTOK15**. For hardcore video creators, there are bigger data promos such as **TIKTOK50** with 600MB for 7 days and **TIKTOK199** with 1GB for 30 days. Customers can register to their preferred promo by texting the keyword to 8080.

### **Mobile Voice**

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

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

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

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

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

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

### **Mobile SMS**

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

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<sup>8\*</sup>With at least Php7.50 load requirement

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

With TM's continued dedication of giving its subscribers wonderful and value-for-money offers, TM customers can get to choose from a wide array of promo offers ranging from bucket or unlimited SMS. With SuliTxt5, TM subscribers can send 25 texts to TM/Globe, valid for 1 day for only ₱5. UnliAllNet10 which provides its subscribers with unlimited texts to all networks for ₱10 a day or subscribe to Txt10 for unlimited text to TM/Globe, valid for 2 days. Also available is AstigTxt30 which gives TM subscribers 5 days of unlimited text to TM/Globe for ₱30. Dagdagtxt was likewise introduced to the market which provides additional 100 all-network texts as an add-on to an UnliCall promo for only ₱5 a day. Moreover, TM subscribers can also enjoy unlimited one day text to TM/Globe as an add-on to their UnliTawag15 subscription for just a minimal price of ₱5.

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

### **GoWiFi<sup>9</sup>**

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

GoWiFi services are available in 2 modes: regular (free) GoWiFi and premium (paid) GoWiFi Auto. Both are open to all users with WiFi-enabled devices, regardless of network service provider (local or while roaming in the Philippines). To connect to free GoWiFi, just open the Wi-Fi-enabled device's Wi-Fi settings and connect to the "@FreeGoWiFi" hotspot, register, choose from the different WiFi package and start surfing. To connect to premium wifi, connect to "@<site>\_FreeGoWiFi SSID, register, then select a WiFi offer. For more information, visit the [GoWiFi](#) page and <https://www.globe.com.ph/gowifi.html> for the latest GoWiFi offers.

### **VoLTE and VoWiFi**

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

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

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

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<sup>9</sup> GoWiFi is Globe Telecom's premium public WiFi service

## Key Mobile Drivers

	Globe Group		
	Year on Year		
	31-Dec 2022	31-Dec 2021	YoY Change (%)
<b><u>Cumulative Subscribers (or SIMs) - Net</u></b>	<b>86,746,672</b>	<b>86,784,662</b>	-
Globe Postpaid	2,529,694	2,496,867	1%
Prepaid	84,216,978	84,287,795	-
<i>Globe Prepaid<sup>1</sup></i>	44,536,976	42,525,667	5%
<i>TM</i>	39,680,002	41,762,128	-5%
<b><u>Net Subscriber (or SIM) Additions</u></b>	<b>(37,990)</b>	<b>10,139,095</b>	<b>-100%</b>
Globe Postpaid	32,827	(16,680)	-297%
Prepaid	(70,817)	10,155,775	-101%
<i>Globe Prepaid<sup>1</sup></i>	2,011,309	4,416,565	-54%
<i>TM</i>	(2,082,126)	5,739,210	-136%
<b><u>Average Revenue Per Subscriber (ARPU)<sup>2</sup></u></b>			
Globe Postpaid	839	821	2%
Prepaid			
<i>Globe Prepaid<sup>1</sup></i>	98	99	-1%
<i>TM</i>	63	66	-4%
<b><u>Average Monthly Churn Rate (%)</u></b>			
Globe Postpaid	1.6%	1.6%	
Prepaid			
<i>Globe Prepaid<sup>1</sup></i>	2.8%	2.9%	
<i>TM</i>	4.0%	3.5%	

<sup>1</sup>Globe Prepaid include GOMO subscribers

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

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

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

### *Globe Postpaid*

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

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

### ***Prepaid***

Globe's prepaid segment, which includes the *Globe Prepaid*<sup>10</sup> and *TM* brands, accounts for 97% of its total cumulative mobile subscriber base. As of end-December 2022, cumulative prepaid subscribers stood at about 84.2 million, or slightly lower than last year's 84.3 million.

Based on the National Telecommunications Commission (NTC) Memorandum Circular 03-07-2009, the first expiry periods ranging from 3 days for ₱10 or below to 120 days for reloads amounting to ₱300 and above. The second expiry remains at 120 days from the date of the new first expiry periods. The first expiry is reset based on the longest expiry period among current and previous reloads. Under this policy, subscribers are included in the subscriber count until churned. Under the new pronouncement based on the National Telecommunications Commission (NTC), Department of Information and Communications Technology (DICT), and Department of Trade and Industry (DTI) Joint Memorandum Circular No. 05-12-2017 all prepaid load will now carry a one-year expiration period regardless of amount. In compliance with this regulation, effective January 6, 2018, Globe implemented a one-year expiration period for prepaid load worth 300 pesos and above. Then on July 5, 2018, Globe expanded the implementation to all Globe prepaid load, including those with denominations below 300 pesos.

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

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

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

#### ***a. Globe Prepaid***

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

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

#### ***b. TM***

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

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

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<sup>10</sup> *Globe Prepaid* subscribers include *GOMO* subscribers. *GOMO* is a fully digital service brand of Globe created to address the needs of the underserved digitally savvy yuppie segment. Simply buy the sim from [gomo.ph](http://gomo.ph) or thru the *GOMO PH* mobile app.

## FIXED LINE AND HOME BROADBAND BUSINESS

Service Revenues (Php Mn)	Globe Group		
	Year on Year		
	31-Dec 2022	31-Dec 2021	YoY Change (%)
Service			
Home Broadband <sup>1</sup>	27,094	29,392	-8%
Corporate Data <sup>2</sup>	17,198	14,170	21%
Fixed line Voice <sup>3</sup>	1,989	2,280	-13%
<b>Fixed Line &amp; Home Broadband Service Revenues</b>	<b>46,281</b>	<b>45,842</b>	<b>1%</b>

<sup>1</sup> Home Broadband service revenues consist of the following:

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

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

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

<sup>3</sup> Fixed line voice service revenues consist of the following:

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

### Home Broadband

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

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

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

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

### ***Corporate Data***

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

### ***Fixed line Voice***

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

## **OTHER GLOBE GROUP REVENUES**

### ***International Long Distance (ILD) Services***

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

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

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

### ***Non-telco products and services***

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

#### **ECPay**

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

#### **Kickstart**

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

#### **Asticom**

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

#### **917Ventures**

917Ventures include telehealth service platforms *KonsultaMD* and *HealthNow*. 917Ventures also has adtech company *AdSpark*; loyalty, and e-commerce solutions provider *RUSH*; online grocery shopping platform *Rappit*;

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

- *KonsultaMD*, *HealthNow* and *AIDE*, the three largest players in the digital healthcare industry, consolidate to uplift the healthcare journey, providing easy, reliable, and affordable end-to-end patient care. Now with more than 2 million users across over 50 thousand retail outlets nationwide. To further expand its reach, *KonsultaMD* is now also partnering with over 95 brands and utilizing social media app Tik Tok with over 60 million views. *HealthNow (including AIDE)* has 1 million customers served by over one thousand healthcare providers across more than 45 specialties.
- *AdSpark*, the award-winning and largest locally ad-based data powered digital media and creative agency launched more than 3,100 digital campaigns.
- *Rappit* previously known as *PureGo* has been quickly expanding its reach and has over 10 thousand products available in 18 stores in NCR and GMM areas serving 38 cities.
- *M360*, largest A2P multi-channel messaging platform, capable of sending messages to over 700 partner network operators in 190 countries via SMS or chat apps. Generates over 1.1 billion average monthly traffic with access to over 150 million mobile SMS users and over 45 million OTT users in the Philippines.
- *Rush*, the loyalty and ecommerce arm of Globe's 917Ventures made it to the Top 10 ecommerce solutions companies for 2022 of APAC CIO Outlook – the only Philippine firm on the index. *Rush* has over 5 million registered users and over 1,200 merchant partners for its e-commerce solutions.
- *Edventure*, the online tutorial platform now has over 1 thousand active tutors onboarded, around 5 thousand paid learning sessions and around 10 thousand registered parents.
- *KodeGo*, tech bootcamp offering online IT programs and company matching support with almost 500 graduates with over 100 placements. Winner of Ayala Innovation Excellence Awards (AIXA) 2022.

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

#### Yondu

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

## GROUP OPERATING EXPENSES

i.

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

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

### Interconnect

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

### Marketing & Subsidy

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

### Staff Costs

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

### Utilities, Supplies and Other Administrative Expenses

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

### Lease

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

### Repairs and Maintenance

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

**Provisions**

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

**Services and Others**

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

**Depreciation and Amortization**

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

## OTHER INCOME STATEMENT ITEMS

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

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

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

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

## LIQUIDITY AND CAPITAL RESOURCES

<b>Globe Group</b>			
	<b>31-Dec 2022</b>	<b>31 Dec 2021</b>	<b>YoY Change (%)</b>
<b>Balance Sheet Data (Php Mn)</b>			
Total Assets	555,677	458,460	21%
Total Debt	233,205	210,054	11%
Total Stockholders' Equity	152,533	114,396	33%
<b>Financial Ratios (x)</b>			
Total Debt to EBITDA (gross)	2.35	2.65	
Total Debt to EBITDA (net)	2.20	2.38	
Debt Service Coverage	3.82	4.54	
Interest Coverage (Gross)	7.81	8.84	
Debt to Equity (Gross)	1.53	1.84	
Debt to Equity (Net) <sup>1</sup>	1.43	1.65	
Total Debt to Total Capitalization (Book)	0.60	0.65	
Total Debt to Total Capitalization (Market)	0.43	0.32	

<sup>1</sup>Net debt is calculated by subtracting cash, cash equivalents and short-term investments from total debt

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

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

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

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

- Total debt\* to equity not exceeding 3.0:1;
- Total debt to EBITDA not exceeding 3.5:1;
- Total Debt service coverage<sup>1</sup> exceeding 1.3 times; and
- Secured debt ratio<sup>2</sup> not exceeding 0.2 times.

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

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

<sup>1</sup> Debt service coverage ratio is defined as the ratio of EBITDA to required debt service of the Borrower on a consolidated basis.

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

On July 23, 2020, Globe Telecom issued a USD 300 million 10-year and USD 300 million 15-year US dollar denominated senior notes with a coupon rate of 2.5% and 3.0%, respectively. The notes are unrated and have been listed on the Singapore Exchange Securities Trading Limited on July 24, 2020. The net proceeds from the

issue of the notes will be used to finance Globe's capital expenditures, maturing and/or existing obligations, and for general corporate requirements.

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

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

### Consolidated Net Cash Flows

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

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

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

(Php Mn)	Globe Group		
	31-Dec 2022	31-Dec 2021	YoY Change (%)
<b>Cash Capital Expenditures<sup>1</sup></b>	101,367	92,808	9%
Total Additions to Property and equipment and Intangible assets <sup>2</sup>	90,084	123,473	-27%
<b>Cash Capital Expenditures<sup>1</sup> / Service Revenues (%)</b>	<b>64%</b>	<b>61%</b>	

<sup>1</sup> Cash capital expenditures-property & equipment and intangibles as of report date

<sup>2</sup> Include property and equipment, intangibles and capitalized borrowing costs acquired as of report date regardless of whether payment has been made or not.

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

100% of US\$ consolidated loans have been effectively converted to PHP via US\$994 million in currency hedges. After swaps, effectively none of the total debt is denominated in US\$.

Below is the schedule of debt maturities for Globe for the years stated below based on total outstanding debt as of December 31, 2022:

Year Due	Principal* (US\$ Mn)
2023	831.13
2024	328.36
2025	334.10

\* Principal amount before debt issuance costs

2026 through 2035	2,706.91
<b>Total</b>	<b>4,200.50</b>

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

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

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

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

#### Voting Preferred Stock

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

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

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

#### Non-Voting Preferred Stock

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

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

#### Treasury Shares

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

#### Common Stock

Common stock at par value of ₱50 per share of which 144.1 million are issued and outstanding out of a total authorized of 168.9 million shares.

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

On June 20, 2022, the board of directors of Globe Telecom approved the offer and issuance of common shares by way of stock rights to eligible shareholders of record, and the subsequent listing of said shares. The common shares for this offer 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 24, 2022, the Securities and Exchange Commission approved the amendments to the articles of incorporation to increase Globe Telecom's authorized common capital stock from ₱7,446,719 to ₱8,446,719 consisting of 168,934,373 shares with par value being retained at ₱50.00 per share.

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

#### Cash Dividends

The dividend policy of Globe as approved by the Board of Directors is to declare cash dividends to its common stockholders on a regular basis as may be determined by the Board. The dividend payout rate is reviewed annually

and subsequently each quarter of the year, to take into consideration Globe Telecom's operating results, cash flows, debt covenants, capital expenditure levels and liquidity.

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

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

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

#### Return on Average Equity (ROE)

Consolidated Return on Average Equity (ROE) registered at 25.9% as of end-December 2022, compared to 24.1% in 2021 using trailing 12 months net income and based on average equity balances for the year ended. Using trailing 12 months core net income, which excludes the effects of non-recurring expenses on net income, return on average equity as of end-December 2022 and 2021 were 17.0% and 20.9% respectively.

#### Earnings Per Share (EPS)

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

## **FINANCIAL RISK MANAGEMENT**

### **FOREIGN EXCHANGE EXPOSURE**

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

#### Transaction exposures

Globe has natural net US\$ inflows arising from its operations. Consolidated foreign currency-linked revenues<sup>1</sup> were at 6% of total gross service revenues for the periods ended 31 December 2022 and 2021, respectively. In contrast, Globe's foreign-currency linked expenses were at 18% and 17% of total operating expenses for the same periods ended.

The US\$ flows are as follows:

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

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

*Includes the following revenues:*

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

#### Translation Exposures

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

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

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

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

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

As of end-December 2022, Globe has US\$294 million in cross currency swap contracts which are hedges of the interest and foreign exchange risks of some of our US\$ loans maturing in December 2023, August 2024, March

2025, March 2027 and August 2027. The MTM of the outstanding swap contracts stood at a gain of ₱1,920 million as of end-December 2022.

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

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

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

### ***INTEREST RATE EXPOSURE***

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

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

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

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

### ***CREDIT EXPOSURES FROM FINANCIAL INSTRUMENTS***

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

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

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

## ***VALUATION OF DERIVATIVE TRANSACTIONS***

The company uses valuation techniques that are commonly used by market participants and that have been demonstrated to provide reliable estimates of prices obtained in actual market transactions. The company uses readily observable market yield curves to discount future receipts and payments on the transactions. The net present value of receipts and payments are translated into Peso using the foreign exchange rate at time of valuation to arrive at the mark to market value. For derivative instruments with optionality, the company relies on valuation reports of its counterparty banks, which are the company's best estimates of the close-out value of the transactions.

Gains (losses) on derivative instruments represent the net mark-to-market (MTM) gains (losses) on derivative instruments. As of December 31, 2022, the MTM value of the derivatives of the Globe Group amounted to ₱4,520.0 million while net gain on derivative instruments arising from changes in MTM reflected in the consolidated income statements as of end-December 2022 amounted to ₱5,797.8 million.

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

## LEGAL, REGULATORY AND CORPORATE DEVELOPMENTS

The Globe Group is contingently liable for various claims arising in the ordinary conduct of business and certain tax assessments which are either pending decisions by the courts or are being contested, the outcome of which are not presently determinable. In the opinion of management and legal counsel, the possibility of outflow of economic resources to settle the contingent liability is remote. (See Note 35 of the attached consolidated financial statement)

### Interconnection Charge for Short Messaging Service

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

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

- Reduce its regular SMS retail rate from ₱1.00 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 ₱1.00 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 ₱1.00 to ₱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.

## **CORPORATE DEVELOPMENTS FOR YEAR 2022:**

- ***SIM Registration Update***

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

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

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

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

- ***Tower Sale***

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

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

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

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

On December 16, 2022, Globe received ₱1.9 billion for the second closing of 159 towers to be transferred to MIESCOR Infrastructure Development Corporation (MIDC). With this latest closing a total of 860 out of

the 2,180 towers have been successfully turned over to MIDC. Cumulatively, Globe has already completed 34% of the sale or a total of 2,410 towers out of 7,059 have been transferred to the tower companies.

- ***Stock Rights Offer***

On October 12, 2022, Globe announced the results of the Stock Rights Offering held during the offer period from 3 October 2022 to 7 October 2022. A total of 10,119,047 Common Shares were sold at an Offer Price of ₱1,680.00 per Entitlement Right with the following results. Accordingly, the Company's Offer was fully subscribed.

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

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

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

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

#### Assets

- A** Decrease in cash and cash equivalents of ₱6.2 billion was primarily due to the net effect of (₱71.6 billion) net cash flows used in investing activities, ₱62.9 billion cash flows generated from operating activities and ₱2.2 billion net cash provided by financing activities.
- B** Trade Receivable – ₱6.9 billion increase was mainly attributable to the increase in receivables of non-telco subsidiaries which are primarily driven by the increase in non-telco revenues.
- C** Contract assets – Increase of ₱646 million was mainly due to the net effect of ₱7.9 billion new contract assets recognized during the year arising from the sales of mobile devices bundled with wireless postpaid plans, (₱6.6 billion) reduction in contract assets representing the amounts that were billed to the subscribers during the year and (₱0.7 billion) impairment loss on contract assets that were recognized during the year.
- D** Inventories and Supplies – No material movements noted from the previous year
- E** Assets Held for Sale – Increase of ₱28 billion mainly due to the property and equipment and ROU assets that were reclassified as assets held for sale in relation to the sale and leaseback transaction of telecom towers.
- F** Net Derivative Assets – Increase of ₱2.7 billion is due to changes in fair values of forwards, interest and currency swaps.
- G** Property and equipment – Increase of ₱11.2 billion due to the net effect of ₱86.7 billion additions during the year due to the continuous network expansion; (₱34.1 billion) depreciation recognized during the year; (₱31.7 billion) assets reclassified as assets held for sale as a result of the tower sale and leaseback transaction; (₱7.3 billion) assets under construction that were completed during the year and reclassified as intangible assets; and net disposals amounting to (₱2.6 billion) largely due to the sale of controlling interest on data center business.
- H** Intangible Assets – Increase of ₱4.3 billion is mostly due to the additions to application software licenses and other intangible assets which were offset by the regular annual amortizations.
- I** Right of use assets – Increase of ₱17.4 billion is due to the net effect of the ₱33.9 billion additional long-term leases of network sites acquired during the year and new tower leases as a result of the tower sale and leaseback transaction; (₱11.1 billion) ROU assets that were reclassified to assets held for sale as a result of the tower sale and leaseback transaction and (₱5.3 billion) amortization during the year.
- J** Investment in Joint Venture – Increase of ₱9.6 billion was primarily due to gain recognized on fair value adjustment on retained interest on investment in Globe STT GDC, Inc. (GSG), coupled with the share in net income of joint ventures recognized during the year.
- K** Prepayments and Other Assets – The ₱23.4 billion increase is mostly due to the higher amount of advance payments made to contractors and suppliers that remained outstanding at the end of the year, acquisition of investment properties consisting of land and building, and prepayments among others.

#### Liabilities

- L** Trade Payables – ₱3.8 billion increase is mostly due to the higher balance of payable to suppliers, contractors, other creditors and taxes partially offset by lower accrued project costs and accrued expenses.

- M** Contract liabilities and other deferred revenues – Decrease of ₱612 million is mainly attributable to lower deferred revenue from prepaid load and contingent liability rewards.
- N** Provisions – No material movements noted from the previous year.
- O** Income Taxes Payable – Increase of ₱2.6 billion is primarily due to higher income tax before tax and benefit of CREATE in 2021.
- P** Loans payable - Increase of ₱23.2 billion is due to drawn term loans from various banks which was partially offset by settlements of other bank loans.
- Q** Lease liabilities – Increase of ₱34.4 billion was primarily due to the additional long-term leases of network sites acquired during the year and new tower leases as a result of the tower sale and leaseback transaction which were partially offset by lease payments during the year.
- R** Pension liabilities – Decrease of ₱3.1 billion was mainly due to the net effect of (₱3.7 billion) remeasurement gain charged to other comprehensive income (OCI) as a result of change in actuarial assumptions, (₱800 million) employer contributions during the year and ₱1.4 billion pensions expense recognized in profit or loss during the year.

**3. Description of material commitments and general purpose of such commitments. Material off-balance sheet transactions, arrangements, obligations and other relationships with unconsolidated entities or other persons created during the period.**

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

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

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

## 2021 FINANCIAL AND OPERATIONAL RESULTS

### GROUP FINANCIAL HIGHLIGHTS

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

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

2020 Normalized NIAT was also restated to include the CREATE impact

\* Mobile business includes Mobile and fully Mobile Broadband

\*\* Home Broadband includes fixed wireless and wired Broadband

\*\*\* Others includes non-telco revenues from subsidiaries

- Full-year consolidated service revenues grew 4% to a record ₱151.5 billion from the ₱146.4 billion reported in 2020, due to the sustained outstanding performance of Home Broadband as well as Corporate Data. The significant growth in data revenue, which accounts for 80% of total service revenues mainly fueled this year's performance, given the growing demand for high-speed, reliable and affordable internet connectivity for work, business, education, entertainment, telehealth and other online services.
  - Mobile business revenues registered a 1% increase year-on-year at ₱104.4 billion from last year's revenue of ₱103.7 billion given higher prepaid top ups and acquisitions for the year. Revenues in the fourth quarter was also softened by the destruction of the super typhoon that hit the country last December, directly through its impact on subscribers and businesses in the affected areas.
  - Home Broadband service revenues in the fourth quarter stood at ₱7.0 billion, 11% lower than last quarter due to lower HPW top up and the impact of the rebates given to the affected subscribers in the Visayas and Mindanao region caused by the recent Typhoon. Despite the decline in the fourth quarter, Home Broadband revenues ended 2021 with a new record-high revenues of ₱29.4 billion or up a strong 10% from 2020. The sustained growth of the Home Broadband business was largely driven by stronger demand for reliable and high-speed broadband connectivity due to the prolonged effects of the pandemic. The aggressive fiber rollout in 2021 likewise resulted to an increased take up of FTTH lines of 208% and fiber revenues growing by 183% against a year ago.
  - Corporate Data revenues for the full-year 2021 remain high at ₱14.2 billion, or up 12% year-on-year. This was mainly attributed to higher domestic services, coupled with increase coming from information

- and communication technology (ICT) revenues. Higher ICT revenues this period was largely from business application services and cloud solutions.
- Fixed line Voice revenues was lower year-on-year by 13%, coming from lower outbound usages and monthly service fees (MSF).
  - Non-telco products and services, on the other hand, generated a total of ₱1.3 billion revenues as of end-December 2021, or up by 105% from last year mostly coming from ECPay.
- Total operating expenses and subsidy as of end-December 2021 amounted to ₱76.6 billion from ₱72.9 billion in 2020, or up by 5% due mainly to the increases coming from many expense line items except for subsidy, lease and provisions.
  - Combined with the rebates given to broadband customers and the impairment costs from network related damages, Typhoon Odette's pre-tax impact on fourth quarter operations totaled ₱2.2 billion.
  - Total depreciation and amortization expenses for the year rose to ₱41.1 billion from ₱35.4 billion reported in 2020, given Globe's continued massive network investments despite the pandemic.
  - Overall, Globe ended the year 2021 with total costs and expenses of ₱117.7 billion or 9% higher from ₱108.3 billion a year ago. Higher expenses for the year were mainly to support management strategies, business, and data-network expansion as well as the restoration efforts due to typhoon Odette's onslaught.
  - Globe's consolidated EBITDA, which totaled ₱74.9 billion, improved by 2% from last year's level of ₱73.5 billion mainly due to healthy topline figures this period. EBITDA margin on the other hand, slightly declined to 49% from last year's 50%. However, adjusted for the effects of Typhoon Odette on revenues and operating expenses, EBITDA margin would have remained at 50%.
  - Non-operating charges dropped year-on-year by 57%, owing to the one-time gain of ₱4.3 billion from the deemed sale of investment in Mynt, upside impact of CREATE law in Vega, and higher equity share in affiliates. This was partly offset by the impairment costs amounting to ₱1.2 billion from the network related damages due to typhoon Odette.
  - The Globe Group ended the year 2021 with consolidated net income of ₱23.7 billion, jumping by 27% from the reported net income in 2020. This was mainly attributed to the 2% increase in EBITDA, and the 57% decline in non-operating charges which fully offset the 16% increase in depreciation expenses. Excluding the impact of the extraordinary items booked this year, including the CREATE<sup>11</sup> impact, normalized net income would have been ₱19.4 billion, or down by 15% from 2020.
  - Globe's core net income, which excludes the impact of non-recurring charges, one-time gain, foreign exchange gains and mark-to-market charges, stood at ₱21.2 billion, up by 9% year-on-year.
  - Total capex as of end-December 2021 stood at ₱92.8 billion, significantly higher by 54% from last year's level of ₱60.3 billion. About 86% of the total capex for the period was spent on the data network with the Company's continued focus on increasing capacity, cell site upgrades and fast-track fiberization of Filipino homes nationwide for a better internet experience.

<sup>11</sup> The CREATE bill was signed into law on March 26, 2021 which reduces corporate income tax rate effective July 1, 2020.

## GROUP OPERATING REVENUES BY SEGMENT

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

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

\* Mobile business includes Mobile and fully Mobile Broadband.

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

\*\*\*Others includes non-telco revenues from subsidiaries

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

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

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

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

## MOBILE BUSINESS

Mobile Service Revenue (Php Mn)	Globe Group Year on Year		
	31-Dec 2021	31-Dec 2020	YoY Change (%)
Service			
Mobile Voice <sup>1</sup>	17,228	20,250	-15%
Mobile SMS <sup>2</sup>	9,351	11,098	-16%
Mobile Data <sup>3</sup>	77,813	72,384	7%
<b>Mobile Service Revenues</b>	<b>104,392</b>	<b>103,732</b>	<b>1%</b>

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

<sup>1</sup> Mobile Voice service revenues include the following:

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

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

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

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

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

In order to cater to the changing needs of its customers with the new normal, Globe introduced the GlobeOne app which is the new digital companion to help customers to manage their accounts. Then last August 2021 the new GlobeOne app was initially launched to Globe Prepaid, TM and Home Prepaid WiFi customers. The New GlobeOne app is still a work in progress as other features are still being built. For features and concerns that are

not yet available in the New GlobeOne app, customers may still continue to use the old GlobeOne, TM app or Globe At Home app.

### Mobile Data

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

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

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

PROMO	DATA	GoWIFI	SMS	CALLS	VALIDITY
Go50	5GB	1GB	Unlimited to all networks		3 days
Go90	8GB	1GB			7 days
Go120	10GB	2GB		Unlimited to Globe/TM	7 days
Go140	11GB	2GB			

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

GoBOOSTERS	INCLUSIONS
GoBOOST15	+1GB for all sites and apps, valid for 1 day
GoWATCH1	+1GB for Youtube, Netflix and other video streaming apps, valid for 1 day
GoPLAY10	+1GB for Mobile Legends, Call of Duty, and other gaming apps, valid for 1 day
GoSHARE10	+1GB for Facebook, Tiktok and other social media apps, valid for 1 day
GoSHOP10	+1GB for Lazada, ZALORA and other shopping apps, valid for 1 day
GoKOREAN	+1GB for Viu, V Live and other K-apps, valid for 1 day
GoLONGER	+1 day validity
and more!	

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

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

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

“GoUnli” offers to get unlimited calls and texts with Free data for their favorite apps for as low as ₱20 per day (see <https://www.globe.com.ph/prepaid/gounli.html> for more details).

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

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

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

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

### **Mobile Voice**

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

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

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<sup>12\*</sup>With at least ₱7.50 load requirement

Filipinos who wish to stay connected with their loved ones abroad, Globe continues to offer its pioneering per-second charging for international voice calls, *IDD Sakto Calls* for both *Globe Postpaid* and *Globe Prepaid* subscribers. *Globe Prepaid's GoTipIDD* service remains to be the lowest per-minute IDD rates in the market (*Go tipIDD30* for as low as Php2.50 per minute valid for three (3) days; *Go tipIDD50* valid for seven (7) days; *Go tipIDD100* valid for 15 days). For TM customers, they may opt to subscribe to *TM TipIDD30* which offers four (4) minutes of international calls to Saudi, UAE, Kuwait, Bahrain, Italy, UK, Australia and Japan for only ₱30 a day. Globe also provides unlimited calls to 49 countries for as low as Php99 to select destinations worldwide with Globe's Unli IDD. *Unli IDD99* provides for one day unlimited calls to three (3) unique international numbers for only Php99; *Unli IDD499* for unlimited calls to 5 unique international numbers for 7 days and *Unli IDD 999* for unlimited calls to 10 unique international numbers for 30 days. In addition, Globe also provides a bucket IDD service to popular and selected overseas destinations with *Go IDD*. *Globe Prepaid* customers can make IDD calls for as low as ₱1.50 per minute to U.S. Mainland, Canada, China, Hawaii, Hong Kong, Singapore, and Thailand for only ₱200, valid for 30 days.

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

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

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

### **Mobile SMS**

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

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

With *TM's* continued dedication of giving its subscribers wonderful and value-for-money offers, *TM* customers can get to choose from a wide array of promo offers ranging from bucket or unlimited SMS. With *SuliTxt5*, *TM* subscribers can send 25 texts to *TM/Globe*, valid for 1 day for only ₱5. *UnliAllNet10* which provides its

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

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

### **GoWiFi<sup>13</sup>**

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

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

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

### **VoLTE and VoWiFi**

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

VoLTE or VoWiFi can be used even if the called party doesn't have a VoLTE-capable device. Calls between VoLTE/VoWiFi - VoLTE/VoWiFi will have a long-beep ringtone, similar to IDD calls. For calls between VoLTE or VoWiFi and 3G/2G, the call will have the normal ringtone. VoLTE and VoWiFi are being implemented in phases and is now available in key areas starting December 18, 2020.

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

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

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<sup>13</sup> GoWiFi is Globe Telecom's premium public WiFi service

## Key Mobile Drivers

	Globe Group		
	Year on Year		
	31-Dec 2021	31-Dec 2020	YoY Change (%)
<b><u>Cumulative Subscribers (or SIMs) - Net</u></b>	<b>86,784,662</b>	<b>76,645,567</b>	<b>13%</b>
Globe Postpaid	2,496,867	2,513,547	-1%
Prepaid	84,287,795	74,132,020	14%
<i>Globe Prepaid</i> <sup>1</sup>	42,525,667	38,109,102	12%
<i>TM</i>	41,762,128	36,022,918	16%
<b><u>Net Subscriber (or SIM) Additions</u></b>	<b>10,139,095</b>	<b>(17,558,710)</b>	<b>-158%</b>
Globe Postpaid	(16,680)	(177,030)	-91%
Prepaid	10,155,775	(17,381,680)	-158%
<i>Globe Prepaid</i> <sup>1</sup>	4,416,565	(6,706,288)	-166%
<i>TM</i>	5,739,210	(10,675,392)	-154%
<b><u>Average Revenue Per Subscriber (ARPU)<sup>2</sup></u></b>			
Globe Postpaid	821	850	-3%
Prepaid			
<i>Globe Prepaid</i> <sup>1</sup>	99	93	6%
<i>TM</i>	66	60	8%
<b><u>Average Monthly Churn Rate (%)</u></b>			
Globe Postpaid	1.6%	1.8%	
Prepaid			
<i>Globe Prepaid</i> <sup>1</sup>	2.9%	4.8%	
<i>TM</i>	3.5%	6.2%	

<sup>1</sup>Globe Prepaid include GOMO subscribers

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

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

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

### *Globe Postpaid*

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

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

## Prepaid

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

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

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

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

### a. *Globe Prepaid*

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

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

### b. *TM*

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

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

## FIXED LINE AND HOME BROADBAND BUSINESS

Service Revenues (Php Mn)	Globe Group		
	Year on Year		
	31-Dec 2021	31-Dec 2020	YoY Change (%)
Service			
Home Broadband <sup>1</sup>	29,392	26,798	10%
Corporate Data <sup>2</sup>	14,170	12,613	12%
Fixed line Voice <sup>3</sup>	2,280	2,620	-13%

<sup>14</sup> *Globe Prepaid* subscribers include *GOMO* subscribers. *GOMO* is a fully digital service brand of Globe created to address the needs of the underserved digitally savvy yuppie segment. Simply buy the sim from [gomo.ph](http://gomo.ph) or thru the *GOMO PH* mobile app.

<b>Fixed Line &amp; Home Broadband Service Revenues</b>	<b>45,842</b>	<b>42,031</b>	<b>9%</b>
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Note: 2020 Service revenues was restated to reclassify telco products coming from subsidiaries

<sup>1</sup> Home Broadband service revenues consist of the following:

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

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

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

<sup>3</sup> Fixed line voice service revenues consist of the following:

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

### Home Broadband

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

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

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

## Corporate Data

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

## Fixed line Voice

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

## OTHER GLOBE GROUP REVENUES

### International Long Distance (ILD) Services

Both Globe and InnoVe offer ILD voice services which cover international call services between the Philippines to 237 destinations with 781 roaming partners. This service generates revenues from both inbound and outbound international call traffic, with pricing based on agreed international termination rates for inbound traffic revenues and NTC-approved ILD rates for outbound traffic revenues.

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

## GROUP OPERATING EXPENSES

ii.

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

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

### Interconnect

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

## **Marketing & Subsidy**

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

## **Staff Costs**

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

## **Utilities, Supplies and Other Administrative Expenses**

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

## **Lease**

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

## **Repairs and Maintenance**

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

## **Provisions**

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

## **Services and Others**

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

## **Depreciation and Amortization**

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

## OTHER INCOME STATEMENT ITEMS

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

(Php Mn)	Globe Group		
	Year on Year		
	31-Dec 2021	31-Dec 2020	YoY Change (%)
<b>Financing Costs</b>			
Interest Expense	(7,318)	(6,369)	15%
Loss on derivative instruments (net)	-	(1,580)	-100%
Swap costs and other financing costs	(1,423)	(742)	92%
Foreign Exchange Loss (net)	(3,656)	-	-
	<b>(12,397)</b>	<b>(8,691)</b>	<b>43%</b>
<b>Other Income</b>			
Gain on derivative instruments (net)	3,215	-	-
Foreign Exchange gain (net)	-	1,691	-100%
Interest Income	150	195	-23%
Others	4,283	(4,156)	-203%
<i>Equity share from Affiliates (net)</i>	<i>1,190</i>	<i>(2,076)</i>	<i>-157%</i>
<i>Frequency Amortization</i>	<i>(309)</i>	<i>(291)</i>	<i>6%</i>
<i>Others – net</i>	<i>3,402</i>	<i>(1,789)</i>	<i>-290%</i>
<b>Total Income (Other Expenses)</b>	<b>(4,749)</b>	<b>(10,961)</b>	<b>-57%</b>

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

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

## LIQUIDITY AND CAPITAL RESOURCES

	Globe Group		
	31-Dec 2021	31 Dec 2020	YoY Change (%)
<b>Balance Sheet Data (Php Mn)</b>			
Total Assets	458,460	339,780	35%
Total Debt	210,054	167,673	25%
Total Stockholders' Equity	114,396	82,804	38%
<b>Financial Ratios (x)</b>			
Total Debt to EBITDA (gross)	2.65	2.42	
Total Debt to EBITDA (net)	2.35	2.14	
Debt Service Coverage	4.54	3.31	
Interest Coverage (Gross)	8.84	9.07	
Debt to Equity (Gross)	1.84	2.02	
Debt to Equity (Net) <sup>1</sup>	1.62	1.79	
Total Debt to Total Capitalization (Book)	0.65	0.67	
Total Debt to Total Capitalization (Market)	0.32	0.37	

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

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

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

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

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

- Total debt\* to equity not exceeding 3.0:1;
- Total debt to EBITDA not exceeding 3.5:1;
- Total Debt service coverage<sup>1</sup> exceeding 1.3 times; and
- Secured debt ratio<sup>2</sup> not exceeding 0.2 times.

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

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

<sup>1</sup> Debt service coverage ratio is defined as the ratio of EBITDA to required debt service of the Borrower on a consolidated basis.

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

On July 23, 2020, Globe Telecom issued a USD 300 million 10-year and USD 300 million 15-year US dollar denominated senior notes with a coupon rate of 2.5% and 3.0%, respectively. The notes are unrated and have been listed on the Singapore Exchange Securities Trading Limited on July 24, 2020. The net proceeds from the

issue of the notes will be used to finance Globe's capital expenditures, maturing and/or existing obligations, and for general corporate requirements.

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

### Consolidated Net Cash Flows

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

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

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

(Php Mn)	Globe Group		
	31-Dec 2021	31-Dec 2020	YoY Change (%)
<b>Cash Capital Expenditures<sup>1</sup></b>	92,808	60,302	54%
Total Additions to Property and equipment and Intangible assets <sup>2</sup>	123,473	46,969	163%
<b>Cash Capital Expenditures<sup>1</sup> / Service Revenues (%)</b>	<b>61%</b>	<b>31%</b>	

<sup>1</sup> Cash capital expenditures-property & equipment and intangibles as of report date

<sup>2</sup> Include property and equipment, intangibles and capitalized borrowing costs acquired as of report date regardless of whether payment has been made or not.

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

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

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

Year Due	Principal* (US\$ Mn)
2022	316.11
2023	390.42
2024	352.21

\* Principal amount before debt issuance costs

2025 through 2035	3,091.87
<b>Total</b>	<b>4,150.61</b>

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

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

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

Stockholders' equity as of end-December 2021 was higher by 38% from ₱82,804 million to ₱114,396 million this period. Globe's capital stock consists of the following:

#### Voting Preferred Stock

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

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

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

#### Non-Voting Preferred Stock

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

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

#### Treasury Shares

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

#### Common Stock

Common stock at par value of ₱50 per share of which 133.6 million are issued and outstanding out of a total authorized of 149 million shares.

#### Cash Dividends

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

On November 8, 2011, the Board of Directors approved the current dividend policy of Globe Telecom to distribute cash dividend at the rate of 75% to 90% of prior year's core net income.

On August 6, 2013, the Board of Directors further approved the change in distribution from semi-annual dividend payments to quarterly dividend distributions. On December 10, 2013, the BOD approved to defer the implementation of the quarterly dividend payout to the third quarter of 2014.

On November 5, 2018, the Board of Directors likewise approved the proposed change in the dividend policy from 75% to 90% of prior year's core net income to 60% to 75% of prior year's core net income, to be applied to the 2019 dividend declaration. The amended policy will provide Globe with increased flexibility with respect to capital management. This adjustment will also ensure the sustainability of the operations in this investment-heavy environment, while protecting future dividends, once planned expansion yields beneficial results.

The Board of Directors of Globe approved in separate approvals the declaration of the quarterly distributions of cash dividends of ₱27 per share, paid each last March 11, 2021, June 4, 2021, September 3, 2021 and December

10, 2021. Each cash dividend payment total to about ₱3.6 billion, bringing total distribution by end of December 2021 to ₱14.4 billion.

On May 6, 2021, the Globe Board of Directors also approved the declaration of the second semi-annual cash dividend for holders of its non-voting preferred shares on record as of July 28, 2021. The amount of the cash dividend was at a fixed rate of 5.2006% per annum calculated in respect of each share by reference to the offer price of ₱500.00 per share on a 30/360-day basis for the six-month dividend period. Total amount of the cash dividend was paid last August 23, 2021. Likewise, on the same date, the Board of Directors ratified the resolutions of Globe's Finance Committee approving the Company's redemption of Series A Non-Voting Perpetual Preferred Shares (GLOPP). The redemption was made last August 22, 2021 (the 7th year anniversary from the issue date of the shares) by payment in cash of the redemption price equal to the issue price of the shares plus accrued and unpaid dividends up until August 22, 2021 based on the dividend rate of 5.2006% per annum. As the redemption date falls on a Sunday, the payment of the redeemed shares was made last August 23, 2021 to shareholders on record as of July 28, 2021. Trading suspension of GLOPP was July 23, 2021, which was also the ex-date. The shares were recorded as treasury stock of Globe until the shares are retired.

Also, on November 11, 2021, the Board of Directors of Globe approved the declaration of the cash dividend for holders of its voting preferred shares paid last December 10, 2021 to shareholders on record as of November 25, 2021. The amount of the cash dividend is based on the 2019 Benchmark rate of the 3-day average of the 5-year BVAL\* (i.e. average of October 24, 25, 28, 2019) plus 2%. The aggregate dividend payment for the voting preferred shares was about ₱50 million.

#### Return on Average Equity (ROE)

Consolidated Return on Average Equity (ROE) registered at 24.1% as of end-December 2021, compared to 22.7% in 2020 using trailing 12 months net income and based on average equity balances for the year ended. Using trailing 12 months core net income, which excludes the effects of non-recurring expenses on net income, return on average equity as of end-December 2021 and 2020 were 21.5% and 23.8% respectively.

#### Earnings Per Share (EPS)

Accordingly, consolidated basic earnings per common share were ₱173.18 and ₱135.04, while consolidated diluted earnings per common share were ₱172.25 and ₱134.40 as of end-December 2021 and 2020, respectively.

## ***FINANCIAL RISK MANAGEMENT*** ***FOREIGN EXCHANGE EXPOSURE***

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

### *Transaction exposures*

Globe has natural net US\$ inflows arising from its operations. Consolidated foreign currency-linked revenues<sup>1</sup> were at 6% and 7% of total gross service revenues for the periods ended 31 December 2021 and 2020, respectively. In contrast, Globe's foreign-currency linked expenses were at 17% and 14% of total operating expenses for the same periods ended.

The US\$ flows are as follows:

	<b>Dec. 31, 2021</b>
US\$ and US\$ Linked Revenues	₱9.4 billion
US\$ Operating Expenses	₱12.7 billion
US\$ Net Interest Expense	₱1.3 billion

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

*Includes the following revenues:*

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

### *Translation Exposures*

Globe's foreign exchange translation exposures result primarily from movements of the Philippine Peso (Php) against the U.S. Dollars (USD) with respect to USD-denominated financial assets, USD-denominated financial liabilities and certain USD-denominated revenues. Majority of revenues are generated in Php, while bulk of capital expenditures are in USD. In addition, 26% of debt as of December 31, 2021 are denominated in USD before taking into account any swap and hedges. After swaps, effectively none of the total debt is denominated in US\$.

Information on Globe's foreign currency-denominated monetary assets and liabilities as of December 31, 2021 are as follows:

	<b>Dec. 31, 2021</b>
US\$ Assets	US\$ 304 million
US\$ Liabilities	US\$ 1793 million
Net US\$ Liability Position	US\$ 1,489 million

As of end-December 2021, the Globe Group posted a total of ₱3,656 million net foreign exchange losses.

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

As of end-December 2021, Globe has US\$299 million in cross currency swap contracts which are hedges of the interest and foreign exchange risks of some of our US\$ loans maturing in December 2023, August 2024, March 2025, March 2027 and August 2027. The MTM of the outstanding swap contracts stood at a loss of ₱115 million as of end-December 2021.

As of end-December 2021, Globe has US\$752 million in principal only swap contracts which are hedges of the foreign exchange risks of some of our US\$ loans maturing in April 2022, October 2022, May 2023, July 2025, May 2027, July 2027 and July 2030. The MTM of the swap contracts stood at a gain of ₱1,849 million as of end-December 2021.

Globe has US\$205 million short-term FX swap contracts which remain outstanding as of end-December 2021. The mark-to-market of the outstanding FX swap contracts stood at a gain of ₱169 million as of end-December 2021.

Globe has US\$239 million in outstanding forward USD sale / purchase contracts which remain outstanding as of end-December 2021. The mark-to-market of the outstanding forward USD sale / purchase contracts stood at a loss of ₱83 million as of end-December 2021.

### ***INTEREST RATE EXPOSURE***

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

As of end-December 2021, Globe has a total of US\$33 million in US\$ interest swaps and US\$299 million in cross currency swaps that were entered into contracts to achieve these targets. The US\$ swaps fixed some of the Company's outstanding floating rate debts with quarterly payment intervals up to April 2022, October 2022, December 2023, August 2024, March 2025, March 2027 and August 2027.

As of end-December 2021, 86% (excluding short-term debt) of peso debt is fixed, while 80% of USD debt is fixed after swaps.

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

The MTM of the interest rate swap contracts (not including the currency swap contracts) stood at a loss of ₱14 million as of end-December 2021.

### ***CREDIT EXPOSURES FROM FINANCIAL INSTRUMENTS***

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

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

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

## ***VALUATION OF DERIVATIVE TRANSACTIONS***

The company uses valuation techniques that are commonly used by market participants and that have been demonstrated to provide reliable estimates of prices obtained in actual market transactions. The company uses readily observable market yield curves to discount future receipts and payments on the transactions. The net present value of receipts and payments are translated into Peso using the foreign exchange rate at time of valuation to arrive at the mark to market value. For derivative instruments with optionality, the company relies on valuation reports of its counterparty banks, which are the company's best estimates of the close-out value of the transactions.

Gains (losses) on derivative instruments represent the net mark-to-market (MTM) gains (losses) on derivative instruments. As of December 31, 2021, the MTM value of the derivatives of the Globe Group amounted to ₱1,805.8 million while net gain on derivative instruments arising from changes in MTM reflected in the consolidated income statements as of end-December 2021 amounted to ₱3,214.6 million.

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

## 2020 FINANCIAL AND OPERATIONAL RESULTS

### GROUP FINANCIAL HIGHLIGHTS

Results of Operations (Php Mn)	Globe Group		
	Year on Year		
	31-Dec 2020	31-Dec 2019	YoY Change (%)
<b>Operating Revenues</b>	<b>160,519</b>	<b>166,660</b>	<b>-4%</b>
Service Revenues	146,388	149,010	-2%
<i>Mobile*</i>	103,113	110,965	-7%
<i>Home Broadband**</i>	26,798	21,747	23%
<i>Corporate Data</i>	12,539	12,969	-3%
<i>Fixed line Voice</i>	2,620	2,668	-2%
<i>Others***</i>	1,317	662	99%
Non-Service Revenues	14,131	17,650	-20%
<b>Costs and Expenses</b>	<b>87,007</b>	<b>90,629</b>	<b>-4%</b>
Cost of Sales	16,406	18,555	-12%
Operating Expenses	70,601	72,074	-2%
<b>EBITDA</b>	<b>73,512</b>	<b>76,031</b>	<b>-3%</b>
<b>Normalized EBITDA</b>	<b>74,752</b>	<b>76,031</b>	<b>-2%</b>
<b>EBITDA Margin</b>	<b>50%</b>	<b>51%</b>	
<b>Depreciation</b>	<b>35,412</b>	<b>34,144</b>	<b>4%</b>
<b>EBIT</b>	<b>38,100</b>	<b>41,888</b>	<b>-9%</b>
<b>EBIT Margin</b>	<b>26%</b>	<b>28%</b>	
<b>Non-Operating Charges</b>	<b>10,961</b>	<b>9,060</b>	<b>21%</b>
<b>Net Income After Tax (NIAT)</b>	<b>18,623</b>	<b>22,284</b>	<b>-16%</b>
<b>Normalized Net Income After Tax</b>	<b>20,441</b>	<b>22,284</b>	<b>-8%</b>
<b>Core Net Income</b>	<b>19,523</b>	<b>22,451</b>	<b>-13%</b>

*Note: 2019 Service Revenues has been restated to reclass non-telco revenues from subsidiaries to Other revenues*

*\* Mobile business includes Mobile and fully Mobile Broadband*

*\*\* Home Broadband includes fixed wireless and wired Broadband*

*\*\*\* Others includes non-telco revenues from subsidiaries*

- Full year consolidated service revenues posted a 2% decline from the record level revenues of ₱149.0 billion last year to only ₱146.4 billion in 2020, due mainly to the impact of the pandemic and the extended quarantine restrictions to most business segments except for Home Broadband. The robust performance of Home Broadband was offset by Mobile, Corporate Data and Fixed line Voice, which all registered a decline against last year. The significant growth in data revenue, which accounts for 76% of total service revenues mainly fueled this year's performance, as millions logged in from home for work, business, education, entertainment, telehealth and other online services.
  - Mobile business revenues as of end-December of 2020 slid by 7% from nearly ₱111.0 billion last year to ₱103.1 billion this year mainly due to the negative effects of the ECQ/MECQ period. Mobile revenues improved in the second half of the year with higher prepaid top-up levels and postpaid subscriber acquisitions, as the country reopened business activities, bringing back jobs and increasing the mobility of Filipinos, albeit below full capacities under GCQ/Modified GCQ.
  - Buoyed by the robust demand for fast and reliable internet connection, the Home Broadband business enjoyed a banner year with double-digit growth, posting a 23% year-on-year increase from the ₱21.7 billion posted in 2019 to a record ₱26.8 billion as of end-December of 2020. The outstanding performance of the Home Broadband business was largely driven by the continued subscriber base expansion and increased demand for Home Prepaid Wi-Fi.
  - Despite the improvement in Corporate Data revenues in the fourth quarter, full year revenues remained lower versus last year at ₱12.5 billion, or 3% year-on-year decline. Corporate Data's drop in yearly

- revenues was attributed to lower domestic and international services, partly cushioned by higher information and communication technology (ICT) revenues.
- Fixed line Voice revenues likewise were lower year-on-year by 2%.
- Non-telco products and services, on the other hand, generated a total of ₱1.3 billion revenues as of end-December 2020, or up by 99% from last year mostly coming from ECPay and Yondu.
  - Total operating expenses and subsidy as of end-December 2020 amounted to ₱72.9 billion from nearly ₱73.0 billion in 2019. The increases from trade provisions, subsidy, staff costs, rent, and repairs & maintenance were muted by the decline in interconnection fees, utilities and services.
  - Total depreciation and amortization expenses for the year rose to ₱35.4 billion from ₱34.1 billion reported in 2019, given Globe's continued massive network investments despite the pandemic.
  - Overall, Globe ended the year with total costs and expenses at ₱108.3 billion or 1% higher from ₱107.1 billion a year ago, due to increases across many expense line items except for interconnect costs, utilities and services. Higher expenses for the period were mainly to support management strategies, business, and data-network expansion.
  - Globe's consolidated EBITDA, which totaled ₱73.5 billion, was below last year's level of ₱76.0 billion mainly due to COVID-19 that impacted the topline figures. EBITDA margin likewise declined to 50% from last year's 51%. Excluding the one-time additional provisions for doubtful accounts booked in the first half of the year amounting to ₱1.9 billion and the ₱0.7 billion other income, normalized EBITDA would have been ₱74.8 billion or 2% lower versus last year. This would have translated to a 51% normalized EBITDA margin which is at par compared to 2019.
  - Non-operating charges grew year-on-year by 21%, due to the one-time impairment loss amounting to ₱4.2 billion largely from the network change out covering the full sunset of the 3G assets and the existing copper infrastructure, as partly offset by the gain of ₱2.4 billion mostly from the deemed sale of investment in Mynt following a third-party infusion by Bow Wave and loan revaluation.
  - The Globe Group ended year with consolidated net income of ₱18.6 billion, sliding by 16% from the reported net income in 2019. This was mainly attributed to the 3% decline in EBITDA, 4% increase in depreciation expenses and 21% increase in non-operating charges. Excluding the impact of the extraordinary items booked this year, normalized net income would have been ₱20.4 billion, or 8% lower from a year ago.
  - Globe's core net income, which excludes the impact of non-recurring charges, one-time gain, foreign exchange gains and mark-to-market charges, stood at ₱19.5 billion, down by 13% year-on-year.
  - Total cash capital expenditures as of end-December 2020 stood at ₱60.3 billion, 18% higher than last year's level of ₱51.0 billion. About 86% of the total capex for the period was spent on data network with the Company's continued focus on increasing capacity, cell site upgrades and fast-track fiberization of Filipino homes nationwide for better internet experience.

## GROUP OPERATING REVENUES BY SEGMENT

Operating Revenues By Business (Php Mn)	Globe Group		
	Year on Year		
	31-Dec 2020	31-Dec 2019	YoY Change (%)
<b>Mobile*</b>	<b>115,082</b>	<b>128,219</b>	<b>-10%</b>
Service Revenues	103,113	110,965	-7%
Non-Service Revenues	11,969	17,254	-31%
<b>Fixed Line and Home Broadband**</b>	<b>44,029</b>	<b>37,777</b>	<b>17%</b>
Service Revenues	41,957	37,383	12%
Non-Service Revenues	2,072	394	427%
<b>Others***</b>	<b>1,408</b>	<b>664</b>	<b>112%</b>
Service Revenues	1,317	662	99%
Non-Service Revenues	91	2	3571%
<b>Total Operating Revenues</b>	<b>160,519</b>	<b>166,660</b>	<b>-4%</b>

*Note: 2019 Service Revenues has been restated to reclass non-telco revenues from subsidiaries to Other revenues*

\* Mobile business includes Mobile and fully Mobile Broadband.

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

\*\*\* Others includes non-telco revenues from subsidiaries

The Globe Group ended the year with total operating revenues of ₱160.5 billion, down by 4% from the ₱166.7 billion recorded last year. This was driven by the 2% year-on-year decline in the topline to reach only ₱146.4 billion in 2020 from ₱149.0 billion in 2019. The COVID-19 pandemic and the extended quarantine restrictions adversely affected most business segments except for Home Broadband.

Mobile service revenues, which accounted for 70% of Globe's consolidated service revenues for the year just ended, posted a 7% decline at ₱103.1 billion, due to the negative impact of the pandemic.

Globe Group's Fixed line and Home Broadband full year 2020 revenues stood at close to ₱42.0 billion, 12% higher year-on-year from ₱37.4 billion in 2019, bolstered by the solid contributions of home broadband.

Mobile non-service revenues declined year-on-year by 31%. Fixed Line and Home Broadband non-service revenues, however grew significantly compared to last year's ₱394 million. Meanwhile, non-service revenues from non-telco products and services likewise improved from ₱2 million in 2019 vs. ₱91 million in 2020.

## MOBILE BUSINESS

Mobile Service Revenue (Php Mn)	Globe Group		
	Year on Year		
	31-Dec 2020	31-Dec 2019	YoY Change (%)
Service			
Mobile Voice <sup>1</sup>	20,130	24,002	-16%
Mobile SMS <sup>2</sup>	11,029	15,531	-29%
Mobile Data <sup>3</sup>	71,954	71,432	1%
<b>Mobile Service Revenues</b>	<b>103,113</b>	<b>110,965</b>	<b>-7%</b>

*Note: 2019 Service Revenues has been restated to reclass non-telco revenues from subsidiaries to Other revenues*

<sup>1</sup> Mobile Voice service revenues include the following:

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

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

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

<sup>3</sup> Mobile Data service revenues consist of revenues from Mobile internet browsing and content downloading, Mobile commerce services, other add-on value added services (VAS), and service revenues of GXI and Yondu, net of any interconnection or settlement payouts to international and local carriers and content providers, except where Globe is acting as principal to the contract where revenues are presented at gross billed to subscriber and settlement pay-out are classified as part of costs and expenses. Beginning 2017, revenues from premium content services (where Globe is acting as principal to the contract) will be reported gross of the licensors' fees.

### **Mobile Data**

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

Mobile data, the biggest contributor to the mobile business, accounted for 70% of total mobile service revenues (vs. 64% in 2019). As of end-December 2020 mobile data revenues posted close to ₱72.0 billion, a slight improvement of 1% versus a year ago. The sustained growth momentum in mobile data revenues was driven by the increasing consumption as the health crisis had turned mobile data into a primary need for Filipinos. Likewise, data traffic rose given consumers more conscientious data usage boosted by Globe's recalibrated data offers that provided better value and served the changing needs of its customers.

Over the years, Globe has pioneered efforts in introducing product and services that cater to the customer's digital preferences, enabling Globe to be the preferred brand for Filipinos' digital lifestyle choices. This was done through collaborative partnerships with global giants in the world of content. The Company partnered with internet giant Google to provide free access to Google Mobile services and to provide its subscribers the ability to charge purchases of applications to their postpaid bill or prepaid load, bypassing the need for credit cards and enhancing the convenience for Globe and TM customers. Likewise, the Company was able to tailor-make lifestyle packages for all its subscribers to meet their social networking needs and crowd-sourced content (via *Facebook* and *Wattpad*), chatting and digital communication (*Viber*), music (*Spotify*), sports (*NBA*) and media. Moreover,

Globe's array of content partners including premium online streaming platforms like Netflix, iflix, HBO GO; social media networks such as YouTube; online shopping sites; and mobile games usher in a whole new entertainment experience, made more relevant at this time when most Filipinos are staying at home.

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

PROMO	DATA	GoWIFI	SMS	CALLS	VALIDITY
Go50	5GB	1GB	Unlimited to all networks		3 days
Go90	8GB	1GB			7 days
Go120	10GB	2GB		Unlimited to Globe/ TM	7 days
Go140	11GB	2GB			

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

GoBOOSTERS	INCLUSIONS
GoBOOST15	+1GB for all sites and apps, valid for 1 day
GoWATCH1	+1GB for Youtube, Netflix and other video streaming apps, valid for 1 day
GoPLAY10	+1GB for Mobile Legends, Call of Duty, and other gaming apps, valid for 1 day
GoSHARE10	+1GB for Facebook, Tiktok and other social media apps, valid for 1 day
GoSHOP10	+1GB for Lazada, ZALORA and other shopping apps, valid for 1 day
GoKOREAN	+1GB for Viu, V Live and other K-apps, valid for 1 day
GoLONGER	+1 day validity
and more!	

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

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

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

Meanwhile, TM customers can subscribe to the following EasySurf promos for as low as ₱10: EasySurf10 give customers 40MB valid for 1 day; EasySurf15 give customers 100MB plus 30MB for Instagram valid for 2 day; EasySurf30 give customers 300MB plus 50MB for Facebook, Viber, or Snapchat valid for 2 day; EasySurf50 give customers 1GB plus 1GB/day for choice of app bundle: Watch & Play, Share & Shop or Listen & Discover, 1 GB GoWiFi access and Unli allnet texts valid for 3 day. 30-day validity offers for TM are also available (EasySurf 299 for 2GB, EasySurf599 for 5GB, EasySurf999 for 10GB, EasySurf 1299 for 15GB, EasySurf1999 for 30 GB

and EasySurf2499 for 50GB) plus 10GB for choice of app bundle: Watch & Play, Share & Shop or Listen & Discover, and 1 GB GoWifi access. SuperSurf for unlimited mobile internet are likewise available for ₱50 for 1-day unli internet and ₱200 for 5 days unli internet subject to fair use policy. Check <https://www.tmtambayan.ph/promos/a20.html> for more details on TM's latest offers.

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

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

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

### **Mobile Voice**

Mobile voice revenues, which accounted for 20% of total mobile service revenues, ended the year at ₱20.1 billion, down by 16% from ₱24.0 billion in 2019. Consistent with global trends, voice revenues declined given the continued migration of voice traffic to alternative internet-based applications.

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

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

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<sup>15</sup>\*With at least ₱7.50 load requirement

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

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

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

### **Mobile SMS**

Mobile SMS revenues, which accounted for 10% of total mobile service revenues, closed the year at ₱11.0 billion or 29% lower against the ₱15.5 billion reported last year. Similar to voice, mobile SMS declined, with traffic moving to over-the-top (OTT) messaging apps.

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

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

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

## GoWiFi<sup>16</sup>

In support of national development by providing access to user-friendly and cost-effective internet connectivity to more Filipinos. GoWiFi continues its expansion plans nationwide, particularly in high-traffic areas like malls, hospitals, and schools to make high-quality internet connection accessible and affordable to more Filipinos. GoWiFi is now available in over 2,800 hotspots nationwide, enabling users to get connected with up to 100MBps of high-speed internet within the coverage of a GoWiFi site, regardless of network provider.

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

In line with its vision of accelerating the digital transformation of the Philippines, Globe has cemented another key partnership with one of the country's biggest provinces, Ilocos Norte. The milestone partnership was formalized through a Memorandum of Agreement signing last February 11, 2020 at the Ilocos Norte Provincial Capital. GoWiFi services are now available in key areas in Ilocos Norte, such as the Capitol Building, Laoag City Hall, Batac City Hall, San Nicolas IT Park, and Aurora Park in Laoag. In line with this partnership, Globe will also be holding sessions of its Digital Thumbprint Program (DTP) that aims to educate local government representatives and its community members on responsible online behavior. This includes being knowledgeable about online safety, cyberbullying, online etiquette, identifying fake news, among many others. DTP training will be done within the first quarter of the year.

Likewise, Globe sealed another landmark partnership with one of the country's economic powerhouses, Iloilo City. KapitWiFi is Globe's most affordable community WiFi service, which allows customers to connect to a hotspot, purchase a promo, and enjoy surfing in a snap. The new product promises affordability with no monthly fees and device cashouts, and availability to all mobile users regardless of network provider. For as low as ₱50, customers can enjoy up to 3GB of data allocation for three days. The service is now available for the benefit of 800 households within the vicinity of Brgy. Lanit. GoWiFi, the most pervasive public WiFi service in the country, is also now available in key locations including the City Hall of Iloilo, Sunburst Park, Freedom Grandstand, Iloilo International Airport, and Iloilo River Plains Integrated School in Brgy. Lanit. Apart from providing free WiFi access in its campus premises, GoWiFi also powered up the integrated school's computer lab with unlimited internet access to aid students in their digital learning experience.

Among other provinces and municipalities that was recently powered by GoWifi are Mangaldan, Pangasinan and San Jose Del Monte, Bulacan.

In the third quarter of 2020, *GoWiFi* delivered free internet connectivity in key Davao and Cebu locations such as hospitals, government offices, airports in the province and others. Residents can enjoy up to 100MBps of high-speed internet powered by GoWiFi in the following sites:

- Hospitals - Davao Doctors Hospital, Davao Limso Hospital, Southern Philippines Medical Center Davao Medical School Foundation, Inc., San Pedro Hospital of Davao City, Inc., Cebu City Medical Center, Cebu Community Hospital, Cebu Doctors Hospital, and Chong Hua Hospital Mandaue
- Government offices - PhilHealth Office (Davao), Land Transportation Office - Davao, Land Transportation Office - Tagum, Tagum City Hall
- Airports - Davao International Airport, Mactan-Cebu International Airport
- Supermarkets - Shopwise Cebu Basak and Shopwise Express Cebu Basak
- Bus Terminal - Bogo Bus Terminal in Cebu

In the last quarter of the year, Globe and the local government of Pasig City embarked on a new partnership to provide high-speed and affordable internet access through GoWiFi and KonekTayo WiFi. High-quality connectivity is now made accessible to Pasig City residents, helping them become more digitally-empowered, especially as more resources and services shift to digital in the new normal. Formerly known as KapitWiFi, KonekTayo WiFi is a fast and secure community WiFi service that aims to provide households with affordable internet. With KonekTayo WiFi, customers simply need to connect to a KonekTayo WiFi hotspot, purchase a promo and surf all day. KonekTayo WiFi will deploy buses converted into mobile WiFi hubs, equipped with special antennas that broadcast WiFi signal in select areas in the city, as students and workers rely on reliable home internet for learning and working. KonekTayo WiFi via these buses will be available from 7:00 a.m. to 7:00

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<sup>16</sup> *GoWiFi is Globe Telecom's premium public WiFi service*

p.m. from Monday to Sunday at the Ilaya Covered Court, Santolan Big Ampitheatre and Kapitolyo San Joaquin Elementary School. Likewise, key locations such as the Pasig City Hall will be powered with GoWiFi so that Pasiguenos have easy and reliable access to the internet. More GoWiFi locations such as the Pasig Mega Market, Rave Park, Plaza Bonifacio, among others, are lined up for implementation in 2021.

GoWiFi likewise extends free internet connection in key public areas in Negros Occidental such as gas stations, supermarkets, hospitals and transport terminals and ticketing offices.

For more information, visit the [GoWiFi](#) page.

## Key Mobile Drivers

	Globe Group		
	Year on Year		
	31-Dec 2020	31-Dec 2019	YoY Change (%)
<b><u>Cumulative Subscribers (or SIMs) - Net</u></b>	<b>76,645,567</b>	<b>94,204,277</b>	<b>-19%</b>
<i>Globe Postpaid</i>	2,513,547	2,690,577	-7%
Prepaid	74,132,020	91,513,700	-19%
<i>Globe Prepaid<sup>1</sup></i>	38,109,102	44,815,390	-15%
<i>TM</i>	36,022,918	46,698,310	-23%
<b><u>Net Subscriber (or SIM) Additions</u></b>	<b>(17,558,710)</b>	<b>20,110,686</b>	<b>-187%</b>
<i>Globe Postpaid</i>	(177,030)	92,406	-292%
Prepaid	(17,381,680)	20,018,280	-187%
<i>Globe Prepaid<sup>1</sup></i>	(6,706,288)	10,227,792	-166%
<i>TM</i>	(10,675,392)	9,790,488	-209%
<b><u>Average Revenue Per Subscriber (ARPU)<sup>2</sup></u></b>			
<i>Globe Postpaid</i>	850	907	-6%
Prepaid			
<i>Globe Prepaid<sup>1</sup></i>	93	108	-14%
<i>TM</i>	60	61	-2%
<b><u>Average Monthly Churn Rate (%)</u></b>			
<i>Globe Postpaid</i>	1.8%	1.7%	
Prepaid			
<i>Globe Prepaid<sup>1</sup></i>	4.8%	3.1%	
<i>TM</i>	6.2%	3.5%	

<sup>1</sup>Globe Prepaid includes GOMO subscribers

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

Globe closed 2020 with a total Mobile subscriber base of 76.6 million, down by 19% from last year coming mostly from the decline in acquisitions given the extended quarantine imposed in the country, coupled with the increase in prepaid churn, as churn levels continue to normalize from the impact of the 1-year load validity regulation. Combined, Globe Prepaid and TM gross acquisitions comprised 99% of acquired SIMs during the

period. With the increase in overall churn rates for the year of 5.4% from 3.3% a year ago, net reduction in subscribers totaled 17.6 million this period from the 20.1 million net additions last year.

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

### ***Globe Postpaid***

*Globe Postpaid* had a total of 2.5 million cumulative subscribers as of the end of December 2020, lower by 7% from 2019. *Globe Postpaid*'s gross acquisitions for the period stood at 381,773 or 38% lower than last year due mainly to the impact of the pandemic. With lower acquisitions and increase in churn rate (from 1.7% a year ago to 1.8% this period) total net reduction in postpaid subscribers stood at 177,030 versus last year's net addition of 92,406.

*Globe Postpaid* ARPU registered at ₱850, which was 6% lower from a year ago.

### ***Prepaid***

Globe's prepaid segment, which includes the *Globe Prepaid*<sup>17</sup> and *TM* brands, accounts for 97% of its total Mobile subscriber base. As of end-December 2020, cumulative prepaid subscribers stood at about 74.1 million, 19% lower than the 91.5 million subs reported in 2019.

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

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

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

### ***b. Globe Prepaid***

*Globe Prepaid* gross acquisitions dropped by 32% year-on-year from 25.1 million subscribers last year. Total cumulative *Globe Prepaid* subscribers was at 38.1 million as of end-December 2020, or 15% drop from a year ago. Prepaid churn rate for the period jumped to 4.8% from last year's 3.1% as the churn continue to normalize from the impact of the 1-year load validity regulation.

*Globe Prepaid* ARPU stood at ₱93, which was 14% lower from a year ago.

### ***c. TM***

*TM*'s gross acquisitions declined year-on-year by 27%, from prior year's 27.4 million subscribers due to the impact of COVID-19 pandemic. Total cumulative *TM* subscribers stood at 36.0 million as of end-December of 2020, or 23% decline from the 46.7 million reported last year. *TM* churn rate for the period jumped to 6.2% from last year's 3.5% as the churn rates continue to revert to historical levels.

*TM* ARPU posted a 2% decline from ₱61 reported in 2019.

## **FIXED LINE AND HOME BROADBAND BUSINESS**

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<sup>17</sup> *Globe Prepaid* subscribers now includes *GOMO* subscribers. *GOMO* is a fully digital service brand of *Globe* created to address the needs of the underserved digitally savvy yuppie segment. Simply buy the sim from *gomo.ph* or thru the *GOMO PH* mobile app.

Service Revenues (Php Mn)	Globe Group		
	Year on Year		
	31-Dec 2020	31-Dec 2019	YoY Change (%)
Service			
Home Broadband <sup>1</sup>	26,798	21,747	23%
Corporate Data <sup>2</sup>	12,539	12,969	-3%
Fixed line Voice <sup>3</sup>	2,620	2,668	-2%
<b>Fixed Line &amp; Home Broadband Service Revenues</b>	<b>41,957</b>	<b>37,383</b>	<b>12%</b>

*Note: 2019 Service Revenues has been restated to reclass non-telco revenues from subsidiaries to Other revenues*

<sup>1</sup> Home Broadband service revenues consist of the following:

- Monthly service fees of wired, fixed wireless, bundled voice and data subscriptions;
- Browsing revenues from all postpaid and prepaid wired, fixed wireless Broadband packages in excess of allocated free browsing minutes and expiration of unused value of prepaid load credits;
- Value-added services such as games; and
- Installation charges and other fees associated with the service.
- Beginning 2017, revenues from premium content services (where Globe is acting as principal to the contract) will be reported gross of the licensors' fees. Revenues for similar services reported in 2016 have also been restated for purposes of comparison. Licensors' fees will be reflected as part of maintenance expense.

<sup>2</sup> Corporate Data (previously called Fixed line data) service revenues consist of the following:

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

<sup>3</sup> Fixed line voice service revenues consist of the following:

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

## Home Broadband

	Globe Group		
	Year on Year		
	31-Dec 2020	31-Dec 2019	YoY Change (%)
<b>Cumulative Broadband Subscribers</b>			
Fixed Wireless	3,057,933	1,375,260	122%
Wired	739,112	642,078	15%
<b>Total (end of period)</b>	<b>3,797,045</b>	<b>2,017,338</b>	<b>88%</b>

Globe Group's *Fixed line and Home Broadband* full year 2020 revenues stood at close to ₱42.0 billion, 12% higher year-on-year from ₱37.4 billion in 2019, bolstered by the solid contributions of home broadband.

*Globe Home Broadband* maintained its momentum by posting a 23% year-on-year revenue growth to reach a record ₱26.8 billion this period, from ₱21.7 billion last year. Total home broadband subscriber base now stands at 3.8 million, up 88% from the year earlier, driven mainly by the sustained increase in fixed wireless broadband users, which was up by 122% versus last year. As of end-December of 2020, Home Prepaid Wi-Fi (HPW) data traffic soared to 545 petabytes from 115 petabytes in 2019. The outstanding performance of the home broadband business was propelled by the need for reliable broadband connectivity during this time of crisis.

## Corporate Data

*Corporate Data* ended the year with ₱12.5 billion revenues, down by 3% from a year ago, largely coming from domestic and international services as partly mitigated by higher information and communication technology (ICT) revenues.

## Fixed line Voice

Globe's total *Fixed line Voice* revenues however, declined year-on-year by 2%.

## OTHER GLOBE GROUP REVENUES

### *International Long Distance (ILD) Services*

Both Globe and Innove offer ILD voice services which cover international call services between the Philippines to 237 destinations with 780 roaming partners. This service generates revenues from both inbound and outbound international call traffic, with pricing based on agreed international termination rates for inbound traffic revenues and NTC-approved ILD rates for outbound traffic revenues.

Globe's ILD voice revenues from the mobile and fixed line businesses declined year-on-year by 33% (from ₱5.1 billion in 2019 to only ₱3.4 billion in 2020). This is attributed to the continued migration of international traffic through other internet-based applications.

## GROUP OPERATING EXPENSES

Globe ended the year with total costs and expenses at ₱108.3 billion or 1% higher from ₱ 107.1 billion a year ago, due to increases across many expense line items except for interconnect costs, utilities and services. Higher expenses for the period were mainly to support management strategies, business, and data-network expansion.

(Php Mn)	Globe Group		
	Year on Year		
	31-Dec 2020	31-Dec 2019	YoY Change (%)
Interconnect	1,007	3,983	-75%
Marketing and Subsidy	8,674	7,353	18%
Staff Costs	15,957	15,480	3%
Utilities, Supplies & Other Administrative Expenses	6,296	6,576	-4%
Rent	6,209	5,793	7%
Repairs & Maintenance	9,587	8,494	13%
Provisions	6,058	4,383	38%
Services and Others	19,088	20,917	-9%
<b>Operating Expenses &amp; Subsidy</b>	<b>72,876</b>	<b>72,979</b>	<b>-</b>
<b>Depreciation and Amortization</b>	<b>35,412</b>	<b>34,144</b>	<b>4%</b>
<b>Costs and Expenses</b>	<b>108,288</b>	<b>107,123</b>	<b>1%</b>

### Interconnect

Globe group's full year interconnect charges significantly declined by 75%, posting only ₱1.0 billion in 2020 from nearly ₱4.0 billion last year. The decrease in interconnection fees was largely due to this year's non-imposition of interconnect charges<sup>18</sup> on mobile domestic voice and SMS transactions coupled with lower roaming payout.

### Marketing & Subsidy

Marketing and Subsidy expenses grew by 18% year-on-year to reach ₱8.7 billion from ₱7.4 billion reported a year ago mostly coming from subsidy and higher spending for ads & promos, as partly cushioned by lower commissions given the decline in postpaid acquisitions.

### Staff Costs

Staff costs were up 3% to nearly ₱16.0 billion in 2020 from ₱15.5 billion in 2019 due to the 4% increase in headcount (8,353 in 2020 vs. 8,048 in 2019), translating to higher salaries and employee-related benefits, combined with the increase in retirement fund and hospitalization insurance, as partly offset by lower incentives this year.

### Utilities, Supplies and Other Administrative Expenses

Utilities, supplies, and other administrative expenses, which contribute 9% of total operating expenses and subsidy, posted a decline of 4%, totaling to ₱6.3 billion from ₱6.6 billion reported in 2019. The drop was mainly from utilities on lower electricity and local travel. These were partially offset by higher fuel consumption for generator sets and supplies such as Covid-19 protective supplies.

### Rent

<sup>18</sup> *Non-imposition of Interconnection Fee or Charge (under Section 9 of the Mobile Number Portability Act): To promote consumer welfare by fostering freedom of choice, no interconnection fee or charge shall be imposed by any mobile service provider for domestic calls and SMS made by a subscriber.*

Rent expenses for the year 2020 was at ₱6.2 billion, up by 7% from a year ago due to expenses related to international cable facilities, IP Port, and leases for cell sites, partly cushioned by lower leases for service vehicles and local interconnection facilities. This accounts for 9% of total operating expenses and subsidy.

### **Repairs and Maintenance**

Repairs and maintenance costs for the year stood at ₱9.6 billion, up by 13% from the ₱8.5 billion reported a year ago. This was largely on higher expenditures for communication equipment, supplies facilities' preventive repairs and international cable system maintenance.

### **Provisions**

This account includes provisions related to trade, non-trade and traffic receivables and inventory obsolescence. Globe group's provisions significantly grew year-on-year by 38% largely from the additional trade provisions due to the pandemic, as partly countered by lower inventory provisions.

### **Services and Others**

Accounting for 26% of total operating expenses and subsidy, services and expenses decreased by 9% from ₱20.9 billion reported in 2019 driven mostly by lower managed services and customer call center services, counterbalanced by higher professional/advisory fees.

### **Depreciation and Amortization**

Total depreciation and amortization expenses for the year rose to ₱35.4 billion from ₱34.1 billion reported in 2019, given Globe's continued massive network investments despite the pandemic.

## OTHER INCOME STATEMENT ITEMS

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

(Php Mn)	Globe Group		
	Year on Year		
	31-Dec 2020	31-Dec 2019	YoY Change (%)
<b>Financing Costs</b>			
Interest Expense	(6,369)	(6,436)	-1%
Loss on derivative instruments (net)	(1,580)	(809)	95%
Swap costs and other financing costs	(742)	(367)	102%
	<b>(8,691)</b>	<b>(7,612)</b>	<b>14%</b>
<b>Other Income</b>			
Foreign Exchange gain (net)	1,691	848	99%
Interest Income	195	500	-61%
Others	(4,156)	(2,796)	49%
<i>Equity share from Affiliates (net)</i>	(2,076)	(2,262)	-8%
<i>Frequency Amortization</i>	(291)	(293)	-
<i>Gain on Sale (AFPI)</i>	-	240	-100%
<i>Remeasurement loss on investment in Associate</i>	-	(471)	-100%
<i>Others – net</i>	(1,789)	(11)	16011%
<b>Total Income (Other Expenses)</b>	<b>(10,961)</b>	<b>(9,060)</b>	<b>21%</b>

The Globe Group's full year 2020 non-operating charges, increased by 21% from the ₱9.1 billion reported last year to nearly ₱11.0 billion this period. Higher non-operating expenses this period was mainly due to the one-time impairment loss amounting to ₱4.2 billion largely from the network change out covering the full sunset of the 3G assets and the existing copper infrastructure, as partly offset by the gain of ₱2.4 billion, mostly from the deemed sale of investment in Mynt following a third-party infusion by Bow Wave and loan revaluation.

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

## LIQUIDITY AND CAPITAL RESOURCES

<b>Globe Group</b>			
	<b>31-Dec 2020</b>	<b>31 Dec 2019</b>	<b>YoY Change (%)</b>
<b>Balance Sheet Data (Php Mn)</b>			
Total Assets	339,780	304,291	12%
Total Debt	167,673	136,274	23%
Total Stockholders' Equity	82,804	81,247	2%
<b>Financial Ratios (x)</b>			
Total Debt to EBITDA (gross)	2.42	1.86	
Total Debt to EBITDA (net)	2.14	1.75	
Debt Service Coverage	3.31	2.99	
Interest Coverage (Gross)	9.07	9.53	
Debt to Equity (Gross)	2.02	1.68	
Debt to Equity (Net) <sup>1</sup>	1.79	1.58	
Total Debt to Total Capitalization (Book)	0.67	0.63	
Total Debt to Total Capitalization (Market)	0.37	0.33	

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

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

Globe Group's consolidated assets as of 31 December 2020 amounted to ₱339.8 billion compared to ₱304.3 billion as of December 31, 2019. Consolidated cash, cash equivalents and short-term investments (including investments in assets available for sale and held to maturity investments) was at ₱19.5 billion as of end-December of 2020 compared to ₱8.3 billion as of end-December of 2019.

Globe closed 2020 with gross debt to equity ratio on a consolidated basis at 2.02:1 and is still within the 3.0:1 debt to equity limit dictated by Globe's debt covenants. Meanwhile, net debt to equity ratio was at 1.79:1 as of end-December 2020 and 1.58:1 as of end December 2019. Globe's current ratio stood at 0.80:1 as of 31 December 2020 and 0.73:1 as of 31 December 2019 which are at par with industry standards. While Globe's average current ratio was below the SEC's minimum of 1:1, Globe believes it has more than sufficient cash flows from operations to meet its debt maturities, currently and prospectively.

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

- Total debt\* to equity not exceeding 3.0:1;
- Total debt to EBITDA not exceeding 3.5:1;
- Total Debt service coverage<sup>1</sup> exceeding 1.3 times; and
- Secured debt ratio<sup>2</sup> not exceeding 0.2 times.

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

As of 31 December 2020, Globe is well within the ratios prescribed under its loan agreements.

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

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

On July 23, 2020, Globe Telecom issued a USD 300 million 10-year and USD 300 million 15-year US dollar denominated senior notes with a coupon rate of 2.5% and 3.0%, respectively. The notes are unrated and have been listed on the Singapore Exchange Securities Trading Limited on July 24, 2020. The net proceeds from the

issue of the notes will be used to finance Globe's capital expenditures, maturing and/or existing obligations, and for general corporate requirements.

### Consolidated Net Cash Flows

(Php Mn)	Globe Group		
	31-Dec 2020	31-Dec 2019	YoY Change (%)
Net Cash from Operating Activities	65,160	74,042	-12%
Net Cash from Investing Activities	(61,574)	(55,031)	12%
Net Cash from Financing Activities	8,489	(33,257)	-126%

Net cash flows provided by operating activities in 2020 was at ₱65.2 billion, down by 12% from the previous year.

Meanwhile, net cash used in investing activities amounting to ₱61.6 billion, was 12% higher from last year. Consolidated cash capital expenditures as of end-December 2020 amounted to ₱60.3 billion, or 18% higher from last year's ₱51.0 billion.

(Php Mn)	Globe Group		
	31-Dec 2020	31-Dec 2019	YoY Change (%)
<b>Cash Capital Expenditures<sup>1</sup></b>	60,302	51,024	18%
Total Additions to Property and equipment and Intangible assets <sup>2</sup>	46,969	45,799	3%
<b>Cash Capital Expenditures<sup>1</sup> / Service Revenues (%)</b>	<b>41.2%</b>	<b>34.2%</b>	

<sup>1</sup> Cash capital expenditures-property & equipment and intangibles as of report date

<sup>2</sup> Include property and equipment, intangibles and capitalized borrowing costs acquired as of report date regardless of whether payment has been made or not.

Consolidated net cash provided by financing activities amounted to ₱8.5 billion in 2020 versus last year's net cash used for financing activities of ₱33.3 billion. This was mainly driven by higher proceeds from borrowings as partly offset by increase in repayment of borrowings, and interest payments, coupled with the lease liability payments this period. Consolidated total debt, likewise increased by 23% from ₱136.3 billion at the end of December 2019 to ₱167.7 billion at the end of December this year.

96% of US\$ consolidated loans have been effectively converted to PHP via US\$963 million in currency hedges. After swaps, effectively 1% of total debt is denominated in US\$.

Below is the schedule of debt maturities for Globe for the years stated below based on total outstanding debt as of December 31, 2020:

Year Due	Principal* (US\$ Mn)
2021	178.12
2022	306.41
2023	371.42
2024 through 2035	2,604.87
<b>Total</b>	<b>3,460.82</b>

\* Principal amount before debt issuance costs

The Globe Group has available uncommitted short-term credit facilities of ₱16,224 million and USD 84 million, ₱16,350 million and USD 94 million as of December 31, 2020 and December 31, 2019, respectively.

The Globe Group also has available ₱3,000 million committed short-term credit facilities as of December 31, 2020 and December 31, 2019. There is ₱3,500 million and nil long term committed credit facilities as of December 31, 2020 and December 31, 2019, respectively.

There are ₱700 million and nil outstanding short-term loans as of December 31, 2020 and December 31, 2019, respectively.

Stockholders' equity as of end-December 2020 was higher by 2% from ₱81,247 million to ₱82,804 million this period. Globe's capital stock consists of the following:

*Voting Preferred Stock*

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

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

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

*Non-Voting Preferred Stock*

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

*Common Stock*

Common stock at par value of ₱50 per share of which 133.4 million are issued and outstanding out of a total authorized of 149 million shares.

*Cash Dividends*

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

On November 8, 2011, the Board of Directors approved the current dividend policy of Globe Telecom to distribute cash dividend at the rate of 75% to 90% of prior year's core net income.

On August 6, 2013, the Board of Directors further approved the change in distribution from semi-annual dividend payments to quarterly dividend distributions. On December 10, 2013, the BOD approved to defer the implementation of the quarterly dividend payout to the third quarter of 2014.

On November 5, 2018, the Board of Directors likewise approved the proposed change in the dividend policy from 75% to 90% of prior year's core net income to 60% to 75% of prior year's core net income, to be applied to the 2019 dividend declaration. The amended policy will provide Globe with increased flexibility with respect to capital management. This adjustment will also ensure the sustainability of the operations in this investment-heavy environment, while protecting future dividends, once planned expansion yields beneficial results.

On February 3, 2020, the BOD approved the declaration of the first quarter cash dividend of ₱27 per common share, payable to common stockholders of record as of February 17, 2020. Total dividends amounting to ₱3.6 billion was paid last March 4, 2020.

On May 4, 2020, the Globe Board of Directors approved the declaration of the second semi-annual cash dividend for holders of its non-voting preferred shares on record as of July 28, 2020. The amount of the cash dividend shall be at a fixed rate of 5.2006% per annum calculated in respect of each share by reference to the offer price of ₱500.00 per share on a 30/360-day basis for the six-month dividend period. Total amount of the cash dividend was paid last August 24, 2020.

Likewise, the Board of Directors of Globe approved in a separate approval the declaration of two quarterly distributions of cash dividends of ₱24.83 per common share paid last June 3, 2020 and September 2, 2020 to shareholders on record as of May 18, 2020 and August 17, 2020, respectively. Each cash dividend payment total to about ₱3.3 billion. The decision to change the dividend payout for the second and third quarter dividend distribution was an effort to conserve cash, as a healthy balance sheet and strong cashflows are key to managing the challenges brought about by the extended quarantine period.

On November 3, 2020 the Board of Directors of Globe approved the declaration of the fourth quarter cash dividends of ₱31.33 per common share paid last December 3, 2020 to stockholders on record as of November 17, 2020. The fourth quarter cash dividend payment total is about ₱4.2 billion. Total common cash dividend distribution as of end-December 2020 amounted to ₱14.4 billion. On the same date, Globe BOD approved the declaration of the cash dividend for holders of its voting preferred shares paid last December 3, 2020 to shareholders on record as of November 17, 2020. The amount of the cash dividend was based on the 2019 Benchmark rate of the 3-day average of the 5-year BVAL\* (i.e. average of October 24, 25, 28, 2019) plus 2%. The aggregate dividend payment for the voting preferred shares was about ₱50.0 million.

On December 11, 2020, the Board of Directors of Globe also approved the declaration and payment of the first semi-annual 2021 cash dividends for the Company's non-voting preferred shareholders on record as of January 27, 2021. The amount of the cash dividend shall be at a fixed rate of 5.2006% per annum calculated in respect of each share by reference to the offer price of ₱500.00 per share on a 30/360-day basis for the six-month dividend period. Payment date: February 22, 2021.

#### Return on Average Equity (ROE)

Consolidated Return on Average Equity (ROE) registered at 22.7% as of end-December 2020, compared to 28.9% in 2019 using trailing 12 months net income and based on average equity balances for the year ended. Using trailing 12 months core net income, which excludes the effects of non-recurring expenses on net income, return on average equity as of end-December 2020 and 2019 were 23.8% and 29.1% respectively.

#### Earnings Per Share (EPS)

Accordingly, consolidated basic earnings per common share were ₱135.04 and ₱162.96, while consolidated diluted earnings per common share were ₱134.40 and ₱162.20 as of end-December 2020 and 2019, respectively.

## FINANCIAL RISK MANAGEMENT

### FOREIGN EXCHANGE EXPOSURE

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

#### Transaction exposures

Globe has natural net US\$ inflows arising from its operations. Consolidated foreign currency-linked revenues<sup>1</sup> were at 7% and 8% of total gross service revenues for the periods ended 31 December 2020 and 2019, respectively. In contrast, Globe's foreign-currency linked expenses were at 14% and 12% of total operating expenses for the same periods ended.

The US\$ flows are as follows:

	Dec. 31, 2020
US\$ and US\$ Linked Revenues	₱9.7 billion
US\$ Operating Expenses	₱9.6 billion
US\$ Net Interest Expense	₱0.8 billion

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

There were no outstanding forward USD sale contracts as of December 31, 2020.

*Includes the following revenues:*

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

#### Translation Exposures

Globe's foreign exchange translation exposures result primarily from movements of the Philippine Peso (Php) against the U.S. Dollars (USD) with respect to USD-denominated financial assets, USD-denominated financial liabilities and certain USD-denominated revenues. Majority of revenues are generated in Php, while bulk of capital expenditures are in USD. In addition, 29% of debt as of December 31, 2020 are denominated in USD before taking into account any swap and hedges. After swaps, effectively 1% of total debt is denominated in US\$.

Information on Globe's foreign currency-denominated monetary assets and liabilities as of December 31, 2020 are as follows:

	Dec. 31, 2020
US\$ Assets	US\$ 205 million
US\$ Liabilities	US\$ 1,476 million
Net US\$ Liability Position	US\$ 1,272 million

As of end-December 2020, the Globe Group posted a total of ₱1,691 million net foreign exchange gain.

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

As of end-December 2020, Globe has US\$303 million in cross currency swap contracts which are hedges of the interest and foreign exchange risks of some of our US\$ loans maturing in December 2023, August 2024, March

2025, and August 2027. The MTM of the outstanding swap contracts stood at a loss of ₱1,893 million as of end-December 2020.

As of end-December 2020, Globe has US\$660 million in principal only swap contracts which are hedges of the foreign exchange risks of some of our US\$ loans maturing in April 2022, October 2022, July 2025, July 2027 and July 2030. The MTM of the swap contracts stood at a loss of ₱887 million as of end-December 2020.

Globe has US\$20 million in outstanding forward USD purchase contracts which remain outstanding as of end-December 2020. The mark-to-market of the outstanding forward USD purchase contracts stood at a loss of US\$47 million as of end-December 2020.

### ***INTEREST RATE EXPOSURE***

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

As of end-December 2020, Globe has a total of US\$40 million in US\$ interest swaps and US\$303 million in cross currency swaps that were entered in to contracts to achieve these targets. The US\$ swaps fixed some of the Company's outstanding floating rate debts with quarterly payment intervals up to April 2022, October 2022, December 2023, August 2024, March 2025, March 2027 and August 2027.

As of end-December 2020, 85% (excluding short-term debt) of peso debt is fixed, while 91% of USD debt is fixed after swaps.

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

The MTM of the interest rate swap contracts (not including the currency swap contracts) stood at a loss of ₱54 million as of end-December 2020.

### ***CREDIT EXPOSURES FROM FINANCIAL INSTRUMENTS***

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

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

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

## ***VALUATION OF DERIVATIVE TRANSACTIONS***

The company uses valuation techniques that are commonly used by market participants and that have been demonstrated to provide reliable estimates of prices obtained in actual market transactions. The company uses readily observable market yield curves to discount future receipts and payments on the transactions. The net present value of receipts and payments are translated into Peso using the foreign exchange rate at time of valuation to arrive at the mark to market value. For derivative instruments with optionality, the company relies on valuation reports of its counterparty banks, which are the company's best estimates of the close-out value of the transactions.

Gains (losses) on derivative instruments represent the net mark-to-market (MTM) gains (losses) on derivative instruments. As of December 31, 2020, the MTM value of the derivatives of the Globe Group amounted to ₱2,881.26 million while net loss on derivative instruments arising from changes in MTM reflected in the consolidated income statements as of end-December 2020 amounted to ₱1,579.75 million.

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

## INDEPENDENT PUBLIC ACCOUNTANTS

### **INDEPENDENT AUDIT FEES AND SERVICES**

The Audit and Related Party Transactions Committee (the Committee) has an existing policy to review and pre-approve the audit and non-audit services rendered by Globe Group's independent auditors. It does not allow the Globe Group to engage the independent auditors for certain non-audit services prohibited expressly by SEC regulations to be performed by independent auditors for its audit clients. This is to ensure that the independent auditors maintain the highest level of independence from the Globe Group, both in fact and appearance.

In its annual stockholders meeting last 26 April 2022, the shareholders appointed the accounting firm of Isla Lipana & Co. (IL), the Philippine member firm of the PricewaterhouseCoopers (PwC) global network, as the Independent Auditors of Globe Group for the calendar year 2022.

Fees approved in connection with the audit and audit-related services rendered by IL/PwC pursuant to the regulatory and statutory requirements for the years ended 31 December 2022 and 2021, amount to ₱20.58 million, exclusive of 3% out-of-pocket expenses (OPE) and ₱17.10 million, inclusive of 3%<sup>1</sup> OPE, respectively. In addition to performing the audit of Globe Group's financial statements and audit-related services, IL/PwC was also contracted to provide non-audit services in accordance with established procurement policies. The aggregate fees billed by IL/PwC in 2022 are shown below with comparative figures for 2021:

	2022	2021
	<i>(Amount in millions)</i>	
Audit and Audit Related Fees <sup>2</sup>	₱20.58	₱17.10
Non-Audit Fees	1.53	0.63
<b>Total</b>	<b>₱22.11</b>	<b>₱17.73</b>

<sup>1</sup> Except for subsidiaries of Asticom Technology, Inc. where audit fees are exclusive of OPE and based on actual charges

<sup>2</sup> Excludes 2022 and 2021 audit fees rendered by external auditors other than IL/PwC:

GT HK, ₱144K (₱281K in 2021) performed by C.T. SIO Certified Public Accountant

GT EU, ₱186K (₱362K in 2021) performed by Wellden and Turnbull LLP

GT SG, ₱405K (₱350K in 2021) performed by Kreston ACA PAC

**Audit Fees** represent the audit of Globe Group's annual financial statements and review of quarterly financial statements in connection with statutory and regulatory filings or engagements for the years ended 2022 and 2021.

**Audit-related Fees** represent the issuance of the arrangement and comfort letter in relation to Globe's Stock Rights Offering. Audit-related fees in 2021 represent the review of Globe Group's June 30, 2021 and 2020 interim condensed consolidated financial statements in relation to Globe's perpetual capital security issuance.

**Non-Audit Fees** represent the services rendered for valuation services performed and Globe's whistleblowing reporting programs. Non-audit fees in 2021 pertain to managed services rendered for Globe's whistleblowing reporting programs.

IL/PwC has confirmed to the Committee that the 2022 non-audit services rendered by them are allowed to be provided to an audit client under existing SEC regulations and the Code of Ethics of Professional Accountants in the Philippines and do not conflict with their role as Independent Auditors of the Globe Group.

## **II. CHANGES IN AND DISAGREEMENTS WITH INDEPENDENT AUDITORS ON ACCOUNTING AND FINANCIAL DISCLOSURES**

There were no disagreements with Globe's Independent Auditors on any matter of accounting principles or practices, financial statement disclosures, auditing scope and procedures.

## **NATURE AND SCOPE OF BUSINESS**

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

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

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

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

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

### **The Globe Group is composed of the following companies:**

- **Globe Telecom, Inc. (Globe)** provides digital wireless communications services in the Philippines under the Globe Postpaid and Prepaid, and Touch Mobile (TM). Globe provides digital mobile communication and internet-on-the-go services nationwide using a fully digital network based on the Global System for Mobile Communication (GSM), 3G, HSPA+, 4G, LTE and 5G technologies. It provides voice, SMS, data and value-added services to its mobile subscribers. It also offers domestic and international long distance communication services or carrier services;
- **Innovate Communications Inc. (Innovate)**, a wholly-owned subsidiary, holds a license to provide digital wireless communication services in the Philippines. Innovate 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, Innovate 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. Innovate and Techzone hold ownership interest of 49% and 51%, respectively. TechGlobal started commercial operations in August 2017;

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

### [GTI Corporation \(GTIC\)](#)

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

### [Globe Telecom HK Limited \(GTHK\)](#)

In December 2011, GTI incorporated a wholly owned subsidiary, 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 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.;

### [Globetel European Limited \(GTEU\)](#)

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

### [Globetel Singapore Pte. Ltd. \(GTSG\)](#)

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

### [Third Pillar Business Applications, Inc. \(TPBAI\) and Subsidiaries](#)

On August 17, 2020, GTI entered into a Share Purchase Agreement for the acquisition of 67% of TPBAI. TPBAI, a corporation organized under the laws of the Philippines, is engaged in systems integration, license reselling, and data management services. TPBAI 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.;

### [CaelumPacific Corp. \(CaelumPacific\) and Subsidiaries](#)

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

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

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

On November 3, 2020, the definitive agreements between Caelum Group and Cascadeo have been signed and executed following the completion of all relevant conditions relating to the sale of assets of Cascadeo in the Philippines and the US. Cascadeo is a group of companies in the Philippines and US which offers cloud-native consulting and managed services capabilities for enterprises and small and medium business customers. The asset purchase agreement entered into by Caelum Group and Cascadeo entities also mandated a holding company established by the sellers in 16.67% of CaelumPacific's capital, effectively reducing GTIBH's ownership to 83.33%.

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

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

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

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

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

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

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

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

In February 2014, Kickstart acquired 40% equity interest in Flipside Publishing Services, Inc. (FPSI). Since Kickstart was able to demonstrate control over FPSI despite 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.;

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

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

On January 26, 2021, Asticom incorporated its wholly owned subsidiary, Fiber Infrastructure and Network Services Inc. (FINSI). FINSI was incorporated to provide end-to-end services and industry-specific solutions to telecommunications and telecommunications-related companies. 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, Acquirio Solutions and Tech Inc. (ACQR) to provide manpower services for support and shared services of administrative functions, information technology including consultancy services for offshore development services and other related services.;

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

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

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

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

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

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

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

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

Yondu holds 100% of Rocket Search, Inc. (formerly Yondu Software Labs, Inc.), a company primarily engaged in providing information technology (IT) products and services and engaged in IT placement services. On December 15, 2022, Yondu acquired the ownership of TPBAI and Subsidiaries and CaelumPacific and Subsidiaries from GTI, a wholly-owned subsidiary of Globe Telecom.;

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

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

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

## **BOARD OF DIRECTORS AND KEY OFFICERS**

### **Board of Directors (2022-2023)**

Name	Position
Jaime Augusto Zobel de Ayala	Chairman (NED)
Lew Yoong Keong Allen	Co-Vice Chairman (NED)
Cezar P. Consing	Co-Vice Chairman (NED) <sup>1</sup>
Ernest L. Cu	Executive Director, President and Chief Executive Officer
Jaime Alfonso Antonio Zobel de Ayala <sup>2</sup>	Director (NED)
Delfin L. Lazaro	Director (NED)
Ng Kuo Pin	Director (NED)
Romeo L. Bernardo	Director (NED)
Rex Ma. A. Mendoza	Lead Independent Director (NED, ID)
Saw Phaik Hwa	Independent Director (NED, ID)
Cirilo P. Noel	Independent Director (NED, ID)

Notes: Non-Executive Director (NED), Independent Director (ID)

<sup>1</sup>Mr. Fernando Zobel de Ayala tendered his resignation as member and Co-Vice Chairman of the Board of Directors effective immediately as stated in a disclosure dated September 12, 2022. In an earlier disclosure dated September 1, 2022, Mr. Fernando Zobel de Ayala tendered his resignation as member of the Executive Committee and the Compensation and Remuneration Committee while Mr. Cezar P. Consing was elected to serve the unexpired term in the said Committees ([Corporate Disclosure regarding Board of Directors](#)). On November 11, 2022, Globe Board of Directors ratified the appointment of Mr. Cezar P. Consing as member of the Executive Committee and the Co-Vice Chair of the Board of Directors ([Corporate Disclosure on Board of Directors-PSESECReceived11Nov2022](#)).

<sup>2</sup>Mr. Jaime Alfonso Antonio Zobel de Ayala was elected Director and appointed member of the Compensation and Remuneration Committee vice Mr. Cezar P. Consing effective November 11, 2022, as stated in a disclosure dated November 11, 2022 ([Corporate Disclosure on Board of Directors](#)).

Please refer to Annex “A” of the information statement for the Board of Director’s qualifications, positions held in the past five years, and personal data as of 31 December 2022.

### **Officers – Globe**

Name	Position
Ernest L. Cu <sup>1</sup>	President and Chief Executive Officer (CEO)
Rosemarie Maniego-Eala	Chief Finance Officer (CFO), Treasurer and Chief Risk Officer (CRO)
Renato M. Jiao	Chief Human Resources Officer (CHRO)
Rebecca V. Eclipse	Chief Transformation and Operations Officer (CTOO) and Chief Customer Experience Officer (CCEO)
Vicente Froilan M. Castelo	General Counsel (GC)
Bernard P. Llamzon <sup>2</sup>	Executive Vice President
Solomon M. Hermosura	Corporate Secretary
Marisalve Ciocson-Co	Chief Compliance Officer, Senior Vice President - Law and Compliance, and Assistant Corporate Secretary
Rosalin E. Palacol	Chief Audit Executive (CAE)
Maria Louisa Guevarra-Cabreira	Chief Commercial Officer (CCO)
Maria Yolanda C. Crisanto <sup>2</sup>	Chief Sustainability and Corporate Communications Officer
Raul M. Macatangay <sup>3</sup>	Chief Information Officer (CIO)

<sup>1</sup> Member, Board of Directors

<sup>2</sup> In a disclosure dated 1 December 2022, the designations of Mr. Bernard P. Llamzon and Ms. Maria Yolanda C. Crisanto were updated ([Corporate Disclosure on Key Officers](#)).

<sup>3</sup>The appointment of Mr. Raul M. Macatangay as Chief Information Officer became effective on 01 May 2022, as disclosed on 18 April 2022 ([Corporate Disclosure-Change in Key Officer](#)).

Please refer to Annex “A” of the information statement for the profile of Globe’s key officers.

## ANNEX “D” – MARKET PRICE AND DIVIDENDS

### A. Market Price - Principal Market where the registrant’s equity is traded

Globe’s common shares are traded in the Philippine Stock Exchange. Below are the quarterly high and low prices in the last two (2) fiscal years.

<u>Calendar Period</u>	<u>COMMON SHARES</u>	
	<u>Price Per Share (PHP)</u>	
	<u>High</u>	<u>Low</u>
<b>2021</b>		
First Quarter	2,130	1,870
Second Quarter	1,920	1,796
Third Quarter	3,200	1,860
Fourth Quarter	3,630	2,972
<b>2022</b>		
First Quarter	3,396	2,240
Second Quarter	2,588	2,080
Third Quarter	2,366	2,010
Fourth Quarter	2,478	1,998

The price information as of the close of the latest practicable trading date, 24 March 2023 is ₱1,850 per common share.

### B. Shareholders

There are approximately 3,880 registered holders of common equity and six (6) holders of voting preferred shares as of February 28, 2023.

The following are the top 20 registered holders of the Company’s securities as of February 28, 2023:

	<u>Stockholder Name</u>	<u>No. of Common Shares</u>	<u>No. of Voting Preferred Shares</u>	<u>% Owned out of total voting shares</u>	<u>% Owned out of total O/S shares<sup>1</sup></u>
1	Asiacom Philippines, Inc		158,515,016	52.39%	52.39%
2	Singapore Telecom Int’l. Pte. Ltd.	62,646,487		20.70%	20.70%
3	Ayala Corporation	44,266,630		14.63%	14.63%
4	PCD Nominee Corp. (Non-Filipino)	17,843,635		5.90%	5.90%
5	PCD Nominee Corp. (Filipino)	17,039,802		5.63%	5.63%
6	Social Security System	952,900		0.31%	0.31%
7	Social Security System Assigned to Employees Compensation Fund	143,400		0.05%	0.05%
8	Renato Manuel M. Jiao	31,125		0.01%	0.01%
9	Anna Irmina B. Navarrete	24,538		0.01%	0.01%
10	Guillermo D. Luchangco	24,000		0.01%	0.01%
11	Social Security System Assigned to Mandatory Provident Fund	22,500		0.01%	0.01%
12	Ernest L. Cu	22,309		0.01%	0.01%
13	Rebecca V. Eclipse	22,230		0.01%	0.01%
14	The First National Investment Co., Inc.	21,001		0.01%	0.01%
15	Rosemarie M. Eala	19,140		0.01%	0.01%
16	Joseph Caliro	17,205		0.01%	0.01%
17	Vicente Froilan M. Castelo	13,195		0.00%	0.00%
18	Cedar Commodities, Inc.	12,900		0.00%	0.00%
19	Carmina Delfina J. Herbosa	12,470		0.00%	0.00%
20	Stella Christine A. Dizon	12,270		0.00%	0.00%

<sup>1</sup>Total voting and outstanding shares includes common and voting preferred shares.

### C. Dividends

Dividends declared by the Company on its stocks are payable in cash or in additional shares of stock. The payment of dividends in the future will depend upon the earnings, cash flow and financial condition of the Company and other factors. As a policy and as much as practicable, Globe observes a 30-day period for the payment of dividends to shareholders from the declaration date of such dividends.

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.

Cash dividends are subject to approval by the Company's Board of Directors but no stockholder approval is required. Total cash dividends distributed for the past 3 years are listed below.

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

<b>VOTING PREFERRED STOCK CASH DIVIDEND (Per Share)</b>			
<b>AMOUNT (Php)</b>	<b>DECLARATION DATE</b>	<b>RECORD DATE</b>	<b>PAYMENT DATE</b>
0.32	November 3, 2020	November 17, 2020	December 3, 2020
0.32	November 11, 2021	November 25, 2021	December 10, 2021
0.32	November 11, 2022	November 25, 2022	December 9, 2022

<b>NON-VOTING PREFERRED STOCK CASH DIVIDEND (Per Share)</b>			
<b>AMOUNT (Php)</b>	<b>DECLARATION DATE</b>	<b>RECORD DATE</b>	<b>PAYMENT DATE</b>
13.00	May 5, 2020	July 28, 2020	August 24, 2020
13.00	December 11, 2020	January 27, 2021	February 22, 2021
13.00	May 6, 2021	July 28, 2021	August 23, 2021

On November 8, 2011, the Board of Directors approved the current dividend policy of Globe Telecom to distribute cash dividend at the rate of 75% to 90% of prior year's core net income.

On August 6, 2013, the Board of Directors further approved the change in distribution from semi-annual dividend payments to quarterly dividend distributions. On December 10, 2013, the BOD approved to defer the implementation of the quarterly dividend payout to the third quarter of 2014.

On November 5, 2018, the Board of Directors likewise approved the proposed change in the dividend policy from 75% to 90% of prior year's core net income to 60% to 75% of prior year's core net income, to be applied to the 2019 dividend declaration. The amended policy will provide Globe with increased flexibility with respect to capital management. This adjustment will also ensure the sustainability of the operations in this

investment-heavy environment, while protecting future dividends, once planned expansion yields beneficial results.

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

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

Stock dividends, which come in the form of additional shares of stock, are subject to approval by both the Company's Board of Directors and the Company's stockholders. No stock dividends have been distributed since the 25% stock dividend back in 2002.

#### **D. Recent Sale of Securities**

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

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

## E. Corporate Governance

### Corporate Governance Framework

Globe Telecom, Inc. continues to recognize the importance of good governance in realizing its vision, carrying out its mission, and living out its values to create sustainable value for its shareholders and all its stakeholders. The impact of global conditions and challenges further underscores the need to uphold the Company's high standards of CG to strengthen its structures and processes. The Board of Directors, together with management, fully understand that the CG proactive culture begins with the leaders of the Company. As strong advocates of fairness, accountability, stakeholder engagement, transparency and integrity in all aspects of the business, the Board of Directors, the Management, officers, and employees of the Company commit themselves to the principles and best practices of governance in the attainment of corporate goals aligned with the Company's strategic direction.

Our Board of Directors is our highest governance body. It establishes our company's vision, mission, and strategic direction, as well as monitors the implementation of the corporate strategy and the overall corporate performance of the company to ensure transparency, accountability, integrity and fairness, and to protect the long-term interests of our stakeholders. Eleven (11) board members are elected by our shareholders during our annual stockholders' meeting (ASM) and hold office for the ensuing year until the next ASM. The President and Chief Executive Officer (CEO) is elected as the sole executive director, while the other members as non-executive directors (NEDs) who are not involved in the day-to-day management of business. Among the board members are three independent NEDs, one of whom is the lead independent director (ID). The IDs, as defined in the Manual of Corporate Governance (MCG), are independent of the Company, from Management and major/substantial shareholders and are free from any business or relationship that could materially interfere in their exercise of independent judgment in carrying out their responsibilities as directors. Appointments of the Board of Directors and key officers are determined at the organizational meeting held immediately after ASMs.

The thrust for a CG proactive business culture emanates from the top. The Board, as part of its functions and responsibilities, leads, develops and reviews the Company's strategic direction and business strategies regularly. The Board has committees, in accordance with the company By-Laws and MCG, to support it in the performance of its functions and to aid in CG responsibilities. These committees also serve as venues to discuss matters in relation to the specific responsibilities of each committee. Currently, the Board has six committees namely the Executive Committee, Nomination and Governance Committee, Compensation and Remuneration Committee, Audit and Related Party Transactions Committee (ARC), Finance Committee and Board Risk Oversight Committee (BROC).

Management is entrusted with implementation and close monitoring of Board-approved business strategies, and is likewise tasked to conduct the Company's business with the highest CG standards and business conduct. Members of Management are invited to report to and consult with the Board about business strategies and operations on a regular basis through Board meetings and different Committee meetings throughout the year. During Committee meetings, directors are able to conduct more detailed discussions with Management.

Board Committee	Role
Executive Committee	Provides guidance to management in: (a) formulating the basic strategies for achieving targets set by the Board; (b) putting in place the infrastructure for control and operational risk management systems that assess risks on an integrated cross-functional approach, and review and assess the adequacy of Globe Telecom's operational risk management process, specifically on strategic, technology, and operational risk, jointly with Management. This function shall include receiving from senior management periodic information on risk exposures and risk management activities; (c) considering and/or completing mergers, acquisitions and strategic investments; and

	(d) undertaking strategic projects and significant transformation initiatives that include corporate governance campaign, regulatory compliance and sustainability programs.
Audit and Related Party Transactions	Provides assistance to the Board of Directors in fulfilling its oversight responsibility to the shareholders relating to: <ul style="list-style-type: none"> <li>(a) the integrity of the financial statements and the disclosures, and financial reporting process and principles;</li> <li>(b) internal controls;</li> <li>(c) policies and processes on external/independent auditor's appointment, enhancing independence and audit quality, remuneration, and assessment of performance of the external auditors;</li> <li>(d) adequacy and effectiveness of the internal audit function;</li> <li>(e) compliance with legal, regulatory, and corporate governance requirements; and,</li> <li>(f) assessment, review, approval and disclosure of related party transactions (RPTs) according to Globe Telecom's RPT policy.</li> </ul>
Compensation and Remuneration	Provides assistance to the Board of Directors in governance matters relating to compensation and benefits of directors, key officers, personnel and other employees of Globe Telecom.
Nomination and Governance	Provides assistance to the Board of Directors in relation to: <ul style="list-style-type: none"> <li>(a) installing and maintaining a process to ensure that all directors to be nominated for election at the next regular ASM have the qualifications and none of the disqualifications for directors stated in Globe Telecom's By-Laws, MCG and relevant laws, rules and regulations;</li> <li>(b) selecting a mix of competent directors, each of whom can add value and create independent judgment as to the formulation of sound corporate strategies and policies; and,</li> <li>(c) previewing and evaluating the qualifications of all persons nominated to positions in Globe Telecom, which require appointment by the Board.</li> </ul>
Finance	Oversees Globe Telecom's financial policy and strategy, including capital structure, dividend policy, acquisitions and divestments, treasury activities, tax strategy and compliance, retirement fund contributions, and financing proposals brought to the Board of Directors for approval.
Board Risk Oversight Committee (BROC)	Provides assistance to the Board of Directors in relation to risk governance in Globe Telecom, which include, among others: <ul style="list-style-type: none"> <li>(a) ensuring that there is an effective, efficient and integrated risk management (RM) process working in place;</li> <li>(b) enabling the identification, analysis, and assessment of key risk exposures, its impact to Globe Telecom's strategic and business objectives, as well as the formulation of an effective RM strategy;</li> <li>(c) cultivating of a sound organizational structure with an effective enterprise RM (ERM) framework working in place;</li> <li>(d) establishing clear definition of risk-taking authority, ownership, accountability, and proper segregation of duties; and,</li> <li>(e) fostering a risk-aware culture that is pervasive throughout Globe, and ensuring transparency in reporting of key risks to relevant stakeholders.</li> </ul>

The Board, in its decision-making function, is also encouraged to decide with integrity, accountability and on behalf of the good interest of the Company and all its stakeholders.

The Company's Board diversity policy states that no director or candidate for director shall be discriminated upon by reason of gender, age, disability, ethnicity, nationality or political, religious, or cultural backgrounds. Apart from compliance with internal policies and procedures, the Board of Directors performs an annual self-assessment exercise to assess their individual and collective performance as well as their co-directors',

committees' and management's, including the President and CEO<sup>18</sup>. The assessment is facilitated by the Chief Compliance Officer. Every three years, the assessment is supported by an external facilitator selected for this purpose. Aon Hewitt Pte Ltd. was the external facilitator engaged by Globe to support the self-assessment exercise for the Board of Directors covering their performance and service in 2019. The Board, together with the key officers, also actively attends training programs and seminars annually to keep abreast of updates in CG and relevant discussions to support their leadership roles in the Company. Attendance of the Board and the key officers to the CG training programs are disclosed to pertinent regulatory agencies through the Securities and Exchange Commission's (SEC) Integrated Annual CG Report and also made available on the company website.

In accordance with the MCG, part of the Board's responsibilities is to ensure that compliance with the CoC and company policies are properly and efficiently implemented and monitored throughout the organization. The Chief Compliance Officer, among her other duties and responsibilities, also plays a significant role in ensuring awareness and observance of all provisions in the CoC, MCG, company policies, relevant Charters and applicable rules and regulations at the Board and Management levels. Together with the President and CEO, the Chief Compliance Officer issues an annual Certification of Compliance with the MCG. Meanwhile, the Company's Chief Human Resource Officer (CHRO) issues an annual Certification of Compliance with the CoC. The Office of the Chief Compliance Officer also drives the Company's CG initiatives and advocacy.

### **Corporate Governance Culture**

Globe Telecom acknowledges that having CG integrated in business operations is a commitment to a corporate journey that the Company chooses to invest time and effort in. The principles of fairness, transparency, integrity, sustainability and accountability should also be experienced among employees. As such, collaborations of the Company's Compliance and Governance team, under the Corporate and Legal Services Group (CLSG) with the Internal Audit, Risk Management, Investor Relations, Sustainability and Corporate Communications groups are sustained. In addition to the published reports and other activities with stakeholders, these collaborations bear internal campaigns that further promote appreciation for CG and sustainability among Globe employees as well as an updated website for Globe's investors and stakeholders.

Through these kinds of activities, the Company is able to extend principles of CG, sustainability and a culture of care and engagement to its employees as well as to communities in need. Globe Telecom will sustain these initiatives to continue to empower our stakeholders.

### **Environment and Sustainability**

As a leading telecommunications company in the Philippines, Globe Telecom is well positioned to lead its stakeholders and communities to sustainable development. The Company's Environment Sustainability Policy promotes reduction of ecological footprints from business operations, proper management of emissions from energy use and strict compliance with environmental laws, among others.

Globe Telecom's initiatives for sustainability and environmental conservation also include climate change, customer health and safety, employee welfare, business continuity and local community development programs. All of which are discussed more thoroughly in the Company's Integrated Report released annually for submission to regulatory agencies and posted on the company website. The Company encourages stakeholders to refer to Globe Telecom's Integrated Report for a more in-depth and detailed presentation and discussion of the Company's annual financial results, operational performance, CG initiatives and sustainability campaign, among others.

### **Corporate Governance Manual and Charters**

Globe Telecom's CG practices are principally contained in its Articles of Incorporation (AOI) and By-Laws, complemented by the Manual of Corporate Governance (MCG), company policies, committee charters and its Code of Conduct and Ethics (CoC). The Company is likewise in full compliance with the Code of Corporate Governance, all listing rules of the Philippine Stock Exchange (PSE) and regulations issued by the Securities and Exchange Commission (SEC). The Company also adopts the ASEAN Corporate Governance Scorecard (ACGS) to raise its CG standards and practices.

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<sup>18</sup> Company website – Board Performance: <https://www.globe.com.ph/about-us/corporate-governance/board-of-directors/performance.html>.

The AOI and By-Laws maintain the basic structure of CG while the MCG, charters, policies and CoC act as supplements. These legal documents outline the core of the Company's operational framework including the principal duties of the members of the Board with emphasis on the governance structure, composition and diversity in the Board, ensuring that duties and responsibilities are performed in a manner that safeguards the interest of the Company and protects its stakeholders amidst an increasingly competitive environment. Amendments to the By-Laws and AOI received SEC approval in February 2021 and October 2022, respectively.

The Company established its MCG in line and compliant with the regulations implemented by the SEC. Updates thereto are aligned with international CG best practices espoused in the ACGS, established by the ASEAN Capital Markets Forum (ACMF). The MCG covers the Board's governance responsibilities, communication and information within the Company and with the stakeholders, internal control system and risk management framework, cultivating a synergic relationship with shareholders, and duties to stakeholders, among others. The Globe Charter of the Board of Directors and different Board Committee Charters also undergo regular review and updates as necessary, to ensure these remain aligned with the CG standards and principles adopted by the Company.

### **Corporate Governance Policies and Practices**

Globe Telecom's Code of Conduct (CoC) is also made available through the company website. The CoC contains the Company's internal policies including policy on conflict of interest and whistleblower policy, policy on unethical, corrupt and other prohibited practices, dealings with employees, customers and suppliers. The CoC covers employees, Management and members of the Board. These standards, policies and practices are the key to the balance of control and governance at Globe Telecom. The Human Resources Group (HR) ensures the proper dissemination of the CoC and relevant policies to all employees through a dedicated internal HR channel.

Globe Telecom's whistleblower policy provides various channels, which include a hotline, the Globe Whistleblower Network Portal (GWeN)<sup>19</sup>, an electronic mail (e-mail) address as well as a designated group, that allow employees, suppliers, and even third parties to report suspected violations by employees, officers and directors, and suppliers and partners of Company policies on improper activities, and other violations of the Company Code of Conduct or the Company's ethical standards. The Company aims to provide feedback within twenty-four (24) hours upon receipt of the e-mail. All reports, issues, concerns and/or grievances submitted to the Company will be treated with confidentiality to ensure the safety of the whistleblower and parties involved. The identity and source of the information are likewise protected to the extent required by law.

These policies, together with the anti-corruption policy, policy on RPTs, insider trading policy, policy relating to health, safety, and welfare of employees, policy on data privacy and intellectual property rights, and other company policies are also on the company website for investors and other stakeholders to refer to at their convenience: <https://www.globe.com.ph/about-us/corporate-governance/company-policies.html>.

### **Investor Relations, Disclosure and Transparency**

The Company recognizes the importance of regular communication with its investors, and is committed to high standards of disclosure, transparency, and accountability through its Investor Relations (IR) program. Globe Telecom's IR Program is geared towards fulfilling the Company's commitment to a transparent disclosure regime and accessibility for all its stakeholders.

As a publicly listed company in the PSE, subjected to the rules and regulations of the Exchange, the SEC, PDEx (Philippine Dealing and Exchange Corp.) and other market regulators, the Company complies with reportorial requirements, rules and applicable laws as well as regulations of these relevant regulatory agencies. The Company continues to provide a fair, accurate, complete and meaningful assessment and presentation of its financial performance and prospects through various disclosures that include, but are not limited to, the annual report, quarterly financial reports, and analyst or investor presentations. Updates and reports dedicated to the Company's CG activities and policies are done through the SEC's Integrated Annual CG Report or the i-ACGR (formerly known as the Annual Corporate Governance Report or the ACGR). In addition, any material, market-sensitive information such as dividend declarations are also disclosed to the

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<sup>19</sup> Globe Whistleblower Network: <https://reportage.tips/GLOBE/>

SEC and PSE and PDEX. All of which are released through various media channels including press releases and company website posting.

Globe's Integrated Report is prepared in accordance with the Integrated Reporting Framework, Global Reporting Initiative Standard Guidelines and the 2030 United Nations Sustainable Development Goals. The Integrated Report highlights the Company's shift to sustainable value creation, containing information about the Company's strategies, governance and performance in the context of its external environment and how these create value over the short, medium and long terms. The Report also aims to enhance appreciation among Globe's stakeholders of how the Company contributes to addressing the major challenges and key issues in today's society, linking Globe's sustainability performance to its business results. The Report also highlights the strategy of the Company in line with its market vision, anticipating a shift towards a more digital lifestyle for every Filipino.

In addition to the annual shareholders meeting (ASM), Globe extends various venues for its stakeholders to communicate effectively with the Company through the conduct of analysts' briefings, ad-hoc briefings, investor conferences, media briefings, one-on-one or small group meetings and dedicated investor days that are organized by the Company's IR Department and/or Corporate Communications Department or in partnership with its shareholders, broker or other partner institutions. Other than keeping the company website up-to-date, these venues provide another means for the Company to discuss its quarterly financial results, announcements, material disclosures and other relevant information with its stakeholders. The Company continued to streamline communication efforts and align with its stakeholders by maintaining various customer touch points. These include, but are not limited to, Globe e-mail, live chat, SMS, website, and social media channels (e.g., Facebook, Twitter, Instagram) to provide customers with real-time information and quicker responses to concerns. A conference call facility is setup during analysts' briefings and meetings to enable wider participation among shareholders and other stakeholders. The Company also participates in both local and international investor conferences, which host various shareholders and other stakeholders. Details and information on these conferences are published on the company website. The Company has sustained this convenient and accessible line of communication through its IR Program in the last financial year and will continue to enhance this in the succeeding years.

### **Company Website**

Globe Telecom fully understands that the changes and progress in digital lifestyle include the fast-paced character of its customers, shareholders and different stakeholders. As such, the Company's website must also be an effective channel of information and a manifestation of the Company's CG advocacy. Among other information, the Company keeps its website up-to-date with corporate announcements, reports and disclosures that are accessible to all stakeholders.

The Company website has dedicated pages for CG (<https://www.globe.com.ph/about-us/corporate-governance.html>), Investor Relations (<https://www.globe.com.ph/about-us/investor-relations.html>) and Sustainability (<https://www.globe.com.ph/about-us/sustainability.html>), among other relevant pages to the business, and continues to improve the website to ensure user-friendliness and accessibility for all stakeholders.

The Company ensures that its company website is also aligned with the CG and disclosure standards in the ACGS, SEC i-ACGR and company internal policies. The company website contains comprehensive information about Globe's business, products and services, disclosures and reports, CG scorecard and report, press releases and an archive thereof as well as the Company's corporate policies, charters and manuals, vision, mission, core values, investor relations program, sustainability and corporate social responsibility activities, among others. The Company ensures that all information included in the website are accurate and up-to-date.

### **Corporate Governance Awards and Recognition**

As a result of its strong adherence to the pillars of corporate governance (CG), Globe Telecom's CG standards and practices continue to be acknowledged by domestic and international awarding giving bodies. Globe Telecom was recognized among the Top 3 Philippine Publicly-Listed Companies, ASEAN Top 20, and ASEAN Asset Class in the Philippines at the ASEAN Corporate Governance Scorecard (ACGS) Awards Ceremony in December 2022. The International Finance Awards also named Globe the "Best Corporate Governance Company - Telecom – Philippines 2022". Globe was also named a Finalist for the Gold Standard

Awards 2022 under the Reporting and Accountability category by Public Relations and Communications Association (PRCA), the world's largest professional PR body. Globe also took home the first-ever United Nations Sustainable Development Goal (UN SDG) Awards under the People Category, hosted by the UN Global Compact Network Philippines (UNGCP).

The awards and recognition received by Globe Telecom are publicly accessible and reflected on the company website: <https://www.globe.com.ph/about-us/corporate-governance/awards.html>.



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. Ignatius Village  
Quezon City, Metro Manila



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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.

  
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)  
Valid until 31 December 2023  
Roll of Attorneys No. 59621  
PTR No. 3984791 - 01/03/2023 - Quezon City  
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**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
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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.

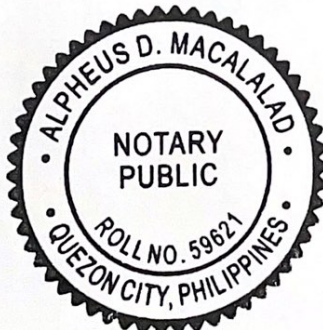
**ROSEMARIE MANIEGO-EALA**  
Chief Finance Officer and Treasurer

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. : 5  
Series of 2023.



**ALPHEUS D. MACALALAD**  
Notary Public  
Quezon City, Appointment No. NP-264 (2022-2023)  
Valid until 31 December 2023  
Roll of Attorneys No. 59621  
PTR No. 3984791 – 01/03/2023 – Quezon City  
IBP No. 259271 – 01/03/2023 – Quezon City  
MCLE Compliance No. VII - 0017580  
24 First Street, St. Ignatius Village  
Quezon City, Metro Manila



## **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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*Isla Lipana & Co., 29th Floor, Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines*  
T: +63 (2) 8845 2728, F: +63 (2) 8845 2806, [www.pwc.com/ph](http://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.

<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<p><b>Revenue recognition</b></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

<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
	<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"><li>• We tested the design and operating effectiveness of key controls over charging, billing and recording of revenue transactions.</li><li>• 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.</li><li>• We performed substantive audit procedures over unbilled revenue, which include independent recalculation of accrued revenue per subscriber on a sampling basis.</li></ul>

**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, sweeping flourish 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

TIN 152-015-078

BIR A.N. 08-000745-042-2020, issued on December 14, 2020; effective until December 13, 2023

BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City  
February 6, 2023

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Statement Required by Rule 68  
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of  
**Globe Telecom, Inc.**  
The Globe Tower, 32nd Street corner 7th Avenue  
Bonifacio Global City, Taguig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Globe Telecom, Inc. and its subsidiaries (the “Group”) as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated February 6, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The *Supplementary Schedule on Financial Soundness Indicators*, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group’s management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised SRC Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group’s consolidated financial statements as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 and no material exceptions were noted.

**Isla Lipana & Co.**

Roderick M. Danao  
Partner

CPA Cert. No. 88453

P.T.R. No. 0011280, issued on January 9, 2023, Makati City

SEC A.N. (individual) as general auditors 88453-SEC, Category A;  
valid to audit 2022 financial statements

SEC A.N. (firm) as general auditors 0142-SEC, Category A;  
valid to audit 2020 to 2024 financial statements

TIN 152-015-078

BIR A.N. 08-000745-042-2020, issued on December 14, 2020; effective until December 13, 2023

BOA/PRC Reg. No. 0142, effective until November 14, 2025

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>			
<b>ASSETS</b>			
<b>Current Assets</b>			
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
		<b>72,578,810</b>	<b>65,446,169</b>
Assets classified as held-for-sale	11, 13.1	27,948,915	-
		<b>100,527,725</b>	<b>65,446,169</b>
<b>Noncurrent Assets</b>			
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
		<b>455,149,699</b>	<b>393,013,678</b>
<b>TOTAL ASSETS</b>		<b>₱555,677,424</b>	<b>₱458,459,847</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
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
		<b>153,465,813</b>	<b>117,527,007</b>
<b>Noncurrent Liabilities</b>			
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
		<b>249,678,741</b>	<b>226,536,974</b>
<b>Total Liabilities</b>		<b>403,144,554</b>	<b>344,063,981</b>
<b>Equity</b>			
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
<b>Total Equity</b>		<b>152,532,870</b>	<b>114,395,866</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>₱555,677,424</b>	<b>₱458,459,847</b>

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>				
<b>REVENUES</b>				
Service revenues		<b>₱157,979,335</b>	₱152,262,833	₱146,388,134
Nonservice revenues		<b>17,061,388</b>	16,233,625	14,131,408
	33	<b>175,040,723</b>	168,496,458	160,519,542
<b>INCOME (LOSSES)</b>				
Gain on sale of controlling interest on data center business	15.11	<b>10,511,945</b>	-	-
Gain on sale and leaseback of telecom towers - net	11	<b>8,260,927</b>	-	-
Equity share in net income (losses) of joint ventures	15	<b>1,083,202</b>	881,535	(2,367,440)
Interest income	22	<b>340,109</b>	149,508	194,938
Gain on disposal of property and equipment – net		<b>321,354</b>	152,565	33,244
Other income – net	23	<b>2,474,814</b>	4,656,647	3,817,211
		<b>22,992,351</b>	5,840,255	1,677,953
<b>COSTS AND EXPENSES</b>				
General, selling and administrative expenses	24	<b>73,170,327</b>	70,601,309	64,913,355
Depreciation and amortization	25	<b>45,653,296</b>	41,132,992	35,412,038
Cost of inventories sold	9	<b>18,748,656</b>	18,072,557	16,406,196
Interconnect costs	33, 34.1	<b>1,362,309</b>	1,182,381	1,007,234
Financing costs	26	<b>10,091,289</b>	8,740,763	7,111,410
Impairment and other losses	27	<b>4,906,747</b>	5,566,939	10,207,599
		<b>153,932,624</b>	145,296,941	135,057,832
<b>INCOME BEFORE INCOME TAX</b>		<b>44,100,450</b>	29,039,772	27,139,663
<b>PROVISIONS (BENEFIT) FOR INCOME TAX</b>				
Current		<b>9,696,533</b>	4,903,568	8,139,602
Deferred		<b>(200,132)</b>	412,347	377,016
	29	<b>9,496,401</b>	5,315,915	8,516,618
<b>NET INCOME</b>		<b>34,604,049</b>	23,723,857	18,623,045
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
<b>Items that will be reclassified into profit or loss in subsequent periods:</b>				
Transactions on cash flow hedges – net		<b>(1,379,590)</b>	1,188,210	(725,684)
Exchange differences arising from translations of foreign investments		<b>698,533</b>	31,416	(3,385)
	21.8	<b>(681,057)</b>	1,219,626	(729,069)
<b>Item that will not be reclassified into profit or loss in subsequent periods:</b>				
Changes in fair value of financial assets at fair value through other comprehensive income		<b>29,104</b>	378,610	1,362
Remeasurement gain (loss) on defined benefit plan		<b>2,740,701</b>	600,124	(1,817,274)
	21.8	<b>2,769,805</b>	978,734	(1,815,912)
<b>TOTAL OTHER COMPREHENSIVE INCOME (LOSS)</b>		<b>2,088,748</b>	2,198,360	(2,544,981)
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>₱36,692,797</b>	₱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>				
<b>Total net income attributable to:</b>				
Equity holders of the Parent		<b>₱34,563,011</b>	₱23,652,811	₱18,578,322
Non-controlling interest		<b>41,038</b>	71,046	44,723
		<b>34,604,049</b>	23,723,857	18,623,045
<b>Total other comprehensive income (loss) attributable to:</b>				
Equity holders of the Parent	21.8	<b>2,078,822</b>	2,200,527	(2,544,981)
Non-controlling interest	21.8	<b>9,926</b>	(2,167)	-
		<b>2,088,748</b>	2,198,360	(2,544,981)
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Parent		<b>36,641,833</b>	25,853,338	16,033,341
Non-controlling interest		<b>50,964</b>	68,879	44,723
		<b>₱36,692,797</b>	₱25,922,217	₱16,078,064
<b>Earnings Per Share</b>				
Basic	30	<b>₱245.44</b>	₱173.18	₱135.04
Diluted	30	<b>₱244.25</b>	₱172.25	₱134.40
Cash dividends declared per common share	21.5	<b>₱106.00</b>	₱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	<b>₱8,473,535</b>	<b>₱37,226,626</b>	<b>₱843,826</b>	<b>₱29,977,845</b>	<b>(₱2,195,128)</b>	<b>₱49,775,474</b>	<b>(₱10,000,000)</b>	<b>₱114,102,178</b>	<b>₱293,688</b>	<b>₱114,395,866</b>
Total comprehensive income for the year	-	-	-	-	<b>2,078,822</b>	<b>34,563,011</b>	-	<b>36,641,833</b>	<b>50,964</b>	<b>36,692,797</b>
Dividends on:	21.5	-	-	-	-	<b>(14,442,073)</b>	-	<b>(14,442,073)</b>	-	<b>(14,442,073)</b>
Common Stock		-	-	-	-	<b>(50,027)</b>	-	<b>(50,027)</b>	-	<b>(50,027)</b>
Preferred Stock - voting		-	-	-	-	<b>(1,306,734)</b>	-	<b>(1,306,734)</b>	-	<b>(1,306,734)</b>
Distributions on Capital Securities	21.3	-	-	-	-	-	-	-	-	-
Share-based compensation	28	-	-	<b>440,894</b>	-	-	-	<b>440,894</b>	-	<b>440,894</b>
Issue of shares under share-based compensation plan	21.2	<b>16,115</b>	<b>419,715</b>	<b>(435,830)</b>	-	-	-	-	-	-
Issuance cost of capital securities		-	-	-	<b>(206)</b>	-	-	<b>(206)</b>	-	<b>(206)</b>
Issuance of shares by way of stock rights		<b>505,952</b>	<b>16,298,530</b>	-	-	-	-	<b>16,804,482</b>	-	<b>16,804,482</b>
Non-controlling interest adjustment arising from increase in ownership share		-	-	-	-	-	-	-	<b>(2,129)</b>	<b>(2,129)</b>
As of December 31, 2022		<b>₱8,995,602</b>	<b>₱53,944,871</b>	<b>₱848,890</b>	<b>₱29,977,639</b>	<b>(₱116,306)</b>	<b>₱68,539,651</b>	<b>(₱10,000,000)</b>	<b>₱152,190,347</b>	<b>₱342,523</b>

(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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<i>(In Thousand Pesos)</i>		
Income before income tax		<b>₱44,100,450</b>	₱29,039,772	₱27,139,663
Adjustments for:				
Depreciation and amortization	25	<b>45,653,296</b>	41,132,992	35,412,038
Impairment and other losses	27	<b>4,906,747</b>	5,566,939	10,207,599
Financing cost	26	<b>10,091,289</b>	8,740,763	7,111,410
Equity share in net (income) losses of associates and joint ventures	15	<b>(1,083,202)</b>	(881,535)	2,367,440
Gain on sale of controlling interest on data center business	15	<b>(10,511,945)</b>	-	-
Gain on deemed sale of investment in Mynt	15	-	(4,344,037)	(2,042,441)
Foreign exchange losses (gains) – net	23	<b>5,343,019</b>	3,656,218	(1,690,842)
(Gain) loss on derivative instruments	23	<b>(5,797,800)</b>	(3,214,633)	1,579,746
Pension expense	28	<b>1,089,723</b>	1,172,467	898,536
Share-based compensation	28	<b>440,894</b>	439,827	394,733
Gain on debt renegotiation	23	-	-	(343,122)
Interest income	22	<b>(340,109)</b>	(149,508)	(194,938)
Gain on settlement and rereasurement of ARO	19, 23	<b>(2,629)</b>	(74,433)	(34,845)
Gain on sale and leaseback of telecom towers - net	11	<b>(8,260,927)</b>	-	-
Gain on disposal of property and equipment		<b>(321,354)</b>	(152,565)	(33,244)
Gain on deemed sale of investment in Konsulta	15, 23	<b>(26,410)</b>	-	-
Gain on sale of investment in HealthNow	15, 23	<b>(75,245)</b>	-	-
Operating income before working capital changes		<b>85,205,797</b>	80,932,267	80,771,733
Changes in operating assets and liabilities:				
Decrease (Increase) in:				
Trade receivables – net		<b>(10,142,232)</b>	(103,992)	(4,949,952)
Inventories and supplies		<b>(82,149)</b>	1,441,224	(1,560,116)
Contract assets		<b>(616,657)</b>	(2,028,853)	1,316,067
Prepayments and other current assets		<b>(5,013,014)</b>	(2,161,170)	15,611,495
Other noncurrent assets		<b>(288,404)</b>	(26,000)	(21,339,684)
Increase (Decrease) in:				
Trade payables and accrued expenses		<b>3,091,976</b>	(6,061,786)	2,600,560
Other long-term liabilities		<b>(990,006)</b>	(343,493)	(1,441,720)
Contract liabilities and deferred revenues		<b>(611,873)</b>	(777,163)	446,948
Cash generated from operations		<b>70,553,438</b>	70,871,034	71,455,331
Income taxes paid		<b>(7,674,316)</b>	(5,730,531)	(6,295,333)
<b>Net cash flows from operating activities</b>		<b>62,879,122</b>	65,140,503	65,159,998
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Additions to:				
Property and equipment	11	<b>(97,983,036)</b>	(92,750,679)	(60,268,935)
Investment properties		<b>(5,622,764)</b>	-	-
Investment in joint ventures	15	<b>(585,530)</b>	(1,591,856)	(1,532,500)
Intangible assets	12	<b>(3,383,869)</b>	(57,661)	(32,586)
Release of loans receivable to related parties	10	<b>(681,000)</b>	(2,547,935)	-
Proceeds from sale and leaseback of telecom towers	11	<b>30,005,000</b>	-	-
Collections of loans receivable from related party	10	<b>408,000</b>	70,000	358,620
Net cash outflow from acquisition of subsidiaries, net of cash acquired	14	-	-	(385,181)
Interest received		<b>311,379</b>	136,152	193,249
Proceeds from sale of property and equipment		<b>750,716</b>	179,998	93,154
Net cash received from sale of data center business	15	<b>5,030,000</b>	-	-
Proceeds from sale of investment in HealthNow	15	<b>175,725</b>	-	-
<b>Net cash flows used in investing activities</b>		<b>(71,575,379)</b>	(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>				
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from borrowings:				
Long-term	18	<b>₱8,000,000</b>	₱50,733,809	₱43,998,820
Short-term	18	<b>82,020,167</b>	41,894,040	18,440,000
Repayments of borrowings:				
Long-term	18	<b>(15,934,168)</b>	(8,009,757)	(12,928,496)
Short-term	18	<b>(56,175,000)</b>	(42,258,800)	(17,740,000)
Payments of dividends to stockholders:	21.5			
Common		<b>(14,442,073)</b>	(14,425,839)	(14,403,344)
Preferred		<b>(50,027)</b>	(570,087)	(570,087)
Redemption of non-voting preference share	21.4	-	(10,000,000)	-
Distributions to holders of capital securities	21.3	<b>(1,306,734)</b>	-	-
Issuance of capital securities	21.3	-	29,977,845	-
Issuance of shares by way of stock rights	21.2	<b>16,804,482</b>	-	-
Payments of lease liabilities	13.2	<b>(6,878,960)</b>	(3,566,395)	(1,536,853)
Interest paid		<b>(9,834,409)</b>	(7,692,594)	(6,770,877)
Dividend paid by subsidiary attributable to NCI		-	(20,582)	-
Net cash provided by financing activities		<b>2,203,278</b>	36,061,640	8,489,163
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(6,492,979)</b>	4,640,162	12,074,982
<b>NET FOREIGN EXCHANGE DIFFERENCE ON CASH AND CASH EQUIVALENTS</b>		<b>287,569</b>	90,919	(864,960)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR</b>		<b>24,239,195</b>	19,508,114	8,298,092
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	5	<b>₱18,033,785</b>	₱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 <sup>7</sup>	Philippines	Data management services	-	67%
TPGDC <sup>7</sup>	Philippines	Support and shared services provider	-	100%
TPAPPL <sup>4,7</sup>	Singapore	Data management services	-	100%
CaelumPacific <sup>7</sup>	Philippines	Technical consulting and IT related services	-	85%
Caelum US <sup>7</sup>	United States	Holding company	-	100%
Caelum Northwest <sup>7</sup>	United States	Cloud software development and consulting services	-	100%
Globe STT GDC <sup>2,5</sup>	Philippines	Data center management	50%	100%
KVI	Philippines	Venture capital company	100%	100%
FPSI <sup>1</sup>	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 <sup>3</sup>	Philippines	Human capital management services	100%	100%
FINSI <sup>2</sup>	Philippines	Support and industry specific solutions	100%	100%
BRAD <sup>2</sup>	Philippines	Warehouse and logistics	100%	100%
ACQR <sup>4</sup>	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 <sup>3</sup>	Philippines	A2P messaging	100%	100%
Inquiro <sup>6</sup>	Philippines	Data management services	100%	49%
BTI	Philippines	Wireline voice and data communication services	99%	99%
RCPI	Philippines	Wireline communication services	91%	91%
Telicphil <sup>1</sup>	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 <sup>4</sup>	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%

<sup>1</sup> Ceased operations

<sup>2</sup> Incorporated in 2021

<sup>3</sup> Consolidated in 2021

<sup>4</sup> Incorporated in 2022

<sup>5</sup> Deconsolidated in 2022

<sup>6</sup> Consolidated in 2022

<sup>7</sup> 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	<b>₱201,752,135</b>	₱207,494,365
Intangible assets - net		<b>21,790,971</b>	17,469,787
Right of use assets – net	13	<b>37,108,116</b>	19,687,012
		<b>₱260,651,222</b>	₱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	<b>₱281,899,060</b>	₱270,747,147
Investments in joint ventures	15	<b>52,137,978</b>	42,569,217
Intangible assets - net (excluding Goodwill)	12	<b>21,975,205</b>	17,654,021
Right of use assets – net	13	<b>37,108,116</b>	19,687,012
		<b>₱393,120,359</b>	₱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	<b>₱12,699,740</b>	₱12,319,019
Short-term money market placements	<b>5,334,045</b>	11,920,176
	<b>₱18,033,785</b>	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	<b>₱130,153</b>	₱13,810	₱125,597
Cash in banks	<b>9,650</b>	5,946	19,408
	<b>₱139,803</b>	₱19,756	₱145,005

The ranges of interest rates of the above placements are as follows:

	2022	2021	2020
Placements:			
PHP	<b>0.001% to 5.50%</b>	0.001% to 1.65%	0.01% to 3.5%
USD	<b>0.001% to 3.85%</b>	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		<b>P24,563,706</b>	P22,323,973
Partners and merchants		<b>4,127,405</b>	1,773,156
Traffic settlements - net	32.2, 34.1	<b>1,490,163</b>	1,425,695
Dealers		<b>390,847</b>	326,662
Others		<b>4,088,275</b>	1,566,468
		<b>34,660,396</b>	27,415,954
Less allowance for impairment losses:			
Subscribers		<b>9,902,748</b>	9,674,895
Traffic settlements and others		<b>1,194,234</b>	1,044,517
		<b>11,096,982</b>	10,719,412
		<b>P23,563,414</b>	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>					
<b>2022</b>					
December 31, 2021	<b>P5,807,651</b>	<b>P2,866,506</b>	<b>P1,000,738</b>	<b>P1,044,517</b>	<b>P10,719,412</b>
Charges for the period ( <a href="#">Note 27</a> )	<b>3,922,361</b>	<b>(221,476)</b>	<b>244,218</b>	<b>163,601</b>	<b>4,108,704</b>
Recoveries and write-offs – net	<b>(3,182,004)</b>	<b>(227,192)</b>	<b>(308,054)</b>	<b>(13,884)</b>	<b>(3,731,134)</b>
December 31, 2022	<b>P6,548,008</b>	<b>P2,417,838</b>	<b>P936,902</b>	<b>P1,194,234</b>	<b>P11,096,982</b>
<b>2021</b>					
December 31, 2020	P6,142,752	P2,787,598	P658,248	P940,926	P10,529,524
Charges for the period ( <a href="#">Note 27</a> )	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	<b>P5,807,651</b>	<b>P2,866,506</b>	<b>P1,000,738</b>	<b>P1,044,517</b>	<b>P10,719,412</b>

## 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	<b>₱6,951,923</b>	₱6,532,530
Allowance for impairment loss	<b>(60,468)</b>	(286,819)
	<b>₱6,891,455</b>	₱6,245,711

Movements in the contract assets for the periods are as follows:

	Note	2022	2021
		<i>(In Thousand Pesos)</i>	
<b>Contract assets</b>			
Balance at beginning of the year		<b>₱6,532,530</b>	₱6,037,542
Additions during the year		<b>7,944,131</b>	7,592,051
Billed to subscribers during the year		<b>(6,575,220)</b>	(6,397,202)
Write-off		<b>(949,518)</b>	(699,861)
Balance at end of year		<b>₱6,951,923</b>	₱6,532,530
<b>Allowance for impairment loss</b>			
Balance at beginning of the year		<b>(286,819)</b>	(639,713)
Impairment loss	27	<b>(723,167)</b>	(346,967)
Write-off		<b>949,518</b>	699,861
Balance at end of year		<b>(60,468)</b>	(286,819)
<b>Contract assets - net</b>		<b>₱6,891,455</b>	₱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	<b>₱3,455,120</b>	₱4,129,752
Advance monthly service fees	<b>3,289,783</b>	3,238,640
Deferred revenue rewards	<b>318,302</b>	763,400
Contract liability from wireline services	<b>395,009</b>	313,552
Others	<b>414,369</b>	39,113
	<b>7,872,583</b>	8,484,457
Less current portion	<b>7,576,050</b>	8,410,954
Non current portion	<b>₱296,533</b>	₱73,503

The following table shows the roll forward analysis of contract liabilities from wireline services:

	2022	2021
	<i>(In Thousand Pesos)</i>	
<b>Contract liabilities</b>		
Balance at beginning of the year	<b>₱313,552</b>	₱315,631
Additions during the year	<b>585,288</b>	487,997
Recognized as revenue during the year	<b>(503,831)</b>	(490,076)
Balance at end of year	<b>₱395,009</b>	₱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>				
<b>Derivative instruments designated as hedges</b>				
<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	-	-	-	-
<b>Derivative instruments not designated as hedges</b>				
<i>Freestanding</i>				
Deliverable forwards	244,750	-	28,901	161,383
Non-deliverable forwards	10,000	-	551	-
			<b>₱5,129,334</b>	<b>₱609,338</b>
Less current portion			502,332	609,338
Non current portion			<b>₱4,627,002</b>	<b>₱-</b>

### 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
			<b>₱3,032,277</b>	<b>₱1,226,519</b>
Less current portion			262,805	1,114,610
Non current portion			<b>₱2,769,472</b>	<b>₱111,909</b>

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	<b>₱1,805,758</b>	(₱2,881,258)
Net changes in fair value of derivatives:		
Designated as cash flow hedges (Note 21.8)	<b>1,791,710</b>	3,130,910
Not designated as cash flow hedges	<b>1,026,186</b>	339,565
	<b>4,623,654</b>	589,217
Fair value of settled instruments	<b>(103,658)</b>	1,216,541
At end of period	<b>₱4,519,996</b>	₱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		<b>₱4,771,614</b>	₱2,875,068	(₱1,455,525)
Swap costs	26	<b>(1,140,451)</b>	(1,422,735)	(742,059)
	21.8	<b>₱3,631,163</b>	₱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	<b>₱1,820,147</b>	₱1,756,056
Supplies	<b>897,956</b>	1,102,035
SIM cards and SIM packs	<b>419,394</b>	136,070
Broadband device	<b>367,398</b>	562,109
Modem and accessories	<b>278,304</b>	438,391
Call cards and others	<b>98,483</b>	50,388
	<b>₱3,881,682</b>	₱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		<b>₱18,748,656</b>	₱18,072,557	₱16,406,196
Repairs and maintenance		<b>2,454,267</b>	2,695,892	5,883,827
Inventory obsolescence	27	<b>245,516</b>	502,627	284,788
		<b>₱21,448,439</b>	₱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	<b>₱15,998,636</b>	₱14,981,788	₱11,271,066
Broadband device	<b>975,646</b>	1,658,903	4,129,544
SIM cards and SIM packs	<b>444,163</b>	379,689	393,342
Modems and accessories	<b>117,358</b>	176,996	200,382
Call cards and supplies	<b>145,269</b>	49,248	68,777
Others	<b>1,067,584</b>	825,933	343,085
	<b>₱18,748,656</b>	₱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	<b>₱36,209,346</b>	₱24,923,927
Investment property		<b>5,628,399</b>	8,991
Prepayments		<b>5,419,247</b>	3,900,470
Input VAT – net		<b>4,913,168</b>	4,024,683
Investments in debt and equity securities		<b>3,278,498</b>	2,974,208
Loans receivable from related parties	20.3	<b>3,228,935</b>	2,955,935
Deferred contract costs		<b>3,066,871</b>	3,095,958
Non-trade receivables – net		<b>2,307,681</b>	1,405,722
Creditable withholding tax		<b>2,037,171</b>	1,411,436
Security deposits		<b>1,481,582</b>	1,420,490
Others		<b>4,202,173</b>	2,280,521
		<b>71,773,071</b>	48,402,341
Less current portion		<b>19,706,142</b>	13,956,867
Non current portion		<b>₱52,066,929</b>	₱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	<b>₱833,227</b>	₱333,477
Advances to employees		<b>199,715</b>	179,137
Others		<b>1,364,754</b>	983,123
		<b>2,397,696</b>	1,495,737
Allowance for impairment loss		<b>(90,015)</b>	(90,015)
		<b>₱2,307,681</b>	₱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>	
<b>Cost to obtain contracts with customers:</b>		
Commissions	<b>₱1,301,607</b>	₱1,352,849
<b>Cost to fulfill contracts with customers</b>		
Installation costs	<b>1,765,264</b>	1,743,109
	<b>₱3,066,871</b>	₱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	<b>₱3,095,958</b>	₱1,914,987
Amounts capitalized during the period	<b>3,581,678</b>	3,962,290
Amounts recognized as expense	<b>(3,610,765)</b>	(2,781,319)
Balance at the end of the year	<b>₱3,066,871</b>	₱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>							
<b>Cost</b>							
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
<b>Accumulated Depreciation and Amortization</b>							
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
<b>Accumulated Impairment Losses</b>							
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
<b>Carrying amount at December 31, 2022</b>	<b>₱152,713,985</b>	<b>₱38,244,152</b>	<b>₱7,508,787</b>	<b>₱1,918,126</b>	<b>₱1,367,085</b>	<b>₱80,146,925</b>	<b>₱281,899,060</b>

2021

	Telecommunication Equipment	Buildings, Land and Leasehold Improvement	Cable System	Office Equipment	Transportation Equipment	Assets Under Construction	Total
<i>(In Thousand Pesos)</i>							
<b>Cost</b>							
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
<b>At December 31</b>	<b>378,911,917</b>	<b>83,578,587</b>	<b>25,123,841</b>	<b>17,849,482</b>	<b>3,564,802</b>	<b>63,775,627</b>	<b>572,804,256</b>
<b>Accumulated Depreciation and Amortization</b>							
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
<b>At December 31</b>	<b>223,562,540</b>	<b>36,479,160</b>	<b>17,246,980</b>	<b>15,440,689</b>	<b>2,328,748</b>	<b>-</b>	<b>295,058,117</b>
<b>Accumulated Impairment Losses</b>							
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)
<b>At December 31</b>	<b>6,309,344</b>	<b>163,451</b>	<b>-</b>	<b>3,352</b>	<b>-</b>	<b>522,845</b>	<b>6,998,992</b>
<b>Carrying amount at December 31</b>	<b>₱149,040,033</b>	<b>₱46,935,976</b>	<b>₱7,876,861</b>	<b>₱2,405,441</b>	<b>₱1,236,054</b>	<b>₱63,252,782</b>	<b>₱270,747,147</b>

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	<b>₱86,699,757</b>	₱123,415,445	₱46,936,011
Effect of movements in liabilities and prepayments	<b>15,019,856</b>	(28,568,249)	14,647,764
Capitalized ARO ( <a href="#">Note 19</a> )	<b>(2,477)</b>	(456,077)	(34,875)
Capitalized interest ( <a href="#">Note 18</a> )	<b>(3,734,100)</b>	(1,640,440)	(1,279,965)
Cash flows from acquisition of property and equipment	<b>₱97,983,036</b>	₱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
<b>Cost</b>				
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
<b>Accumulated Amortization</b>				
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
<b>Carrying Amount at December 31, 2022</b>	<b>₱17,367,807</b>	<b>₱3,107,367</b>	<b>₱4,607,398</b>	<b>₱25,082,572</b>

### 2021

	Application Software and Licenses	Goodwill	Other Intangible Assets	Total Intangible Assets and Goodwill
<i>(In Thousand Pesos)</i>				
<b>Cost</b>				
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
<b>Accumulated Amortization</b>				
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
<b>Carrying Amount at December 31</b>	<b>₱16,035,343</b>	<b>₱3,107,367</b>	<b>₱1,618,678</b>	<b>₱20,761,388</b>

### 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	<b>₱1,140,248</b>	₱1,140,248	₱1,140,248
EC Pay	<b>1,218,548</b>	1,218,548	1,218,548
Yondu	<b>540,523</b>	540,523	540,523
Caelum	<b>154,614</b>	154,614	197,931
Third Pillar Group	<b>53,434</b>	53,434	53,434
	<b>₱3,107,367</b>	₱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
<b>Cost</b>	<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
<b>Accumulated Amortization</b>						
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
<b>Carrying Amount at December 31</b>	<b>₱33,123,212</b>	<b>₱642,268</b>	<b>₱200,260</b>	<b>₱45,846</b>	<b>₱3,096,530</b>	<b>₱37,108,116</b>

#### 2021

	Network Sites	Transportation Equipment	Corporate Office	Stores	Leased lines and Data Centers	Total
<b>Cost</b>	<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
<b>Accumulated Depreciation</b>						
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
<b>Carrying Amount at December 31</b>	<b>₱18,810,199</b>	<b>₱380,686</b>	<b>₱433,024</b>	<b>₱63,103</b>	<b>₱-</b>	<b>₱19,687,012</b>

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	<b>₱50,200,277</b>	₱19,039,104
Transportation Equipment	<b>595,458</b>	347,678
Corporate Office	<b>173,041</b>	423,384
Stores	<b>53,670</b>	69,182
Leased lines and Data Centers	<b>3,209,151</b>	-
	<b>54,231,597</b>	19,879,348
Less current portion	<b>4,522,438</b>	3,664,344
Non current portion	<b>₱49,709,159</b>	₱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	<b>₱19,039,104</b>	<b>₱347,678</b>	<b>₱423,384</b>	<b>₱69,182</b>	<b>₱-</b>	<b>₱19,879,348</b>
Additions	<b>39,562,755</b>	<b>721,907</b>	<b>1,263</b>	<b>32,825</b>	<b>3,642,977</b>	<b>43,961,727</b>
Interests (Note 26)	<b>1,492,604</b>	<b>22,651</b>	<b>9,819</b>	<b>4,226</b>	<b>139,672</b>	<b>1,668,972</b>
Settlements	<b>(5,497,169)</b>	<b>(496,778)</b>	<b>(261,425)</b>	<b>(50,090)</b>	<b>(573,498)</b>	<b>(6,878,960)</b>
Terminations	<b>(4,397,017)</b>	<b>-</b>	<b>-</b>	<b>(2,473)</b>	<b>-</b>	<b>(4,399,490)</b>
<b>At December 31, 2022</b>	<b>₱50,200,277</b>	<b>₱595,458</b>	<b>₱173,041</b>	<b>₱53,670</b>	<b>₱3,209,151</b>	<b>₱54,231,597</b>

## 2021

	Network Sites	Transportation Equipment	Corporate Office	Stores	Leased lines and Data Centers	Total
<i>(In Thousand Pesos)</i>						
At January 1	<b>₱3,780,215</b>	<b>₱381,968</b>	<b>₱274,396</b>	<b>₱87,855</b>	<b>₱238</b>	<b>₱4,524,672</b>
Additions	<b>2,956,410</b>	<b>395,508</b>	<b>408,772</b>	<b>60,452</b>	<b>-</b>	<b>3,821,142</b>
Reassessment of lease terms	<b>14,547,453</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,547,453</b>
Interests (Note 26)	<b>520,481</b>	<b>22,499</b>	<b>12,649</b>	<b>5,132</b>	<b>3</b>	<b>560,764</b>
Payments	<b>(2,757,584)</b>	<b>(451,880)</b>	<b>(272,433)</b>	<b>(84,257)</b>	<b>(241)</b>	<b>(3,566,395)</b>
Pre-terminations	<b>(7,871)</b>	<b>(417)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,288)</b>
<b>At December 31</b>	<b>₱19,039,104</b>	<b>₱347,678</b>	<b>₱423,384</b>	<b>₱69,182</b>	<b>₱-</b>	<b>₱19,879,348</b>

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	<b>₱5,191,506</b>	<b>₱18,632,208</b>	<b>₱37,680,548</b>	<b>₱61,504,262</b>
Transportation equipment	<b>347,752</b>	<b>265,994</b>	<b>-</b>	<b>613,746</b>
Corporate office	<b>68,148</b>	<b>8,967</b>	<b>113</b>	<b>77,228</b>
Stores	<b>27,022</b>	<b>19,656</b>	<b>5,228</b>	<b>51,906</b>
Leased lines and Data Centers	<b>853,580</b>	<b>2,737,669</b>	<b>-</b>	<b>3,591,249</b>
	<b>₱6,488,008</b>	<b>₱21,664,494</b>	<b>₱37,685,889</b>	<b>₱65,838,391</b>

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	<b>₱3,825,810</b>	<b>₱11,181,324</b>	<b>₱7,272,247</b>	<b>₱22,279,381</b>
Transportation equipment	<b>251,153</b>	<b>106,678</b>	-	<b>357,831</b>
Corporate office	<b>260,152</b>	<b>176,784</b>	<b>246</b>	<b>437,182</b>
Stores	<b>34,658</b>	<b>35,596</b>	<b>7,297</b>	<b>77,551</b>
Leased lines and Data Centers	-	-	-	-
	<b>₱4,371,773</b>	<b>₱11,500,382</b>	<b>₱7,279,790</b>	<b>₱23,151,945</b>

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 ( <a href="#">Note 12</a> )	-	19,886	19,886
Application software and licenses ( <a href="#">Note 12</a> )	-	23,700	23,700
	-	(43,586)	(43,586)
Non-controlling interest	-	8,874	8,874
<b>Goodwill arising on acquisition (<a href="#">Note 12</a>)</b>	<b>₱197,931</b>	<b>(₱43,317)</b>	<b>₱154,614</b>

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	<b>₱34,079,880</b>	₱33,892,484
Mynt	<b>9,164,732</b>	8,356,481
Globe STT GDC, Inc. (GSG)	<b>8,282,539</b>	-
TechGlobal	<b>258,083</b>	207,711
Konsulta	<b>136,877</b>	22,827
Purego	<b>62,500</b>	-
Rush	<b>57,404</b>	-
Bridge Mobile Pte. Ltd (BMPL)	<b>55,501</b>	50,828
Telecommunications Connectivity, Inc. (TCI)	<b>40,462</b>	38,886
	<b>₱52,137,978</b>	₱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
<b>Joint Ventures</b>				
VTI	Philippines	Telecommunications	<b>50%</b>	50%
BAHC	Philippines	Holding company	<b>50%</b>	50%
BHC	Philippines	Holding company	<b>50%</b>	50%
Konsulta	Philippines	Health hotline facility	<b>46%</b>	50%
TechGlobal	Philippines	Installation and management of data centers	<b>49%</b>	49%
Mynt	Philippines	Holding company	<b>36%</b>	36%
BMPL	Singapore	Mobile technology infrastructure and common service	<b>10%</b>	10%
TCI	Philippines	Telecommunications	<b>33%</b>	33%
HealthNow*	Philippines	IT services for telehealth	-	50%
Inquiro**	Philippines	Data management services	<b>100%</b>	49%
Rush	Philippines	Cloud-based solutions	<b>49%</b>	49%
PureGo	Philippines	E-commerce platform	<b>50%</b>	50%
GSG***	Philippines	Data centers management	<b>50%</b>	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	<b>₱808,251</b>	(₱173,966)	(₱2,450,671)
GSG	<b>214,419</b>	-	-
Vega	<b>169,542</b>	1,040,322	26,315
TechGlobal	<b>50,372</b>	57,099	59,719
TCI	<b>1,576</b>	(1,114)	-
BMPL	<b>(603)</b>	1,025	(2,162)
HealthNow	<b>(46,625)</b>	(28,620)	-
Konsulta	<b>(113,730)</b>	(13,211)	(641)
	<b>₱1,083,202</b>	<b>₱881,535</b>	<b>(₱2,367,440)</b>

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		<b>₱17,854</b>	₱42,349	₱28,035
BMPL		<b>5,276</b>	2,980	(2,941)
	21.8	<b>₱23,130</b>	<b>₱45,329</b>	<b>₱25,094</b>

The movement in investments in joint ventures are as follows:

	Notes	2022	2021
<i>(In Thousand Pesos)</i>			
<b>Costs</b>			
At January 1		<b>₱48,891,949</b>	₱42,956,056
Additional capital contributions during the year			
Investment in Konsulta	15.5	<b>201,371</b>	25,076
Investment in HealthNow	15.7	<b>147,105</b>	28,620
Investment in GSG	15.11	<b>100,000</b>	-
Investment in Purego	15.10	<b>62,500</b>	-
Investment in Rush	15.9	<b>57,404</b>	-
Investment in Inquiro	15.8	<b>17,150</b>	-
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	<b>7,968,120</b>	-
Gain on deemed sale of investment in Konsulta	15.5	<b>26,410</b>	-
Disposal		<b>(192,876)</b>	-
At December 31		<b>57,279,133</b>	48,891,949
<b>Accumulated Equity in Net Losses</b>			
At January 1		<b>(6,689,946)</b>	(7,571,481)
Equity share in net income		<b>1,083,202</b>	881,535
Disposal		<b>75,245</b>	-
At December 31		<b>(5,531,499)</b>	(6,689,946)
<b>Other Comprehensive Income</b>			
At January 1		<b>367,214</b>	321,885
Equity share in currency translation adjustment	21.8	<b>5,276</b>	2,980
Equity share in investment in equity securities	21.8	<b>27,235</b>	57,571
Equity share in retirement obligation	21.8	<b>(9,381)</b>	(15,222)
At December 31		<b>390,344</b>	367,214
<b>Carrying Value at December 31</b>		<b>₱52,137,978</b>	₱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>							
<b>Statements of Financial Position:</b>							
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
<b>Statements of Comprehensive Income:</b>							
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>							
<b>Statements of Financial Position:</b>							
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)
<b>Statements of Comprehensive Income:</b>							
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>	
<b>Items in the Statements of Financial Position</b>		
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	-	-
<b>Items in the Statements of Comprehensive Income</b>		
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>	
<b>Items in the Statements of Financial Position</b>		
Cash and cash equivalents	<b>₱51,703,515</b>	₱40,489,947
Current financial liabilities, excluding trade and other payables and provisions	<b>51,573,579</b>	32,674,714
Non-current financial liabilities, excluding trade and other payables and provisions	-	-
<b>Items in the Statements of Comprehensive Income</b>		
Depreciation and amortization	<b>₱117,229</b>	₱254,898
Interest income	<b>298,036</b>	46,789
Interest expense	<b>6,545</b>	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:

		<b>Amount recognized on acquisition</b>
		<i>(In Million Pesos)</i>
<b>ASSETS</b>		
Current assets		<b>₱9,056</b>
Property and equipment		<b>5,156</b>
Other noncurrent assets		<b>19</b>
		<b>14,231</b>
<b>LIABILITIES</b>		
Current Liabilities		<b>5,807</b>
Noncurrent Liabilities		<b>256</b>
		<b>6,063</b>
<b>Total net assets at fair value</b>		<b>₱8,168</b>
<b>Intangible assets arising on acquisition</b>		
Customer relationship	<b>₱1,689</b>	
Supplier relationship	<b>5</b>	
	<b>1,694</b>	
<b>Deferred tax liabilities</b>	<b>(423)</b>	<b>1,271</b>
		<b>₱9,439</b>
Purchase consideration transferred		<b>₱8,068</b>
Share in identifiable assets and liabilities (50%)		<b>(4,720)</b>
Notional goodwill arising on acquisition		<b>₱3,348</b>

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.:

<b>April 1 to December 31, 2022</b>	
<i>(In Thousand Pesos)</i>	
<b>Items in the Statements of Financial Position</b>	
Cash and cash equivalents	<b>₱747,835</b>
Current financial liabilities, excluding trade and other payables and provisions	-
Non-current financial liabilities, excluding trade and other payables and provisions	-
<hr/>	
<b>Items in the Statements of Comprehensive Income</b>	
Depreciation and amortization	<b>₱272,873</b>
Interest income	<b>4,945</b>
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	<b>₱34,857,379</b>	₱37,691,916
Accrued expenses		<b>23,660,696</b>	25,492,771
Taxes payable		<b>9,194,944</b>	6,290,774
Trade payable		<b>8,565,445</b>	6,036,659
Liabilities to partners and merchants		<b>6,478,838</b>	4,466,366
Traffic settlements - net	32.2, 34.1	<b>734,750</b>	637,234
Other creditors		<b>4,888,745</b>	3,960,436
		<b>₱88,380,797</b>	₱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	<b>₱4,884,272</b>	₱4,534,312
Repairs and maintenance	<b>3,614,101</b>	4,986,521
Staff costs	<b>3,467,481</b>	3,316,620
Selling, advertising and promotions	<b>2,227,550</b>	3,002,532
Lease	<b>2,204,491</b>	2,835,353
Taxes and licenses	<b>2,031,222</b>	2,219,181
Utilities, supplies and other administrative expenses	<b>1,385,497</b>	1,531,266
Others	<b>3,846,082</b>	3,066,986
	<b>₱23,660,696</b>	₱25,492,771

## 17 Provisions

The rollforward analysis of this account follows:

	Notes	2022	2021
<i>(In Thousand Pesos)</i>			
At beginning of year		<b>₱2,768,719</b>	₱2,784,521
Provisions for claims	27	<b>457,545</b>	710,369
Payments and reversals for claims	27	<b>(642,788)</b>	(726,171)
At end of year		<b>₱2,583,476</b>	₱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	<b>₱175,220,081</b>	₱152,018,093
Dollar	<b>21,911,676</b>	24,917,025
	<b>197,131,757</b>	176,935,118
Retail bonds:		
Peso	<b>2,993,904</b>	2,983,268
Dollar	<b>33,078,998</b>	30,135,181
	<b>36,072,902</b>	33,118,449
	<b>233,204,659</b>	210,053,567
Less current portion	<b>46,172,043</b>	16,018,505
Net of current portion	<b>₱187,032,616</b>	₱194,035,062

The rollforward analysis of this account follows:

	Note	2022	2021
<i>(In Thousand Pesos)</i>			
At beginning of year		<b>₱210,053,567</b>	₱164,792,150
Cash items			
Proceeds from long term borrowings		<b>8,000,000</b>	50,733,809
Proceeds from short term borrowings		<b>82,020,167</b>	41,894,040
Repayments of long term borrowings		<b>(15,934,168)</b>	(8,009,757)
Repayments of short borrowings		<b>(56,175,000)</b>	(42,258,800)
		<b>17,910,999</b>	42,359,292
Non-cash items			
Debt issuance cost		<b>(219,072)</b>	(399,864)
Amortization of debt issue cost		<b>492,624</b>	291,758
Foreign exchange loss (gain)		<b>4,966,541</b>	3,010,231
		<b>5,240,093</b>	2,902,125
At end of year		<b>₱233,204,659</b>	₱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
	<b>₱234,450,926</b>

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)	<b>₱2,689,423</b>	₱3,297,839
Others	<b>1,541,236</b>	1,697,360
	<b>₱4,230,659</b>	₱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		<b>₱3,297,839</b>	₱2,852,256
Accretion expense during the year	26	<b>187,760</b>	199,152
Capitalized to property and equipment during the year	11	<b>2,477</b>	456,077
Settlements and reversals		<b>(1,245,143)</b>	(8,255)
Remeasurements		<b>446,490</b>	(201,391)
At end of year		<b>₱2,689,423</b>	₱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		
<b>Entities with joint control over the Company</b>									
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
<b>Jointly controlled entities</b>									
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
<b>Other related parties</b>									
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
		<b>P1,748,588</b>	<b>P4,259,320</b>	<b>P6,320,854</b>	<b>P1,708,472</b>	<b>P4,298,299</b>	<b>P757,906</b>		

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
		<b>₱1,604,806</b>	<b>₱4,096,073</b>	<b>₱81,052</b>	<b>₱2,160,328</b>	<b>₱3,404,130</b>	<b>₱207,869</b>		

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		<b>₱236,137</b>	₱114,718
Due from related parties	10	<b>833,227</b>	333,477
Loans to related parties	10	<b>3,228,935</b>	2,955,935
		<b>₱4,298,299</b>	₱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	<b>₱279,000</b>	₱231,100
Share-based payments	<b>73,400</b>	213,900
Post-employment benefits	<b>19,800</b>	18,075
	<b>₱372,200</b>	₱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	<b>160,000</b>	<b>₱800,000</b>	160,000	₱800,000
Non-voting preferred stock -₱50 per share	<b>40,000</b>	<b>2,000,000</b>	40,000	2,000,000
Common stock -₱50 per share	<b>168,934</b>	<b>8,446,719</b>	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	<b>158,515</b>	<b>₱792,575</b>	158,515	₱792,575
Non-voting preferred stock	<b>20,000</b>	<b>1,000,000</b>	20,000	1,000,000
Common stock	<b>144,060</b>	<b>7,203,027</b>	133,619	6,680,960
<b>Total capital stock</b>		<b>₱8,995,602</b>		<b>₱8,473,535</b>

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	<b>133,619</b>	<b>₱6,680,960</b>	133,432	₱6,671,636
Issuance of shares by way of stock rights	<b>10,119</b>	<b>505,952</b>	-	-
Issuance of shares under share-based compensation plan and exercise of stock options	<b>322</b>	<b>16,115</b>	187	9,324
<b>At end of year</b>	<b>144,060</b>	<b>₱7,203,027</b>	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>					
<b>As of January 1</b>	<b>₱198,090</b>	<b>₱956,219</b>	<b>(₱35,365)</b>	<b>(₱3,314,072)</b>	<b>(₱2,195,128)</b>
<b>Fair value changes</b>	<b>1,791,710</b>	<b>2,492</b>	<b>-</b>	<b>-</b>	<b>1,794,202</b>
<b>Share in OCI from investment in joint venture (see Note 15)</b>	<b>-</b>	<b>27,235</b>	<b>5,276</b>	<b>(9,381)</b>	<b>23,130</b>
<b>Remeasurement on pension liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,666,776</b>	<b>3,666,776</b>
<b>Transferred to profit or loss</b>	<b>(3,631,163)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,631,163)</b>
<b>Exchange differences</b>	<b>-</b>	<b>-</b>	<b>693,257</b>	<b>-</b>	<b>693,257</b>
<b>Income tax effect (see Note 29)</b>	<b>459,863</b>	<b>(623)</b>	<b>-</b>	<b>(916,694)</b>	<b>(457,454)</b>
<b>Other comprehensive income for the period</b>	<b>(1,379,590)</b>	<b>29,104</b>	<b>698,533</b>	<b>2,740,701</b>	<b>2,088,748</b>
<b>Other comprehensive income attributable to non-controlling interest</b>	<b>-</b>	<b>-</b>	<b>(113)</b>	<b>(9,813)</b>	<b>(9,926)</b>
<b>Other comprehensive income attributable to equity holders of the Parent</b>	<b>(1,379,590)</b>	<b>29,104</b>	<b>698,420</b>	<b>2,730,888</b>	<b>2,078,822</b>
<b>As of December 31</b>	<b>(₱1,181,500)</b>	<b>₱985,323</b>	<b>₱663,055</b>	<b>(₱583,184)</b>	<b>(₱116,306)</b>

**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	<b>₱130,153</b>	₱13,810	₱125,597
Loans receivable:				
GRP	20.3	<b>160,250</b>	120,292	25,645
JVHI	20.3	<b>21,490</b>	-	-
BHI	20.3	-	-	4,794
Cash in banks	5	<b>9,650</b>	5,946	19,408
Others		<b>18,566</b>	9,460	19,494
		<b>₱340,109</b>	₱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		<b>₱5,797,800</b>	₱3,214,633	(₱1,579,746)
Foreign exchange gain (loss) - net		<b>(5,343,019)</b>	(3,656,218)	1,690,842
Management fees:				
Mynt	20.2	<b>165,430</b>	165,430	51,786
Globe STT GDC	20.2	<b>83,143</b>	-	-
Konsulta		<b>13,138</b>	-	-
Lease		<b>107,238</b>	49,070	45,503
Gain on sale of investment in HealthNow	15.7	<b>75,245</b>	-	-
Gain on deemed sale of investment in Konsulta	15.5	<b>26,410</b>	-	-
Gain on settlement and remeasurement of ARO	19	<b>2,629</b>	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		<b>1,546,800</b>	465,262	1,188,418
		<b>₱2,474,814</b>	₱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	<b>₱19,136,088</b>	₱18,247,670	₱15,957,403
Repairs and maintenance		<b>11,656,701</b>	10,193,836	9,587,216
Professional and other contracted services		<b>10,670,751</b>	12,389,867	11,770,784
Utilities, supplies and other administrative expenses		<b>10,309,303</b>	7,522,027	6,296,354
Selling, advertising and promotions		<b>6,385,740</b>	7,455,850	6,398,713
Taxes and licenses		<b>3,889,035</b>	3,942,678	3,575,873
Platform fees and bank charges		<b>3,633,602</b>	1,735,214	199,419
Lease	13.3	<b>2,794,315</b>	4,274,333	6,208,748
Insurance and security services		<b>2,131,677</b>	2,020,244	1,871,360
Courier and delivery		<b>574,883</b>	668,257	500,017
Others		<b>1,988,232</b>	2,151,333	2,547,468
		<b>₱73,170,327</b>	₱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	<b>₱34,088,386</b>	₱32,321,056	₱28,195,155
Intangible assets	12	<b>6,283,860</b>	5,831,884	5,849,612
Right of use assets	13	<b>5,276,304</b>	2,974,674	1,361,716
Investment properties	10	<b>4,746</b>	5,378	5,555
		<b>₱45,653,296</b>	₱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	<b>₱6,884,490</b>	₱6,372,369	₱5,751,079
Lease liabilities	13.2	<b>1,668,972</b>	560,764	301,952
Swap costs	8.4	<b>1,140,451</b>	1,422,735	742,059
Pension cost	28.1.1	<b>198,227</b>	174,300	142,096
ARO accretion expense	19	<b>187,760</b>	199,152	151,460
Others		<b>11,389</b>	11,443	22,764
		<b>₱10,091,289</b>	₱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	<b>₱4,108,704</b>	₱3,544,995	₱5,067,140
Property and equipment	11	-	1,155,691	4,149,337
Contract assets	7.1	<b>723,167</b>	346,967	500,673
Non-trade receivables	10	-	-	1,121
Other assets		<b>14,603</b>	32,461	42,337
Provisions for (reversal of):				
Inventory obsolescence	9	<b>245,516</b>	502,627	284,788
Other probable losses - net	17	<b>(185,243)</b>	(15,802)	162,203
		<b>₱4,906,747</b>	₱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>		
<b>2022</b>		
Compensation and short-term benefits	<b>₱17,605,471</b>	₱-
Pension benefits	<b>1,089,723</b>	<b>(3,666,776)</b>
Share based compensation	<b>440,894</b>	-
	<b>₱19,136,088</b>	<b>(₱3,666,776)</b>
<b>2021</b>		
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)
<b>2020</b>		
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)	<b>₱1,830,881</b>	₱4,962,536
Other pension benefits	<b>132,609</b>	81,155
	<b>₱1,963,490</b>	₱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>	
<b>2022</b>		
GRP	<b>₱1,020,459</b>	<b>(₱3,639,967)</b>
Others	<b>69,264</b>	<b>(26,809)</b>
	<b>₱1,089,723</b>	<b>(₱3,666,776)</b>
<b>2021</b>		
GRP	₱1,149,187	(₱1,219,262)
Others	23,280	26,473
	₱1,172,467	(₱1,192,789)
<b>2020</b>		
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	<b>₱1,110,085</b>	₱1,207,909	₱922,795
Past service cost	-	-	-
	<b>1,110,085</b>	1,207,909	922,795
Less: components capitalized as property and equipment	<b>(89,626)</b>	(58,722)	(49,362)
Amount recognized in profit or loss	<b>1,020,459</b>	1,149,187	873,433
Net interest expense (Note 26)	<b>198,227</b>	174,300	142,096
Components of defined benefit costs recognized in profit or loss	<b>1,218,686</b>	1,323,487	1,015,529
Remeasurement on the net defined benefit liability:			
Return on plan assets (excluding amounts included in net interest expense)	<b>(710,521)</b>	(502,949)	549,767
Actuarial gains and losses:			
from changes in assumptions	<b>(3,931,884)</b>	(2,549,710)	1,911,762
from experience adjustments	<b>1,002,438</b>	1,833,397	113,823
Components of defined benefit costs recognized in other comprehensive income	<b>(3,639,967)</b>	(1,219,262)	2,575,352
	<b>(₱2,421,281)</b>	₱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	<b>₱11,392,648</b>	₱13,216,313
Less: fair value of plan assets	<b>9,561,767</b>	8,253,777
Pension liability	<b>₱1,830,881</b>	₱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	<b>₱13,216,313</b>	₱13,316,312
Current service cost	<b>1,110,085</b>	1,207,909
Interest cost	<b>666,981</b>	490,234
Benefits paid	<b>(584,949)</b>	(1,081,829)
Transfer of employees	<b>(86,336)</b>	-
Remeasurements in other comprehensive income:		
Actuarial gains and losses arising from changes in assumptions	<b>(3,931,884)</b>	(2,549,710)
Actuarial gains and losses arising from experience adjustments	<b>1,002,438</b>	1,833,397
Balance at end of year	<b>₱11,392,648</b>	₱13,216,313

*Fair value of plan assets*

	2022	2021
	<i>(In Thousand Pesos)</i>	
Balance at beginning of year	<b>₱8,253,777</b>	₱7,713,642
Remeasurement (gains)/losses:		
Return on plan assets (excluding amounts included in net interest expense)	<b>710,521</b>	502,949
Contributions from the employer	<b>800,000</b>	803,081
Interest income	<b>468,754</b>	315,934
Benefits paid	<b>(584,949)</b>	(1,081,829)
Transfer payments	<b>(86,336)</b>	-
Balance at end of year	<b>₱9,561,767</b>	₱8,253,777
Actual return on plan assets	<b>₱1,179,275</b>	₱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	<b>₱328,751</b>	₱88,092
Investment in debt securities	<b>3,623,143</b>	2,599,307
Investment in equity shares	<b>5,609,873</b>	5,566,378
	<b>₱9,561,767</b>	₱8,253,777

The assumptions used to determine pension benefits for the Globe Group are as follows:

	2022	2021
Discount rate	<b>7.93%</b>	5.15%
Salary rate increase	<b>4.50%</b>	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	<b>₱974,927</b>	₱530,441
More than 1 year to 5 years	<b>3,565,350</b>	3,100,882
5 years to 10 years	<b>6,427,008</b>	5,598,761
	<b>₱10,967,285</b>	₱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	<b>₱9,696,533</b>	₱4,903,568	₱8,139,602
Deferred	<b>(200,132)</b>	412,347	377,016
	<b>₱9,496,401</b>	₱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	<b>₱44,100,450</b>	₱29,039,772	₱27,139,663
Multiplied by statutory income tax rate	<b>25%</b>	25%	30%
Provision at statutory income tax rate	<b>11,025,113</b>	7,259,943	8,141,898
Add (deduct) tax effects of:			
Equity in net (income) losses of associates and joint ventures	<b>(270,801)</b>	(220,384)	710,232
Gain on sale of controlling interest on data center business subjected to lower rate	<b>(796,812)</b>	-	-
Income subjected to lower tax rates	<b>(268,411)</b>	(459,907)	(292,551)
Change in income tax rate (CREATE)			
Current tax expense	-	(695,139)	-
Deferred tax expense	-	(670,969)	-
Others	<b>(192,688)</b>	102,371	(42,961)
Actual provision for income tax	<b>₱9,496,401</b>	₱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	<b>₱9,599,769</b>	₱4,836,217	₱8,051,157
Final tax	<b>96,764</b>	67,351	88,445
	<b>₱9,696,533</b>	₱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	<b>₱2,228,042</b>	₱2,033,968
Net deferred income tax liabilities	<b>(6,446,284)</b>	(6,062,606)
	<b>(₱4,218,242)</b>	(₱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>	
<b>Deferred tax assets</b>		
Lease liabilities net of ROU	<b>₱2,876,384</b>	₱51,492
Allowance for impairment losses on receivables	<b>2,523,317</b>	2,436,611
Unrealized foreign exchange losses	<b>1,549,919</b>	494,730
Unearned revenues and advances already subjected to income tax	<b>1,217,257</b>	1,596,732
Accrued manpower cost	<b>1,104,647</b>	1,077,936
Accrued pension	<b>887,693</b>	1,720,573
ARO	<b>614,250</b>	720,357
Accumulated impairment losses on property and equipment	<b>527,227</b>	581,068
Provision for claims and assessment	<b>470,637</b>	505,038
Inventory obsolescence and market decline	<b>212,364</b>	217,969
Cost of share-based compensation	<b>212,223</b>	210,957
Others	<b>167,717</b>	187,917
	<b>12,363,635</b>	9,801,380
<b>Deferred tax liabilities</b>		
Excess of accumulated depreciation and amortization of Globe Telecom equipment for (a) tax reporting over (b) financial reporting	<b>(10,119,947)</b>	(9,473,402)
Contract asset	<b>(2,489,582)</b>	(2,335,417)
Unrealized gain on derivative transaction	<b>(1,129,999)</b>	(451,440)
Others	<b>(2,842,349)</b>	(1,569,759)
	<b>(16,581,877)</b>	(13,830,018)
<b>Net deferred income tax (liabilities) assets</b>	<b>(₱4,218,242)</b>	(₱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	<b>(₱4,028,638)</b>	(₱2,500,281)
Deferred income tax recognized in profit or loss		
Deferred tax relating to temporary difference	<b>200,132</b>	(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)	<b>(457,454)</b>	(820,872)
Deferred tax relating to change in tax rates (Note 21.8)	-	(335,084)
Deferred income tax recognized in other equity items	<b>67,718</b>	39,946
At end of year	<b>(₱4,218,242)</b>	(₱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	<b>₱34,563,011</b>	₱23,652,811	₱18,578,322
Less dividends on preferred shares:			
Non-voting preferred shares	-	260,030	520,060
Capital securities	<b>1,250,363</b>	214,091	-
Convertible voting preferred shares	<b>50,027</b>	50,027	50,027
Net income attributable to common shareholders for basic earnings per share (a)	<b>33,262,621</b>	23,128,663	18,008,235
Add dividends on convertible voting preferred shares	<b>50,027</b>	50,027	50,027
Net income attributable to common shareholders for diluted earnings per share (b)	<b>33,312,648</b>	23,178,690	18,058,262
Common shares outstanding, beginning	<b>133,619</b>	133,432	133,208
Add Weighted average number of issued shares under share-based compensation	<b>215</b>	124	149
Weighted average number of issued shares by way of stock rights	<b>1,687</b>	-	-
Weighted average number of shares for basic earnings per share (c)	<b>135,521</b>	133,556	133,357
Add Dilutive shares arising from:			
Convertible preferred shares	<b>338</b>	334	390
Share based compensation plans	<b>529</b>	670	611
Adjusted weighted average number of common shares for diluted earnings per share (d)	<b>136,388</b>	134,560	134,358
Basic earnings per share (a/c)	<b>₱245.44</b>	₱173.18	₱135.04
Diluted earnings per share (b/d)	<b>₱244.25</b>	₱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	<b>86%</b>	80%
PHP fixed rate loans	<b>86%</b>	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>			
<b>2022</b>			
USD	<b>+400bps</b>	<b>(P236,553)</b>	<b>(P54,218)</b>
	<b>-400bps</b>	<b>236,553</b>	<b>54,605</b>
PHP	<b>+200bps</b>	<b>511,273</b>	<b>31,321</b>
	<b>-200bps</b>	<b>(511,273)</b>	<b>(31,093)</b>
<b>2021</b>			
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>				
<b>Assets</b>				
Cash and cash equivalents	<b>\$57,293</b>	<b>P3,197,834</b>	\$234,088	P11,932,400
Trade Receivables	<b>87,048</b>	<b>4,858,568</b>	69,771	3,556,529
	<b>144,341</b>	<b>8,056,402</b>	303,859	15,488,929
<b>Liabilities</b>				
Trade payable and accrued expenses	<b>597,538</b>	<b>33,351,576</b>	702,068	35,787,234
Loans payable	<b>994,127</b>	<b>55,487,208</b>	1,091,312	55,628,535
	<b>1,591,665</b>	<b>88,838,784</b>	1,793,380	91,415,769
Net foreign currency - denominated liabilities	<b>\$1,447,324</b>	<b>P80,782,382</b>	\$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>			
<b>2022</b>	<b>+.70</b>	<b>(P835,389)</b>	<b>P624,564</b>
	<b>-.70</b>	<b>835,389</b>	<b>(624,564)</b>
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	<b>P18,033,785</b>	P24,239,195
Trade receivables – net	6	<b>23,563,414</b>	16,696,542
Contract assets – net	7	<b>6,891,455</b>	6,245,711
Derivative assets	8	<b>5,129,334</b>	3,032,277
Loans receivable from related parties	10	<b>3,228,935</b>	2,955,935
Non-trade receivables	10	<b>2,307,681</b>	1,405,722
Investment in debt securities		<b>128,932</b>	168,442
		<b>P59,283,536</b>	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>					
<b>2022</b>					
Wireless subscribers receivables:					
Consumer	<b>₱4,300,421</b>	<b>₱747,189</b>	<b>₱699,656</b>	<b>₱904,157</b>	<b>₱6,651,423</b>
Key corporate accounts	<b>309,840</b>	<b>425,548</b>	<b>59,857</b>	<b>538,010</b>	<b>1,333,255</b>
Other corporations and SMEs	<b>374,628</b>	<b>56,296</b>	<b>81,039</b>	<b>260,674</b>	<b>772,637</b>
	<b>4,984,889</b>	<b>1,229,033</b>	<b>840,552</b>	<b>1,702,841</b>	<b>8,757,315</b>
Wireline subscribers receivables:					
Consumer	<b>314,179</b>	<b>584,630</b>	<b>432,248</b>	<b>7,101,801</b>	<b>8,432,858</b>
Key corporate accounts	<b>1,300,146</b>	<b>2,443,363</b>	<b>376,066</b>	<b>2,297,624</b>	<b>6,417,199</b>
Other corporations and SMEs	<b>79,080</b>	<b>91,636</b>	<b>13,018</b>	<b>772,600</b>	<b>956,334</b>
	<b>1,693,405</b>	<b>3,119,629</b>	<b>821,332</b>	<b>10,172,025</b>	<b>15,806,391</b>
<b>Total subscribers' receivables</b>	<b>6,678,294</b>	<b>4,348,662</b>	<b>1,661,884</b>	<b>11,874,866</b>	<b>24,563,706</b>
Wireless contract assets					
Consumer	<b>4,503,138</b>	<b>1,019,057</b>	<b>255,969</b>	<b>31,306</b>	<b>5,809,470</b>
Key corporate accounts	<b>478,538</b>	<b>162,875</b>	<b>6,916</b>	<b>4,757</b>	<b>653,086</b>
Other corporations and SMEs	<b>421,249</b>	<b>50,356</b>	<b>9,137</b>	<b>8,625</b>	<b>489,367</b>
	<b>5,402,925</b>	<b>1,232,288</b>	<b>272,022</b>	<b>44,688</b>	<b>6,951,923</b>
<b>Total subscribers' receivables and contracts assets</b>	<b>₱12,081,219</b>	<b>₱5,580,950</b>	<b>₱1,933,906</b>	<b>₱11,919,554</b>	<b>₱31,515,629</b>

	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
<b>Total subscribers' receivables</b>	<b>4,955,941</b>	<b>4,296,933</b>	<b>2,945,254</b>	<b>10,125,845</b>	<b>22,323,973</b>
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
<b>Total subscribers' receivables and contracts assets</b>	<b>₱9,966,039</b>	<b>₱5,544,619</b>	<b>₱3,186,649</b>	<b>₱10,159,196</b>	<b>₱28,856,503</b>

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	<b>₱271,168</b>	<b>₱-</b>	<b>₱48,298</b>	<b>₱75,093</b>	<b>₱349,527</b>	<b>₱744,086</b>
Local	<b>458,103</b>	<b>4,814</b>	<b>772</b>	<b>201</b>	<b>282,187</b>	<b>746,077</b>
	<b>729,271</b>	<b>4,814</b>	<b>49,070</b>	<b>75,294</b>	<b>631,714</b>	<b>1,490,163</b>
Other trade receivables	<b>6,372,416</b>	<b>467,194</b>	<b>263,722</b>	<b>209,095</b>	<b>1,294,100</b>	<b>8,606,527</b>
<b>Total</b>	<b>₱7,101,687</b>	<b>₱472,008</b>	<b>₱312,792</b>	<b>₱284,389</b>	<b>₱1,925,814</b>	<b>₱10,096,690</b>

**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	<b>₱23,950</b>	<b>₱-</b>	<b>₱47,821</b>	<b>₱16,756</b>	<b>₱517,948</b>	<b>₱606,475</b>
Local	<b>379,210</b>	<b>9,827</b>	<b>3,580</b>	<b>2,919</b>	<b>423,684</b>	<b>819,220</b>
	<b>403,160</b>	<b>9,827</b>	<b>51,401</b>	<b>19,675</b>	<b>941,632</b>	<b>1,425,695</b>
Other trade receivables	<b>567,758</b>	<b>696,016</b>	<b>426,309</b>	<b>378,294</b>	<b>1,597,909</b>	<b>3,666,286</b>
<b>Total</b>	<b>₱970,918</b>	<b>₱705,843</b>	<b>₱477,710</b>	<b>₱397,969</b>	<b>₱2,539,541</b>	<b>₱5,091,981</b>

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	<b>47.96%</b>	99.95%	99.99%
Onshore foreign bank	<b>52.04%</b>	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>		
<b>Loans Payable</b>			
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
<b>Interest payable*</b>			
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>	
<b>Financial Assets</b>		
Derivative assets:		
Derivative assets designated as cash flow hedges (FVOCI)	<b>₱5,099,882</b>	₱2,832,962
Derivative assets not designated as hedges (FVPL)	<b>29,452</b>	199,315
Financial assets at FVOCI:		
Investment in equity securities	<b>3,149,566</b>	2,805,766
Financial assets at FVPL:		
Investment in debt securities	<b>128,932</b>	168,442
Financial assets at amortized cost		
Cash and cash equivalents	<b>18,033,785</b>	24,239,195
Trade receivables – net	<b>23,563,414</b>	16,696,542
Contract assets – net	<b>6,891,455</b>	6,245,711
Non-trade receivables	<b>2,307,681</b>	1,405,722
Loans receivable from related parties	<b>3,228,935</b>	2,955,935
	<b>₱62,433,102</b>	₱57,549,590
<b>Financial Liabilities:</b>		
Derivative liabilities		
Derivative liabilities designated as cash flow hedges (FVOCI)	<b>₱447,955</b>	₱1,113,116
Derivative liabilities not designated as hedges (FVPL)	<b>161,383</b>	113,403
Financial liabilities at amortized cost		
Trade payables and accrued expenses*	<b>79,185,853</b>	78,285,382
Loans payable	<b>233,204,659</b>	210,053,567
Other long term liabilities**	<b>1,085,116</b>	925,808
	<b>₱314,084,966</b>	₱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>					
<b>December 31, 2022</b>					
Derivative assets	<b>₱5,129,334</b>	<b>₱-</b>	<b>₱5,129,334</b>	<b>(₱480,789)</b>	<b>₱4,648,545</b>
Derivative liabilities	<b>609,338</b>	<b>-</b>	<b>609,338</b>	<b>(480,789)</b>	<b>128,549</b>
Traffic settlements receivable (Note 6)	<b>2,589,073</b>	<b>(1,098,910)</b>	<b>1,490,163</b>	<b>-</b>	<b>1,490,163</b>
Traffic settlements payable (Note 16)	<b>1,833,660</b>	<b>(1,098,910)</b>	<b>734,750</b>	<b>-</b>	<b>734,750</b>
<b>December 31, 2021</b>					
Derivative assets	<b>₱3,032,277</b>	<b>₱-</b>	<b>₱3,032,277</b>	<b>(₱1,043,539)</b>	<b>₱1,988,738</b>
Derivative liabilities	<b>1,226,519</b>	<b>-</b>	<b>1,226,519</b>	<b>(1,043,539)</b>	<b>182,980</b>
Traffic settlements receivable (Note 6)	<b>2,269,496</b>	<b>(843,801)</b>	<b>1,425,695</b>	<b>-</b>	<b>1,425,695</b>
Traffic settlements payable (Note 16)	<b>1,481,035</b>	<b>(843,801)</b>	<b>637,234</b>	<b>-</b>	<b>637,234</b>

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>				
<b>Financial Assets</b>				
Derivative assets <sup>1</sup>	<b>₱5,129,334</b>	<b>₱5,129,334</b>	₱3,032,277	₱3,032,277
Investment in debt and equity securities <sup>1</sup>	<b>3,278,498</b>	<b>3,278,498</b>	2,974,208	2,974,208
	<b>₱8,407,832</b>	<b>₱8,407,832</b>	₱6,006,485	₱6,006,485
<b>Financial Liabilities</b>				
Derivative liabilities <sup>1</sup>	<b>₱609,338</b>	<b>₱609,338</b>	₱1,226,519	₱1,226,519
Loans payables <sup>2</sup>	<b>233,204,659</b>	<b>229,665,640</b>	210,053,567	221,270,892
	<b>₱233,813,997</b>	<b>₱230,274,978</b>	₱211,280,086	₱222,497,411

<sup>1</sup> Measured at fair value on a recurring basis

<sup>2</sup> 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	
<b>2022</b>	<i>(In Thousand Pesos)</i>			
<b>Financial Assets</b>				
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
<b>Financial Liabilities</b>				
Derivative liabilities	-	609,338	-	609,338
Loans payable	-	229,665,640	-	229,665,640
<b>2021</b>				
<b>Financial Assets</b>				
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
<b>Financial Liabilities</b>				
Derivative liabilities	-	1,226,519	-	1,226,519
Loans payable	-	221,270,892	-	221,270,892

There were no transfers from Level 1 and Level 2 fair value measurements for the years ended December 31, 2022 and 2021.

### **33 Operating Segment Information**

The Globe Group's reportable segments consist of: (1) mobile communications services; and (2) wireline communication services; which the Globe Group operates and manages as strategic business units and organize by products and services. The Globe Group presents its various operating segments based on segment net income.

Intersegment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties. Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated in consolidation.

Most of the Globe Group's revenues are derived from operations within the Philippines, hence, the Globe Group does not present geographical information required by PFRS 8, *Operating Segments*. The Globe Group does not have a single customer that will meet the 10% reporting criteria.

The Globe Group also presents the different product types that are included in the report that is regularly reviewed by the chief operating decision maker in assessing the operating segments performance.

Segment assets and liabilities are not measures used by the chief operating decision maker since the assets and liabilities are managed on a group basis.

The Globe Group's segment information is as follows:

	2022			
	Mobile Communications Services	Wireline Communications Services	Others	Consolidated
	(In Thousand Pesos)			
<b>REVENUES:</b>				
Service revenues:				
External customers:				
Data	P83,758,035	P17,198,099	P-	P100,956,134
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
	<b>107,520,023</b>	<b>46,280,793</b>	<b>4,178,519</b>	<b>157,979,335</b>
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
<b>NET INCOME (LOSS) BEFORE TAX</b>	<b>30,769,461</b>	<b>10,916,772</b>	<b>2,414,217</b>	<b>44,100,450</b>
Provision for income tax	(6,937,464)	(2,040,252)	(518,685)	(9,496,401)
<b>NET INCOME (LOSS)</b>	<b>P23,831,997</b>	<b>P8,876,520</b>	<b>P1,895,532</b>	<b>P34,604,049</b>
Intersegment revenues	(P1,041,557)	(P1,590,256)	(P12,391,872)	(P15,023,685)
Core net income after tax				P19,168,650
Operating costs and expenses - net				
Operating expenses-net <sup>1</sup>	(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 <sup>2</sup>	(2,124,732)	(2,773,708)	(8,307)	(4,906,747)
Interconnect costs	(838,438)	(523,871)	-	(1,362,309)
	<b>(62,365,084)</b>	<b>(31,770,891)</b>	<b>(1,812,729)</b>	<b>(95,948,704)</b>
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 <sup>3</sup>	8,371,606	10,861,605	96,494	19,329,705
	<b>(423,221)</b>	<b>10,966,676</b>	<b>118,272</b>	<b>10,661,727</b>
<b>Cash Flows</b>				
Net cash from (used in):				
Operating activities	P50,402,655	P12,200,827	P275,640	P62,879,122
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

<sup>1</sup>Operating expenses-net primarily includes general, selling and admin expenses net of income from leases, management fees and other operating income

<sup>2</sup>Impairment and other losses includes impairment loss on receivables, contract assets, inventories, provision for probable losses and other assets

<sup>3</sup>Other 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>				
<b>REVENUES:</b>				
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)
<b>NET INCOME (LOSS) BEFORE TAX</b>	<b>27,205,538</b>	<b>1,501,018</b>	<b>333,216</b>	<b>29,039,772</b>
Provision for income tax	(4,999,470)	(274,771)	(41,674)	(5,315,915)
<b>NET INCOME (LOSS)</b>	<b>₱22,206,068</b>	<b>₱1,226,247</b>	<b>₱291,542</b>	<b>₱23,723,857</b>
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 <sup>1</sup>	(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 <sup>2</sup>	(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 <sup>3</sup>	3,253,352	(333,946)	41,197	2,960,603
	(4,429,178)	(336,086)	16,147	(4,749,117)
<b>Cash Flows</b>				
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

<sup>1</sup> Operating expenses-net primarily includes general, selling and admin expenses net of income from leases, management fees and other operating income

<sup>2</sup> Impairment and other losses includes impairment loss on receivables, contract assets, inventories, provision for probable losses and other assets

<sup>3</sup> Other 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>				
<b>REVENUES:</b>				
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)
<b>NET INCOME (LOSS) BEFORE TAX</b>	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)
<b>NET INCOME (LOSS)</b>	₱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 <sup>1</sup>	(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 <sup>2</sup>	(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 <sup>3</sup>	108,918	(1,928,099)	(200,683)	(2,019,864)
	(8,892,687)	(1,834,354)	(233,613)	(10,960,654)
<b>Cash Flows</b>				
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

<sup>1</sup>Operating expenses-net primarily includes general, selling and admin expenses net of income from leases, management fees and other operating income

<sup>2</sup>Impairment and other losses includes impairment loss on receivables, contract assets, inventories, provision for probable losses and other assets

<sup>3</sup>Other 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		<b>₱79,092,019</b>	₱74,921,881	₱73,512,355
Depreciation and amortization	25	<b>(45,653,296)</b>	(41,132,992)	(35,412,038)
Financing costs	26	<b>(10,091,289)</b>	(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	<b>1,083,202</b>	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	<b>(5,343,019)</b>	(3,656,218)	1,690,842
Gain (loss) on derivative instruments	23	<b>5,797,800</b>	3,214,633	(1,579,746)
Gain on debt renegotiation	23	-	-	343,122
Interest income	22	<b>340,109</b>	149,508	194,938
Gain on disposal of property and equipment - net		<b>321,354</b>	152,565	33,244
Gain on sale of controlling interest on data center business	15.11	<b>10,511,945</b>	-	-
Gain on sale and leaseback of telecom towers - net	11	<b>8,260,927</b>	-	-
Gain on sale of investment in HealthNow	15, 23	<b>75,245</b>	-	-
Gain on deemed sale of investment in Konsulta	15, 23	<b>26,410</b>	-	-
Other items		<b>(320,957)</b>	61,277	(57,308)
<b>Income before income tax</b>		<b>₱44,100,450</b>	₱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	<b>₱19,168,650</b>	₱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)	<b>(4,007,264)</b>	(2,742,164)	1,183,589
Gain (loss) on derivatives instruments	<b>4,348,350</b>	2,410,975	(1,105,822)
Gain on debt renegotiation	-	-	240,185
Gain on sale of controlling interest on data center business	<b>8,680,771</b>	-	-
Gain on sale and leaseback of telecom towers - net	<b>6,195,695</b>	-	-
Gain on deemed sale of investment in Konsulta	<b>22,449</b>	-	-
Others	<b>195,398</b>	(16,994)	(49,603)
<b>NIAT</b>	<b>₱34,604,049</b>	₱23,723,857	₱18,623,045

### 33.1 Mobile Communications Services

This reporting segment is made up of digital cellular telecommunications services which includes mobile voice, mobile SMS and mobile data.

Globe Telecom offers its mobile communications services to consumers, corporate and small and medium enterprise (SME) clients through the following three (3) brands: Globe Postpaid, Globe Prepaid and Touch Mobile.



### *33.1.1 Mobile Voice*

Mobile voice include local, national and international long-distance call services. In addition to the Globe Group's standard, pay-per-use rates, subscribers can choose from bulk and unlimited voice offerings for all-day, and in several denominations.

### *33.1.2 Mobile SMS*

Mobile SMS consist of local and international revenues from inbound and outbound SMS.

### *33.1.3 Mobile Data*

Mobile Data services allow subscribers to access the internet using their internet-capable mobile devices or laptops with USB modems. Mobile data also includes local and international revenues from value-added services such as content downloading, mobile commerce services, and other add-on VAS.

## *33.2 Wireline Communications Services*

This reporting segment is made up of fixed line voice, corporate data and home broad band services.

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

### *33.2.1 Fixed Line Voice*

Globe's fixed line voice services include local, national and international long-distance calling services in postpaid and prepaid packages through its Globelines brand. For corporate and enterprise customers, Globe offers voice solutions that include regular and premium conferencing, enhanced voice mail, IP-PBX solutions and domestic or international toll-free services.

### *33.2.2 Corporate Data*

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

- Connectivity - Globe connectivity services provides an up to speed with a fast and resilient connection powered by dedicated and reliable technologies. This service includes domestic data, international data, and other internet services.
- Cloud computing - Globe's range of cloud computing services provides improved efficiency and agility in the face of evolving business environments while keeping costs low
- Data Centers - Globe Data Center offers outsourced data center hosting and management for a superior experience that goes beyond technology.
- Cybersecurity - Globe cybersecurity provides enterprises the access to the best-in-class tool sets, hardware, software, and even niche technology experts to handle security threats and IT infrastructure in a cost-effective manner.

- Business Continuity - Globe business continuity services provides the right digital solutions for uninterrupted business operations. The product offers seamless connectivity through Prepaid Mobile WiFi or Corporate Managed Broadband, empowered remote workforce using collaboration tools, and security for their business operations with Backup-as-a-Service (BaaS) and Disaster-Recovery-as-a-Service (DRaaS), among others.
- Business Applications - Globe offers a diverse range of business applications solutions to streamline and enhance the business' operations, and raise efficiency, productivity, and customer satisfaction.

### *33.2.3 Home Broadband*

Globe offers wired and fixed wireless Broadband services, across various technologies and connectivity speeds for its residential and business customers. Globe Home Broadband consists of wired or DSL Broadband packages bundled with voice, or Broadband data-only services.

### *33.3 Others*

The Globe Group offers non-telecommunications products and services in e-commerce, adtech and manpower among others.

## **34 Significant Agreements**

### *34.1 Agreements and Commitments with Other Carriers*

Globe Telecom, Innove and BTI have existing international telecommunications service agreements with various foreign administrations and interconnection agreements with local telecommunications companies for their various services. Globe Telecom also has international roaming agreements with other foreign operators, which allow its subscribers access to foreign networks. The agreements provide for sharing of toll revenues derived from the mutual use of telecommunication networks.

The interconnect costs for the period 2022, 2021 and 2020 amounted to ₱1,362.31 million, ₱1,182.38 million and ₱1,007.23 million, respectively.

Net traffic settlement receivables amounted to ₱1,490.16 million and ₱1,425.70 million while net traffic settlement payables amounted to ₱734.75 million and ₱637.23 million as of December 31, 2022 and 2021, respectively (see [Notes 6 and 16](#)).

### *34.2 Arrangements and Commitments with Suppliers*

The Globe Group has entered into agreements with various suppliers for the development or construction, delivery and installation of property and equipment. Under the terms of these agreements, advance payments and down payments are made to suppliers upon submission of required documentation. While the development or construction is in progress, project costs are accrued based on the project status. Billings are based on the progress of the development or construction and advance payments are being applied proportionately to the milestone billings. When development or construction and installation are completed and the property and equipment is ready for service, the value of unbilled but delivered goods or services from the related purchase orders is accrued.

The accrued project costs as of December 31, 2022 and 2021 included in the "Trade payables and accrued expenses" account in the consolidated statements of financial position amounted to ₱34,857.38 million and ₱37,691.92 million, respectively (see [Note 16](#)). The settlement of these liabilities is dependent on the payment terms and project milestones agreed with the suppliers and

contractors. As of December 31, 2022 and 2021, the unapplied advances made to suppliers and contractors relating to purchase orders issued amounted to ₱36,209.35 million and ₱24,923.93 million, respectively (see [Note 10](#)).

### **35 Contingencies**

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

#### *Interconnection Charge for Short Messaging Service*

On October 10, 2011, the NTC issued Memorandum Circular (MC) No. 02-10-2011 titled Interconnection Charge for Short Messaging Service requiring all public telecommunication entities to reduce their interconnection charge to each other from ₱0.35 to ₱0.15 per text, which Globe Telecom complied as early as November 2011. On December 11, 2011, the NTC One Stop Public Assistance Center (OSPAC) filed a complaint against Globe Telecom, Smart and Digital alleging violation of the said MC No. 02-10-2011 and asking for the reduction of SMS off-net retail price from P1.00 to P0.80 per text. Globe Telecom filed its response maintaining the position that the reduction of the SMS interconnection charges does not automatically translate to a reduction in the SMS retail charge per text.

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

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

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

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

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

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

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

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

#### *Guidelines on Unit of Billing of Mobile Voice Service*

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

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

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

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

### *Right of Innove to Render Services and Build Telecommunications Infrastructure in BGC*

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

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

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

On July 6, 2012, PLDT and BCC assailed the CA's rulings via a petition for review on certiorari with the Supreme Court. Innove and Globe filed their comment on said petition on January 14, 2013, to which said petitioners filed their reply on May 21, 2013. On December 22, 2021, Innove filed its Memorandum with the Supreme Court in compliance with Court's Resolution dated October 06, 2021. The Supreme Court subsequently issued Resolution dated September 14, 2022, directing the Clerk of Court of the Court of Appeals, Manila to elevate the complete records of CA G.R. SP No. 117535 to Supreme Court within ten (10) days from receipt of said Resolution.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **36 SIM Registration Act**

Republic Act No. 11934, or the SIM Registration Act, was signed into law by President Ferdinand "Bongbong" Marcos Jr. on October 10, 2022. This Act, which is a consolidation of Senate Bill No. 1310 and House Bill No. 14, was passed by the Senate of the Philippines and the House of Representatives on September 28, 2022.

The SIM Registration Act aims to provide accountability for those using SIMs and aid law enforcement in tracking perpetrators of crimes committed through phones. This law is seen as one way to boost government initiatives against scams perpetrated through text and online messages, which have become more prevalent in recent years.

On December 12, 2022, the National Telecommunications Commission released the Implementing Rules and Regulations (IRR) of the SIM Registration Act.

Following the law's passing and effectivity of the IRR, users must register their new SIMs with the relevant Public Telecommunications Entity to activate them. Meanwhile, all existing SIM subscribers must register with PTEs within 180 days of the law's implementation.

Failure to register the SIM within the prescribed period will result in automatic deactivation, and telecommunication companies can only reactivate this after proper registration has been completed. Users must also present valid government-issued IDs or similar documents with a photograph to verify their identity. The law details penalties for violations ranging from ₱100,000 to ₱1 million.

## **37 Events After Reporting Period**

On February 6, 2023, the BOD approved the declaration of the first quarter cash dividend of ₱25 per common share, payable to common stockholders of record as of February 20, 2023. Total dividends amounting to ₱3.6 billion will be payable on March 8, 2023.



## **GLOBE TELECOM, INC. AND SUBSIDIARIES**

### **Index to the Consolidated Financial Statements and Supplementary Schedules**

Schedule 1 - Financial Soundness Indicators

Schedule 2 - Reconciliation of retained earnings available for dividend declaration

Schedule 3 - Map of the relationships of the companies within the Group

Schedule 4 - Schedule for Listed Companies with a Recent Offering of Securities to the Public

Schedule 5 - Supplementary Schedules required by Annex 68-J

**Schedule 1**

<b>FINANCIAL SOUNDNESS INDICATORS</b>	<b>Formula</b>	<b>December 31 2022</b>	<b>December 31 2021</b>
<b>FINANCIAL RATIOS</b>			
Interest Coverage Ratio	EBITDA	<b>7.81</b>	8.84
	Interest Expense gross of capitalized borrowing costs		
Debt to Equity (D/E Ratio)	Total Debt	<b>1.53</b>	1.84
	Total Equity		
Total Asset to Equity Ratio	Total Assets	<b>3.64</b>	4.01
	Total Equity		
Current Ratio	Current Assets	<b>0.66</b>	0.56
	Current Liabilities		
Solvency Ratio	Net Income + Depreciation and Amortization + Provisions for Doubtful Accounts	<b>0.21</b>	0.20
	Total Liabilities		
Acid test ratio	Current Assets – Inventories and Supplies – net	<b>0.63</b>	0.54
	Current Liabilities		
<b>PROFITABILITY MARGINS</b>			
EBITDA Margins	EBITDA	<b>50%</b>	49%
	Service Revenues		
Net Profit Margin	Net Income	<b>22%</b>	16%
	Service Revenues		
Return on Asset	Net Income	<b>6%</b>	5%
	Total Assets		
Return on Equity	Net Income	<b>26%</b>	24%
	Total Equity		

**Schedule 2**
**RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION  
AS OF DECEMBER 31, 2022**

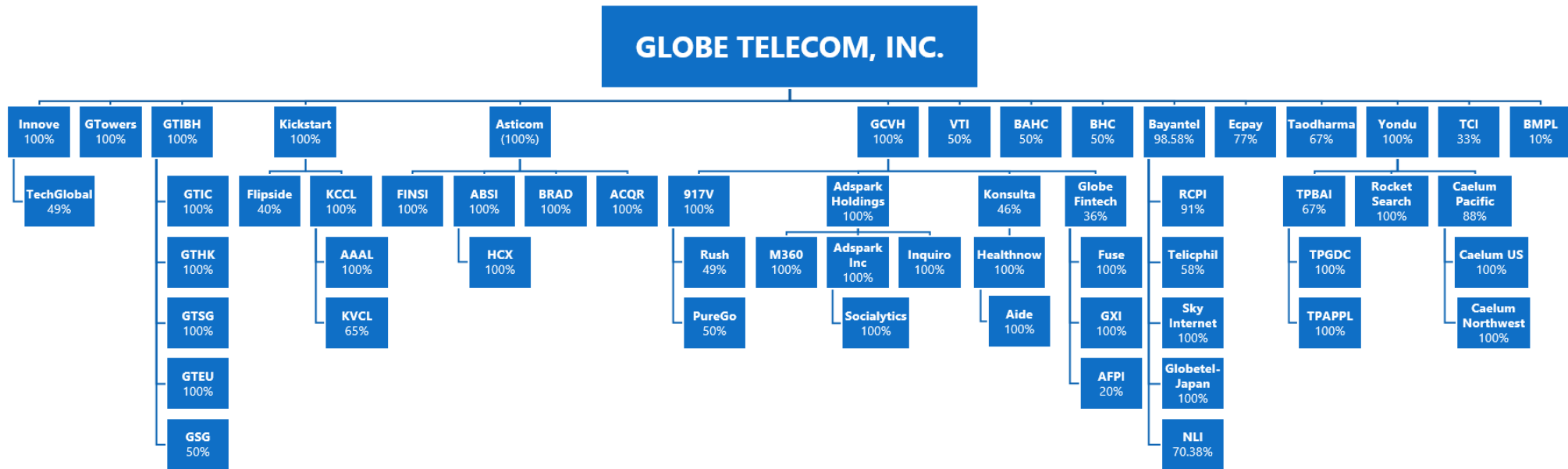
Items	Amount (In thousands)
<b>Unappropriated Retained Earnings, beginning</b>	₱31,154,698
Adjustments	(7,899,158)
<b>Unappropriated Retained Earnings, as adjusted, beginning</b>	23,255,540
<b>Net income during the period closed to Retained Earnings</b>	19,361,052
<b>Less: Non-actual/unrealized income net of tax</b>	
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)
<b>Net income actually earned/realized during the period</b>	13,109,865
<b>Add (Less):</b>	
Dividend during the period	(14,492,100)
Distributions on capital securities	(1,306,734)
<b>Unappropriated Retained Earnings, as adjusted, ending</b>	₱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
<b>Net Proceeds</b>		<b>₱16,739,310,195</b>

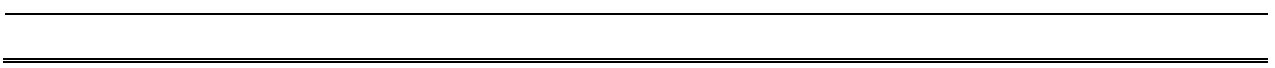
	Planned Application of Proceeds	Actual Disbursement	Balance of Offering Proceeds
Net Proceeds		₱16,739,310,195	
Less: Loan Repayments	6,695,724,078	6,695,724,078	-
Capital Expenditures			
Mobile	4,519,613,753	4,519,613,753	-
Common Infrastructure	3,414,819,280	3,414,819,280	-
Broadband	1,506,537,918	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
<b>Balance of Proceeds as at December 31, 2022</b>			<b>₱279,676,822</b>



**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**





Globe

**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	Additions	Amounts collected	Balance at the end of period		
	(January 1, 2022)			Current	Non-current	(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
<b>Total</b>	<b>₱157,878,024</b>	<b>₱222,641,879</b>	<b>₱202,375,374</b>	<b>₱178,144,529</b>	<b>₱-</b>	<b>₱178,144,529</b>



**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	Trade Receivables	1,140,308,815	479,077,291	1,619,386,106
Asticom	Co-Subsidiary	Trade Receivables	85,716,532	110,891,678	196,608,210
	Co-Subsidiary	Other Receivables	-	111,946,510	111,946,510
	Subsidiary	Other Receivables	3,050,649,782	502,597,254	3,553,247,036
BTI	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
<b>TOTAL</b>			<b>43,001,929,120</b>	<b>15,944,316,605</b>	<b>58,946,245,725</b>



**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

## ANNEX “F”

### 2023 ANNUAL STOCKHOLDERS’ MEETING OF GLOBE TELECOM, INC. (THE “MEETING”)

#### REQUIREMENTS AND PROCEDURE FOR ELECTRONIC VOTING IN ABSENTIA AND PARTICIPATION BY REMOTE COMMUNICATION

Electronic voting *in absentia* and participation by remote communication shall be allowed only through complete registration and successful validation in the Voting *in Absentia* & Shareholder (VIASH) System.

#### **I. ELECTRONIC VOTING IN ABSENTIA**

1. Stockholders as of March 10, 2023 (“Stockholders”) have the option of electronic voting *in absentia* on the matters in the Agenda, after complete registration and successful validation in the VIASH System. Stockholders with e-mail addresses on record shall be sent an e-mail with a link to the VIASH System. To register in the VIASH System, Stockholders shall simply follow the instructions sent in the e-mail.
2. Stockholders who have registered in the VIASH System for the 2022 annual stockholders meeting may continue using their credentials (username and password) to log-in and need not resubmit the recent photo and scanned copy of the Stockholder’s valid government-issued ID. All other requirements provided in Item 5 below remain applicable.
3. Otherwise, Stockholders may access the link <http://www.ayalagroupshareholders.com/> to create an account and register in the VIASH System. Stockholders should complete the online registration form and submit for validation together with the requirements provided in Item 5 below.
4. All registered accounts shall be subject to the validation process set forth. The deadline for registration to vote *in absentia* is April 13, 2023. The VIASH System will be open for registration on March 28, 2023.
5. The following are needed for registration:
  - 5.1 For individual Stockholders –
    - 5.1.1 A recent photo of the Stockholder, with the face fully visible (in JPG or PNG format). The file size should be no larger than 5MB;
    - 5.1.2 A scanned-copy of the Stockholder’s valid government-issued ID showing photo and personal details, preferably with residential address (in JPG or PDF format). The file size should be no larger than 5MB;
    - 5.1.3 A valid and active e-mail address;
    - 5.1.4 A valid and active contact number;
  - 5.2 For Stockholders with joint accounts –

A scanned copy of an authorization letter signed by all Stockholders, identifying who among them is authorized to cast the vote for the account (in JPG or PDF format). The file size should be no larger than 5MB;

5.3 For Stockholders under Broker accounts –

- 5.3.1 A broker’s certification on the Stockholder’s number of shareholdings (in JPG or PDF format). The file size should be no larger than 5MB;
- 5.3.2 A recent photo of the Stockholder, with the face fully visible (in JPG or PNG format). The file size should be no larger than 5MB;
- 5.3.3 A scanned copy of the Stockholder’s valid government-issued ID showing photo and personal details, preferably with residential address (in JPG or PDF format). The file size should be no larger than 5MB;
- 5.3.4 A valid and active e-mail address;
- 5.3.5 A valid and active contact number;

5.4 For corporate Stockholders –

- 5.4.1 A secretary’s certificate attesting to the authority of the representative to vote for, and on behalf of the Corporation (in JPG or PDF format). The file size should be no larger than 5MB;
- 5.4.2 A recent photo of the Stockholder’s representative, with the face fully visible (in JPG or PNG format). The file size should be no larger than 5MB;
- 5.4.3 A scanned copy of the valid government-issued ID of the Stockholder’s representative showing photo and personal details, preferably with residential address (in JPG or PDF format). The file size should be no larger than 5MB;
- 5.4.4 A valid and active e-mail address of the Stockholder’s representative;
- 5.4.5 A valid and active contact number of the Stockholder’s representative.

**Important Notes:**

- Stockholders who, as of record date, are also Stockholders of the other publicly listed corporations in the Ayala group only need to register one account in the VIASH System and may “Add another company” in their respective profiles, as applicable. The digital absentee ballot for each corporation shall be separately accessed from the Stockholder’s Dashboard in the VIASH System and votes shall be cast per corporation.

- Incomplete or inconsistent information may result in an unsuccessful registration. As a result, Stockholders will not be allowed access to vote electronically *in absentia*, but may still vote through the Chairman of the Meeting as proxy, by submitting a duly accomplished proxy form, on or before April 13, 2023.

6. The validation process in the VIASH System will be completed by the Company no later than three (3) business days from the date of the Stockholder’s complete registration. The Stockholder’s Dashboard in the VIASH System will indicate the status of registration.

Once validated, the Stockholder will receive an e-mail confirmation on their successful registration. Registered Stockholders have until the end of the Meeting to cast their votes *in absentia*.

7. All agenda items indicated in the Notice of the Meeting will be set out in the digital absentee ballot in the VIASH System and the registered Stockholder may vote as follows:

- 7.1 For items other than the Election of Directors, the registered Stockholder has the option to vote: For, Against, or Abstain. The vote is considered cast for all the registered Stockholder’s shares.
- 7.2 For the Election of Directors, the registered Stockholder may either: (1) vote for all nominees, (2) not vote for any of the nominees, or (3) vote for some nominees only, in such number of shares as preferred by the Stockholder, provided that the total number of votes cast shall not exceed the number of shares owned multiplied by the number of directors to be elected.

Once voting on the agenda items is finished, the registered Stockholder can proceed to submit the accomplished ballot by clicking the ‘Submit’ button.

The VIASH System will prompt the Stockholder to confirm the submission of the ballot. The votes cast *in absentia* will have equal effect as votes cast by proxy.

After the ballot has been submitted, Stockholders may no longer change their votes except by submitting a duly accomplished proxy form within the set deadline.

8. The Office of the Corporate Secretary will tabulate all votes cast *in absentia* together with the votes cast by proxy, and a firm selected for this purpose will validate the results.


## **II. PARTICIPATION BY REMOTE COMMUNICATION**

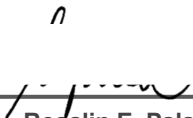
1. Stockholders as of March 10, 2023 (“Stockholders”) are required to register in the VIASH System to participate by remote communication in the Meeting on April 25, 2023. A Meeting livestreaming access button will be available in the Stockholder’s dashboard in the VIASH System on the Meeting date indicated in the Corporation’s Notice of the Meeting.
2. The procedure and requirements for registration in the VIASH System are found in the Electronic Voting *in Absentia* section in this Annex. The deadline for registration to participate by remote communication is on April 13, 2023.
3. In addition to registration in the VIASH System, Stockholders are requested to notify the Company by e-mail to [corporatesecretary@globe.com.ph](mailto:corporatesecretary@globe.com.ph) on or before April 13, 2023 of their intention to participate in the Meeting by remote communication.
4. Only the Stockholders who have notified the Company of their intention to participate in the Meeting by remote communication, together with the Stockholders who voted *in absentia* and by proxy, will be included in the determination of quorum at the Meeting.
5. Stockholders participating by remote communication may vote anytime until the end of the Meeting using the digital ballot in the VIASH System.
6. Stockholders may send their questions and/or remarks prior to or during the Meeting by e-mail to [corporatesecretary@globe.com.ph](mailto:corporatesecretary@globe.com.ph).
7. A link to the recorded webcast of the Meeting will be posted on the Company’s website after the Meeting. Stockholders shall have two weeks from posting to raise to the Company any issues, clarifications and concerns on the Meeting conducted by e-mail to [corporatesecretary@globe.com.ph](mailto:corporatesecretary@globe.com.ph).

For any clarifications, please contact our Office of the Corporate Secretary through [corporatesecretary@globe.com.ph](mailto:corporatesecretary@globe.com.ph). For other ASM-related queries, stockholders may contact the Company at [asm@globe.com.ph](mailto:asm@globe.com.ph) or Investor Relations at [ir@globe.com.ph](mailto:ir@globe.com.ph) or (+632) 7797-4307, or visit the website at <https://www.globe.com.ph/asm2023>.

- Management ensured the integrity of Globe’s financial statements, reporting, disclosures and full compliance with legal and regulatory requirements. Management monitored closely and addressed issues that could impact the reliability of financial statements for the year ended 31 December 2022.
- Management has taken appropriate actions to establish and maintain strong and effective systems of internal controls and compliance to ensure the integrity, transparency and proper governance in the conduct of business. Management continued to monitor and improve controls on data privacy and security, enterprise data management, IT modernization program delivery, IT service management, IT project delivery cost, network project delivery and acceptance process, agile delivery, digital order processing of broadband service, digital solutions for corporate customers, sales incentive process, mobile number porting and operation of subsidiaries specifically on investment fund management, Adtech, and end-to-end IT and business operations for HealthTech and FinTech.
- Globe's corporate governance (CG) standards and practices continue to be acknowledged by domestic and international awarding-giving bodies when it once again swept all the awards in various categories at the recent 2021 ACGS ASEAN Awards. Globe also received various recognition in leadership, corporate governance, workplace and people management, investor relations (IR), company policies, corporate social responsibility (CS), marketing, product/service, and digital innovations in 2022 (e.g. Ernest Cu hailed as the Best CEO in Telecom in the Philippines, ACES' Industry Champions of the Year and One of the Top Workplaces in Asia, 13 accolades at the 2022 Stevie® Awards for Great Employers and Stevie® International Business Awards, including Most Valuable Corporate Response, Most Innovative Deployment of Human Resource Technologies, was one of three countries recognized with the ASEAN Tech for ESG award, recognized by Philippine customers as the Most Sustainably-Driven Network in the country, and many others).
- The Chief Audit Executive reports functionally to the Audit and Related Party Transactions Committee and administratively to the President and CEO allowing Internal Audit to independently fulfill its responsibilities.
- Based on above and the control self assessment signed by the group heads, we attest that the Company has sound internal controls and compliance systems in place.

  
\_\_\_\_\_  
**Ernest L. Cu**  
President and Chief Executive Officer

  
\_\_\_\_\_  
**Rosemarie M. Eala**  
Chief Financial Officer and Chief Risk Officer

  
\_\_\_\_\_  
**Rosalin E. Palacol**  
Chief Audit Executive



**ANNEX “H”- COMPLIANCE WITH THE DISCLOSURE REQUIREMENTS UNDER  
SEC. 49 OF THE REVISED CORPORATION CODE**

<b>SEC. 49. Regular and Special Meetings of Stockholders or Members</b>	<b>Page No. of the DIS/Remarks</b>
<p>Regular meetings of stockholders or members shall be held annually on a date fixed in the bylaws, or if not so fixed, on any date after April 15 of every year as determined by the board of directors or trustees: Provided, That written notice of regular meetings shall be sent to all stockholders or members of record at least twenty-one (21) days prior to the meeting, unless a different period is required in the bylaws, law, or regulation: Provided, further, That written notice of regular meetings may be sent to all stockholders or members of record through electronic mail or such other manner as the Commission shall allow under its guidelines.</p> <p>At each regular meeting of stockholders or members, the board of directors or trustees shall endeavor to present to stockholders or members the following:</p>	
<p>a) The minutes of the most recent regular meeting which shall include, among others:</p> <ul style="list-style-type: none"> <li>(1) A description of the voting and vote tabulation procedures used in the previous meeting;</li> <li>(2) A description of the opportunity given to stockholders or members to ask questions and a record of the questions asked and answers given;</li> <li>(3) The matters discussed and resolutions reached;</li> <li>(4) A record of the voting results for each agenda item;</li> <li>(5) A list of the directors or trustees, officers and stockholders or members who attended the meeting; and</li> <li>(6) Such other items that the Commission may require in the interest of good corporate governance and the protection of minority stockholders</li> </ul>	<p>Please refer to <b>page 24</b>, which reflects the link to where the Minutes of the 2022 regular meeting of stockholders is posted on the Company website: <a href="https://www.globe.com.ph/content/dam/globe/brie/About-us/corporate-governance/documents/annual-stockholders-meeting/2022/Globe-ASM2022-Minutes.pdf">https://www.globe.com.ph/content/dam/globe/brie/About-us/corporate-governance/documents/annual-stockholders-meeting/2022/Globe-ASM2022-Minutes.pdf</a></p>
<p>b) A members’ list for nonstock corporations and, for stock corporations, material information on the current stockholders, and their voting rights;</p>	<p>Please refer to <b>page 8</b>, which contains the list of beneficial owners with more than 5% as of Feb 28, 2023, <b>Page 141</b> which contains the list of top 20 Shareholders as of Feb 28, 2023, and <b>page 24-25</b>, in addition to item 2) of the Explanation of Agenda Items, reflecting the Voting Procedures relevant to the 2023 ASM.</p>
<p>c) A detailed, descriptive, balanced and comprehensible assessment of the corporation’s performance, which shall include information on any material change in the corporation’s business, strategy, and other affairs;</p>	<p>Please refer to <b>Pages 60-133</b> ANNEX “C” MANAGEMENT REPORT- Management’s Discussion and Analysis (MD&amp;A) of Financial Condition and Results of Operation</p>
<p>d) A financial report for the preceding year, which shall include financial statements duly signed and certified in accordance with this Code and the rules the Commission may prescribe, a statement on the adequacy of the corporation’s internal controls or risk</p>	<p>Please refer to <b>ANNEX “G” YEAR END ASSESSMENT</b></p>

management systems, and a statement of all external audit and non-audit fees;	Pls refer to <b>pages 22-23 &amp; 134</b> for external audit/non-audit fees.
e) An explanation of the dividend policy and the fact of payment of dividends or the reasons for nonpayment thereof;	Please refer to <b>page 141 - Annex “D”- Market Price and Dividends – Item C.</b>
f) Director or trustee profiles which shall include, among others, their qualifications and relevant experience, length of service in the corporation, trainings and continuing education attended, and their board representations in other corporations;	Please refer to <b>pages 27-47</b> Annex “A” Directors and Key Officers for their profiles
g) A director or trustee attendance report, indicating the attendance of each director or trustee at each of the meetings of the board and its committees and in regular or special stockholder meetings;	Please refer to <b>pages 10-11</b> for the attendance report of each director in 2022
h) Appraisals and performance reports for the board and the criteria and procedure for assessment;	Please refer to <b>pages 144-149</b> - E. Corporate Governance, which also includes the relevant company website link.
i) A director or trustee compensation report prepared in accordance with this Code and the rules the Commission may prescribe;	Please refer to <b>pages 20-21</b> : 3. Compensation of Directors & Executive Officers (b).
j) Director disclosures on self-dealings and related party transactions; and/or	Please refer to <b>pages 7-9</b> : 1. Voting Securities and Principal Holders Thereof (e)(ii).  Please refer to page 16 v. Certain Relationships and Related Transactions
k) The profiles of directors nominated or seeking election or reelection.	Please refer to <b>pages 27-35</b> Annex “A” - Directors and Key Officers.

## 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
	<b>3,538,377</b>	<b>1,836,943</b>	<b>504,282</b>	<b>475,184</b>	<b>2,402,529</b>	<b>8,757,315</b>
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
	<b>1,145,368</b>	<b>797,330</b>	<b>722,025</b>	<b>732,344</b>	<b>12,409,324</b>	<b>15,806,391</b>
Total subscribers receivables	<b>4,683,745</b>	<b>2,634,273</b>	<b>1,226,307</b>	<b>1,207,528</b>	<b>14,811,853</b>	<b>24,563,706</b>
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	<b>729,271</b>	<b>4,814</b>	<b>49,070</b>	<b>75,294</b>	<b>631,714</b>	<b>1,490,163</b>
Other trade receivables	<b>6,372,416</b>	<b>467,194</b>	<b>263,722</b>	<b>209,095</b>	<b>1,294,100</b>	<b>8,606,527</b>
	<b>P11,785,432</b>	<b>P3,106,281</b>	<b>P1,539,099</b>	<b>P1,491,917</b>	<b>P16,737,667</b>	<b>P34,660,396</b>

## **EXHIBIT II: Globe Sustainability**

Sustainability at Globe is anchored on its Globe Purpose, “In everything we do, we treat people right to do a Globe of Good,” and aims to contribute to 10 United Nations’ Sustainable Development Goals (UN SDGs) guided by the 10 UN Global Compact Principles.

In 2019, Globe became a signatory to the United Nations Global Compact, committing to implement universal sustainability principles.

### **2021 Globe Integrated Report**

<https://www.globe.com.ph/about-us/sustainability/integrated-report.html#gref>

Globe has published its 2021 Integrated Report guided by the principles of the following frameworks:

- International Integrated Reporting Council (IIRC) <IR> Framework
- Global Reporting Initiative (GRI) standards
- Task Force on Climate-related Financial Disclosures (TCFD) recommendations
- Sustainability Accounting Standards Board (SASB)
- the United Nations Sustainable Development Goals (SDGs)
- the United Nations Global Compact principles (UNGC)
- the ASEAN Corporate Governance Scorecard (ACGS) principles
- the Securities and Exchange Commission (SEC) guidelines on
  - Integrated Annual Corporate Governance Report (i-ACGR)
  - Sustainability Reporting

The report is in compliance with the recommendations made in the Philippines SEC Memorandum Circular No. 4, series of 2019 on Sustainability Reporting for Publicly-Listed Companies (PLCs) and has undergone third-party external assurance conducted by DNV.

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### **4Q 2022 Sustainability Updates**

#### **ENVIRONMENT**

Globe recently partnered with ACEN, the renewable energy platform of the Ayala Group, in shifting ten more facilities located in Cavite, Cebu, Quezon City, Manila, Marikina, and Laguna to clean energy, raising to 24 the total number of high-energy utilization facilities now running on renewables.

<https://www.globe.com.ph/about-us/newsroom/sustainability/globe-shifts-facilities-to-renewable-energy.html#gref>

The company is encouraging Filipinos to join its nationwide search for “Kali ‘Kada” environmental advocates and help build One Sustainable Philippines. “Kali ‘Kada,” short for “Kalikasan Barkada” or friends of nature, pushes for more eco-friendly practices to combat climate change. The climate crisis which manifests through rising temperatures and changing weather conditions that put lives, agriculture, health, water supply, and more ecosystems at risk is one of the world’s most urgent problems.

<https://www.globe.com.ph/about-us/newsroom/sustainability/globe-encourages-filipinos-to-join-kali-kada.html#gref>

Getting the eSIM is even easier through Globe’s digital platform, the New Globe Online Shop. The eSIM supports sustainable living as it transitions customers from using plastic SIM cards. This small change can eventually have a big impact on the environment, in line with Globe’s sustainability advocacy.

<https://www.globe.com.ph/about-us/newsroom/corporate/seamless-digital-experience-via-globe-esim.html#gref>

Globe's 917Ventures and Ayala Corporation are set to bring global two-wheel electric vehicle and battery-swapping technology leader Gogoro to the Philippines. Piloting in Metro Manila in Q1 2023, Gogoro's Smartscooters will serve as an eco-friendly alternative to fossil fuel-powered vehicles currently used by the logistics and last-mile delivery industry. Gogoro® Smartscooters® are powered by Gogoro's® battery swapping platform through conveniently located swap stations, where users can quickly swap depleted batteries for fully-charged ones in seconds.

<https://mb.com.ph/2022/12/01/globes-917ventures-ayala-corp-to-bring-gogoros-leading-smartscooter-and-battery-swapping-technology-in-ph/>

## **SOCIAL**

### **Online safety**

Globe logged an all-time high in its monthly tally of blocked spam and scam messages in September, filtering out over 270.5 million messages after implementing its new measure against person-to-person messages with clickable links. Figures peaked after a consistent uptrend over the last nine months, with the total reaching 1.3 billion by the end of September, exceeding last year's full year total of 1.15 billion.

<https://mb.com.ph/2022/11/01/globe-blocks-270-5-m-spams/>

Furthermore, the company blocked a record 278,555 URLs and domains hosting child pornography from January to September as it intensified its filtering system against lewd acts online. The total jumped 1,132.5 percent compared to the 2021 full-year total of 22,371, Globe said in a statement.

<https://news.abs-cbn.com/business/11/07/22/globe-blocks-over-278000-child-porn-urls-domains>

### **Education**

Recognizing the crucial role literacy plays in uplifting lives, Globe has partnered with NABU, a reading app and mother tongue publishing platform that makes literacy accessible to children globally. Based in New York, NABU is a nonprofit organization focused on eradicating poverty through increased literacy.

<https://www.globe.com.ph/about-us/newsroom/sustainability/globe-nabu-partner-to-help-marginalized-filipino-youth.html#gref>

Taking its investments in education further, Globe has partnered with Google Philippines to provide 39,000 scholarships on advanced IT certificate courses to equip low-income students and jobseekers with job-ready skills. Under the collaboration, Globe and several government stakeholders will invite qualified recipients for the Google Career Certificates program and track their progress.

<https://www.globe.com.ph/about-us/newsroom/partners/globe-google-ph-collaboration.html#gref>

The company also deepens its commitment to Science, Technology, Engineering, and Mathematics (STEM) education in the Philippines by collaborating with the Mapúa University on technopreneurship training, upskilling, mentorship, and curriculum development. Together with the University, Globe's IT Academy will be conducting Train-the-Trainers (T3) Certification to equip teachers in the delivery of Technopreneurship in the classroom.

<https://www.globe.com.ph/about-us/newsroom/sustainability/globe-collaborates-with-mapua.html#gref>

Through its enterprise arm, Globe customized a mobile plan referred to as Globe PHINMA Educ Exclusive, enabling PHINMA Education to develop a hybrid learning system that efficiently combines printed modules with remote virtual coaching for its students. This exclusive mobile package is powered by Globe Load Up, a mobile loading solution that lets schools send data allocations to students, faculty, and staff conveniently, with automated bulk sending and convenient top-ups, allowing them to stay connected remotely.

<https://www.globe.com.ph/about-us/newsroom/business/globe-phinma-education-collaborate-mobile-solutions.html#gref>

Edutech company KodeGo of Globe's 917Ventures and User Experience Philippines (UXPH) design community have teamed up for a first-of-its-kind UX design curriculum to equip students with essential skills to succeed in the industry. With the proprietary UX curriculum, students can learn the fundamentals of user experience design through KodeGo's short-term, fully online tech boot camps. The course is open to undergraduates, college graduates, and even career shifters for zero upfront fees.

<https://www.globe.com.ph/about-us/newsroom/partners/first-of-its-kind-ux-design-curriculum.html#gref>

### **Hunger Alleviation**

With every purchase of an SM Advantage Card (SMAC) and every checkout, shoppers can now help support a family in need. Leading digital solutions platform Globe and SMAC, the loyalty card of retail giant SM, have come together to help put meals on the table of those in need through the Hapag Movement, Globe's technology-driven program against involuntary hunger. Through the partnership, P50.00 will be donated to the Hapag Movement and other SM Foundation programs for every purchase of a new SMAC card.

<https://www.bworldonline.com/spotlight/2022/12/16/493509/globe-sm-advantage-card-unitevshunger-join-hands-for-the-hapag-movement/>

### **Disaster Response**

The company has deployed various avenues of support, including free connectivity and medical aid, to help affected families across the country cope in the aftermath of destructive Tropical Storm Paeng.

<https://www.globe.com.ph/about-us/newsroom/sustainability/globe-group-provides-relief-in-wake-of-paeng.html#gref>

### **Supply Chain**

Globe and the Department of Trade and Industry (DTI) have joined hands in advocating for responsible business practices for online vendors and to stimulate growth among micro, small, and medium-sized enterprises (MSMEs). The partnership is headlined by a six-month subsidy of the m360 messaging platform, which will serve as an information dissemination tool for DTI. m360 is a company under 917Ventures and the Globe Group which broadcasts messages to multiple recipients via SMS or FB messenger.

<https://www.globe.com.ph/about-us/newsroom/corporate/responsible-business-practices-among-msmes.html#gref>

## **GOVERNANCE**

Globe received its "A" rating anew this year from the international investment research firm MSCI ESG reflecting its strong commitment to operationalize sustainability across its business guided by global environmental, sustainability and governance standards.

<https://www.globe.com.ph/about-us/newsroom/sustainability/anew-a-rating-from-msci-esg-index.html>

Globe has maintained its B rating from the CDP (formerly the Carbon Disclosure Project), a global non-profit that runs the world's leading environmental disclosure platform, proving its commitment to climate action and environmental transparency. <https://www.globe.com.ph/about-us/newsroom/sustainability/globe-maintains-cdp-rating-2022.html#gref>

## **ESG RECOGNITIONS**

Leading digital solutions platform Globe was declared the overall Philippine winner at the HR Excellence Awards (HREA) 2022 as it bagged six citations for its commendable practices as an employer. Globe became the first Philippine organization to be honored with the title after receiving three Gold Awards for Employee

Engagement, COVID-19 Response, and Employer of the Year. It was also feted with a Silver Award for HR Communication Strategy and a Bronze Award for Crisis Management and Recovery.

<https://www.globe.com.ph/about-us/newsroom/corporate/first-overall-ph-winner-hr-excellence-awards.html#gref>

Globe dominated the ASEAN Corporate Governance Scorecard (ACGS) anew, bagging three awards at a virtual awarding ceremony held last December 1, 2022. Globe received outstanding recognition as among the Top 3 Philippine Publicly-Listed Companies and part of the ASEAN Top 20 and the ASEAN Asset Class – Philippines for being at the forefront of corporate governance standards and practices. Globe bagged the same awards in the previous awarding ceremony. <https://www.globe.com.ph/about-us/newsroom/corporate/globe-dominates-asean-corporate-governance-scorecard-anew.html#gref>

The company has also been named Industry Champion of the Year by the Asia Corporate Excellence & Sustainability Awards (ACES) for the second straight year in recognition of its healthy financial performance, robust market expansion, immense brand equity and value, and impeccable resource management strategies. Globe has also been recognized as Asia’s Best Workplace of the Year twice in a row for sustaining its position as a market leader and ensuring that its employees are enabled and empowered.

<https://www.acesawards.com/stories/leadership/globe-telecom-2022/>  
<https://www.acesawards.com/stories/sustainability/globe-telecom-2022/>

Global mobile industry organization GSMA has featured the efforts of leading digital solutions platform Globe in advancing health solutions in the Philippines through KonsultaMD and HealthNow.

<https://www.globe.com.ph/about-us/newsroom/corporate/7th-gsma-sdg-impact-report-features-globe.html#gref>

Digital solutions platform Globe advocates for the use of the circular business model on mobile devices to reduce the telco industry’s environmental impact, as aligned with the strategy of international mobile operators’ association GSMA. Anchored on GSMA’s Industry Vision for 2050, the circular model calls for “devices with as long a lifetime as possible, made with 100 percent recyclable and recycled content, 100 percent renewable energy, and where no device ends up as waste.” To achieve this goal, Globe contributed to the development of the Strategy Paper on Circular Economy released by the GSMA in November this year

<https://www.gsma.com/newsroom/press-release/gsma-publishes-vision-for-a-circular-economy-of-mobile-devices/>

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Information about Globe’s Sustainability and Social Responsibility initiatives, may be found at The Globe Newsroom <https://www.globe.com.ph/about-us/newsroom/sustainability.html> and The Globe Sustainability Page <https://www.globe.com.ph/about-us/sustainability.html>

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The Globe Tower  
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Bonifacio Global City,  
Taguig, Philippines 1634

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 [www.globe.com.ph](http://www.globe.com.ph)

22 March 2023

**SECURITIES AND EXCHANGE COMMISSION**

7907 Makati Avenue, Barangay Bel-Air  
Makati City 1227

Attention: **Mr. Vicente Graciano P. Felizmenio, Jr.**  
Director, Markets and Securities Regulation Department

**Atty. Rachel Esther J. Gumtang-Remalante**  
Director, Corporate Governance and Finance Department

Gentlemen:

This is to certify that none of the directors and key officers of Globe Telecom, Inc. holds any position in the Philippine government or in any government agency.

We hope the Commission finds everything in order.

Thank you very much.

Very truly yours,

  
**ATTY. MARISALVE CIOCON-CO**  
Chief Compliance Officer, Senior Vice President – Law and Compliance,  
and Assistant Corporate Secretary